



New South Wales

TREASURY

*Annual
Report
2000–2001*

Office of
Financial
Management

Annual Report

2000-2001

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This annual report includes Consolidated Financial Statements of the Office of Financial Management and the Office of State Revenue which make up the New South Wales Treasury.

A report on the operations of the Office of State Revenue is included in a separate volume.

A further report is prepared for the Crown Entity which is regarded as a separate Government agency for reporting purposes.

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Contact

Office of Financial Management

Level 27, Governor Macquarie Tower
1 Farrer Place, Sydney NSW 2000

Web: www.treasury.nsw.gov.au

Tel: 9228 4426
Fax: 9221 7029
Executive Reception
(8.30 am - 5.30 pm)

Directorate Contact Officers:

Resource Allocation

Tel: 9228 4011
Fax: 9228 5748

Economic and Fiscal

Tel: 9228 5796
Fax: 9228 4041

Financial Management

Tel: 9228 5622
Fax: 9228 3210

Agency Data Provision

Tel: 9228 4481
Fax: 9228 3031

FOI Enquiries

Tel: 9689 6740

Letter

from the Secretary

The Hon Michael Egan MLC
Treasurer
Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Contact: John Pierce
Telephone: (02) 9228 5440
24 October 2001

Dear Treasurer,

I have pleasure in submitting the Annual Report of the NSW Treasury's Office of Financial Management for the financial year ended 30 June 2001, for presentation to the Parliament of New South Wales in accordance with the Annual Reports (Departments) Act 1985.

The Report contains the Consolidated Financial Statements for Treasury covering both the Office of Financial Management and the Office of State Revenue.

A second volume containing a report on the operations of the Office of State Revenue is submitted separately.

A third volume contains the financial statements for the Crown Entity and its commercial activities.

Yours sincerely



John Pierce
Secretary

Senior People

TREASURER **Hon Michael Egan MLC**
Tel: 9228 3535

EXECUTIVE

Secretary **John Pierce**
NSW Treasury B.Comm.(Hons)
Tel: 9228 5440

Executive Director **Robert Carling**
Economic & Fiscal M.Sc., B.Econ.(Hons)
Tel: 9228 3340

Executive Director **Ian Neale, FCPA**
Financial Management Tel: 9228 5446

Executive Director Resource Allocation* **Kevin Cosgriff**
(Education, Property, M.A (Econ)., B Sc. (Hons)
Natural Resources and Energy) Tel: 9228 5442

Executive Director Resource Allocation** **Mark Ronsisvalle, B.Ec**
(Human Services, Justice, Transport Tel: 9228 5182
and Public/Private Partnerships)

MANAGEMENT SUPPORT

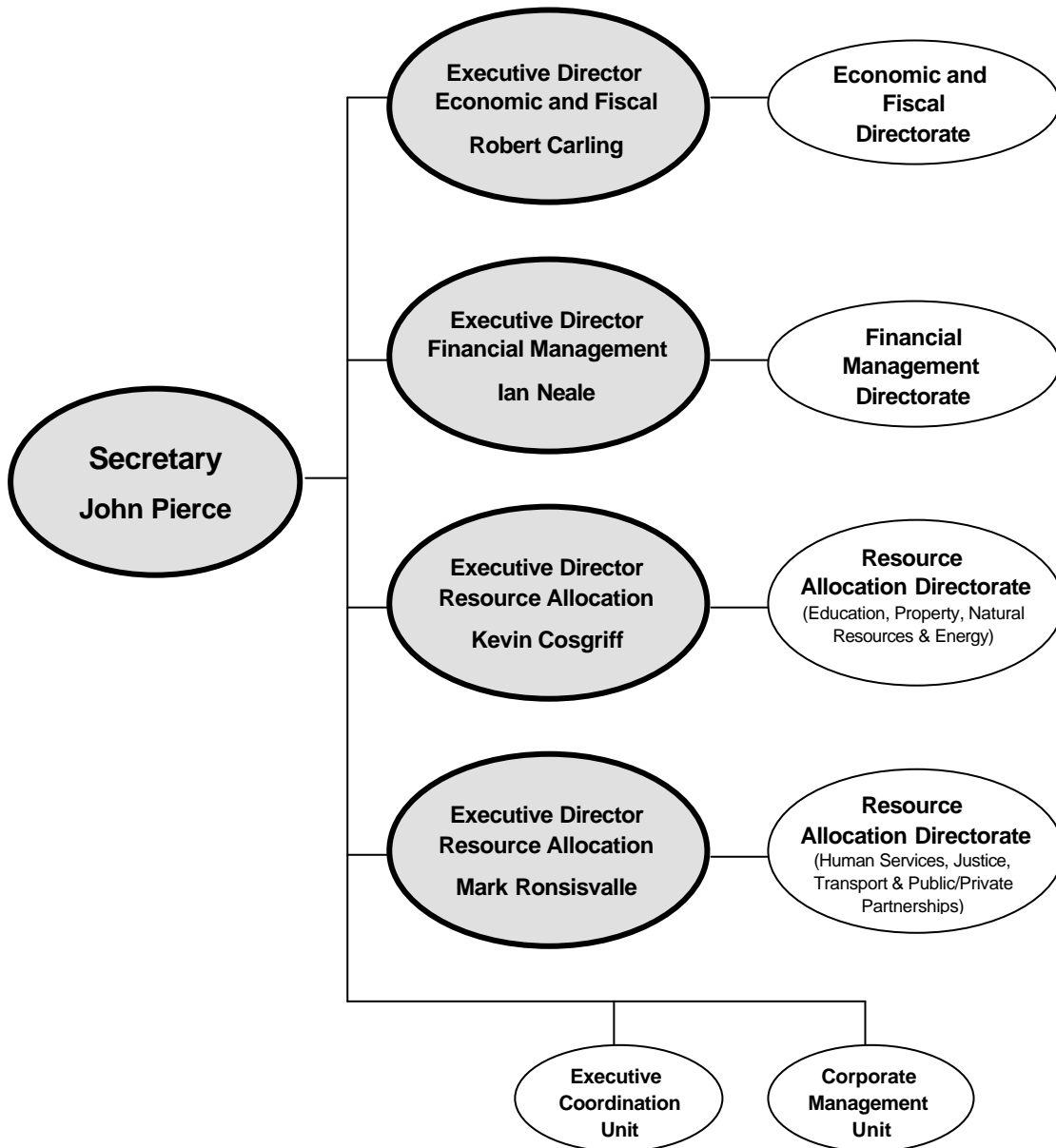
Executive Officer **Graeme Bullivant**
Executive Coordination Unit B.Ec.(Hons)
Tel: 9228 4146

Director **Rose Williams**
Corporate Management Unit Tel: 9228 3659

* The position of Executive Director Resource Allocation (Education, Natural Resources & Property) was held by Gül Izmir until her transfer to The Cabinet Office as Deputy Director General on 8 December 2000. Elizabeth Dewar acted in the position during the second half of 2000-01 pending the appointment of a permanent officer. Responsibility for the Energy Sector was added to the position following the appointment of Kevin Cosgriff on 16 July 2001.

** From 8 January 2001 Mark Ronsisvalle focused on the Transport Sector to ensure priority to arrangements for the sale of FreightCorp. A Rail Freight Taskforce was established for this purpose. Until the sale is finalised in late 2001 a temporary position of Acting Executive Director Resource Allocation (Human Services & Justice) is being filled on a rotational basis. Phil Blunden acted in this position during the second half of 2000-01. During 2001-02 Mr Ronsisvalle will also be responsible for advising on private sector financing of infrastructure based service delivery.

Organisation Chart



Organisation Structure

The Year in Review

NSW Treasury consists of the Office of Financial Management (OFM) and the Office of State Revenue (OSR). OFM advises the Treasurer and the Government on economic conditions and issues and state financial management policy and reporting. OSR administers and collects State taxes and implements associated legislation.

Teamwork is an essential element of OFM's approach to both reform initiatives and core processes and outputs. There are considerable linkages across OFM's Directorates.

During 2000-01 OFM operated with five Directorates.

Economic and Fiscal Directorate (EFD) advised on overall fiscal strategy, revenue strategy - including intergovernmental and taxation policy issues - and economic strategy, including the application of competition policy and assessment of large State infrastructure projects.

Financial Management Directorate (FMD) advised on public sector financial management improvement, coordinated preparation of State financial reports including the Budget, and oversight management of Crown assets and liabilities.

Two **Resource Allocation Directorates (RAD)** advised on agency specific policy issues, one monitoring the performance of government agencies in the Education, Natural Resources and Property sectors, and the other agencies in the Human Services, Justice and Transport sectors.

In September 2000 a Rail Freight Taskforce was established within OFM to manage the sale of FreightCorp and a number of other reforms in the Rail Freight Sector. The Taskforce interacts closely with the Resource Allocation Directorate Transport Branch.

The **Market Implementation Group (MIG)** continued to be the NSW Government's principal source of expertise on all aspects of the State's electricity assets and the National Electricity Market. MIG progressed the implementation of a well-functioning market and ensured prudent management of the risks of the NSW Government's ownership of electricity businesses.

Two corporate units provided management support.

- ◆ The **Executive Coordination Unit** continued to support the Executive, facilitated coordination with the Treasurer's Office and coordinated OFM's communication systems.
- ◆ The **Corporate Management Unit** advised on human resource policy and coordinated OFM's budget.

Organisation Structure

Since 1 July 1996 OFM has contracted the Central Corporate Services Unit (CCSU) of the Department of Public Works and Services to provide corporate services. CCSU support to OFM and other clients includes services for corporate finance, human resources management, information technology and records management.

The Year Ahead

Two adjustments to OFM's structure will take effect in 2001-02. They concern the continuing oversight of the ongoing energy sector reform program and the expanded role to be undertaken by OFM in respect of private financing of public infrastructure and associated services.

The adjustments follow the review of OFM's strategic management framework. They will ensure the continuing alignment of our structure with our corporate priorities. Guiding principles used to determine the new structure included identifying synergies between branches, balancing reform against ongoing monitoring activities, and considering the impact on career development options for staff.

The changes involve:

- ◆ Incorporation of the Market Implementation Group and responsibility for the energy reform program as two additional branches within one of our Resource Allocation Directorates. These branches will be structured in line with the industry into Generation and Distribution. This will ensure appropriate linkages between Energy Reform and OFM's responsibility for advising on the Natural Resources sector. This RAD will also continue to oversight the Education and Government Property Sectors.

The RAD will report to an Executive Director. The Frontier Consortium will continue to provide support in finalising a number of major elements of the reform program.

- ◆ Transfer of the former Infrastructure Unit from the Economic and Fiscal Directorate to the second of our Resource Allocation Directorates. It will form a new branch to advise on proposals to expand private sector involvement in infrastructure based service delivery. OFM will receive a budget enhancement for this purpose. There are particular synergies between the new branch and the Transport Branch of this Directorate. This RAD will also continue to oversight the Human Services and Justice Sectors.

It is expected that the Rail Freight Taskforce will continue until its obligation for project management of the FreightCorp sale has been fulfilled.

Functions

Economic and Fiscal Directorate

- ◆ Advising on overall fiscal, revenue and expenditure strategies
- ◆ Developing methods to enhance and measure public sector performance
- ◆ Advising on credit rating agency matters
- ◆ Monitoring and forecasting economic conditions
- ◆ Undertaking economic modelling and research to assist in policy formulation and decision making
- ◆ Advising on state economic development strategy
- ◆ Advising on micro-economic and industry policy issues, including national competition policy implementation
- ◆ Advising on tax policy and intergovernmental financial relations and forecasting and monitoring tax revenue

Financial Management Directorate

- ◆ Advising on development and application of the General Government financial management framework and on the commercial policy framework for Government businesses
- ◆ Advising on accounting policy and standards development
- ◆ Managing Crown liabilities and financial assets, including advice on the management of debt and superannuation liabilities
- ◆ Monitoring and recording financial transactions and administering the State's banking arrangements
- ◆ Managing the State's Budget process and underlying Financial Information System and preparing reports on the State's finances

Resource Allocation Directorate – Education, Property, Natural Resources and Energy

- ◆ Oversighting the Education, Property, Natural Resources and Energy Sectors:
 - Advising on General Government Sector resource allocation issues, and
 - Advising on, and monitoring the financial position and performance of General Government Sector agencies and Government businesses, including negotiation of Service and Resource Allocation Agreements and Statements of Financial Performance/Statements of Corporate Intent
- ◆ Coordinating the development and implementation of energy sector reform, including advice on the operation of the National Electricity Market and the introduction of full retail competition

Resource Allocation Directorate – Human Services, Justice, Transport and Public/Private Partnerships

- ◆ Oversighting the Human Services, Justice and Transport Sectors:
 - Advising on General Government Sector resource allocation issues, and
 - Advising on, and monitoring the financial position and performance of General Government Sector agencies and Government businesses, including negotiation of Service and Resource Allocation Agreements and Statements of Financial Performance/Statements of Corporate Intent
- ◆ Advising on private sector involvement in financing of infrastructure based service delivery.

Improved Resource Allocation

Our Challenge To improve the allocation of resources to achieve positive social and environmental outcomes for the State, including enhanced public sector net worth.

Our Strategies

- ◆ Advocacy of a **State Fiscal Strategy** that sets appropriate short, medium and long term targets for major State Budget aggregates, to enhance the State's capacity to achieve consistent service delivery throughout economic cycles.
- ◆ Optimising the structure of the **State's Balance Sheet**, with a focus on reducing the State's net financial liabilities to ensure NSW's financial strength and budget flexibility.
- ◆ Developing and implementing a **Financial Management Framework** for general government agencies to facilitate more strategic resource allocation and delivery of value for money programs and services.
- ◆ Application of a **Commercial Sector Policy Framework** to increase the value of the State's businesses.
- ◆ **Microeconomic Reform** through:
 - review of service delivery and associated funding for key sectors;
 - implementation of competition policy to achieve efficient and competitive markets.

Key Achievements in 2000-01

- ◆ *Retention of NSW's AAA credit rating*
- ◆ *Continuing reduction of the State's net financial liabilities to 15.5% of GSP*
- ◆ *\$2.6 billion increase in the net worth of the General Government Sector*
- ◆ *Formulation of the State's Budget in accord with the State Fiscal Strategy*
- ◆ *Continuing receipt of NCP tranche payments in recognition of progress with competition policy implementation*
- ◆ *Implementation of service and resource allocation agreements with six agencies*

2000-2001 In Review

Improved Resource Allocation

Overview of Action on our Priorities for 2000-01

<i>The Commitments</i>	<i>Our Performance</i>
<ul style="list-style-type: none"> ◆ Monitoring of agencies' funding of public sector wage agreements through the implementation of required productivity offsets. 	<p>A number of key priorities underlying public sector wage agreements were progressed. Treasury contributed to a review of the legislative employment framework. In consultation with agencies savings initiatives continue to be identified and will contribute towards the funding of future wage increases.</p>
<ul style="list-style-type: none"> ◆ Review of the funding plan required to fully fund public sector superannuation liabilities. 	<p>A new funding plan was developed and adopted by the Government.</p>
<ul style="list-style-type: none"> ◆ Promulgation of an overarching policy statement for the Financial Management Framework, incorporating objectives, principles and initiatives. 	<p>A Treasury Policy and Guidelines Paper issued and presentations were given to key stakeholders. Implementation of the framework will continue in 2001-02.</p>
<ul style="list-style-type: none"> ◆ Advice on appropriate reform of transport policy, specifically review of funding of rail entities and reform options for the freight rail industry. 	<p>Agreement was reached with the Commonwealth and Victorian Governments for the joint sale of National Rail and FreightCorp to be undertaken during the first half of 2001-02.</p>
<ul style="list-style-type: none"> ◆ Contribution to reform of the Government's commercial sector, specifically reviewing capital structure policy 	<p>A working paper was produced and will be considered by the PTE Consultative Committee in August 2001.</p>
<ul style="list-style-type: none"> ◆ Review of the policy for the funding of public sector infrastructure, including the role of private financing. 	<p>A green paper was issued for public comment and a consultative infrastructure forum held. A revised policy paper will be submitted to Government by end 2001. In 2001-02 Treasury will assume an expanded role to increase private sector participation in infrastructure based service delivery where appropriate.</p>

Improved Resource Allocation

STRATEGY PERFORMANCE

State Fiscal Strategy

The application of a State fiscal strategy that sets short, medium and long term targets for key State Budget measures is a key strategy to ensure the strength of New South Wales' financial position. The fiscal targets are designed to increase net worth, eliminate net debt and encourage business activity through tax restraint.

PERFORMANCE INDICATORS	1999-2000 Actual	2000-01 Benchmark	2000-01 Est Actual	2001-02 Benchmark
Maintenance of maximum credit rating for NSW	AAA	AAA	AAA	AAA
Decrease in State net financial liabilities as % of GSP	16.1%	13% by 2004	15.5%	13% by 2004
Increase in General Government net worth	+\$9.1b	≥maintenance in real terms	+\$2.6b	≥maintenance in real terms

The continuing effectiveness of the State fiscal strategy was confirmed during 2000-01 with the achievement of key outcomes including the retention of NSW's AAA status, the continuing decrease in the State's net financial liabilities and a further increase in net worth of the General Government sector.

These achievements also reflect the effectiveness of the balance sheet management strategy. Together these strategies are ensuring the strength of the State's finances.

The State's fiscal strategy is encapsulated in the General Government Debt Elimination Act 1995. Recently, the focus of the NSW fiscal strategy has been broadened to encompass the reduction of net financial liabilities of the total State sector. The strategy once again provided the basis for the development of the State Budget for 2001-02.

Adherence to the fiscal strategy supports the State's AAA credit rating. In late 2000, OFM met with Moody's Investor Service and Standard and Poor's as part of the annual credit rating review of the NSW Government. Standard and Poor's reaffirmed the AAA credit rating, the highest available, in early 2001. Moody's also rates the State as AAA.

In discharging its fiscal strategy oversight responsibility, OFM provided advice on public sector pay and on the Living Wage and State Wage cases. A number of key priorities underlying public sector wage agreements were progressed. Treasury contributed to a review of the legislative employment framework. In consultation with agencies, savings initiatives continue to be identified and will contribute towards the funding of future wage increases.

Economic Analysis

OFM forecasts key macroeconomic variables that underlie revenue and expenditure Budget estimates. To assist in preparing economic forecasts for the 2001-02 Budget, OFM hosted an Experts Forum that was attended by some of Australia's leading economic forecasters. The Forum provided valuable analysis and insightful opinion on the future direction of the economy.

Research was also undertaken to examine claims that Australia is an "old" economy lacking high-technology industries.

2000-2001 In Review

Improved Resource Allocation

PERFORMANCE INDICATORS	1999-2000	2000-01	2000-01	2001-02
	Actual	Benchmark	Est Actual	Benchmark
Deviation from current year net lending result projection	na	New	+\$53m	\$368m±300
Percentage deviation from Budget GFS expenses projection	+0.5%	<±1%	+6.1%	<±2%
Percentage deviation from GFS tax revenues projection	+8.0%	<±3.0%	+7.4%	<±3.0%
Percentage deviation from distribution payments projection	+2.0%	<±10.0%	+2.6%	<±10.0%
<p>The deviation of the State's actual net lending result and total expenses from their projections provides some indication of State financial management outcomes. OFM can have some influence over these outcomes but, because of the impact of external influences, cannot control them.</p> <p>Expenses were higher than expected in 2000-01 mainly due to the Government's acceptance of the gross liability for Compulsory Third Party and Home Warranty Schemes as a result of the collapse of HIH Insurance. The Government also provided additional funding for the Rail Improvement Package.</p> <p>The deviation in tax revenues from Budget projection was driven by unexpectedly strong contracts and conveyances and share transfer stamp duty revenues. Similar trends occurred in Victoria - leading to unexpectedly strong revenue in that State. Higher NSW revenue was partly driven by stronger than anticipated asset markets activity, reflecting the earlier and steeper than expected fall of interest rates. Forecasting methodology for contracts and conveyances stamp duty is being reviewed to identify scope for improvement.</p>				

State Taxation Reform

One of the objectives of the fiscal strategy is to reduce the burden on New South Wales tax payers.

OFM advised the Government on tax initiatives including abolition of Debits Tax from 1 January 2002 and suspension of the Electricity Distributors Levy from 1 July 2001.

Consistent with the *Intergovernmental Agreement on Reform of Commonwealth-State Financial Relations*, the State also abolished financial institutions duty and stamp duty on transactions in stock exchange listed marketable securities on 1 July 2001.

Reviews of club and hotel gaming taxation arrangements were completed in January 2001 as required by legislation. The Reviews examined gaming taxation rates for clubs and hotels and related administrative arrangements. A triennial Review of Keno Subscriptions was also completed to determine the appropriate taxation rates for Keno. Work was also undertaken on a revenue neutral change in the taxation of NSW Lotteries products to bring the taxation of these products into line with taxation arrangements for other gaming products.

Improved Resource Allocation

National Taxation Reform and Intergovernmental Financial Relations

The fiscal strategy also seeks to ensure a fair share of Commonwealth funding for New South Wales. OFM advised on a range of issues for the second Annual Treasurers' Conference held on 30 March 2001. The Treasurers' Conference was established to oversee the operation of the Intergovernmental Agreement including the "ongoing reform of Commonwealth-State financial relations".

The GST Administration Subcommittee (GSTAS), comprising senior officials from Commonwealth, State and Territory Treasuries, supports the Treasurers' Conference. GSTAS met on four occasions to consider issues of GST policy and administration.

GSTAS also dealt with issues relating to the payment of Commonwealth transitional assistance. This ensures States are not worse off financially as a result of national taxation reform, which for a transitional period involves forgoing tax revenue and incurring new expenses in excess of GST revenue received.

OFM also participated on an intergovernmental working party to update and modify the original list of taxes and charges excluded from the GST. Consequent adjustments took effect from 16 March and 20 June 2001.

During 2000-01 OFM completed its role in coordinating and monitoring the NSW government sector's GST preparations. A final GST Compliance Report was compiled, covering a post implementation compliance review, to advise the Government on public sector GST preparations.

National Tax Equivalent Regime

Under the Intergovernmental Agreement the States and Territories agreed to establish a National Tax Equivalent Regime (NTER), administered by the ATO. Public Trading Enterprises (PTEs) in the regime will be subject to the same rules that apply for Commonwealth income taxation. For most PTEs, the NTER replaces existing State tax equivalent regimes and will ensure greater consistency in taxation of PTEs across States. The NTER commenced on 1 July 2001.

Commonwealth Payments to the States

Each financial year the Commonwealth Grants Commission (CGC) recommends the interstate distribution of GST Revenue Grants to the States.

Every five years the CGC completes a review of their assessment methodologies. The present review is to be completed in 2004 (the 2004 Review). During 2000-01 various assessment categories were analysed and representations made to the CGC. OFM also coordinated NSW submissions for two inquiries - on Indigenous Funding and Local Government Funding.

Information from NSW Government agencies was also provided for the annual Update Report.

During 2001-02 OFM will focus on the preparation of NSW's submission to the 2004 Review and, in conjunction with Victoria and Western Australia, on the development of options for reform of horizontal fiscal equalisation based on independent review of the system.

2000-2001 In Review

Improved Resource Allocation

State Balance Sheet Management

PERFORMANCE INDICATORS	1999-2000	2000-01	2000-01	2001-02
	Actual	Benchmark	Actual	Benchmark
Number of days each month the error in forecasting Treasury cash balances exceeds \$50 million	6 days	≤6 days	6 days	≤6 days
Number of days after each month to submit the data report on Crown activities	14 days	≤14 days	14 days	≤14 days
Output indicators confirm the efficiency with which OFM's Crown Assets and Liabilities Management Branch performed its responsibilities for administration of Crown liabilities and financial assets.				

Management of the State's balance sheet is key to strengthening the State's financial position. Strategies to manage balance sheet ratios and aggregates have direct impacts on the achievement of the State's fiscal strategy.

Liability management strategies aim to reduce net financial liabilities and the costs of servicing them. This allows funding to be redirected to core services and also enhances the State's net worth.

OFM is responsible for preparation of consolidated financial statements for the Crown Entity. (The Crown Entity refers to public sector wide assets, liabilities and transactions that are the overall responsibility of government rather than individual agencies.)

The reports outline Crown assets and liabilities management performance and the impact of liability management strategies on the State's balance sheet. Specific functions include:

- ◆ Crown financial management and monitoring financial arrangements of public sector agencies;
- ◆ Management of Crown debt and superannuation liabilities; and
- ◆ Management of the Treasury Banking System and the Government's self insurance scheme.

Public Authorities (Financial Arrangements) Act Review

The Public Authorities (Financial Arrangements) Act 1987 (PAFA Act) provides Government agencies with power to borrow and invest funds. It also provides for State Government guarantee of financial arrangements entered into under the Act. Amendments to the Act took effect on 30 August 2000, following its review to ensure appropriate coverage of agencies and financial transactions. A risk management review was also commenced to ensure that any potential financial risks to the State arising from existing PAFA Act approvals are identified, appropriately managed and minimised.

Improved Resource Allocation

Debt Restructure

The net debt of the General Government Sector was reduced by nearly \$4 billion over the year to 30 June 2001. This resulted from a restructuring of electricity industry gearing levels and a further partial repayment of the \$3.26 billion borrowed in 1999 to make accelerated contributions to the public sector defined benefit superannuation fund.

Superannuation Management

During 2000-01 net (unfunded) superannuation liabilities of the General Government Sector increased by roundly \$2.4 billion, due to actuarial revaluation of gross liabilities of the public sector defined benefit schemes and lower than average asset investment return.

The actuarial review increased estimated gross liabilities due to demographic factors, including increased pensioner longevity and a higher incidence of Police disability retirements.

Subsequently OFM reviewed the funding plan estimates of Crown contributions needed to fully fund superannuation liabilities. The revised Crown funding plan was incorporated in the 2001-02 Budget.

Treasury Managed Fund

A Service Level Agreement was implemented with GIO, to manage the Treasury Managed Fund (TMF), the Government's self insurance scheme. The Agreement ensures accountability for performance. A working group was established to monitor the performance of the Fund Manager under the agreement.

A questionnaire was also created for all TMF agency members to determine satisfaction with the Fund Manager. The questionnaire will be circulated in September of each year, commencing 2001.

HIH Insurance Collapse

On 15 March 2001, HIH Insurance Ltd and its subsidiaries were placed in provisional liquidation. This event and the Government's desire to assist those affected presented a considerable challenge.

OFM advised on the development of a rescue package that saw the Government take over \$600 million in HIH liabilities for Compulsory Third Party and Home Warranty Insurance claims. A Policyholder Protection Fund was put in place, an Insurance Protection Tax developed and arrangements to manage and pay claims organised.

The development and implementation of the rescue package and the management of the impact on the State's Budget was a significant achievement.

Improved Resource Allocation

Financial Management Framework

The Financial Management Framework (FMF) is the main mechanism to ensure the application of the State's fiscal strategy across the General Government sector.

PERFORMANCE INDICATORS	1999-2000	2000-01	2000-01	2001-02
	Actual	Benchmark	Actual	Benchmark
Percentage of agencies that consider the FMF and associated policies will improve performance and accountability	na	New	76%	≥75%
Percentage of targeted agencies with whom Service and Resource Allocation Agreements are in place	55%	≥75%	55%	100%
Percentage of Government businesses with whom performance agreements are in place	87%	100%	94%	100%
Percentage of relevant agencies with asset maintenance plans endorsed by Treasury	69%	≥80%	87%	≥90%

During the year sign off was achieved on Service and Resource Allocation Agreements with six of eleven agencies with whom the agreements are being trialed. Negotiations during the year have provided a sound basis for the implementation of agreements in future years. Their integration into the State Budget process will also facilitate a higher rate of sign off.

Statements of Corporate Intent and Statements of Financial Performance were successfully negotiated with 33 Government businesses. A number were deferred pending implementation of agency specific reforms.

There was a strong increase during 2000-01 in the number of agencies that have endorsed asset maintenance plans in place.

The release of an overarching Financial Management Framework paper for the General Government sector was one of our key commitments for the year. Its issue was an important milestone for OFM. The Framework, when complete, will encompass a suite of policies, guidelines and toolkits which will contribute to improved resource allocation and management. Improved financial management practices will result in Government program and service delivery offering better value for money.

In tandem with the release of the Framework document, a series of information sessions were held with selected agencies. Agency support for the Framework is critical to improving the outcomes from Government program and service delivery.

The development of the Framework's components also proceeded. This included the continuing development of Service and Resource Allocation Agreements (SRAAs). SRAAs are combined funding and performance agreements between the portfolio Minister and the Treasurer. They detail agencies' strategic objectives, and the strategies and outputs to achieve those objectives. Performance measures allow assessment of agency performance.

In the past agencies have sought greater involvement of OFM in implementing reforms. Consequently OFM's Financial Management Improvement Branch together with our Resource Allocation Directorates have worked very closely with the eleven agencies with whom SRAAs are being piloted.

Improved Resource Allocation

A guide was developed to assist them develop SRAAs (*Budget Outcomes and Outputs: A Guide to Performance Management*). OFM worked with the agencies on a one to one basis to develop understanding of, and commitment to, the SRAA process.

For the first time, in 2000-01, *desired outcomes for the community* were used as the starting point for framing agreements. As such, SRAAs focus attention on the impacts that agencies have on the community, their associated strategies and outputs, and not just the cost of inputs. Also for the first time, SRAAs were to be submitted with the annual Budget "bids", thereby forging a link with the Budget process.

The SRAA process has fundamental implications for agency systems, including the need to integrate planning and budgeting processes. These complexities, and reforms/restructures taking place in a number of the agencies involved, limited finalisation of agreements to six. However in all cases progress has provided a strong foundation for negotiation of SRAAs in future years.

A review is under way to refine the process for the 2002-03 Budget cycle. Feedback already received confirms support for the SRAA process. Some implementation issues will be pursued in 2001-02.

Strategic capital reform in the General Government sector is another priority. The Framework emphasises the importance of a more strategic approach to capital in improving agency resource management and the application of Total Asset Management principles. There has been significant analysis to improve the capital allocation process and agency asset management. These efforts will continue in 2001-02.

Commercial Policy Framework

The Commercial Policy Framework seeks to replicate within Government-owned businesses the disciplines and incentives that lead private sector businesses towards efficient commercial practices.

The fundamental objective is to maximise the wealth of shareholders (the people of NSW) by improving resource allocation and ensuring accountability for financial management. Success in this regard is reflected in the strength of NSW's balance sheet.

The Commercial Policy Framework was introduced in the early 1990s. A comprehensive review of the Framework commenced in 2000-01.

During the year a Commercial Policy Section was formed in OFM's Financial Management Improvement Branch. The Section is responsible for development, review and promulgation of the Commercial Policy Framework for Government businesses. Ongoing activities include:

- ◆ Provision of advice and guidance to Treasury analysts and Government businesses on implementation of existing policies;
- ◆ Provision of advice on corporate governance issues for State Owned Corporations, including the corporatisation process, board remuneration and the issue of directions by Voting Shareholders under the *State Owned Corporations Act 1989*;

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Improved Resource Allocation

- ◆ Examination of the implications of Corporations Law amendments for legislation governing State Owned Corporations; and
- ◆ Communication activities such as development of a Treasury intranet section on the Commercial Policy Framework and liaison with equivalent Treasury representatives from other jurisdictions.

Work commenced on review of the capital structure policy that applies to Government businesses. The PTE Consultative Committee will consider a working paper in August 2001. Review of other elements of the Framework will proceed throughout 2001-02.

Microeconomic Reform

There are a number of components to OFM's microeconomic reform strategy.

As part of this strategy to improve resource allocation, the Resource Allocation Directorates undertake periodic reviews of service delivery and associated funding for key sectors.

This activity also assists more generally with the application of the State fiscal strategy, and the supporting General Government and Commercial Sector frameworks.

The RADs interact closely with agencies in undertaking reviews and advising on agency specific matters.

During 2000-01 OFM was involved with a number of initiatives aimed at reforming the transport sector. These included implementation of a rail improvement package. This embodied a substantial increase in rail funding for major improvements in rail operations, maintenance and infrastructure investment.

An issues paper was produced for review of rail funding mechanisms. Changes in State Rail structural arrangements were negotiated in response to the Inquiry into the Glenbrook rail accident. The Rail Infrastructure Corporation was established following the merger of Rail Access Corporation and Rail Services Australia.

OFM led negotiations with the Commonwealth and Victorian Governments for joint sale of FreightCorp with National Rail. These negotiations were more protracted than envisaged. Therefore the sale is now expected during the first half of 2001-02. A taskforce was established within Treasury to project manage the joint process as it relates to FreightCorp.

Other initiatives that saw the RADs working in conjunction with agencies are outlined below.

- ◆ Implementation of the restructure of the Department of Community Services and the Department of Ageing, Disability and Home Care
- ◆ Drafting of the new Housing Act and review of the Community Service Obligation activities of the Department of Housing
- ◆ Implementation of the Health Action Plan
- ◆ Development of a Corrective Services funding model to better account for large increases in inmate numbers
- ◆ Negotiation of a major upgrade of public school buildings and facilities - to commence in 2001-02

Improved Resource Allocation

- ◆ Negotiation of expanded internet services for students and teachers in Government schools and TAFE – to commence in 2001-02
- ◆ Provision of advice, in conjunction with The Cabinet Office, on major reform of the New South Wales workers' compensation scheme
- ◆ Financial oversight of the Olympic and Paralympic Games. This included representation on SOCOG's Finance Committee
- ◆ Corporatisation of Landcom
- ◆ Participation in the development of the NSW Salinity Strategy, including coordination of a report on the role of market-based instruments for addressing salinity
- ◆ Participation in preparations for corporatisation of Waste Service NSW and reforms in the waste industry more generally

Review of Infrastructure Proposals

Within the microeconomic reform strategy, another element of the service delivery review activity sees OFM reviewing and advising on major infrastructure projects, some privately funded. Examples of projects investigated and managed during 2000-01 include the Western Sydney Orbital, the Cross City Tunnel and the Airport Rail Link.

As planned, during the year the NSW Government released a Green Paper entitled *Working with Government – Private Financing of Infrastructure and Certain Government Services in NSW*. The Paper discusses increased private sector involvement in the provision of public infrastructure. Following submissions to the Green Paper, OFM commenced work with other central agencies to revise the guidelines for private sector infrastructure provision. OFM also worked with the Department of Education and Training to test feasibility of private provision of a number of schools planned for the Sydney area.

OFM will assume increased responsibility during 2001-02 to increase private sector participation, where appropriate, in infrastructure based service delivery.

Competition Policy Application

Another component of OFM's microeconomic reform strategy relates to the oversight of the implementation of competition policy to ensure efficient and competitive industry markets in New South Wales.

New South Wales' progress was confirmed with the continuing receipt of tranche payments in recognition of the fulfilment of national competition policy obligations.

The ongoing reform of the energy industry remains the priority. Within OFM, a dedicated team - the Market Implementation Group (MIG) - has been responsible for oversight of electricity reform.

Energy reform initiatives planned for 2000-01 generally were achieved as scheduled. In particular, action on the phasing in of full retail contestability, which is central to energy reform, proceeded as planned. The legislative and policy frameworks for full retail contestability were developed and necessary systems are being put in place in accordance with the agreed timeframes for the tranches. On 1 July 2001 customers consuming between 40 and 100 MWh per annum became eligible to choose their retailer.

Improved Resource Allocation

Following implementation of the final tranche on 1 January 2002 all remaining customers, including households and smaller businesses will be able to choose their electricity retailer.

In August 2000 Eraring Energy was established from the generation assets of Pacific Power. This included consideration of options for the future of two Pacific Power entities, Pacific Power International and Powercoal.

MIG also undertook work associated with development of policy and technical frameworks to help drive development of the National Electricity Market. Key areas include National Electricity Market governance, transmission pricing, interconnection and market rules.

Other significant energy reform projects undertaken include:

- ◆ Oversight and coordination of the final stages of the corporatisation of the Snowy Mountains Hydro-Electric Authority. This project has experienced some delays due to the intricacies of the negotiations required between the three jurisdictions involved. It is expected that the Authority will be corporatised before the end of 2001.
- ◆ Design and establishment of the Electricity Tariff Equalisation Fund to ensure that standard retail suppliers are not financially exposed for their supply to customers on regulated tariffs, irrespective of the wholesale market price.
- ◆ Oversight of the implementation of the merger of Advance Energy, Great Southern Energy and NorthPower to form Country Energy. Country Energy commenced operations on 1 July 2001. This merger will enhance the commercial viability of country retailers in advance of the final tranche of full retail contestability.

With respect to the application of competition policy more generally, tasks undertaken include:

- ◆ Review of the proposed National Competition Policy (NCP) Third Tranche Assessment Framework for assessing State and Territory compliance in meeting NCP obligations.
- ◆ Preparation of the annual report on application of NCP in NSW during calendar year 2000;
- ◆ Revision of the 1996 *NSW Government Policy Statement on the Application of Competitive Neutrality* and issue of revised *Guidelines for Pricing of User Charges*.
- ◆ Participation in various reviews of anti-competitive legislation.

Improved Accountability

Our Challenge To improve public sector accountability for State financial management.

Our Strategies

- ◆ Developing and implementing a **Financial Management Framework** for general government agencies that links budget allocations to performance, thereby strengthening accountability for the use of public resources.
- ◆ Application of a **Commercial Sector Policy Framework** that enhances accountability for the commercial performance of the Government's businesses.

Key Achievements in 2000-01

- ◆ *Timely production of accurate and informative Budget papers and reports on State financial management*
- ◆ *Successful trial of service and resource allocation agreements to strengthen the accountability of general government agencies*
- ◆ *Implementation of performance agreements with all NSW's major government businesses*

2000-2001 In Review

Improved Accountability

Overview of Action on our Priorities for 2000-01

<i>The Commitments</i>	<i>Our Performance</i>
<ul style="list-style-type: none"> ◆ Integration into the annual formulation of the State Budget of service and resource allocation agreements with agencies to document agreed outputs to be delivered, key performance indicators and funding. 	<p>OFM provided guidance and interacted closely with targeted agencies in the development and negotiation of service and resource allocation agreements. The process provided valuable background for Budget deliberations. OFM will continue in 2001-02 with more formal integration of agreements into the Budget process. Ultimately they will be the key documentation:</p> <ul style="list-style-type: none"> ◆ Supporting agencies' annual Budget bids, and ◆ Specifying the agreed accountability for the use of allocated funds.
<ul style="list-style-type: none"> ◆ Comprehensive review of the State's financial management and reporting legislation to reflect recent reforms and implement financial reporting improvements. 	<p>Progress included the review and amendment of investment and borrowing controls that apply to Government agencies. Review of the General Government Debt Elimination Act was commenced.</p> <p>Other parts of the fundamental review were delayed to await the outcome of the Parliamentary Inquiry into Appropriation procedures.</p>

Improved Accountability

STRATEGY PERFORMANCE

State Financial Management Reporting

The provision of accurate, informative and timely reports on the State's finances is fundamental to the objective of ensuring public sector accountability for management of the State's finances.

PERFORMANCE INDICATORS	1999-2000	2000-01	2000-01	2001-02
	Actual	Benchmark	Actual	Benchmark
Timely delivery of printed Budget papers	Achieved	B Day-1	Achieved	B Day-1
Timely issue of standard reports on the State's finances				
- Placement of monthly Financial Statement on website by last working day of the following month	New	Achievement	Achieved	Achievement
- Tabling of Consolidated Financial Statements before the statutory date	30 November	≤31 December	29 December	≤30 November
Timely submission of annual report on performance of Government businesses	17 December	≤15 December	22 December	≤15 December
<p>The State's Budget - OFM's key output - was presented to the Parliament by the Treasurer on 29 May 2001. The Budget papers were produced by OFM on a timely basis, the culmination of an efficient and effective Budget preparation implementation plan.</p> <p>OFM also met the required deadlines associated with the preparation of other reports on the State's finances.</p> <p>Although there was a minor delay in the submission of the annual report on the performance of the Government's businesses, action is being taken to ensure the achievement of an earlier deadline for subsequent editions.</p>				

OFM's core outputs include the State's annual budget papers, which focus on the General Government sector, and a number of periodic reports that detail actual financial management performance for both General Government and the Public Trading Enterprises sectors. OFM is also responsible for administering and monitoring the requirements for public sector agencies to issue annual reports.

2000-2001 In Review

Improved Accountability

OFM ensured timely provision of New South Wales' Budget Papers for 2001-02. These papers outline the Government's financial plan and provide clear and concise reports on the State's finances. They document the actual and forecast aggregate Budget position, reporting against the Government's agreed fiscal targets and strategies. They include a comprehensive description of each agency's expenditure trends and strategic direction. They represent a key mechanism to ensure accountability to the Parliament and the people of NSW.

Other reports also facilitate scrutiny of the financial performance of the General Government sector and the Total State sector, including Government businesses. During 2000-01 OFM ensured timely production of the following reports.

- ◆ Monthly financial statements for the General Government sector.
- ◆ The Public Accounts and State Consolidated Financial Statements that report actual results for the Total State sector for the full year.
- ◆ The mid-year Budget Review that reports on progress against the budget. It provides the latest forecast outcome for the current and forward years and updates economic projections. This report is prepared in accordance with requirements of the General Government Debt Elimination Act and the Uniform Presentation Framework agreed by all Australian Governments.

OFM is proposing an earlier completion date for reports on the year ending 30 June 2001. The aim is to allow tabling of the Public Accounts and Total State Consolidated Financial Statements several weeks prior to the statutory date. This initiative is being pursued in consultation with eleven large agencies. The Audit Office of NSW has been actively involved.

During 2001-02 preparation of financial reports will be facilitated by the implementation of the Treasury On-line Entry System (TOES). TOES will enable agencies to report financial information directly to OFM via a modem link.

OFM also reports on the performance of the PTE sector via the publication Performance of NSW Government Businesses. It provides an overview of microeconomic reform undertaken in the State for the year, as well as information on compliance with National Competition Policy. The publication ensures greater accountability for those businesses operating on a commercial basis and potentially in direct competition with the private sector. A range of financial, efficiency and service indicators is published for 26 NSW Government businesses.

Improved Accountability

Financial Management Framework

The implementation of a Financial Management Framework is a key strategy to facilitate adherence to the State fiscal strategy by General Government agencies. The Framework will assist agencies to deliver value for money programs and services. At the same time, service and resource allocation agreements, a key element of the Framework, promote improved accountability for the use of public sector resources by explicitly linking funding with agreed performance standards.

Progress with the trial of service and resource allocation agreements with selected agencies is reported under our Resource Allocation objective.

<p>There was continuing progress with the refinement of service and resource allocation agreements and their trial with 11 selected agencies. Six agreements were finalised.</p> <p>Agencies involved gave positive feedback on the linkage that agreements give between planning and budgeting.</p>	Percentage of targeted agencies with Service and Resource Allocation Agreements in place	
	<i>1999-2000 Actual</i>	55%
	<i>2000-01 Benchmark</i>	≥75%
	<i>2000-01 Actual</i>	55%
	<i>2001-02 Benchmark</i>	100%

During 2000-01 work also commenced on the development of service costing principles. These principles are aimed at giving agencies clear guidance on how to cost their services. They will also facilitate the understanding of costing principles throughout the General Government Sector. This is important in the context of OFM's objective to improve accountability. Accurate and reliable cost information will ensure that all stakeholders within and external to Government have a meaningful picture of the resources being allocated to achieving the desired outcomes for the community.

The service costing principles will be released in the new year and OFM will assist agencies with their application.

Financial and Annual Reporting Legislation

The review and consolidation of NSW financial and annual reporting legislation is a key element of OFM's Financial Management Framework initiative. Work on this project has been under way for the past few years and it remains one of OFM's priorities.

The review seeks to create a new principles-based Act that will:

- ◆ Provide legislative support for the key elements of the financial management and accountability framework operating in New South Wales; and
- ◆ Promote an enhanced focus on managing for performance and results.

2000-2001 In Review

Improved Accountability

During 2000-01 OFM progressed various aspects of the proposed legislative framework:

- ◆ The *Public Authorities (Financial Arrangements) Act 1987* was substantially amended regarding investment and borrowing control. The amendments resulted in PAFA's scope being significantly expanded.
- ◆ Review of the *General Government Debt Elimination Act 1995* is proceeding as required by the Act. The Report on the review will be tabled in Parliament by December 2001.
- ◆ Proposed amendments to certain provisions in the *Public Finance and Audit Act, 1983* regarding the Auditor-General's mandate are currently being examined, together with other miscellaneous amendments raised as part of the Fundamental Review of the legislation.

Other parts of the Fundamental Review were delayed pending the Final Report of the Legislative Council's *Inquiry into the Current Provisions for Appropriation of Moneys and Authorisation of Expenditure*. This Inquiry addressed concerns raised by the Auditor-General regarding compliance with statutory provisions governing appropriations from the Consolidated Fund.

The Inquiry's Final Report was tabled on 22 December 2000. The next steps in progressing the Fundamental Review are being determined. This includes further review of necessary changes to appropriation procedures in light of the Report and current developments in establishing the Financial Management Framework.

Commercial Policy Framework

OFM's strategy of applying a commercial policy framework to the operations of the Government's businesses is aimed at ensuring both our *Resource Allocation* and *Accountability* corporate objectives.

The Framework serves to:

- ◆ Increase the value of Government businesses,
- ◆ Ensure competitive neutrality with the private sector, as well as
- ◆ Enhance accountability for commercial performance.

Percentage of Government businesses with performance agreements in place		Statements of Financial Performance for 2000-01 were negotiated with all but two Public Trading Enterprises. Statements of Corporate Intent were negotiated with all State Owned Corporations, except for a small number undertaking fundamental reform. The documents were signed at specially convened meetings of shareholding and portfolio ministers.
<i>1999-2000 Actual</i>	87%	
<i>2000-01 Benchmark</i>	100%	
<i>2000-01 Actual</i>	94%	
<i>2001-02 Benchmark</i>	100%	

Improved Accountability

The Commercial Policy Framework is being reviewed over a three year period with a view to strengthening its implementation. Stage 1 was undertaken in 2000-01 and resulted in:

- ◆ A review of the Government Guarantee Fee Policy for Government businesses, in order to improve competitive neutrality objectives of the policy;
- ◆ A review of Capital Structure Policy, which guides the determination of an appropriate mix of debt and equity for each business to ensure efficient financial performance;
- ◆ A review of the Financial Distribution Policy, which recognises the cost of the Government's equity in its businesses; and
- ◆ Establishment of the Public Trading Enterprise Consultative Council, including CEOs of selected Government businesses, to facilitate consultation on proposed policy consultation.

Review of other elements of the Framework will continue during 2001-02.

Accounting Policy and Guidance

As part of its responsibility for developing and advising on financial management best practice, OFM provides guidance and direction to the NSW public sector on appropriate accounting and financial and annual reporting standards. This activity supports the implementation of the General Government Financial Management Framework and the Commercial Sector Policy Framework.

During 2000-01 various Treasury Circulars were issued. Accounting and annual reporting advice was provided to agencies on the application of the State's financial and annual reporting legislation and Australian Accounting Standards (AAS). OFM also responded to various Auditor-General's Reports to Parliament and participated on inter-jurisdictional committees on accounting issues, such as the Heads of Treasuries Accounting and Reporting Advisory Committee.

Guidance provided to agencies included:

- ◆ The issue of a *Financial Reporting Code for Budget Dependent General Government Sector Agencies*, updated for new Accounting Standards, including AAS 1 *Statement of Financial Performance*, AAS 36 *Statement of Financial Position* and AAS 37 *Financial Report Presentation and Disclosures*.
- ◆ Application of Urgent Issues Group Abstract 38, *Contributions by Owners Made to Wholly Owned Public Sector Entities* to the NSW public sector. This designated certain transfers as "contributions by owners", for example, administrative restructures, incorporations, establishment of new statutory authorities and transfers of programs/ functions.
- ◆ Guidance regarding the application of the new AAS 38 *Revaluation of Non-Current Assets* during the initial transitional period and other general guidance on the application of new or revised Accounting Standards.

2000-2001 In Review

Improved Accountability

A Working Paper was prepared on *Guidelines for the Valuation of Physical Non-Current Assets at Fair Value*. Physical non-current assets are a significant proportion of NSW public sector assets. These assets should be valued consistently in accord with AAS. The Working Paper will be referred to agencies for consideration, before finalisation and issue as a formal Treasury Policy and Guidelines paper.

A review of Treasury Circulars and Treasurer's Directions commenced during the year and will continue next year. The aim is to ensure they reflect modern financial practices and accounting standards.

Annual Reporting

The Treasurer administers the Annual Reports legislation governing departments and statutory bodies. Since the end of 1991 as part of this responsibility the Treasury has conducted an annual reports review program. The annual reports review program is part of Treasury's strategy aimed at enhancing statutory compliance and the overall quality and relevance of agencies' annual reports.

The general objectives of the program are twofold:

- ◆ To monitor compliance with annual reporting legislation; and
- ◆ To promote best practice in public sector annual reporting.

The review program for the 1999-2000 annual reports examined compliance with the relevant annual reporting legislation and identified instances of "better" reporting practices.

Treasury Circular NSWTC 01/19 issued summarising the results of the review of the 1999-2000 annual reports. The Circular highlighted recent additional annual reporting requirements and provided guidance for performance reporting, economic factors, management and activities and other findings.

In January 2001 Treasury developed a section for our Website dedicated to Annual Reporting - the facts and legislation. We also included answers to frequently asked questions to make preparing an annual report less onerous for agencies and less daunting to check compliance with all requirements.

The web address is www.treasury.nsw.gov.au/annfaq/arp.html.

In addition in June 2001 Treasury Circular NSWTC 01/12 issued outlining the requirements for the reporting on payment of accounts. This Circular reminded agencies of their obligations for the prompt payment of accounts, including disclosure of certain details on payment performance in the annual report.

Organisation Building

Our Challenge To build a values based organisation that facilitates the achievement of our objectives.

Our Strategies

- ◆ Implementation of a staff development program to improve:
 - The capabilities of our managers and staff
 - Performance management
 - Resource and project management, and
 - Recruitment effectiveness.
- ◆ Improving our relationship with agencies:
 - Working in partnership with other agencies, and
 - Increasing the relevance and impact of Treasury advice.

Key Achievements in 2000-01

- ◆ *90% of OFM staff satisfied with their job and OFM's adherence to its values*
- ◆ *71% of agencies satisfied with their relationship with OFM*
- ◆ *Integration of a Treasury service and resource allocation agreement into our planning and budgeting processes*
- ◆ *80% of correspondence and projects attended to within deadline*
- ◆ *Relevant advice available for each meeting of Cabinet*

2000-2001 In Review

Organisation Building

Overview of Action on our Priorities for 2000-01

<i>The Commitments</i>	<i>Our Performance</i>
<ul style="list-style-type: none"> ◆ Refinement of Treasury's Integrated Performance System that links our planning, performance management and staff development - with priority to the management of outstanding and unsatisfactory performance. 	<p>A tailored training program was developed to guide OFM managers on how to deal with either outstanding or unsatisfactory performance. The program was conducted with groups of managers on two separate occasions during the year.</p>
<ul style="list-style-type: none"> ◆ Preparation of a plan to implement approved corporate development strategies. 	<p>A project plan was submitted and received the endorsement of OFM's Executive Board. Implementation of a number of components was commenced.</p>
<ul style="list-style-type: none"> ◆ Issue of a tender for provision of a Treasury officers' technical training program. 	<p>It was determined that a modular approach to OFM's technical training would be more effective than a single comprehensive program. Subsequently a series of technical courses were developed and implementation commenced.</p>
<ul style="list-style-type: none"> ◆ Induction of new graduates into OFM and arrangement of appropriate development opportunities. 	<p>Following a highly successful recruitment campaign that included participation in university career fairs, six new graduates started with OFM in February 2001.</p> <p>OFM's program ensures that graduates are rotated across OFM's operational areas, therefore maximising their development opportunities. As a result new graduates generally receive quick promotion.</p>

Organisation Building

STRATEGY PERFORMANCE

OFM's Organisation Building objective is key to the achievement of our business objectives - namely Improved Resource Allocation and Improved Accountability. We address the Organisation Building objective by applying a two-pronged organisation development strategy which focuses on:

- ◆ The skills of our people, and
- ◆ The ability to work together as a team and in partnership with other agencies.

This strategy underpins OFM's corporate plan.

OFM Operations

(Standard Benchmark: $\leq 100\%$)

	<i>1999-2000 Actual</i>	<i>2000-01 Actual</i>
% of net cost of services to Budget	96%	91%
% of actual to budgeted staff numbers	84%	89%
During 2000-01 OFM operated within budget and with staff numbers consistent with its allocation		

Staff Development

The organisation development strategy emphasises the need for an effective staff development program and effective recruitment practices. OFM's staff development program aims to ensure that Treasury officers have the necessary skills to allow a holistic approach to problem solving. The emphasis is on improving our planning and management of people, projects, processes and performance.

Apart from traditional development activities such as in house and external courses, the staff development program emphasises the importance of:

- ◆ On the job training, including exposure to strong models of appropriate behaviour.
- ◆ Ensuring adequate support tools and systems are in place - the Treasury Integrated Performance System (TIPS) plays a key role.
- ◆ Staff rotations and secondments to broaden the experience of staff, for their own benefit as well as for the Treasury.
- ◆ Recruitment practices, particularly the recruitment and development of new graduates.

During 2000-01 a plan to implement corporate development initiatives and activities was prepared and endorsed, in line with the commitment made at the beginning of the year. Implementation of particular components proceeded without delay.

2000-2001 In Review

Organisation Building

Management and Staff Capability

In 2001 a comprehensive Corporate Development Strategy was approved by the Executive to address learning and development within OFM. The strategy provides a range of courses and other development activities and options.

Staff and managers are able to choose how developmental needs may be met including face to face training, on the job training, and further education as well as secondments to other parts of the organisation, interstate, and overseas.

The training schedule is available to staff on the Intranet. It includes technical, management, interpersonal and computer training courses. Focus is on performance management, communication, citizenship, management, and technical needs.

During the year a contract theory course provided staff with an analytical framework to manage relationships that involve uncertain and incomplete information. A course on the principles of public finance was also conducted. The exposure of all our officers to a writing skills course was commenced.

A Learning Centre is also being established to provide staff with a small, dedicated area to access computer based training, videos and books. The Centre will be completed during September 2001.

Performance Management

OFM's performance management system, the Treasury Integrated Performance Scheme (TIPS), has been in place for several years. TIPS provides the link between our corporate planning cycle and our staff development planning. During 2000-01 87% of staff participated in the TIPS annual appraisal and 84% in the TIPS performance agreement. All our directors participated in a performance management program designed to assist managers to deal effectively with outstanding and unsatisfactory staff performance.

A review of our corporate planning process resulted in its better linkage to individual performance plans. Presentations were made to staff to explain the links between the corporate plan, directorate work plans and personal performance agreements.

Recruitment Effectiveness

A review of OFM's recruitment strategies was undertaken. The review resulted in an information booklet being produced. The booklet broadens the qualification requirements for a Treasury officer. It encourages female applicants and promotes flexible work arrangements.

As part of our Graduate Recruitment Program six graduates commenced in February 2001. As with previous years the new graduates received exposure to each of OFM's broad operational areas – economic, resource allocation and finance. This ensures the opportunity to gain a broad experience of the work of OFM prior to placement in a specific Directorate. In preparation for the 2002 graduate intake OFM participated in the careers fairs of metropolitan universities. We participated in the University of Western Sydney's careers fair for the first time.

Organisation Building

Secondments

As part of the commitment to staff development, our employees were given the opportunity to apply for overseas secondments. This year the cooperative arrangement was with the UK Treasury. Two assignments were offered to give staff an opportunity to broaden their experience and perspective. The assignments were:

- ◆ Approaches to improving productivity and value for money in service delivery
- ◆ How private financing of infrastructure can be used within the broader financial strategy

Treasury officers were invited to submit their interest in these secondment assignments. The selection was based both on an assessment of who might benefit most from the opportunity, and skills and experience that the applicants would bring to the assignments.

The successful officers were Tony Miller and Mark Pellowe. Tony will work on the involvement of the private sector in the provision of infrastructure based service delivery. Mark will work on approaches to improving productivity and value for money in service delivery.

Staff Satisfaction

(Standard Benchmark: $\geq 75\%$)

	1999-00	2000-01
% of staff participating in quarterly staff questionnaires	57%	61%
% of staff who believe OFM's values are adhered to	82%	89%
% of staff satisfied with Treasury	89%	90%
% of staff satisfied with their job	90%	92%

OFM's Commitment to Service assures staff job satisfaction, personal development and career opportunities. It also promises strong leadership and effective management.

An optional questionnaire is provided to OFM staff every quarter to monitor these commitments and provide the opportunity to bring emerging issues to the attention of management.

Surveyed staff continue to record high levels of satisfaction with working in OFM.

A more comprehensive biennial employee opinion survey is scheduled for 2002-03.

2000-2001 In Review

Organisation Building

Olympic Arrangements

In September 2000, twenty-four OFM employees assisted with the Olympic Games. Many of our officers undertook advisory or security roles and one officer was seconded to the Olympic Roads and Transport Authority (ORTA) at a senior level. The cost associated with employee secondments was \$137,787. No staff were employed on initiatives directly and specifically relating to the Games.

The OFM offices in Governor Macquarie Tower (GMT) in Sydney continued to operate during the Olympic period but with significantly reduced staff. This allowed essential and emergency services to be maintained.

Work Environment

	<i>1999-2000</i>	<i>2000-01</i>	<i>2000-01</i>	<i>2001-02</i>
	<i>Actual</i>	<i>Benchmark</i>	<i>Actual</i>	<i>Benchmark</i>
% staff turnover	21%	≤20%	10%	≤20%
Average number of sick days per staff member	5.0 days	≤6 days	4.7 days	≤6 days
Average number of training days per staff member	3 days	≥5 days	4.4 days	≥5 days
% of staff participating in performance appraisals	80%	100%	87%	100%
<p>OFM continues to emphasise the importance of staff development. The organisation commits to ensuring that appropriate tools and systems are in place to supplement formal staff development activity. Ultimately, though, responsibility for personal development rests with the individual.</p> <p>The achievement of at least 5 training days per year for each staff members remains a priority.</p>				

Occupational Health and Safety

OFM has a number of strategies in place to ensure the health and safety of staff within the office. These include:

- ◆ Membership of the GMT health and safety forum which monitors the workplace and advises on safety issues
- ◆ Reporting mechanisms to ensure that all incidents involving safety risks are reported and addressed
- ◆ Policies for dealing with workplace injuries and rehabilitation

During 2000-01 nine OH&S incidents were reported, and two assessments were conducted.

Organisation Building

Equal Employment Opportunity

OFM's achievements during 2000-01 to ensure equal employment opportunity include:

- ◆ Continuation of flexible work practices outlined in the Enterprise Agreement including:
 - Increased flexible work start and finish times
 - Work from home provisions
 - Cumulative flexidays
- ◆ Continuation of the commitment that whenever possible meetings will not be scheduled outside of normal working hours.
- ◆ Revised recruitment brochure to enhance the profile of women in Treasury
- ◆ Review of advertising formats and media placement to increase our focus on target groups
- ◆ Broadening of the educational qualifications for our Graduate Recruitment Program to increase the diversity of the Treasury workforce
- ◆ Targeting of Aboriginal graduates in the Graduate Recruitment Program

The following EEO strategies will be applied in the coming year:

- ◆ Recruitment strategies to broaden the diversity of the workforce.
- ◆ Evaluation of graduate recruitment
- ◆ Increased representation of aboriginal staff
- ◆ Continued emphasis on increasing the representation of women.

OFM Code of Conduct

OFM has a code of conduct for staff which provides guidance on standards of conduct and behaviour to be followed. The Code reflects OFM's values and has three underlying principles:

- ◆ The public has a right to expect the highest integrity and competence from our staff.
- ◆ The Government is entitled to impartial and accurate advice and prompt implementation of its policies.
- ◆ All staff have rights and obligations as employees.

This code was developed by a joint committee comprised of senior managers and employee representatives. A copy of the Code is available to all Treasury officers on the OFM Intranet.

2000-2001 In Review

Organisation Building

Working with Agencies

Of equal importance with the staff development program is the need for OFM to improve its relationship and communication with agencies. Ultimately OFM's success is dependent on the active participation of other agencies in the development and implementation of financial management reform initiatives.

Agencies' Satisfaction

(Standard Benchmark: $\geq 75\%$)

	1999	2001
% of surveyed agencies satisfied with their relationship with OFM	68%	71%
% of surveyed CEOs satisfied that OFM consistently works towards the Government's economic vision and fiscal strategy	85%	84%
% of surveyed agencies satisfied with OFM's financial management support	New	74%
% of surveyed agencies satisfied with OFM's accounting and financial reporting guidelines and support	New	76%
<p>OFM undertakes to survey our stakeholder agencies every two years to assess the extent to which they consider that OFM has met its commitments to service.</p> <p>Latest feedback from agencies reveals that satisfaction with OFM increased marginally over the past two years, with a third of agencies reporting an improvement in their relations with us over that time.</p>		

OFM's Commitment to Agencies

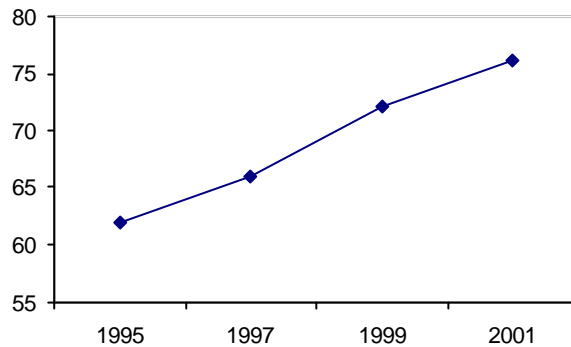
OFM's Commitment to Service outlines a code of good practice for our interaction with other agencies. The code is based on the following principles:

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

Our commitments to agencies include regular consultation, alliance in planning and implementing reforms, consistent and accurate advice and timely responses. We also undertake to survey agencies every two years to assess the extent to which they consider OFM has complied with the code of good practice. In that regard the biennial survey issued to agencies at the end of the year.

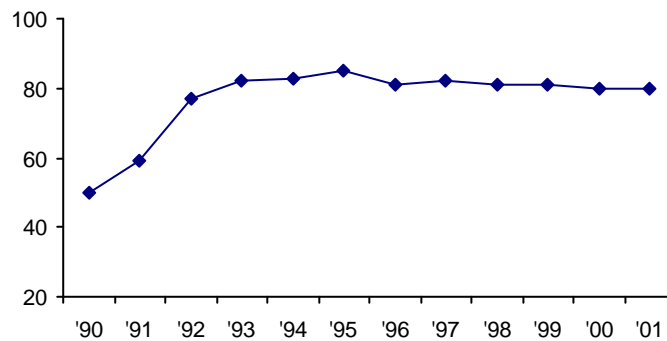
Organisation Building

Average satisfaction of Agency Chief Financial Officers that OFM has met its commitments to them in respect of the code of good practice has increased from 62% in 1995 to 76% in 2001.



Graph 1 - Commitment to Client Service Index

During the past decade, and again in 2000-01, OFM has maintained a high standard, in attending to correspondence and other registered projects in a timely manner. Performance in attending to these matters has consistently been at the level of 80% being responded to within deadline.



Graph 2 - Percentage of Correspondence and Projects Completed on Time

Agencies had indicated in past surveys that they required greater support from OFM in implementing financial management reforms. In response, OFM added working in partnership with agencies as one of its key corporate planning strategies.

This strategy saw our Financial Management Improvement Branch working closely with a number of agencies during 2000-01 to develop the Financial Management Framework and a number of its components. In particular, there was very close interaction in the development of agency service and resource allocation agreements. In that regard the analysts from our Resource Allocation Directorates also worked closely with officers from those agencies included in the trial.

Organisation Building

Organisational Management

PERFORMANCE INDICATORS	1999-2000	2000-01	2000-01	2001-02
	Actual	Benchmark	Est Actual	Benchmark
% of work plan milestones achieved	82%	≥80%	71%	≥80%
Timely submission of advice for Cabinet	Achieved	As required	Achieved	As required
% of registered correspondence and projects completed by due date	80%	≥80%	80%	≥80%
% of registered correspondence on hand that are late	23%	≤20%	26%	≤20%
Average days late for registered correspondence and projects completed late	10 days	≤10 days	10 days	≤10 days
Average number of days to complete registered correspondence and projects	11 days	<15 days	12 days	<15 days
<p>The percentage of work plan initiatives completed by OFM in 2000-01 was marginally below target but good progress was made with all projects. Delayed projects have been rolled over for completion in the new year.</p> <p>OFM was able to maintain its high standards in ensuring that timely and relevant advice was available on the economic and financial implications of proposals being considered by Cabinet and Cabinet Committees.</p> <p>OFM's project management system generates a number of key indicators that relate to our Commitment to Service. Targets were satisfied for three of four relevant indicators measuring our timeliness in attending to correspondence and registered projects. Agencies are advised when circumstances cause delays in OFM's response.</p>				

Organisation Efficiency

OFM applies rigorous performance monitoring systems to ensure its efficiency in attending to projects, including responses to correspondence. Reports are monitored each month by the Executive Board to ensure compliance with targets.

While critical targets associated with priority projects were achieved during 2000-01, overall performance with respect to our work plan initiatives was marginally below target. 71% of project milestones were achieved compared with the 80% target. In June 2001 the Executive Board undertook a "reality check" of draft work plans to ensure focus on priority issues and facilitate achievement of targets in 2001-02.

OFM's Project Management System reported satisfactory performance in responding to correspondence and other registered projects with targets being satisfied for three out of four indicators. 80% of correspondence and other projects was handled within deadline.

OFM continued to provide timely briefings on the economic and financial implications of all matters scheduled for consideration by meetings of Cabinet and Cabinet Standing Committees.

Organisation Building

Communication Strategies

Disseminating financial management policy information and guidelines to assist agencies apply best practice is another of OFM's important roles. Our officers also research and produce documents that outline latest economic and finance developments and techniques, many aiming to stimulate further discussion and debate. With this in mind, an important OFM output is the production of Treasury Circulars, Policy & Guidelines Papers and Research & Information Papers. To increase the speed of access to the information these documents are loaded on OFM's website.

OFM aims to provide its stakeholders with cost-efficient and timely access to wider ranging information and the OFM website is an important tool in communicating this information. Our aim is to focus attention on the website as the principal point of access to information while reducing the costs associated with print production and distribution. The web also reduces distribution delays and ensures that only current versions of documents are published.

The OFM Intranet was launched in 1999 and was significantly expanded in 2000-01. It is an important internal communication and information-sharing tool that provides Treasury officers with access to a wide range of business-related information including OFM manuals, work plans, performance reports and a direct link to our website. It provides fast, seamless access to up-to-date information, eliminating the need for officers to maintain hard copies.

Over the past year the Intranet was significantly enhanced and its expansion included the addition of two new sections:

- ◆ Commercial Policy Framework - containing policy and guidelines papers and manuals, working papers (on policy development), frequently asked questions, glossary of terms and links to SOC & PTE websites.
- ◆ Staff Development - containing the Treasury training schedule, development opportunities, new staff induction, graduate program and opportunities for further studies

Both our website and Intranet undergo continual review and improvement. In response to feedback the sites are expanded to meet the changing information needs of our people.

2000-2001 In Review

Organisation Building

Performance Review and Improvement

OFM undertakes regular performance reviews of its activities and implements identified improvements to ensure our efficiency and effectiveness. In addition, an annual program ensures regular review of key risk areas and is a key element of OFM's risk management strategy.

Review of OFM's Planning and Budget Systems

Treasury is one of the eleven agencies with whom service and resource allocation agreements are being trialed. As planned, a Treasury agreement was developed during the year to apply to 2001-02. Within OFM, the process involved the participation of all members of staff in a fundamental review of the Corporate Plan.

While OFM's planning framework was confirmed some adjustments were determined, including an increase in the number of our corporate objectives to give them a sharper focus and clearer specification of corporate strategies.

Corporate outcome and output performance indicators were also reviewed. The aim is to ensure that the efficiency and effectiveness of OFM's strategies can be assessed in terms of the outputs and outcomes generated. Some new indicators were identified. Indicators cited in this annual report align with those in Treasury's service and resource allocation agreement.

Risks associated with the implementation of OFM strategies and initiatives were also identified during the development of the Agreement. The Agreement documents indicators and management strategies for each identified risk.

The changes to OFM's strategic management framework will be reflected in a revised OFM Corporate Plan to issue in late 2001.

The service and resource allocation agreement was drafted to reflect the revised strategic management framework. The agreement was submitted on schedule to support Treasury's Budget bid for 2001-02. Following the Government's decision on Treasury's budget allocation, the Secretary and Treasurer formally signed the agreement, as required, prior to the end of the financial year.

OFM's planning cycle for 2001-02 was also reviewed to ensure the full integration of the service and resource allocation agreement process with internal planning and budgeting deliberations.

Organisation Building

Public Authorities (Financial Arrangements) Act Administration Review

Treasury is responsible for the administration of the Public Authorities (Financial Arrangements) Act.

During the year a review of OFM's administrative arrangements was undertaken, resulting in the issue to staff of a revised Internal Guidelines manual that sets out:

- ◆ The legislative requirements of the Act in relation to the borrowing, investing and other related activities of Government authorities;
- ◆ The key policy criteria to be taken into account when examining applications for the exercise of the Treasurer's discretionary powers to grant approval for such activities; and
- ◆ The procedures to be followed in processing authorities' applications.

Crown Transactions Entity Administration

Treasury has responsibility for administering the programs of the Crown Transactions Entity. Through these programs the Government provides for service-wide transactions, such as interest payments on government debt, superannuation contributions and natural disaster relief.

As from the 1999-2000 Budget, all costs associated with this activity have been charged directly to the Crown Transactions Entity, rather than Treasury's Budget. This change was effected to make more transparent the total cost of delivering the Crown Transactions Entity's programs.

With the introduction of GST the method of accounting for and recovering costs incurred by Treasury in administering these programs was reviewed. Commencing with the 2001-02 Budget the costs of administration will initially be charged to the Treasury programs and then recovered from the Crown Transactions Entity.

The change will enable readers to see the total cost of activities undertaken by Treasury and the net cost of services after recoveries. However, the full cost of delivering the Crown Transactions Entity's programs will continue to be fully disclosed.

Organisation Building

Risk Management

The OFM Audit Committee, Chaired by the Executive Director Financial Management is responsible for reviewing areas of risk and the oversight of the development of risk management strategies for OFM.

OFM contracts the Internal Audit Bureau to conduct an annual audit of various aspects of our operations. The audit plan is based on an Internal Control Risk Assessment Plan to ensure regular review of high risk areas.

One of the key risk assessment reviews undertaken during 2000-01 related to IT support of the State Budget process. This followed the annual "post mortem" of the Budget process, which is aimed at effecting any identified improvements for the next Budget.

Current risk management strategies to deal with potential disruptions to the Budget development process were reviewed. The review confirmed that current risks associated with the Budget's IT support systems are acceptable. Nevertheless recommendations relating to improved documentation and key resources back-up were implemented and strengthened risk mitigation procedures put in place ahead of preparations for the 2001-02 Budget.

More generally, risks associated with OFM's IT business systems are supported by comprehensive Disaster and Business Continuity Plans which include off site back up of key material.

The 2000-01 Internal Audit Plan also provided for reviews of the following key risk areas:

- ◆ Cash management system
- ◆ Asset management
- ◆ Appropriation procedures
- ◆ State Budget dependency on IT systems

These reviews resulted in the adoption of improved control procedures.

The Audit Committee also oversighted review of some of our other major processes. Satisfactory outcomes were reported following reviews of the following activities:

- ◆ Management of staff attendance
- ◆ Sydney Market Authority - Post Closing Account
- ◆ Collections and Banking

Reviews still in progress at the end of the year included:

- ◆ Electricity Tariff Equalisation Fund systems
- ◆ OFM Budget control procedures

Organisation Building

The following areas have been scheduled for review as part of the 2001-02 audit plan:

- ◆ Systems for monitoring loans
- ◆ Electricity Tariff Equalisation Fund systems
- ◆ Compliance with credit card requirements
- ◆ Monitoring of contingent liabilities
- ◆ Monitoring of annual reporting
- ◆ Sales of FreightCorp and PowerCoal
- ◆ Payments to contractors
- ◆ Control of Cabcharge usage

Insurance Risk Management

The Office of Financial Management's insurance risk management processes continue to be monitored within the context of the Treasury Managed Fund (TMF) insurance arrangements on an ongoing basis.

Future Performance Reviews

A number of performance review activities are scheduled for 2001-02. They include the following.

- ◆ *Client Surveys* - Periodic client surveys are scheduled to provide input to OFM's annual planning deliberations.

A 360° survey of OFM managers is conducted biennially, with the next to be undertaken early in 2001-02. The survey provides information about OFM's management effectiveness and is used to formulate both corporate and individual management development strategies for our managers.

Our biennial survey of client agencies is also being undertaken at the beginning of 2001-02. This survey provides a mechanism to determine OFM's effectiveness in working with agencies in managing the State's finances. Emerging issues will be addressed during 2001 planning deliberations.

- ◆ *Review of OFM's Web and Intranet Sites* - The 'new' Treasury website was introduced in 1997. Since then a phased approach has been applied to its development.

Development has included the application of Treasury's corporate identity to the site, expansion of its content and implementation of a sitemap. The site is now a major tool for communicating information and initiatives to agencies.

To accommodate the increasing demands on the website and facilitate future expansion of content, Treasury will upgrade site navigation and indexing, and upgrade the visual impact of the site. When concluded, the concepts will be applied to OFM's Intranet and both sites will be relaunched.

2000-2001 In Review



New South Wales

TREASURY

Future Planning

A revised OFM corporate plan will issue early in the new financial year. The plan will outline the strategic management framework that will apply for the next three years. This follows the review associated with the development and implementation of Treasury's service and resource allocation agreement in 2000-01. While OFM will maintain its current direction, the focus of our objectives will be sharpened.

OFM's previous *Resource Allocation Improvement* objective will be split into three more explicitly defined, objectives - *Enhanced Economic Development*; *Effective Resource Allocation* and *Strengthened State Finances*.

Our remaining Accountability and Organisation Building objectives will be maintained.

Our Objectives for 2001-2004

1	Enhanced Economic Development Enhance the policy and regulatory framework for NSW economic development
2	Effective Resource Allocation Ensure effective resource allocation and management in state sector service delivery
3	Improved Accountability Improve the accountability for NSW public sector financial management
4	Strengthened State Finances Strengthen the financial position of the NSW Government
5	Organisation Building Build a values oriented organisation which facilitates the achievement of our objectives

Future Planning

Following our planning deliberations some adjustments were determined to strengthen OFM's structure. The aim is to accommodate the ongoing Energy Sector reform program and our expanded role with private financing of public infrastructure. A number of principles were applied including

- ◆ Accommodating synergies between branches,
- ◆ Balancing reform and ongoing activities
- ◆ Considering the impact of OFM's structure on career development options for staff.

Adjustments will take place in the new year:

- ◆ The transfer of the Infrastructure Unit (previously within our Economic and Fiscal Directorate) into the *Human Services, Transport, Justice and Public/Private Partnerships* Resource Allocation Directorate to form a new branch to deal with private sector financing of infrastructure based service delivery.
- ◆ The incorporation of Market Implementation Group (MIG) and responsibility for the energy reform program into two branches within our *Education, Property, Natural Resources and Energy* Resource Allocation Directorate. One branch will focus on electricity distribution and the other on generation. This Directorate will report directly to one of OFM's Executive Directors.

Our Priorities for 2001-02

Objective 1: Enhanced Economic Development

Our Challenge **To enhance the policy and regulatory framework for NSW economic development**

The ongoing implementation of energy markets reform will remain a priority within OFM's **Microeconomic Reform** strategy.

The Priority

- ◆ Implementation of the final stage of full retail electricity competition, with the final tranche of customers, comprising households and smaller businesses, able to choose their electricity retailer from 1 January 2002.

Future Planning

Objective 2: Effective Resource Allocation

Our Challenge To ensure effective resource allocation and management in state sector service delivery

OFM will continue to develop and apply its **Financial Management Framework** strategy for the General Government sector. The Financial Management Consultative Council will be established as the primary agency consultative mechanism. The Council will be chaired by the Secretary of Treasury, and comprise senior representatives from The Cabinet Office, the Premier's Department and a cross-section of line agencies.

The Priorities

- ◆ Negotiation of service and resource allocation agreements with selected agencies, including full integration into the process for determining the 2002-03 Budget. The lessons from the 2001-02 SRAA Review will be used to refine the SRAA model and update the *Budget Outcomes and Outputs: A Guide to Performance Management*.
- ◆ Issue to OFM officers of Performance Analysis Guidelines for General Government Agencies, to enhance further the skills of our analysts.
- ◆ Consultation with agencies on strategic capital reform proposals, with the possibility that some proposals will be implemented in 2002-03.

Microeconomic Reform initiatives will continue to be pursued as a means to ensuring more effective resource allocation.

The Priorities

- ◆ Ongoing reform of the transport sector, specifically:
 - Continuing review of rail entities' funding mechanisms
 - Management of the sale of FreightCorp.
- ◆ Review of the roles, functions and strategic directions of natural resource management agencies with a view to more effective service delivery and improved likelihood of achieving sustainable natural resource outcomes.
- ◆ Finalisation of policy for the participation of the private sector in delivery of infrastructure based services.

2001-2002 Our Priorities

Future Planning

Objective 3: Improved Accountability

Our Challenge **To improve the accountability for NSW public sector financial management**

While it is a key strategy to ensure more effective resource allocation within the General Government sector, the **Financial Management Framework** also contributes to better public sector financial accountability.

The Priorities

- ◆ Comprehensive review of the State's financial management and reporting legislation to reflect recent reforms and implement financial reporting improvements.
- ◆ Fundamental review of capital and recurrent appropriation practices.

Objective 4: Strengthened State Finances

Our Challenge **To strengthen the financial position of the NSW Government**

The **Fiscal Strategy** will remain an OFM priority as it provides the overarching framework for the State Budget. A number of initiatives will be undertaken to support and complement the application of the Fiscal Strategy.

The Priorities

- ◆ In the context of productivity enhancements required of agencies for agreed public sector wage increases:
 - Consultation with PSMO to identify whole of Government savings strategies
 - Imposition of appropriate funding controls that account for agencies' achievement of required productivity enhancements
- ◆ As part of the five-yearly review of the methodology for distributing Commonwealth funding to the States:
 - Arrangement of the Commonwealth Grants Commission's workplace discussions in NSW.
 - Preparation of the main submission to the Commission's 2004 Review setting out a detailed case for more funding for NSW.

Future Planning

- ◆ Development of options for reform of horizontal fiscal equalisation in conjunction with the Treasuries of Victoria and Western Australia, following an independent review of the current system that is administered by the Commonwealth Grants Commission.

Efforts to strengthen the application of the **Commercial Policy Framework** will continue.

The Priority

- ◆ Finalisation of the review of the capital structure policy component of the Commercial Policy Framework.

Objective 5: Organisation Building

Our Challenge To build a values oriented organisation that facilitates achievement of our objectives

Staff Development will continue to be emphasised.

The Priority

- ◆ Review of OFM's corporate technical and management development program to address:
 - Needs identified during annual planning deliberations
 - Strategies for issues emerging from the biennial management development questionnaire

OFM will seek continuing improvement in its **Relationships with other Agencies**.

The Priority

- ◆ Identification and implementation of action to address issues emerging from the biennial survey of client agencies.



New South Wales

TREASURY

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2000-2001

Schedules 2000-2001

OPERATIONS

1 Workload & Output/Outcome Indicators

	2000-01		2001-02
	Benchmark	Actual	Benchmark
1 IMPROVED RESOURCE ALLOCATION			
Outputs			
♦ Implementation of final tranche of retail electricity contestability	na	na	By 1 Jan '02
♦ Percentage of relevant agencies with asset maintenance plans endorsed by Treasury	≥80%	87%	≥90%
♦ Percentage of service and resource allocation agreements signed with targeted agencies	≥ 75%	55%	100%
♦ Deviation of actual GFS tax revenues from the Budget projection	<±3.0%	+7.4%	<±3.0%
♦ Deviation of actual GTE distribution payments from the Budget projection	<±10%	+2.6%	<±10%
♦ Number of days each month Treasury cash balances forecasting error >\$50m	≤ 6 days	6 days	≤ 6 days
♦ Number of days after the month to submit data on Crown activities	≤ 14 days	14 days	≤ 14 days
♦ Percentage of Government businesses with signed statements of financial performance/ statements of corporate intent	100%	94%	100%
♦ Number of days after the quarter to submit performance reports on electricity SOCs	≤42 days	40 days	≤42 days
♦ Percentage of GTEs covered by RAD performance report within 6 weeks of end of quarter	New	na	≥80%
Outcomes			
♦ Maintenance of maximum credit rating for NSW	AAA	AAA	AAA
♦ Increase in the General Government's net worth	Increase	Increase	≥maintenance in real terms
♦ Achievement of General Government net debt targets as a percentage of Gross State Product	New	3%	2% by 2004
♦ Reduction in State net financial liabilities as % of Gross State Product	New	15.5%	13% by 2004
♦ Deviation of the current year net lending result from the Budget projection	New	+\$53m	\$368m ± \$300m
♦ Deviation of actual GFS expenses from the Budget projection	<±1%	+6.1%	<±2%
♦ Continuing receipt of competition policy tranche payments/avoidance of penalties	Achievement	Achieved	Achievement
♦ Contestable electricity tariffs for households to be lower than regulated tariffs after 1 Jan '02	na	na	Achievement
♦ Percentage of agencies that consider the Financial Management Framework and associated policies will improve performance and accountability	New	76%	≥75%

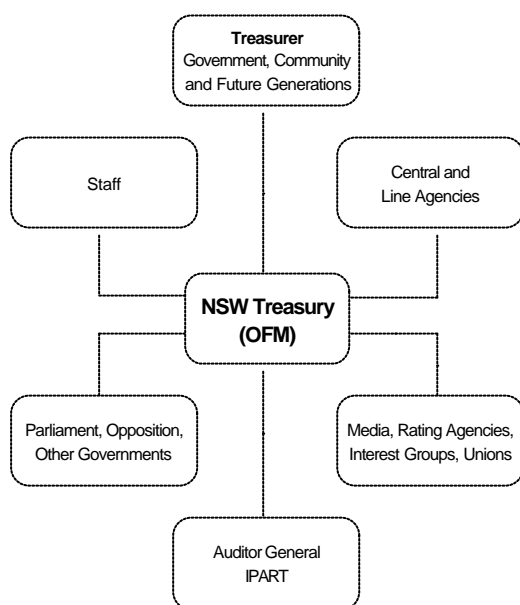
Schedules 2000-2001

	2000-01		2001-02
	Benchmark	Actual	Benchmark
2 IMPROVED ACCOUNTABILITY			
Outputs			
♦ Timely delivery of printed Budget papers	< B.Day-1	Achieved	< B.Day-1
♦ Timely delivery/issue of standard reports on the State's finances	By due date	Achieved	By due date
♦ Submission of Performance of Government Businesses book by required date	≤15 Dec	22 Dec	≤15 Dec
♦ Submission of Interstate Tax Comparison publication by required date	≤15 Dec	5 Dec	≤30 Nov
♦ Percentage of service and resource allocation agreements signed with targeted agencies	≥ 75%	55%	100%
♦ Percentage of Government businesses with signed statements of financial performance/ statements of corporate intent	100%	94%	100%
Outcomes			
♦ Number of material errors in Budget papers and other financial reports	Nil	Nil	Nil
3 ORGANISATION BUILDING			
Staff Work Environment			
♦ Average number of sick days per staff member	≤6 days	4.7 days	≤6 days
♦ Percentage of eligible staff participating in performance appraisals	100%	87%	100%
♦ Average number of training days per staff member	≥5 days	4.4 days	≥5 days
♦ Percentage staff turnover	≤20%	10%	≤20%
Stakeholder Satisfaction			
♦ Percentage of staff participation in quarterly staff questionnaires	≥75%	61%	≥75%
♦ Percentage of staff satisfied with Treasury	≥75%	90%	≥90%
♦ Percentage of staff satisfied with their job	≥75%	92%	≥90%
♦ Percentage of surveyed agencies satisfied with their relationship with OFM	≥75%	71%	≥75%
♦ Percentage of surveyed CEOs satisfied that OFM consistently works toward the Gov't economic vision and fiscal strategy for NSW	≥75%	84%	≥75%
♦ Percentage of surveyed agencies satisfied with Treasury financial management support	New	74%	≥75%
♦ Percentage of surveyed agencies satisfied with Treasury accounting/financial reporting guidelines and support	New	76%	≥75%
Organisation Management			
♦ Percentage of net cost of services to budget	≤100%	91%	≤100%
♦ Percentage of actual to budgeted staff numbers	≤100%	89%	≤100%
♦ Percentage of Work Plan milestones achieved	≥ 80 %	71%	≥ 80 %
♦ Timely submission of advice for Cabinet	As required	Achieved	As required
♦ Number of days prior to meetings to provide Budget Committee advices	≥ 3 days	1.8 days	≥ 3 days
♦ Percentage of registered correspondence and projects completed by due date	≥80%	80%	≥80%
♦ Percentage of registered correspondence and projects on hand that are late	≤20%	26%	≤20%
♦ Average days late for registered correspondence and projects completed late	≤10 days	10 days	≤10 days
♦ Average number of days to complete registered correspondence and projects	≤15 days	12 days	≤15 days

Schedules 2000-2001

2 The OFM Commitment to Service

OFM serves the Government and the community through its main client, the Treasurer. Other major stakeholders include Treasury staff and other agencies.



Commitment to the Treasurer

- ◆ Efficient and effective administration of OFM, including successful implementation of initiatives included in its corporate plan
- ◆ Provision of accurate, relevant, professional and timely advice and information

Commitment to Staff

- ◆ Job satisfaction, personal development and career opportunities and the ability to participate and contribute information
- ◆ Strong leadership and effective management

Commitment to Agencies

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

A code of good practice further details Treasury's commitment to agencies.

Regular Consultation, Openness and Courtesy

OFM will meet regularly with agencies - at least quarterly with larger agencies - to discuss financial and other relevant issues.

OFM will discuss agency issues with them before making a final decision or recommendation to the Treasurer. Agencies are asked also to give OFM timely information on all relevant developments.

OFM will seek to work in alliance with agencies in planning for, and implementing its financial management reforms. Consultative Councils comprising CEOs of key agencies will be convened to facilitate discussion of proposed reforms and their implications for agencies. Agencies' views will be sought when proposed changes to OFM procedures impact across a range of agencies.

Teamwork, both within OFM and with other agencies, is an implementation strategy that must be applied to all OFM's corporate plan initiatives. Our planning methodology also requires special attention to any implementation issues for agencies.

For each agency, a Treasury officer is designated as a single point of contact with OFM. Agencies are requested to also establish a designated contact with OFM.

Consistency and Accuracy of Advice

It is recognised that changes in staff dealing with an individual agency can create problems for the agency. A team based approach minimises these problems.

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

Timeliness of Responses

Agency contact officers ensure responses are provided to Ministerial and agency letters and other requests as quickly as possible. When OFM can give direct advice, it will do so within 15 working days. If the matter requires referral to the Treasurer, a response can be expected within 20 working days of its receipt.

Agencies will be contacted with an explanation and a progress report when these deadlines cannot be met. In turn, agencies should provide a timely and accurate response to OFM's reporting and other information requests.

Performance Evaluation

OFM will survey agencies every two years to assess the extent to which they consider OFM has met its commitments to service.

Schedules 2000-2001

3 Use of Consultants

OFM Core Activities

Costing more than \$30,000		
<i>Consultant</i>	<i>Project</i>	<i>Amount (excl. GST)</i>
Board Search	Board placement	\$30,644
Broadleaf Capital International Pty Ltd	Parramatta to Chatswood Rail Link Assessment	\$30,000
Deloitte Touche Tohmatsu	Management systems review of SAC	\$58,800
Department of Land and Water	Salinity Strategy Experts Group, Environmental Services Contribution	\$203,536
KPMG	Review of NSW Lotteries	\$86,464
Treasury Corporation	Advisory Services on Cross City Tunnel Project	\$54,609
<i>Sub Total:</i>		<i>\$464,053</i>
Costing less than \$30,000		
7 Projects Totalling		73,678
<i>Total cost of OFM consultancies:</i>		<i>\$537,731</i>

Industry Reform Activities

Costing more than \$30,000		
<i>Consultant</i>	<i>Project</i>	<i>Amount (excl. GST)</i>
DGJ Projects	Legal drafting for the corporatisation of the Snowy Mountains Hydro-electric Authority	\$383,175
Snowy Mountains Hydro-electric Authority	NSW's share of cost of environmental assessments of former Snowy Scheme sites undertaken by CH2M Hill for the corporatisation of the Snowy Mountains Hydro-electric Authority	\$161,724
<i>Sub Total:</i>		<i>\$544,899</i>
Costing less than \$30,000		
3 Projects Totalling		\$76,476
<i>Total cost of Industry Reform consultancies:</i>		<i>\$621,375</i>

4 Major Assets Acquired During 2000 - 01

Type	2000-01 \$'000
Hardware:	
Personal computing	128
Other computer equipment	32
Total Hardware	160
Major Assets:	
Software	90
Office equipment	26
Office furniture	26
Total Major Assets	142

Schedules 2000-2001

5 Accounts Payable Performance

OFM Directorate Coordinators arrange verification and approval of OFM accounts. The CCSU processes the payment of these accounts in accordance with its current service agreement with OFM. The results listed in the table below reflect the total time taken to administer payments by both OFM officers and CCSU.

Value of outstanding invoices by age at the end of each quarter

Quarter	Current (ie within due date) \$	Less than 30 days overdue \$	Between 30 and 60 days overdue \$	Between 60 and 90 days overdue \$	More than 90 days overdue \$
September 2000	11,027	-	-	-	-
December 2000	84,727	-	-	-	-
March 2001	29,717	-	-	-	-
June 2001	13,443	5,286	-	44,858	-

Accounts paid on time during each quarter

Quarter	Total Accounts Paid on Time			Total Amount Paid \$
	Target %	Actual %		
		By Number	By Value	
September 2000	85	73	65	2,539,155
December 2000	85	87	80	3,282,325
March 2001	85	85	76	3,697,363
June 2001	85	84	85	6,140,043

- ◆ During 2000-01 there were no instances of penalty interest being paid in accordance with Section 18 of the Public Finance and Audit (General) Regulation 1995.
- ◆ Performance during the September and December quarters was impacted by activities associated with the Olympic and Paralympic Games.

6 Credit Card Certification

In accordance with Treasurer's Direction 205.01, it is certified that credit card usage by officers of the NSW Treasury, Office of Financial Management has been in accordance with the appropriate Government policy, Premier's Memoranda and Treasurer's Directions.

Schedules 2000-2001

7 Privacy Management Plan

Treasury has developed a Privacy Management Plan to cover its mainstream financial operations. The plan complies with the requirements of the Act and includes:

- ◆ Classes of information held;
- ◆ Advice on how OFM uses personal information;
- ◆ Compliance with the Act and its information protection principles;
- ◆ Dealing with reviews.

No requests for review under the Act were received by OFM during the year.

8 Electronic Service Delivery

Treasury is well progressed in implementing the Government's Information and Communication Strategic Agenda.

The following actions have been taken in respect to initiatives required under the Government's Electronic Service Delivery Plans:

- ◆ All tender information is displayed on our website;
- ◆ All appropriate publications are provided on our website;

Treasury is also implementing arrangements to provide for the direct input of financial data by agencies using secure dial-in technology.

9 Research and Development

No activity directly undertaken by the Office of Financial Management qualifies as Research and Development.

Development of Accounting Standards

Recognising the role that the accounting profession plays in developing accounting standards for the public and private sectors, OFM made the following grant in 2000-01:

Australian Accounting Standards Bodies	\$169,100
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(This grant was made under Program Area: 70.1 Central Financial Management Services, specifically under Program: 70.1.2 Financial Management.)

Schedules 2000-2001

STAFFING

10 Staff Numbers & Grading Structure

	1998	1999	2000	2001
Executive	6	5	5	5
Branch Directors	14	13	17	15
Treasury Technical Officers	-	-	15	16
Grade 7-12	97	111	87	96
Grade 3-6	38	36	40	31
Clerical Officer 3/4	14	9	7	13
Clerical Officer 1/2	7	3	3	0
DPO	3	6	6	5
Grade 1-2	-	2	2	10
	179	185¹	183	191²

1. The increase was due to additional positions required for tax reform and industry reform.
2. There was an increase in the number of staff due to additional positions being filled in the Financial Management Improvement Branch of Financial Management Directorate.

11 Chief Executive & Senior Executive Officers

Scale since 1-10-97	1998		1999		2000		2001	
	Male	Female	Male	Female	Male	Female	Male	Female
Level 8	1	-	1	-	1	-	1	-
Level 7	-	-	-	-	-	-	-	-
Level 6	-	-	-	-	-	-	-	-
Level 5	4	1	3	1	3	1	3	1
Level 4	-	-	-	-	-	-	-	-
Level 3	1	-	-	-	-	1	-	1
Level 2	3	1 ¹	1	2	1	1	1	-
Level 1	7	2	7	3	9	5	9	4
	16	4	12	6	14	8	14	6

1. Includes one unattached staff member

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12 Performance and Remuneration of Chief Executive & Senior Executive Officers

John Pierce, Secretary, Level 8

Mr Pierce, as Secretary of the NSW Treasury, is responsible for the strategic direction of the organisation.

Key achievements in 2000-01 include:

- ◆ Developing and implementing State financial management practices and strategies, being key factors resulting in confirmation of NSW's triple A credit rating.
- ◆ Developing strategy options for the 2001-02 Budget, consistent with the State's fiscal strategy and taking into account the Government's service delivery priorities.
- ◆ As part of the ongoing reform of the State Budget process, implementing service and resource allocation agreements with a number of key agencies.
- ◆ Continuing reform of the State's electricity sector to ensure the efficient and effective operation of State and National energy markets.

Remuneration*: \$310,751

Robert Carling, Executive Director, Level 5

Mr Carling is Executive Director, Economic and Fiscal, having leadership responsibility for the Economic and Fiscal Directorate. Key achievements in 2000-01 include:

- ◆ Advising on overall fiscal strategy, including specific taxation initiatives for the 2001-02 NSW Budget.
- ◆ Preparation of advice, and conduct of appropriate consultation, to determine State policy for the involvement of the private sector in infrastructure based service delivery.
- ◆ Advising on Commonwealth-State financial relations.
- ◆ Advising on, and participating in the implementation of, national competition policy principles in NSW.

Remuneration*: \$192,183

Ian Neale, Executive Director, Level 5

Mr Neale is Executive Director, Financial Management, having leadership responsibility for the Financial Management Directorate. Key achievements during 2000-01 include:

- ◆ Coordinating the 2001-02 NSW Budget process, Budget papers preparation and other reports on the State's finances.
- ◆ Continuing development of a Financial Management Framework for General Government agencies.
- ◆ Providing advice on the management of Crown assets and liabilities, including review of the funding plan for State superannuation liabilities.

Remuneration*: \$190,801

Mark Ronsisvalle, Executive Director, Level 5

Mr Ronsisvalle is Executive Director, Resource Allocation overseeing the various portfolios in the Human Services, Justice and Transport areas, with leadership responsibility for one of OFM's Resource Allocation Directorates.**

Key achievements during 2000-01 include:

- ◆ Advising on 2001-02 Budget strategy and allocation, including implementation of the State fiscal strategy across portfolios.
- ◆ Oversighting financial performance of budget dependent agencies and government businesses, and advising on related policy issues. Specific initiatives included participation in the oversight of Olympic Games finances.
- ◆ Managing negotiations with the Commonwealth and Victorian Governments for joint sale of Freight Rail Corporation and National Rail.

Remuneration*: \$189,094

Phil Blunden, Acting Executive Director, Level 5

During the second half of 2000-01 Mr Blunden acted as Executive Director, Resource Allocation overseeing the Human Services and Justice areas.** Key achievements include:

- ◆ Advising on 2001-02 Budget strategy and allocation, including implementation of the State fiscal strategy across portfolios.
- ◆ Oversighting financial performance of budget dependent agencies and government businesses, and advising on related policy issues.
- ◆ Advising the Government on strategies to assist those impacted by the collapse of HIH Insurance.

Remuneration*: \$134,487

Elizabeth Dewar, Acting Executive Director, Level 5

During the second half of 2000-01, Ms Dewar acted as Executive Director, Resource Allocation overseeing the Education, Natural Resources and Planning areas with leadership responsibility for one of OFM's Resource Allocation Directorates.*** Key achievements include:

- ◆ Advising on 2001-02 Budget strategy and allocation, including implementation of the State fiscal strategy across portfolios.
- ◆ Oversighting financial performance of budget dependent agencies and government businesses, and advising on related policy issues including reform of Waste Services NSW, LandCom and strategies to combat salinity problems.

Remuneration*: \$136,966

All members of the Executive undertook their roles in an efficient and effective manner and were assessed within the superior band as determined by Treasury's Integrated Performance System. This assessment was made having regard to achievements in relation to Performance Agreements and results of the 360° degree management performance surveys.

* Remuneration: Total amount of monetary remuneration for the officer and cost of employment benefits provided under the officer's contract of employment for that year. In keeping with public sector policy, there were no performance-related incentive payments. The value of the Executive Directors' remuneration packages is identical, differing actual amounts reported reflect differing lengths of time in the positions and the impact of higher duties allowances for various acting arrangements, including during absences of the Secretary.

** From 8 January 2001 Mr Ronsisvalle focused on managing the sale of Freight Rail Corporation and the Transport and Ports Branch. From that date until the end of the year Mr Blunden acted as an additional Executive Director undertaking Mr Ronsisvalle's normal responsibilities in respect of the Human Services and the Justice and Emergency Services Branches.

*** Following the transfer to The Cabinet Office of the former Executive Director, Dr Gül Izmir, Elizabeth Dewar acted as Executive Director from 11 December 2000 until the end of the financial year, pending recruitment action for a permanent appointment to the position.

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13 Equal Employment Opportunity

Achievements for 2000-01

- ◆ Continuation of flexible work practices outlined in the Enterprise Agreement including:
 - Increased flexible work start and finish times
 - Work from home provisions
 - Cumulative flexidays
- ◆ Continuation of the commitment that whenever possible meetings will not be scheduled, outside of normal working hours.
- ◆ Issue of a revised recruitment brochure to increase the representation of females
- ◆ Review of advertising formats and media placement to focus on target groups.
- ◆ Broadening of the educational qualifications for our graduate program to increase the diversity of the workforce.
- ◆ Targeting of Aboriginal graduates in the Graduate Recruitment Program

Strategies for 2001-02

- ◆ Recruitment strategies to broaden the diversity of the workforce.
- ◆ Evaluation of graduate recruitment
- ◆ Increase representation of Aboriginal staff
- ◆ Continued emphasis on increasing the representation of women.

Table 1 Distribution of Staff Categories by Remuneration Level

LEVEL	Total Staff	Subgroup as Percent of Total Staff at each Level							
		Respon dents	Men	Women	Aboriginal People & Torres Strait Islanders	People from racial, ethnic, ethno- religious minority groups	People whose language first spoken as a child was not English	People with a Disability	People with a disability requiring adjustment at work
\$25,761- \$37,825	28	93%	21%	79%	0%	23%	27%	0%	0%
\$37,826 - \$47,866	22	91%	50%	50%	0%	25%	35%	5%	0%
\$47,867 - \$61,899	42	95%	50%	50%	0%	18%	13%	0%	0%
>\$61,899 (non SES)	79	86%	73%	27%	0%	30%	15%	0%	0%
SES	20	30%	65%	35%	0%	33%	17%	0%	0%
TOTAL	191	84%	57%	43%	0%	26%	18%	1%	0%
<i>Estimated Subgroup Totals</i>		<i>160</i>	<i>109</i>	<i>82</i>	<i>0</i>	<i>50</i>	<i>35</i>	<i>1</i>	<i>0</i>

Table 2 Distribution of Staff Categories by Employment Basis

EMPLOYMENT BASIS	Total Staff	Subgroup as Percent of Total Staff in each Employment Category								
		Respon dents	Men	Women	Aboriginal People & Torres Strait Islanders	People from racial, ethnic, ethno- religious minority groups	People whose language first spoken as a child was not English	People with a Disability	People with a disability requiring adjustment at work	
Permanent	Full-Time	151	89%	62%	38%	0%	24%	18%	0%	0%
	Part-Time	7	100%	0%	100%	0%	29%	14%	0%	0%
Temporary	Full-Time	10	90%	20%	80%	0%	33%	33%	0%	0%
	Part-Time	3	100%	0%	100%	0%	33%	33%	33%	0%
Contract	SES	20	30%	65%	35%	0%	33%	17%	0%	0%
	Non SES									
TOTAL	191	84%	57%	43%	0%	26%	19%	1%	0%	
<i>Estimated Subgroup Totals</i>		<i>160</i>	<i>109</i>	<i>82</i>	<i>0</i>	<i>50</i>	<i>36</i>	<i>1</i>	<i>0</i>	

Note: Figures for EEO groups other than women have been adjusted for the effects of non-response to the EEO data collection. EEO statistics reported in years prior to 1998 may not be comparable due to a change in the method of estimating EEO group representation.

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14 Overseas Visits

Overseas Visits by Treasury Officers

Japan, Europe and United Kingdom

The Secretary of NSW Treasury, John Pierce travelled overseas from 24 June to 7 July 2000 to meet with senior international business leaders to showcase the State of New South Wales. The Chief Executive of the NSW Treasury Corporation accompanied the Secretary. The Secretary attended the NSW Investment promotion function in London hosted by the Treasurer of New South Wales.

New Zealand

The Secretary of NSW Treasury, John Pierce visited Wellington New Zealand between 28-30 August 2000 to have discussions with a number of department heads and senior officers of the New Zealand public sector, including the NZ Treasury.

Kingdom of Tonga

Russell Agnew, Manager, Tax Policy & Revenue Forecasting was seconded to the Ministry of Finance in the Kingdom of Tonga as part of an AusAID project to provide tax policy advice to the Ministry. This involved visits to Tonga from 11 November to 2 December 2000 and again from 20 January to 10 February 2001.

Assistance was provided with the development and implementation of Tax Expenditure Statements. Russell worked with senior Treasury and Revenue officers in the Ministry to create a Tax Expenditure Manual which identified all tax concessions provided in Tongan tax legislation, classified them by economic function and identified data sources to enable the amount of tax expenditure to be calculated. He also advised on proposals for reform of Tonga's tax system.

United Kingdom Treasury

As part of our commitment to staff development, employees of NSW Treasury had the opportunity to apply to work on overseas secondment assignments. Tony Miller (RAD) and Mark Pellowe (FMD) were successful in gaining secondments with the UK Treasury. Tony and Mark were based in London for their secondments period of 6 weeks. Mark's secondment was from 4 June to 10 August 2001 and his assignment concerned approaches to improving productivity and value for money in service delivery. Tony's secondment period was from 4 June to 13 July 2001, and his assignment involved examining how private infrastructure can be used within the broader financial strategy.

Overseas Visitors to Treasury

China

Over the 2000-2001 year, a total of six delegations from China visited NSW Treasury.

On 5 July 2000 Treasury was invited by the Open Training and Education Network of TAFE to meet with a senior delegation of Chinese business people and Central and Provincial Government representatives. The topics discussed included investment management systems in State Owned enterprises and the role of government and its relevant department in the development of State Owned enterprises. Sarah Tritsch-Caplan and Angeline Bilas briefed the senior Chinese delegation on aspects of Treasury's commercial framework.

A second delegation arrived on 8 September 2000, from the Shanghai Municipal Finance Bureau, lead by Fang Chunshen, Chief of Institute of CPA. They met with NSW Treasury Officers James George (OFM), and Geoff Underhill (OSR). Topics discussed included tax reform and Commonwealth-State financial relations; and evolution and practice of internal audit in the NSW public sector. The delegation also had separate meetings with the Premier's Department and the Audit Office.

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China

The third delegation from China was received on 24 October 2000. This delegation was organised by All-China Journalist's Association (ACJA). There were twelve people in the group who were the officials and professionals in the field of financial mass media. The purpose of visiting NSW Treasury was to study the financial press and financial news release procedures in NSW.

The delegation was met by Michael Salmon, Senior Media Adviser to the NSW Treasurer, Alastair Hunter, Director Reporting And Co-ordination NSW Treasury, Ian Rosenbaum, Accounting Manager NSW Treasury and May Tai, Financial Analyst NSW Treasury. The delegation was informed about the procedures involved in releasing financial news to the media.

On 13 December 2000 a delegation from the Shanxi Finance Bureau of Shanxi Province visited OFM. The delegation was hosted in Parliament House by Jeff Hunter MP, Member for Lake Macquarie, in his capacity as Chairman, Asia Pacific Friendship Group. The leaders of the delegation were Mr Zheng Jianguo, Vice Chief, Shanxi Finance Bureau and Ms Meng Line, Director, Foreign Trade and Economy Department of Shanxi Finance Bureau. The delegates met with NSW Treasury Tax Specialist Officers and discussed an overview of the State taxation system and its significance to the financial management of the State, and an overview of major State expenditure responsibilities.

On 15 January 2001 members of a delegation from the Chinese Ministry of Finance visited OFM. Members of the delegation were Mr Gao Qiang, Vice Minister; Ms Lu Heping, Director General Social Security Department; Mr Xie Xuezhong, Director General Taxation Policy Department; Mr Ji Ming, Deputy Director, General Office; Mr Yu Gongbin, Deputy Director, Social Security Department and Ms Bai Xiaoqing, Deputy Director, International Affairs Department. The delegates met with Phil Bickerstaff and Sandra Ianitto. Topics discussed included functions of NSW Treasury, Budget preparation, control and monitoring, and social welfare expenditure.

A final delegation from the Peoples' Republic of China visited Treasury on 3 May 2001 and met with Russell Agnew and James George. Their presentation focused on State tax policy, intergovernmental financial relations and revenue collection. The delegation was headed by Mr David Liu, Manager, Business & Professional Travel; Mr Zhang Tian Ming, Executive Vice President, China International Tax Consultancy Co., and was accompanied by a further twelve delegates from China representing revenue authorities from Beijing and Shanghai.

Japan

A delegation from Japan visited OFM on 17 November 2000. The delegation consisted of Professor Junshichiro Yonehara from the Department of Economics at the University of Otemon Gakuin, Osaka, Japan; Mr Yoshihiro Tabe, Director from the Japan Local Government Centre in Sydney. They met with senior Treasury officers - Michael Clark-Lewis, Director Revenue Strategy; Hugo Harmstorf, Manager Intergovernmental Relations and James George, Manager State Taxes. The topics discussed included an overview of the State taxation system and its significance to the financial management of the State and issues related to the intergovernmental agreement on the reform of Commonwealth-State Financial Relations.

Organisation for Economic Cooperation and Development

An OECD delegation visited OFM on 8 February 2001 and met with Treasury's Executive Director Fiscal Strategy, Robert Carling. As part of the OECD's review of the Australian economy conducted every second year, the mission visited NSW Treasury with a view to obtaining a State perspective on recent reforms. The delegation was led by Val Koromzay, Director of the Country Studies Branch. A representative from the Commonwealth Treasury accompanied the delegation.

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15 Committees and Boards

The following is a list of organisations and committees that included OFM representation during 2000-2001. Committees established during the year are marked with an asterisk (*).

Statutory Bodies and Other Corporations

Australian Statistics Advisory Council (Commonwealth)

Treasury Officer: Richard Cox

Casino Safety Net Committee

Treasury Officers: Mark Ronsisvalle, Ros Martin

Construction Policy Steering Committee

Treasury Officer: Roger Sayers

Environmental Trust

Treasury Officers: John Pierce, Elizabeth Dewar

Internal Audit Bureau

Treasury Officer: Ian Neale (Chair)

NSW Treasury Corporation

Treasury Officers: John Pierce (Chair), Robert Carling (Deputy Chair)

NSW Trustee Advisory Committee

Treasury Officer: Ray Anns

Parliamentary Contributory Superannuation Scheme Trustee

Treasury Officer: John Pierce (Trustee)

Rental Bond Board

Treasury Officer: Brian Waddington

Tax Hardship Board and Board of Review

Treasury Officer: Russell Agnew

Treasury Managed Fund

Treasury Officers: Peter English, Steve Hunt

Treasury Committees

Bank Contracts Service Level Review Committee

Treasury Officers: John Angelakis (Chair), Peter English

Budget Project Management Group

Treasury Officers: Alastair Hunter (Chair), Phil Blunden, Richard Cox, Ross Edwards, Kim Garvey, Kyla McCarthy, Mark Pellowe, Len Powrie, Mark Ronsisvalle, Brian Waddington

Criminal Justice System Modelling Working Group

Treasury Officers: Phil Bickerstaff, Charles Nuamah

Debt Management Committee

Treasury Officers: Ian Neale (Chair), Richard Cox, Colin Broad, Tim North, Gary de Bruyn

Electricity Steering Committee

Treasury Officers: John Pierce, Kate Lawrence-Haynes

Fiscal Strategy Executive Committee

Treasury Officers: John Pierce, Robert Carling, Ian Neale, Mark Ronsisvalle, Kevin Cosgriff, Colin Broad, Richard Cox, Michael Clark-Lewis, Alastair Hunter, Judy O'Connell, Graeme Bullivant (secretary)

GMT Occupational Health & Safety Committee

Treasury Officers: Daniel Quinn, Greg O'Donnell, John Tougher

HR Executive Sub Committee

Treasury Officers: Robert Carling, Phil Bickerstaff, Judy O'Connell, Brian Cheney, Richard Cox, Rose Williams, Kate Lawrence-Haynes, Daniel Quinn

Liability Management Committee

Treasury Officers: Ian Neale (Chair), Robert Carling, Colin Broad, Alastair Hunter, Richard Cox, Andrew Waddington, Tim North, Peter English

NSW Rail Freight Sales Steering Committee*

Treasury Officers: John Pierce (Chair), Mark Ronsisvalle, James Grainger, Mike Martinson, Graham Baker, Lina Chan (secretary)

OFM Audit Committee

Treasury Officers: Ian Neale, Rose Williams, Alastair Hunter, Colin Broad, Robert Williams, Greg O'Donnell (Secretary)

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OFM Executive Board

Treasury Officers: John Pierce, Robert Carling, Kevin Cosgriff, Ian Neale, Mark Ronsisvalle, Rose Williams, Graeme Bullivant (secretary)

Reciprocal Charging Working Group

Treasury Officers: Frank Jordan (Chair)

Treasurer's Accounting Advisory Panel

Treasury Officers: John Pierce (Convenor), Ian Neale, Robert Williams (secretary)

Treasury (OFM and OSR) Consultative Committee

Treasury Officer: Rose Williams (OFM Rep.)

Treasury Managed Fund - Asset Management Review Committee

Treasury Officers: Colin Broad (Chair), Tim North, Peter English, Susan Timmins

Treasury Managed Fund - Service Level Review Committee

Treasury Officer: Steve Hunt (Chair)

Treasury Planning and SRAA Integration Committee*

Treasury Officer: Graeme Bullivant (Chair), Robert Carling, Judy O'Connell, Lindsey Williams, Frank Jordan, Kate Lawrence-Haynes, Rose Williams, Phil Blunden, Elizabeth Dewar

Non-Treasury Committees

ABS Economic Statistics User Group

Treasury Officer: Richard Cox

Aboriginal Affairs CEOs' Group

Treasury Officer: Phil Blunden

Australian Accounting Standards Board, Urgent Issues Group*

Treasury Officer: Robert Williams

Balmain Road, Leichhardt Project Steering Committee

Treasury Officers: Brendan Gaudry, John Madden

Biodiversity Strategy Implementation Group*

Treasury Officers: Leone Hurley

CCSU Client Advisory Board

Treasury Officer: Rose Williams

CCSU Internal Audit Committee

Treasury Officer: Rose Williams

Chief Executives Committee

Treasury Officer: John Pierce

Commonwealth/State Committee for the EIS for the Second Sydney Airport

Treasury Officers: Frank Jordan, Roger Sayers

Commonwealth/State Police Working Group

Treasury Officers: Mark Ronsisvalle (Chair), Andrew Hughes (Support Officer)

Commonwealth/State Review of Service Provision

Treasury Officers: Mark Ronsisvalle, Andrew Hughes

Compliance Reporting Framework Steering Committee (Premier's Department)

Treasury Officer: Judy O'Connell

Council on the Cost and Quality of Government

Treasury Officer: John Pierce, Judy O'Connell (Deputy)

Country Meatwork Taskforce

Treasury Officer: Peter Shields

Crown Property Portfolio Steering Committee

Treasury Officers: Sue Power (Chair), John Madden,

Dairy Industry Deregulation Working Group

Treasury Officer: Frank Jordan

Economic Society of Australia (NSW Branch)

Treasury Officers: Brendan Gaudry, Andrew Hughes, Zach Witton

Electronic Document Management Committee

Treasury Officers: Graeme Bullivant

Government Asset Management Committee

Treasury Officers: John Pierce, Elizabeth Dewar

Government Asset Management Committee - Senior Officers Sub-Committee

Treasury Officer: Elizabeth Dewar

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Government Cleaning Contract - Contract Management Committee

Treasury Officer: Roland Stanmore

Government Liaison Panel for the National Electricity Market

Treasury Officer: Don Anderson

GST Administration Sub Committee

Treasury Officer: Robert Carling

Heads of Treasuries Accounting and Reporting Advisory Committee

Treasury Officer: Ian Neale

Heads of Treasuries State Taxes Working Group

Treasury Officers: Robert Carling, Russell Agnew

Health External Review and Evaluation Group*

Treasury Officer: John Pierce

Human Services Senior Officers Group

Treasury Officer: Philip Blunden

Industrial Relations Steering Committee

Treasury Officer: Robert Carling

Information Technology Steering Committee

Treasury Officer: Rose Williams

Inter-Agency Technical Reference Group for Catchment Management Board Targets*

Treasury Officer: Paul Hucker

Inter-Departmental Committee on Crimes (Forensic Procedures) Act 2000*

Treasury Officers: Phil Bickerstaff, Len Powrie

Land and Housing Sub-Committee

Treasury Officer: Danny Graham

Land and Water Management Plan Assessment Team

Treasury Officer: Roland Stanmore

Land and Water Management Plan Assessment Team – Economic Sub-Committee

Treasury Officer: Roland Stanmore

Landcom Advisory Board

Treasury Officer: Sue Power (Observer)

Limitation of Council Rate Income - Committee of Advice

Treasury Officer: Nin Rejante

Migrant Skills and Qualifications Advisory Committee

Treasury Officer: Rose Williams

Minerals Consultative Committee

Treasury Officer: Ray Anns

National Competition Policy Review Working Group

Treasury Officers: Frank Jordan, Ray Anns

National Electricity Market Settlement and Transfers Committee (NEMSAT)

Treasury Officers: Rob Bruce (observer)

Natural Resources Information Management Strategies Steering Group

Treasury Officer: Roland Stanmore

Natural Resources Research Taskforce

Treasury Officer: Roland Stanmore

NEMMCO Key Performance Indicators Project Committee

Treasury Officers: Ziggi Legins/Kate Lawrence-Haynes

NOx Trading Scheme Reference Group

Treasury Officer: Ray Anns

NSW Club Industry Policy Working Group

Treasury Officer: Richard Cox

NSW Greenhouse Network

Treasury Officer: Ray Anns

NSW Government Motor Vehicle Supply Agreement Review

Treasury Officer: Colin Broad

NSW Sustainable Development Network

Treasury Officer: Ray Anns

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National Tax Equivalent Regime Working Party

Treasury Officer: Russell Agnew

Native Vegetation Conservation Strategy Inter-Departmental Committee*

Treasury Officer: Paul Hucker

Parking Patrol Officers Inter-Departmental Committee*

Treasury Officers: Len Powrie

Pay Equity NSW Government Steering Committee

Treasury Officer: Richard Cox

Perisher Project Coordination Group*

Treasury Officer: Brendan Gaudry, Leone Hurley

Police Complaints Case Management Program Review Group

Treasury Officers: Phil Bickerstaff, Len Powrie

Population Projection Group

Treasury Officer: David Maynard

Public Sector Home Page Committee

Treasury Officer: Karen Somers

Public Sector Reporting Timetable Reduction Committee*

Treasury Officer: Ian Neale, Alastair Hunter, Ian Rosenbaum

Regional Integrated Service Delivery Steering Committee

Treasury Officer: Robert Williams

Review of Conveyancers Licensing Act 1995

Treasury Officer: Ray Anns

Review of Credit (Licence Brokers) Act 1984

Treasury Officer: Ray Anns

Review of NSW Gaming Laws

Treasury Officers: Ray Anns, Peter Shields

Review of NSW Liquor Laws

Treasury Officers: Ray Anns, Peter Shields

Review of NSW Marine Parks Pricing and Charging*

Treasury Officers: Heather Dear

Review of Racing & Betting Legislation

Treasury Officer: Peter Shields

Review of the NSW Grains Marketing Board

Treasury Officer: Peter Shields

Review of the Ports Corporation and Waterways Management Act 1995*

Treasury Officer: Ziggi Lejins, Brett Turner

Review of the Poultry Meat Industry Act 1986

Treasury Officer: Peter Shields

Review of the Role and Functions of Landcom Steering Committee

Treasury Officer: Gül Izmir

Review of Strata Schemes Management Act 1996

Treasury Officer: Ray Anns

Review of Transferred Officers Extended Leave Act

Treasury Officers: Matt Crowe, Andrew Hughes

Review of Waste Minimisation and Management Act

Treasury Officer: Ray Anns

Rural Lands Protection Act Review

Treasury Officer: Frank Jordan

Snowy Implementation Group

Treasury Officer: David Crossley, Elizabeth Dewar

Snowy Mountains Council

Treasury Officer: Don Anderson

Specific Purpose Payments Liaison Group

Treasury Officer: Nin Rejante

State Contracts Control Board

Treasury Officer: Frank Jordan

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State Emergency Management Committee

Treasury Officer: Phil Bickerstaff

Steel Industry Steering Committee

Treasury Officer: Sue Power

Steering Committee for the Review of Landbank and Land Disposal Functions*

Treasury Officers: Elizabeth Dewar (Chair), John Madden

Taxi and Hire Car Review Steering Committee

Treasury Officers: Frank Jordan, Ray Anns

TDC Technical Advisory Committee

Treasury Officer: Danny Graham

Treasury Managed Fund Insurance Committee

Treasury Officers: Peter English, Steve Hunt

Treasury Managed Fund – Advisory Board

Treasury Officers: Peter English, Steve Hunt

Very High Speed Train (VHST) NSW Advisory Committee

Treasury Officers: Danny Graham, Roger Sayers

Water Industry Interdepartmental Committee

Treasury Officers: Elizabeth Dewar

Waste Service NSW Corporatisation Steering Committee

Treasury Officer: Elizabeth Dewar, Richard Steven

Functions of Committees Established During 2000-01

Australasian Accounting Standards Board, Urgent Issues Group

- ♦ Provision of timely guidance on urgent financial reporting issues within the context of existing Accounting Standards and Concept Statements. The objective is to avoid divergent or unsatisfactory practices in areas not dealt with specifically in Accounting Standards.

Biodiversity Strategy Implementation Group

- ♦ Oversight of the development and implementation of biodiversity projects across Government and provision of progress reports on the achievement of the State's biodiversity targets and objectives.

Health External Review and Evaluation Group

- ♦ Review/monitoring of progress of the Government Action Plan for Health and provision of advice on the formal external evaluation.

Inter-Agency Technical Reference Group for Catchment Management Board Targets

- ♦ Under the Water Management Act 2000, catchment management boards are required to submit their draft catchment and management targets to the Minister for Land and Water Conservation for approval. The role of the Group, consisting of other natural resource management agencies and central agencies, is to assess draft targets to ensure they are rigorous, practicable and achievable.

Inter-Departmental Committee on Crimes (Forensic Procedures) Act 2000

- ♦ Oversight of the implementation of the Forensic Procedures Act.

Native Vegetation Conservation Strategy Inter-Departmental Committee

- ♦ Assessment of the feasibility and funding implications of proposed actions in the Draft Native Vegetation Conservation Strategy, prior to Cabinet consideration of the final strategy.

NSW Rail Freight Sales Steering Committee

- ♦ Oversight of the sale of FreightCorp and other rail reforms.

Parking Patrol Officers Inter-Departmental Committee

- ♦ Management of the implementation of the Government's decision to transfer responsibility for enforcing on-street parking from Police to Local Government.

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Perisher Project Coordination Group

- ◆ Coordination of the development of plans, as required by various legislation, for the development of the Perisher Village Centre and the disposition of an additional 1,320 beds in the Perisher area.

Public Sector Reporting Timetable Reduction Committee

- ◆ Review of issues impacting on the preparation and audit of the State's Consolidated Financial Statements, so that the report can be tabled in Parliament earlier than the existing 30 November statutory date. Functions of the committee include:
 - consultation with the Audit Office and selected large government agencies
 - endorsement by Agencies, Audit Office and Treasury of strategies that will achieve earlier reporting
 - monitoring the achievement of agreed targets.

Review of NSW Marine Parks Pricing and Charging

- ◆ Investigation into the pricing and charging strategy for NSW Marine Parks. Review of current permit system and investigation of the basis, structure, rates and options for setting fees for consensual use and the costs of undertaking management of Marine Parks.

Review of the Ports Corporation and Waterways Management Act 1995

- ◆ Review of the Act (in accordance with clause 114) to:
 - clarify aims of the Act given changes to the Marine Ministerial Holding Corporation and administration of parts of the Act,
 - consider port and other related charges and options for determining those charges,
 - identify restrictions on competition and assess costs and benefits, in context of national competition policy,
 - consider relevant comparative regulatory schemes in other Australian and International jurisdictions.

Steering Committee for the Review of Landbank and Land Disposal Functions

- ◆ Review of options to rationalise the Landbank and the property disposal functions of agencies including the option of a property state owned corporation

Treasury Planning and SRAA Integration Committee

- ◆ Finalisation of Treasury's SRAA for 2001-2002 and the subsequent review of OFM's Corporate Plan

Significant Statutory Bodies/ Committees Abolished During 2000-01

- ◆ ATO/States and Territories FBT Liaison Committee
- ◆ Courtwatch Working Group
- ◆ Emissions Trading Officers Group
- ◆ Emissions Trading Sub-Committee (Commonwealth)
- ◆ Gaming Issues Working Group
- ◆ Health Economic Reform Committee
- ◆ Integration of Performance Reporting Committee
- ◆ Inter Departmental Committee on Cleaning up Cattle Tick Dip Sites
- ◆ Irrigation Reform Steering Committee
- ◆ Review of Business Names Act 1962 Committee
- ◆ Stormwater Trust
- ◆ Sydney Catchment Authority Taskforce
- ◆ Taskforce on Water
- ◆ Tenants Advice and Advocacy Program - Triennial Review Committee

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COMMUNITY

16 Action Plan for Women

NSW Government's Action Plan for Women focuses on:

- ◆ Reducing violence
- ◆ Promoting safe and equitable workplaces
- ◆ Maximising interest in economic reforms
- ◆ Promoting the position of women in society
- ◆ Improving access for educating, and
- ◆ Improving health and quality of life

As a central agency, OFM continues to take these considerations into account when formulating advice on financial management policy and programs.

17 Ethnic Affairs Priority Statement

The role of Treasury is primarily one of financial management policy information and advice rather than service delivery. Our clients are the NSW Government and the State Government Agencies. Treasury has indirect involvement in policy and services for the ethnic community through the management of the State's finances.

Progress in implementing Ethnic Affairs priorities include:

- ◆ Applying the principles of natural justice to policy development and financial strategy to promote equitable policy outcomes for ethnic communities
- ◆ Inviting contributions from ethnic communities as part of budget deliberations. This includes the involvement of the Ethnic Communities Council as part of Budget consultations.

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

18 Disability Strategic Plan

Treasury does not provide services direct to the community. It works with its clients (Government Agencies) to ensure access to services they provide to all sectors, including people with a disability.

Treasury's internal strategies are therefore largely focused on physical access. In this regard Treasury's accommodation makes provision for access and amenities for people with disability. Adjustments are made where areas restrict access for people with disabilities.

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PROMOTION

19 Treasury Circulars

	Circular Number	Date
2000 Sydney Olympic Games and Paralympic Games Financial Reporting	NSW TC 01/15	28/06/01
Valuation of Non-Current Assets (other than Physical Assets)	NSW TC 01/14	27/06/01
NSW Government - Review of Financial Transactions processes associated with Banking and Purchasing Practices	NSW TC 01/13	26/06/01
Annual Reports Legislation - Reporting on Payment of Accounts	NSW TC 01/12	20/06/01
Contributions by Owners Made to Wholly-Owned Public Sector Entities	NSW TC 01/11	19/06/01
Financial Accounting Arrangements for end of 2000-01	NSW TC 01/10	30/05/01
Consumer Price Index Discount Factor for the Impact of Indirect Tax Reform	NSW TC 01/09	20/04/01
2000-01 Financial Reporting Requirements for the Consolidated Financial Reports of the State	NSW TC 01/08	12/04/01
Limitations on Investment Powers of Certain Authorities Under the Public Authorities (Financial Arrangements) Act 1987	NSW TC 01/07	09/04/01
Fringe Benefits Tax Annual Return: 1 April 2000 - 31 March 2001	NSW TC 01/06	03/04/01
Financial Reporting Code for Budget Dependent General Government Sector Agencies	NSW TC 01/05	14/03/01
Accounting Standards Update	NSW TC 01/04	14/03/01
Valuation of Physical Non-Current Assets	NSW TC 01/03	12/03/01
Guidelines on Reporting of Investment and Liability Management Performance	NSW TC 01/02	09/02/01
Annual Reporting Internet Website	NSW TC 01/01	09/02/01
Annual Reporting Requirements - Executive Remuneration	NSW TC 00/24	27/10/00
Amendment of the Public Authorities (Financial Arrangements) Act 1987	NSW TC 00/23	19/10/00
Applications for Government Guarantees - Ministerial Advice to Include Analysis of Public Interest Issues	NSW TC 00/22	29/09/00
Budget Controls - Net Cost of Services	NSW TC 00/21	14/09/00
Annual Reporting Requirements - Executive Remuneration	NSW TC 00/20	08/09/00
Accounting for Long-Term Leases of Land and Other Property	NSW TC 00/19	04/09/00
2000 Sydney Olympic Games and Paralympic Games Financial Reporting	NSW TC 00/18	25/08/00
Funding for Information Technology Projects for 2001-02	NSW TC 00/17	04/08/00
Annual Reporting Update	NSW TC 00/16	31/07/00
NRMA Demutualisation	NSW TC 00/15	24/07/00

Note: Treasury Circulars can be accessed from the OFM Website [www.treasury.nsw.gov.au].

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20 Publications

NSW Treasury publications issue under two specific categories that readily identify the status of the publication. The categories are:

- ◆ *Treasury Policy & Guidelines Paper* - Outline Government policy and/or Treasury procedures for the direction or guidance of Agencies.
- ◆ *Treasury Research & Information Paper* - Aimed at promoting discussion, educating or providing information on research projects undertaken by Treasury officers. Under certain circumstances, draft Policy papers may be circulated for comment under this format.

Publications are allocated a reference number according to their category. This system commenced in May 1996.

Special publications, for example the State's Budget Papers, the Treasury Annual Report and Corporate Plan, Treasury Circulars, and similar documents are not subject to this classification system.

Available publications issued prior to May 1996 are shown on the following pages under broad category headings. Current Treasury publications are available on the Internet from the NSW Treasury Office of Financial Management home page, located at <http://www.treasury.nsw.gov.au>.

Publications issued in 2000-01

Treasury Policy & Guidelines Papers

TPP 01-2 Pricing Principles for User Charges

The Paper has been developed to assist agencies to price the goods and services that are sold into markets in competition with private sector or other government suppliers in a competitively neutral way. NSW Treasury acknowledges the assistance provided by The Cabinet Office and the Independent Pricing and Regulatory Tribunal (IPART) in finalising this document.

TPP 01-1 Financial Reporting Code for Budget Dependent General Government Sector Agencies

The "Financial Reporting Code for Budget Dependent General Government Sector Agencies" sets out a comprehensive financial reporting framework, outlining the form and content of financial statements and the accompanying note disclosures, for Budget Dependent agencies. The Code is issued under delegation from the Treasurer in accordance with the Public Finance and Audit Act. The Code applies to all Budget dependent agencies. The Code incorporates the requirements of Australian Accounting Standard AAS29 "Financial Reporting by Government Departments". (This supersedes the previous version TPP 00-2.)

TPP 00-4 The Financial Management Framework for the General Government Sector

This paper provides an overview of the Financial Management Framework for the General Government Sector. It is a consolidation of, and advancement on, recent financial management reforms. It is intended to facilitate further improvements in Government program and service delivery through two broad mechanisms, and will encompass a suite of interrelated policies and guidelines and agency toolkits. Each component of the Framework, however, will be capable of implementation in its own right. The components will be released progressively over the next few years.

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Treasury Research & Information Papers

TRP 01-1 Performance of NSW Government Businesses 1999-2000

Performance monitoring and measurement are important components of every Government business. This report is the tenth edition of *The Performance of NSW Government Businesses*. It provides an overview of competition reform and information on the performance of twenty-six NSW Government businesses. New South Wales remains the only Australian government that provides a comprehensive annual report of this type.

TRP 00-4 Electricity Tariff Equalisation Fund - Implementation Issues

The purpose of this paper is to explain how the ETEF will operate and to specify the steps that will be taken to implement the ETEF. This report sets out the:

- Basic operation of the ETEF (Section 2);
- Data requirements to implement the ETEF (Section 3);
- Discussion of transitional issues (Section 4); and
- Legislative and institutional arrangements necessary to establish and operate the ETEF (Section 5).

A functional specification for the ETEF is included in the Annex to this report.

TRP 00-3 Interstate Comparison of Taxes - 2000-2001

This publication is produced annually by the New South Wales Treasury with the assistance of agencies in New South Wales and in the other States and Territories. It is produced after the delivery of State and Territory Budgets and provides a brief description of each tax to facilitate interstate comparisons.

TRP 00-2 Budget Outcomes and Outputs - A Guide to Performance Management. [Note: Password needed, document for agency use only]

NSW Treasury is responsible for advising the Budget Committee on the degree to which individual General Government agencies are demonstrating operational efficiency, efficacy and fiscal control. Within this context, Service and Resource Allocation Agreements have been negotiated with a number of agencies since 1997-98. While the quality of information included in these agreements has improved significantly and a great deal has been learned, further improvements – in both performance measurement and management – are possible.

The Guide has been developed to assist agencies in working towards this improvement, and provides:

- a discussion of the developing role of the Service and Resource Allocation Agreement in 2001-02;
- an introduction to performance management in the public sector;
- an exploration of the Balanced Scorecard Methodology of Kaplan and Norton (1992);
- detailed guidelines for the specification and measurement of outcomes and outputs; and
- a revised template for the 2001-02 Service and Resource Allocation Agreement.

Treasury Operational Documents

Corporate Plan

Revised each year as necessary - with a more fundamental review every three years. This Plan outlines OFM's strategic management framework and the values it applies. This document incorporates the *OFM Commitment to Service*.

NSW Treasury Annual Report

Prepared each year in accordance with the provisions of the Annual Reports (Departments) Act 1985.

Treasury Focus

This is the corporate newsletter of the NSW Treasury. It is issued on a quarterly basis.

State Financial Reports

Consolidated Financial Statements of the NSW Total State Sector (Incorporating the NSW Public Accounts)

An annual publication outlining government activities and overall financial position of the State Public Sector.

State Budget Papers

◆ **Budget Summary**

Sets out in simple graphical form the key elements of the Budget.

◆ **Budget Guide**

Provides step by step help for understanding the Budget papers.

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◆ **Budget Speech BP 1**

The printed version of the speech delivered in Parliament by the Treasurer on Budget day. It sets out the Government's budgetary strategy and financial plans.

◆ **Budget Statement BP 2**

This Budget Paper presents detailed information both on the Budget itself (ie for the General government Sector) and on State finances more generally. Analysis focuses primarily on the accrual results but is provided both on an accrual and cash basis.

◆ **Budget Estimates BP 3**

The Budget Estimates contain detailed revenue and expense information on an agency, program and portfolio basis. Information is provided on the net cost of providing services for each agency's programs.

◆ **State Asset Acquisition Program BP 4**

Provides a summary of the General Government Sector and Public Trading Enterprise Sector Asset Acquisition Programs for 1999-2000. Information is provided on an accrual basis.

Appropriation Bills BP 5

This contains three Bills:

- ◆ A special Offices Bill to provide funding for the Ombudsman's Office, State Electoral Office, Independent Commission against Corruption, and the Office of the Director of Public Prosecutions.
- ◆ A Bill to provide funding for the Parliament
- ◆ A general Appropriation Bill covering the remaining General Government Sector agencies.

Social Justice Budget Statement

Details Government initiatives to improve social justice.

Western Sydney Budget Statement

Details Government spending in the Western Sydney area.

Budget Highlights for Regional and Rural NSW

Details Government spending in regional NSW.

Other Current Publications [released prior to 2000-01]

Treasury Policy & Guidelines Papers

TPP 00-3	Guidelines for Capitalisation of Expenditure in the NSW Public Sector
TPP 00-1	Guidelines on Recognition and Valuation of Cultural Collection Assets
TPP 99-7	Reportable Fringe Benefits Applicable to Use of Pool Cars
TPP 99-6	Energy Trading Policy for Generators, and
TPP 99-5	Energy Trading Policy for Retailers
TPP 99-3	Goods & Services Tax (GST) Compliance Plan for Public Sector Agencies
TPP 99-2	Review of Credit Card Use - Best Practice Guide
TPP 99-1	Economic Appraisal - Principles and Procedures Simplified
TPP 97-4	Guidelines for Financial Appraisal
TPP 97-3	Risk Management and Internal Control Toolkit
TPP 97-2	Guidelines for Economic Appraisal
TPP 97-1	Treasury Management Policy
TPP 96-1	Retail Competition in Electricity Supply

Treasury Research & Information Papers

TRP 99-5	Profit Composition Analysis
TRP 99-4	NSW Electricity Supply Full Retail Competition - Comparison of Selected Design Options
TRP 99-3	The Case for Payroll Tax
TRP 98-7	Electricity Distributor Levy
TRP 98-3	Survey of Contracting for Services in the NSW Public Sector 1996-97
TRP 97-10	The Economic Impact of the Sydney Olympic Games
TRP 97-9	Performance Management and Resource Allocation
TRP 97-4	An Assessment of the Impacts of Restructuring Payroll Taxes
TRP 97-3	Using Performance Measures to drive change within the Public Sector
TRP 96-4	Implementing Contracting Policy in NSW - Lessons from Initial Experience
TRP 96-2	The NSW Electricity Supply Industry - the Transition to Full Retail Competition

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Publications Issued Prior to Current Classification System

Commercial Sector Policy Framework

The publications listed are scheduled for update and reissue during the period 2000 to 2003.

- ◆ A Policy Framework for Improving the Performance of GTEs
- ◆ Characteristics of a Fully Corporatised GTE and Checklist for National Stocktake of Reforms
- ◆ A Framework for National Performance Monitoring of GTEs
- ◆ A Financial Distribution Policy for NSW GTEs
- ◆ Monitoring Policy for NSW GTEs
- ◆ Tax Equivalent Regime for NSW GTEs
- ◆ Supplementary Document 1- Rules
- ◆ Supplementary Document 2- Manual
- ◆ A Social Program Policy for NSW GTEs
- ◆ Capital Structure Policy for NSW GTEs

Budget Sector Policy & Procedures

- ◆ Excellence in Financial Management - Budget Sector Reform
- ◆ Budget Procedures Manual

Economic Guidelines and Research

- ◆ Public Authority Pricing in NSW - Case Studies
- ◆ An Annual Model of the NSW Economy
- ◆ Possible Applications of Microsimulation for NSW Treasury
- ◆ An Application of the Monash Multi-Regional Forecasting Model - the Economic Impacts of Improving the Productivity of NSW GTEs

Accounting Policy and Procedures

- ◆ Policy Guidelines for Valuation of Physical Non-Current Assets in NSW Public Sector
- ◆ Cash Forecasting and Banking Arrangements for Agencies in the Treasury Banking System
- ◆ Excellence in Financial Management: Annual Reports - A Guide for the NSW Public Sector
- ◆ Statement of Best Practice - Internal Control & Internal Audit
- ◆ Internal Control Assessment

Electricity Reform

- ◆ Electricity Reform Statement
- ◆ Electricity Distribution Structure Review
- ◆ Electricity Distribution Structure Review Summary Report
- ◆ Electricity Generation Structure Review
- ◆ Retail Competition in Electricity Supply Issues Paper
- ◆ Retail Competition in Electricity Supply Interim Report

General

- ◆ Golden Heritage
- ◆ Managing State Finance - the NSW Experience (D Nicholls)

Where are You Heading with Your Career?

A brochure issued in March 2000 outlining information on Graduate recruitment and careers within NSW Treasury.

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21 Freedom of Information

Sixty-six FOI applications were received by OFM during 2000-01, as compared to forty-three for the previous year. There are no major issues to report on the Office's compliance with FOI requirements.

Freedom of Information statistics follow.

New Requests

FOI Requests	Personal		Other		Total	
	1999-2000	2000-2001	1999-2000	2000-2001	1999-2000	2000-2001
New (including transferred in)	21	45	22	21	43	66
Brought forward	-	-	-	-	-	-
Total to be processed	21	45	22	21	43	66
Completed	20	45	22	20	42	65
Transferred out	-	-	-	1	-	1
Withdrawn	-	-	-	-	-	-
Total Processed	20	45	22	21	42	66
Unfinished (carried forward)	1	-	-	-	1	-

What happened to completed requests

Result of FOI request	Personal		Other	
	1999-2000	2000-2001	1999-2000	2000-2001
Granted in full	8	41	12	13
Granted in part	5	3	5	3
Refused	7	1	5	4
Deferred	-	-	-	-
Completed	20	45	22	20

Ministerial Certificates

	1999-2000	2000-2001
Ministerial Certificates issued	-	-

Formal Consultations

	1999-2000	2000-2001
Number of requests requiring formal consultation(s)	5	2

Reviews

	1999-2000	2000-2001
Number of internal reviews finalised	5	6
Number of Ombudsman reviews finalised	-	-
Number of District Court appeals finalised	-	-

Amendment of Personal Records

	1999-2000	2000-2001
Result of amendment request – Agreed	-	-
Result of amendment request – Refused	-	-
TOTAL	-	-

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Internal Review Results

Grounds on which internal review requested	1999-2000		2000-2001	
	Personal	Other	Personal	Other
Access Refused	-	1	3	-
Deferred	-	-	-	-
Exempt Matter	-	-	-	3
Unreasonable Charges	-	-	-	-
Charges Unreasonably Incurred	-	-	-	-
Amendments Refused	-	2	-	-
Totals	-	3	3	3

Discounts Allowed

Type of discount allowed	Personal		Other	
	Personal	Other	Personal	Other
Public Interest	-	-	-	-
Financial Hardship - Pensioner/Child	1	-	-	-
Financial Hardship - Non-Profit Organisation	-	-	-	-
Totals	1	-	-	-
Significant Correction of Personal Records	-	-	-	-

FOI requests granted in part or refused

Basis for disallowing or restricting access	Personal		Other	
	Personal	Other	Personal	Other
Section 19 (application incomplete, wrongly directed)	-	-	-	-
Section 22 (deposit not paid)	-	-	1	-
Section 25 (1)(a) (unreasonable diversion of resources)	-	-	-	-
Section 25(1)(a) (exempt)	12	4	10	7
Section 25(1)(b), (c), (d) (otherwise available)	-	-	-	-
Section 25(1)(e) (documents more than 5 years old)	-	-	-	-
Section 24(2) (deemed refused, over 21 days)	-	-	-	-
Totals	12	4	11	7

Costs and fees of requests processed

Result of FOI request	Assessed Costs		FOI Fees Received	
	Personal	Other	Personal	Other
All completed requests	\$3,460	\$210	\$2,400	\$1,950

Days to process

Elapsed time	Personal		Other	
	Personal	Other	Personal	Other
0-21 days	20	22	22	17
22-35 days	-	13	-	2
over 35 days	-	10	-	1
Total	20	45	22	20

* extension determined under S.59B

Processing time

Processing hours	Personal		Other	
	Personal	Other	Personal	Other
0-10 hours	20	45	22	20
11-20 hours	-	-	-	-
21-40 hours	-	-	-	-
Over 40 hours	-	-	-	-
Total	20	45	22	20

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LEGISLATION

22 *Treasurer's Legislation*

Full Listing of Legislation [Current as at 30 June 2001]

Accommodation Levy Act 1997 No 32
Annual Reports (Departments) Act 1985 No 156
Annual Reports (Statutory Bodies) Act 1984 No 87
Appropriations Bill
Additional Appropriations Bill
Australia and New Zealand Banking Group Limited (NMRB) Act 1991 No 35

Bank Integration Act 1992 No 80
Bank Mergers Act 1996 No 64
Bank Mergers Act (Application of Laws) 1996
Banks and Bank Holiday Act 1912 No 43, section 22 (remainder, Minister for Industrial Relations)
Betting Tax Act 2001
Bookmakers (Taxation) Act 1917 No 15, part 3, part 7 and section 30 (remainder, Minister for Gaming and Racing)

Canberra Advance Bank Limited (Merger) Act 1992 No 17
Capital Debts Charges Act 1957 No 1
Commonwealth Places (Mirror Taxes Administration) Act 1998
Commonwealth Powers (State Banking) Act 1992 No 104
Conversions of Securities Adjustment Act 1931 No 63
Co-operation Act 1923 (1924 No 1) (except parts, Minister for Fair Trading, Minister for Housing)

Dartmouth Reservoir (Financial Agreement) Act 1970 No 30
Debits Tax Act 1990 No 112
Decimal Currency Act 1965 No 33
Duties Act 1997 No 123

Educational Institutions (Stamp Duties Exemption) Act 1961 No 37
Energy Services Corporations Act 1995 No 95
Energy Services Corporations Amendment (TransGrid Corporatisation) Act 1998

Federal Aid Roads (Further Agreement) Act 1931 No 49
Finances Adjustment Act 1932 No 27
Financial Agreement Act 1944 No 29
Financial Agreement Act 1994 No 71
Financial Agreement (Amendment) Act 1976 No 35
Financial Agreement (Decimal Currency) Act 1966 No 39
Financial Agreement Ratification Act 1928 No 14
Financial Agreement (Returned Soldiers Settlement) Ratification Act 1935 No 1
Financial Institutions (NSW) Act 1992 No 46
Financial Sector Reform (New South Wales) Act 1999 No 1
First Home Owner Grant Act 2000 No 21

General Government Debt Elimination Act 1995 No 83
General Government Debt Elimination Amendment Act 1999
Government Guarantees Act 1934 No 57
Government Insurance Office (Privatisation) Act 1991 No 38

Health Insurance Levies Act 1982 No 159
Homebush Bay Operations Act 1999 No 77

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Inscribed Stock Act 1902 No 79
Inscribed Stock (Issue and Renewals) Act 1912 No 51
Insurance Protection Tax Act 2001
Insurance (Policyholders Protection) Legislation Amendment Act 2001
Interest Reduction Act 1931 No 44
Intergovernmental Agreement Implementation (GST) Act 2000 No 44
Internal Audit Bureau Act 1992 No 20

Land Tax Act 1956 No 27
Land Tax Management Act 1956 No 26

NSW Grain Corporation Holdings Limited Act 1992 No 31

Olympic Arrangements Act 2000 No 1, Part 1, Part 2 and Part 11 (remainder, Minister for Urban Affairs and Planning, Minister for Transport, Minister for Land and Water Conservation, Attorney General, Minister for the Environment, Minister for Local Government, Minister for Industrial Relations, and Minister for Sport and Recreation)
Olympic Coordination Authority Act 1995 No 10
Olympic Roads and Transport Authority Act 1998 No 110

Pay-roll Tax Act 1971 No 22
Petroleum Products Subsidy Act 1965 No 1
Petroleum Products Subsidy Act 1997 No 112
Premium Property Tax Act 1998
Public Authorities (Financial Arrangements) Act 1987 No 33
Public Finance and Audit Act 1983 No 152 (except parts, Premier)
Public Finance and Audit Amendment (Consolidated Financial Statements) Act 1999
Public Loans Act 1902 No 81
Public Sector Management Act 1988 (sections 7 and 8 and Schedule 5(8))

Racing Taxation (Betting Tax) Act 1952 No 19
Revenue Laws (Reciprocal Powers) Act 1987 No 86
Road Improvement (Special Funding) Act 1989 No 95

Secondary Mortgage Market (State Equity Participation) Act 1985 No 131
Snowy Hydro Corporatisation Act 1997 No 99
Stamp Duties Act 1920 No 47
State Bank (Corporatisation) Act 1989 No 195
State Bank of South Australia (Transfer of Undertaking) Act 1994 No 47
State Bank (Privatisation) Act 1994 No 73
Superannuation Administration Act 1916 No 39
Superannuation Administration Act 1996
Superannuation Administration Authority Corporatisation
Superannuation (Axiom Funds Management Corporation) Act 1996 No 40
Superannuation Legislation Amendment Act 1999
Superannuation Legislation Further Amendment Act 1998
Sydney Organising Committee for the Olympic Games Act 1993 No 67
Sydney 2000 Games Administration Act 2000 No 81

Taxation Administration Act 1996 No 97
Totalizator Act 1997 No 45 (section 70 and sections 72-79, remainder, Minister for Gaming and Racing)
Totalizator Agency Board Privatisation Act 1997 No 43
Treasury Corporation Act 1983 No 75
Trustee Protection Act 1931 No 28

Unclaimed Money Act 1995 No 75

Wills, Probate and Administration Act 1898 No 13, section 61B(7) and (8) (remainder, Attorney-General)

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Legislative Changes During 2000-01

Annual Reports (Statutory Bodies) Regulation 2000 Annual Reports (Departments) Regulation 2000

In accordance with the staged repeal of subordinate legislation under the *Subordinate Legislation Act 1989*, the *Annual Reports (Statutory Bodies) Regulation 2000* and the *Annual Reports (Departments) Regulation 2000* came into effect on 1 September 2000. These Regulations replace the 1995 Regulations of the same name. No substantive changes are included in the new Regulations.

During 2000-01, the Regulations were amended to include certain executive remuneration disclosure requirements. This includes requirements to disclose the remuneration paid, performance pay and performance criteria of Senior Executive Service officers of SES Level 5 and above in departments and statutory bodies (or equivalent for statutory State owned corporations).

Public Finance and Audit Act 1983 Public Finance and Audit Regulation 2000

The *Public Finance and Audit Regulation 2000* commenced on 1 September 2000 and replaced the 1995 Regulation of the same name, in accordance with the staged repeal of subordinate legislation under the *Subordinate Legislation Act 1989*. No substantive changes are included in the new Regulation.

During 2000-01 a number of minor amendments to the Act and the Regulation were made to keep the lists of applicable departments and statutory bodies up to date.

Administrative Decisions Tribunal Legislation Amendment (Revenue) Act 2000

- ◆ Established a Revenue Division of the Administrative Decisions Tribunal and provided for its constitution
- ◆ Amended the *Taxation Administration Act 1996* to confer jurisdiction on the Tribunal in respect of certain revenue matters

State Revenue Legislation (Further Amendment) Act 2000

Made the following amendments to the Acts listed:

First Home Owner Grant Act 2000

- ◆ Amended the definition of permanent resident to clarify that New Zealand citizens residing in Australia are eligible for the grant.
- ◆ Provided the Chief Commissioner with a discretion to recognise certain persons who may not otherwise be eligible to receive a grant.

Duties Act 1997

- ◆ Restricted concession for transfers of property between related persons
- ◆ Allowed assets of a partnership subject to partition to be apportioned between NSW and other jurisdictions when determining duty.
- ◆ Changed the land-rich provisions to better identify majority interests in companies limited by guarantee.
- ◆ Replaced the Board of Review with the Hardship Review Board constituted under the *Taxation Administration Act 1996*
- ◆ Amended the definition of 'land for primary production'
- ◆ Expanded the definition of the metropolitan area for the purposes of the *First Home Plus* concession.

Land Tax Management Act 1956

- ◆ Updated the definition of 'nursery' used in the Act.
- ◆ Restored the test for liability for land tax existing prior to 1 February 1999 to land transferred from the Sydney Cove Redevelopment Authority to the Sydney Harbour Foreshore Authority.
- ◆ Provided that related companies liable for land tax are jointly liable for the tax.
- ◆ Clarified that related companies are liable for interests and penalties as well as land tax.
- ◆ Replaced the Board of Review with the Hardship Review Board constituted under the *Taxation Administration Act 1996*

Pay-roll Tax act 1971

- ◆ Allowed recovery of pay-roll tax from any member of a group, not just the corporation that pays wages.
- ◆ Provided that liability of a group member for tax also included liability for penalties and interest.
- ◆ Replaced the Board of Review with the Hardship Review Board constituted under the *Taxation Administration Act 1996*

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Stamp Duties Act 1920

- ◆ Replaced the Board of Review with the Hardship Review Board constituted under the *Taxation Administration Act 1996*
- ◆ Provided exemption from FID from 1 July 2000 for receipt of social security payments received under the *A New Tax System (Family Assistance Act 1999)* (Cth) and bonus payments under the *A New Tax System (Bonuses for Older Australians) Act 1999* (Cth).

Taxation Administration Act 1996

- ◆ Provided that liability of a person or corporation for tax also includes liability for interests, penalties and costs.
- ◆ Constituted the Hardship Review Board and specified its functions

State Revenue Legislation Amendment Act 2001

Made the following amendments to the Acts listed:

Duties Act 1997

- ◆ Provided for apportionment of business assets in other jurisdictions for the purposes of assessing duty.
- ◆ Exempted the incorporation of legal practices from duty.
- ◆ Exempted from duty administration agreements under the First Home Owners Grants Scheme.
- ◆ Amended the First Home Plus scheme.
- ◆ Exempted from duty conditional registration of motor vehicles.

Health Insurance Levies Act 1982

- ◆ Amended the adjustment of levies payable.

Pay-roll Tax Act 1971

- ◆ Amended the method for calculating the pay-roll tax liability of employment agents.

Taxation Administration Act 1996

- ◆ Amended the calculation of interest on tax defaulters.
- ◆ Clarified requirements for disclosure of information and reviews by the Supreme Court.

Unclaimed Money Act 1995

- ◆ Prohibited disclosure of certain information.

First Home Owners Grant Amendment Act 2001

- ◆ Increased to \$14,000 the grant for new homes purchased and contracts entered into for purchase of a new home between 9 March and 31 December 2001.
- ◆ Introduced a minimum age of 16 years for eligibility for the grant with a discretion for the Chief Commissioner to accept an application from a younger person.
- ◆ Clarified the right to make objections and obtain reviews under the Act.

Betting Tax Act 2001

- ◆ Consolidated legislation relating to the imposition of betting tax and transferred responsibility for collection of betting tax from the Department of Gaming and Racing to the Office of State Revenue. [Assented 17 July 2001].

State Revenue Legislation (Further Amendment) Act 2001

Made the following amendments to the Acts listed:

Debts Tax Act 1990

- ◆ Abolishes Debts Tax from 1 January 2002 (The Act will only be proclaimed if NSW receives assurances from the Commonwealth that it will not be disadvantaged in terms of Commonwealth compensation when Debts Tax is abolished in other jurisdictions.)

Duties Act 1997

- ◆ Abolished the \$20 duty on instruments relating to superannuation.
- ◆ Abolished lease duty on franchise agreements.
- ◆ Increased the threshold for imposition of lease duty from \$3,000 to \$20,000.
- ◆ Increased the threshold for hire of goods duty for ordinary hires from \$6,000 to \$14,000 per month.

Electricity Supply Act 1995

- ◆ Suspended the Electricity Distributors' Levy and the Transmission Operator's Levy. (The suspension is to last two years, with a review of the future of these taxes to be conducted prior to the 2003-04 Budget.)

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Insurance Protection Tax Act 2001

- ◆ Imposed the Insurance Protection Tax on insurers conducting business in New South Wales, to raise \$69 million or such lesser amount as the Treasurer determines.

Insurance (Policyholders Protection) Legislation Amendment Act 2001

- ◆ Established the Policyholders' Protection Fund as a Special Deposit Account to hold revenue raised by the Insurance protection Tax and other monies.
- ◆ Provided that the Policyholders Protection Fund may provide money to the Building Insurers' Guarantee Fund under the *Home Building Act 1989* and the Nominal Defendant established under the *Motor Accident Compensation Act 1989*.
- ◆ Amended the *Home Building Act 1989* to establish the Building Insurers' Guarantee Corporation that will administer the Building Insurers' Guarantee Fund and process claims for compensation by the beneficiaries of home warranty insurance policies issued by insurers declared insolvent.
- ◆ Amended the *Home Building Act 1989* to establish the Building Insurers' Guarantee Fund that will receive money from the Policyholders Protection Fund to provide compensation determined by the Building Insurers' Guarantee Corporation.

Public Authorities (Financial Arrangements) Regulation 2000

The *Public Authorities (Financial Arrangements) Regulation 2000* commenced on 1 September 2000 and replaced the 1995 Regulation of the same name, in accordance with the staged repeal of subordinate legislation under the *Subordinate Legislation Act 1989*. No substantive changes were included in the new Regulation.

During 2000-01 a number of minor amendments to the Regulation were made.

Public Authorities (Financial Arrangements) Act 1987

The Public Authorities (Financial Arrangements) Act 1987 was amended on 30 August 2000 by the Public Authorities (Financial Arrangements) Amendment Bill 2000.

The object of the Bill was to establish a comprehensive system of arrangements for the control of authorities of the State in entering into and maintaining certain financial and other arrangements.

The changes included:

- ◆ Extending the coverage of the Act to entities that are covered by the *Public Finance and Audit Act 1983*, Ministers and State owned corporations, as well as to entities prescribed by the regulations; and
- ◆ a definition of authority for the whole of the Act; and
- ◆ ensuring that the Act generally overrides provisions in other Acts that would authorise authorities to enter into such arrangements, and
- ◆ transfer of a provision from the *Treasury Corporation Act 1983* that generally required authorities to obtain financial accommodation from the Treasury Corporation; and
- ◆ conferring on all authorities generally the limited powers of investment specified in Part 1 of Schedule 4 to the Act; and
- ◆ providing that an authority that controls an entity must ensure that the controlled entity does not enter into or maintain arrangements that the authority could not enter into or maintain; and
- ◆ providing for inter-agency loans between authorities within the same ministerial portfolio; and
- ◆ requiring the Treasurer's approval before an authority exercises a power to enter into joint venture arrangements; and
- ◆ provisions of a savings or transitional nature; and
- ◆ provisions for other matters of a minor, consequential or ancillary nature.

General Government Debt Elimination Amendment Act 1999

- ◆ Brought forward the reporting timetable for the Mid Year Review.

Electricity Legislation Amendment (TransGrid) Act 2000

- ◆ Amended the Energy Services Corporation Act 1995 to enable the use of facilities of energy transmission operators for the provision of telecommunications facilities.
- ◆ Expressly validated the use of any existing easements acquired by TransGrid for the exercise of its telecommunications functions.
- ◆ The Act commenced on 15 December 2000.

Australian Inland Energy and Water Infrastructure Act 2000

- ◆ Confers on Australian Inland Energy (an electricity statutory SOC) water supply authority functions in the Broken Hill area
- ◆ Changed the name of AIE to Australian Inland Energy Water Infrastructure Corporation.
- ◆ The Act commenced on 15 December 2000.

Schedules 2000-2001

23 Treasury's Follow-Up to Public Accounts Committee Reports

Report No 122 “ED 100: Arrangements for the Provision of Public Infrastructure by Other Entities: Disclosure Requirements” Discussion Paper

This report did not require any follow-up by Treasury. Treasury's views on the Exposure Draft were included in a submission made by the Heads of Treasuries Accounting and Reporting Advisory Committee to the Australian Accounting Standards Board.

Report No 123 “A Matter Arising from the Auditor-General's Reports to Parliament for 1999: Cost Control in the Department of Juvenile Justice”

This is a follow-up report regarding concerns raised in the Auditor-General's report of November 1999 over the effectiveness of financial management within the Department of Juvenile Justice and variations in financial and operational indicators. The Treasury made a submission to this Inquiry and is currently considering the recommendations in conjunction with the Department.

Report No 124 “Financial Disclosure of the WorkCover Scheme Statutory Funds”

This Inquiry concerns the reporting of the unfunded liability of the WorkCover Schemes Statutory Funds and recommends that the review of workers' compensation schemes by the Government determine the ownership of the unfunded liabilities.

The Government is continuing to pursue the reform process announced by the Special Minister of State and Minister for Industrial Relations, The Hon J Della Bosca, MP on 10 June 2000. A number of major reforms designed to minimise overall Scheme costs, have already been implemented. Matters related to the unfunded liability of the Scheme are still subject to consideration.

In accordance with the PAC recommendation, Treasury included an explanatory note in the 1999-2000 Total State Sector financial statements, outlining the accumulated deficit and the reasons for it not being consolidated in the accounts.

Report No 125 “Long Term Financial Viability of the Waste Recycling and Processing Service”

This report makes a number of recommendations for consideration as part of the review of the *Waste Minimisation and Management Act 1995*. Since the report, the following two Bills have passed Parliament which largely address the issues raised by the Committee: *Waste Recycling and Processing Corporation Bill 2001* and the *Waste Avoidance and Resource Recovery Bill 2001*.

Report No 126 “Parramatta Rail Link Pre-Tender Procurement: A Case Study”

The report made a number of recommendations about Government policy and processes relating to private sector involvement in the provision of public infrastructure.

These recommendations are being addressed through the ongoing development of policy relating to the proposals put forward in the Government's Green Paper, *Working with Government: Private Financing of Infrastructure and Certain Government Services in NSW*.

The Treasurer has approved of a specialist unit being formed in Treasury to lead the development of privately financed projects, and related policy. This highlights Treasury's responsibility for economic, fiscal and financial advice related to privately financed projects. The unit is working closely with service agencies, specialist advisors and other agencies (such as the Premier's Department and the Department of Public Works and Services) on policy and project development.

Report No 127 “Submission to the Green Paper: ‘Working with Government – Private Financing of Infrastructure and Certain Government Services in NSW’”

The Government is reviewing the Committee's submission in conjunction with other comments received on the Green Paper.

Report No 128 “Inquiry into the Collapse of the New South Wales Grains Board”

This report examined how the Grains Board incurred its financial losses, why it happened and who might be accountable. The report made a number of recommendations regarding possible exposures to the State's finances from statutory authorities not under regular review. The Treasury is currently liaising with the Minister for Agriculture in relation to this report.

Report No 129 “Annual Report 1999-2000”

The Committee's annual report on its operations for 1999-2000 did not require follow up action by Treasury.

Report No 130 “Industry Assistance”

This report on industry assistance, follows the Auditor General's report on the Department of State and Regional Development in 1998. Treasury appeared before the Inquiry and made a written response to the Committee.

Schedules 2000-2001

24 Annual Reporting Legislation

The Treasurer administers the Annual Reports legislation governing departments and statutory bodies. Since the end of 1991 as part of this responsibility the Treasury has conducted an annual reports review program. The annual reports review program is part of Treasury's strategy aimed at enhancing statutory compliance and the overall quality and relevance of agencies' annual reports.

The general objectives of the program are two-fold:

- ◆ To monitor compliance with annual reporting legislation; and
- ◆ To promote best practice in public sector annual reporting.

The 1999-2000 annual reports review program examined compliance with the relevant annual reporting legislation and identified instances of "better" reporting practices.

Treasury Circular TC 01/19 has been issued summarising the results of the 1999-2000 annual reports review, highlighting recent additional annual reporting requirements and providing guidance for performance reporting, economic / other factors, management and activities and other findings.

The web address is www.treasury.nsw.gov.au/annfaq/arpge.html.

In addition Treasury Circular TC 01/12 was issued during 2000-01 regarding the reporting on payment of accounts. The Circular reminded agencies of their obligations for the prompt payment of accounts, including disclosure of certain details on payment performance in the annual report.

Exemptions and Variations from Reporting Requirements under Acts and Regulations			
Agency	Applicable Financial Year(s)	Exemption / Variation	Reason(s) for Approval
Sydney Water Corporation	2000-01 and future financial years	Exemptions from certain financial and annual reporting requirements available to statutory State owned corporations that are "not in competition".	Not in competition statutory State owned corporation.
Office of the Board of Studies	2000-01	Exemption from Treasury Circular 1991/20 Revaluation of Non-Current Physical Assets in respect of the Office's computer equipment.	Expecting to replace computer equipment under a leasing facility by 31 July 2001.
NSW Health	2000-01 and future financial years	Exemption in Statement of Financial Performance to disclose the "Result for the Year from Ordinary Activities" in lieu of "Surplus / (Deficit) for the Year from Ordinary Activities".	Alternative option available under Accounting Standards.
Office of Coordinator General of Rail	2000-01	Year extended to 30 June 2001.	First set of financial statements.
Catchment Management Boards	2000-01	Year extended to 30 June 2001.	First set of financial statements.

Schedules 2000-2001

Exemptions and Variations from Reporting Requirements under Acts and Regulations [continued]			
Agency	Applicable Financial Year(s)	Exemption / Variation	Reason(s) for Approval
Australian Water Technologies Pty Ltd	2000-01 and future financial years	Approval to dispense with the manufacturing and trading statements in its annual accounts.	Does not engage in any manufacturing or trading activities.
South East Waste Board	2000-01	Year extended to 30 June 2001.	First set of financial statements.
Sydney Organising Committee for the Olympic Games	2001	Change of financial year ie. 1 January 2001 to 31 December 2001 or such earlier date should dissolution of SOCOG occur prior to 31 December 2001.	Final set of financial statements.
Macquarie Convocation Pty Ltd and Macquarie Foundation	2000	Exemption from requirement to prepare financial statements for former statutory bodies.	Company deregistered and net assets of Foundation transferred to University.
Macquarie Research Ltd	2000 and future financial years	Exemption from requirement to include a detailed trading and profit and loss statements.	Operate in a commercial/competitive environment.
Olympic Co-ordination Authority	1999-2000	Exemption from Treasury Circular 1991/20 Revaluation of Non-Current Physical Assets.	Timing of the Olympics.
Safe Food Production NSW	1999-2000	Exemption from the requirement to include detailed manufacturing, trading and profit and loss statements.	Does not engage in any manufacturing or trading activities.
Department of Transport	1999-2000	Exemption from the format of the Operating Statement required by the Financial Reporting Code for Budget Dependent General Government Sector Agencies.	To ensure a true and fair view of the operating performance of the Department.
Sustainable Energy Development Authority	1999-2000	Exemption from the format of the Operating Statement required by the Financial Reporting Code for Budget Dependent General Government Sector Agencies.	To ensure a true and fair view of the operating performance of the Department.
Olympic Co-ordination Authority	1999-2000	Exemption from Treasury Circular TC 00/19 Accounting for Long-Term Leases of Land and Other Property.	Information required by Circular unavailable.
Olympic Co-ordination Authority	1999-2000	Exemption from Treasury Circular 1991/20 Revaluation of Non-Current Physical Assets.	Timing of the Olympics.
Department of Education and Training (Parent Entity) and TAFE Commission	1999-2000 and future financial years	Exemption from the requirement in the Financial Reporting Code for Budget Dependent General Government Sector Agencies from disclosing the budgeted amounts in the financial statements.	Budget is prepared for the Department at the consolidated level.

Schedules 2000-2001

Extensions of Time Granted to Reporting Dates under Acts and Regulations			
1. To Submit Financial Statements			
Agency	Applicable Financial Year(s)	Exemption/Variation	Reason(s) for Approval
National Parks and Wildlife Service	30 June 2000	Extension of submission date for financial statements to 18 August 2000.	Implementation of a new financial system.
WorkCover Authority	30 June 2000	Extension of submission date for financial statements to 30 September 2000.	Financial statements based on information that is not lodged by insurers until mid August.
Pacific Power	30 June 2000	Extension of submission date for financial statements by 4 weeks.	Difficulties in coordinating preparation of financial statements.
Lord Howe Island Board	30 June 2000	Extension of submission date for financial statements by 2 weeks.	Staff turnover.
Newcastle Showground & Exhibition Centre	30 June 2000	Extension of submission date for financial statements by 4 weeks.	Staff changes / shortages.
FSS Trustee Corporation First State Super	30 June 2000	Extension of submission date for audited financial statements to 29 December 2000	Difficulties in reconciling ledger system with new computer system.
2. To Submit Annual Reports			
Agency	Applicable Financial Year(s)	Exemption/Variation	Reason(s) for Approval
University of Sydney	1999	Extension of submission date to 26 May 2000.	Audit not complete
University of Sydney	2000	Extension of submission date by 32 days to 1 June 2001.	Audit not complete.
Coastal Council	1999-2000	Extension of submission date to 31 January 2001.	Difficulties in completing annual report.
Extension of Date of Submission of Annual Report			
<p>As a result of the Olympics and Paralympics, the Olympic Arrangements Act 2000 extends by 4 weeks, the time during which statutory bodies and departments are required to submit their annual reports to their Minister and the Treasurer. Agencies are normally required to submit their annual report within 4 months of the financial year-end. However, for the year ended 30 June 2000 only, agencies with a 30 June year end must submit their annual report by 28 November 2000.</p>			



New South Wales

TREASURY

Financial Statements

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New South Wales Treasury

Statement by Department Head

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

- (a) the accompanying financial statements in respect of the year ended 30 June 2001 have been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (ASSB), Urgent Issues Group (UIG) Consensus Views, the requirements of the Public Finance and Audit Act and Regulations, and the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Agencies or issued by the Treasurer under section 9(2) (n) of the Act;
- (b) the statements exhibit a true and fair view of the financial position and transactions of the Department; and
- (c) there are no circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.



J. Pierce
Secretary

9 August 2001

New South Wales Treasury

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2001

	<i>Notes</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>
		2001	2001	2000
		\$'000	\$'000	\$'000
Expenses				
Operating expenses				
Employee related	2(a)	49 116	50 838	44 815
Other operating expenses	2(b)	31 529	24 463	25 003
Maintenance	2(c)	859	965	918
Depreciation	2(d)	7 897	8 319	5 471
Grants and subsidies	2(e)	325 488	307 620	10 966
		<u>414 889</u>	<u>392 205</u>	<u>87 173</u>
Total Expenses				
Less:				
Retained Revenue				
Sale of goods and services	3(a)	3 438	3 594	3 795
Grants	3(b)	-	-	175
Other revenue	3(c)	7 209	432	643
		<u>10 647</u>	<u>4 026</u>	<u>4 613</u>
Total Retained Revenue				
Gain/ (Loss) on disposal of non-current assets	4	<u>(443)</u>	<u>-</u>	<u>(105)</u>
NET COST OF SERVICES				
	20	<u>404 685</u>	<u>388 179</u>	<u>82 665</u>
Government Contributions				
Recurrent appropriation	5	390 929	373 383	75 873
Capital appropriation	5	7 220	6 458	9 253
Acceptance by the Crown Entity of employee entitlements and other liabilities	7	5 659	4 908	5 438
		<u>403 808</u>	<u>384 749</u>	<u>90 564</u>
Total Government Contributions				
SURPLUS/ (DEFICIT) FOR THE YEAR		<u>(877)</u>	<u>(3 430)</u>	<u>7 899</u>
Total Changes in Equity other than those resulting from transactions with owners as owners				
		<u>(877)</u>	<u>(3 430)</u>	<u>7 899</u>

The accompanying notes form part of these statements.

New South Wales Treasury
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2001

	<i>Notes</i>	<i>Actual</i> 2001 \$'000	<i>Budget</i> 2001 \$'000	<i>Actual</i> 2000 \$'000
ASSETS				
Current Assets				
Cash	9	5 574	4 933	6 366
Receivables	10	4 339	873	974
Other	12	391	669	728
Total Current Assets		10 304	6 475	8 068
Non-Current Assets				
Plant and equipment	11	40 979	39 998	41 859
Other		-	7	7
Total Non-Current Assets		40 979	40 005	41 866
Total Assets		51 283	46 480	49 934
LIABILITIES				
Current Liabilities				
Payables	13	2 727	2 695	2 713
Employee entitlements and other provisions	14	6 714	6 475	6 481
Other	15	3 112	1 117	1 117
Total Current Liabilities		12 553	10 287	10 311
Non Current Liabilities				
Other	15	58	74	74
Total Non Current Liabilities		58	74	74
Total Liabilities		12 611	10 361	10 385
Net Assets		38 672	36 119	39 549
EQUITY				
Reserves	16	4 760	4 409	4 409
Accumulated funds		33 912	31 710	35 140
Total Equity		38 672	36 119	39 549

The accompanying notes form part of these statements.

New South Wales Treasury
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2001

	<i>Notes</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>
		2001	2001	2000
		\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(44 196)	(46 485)	(40 496)
Grants and subsidies		(325 613)	(296 500)	(10 966)
Other		(34 310)	(36 587)	(26 037)
Total Payments		<u>(404 119)</u>	<u>(379 572)</u>	<u>(77 499)</u>
Receipts				
Sale of goods and services		3 305	3 591	3 747
Interest received		538	287	460
Other		6 482	249	297
Total Receipts		<u>10 325</u>	<u>4 127</u>	<u>4 504</u>
Cash Flows from Government				
Recurrent appropriation	5	392 358	373 383	75 898
Capital appropriation	5	7 124	6 458	9 349
Cash reimbursements from the Crown Entity		965	629	781
Net Cash Flows From Government		<u>400 447</u>	<u>380 470</u>	<u>86 028</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	20	<u>6 653</u>	<u>5 025</u>	<u>13 033</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of plant and equipment		5	-	25
Purchases of plant and equipment		(7 459)	(6 458)	(12 735)
Other		9	-	6
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(7 445)</u>	<u>(6 458)</u>	<u>(12 704)</u>
NET INCREASE/(DECREASE) IN CASH				
Opening cash and cash equivalents		(792)	(1 433)	329
		<u>6 366</u>	<u>6 366</u>	<u>6 037</u>
CLOSING CASH AND CASH EQUIVALENTS	9	<u>5 574</u>	<u>4 933</u>	<u>6 366</u>

The accompanying notes form part of these statements

New South Wales Treasury

Program Statement - Expenses ad Revenues for the Year Ended 30 June 2001

AGENCY'S EXPENSES & REVENUES	Program 70.1.1*		Program 70.1.2*		Program 70.1.3*		Program 70.1.4*		Program 70.2.1*		Program 70.2.2*		Program 70.2.3*		Program 70.2.4*		Program 70.2.5*		Program 70.3.1*		Not Attributable**		Total		
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Expenses																									
<i>Operating expenses</i>																									
Employee related	3 758	3 398	3 879	3 641	6 247	5 899	1 658	1 454	11 913	12 661	6 876	5 869	11 139	9 842	2 009	1 894	119	157	1 518	-	-	-	-	49 116	44 815
Other operating expenses	1 708	1 590	1 528	1 829	2 626	2 237	9 555	5 664	5 815	6 028	2 807	2 318	5 719	4 728	989	570	42	39	740	-	-	-	-	31 529	25 003
Maintenance	20	13	114	90	37	29	15	12	239	334	127	139	233	266	42	33	2	2	30	-	-	-	-	859	918
Depreciation	70	91	926	1 011	531	442	38	86	2 266	1 665	1 189	692	2 179	1 308	394	164	17	12	287	-	-	-	-	7 897	5 471
Grants and subsidies	9	3	177	34	14	6	5	23	-	-	-	-	11 120	10 900	-	-	-	-	314 163	-	-	-	-	325 488	10 966
Total Expenses	5 565	5 095	6 624	6 605	9 455	8 613	11 271	7 239	20 233	20 688	10 999	9 018	30 390	27 044	3 434	2 661	180	210	316 738	-	-	-	-	414 889	87 173
Retained Revenues																									
Sale of goods and services	-	-	24	36	-	-	-	-	3	6	2	2	3 100	3 571	308	180	-	-	1	-	-	-	-	3 438	3 795
Investment Income	50	-	45	-	79	-	23	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	197	-
Grants	-	-	-	-	-	-	-	-	-	75	-	32	-	60	-	7	-	1	-	-	-	-	-	-	175
Other revenue	27	136	25	39	313	59	6 189	27	162	164	88	69	159	132	28	16	1	1	20	-	-	-	-	7 012	643
Total Retained Revenue	77	136	94	75	392	59	6 212	27	165	245	90	103	3 259	3 763	336	203	1	2	21	-	-	-	-	10 647	4 613
Gain(loss) on disposal of non-current assets	(3)	(9)	(3)	(13)	(4)	(19)	(1)	(9)	(152)	(24)	(83)	(10)	(150)	(19)	(27)	(2)	(1)	-	(19)	-	-	-	-	(443)	(105)
NET COST OF SERVICES	5 491	4 968	6 533	6 543	9 067	8 573	5 060	7 221	20 220	20 467	10 992	8 925	27 281	23 300	3 125	2 460	180	208	316 736	-	-	-	-	404 685	82 665
Government contributions **	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	403 808	90 564	403 808	90 564
NET (EXPENDITURE)/REVENUE	(5 491)	(4 968)	(6 533)	(6 543)	(9 067)	(8 573)	(5 060)	(7 221)	(20 220)	(20 467)	(10 992)	(8 925)	(27 281)	(23 300)	(3 125)	(2 460)	(180)	(208)	(316 736)	-	-	-	-	(877)	7 899
Administered Expenses and Revenues																									
Other (Note 26)	-	-	-	-	-	-	-	-	6 242	20 662	13 456	8 491	9 364	3 885	50 387	159 227	-	-	-	-	-	-	-	79 449	192 265
Total Administered Expenses	-	-	-	-	-	-	-	-	6 242	20 662	13 456	8 491	9 364	3 885	50 387	159 227	-	-	-	-	-	-	-	79 449	192 265
Administered Revenues																									
<i>Consolidated Fund Revenue earned (Note 27)</i>																									
Taxes, fees, fines, penalties and interest	-	-	-	-	-	-	-	-	4 668 388	4 696 027	4 524 941	4 480 186	942 681	903 647	662 079	582 331	-	-	-	-	-	-	-	10 798 089	10 662 191
Other	-	-	-	-	-	-	-	-	100	67	6	9	13	20	9 370	10 453	445 858	359 721	-	-	-	-	-	455 347	370 270
Total Administered Revenues	-	-	-	-	-	-	-	-	4 668 488	4 696 094	4 524 947	4 480 195	942 694	903 667	671 449	592 784	445 858	359 721	-	-	-	-	-	11 253 436	11 032 461
Administered Revenues less Expenses	-	-	-	-	-	-	-	-	4 662 246	4 675 432	4 511 491	4 471 704	933 330	899 782	621 062	433 557	445 858	359 721	-	-	-	-	-	11 173 987	10 840 196

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

** Appropriations are made on an agency basis and not to individual programs. Consequently, government contributions must be included in the 'Not Attributable' column.

New South Wales Treasury

Summary of Compliance with Financial Directives

For the Year Ended 30 June 2001

	2001				2000			
	Recurrent Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000	Recurrent Appropriation \$'000	Expenditure \$'000	Capital Appropriation \$'000	Expenditure \$'000
Original Budget Appropriation/ Expenditure								
• Appropriation Act	295 383	294 324	6 458	6 458	73 539	73 172	7 957	7 957
• Additional Appropriations	78 000	78 000	-	-	-	-	-	-
• s 21A PF&AA-special appropriation	-	-	-	-	-	-	-	-
• s 24 PF&AA- transfers of functions between departments	-	-	-	-	-	-	-	-
• s 26 PF&AA- Commonwealth specific purpose payments	-	-	-	-	-	-	-	-
	<u>373 383</u>	<u>372 324</u>	<u>6 458</u>	<u>6 458</u>	<u>73 539</u>	<u>73 172</u>	<u>7 957</u>	<u>7 957</u>
Other Appropriations / Expenditure								
• Treasurer's Advance	21 442	18 605	855	762	-	-	-	-
• Section 22 – expenditure for certain works and services	-	-	-	-	1 029	1 004	550	454
• Transfers from another agency (section 26 of the Appropriation Act)	1 500	-	-	-	1 697	1 697	842	842
	<u>22 942</u>	<u>18 605</u>	<u>855</u>	<u>762</u>	<u>2 726</u>	<u>2 701</u>	<u>1 392</u>	<u>1 296</u>
Total Appropriations / Expenditure/ Net Claim on Consolidated Fund (includes transfer payments)	396 325	390 929	7 313	7 220	76 265	75 873	9 349	9 253
Amount drawn down against Appropriation		392 384		7 220		75 898		9 349
Liability to Consolidated Fund		1 455		-		25		96

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

New South Wales Treasury

Notes to and Forming Part of the Financial Statements

30 June 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The NSW Treasury (the agency) comprises all the operating activities and entities under the control of the agency, viz. Office of Financial Management (OFM) and the Office of State Revenue (OSR). The OFM is responsible for providing budgetary and financial advice on the effective management of the State's finances and for providing timely and relevant information on the overall State finances. The OSR is responsible for the administration and collection of specific taxes imposed by the State of New South Wales and the administration of grants for the First Home Owner Grant Scheme (FHOGS). It is also responsible for the collection of income tax equivalents from State Government businesses.

In the process of preparing the consolidated financial statements for the economic entity, all inter-entity transactions and balances have been eliminated.

The reporting entity is considered as part of the NSW Total State Sector and as part of the NSW Public Accounts.

(b) Basis of Accounting

The agency's financial statements are a general purpose financial report which has been prepared on an accruals basis and in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Urgent Issues Group (UIG) Consensus Views, the requirements of the Public Finance and Audit Act and Regulations, and the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under section 9(2)(n) of the Act.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

In the absence of a specific Accounting Standard, other authoritative pronouncement of the AASB or UIG Consensus View, the hierarchy of other pronouncements as outlined in AAS 6 "Accounting Policies" is considered.

Except for certain plant and equipment, which are recorded at valuation, the financial statements are prepared in accordance with the historical cost convention. All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Administered Activities

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

Transactions and balances relating to the administered activities are not recognised as the agency's revenues, expenses, assets and liabilities, but are disclosed in the accompanying schedules as Administered Assets, Liabilities, Expenses, and Revenues (refer Notes 23 to 27).

The accrual basis of accounting and applicable accounting standards have been adopted for the reporting of the administered activities.

(d) Revenue Recognition

Revenue is recognised when the agency has control of the good or right to receive, it is probable that the economic benefits will flow to the agency and the amount of revenue can be measured reliably. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

(i) Parliamentary Appropriations and Contributions from Other Bodies

Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as revenues when the agency obtains control over the assets comprising the appropriations and contributions. Control over appropriations and contributions are normally obtained upon the receipt of cash.

An exception to the above is when appropriations are unspent at year end. In this case the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following financial year. As a result, unspent appropriations are now accounted for as liabilities rather than revenue.

The liability is disclosed in [Note 15](#) as part of 'Current/Non-Current Liabilities-Other'. The amount will be repaid and the liability will be extinguished in 2001-2002.

(ii) Sale of Goods and Services

Revenue from the sale of goods and services comprises revenue from the provision of products or services ie. user charges. User charges are recognised as revenue when the department obtains control of the assets that result from them.

New South Wales Treasury

(e) Employee Entitlements

(i) Wages, Salaries, Annual Leave, and On-Costs

Liabilities for wages and salaries, annual leave and leave loading are recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. 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 entitlements accrued in the future. The outstanding amounts of pay-roll tax, workers' compensation, insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee entitlements to which they relate have been recognised.

(ii) Long Service Leave and Superannuation

The agency's liabilities for long service leave and superannuation are assumed by the Crown Entity. The agency 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 Entitlements and other Liabilities".

Long service leave is measured on a nominal basis. The nominal method is based on the remuneration rates at year end for all employees with five or more years of service. It is considered that this measurement technique produces results not materially different from the estimate determined by using the present value basis of measurement.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (ie, Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(f) Insurance

The agency'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 experience.

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

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

- the amount of GST incurred by the agency 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.

(h) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the agency. Cost is determined as the fair value of the assets given as consideration plus the costs acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition. Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

(i) Plant and Equipment

Office furniture and equipment costing at least \$5 000 is capitalised. Computer hardware costing at least \$1 000 is also capitalised. However, grouped assets with inter-related functions such as the computer network and revenue receipting equipment are capitalised regardless of cost.

Packaged software is charged against revenue except when used in the in-house development of software such as the taxation software. All software development costs are capitalised, as are enhancements, which substantially change the nature of existing software.

(j) Revaluation of Physical Non-Current Assets

Plant and equipment are valued based on the estimated written down replacement cost of the most appropriate modern equivalent replacement facility having a similar service potential to the existing asset.

Each class of physical non-current assets is revalued every 5 years. The last revaluation was completed on 1 July 1996.

In accordance with Treasury policy, the agency has applied the AAS38 "Revaluation of Non-Current Assets" transitional provisions for the public sector and has elected to apply the same revaluation basis as the preceding reporting period, while the relationship between fair value and the existing valuation basis in the NSW public sector is further examined. It is expected however, that in most instances the current valuation methodology will approximate fair value.

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

Conversely, where assets are revalued to market value, and not by reference to current prices for assets newer than those being revalued, any balances of accumulated depreciation existing at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are increased or decreased by the revaluation increments or decrements.

New South Wales Treasury

The recoverable amount test has not been applied, as the agency is a not-for-profit entity whose service potential is not related to the ability to generate net cash inflows.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the surplus/deficit, the increment is recognised immediately as revenue in the surplus/deficit.

Revaluation decrements are recognised immediately as expenses in the surplus/deficit, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

Revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

(k) Depreciation of Non-Current Physical Assets

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 entity. All material separately identifiable component assets are recognised and depreciated over their shorter useful lives, including those components that in effect represent major periodic maintenance. The useful life of assets is:

- Computer Hardware- 4 years;
- Equipment – 7 years;
- Furniture – 5 to 10 years
- Computer Software – 1 to 5 years depending on the expected usage of the application.

(l) Maintenance and repairs

The costs of maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

(m) 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 the ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the 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 charged to the Statement of Financial Performance in the periods in which they are incurred.

(n) Trust Funds

The Department receives monies in a trustee capacity as set out in Note 22. As the agency performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the agency's own objectives, they are not brought to account in the financial statements.

(o) Payables

These amounts represent liabilities for goods and services provided to the agency and other amounts, including interest. Interest is accrued over the period it becomes due.

(p) Budgeted Amounts

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

The budgeted amounts in the Statement of Financial Performance and the Statement of Cash Flows are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the Statement of Financial Position, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts ie per the audited financial statements (rather than carried forward estimates).

(q) Financial Instruments

Financial instruments give rise to positions that are a financial asset of the Treasury or its counter party and a financial liability (or equity instrument) of the other party. For the Treasury these include cash at bank, receivables and creditors.

In accordance with AAS33 "Presentation and Disclosure of Financial Instruments" information is disclosed in Note 21, in respect of the credit risk and interest rate risk of the financial instruments. All such amounts are carried in the accounts at net fair value unless otherwise stated.

New South Wales Treasury

2. EXPENSES	2001 \$'000	2000 \$'000
(a) Employee related expenses comprise the following specific items:		
Salaries and wages (including recreation leave)	40 464	36 760
Superannuation entitlements	3 652	3 457
Long service leave	1 780	1 765
Workers' compensation insurance	258	328
Pay-roll tax and fringe benefits tax	<u>2 962</u>	<u>2 505</u>
	<u>49 116</u>	<u>44 815</u>
Employee related expenses amounting to \$0.6 million (1999-2000 - \$4.3M) are included in software development costs reported as Capital Work in Progress in Note 11. Except as noted, there are no other employee related payments included in asset and expenditure accounts.		
Employee related expenses of \$194 730 (2000 – Nil) are included in salaries and wages for 45 staff reassigned as volunteers to the Olympic and Paralympic games or seconded to Olympic organising agencies. No staff were employed on initiatives directly and specifically relating to the games.		
(b) Other operating expenses		
Auditors remuneration		
- audit of the financial reports	151	208
Operating lease rental expense		
- minimum lease payments	6 473	6 720
Insurance	121	95
Other		
Contractors' and consultancy fees	4 314	3 262
Electricity Reform Task Force	-	4 629
Computer maintenance and software licences	2 371	1 616
Printing and advertising	2 226	1 887
Centralised corporate support charges	1 095	1 234
Building maintenance and utilities	731	767
Minor plant, equipment and stores	439	338
Data access fees	621	411
Training	924	761
Energy Reform	8 754	-
Other	<u>3 309</u>	<u>3 075</u>
	<u>31 529</u>	<u>25 003</u>
(c) Maintenance		
Repairs and routine maintenance	<u>859</u>	<u>918</u>
(d) Depreciation		
Computer hardware	1 632	1 786
Computer software	5 343	2 600
Office equipment	227	267
Office furniture	<u>695</u>	<u>818</u>
	<u>7 897</u>	<u>5 471</u>
(e) Grants and subsidies:		
First Home Owner Grant Scheme (FHOGS) (i)	314 163	-
Department of Information, Technology & Management (ii)	11 120	10 900
Australian Accounting Research Foundation	205	30
Other	<u>-</u>	<u>36</u>
	<u>325 488</u>	<u>10 966</u>
(i) OSR is responsible for the payment of FHOGS to approved applicants		
(ii) The Department of Information, Technology & Management provides OSR with land information and valuation services required to administer the Land Tax Management Act, 1956.		

New South Wales Treasury

3. REVENUES	2001	2000
	\$'000	\$'000
(a) Sale of goods and services		
Land tax search fees	3 093	3 567
Administration fees	307	179
Sale of publications	24	34
Other	<u>14</u>	<u>15</u>
	<u>3 438</u>	<u>3 795</u>
(b) Grants		
Department of Information Technology & Management	<u>-</u>	<u>175</u>
(c) Other revenue		
Energy Reform project	6 176	-
Interest	572	395
Other	<u>461</u>	<u>248</u>
	<u>7 209</u>	<u>643</u>

The above revenues have arisen from the operating activities of the Agency.

4. GAIN/ (LOSS) ON DISPOSAL OF NON-CURRENT ASSETS

Proceeds from sale	12	28
Written down value of assets sold (i)	<u>(455)</u>	<u>(133)</u>
Net loss on sale of plant and equipment	<u>(443)</u>	<u>(105)</u>

(i) Included in written down value of assets sold in 2001 is a significant item of \$420 134. See Note 6.

5. APPROPRIATIONS

Recurrent appropriations		
Total recurrent drawdowns from Treasury (i)	392 384	75 898
(per Summary of Compliance)		
Less: Liability to Consolidated Fund	<u>1 455</u>	<u>25</u>
(per Summary of Compliance)		
Total	<u>390 929</u>	<u>75 873</u>

Comprising:		
Recurrent appropriations (per Statement of Financial Performance)	<u>390 929</u>	<u>75 873</u>

Capital appropriations		
Total capital drawdowns from Treasury (i)	7 220	9 349
(per Summary of Compliance)		
Less: Liability to Consolidated Fund	<u>-</u>	<u>96</u>
(per Summary of Compliance)		
Total	<u>7 220</u>	<u>9 253</u>

Comprising:		
Capital appropriations (per Statement of Financial Performance)	<u>7 220</u>	<u>9 253</u>

(i) Recurrent and Capital drawdowns reported in the Statement of Cash Flows is \$392,358,000 and \$7,124,000 respectively. These amounts differ to that reported above by \$26,000 and \$96,000 respectively and represent funds drawdown in 1999-2000. These funds were retained and treated as funds drawdown as part of the 2000-2001 allocation.

New South Wales Treasury

6. INDIVIDUALLY SIGNIFICANT ITEMS	2001	2000
	\$'000	\$'000

Write off of plant and equipment	<u>420</u>	<u>-</u>
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OSR developed new business application software (RECOUPS) to administer State revenue legislation. This replaced the office's mainframe systems. The balance of the obsolete assets were consequently written off in accordance with AAS4. This significant item is included in loss on sale of non-current assets reported in [Note 4](#).

7. ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE ENTITLEMENTS AND OTHER LIABILITIES	2001	2000
	\$'000	\$'000

The following liabilities and/or expenses have been assumed by the Crown Entity:

Superannuation	3 652	3 457
Long service leave	1 780	1 765
Pay-roll tax	<u>227</u>	<u>216</u>
	<u>5 659</u>	<u>5 438</u>

8. PROGRAMS/ACTIVITIES OF THE AGENCY

- (a) Program 70.1.1 Economic and Fiscal Strategy**
 Objective: To improve the allocation of State resources and achieve a responsible financial position for New South Wales through advice on overall fiscal and economic strategies.
- (b) Program 70.1.2 Financial Management**
 Objective: To improve the allocation of, and accountability for the use of State resources by developing and promoting procedures and systems which result in better financial management. To improve public sector accountability for State financial management by producing State financial reports which provide accurate, timely, comprehensive and relevant information.
- (c) Program 70.1.3 Resource Allocation**
 Objective: To optimise the allocation of State resources in accordance with Government priorities, delivering positive social outcomes for the State. To enhance public sector net worth.
- (d) Program 70.1.4 Market Implementation Group**
 Objective: To develop and implement the Government's energy reform initiatives in a comprehensive and timely manner and ensure that the Government's interests are effectively represented in relation to the development of inter-jurisdictional reform matters.
- (e) Program 70.2.1 Duties Collection**
 Objective: To collect revenue to finance services for the people of New South Wales by imposing duties on liable instruments, documents and transactions.
- (f) Program 70.2.2 Pay-roll Tax Collection**
 Objective: To collect revenue to finance services for the people of New South Wales by imposing pay-roll tax on employers in respect of certain wages.
- (g) Program 70.2.3 Land Tax Collection**
 Objective: To collect revenue to finance services for the people of New South Wales by imposing a tax on liable properties.
- (h) Program 70.2.4 Miscellaneous Revenue Collection**
 Objective: To collect revenue to finance services for the people of New South Wales by imposing tax, duties and levies on liable transactions and documents.
- (i) Program 70.2.5 Tax Equivalent Collection**
 Objective: To collect revenue to finance services for the people of New South Wales by imposing corporate income tax on Government Trading Enterprises and State Owned Corporations.
- (j) Program 70.3.1 First Home Owners Grant Scheme**
 Objective: To administer the First Home Owner Grant Scheme in New South Wales.

New South Wales Treasury

9. CURRENT ASSETS – CASH	2001 \$'000	2000 \$'000
Cash on hand	16	14
Cash at bank	<u>5 558</u>	<u>6 352</u>
	<u>5 574</u>	<u>6 366</u>

For the purposes of the Statement of Cash Flows, cash includes cash on hand and cash at bank.

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 (per Statement of Financial Position)	<u>5 574</u>	<u>6 366</u>
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>5 574</u>	<u>6 366</u>

10. CURRENT ASSETS - RECEIVABLES

Sale of goods and services	226	82
Other		
Due from Crown (i)	-	49
Interest	254	220
Energy Reform	550	-
GST receivable from ATO	731	-
Other	<u>2 578</u>	<u>623</u>
	<u>4 339</u>	<u>974</u>

(i) Due from the Crown Entity for Superannuation Guarantee Charge/Long Service Leave payments.

No provision has been made for doubtful debts as all amounts are considered to be collectable.

New South Wales Treasury

11. NON-CURRENT ASSETS – PLANT & EQUIPMENT	2001	2000
	\$'000	\$'000
Computer hardware		
At Cost	7 800	6 646
At Valuation	<u>1 852</u>	<u>3 833</u>
	<u>9 652</u>	<u>10 479</u>
Accumulated Depreciation at Cost	4 741	3 208
Accumulated Depreciation at Valuation	<u>1 852</u>	<u>3 833</u>
	<u>6 593</u>	<u>7 041</u>
Total Computer hardware	<u>3 059</u>	<u>3 438</u>
Computer software		
At Cost	38 395	7 608
At Valuation	<u>858</u>	<u>4 116</u>
	<u>39 253</u>	<u>11 724</u>
Accumulated Depreciation at Cost	7 687	5 238
Accumulated Depreciation at Valuation	<u>858</u>	<u>4 116</u>
	<u>8 545</u>	<u>9 354</u>
Total Computer software	<u>30 708</u>	<u>2 370</u>
Office equipment		
At Cost	865	580
At Valuation	<u>1 345</u>	<u>1 624</u>
	<u>2 210</u>	<u>2 204</u>
Accumulated Depreciation at Cost	468	163
Accumulated Depreciation at Valuation	<u>1 133</u>	<u>1 274</u>
	<u>1 601</u>	<u>1 437</u>
Total Office equipment	<u>609</u>	<u>767</u>
Office furniture		
At Cost	3 195	649
At Valuation	<u>5 326</u>	<u>7 611</u>
	<u>8 521</u>	<u>8 260</u>
Accumulated Depreciation at Cost	1 615	88
Accumulated Depreciation at Valuation	<u>4 100</u>	<u>5 015</u>
	<u>5 715</u>	<u>5 103</u>
Total Office furniture	<u>2 806</u>	<u>3 157</u>
Capital work in progress (CWIP), at cost	<u>3 797</u>	<u>32 127</u>
Total Plant and Equipment at Net Book Value	<u>40 979</u>	<u>41 859</u>
At cost	39 541	38 913
At valuation	<u>1 438</u>	<u>2 946</u>
	<u>40 979</u>	<u>41 859</u>

The following fully depreciated assets are included in the amounts reported above:

Computer mainframe	1 177	1 174
Personal computers & midrange platform	681	1 785
Terminals, printers and other	1 210	1 174
Computer software	1 624	7 501
Office furniture and equipment	<u>2 232</u>	<u>2 373</u>
	<u>6 924</u>	<u>14 007</u>

New South Wales Treasury

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.

	Computer Hardware	Computer Software	Office Equipment	Office Furniture	Capital Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2001						
Carrying amount at start of year	3 438	2 370	767	3 157	32 127	41 859
Additions	666	121	48	56	6 631	7 522
Disposals	(2 112)	(6 568)	(63)	(82)	-	(8 825)
Transfer to/(from) CWIP	618	34 035	20	288	(34 961)	-
Depreciation for the year	(1632)	(5 344)	(227)	(695)	-	(7898)
Other Movements:						
Write back on disposal	2 081	6 153	64	82	-	8 380
Write back on asset scrapped	-	(59)	-	-	-	(59)
Transfer to other Property P&E	-	(59)	-	-	-	(59)
Carrying amount at end of year	3 059	30 708	609	2 806	3 797	40 979
2000						
Carrying amount at start of year	4 774	4 803	782	3 738	20 573	34 670
Additions	287	181	40	4	12 283	12 795
Disposals	(1 899)	(184)	(129)	(156)	-	(2 368)
Transfer to/(from) CWIP	236	-	222	271	(729)	-
Depreciation for the year	(1 786)	(2 600)	(265)	(818)	-	(5 469)
Other Movements:						
Write back on disposal	1 826	170	118	118	-	2 232
Write back on asset scrapped	-	-	(1)	-	-	(1)
Carrying amount at end of year	3 438	2 370	767	3 157	32 127	41 859

New South Wales Treasury

12. CURRENT/NON - CURRENT ASSETS – OTHER	2001	2000
	\$'000	\$'000
Current		
Prepayments	254	430
Prepaid Maintenance Contract	137	240
Other	<u>-</u>	<u>58</u>
	<u>391</u>	<u>728</u>
Non-Current		
Prepayments	<u>-</u>	<u>7</u>

Reconciliations

Reconciliations of the carrying amounts of each class of non-current other asset at the beginning and end of the current and previous financial year are set out below.

2001	Non-current Prepayments \$'000
Carrying amount at start of year	7
Additions/new receivables	-
Disposals/repayments	-
Amortisation expense	<u>7</u>
Carrying amount at end of year	<u>-</u>
2000	Non-current Prepayments \$'000
Carrying amount at start of year	18
Additions/new receivables	-
Disposals/repayments	-
Amortisation expense	<u>11</u>
Carrying amount at end of year	<u>7</u>

13. CURRENT LIABILITIES – PAYABLES	2001	2000
	\$'000	\$'000
Creditors	2 727	159
Other	<u>-</u>	<u>2 554</u>
	<u>2 727</u>	<u>2 713</u>

14. CURRENT LIABILITIES – EMPLOYEE ENTITLEMENTS AND OTHER PROVISIONS

Recreation leave	4 375	4 236
Accrued salaries and wages	1 184	1 115
Other		
Pay-roll tax payable	1 078	1 062
Provision for fringe benefits tax	<u>77</u>	<u>68</u>
Aggregate employee entitlements	<u>6 714</u>	<u>6 481</u>

New South Wales Treasury

15. CURRENT/NON – CURRENT LIABILITIES – OTHER	2001 \$'000	2000 \$'000
Current		
Snowy Corporatisation Project (i)	1 477	825
Snowy Water Inquiry	164	167
Liability to the Consolidated Fund (ii)	1 455	121
Lease Incentive (iii)	<u>16</u>	<u>4</u>
	<u>3 112</u>	<u>1 117</u>
Non-Current		
Lease Incentive (iii)	<u>58</u>	<u>74</u>

- (i) Amounts represent fees payable to the National Project Manager (DGJ Project Pty Ltd).
- (ii) Represents that part of supplementation received from the Consolidated Fund, which were not used.
- (iii) OSR Wollongong office undertook a new 6 year lease, which provides for a 1 year lease incentive. In accordance with the Urgent Issues Group Abstract 3, the lease incentive will be amortised over the full term of the lease.

16. CHANGES IN EQUITY

	Accumulated Funds		Asset Revaluation		Total Equity	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Balance at the beginning of the financial year	35 140	27 241	4 409	4 409	39 549	31 650
Surplus/(deficit) for the year	(877)	7 899	-	-	(877)	7 899
Adjustment in asset revaluation reserve	<u>(351)</u>	-	<u>351</u>	-	-	-
Balance at the end of the financial year	<u>33 912</u>	<u>35 140</u>	<u>4 760</u>	<u>4 409</u>	<u>38 672</u>	<u>39 549</u>

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with the agency's policy on the 'Revaluation of Physical Non-Current Assets' as discussed in Note 1.

New South Wales Treasury

17. COMMITMENTS FOR EXPENDITURE	2001 \$'000	2000 \$'000
(a) Capital Commitments		
Aggregate capital expenditure for the acquisition of contractor and other computer items contracted for at balance date and not provided for:		
Not later than one year	3 165	849
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
Total (including GST)	<u>3 165</u>	<u>849</u>
(b) Other Expenditure Commitments		
Aggregate other expenditure for the acquisition of printing and other general office expenses contracted for at balance date and not provided for:		
Not later than one year	1 981	59
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
Total (including GST)	<u>1 981</u>	<u>59</u>
(c) Operating Lease Commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	6 895	6 905
Later than one year and not later than 5 years	19 598	22 417
Later than 5 years	<u>5 198</u>	<u>8 764</u>
Total (including GST)	<u>31 691</u>	<u>38 086</u>

Leasing arrangements are generally for rental of premises to be paid one month in advance.

The total commitments for expenditure for the financial year ending 30 June 2001 include input tax credits of \$2 784 000 which are expected to be recoverable from the Australian Taxation Office.

18. CONTINGENT LIABILITIES

As at reporting date, the agency is not aware of any contingent liability which will materially affect its financial position.

19. BUDGET REVIEW

Net cost of services

The actual net cost of services for the year ended 30 June 2001 was \$404.7 million, 4.3 per cent above the original budget of \$388.2 million. This \$16.5 million variance is largely explained by the payment of grants totalling \$314.2 million for FHOGS (refer Note 1 (a)) which commenced on 1 July 2000.

Assets and liabilities

Total assets are significantly higher than budget by \$4.8 million. This is mainly due to an increase in both cash and receivables which has resulted from additional revenue generated by the Energy Reform project in OFM.

Non-current assets increased by \$974 000 which is a result of additional assets of \$7.4 million offset by depreciation and write offs. Factors affecting depreciation and write offs include the capitalisation of RECOUPS (\$32.6 million) commencing in November 2000 and the write off of obsolete unclaimed money software.

Total liabilities are greater than budget by \$2.3 million which is mainly a result of excess funds due to the Crown for unused FHOGS payments and an increase in funds owed for project management costs for the Snowy Corporatisation project.

The above variations have resulted in a \$2.6 million increase in equity.

Cash flows

The net increase in cash is \$641 000 greater than budget and is due to a combination of reasons including increased funding from the Energy Reform project, excess funding owed to the Crown Entity for FHOGS payments and additional costs incurred in the development and maintenance of RECOUPS.

New South Wales Treasury

20. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES		2001 \$'000	2000 \$'000
	Notes		
Net cash used on operating activities		6 653	13 033
Cash Flows from Government Appropriation		(398 149)	(85 126)
Acceptance by the Crown Entity of employee entitlements and other liabilities	7	(5 659)	(5 438)
Depreciation	2(d)	(7 897)	(5 471)
Decrease/(increase) in provisions		(228)	347
Increase/(decrease) in prepayments and other assets		3 022	460
Decrease/(increase) in creditors		(1 993)	(383)
Net gain/(loss) on sale of plant and equipment	4	(443)	(105)
Other revenue – investing activities		<u>9</u>	<u>18</u>
Net cost of services		<u>(404 685)</u>	<u>(82 665)</u>

21. FINANCIAL INSTRUMENTS

(a) Cash

Cash comprises cash on hand and bank balances within the 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 Treasury. This rate was 4 per cent as at 30 June 2001 (5 per cent at 30 June 2000).

(b) Receivables

All debtors are recognised as amounts receivable at balance date. Collectability of debtors is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. The credit risk is the carrying amount (net of any provision for doubtful debts). No interest is earned on non-Crown debtors. The carrying amount approximates net fair value.

(c) Creditors and accruals

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01.

If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. No interest for late payment was made during the 2000-01 year (1999-2000 \$nil). The carrying amount approximates net fair value.

New South Wales Treasury

22. TRUST FUNDS

Monies held in trust for the Crown Entity are excluded from the financial statements, as the Agency cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust accounts:

	Testamentary & Trust Common Fund		Testamentary & Trust Interest		Companies Liquidation		Total	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Cash balance at the beginning of the financial year	4 190	4 190	3 960	3 661	215	(257)	8 365	7 594
Add Receipts	-	-	401	299	217	505	618	804
Less: Expenditure	-	-	-	-	5	-	5	-
Transfers to Crown	-	-	-	-	-	33	-	33
Cash balance at the end of the reporting period	<u>4 190</u>	<u>4 190</u>	<u>4 361</u>	<u>3 960</u>	<u>427</u>	<u>215</u>	<u>8 978</u>	<u>8 365</u>

The Companies Liquidation account is showing a negative balance in 1999-2000, explained by the transfer of funds to the Crown under Section 14 of the Public Finance and Audit Act. The individual Trust Funds cash balances reside in one bank account.

23. ADMINISTERED ASSETS – RECEIVABLES

	2001 \$'000	2000 \$'000
Assets administered by the Office for the Crown Entity are primarily tax debtors and are not recognised in the Statement of Financial Position.		
Receivables – State taxes		
Current and instalment amounts	184 087	133 273
Overdue amounts	<u>129 405</u>	<u>104 073</u>
	313 492	237 346
Less: provision for doubtful debts	<u>16 406</u>	<u>10 692</u>
	<u>297 086</u>	<u>226 654</u>

The receivables above represent all taxes owed by clients at the close of business on 30 June 2001 and exclude any credit balances, which are disclosed separately in Note 24.

New South Wales Treasury

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

Current and Instalment Amounts

	Current		Instalments		Total	
	2001	2000	2001	2000	2001	2000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Duties	8 793	43 769	-	-	8 793	43 769
First home purchase	467	1 091	277	1 212	744	2 303
Pay-roll tax	18 799	7 575	-	-	18 799	7 575
Land tax	137 892	78 653	14 622	-	152 514	78 653
Health insurance levy	207	-	-	-	207	-
Parking space levy	2 361	973	-	-	2 361	973
Accommodation levy	669	-	-	-	669	-
	<u>169 188</u>	<u>132 061</u>	<u>14 899</u>	<u>1 212</u>	<u>184 087</u>	<u>133 273</u>

Overdue Amounts

	Less than 30 days		30 – 90 days		Greater than 90 days		Total		Provision for Doubtful debts		Net	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Duties	1 023	1 519	2 069	1 732	4 941	8 893	8 033	12 144	(1 112)	(995)	6 921	11 149
First home purchase	58	111	105	173	2 859	2 981	3 022	3 265	(214)	(363)	2 808	2 902
Pay-roll tax	2 619	824	2 843	5 516	43 050	23 287	48 512	29 627	(14 251)	(8 179)	34 261	21 448
Land tax	16 907	4 710	25 087	15 410	21 666	37 551	63 660	57 671	(763)	(1 101)	62 897	56 570
Health insurance levy	351	-	7	-	67	-	425	-	-	-	425	-
Parking space levy	2 372	-	200	6	1 202	946	3 774	952	(66)	(54)	3 708	898
Accommodation levy	-	-	823	201	1 156	213	1 979	414	-	-	1 979	414
	<u>23 330</u>	<u>7 164</u>	<u>31 134</u>	<u>23 038</u>	<u>74 941</u>	<u>73 871</u>	<u>129 405</u>	<u>104 073</u>	<u>(16 406)</u>	<u>(10 692)</u>	<u>112 999</u>	<u>93 381</u>

New South Wales Treasury

Current and Instalment Amounts

Duties

The reduction in current debt is attributable to a \$39.2 million decrease for conveyancing duty for 'off the plan' purchases. Effective from 1 January 2000, legislative changes to this duty meant that the transactions are now liable for duties 12 months after the date of agreement. Prior to this change, 5 per cent of the duty was initially due when the document was stamped. The remaining 95 per cent of the assessments were reflected as current debt until completion of the project. An amount of \$3.5 million relates to interest being accrued, on a daily basis, on overdue debt under Section 21 of the *Tax Administration Act 1996*.

First Home Purchase

The First Home Purchase Scheme was a Government initiative to assist first home buyers. Up to 31 July 1998, first home buyers had the option to defer and pay applicable duties by annual instalments over five years. First Home Purchase debt relates to annual instalments that have not yet fallen due.

The Scheme has since been superseded by the First Home Plus Scheme. This scheme allows a concession on stamp duty for properties valued up to \$200 000. Payment of the duty is phased in for properties between \$200 001 and \$300 000 and a discount is allowed.

Pay-roll Tax

The increase in debt is primarily a result of compliance activity that has identified additional pay-roll tax revenue and clients through audit and special programs. Additionally, an amount of \$9.6 million in interest being accrued, on a daily basis, on overdue debt under Section 21 of the *Tax Administration Act 1996* has been brought to account.

Also included in the current debt figure is an amount of \$4.2 million representing assessments currently under objection. A further \$1.4 million represents clients given an extension of time to pay their liability under Section 47 of the *Tax Administration Act 1996*. Comparative figures for last year are not available.

Land Tax

In line with the Crown Entity's revenue recognition policy, approximately \$78.0 million of land tax relating to current and prior years' liabilities not yet notified to clients have been brought to account this year. The comparative estimate of the unissued assessments at 30 June 2000 was \$29.4 million. The variance can be attributed to issues associated with the introduction of the new computer system, which resulted in some assessments being finalised after the end of the financial year.

An amount of \$3.5 million (\$956 862 in 1999-2000) has been included in the debt figure, representing those clients who have a liability under the *Premium Property Tax 1998* legislation. Clients who are holders of either a Commonwealth Pensioner Concession card or Seniors' Health card and those that have been deemed to have insufficient income to meet the tax liability can have the debt deferred. Deferred payment in these cases is authorised by Section 47 of the *Tax Administration Act 1996*.

From 1 January 1998, principal places of residence with a land value of \$1 million or more became liable for land tax. The threshold has been indexed according to the average change in residential land values in the Sydney statistical division made up of 45 local council areas. This year's threshold for land subject to the legislation was \$1.3 million. The threshold cannot fall if land values decrease. By law, the premium property tax will only affect the top 0.2 per cent of homes in NSW.

Land tax debt of \$7.6 million is subject to challenge through the objection/appeal process available to land tax clients. Most objections are against land valuations and payment is deferred pending resolution. A further \$16.2 million relates to variation returns that are being processed and where the reassessments are still to issue.

Overdue Amounts

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

The provision for doubtful debts is regularly reviewed and updated to take into account current economic conditions, available information of clients' financial status and the expected results of recovery action being undertaken. The major change reported in the pay-roll tax provision is a result of a significant increase in the amount of debt that is unlikely to be collected (eg, companies in liquidation).

Land Tax

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

Overdue land tax debts are aged from the date for full payment advised by OSR. Clients are offered a 1.5 per cent discount for full payment of land tax within 30 days of issue of the assessment. Clients are also given the option to pay by three equal instalments. The balance becomes due immediately if an instalment is not paid on time.

The overdue debt in the less than 30 days category has increased due to the late issue of assessments associated with the introduction of the new computer system.

New South Wales Treasury

Parking Space Levy

Compliance audits of parking space levy clients resulted in the issue of \$8.5 million assessments of which \$6.4 million has been collected.

Accommodation Levy

The levy was abolished from 1 July 2000 however compliance audits initiated prior to and after that date resulted in the issue of assessments that had the effect of increasing the overdue debt.

24. ADMINISTERED LIABILITIES	2001	2000
	\$'000	\$'000
Credit balances against tax debtors have not been netted off against the receivables reported in Note 23 and are required to be shown separately as administered liabilities:		
Duties	18 949	8 523
First home purchase	58	77
Pay-roll tax	11 768	4 302
Land tax	5 826	4 391
Health Insurance Levies	440	-
Parking Space Levy	517	1 221
Accommodation Levy	<u>-</u>	<u>166</u>
	<u>37 558</u>	<u>18 680</u>

The credit balances above are primarily matters awaiting final assessments pending receipt of additional information. Duties in particular carry the credit against debtors until such time as the assessment is finalised. Similarly, a credit exists for a pay-roll tax client where a reassessment needs to be completed. Credit situations are also created where taxes are paid in advance, overpayments are to be refunded to clients and payments require further analysis before being allocated.

Advance payments of \$13.2 million for land tax are not included above as they have been off set against the unissued assessments figure of \$78.0 million (1999-2000 - \$29.4 million) reported as receivables (refer note 23).

25. ADMINISTERED REVENUE – DEBTS WRITTEN OFF/ REMISSIONS

(a) Debts Written Off

	Actual – 2001			Actual – 2000		
	Tax	Penalties/ Interest	Total	Tax	Penalties/ Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Duties	1 660	1 226	2 886	230	34	264
Pay-roll tax	5 913	1 421	7 334	7 247	1 999	9 246
Land tax	439	5	444	206	109	315
	<u>8 012</u>	<u>2 652</u>	<u>10 664</u>	<u>7 683</u>	<u>2 142</u>	<u>9 825</u>

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

Duties

The increase in duties write offs can be attributed to clients who were unable to be located or went into liquidation. The amount of duties written off includes a single transaction for \$1.3 million where the company had gone into liquidation. Also included in the figure is an amount of \$330 000 (\$114 000 in 1999-2000) for debts under the former First Home Purchase Deferred Payments Scheme. A clean up of the account resulted in an increase in write offs.

Pay-roll Tax

Pay-roll tax represents 69 per cent of total write offs for 2000-01. This is mainly represented by companies that have been liquidated with no distributions made available. An internal change in the administration of companies in liquidation and under administration has resulted in a slight decrease in the amount written off compared to last year.

New South Wales Treasury

Land Tax

Companies with land tax liabilities going into liquidation were the primary cause for the increase in write offs under this tax stream. Projects were also implemented to address those accounts that carried small balances that were untraceable or uneconomical to pursue.

(b) Remissions

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

Penalties and interest remitted during the year amounted to:

	Actual 2001 \$'000	Actual 2000 \$'000
Duties	1 716	3 672
Pay-roll tax	5 902	11 394
Land tax	3 033	1 852
Health insurance levy	31	-
Parking space levy	312	-
Accommodation levy	15	-
Debits tax	<u>2</u>	<u>-</u>
	<u>11 011</u>	<u>16 918</u>

The decrease in penalties and interest remissions is due to a change in the business rules for the application of penalty tax under the *Tax Administration Act 1996*.

Land tax remissions increased during the year as a result of an increase in the number of successful requests for review of penalty and interest imposed on assessments issued for previous tax years. OSR imposes penalty and interest on assessments issued to defaulting taxpayers in accordance with business rules. The business rules allow for penalty and interest to be remitted in part or in full if the taxpayer can provide a satisfactory explanation for the default. The business rules governing the imposition of penalty and interest on land tax assessments are currently under review.

26. ADMINISTERED EXPENSES – OTHER	2001 \$'000	2000 \$'000
Property enquiry cost reimbursements – Roads and Traffic Authority (RTA) (i)	1 183	1 904
Act of grace payments	1 671	671
Petroleum Subsidy (ii)	50 324	159 155
Court imposed interest payments	211	1 853
Unclaimed money refund – S14 Public Finance & Audit Act	51	19
Bad debts expense (iii)	16 378	9 658
Land tax discounts (iv)	9 087	2 990
First home purchase discounts (v)	<u>544</u>	<u>16 015</u>
	<u>79 449</u>	<u>192 265</u>

i) Costs of reimbursements to the Road and Traffic Authority (RTA) represent the following:

- redemption of adhesive duty stamps received as payment for property searches by the RTA;
- disbursement of funds received from Lawpoint on behalf of the RTA for the provision of similar services.

ii) Petroleum subsidies

Petroleum subsidies are paid to petroleum distributors to enable retailers located in northern NSW to compete with Queensland retailers who are provided an excise subsidy by the Queensland Government. The decline in payments for 2000-01 is due to the abolition of the Off Road Diesel Scheme effective from 1 July 2000.

New South Wales Treasury

iii) Bad debts expense comprises

	\$'000
Bad debts written off (see Note 25)	\$10 664
Increase in doubtful debts provision (see Note 23)	<u>\$ 5 714</u>
Total	<u>\$16 378</u>

iv) Land tax discounts

A 1.5 per cent discount is offered to land tax clients for full payment of their liability by the first instalment date.

First Home Purchase Discounts

The First Home Plus Scheme replaced the First Home Purchase Deferred Payment Scheme wherein first home owners received a 50 per cent discount on the duty payable.

27. ADMINISTERED REVENUE - CONSOLIDATED FUND

Taxation revenue information is presented on a cash (revenue collected) and an accrual basis (revenue earned). Estimates of revenue collected on behalf of the Crown Entity requiring disclosure relate to budget cash receipts for each tax type.

	Actual 2001 \$'000	Estimate 2001 \$'000	Actual 2000 \$'000
Revenue collected			
Taxes, fees, fines, penalties and interest			
Duties	4 713 472	3 969 800	4 648 392
First home purchase	<u>1 071</u>	<u>1 200</u>	<u>4 192</u>
Total Stamp duties	4 714 543	3 971 000	4 652 584
Parking space levy	40 862	42 000	14 730
Pay-roll tax	4 495 590	4 454 000	4 475 434
Land tax	864 808	921 000	930 451
Debits tax	318 694	331 000	322 360
Electricity levy	123 294	100 000	116 923
Accommodation levy	7 869	6 000	68 588
Health insurance levies	<u>89 376</u>	<u>63 000</u>	<u>59 911</u>
Sub Total taxes, fees, fines, penalties and interest	<u>10 655 036</u>	<u>9 888 000</u>	<u>10 640 981</u>
<i>Gaming and Racing</i>			
Keno tax	7 145	10 400	-
Bookmakers betting tax	2 623	-	-
Totalizator tax on and off course totes	63 512	-	-
Fixed odds sports betting	604	-	-
Fixed odds racing betting	46	-	-
Footytab	<u>487</u>	<u>-</u>	<u>-</u>
Sub Total Gaming and Racing	<u>74 417</u>	<u>10 400</u>	<u>-</u>
Total taxes, fees, fines, penalties and interest	<u>10 729 453</u>	<u>9 898 400</u>	<u>10 640 981</u>
Other			
Tax equivalents	445 834	417 398	364 673
Unclaimed money	8 467	-	9 114
Other revenue	<u>959</u>	<u>-</u>	<u>1 421</u>
Sub Total Other	<u>455 260</u>	<u>417 398</u>	<u>375 208</u>
Total Revenue collected	<u>11 184 713</u>	<u>10 315 798</u>	<u>11 016 189</u>

New South Wales Treasury

- The Pay-roll tax estimate reported in the Budget Papers for 2000-01 (\$3 931 million) does not include payments made by Budget sector agencies.
- Taxes, fees, fines, penalties and interest reported above are net of refunds paid, but not net of Act of Grace (ex gratia) payments by the State amounting to \$1 671 000 (1999-2000 - \$671 000).
- Duties revenue collected exceeded budget by 19 per cent. This was reflected in the following duty heads:
 - Contracts and conveyances – 31 per cent higher than estimated reflecting higher than expected property market sales, including strong activity in the high end of the market;
 - Insurance – nine per cent higher than anticipated reflecting increased premiums;
 - Share transfers – 26 per cent higher than estimated reflecting stronger than expected share market activity;
 - Leases – 37 per cent higher than expected due to stronger than expected rent growth in some market sectors.
- The comparison of actual duties collected during 2000-01 with the 1999-2000 figure shows a one per cent increase in revenue collected during 2000-01. The major variations between the two financial years were in the following duty heads:
 - Contracts and conveyances – collections in 2000-01 decreased three per cent reflecting a slight slowing down in the property market after the artificially higher levels of activity prior to the introduction of the GST;
 - Share transfers – collections increased by 10 per cent representing continued strong turnover in stocks and new listings;
 - Insurance – collections increased by nine per cent due to increased premiums;
 - Mortgages - collections decreased by five per cent in conjunction with the decrease in contracts and conveyances duty;
 - Leases – collections increased by 30 per cent due to high rent growth in some market sectors and an increase in the number of leases renewed.
- With the termination of the First Home Purchase Deferred Payment Scheme on 31 July 1998, all revenue collected under the new scheme is now reported under Duties. The Estimate of \$1.2 million is based on total collections of the First Home Purchase Deferred Payments Scheme.
- OSR collects parking space levy imposed under the *Parking Space Levy Act 1992* on behalf of the Department of Transport (DOT). Parking space levy refunds totalling \$96 000 (1999-2000 - \$65 000) were paid during the year. OSR was reimbursed by the DOT from the Public Transport Facilities Fund Special Deposits Account.

The comparison of actual figures for 2000-01 and 1999-2000 show parking space levy revenue increased 177 per cent in 2000-01. This is attributable to the levy being increased from \$400 to \$800 per parking space for the CBD and North Sydney, and an extension of the legislation to include other districts at a rate of \$400 per parking space.
- The amount of land tax collected was six per cent below budget due to the late issue of assessments associated with the introduction of the new computer system. Clients have 30 days from the date of issue of the assessment to pay the liability in full or the first instalment.
- Health insurance levy experienced significant variances against both the budget for 2000-01 and actual receipts for 1999-2000. Revenue collected was 42 per cent higher than anticipated for 2000-01 and 49 per cent higher than receipts for 1999-2000. At the time of preparing the Budget estimates, the number of people still joining health funds was underestimated.
- Tax equivalents relate to Federal income tax and Sales tax equivalents paid by Government Trading Enterprises (GTE's). Included in the duties and land tax figures are duties and land tax equivalents amounting to \$14 000 and \$6.9 million respectively (1999-2000 - \$66 000 and \$3.7 million) which certain GTE's are required to pay.
- Keno collections were 31 per cent lower than anticipated. This does not include an amount of \$680 000 collected in July 2000 by the Department of Gaming and Racing (DGR). This amount will be reported in their financial statements. Keno is an unpredictable tax that is totally reliant on player behaviour.
- On 1 January 2001, OSR became responsible for collecting revenue from the racing industry. The 2000-01 budget for these revenue types, and the revenue collected up to 31 December 2000, are to be reported by DGR in their financial statements for the year ended 30 June 2001.

New South Wales Treasury

Revenue earned

	Actual 2001 \$'000	Actual 2000 \$'000
<i>Taxes, fees, fines, penalties and interest</i>		
Duties	4 668 370	4 695 961
First home purchase	<u>18</u>	<u>66</u>
Total Duties	4 668 388	4 696 027
Parking space levy	45 404	14 685
Pay-roll tax	4 524 941	4 480 186
Land tax	942 681	903 647
Debits tax	318 692	322 364
Electricity levy	123 682	116 535
Accommodation levy	10 284	68 836
Health insurance levies	<u>89 600</u>	<u>59 911</u>
Sub Total taxes, fees, fines, penalties and interest	<u>10 723 672</u>	<u>10 662 191</u>
<i>Gaming and Racing</i>		
Keno tax	7 145	-
Bookmakers betting tax	2 623	-
Totalizator tax on and off course totes	63 512	-
Fixed Odds Sports betting	604	-
Fixed odds racing betting	46	-
Footytab	<u>487</u>	<u>-</u>
Sub total Gaming and Racing	<u>74 417</u>	<u>-</u>
Total taxes, fees, fines, penalties and interest	<u>10 798 089</u>	<u>10 662 191</u>
<i>Other</i>		
Tax equivalents	445 858	359 721
Unclaimed money	8 530	9 128
Other revenue	<u>959</u>	<u>1 421</u>
Sub total Other	<u>455 347</u>	<u>370 270</u>
Total Revenue earned	<u>11 253 436</u>	<u>11 032 461</u>

- In accordance with the Crown Entity's revenue recognition policy, tax equivalents are recognised as revenue when cash is received.
- The First Home Purchase Deferred Payment Scheme instalment arrangements were terminated on 31 July 1998. Revenue for 2000-01 represents interest charged on annual instalments that are overdue. Revenue generated from the new scheme is now recognised under duties.
- An accrual of \$78.0 million representing unissued land tax assessments relating to current and prior years has been brought to account. The comparative figure for 1999-2000 was \$29.4 million.

End of Audited Financial Statements

Auditor-General's Opinion - insert here



New South Wales

TREASURY

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