



annual report
2018/2019

Department of Finance, Services and Innovation

Copyright details

NSW Department of Finance, Services and Innovation annual report 2018/19

ISSN: 2207-0265

Author

Department of Customer Service (DCS) formerly the Department of Finance, Services and Innovation (DFSI)

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Office of the Secretary

The Hon Victor Dominello MP
Minister for Customer Service
GPO Box 5341
SYDNEY NSW 2001

The Hon Kevin Anderson MP
Minister for Better Regulation and Innovation
GPO Box 5341
SYDNEY NSW 2001

Dear Ministers

I am pleased to submit the final annual report for the NSW Department of Finance, Services and Innovation for the year ended 30 June 2019 for presentation to Parliament.

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

The report includes annual reports for the:

- Board of Surveying and Spatial Information
- Geographical Names Board of NSW
- NSW Procurement Board
- Registrar General
- Surveyor General
- Valuer General (extract).

The report has the annual reports of the following entities as appendices:

- Long Service Corporation
- New South Wales Government Telecommunications Authority (NSW Telco Authority)
- Rental Bond Board
- Valuer General.

The annual reports of the Long Service Corporation, NSW Telco Authority and Rental Bond Board were prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984*, the *Public Finance and Audit Act 1983* and regulations under those Acts.

The annual report of the Valuer General is prepared in response to a recommendation of the Joint Standing Committee on the Valuer General.

Yours sincerely

Glenn King
Secretary

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About this report

This report covers the Department of Finance, Services and Innovation (DFSI) and cluster agencies from 1 July 2018 to 30 June 2019.

Chapter 5 of this report, titled 'DFSI-related entities' reports', contains annual reports for the:

- Board of Surveying and Spatial Information
- Geographical Names Board of NSW
- NSW Procurement Board
- Registrar General
- Surveyor General
- Valuer General (extract).

The DFSI annual report is available at <https://www.customerservice.nsw.gov.au/about-us/publications-and-reports/annual-reports> and www.opengov.nsw.gov.au/about.

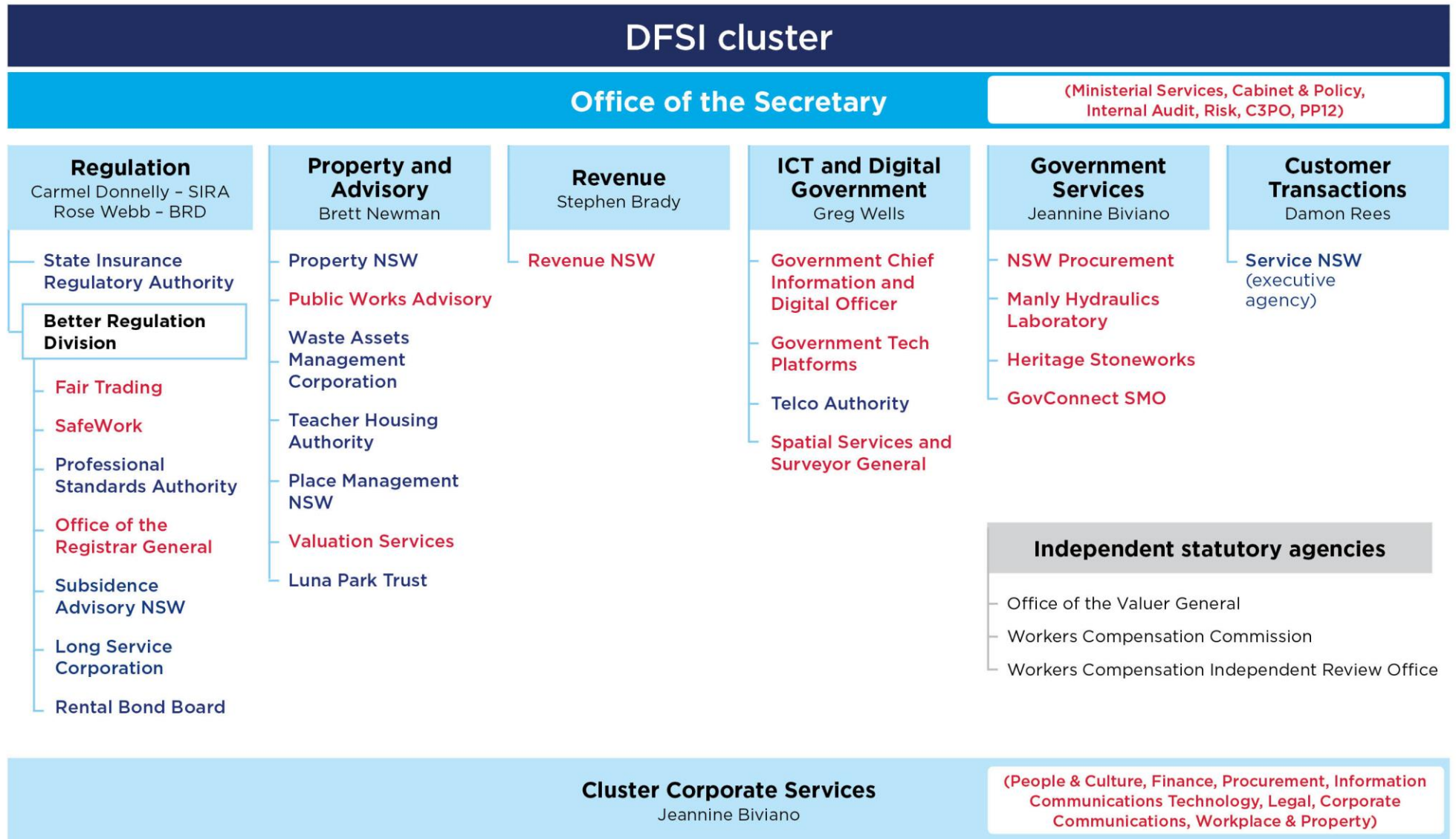
The annual reports of the following entities are included as appendices to the DFSI annual report:

- Long Service Corporation: <http://www.longservice.nsw.gov.au/>
- NSW Government Telecommunications Authority: <https://www.telco.nsw.gov.au/>
- Rental Bond Board:
http://www.fairtrading.nsw.gov.au/ftw/About_us/Publications/Annual_reports.page
- Valuer General: <https://www.valuergeneral.nsw.gov.au/>

The following entities produce their own separate annual reports as required under legislation:

- NSW Architects Registration Board: <http://www.architects.nsw.gov.au/publications>
- Building Professionals Board: <http://bpb.nsw.gov.au/>
- Professional Standards Councils: <https://www.psc.gov.au/news-and-publications/publications>
- Property NSW (Property NSW, Waste Assets Management Corporation, Teacher Housing Authority of NSW and Place Management NSW including Luna Park Reserve Trust):
<https://www.property.nsw.gov.au/about-us>
- Service NSW: <https://www.service.nsw.gov.au/about-us/annual-reports>
- State Insurance Regulatory Authority: <https://www.sira.nsw.gov.au/corporate-information/annual-reports>
- Workers Compensation Commission: <https://www.wcc.nsw.gov.au/publications/annual-review>
- Workers Compensation Independent Review Officer (WIRO): <http://wiro.nsw.gov.au/publications>

Functional structure*



Head department

Statutory entity

*includes major DFSI entities only

Secretary's message

The reporting year has seen the Department of Finance, Services and Innovation (DFSI) cluster continue to make significant progress against NSW Government's key priorities and drive innovation in the way government does business and provides services to the people of NSW.

This will be the final annual report for DFSI. From 1 July 2019, many of the core functions, services and associated agencies were transferred to become part of the newly formed Department of Customer Service. The outstanding work and successful achievements accomplished by DFSI since its formation in July 2015 will contribute to building a strong base for the new cluster to be at the forefront of delivering the best customer service possible for the citizens of NSW.

Importantly, I would like to acknowledge the significant contribution and leadership provided by Martin Hoffman, who led the DFSI cluster as Secretary from August 2015 until April 2019.

DFSI highlights and achievements for 2018/19 are outlined in Chapter 2 of this annual report and reflect the ongoing commitment the DFSI cluster has made to enhancing services and transforming the way NSW Government works with and delivers for the citizens of NSW.

It has been a significant year with far too many achievements to be able to capture them all in this report. There were many highlights that deserve recognition. DFSI led the implementation through Service NSW of the Creative Kids vouchers to support school-age children to participate in creative and cultural activities across the State.

The Digital Driver Licence trial was expanded to the Sydney metropolitan area and the regional city of Albury, to gain insights in a cross-border environment.

The cluster continued to lead the way in terms of digital innovation making interacting with government easier. The digital 'Feedback Assist' tool was rolled-out across nearly 200 government websites to make it easier for customers to provide their ideas, compliments and complaints and the online NSW FuelCheck tool had 600,000 downloads and over 9 million website hits to 30 June 2019.

The department also continued its commitment to reform and streamline regulatory processes with the revision of the compulsory property acquisition standards to support property acquiring agencies to deliver an improved customer experience. The passage through Parliament of the Better Business Reforms created opportunities for small businesses by reducing costs and complexity without reducing consumer protections.

The package of reforms includes extending licence periods, making it easier for tradespeople to get the qualifications they need to work in the motor vehicle industry, and requiring businesses to be upfront and clear about any terms and conditions that could significantly impact customers.

DFSI continued its important work leading NSW Government's role to promote safe and healthy workplaces. The NSW Mentally Healthy Workplaces Strategy 2018–22 was launched through Safework NSW and is the government's first comprehensive package to address mental health in the workplace. It represents the biggest commitment made by any government in Australia's history to improving the mental health of Australian workers.

In addition, DFSI focused on ensuring its staff promoted good workplace practices, introducing a flexible working policy in December 2018, in line with the NSW Government's requirement that all roles in the government sector be offered on a flexible basis. To facilitate this, we also introduced cloud based collaborative tools and state wide video conferencing.

All these tools and policies enable our people to work from anywhere at any time, such as home, other office locations, in job share arrangements and at variable hours that are more flexible to their needs.

Thank you to everyone who contributed ideas, passion and hard work to help deliver the many achievements realised through DFSI during 2018/19. You should be very proud of what has been achieved.

Yours sincerely

A handwritten signature in black ink, appearing to be 'GK' with a small flourish at the end.

Glenn King
Secretary

1 About Finance, Services and Innovation

1.1 Who we are

Responsibilities and services

The NSW Department of Finance, Services and Innovation (DFSI) was a service provider, regulator and central agency of government and a federation of government activities with a shared purpose. The DFSI cluster covered six broad functions: regulation, property and advisory, revenue, ICT and digital government, government services and customer transactions.

Each function included a range of entities and a broader range of responsibilities and services. DFSI's main responsibilities were:

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

Changes during the reporting period

From 1 July 2018, responsibility for administering the *State Records Act 1998*, and the State Archives and Records Authority of New South Wales (SARA) were transferred to the Minister for the Arts. SARA staff were transferred from DFSI to the then Department of Planning and Environment.

The Mine Subsidence Board was abolished on 1 January 2019 and was replaced by the Chief Executive of Subsidence Advisory NSW, the latter being a business unit in the Better Regulation Division. The Chief Executive has a range of functions under the *Coal Mine Subsidence Compensation Act 2017*.

DFSI-related entities

The following related entities existed outside the principal office's administrative body and were established pursuant to legislation but were administratively operated within the cluster:

Finance, Services and Property portfolio

- Board of Surveying and Spatial Information (BOSSI)
- Geographical Names Board of New South Wales (GNB)
- Luna Park Reserve Trust

- New South Wales Government Telecommunications Authority (Telco Authority)
- New South Wales Procurement Board
- Office of the Valuer General
- Place Management NSW
- Property NSW
- Service NSW
- State Insurance Regulatory Authority (SIRA)
- Teacher Housing Authority of New South Wales (THA)
- Waste Assets Management Corporation (WAMC).

Innovation and Better Regulation portfolio

- Building Professionals Board
- Long Service Corporation
- NSW Architects Registration Board
- Professional Standards Council
- Rental Bond Board.

Changes after the reporting period

The following entities and business units were transferred to the new Customer Service cluster commencing 1 July 2019:

Customer Service portfolio

- Behavioural Insights Unit
- Data Analytics Centre
- Digital, Content and Sponsorships Branch
- Government Communications Branch
- Independent Liquor and Gaming Authority
- Independent Pricing and Regulatory Tribunal (IPART)
- Information and Privacy Commission (IPC)
- Liquor and Gaming (part of the Liquor, Gaming and Racing Division)
- NSW Registry of Births, Deaths and Marriages
- Office of the Customer Service Commissioner.

Better Regulation and Innovation portfolio

- Greyhound Welfare and Integrity Commission
- Liquor, Gaming and Racing Division
- Racing (part of the Liquor, Gaming and Racing Division).

Transfers to other portfolios

The following entities and business units were transferred to other clusters from 1 July 2019:

- Heritage Stoneworks
- Luna Park Reserve Trust
- Manly Hydraulics Laboratory
- NSW Procurement
- New South Wales Procurement Board
- Office of the Valuer General
- Place Management NSW
- Property NSW
- Public Works Advisory
- Teacher Housing Authority of New South Wales
- Waste Assets Management Corporation.

1.2 What we do (during the reporting period)

Office of the Secretary

In 2018/19, the Office of the Secretary was comprised of the following business units:

- Cabinet and Policy Team
- Corporate Planning, Performance and Portfolio Office
- Internal Audit and Risk
- Ministerial Services
- Policy Projects Team
- Premier's Priority 12 (Customer Satisfaction) Team.

Service NSW

Service NSW is an executive agency offering one-stop-shop access to the NSW Government's services. Service NSW offers a multi-channel network comprising Service NSW centres, two contact centres, and a website and app that provide coverage to more than 98 per cent of NSW local government areas.

Service NSW prides itself on delivering world-class customer service to the people of NSW and continues to maintain a customer satisfaction score of over 97 per cent.

Revenue NSW

Revenue NSW is NSW's principal revenue collection authority and collects around \$30 billion each year, providing over one-third of the state budget to fund and deliver essential core services for NSW citizens. We provide grants, manage unclaimed money, and offer socially responsible ways for vulnerable customers to satisfy their debts.

Revenue NSW's objectives are to collect revenue due to the state efficiently and provide the best possible experience for our customers and staff. We do this by:

- using data to understand our customers
- making it easy to engage with us through simplified digital processes
- being fair and engaging with empathy
- developing our staff and providing them with the technology and tools to do their jobs in a flexible environment.

To best serve our customers, Revenue NSW will continue to transform by investing in our people, modernising our work culture, optimising systems and making it easier to deal with us. The Revenue NSW transformation plan will allow us to enhance what we are doing today to further improve the wellbeing of the people of NSW.

Better Regulation Division

Better Regulation Division (BRD) creates a responsive regulatory environment that aims to make NSW safe, fair and competitive for consumers, businesses and workers. BRD delivers regulation which:

- is modern, innovative and collaborative
- makes it competitive to do business
- is responsive to our customers' needs
- protects the community we serve
- gives people confidence to engage in economic and social activities.

NSW Fair Trading

NSW Fair Trading is the NSW Government's consumer protection agency. It safeguards consumer rights, regulates specific industries and occupations and advises traders on fair and ethical business practices.

SafeWork NSW

SafeWork NSW is the state's workplace health and safety regulator. It works with the community to reduce work-related fatalities, serious injuries and illnesses while making it easier to do business safely.

The following BRD agencies report as individual entities to the Deputy Secretary, Better Regulation:

Office of the Registrar General

The Office of the Registrar General is an independent regulator overseeing the performance of the land title registry operator (NSW Land Registry Services).

Long Service Corporation

The Long Service Corporation manages portable long service schemes for workers in both the building and construction, and contract cleaning industries in NSW.

Emergency Services Insurance Levy Monitor

The Insurance Monitor is an independent statutory officer who works to detect and prevent prohibited conduct associated with the emergency services levy reform, in line with the *Emergency Services Levy Insurance Monitor Act 2016*.

The Insurance Monitor reports to the Treasurer but is situated within DFSI to reinforce the independence of the Monitor from government direction.

Subsidence Advisory NSW

Subsidence Advisory NSW supports NSW communities living in areas where there is the possibility of mine subsidence. The agency has three key functions:

- regulating development in declared Mine Subsidence Districts to help protect communities and their homes from potential subsidence damage
- operating a 24-hour emergency response service to respond to subsidence safety issues, such as subsidence sinkholes arising from historical mining
- managing and paying compensation claims for damage to homes and other surface improvements arising from subsidence from historical or current underground coal mining.

Professional Standards Authority

The Professional Standards Authority is the national agency hosted by the NSW Government supporting the Professional Standards Councils in regulating occupational associations to facilitate and promote consumer protection.

The Authority does this through improvements in professional standards and appropriate compensation for occupational liability under professional standards schemes.

Loose Fill Asbestos Implementation Taskforce

The Loose Fill Asbestos Implementation Taskforce administers the loose fill asbestos Voluntary Purchase and Demolition Program by assisting affected homeowners, purchasing and demolishing contaminated properties and returning remediated sites back to owners or the community.

The program is available to home owners whose property is identified through private testing as being affected by loose fill asbestos.

State Insurance Regulatory Authority

The State Insurance Regulatory Authority (SIRA) regulates mandatory insurance schemes in NSW. It is a statutory body and a NSW government agency (constituted under section 17 of the *State Insurance and Care Governance Act 2015*) and is governed by a board. As the regulator of workers compensation, home building and motor accidents compulsory third party (CTP) insurance schemes in NSW, SIRA's goals are:

1. People injured on the road or at work, or who suffer financial loss while building a home, can easily make a claim for the compensation available to them under legislation.
2. People injured on the road or at work have access to treatment and support that will genuinely help them to recover and carry on with their life.
3. People who own a vehicle, employers and home building contractors can purchase the insurance they are required to hold at an affordable price.

SIRA stewards these schemes to ensure they deliver on these goals. SIRA does this by ensuring insurers, medical and legal professionals, and other scheme providers and stakeholders work together to deliver the best possible outcomes for claimants and policyholders.

ICT and Digital Government

Led by the Government Chief Information and Digital Officer (GCIDO), the ICT and Digital Government (IDG) is the home of technology, responsible for driving digital transformation and developing digital capacity in the NSW Government through collaboration across clusters. IDG aims to improve integration with a focus on customer service and a citizen-centred approach, applying a whole-of-government lens to its work and relationships with key stakeholders.

IDG provides strategic governance, advisory, assurance and functions to support clusters and the citizens of NSW. This includes government data centres (GovDC), Government Radio Network (GRN) services, ICT procurement and cyber security.

Also, IDG is home to the Surveyor General and Spatial Services – the key provider of spatial information services, surveying and mapping information and land and property services for the people, businesses and government of NSW, and for interjurisdictional agencies.

Government and Corporate Services

Government and Corporate Services (GCS) provides strategic policy, advisory, transaction and assurance functions and specialist services that support the government sector (including procurement, water modelling and monitoring services, and heritage stoneworks). It also leads the benefits realisation of the outsourced transactional shared services of DFSI and other agencies. GCS supports and enables all DFSI divisions and business units to deliver efficient, centre-led customer and client-focused support services via the corporate operating model.

Property and Advisory Group

Property and Advisory Group (PAG) includes Property NSW, Place Management NSW, Waste Assets Management Corporation, Teacher Housing Authority and Public Works Advisory. PAG is focused on excellence in property, infrastructure and places. We deliver continuous improvement and innovation. Our approach is to collaborate with stakeholders to deliver government objectives for the community.

PAG's services include:

- leading property reform
- portfolio and asset management
- delivering transactions and major projects
- place making and heritage conservation
- valuation services, and
- infrastructure advisory services.

Property NSW is responsible for strategic real property asset management issues and also manages government office accommodation and other generic assets. Property NSW's focus is on the strategic review, acquisition, divestment and greater utilisation of the government's real property assets and precincts, which results in better visitor experiences and services for the people of NSW.

Place Management NSW is responsible for the government's key precincts of Darling Harbour and The Rocks. Place Management NSW manages heritage assets and is a key agency in delivering state significant events.

The Waste Assets Management Corporation focuses on maximising efficiencies of its land fill operations and managing the rehabilitation and maintenance of closed land fill sites.

Housing Services (incorporating the Teacher Housing Authority) provides and maintains suitable and adequate housing accommodation for teachers. It plans the provision of a coordinated housing service for teachers in regional and remote communities across NSW.

Public Works Advisory supports local and state government agencies in the delivery of infrastructure projects by providing expert advisory services. This includes providing advice on how to enlist the services of 'best-fit' providers and assisting with project delivery oversight and assurance. Public Works Advisory's services are built on a foundation of more than 160 years of effective delivery and management of critical infrastructure projects for NSW.

Following the state election in 2019, the various functions of the Property and Advisory Group were distributed to a number of other agencies and PAG ceased operating from 1 July 2019.

1.3 Principal officers (during the reporting period)

Glenn King

Secretary, Department of Customer Service (2 April 2019 – 30 June 2019)

Glenn King has an extensive background in customer service, distribution, operations, digital, employee development and organisational change. He was previously a Deputy Secretary within Premier and Cabinet, where he was leading the Premier's Priorities, and the NSW Customer Service Commissioner, where he worked on initiatives such as Active Kids, Return and Earn, and Cost of Living. Prior to the NSW Public Service, he held numerous executive roles in banking both domestically and internationally and in the not-for-profit sector.

Martin Hoffman

Secretary, Department of Finance, Services and Innovation (1 July 2018 - 1 April 2019)

Martin Hoffman was appointed DFSI Secretary in August 2015. He was previously Deputy Secretary in the Commonwealth Department of Industry and Science (and its predecessors) from July 2010 and worked particularly on resources and energy matters. Martin holds an MBA (Hons) from the Institute for Management Development in Lausanne, Switzerland, a Master of Applied Finance (Macquarie) and a Bachelor of Economics (Sydney). He completed the Executive Fellows program at the Australia New Zealand School of Government in 2009 and was awarded the James Wolfensohn Public Service Scholarship to study at the Harvard Kennedy School in 2013.

Dawn Routledge

Executive Director, Office of the Secretary

Dawn Routledge was appointed Executive Director of the Office of the Secretary in July 2018 following a temporary appointment as Acting NSW Government Chief Information and Digital Officer. Dawn holds a Master of Arts and Law from University College London and the University of Northumbria. She is a graduate of the Australian Institute of Company Directors.

Damon Rees
Chief Executive Officer, Service NSW

Damon Rees was appointed Chief Executive Officer of Service NSW in November 2017, having filled the role on an interim basis from September 2017. Damon holds an Executive Master of Business Administration degree from the University of Sydney.

Stephen Brady
Deputy Secretary, Revenue NSW
Chief Commissioner of State Revenue, Commissioner of Fines Administration

Stephen Brady was appointed as the Deputy Secretary, Revenue NSW, Chief Commissioner of State Revenue and Commissioner of Fines Administration in July 2015. Prior to joining Revenue NSW, Stephen was a Deputy Secretary in the NSW Department of Premier and Cabinet and NSW Treasury. In addition to 17 years' experience in NSW Government, he has 15 years' experience in investment banking and corporate management. Stephen holds honours degrees in Commerce and Law from the University of Queensland.

Rose Webb
Deputy Secretary, Better Regulation, Commissioner for NSW Fair Trading

Rose Webb was appointed as Deputy Secretary, Better Regulation and Commissioner for NSW Fair Trading on 6 November 2017. Before joining DFSI, Rose worked as the Chief Executive Officer of the Hong Kong Competition Commission. Prior to this, she served in leadership roles at the Australian Competition and Consumer Commission and the Australian Securities and Investments Commission. Rose holds a double degree in Economics and Law from the Australian National University and has a Master of Laws from the University of Sydney.

Carmel Donnelly
Chief Executive, State Insurance Regulatory Authority

Carmel Donnelly is the Chief Executive of the State Insurance Regulatory Authority. Carmel holds an Executive Master of Business Administration from the Australian Graduate School of Management, a Master of Public Health from the Faculty of Medicine at Sydney University, and a Bachelor of Arts (Honours Psychology) from the University of Sydney. Carmel is a Graduate Member of the Australian Institute of Company Directors and an Associate Fellow of the Australasian College of Health Service Management.

Greg Wells
Government Chief Information and Digital Officer

Greg Wells became the Government Chief Information and Digital Officer in July 2018, making him the NSW Government's most senior technology executive. Greg holds an honours degree in Electrical Engineering from the University of NSW. Greg's extensive career in government technology has included leading the delivery of a multi-agency platform to help protect children at risk with the NSW Department of Family and Community Services, and running NSW Health's ICT strategy, policy governance and operations as the Chief Information Officer, where he was recognised with the Australian Healthcare CIO of the Year award in 2014.

Jeannine Biviano
Deputy Secretary, Government and Corporate Services

Jeannine joined DFSI on 3 April 2017 in the position of Deputy Secretary, Government and Corporate Services. Jeannine is a Fellow of the Institute of Chartered Accountants, a graduate of the Australian Institute of Company Directors and holds a Master of Economics from Macquarie University and Bachelor of Business from University of Technology Sydney.

Sam Romaniuk

Acting Deputy Secretary, Property and Advisory Group and Acting Chief Executive Officer, Property NSW (18 April 2019 – 30 June 2019)

Sam Romaniuk was appointed Acting Deputy Secretary, Property and Advisory Group on 18 April 2019. Sam has more than 20 years' experience in strategy, portfolio management, corporate development and direct property investment. He joined Property NSW in August 2013 as Chief Executive Officer and Executive Director of Place Management NSW.

Brett Newman

Deputy Secretary, Property and Advisory Group and Chief Executive Officer, Property NSW (1 July 2018 – 16 April 2019)

Brett Newman joined Property NSW as Government Property NSW's Chief Executive Officer in April 2013 and was the Deputy Secretary of the Property and Advisory Group until 16 April 2019. Brett led the NSW Government's owned and leased property portfolio as CEO of Property NSW, was Chair of the Teacher Housing Authority and the Strategic Property Transactions Committee and participated in several government-wide strategic steering committees.

Prior to leading Property NSW, he held numerous senior executive positions with organisations such as Blackstone, Westpac, Stockland, Challenger and Macquarie Bank. He was awarded the Public Service Medal in 2017 for outstanding public service to property and asset management in NSW.

(Note: The Property and Advisory Group was dissolved on 1 July 2019.)

2 Highlights and achievements

2.1 Better Regulation Division

Civil penalties for Digital Marketing and Solutions Pty Ltd

NSW Fair Trading launched proceedings against Digital Marketing and Solutions Pty Ltd (Digital Marketing) trading online as Android Enjoyed and Camera Sky and its director Yuen Ho Wong.

This followed 637 consumer complaints to NSW Fair Trading between January 2017 and July 2018 about purchases made through Android Enjoyed and Camera Sky. The complaints generally related to failing to supply mobile phones, cameras and camera accessories within a reasonable time or failure to supply at all. In addition, there were complaints that products supplied did not meet standards for supply, were not of acceptable quality and that, on a number of occasions, consumers were not given refunds.

On 4 April 2019, the NSW Supreme Court imposed civil penalties of over \$3 million against Digital Marketing and Solutions Pty Ltd (Digital Marketing) trading online as Android Enjoyed and CameraSky and its director Yuen Ho Wong after proceedings were taken by NSW Fair Trading. The Court ordered Digital Marketing and Solutions to pay \$2.25 million for contravening the Australian Consumer Law (NSW). The Court also fined Mr Wong \$900,000 and barred him from being a director of a corporation. Digital Marketing and its websites no longer trade in Australia.

Fair Trading Legislation Amendment (Consumer Guarantee Directions) Bill 2018

The *Fair Trading Legislation Amendment (Consumer Guarantee Directions) Bill* passed both houses of Parliament in August 2018. The amendment contains more than 40 reforms that include significant red tape reductions for small businesses and better transparency measures for consumers. These reforms give the Commissioner for NSW Fair Trading the power to:

- direct a business to repair, replace or refund goods
- provide fairer, quicker and cheaper resolution for consumers and businesses
- stop ongoing financial harm suffered by consumers, and
- address market distortions.

Charitable Fundraising Amendment Bill 2018

The *Charitable Fundraising Amendment Bill* passed both houses of Parliament in October 2018. This reform enhanced the *Charitable Fundraising Act 1991* to improve accountability, the traceability of funds and misrepresentations made in the course of conducting fundraising appeals and increase maximum penalties to align with other states. It allows charities to raise money under a streamlined administration process with clearer fundraising guidelines.

Residential Tenancies Amendment (Review) Bill 2018

The NSW Parliament passed a series of amendments to the *Residential Tenancies Act 2010* which are designed to increase protection and certainty for renters, while ensuring that landlords can protect their investment and effectively manage their properties.

The reforms included further protections for victims of domestic violence so that tenants who need to escape a violent partner will be able to terminate their tenancy immediately and without penalty in circumstances of domestic violence.

Falls from Height Campaign

SafeWork NSW conducted a 'falls safety blitz' that resulted in visits to over 1,000 sites. During the blitz, 1,258 notices and 93 on the spot fines to the value of \$265,680 were issued to address safety concerns. The key findings from the 'blitz' have been used to inform the current Scaff Safe program which commenced on 1 April 2019. This is just one focus of SafeWork's Towards Zero Falls from Heights Campaign. SafeWork Inspectors are visiting sites across NSW to ensure that businesses understand the safety requirements involved in creating a safe environment for workers using scaffolding and those working from heights.

Easy to do WHS

The online digital Making it Easy to do WHS in NSW toolkit was launched in October 2018 to make it easier for the 700,000-plus small businesses in NSW to comply with their workplace, health and safety obligations. The toolkit provides a free, simple self-assessment along with links to relevant advice and services which help small businesses take practical steps to improve health and safety in the workplace.

It is accessible on any device and is part of SafeWork NSW's redeveloped website. This site provides up-to-date content, information and safety videos, which can be translated into multiple languages. A Young Workers eToolkit was also developed to support and promote young workers' safety.

Newly Licensed Trader Program

NSW Fair Trading launched a consumer-centric education program for newly licensed traders in the motor trades (dealers, repairers and recyclers) as well as pawnbrokers and second-hand dealers. The program spotlights the importance of compliance for their business. This program along with NSW Fair Trading's proactive visits to business premises, means traders are better able to understand how to be compliant with the relevant legislation.

This initiative also provides traders with an ongoing point of contact with Fair Trading to assist their customer journey. Fair Trading conducts regular follow-up visits to ensure businesses are supported and informed. Since its inception in May 2018 through to end June 2019, almost 1,200 new traders have benefitted from this program. The feedback from traders has been overwhelmingly positive.

Webchat

The NSW Fair Trading website offers the following real-time enquiry options that allow customers to quickly get answers on Tenancy, Buying Products and Services (BPS) or Building matters:

- live chat provides fast online support during business hours where customers can chat with an agent to ask questions about relevant matters
- Chatbot supports the live chat service and uses decision trees to take customers through a series of questions to obtain an answer
- QnA maker uses artificial intelligence (AI) to answer free text questions from customers at any time of the day.

Customer Improvements for Long Service Corporation

Long Service Corporation has made digital improvements to support customer service including:

- customised electronic messaging to workers and employers with easy-to-use links to further information
- a newly designed tax agent portal enabling faster, easier lodgement of client information, and
- emailed claim forms which speeds up the claims process.

2.2 State Insurance Regulatory Authority

Premium reductions and CTP refunds

The average Green Slip premium for passenger vehicles has continued to fall following the introduction of the 2017 Compulsory Third Party (CTP) Scheme. In June 2019, the average Green Slip premium was \$490, the lowest enjoyed by NSW motorists since 2012. Buying the best priced Green Slip was made even easier, with enhancements to SIRA's price comparison tool, Green Slip Check. Motorists can now use their driver's licence number to auto-complete fields and can click through to any CTP insurer to buy their policy once they have compared prices.

Over 2.8 million Green Slip checks were carried out over 2018/19. During 2018/19, over \$75.5 million in CTP refunds were claimed by eligible NSW vehicle owners.

Countering fraud in the CTP Green Slip scheme

SIRA continued to work closely with the NSW Police Force's Financial Crimes Squad to deter, detect and prosecute suspected unlawful activity conducted under the CTP scheme. As a result, there were six arrests and around 22 fraud-related charges laid to the value of around \$610,000 in 2018/19.

Improving customer outcomes in the workers compensation system

New measures designed to improve the experience and outcomes for workers, employers and others involved in the NSW workers compensation system commenced in 2018/19, including:

- new Standards of Practice outlining clear and enforceable expectations for effective claims management and insurer conduct and which are supported by streamlined and consolidated Workers Compensation Guidelines
- changes to the workers compensation dispute resolution system to simplify the process, including provisions to reduce or prevent disputes, new pathways for enquiries and complaints and changes to allow SIRA to more effectively undertake its regulatory and oversight functions
- new laws making it quicker and easier for eligible NSW firefighters diagnosed with certain cancers to access workers compensation.

Health Strategy

In January 2019, SIRA created a dedicated Health Strategy division designed to achieve optimal customer outcomes for the 100,000 people who seek compensation through SIRA's schemes. The Health Strategy division focuses on injury and illness prevention, driving best practice care, evidence-based recovery and developing a supporting strategic research agenda.

Initiatives include the SIRA-led Recovery@Work program which was launched under the NSW Government's Mentally Healthy Workplaces strategy. The program aims to deliver easy, practical help for employers and workers, which is evidence informed and guided by people with lived experience of mental health issues.

New online tools

SIRA launched new online tools to help people better understand their rights and obligations in the NSW workers compensation and home building compensation schemes, including:

- **HBC Assist** which helps homeowners, builders, tradies, owner-builders and developers understand when home building compensation cover may be required for a building project
- **Return to Work co-ordinator training** which is free online training for return to work coordinators and employers working in the NSW workers compensation system. The training helps coordinators and employers understand their role, the importance of recovery at work in improving outcomes and how employers can meet their workers compensation obligations.

2.3 ICT and Digital Government

OneGov

OneGov is an e-Government platform in the Digital.NSW division that supports the government's commitment to provide simpler services to the people of NSW. During 2018/19, OneGov managed 10.7 million licence records across 151 different licence and service types. OneGov provided and supported two applications, NSW FuelCheck and CertAbility, on the Apple Store and Android Play Store, recording combined website visits of over 3.5 million during the reporting year.

OneGov helped to enable:

- the delivery of greyhound licensing for the Greyhound Welfare and Industry Commission
- Toll Relief Refunds for Service NSW
- CTP reform, Home Building Compensation Fund reform and Rideshare reform for the State Insurance Regulatory Authority.

Liquor & Gaming Megaform

The OneGov team worked in partnership with the Office of Liquor, Gaming & Racing to deliver a digital application that enables the entire liquor licence application to be completed through a digital channel improving customer experience and reducing processing time. A first for the state of NSW. Prior to this, new applicants were required to either submit their application on paper or use a combination of existing online and paper forms.

Toll Relief phase 2

From 1 July 2019, the Toll Relief program reduced the cost of vehicle registration for eligible drivers. The program enables drivers who spend \$15 or more a week on tolls to be eligible for half-priced vehicle registration. Drivers who spend \$25 or more a week on tolls continue to receive free rego. This has enabled more NSW citizens to access the scheme.

Digital.NSW Accelerator (DNA) – Life Journey Mapping

IDG established a new service design and customer-centred approach across agencies for cross sector mapping of life journeys, with all of government layered opportunities (service providers, pain point analysis, reusable components, accessibility and data). This work has led to a formal life journey work program, including delivery of new services and efficiencies.

Digital Design System

The Digital Design System was developed to support better digital service design and delivery across NSW Government through a common Digital Design Standard, a reusable components library, code library, guidance and reference implementations of great services using human-centred design and digital public infrastructure.

buy.nsw – NSW Government Digital Procurement Transformation Program

buy.nsw is the anchoring point for the Digital Procurement Transformation Program, delivering a smart, seamless, user-centred system for people who sell to, buy for and provide procurement advice for the NSW Government. buy.nsw hosts a supplier hub and policy library for ICT services. In the supplier hub, ICT suppliers can register to sell to government, manage their profile and access opportunities. Buyers can find suppliers who best meet their needs.

The policy library gives buyers access to relevant policies, directions and other guidance. Over time, buy.nsw will meet the end-to-end needs of buyers and suppliers. buy.nsw will continue to evolve and create solutions for all types of procurement.

Critical Communications Enhancement Program

The Critical Communications Enhancement Program (CCEP) has continued to progress and expand its coverage across NSW. During 2018/19, the availability of the public safety network continued to perform above the Service Level Agreement of 99.95 per cent. Of the 369 sites that are funded for construction, 103 sites have completed environment and design approval. Some 51 CCEP sites have been successfully constructed and 34 sites are operationally accepted. The Greater Metropolitan Area has remained a priority region and has been tracking ahead of re-forecasted targets.

Government data centres

The NSW Government's digital and private cloud community steadily grew in 2018/19 as agency migrations continued into GovDC facilities. DFSI committed to building new data halls in Silverwater and Unanderra to support ongoing demand from NSW agencies and other public sector organisations.

Digital Twin

Spatial Services achieved a key milestone with the launch of a Digital Twin proof of concept to capture and display real-time 3D and 4D spatial data to model the built and natural environment. The release of a minimal viable product in late 2019 will provide coverage of the Western Sydney City Deal. This real-world interactive digital model of NSW communities will facilitate better planning, design and modelling and support better evidence-based decision making for NSW's future needs.

GDA2020 (Geocentric Datum of Australia 2020)

Spatial Services' GDA2020 project achieved two key milestones towards implementing the new national geocentric datum GDA2020 as the official horizontal datum for NSW. Data is available through CORSnet-NSW, Australia's largest Global Navigation Satellite System (GNSS) and SCIMS online (NSW's Survey Control Infrastructure Management System).

The Datum modernisation from GDA94 to GDA2020 is required to accommodate the increasing accuracy and improved spatial resolution available from modern positioning technologies and account for the continuous shift of the tectonic plate of the Australian continent (7cm/year to the north-east, about 1.8m since the last datum update). It will also ensure high-accuracy and nationally-consistent data capabilities.

Cyber Security NSW

Cyber Security NSW provides an integrated approach to preventing and responding to cyber security threats across NSW, safeguarding our information, assets and services. Launched on 28 September 2018, the NSW Government Cyber Security Strategy outlines a risk-based approach to safeguarding data and critical government services. The NSW Cyber Security Policy released in February 2019 helps to strengthen cyber security capability across NSW. The Cyber Security Incident Emergency Sub Plan was approved by the State Emergency Management Committee in December 2018 and aims to protect the community from potential consequences of a significant incident or crisis.

2.4 Property and Advisory Group

Cockle Bay Wharf Upgrades

In September 2018, \$15 million upgrade works to wharves and jetties at Darling Harbour's Cockle Bay were completed. The upgrade provided three new, direct entry links to ICC Sydney, Harbourside and the Australian National Maritime Museum. The upgraded wharf and floating boardwalk were designed to give pedestrians improved accessibility and greater leisure and water-based transport options.

New Teacher Housing Authority (THA) Accommodation

In September 2018, the Teacher Housing Authority of NSW announced the completion of a \$2.8 million project to provide more housing for teachers in Broken Hill and Walgett. In Broken Hill, the flexible design dwellings are made up of four units on two parallel blocks. The units can be configured into either a single bedroom and a four-bedroom unit or a two-bedroom and a three-bedroom unit. In Walgett, the flexible design dwellings comprise four-bedroom units at each of the two locations.

Pymont Bridge Restoration

The NSW Government commenced work on the \$23 million structural restoration of Pymont Bridge at Sydney's Darling Harbour. Pymont Bridge, which opened in 1902, is one of the oldest surviving electrically operated swing-span bridges in the world. It has been recognised as a National Engineering Landmark and is state-heritage listed. Work to replace and restore the timber pier-sets will be completed in late 2019 and a second package of works to restore the timber truss-spans will commence in early 2020.

Office space Utilisation and Decade of Decentralisation

Over 2018, Property NSW successfully managed a reduction in office space utilisation for the portfolio (regional, metro and CBD office) from 14.3m²/FTE to 13.7m²/FTE. The group also had oversight of a reduction in Sydney CBD office space of more than 22,000m² in 2018/19. The NSW Government has now reduced CBD office space by 97,574m² since 2011.

2.5 Revenue NSW

Strong budget and economy

Efficient administration of revenues

Revenue NSW provides services to over three million customers each year across various taxes, fines, fees, debts and grants products. In 2018/19, Revenue NSW collected record revenue of \$30.46 billion and identified Tax Compliance Revenue of \$529.5 million. Amendments to the legislative portfolio provided improvements to customer experience and more efficient administration:

- *Fines Act 1996* – in June 2018, the NSW Government announced the first review and reform of parking and other fines in decades. Since then, Revenue NSW has implemented a suite of reforms designed to introduce a fairer and more common-sense approach to parking fines in NSW. Two key changes were parking fine reductions and a grace period for parking.
- *Payroll Tax Act 2007* – Revenue NSW has started introducing changes in response to a review led by the NSW Productivity Commission. The review examined administrative arrangements for compliance with the legislation, but not payroll tax rates or thresholds that were outside the scope of the review. Implementation of these recommendations will make it easier to do business in NSW by reducing the paperwork for payroll tax compliance and enhancing business productivity.
- Amendments to the *Betting Tax Act 2001* (effective 1 January 2019) were introduced to provide for a Point of Consumption tax and introduce a 10 per cent tax on all wagers placed by NSW residents, regardless of the location of the wagering operator.

Housing affordability

First homebuyers are returning to the NSW housing market, with the number of people taking advantage of the NSW Government's stamp duty concessions more than tripling since the government introduced its housing affordability package last year.

In 2018/19, Revenue NSW supported this important government priority by:

- granting 29,394 First Home Buyers Assistance Scheme concessions and exemptions for buying their first home or vacant land, totalling \$446 million

- paying 7,994 First Home Owners Grants to build a new home, totalling \$86.7 million
- identifying and assessing \$265.9 million in revenue from foreign persons resulting from surcharges for duties of \$166.3 million and land tax of \$99.5 million.

Central government debt agency

The passing of the *State Debt Recovery Act 2018* enabled state and local government authorities to partner with Revenue NSW to deliver community outcomes for all sectors of society and special provision for collections activity regarding vulnerable people.

Revenue NSW has signed 11 authorities as clients: Ambulance NSW, State Insurance Regulatory Authority, SafeWork NSW, NSW Fair Trading, Professional Standards Authority, Burwood Council, Mosman Council, IPART, Point to Point Commission, Water NSW and Fire and Rescue NSW.

Customer experience

Making it easier for customers to do business with us

Revenue NSW has made it easier for customers to nominate the person who is liable for their fine by introducing an electronic interface – eNomination. In 2018/19, 282,168 fines nominations were submitted electronically, allowing more than 10,000 customers to access the interface. This has achieved over 70 per cent usage of the platform enabling reduced customer effort and time.

We revised the *Review Guidelines – Fairer outcomes for NSW* and published a new *Review Assist – Fairer outcomes for NSW* document on our website to make it easier for customers to assess their circumstances and consider their options for appealing.

Revenue NSW has designed and implemented a continual improvement program based on customer and staff ideas. In 2018/19, we received 1,093 staff and customer improvement ideas. We have implemented over 300 suggestions and achieved a 10 per cent reduction in customer complaints.

Utilising the Revenue NSW outbound dialler, the collection centre has proactively contacted more than 85,000 customers to inform them that their fine is about to be overdue or subject to a sanction. This approach helps them to avoid additional costs and inconvenience. It also has improved revenue collection. This is an increase of 35,000 calls from the last financial year. We also enhanced our working relationship with Service NSW, resulting in that agency managing 58,247 calls, an increase of 62 per cent compared to the last financial year and providing an improved customer experience.

Revenue NSW set up a working party with staff from the NSW Department of Justice to work on improving communication and processes for Work and Development Order (WDO) program sponsors. The sponsors are part of an WDO program that allows eligible people who have a mental illness, intellectual disability or cognitive impairment; are homeless; are experiencing acute economic hardship; or have a serious addiction to drugs/alcohol/volatile substances to satisfy their fine debt through unpaid work with an approved organisation or by undertaking certain courses or treatment. In 2018/19, Revenue NSW approved 31,286 WDO applications, resolving over \$43.1 million in debt.

Supporting the introduction of eConveyancing and increasing digital services

Revenue NSW supported the NSW Government's introduction of eConveyancing by introducing a new web portal for solicitors and conveyancers to lodge their duties transactions electronically. In 2018/19, in excess of 110,000 settlements were performed electronically. Revenue NSW joined with the Office of the Registrar-General and property industry bodies (the Law Society of NSW and Australian Institute of Conveyancers) to socialise, educate and promote the start of eConveyancing.

World class public service

Retention of ISO27001 certification

Revenue NSW successfully retained ISO27001 certification. No major non-conformance and a small number of minor non-conformance/opportunities for improvement were identified. Revenue NSW was highly commended for our enterprise risk management and disaster recovery practices and maturity.

We led a steering committee to design a Fairer Penalty Notice System, taking both a design thinking and behavioural insights approach to better enable customer education and safety outcomes. This will improve service delivery through simplified processes and ensure customers better understand their rights and obligations. It will also improve access to information and enhance staff capability.

Our leadership resulted in a number of awards:

- Revenue NSW Customer Experience team was awarded the Service Champions, CX Team of the Year at the 2018 Australian Service Excellence Awards, a prestigious industry award across the private and public sectors.
- Revenue NSW Collections Centre was a finalist in the Innovation Category at the AusContact Awards for its work on All My Information. This category recognises excellence in the implementation and results of change initiatives or improvement programs, and innovative approaches to business-as-usual activities. It is judged on the impact of the change to the business, not the size, scale or complexity of that change. The collections centre competed against private and public sector organisations at these premier industry awards.

Revenue NSW relocated over 200 roles to a new state-of-the-art building in Gosford as part of the government's commitment to creating jobs in the Central Coast region.

2.6 Service NSW

Helping millions of customers

In 2018/19, Service NSW continued to deliver a high standard of customer service. The customer satisfaction rating was 97 per cent for Service NSW centres, 98 per cent for Service NSW's website and 95 per cent for customers calling the Service NSW contact centres.

Service NSW is now accessible to more citizens, with 101 Service NSW centres opened as at the end of 2018/19, including 73 in regional NSW. Overall, Service NSW has 148 points of presence which includes the Service NSW centre network, 32 council agencies, 13 library self-serve kiosks, and two mobile service centres, covering over 98 per cent of NSW local government areas.

Service NSW had over 53 million interactions with customers in 2018/19, either in Service NSW centres through two contact centres or online, with 3.3 million customers providing feedback on their experience. Over 1 million new MyServiceNSW accounts were created during the reporting period.

Helping the people of NSW with their Cost of Living

In July 2018, Service NSW launched its Cost of Living service, which allows customers to view, access and apply for rebates and savings. By mid-2019, more than 70 rebates and savings were available through the NSW Government. The Cost of Living service can be accessed via a Savings Finder tool on the Service NSW website, over the phone or through an appointment with a Cost of Living specialist at participating Service NSW centres.

As of 30 June 2019, over 26,500 Cost of Living specialist appointments had been completed, saving customers an average of \$550. Over 1.4 million people accessed the online Savings Finder tool. Through Cost of Living rebates and savings, the people of NSW saved more than \$1.5 billion by the end of the financial year.

Major Cost of Living initiatives include:

Toll Relief

Frequent toll road users in NSW could claim free registration if they had spent at least \$1,300 in the previous financial year (about \$25 per week) on road tolls. In 2018/19, Toll Relief provided more than 86,000 free registrations, returning over \$36 million to toll road users. On 1 July 2019, the program was extended to provide half price rego to people who spend at least \$780 (about \$15 per week) in a financial year.

Active Kids

Service NSW is continuing to deliver the Active Kids program in partnership with the Office of Sport. The program helps reduce barriers to participating in sport and active recreation activities and reduce childhood obesity by allowing parents to claim a \$100 voucher for each school-aged child to use for the costs of participating in sport and fitness activities.

On 1 July 2019, a second \$100 voucher was made available to parents. The two \$100 vouchers will be made available at the same time from 2020. Parents can claim the vouchers through their MyServiceNSW account. As of 30 June 2019, more than 1.3 million Active Kids vouchers had been created, with more than 1 million vouchers redeemed.

Creative Kids

Service NSW is also delivering the Creative Kids program which complements the Active Kids program. Parents across NSW can claim a \$100 voucher for every school-aged child to help meet the cost of creative and cultural activities outside of school. Parents can claim the voucher through their MyServiceNSW account. As of 30 June 2019, more than 260,000 Creative Kids vouchers had been created, with more than 130,000 vouchers redeemed.

CTP Refund

The CTP Green Slip insurance scheme for motorists allowed refunds for more than four million NSW motorists who paid for their CTP green slip prior to price reductions which occurred in December 2017. Customers can claim the refund through their MyServiceNSW account. At the end of the financial year, more than 3.2 million refunds for policies had been claimed by motorists and businesses, worth over \$193 million.

Energy Switch

Service NSW launched Energy Switch in November 2018, allowing customers to compare household electricity plans and switch to a different plan if they find a better deal. It was extended in June 2019 to include household gas. Using the Service NSW online platform, customers can upload their electricity or gas e-bill. Comparable electricity or gas plans with other providers are then displayed, providing customers with the option to switch to a cheaper plan or new provider.

By the end of the financial year, more than 8,350 households initiated a change in their electricity plan or provider, saving more than \$3.7 million. Since the expansion of Energy Switch, more than 540 households initiated a change in their gas plan or provider, saving more than \$71,000.

Community engagement and expansion of the Service NSW footprint

In 2018/19, Service NSW expanded its services with 11 new Service NSW centres opening in rural and regional communities. By the end of 2018/19, 73 of the 101 Service NSW centres were located in regional NSW. More centres have opened in rural and regional areas in the 2019/20 financial year, and work has begun on the staged roll-out of 10 new Service NSW centres in metropolitan Sydney over the next four years.

Service NSW held or participated in 483 community engagement events including local community fairs, charity drives and expos. Service NSW also visited seniors' groups and schools to boost awareness of the many services available through Service NSW.

Service NSW for Business

Service NSW continued to expand its Easy to do Business program in 2018/19. Easy to do Business is a partnership between Service NSW (the lead agency), the NSW Small Business Commissioner and the Better Regulation Division.

The program comprises a Business Concierge service to provide free, personalised support and step-by-step guidance to navigate local, state and federal government requirements to help businesses open, run or expand faster, with reduced regulatory burden. The Business Concierge contacts business owners within one business day and is their single point of contact.

A digital platform is also available with a personalised dashboard, helping business owners manage their progress. The digital platform is available to businesses in the café, restaurant and small bars industry and the housing construction industry. How-to guides also provide industry specific information in a further three sectors. Local councils sign up to the program, enabling the Business Concierge team to liaise directly with them on a customer's behalf to assist with applications and council requirements.

By the end of the financial year, 110 local councils across NSW had signed up to the Easy to do Business program, representing 91 per cent of the NSW population. More than 3,100 businesses have signed up to the Easy to do Business concierge service since February 2018.

Digital Driver Licence

In 2018/19, Service NSW continued to trial a Digital Driver Licence (DDL) ahead of a statewide roll-out scheduled for the second half of 2019. DDL holders will be able to use the licence as proof of identity or permission to drive.

Following a successful trial in the Dubbo area which began in November 2017, a further trial began in Sydney's Eastern Beaches in October 2018 to test the use of the DDL in an area with a higher concentration of licensed venues. A further DDL trial began in May 2019 in the Albury area to test the use of the DDL in a cross-border environment.

By the end of the financial year, more than 18,500 drivers had a DDL. Once rolled out statewide, the DDL will be available to 6.2 million eligible drivers.

Mobile service centres

Service NSW has rolled out two mobile service centres, enabling greater access to government services for residents of rural and regional NSW. They are custom-fitted buses that travel on set routes in the Central West and Northern NSW, offering most of the digital services and transactions available in traditional Service NSW centres. Mobile service centres have a 100 per cent customer satisfaction rating.

By the end of the financial year, more than 900 customers had completed over 1,200 transactions at mobile service centres, saving 225 hours in travel time. Mobile service centres will also visit aged care homes and attend community events such as the Easter Show, and the Christmas in July Festival in Queanbeyan. Service NSW's Cost of Living appointment service is also offered through the mobile service centres, which customers can access on the spot.

Two additional mobile service centres will be rolled out in late 2019 to serve additional regional communities. The mobile service centres will also be available in the event of emergencies and natural disasters.

2.7 Government and Corporate Services

Small and Medium Enterprises (SME) and Regional Procurement Policy

In February 2019, the NSW Government launched the Small and Medium Enterprises (SME) and Regional Procurement Policy for goods and services. The policy aims to increase participation of SMEs in government procurement through a range of initiatives.

These initiatives include making it easier to buy directly from an SME for values up to \$50,000, requiring government agencies to consider SMEs for values up to \$250,000 and to consider SMEs in all procurements valued above \$3 million through specific evaluation criteria.

SMEs are given a voice and the ability to provide anonymous feedback on their experience with government procurements through a new feedback tool.

Aboriginal Procurement Policy and Aboriginal Participation in Construction policy

The Aboriginal Procurement Policy (APP) and the revised Aboriginal Participation in Construction (APIC) policy were launched on 1 July 2018. The APP aims for Aboriginal owned businesses to be awarded at least three per cent of all domestic contracts for goods and services issued by NSW government agencies by 2021. The APIC policy requires 1.5 per cent of the value of construction contracts over \$1 million to be directed toward Aboriginal participation including employment, education or training of Aboriginal people or subcontracting of Aboriginal-owned businesses.

The APP and APIC policy have a joint target to support an estimated 3,000 FTE employment opportunities by 2021. The policies include purchasing permissions for agencies to make it easier to buy directly from Aboriginal-owned businesses.

Procurement Accreditation Program

In November 2018, the NSW Procurement Board launched its new Accreditation Program for Goods and Services Procurement. The program aims to establish minimum standards, manage risks, promote the delivery of outcomes towards strategic priorities and drive continuous improvement and capability development across government procurement. Government agencies can attain one of two accreditation levels with each level having minimum requirements for accreditation and a different authority to procure. Accredited agencies are required to submit annual self-reporting to track year-on-year performance and tangible contribution of the accredited agency's procurement function.

Manly Hydraulics Laboratory – NSW Government Modelling and Monitoring Hub

Manly Hydraulics Laboratory led the establishment of the central Modelling and Monitoring Hub in 2018 providing government agencies and state-owned corporations information and water knowledge sharing capability. The hub recognises that inter-agency collaboration is essential at a time of unprecedented drought conditions and water management reform.

Water modelling and monitoring underpins water management and operations, from the inland river basins to the coastal rivers and shores. NSW encompasses significant spatial and seasonal variability in hydrological conditions, while supporting Australia's major populations in urban centres that are highly concentrated along dynamic riverine/floodplain, estuarine and coastal oceanic shores.

The hub provides government state-owned corporations access to trustworthy, accessible, cost-effective information derived from fit-for-purpose models and data, resulting in policy reform and creation, and the establishment of planning and decision frameworks that are evidence-based and scientifically defensible.

In the first year of operation, the hub delivered two foundational projects that outline state wide modelling and monitoring capabilities, activities and needs. The projects also assessed key focus areas necessary to further improve sharing of water models and data across the sector. For more information see www.mamh.nsw.gov.au.

2.8 Office of the Secretary

Provision of support to Finance, Services and Innovation Cabinet process

The Office of the Secretary provided advisory and project management support to the Finance, Services and Innovation cluster Cabinet process. The Office of the Secretary also continued to provide support to the Local Infrastructure Sub-Committee of Cabinet co-chaired by the Treasurer and Minister for Finance, Services and Property. The sub-committee coordinated and had strategic government oversight of local infrastructure projects valued between \$500,000 and \$100 million.

Central Register of Restrictions Error Program

The Office of the Secretary finalised and closed the Central Register of Restrictions (CRR) Error Program which was set up in May 2017 to compensate 582 property owners affected by an error

relating to land and property information not being uploaded to the CRR about Roads and Maritime Services (RMS) interests relating to the M5 and F6 projects.

The program corrected the CRR error and compensated those affected with 77 per cent of eligible claims paid, totalling \$5.3 million. A total of 25 properties were successfully acquired and divested in a softening property market by 30 June 2019.

Home Building Insurance ex-gratia compensation

In 2018/19, the NSW Ombudsman directed DFSI to establish an ex-gratia compensation scheme to investigate and compensate individuals affected by the negligent and unlawful activities of the Australian Construction and Building Group Pty Ltd (ACBG). The Office of the Secretary worked with a former NSW Judge who was appointed to independently assess those affected by ACBG. This resulted in ex-gratia compensation being paid to six individuals for out-of-pocket costs above and beyond those covered by the Home Building Compensation Fund, and for stress and disruption suffered. Ex-gratia paid to those affected totalled \$1.72 million.

Non-Governmental Organisation (NGO) Capability Building Tool

The Social Innovation Council released the NGO Capability Building Tool in November 2018. The NGO Capability Building Tool is a free online tool that allows organisations delivering human services to self-assess against ten capabilities related to customer-centred service delivery. The tool is voluntary and confidential and allows organisations of all sizes, including those that are not subject to formal accreditation processes, to assess their capability and demonstrate their standard of performance. After completing the tool, organisations receive links to government capability building resources to encourage continuous improvement.

The NGO Capability Building Tool was developed in partnership with the NSW human services sector. The Office of the Secretary worked closely with the NSW Council of Social Service and NSW Family Services as well as NSW government departments responsible for delivering human services. The tool received a positive reception from the sector and is now being used by NGOs for continuous improvement. To date, 440 NGOs have accessed the tool.

Implementation of eApprovals solution

The Office of the Secretary, with support from the department's ICT division, successfully implemented a digital workflow solution, eApprovals, to make correspondence between our customers and the ministers' offices easier and more efficient, and to allow for electronic approvals and digital signing. eApprovals was originally rolled out in January 2019 with the focus on ministerial correspondence and expanded in June 2019 to cover internally generated briefings and other ministerial office requests.

The implementation of eApprovals has enabled a streamlined and consistent process to be adopted by the department and ministers' offices and, for the first time, document workflow and approval across the cluster is managed using a single solution.

Feedback Assist

The Office of the Secretary, along with the Customer Service Commissioner, led the delivery of the Premier's Priority on improving customer satisfaction with key government services. Research showed that complaint handling was directly linked to customer satisfaction. Since 2017/18, we have rolled out the Feedback Assist widget on almost 200 NSW government websites. Feedback Assist allows customers to easily provide compliments, complaints and suggestions while accessing websites. It also ensures a 'no wrong door' approach to feedback across government.

During 2018/19, more than 16,000 pieces of feedback were received via Feedback Assist. This real-time data analysis has allowed government agencies to improve their approach and their customer service.

2.9 Financial highlights

Net result

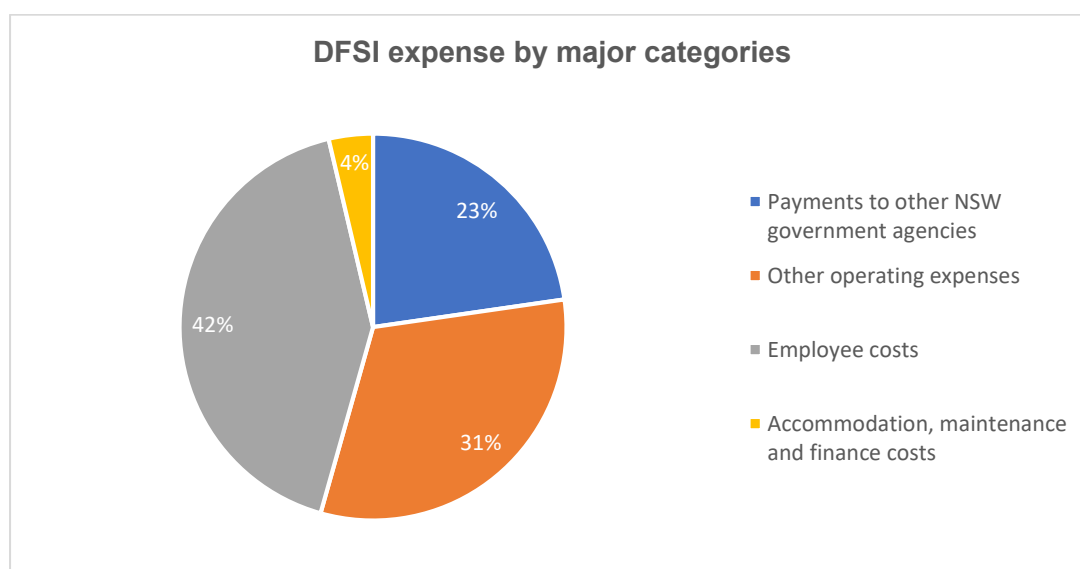
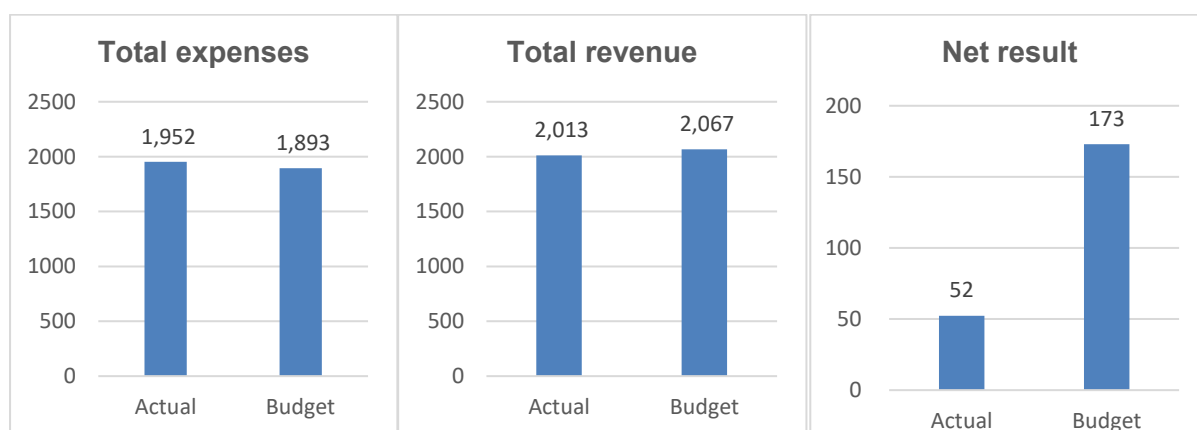
DFSI's net surplus for 2018/19 was \$52.4 million compared to a budgeted net surplus of \$172.9 million. The unfavourable variance of \$120.5 million is predominately due to DFSI's total expenses excluding losses being \$58.6 million higher than budgeted (excluding the amounts for gains/losses on disposal as well as 'other' gains/losses of \$7.2 million higher than budgeted), while DFSI's total revenue was lower than budgeted by \$54.7 million.

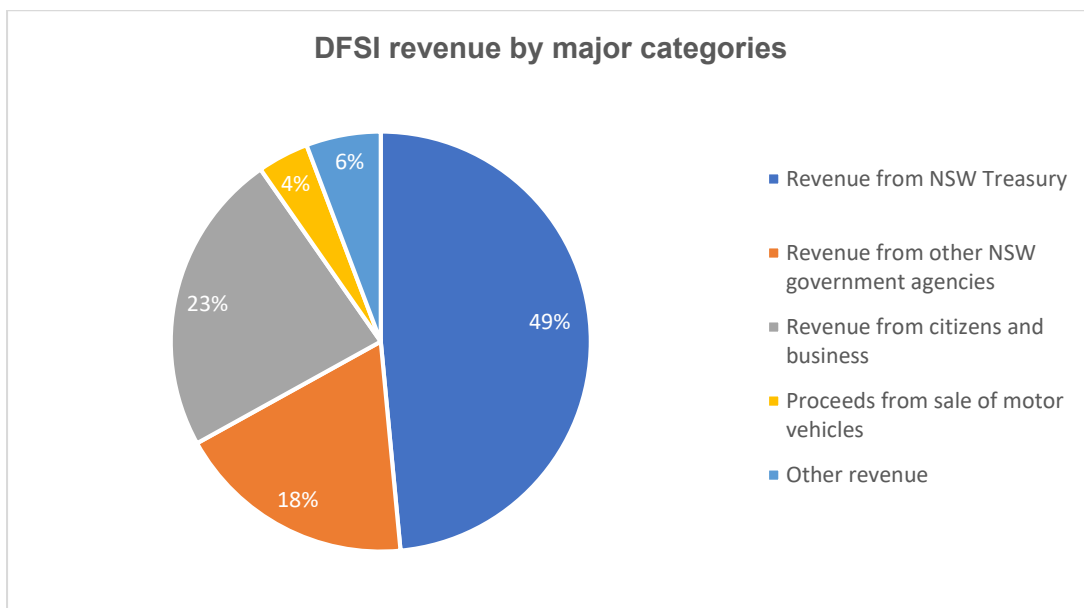
Expenditure for the financial year was higher than budgeted, primarily due to the following:

- increased depreciation costs due to a reduction in the lifespan of intangible assets to better align with actual life of the asset
- an increase in other operating expenses arising from higher levels of financial assistance being provided via land lease scheme to owners at the Mascot Towers units
- increased expenditure on IT network and remediation costs during the reporting period.

Revenue for the financial year was lower than budgeted, primarily due to:

- a decrease in funding provided by NSW Treasury relating to telecommunications programs and the programs being delayed to the next financial year 2019/20
- the transfer of the State Archives and Records Authority of NSW from DFSI to the then Department of Planning and Environment.





2.10 DFSI Secretary's Award 2018

Dare to Try – Creating an Innovation Mindset (individual)

Lesley Waldron, Service Delivery Lead, Service NSW

Over the past year, Lesley has been the frontline delivery lead for not just one, but four critical projects: Cost of Living, Creative Kids, Falcon Firearms, and CTP refunds. Lesley plays a key role in steering committees and acts as a subject matter expert and advisor to senior leadership on the best approach to project delivery to more than 2,000 frontline staff across NSW.

Lesley has been instrumental in leading the Service Centre training and communication and ensuring seamless delivery through the appropriate frontline resources. Her patience, resilience and relationship building skills are to be commended.

Dare to Try – Creating an Innovation Mindset (team)

SafeWork NSW Work, Health and Wellbeing team

The SafeWork Work, Health and Wellbeing team led an extensive consultation to develop the NSW Mentally Healthy Workplaces Strategy 2018-22. The strategy is the result of a collaboration between SafeWork NSW, SIRA and Insurance and Care NSW (icare). The team consulted with workers, academics, advocates, people who have experienced mental ill-health, and industry and worker representatives. The strategy aims to address mental health at work and includes a mass media campaign to raise awareness.

Excellence in Achievement (individual)

Duren Naidoo, Community Liaison Coordinator, NSW Fair Trading Laboratory

Duren, from the NSW Fair Trading Engagement and Complaints Unit Community Engagement team, succeeded in gaining accreditation for the agency as part of the Work and Development Order (WDO) scheme operated by Revenue NSW. The WDO scheme helps people with a mental illness, intellectual disability or cognitive impairment, serious addiction to drugs, alcohol or volatile substance, are homeless, or who are in acute economic hardship, reduce their fines.

Duren demonstrated a commitment to partnering with DFSI agencies, and an awareness of the importance of working collectively to build stronger communities. She maintains strong, trust-based relationships with people with confidence and flexibility to improve outcomes for NSW citizens.

Excellence in Achievement (team)

SAPConnect program team

The SAPConnect project team undertook the huge task of moving DFSI divisions and teams over to SAPConnect, a system that enables a single view of our finances and people. SAPConnect digitises our workflows, introduces greater self-service, and changes how we manage timesheets, leave arrangements and procurement. It provides better and quicker access to information and reporting, improving productivity, accuracy and governance.

The project involved upgrading network bandwidth at 56 sites, migrating around 3,000 people, engaging with 'super users', and planning education and training on future ways of working. This two-year journey has been an extraordinary team effort and achievement.

Leadership (individual)

Meagan McCool, Director Hazardous Chemical Facilities and Safety Management Audits, SafeWork NSW

As leader of SafeWork NSW's Hazardous Chemical Facilities and Safety Management Audits Directorate, and Chair of the Manufactured Stone Industry Taskforce, Meagan led her team during the first year of a five-year strategy to reduce exposure to hazardous chemicals by 30 per cent, particularly formaldehyde and crystalline silica exposure. The strategy includes workplace visits, awareness and safety education, research and legislative changes to protect the safety of workers.

Meagan represents SafeWork NSW at industry forums and is highly respected by her management team. She chairs several committees that develop best practice safety management systems to ensure our people are safe and protected at work.

Excellence in Regional Community Contribution (individual)

Narelle Bromilow, Project Manager, Public Works Advisory, Hunter New England Region

The John Hunter Children's Hospital Neonatal Intensive Care (NICU) redevelopment project aimed to expand the existing NICU to support increased demand for services within regional NSW. A major consideration of the delivery of the NICU project was how the construction could proceed within a fully operational hospital. Narelle's inclusive stakeholder engagement strategies, including regular meeting and forums, enabled the needs of the hospital community, NICU, construction contractor and hospital engineers to be identified. This helped Narelle implement strategies that allowed construction to proceed without adverse impact to clinical service delivery.

Excellence in Regional Community Contribution (team)

DFSI Joint Response Tathra Fires Natural Disaster Remediation and Recovery

Public Works Advisory South Coast Region and SafeWork NSW supported the community of Tathra after 66 homes were destroyed and a further 70 damaged by bushfires on 18 and 19 March 2018. Partnering with insurers and Bega Valley Shire Council, Public Works Advisory and SafeWork NSW teams worked with expert contractors experienced in managing the aftermath of natural disasters as part of an integrated response. Each agency facilitated an immediate and effective response to the natural disaster and demonstrated a cluster-based approach to government service delivery.

Jennifer Bates Memorial Award

Ellen Choulman, Better Regulation Division

Ellen joined DFSI in February 2017 as part of the graduate program and, after a short period of time, is now a Grade 9/10. Her career progression demonstrates her intelligence and capability and her significant potential to continue her professional development. Ellen also successfully led highly sensitive work to impose a new ban under the *Building Products (Safety) Act*, engaging with a range of internal and external experts to produce decision-related materials. Ellen is self-motivated and has a strong drive to keep working at a problem, no matter how complex.

3 Corporate performance

3.1 Strategic priorities

The NSW Government sets its key priorities for the state via the 12 Premier's Priorities and 18 State Priorities. During the reporting period, DFSI led accountability for the delivery of the Premier's Priority to improve government services. In addition, DFSI led accountability for two State Priorities:

- Make NSW the easiest state to start a business
- Seventy per cent of government transactions to be conducted by digital channels by 2019.

DFSI had a number of programs and projects to support the delivery of the State Priorities and was either on target or ahead of target for the related deliverables. DFSI improved satisfaction with government services in the customer and business segments from 2016 results.

DFSI also played a role in the delivery of programs and projects that supported other Premier's and State Priorities for which it was not the lead agency. These included:

- driving public sector diversity
- encouraging business investment
- protecting our credit rating
- delivering strong budgets
- increasing cultural participation.

The *DFSI Strategic Plan 2016-19* contained ministerial priorities and aligned to the state's whole-of-government strategic plan – *NSW Making It Happen*. It drove DFSI's organisational outcomes. The strategic plan had five organisational outcomes:

- Services – simplified, efficient services to improve customer satisfaction
- Innovation – an innovative NSW Government is digital, lean and connected
- Regulation – NSW is a competitive, fair and secure marketplace
- Finances – strong state finances are supported by effective property, asset and revenue management
- People – DFSI is a great place to work.

3.2 Strategic planning and performance framework

The DFSI strategic planning and performance framework was a suite of key corporate and divisional plans, reporting mechanisms and performance management tools that outlined and enabled the delivery of short, medium and long-term objectives and strategies to support the delivery of NSW government and corporate priorities.

The planning and performance framework improved accountability and transparency and supported an achievement-focused organisation. It included:

- *NSW: Making It Happen* priorities and other whole-of-government strategies and plans
- *DFSI Strategic Plan 2016-19*
- strategic corporate functional plans to manage corporate services delivery
- annual operational plans that detailed each division's (or business unit's) goals, objectives and accountabilities, aligned to the strategic plan and broader DFSI objectives
- individual work plans and performance development plans.

DFSI monitored and reported on performance through:

- regular external reporting to NSW government agencies and the public on governance, financial, services and project delivery, as well as other measures
- monthly reporting on delivery of the DFSI delivery plan to the DFSI Executive
- reporting to specific governance bodies, such as the quarterly Audit and Risk Committee
- weekly operational reporting to the DFSI Executive
- monitoring of senior executives' performance agreements
- individual performance goals and achievement via the myCareer and myPerformance platforms.

DFSI has procedures to monitor the outcomes of internal and external performance reviews, reports and inquiries. These include monitoring and reporting on:

- internal and external audit recommendations, including Audit Office Management Letter recommendations and performance audits
- other recommendations made to DFSI from external bodies, including the Independent Commission Against Corruption, the Coroner, and reviews by external consultants.

3.3 Performance review

An overview of DFSI's progress in 2018/19 against key performance indicators in DFSI's strategic plan is provided in the table below.

DFSI Outcome	Key Performance Indicator	Unit	Target	Actual				
				2014-15	2015-16	2016-17	2017-18	2018-19
Providing efficient and connected services to citizens, business and government	Improve customer satisfaction with key government services, every year ⁽¹⁾	NSW Government Customer Satisfaction Index (Consumers)	79.3% (2018-19)	76.7	78.7	79.3	78.9	80.9
		NSW Government Customer Satisfaction Index (Businesses)	81.2 (2018-19)	76.6	78.4	78.3	78.2	80.7
	Increase the number of NSW Government services delivered through SNSW channels ⁽²⁾	% agencies SNSW provide direct services for	90% (2017-18)	63%	78.3%	92.9%	100%	100%
Innovating and transforming the way government operates	70% of government transactions to be conducted via digital channels by 2019.	% government transactions conducted via digital channels	70% by 2019	37%	43%	57%	67%	69.7%
	Increase the proportion of NSW Government ICT infrastructure consolidated within GovDC.	kW capacity signed up by tenants in GovDC	Upward trend	1892 kW	2650 kW	3305 kW	4237 kW	4203 kW
	Reduce notifiable fatalities and serious injuries	No. (Fatalities) ⁽³⁾	60 (2020-22)	58 (2013-15)	58 (2014-16)	59 (2015-17)	54 (2016-18)	N/A
		Claims per 1,000 employees (Serious injuries) ⁽⁴⁾	9.45 (2021-22)	10.4	9.3	~	~	N/A
	Increased proportion of people within relevant schemes who are supported to return to employment or study ⁽⁵⁾	%	Upward trend			82%		81%

DFS Outcome	Key Performance Indicator	Unit	Target	Actual				
				2014-15	2015-16	2016-17	2017-18	2018-19
	Improve affordability of CTP premiums and share of premiums paid to injured road users, over time and compared to other states ⁽⁶⁾	% (Average Weekly Earnings)	35%	35%	37%	39%	29%	26%
Strengthening public sector finances and the wider NSW economy	Increased proportion of all state revenues owing that are collected	%	80% (2017-18)		95.3%	92.70%	91.30%	90.74%
	Increased savings returned to government through targeted procurement reforms. ⁽⁷⁾	\$	(4 year program \$436.4m)	\$0	\$40.3m ⁽⁸⁾	\$115.8m	\$133.4m	N/A
	Value of government property recycled	\$	\$400m	\$347m	\$432m	\$507m	\$489.5m	\$199.4m
We are a great place to work.	Improved DFSI staff engagement ⁽⁹⁾	%	Upward trend		61.70%	63%	64%	64%
	Exceed government employment targets for women in senior positions ⁽¹⁰⁾	%	50% by 2025	32.8%	35.8%	39.7% ⁽¹¹⁾	43.4%	47.1%
	Aboriginal and Torres Strait Islanders	%	3.3% ⁽¹²⁾	1.5%	1.8% ⁽¹³⁾	0% ⁽¹⁴⁾	2.4%	2.5%
	People with a disability requiring work related adjustment ⁽¹⁵⁾	%	1.5%	1.7%	2.2% ⁽¹⁶⁾	1.7%	1.9%	1.6%
	People with a disability ⁽¹⁵⁾	%	5.6% by 2027			6.5% ⁽¹⁷⁾	5.9%	5.2%

Notes

- (1) Derived from the NSW Customer Satisfaction Index 2016 for Consumers and Businesses.
- (2) Based on % of agencies for which SNSW provided direct services.
- (3) Figures are provided on a three-year rolling average from 2012–2018 by Safe Work Australia. Current results are preliminary. The data is subject to change only when data quality checks are applied in the future.
- (4) Data provided by Safe Work Australia.
- (5) Taken from Safe Work Australia current Return to Work rate. Data captured on a bi-annual basis and based on a 12-month rolling average.
- (6) CTP Premiums (all passenger vehicles) as a % of average weekly earnings.
- (7) Taken from YTD Savings (Jun 2016) for the Procurement Benefits Program; data for previous financial years were not available as agencies were responsible for achieving their own procurement savings target.

- (8) FY2015/16 NSW Procurement savings reform results have changed from \$40.3 million published in FY2015/16 to a new actual of \$36.5 million. This is due to the savings delivered through procurement reforms being reviewed and revised downward for years 2014/15 and 2015/16, due mostly to cumulative savings being reported rather than annual savings.
- (9) Taken from the Public Service Commission's People Matter Employee Survey (PMES).
- (10) Data prior to 2015/16 has not been adjusted to take into account changes in departmental structure nor machinery of government. Result as per Public Service Commission definition of a Senior Leader, that is, anyone with a wage on or above Senior Officer Grade 1.
- (11) In the 2016/17 DFSI annual report, the figure of 40.00% was published for year 2016/17. This figure has been adjusted to 39.70% to reflect the Workforce Profile Data.
- (12) During the publication of 2017/18 numbers, the target was adjusted from 2.60% to 3.30% as the target is a sliding increase for Aboriginal staff in the sector provided by the PSC. The change from 2.6% to 3.3% took place at the end of 2016/17 year.
- (13) During the publication of the 2015/16 annual report we published the figure of 2.50%. This was incorrect. This has been adjusted to 1.80%.
- (14) During the publication of the 2016/17 annual report, we published 4.10% for ATSI in 2016/17. This figure was incorrect due to a system error that incorrectly counted staff as identifying as Note 13 - ATSI that were not ATSI. We are unable to calculate the result for this year and will be reporting 0.0%.
- (15) During the publication of the 2017/18 figures, both disability metrics regarding disability targets were added as only displaying one is misleading.
- (16) During the publication of the 2017/18 figures, we found the value for 2015/16 was adjusted from 1.60% to 2.20% as the figure was incorrectly published.
- (17) During the publication of the 2017/18 figures, we found the value for 2015/16 was not shown in the table. The table has been updated to include this result of 6.50%.

4 Corporate governance

4.1 Governance principles and framework

DFSI had a collaborative governance model that provided broad corporate oversight across the cluster, covering corporate finance, corporate planning and performance, governance and risk, legal, people and culture, internal audit, as well as a network of project and program management offices.

DFSI had in place the following governance principles:

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

DFSI's primary governance body was the Executive Board, which met regularly during 2018/19. The following units provided additional oversight of corporate governance functions:

- Office of the Secretary, including:
 - Risk and Opportunity Management
 - Internal Audit
 - Corporate Planning, Performance and Portfolio Office
- Legal Services
- Corporate Finance
- People & Culture.

There were also a number of key governance support initiatives:

- DFSI Risk and Compliance Partners Community of Practice
- DFSI Business Continuity Management Community of Practice
- DFSI Information Governance Forum.

Audit

DFSI Audit and Risk Committee

During 2018/19, DFSI had an Audit and Risk Committee (ARC) in place, compliant with Treasury Circular TPP 15-03 – Internal Audit and Risk Management Policy for the NSW Public Sector. DFSI's Internal Audit and Risk Management Attestation Statement is provided in Appendix 6.17.

The ARC provided independent assistance to all participating entities by monitoring, reviewing and providing advice about their governance processes, risk management and control frameworks and their external accountability requirements. The ARC also provided assurance to the Secretary, as head of the cluster.

Internal Audit

DFSI Internal Audit (IA) provided independent and objective assurance and consulting advice to management. The Chief Audit Executive reported to the Secretary and the ARC quarterly on the risk-based IA work plan, and progress towards completion of the plan, as well as implementation of audit issues and recommendations.

During the year, IA undertook audits across the cluster covering a wide range of front-line services and back office support functions. Additionally, IA undertook investigations into complaints and public interest disclosures about alleged misconduct and provided advice to management on corruption prevention, risk and internal control improvements.

IA reviewed and updated, where necessary the following policies and frameworks:

- Conflicts of Interest Policy
- Fraud and Corruption Control Framework
- Fraud and Corruption Control Policy and Fraud and Corruption Control Plan
- Fraud and Corruption Internal Reporting Policy
- Gifts and Benefits.

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

External Audit

The Audit Office of NSW audited DFSI's consolidated financial statements as at 30 June 2019 and issued an unqualified audit opinion and Statutory Audit Report in early October 2019. The audit report highlighted the following significant governance matter.

GovConnect received seven ASAE 3402 assurance reports for the 2018/19 financial year – six for Infosys with unqualified opinions and one for Unisys with a qualified opinion. The qualified opinion related to exceptions found in testing in relation to logical access in network and operating systems and security monitoring within the IT environment. These included terminated Unisys and customer staff access not removed on a timely basis, terminated Unisys and Infosys employees retaining inappropriate general access, review of critical logs not performed, and instances of inappropriate access granted to backup administrators.

Deloitte issued Management letters to Unisys and Infosys that set out additional observations and areas for improvement in processes, with proposed actions to address the issues.

The Service Management Office (SMO) facilitated meetings between Deloitte and Infosys and the proposed actions have been agreed. The SMO will work with the GovConnect customers, Infosys and Unisys on mitigating controls to address weak or ineffective controls highlighted in ASAE 3402 reports. The SMO will continue to review and assess control monitoring as part of the quarterly self-attestation process conducted by the vendors Infosys and Unisys, along with continuing compliance monitoring. The 2018/19 Audit Report to Parliament is expected to be tabled in November 2019.

4.2 Accessing DFSI information

Government Information (Public Access) Act 2009 (GIPA Act)

The Act requires NSW government agencies to make mandatory disclosures of information, encourages proactive releases of information and provides mechanisms for individuals to apply to access government information. More information on how to access departmental information is available at: www.customerservice.nsw.gov.au/right-to-information.

Review of proactive release program

Under section 7(3) of the GIPA Act, agencies must review their proactive release of government information program at least once every 12 months. DFSI proactively released information about programs and initiatives, updated answers to frequently asked questions based on community feedback, listed policy documents for public access and provided statistical information about business operations.

Several divisions/business units maintained branded websites with targeted information for the people of NSW. These included SafeWork NSW, NSW Fair Trading, Revenue NSW, Property NSW, SIRA and the Telco Authority. DFSI's divisions routinely used these branded websites to release information free of charge when considered to be in the public interest, such as codes, guides, policies, procedures, reports and statistical information. Other documents could be accessed by contacting the relevant area via the contact details on their website.

NSW Fair Trading and SafeWork NSW used social media outlets including Facebook and Twitter to release information about new publications, codes and campaigns.

The Department of Customer Service will continue to review new records, policies, statistical information and other documents to determine what can be made publicly available.

Privacy and Personal Information Protection Act 1998 (PPIP Act) and the Health Records and Information Privacy Act 2002 (HRIP Act)

The PPIP Act contains 12 information protection principles regulating the collection, use and disclosure of personal information by NSW public sector agencies, and the HRIP Act contains 15 health privacy principles. These principles ensure that agencies collect personal or health information for lawful purposes and that such information is protected from misuse and unauthorised release.

NSW government agencies are required to prepare and implement a privacy management plan in accordance with section 33(1) of the PPIP Act. The DFSI privacy management plan outlined the types of information likely to be collected, how DFSI may use or disclose that information and how an individual could access information concerning them. The plan can be found at: www.finance.nsw.gov.au/sites/default/files/dfsi_pmp.pdf.

The DFSI plan, as well as some plans that are in place for agencies within DFSI, were designed to let the public know how personal and health information is handled. They were also used to train staff and inform policies and procedures regarding the handling of personal and health information. A privacy statement that provided a snapshot of privacy management practices supported the plans. More information about the SIRA plan can be found in the SIRA annual report.

Additional information about how DFSI managed its obligations under the PPIP and HRIP Acts, as well as links to other privacy management plans for agencies within DFSI, is available at www.finance.nsw.gov.au/about-us/privacy.

Applications made under the Privacy and Personal Information Protection Act 1998

Access request applications under section 14 of the PPIP Act

In 2018/19, DFSI received no formal access applications by individuals requesting their personal information under the PPIP Act. However, DFSI dealt with numerous informal requests by individuals requesting their personal information. These informal requests are generally dealt with directly by DFSI business units when dealing with members of the public.

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

In 2018/19, DFSI received four applications for internal reviews under the PPIP Act.

Government Information (Public Access) Act 2009 statistics

During 2018/19, 906 access applications under the GIPA Act were received, including withdrawn applications but not including invalid applications. There were 21 access applications refused, either wholly or in part because the application was for disclosure of information for which there is conclusive presumption of overriding public interest against disclosure. The data are from the following DFSI divisions:

- Office of the Secretary
- Government and Corporate Services
- ICT and Digital Government (including State Archives and Records Authority)
- Revenue NSW
- Property and Advisory Group
- Better Regulation Division (including NSW Fair Trading, SafeWork NSW and the Office of the Registrar General).

These figures include 757 applications regarding information held by SafeWork NSW that were processed by a dedicated Right to Information Unit in the Better Regulation Division.

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

Applicant type	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm / deny information held	Application withdrawn
Media	6	9	2	7	2	2	0	0
Members of Parliament	6	5	0	2	2	1	0	0
Private sector business	11	18	11	10	4	5	0	4
Not-for-profit organisations or community groups	4	5	3	0	2	1	0	0
Members of the public (application by legal representative)	17	339	117	103	6	8	0	17
Members of the public (other)	29	107	21	20	6	6	1	32

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

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

Application type	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm / deny information held	Application withdrawn
Personal information applications ²	5	5	0	3	1	1	0	11
Access applications (other than personal information applications)	37	35	6	22	13	6	1	12
Access applications that are partly personal information applications and partly other	31	443	148	117	8	16	0	30

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

Table C: Invalid applications

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	79
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	1
Total number of invalid applications received	80
Invalid applications that subsequently became valid applications	47

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

Reason	Number of times consideration used ³
Overriding secrecy laws	0
Cabinet information	3
Executive Council information	0
Contempt	1
Legal professional privilege	15
Excluded information	3
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0
Information about complaints to Judicial Commission	0
Information about authorised transactions under <i>Electricity Network Assets (Authorised Transactions) Act 2015</i>	0
Information about authorised transactions under <i>Land and Property Information NSW (Authorised Transaction) Act 2016</i>	0

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

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

Reason	Number of occasions when application not successful
Responsible and effective government	209
Law enforcement and security	105
Individual rights, judicial processes and natural justice	614
Business interests of agencies and other persons	294
Environment, culture, economy and general matters	1
Secrecy provisions	10
Exempt documents under interstate Freedom of Information legislation	0

Table F: Timeliness

Timeframe	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	815
Decided after 35 days (by agreement with applicant)	28
Not decided within time (deemed refusal)	24
Total	867

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

Review type	Decision varied	Decision upheld	Total
Internal review	11	11	22
Review by Information Commissioner ⁴	6	7	13
Internal review following recommendation under section 93 of Act	3	1	4
Review by NCAT (NSW Civil and Administrative Tribunal)	3	4	7
Total	23	23	46

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

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

Applicant	Number of applications for review
Applications by access applicants	16
Applications by persons to whom information the subject of access applications relates (see section 54 of the Act)	30

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

Type of transfer	Number of applications transferred
Agency-initiated transfers	25
Applicant-initiated transfers	1

Information in other annual reports

Some agencies within DFSI and cluster-related entities publish their own annual reports. Further information about how those divisions of DFSI and the related entities handle their privacy and GIPA ACT matters, as well as statistical information about matters under the PPIP Act, HRIP Act and GIPA Act, can be found in their annual reports (listed in 'About this report').

5 DFSI-related entities' annual reports

5.1 Board of Surveying and Spatial information

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

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

Key achievements

During the past year, BOSSI continued to deliver its strategic goals and provide leadership and guidance to the surveying and spatial information professions. Highlights for 2018/19 included:

- developing, publishing and implementing a new strategic plan for the period 2019 to 2021+
- addressing 30 complaints, including:
 - non-registered persons undertaking land surveys (14)
 - candidate surveyors (3)
 - allegations of incompetence against registered surveyors (13)

The board currently has court action pending against one non-registered person. Of the 13 complaints against registered surveyors, one was proven, two were not proven, two were withdrawn and eight are in the process of investigation.

- reviewing and updating the following BOSSI Determinations and publications:
 - BOSSI Charter
 - Registration Examinations: Guidelines for Land Surveying Assessments
 - Continuing Professional Development Determination
 - Guidelines for Field Notes
 - Guide for Professional Conduct
 - Policy for the Consideration of Complaints against Surveyors
- publishing 'What is a land survey' document to provide a uniform understanding across the surveying and allied professions of the definition of a land survey in response to the increased number of land surveys by non-registered surveyors in NSW
- continuing development of initiatives and procedures for registered surveyors to renew their annual registration on time and enable digital payments
- presentations by the Surveyor-General or members of the Board at over 20 industry events.

Mission

The board ensures confidence is maintained in the integrity and provision of focused and sustainable survey and spatial information services for the benefit of the community and economy of NSW.

Aims and objectives

The board strives for excellence and accepts the community is entitled to expect reliable and professional service at reasonable cost. The board's philosophy is to ensure public confidence is maintained in the provision of survey and spatial information services. Confidence in the correct description and location of land is essential to our economy and to every citizen with property interests.

The board's aims and objectives cover three key areas:

- Qualifications:
 - maintain the register of registered land and mining surveyors
 - grant registration to surveyors under the provisions of the *Surveying and Spatial Information Act 2002*
 - establish minimum competency standards
 - maintain credibility of the register by ensuring surveyors with overseas and interstate academic qualifications meet the standards required under the *Surveying and Spatial Information Act 2002*.
- Education:
 - work with education and professional institutions to develop education and training programs to ensure quality standards in education and professional development are maintained
 - encourage spatial information practitioners and registered surveyors to undertake appropriate education and relevant continuing professional development to maintain and improve competency
 - assist surveyors to gain qualifications by determining, recording and accepting accrued practical experience.
- Spatial information:
 - identify key spatial sector stakeholders and develop communication and promotion strategies as well as benefits for the board, the public and private sectors
 - advise the minister on matters relating to spatial information
 - develop policies, assess and recommend quality standards for collection, collation, management and dissemination of all identified types of spatial information relevant to the NSW Spatial Data Infrastructure.

Report on operations

Registrations

The register of surveyors contains the names of 1,059 registered surveyors who are considered competent by the board to perform land and mining surveys in NSW. The total number of registrations included 34 new registrations either by competency or mutual recognition.

During 2018/19, the board issued 16 letters of accreditation to interstate boards. These reciprocal arrangements between BOSSI and other jurisdictions are in accordance with National Competition Policy (NCP) Principles and the *Trans-Tasman Mutual Recognition (New South Wales) Act 1996*.

Qualifications

Registered surveyors in NSW must hold a recognised qualification. The board recognises various three and four-year degrees from universities throughout Australia and New Zealand which can be found on the board's website. The board provides a process for independent assessment to determine equivalency for unrecognised interstate or overseas qualifications.

During the 2018/19 financial year, BOSSI reviewed 34 overseas academic qualifications. No requests for the assessment of interstate qualification were received during 2018/19.

Examinations

BOSSI met for 12 working days during 2018/19 for the purpose of assessing the professional competence of candidate surveyors through examinations. BOSSI had no candidate surveyors undertaking Professional Training Agreements in this reporting period. A total of 33 applicants were issued with certificates of competency.

Candidate training

To assist candidate surveyors attempting assessment, BOSSI conducts an annual candidate training workshop at Kurri Kurri TAFE. This year, 42 land and three mining candidate surveyors attended.

In addition, six land supervising surveyors attended with their candidates. Board members, industry representatives and candidate surveyors attending the workshop were able to discuss matters relating to the assessment process for both land and mining surveyors. The workshop consisted of several presentations and examples of urban, rural and strata boundary definition, town planning and engineering design projects.

The Institution of Surveyors NSW has conducted training workshops in land boundary surveys for candidate surveyors, the Association of Consulting Surveyors has conducted training workshops in strata, engineering and town planning, and the Australian Institute of Mine Surveyors has conducted training workshops in mining surveying for candidate surveyors in an endeavour to prepare them for the BOSSI assessments. The involvement of industry associations is part of BOSSI's strategy of involvement and co-operation with the profession.

Awards granted

BOSSI awards a number of prizes each year to encourage talented people into a career in surveying. These include BOSSI Medals for the most successful students in the final year of tertiary study and eight prizes to recipients of certificates of competency. BOSSI also provides sponsorship of the Surveyor General Scholarship for women in surveying to encourage women to undertake the surveying degree at the University of Newcastle.

The following awards and scholarships were granted during 2018/19:

The Board of Surveying and Spatial Information Medals

- Robert Lyon, University of Newcastle
- Eryan Chen, University of NSW.

Surveyor General Scholarship for women in surveying

- Angela Gavin who is undertaking a Bachelor of Civil Engineering (Honours) / Bachelor of Surveying (Honours) degree at the University of Newcastle.

A Allen Consulting Surveyors Prize

- Brandan Bowd for the best result in the strata and community titles assessments.

Augustus Alt Prize

- Samuel North for the best result in the engineering assessments.

Barr Prize

- Marcus Jiang for the best result in the rural cadastral surveying assessments.

Clarence Smith Jeffries Mining Award

- Jake Robbins was awarded for the best result in the mining surveying assessments.

Harvey Prize

- John Sinclair for the best result in the town planning assessments.

Neil Ryan Memorial Award

- Gregory Doherty for the best result in the urban cadastral surveying assessments.

Staff Surveyors Association Award

- Patrick Carraro for the most innovative, technically difficult or diverse project presented at the board's assessments.

Surveyor General's Prize

- Robert Lyon for the best overall candidate surveyor who received their Certificate on Competency in the calendar year.

Surveyor registrations

Performance indicator	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Registered surveyors in NSW	1,060	1,042	1,039	1,030	1,063	1,059
New registrations						
By way of certificate of competency	19	17	23	23	24	32
By way of letter of accreditation from reciprocating boards	7	12	17	9	10	14
Removal of name from register						
Non-payment of annual roll fees	54	39	42	58	39	31
At own request	30	26	26	34	17	26
Deceased	1	3	4	2	4	3
Restoration of name to register	48	34	27	52	34	30
Letter of accreditation issued to reciprocating boards	22	13	17	28	20	16
Candidate enrolments	46	59	75	56	72	60
Total financial candidates	165	197	232	228	260	251
Assessment of overseas qualifications	25	25	32	28	40	34
Assessment of interstate qualifications	0	3	1	0	0	0
Meritorious certificates awarded	23	20	19	22	14	24

Stakeholder engagement

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

BOSSI continued to explore additional pathways to registration involving assistance from Institute of Surveyors NSW, the Association of Consulting Surveyors and the Australian Institute of Mine Surveyors. These agencies have continued to improve training programs to assist candidate surveyors to achieve registration.

Members of the board and the Registrar gave presentations at various industry forums and continuous professional development events during the reporting year. This involvement of the board with the profession gave registered land and mining surveyors an opportunity to discuss relevant issues directly with board representatives.

Continuing professional development

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

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

In accordance with the board's determination on CPD, an audit was conducted on 50 per cent of surveyors renewing their annual registration. Some 518 registered surveyors were audited for their compliance with 2017/18 CPD year requirements.

As a result of the audit, 16 conditional compliances were issued and one surveyor was deemed not to have complied with the policy and was removed from the register of surveyors.

Governance

As set out in the *Surveying and Spatial Information Act 2002*, the board has the following functions:

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

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

Board members

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

Board members and attendance

Members	Board meetings
Ms Narelle Underwood, President, Surveyor-General of New South Wales, BE (SSIS) (HONS) (UNSW), Registered Land Surveyor Ex-officio position. Appointed October 2016	5
Mr David Job, B Surv (UNSW), MGeom (Melb), Registered Land Surveyor Nominee of Public Service Chief Examiner Appointed November 2017 term expires November 2019	5
Mr Peter Baxter, B Surv (UNSW), Registered Land Surveyor Nominee of Institution of Surveyors NSW Inc. Appointed June 2016 term expired June 2018 Reappointed June 2018 term expires June 2020	6
Mr Robert Harrison OAM, B Surv (UNSW), Registered Land Surveyor, Nominee of Institution of Surveyors NSW Inc. Appointed June 2016 term expired June 2018 Reappointed June 2018 term expires June 2020	5
Mr Christopher Abbott, B Surv (UoN), Registered Land Surveyor Nominee of Institution of Surveyors NSW Inc. Appointed July 2015 term expired July 2017 Reappointed November 2017 term expires November 2019	4
Mr Christopher Moy, Registered Mining Surveyor Nominee of Australian Institute of Mine Surveyors Ltd. Appointed June 2016 term expired June 2018 Reappointed June 2018 term expires June 2020	5
Ms Liz Fulton, MGIS and Remote Sensing, GISP-AP Nominee of Surveying and Spatial Science Institute. Appointed June 2016 term expired June 2018 Reappointed June 2018 term expires June 2020	2
Ms Mary-Ellen Feeney, BSc (Hons) Applied Physical Geography (UNSW), PhD Geomatic Engineering (UMELB) Nominee of Spatial Information Business Association. Appointed June 2016 term expired June 2018 Reappointed June 2018 term expires June 2020	6
Mr Andrew Halmarick, BAppSc Surveying & Mapping, Grad Dip Urban Estate Management, Registered Land Surveyor Nominee of Association of Consulting Surveyors NSW Appointed June 2016 term expires June 2018 Reappointed June 2018 term expires June 2020	4

Members	Board meetings
Ms Janet Bailey, BA (MU), Dip Ed (MU) Nominee of Minister for Fair Trading. Appointed August 2017 term expires August 2019	5
Dr Lloyd Pilgrim, PhD (UON), B Surv (UON) Nominee of University of Newcastle Appointed November 2017 term expires November 2019	4
Mr Gary Parker, Chief Inspector of Mines, Grad Dip Mine Ventilation (UNSW) Nominee of the Minister for Industry, Resources and Energy. Appointed June 2018 - Resigned March 2019	3

Advisors and observers	Board meetings
Mr Shane Oates, Registrar	6
Ms Margaret Hole AM, Dip Law, Barristers Admission Board Legal Advisor to the board	3
Mr Jeff Brown, B Surv (UNSW), Registered Land Surveyor Surveyor-General of the ACT – Observer	5
Mr Ruiyuan Li BE (SSIS) (HONS) (UNSW), Registered Land Surveyor Young Surveyor Advisor	4

Board meetings

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

Board committees

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

Administration

Section 28A of the *Surveying and Spatial Information Act 2002* makes provision for a registrar and other officers to enable the board to exercise its functions. To carry out this function, DFSI Spatial Services employs a secretariat of four staff members (3.1 FTE). DFSI Spatial Services also provides further administrative and technical support to assist the board in its day-to-day operations. This secretariat acts independently of government and is funded by BOSSI rather than government.

Future focus

The board will continue to focus on regulating and maintaining the high standards that the public expects of land and mining surveyors. Areas of future focus as outlined in the board's strategic plan (available on the board's website) are integrity of cadastre and mining, engagement and communication, growth of the profession, and governance.

5.2 Geographical Names Board of NSW

The Geographical Names Board of NSW (GNB) is the state's centralised body delivering authoritative place names. It operates under the *Geographical Names Act 1966*, and controls policy documents on addressing and geographical naming in NSW.

GNB responsibilities include:

- assigning and determining place names, and maintaining the state gazetteer of place names
- determining address locality (suburb) boundaries
- evaluating road name proposals and maintaining the state gazetteer of road names
- compiling and maintaining a vocabulary of Aboriginal words suitable for use in geographical names
- supporting the production, aggregation, publication and use of standardised address data in NSW.

The GNB Secretariat is a small team within DFSI Spatial Services responsible for enabling the board to exercise its functions.

GNB's role

The most widely used way to identify a location is a place name. Place names therefore are an essential element of effective communication worldwide, and support social economic development, conservation and national infrastructure.

GNB's role is to ensure there is an effective connection between people and place. This is achieved in a number of ways such as preserving a local area's history through naming or ensuring the use of consistent place names to improve response times for emergency services.

Key achievements

GNB's focus this year has been on continuing its digital transformation journey, Aboriginal place naming, stakeholder engagement, policy and process improvement and ongoing management of place name applications. Specifically, this financial year GNB:

- commenced the Aboriginal Place Names project in partnership with Aboriginal Affairs NSW
- progressed the digital transformation with user acceptance testing underway for the newly developed NSW Place and Road Naming Proposal System which will replace the Geographical Names Register and NSW Online Road Naming System
- won the Community and Sustainable Environment category at the Excellence in Surveying and Spatial Information awards 2018 for the ANZAC Memorial Centenary Project
- finalised revision of the NSW Addressing User Manual and NSW Address Policy to create the NSW Addressing Policy and User Manual
- continued a program to spatially enable the Geographic Names Register through aligning place names with the Digital Topographic Database
- assigned names for major NSW developments including Newcastle Light Rail and created new address localities within Kosciuszko National Park
- evaluated 1,634 road names through its online road naming system
- administered 32 address locality (suburb) boundary amendments
- assigned 84 place names
- continued to create address localities in NSW National Parks.

GNB Strategic Intent

The GNB strategic road map for 2018-2021 defines GNB's strategic purpose as delivering and enabling fit-for-purpose place naming for the people of NSW. It identifies the following four high-level strategic challenges:

- Providing an authoritative custodian for place naming in NSW
 - Clear and trusted approach to place naming in NSW
 - Aligned and effective board
 - Effective consultative practices
 - Efficient and consistent approval workflows and processes.
- Building stronger relationships with stakeholders and the public
 - Proactive stakeholder engagement
 - Effective public communication
 - Targeted media relations
 - Outreach to regional locations.
- Cultural alignment – respecting aboriginal, historical and multicultural dimensions to naming
 - Access to historical insights
 - Diversity proactively represented in the naming framework
 - Inclusive policy settings.

- Digital transformation – ensuring a responsive, agile and digitally-proficient organisation
 - Contemporary technology tools and platforms
 - Spatial enablement of data and processes
 - Accessible digital communication channels.

Report on operations

Consultation

Consultation with stakeholders is central to the creation of appropriate and consistent place names in NSW. As part of GNB's stakeholder management program it actively participated in a wide variety of forums. These included:

- active participation in the Permanent Committee on Place Names Committee (PCPN) which met in New Zealand and Alice Springs this year. As a sub-committee of the Intergovernmental Committee on Surveying and Mapping (ICSM) this group provides a coordinating role in Australian place naming activities
- delivering presentations at:
 - Mapped out Conference – Wagga Wagga
 - Spatial Services Local Government Forum – Bathurst
- participation in:
 - Local Government Addressing Working Group Meetings
 - Placenames Australia meetings
- engaging with stakeholders to support the Aboriginal Place Naming project via several forums:
 - presented at Aboriginal Lands Council Zone meeting – Dubbo
 - presented at Ngamuru, NSW Aboriginal Languages Gathering 2019 – Sydney
 - hosted information workshops with relevant local Aboriginal community and organisations – Cowra, Orange and Newcastle
 - participated in Nyiirun Djiyagen Wakulda Women's Festival – Port Macquarie
- commencing engagement with:
 - NSW Department of Planning and Environment to facilitate addressing in discreet communities and to establish a formal referral process for draft precinct plans with preliminary suburb boundaries for GNB review. With the intent to create suburb boundaries and names as part of the greenfield rezoning process in consultation with local government
 - NSW Parks and Wildlife Services to align place names and identify Aboriginal naming opportunities for NSW National Parks
 - Wollondilly Council and Penrith Council to determine new suburbs in its growth areas
- media relations, including proactive media releases for all new naming proposals and interviews ranging from general interest stories on radio to print coverage in a variety of publications.

Consultation was supported by the development of underlying communication collateral including brochures and standardised presentations which effectively communicate the place naming process.

Aboriginal place naming

As part of the establishment phase of the *Aboriginal Languages Act 2017*, Aboriginal Affairs NSW has formed a partnership with the GNB, resulting in the establishment of the Aboriginal Place Names Project. The project aims to reawaken, promote and grow Aboriginal Languages in NSW through place names. The five objectives of this project are:

- expand the use of Aboriginal language through place names
- raise awareness and empower community to increase Aboriginal place name applications, including dual names

- provide the framework and support the management of offensive names
- capture Aboriginal place names within the Aboriginal place name network
- policy revision to support the awakening of Aboriginal place naming and reduce barriers.

The determination of Aboriginal place names requires a multi-disciplinary approach informed by Aboriginal communities to whom the place names belong. To facilitate this, an advisory working group named 'Bayala' (Gadigal word meaning 'let's speak') has been established. Bayala comprises both Indigenous and non-Indigenous participants from community, government and linguistic experts. Bayala is a key resource for developing effective frameworks, protocols and strategies for promoting, facilitating and administering Aboriginal Place Names in NSW.

Key activity streams for this project in 2018/19 include:

1. Resource development: place naming toolkit to educate and support naming process
2. Educate influencers: utilise existing networks to reach as many in the community as possible
3. Policy Revision: review and update of policy to remove barriers to Aboriginal place naming
4. Community Engagement: participating in and hosting a number of community workshops.

Digital Transformation

From GNB's inception in 1966 to 2018, it has relied heavily on a paper trail for its place naming applications and processes. Although GNB will still hold records in line with its obligations under the *Geographical Names Act 1966*, this is now being done electronically with a record management system in place to comply with the *State Records Act 1998*.

The other component of GNB's digital transformation is automating its manual workflows and updating its ICT platforms. The NSW Place and Road Naming Proposal System is in the final stages of development and will replace the:

- NSW Road Naming System (NORNS) for all road name evaluations; and
- Geographical Names Register for the end to end place name process.

The NSW Place and Road Naming Proposal System will be launched in 2019/20. The system will digitise and automate processes and improve customer experience.

Policy and process development

In addition to 'going digital', process development has focused on improving efficiency in the GNB Secretariat and maximising the effectiveness of the board. The following initiatives have been employed to deliver on this:

- Board agenda template –a streamlined template for delivering technical reports to the board was developed. This improved efficiencies within the GNB Secretariat and delivered a consistent format to assist the board in reviewing proposal.
- Board agenda format – to maximise the board's time at meetings, the agenda format was revised to group straight forward proposals together so there could be a speedy resolution. This enabled board meetings to be streamlined and created more time for strategic discussions.
- Comprehensively mapped workflows, and underlying schemas for related IT systems, for road and place naming end to end processes. This is the foundation to revise and improve practices and procedures.

The GNB has continued to revise policy to ensure it is relevant and functional, such as section 10 of the NSW Place Naming Policy and the NSW Addressing Policy and User Manual.

GNB's role supporting NSW development

The GNB plays a vital role in supporting development in NSW through providing a reliable, authoritative, source of truth for place naming. Some of the place name proposal applications received this year highlight the important role the place naming process plays in the development pipeline. Establishment of an official name early in the process provides the foundation to enable downstream

activities from assigning addresses for a new subdivision to enabling appropriate wayfinding protocols for a new railway station to take place. Place naming work undertaken this year resulting from major developments in NSW included:

- Working with Snowy Monaro Regional Council and National Parks and Wildlife Services to create new and amend existing address localities in the Kosciuszko National Park to reflect common usage. Nineteen names and associated boundaries were assigned including Blue Cow, Charlotte Pass, Thredbo, Perisher Valley and Smiggin Holes. Officially assigning these names means they can be used for addressing and service provision
- Assigned station names for the Newcastle Light Rail network
- Continued working with Blacktown City Council to determine 8 new suburbs in the Blacktown Local Government Area affecting more than 15,000 residents.

As a result of these determinations, GNB received a large amount of feedback from a variety of stakeholders including other government agencies, the media and the community.

Production figures

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

Designation	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Address locality (suburb) names and boundaries	24	11	92	64	36	32
Road names (evaluated)	1,687	792	2,547	1,563	1,762	1,634
Dual names	0	2	8	0	0	0
Place names	133	202	55	75	110	84

The GNB will continue to work closely with local Aboriginal communities to grow understanding, trust and engagement with the Aboriginal Place Names Project. It is expected that as the project matures and gains some traction with Aboriginal communities in NSW there will be an increase in both Dual Naming of features and Aboriginal Place Naming for unnamed features.

Governance

Functions of the board

Under the *Geographical Names Act 1966*, the board has the following powers and functions:

- assign names to places
- approve that a recorded name of a place shall be its geographical name
- alter a recorded name or a geographical name
- determine whether the use of a recorded name or a geographical name shall be discontinued
- adopt rules of orthography, nomenclature and pronunciation with respect to geographical names
- investigate and determine the form, spelling, meaning, pronunciation, origin and history of any geographical name
- investigate and determine the application of any geographical name with regard to position, extent or otherwise
- compile and maintain a registry of Indigenous words used or suitable for use in geographical names and to record their meaning and origin

- compile and maintain a dictionary of geographical names with a record of their form, spelling, meaning, pronunciation, origin and history
- publish a gazetteer of geographical names
- inquire into and make recommendations on any matters relating to the names of places referred to it by the minister
- may compile, maintain and publish a list of road names.

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

Board members and attendance

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

Members of the board	Board meetings (5 meetings)
Ms Narelle Underwood Surveyor-General of NSW. Ex-officio position	5
Ms Laura Christie Nominee of the Department of Finance, Services and Innovation. Ex-officio position	3
Mr Richard Neville Nominee of the State Librarian. Ex-officio position	5
Mr Marcus Ray Nominee of the Department of Planning and Environment. Ex-officio position	2
Mr Terry Kass Nominee of the Royal Australian Historical Society. Term expires May 2022	3
Cr Lesley Furneaux-Cook Nominee of the Local Government and Shires Association of NSW. Term expires May 2022	4
Dr Robert Solomon Nominee of the Geographical Society of NSW. Term expires September 2022	5
Mr Peter Gibbs Nominee of the NSW Aboriginal Land Council. Term expires June 2021	3
Mr Felice Montrone Nominee of Multicultural NSW. Term expires December 2020	4

Counsellors and attendance

Section 6 of the *Geographical Names Act 1966* provides the board with authority to appoint counsellors to advise on matters within its powers and functions. In November 2018, a new representative, Ms Marina DeGabriele, from NSW Fire and Rescue was appointed to advise on Emergency Services matters. The table below provides details on these counsellors:

Counsellors ¹	Board meetings (5 meetings)
Dr Peter Orlovich, Historical Advisor	5
Dr Jakelin Troy, Linguistic Advisor	1
Ms Julie Christie, Australia Post Addressing Advisor	2
Mr Graham Chapman, NSW Fire & Rescue Advisor (appointed until November 2018)	1
Ms Marina DeGabriele, NSW Fire & Rescue Advisor (appointed post November 2018)	2
Mr Sam Stone, Urban Development Institute of Australia	3

Board meetings

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

Board committees

The board continues to support both Place Names Australia, a voluntary non-profit association that aims to prepare a national online database of all Australian place names, and the Permanent Committee on Place Names (PCPN) who coordinates place-naming activities across Australia and New Zealand. In 2018/19, the technical reference group named 'Bayala' was established to provide advice for Aboriginal Place Naming matters. Bayala comprises both Indigenous and non-Indigenous participants from community, government and linguistic experts.

Administration

Section 4 of the *Geographical Names Act 1966* makes provision for persons to be employed to enable the board to exercise its functions. To carry out this function, DFSI Spatial Services employs a secretariat which consists of five staff.

Future focus

GNB's focus for 2019/20 will be based on goals defined by its four strategic challenges:

- Providing an authoritative custodian for place naming in NSW – increasing the use of authoritative names.
- Building stronger relationships with stakeholders and the public – delivering a clearer understanding by stakeholders of the significance and implications of place naming.
- Cultural alignment – respecting aboriginal, historical and multicultural dimensions to naming. Ensuring more diverse place names used in NSW.
- Digital transformation – ensuring a responsive, agile and digitally-proficient organisation by developing an end-to-end digital place name life cycle.

5.3 NSW Procurement Board

Legislation

The *Public Works and Procurement Act 1912* (PWP Act) sets out the government's procurement laws and establishes the NSW Procurement Board. The procurement laws and government procurement policies allow agencies to manage and be responsible for their own procurement activities. This devolution of responsibility is managed through the Accreditation Program for Goods and Services Procurement and the Agency Accreditation Scheme for Construction. Accreditation is granted and managed by the board.

The PWP Act places responsibilities on agencies in relation to their procurement activities, including:

- exercising procurement functions in accordance with the board's policies and directions
- adhering to the principles of probity and fairness
- ensuring value for money is achieved in procurement
- providing information to the board on procurement activities.

The *Public Works and Procurement Amendment (Enforcement) Act 2018* was assented to on 22 November 2018. Once the Act commences on 29 November 2019, it will enable the enforcement of NSW Procurement Board directions and policies relating to international procurement agreements.

The Procurement Board's objectives and functions

The PWP Act defines the objectives and functions of the board to oversee procurement by NSW government agencies excluding state-owned corporations, local councils and the Parliament of NSW. The objectives of the board, as specified in the Act, are to:

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

The PWP Act states specific functions for the board, including oversight of procurement of goods and services by and for government agencies, and developing procurement policies. While the board can issue directions to agencies about the conduct of procurements or authorise them to carry out certain procurements, it cannot enter into contracts. The board is subject to the direction and control of the Minister for Finance and Small Business.

The board's major achievements in 2018/19 include:

- approving the revised Procurement Policy Framework, the overarching governance and policy document for NSW government agencies
- implementing the SME and Regional Procurement Policy to increase participation of SMEs and regional businesses in government procurement of goods and services, excluding construction
- amending procurement requirements for telecommunications services to deliver improved value for money and ensure a coordinated approach to telecommunications procurement across government
- consolidating arrangements to facilitate access to construction procurement opportunities by SMEs
- implementing the new Accreditation Program for Goods and Services Procurement
- transferring responsibility for construction procurement policy and accreditation to Infrastructure NSW and Public Works Advisory in DFSI to the Department of Planning, Industry and Environment
- implementing the Aboriginal Procurement Policy and the revised Aboriginal Participation in Construction Policy.

Review of the board

The Procurement Board recognises the opportunity to build on its statutory role and to drive better social and commercial outcomes for NSW by aligning procurement goals to State Priorities.

An internal review of the board was completed, with a recommendation presented to the board in June 2018. It was proposed the board increases its focus on the NSW Government's strategic procurement agenda, with input from the Secretaries' Board. The board will also delegate accountabilities to three committees to ensure its obligations are met and the best social and commercial outcomes for NSW are delivered.

Under the new model, in addition to its statutory obligations, the board will focus on the NSW Government's:

- procurement vision and strategy
- risk appetite and controls

- operating model (include devolution and accreditation) to ensure it delivers the strategy
- legislative changes to improve outcomes
- delegation to and performance of its subcommittees.

The board will continue to meet quarterly and hold an annual strategy meeting to define the target outcomes and strategic plans. The three subcommittees reporting to the board will focus on:

1. **Procurement risk and compliance:** effective management of strategic procurement risks and compliance to improve Government's fiscal position and accountability
2. **Procurement Leadership Group (expanded to include construction, ICT goods and services):** delivery of State Priorities through execution of the government's procurement objectives and the board's strategic goals
3. **Digital procurement transformation:** continuously improve supplier and buyer experience by delivering smart, seamless procurement services, using a single gateway for information, platforms and tools.

An annual performance review process will be introduced to assess the effectiveness of the board and its subcommittees, leveraging best practice from peak bodies such as the Australian Institute of Company Directors. The new governance model is expected to be implemented in late 2019.

Procurement Policy Framework

The Procurement Board approved the Procurement Policy Framework 2019 in February 2019 to come into effect on 1 July 2019. The revised framework provides a consolidated view of government procurement objectives and the board's requirements for each step of the procurement process.

On 12 September 2018, the board approved the new Accreditation Program for Goods and Services Procurement to commence 1 November 2018. The program aims to assure NSW government agency capability and capacity to deliver value for money, efficiency and effectiveness through government procurement. The program is designed to enable this through:

- determining whether agencies meet the required standards to conduct goods and services procurement under the devolved model of procurement within the NSW Government
- managing procurement risk in an efficient and effective manner
- promoting the delivery of procurement outcomes toward strategic priorities and value creation
- driving continuous improvement and capability development.

Aboriginal Procurement Policy and Aboriginal Participation in Construction policy

On 1 July 2018, the Procurement Board released the Aboriginal Procurement Policy and the revised Aboriginal Participation in Construction (APIC) policy. The policies aim to support 3,000 employment opportunities for Aboriginal people by 2021, and for Aboriginal owned businesses to be awarded at least 3 per cent of domestic contracts for goods and services by 2021. The APIC policy requires 1.5 per cent of applicable construction project spend to be allocated to Aboriginal participation.

NSW Procurement, on behalf of the board, commenced the annual review of both policies in February 2019. The review report was provided to the board for consideration in September 2019 and published on the ProcurePoint website following the board's approval.

Agency Accreditation Scheme for Procurement

Agency accreditations under the goods and services category of the Agency Accreditation Scheme for Procurement were carried over to the new program. On 20 February 2019, the board approved accreditation under the program for TAFE NSW and the NSW Education Standards Authority. By 30 June 2019, 20 government entities were accredited under the Accreditation Program for Goods and Services Procurement, and 15 under the Agency Accreditation Scheme for Construction Procurement.

Members and deputies

All NSW government clusters were represented on the Procurement Board through 2018/19. The following NSW government officers were members of the board through the reporting period:

- Secretary, Department of Finance, Services and Innovation
* (Procurement Board Chairperson 2018 – April 2019)
- Secretary, Department of Premier and Cabinet
- Secretary, The Treasury
* (Procurement Board Chairperson May – June 2019)
- Secretary, Department of Justice
- Secretary, Department of Education
- Secretary, Department of Family and Community Services
- Secretary, NSW Health
- Secretary, Department of Industry
- Secretary, Department of Planning and Environment
- Secretary, Department of Transport

* *Administrative Arrangements (Administrative Changes – Public Service Agencies) Amendment Order 2019* published on 1 May 2019 amended the Chairperson of the board from the Secretary of DFSI to the Secretary of The Treasury.

In December 2016, the then Minister for Finance, Services and Property appointed deputies for each member of the board under the Fifth Schedule of the PWP Act. Board deputies assist with effective functioning of the board by acting in the place of a member when the member is absent and while undertaking all the functions and responsibilities of the member.

On 28 May 2019, the Minister for Finance and Small Business appointed the Deputy Secretary, Commercial, Commissioning and Procurement, Treasury to the position of Deputy Chair of the board. This was an outcome of the *Administrative Arrangements (Administrative Changes – Public Service Agencies) Amendment Order 2019* in May 2019.

Meetings

The board held four scheduled meetings in 2018/19:

1. 12 September 2018
2. 21 November 2018
3. 20 February 2019
4. 5 June 2019.

In 2018/19, there were also two out-of-session meetings. On 9 August 2018, the board convened a teleconference to discuss new procurement requirements under International Procurement Agreements. On 5 April 2019, a meeting was held to discuss the review of the board. In addition, in 2018/19 two matters were considered out-of-session by email.

Administration

The board's administrative support and its costs for 2018/19 were met by DFSI and the clusters represented on the board.

Statutory reporting requirements

The board has a statutory requirement to report details of any direction given to it by the Minister for Finance, Services and Property. The Minister did not give the board any directions during 2018/19.

Board subcommittees and advisory groups

The PWP Act allows the board to establish subcommittees and advisory groups to assist its work. The board is supported by the Procurement Leadership Group (PLG), the Construction Leadership Group (CLG), the Construction Leadership Group Subcommittee and the International Procurement

Agreements Steering Committee (IPASC). Whole-of-government category management working groups have been established under the PLG.

Procurement Leadership Group

In 2012, the board established the PLG to be its primary advisory body on goods and services procurement, and to maintain consistent approaches to procurement across agencies. In 2018/19, the PLG met twelve times. In February 2019, the board approved the new PLG Terms of Reference.

The key changes in the revised Terms of Reference were the additions to the role of the PLG to manage trigger events under the Accreditation Program for Goods and Services Procurement and to approve sourcing and contract approaches for whole-of-government schemes and contracts.

Construction Leadership Group

The NSW Government Construction Leadership Group (CLG), led by Infrastructure NSW, continues to drive reform across government in the development, procurement and delivery of infrastructure and building projects. All the key NSW government agencies engaged in the delivery of the large long-term pipeline of infrastructure investment are represented on the CLG.

In June 2018, the NSW Government published the CLG's Ten Point Commitment to the Construction Sector Action Plan. At an industry event in December 2018, the CLG provided a 'six months in review' of the implementation of the plan. The NSW Infrastructure Pipeline and Portal was launched at the event together with an Industry Discussion paper on Construction Procurement Methods.

Since this time, the NSW Bid Cost Contribution Policy has been developed and a guidance document on Security for Construction Projects is being finalised. Participants in the Major Projects Leadership Academy have completed the first module of training with the second module due to commence shortly, reform of the Procurement System for Construction is underway (including the adoption of a new operating model for accredited and unaccredited agencies and changes to the expiry dates of some of the prequalification schemes) as is the standardisation of GC21.

Together with the Construction Industry Leadership Forum (CILF), the CLG has also endorsed a number of Practice Notes guiding key behaviours and values expected of clients and contactors.

Implementation of the 10 Point Plan actions continues under the leadership of the CLG and a number of CLG Sub-Committees.

International Procurement Agreements Steering Committee

The International Procurement Agreements Steering Committee (IPASC) is the primary advisor to the board on procurement requirements relevant to international procurement agreements. Its membership is comprised of representatives from the Department of Education, Department of Transport, Department of Justice, Ministry of Health, Treasury, DFSI and Department of Industry. The IPASC met 10 times in 2018/19.

Procurement Board Directions

The PWP Act gives the board the authority to issue directions to agencies. During 2018/19, the board issued five directions, covering whole-of-government contracts for ICT goods and services, approved procurement arrangements for government agencies, access to government construction procurement opportunities for SMEs, telecommunications procurement and arrangements for the procurement of professional services.

On 12 September 2018, the board issued Direction PBD-2018-03 Approved Procurement Arrangements (not the only direction issued by the board in financial year 2018/19) to update procurement arrangements upon the commencement of the new Agency Accreditation Program for Goods and Services.

Procurement Board directions, including withdrawn directions, are available on the ProcurePoint website.

Procurement Complaints

Under the PWP Act, the board manages complaints about government procurements in NSW, including tendering and contracts. Agencies have responsibility to resolve complaints concerning their procurement actions. Complaints unresolved at the end of this process can be referred to the Procurement Board. No complaints were received by the board during 2018/19.

Risk management

Part of the board's strategic function is to consider and address risks arising from government procurement, including corporate, financial and reputational risks. The Procurement Policy Framework 2019 sets out possible risks in procurement in a range of different contexts and includes requirements and guidance to agencies on how to manage these risks. Agencies are required to manage their procurement related risks and alert the board to systemic or widespread risks if they arise.

The government's devolved procurement system means that agencies have significant responsibilities to identify and manage risks associated with their procurements under their accreditations for procurement. The Audit Office of NSW published two reports with findings and recommendations for the Procurement Board:

- Procurement and reporting of consultancy services (4 September 2018)
- Engagement of probity advisors and probity auditors (27 May 2019).

NSW Procurement works with the Audit Office during the audit projects and implements the actions in response to these reports in support of the board.

Procurement and reporting of consultancy services

In April 2019, the board approved a standardised definition of a consultant for use by all agencies. NSW Procurement has implemented a range of measures to support agencies including:

- delivered buyer briefing sessions
- published new buyer checklists and training material
- enhanced the quality of data collected from suppliers and introduced an escalation process to apply sanctions as required
- provided a centralised dashboard system for agencies to monitor consultancy spend and savings for key suppliers.

NSW Procurement is also investigating the use of a common system for buyers and suppliers to increase transparency and ensure compliance.

Engagement of probity advisors and probity auditors

NSW Procurement has developed a comprehensive response that includes:

- improving board reporting for agency compliance
- applying supplier capability and experience criteria
- ensuring independence of probity advice

NSW Procurement has also published additional guidance for buyers and provides ongoing support to agency procurement teams.

Insurance activities

Insurance requirements for suppliers supplying goods or services to government agencies are established by the contracting agency as appropriate to each contract.

5.4 Registrar General

Office of the Registrar General – the regulator

The Office of the Registrar General (ORG) is the regulator of the NSW land titling system. The NSW Land Registry Services (NSW LRS) is the operator of land titles registry under a concession with the NSW Government. ORG regulates to ensure the ongoing integrity, security, performance and availability of registry core services and systems, and to make sure the registers are accurate and up to date.

ORG's regulatory controls include comprehensive audit powers, real-time visibility of the register, legally-enforceable performance indicators with penalties attached, and powers to review decisions on customer complaints. ORG also oversees changes to the operator's technology that might impact the integrity or security of the register.

Other safeguards include price increases for core services being capped at CPI and ensuring that the data stays in Australia. The operator must also comply with commonwealth and state privacy laws and the state will continue to guarantee title.

ORG also regulates Electronic Lodgment Network Operators (ELNOs) in NSW. As the eConveyancing market has matured with new entrants, ORG introduced a new licence conditions regulatory regime. This approach is consistent with that taken in other regulated markets such as telecommunications and energy. It ensures consistent regulation of all market entrants while also permitting the Registrar General to include additional conditions where appropriate in the market.

The general conditions applying to all ELNOs include a consumer guarantee to protect vendors whose properties are settled through an ELNO's platform.

Strategic scanning project

ORG is digitising strategic record sets to make them more available to customers. This is part of a broader objective to promote innovation and technological improvements for the land titles registry.

Titling and Registry Services business during 2018/19

The property market in NSW continued to experience high levels of activity in 2018/19. A total of 836,821 dealings were lodged for registration which was a 9 per cent decrease from 2017/18. Discharges of mortgage continued to dominate with 253,705 lodged in 2018/19.

Deposited plan lodgements increased by 3.8 per cent to 10,215 and strata plan lodgements increased by 5.2 per cent to 1,782. There were 76,995 new lots created, 40,279 from deposited plans and 36,716 from strata plans. Strata plans represented 14.8 per cent of all plans lodged and 47.7 per cent of all lots.

National electronic conveyancing reform – Council of Australian Government initiative

NSW was one of the first states to introduce eConveyancing in 2013 bringing significant benefits to consumers and business. The benefits of the eConveyancing system include:

- more efficient and secure registration of transaction documents,
- faster transmission of settlement funds through a protected Reserve Bank of Australia system,
- fewer cases of fraud and errors, and
- no need for lawyers and conveyancers to physically attend settlements.

In February 2017, the government announced timeframes for moving to paperless conveyancing by July 2019. The timetable was based on advice from a consultative committee made up of the Australian Bankers Association, Law Society of NSW, Australian Institute of Conveyancers (AIC), Mortgage and Finance Association of Australia, Customer Owner Banking Association, Australian Finance Conference and Property Exchange Australia. The timeframes have provided confidence for conveyancers, solicitors and financial institutions to shift to the electronic platform.

The reform made significant progress in 2018/19 with monthly e-lodgements making up around 85 per cent of all dealings. Subscriber numbers are increasing and currently sit at approximately 5,000.

The ORG continued to partner with the AIC to run practical eConveyancing training workshops for lawyers and conveyancers. In total 102 workshops were held with close to 1,400 lawyers and conveyancers being trained. The ORG also continued to partner with the Law Society of NSW to conduct regular Transition to eConveyancing workshops on the relevant legal framework.

We improved our website to provide information on how to successfully transact electronically, including a tailored package of information for lawyers and conveyancers to get started, understand the legal framework and have access to frequently asked questions and additional information.

The ORG, with representatives from Revenue NSW, presented at over 60 other PEXA, AIC and Law Society of NSW forums to further help prepare lawyers and conveyancers for the NSW eConveyancing mandates.

Torrens Assurance Fund claims

The Torrens Assurance Fund (TAF) is a statutory compensation scheme designed to compensate people who, through no fault of their own, suffer loss or damage as a result of the operation of the *Real Property Act 1900*. During 2018/19, 19 compensation claims were submitted to the Registrar General.

As at 30 June 2019, there were 15 current claims against TAF totalling approximately \$15 million. This estimate of liability is based on the scenario of all fraud and error claims being paid. Actual payments are generally much lower. The TAF paid out a total of \$678,679.78 in compensation for the financial year 2018/19.

Legislative reform projects

The *Conveyancing Legislation Amendment Act 2018* received assent on 22 November 2018 and introduced two separate and important reforms:

- **Electronic contracts:** the legislation clarifies that land contracts can be signed electronically, allows electronic service of notices and permits vendor disclosure to be given by electronic means. Deeds may also be signed and witnessed electronically.

These changes, which commenced on assent, support the transition to electronic conveyancing in NSW by providing transacting parties with greater flexibility and removing obstacles that have prevented a fully electronic conveyancing process from contract through to settlement.

- **Off-the-plan:** the legislation introduces a new mandatory disclosure regime specific to off-the-plan contracts. Vendors must give key information about the development including copies of draft plans and related documentation in a new form of disclosure statement that must be attached to contract before it is signed. Vendors must notify buyers of any material changes to what has been disclosed.

If a purchaser can show that they would not have proceeded with the contract had they known about the change, they can now have the contract rescinded. The reform also extends the cooling off period for off-the-plan contracts from 5 to 10 business days and requires that deposits are held in a controlled money or trust account.

Regulations are being developed to support the off-the-plan reforms which will commence on proclamation.

The *Conveyancing (General) Regulation 2018* and *Community Land Development Regulation 2018* both commenced on 1 September 2018. These Regulations remade the provisions of the former Regulations, with minor amendments, as part of the staged regulatory review process under the *Subordinate Legislation Act 1989*.

Boundary determinations and survey audits

ORG's cadastral integrity surveyors investigated, determined and resolved boundary disputes between land owners on behalf of the Registrar General in accordance with Part 14A of the *Real Property Act 1900*. In 2018/19, 24 boundary determinations were lodged with the Registrar General, 22 in Sydney metropolitan area and 2 in regional NSW.

ORG continued to conduct survey audits to ensure surveyors complied with relevant legislative instruments when submitting plans to NSW LRS for examination, registration and creation of new titles to land. The survey audits aimed to improve the quality and consistency of deposited plans lodged for registration. In 2018/19, ORG conducted 154 audits in NSW, 85 in the Sydney metropolitan area and 69 in regional NSW. All audits performed were on plans registered with NSW LRS.

Digital plan processing system

NSW LRS continued to provide services to facilitate digital plan lodgements in landXML format. During 2018/19, 4.86 per cent of Deposited Plan lodgements included a landXML file (which were typically related to large greenfield subdivisions) and they created 10,608 new lots at an average of 21.8 lots per plan. In total, these lodgements represented 29.5 per cent of new lots created from Deposited Plans. As a result of continuing low uptake, NSW LRS and the NSW Government agreed to initiate a strategic review and reset for digital survey plans which will be undertaken during 2019/20.

NSW LRS and the NSW Government undertook a trial to demonstrate the benefits of digital survey plans and called this project 'capture-on-demand'. The trial ran over four months and was completed in October 2018. The trial demonstrated that increased utilisation of digital survey plans provides improved quality and greater efficiency for NSW LRS, NSW Government and industry.

5.5 Surveyor General

The Office of the Surveyor General of NSW is part of DFSI Spatial Services and operates pursuant to the *Surveying and Spatial Information Act 2002* (S&SI Act) and its regulation, *Surveying and Spatial Information Regulation 2017* (S&SI Regulation). The S&SI Act provides for the coordination, evaluation and maintenance of certain state cadastral information; qualification, registration, regulation and integrity of land and mining surveyors; coordination of surveys carried out by public authorities and for the establishment of a state control survey and advice to the government relating to the collection, collation and dissemination of spatial information other than surveys.

The Surveyor General of NSW, Ms Narelle Underwood, is the government's principal advisor on surveying and spatial information. The statutory functions cover surveying and positioning infrastructure, geographical naming, electoral boundaries and maintaining the integrity of the state's cadastre and state control survey.

In 2018/19, staff in the Office of the Surveyor General:

- won the 2018 NSW Excellence in Surveying & Spatial Information (EISSI) Awards under the Community and Sustainable Environment category
- revised the following Surveyor General's Directions to ensure consistency and quality of practice across the surveying industry:
 - SGD1 Approved Permanent Survey Marks
 - SGD2 Preparation of Locality Sketch Plans
 - SGD3 Control for Cadastral Surveys (retired)
 - SGD4 Interpreting the Survey Control Information Management System (SCIMS)
 - SGD5 Calibration of Electronic Distance Measuring (EDM) Equipment
 - SGD7 Surveying and Spatial Information Regulation 2017 – Applications
 - SGD11 Preservation of Survey Infrastructure
 - SGD12 Control Surveys and SCIMS
 - SGD13 Aquaculture Lease Surveys

- launched new Locality Sketch Plan forms in a range of formats, a new portal for AUSPOS submission to manage survey marks, and updates to a range of preservation of survey infrastructure tools available on the DFSI Spatial Services website
- continued to contribute to the development, adjustment and release of the national datum modernisation project for the Geocentric Datum of Australia (GDA2020), including AUSGeoid2020 and transformation tools such as NTV2 products
- developed the GDA2020 State Control Network including 30,000 adjusted marks and 250,000 transformed marks
- updated the Survey Control Information Management System (SCIMS) Online Support Guide in preparation for the launch of GDA2020
- maintained 12 regional Electronic Distance Measuring (EDM) baselines to enable surveyors to calibrate their surveying instruments and ensure compliance with legislation
- maintained National Association of Testing Authorities accreditation and National Measurement Institute appointment as a verifying authority under the provisions of the *National Measurements Act 1960*
- completed enabling works for the proposed Armidale EDM test line upgrade to a 7-pillar facility, including utility location, geotechnical survey and engineering design of the new pillar foundations
- evaluated applications for survey mark removal under clause 90 of the Surveying and Spatial Information Regulation (section 24 S&SI Act)
- evaluated applications for exemption from the provisions of the S&SI Regulation and for proposed development at Trigonometrical Station sites
- chaired the Preservation of Survey Infrastructure Collaborative Working Group with Roads and Maritime Services to maintain the integrity of the State Control Survey and the State Cadastre
- supported infrastructure projects including Princes Highway upgrades, Western Sydney Infrastructure Plan, B-Line Northern Beaches, WestConnex, NorthConnex, Sydney CBD Light Rail, Newcastle CBD Light Rail, ATRC Inland Rail Network and Western Sydney Airport
- ensured the state's positioning operation programs produced data which is authoritative, accurate, current and complete
- supported the propagation, sourcing and improvement of the state survey control network
- supported operations for the upgrade and updating of the Digital Cadastral DataBase (DCDB).

CORSnet-NSW – a network of Global Navigation Satellite System tracking stations

- Multi-constellation upgrade – users now have the option to utilise double the number of satellites previously available.
- Implementation of GDA 2020 – NSW's first release of GDA2020 products for the consumer.
- The release, under agreement with Geoscience Australia, of all CORSnet-NSW data in real-time to the National Positioning Infrastructure Capability (Positioning Australia) project.
- Revised all CORSnet-NSW telecommunications and reduced risk by replacing aging equipment and building redundancy into the network where possible.
- Receiver update program – replacing every CORS receiver in the network older than seven years.

Survey Control Information Management System (SCIMS) – for spatial applications such as engineering surveys and mapping

- Added 2,359 marks to SCIMS.

- Updated coordinates for a further 1,113 marks in SCIMS.
- Received and processed more than 2,751 locality sketch plans.
- Introduction of Type 16 State Survey Marks.

Number and type of Survey Marks issued during 2018/19:

SSM Type 1	SSM Type 2	SSM Type 15	SSM Type 16	PM Cover Box	PM Stainless Steel Pin	Brass Screws	Brass Number Plate	SSM Type 15 Pin only
237	349	1431	13	803	129	1455	753	215

Digital Survey Plans

During 2018/19, only 4.86 per cent of Deposited Plan lodgements included a LandXML file. To demonstrate the benefits of digital survey plans, DFSI Spatial Services and NSW LRS undertook a trial to demonstrate the benefits of digital survey plans, called 'capture-on-demand'. The trial ran over four months and was completed in October 2018. The trial demonstrated that NSW LRS, the NSW Government and industry would benefit from increased utilisation of digital survey plans through improved quality and greater efficiency.

As a result of continuing low uptake, despite clear benefits, the Surveyor General in conjunction with the Office of the Registrar General and NSW LRS has commenced a project to transition the industry towards 100 per cent digital lodgement. This strategic review and reset for digital survey plans will be undertaken during financial year 2019/20.

Promotion of surveying and spatial industry

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

- the Surveyor General's Undergraduate Scholarship in Surveying which supported students entering their final year of the surveying degree program at the University of Newcastle and the University of NSW
- chairing the NSW Surveying Taskforce, tasked with marketing the surveying and spatial information profession to future generation of professionals. The Taskforce has seen a significant number of students commencing the university surveying degree programs and an increase in the number of candidate surveyors enrolled for registration as a result of their activities
- sponsorship of the NSW Excellence in Surveying and Spatial Information Awards, which recognises excellence in various categories including environment and sustainability, innovation and commercialisation, people and community, spatial enablement, technical excellence, export, cadastral surveying and land titling, and project management.

Leadership and strategic direction

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

- presiding over the Board of Surveying and Spatial Information
- representing NSW on the Intergovernmental Committee on Surveying and Mapping (ICSM)
- chairing the Surveying and Mapping Industry Council of NSW (SMIC)
- representing ICSM on the National Positioning Infrastructure Advisory Board
- representing NSW on the GDA Modernisation Implementation Working Group for the development and implementation of GDA2020
- surveying representative on the University of NSW School of Civil and Environmental Engineering Industry Advisory Committee

- representative on the University of Newcastle Surveying Liaison and Program Advisory Committee
- chairing the Geographical Names Board
- increasing the diversity and inclusivity of the surveying profession.

As the first female Surveyor General, Mrs Underwood is committed to promoting women in STEM (Science Technology Engineering Maths), which includes:

- delivering presentations on how to raise the profile and diversity of the surveying profession
- contributing to the national Diversity & Inclusion Action Plan for the surveying and spatial sector
- participating in Science & Technology Australia's Superstars of STEM program
- mentoring young professionals across NSW, Australia and internationally.

5.6 Valuer General

Independent Pricing and Regulatory Tribunal (IPART) price setting for valuation services

The Valuer General is required to provide land valuation lists and supplementary lists to councils under the *Local Government Act 1993*. These services are declared as government monopoly services under the *Independent Pricing and Regulatory Tribunal Act 1992*.

IPART determines the prices the Valuer General can charge for these services. In 2014, IPART reviewed the pricing of monopoly valuation services and published its report setting prices for the five-year period from 1 July 2014 to 30 June 2019. The prices increased over the five years by the Consumer Price Index.

For 2018/19, IPART set the maximum prices to:

- residential land \$5.87
- non-residential land \$12.91.

The Valuer General's charges for valuation services in 2018/19 were set in accordance with the maximum prices allowed under the IPART determination.

The overall average cost per valuation was \$20.44. In comparison, the overall average cost per valuation for the 2017/18 reporting year was \$19.37.

Note: This is an extract from the 2018/19 NSW Valuer General Annual Report, which can be found at http://www.valuergeneral.nsw.gov.au/publications/annual_reports.

6 Appendices

6.1 Accounts payable performance

For the principal Department of Finance, Services and Innovation, including: Better Regulation Division, Revenue NSW, ICT and Digital Government, Public Works Advisory, Valuation Services, Government and Corporate Services and the Office of the Secretary.

Aged analysis at the end of each quarter:

Quarter	Current \$'000	Less than 30 days overdue \$'000	Between 30 and 60 days overdue \$'000	Between 61 and 90 days overdue \$'000	More than 90 days overdue \$'000	Total \$'000
All suppliers						
Sep-18	22,206	0	0	0	0	22,206
Dec-18	43,216	0	0	32	1	43,249
Mar-19	40,868	0	54	162	0	41,085
Jun-19	62,295	0	507	84	0	62,886
Small business suppliers						
Sep-18	47	0	0	0	0	47
Dec-18	297	0	0	0	0	297
Mar-19	111	28	0	0	0	139
Jun-19	83	0	0	9	0	92

Accounts due or paid within each quarter:

Measure	Sep-18	Dec-18	Mar-19	Jun-19
All suppliers				
Invoices due for payment (#)	7,283	8,165	8,110	8,974
Invoices paid on time (#)	6,725	7,453	6,879	8,099
Actual percentage of invoices paid on time (based on number of invoices)	92.3%	91.3%	84.8%	90.2%
Amount due for payment (\$'000)	358,596	294,857	328,793	358,489
Amount paid on time (\$'000)	345,726	277,916	293,841	317,242
Target percentage of accounts paid on time	80.0%	80.0%	80.0%	80.0%
Actual percentage of accounts paid on time (based on \$)	96.4%	94.3%	89.4%	88.5%
Number of payments for interest on overdue accounts (#)	0	0	0	0
Interest paid on late accounts (\$)	0	0	0	0

Measure	Sep-18	Dec-18	Mar-19	Jun-19
Small business suppliers				
Invoices due for payment received from small businesses (#)	88	178	266	481
Invoices from small businesses paid on time (#)	85	172	233	461
Actual percentage of small business invoices paid on time (based on number of invoices)	96.5%	96.6%	88.6%	95.8%
Amount due for payment to small businesses (\$'000)	431	1,073	2,681	5,252
Amount due to small businesses paid on time (\$'000)	429	979	2,378	4,911
Actual percentage of small business accounts paid on time (based on \$)	99.6%	91.3%	88.7%	93.5%
Number of payments to small business for interest on overdue accounts (#)	0	0	0	0
Interest paid to small businesses on late accounts (\$)	0	0	0	0

Note: The report does not include payments made to employees, payments related to payroll and super, or payments made via Purchasing Cards.

Small business payment terms were reduced from 30 days to 20 days in December 2018.

The increase in small business payments is in line with higher registration of small businesses. There are now 7,689 small business registered with the Department. This follows the centralisation of the small business registration process with the Office of the Small Business Commissioner in December 2018. Previously, small businesses were required to register with each agency individually.

6.2 Annual report production cost

The external cost of producing this report (proofreading and printing) was \$4,374 excluding GST.

6.3 Consultants

Engagements over \$50,000

Consultant	Business Unit	Category	Purpose	Amount
Deloitte	Safework	Information Technology	Impartial investigations required regarding High Risk Work (HRW) License applications for Independent Commission Against Corruption (ICAC) matters	\$149,295
Australian Strategic Policy Institute	ICT & Digital Government	Information Technology	Advice on cyber security for NSW Government	\$85,900
Boston Consulting Group	ICT & Digital Government	Management Service	Develop an effective 10-year framework that aligns with NSW Government customer and digital agenda	\$168,000

Consultant	Business Unit	Category	Purpose	Amount
Essential Utilities Corporation	ICT & Digital Government	Management Service	Cost savings analysis for the NSW Government for telecommunication services	\$60,056
Andrew Naylor	NSW Fair Trading	Legal	Independent review of a NSW Fair-Trading matter which requires legal expertise	\$95,555
Dench McClean Carlson	Better Regulation	Management Service	Review of the Inter-Governmental Agreement (IGA) for electronic conveyancing to facilitate, implement and manage a regulatory framework to enable a competitive operator market	\$185,613
Hume Consulting	Better Regulation	Information Technology	Advice on setting up framework for the new electronic lodgement network under the national eConveyancing data standards (NECDS) to as part of an eConveyancing lodgement network to benefit all states	\$50,248
UST Global (Singapore) Pty Ltd	Revenue NSW	Management Service	Advice on implementation of agile coaching under the Information and Communications Technology Scheme in projects involving the delivery of services provided by Revenue NSW	\$219,600
Ernst & Young	Government and Corporate Services	Management Service	Provide strategic advice to Energy Procurement Committee for large contract sites 776 and 777 - Retail Supply of Electricity to government offices across NSW	\$466,395
Cornerstone OnDemand	Government and Corporate Services	Management Service	Build a business case for a single Human Capital Management (HCM) system for all GovConnect agencies to solve Recruitment and Onboarding issues	\$104,835
Subtotal engagements over \$50,000:				\$1,585,497

Engagements under \$50,000

Category	Number of engagements	Amount
Information Technology	3	\$117,850
Legal	1	\$42,979
Management Service	18	\$286,426
Subtotal engagements under \$50,000:		\$447,255

Total expenditure on consultants:	\$2,032,752
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6.4 Consumer response

Better Regulation Division

A [Licence Check](#) portal was developed this year which enables businesses and consumers to validate the details of NSW Fair Trading and SafeWork NSW licence holders in one convenient place. It does this by combining Fair Trading licence information with the newly developed SafeWork licence register. We will continue to develop the portal in 2019/20 to ensure greater availability of licence information so businesses and consumers can make informed decisions about the tradespeople they engage.

NSW Fair Trading

During 2018/19, NSW Fair Trading received 6.7 million service requests, a 2 per cent increase compared to 2017/18. This included 4.5 million website visits, 1.1 million telephone enquiries with additional requests for service comprising complaints, applications, rental bond lodgements and refunds as well as renewals for licences and registrations.

In 2018/19, NSW Fair Trading supported the community through:

- 351,131 enquiries for assistance
- 40,820 customer and trader complaints with 92 per cent received electronically, making the internet the preferred channel for complaint lodgements
- 568,030 calls answered by Fair Trading's Contact Centre
- 71,071 calls answered by regional Fair Trading offices
- 22,176 calls answered by Registry Services relating to co-operatives and associations
- 93,889 calls answered by the Plumbing Inspection and Assurance Service relating to both plumbing inspection bookings and technical enquiries
- 2,138 calls answered by the Loose Fill Asbestos Implementation Task Force
- 2,196 community events to over 46,546 consumers and their families, 73 per cent of which were provided to vulnerable groups:
 - participation in 460 community activities, reaching almost 12,000 multicultural consumers (includes CALD and indigenous) through our Informed Choices program
 - 345 events were targeted at senior groups
 - 222 events with over 5,500 participants in the Youth Informed Choices program
 - 361 events with 4,473 participants to people with disabilities
- 371,789 Rental Bonds were lodged and receipted, 59 per cent of which were lodged fully online using the Rental Bonds Online portal
- 303,924 Rental Bond refunds were processed, 37 per cent of which were processed fully online
- 213,474 applications and renewals of licences and registrations.

Any business that is subject to multiple complaints is allocated a case manager. This officer maintains an overview of complaints against that business and acts as a single point of contact for the trader. During 2018/19, 936 traders were actively managed, which included the new appointment of a specific case manager to 197 new traders.

Fair Trading encourages consumers and traders to provide feedback on their experiences. This feedback is captured and provided back to the business area for response and appropriate service improvements where required. In 2018/19, Fair Trading received 1,267 customer feedback responses from consumers and traders, comprising:

- 236 compliments (19 per cent of all feedback)
- 405 suggestions (32 per cent)
- 626 complaints (49 per cent), 96 per cent of which were completed within service standards.

Fair Trading issued:

- 418 Court Attendance Notices
- 381 Trader Warnings
- 206 Trader Cautions
- 2,197 Penalty Infringement Notices with fines totalling \$2,281,485.

There were also:

- 5,476 Trader Inspections completed, with a total of 31,855 products inspected.
- 41,746 Compliance Information Requests processed.
- 143 Enforcement Actions undertaken resulting in various disciplinary actions such as suspensions, disqualifications and cancellations of licences, registrations and accreditations.
- 280 prosecutions against 85 defendants with fines and penalties totalling \$1,008,344.
- The NSW Supreme Court ordered Digital Marketing and Solutions Pty Ltd trading as Android Enjoyed and CameraSky to pay to the state a pecuniary penalty of \$2,250,000 with Director Yuen Ho Wong also fined \$900,000 and barred from being a director of a corporation after proceedings were taken by NSW Fair Trading.

Several key Fair Trading operational initiatives were also delivered, including:

- Greater coverage of qualitative compliance activity in NSW using targeted data for regional compliance operations and proactive inspections.
- An innovative, consumer-centric 'newly licensed trader campaign' that helps newly licensed traders to comply with relevant legislation through proactive education/compliance visits when they commence their business:
 - From May 2018 to June 2019, almost 1,200 new traders have benefitted from this one-on-one service. Feedback from traders has been overwhelmingly positive.
- Increased proactive operations based on data-driven, risk-based intelligence, such as:
 - Compliance programs and operations across the motor vehicle industry in Castle Hill, Blacktown, Minchinbury, Greenacre and St Marys. Metropolitan Consumer Protection Officers joined their regional counterparts in operations in Port Macquarie, Muswellbrook, Mudgee, Wollongong, Inverell and Glen Innes, Far South Coast, Cooma, Goulburn, Queanbeyan, Nowra, Central Coast and the wider Central West area of NSW.
 - Enhanced focus on the recreational vehicle industry (motor vehicles or trailers which include living quarters designed for accommodation). Consumer Protection Officers attended related industry events at Lismore, Tamworth, Eastern Creek, Newcastle, Casino, Coffs Harbour and Rosehill and carried out detailed inspections and education of recreational vehicle traders at their regular place of business.
 - Proactive inspections of residential construction sites in Sydney and greater metropolitan areas, ensuring operators in the residential home building industry comply with relevant legislation.
- Compliance operations were undertaken to highlight product safety risks and dangers to the consumers of NSW. These included:
 - finding that a widespread make-up product used by various cultural groups was lead-based and dangerous, resulting in their recall
 - the pre-Christmas toy and product safety operation
 - the Royal Easter Show and aligned Regional Agricultural shows
 - in the lead up to winter, a children's dangerous nightwear operation.
- Fair Trading undertook inspections of 539 traders for the annual toy survey in October 2018, using intelligence-driven data and technology.

- Several joint operations in the motor vehicle industry were carried out with the NSW Police Force over 12 months, based on Fair Trading intelligence, that resulted in large-scale fines and suspended/cancelled licences for non-compliant traders.
- Fair Trading's Intelligence Unit gained recognition from the NSW Police Force for its excellence as a regulatory agency. Intelligence analysts have been identified and included in the NSW Police Force External Agency Liaison Unit for Intelligence Analysts. The unit is a centre of excellence, represented by law enforcement and other regulatory agencies including the Australian Taxation Office, Australian Federal Police, Home Affairs, Revenue NSW, NSW Environmental Protection Authority and the NSW Crime Commission.
- Risk modelling and processes implemented through the development of our Building Industry Licensing Improvement Plan, which manages high risk licence applications and renewals in the Building Industry. The program went live on 22 September 2018.

SafeWork NSW

SafeWork NSW's focus is on delivering services that are easy to access and designed collaboratively with our customers, partners and providers while enhancing work health and safety standards in NSW workplaces. The Work Health and Safety (WHS) Roadmap for NSW 2022 outlines a strategic approach to reducing harm by focusing on priority sectors, harms, workers and workplaces where the most significant WHS risks exist.

SafeWork has run a Customer Satisfaction Survey since 2012 to assess the extent that its services are meeting the needs of its customers. The 2018/19 results showed an overall satisfaction score of 8.3/10, with over a third of recipients indicating they were extremely satisfied with our services.

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

SafeWork NSW has also delivered the following key initiatives during 2018/19:

- undertaken an Annual Customer Satisfaction Survey for 2018 with an overall customer satisfaction with our services of 80 per cent
- engaging with the NSW community in numerous ways including:
 - 43,201 workplace interactions (including inspector visits)
 - 3,522,833 website visits
 - 136,956 emails, calls and letters
 - 84,050 licences issued
- an online digital "Easy to do WHS in NSW Toolkit" – making it easier for small businesses in NSW to comply
- provided funding of \$202,175 over 428 rebates to small business to make safety improvements
- collaborated with industry partners to develop a series of guides to help buyers and suppliers to think safety before they buy and to think safety before they supply
- a young workers eToolkit on the SafeWork website
- launched a new website to enable the Mentally Healthy Workplaces Strategy including registration for free programs and access to tools to create a mentally healthy workplace
- recommended regulatory changes to better protect workers from silica dust exposure and the lung disease silicosis
- the Centre for Work Health and Safety completed research to identify what makes enforcement tools and other intervention activities effective and how interventions should best be used to secure compliance
- Quad Bike Safety Improvement Program with 489 rebates provided resulting in \$438,869 towards quad bike safety.

Work Health and Safety Performance

NSW has already met and exceeded the nationally agreed targets for the reduction of fatalities and serious injuries and illnesses in advance of 2022. As a result of a refresh of the Roadmap in 2018, NSW has committed to new targets of a 30 per cent reduction in work related fatalities and a 50 per cent reduction in the incidence of serious injuries and illnesses by 2022.

The new baseline from 2013/14 to 2015/16 for serious claims for NSW is now 10.29 and the target incident rate set for 2021/22 is now 7.2. In 2016/17, NSW achieved an incident rate of 9.5.

Workplace fatality numbers and rates fluctuate year-to-year. In NSW, however, there is a downward trend overall and, given the work being undertaken under the Work Health and Safety Roadmap for NSW 2022, this trend is expected to continue.

KPI data – Reporting progress against the NSW and national targets for the reduction of fatalities and serious injuries⁽¹⁾

Key Performance Indicator NSW Target	NSW Baseline 2013-16	Results			Target NSW 2016-18	National Target SafeWork Australia 2020-22
		2016	2017	2018		
Reduce the number of worker fatalities by at least 30 per cent by 2022	57	54	62	47 ⁽²⁾	55	60

(1) The definition of traumatic injury fatalities (workers only) are fatalities resulting from an injury sustained in the course of a work activity. It excludes fatalities as a result of someone else's work activity (bystander activities). It includes work related fatalities on public roads and off public roads.

(2) The data for the calendar year 2018 (64 fatalities) is preliminary only and could change when data quality checks are applied in the future.

Key Performance Indicator NSW Target	Unit	NSW Baseline 2013-14 to 2015-16	Results			NSW Target 2021-22	National Target 2021-22
			2014-15	2015-16	2016-17		
Reduce the incidence of claims resulting in more weeks off work by at least 50% ⁽¹⁾	Incidence rate of serious workers compensation claims ⁽²⁾	10.29	10.4	9.7	9.5	7.20	9.82

(1) The incidence rate is defined as the number of claims per 1,000 workers.

(2) A serious claim is defined as a liability accepted workers' compensation claim for an incapacity that results in a total absence from work of one working week or more. Claims excluded from this definition include those arising from a work-related fatality or a journey to or from work or during a recess period. It also excludes deafness claims, as such claims tend not to have an absence from work of one working week or more.

SafeWork NSW compliance and enforcement activity

In 2018/19, SafeWork NSW commenced 134 prosecutions under Work Health and Safety laws, securing 59 successful prosecutions (mainly from incidents in previous years) resulting in \$3,570,050.00 in fines.

SafeWork NSW accepted 5 enforceable undertakings as an alternative to prosecution through the courts.

A summary of compliance, enforcement and other activities undertaken in 2018/19 is provided below.

Activity	Number
Workplace visits – proactive	18,809
Workshops, presentations, seminars, forums – proactive	1421
Workplace visits – reactive	12,669
Other reactive interventions	9,302
Penalty notices issued	636
Prohibition notices issued	1904
Improvement notices issued	10,157
Total other notices issued	2,708
Enforceable undertakings	5
Legal proceedings finalised in 2018/19	60
Legal Proceedings resulting in a conviction, order or agreement in 2018/19	59
Legal proceedings commenced in 2018/19 (proceedings commenced may not conclude until subsequent year/s)	134
Value of fines ordered by the Courts	\$3,570,050.00

Data disclaimer

The NSW Government is committed to producing data that is accurate, complete and useful. Notwithstanding its commitment to data quality, the NSW Government gives no warranty as to the fitness of this data for a particular purpose. While every effort is made to ensure data quality, the data is provided “as is”. The burden for fitness of the data lies completely with the user. The NSW Government shall not be held liable for improper or incorrect use of the data.

Note – This data was correct at the time in which it was extracted, however, may change due to the progression of data and the application of regular data quality reviews. It should not be used for any other purpose or forwarded to any other parties without the prior written consent of SafeWork NSW.

Office of the Registrar General

During the reporting period, the Office of the Registrar General:

- reviewed 15 Torrens Assurance Fund (TAF) claims valued at around \$15 million
- reviewed 24 boundary disputes between adjoining property owners and carried out 154 audits across NSW, 85 of which were in the Sydney metropolitan area and 63 in regional NSW.

Subsidence Advisory NSW

During the reporting period, Subsidence Advisory NSW:

- approved \$3.2 billion worth of development in Mine Subsidence districts, assessing 3,660 individual development applications
- responded to 180 emergency mine subsidence reports, including sinkholes, through its 24-hour response service
- received 295 claims and paid \$10.9 million in compensation for properties and infrastructure damaged by subsidence.

Government and Corporate Services – NSW Procurement Service Centre

The NSW Procurement Service Centre responds to over 23,000 queries annually. The service centre continues to support the NSW Premier's Priority of 'Government made easy' by achieving the following results. In financial year 2018/19, the service centre was the first point of contact for the launch of the Small and Medium Enterprises and Regional Procurement Policy, improved accreditation program for goods and services procurement, updated Aboriginal Procurement Policy and Aboriginal Procurement Portal, Telecommunications Purchasing Agreement, launch of the Core& agreement form for ICT services, with multiple other contracts, schemes and policy queries which are resolved at the first level almost 90 per cent of the time.

The service centre has an exceptional track record, resolving over 95 per cent of calls within two days and holds a Net Promoter Score (NPS) of +59 across 718 surveys.

Categorised Service Centre Statistics								
	2018-19	% of Total	2017-18	% of Total	2016-17	% of Total	2015-16	% of Total
Contracts and schemes	1,934	8.29%	3,151	13.51%	3,861	27.61%	6,055	32.79%
Tendering	1,348	5.78%	2,235	9.58%	4,399	31.46%	6,551	35.48%
Purchasing	41	0.18%	42	0.18%	1,625	11.62%	2,691	14.57%
Policy	189	0.81%	254	1.09%	570	4.08%	1,268	6.87%
Construction	833	3.57%	116	0.50%	1,026	7.34%	674	3.65%
Other issues	3,588	15.39%	2,587	11.09%	2,501	17.89%	1,226	6.64%
CC Supervision Delta (Total queries-all the above)	15,385	65.98%	14,947	64.06%	0	0.00%	0	0.00%
Total	23,318	100.00%	23,332	100.00%	13,982	100.00%	18,465	100.00%

Service Centre Statistics						
	2018-19	2017-18	2016-18	2015-16	2014-15	2013-14
Total Incidents	23,288	23,332	25,635	17,557	13,982	18,468
Live Chat	4,573	775	1,315	868	-	-
Customer Satisfaction	91%	-	-	-	-	-
NPS	59	-	-	-	-	-
Total number of resolved first level	20,956	20,565	22,831	16,182	12,584	15,645
Percentage first level	90%	88%	89%	92%	90%	85%
Total Number resolved in Service Level Agreement	22,567	22,401	24,679	16,126	12,786	17,887
Percentage call resolved in Service Level Agreement	97%	96%	96%	92%	91%	97%
Complements	50	40	-	90	32	38
Complaints	2	1	-	9	3	1

Property and Advisory Group

The Property and Advisory Group (PAG) continued to respond efficiently and effectively to feedback from customers, tenants and visitors to its precincts. One of our channels of feedback was the Customer Request Management System (CRMS). This system was linked to a dedicated Customer Service Request Line which operated 24 hours a day, seven days a week and allowed PAG to identify key trends and issues within its precincts and respond accordingly.

During the reporting period, PAG received an average of 690 complaints, comments and queries per month between July and November 2018 and an average of 250 between December and June 2019. Correspondence related to a range of matters, including cleanliness, maintenance and access.

In addition, PAG encouraged feedback from the general public via an email address published on property.nsw.gov.au. Some 817 compliments, complaints and enquiries were received through this channel during the reporting period.

In line with the Premier's Priority to improve government services, PAG introduced a Complaint Handling Improvement Program (CHIP) module on the Property NSW website. The number of complaints received during the year on this platform significantly reduced from 14 in 2017/18 to five in 2018/19. During the year, five complaints, one suggestion and two compliments were received.

Feedback is also received via our precinct channels. In 2018/19, Place Management NSW captured 14,494 posts on the Darling Harbour Facebook page and 6,481 posts on The Rocks Facebook page. It also actioned 185 enquiries via the Darling Harbour website and 260 enquiries via The Rocks website. In addition, Place Management NSW met face-to-face with tenants across The Rocks and Darling Harbour.

Property NSW also has mechanisms in place for its government agency clients to provide feedback relating to base building issues via the Property NSW Customer Service Request Centre at <https://jll-propertynsw.corrigo.com/Customer/Home>. The portal continued as the central service point for agency property management issues. It allows government agency staff to log and track maintenance requests online in real time for Property NSW managed buildings (leased and owned).

Property NSW also gauges government agency responses to its service delivery through its client satisfaction survey. The most recent Customer Satisfaction Survey results (for June 2018) showed a combined satisfaction score of 69 per cent noting that:

- 60 per cent of respondents believed that Property NSW delivered value for their business
- 69 per cent of respondents believed that Property NSW delivered value for the state of NSW.

6.5 Disclosure of controlled entities

For the purposes of financial reporting, DFSI had no controlled entities for the 2018/19 financial year.

6.6 Diversity and inclusion policies and services

The Diversity and Inclusion at DFSI Strategy and Action Plan 2018-20 outlines DFSI's commitment to the NSW Government's key targets to:

- increase the proportion of women in senior leadership roles from 33 to 50 per cent by 2025
- double the number of Aboriginal and Torres Strait Islander people in senior leadership roles from 57 to 114 by 2025
- ensure representation of Aboriginal and Torres Strait Islander people reaches 1.8 per cent in all salary bands by 2021
- increase representation of people with a disability from 2.7 per cent to 5.6 per cent by 2027.

The 2018-2019 Diversity and Inclusion Strategy includes four focus areas – community and culture, celebration and awareness, attraction, and retention and ‘our leadership’ – supported by activities to take practical action to:

- develop and implement targeted strategies for three priority diversity groups: women in leadership, Aboriginal and Torres Strait Islander people, and people with a disability
- support the Diversity Advisory Council and Employee Resource Groups to update practical actions and implement the Diversity and Inclusion Strategy, Aboriginal Workforce Strategy and Multicultural Policies and Services Program Plan
- review cultural competency training offerings and the application of the Community Language Allowance Scheme to increase understanding and skills in culturally inclusive practices.

DFSI’s Diversity and Inclusion Premier Priority statistics for the period July 2018 to June 2019 are outlined below. It should be noted that completion of EEO employee data is voluntary and as such underreporting is likely. More than 80 per cent of staff chose not to fill in or respond to diversity data in 2018/19.

Women in Leadership

Percentage of Women in Leadership: 47%

Female Executive Appointments:

2018-2019	FY Total	Rolling 12 Months
No. appointments (ongoing)	49	67
No. women (ongoing)	28	40
Ratio of women (ongoing)	57%	60%

- There were 285 substantive senior executive leaders in the cluster, of which 134 (47%) were female.
- The ratio of women in leadership remained steady from the previous year.
- The cluster is on target to meet the Premier’s Priority of 50 per cent women in leadership roles by 2025.
- Up until the end of financial year 2019, 50 per cent of ongoing executive appointments were female.

Aboriginal and Torres Strait Islander staff

- As at 30 June 2019, 2.5 per cent of DFSI employees identified as Aboriginal.
- The employment rate for Aboriginal new starters was 46.3% higher than those exiting the organisation.
- Some 78 per cent of Aboriginal new starters were general scale to Clerk Grade 5/6 equivalent, with 80 per cent in ongoing roles.
- The separation rate for Aboriginal staff was 15.1 per cent compared to 13.1 per cent for all employees.
- The commencement rate for Aboriginal staff sat at 28.2 per cent compared to 24.5 per cent for all employees.
- Some 5.94 per cent of Aboriginal staff left the organisation voluntarily within the last 12 months, compared with 9.41 per cent of non-Aboriginal staff.
- There is one identified SEB1 Aboriginal staff member.

People with a Disability

Identification of staff with a disability remains a challenge.

- Engagement of employees with a disability increased but is still below the overall employee engagement score at 64 per cent.
- Nine employees, who identified as having a disability commenced employment in 2019. One in DFSI and eight in Service NSW.
- One employee who identified as having a disability was appointed to a Senior Leader role in DFSI in 2019.
- There were nine new starters with a disability, which was lower than the 41 staff with a disability who exited the department.
- The separation rate for people with a disability was 17.3 per cent which was higher than the rate for all employees of 13.1 per cent.
- The voluntary separation rate was at 7.1 per cent compared to 9.7 per cent for all employees.
- The ratio of cluster commencements for people with a disability was at 1.5 per cent, which is 4.1 per cent below the target of 5.6 per cent.
- The voluntary separation of people with a disability leaving within the first 12 months was at 15.8 per cent.
- Some 63 per cent of new starters who identified as having a disability were at Grade 5/6 or equivalent.

Diversity Advisory Council

The Diversity Advisory Council provided advice and counsel to the DFSI Executive in the development and monitoring of the DFSI Diversity and Inclusion Strategy. The council also proactively demonstrates visible and active leadership of diversity and inclusion across DFSI. The council was sponsored by the Secretary and chaired by a Deputy Secretary. Other members include divisional senior leaders and representatives from the Employee Resource Groups. Council meetings were held quarterly.

Employee Resource Groups

In conjunction with the Diversity Advisory Council, eight Employee Resource Groups (ERGs) continued to increase awareness and made a positive contribution to DFSI's culture in partnership with the DFSI Ambassador Network. The ERGs focused on the following diversity areas:

1. Ability – people with a disability
2. Aboriginal and Torres Strait Islander
3. Culturally and Linguistically Diverse (CALD)
4. Carers
5. Mature Aged Professionals
6. Pride - lesbian, gay, bisexual, transgender, intersex, queer (LGBTIQ)
7. Women
8. Young Professionals Network

Awareness raising

DFSI held a range of events to encourage all staff to feel a sense of belonging through their personal stories and promote DFSI as a great place to work that values, respects, and leverages diversity.

Carers

DFSI offers flexible work arrangements and support for staff to balance work and caring responsibilities. This includes online child and elder care kits available to all staff. Both kits provide useful information and links to a range of websites offering specialist help for carers.

Disability Inclusion Action Plan

The 2015-2018 Disability Inclusion Action Plan (DIAP) outlines DFSI's commitment to improving access to services and employment opportunities for people with disability. The DIAP aims to:

- increase access to information, services, and our workplaces for people with disability
- ensure positive attitudes and behaviors towards people with disability
- attract and retain more people with disability.

DFSI Achievements in 2018/19 under the Disability Inclusion Action Plan

- Formed the Diversity Advisory Council and Ability Employee Resource Group.
- Established DIAP Review and DIAP 2019-2022 working group and prepared draft plan for consultation.
- Celebrated International Day of People with Disability events.
- Included accessibility in planning and design of new premises, for example, the government building at 4 Parramatta Square.
- Developed draft reasonable adjustment statement.
- Published quarterly DFSI Executive reporting and trend analysis of disability employment.
- Recruited a Diversity and Inclusion Manager and implemented Pipelines and Programs manager and team.
- Implemented a flexible working policy across DFSI, including manager training and incorporated it into the Leadership Essentials Program.
- SIRA commenced the accreditation process to become a Disability Confident Recruiter. A recruitment review was conducted in September 2018 with recommendations made by the Australian Network on Disability on what was needed to meet the accreditation requirements. This program was broadened to the whole department and was embedded as part of the Diversity and Inclusion Talent Management Framework.
- Established an approach to mental health awareness by launching a 'mental health' intranet page accessible to all staff, promoting internal and external resources to staff covering mental, social and physical wellbeing.

The 2019-2022 DIAP was developed for consultation and a working group formed in relation to workplace adjustments and associated frameworks. The key focus of the new draft DIAP was:

- Livable Communities
- Attitudes and Behaviours
- Employment
- Systems and Processes.

DFSI participated in the NSW Public Sector 'Jobs for People with a Disability Committee' led by Family and Community Services in partnership with the Public Service Commission. This sector wide strategy enhances the Department of Customer Service DIAP.

Multicultural Policies and Services Program

The Public Service Multicultural Policies and Services Program (MPSP) was complemented by DFSI's Diversity and Inclusion Strategy 2018-2019, Aboriginal Workforce Strategy and Disability Inclusion Action Plan to enhance diversity in the workforce. DFSI contributed to the following Multicultural NSW 2019 MPSP reporting themes:

- Improving outcomes for women in leadership and increasing the proportion of leaders from culturally and linguistically diverse (CALD) backgrounds.
- Language Services that provide equal access to services, programs, and opportunities across the state.

Community Language Allowance Scheme

DFSI provided an in-house language aide service. As of June 2019, the DFSI cluster had 49 people registered as language aides under the Community Language Allowance Scheme (CLAS).

Settlement services – Refugee employment

ICT and Digital Government has placed five refugees into Policy Officer, Cyber Security Analyst, Web Developer and Quality Assurance Officer roles. Two employees moved on to other roles in the NSW public sector and Settlement Services are working with two other refugees to find alternative roles.

People and Culture provide mentoring support for refugees and manage the partnership with Settlement Services International.

Workforce diversity statistics

Trends in the Representation of Workforce Diversity Groups				
Workforce Diversity Group	Benchmark	2017 ^{1,2}	2018 ¹	2019 ¹
Women ³	50%	56.2%	57.3%	57.5%
Aboriginal People and/or Torres Strait Islander People ⁴	3.3%	4.6%	2.4%	2.5%
People whose First Language Spoken as a Child was not English ⁵	23.2%	19.3%	20.5%	20.8%
People with a Disability ⁶	5.6%	7.9%	5.8%	5.2%
People with a Disability Requiring Work-Related Adjustment ⁶	N/A	1.8%	1.9%	1.6%

Note 1: Statistics are based on Workforce Profile census data as at 29 June 2017, 28 June 2018 and 27 June 2019.

Note 2: Workforce diversity statistics for 2017 reflected the current composition of the department and may vary from those reported in previous annual reports.

Note 3: The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community.

Note 4: The NSW Public Sector Aboriginal Employment Strategy 2014-17 introduced an aspirational target of 1.8% by 2021 for each of the **sector's salary bands. If the aspirational target of 1.8% is achieved in salary bands not currently at or above 1.8%, the cumulative representation of Aboriginal employees in the sector is expected to reach 3.3%.**

Note 5: A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for People whose First Language Spoken as a Child was not English. The ABS Census does not provide information about first language but does provide information about country of birth. The benchmark of 23.2% is the percentage of the NSW general population born in a country where English is not the predominant language.

Note 6: In December 2017, the NSW Government announced the target of doubling the representation of people with disability in the NSW public sector from an estimated 2.7% to 5.6% by 2027. More information can be found at: [Jobs for People with Disability: A plan for the NSW public sector. The benchmark for 'People with Disability Requiring Work-Related Adjustment' was not updated.](#)

Trends in the Distribution of Workforce Diversity Groups				
Workforce Diversity Group	Benchmark ⁷	2017	2018	2019
Women	100	92	93	93
Aboriginal People and/or Torres Strait Islander People	100	98	94	92
People whose First Language Spoken as a Child was not English	100	100	100	100
People with a Disability	100	94	94	96
People with a Disability Requiring Work-Related Adjustment	100	87	86	90

Note 7: A Distribution Index score of 100 indicates that the distribution of members of the Workforce Diversity group across salary bands is equivalent to that of the rest of the workforce. A score less than 100 means that members of the Workforce Diversity group tend to be more concentrated at lower salary bands than is the case for other staff. The more pronounced this tendency is, the lower the score will be. In some cases, the index may be more than 100, indicating that members of the Workforce Diversity group tend to be more concentrated at higher salary bands than is the case for other staff.

Revenue NSW

Work and Development Orders

Revenue NSW makes Work and Development Orders (WDO) to allow eligible people who have a mental illness, intellectual disability or cognitive impairment; are homeless; are experiencing acute economic hardship; or have a serious addiction to drugs/alcohol/volatile substances to satisfy their fine debt through unpaid work with an approved organisation or by undertaking certain courses or treatment. A WDO can only be made if an application is supported by an approved organisation, or in the case of medical/mental health treatment, a health practitioner qualified to provide that treatment.

A WDO can include one or more of the following activities:

- unpaid work for, or on behalf of, an approved organisation
- medical or mental health treatment in accordance with a health practitioner's treatment plan
- educational, vocational or life skills course
- financial or other counselling
- drug or alcohol treatment
- a mentoring program (this option is only available if you are under 25 years of age).

In 2018/19, Revenue NSW approved 31,286 Work Development applications valued at \$43.1 million.

Advisory and education outreach, webinar and seminar

In the past year, Revenue NSW outreach team connected with customers at 191 outreach events across NSW. At each event, the team encouraged Aboriginal and non-Aboriginal service providers to use the Advocacy Hotline to resolve fines or become a WDO sponsor. The sites visited included community halls, court houses, rehabilitation facilities and juvenile justice centres.

6.7 Employment and senior executive statistics

Employment statistics

Division	Full Time Equivalent (FTE) Headcount over time ³²			
	2016 ^{1, 2}	2017 ^{1, 2}	2018 ^{1, 2}	2019 ^{1, 2}
Better Regulation Division ^{3, 12, 21, 27, 29}	1,015.1	1,022.9	1,551.6	1578.3
Government & Corporate Services ^{15, 16, 19, 20, 21, 24, 30, 31}	633.4	609.6	858.3	721.6
ICT & Digital Government ^{4, 5, 19, 20, 31}	166.7	512.7	411.9	472.9
Land & Property Information ²³	768.2			
NSW Fair Trading ^{3, 17}	522.0	559.8		
NSW Public Works ²¹	567.5			
Office of The Secretary ^{6, 14, 15, 22, 24, 30}	34.4	116.9	83.8	50.0
Property & Advisory Group ^{7, 18, 19, 21}	294.2	663.9	659.2	728.6
Revenue NSW ²⁸	1,355.4	1,335.7	1,383.3	1317.6
State Insurance Regulatory Authority ^{26, 27}			296.2	313.3
Subsidence Advisory NSW ^{8, 9, 22, 29}	26.0			
Titling & Registry Services ^{19, 23, 25}		334.2		
Workers Compensation Independent Review Office ¹⁰	29.0	27.0	27.4	37.35
Workers' Compensation Commission ¹¹	57.1	56.1	58.8	68.7
Total	5,469.1	5,238.8	5,330.5	5,288.35

Notes:

1 Full time equivalent staff (excludes chairpersons, casuals, contractor/agency staff, statutory appointments, trustees, council committee members, staff on secondment to other agencies and staff on long term leave without pay).

- 2 Statistics are based on Workforce Profile census data as at 30 June 2016, 29 June 2017, 28 June 2018 and 27 June 2019.
- 3 In July 2017, NSW Fair Trading Division was abolished and all of NSW Fair Trading transferred to Better Regulation Division.
- 4 ICT & Digital Government was renamed from Services and Digital Innovation (formally Service Innovation and Strategy) in 2016. The division was established on 1 February 2014.
- 5 ICT & Digital Government includes NSW Procurement and ICT Strategic Delivery from the former Government Services.
- 6 Office of the Secretary was renamed from Office of the Chief Executive in July 2015.
- 7 Property & Housing Group includes Government Property NSW, Teacher Housing Authority of NSW, Waste Assets Management Corporation and Sydney Harbour Foreshore Authority that transferred to Property & Housing Group on 1 July 2015.
- 8 Mine Subsidence Board transferred into the department on 1 July 2015.
- 9 Mine Subsidence Board was abolished on 1 January 2019 and replaced by the Chief Executive of Subsidence Advisory NSW.
- 10 Workers Compensation Independent Review Office previously reported in Safety Return to Work & Support which has been dissolved and was renamed from WorkCover Independent Review Officer.
- 11 **Workers' Compensation Commission previously reported in Safety Return to Work & Support which has been dissolved.**
- 14 Office of the Secretary staff from Ministerial Services and Corporate Affairs transferred to Corporate Services in November 2015.
- 15 In 2016 and 2017, Office of the Secretary included the Change Management Office that transferred from Government & Corporate Services in June 2016. Central Policy Office and Strategic Program & Performance Management Office were new branches in December 2015.
- 16 Government & Corporate Services was renamed from Corporate Services in January 2016.
- 17 NSW Fair Trading staff from the Contact Centre and Licensing transferred to Better Regulation in February 2016.
- 18 Property & Advisory Group was renamed from Property & Housing Group in July 2016.
- 19 Land and Property Information was dissolved in July 2016 with staff transferred to Better Regulation Division, Government & Corporate Services, ICT & Digital Information, Property & Advisory Group and Titling and Registry Services.
- 20 State Archives and Records Authority transferred to ICT & Digital Government in July 2016.
- 21 NSW Public Works was dissolved in August 2016 with staff transferred to Government & Corporate Services, Property & Advisory Group or the private sector.
- 22 In 2017, Mine Subsidence Board numbers were reported under the Office of the Secretary.
- 23 Titling & Registry Services was created in October 2016.
- 24 Ministerial Services staff transferred from Government & Corporate Services to the Office of the Secretary in March 2017.
- 25 Titling & Registry Services privatised on 30 June 2017.
- 26 State Insurance Regulatory Authority (SIRA) created as its own division on 1 July 2017.
- 27 State Insurance Regulatory Authority transferred from Better Regulation Division to SIRA.
- 28 Revenue NSW was renamed from Office of State Revenue in July 2017.
- 29 From 2018, Subsidence Advisory NSW employees reported under Better Regulation Division.
- 30 Change Management Office transferred from Office of the Secretary to Government & Corporate Services in October 2017.
- 31 State Archives and Records Authority transferred from ICT & Digital Government to Government & Corporate Services in February 2018.
- 32 The FTE equivalent headcount is the total employee headcount based on the number of hours a person works where a full-time employee is equal to 1 FTE.

Senior executive statistics

Senior Executive Band	2018 ^{1, 2, 3}				2019 ^{1, 2, 3}			
	Female	Male	Total	% Representation by Women	Female	Male	Total	% Representation by Women
Band 4 (Secretary)	0	1	1	0%	0	1	1	0%
Band 3 (Deputy Secretary)	4 ⁵	3 ⁵	7	57.1%	3 ⁶	2 ⁷	5	60.0%
Band 2 (Executive Director)	16	28	44	36.4%	17	22	39	43.6%
Band 1 (Director)	87	105	193	45.3%	92	101	193	47.7%
Total	107	137	245	43.9%	112	126	238	47.1%

Senior Executive Band	2018 ⁴		2019 ⁴	
	Range \$	Average Remuneration \$	Range \$	Average Remuneration \$
Band 4 (Secretary)	463,551 – 535,550	520,034	475,151 – 548,950	548,950
Band 3 (Deputy Secretary)	328,901 – 463,550	409,550	337,101 – 475,150	438,987
Band 2 (Executive Director)	261,451 – 328,900	282,322	268,001 – 337,100	300,668
Band 1 (Director)	183,300 – 261,450	214,661	187,900 – 268,000	229,077

Notes:

- 1 Senior Executive statistics exclude casuals, contractor/agency staff, statutory appointments, staff on secondment to other agencies and staff on long term leave without pay.
- 2 Statistics are based on Workforce Profile census data as at 28 June 2018 and 27 June 2019.
- 3 All employees reported in 2018 and 2019 are appointed under the *Government Sector Employment Act 2013*. Salary band based on current assignment including those on a temporary above level assignment for more than two months.
- 4 Salary ranges effective at the Workforce Profile census dates of 28 June 2018 and 27 June 2019.
- 5 During the FY17/18 period, SEB3 Deputy Secretary figures were incorrectly displayed. Male should have been 3 and Female 4. The total was correct at 7.
- 6 In FY18/19 – the number of female Band 3 (Deputy Secretary) executives reduced by 1. This was due to an acting arrangement in the role of GCIDO during FY17/18 where a female executive was in the role at the time the statistics were calculated prior the ongoing placement of a male executive.
- 7 In FY18/19 – the SEB3 Deputy Secretary male reduction from 3 to 2 was due to retirement of the Commissioner for NSW Fair Trading.

In 2019, 11.47 per cent of the department's employee-related expenditure was for senior executives. This increased from 10.2 per cent in 2018.

6.8 Employee relations policies and practices

DFSI Positive and Productive Workplace policy

DFSI has a Positive and Productive Workplace policy to assist employees to manage conflicts and grievances in the workplace. The policy focuses on maintaining a harmonious workplace by addressing conflicts as quickly and as close to the source as possible by utilising three separate pathways from informal through to formal processes.

Managing for Improvement framework

DFSI aims to ensure that all managers and employees are equipped with the appropriate support and resources to enable them to work together and improve issues of performance. The Managing for Improvement framework provides managers and employees with appropriate resources and is a two-step process that improves issues of unsatisfactory performance.

Employee relations investigation matters

A total of 141 employee relations matters were actioned, encompassing conduct, performance, probationary performance, bullying, harassment, discrimination, abandonment of employment and medical retirements.

Industrial relations matters

The following types of matters were dealt with at the NSW Industrial Relations Commission:

Type of Matter	Quantity
Award matters	2
Unfair dismissal	9
General disputes	1

The following types of matters were dealt with at the Australian Human Rights Commission and NSW Anti-Discrimination Board:

Type of Matter	Quantity
Discrimination matters	3

One matter proceeded to arbitration, the remainder were resolved before proceeding further.

6.9 Funds granted to non-government community organisations

NSW Fair Trading

During the 2018/19 financial year, NSW Fair Trading administered grants to:

- Aged Care Supported Accommodation Service
- Home Building Advocacy Service (HoBAS)
- STRATA Collective Sales Advocacy Service (STRATA)
- Tenants' Advice and Advocacy Program (TAAP)
- Financial Counselling Services Program (FCSP)
- No Interest Loan Scheme (NILS).

The Aged Care Supported Accommodation Service

The Seniors Rights Service funded under the Aged Care Supported Accommodation Service provides advocacy, information and education services for older residents in supported accommodation such as retirement villages, nursing homes, hostels and boarding houses.

Funding for 2018/19 was \$554,358.49 (plus GST) and was sourced from the Rental Bond Board Interest Account (100 per cent).

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
Seniors Rights Service Inc	Seniors Rights Service (SRS)	\$554,358.49	Statewide
Total		\$554,358.49	

Home Building Advice and Advocacy Service

NSW Fair Trading funds Macquarie Legal Centre to provide advice and assistance to NSW residential home building consumers on their rights and responsibilities including advocacy services, negotiation of disputes between consumers and builders, assistance to prepare cases for the NSW Civil and Administrative Tribunal (NCAT) hearings and provide representation when appropriate.

Funding for 2018/19 was \$288,539.67 (plus GST) and was sourced from Fair Trading revenue (100 per cent).

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
Western Sydney Community Legal Centre	Home Building Advocacy Service	\$288,539.67	Statewide
Total		\$288,539.67	

STRATA Collective Sales Advocacy Service

STRATA is funded to provide legal advice, advocacy services, and assist or represent targeted NSW strata residential consumers before NCAT and the Land and Environment Court (the court) regarding the strata schemes collective sales and renewals scheme in the *Strata Schemes Development Act 2015*.

Funding for 2018/19 was \$454,756.25 (plus GST) and was sourced from NSW Fair Trading (100 per cent).

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
Seniors Rights Service Inc	Seniors Rights Service (SRS)	\$227,378.13	Statewide
Marrickville Legal Centre	Strata (Collective Sale) Advocacy Service	\$227,378.13	Statewide
Total		\$454,756.26	

Tenants' Advice and Advocacy Program

This program is fully funded by NSW Fair Trading. The program delivers advocacy, information and education services for tenants.

Funding for 2018/19 was \$11,563,645.65 (plus GST). Funding was sourced from the Rental Bond Board Interest Account (50 per cent) and the Property Services Statutory Interest Account (50 per cent).

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
Inner Sydney Tenants Advice & Advocacy Service (ISTAAS)	Redfern Legal Centre	\$486,656.55	Inner Sydney
Eastern Area Tenants Service Inc (EATS)	Eastern Area Tenants Service Incorporated	\$365,642.41	Eastern Sydney
Inner West Tenants Advice and Advocacy Service (IWTAAAS)	Marrickville Legal Centre	\$365,642.41	Inner-Western Sydney
Northern Sydney Area Tenants Service (NSATS)	Marrickville Legal Centre	\$486,656.55	Northern Sydney
Southern Sydney Tenants Advice & Advocacy Service (SSTAAS)	Metro Assist	\$550,803.62	Southern Sydney
South West Sydney Tenants Advice and Advocacy Service (SWSTAAS)	Macarthur Legal Centre	\$486,656.55	South Western Sydney
Blue Mountains Tenants Service	Elizabeth Evatt Community Legal Centre	\$122,574.14	Blue Mountains
Western Sydney Community Legal Centre (WSCLC)	Macquarie Legal Centre	\$790,751.90	Western & North Western Sydney
Central Coast Tenants Advice and Advocacy Service (CCTAAS)	Central Coast Tenants Advice and Advocacy Service Inc	\$365,122.41	Central Coast
Hunter Tenants Advice & Advocacy Service (HTAAS)	Hunter Regional Neighbourhood Centre Forum Inc	\$557,664.17	Hunter Region
Illawarra Tenants Service	Illawarra Legal Centre	\$436,650.03	Illawarra/South Coast
Mid Coast Tenants Advice and Advocacy Service	Port Macquarie Neighbourhood Centre Inc	\$375,622.96	Mid North Coast

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
Northern Rivers Tenants Advice and Advocacy Service (NORTAAS)	Northern Rivers Community Legal Centre Inc	\$376,142.96	Far North Coast
South Western NSW Tenants Service	VERTO LTD	\$1,003,462.32	South Western NSW
New England and Western Tenants Advice and Advocacy Service (NEWTAAS)	New England and Western Tenants Advice and Advocacy Service Incorporated	\$579,392.83	North Western NSW
Greater Sydney Aboriginal Tenants Service (GSATS)	Aboriginal Legal Service (NSW/ACT) Limited	\$486,322.72	Greater Sydney ATSI
Murra Mia Tenants Advice and Advocacy Service	Management and Advisory Services Aboriginal Corporation	\$754,259.98	South Eastern NSW ATSI
Northern NSW Aboriginal Tenants Advice and Advocacy Service (NATAAS)	Northern NSW Aboriginal Tenants Advice and Advocacy Service Inc	\$688,762.64	Northern NSW ATSI
Western Aboriginal Tenants Advice and Advocacy Service (WATAAS)	Aboriginal Legal Service (NSW/ACT) Limited	\$624,874.51	Western NSW ATSI
Statewide Tenants Advice & Advocacy Program Resource Service	Tenants Union of NSW Co-operative Limited	\$1,409,577.67	Statewide TAAP Resource Service
Aboriginal Resource Unit (ARU)	Dtarawarra Pty Ltd	\$213,824.50	ATSI Resource Service
TAAP Special Purpose Fund	Unforeseen expenditure which is directly linked to the provision of service of tenants	\$36,581.82	Statewide
Total		\$11,563,645.65	

Financial Counselling Services Program

The Financial Counselling Services Program provides free-of-charge financial counselling by accredited counsellors. Funding for 2018/19 was \$7,695,471.74 (plus GST). Funding was sourced from Rental Bond Board Interest (53 per cent), Financial Counselling Trust Fund (24 per cent) and Fair Trading (23 per cent).

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare South Western Sydney Financial Counselling Service	\$670,306.48	South Western Sydney
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare Southern Sydney Financial Counselling Service	\$359,000.15	Southern Sydney
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare Western Sydney Financial Counselling Service	\$713,977.41	Western Sydney
Wesley Community Services Limited	Wesley Mission Credit Line Financial Counselling Services North Western Sydney	\$428,604.48	North Western Sydney

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
The Trustee of the Roman Catholic Church for the Diocese of Broken Bay	CatholicCare Diocese of Broken Bay Northern Sydney Financial Counselling Service	\$308,410.44	Northern Sydney
Metro Assist	Inner Western Sydney Financial Counselling Service	\$347,038.53	Inner Western Sydney
Wesley Community Services Limited	Wesley Mission Credit Line Financial Counselling Services Inner Sydney	\$328,386.58	Inner Sydney
Lismore & District Financial Counselling Services Inc	Far North Coast Region Financial Counselling Network	\$301,788.31	Far North Coast
Kempsey Neighbourhood Centre	Mid North Coast Region Financial Counselling Service	\$438,727.25	Mid North Coast
Financial Counselling Hunter Valley Project Inc	Lower Hunter Region Financial Counselling Service	\$530,281.00	Newcastle/Lower Hunter
Financial Counselling Hunter Valley Project Inc	Upper Hunter Region Financial Counselling Service	\$110,796.13	Upper Hunter
Gosford City & Community Information Service Ltd	Central Coast Region Financial Counselling Service	\$265,228.89	Central Coast
Illawarra Legal Centre Inc	Illawarra Region Financial Counselling Service	\$316,243.63	Illawarra
Eurobodalla Family Support Service Inc	Far South Coast Region Financial Counselling Service	\$71,603.91	Far South Coast
Anglicare NSW South, NSW West & ACT	Anglicare Riverina Lower South Western Regional Financial Counselling Service	\$173,943.15	Lower South Western
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare Goulburn Region Financial Counselling Service	\$117,118.09	Goulburn
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare Murray Region Financial Counselling Service	\$72,894.14	Murray
Lifeline Central West Inc	Lifeline Dubbo/Mid West Region Financial Counselling Service	\$87,798.40	Dubbo/Mid West
Lifeline Central West Inc	Lifeline Central West Region Financial Counselling Service	\$120,002.44	Central West
The Trustee of the Roman Catholic Church for the Diocese of Wilcannia-Forbes trading as CentaCare Wilcannia-Forbes	Centacare Forbes and Parkes Region Financial Counselling Service	\$56,054.70	Parkes/Forbes
Lifeline Broken Hill Inc	Lifeline Broken Hill Region Financial Counselling Service	\$85,663.01	Broken Hill
The Trustee of the Roman Catholic Church for the Diocese of	Centacare Far West Region Financial Counselling Service	\$83,262.04	Far West

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
Wilcannia-Forbes trading as CentaCare Wilcannia-Forbes			
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare Tamworth/Northern Plains Region Financial Counselling Service	\$110,403.57	Tamworth/Northern Plains
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare Armidale Region Financial Counselling Service	\$56,054.70	Armidale
Muru Mittigar Ltd	Muru Mittigar Community Finance Hub Campbelltown Aboriginal and Torres Strait Islander Financial Counselling Service	\$25,833.80	Campbelltown
Muru Mittigar Ltd	Muru Mittigar Community Finance Hub Penrith Aboriginal and Torres Strait Islander Financial Counselling Service	\$46,467.60	Penrith
Muru Mittigar Ltd	Muru Mittigar Community Finance Hub Blacktown Aboriginal and Torres Strait Islander Financial Counselling Service	\$69,701.40	Blacktown
Financial Counselling Hunter Valley Project Inc	Newcastle Aboriginal and Torres Strait Islander Financial Counselling Service	\$46,356.52	Newcastle
Illawarra Legal Centre Inc	Illawarra Aboriginal and Torres Strait Islander Financial Counselling Service	\$23,233.80	Illawarra
Lifeline Central West Inc	Lifeline Dubbo Aboriginal and Torres Strait Islander Financial Counselling Service	\$69,534.78	Dubbo
Lifeline Broken Hill Inc	Lifeline Broken Hill Aboriginal and Torres Strait Islander Financial Counselling Service	\$23,178.26	Broken Hill
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare Moree Aboriginal and Torres Strait Islander Financial Counselling Service	\$23,233.80	Moree
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare Tamworth Aboriginal and Torres Strait Islander Financial Counselling Service	\$23,233.80	Tamworth
Financial Rights Legal Centre Inc.	Financial Rights Legal Centre – Hotline 1800 007 007	\$452,600.98	Statewide
Financial Rights Legal Centre Inc.	Financial Rights Legal Centre – Legal Service	\$368,286.08	Statewide

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
Financial Counsellors Association of NSW (FCAN)	Financial Counsellors Association of NSW – Indigenous Training Course	\$53,850.32	Statewide
Financial Counsellors Association of NSW (FCAN)	State-Wide Financial Counsellor Training Program	\$134,627.07	Statewide
Financial Counsellors Association of NSW (FCAN)	Executive Officer Position: Manager Administration	\$181,746.10	Statewide
Total		\$7,695,471.74	

No Interest Loan Scheme (NILS)

NILS is a national community-based program to help low-income earners buy essential household items (such as washing machines and refrigerators) and services (such as dental services). Good Shepherd Microfinance Victoria operates the scheme and the National Australia Bank provides the capital. NSW Fair Trading provides funding toward salaries and salary-related on-costs associated with the operation of NILS in NSW. Fair Trading also funds the salary and operational costs of an 1800 phone number and a NSW coordinator to assist in setting up, supporting and expanding new and existing NILS services.

Funding for 2018/19 was \$2,788,864.01 (plus GST). Funding was sourced from the Rental Bond Board Interest Account (90 per cent) and Fair Trading revenue (10 per cent).

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
Anglicare Western Sydney NILS	Anglican Community Services (t/as Anglicare)	\$32,544.82	Blacktown, Penrith & Hawkesbury
Muru Mittagarr NILS Loans Scheme	Muru Mittagarr Ltd	\$89,498.25	Penrith
Bridging the Gap Sydney West Inc NILS Loans Scheme	Bridging the Gap Sydney West Inc	\$16,272.41	St Marys
Macarthur NILS	St Vincent De Paul Society NSW	\$105,061.44	Campbelltown, Camden & Wollondilly
St Vincent de Paul Northern Beaches NILS	St Vincent de Paul Society NSW	\$30,017.55	Manly, Warringah & Pittwater
NILS® Northern Sydney (St Ives)	St Vincent de Paul Society NSW	\$22,513.17	Willoughby, Ku-ring-Gai, Lane Cove, Hornsby, Ryde
Newcastle NILS	St Vincent de Paul Society NSW	\$16,272.41	Newcastle, Shortland, Callaghan, Taro
St Vincent de Paul Society NILS – Wagga Wagga	St Vincent de Paul Society NSW	\$65,089.63	Wagga Wagga
North West NILS	The Hills Community Aid and Information Service Inc	\$73,225.84	Hornsby, Parramatta Blacktown, Baulkham Hills, Hawkesbury
Fairfield NILS	The Parks Community Network Inc.	\$56,953.43	Fairfield, Holroyd, Bankstown
Hope Connect NILS	Hope Connect Incorporated	\$24,408.61	Parramatta LGA & part Holroyd (East Merrylands & East Guildford)
Break the Cycle NILS	Break the Cycle No Interest Loans Scheme Inc.	\$32,544.82	Glenfield, Macquarie Fields
C3CS Ltd	C 3 Community Services Ltd – C3CS NILS	\$48,817.23	Campbelltown, Camden & Wollondilly
Macarthur Diversity Services NILS	Macarthur Diversity Services Initiative Ltd	\$48,817.23	Campbelltown, Camden & Wollondilly

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
Jubilee Resources NILS	Uniting Church in Australia	\$48,817.23	Botany, Randwick, Waverley, Woollahra, City of Sydney
Metro Assist NILS	Metro Assist	\$24,408.61	Canterbury, Strathfield, Burwood
Marrickville NILS	MTC Australia Limited	\$30,017.55	Marrickville (South & North), Dulwich Hill, Lewisham, Petersham, St Peters, Stanmore, Sydenham, Tempe, Enmore, Rockdale, parts of Newtown and Camperdown (also 2008, 2016-2017, 2038, 2040, 2042-2044, 2048-2050, 2130, 2131, 2203, 2204)
Hunter Region NILS	Hunter Region No Interest Loans Scheme Inc.	\$122,043.07	Newcastle, Lake Macquarie, Maitland, Cessnock, Singleton, Muswellbrook, Gloucester, Upper Hunter, Port Stephens, Greater Taree, Great Lakes, Dungog
Manning NILS (Taree and Gloucester)	Manning Support Services Inc.	\$65,089.64	Greater Taree, Great Lakes, Gloucester
Great Lakes NILS	Forster Neighbourhood Centre Inc.	\$48,817.23	Great Lakes
The Bellingen Neighbourhood Centre NILS	Bellingen Neighbourhood Centre Inc.	\$32,544.82	Bellingen
Macleay Valley NILS	Kempsey Neighbourhood Centre Inc.	\$48,817.23	Kempsey
Hastings NILS	Manning Support Services Inc.	\$48,817.23	Hastings
Nambucca Valley NILS	Lifetime Connect Inc.	\$16,272.41	Nambucca Shire
Nambucca Valley Inc NILS – Coffs Harbour Outreach	Lifetime Connect Inc.	\$48,817.23	Coffs Harbour
Anglicare Shoalhaven NILS	Anglican Community Services (t/as Anglicare)	\$32,544.82	Shoalhaven
BaptistCare NILS – Newcastle	BaptistCare NSW & ACT	\$48,817.23	Newcastle, Lake Macquarie, Port Stephens & Maitland
BaptistCare NILS – Warilla	BaptistCare NSW & ACT	\$48,817.23	Shellharbour, Albion Park, Barrack Heights, Lake Illawarra, Warilla, Mt Warrigal, Windang, Oak Flats, Flinders, Blackbutt, Shellharbour
BaptistCare NILS – Broken Hill & Wilcannia	BaptistCare NSW & ACT	\$48,817.23	Broken Hill, Wilcannia, Central Darling
BaptistCare NILS – Sutherland	BaptistCare NSW & ACT	\$32,544.82	Sutherland
Community Loan Scheme – Southern NILS Program	Our Community Project Inc. (Previously Port Kembla Community Project Inc.)	\$81,362.04	Wollongong
NICCI NILS	Northern Illawarra Community Connection Inc	\$65,089.64	Wollongong and Sutherland

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
Highlands Community Centre NILS	Highlands Community Centres Inc.	\$40,681.02	Wingecarribee, Mulwaree
Northern Rivers NILS	Northern Rivers Community Gateway Incorporated	\$81,362.04	Richmond Valley, Lismore, Kyogle, Tweed, Ballina
Wyong Shire NILS	Toukley Neighbourhood Centre Inc.	\$56,953.43	Wyong
Winmalee Neighbourhood Centre NILS	Winmalee Neighbourhood Centre Inc	\$24,408.61	Blue Mountains City (2776 & 2777)
Belong Blue Mountains Community & Neighbourhood NILS	Katoomba Neighbourhood Centre Inc.	\$24,408.61	Blue Mountains
Blackheath Area Neighbourhood Centre NILS	Blackheath Area Neighbourhood Centre Inc.	\$48,817.23	Blue Mountains & Greater Lithgow
Gosford City NILS	Gosford City Community Information Service Ltd	\$48,817.23	Outer Gosford & Surrounds
Coast Shelter NILS	Central Coast Emergency Accommodation Services Ltd (Coast Shelter)	\$40,681.02	Gosford City
Armidale Neighbourhood Centre NILS	Armidale Neighbourhood Centre Inc	\$32,544.82	Armidale, Dumaresq, Uralla, Guyra, Walcha
Anglicare Goulburn NILS	Anglicare NSW South, NSW West & ACT	\$16,272.41	Goulburn
Anglicare Eurobodalla NILS	Anglicare NSW South, NSW West & ACT	\$16,272.41	Eurobodalla
Anglicare Bega Valley NILS	Anglicare NSW South, NSW West & ACT	\$24,408.61	Bega Valley Shire
Anglicare Western NSW Orange NILS	Anglicare NSW South, NSW West & ACT	\$48,817.23	Orange, Milthorpe
Lithgow NILS	The Mary Mackillop Foundation Limited	\$32,544.82	Lithgow
Bathurst NILS	The Mary Mackillop Foundation Limited	\$89,498.25	Bathurst, Blayney, Oberon
Cowra NILS	The Mary Mackillop Foundation Limited	\$32,544.82	Cowra & Cabonne
Young NILS	The Mary Mackillop Foundation Limited	\$48,817.23	Young, Boorowa, Cootamundra, Harden, Temora and Weddin
Global Care NILS – Dubbo	Local Global Care – Dubbo	\$81,362.04	Dubbo, Walgett, Lightning Ridge, Bourke, Brewarrina, Collarenebri
Wiradjuri NILS	Wiradjuri Aboriginal Corporation	\$24,408.61	Wagga Wagga
Salvos NILS – Inverell	The Salvation Army (NSW) Property Trust	\$32,544.82	Inverell
Salvos NILS – Gunnedah & Tamworth	The Salvation Army (NSW) Property Trust	\$40,681.02	Tamworth, Gunnedah
Salvos NILS – Moree	The Salvation Army (NSW) Property Trust	\$24,408.61	Moree
Metro MRC (South Western Sydney)	Metro Assist Limited	\$40,681.02	Canterbury, Strathfield, Burwood
Baptist Care Western NSW NILS	BaptistCare NSW & ACT	\$48,817.23	Broken Hill

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
NILS NSW Financial Inclusion Coordinator	Northern Rivers Community Gateway	\$129,783.31	Statewide
NSW NILS 1800 Freecall Service – 1800 50 9994	Winmalee Neighbourhood Centre Inc. (1800 Freecall Service)	\$103,835.51	Statewide
Total		\$2,788,864.06	

6.10 Land disposal

No properties with a value greater than \$5 million were disposed of during 2018/19, except by way of public offering, such as expression of interest or tender. No properties were disposed of where there was a conflict of interest between the purchaser and the approving person.

An application for access to documents concerning details of properties disposed of during the reporting year may be made in line with the *Government Information (Public Access) Act 2009*.

6.11 Legislation administered

During the 2018/19 financial year, DFSI administered on behalf of the **Minister for Finance, Services and Property** and/or the **Minister for Customer Service** the legislation listed below. From 2 April 2019 to 28 June 2019, Machinery of Government (MOG) changes occurred and there were three Administrative Arrangements Administration of Acts Orders.

Legislation	From Minister for Finance, Services and Property to Minister for Customer Service	Impact of MOG changes
<i>Access to Neighboring Land Act 2000</i> No. 2	Yes	
<i>Associated General Contractors Insurance Company Limited Act 1980</i> No. 38	Yes	
<i>Betting and Racing Act 1998</i> No. 114 , jointly with the Minister for Better Regulation and Innovation (except Part 2, the Minister for Better Regulation and Innovation)		Newly allocated.
<i>Betting Tax Act 2001</i> No. 43 , jointly with the Treasurer and the Minister for Finance and Small Business	Yes	Minister for Finance and Small Business added as jointly responsible.
<i>Births, Deaths and Marriages Registration Act 1995</i> No. 62 , jointly with the Attorney General, and Minister for the Prevention of Domestic Violence		Newly allocated.
<i>Bishopsgate Insurance Australia Limited Act 1983</i> No. 81	Yes	
<i>Border Railways Act 1922</i> No. 16		Allocated to Minister for Water, Property and Housing.
<i>Casino Control Act 1992</i> No. 15		Newly allocated.
<i>Coal Mine Subsidence Compensation Act 2017</i> No. 37		Allocated to Minister for Better Regulation and Innovation.
<i>Commonwealth Places (Mirror Taxes Administration) Act 1998</i> No. 100		Allocated to the Treasurer.
<i>Community Land Development Act 1989</i> No. 201	Yes	

Legislation	From Minister for Finance, Services and Property to Minister for Customer Service	Impact of MOG changes
<i>Contractors Debts Act 1997</i> No. 110		Allocated to the Minister for Finance and Small Business.
<i>Conveyancing Act 1919</i> No. 6	Yes	
<i>Conveyancing and Law of Property Act 1898</i> No. 17	Yes	
<i>Crown Land Management Act 2016</i> No. 58 , so far as it relates to the Luna Park Reserve (within the meaning of the <i>Luna Park Site Act 1990</i>), jointly with the Minister for Innovation and Better Regulation (remainder, parts, the Premier, the Minister for Lands and Forestry and the Minister for Sport)		Allocated to the Minister for Water, Property and Housing and other Ministers.
<i>Data Sharing (Government Sector) Act 2015</i> No. 60		Newly allocated
<i>Duties Act 1997</i> No. 123 , jointly with the Treasurer and the Minister for Finance and Small Business	Yes	Minister for Finance and Small Business added as jointly responsible
<i>Electronic Conveyancing (Adoption of National Law) Act 2012</i> No. 88	Yes	
<i>Encroachment of Buildings Act 1922</i> No. 23	Yes	
<i>Fines Act 1996</i> No. 99 , jointly with the Treasurer and the Minister for Finance and Small Business (except parts, the Attorney General, and Minister for the Prevention of Domestic Violence)	Yes	Treasurer and Minister for Finance and Small Business added as jointly responsible.
<i>First Home Owner Grant (New Homes) Act 2000</i> No. 21 , jointly with the Minister for Finance and Small Business	Yes	Minister for Finance and Small Business added as jointly responsible.
<i>Gambling (Two-up) Act 1998</i> No. 115		Newly allocated.
<i>Gaming and Liquor Administration Act 2007</i> No. 91		Newly allocated.
<i>Gaming Machine Tax Act 2001</i> No. 72 , Part 4 and Schedule 1 (and the remaining provisions of the Act jointly with the Treasurer and the Minister for Finance and Small Business)	Yes	Part 4 and Schedule 1 newly allocated. Minister for Finance and Small Business added as jointly responsible.
<i>Gaming Machines Act 2001</i> No. 127		Newly allocated.
<i>Geographical Names Act 1966</i> No. 13	Yes	
<i>Government Advertising Act 2011</i> No. 35 , jointly with the Premier and the Special Minister of State, Minister for the Public Service and Employee Relations, Aboriginal Affairs, and the Arts		Newly allocated.
<i>Government Insurance Office (Privatisation Act)</i> No. 38 , sections 26 and 27, jointly with the Treasurer (remainder, the Treasurer)		Newly allocated.
<i>Government Telecommunications Act 1991</i> No. 77		Repealed December 2018.
<i>Government Telecommunications Act 2018</i> No. 67	Yes	
<i>Health Insurance Levies Act 1982</i> No. 159 , jointly with the Treasurer and the Minister for Finance and Small Business	Yes	Minister for Finance and Small Business added as jointly responsible.
<i>Home Building Act 1989</i> No. 147 , Parts 6, 6B and 6C	Yes	
<i>Insurance Protection Tax Act 2001</i> No. 40 , jointly with the Treasurer and the Minister for Finance and Small Business	Yes	Minister for Finance and Small Business added as jointly responsible.
<i>Land Acquisition (Just Terms Compensation) Act 1991</i> No. 22		Allocated to the Minister for Water, Property and Housing.

Legislation	From Minister for Finance, Services and Property to Minister for Customer Service	Impact of MOG changes
<i>Land Sales Act 1964</i> No. 12	Yes	
<i>Land Tax Act 1956</i> No. 27 , jointly with the Treasurer and the Minister for Finance and Small Business	Yes	Minister for Finance and Small Business added as jointly responsible.
<i>Land Tax Management Act 1956</i> No. 26 , jointly with the Treasurer and the Minister for Finance and Small Business	Yes	Minister for Finance and Small Business added as jointly responsible.
<i>Licensing and Registration (Uniform Procedures) Act 2002</i> No. 28		Newly allocated.
<i>Liquor Act 2007</i> No. 90		Newly allocated.
<i>Loan Fund Companies Act 1976</i> No. 94		Allocated to the Minister for Finance and Small Business.
<i>Luna Park Site Act 1990</i> No. 59 , jointly with the Minister for Innovation and Better Regulation		Allocated to the Minister for Planning and Public Spaces.
<i>Motor Accident Injuries Act 2017</i> No. 10	Yes	
<i>Motor Accidents Act 1988</i> No. 102	Yes	
<i>Motor Accidents Compensation Act 1999</i> No. 41	Yes	
<i>Motor Vehicles (Third Party Insurance) Act 1942</i> No. 15	Yes	
<i>Payroll Tax Act 2007</i> No. 21 , jointly with the Treasurer and the Minister for Finance and Small Business	Yes	Minister for Finance and Small Business added as jointly responsible.
<i>Payroll Tax Deferral (BlueScope Steel) Act 2015</i> No. 68 , jointly with the Treasurer and the Minister for Finance and Small Business	Yes	Minister for Finance and Small Business added as jointly responsible.
<i>Payroll Tax Rebate Scheme (Jobs Action Plan) Act 2011</i> No. 19 , jointly with the Minister for Jobs, Investment, Tourism and Western Sydney	Yes	Minister for Finance and Small Business added as jointly responsible.
<i>Perpetuities Act 1984</i> No. 43	Yes	
<i>Place Management NSW Act 1998</i> No. 170		Allocated to the Minister for Planning and Public Spaces.
<i>Powers of Attorney Act 2003</i> No. 53	Yes	
<i>Property NSW Act 2006</i> No. 40		Allocated to the Minister for Water, Property and Housing.
<i>Public Lotteries Act 1996</i> No. 86		Newly allocated.
<i>Public Works and Procurement Act 1912</i> No. 45 (except section 34(3) and (4), the Minister for Regional Water)		Allocated to Minister for Planning and Public Spaces, except parts; Part 11 and the Fifth Schedule, the Minister for Finance and Small Business.
<i>Real Property Act 1900</i> No. 25	Yes	
<i>Regional Relocation Grants (Skills Incentive) Act 2011</i> No. 26 (except section 26A, the Minister for Regional NSW)		Repealed 1 January 2019.
<i>Registered Clubs Act 1976</i> No. 31		Newly allocated.
<i>Relationships Register Act 2010</i> No. 19 , jointly with the Attorney General, and Minister for the Prevention of Domestic Violence		Newly allocated.

Legislation	From Minister for Finance, Services and Property to Minister for Customer Service	Impact of MOG changes
<i>Service NSW (One-stop Access to Government Services) Act 2013</i> No. 39	Yes	
<i>Small Business Grants (Employment Incentive) Act 2015</i> No. 14 , jointly with the Minister for Finance and Small Business	Yes	Minister for Finance and Small Business added as jointly responsible.
<i>State Debt Recovery Act 2018</i> No. 11 , jointly with the Treasurer and the Minister for Finance and Small Business	Yes	Treasurer and Minister for Finance and Small Business added as jointly responsible.
<i>State Insurance and Care Governance Act 2015</i> No. 19 (except parts, the Treasurer)	Yes	
<i>Strata Schemes Development Act 2015</i> No. 51	Yes	
<i>Surveying and Spatial Information Act 2002</i> No. 83	Yes	
<i>Taxation Administration Act 1996</i> No. 97 , jointly with the Treasurer and the Minister for Finance and Small Business	Yes	Minister for Finance and Small Business added as jointly responsible.
<i>Teacher Housing Authority Act 1975</i> No. 27		Allocated to Minister for Water, Property and Housing.
<i>Trades Hall (Transfer of Land) Act 1970</i> No. 54		Allocated to Minister for Water, Property and Housing.
<i>Totalizator Act 1997</i> No. 45 (except section 76, the Treasurer)		Newly allocated.
<i>Unclaimed Money Act 1995</i> No. 75 , jointly with the Treasurer and the Minister for Finance and Small Business	Yes	Treasurer and Minister for Finance and Small Business added as jointly responsible.
<i>Unlawful Gambling Act 1998</i> No. 113		Newly allocated.
<i>Valuation of Land Act 1916</i> No. 2		Allocated to the Minister for Water, Property and Housing.
<i>Voluntary Workers (Soldiers' Holdings) Act 1917</i> No. 25		Allocated to the Minister for Water, Property and Housing.
<i>Workers Compensation Act 1987</i> No. 70 (except parts, the Treasurer)	Yes	
<i>Workplace Injury Management and Workers Compensation Act 1998</i> No. 86 (except parts, the Attorney General, and Minister for the Prevention of Domestic Violence)	Yes	

During the 2018/19 financial year, DFSI administered on behalf of the **Minister for Innovation and Better Regulation** and/or the **Minister for Better Regulation and Innovation** the legislation listed below. From 2 April 2019 to 28 June 2019, MOG changes occurred and there were three Administrative Arrangements Administration of Acts Orders.

Legislation	From Minister for Innovation and Better Regulation to Minister for Better Regulation and Innovation	Impact of MOG changes
<i>Agricultural Tenancies Act 1990</i> No. 64	Yes	
<i>Architects Act 2003</i> No. 89	Yes	
<i>Associations Incorporation Act 2009</i> No. 7	Yes	
<i>Australian Jockey and Sydney Turf Clubs Merger Act 2010</i> No. 93		Newly allocated.
<i>Betting and Racing Act 1998</i> No. 114 , Part 2 (and the remaining provisions of the Act jointly with the Minister for Customer Service)		Newly allocated.
<i>Biofuels Act 2007</i> No. 23	Yes	
<i>Boarding Houses Act 2012</i> No. 74 (except Parts 1 and 5 and Part 1 of Schedule 2, jointly with the Minister for Families, Communities and Disability Services, and parts, the Minister for Families, Communities and Disability Services)	Yes	
<i>Building and Construction Industry Long Service Payments Act 1986</i> No. 19	Yes	
<i>Building and Construction Industry Security of Payment Act 1999</i> No. 46	Yes	
<i>Building Products (Safety) Act 2017</i> No. 69	Yes	
<i>Building Professionals Act 2005</i> No. 115	Yes	
<i>Business Names (Commonwealth Powers) Act 2011</i> No. 44	Yes	
<i>Charitable Fundraising Act 1991</i> No. 69	Yes	
<i>Coal Mine Subsidence Compensation Act 2017</i> No. 37		Newly allocated.
<i>Community Gaming Act 2018</i> No. 60	Yes	
<i>Community Land Management Act 1989</i> No. 202	Yes	
<i>Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010</i> No. 122	Yes	
<i>Contracts Review Act 1980</i> No. 16	Yes	
<i>Conveyancers Licensing Act 2003</i> No. 3	Yes	
<i>Co-operative Housing and Starr-Bowkett Societies Act 1998</i> No. 11	Yes	
<i>Co-operatives (Adoption of National Law) Act 2012</i> No. 29	Yes	
<i>Credit (Commonwealth Powers) Act 2010</i> No. 6	Yes	
<i>Crown Land Management Act 2016</i> No. 58 , so far as it relates to the Luna Park Reserve (within the meaning of the <i>Luna Park Site Act 1990</i>), jointly with the Minister for Innovation and Better Regulation (remainder, parts, the		Allocated to the Minister for Water, Property and Housing and other Ministers.

Legislation	From Minister for Innovation and Better Regulation to Minister for Better Regulation and Innovation	Impact of MOG changes
Premier, the Minister for Lands and Forestry and the Minister for Sport)		
<i>Dangerous Goods (Road and Rail Transport) Act 2008 No. 95</i> (except parts, the Minister for Energy and Environment)	Yes	
<i>Entertainment Industry Act 2013 No. 73</i>	Yes	
<i>Environmental Planning and Assessment Act 1979 No. 203</i> , Part 6, jointly with the Minister for Planning and Public Spaces		Newly allocated.
<i>Explosives Act 2003 No. 39</i>	Yes	
<i>Fair Trading Act 1987 No. 68</i>	Yes	
<i>Funeral Funds Act 1979 No. 106</i>	Yes	
<i>Gas and Electricity (Consumer Safety) Act 2017 No. 15</i>	Yes	
<i>Gas Supply Act 1996 No. 38</i> , s83A (remainder the Minister for Energy and Utilities)		s83A repealed Whole Act sits with Minister for Energy and Environment.
<i>Government Insurance Office (Privatisation Act) No. 38</i> , sections 26 and 27, jointly with the Treasurer (remainder, the Treasurer)		Allocated to the Treasurer, except parts; sections 26 and 27, jointly the Treasurer with the Minister for Customer Service.
<i>Greyhound Racing Act 2017 No. 13</i>		Newly allocated.
<i>Hairdressers Act 2003 No. 62</i>	Yes	
<i>Harness Racing Act 2009 No. 20</i>		Newly allocated.
<i>Hawkesbury Racecourse Act 1996 No. 74</i>		Newly allocated.
<i>Holiday Parks (Long-term Casual Occupation) Act 2002 No. 88</i>	Yes	
<i>Home Building Act 1989 No. 147</i> (except parts, the Treasurer and the Minister for Customer Service)	Yes	
<i>Innkeepers Act 1968 No. 24</i>	Yes	
<i>Landlord and Tenant Act 1899 No. 18</i>	Yes	
<i>Landlord and Tenant (Amendment) Act 1948 No. 25</i>	Yes	
<i>Long Service Corporation Act 2010 No. 123</i>	Yes	
<i>Lotteries and Art Unions Act 1901 No. 34</i>	Yes	
<i>Luna Park Site Act 1990 No. 59</i> , jointly with the Minister for Finance, Services and Property		Allocated to the Minister for Planning and Public Spaces.
<i>Motor Dealers and Repairers Act 2013 No. 107</i>	Yes	
<i>Mutual Recognition (Automatic Licensed Occupations Recognition) Act 2014 No. 51</i>	Yes	
<i>Paintball Act 2018 No. 44</i>	Yes	
<i>Partnership Act 1892 55 Vic No. 12</i> , in so far as it relates to the functions of the Registrar of the register of limited	Yes	

Legislation	From Minister for Innovation and Better Regulation to Minister for Better Regulation and Innovation	Impact of MOG changes
partnerships and incorporated limited partnerships and to the setting of fees to be charged for maintaining that register, jointly with the Attorney General, and Minister for the Prevention of Domestic Violence		
<i>Pawnbrokers and Second-hand Dealers Act 1996 No. 13</i>	Yes	
<i>Personal Property Securities (Commonwealth Powers) Act 2009 No. 35</i> , Division 2 of Part 2 of Schedule 1 and clause 24 of Schedule 1, jointly with the Attorney General, and Minister for the Prevention of Domestic Violence	Yes	
<i>Plumbing and Drainage Act 2011 No. 59</i>	Yes	
<i>Prices Regulation Act 1948 No. 26</i>	Yes	
<i>Professional Standards Act 1994 No. 81</i>	Yes	
<i>Property, Stock and Business Agents Act 2002 No. 66</i>	Yes	
<i>Racing Appeals Tribunal Act 1983 No. 199</i>		Newly allocated.
<i>Residential (Land Lease) Communities Act 2013 No. 97</i>	Yes	
<i>Residential Tenancies Act 2010 No. 42</i> (except Part 7, jointly with the Minister for Water, Property and Housing and the Minister for Families, Communities and Disability Services)	Yes	In relation to Part 7 Minister for Water, Property and Housing and the Minister for Families, Communities and Disability Services added as jointly responsible.
<i>Retail Trading Act 2008 No. 49</i>	Yes	
<i>Retirement Villages Act 1999 No. 81</i>	Yes	
<i>Rural Workers Accommodation Act 1969 No. 34</i>	Yes	
<i>Storage Liens Act 1935 No. 19</i>	Yes	
<i>Strata Schemes Development Act 2015 No. 51</i> , Part 10 and Schedule 7, jointly with the Minister for Finance, Services and Property		Allocated to Minister for Customer Service.
<i>Strata Schemes Management Act 2015 No. 50</i>	Yes	
<i>Surveying and Spatial Information Act 2002 No. 83</i> , Part 3 and sections 21-22A (and Part 1, sections 28-32 and Part 7 so far as they relate to registration of surveyors under Part 3) (remainder, the Minister for Finance, Services and Property)		Allocated to Minister for Customer Service.
<i>Swimming Pools Act 1992 No. 49</i>	Yes	
<i>Tattoo Parlours Act 2012 No. 32</i> , jointly with the Minister for Police and Emergency Services	Yes	
<i>Thoroughbred Racing Act 1996 No. 37</i>		Newly allocated.
<i>Tow Truck Industry Act 1998 No. 111</i>	Yes	
<i>Uncollected Goods Act 1995 No. 68</i>	Yes	
<i>Wagga Wagga Racecourse Act 1993 No. 109</i> (except parts, the Minister for Water, Property and Housing)		Newly allocated.
<i>Work Health and Safety Act 2011 No. 10</i>	Yes	

6.12 Legislative changes

The legislative changes were made during the 2018/19 financial year on behalf of the Minister for Finance, Services and Property and/or the Minister for Customer Service, and the Minister for Innovation and Better Regulation and/or the Minister for Better Regulation and Innovation.

On 2 April 2019, Machinery of Government (MOG) changes occurred and additional legislation was added to these ministers' legislative portfolios.

Where legislation listed below is marked with an asterisk (*), this means that the change occurred from 1 July 2018 to 1 April 2019 when the legislation was in other ministers' portfolios and administered by other departments.

New legislation

Building and Development Certifiers Act 2018

*Community Gaming Act 2018 **

Government Telecommunications Act 2018

Paintball Act 2018

Amending legislation

Betting Tax Amendment (Point of Consumption) Act 2018

Building and Construction Industry Security of Payment Amendment Act 2018

Charitable Fundraising Amendment Act 2018

Conveyancing Legislation Amendment Act 2018

Fair Trading Amendment (Short-term Rental Accommodation) Act 2018

Fair Trading Legislation Amendment (Consumer Guarantee Directions) Act 2018

Fair Trading Legislation Amendment (Miscellaneous) Act 2018

Fair Trading Legislation Amendment (Reform) Act 2018

*Government Information (Public Access) Amendment Act 2018 **

Public Works and Procurement Amendment (Enforcement) Act 2018

Residential Tenancies Amendment (Review) Act 2018

Residential Tenancies Amendment (Social Housing) Act 2018

Retirement Villages Amendment Act 2018

Statute Law (Miscellaneous Provisions) Act (No 2) 2018

Statute Law (Miscellaneous Provisions) Act 2019

State Revenue and Other Legislation Amendment Act 2019

Strata Schemes Management Amendment (Building Defects Scheme) Act 2018

Workers Compensation Legislation Amendment Act 2018

Workers Compensation Legislation Amendment (Firefighters) Act 2018

New regulations

Community Land Development Regulation 2018

Community Land Management Regulation 2018

Conveyancing (General) Regulation 2018

*Government Advertising Regulation 2018 **

Land Tax Management Regulation 2019

*Liquor Regulation 2018 **

Paintball Regulation 2019

Service NSW (One-stop Access to Government Services) Regulation 2018

State Debt Recovery Regulation 2018

Storage Liens Regulation 2019

Swimming Pools Regulation 2018

Amending regulations

*Births, Deaths and Marriages Registration Amendment (Fees) Regulation 2018 **
Building Professionals Amendment (Insurance) Regulation 2019
Building Professionals Amendment (Swimming Pools) Regulation 2018
Coal Mine Subsidence Compensation Amendment (Miscellaneous) Regulation 2018
Coal Mine Subsidence Compensation Amendment (Miscellaneous) Regulation 2019
Conveyancing (General) Amendment (Optus Fixed Infrastructure Pty Limited) Regulation 2018
Conveyancing (General) Amendment (Transgrid Services Pty Limited) Regulation 2019
Dangerous Goods (Road and Rail Transport) Amendment (Model Law) Regulation 2019
Gas and Electricity (Consumer Safety) Amendment (Gas Installations) Regulation 2018
*Greyhound Racing Amendment (Savings and Transitional Provisions) Regulation 2018 **
Greyhound Racing Amendment (Transition Period) Regulation 2019
Home Building Amendment (Miscellaneous) Regulation 2019
*Liquor Amendment (Miscellaneous) Regulation 2018 **
*Liquor Amendment (Miscellaneous) Regulation 2019 **
*Liquor Amendment (Special Events Extended Trading) Regulation 2019 **
Liquor Amendment (Special Events Extended Trading) Regulation (No 2) 2019
*Liquor Amendment (Special Events Extended Trading) Regulation (No 3) 2018 **
*Liquor Amendment (Special Licence Conditions) Regulation 2019 **
*Liquor Amendment (Special Licence Conditions) Regulation (No 2) 2018 **
Liquor Amendment (Special Licence Conditions) Regulation (No 2) 2019
Motor Accident Injuries Amendment (Indexation) Regulation 2018
Motor Accident Injuries Amendment Regulation 2019
Motor Dealers and Repairers Amendment (Savings and Transitional) Regulation 2019
Pawnbrokers and Second-hand Dealers Amendment (Exemption) Regulation 2018
Pawnbrokers and Second-hand Dealers Amendment (Exemption) Regulation 2019
Place Management NSW Amendment (Penalty Notice Offences) Regulation 2019
Powers of Attorney Amendment (Transitional Provision) Regulation 2018
*Registered Clubs Amendment (Disclosures) Regulation 2019 **
Residential Tenancies Amendment (Circumstances of Domestic Violence) Regulation 2018
Residential Tenancies Amendment (Exemption) Regulation 2019
Retirement Villages Amendment (Rules of Conduct for Operators) Regulation 2019
Surveying and Spatial Information Amendment (Fees and Deposits) Regulation 2019
Tow Truck Industry Amendment (Fees) Regulation 2018
Work Health and Safety Amendment (Fees and Model Laws) Regulation 2019
Workers Compensation Amendment (Latest Index Number) Regulation (No 2) 2018
Workers Compensation Amendment Regulation 2018

Other

Administrative Changes (Administrative Changes – NSW Fair Trading) Order 2018
Property NSW Amendment (Transfer of Property) Order (No 2) 2019
Property NSW Amendment (Transfer of Property) Order (No 3) 2018
Property NSW Amendment (Transfer of Property) Order (No 4) 2018
Property NSW Amendment (Transfer of Property) Order (No 5) 2018

6.13 Major works

New major works in 2018/19*

Project name and location	Total expenditure to 30 June 2019 (\$'000 excl GST)	Estimated total cost (\$'000 excl GST)	Start (year)	Completion date (actual or estimated)	Details of any significant: <ul style="list-style-type: none"> ▪ Cost overruns ▪ Delays ▪ Amendments ▪ Deferrals ▪ cancellations
Revenue NSW – Critical System Maintenance	3,519	73,723	2017	2024	
TRS LPI Concession Operator	2,917	70,472	2018	2052	

* Lease acquisition impact of changes in AASB16 (ETC of \$414 million) is excluded from this table.

Continuing major works

Project name and location	Total expenditure to 30 June 2019 (\$'000 excl GST)	Estimated total cost (\$'000 excl GST)	Start (year)	Completion date (actual or estimated)	Details of any significant: <ul style="list-style-type: none"> ▪ Cost overruns ▪ Delays ▪ Amendments ▪ Deferrals ▪ cancellations
Accommodation Strategy, Parramatta	5,371	36,686	2011	2026	
Data Centre Consolidation Acceleration Program	12,069	23,513	2013	2026	
Data Conversion and Cleansing	7,226	14,485	2013	2026	
Future Business Development Program	1,206	2,062	2013	2020	
ICT Development Program	19,279	52,235	2014	2026	
ICT Projects	65,650	112,233	2004	2026	
Implementing ERP System Reform	20,079	16,340	2017	2020	The increase relates to SAP Connect projects due to the change of scope of work.
Information System Enhancements	166,770	180,620	2001	2026	
Office Refurbishment & Rationalisation	99,148	124,913	2005	2026	
OneGov Digital Services Gateway	6,234	14,829	2013	2026	
Spatial Data Infrastructure Program	17,795	52,431	2014	2026	
Technology Asset Replacement Program	11,354	30,766	2014	2020	

6.14 Overseas travel

Name and Division	Travel Dates	Destination, purpose and benefits	Total Cost	Net Cost to DFSI	Notes
Takeyosh Tsukamoto Better Regulation Division	8 May 2018 to 10 May 2018	Auckland, New Zealand Complete an annual audit of a Recognised External Approval Scheme (REAS)	\$231.36	\$231.36	2
Gerardo Gonzalez Better Regulation Division	28 May 2018 to 30 May 2018	Christchurch, New Zealand Conduct quality assessment for Testsafe clients	\$165.98	\$0.00	1
Pia Andrews ICT and Digital Government	8 July 2018 to 13 July 2018	Wellington, New Zealand Invitation to present on Open Government and Open data to the NSW Treasury Open Government Committee and consult with IDG on Data Ecosystem	\$2,015.93	\$2,015.93	
Gerardo Gonzalez Better Regulation Division	24 July 2018 to 26 July 2018	Christchurch, New Zealand Conduct quality assessment for Testsafe clients	\$1,366.81	\$0.00	3
Edward Couriel Government and Corporate Services	22 July 2018 to 5 August 2018	Baltimore, USA Participate in 2018 International Conference on Coastal Engineering (ICCE) as a pre-condition to co-chairing the 2020 ICCE to be held in Sydney	\$1,809.26	\$1,809.26	
Jeannine Biviano Government and Corporate Services	13 October 2018 to 19 October 2018	San Francisco, USA Cross government technology research tour with KPMG to facilitate the technology shared services journey	\$16,827.25	\$16,827.25	
Anthony Ritchie Government and Corporate Services	13 October 2018 to 19 October 2018	San Francisco, USA Cross government technology research tour with KPMG to facilitate the technology shared services journey.	\$17,001.51	\$17,001.51	
Gerardo Gonzalez Better Regulation Division	13 August 2018 to 16 August 2018	Christchurch and Auckland, New Zealand Conduct quality assessment for Testsafe clients	\$1,277.42	\$0.00	3
Pia Andrews ICT and Digital Government	19 August 2018 to 20 August 2018	Wellington, New Zealand Provide recommendations on the technical roadmap, advice on deployments to date, and recommendations on potential uses and audiences for NSW government open datasets to drive social or economic benefits	\$1,216.91	\$1,216.91	
Gerardo Gonzalez Better Regulation Division	4 September 2018 to 5 September 2018	Christchurch, New Zealand Conduct quality assessment for Testsafe clients	\$930.12	\$0.00	3
Changwoo Lee Better Regulation Division	11 September 2018 to 24 September 2018	South Korea and France Conduct quality assessment for Testsafe clients	\$5,715.44	\$0.00	3
Narelle Underwood ICT and Digital Government	24 September 2018 to 27 September 2018	Wellington, New Zealand Attend annual meeting of Permanent Committee on Place Names (PCPN) to support delivery of officially named places and ensure consistent rules and practices.	\$1,210.07	\$1,210.07	

Name and Division	Travel Dates	Destination, purpose and benefits	Total Cost	Net Cost to DFSI	Notes
		This supports NSW through: improved emergency responses; economic, social and environmental analysis; capture of cultural identity and heritage; and mapping and navigation services			
Michael van den Bos ICT and Digital Government	24 September 2018 to 30 September 2018	Wellington, New Zealand Attend annual meeting of PCPN to support delivery of officially named places and ensure consistent rules and practices. This supports NSW through: improved emergency responses; economic, social and environmental analysis; capture of cultural identity and heritage; and mapping and navigation services	\$1,988.36	\$1,988.36	
Anthony Chapman ICT and Digital Government	16 October 2018 to 20 October 2018	Singapore, Singapore OpenGov provides platforms that enable sharing of ideas, knowledge and expertise and bring Digital Executives together to share their experience. Mr Chapman showcased NSW Government work and gained access to innovative case studies and interactive discussions on cyber security, big data, Internet of Things (IoT) and mobility	\$1,389.81	\$313.15	4
Kent Xue Jie Mei Better Regulation Division	11 October 2018 to 22 October 2018	Wuhan, Yixin City & Shanghai, China Conduct quality assessment for Testsafe clients	\$1,212.84	\$0.00	3
Darryl Toufexis ICT and Digital Government	24 October 2018 to 26 October 2018	Wellington NZ to Sydney, Australia Travel expenses of NZ reps to visit Sydney to provide strategic insight into development of SmartStart NZ, involving mapping life journeys and how they drive collaboration across government clusters	\$1,413.92	\$1,413.92	
Clare Toufexis ICT and Digital Government	24 October 2018 to 26 October 2018	Wellington NZ to Sydney, Australia Travel expenses of NZ reps to visit Sydney to provide strategic insight into development of SmartStart NZ, involving mapping life journeys and how they drive collaboration across government clusters	\$1,418.99	\$1,418.99	
Brenda Wallace ICT and Digital Government	24 October 2018 to 26 October 2018	Wellington NZ to Sydney, Australia Travel expenses of NZ reps to visit Sydney to provide strategic insight into development of SmartStart NZ, involving mapping life journeys and how they drive collaboration across government clusters	\$625.99	\$625.99	
Gordana Ostojic Better Regulation Division	27 October 2018 to 2 November 2018	Seoul, South Korea Conduct quality assessment for Testsafe clients	\$1,286.63	\$0.00	3
Gerardo Gonzalez Better Regulation Division	5 November 2018 to 8 November 2018	Christchurch & Dunedin, New Zealand Conduct quality assessment for Testsafe clients	\$1,839.57	\$0.00	3

Name and Division	Travel Dates	Destination, purpose and benefits	Total Cost	Net Cost to DFSI	Notes
Suzanne Crowle Better Regulation Division	10 November 2018 to 18 November 2018	New Delhi, India Take part in the Australia-India Collaborative Consumer Protection Project for Improved Business Relations	\$2,025.07	\$0.00	6
Dennis Clarke Better Regulation Division	26 November 2018 to 27 November 2018	Auckland, New Zealand Conduct quality assessment for Testsafe clients	\$853.02	\$0.00	3
Matthew Barrett State Insurance Regulatory Authority	24 November 2018 to 28 November 2018	Wellington, New Zealand NSW 2017 EMPA student	\$644.19	\$644.19	
John Vines Better Regulation Division	26 November 2018 to 30 November 2018	Wellington, New Zealand Attend CLEAR Conference – CLEAR Board Member Training Program and CLEAR Symposium on measuring and reporting regulatory performance	\$4,515.05	\$0.00	5
Glenn Toole Better Regulation Division	2 December 2018 to 5 December 2018	Wellington, New Zealand Attend meetings to keep Fair Trading informed about issues in the industry and supports cooperation between electrical safety regulators	\$957.86	\$957.86	
Kent Xue Jie Mei Better Regulation Division	23 November 2018 to 10 December 2018	Malaysia, China & Taiwan Conduct quality assessment for Testsafe clients	\$2,267.68	\$0.00	3
Gerardo Gonzalez Better Regulation Division	17 January 2019 to 23 January 2019	Singapore, Singapore Conduct quality assessment for Testsafe clients	\$1,856.20	\$0.00	3
Gerardo Gonzalez Better Regulation Division	29 January 2019 to 1 February 2019	Christchurch & Auckland, NZ Conduct quality assessment for Testsafe clients	\$1,733.40	\$0.00	3
Gordana Ostojic Better Regulation Division	27 March 2019 to 5 April 2019	Schwabisch Hall, Germany Conduct quality assessment for Testsafe clients	\$3,179.04	\$0.00	3
Kim Garling Workers Compensation Independent Review Office	1 April 2019 to 4 April 2019	San Diego, USA Attend the IAIABC Forum.	\$1,146.77	\$0.00	7
Roshana May Workers Compensation Independent Review Office	1 April 2019 to 4 April 2019	San Diego, USA Attend the IAIABC Forum.	\$1,420.04	\$0.00	7
Gerardo Gonzalez Better Regulation Division	1 April 2019 to 5 April 2019	Johannesburg, South Africa Conduct quality assessment for Testsafe clients	\$2,422.16	\$0.00	3
Rachel Webber Better Regulation Division	12 April 2019	Christchurch, New Zealand to Sydney, Australia Attend Professional Standards Council meeting in Sydney. (NB Ms Webber was in Christchurch, New Zealand, prior to the 12 April Council meeting)	\$267.21	\$267.21	
Narelle Underwood ICT & Digital Government	20 April 2019 to 26 April 2019	Hanoi, Vietnam Attend and present at the International Federation of Surveyors (FIG) conference	\$1,374.19	\$1,374.19	

Name and Division	Travel Dates	Destination, purpose and benefits	Total Cost	Net Cost to DFSI	Notes
Francesco Spinelli Better Regulation Division	7 May 2019 to 11 May 2019	Wellington, New Zealand Attend the Standards Australia Gas Standards AG6-42-01 committee meeting representing Fair Trading	\$1,475.71	\$1,475.71	
Dennis Clarke Better Regulation Division	22 May 2019 to 23 May 2019	Christchurch, New Zealand Conduct quality assessment for Testsafe clients	\$956.24	\$0.00	3
Kevin Low-Wah Better Regulation Division	4 June 2019 to 10 June 2019	Braunschweig, Germany Conduct quality assessment for Testsafe clients	\$3,180.12	\$0.00	3
John Ringland Better Regulation Division	13 July 2019 to 22 July 2019	Singapore, Singapore Complete EMPA Residential Coursework	\$1,691.67	\$1,691.67	
Damon Rees Service NSW	18 July 2019 to 9 August 2019	Boston, USA Sir James Wolfensohn Public Services Scholarship Senior Managers in Government course at Harvard University	\$662.93	\$662.93	
Gordana Ostojic Better Regulation Division	21 July 2019 to 29 July 2019	Boston & Austin, USA Conduct quality assessment for Testsafe clients	\$2,076.48	\$0.00	3
Gerardo Gonzalez Better Regulation Division	7 August 2019 to 9 August 2019	Christchurch, New Zealand Conduct quality assessment for Testsafe clients	\$802.77	\$0.00	3
John Tansey Better Regulation Division	28 August 2019 to 30 August 2019	Queenstown, New Zealand Attend meeting of the Legislative and Governance Forum on Consumer Affairs (CAF)	\$1,212.69	\$1,212.69	
Rose Webb Better Regulation Division	28 August 2019 to 30 August 2019	Queenstown, New Zealand Attend meeting of the Legislative and Governance Forum on Consumer Affairs (CAF)	\$1,212.69	\$1,212.69	
Total:			\$98,877.35	\$55,571.84	
* Credit adjustment for - \$699.16 covering a transaction that occurred in the previous financial year.					

Notes:

- 1 – Travel occurred in FY17/18 with a credit transaction occurring in FY18/19. Expenses recovered from Testsafe clients.
- 2 – Travel occurred in FY17/18 with a credit transaction occurring in FY18/19.
- 3 – Expenses recovered from Testsafe clients.
- 4 – Airfares were covered by OpenGov.
- 5 – Expenses paid by Professional Standards Authority.
- 6 – Expenses paid by an Australia-India Council grant following an application by the University of Sydney, which was supported by NSW Fair Trading.
- 7 – Accommodation costs only, flights were covered by the Workers Compensation Operational Fund.

6.15 Public interest disclosures

The DFSI Fraud and Corruption Internal Reporting Policy outlined for staff the support and protections available under the *Public Interest Disclosures Act 1994* for a person wishing to make a public interest disclosure (PID). The policy was widely available on the DFSI intranet and included details of the nominated officers who are authorised to receive a disclosure. PID resources were available to staff on the DFSI intranet and highlighted during induction training.

	Public interest disclosures made by public officials in performing day to day functions	Public interest disclosures not covered by (1) that are made under a statutory or other legal obligation	All other public interest disclosures
Number of public officials who made PIDs	1	0	3
Number of PID received	1	0	3
Of PIDs received, number primarily about:			
Corrupt conduct	1	0	2
Maladministration	0	0	1
Serious and substantial waste	0	0	0
Government information contravention	0	0	0
Local government pecuniary interest contravention	0	0	0
Numbers of PIDs finalised	1	0	3

6.16 Research and development

Better Regulation Division

Centre for Work Health and Safety: understanding effectiveness of enforcement tools

The Centre for Work Health and Safety is a directorate of SafeWork NSW, the workplace health and safety (WHS) regulator in NSW. It focuses on applied research with clear practical outcomes aiming to prevent harm in NSW workplaces. In 2018/19, the centre investigated WHS intervention activities to understand how effective and efficient they are in improving workplace health and safety in NSW.

This research looked to identify what makes enforcement tools and other intervention activities effective and how interventions should best be used to secure compliance with the law. The project focused on the most effective use of penalty notices, prosecutions and enforceable undertakings but also took a broad view of general enforcement activities. The study was completed in October 2018 by in-house researchers and involved a literature review and focus group contracted to JWS Research at a cost of \$52,800.

6.17 Risk management, attestation and insurance activities

Risk and resilience framework

During 2018/19, DFSI had a Risk and Resilience Framework that complied with the core requirements of the NSW Treasury's Internal Audit and Risk Management Policy for the NSW Public Sector (Policy and Guidelines Paper TPP 15-03) and AS/NZS ISO 31000: Risk Management Principles and Guidelines. The Risk and Resilience Framework was to ensure that:

- the Secretary, the DFSI Executive and all managers could confidently make informed business decisions
- change opportunities and initiatives could be pursued with greater speed, robustness and confidence for the benefit of DFSI and its stakeholders

- there was greater certainty in achieving strategic objectives
- daily decisions at the operating level were made within the context of DFSI's capacity to accept risk
- the organisation managed the risk of intangible assets – reputation, regulatory, intellectual and knowledge capital, processes and systems – just as fully as it managed physical and financial assets.

DFSI risk management was linked with strategic and business planning, initiative planning, value drivers and the performance measurement process.

Internal Audit and Risk Management Attestation Statement for 2018/19 financial year

I, Glenn King, Secretary, am of the opinion that the Department of Finance, Services and Innovation had internal audit and risk management processes in operation that were compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

Core requirements		For each requirement, please specify whether compliant, non-compliant, or in transition
Risk Management Framework		
1.1	The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2	A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 3100:2009	Compliant
Internal Audit Function		
2.1	An internal audit function has been established and maintained	Compliant
2.2	The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3	The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
Audit and Risk Committee		
3.1	An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2	The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3	The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

Membership

The chair and members of the Audit and Risk Committee were*:

- Carol Holley, Independent Chair, from 2 December 2015 to 1 December 2020
- Dianne Hill, Independent Member, from 1 February 2016 to 31 January 2021
- Nirmal Hansra, Independent Member, from 20 December 2017 to 19 December 2020
- Bruce Turner AM, Independent Member, from 22 January 2016 to 21 January 2021.

*In accordance with Treasury guidance, and as a result of Machinery of Government changes, the committee will be terminated on or by 31 October 2019.

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

- Department of Finance, Services and Innovation
- Rental Bond Board

- Building Professionals Board
- Subsidence Advisory NSW
- NSW Government Telecommunications Authority

Glenn King
Secretary, Department of Customer Service
(formerly Department of Finance, Services and Innovation)

Date: 26/08/2019

Agency Contact Officer

Geoff Campbell
 Chief Audit Executive, 9372 8040
geoff.campbell@customerservice.nsw.gov.au

Business risk insurance

DFSI had insurance arrangements in place for all its assets and major risks. Insurable risk cover was primarily provided through participation in the NSW Treasury Managed Fund (TMF), a NSW Government self-insurance scheme. Insurable risk exposures covered through the TMF included property, liability, motor vehicle, workers compensation, travel and personal accident.

Claims performance

Claims performance for 2018/19 saw a reduction in claims across liability compared with 2017/18 with the finalisation of the Central Register of Restrictions error. There have been increases in all other lines for 2018/19 compared to the previous year.

Number of claims

	2014-15	2015-16	2016-17	2017-18	2018-19
Workers Compensation	120	64	82	69	96
Motor Vehicle	90	93	171	126	210
Property	13	5	11	3	5
Liability	4	-	48	106	11
Other	3	-	-	-	-
Total	229	162	312	304	322

Net incurred claims cost (\$)

The large reduction in general liability net incurred cost is due to the costs incurred in relation to the Central Register of Restrictions error continuing to reduce in 2018/19. There has been an increase in the net incurred costs for all other lines for 2018/19.

	2014-15	2015-16	2016-17	2017-18	2018-19
Workers Compensation	\$781,887.00	\$884,236.00	\$1,136,270.00	\$1,223,598.00	\$3,529,210.23
Motor Vehicle	\$306,185.00	\$240,014.00	\$541,551.91	\$494,476.00	\$785,210.41
Property	\$3,316,330.00	\$49,293.00	\$237,268.00	\$5,085.00	\$356,929.02
Liability	\$719,630.00	-	\$7,424,766.00	\$2,107,610.00	\$1,030,377.97
Other	2,932.00	-	-	-	-
Total	\$5,126,964.00	\$1,173,543.00	\$9,339,855.00	\$3,830,769.00	\$5,701,727.63

All incurred claims and relevant costs were sourced from TMF database. They are based on claims lodged and relevant assessment to date. The final costs and claim numbers may vary due to the timing of loss incurred, claims reported, and the outcome of negotiated settlement.

Cyber Security Annual Attestation Statement for 2018/19 financial year

I, Glenn King, Secretary of the Department of Customer Service (DCS), formerly DFSI, am of the opinion that the public sector agencies, or part thereof, (listed below) since the publication of the NSW Government Cyber Security Policy (CSP) on 1 February 2019, have:

- i) managed cyber security risks in a manner consistent with the mandatory requirements set out in the CSP
- ii) assessed and managed risks to information and systems
- iii) ensured governance is in place to manage the cyber-security maturity and initiatives
- iv) a cyber incident response plan which has been exercised during the reporting period
- v) undertaken independent reviews, audits and ISMS certifications or effectiveness of controls or reporting against the mandatory requirements of the CSP which was found to be adequate.

I, Glenn King, am of the opinion that GovConnect NSW's service providers, GovDC, Revenue NSW, Service NSW and Spatial Services had certified compliance with ISO/IEC 27001 for the reporting period.

I, Glenn King, am of the opinion that the Department of Customer Service (formerly DFSI), Better Regulation Division, Data Analytics Centre, GovConnect NSW, Government Technology Platforms, Long Service Corporation, NSW Telco Authority, Property NSW, Service NSW and State Insurance Regulatory Authority had an independent audit of cyber security controls.

I, Glenn King, am of the opinion that the NSW Registry of Births Deaths and Marriages, Liquor, Gaming and Racing bodies, Information and Privacy Commission, having moved under the Department of Customer Service on 1 July 2019 are submitting CSP maturity reporting and attestation to their respective former clusters for FY 18-19.

I, Glenn King, am of the opinion that Independent Pricing and Regulatory Tribunal and NSW Architects Registration Board are submitting CSP maturity reporting and attestation to their respective Ministers for FY 18-19.

The entities included for the purposes of this attestation are:

- Department of Customer Service
- NSW Telco Authority
- Better Regulation Division
- Revenue NSW
- Data Analytics Centre
- Property NSW
- GovConnect NSW
- Spatial Services
- Government Technology Platforms
- State Insurance Regulatory Authority
- Long Service Corporation

Enhancements are in progress to appropriately manage the cyber security maturity and initiatives of DCS entities to meet the requirements of this policy.

Glenn King
Secretary

Date: 18/09/2019

6.18 Significant judicial decisions

Better Regulation Division – Fair Trading

DECISION	BRIEF EXPLANATION OF DECISION
NSW Fair Trading matter of Matthew Thomas Williams	<p>On 5 July 2018, the Local Court of NSW convicted Matthew Thomas Williams of two charges under section 192E(1)(b) of the <i>Crimes Act 1900</i> and sentenced him to a period of imprisonment of 15 months, wholly suspended. Mr Williams was also ordered to pay costs.</p> <p>Mr Williams was an employee of a real estate agency. Between July 2015 and April 2017, Mr Williams lodged a total of 25 applications with the Rental Bond Board for payment of rental bonds to which he was not entitled. The amount obtained by Mr Williams under the applications was \$213,498.64.</p>
NSW Fair Trading matter of Robert James Wallace	<p>On 18 September 2018, the Local Court convicted Robert James Wallace of 13 charges under section 158(7) of the Australian Consumer Law (NSW) and three charges under section 269(1)(ab) of the <i>Bankruptcy Act 1966</i> (Cth).</p> <p>The Court imposed fines totalling \$39,000, ordered Mr Wallace to perform a total of 600 hours of community service and to pay costs. In addition, he was ordered to pay compensation to five consumers.</p> <p>Mr Wallace traded under the business name Hidden TV. Between November 2014 and April 2016 he accepted payment from five consumers totalling \$21,885 for the purchase and supply of mirror televisions. Mr Wallace failed to supply the televisions to the consumers.</p> <p>Mr Wallace also traded under the business name Mustang Stables. Between November 2014 and October 2015, he accepted a total of \$282,800 from seven consumers for the sale and restoration of nine Ford Mustang vehicles. Mr Wallace failed to supply the vehicles to the consumers.</p> <p>At the time of receiving payments from three of the consumers, Mr Wallace was an undischarged bankrupt. Mr Wallace failed to advise those consumers of his bankruptcy.</p>
NSW Fair Trading matter of Stephen James Charles Bell	<p>On 19 December 2018, the Local Court of NSW convicted Stephen James Charles Bell of one offence against s 211(2) of the <i>Property Stock & Business Agents Act 2002</i> (the Act). The Court sentenced Mr Bell to a term of imprisonment for two years, to be served by way of Intensive Correctional Order. The Court also ordered Mr Bell to complete 400 hours of community service and pay costs.</p> <p>Mr Bell was the Licensee-in-Charge and sole director of the company which conducted a real estate agency. Between about November 2013 and about July 2014 the company acted as the vendor's agent in relation to the sale of 11 properties. Monies relating to sale of the properties were paid into trust accounts managed by the company, to be held on trust until settlement of the properties occurred. Mr Bell disbursed some of those monies before the settlements took place, when the company had no authorisation to do so.</p> <p>Fair Trading also disqualified Mr Bell from being involved in the direction, management or conduct of the business of a licensee under the Act for a period of 10 years and until \$267,682.51 has been reimbursed back to the NSW Property Services Compensation Fund.</p>
NSW Fair Trading matter of Daniel Scott Harrison	<p>On 18 January 2019, the Local Court of NSW convicted Daniel Scott Harrison of five offences under the <i>Home Building Act 1989</i> relating to unlicensed contracting, performing unlicensed specialist work and falsely presenting himself as a licensed electrician.</p> <p>Mr Harrison was also charged with one offence against section 192E(1)(b) of the <i>Crimes Act 1900</i> relating to payments received from a consumer who believed Mr Harrison was a licensed builder and engaged him to construct a new home.</p> <p>The Court convicted Mr Harrison and sentenced him to two years imprisonment to be served by way of an Intensive Correction Order, ordered him to perform 300 hours of community service and pay \$13,000 in fines, as well as costs. The Court also directed Mr Harrison to pay compensation to the affected consumer.</p>

DECISION	BRIEF EXPLANATION OF DECISION
Commissioner for Fair Trading v Digital Marketing and Solutions Pty Ltd (ACN 614430983) (Director, Yuen Ho Wong) [2019] NSWSC 370	<p>On 4 April 2019, the NSW Supreme Court fined Digital Marketing and Solutions Pty Ltd (Digital Marketing) trading online as Android Enjoyed and CameraSky and its director Yuen Ho Wong over \$3 million after injunctive proceedings were taken by NSW Fair Trading.</p> <p>The Court ordered Digital Marketing and Solutions to pay \$2.25 million in fines for contravening the Australian Consumer Law (NSW) and Mr Wong was fined \$900,000 and was barred from being a director of a corporation.</p> <p>Between January 2017 to July 2018 NSW Fair Trading received some 637 total consumer complaints regarding purchases made through Android Enjoyed and Camera Sky, websites operated by Digital Marketing and Mr Wong. The complaints generally related to failing to supply mobile phones, cameras and camera accessories within a reasonable time or failure to supply at all. In addition, there were complaints regarding products which were supplied that did not meet standards for supply, were not of acceptable quality and on a number of occasions, consumers were not given refunds.</p> <p>Digital Marketing and its websites no longer trade in Australia.</p>
NSW Fair Trading matter of Denny Simon Shallis	<p>On 11 April 2019, the Local Court of NSW convicted Denny Simon Shallis of five offences (one offence under each of sections 4, 7A, 12 and two offences under section 92(2A)) under <i>the Home Building Act 1989</i> relating to unlicensed and uninsured residential building work. The Court imposed fines totalling \$19,600 and a Community Correction Order for a period of 18 months. Mr Shallis was also ordered to pay costs.</p> <p>Mr Shallis was the holder of a carpentry and joiners licence but has never held a builders licence in NSW. Between October 2015 and August 2016, he contracted for, and performed, significant repairs and renovations on a property in Pymble to the value of \$393,214.47. Mr Shallis did not hold a relevant building licence to allow him to enter into a contract for, and perform, residential building work. As the work was valued in excess of \$20,000 it required Home Building Compensation Fund insurance. Mr Shallis did not have such a policy of insurance.</p> <p>Three of the offences (under sections 4, 12 and 92 of the Act) were second and subsequent offences, as Mr Shallis was previously convicted in 2015 of the same offences.</p>

Better Regulation Division – Registrar General

DECISION	BRIEF EXPLANATION OF DECISION
Lincu v Registrar General [2019] NSWSC 568	<p>The proceedings involved a significant claim for compensation from the Torrens Assurance Fund (TAF) as a result of title and mortgage fraud by a Trustee.</p> <p>The land in question was church property, held in trust for the Apostolic Christian Church Nazarene. A former trustee had transferred the church property to himself and his two sons (Transfer) and had taken out a mortgage in favour of a credit union (Mortgage). Although the church property was returned to the church (as a result of earlier proceedings), the Mortgage remained.</p> <p>The Claimants sought compensation from the Registrar General to cover the monies owed under the Mortgage, plus costs and disbursements totalling approximately \$1.1 million.</p> <p>The case turned on the proper construction of a statutory defence contained in s129(2)(f)(i) of the <i>Real Property Act 1990</i> (the Act), which provides that compensation is not payable “where the loss or damage arises from...the breach by a registered proprietor of any trust...” (Trustee Defence).</p> <p>The Court found in favour of the Registrar General, confirming that the Trustee Defence applies as a complete bar to the payment of compensation, irrespective of the type of breach of trust.</p> <p>Although the TAF is not required to pay compensation for breaches of trust by a registered trustee, s130 of the Act leaves open the possibility of an ex gratia payment where it would be just to do so.</p>

Better Regulation Division – SafeWork NSW

DECISION	BRIEF EXPLANATION OF DECISION
SafeWork NSW v Building Maintenance Unit Service Pty Ltd [2019] NSWDC 16	<p>On 20 October 2015, two window cleaners were seriously injured when the building maintenance unit (BMU) they were using to clean the external windows of the building failed, and they fell from the 12th floor.</p> <p>After a SafeWork NSW investigation, the defendant, Building Maintenance Unit Service Pty Ltd, was charged with a breach of section 32/19(2) of the <i>Work Health and Safety Act 2011</i>.</p> <p>On 18 February 2019, the defendant was convicted by the District Court and fined \$300,000.</p> <p>In sentencing the defendant, the Court noted that the risk was reasonably foreseeable and actually known by the offender, and the offender knew that the BMU had not undergone a major inspection and that such inspection was well overdue.</p>
SafeWork NSW v KD & JT Westbrook Pty Ltd (No 2) [2019] NSWDC 15	<p>On 22 September 2014, a 20 year old contract musterer suffered fatal head injuries when he fell from the motorbike he was using to muster sheep.</p> <p>After a SafeWork NSW investigation, the defendant, KD & JT Westbrook Pty Ltd, was charged with a breach of section 32/19(1) of the <i>Work Health and Safety Act 2011</i> (the Act).</p> <p>On 19 February 2019, the defendant was convicted by the District Court, fined \$180,000 and ordered to publicise the offence under s236 of the Act.</p> <p>In sentencing the defendant, the Court noted that the likelihood of the risk occurring was significant and that the offender knew or ought to have known that falls from motorcycles on the property were fairly common.</p>
SafeWork NSW v MJM Painting Services and Mr Miro Maric [2019] NSWDC 124	<p>On 22 February 2016, a 45 year old painter was injured when he fell from height. After a SafeWork NSW investigation, the corporate defendant was charged with a breach of section 32/19(1) of the <i>Work Health and Safety Act 2011</i> (the Act) and Mr Maric was charged with a breach of section 32/27 of the Act.</p> <p>On 15 April 2019, the defendants were convicted by the District Court. The corporate defendant was fined \$187,500 and Mr Maric was fined \$37,500.</p> <p>In sentencing the defendants, the Court noted that the risks of falling from heights on building and construction sites are notorious and that it is common sense that people working at height are at risk from falling down unless there is something that intervenes to prevent that occurring.</p>
SafeWork NSW v Macquarie Milling Co Pty Ltd and Mr Roland Albert Samuels [2019] NSWDC 111	<p>On 14 October 2016, a worker suffered a deep laceration to his hand when his clothing became caught and he was drawn into an unguarded rotating shaft of a chaff cutting machine.</p> <p>After a SafeWork NSW investigation, the corporate defendant was charged with a breach of section 32/19(1) of the <i>Work Health and Safety Act 2011</i> (the Act) and Mr Samuels was charged with a breach of s32/27(1) of the Act.</p> <p>On 10 April 2019, the defendants were convicted by the District Court. The corporate defendant was fined \$180,000 and Mr Samuels was fined \$22,500.</p> <p>Mr Samuels was also ordered to undertake training under section 241 of the Act, conduct a work health and safety project under section 238 of the Act, and, enter into a work health and safety undertaking under section 239 of the Act.</p> <p>In sentencing the defendants, the Court noted that simple remedial steps were available which would have completely avoided the risk including guarding the rotating shaft.</p>

DECISION	BRIEF EXPLANATION OF DECISION
SafeWork NSW v Confeta Pty Ltd and Cleo Antoniou [2018] NSWDC 392	<p>On 3 August 2012 (notified 22 July 2015), a 22 year old worker suffered serious injuries to her hand when it became trapped in the manual cup folding machine she was operating.</p> <p>After a SafeWork NSW investigation, the corporate defendant was charged under sections 32/19(1), 38(1) and 39(1) of the <i>Work Health and Safety Act 2011</i> (the Act) and Mr Antoniou was charged with a breach of section 32/27(1) of the Act.</p> <p>On 13 December 2018, the defendants were convicted by the District Court. The corporate defendant was fined \$150,000 under section 32/19(1) of the Act; \$3,750 under section 38(1) of the Act and \$3,750 under section 39(1) of the Act.</p> <p>Mr Antoniou was fined \$25,500. In sentencing the defendants, the Court noted that both had failed to eliminate or minimise the risks, so far as was reasonably practicable, before workers operated the machines, despite identification of the risk of injury similar to the injury suffered by the injured worker, and the fact these risks had occurred on two previous occasions at Confeta.</p>
SafeWork NSW v PIA Constructions and Engineering Pty Ltd and Chiew Meng Ng	<p>Between February 2016 and 7 June 2017, SafeWork identified that a development undergoing construction at Chester Hill had failed to address work health and safety issues arising from incomplete scaffolding, poor housekeeping and inadequate site security.</p> <p>After a SafeWork NSW investigation, the corporate defendant was charged with multiple offences under section 33/19(1), section 22/19(2) and section 33/20(2) of the <i>Work Health and Safety Act 2011</i> (the Act) and Mr Ng with multiple offences under section 33/27(1) of the Act.</p> <p>On 28 November 2018, the defendants were convicted by the Local Court and the corporate defendant fined a total of \$160,000 in relation to offending under section 19(1) of the Act, a total of \$45,000 in relation to offending under section 19(2) of the Act, and \$5000 in relation to offending under section 20(2) of the Act. Mr Ng was fined a total of \$42,500.</p>
SafeWork NSW v Turfco Australia Pty Ltd [2018] NSWDC 191	<p>On 1 December 2014, a 19 year old worker suffered fatal crush injuries when he fell from the side platform of a harvester which was travelling in reverse.</p> <p>After a SafeWork NSW investigation, the defendant, Turfco Australia Pty Ltd, was charged with a breach of section 32/19(1) of the <i>Work Health and Safety Act 2011</i>.</p> <p>On 16 July 2018, the defendant was convicted by the District Court and fined \$375,000.</p> <p>In sentencing the defendant, the Court noted that there were simple steps which the offender could have implemented at no cost to eliminate the risk, such as implementing the harvesting system outlined in the operator's manual or directing the turf stacker to align from the harvester when it was travelling in reverse.</p>

Revenue NSW

DECISION	BRIEF EXPLANATION OF DECISION
Southern Cross Group Services Pty Ltd v Chief Commissioner of State Revenue [2019] NSWSC 666	<p>Two plaintiffs, Southern Cross Group Services Pty Ltd (first plaintiff) and Southern Cross Group NSW Pty Ltd (second plaintiff) sought a review of payroll tax assessments issued to them by the Chief Commissioner of State Revenue (NSW). The review sought to revoke the assessment made against the plaintiffs for additional payroll tax pursuant to the employment agency provisions contained in Div 8 of Pt 3 of the <i>Payroll Tax Act 2007</i> (NSW) (the Act).</p> <p>The first plaintiff had security contracts with clients for the provision of security services and personnel and had a contract with the second plaintiff to supply additional staff through subcontractors.</p> <p>The issue in the appeal was whether the security contracts, and the contract between the first and second plaintiffs, were “employment agency contracts” (within the meaning of section 37 of the Act). The plaintiffs submitted that the security contracts in question were not “employment agency contracts” because the relevant contracts were not with the “end users” of the services provided.</p> <p>On 7 June 2019, the NSW Supreme Court held that arrangements between taxpayers who operated businesses as private security contractors were “employment agency contracts” within the meaning of section 37(1) of the Act and therefore, were subject to payroll tax.</p>

DECISION	BRIEF EXPLANATION OF DECISION
Chief Commissioner of State Revenue v Adams Bidco Pty Ltd [2019] NSWCA 34	<p>In 2013, Adams Bidco Pty Ltd (“Bidco”) and Mr Bob Ingham entered into an agreement to transfer all issued shares in Ingham Enterprises Pty Ltd (“Ingham”). If, at the time of acquisition of the shares, Ingham was a “primary producer” under section 163D of the <i>Duties Act 1997</i> (NSW) (the Act), the transfer would be exempt from landholder duty. The Court initially found that Bidco was exempt from landholder duty.</p> <p>The issue in the appeal concerned the statutory construction of section 163D(2) of the Act, and specifically the correct approach to determining whether a landholder’s land holdings “wholly or predominantly comprise land used for primary production”.</p> <p>On 3 July 2019, the NSW Supreme Court allowed the appeal and held that Ingham’s land holdings in all places did not “wholly or predominantly comprise land used for primary production”. The majority preferred a qualitative or evaluative approach which took into account the value of the land not used for primary production, the significant minority of land by area not used for primary production, the underlying character of Ingham’s business, its sources of revenue and areas of expenditure.</p>
Winston-Smith v Chief Commissioner of State Revenue [2019] NSWCA 75	<p>The appellant, Michael Winston-Smith, sought review of a landholder duty assessment issued by the Chief Commissioner. The duty was paid in relation to their acquisition of shares in Macs Pty Ltd (“Macs”) from Town and Country Land Pty Ltd (TCL) on 30 November 2015 .</p> <p>The appellant contended that the “not just and reasonable” landholder duty exemption contained in section 163H(1) of the <i>Duties Act 1997</i> (the Act) should be available to exempt the acquisition. The appellant submitted that the exemption should be available in circumstances where there was no intent to avoid duty, and where the acquisition had no practical impact on the way in which the land held by Macs was enjoyed. This submission was based on the appellant’s argument that he always maintained control over the land held by Macs - previously they held an indirect interest through TCL, and after acquisition of the shares held by TCL they held a direct interest.</p> <p>On 16 April 2019, the NSW Supreme Court dismissed the appeal and found that the acquisition produced a change in the appellant’s underlying practical and economic interest in the relevant land. The key reason for this finding was that the appellant’s existing 50 per cent indirect interest held via TCL would have necessarily come to an end because of TCL being wound up, and so the acquisition ensured the appellant would retain a 100 per cent practical and economic interest in Macs land.</p>

6.19 Work health and safety and injury management

DFSI was committed to providing a healthy and safe workplace for all employees, including contractors, agency staff and volunteers. DFSI worked on initiatives to contribute to the prevention of injuries and illnesses and to promote a timely, sustainable and early return to work for injured workers.

Workers compensation

Assisting timely, safe and early return to work for injured workers underpins our Return to Work Framework. To support this, our ‘Recover at Work Program’ policy was developed, consulted upon and endorsed to ensure compliance with legislation and injury management best practice. The policy is available to all staff.

Net incurred claims cost (\$)

The net incurred claims cost for workers compensation in this table is for all principal departments.

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Workers Compensation	\$702,517.00	\$781,887.00	\$884,236.00	\$1,136,270.00	\$1,223,598.00	\$3,529,210.23

The cost incurred increase has been due to recent claims in the FY18/19, and the current estimate on these claims – each claim has future projected costs. A focus is on return to work strategies to reduce costs in line with the worker’s capacity, that is, should a worker who is certified with “no work capacity” return to pre-injury duties, the claim estimate will be adjusted, and the incurred costs will reflect that.

Litigated claims

DFSI had three claims listed in the Workers Compensation Commission:

- one claimant was awarded settlement after application received from Commission
- one matter is undergoing conciliation conference and arbitration hearing
- one matter is under appeal or in dispute.

Claims data

DFSI saw a decrease in active workers compensation claims from 118 reported claims in 2017/18, to 105 reported workers compensation claims in 2018/19. For the financial year, \$4.3 million has been paid so far, of which \$2.0 million was paid on weekly benefits (47 per cent of the total) and \$1.4 million on medical (33 per cent of the total). Total payments in 2018/19 are 31 per cent lower than at the same time in the previous financial year (\$6.2 million) mostly due the absence of any lump sum payments.

The financial year total average payment is 56 per cent lower than for the previous year (\$2,239 vs \$5,117). This difference is again largely due to no lump sum payments being made. The majority of other payment categories also show reduction in the average payment.

The proportion of “time loss claims” for 2018/19 is 58 per cent. This is based on the 105 claims reported. Of “time loss claims” in the 2018/19, 60 per cent of physical injury claims and 18 per cent of psychological claims achieved suitable duties within 28 days. Of claims with time loss in 2018/19 and previous financial years combined, 54 per cent of physical injury claims and 17 per cent of psychological claims achieved suitable duties within 28 days.

Workers compensation claims

Business areas by workers compensation policy capture	No. of injuries resulting in claims ^(2, 6)							No. of injuries resulting in lost time ^(3, 6)	Total lost time due to injuries (in days) ^(3, 6)	Average time lost per injury (in days) ^(3, 6, 7, 8)
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19			
NSW Fair Trading	29	14	11	32	13	9	8	5	147	29.39
NSW Procurement ^(1, 3)	0	1	0	0	0	0	0	0	0	0
Public Works and others ^(2, 3)	23	8	8	27	7	30	7	3	1721.5	573.8
Government & Corporate Services	0	0	0	0	4	15	17	12	464	38.63
Revenue NSW	23	19	19	23	26	16	17	5	140	27.95
Valuation Services ⁽³⁾	24	10	10	11	8	6	1	0	0	0
Waste Assets Management Corporation ⁽³⁾	3	5	4	1	1	1	0	0	0	0
Housing and Property Group ⁽³⁾	22	2	2	0	4	0	2	1	7.6	7.6
Teacher Housing Authority ⁽³⁾	0	0	0	1	0	1	0	0	0	0
ICT & Digital Government ⁽⁵⁾	0	1	0	0	0	2	7	2	19	9.67
Better Regulation ⁽⁴⁾	-	-	-	-	-	-	8	2	12	2
SafeWork NSW	n/a	n/a	n/a	n/a	11	20	14	6	187	31.12
SIRA	n/a	n/a	n/a	n/a	7	6	4	0	0	0
Work Cover Independent Review Office (WIRO)	n/a	n/a	n/a	n/a	1	3	1	0	0	0
Workers Compensation Commission (WCC)	n/a	n/a	n/a	n/a	3	4	1	1	1988	1988
Total:	124	60	54	96	85	114	87	37	4686.1	2708.16

Notes

- 1 NSW Procurement included in Government & Corporate Services.
- 2 NSW Public Works and others include all other divisions within the department not specifically itemised in this table.
- 3 Business area will not be reported next financial year as not part of principal department.
- 4 Better Regulation being reported as a new policy.
- 5 ICT and Digital Government – Telco included in this policy.
- 6 Claim numbers and claim totals may change between annual reporting periods due to late notification of injury or movements within the agency.
- 7 Time lost data will continue to change as claims mature and data is updated by the insurer with payment of wage reimbursement schedule.
- 8 Injuries include illnesses.
- 9 Figure is calculated by dividing total time lost due to injuries (in days) by total number of injuries resulting in lost time.

6.20 Access to DFSI and related entities' offices

Department of Finance, Services and Innovation

McKell Building, 2-24 Rawson Place,

Sydney NSW 2000

T: 02 9372 7222

www.finance.nsw.gov.au

Hours: 8:30am – 5:00pm

Better Regulation Division

Better Regulation

McKell Building, 2-24 Rawson Place,

Sydney NSW 2000

T: 02 9372 7222

www.finance.nsw.gov.au

Hours: 8:30am – 5:00pm

NSW Fair Trading

The Eclipse Building

Level 11, 60 Station Street,

Parramatta NSW 2150

PO Box 972, Parramatta NSW 2124

T: 02 9895 0111 | TTY: 1300 723 404

www.fairtrading.nsw.gov.au

Hours: 8:30am – 5:00pm

Long Service Corporation

32 Mann Street

Gosford NSW 2250

T: 131 441

www.longservice.nsw.gov.au

Hours: 8:30am – 5:00pm

SafeWork NSW

92-100 Donnison Street,

Gosford NSW 2250

Locked Bag 2906, Lisarow NSW 2252

T: 02 4321 5000

www.safework.nsw.gov.au

Hours: 8:30am – 4:30pm

Office of the Registrar General

McKell Building, 2-24 Rawson Place, Sydney NSW 2000

T: 1300 318 998

www.registrargeneral.nsw.gov.au

Hours: 8:30am – 5:00pm

ICT and Digital Government

IDG

McKell Building, 2-24 Rawson Place,

Sydney NSW 2000

T: 02 9372 7222

www.finance.nsw.gov.au

Hours: 8:30am – 5:00pm

Telco Authority

McKell Building, 2-24 Rawson Place,

Sydney NSW 2000

T: 02 9372 7222

www.telco.nsw.gov.au

Hours: 9:00am – 5:00pm

Government and Corporate Services

Heritage Stoneworks

92 Burrows Road,

Alexandria NSW 2015

T: 02 9565 9025

<https://www.finance.nsw.gov.au/heritage/heritage-stoneworks>

Hours: 9:00am – 5:00pm

Manly Hydraulics Laboratory

110B King Street

Manly Vale NSW 2093

T: 02 9949 0200

<https://mhl.nsw.gov.au/>

Hours: 9:00am – 5:00pm

Government and Corporate Services cont

NSW Procurement

McKell Building, 2-24 Rawson Place,
Sydney NSW 2000

T: 1800 679 289

<https://www.finance.nsw.gov.au/nsw-procurement>

Hours: 8:30am – 5:00pm

Property and Advisory Group

Property NSW

66 Harrington Street,
The Rocks NSW 2000
GPO Box 4081, Sydney NSW 2001

T: 02 9273 3950

www.property.nsw.gov.au

Hours: 8:30am – 5:00pm

DFSI Valuation Services

1 Prince Albert Road, Queens Square,
Sydney NSW 2000

PO Box 745, Bathurst NSW 2795

T: 1800 110 038

www.valuergeneral.nsw.gov.au

Hours: 8:30am – 5:00pm

Teacher Housing Authority

Level 3, 66 Harrington Street,
The Rocks NSW 2000

PO Box N408, Grosvenor Place, NSW 1220

T: 02 8276 8000

www.tha.nsw.gov.au

Hours: 8:30am – 4:30pm

Public Works Advisory

McKell Building, Level 20,
2–24 Rawson Place,

Sydney NSW 2000

T: 02 9430 8500

www.publicworksadvisory.nsw.gov.au

Hours: 8:30am – 4:30pm

Waste Assets Management Corporation

Level 2, 10 Valentine Avenue,
Parramatta NSW 2150

PO Box 3366, Parramatta NSW 2124

T: 02 9834 9800

www.wamc.nsw.gov.au

Hours: 8:30am – 5:00pm

Revenue NSW

132 Marsden St, Parramatta NSW 2150
GPO Box 4042, Sydney NSW 2001

T: 02 9689 6200 | TTY: 1300 301 181

www.revenue.nsw.gov.au

Hours: 8:30am – 4:30pm

Service NSW

McKell Building, 2-24 Rawson Place,
Sydney NSW 2000

T: 13 7788

www.service.nsw.gov.au

Details of service centres and opening hours can be found on the Service NSW website.

<https://www.service.nsw.gov.au/service-centre>

State Insurance Regulatory Authority

McKell Building, 2-24 Rawson Place,
Sydney NSW 2000

T: 13 1050

www.sira.nsw.gov.au

Hours: 8:30am – 5:00pm

7 Financial statements



INDEPENDENT AUDITOR'S REPORT

Department of Finance, Services and Innovation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Department of Finance, Services and Innovation (the Department), which comprise the Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Department as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Department's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Secretary of the Department is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Certificate by the Secretary.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

Secretary's Responsibilities for the Financial Statements

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

In preparing the financial statements, the Secretary is responsible for assessing the Department's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting. The Department has disclosed its assessment of Going Concern in Note 1(d).

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or

in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

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

My opinion does not provide assurance:

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



Margaret Crawford
Auditor-General of NSW

30 September 2019
SYDNEY

DEPARTMENT OF FINANCE, SERVICES AND INNOVATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019
STATEMENT BY THE SECRETARY

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

- a) the accompanying financial statements and notes thereto exhibit a true and fair view of the financial position of the Department of Finance, Services and Innovation as at 30 June 2019 and its financial performance for the year then ended
- b) the accompanying financial statements and notes thereto have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions mandated by the Treasurer
- c) I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Secretary
Department of Finance, Services and Innovation

Date: 27 September 2019

DEPARTMENT OF FINANCE, SERVICES AND INNOVATION

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000
Expenses excluding losses				
Employee related	2(a)	694,238	745,864	656,164
Operating expenses	2(b)	487,518	347,352	487,656
Depreciation and amortisation	2(c)	132,736	95,077	141,685
Grants and subsidies	2(d)	560,614	614,110	510,257
Finance costs	2(e)	9,383	7,672	17,789
Book value of motor vehicles sold	2(f)	60,578	83,083	84,795
Other expenses	2(g)	6,700	-	2,943
Total Expenses excluding losses		1,951,767	1,893,158	1,901,289
Revenue				
Appropriations	3(a)	1,020,448	1,116,500	1,041,078
(Transfers to the Crown Entity)	3(b)	(44,370)	-	(33,686)
Sale of goods and services	3(c)	354,797	343,089	357,519
Personnel services revenue	3(d)	157,599	161,770	135,293
Investment revenue	3(e)	11,525	805	5,753
Retained taxes, fees and fines	3(f)	115,047	-	102,127
Grants and other contributions	3(g)	188,341	32,301	171,653
Acceptance by the Crown Entity of employee benefits and other liabilities	3(h)	25,549	14,381	24,506
Proceeds from sale of motor vehicle inventory	3(i)	79,503	84,567	107,442
Other revenue	3(j)	104,155	313,913	133,717
Total Revenue		2,012,594	2,067,326	2,045,402
Gain/(loss) on disposal	4(a)	(7,020)	(1,263)	(9,258)
Other gains/(losses)	4(b)	(1,450)	-	(338)
		(8,470)	(1,263)	(9,596)
Net result from continuing operations		52,357	172,905	134,517
NET RESULT		52,357	172,905	134,517
Other comprehensive income				
<i>Items that will not be reclassified to net result in subsequent periods</i>				
Changes in revaluation surplus of property, plant and equipment	12	9,866	-	-
Net gain on equity instrument at fair value through other comprehensive income	11	61,861	-	-
Remeasurement of defined benefits superannuation liability	20	(3,896)	-	1,778
<i>Items that may be reclassified to net result in subsequent periods</i>				
Net increase/(decrease) in available-for-sale financial assets		-	-	1,783
Total other comprehensive income/(loss)		67,831	-	3,561
TOTAL COMPREHENSIVE INCOME/ (LOSS)		120,188	172,905	138,078

The accompanying notes form part of these financial statements.

DEPARTMENT OF FINANCE, SERVICES AND INNOVATION

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	Notes	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	6	549,158	416,270	496,835
Receivables	8	227,258	252,318	256,629
Inventories	9	2,653	53	2,389
Financial assets at fair value	11	16,885	51,161	-
Non-Current assets held for sale	10	25,551	-	7,410
Total Current Assets		821,505	719,802	763,263
Non-Current Assets				
Receivables	8	1,090	26,529	1,420
Inventories	9	6,098	5,464	6,424
<i>Property, plant and equipment</i>				
Land and Buildings	12	44,898	43,159	46,300
Plant and Equipment	12	39,001	144,330	46,143
Motor Vehicles	12	77,577	69,904	176,251
Leasehold Improvements	12	43,735	-	52,707
<i>Total property, plant and equipment</i>		205,211	257,393	321,401
Intangible assets	13	116,563	188,398	149,821
Financial assets at fair value	11	72,012	45,163	42,705
Total Non-Current Assets		400,974	522,947	521,771
Total Assets		1,222,479	1,242,749	1,285,034
LIABILITIES				
Current Liabilities				
Payables	15	277,042	224,469	261,170
Borrowings	16	83,790	56,416	135,927
Provisions	17	120,548	174,337	132,914
Service Concession	18	77,308	77,146	77,221
Other Liabilities	19	57,591	60,075	54,478
Total Current Liabilities		616,279	592,443	661,710
Non-Current Liabilities				
Borrowings	16	14,193	16,396	69,615
Provisions	17	24,897	36,786	24,357
Service Concession	18	2,473,849	2,487,042	2,548,284
Other Liabilities	19	40	7,529	3,616
Total Non-Current Liabilities		2,512,979	2,547,753	2,645,872
Total Liabilities		3,129,258	3,140,196	3,307,582
Net Assets / (Liabilities)		(1,906,779)	(1,897,447)	(2,022,548)
EQUITY				
Reserves		13,763	35,186	36,969
Accumulated funds		(1,920,542)	(1,932,633)	(2,059,517)
Total Equity		(1,906,779)	(1,897,447)	(2,022,548)

The accompanying notes form part of these financial statements.

DEPARTMENT OF FINANCE, SERVICES AND INNOVATION

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Accumulated Funds \$'000	Financial assets at FVOCI Reserve \$'000	Available for Sale Reserve \$'000	Asset Revaluation Surplus \$'000	Total \$'000
Balance at 1 July 2018		(2,059,517)	-	33,072	3,897	(2,022,548)
Changes in accounting policy	1(h)(i)	-	33,072	(33,072)	-	-
Restated balance at 1 July 2018		(2,059,517)	33,072	-	3,897	(2,022,548)
Net Result for the year		52,357	-	-	-	52,357
Other comprehensive income						
Remeasurement of defined benefits superannuation liability	20	(3,896)	-	-	-	(3,896)
Net gain on equity instrument at fair value through other comprehensive income (FVOCI)	11	-	61,861	-	-	61,861
Net change in revaluation surplus of property, plant and equipment	12	-	-	-	9,866	9,866
Total comprehensive income for the year		48,461	61,861	-	9,866	120,188
Transfer at fair value of equity instrument		94,933	(94,933)	-	-	-
Transactions with owners in their capacity as owners						
Increase in net assets from equity transfers	21	(4,419)	-	-	-	(4,419)
Balance at 30 June 2019		(1,920,542)	-	-	13,763	(1,906,779)
Balance at 1 July 2017		(2,202,420)	-	31,289	3,897	(2,167,234)
Net Result for the year		134,517	-	-	-	134,517
Other comprehensive income						
Remeasurement of defined benefits superannuation liability	20	1,778	-	-	-	1,778
Net increase/(decrease) in available for sale financial assets	11	-	-	1,783	-	1,783
Total comprehensive income for the year		136,295	-	1,783	-	138,078
Transactions with owners in their capacity as owners						
Increase in net assets from equity transfers	21	6,608	-	-	-	6,608
Balance at 30 June 2018		(2,059,517)	-	33,072	3,897	(2,022,548)

The accompanying notes form part of these financial statements.

DEPARTMENT OF FINANCE, SERVICES AND INNOVATION

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		716,118	712,350	604,119
Grants and subsidies		560,614	614,110	510,257
Finance costs		9,383	7,672	17,789
Other		593,287	651,533	632,146
Total Payments		1,879,402	1,985,665	1,764,311
Receipts				
Appropriations (excluding equity appropriations) (Transfers to the Crown Entity)		1,020,448 (40,862)	1,116,500 (9,000)	1,041,078 (105,083)
Sale of goods and services		602,170	498,775	634,686
Retained taxes, fees and fines		114,043	(1,263)	119,146
Interest received		5,957	805	8,220
Grants and other contributions		188,341	32,301	171,653
Proceeds from sale of motor vehicle inventory		79,503	84,567	107,442
Other		101,540	491,367	28,873
Total Receipts		2,071,140	2,214,052	2,006,015
NET CASH FLOWS FROM OPERATING ACTIVITIES	26	191,738	228,387	241,704
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of land and buildings, plant and equipment and infrastructure systems		(10,929)	(88,095)	(68,480)
Purchases of intangible assets		(47,161)	(57,607)	(58,758)
Proceeds from withdrawal/sale of financial assets		119,563	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		61,473	(145,702)	(127,238)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings and advances		(107,559)	(120,114)	(163,661)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(107,559)	(120,114)	(163,661)
NET INCREASE/(DECREASE) IN CASH		145,652	(37,429)	(49,195)
Opening cash and cash equivalents		496,835	453,699	537,322
Cash transferred in/(out) as a result of administrative restructuring	21	(93,329)	-	8,708
CLOSING CASH AND CASH EQUIVALENTS	6	549,158	416,270	496,835

The accompanying notes form part of these financial statements.

DEPARTMENT OF FINANCE, SERVICES AND INNOVATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

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

DFSI as a reporting entity comprises the following major Divisions / Program groups:

- NSW Public Works Advisory
- NSW Fair Trading
- Revenue NSW
- Better Regulation
- ICT, Digital & Innovation
- Valuation Services
- Spatial Services
- Subsidence Advisory NSW
- Office of the Valuer General
- Office of the Registrar General
- Government Services
- Personnel Services
- SafeWork NSW
- Titling Registry Service Concession

In the process of preparing the consolidated financial statements for the economic entity, consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

Administered activities undertaken on behalf of the Crown Entity are consolidated in the Crown Entity accounts. Those undertaken on behalf of local councils and other public sector agencies are reported by the individual entities.

The financial statements for the year ended 30 June 2019 have been authorised for issue by the Secretary on 27 September 2019.

(b) Basis of Preparation

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

- applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*; and
- Treasurer's Directions issued under the Act.

Property, plant and equipment and financial assets at "fair value through profit or loss" and "available-for-sale" are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

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

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is DFSI's presentation and functional currency.

(c) Statement of Compliance

DFSI's financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Going concern

The financial statements of DFSI have been prepared on a going concern basis. In accordance with Administrative Arrangements (Administrative Changes – Public Service Statutory bodies) Order 2019, DFSI was abolished on 1 July 2019. On abolition, DFSI's employees, assets, rights and liabilities were transferred to Department of Customer Service ("DCS") and will be used, recovered or settled in the normal course of business by the transferee department. Refer to Note 35.

Administrative Arrangements changes relate to the transfer of ongoing functions and activities to another department and/or statutory body without a significant reduction or termination of those activities. The department and/or statutory body taking over those activities is expected to use, recover or settle the transferred assets and liabilities in the same manner as the transferee. In other words, in the ordinary course of business.

(e) Administered Activities

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

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

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

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

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

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

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

(g) Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous reporting period, 30 June 2018, for all amounts reported in the financial statements.

(h) **Changes in Accounting Policy, Including New or Revised Australian Accounting Standards**

(i) Effective for the first time in 2018-19

AASB 9 Financial Instruments

DFSI has adopted AASB 9 *Financial Instruments* which resulted in changes in accounting policies in respect of recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments and impairment of financial assets. AASB 9 also significantly amends other standards dealing with financial instruments such as revised AASB 7 *Financial Instruments: Disclosures* (AASB 7R).

DFSI has applied AASB 9 retrospectively but has not restated the comparative information, reported under AASB 139 *Financial Instruments: Recognition and Measurement*. Any differences arising from the adoption of AASB 9 have been recognised directly in accumulated funds and other components of equity.

The effect of adopting AASB 9 on the statement of financial position (increase/(decrease)) as at 1 July 2018 is set out below:

	Notes	1 July 2018 \$'000
Assets		
Receivables	8	-*
Financial assets at fair value	11	-
Liabilities		
Payables	15	-
Borrowings	16	-
Total adjustment on equity		
Accumulated funds	-	-
Other components of equity	-	-

* the impact of Receivables were calculated only at 30 June 2019 as it was not practicable to calculate it at 1 July 2018.

a. *Classification and measurement of financial instruments*

On 1 July 2018 (the date of initial application of AASB 9), DFSI's management has assessed which business models apply to the financial assets held by the DFSI and has classified its financial instruments into the appropriate AASB 9 categories. The main effects resulting from this reclassification are as follows:

	Notes	FVOCI⁽ⁱ⁾ (AFS)⁽ⁱⁱ⁾ \$'000	Loans & receivables \$'000
Closing balance 30 June 2018 – AASB 139		42,705	229,628
Reclassify securities from available-for-sale (AFS) to FVOCI**	11	-	-
Allowance for expected credit losses method of impairment***	8	-	-
Opening balance 1 July 2018 – AASB 9		42,705	229,628

** The closing balances as at 30 June 2018 show available-for-sale (AFS) financial assets under FVOCI. These reclassifications have no impact on the measurement categories.

*** the impact of Receivables were calculated only at 30 June 2019 as it was not practicable to calculate it at 1 July 2018.

(i) Fair value through other comprehensive income

(ii) Available for sale

The impact of transition to AASB 9 on reserves and accumulated funds is, as follows:

	Effects on AFS ⁽ⁱⁱ⁾ reserve \$'000	Effect on FVOCI ⁽ⁱ⁾ reserve \$'000	Accumulated funds \$'000	Total change in equity \$'000
Closing balance 30 June 2018 – AASB 139	33,072	-	(2,059,517)	(2,026,445)
Reclassification adjustment in relation to adopting AASB 9	(33,072)	33,072	-	-
Opening balance 1 July 2018 – AASB 9	-	33,072	(2,059,517)	(2,026,445)

- (i) Fair value through other comprehensive income
(ii) Available for sale

The nature of the above adjustments are described below:

Under AASB 9, subsequent measurement of debt financial assets is based on assessing the contractual cash flow characteristics of the debt instrument and DFSI's business model for managing the instrument.

The assessment of the DFSI's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact to DFSI. DFSI continued measuring at fair value, all financial assets previously held at fair value under AASB 139.

The following are the changes in the classification of the DFSI's financial assets:

- Trade receivables and other financial assets (i.e. term deposits) classified as 'Loans and receivables' under AASB 139 as at 30 June 2018 are held to collect contractual cash flows representing solely payments of principal and interest. At 1 July 2018, these are classified and measured as debt instruments at amortised cost.
- Investments in TCorpIM Funds are managed on a fair value basis and hence were designated at fair value through profit or loss under AASB 139 as at 30 June 2018. Under AASB 9, these are now mandatorily required at transition date of 1 July 2018 and going forward to be classified and measured as fair value through profit or loss.
- DFSI has not designated any financial liabilities at fair value through profit or loss. There are no changes in the classification and measurement for the DFSI's financial liabilities.

In summary, upon the adoption of AASB 9, DFSI had the following required or elected reclassifications as at 1 July 2018:

AASB 139 Measurement category	Measurement category		Carrying amount		
	ASSB 139	AASB 9	Original \$'000	New \$'000	Difference \$'000
Trade receivables	Loans & Receivables	Amortised Cost	229,268	229,268	-
TCorpIM Funds	FVPL ⁽ⁱ⁾	FVPL ⁽ⁱ⁾	-	-	-
Unlisted equity securities	AFS ⁽ⁱⁱⁱ⁾	FVOCI ⁽ⁱⁱⁱ⁾	42,705	42,705	-

- (i) Fair value through profit or loss
(ii) Fair value through other comprehensive income
(iii) Available for sale

b. *Impairment*

The adoption of AASB 9 has fundamentally changed DFSI's accounting for impairment losses for financial assets by replacing AASB 139's incurred losses approach with forward-looking expected credit loss (ECL) approach. AASB 9 requires DFSI to recognise an allowance for ECLs for all debt instruments not held at fair value through profit and loss. There is no material impact to DFSI on adopting the new impairment model.

(ii) Issued but Not Yet Effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods.

a) *AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*

- This standard makes amendments to AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with *Customers* and provides guidance to assist not-for-profit entities in applying those Standards to particular transactions and other events. Initial recognition and measurement requirements under AASB 9 will only apply from 1 July 2019 to non-contractual receivables arising from statutory requirements such as taxes, rates and fines.
- AASB 136 Impairment of Assets continues to apply to non-contractual statutory receivables as at 30 June 2019.

b) *AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 and AASB 1058 Income of Not-for-Profits*

- AASB 15 *Revenue from Contracts with Customers* ("AASB 15") is effective for reporting periods commencing on or after 1 January 2019. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised when control of goods or services is transferred to the customer at amounts that reflect the consideration to which DFSI expects to be entitled in exchange for transferring the goods or services to the customer. Under AASB 118 Revenue (AASB 118), revenue recognition is currently based on when risks and rewards are transferred.
- AASB 1058 *Income of Not-for-Profits* ("AASB 1058") is effective for reporting periods commencing on or after 1 January 2019 and will replace most of the existing requirements in AASB 1004 Contributions (AASB 1004). The scope of AASB 1004 is now limited mainly to parliamentary appropriations, administrative arrangements and contributions by owners. Under AASB 1058, DFSI will need to determine whether a transaction is consideration received below fair value principally to enable DFSI to further its objectives (accounted for under AASB 1058) or a revenue contract with a customer (accounted for under AASB 15).
- The implementation of AASB 1058 to Administered Activities has been assessed for taxes, fines and fees. No material impact is expected from the application of AASB 1058 to most taxes, fines and fees, however the impact on self assessed taxes is currently under review.
- The standards will result in the identification of separate performance obligations that may change the timing of recognition for some revenues, including revenues relating to sales of goods and services and specific purpose grants and subsidies.
- Under AASB 1058, DFSI will recognise as liabilities, obligations for funding received where there is an obligation to construct recognisable non-financial assets controlled by DFSI. There is no impact as DFSI receives funding on a yearly basis and there has not been any circumstance where DFSI is required to refund any funding due to a non-performance of a specific obligation.

- DFSI will adopt AASB 15 and AASB 1058 on 1 July 2019 through application of the full retrospective transition approach. Recognition and measurement principles of the new standards will be applied for the 30 June 2020 current financial year and comparative year ended 30 June 2019, as though AASB 15 and AASB 1058 had always applied.
- Based on the impact assessments DFSI has undertaken on currently available information, DFSI estimates that the adoption of AASB 15 and AASB 1058 have been assessed by DFSI as not being significant.

c) *AASB 16 Leases*

- *AASB 16 Leases* (“AASB 16”) is effective from reporting periods commencing on or after 1 January 2019. DFSI has assessed the estimated impact that initial application of AASB 16 will have on its financial statements, as described below. The estimated impact represents management’s current best estimate and is still under review. The actual impact of adopting the standard may change as a result of further review of underlying lease data and reassessment of management’s judgement on whether it is reasonably certain that lease extension options will or will not be exercised for individual leases.
- For lessees, AASB 16 will result in most leases being recognised on the Statement of Financial Position, as the distinction between operating and finance leases is largely removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised at the commencement of the lease. The only exceptions are short-term and low-value leases. AASB 16 will therefore increase assets and liabilities reported on the Statement of Financial Position. It will also increase depreciation and interest expenses and reduce operating lease rental expenses on the Statement of Comprehensive Income. Expenses recognised in the earlier years of the lease term will be higher as the interest charges will be calculated on a larger lease liability balance. Existing finance leases are not expected to be significantly impacted from the transition to AASB 16.
- The accounting for lessors under AASB 16 will not significantly change. DFSI will however review the classification of sub-leases in which DFSI is a lessor. Finance lease receivables will be recognised for sub-leases reclassified as finance leases.
- DFSI will adopt AASB 16 on 1 July 2019 through application of the partial retrospective approach, where only the current year is adjusted as though AASB 16 had always applied. Comparative information will not be restated. DFSI will also adopt the practical expedient whereby the fair value of the right-of use asset will be the same as the lease liability at 1 July 2019.
- Based on the impact assessments DFSI has undertaken on currently available information, DFSI estimates additional lease liabilities of \$263 million and right-of-use assets of \$263 million will be recognised as at 1 July 2019 for leases in which DFSI is a lessee. Most operating lease expenses will be replaced by depreciation of the right of use asset and interest on the lease liability. The impact on the statement of comprehensive income is expected to be \$4.2 million.
- DFSI will also be required to reclassify sub-leases as either finance leases or operating leases for leases in which DFSI is a lessor. DFSI estimates that sub-leases reclassifications will result in the recognition of finance leases receivable of \$98.746 million as at 1 July 2019.

d) *AASB 1059 Service Concession Assets: Grantors*

- *AASB 1059 Service Concession Assets: Grantors* (“AASB 1059”) is effective from reporting periods commencing on or after 1 July 2020.
- DFSI will adopt AASB 1059 on 1 July 2020 through application of the modified retrospective approach, where the current year is adjusted as though AASB 1059 had always applied and comparative information will also be restated.

- This standard will have a significant impact on DFSI as the Titling Registry Service is impacted whereby we will need to recognise the previously unrecognised internally generated intangible asset (land titles register) which will represent the new “service concession asset”. The service concession assets is required to be fair valued for the start of the comparative period beginning 1 July 2019. The valuation is currently being undertaken by an external independent valuer.

2. EXPENSES EXCLUDING LOSSES

(a) Employee Related Expenses

	2019	2018
	\$'000	\$'000
Salaries and wages (including annual leave)	554,888	536,016
Superannuation - defined benefit plans	6,407	11,010
Superannuation - defined contribution plans	44,118	38,483
Long service leave	36,792	26,933
Workers' compensation insurance	2,687	3,257
Payroll tax and fringe benefits tax	34,880	33,373
Voluntary redundancy	14,466	7,092
	694,238	656,164

Employee related expenses of \$9.223 million (2018: \$0.106 million) have been capitalised in various capital works and therefore are excluded from the above.

(b) Operating Expenses

	2019	2018
	\$'000	\$'000
Auditor's remuneration		
- audit of the financial statements	1,314	1,189
Cost of sales	17,438	26,792
Advertising	5,590	5,921
Bad debt expense	-	592
Operating lease rental expense	42,001	37,614
Maintenance	20,639	9,315
Insurance	2,574	2,452
Valuation services contractors	31,698	26,539
Fees and charges	114,108	142,208
Postage and telephone	5,666	6,769
Printing, stationery and stores	11,038	11,343
Consultants	3,157	4,480
Other contractors	124,234	115,307
Books and periodicals	1,383	1,689
Travel and motor vehicle expenses	9,221	8,873
Computer expenses	51,868	41,536
Minor equipment	298	1,193
Training	4,915	7,493
Other	40,376	36,351
	487,518	487,656

Reconciliation - Total Maintenance

Maintenance expenses - contracted labour and other (non-employee related), as above	20,639	9,315
Employee related maintenance expense included in Note 2(a)	-	-
Total maintenance expenses included in Note 2(a) + 2(b)	20,639	9,315

Recognition and Measurement

Operating leases

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

Maintenance expense

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

Insurance

DFSI's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

(c) Depreciation and Amortisation Expense

	2019	2018
	\$'000	\$'000
Depreciation		
- Buildings	592	602
- Plant and equipment	11,816	16,466
- Motor vehicles	36,900	69,625
- Leasehold improvements	7,816	9,392
	57,124	96,085
Amortisation		
- Intangible assets	75,612	45,600
Total depreciation and amortisation	132,736	141,685

Refer to Note 12 and 13 for recognition and measurement policies on depreciation and amortisation.

Revision in Accounting Estimates

The useful lives of some intangible assets were reassessed during the year resulting in the amortisation expense increasing by \$22.587 million (2018: Nil).

(d) Grants and Subsidies

	2019	2018
	\$'000	\$'000
Tenancy Advice and Advocacy Program	3,610	6,427
Grants to Property NSW	71,750	97,414
Grants to State Archives and Records Authority	-	5,806
Grants to Service NSW	160,755	65,389
Grants to Place Management NSW	84,888	96,004
Grants to NSW Government Telecommunications Authority	113,872	50,084
Jobs Action Plan Payroll Tax Rebates	61,103	134,685
Heritage Building Program Grant	2,125	6,699
Natural Disaster Relief Grant	6,382	12,619
Consumer Trader & Tenancy Tribunal	10,755	9,618
Active Kids Grants	-	9,200
Job Lodgement Grants	9,227	6,086
Contribution to Safework Australia	3,980	3,436
Rural Fire Service for Stay Safe grant	2,500	2,500
Credit Counselling Program	1,772	1,389
Centre for WHS Research Grants	674	-
Home Building/Strata/No interest loan scheme Grant	1,578	-
Australian Nuclear Science and Technology Organisation (ANSTO)	12,500	-
Creative Kids program grants	12,105	-
Other Grants	1,038	2,901
	560,614	510,257

(e) Finance Costs

	2019	2018
	\$'000	\$'000
Interest on borrowings	9,383	17,789

Recognition and Measurement

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for profit NSW General Government Sector Entities.

(f) Book Value of Motor Vehicles Sold

	2019	2018
	\$'000	\$'000
Book value of StateFleet motor vehicles sold	60,578	84,795

(g) Other Expenses

	2019	2018
	\$'000	\$'000
Compensation fund payments	6,700	2,943

3. REVENUE

Recognition and Measurement

Income is measured at the fair value of the consideration or contribution received or receivable. Commentary regarding the accounting policies for the recognition of income are discussed below.

(a) Appropriations and Transfers to the Crown Entity

Summary of Compliance	2019		2018	
	\$'000		\$'000	
	Appropriation	Expenditure	Appropriation	Expenditure
Original Budget Appropriation				
• Appropriation Act	1,116,500	1,006,844	1,119,502	1,036,078
Other Appropriations / Expenditure				
• Section 24 PFAA - transfers of functions between entities	(11,552)	6,961	(2,551)	-
• Section 26 PFAA – Commonwealth specific purpose payments	1,500	1,500	-	-
• Transfer from another entity (per section 27 of the Appropriation Act)**	52,634	12,104	5,000	5,000
Total Appropriations / Expenditure / Net Claim on Consolidated Fund (includes transfer payments)	1,159,082	1,027,409	1,121,951	1,041,078
Appropriation drawn down *		<u>1,027,409</u>		<u>1,041,078</u>
Liability to Consolidated Fund		<u>-</u>		<u>-</u>
* Comprising:				
Transfer payments - State Archives and Records Authority****		6,961		-
Appropriations (per Statement of Comprehensive Income)***		1,020,448		1,041,078
Liability to Consolidated Fund		<u>-</u>		<u>-</u>
		1,027,409		1,041,078
** Service NSW, the Creative Kids Program, refer to Note 28.				
*** Appropriations:				
Recurrent		959,742		994,507
Capital		60,706		46,571
		<u>1,020,448</u>		<u>1,041,078</u>

**** Transfer payments - State Archives and Records Authority

During the year, DFSI received the funding for State Archives and Records Authority (SARA) which was subsequently transferred to SARA in accordance with section 24 of PFAA. Effective 1 July 2018, SARA transferred to Department of Planning and Environment in accordance with Administrative Arrangements (Administrative Changes - NSW State Archives and Subsidence Advisory NSW) Order 2018.

The summary of compliance is based on the assumption that Consolidated Fund monies are spent first (except where otherwise identified or prescribed).

The "Liability to Consolidated Fund" is the difference between the "Amount drawn down against Appropriation" and the "Total Expenditure / Net Claim on Consolidated Fund" including transfer payments.

Recognition and Measurement

Parliamentary Appropriations and Contributions

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

Appropriations are not recognised as income in the following circumstances:

- "Equity appropriations" to fund payments to adjust a for-profit entity's capital structure are recognised as equity injections (i.e. contribution by owners) on receipt and equity withdrawals on payment to a for-profit entity. The reconciliation between the Statement of Comprehensive Income, Statement of Summary of Compliance with Financial Directives and the total appropriations is disclosed in Note 3(a).
- Unspent appropriations are recognised as liabilities rather than revenue, as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund.
- The liability is disclosed in Note 19 as part of "Current/Non-Current Liabilities - Other". The amount will be repaid and the liability will be extinguished next financial year. Any liability in respect of transfer payments is disclosed in Note 29 "Administered Assets and Liabilities-Other".

(b) Transfers to Crown Entity

	2019	2018
	\$'000	\$'000
StateFleet Motor Vehicle Reserve	(23,542)	(24,966)
Net proceeds from sale of CRR Program assets	(16,668)	(8,720)
Net proceeds from sale of Loose Fill Asbestos	(4,160)	-
	(44,370)	(33,686)

No contribution from the operating surpluses of non-budget funded business units of DFSI year has been agreed with the Crown Entity.

(c) Sale of Goods and Services

	2019	2018
	\$'000	\$'000
Mapping, spatial, surveying and related services	3,225	2,885
Project and asset management services	112,164	78,160
Valuation	23,405	21,865
Facilities Management Fee	8,321	7,391
Penalty notice fees	36,120	28,880
Business services fee	55,031	53,637
Motor vehicle leasing	54,138	94,836
Administrative assistance	24,011	26,479
Other goods and services	38,382	43,386
	354,797	357,519

Recognition and Measurement

Sale of Goods

Revenue from the sale of goods is recognised as revenue when DFSI transfers the significant risks and rewards of ownership of the goods, usually on delivery of the goods.

Rendering of Services

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

Project and asset management fee revenue earned from the management and delivery of client funded building, engineering, maintenance and other service projects, has historically been recognised over the duration of the project, based on the progressive value of fee funded hours charged to the project by DFSI resources.

Fee income from property valuations and the supply of property information is recognised on completion of the service.

Motor vehicle leasing income includes lease fee and fleet management fee and is invoiced to client agencies on a monthly basis and is recognised as revenue in DFSI's Statement of Comprehensive Income.

(d) Personnel Services Revenue

	2019	2018
	\$'000	\$'000
NSW Government Telecommunications Authority	14,083	10,481
State Archives and Records Authority	19	15,604
Property NSW	49,979	44,926
State Insurance Regulatory Authority	76,402	50,445
Board of Surveying and Spatial Information	361	306
Waste Assets Management Corporation	1,546	3,551
Building Professionals Board	3,069	2,707
Subsidence Advisory NSW	-	5,369
Long Service Corporation	12,140	1,904
	157,599	135,293

(e) Investment Revenue

	2019	2018
	\$'000	\$'000
Interest income from financial assets not at fair value through profit or loss	5,937	5,753
Interest income from financial assets at fair value through profit or loss	-	-
Interest income from financial assets at fair value through other comprehensive income	-	-
Net gain/(loss) from TCorp IM Funds measured at fair value through profit or loss	5,588	-
	11,525	5,753

Recognition and Measurement

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (ie after deducting the loss allowance for expected credit losses).

(f) Retained Taxes, Fees and Fines

	2019	2018
	\$'000	\$'000
Statutory Interest	38,263	43,099
Building Licensing Fees	51,468	31,777
Owner Builder Permit Fees	1,346	1,567
Plumbing Inspection Fees	8,998	11,250
Motor Dealers Compensation Fees	1,959	1,844
Other fees, fines and penalties	13,013	12,590
	115,047	102,127

Recognition and Measurement

Retained fees, taxes and fines are recognised when earned and if the amounts can be determined reliably.

(g) Grants and other contributions

	2019	2018
	\$'000	\$'000
Voluntary Redundancy Grants ⁽ⁱ⁾	6,895	1,525
Grants from State Insurance Regulatory Authority ⁽ⁱⁱ⁾	132,903	122,847
Natural Disaster Relief Grants	6,382	12,619
Loose Fill Asbestos Grants ⁽ⁱⁱⁱ⁾	12,087	9,205
Central Register of Restrictions Program (CRR) ^(iv)	10,483	21,297
Colliery Contribution Levy	10,435	-
Telecommunication Optimisation Group Grant from Telco	5,698	3,621
Other	3,458	539
	188,341	171,653

- (i) Treasury funding for DFSI voluntary redundancies.
- (ii) The operations of SafeWork are principally funded by the State Insurance Regulatory Authority. Each year, under Section 35 (1)(a1) of the *Workplace Injury Management and Workers Compensation Act 1998*, the Minister approves the payment of amounts from the Workers Compensation Insurance Fund to the Workers Compensation Operational Fund having regard to the budget of SafeWork. This payment is made monthly to reflect cash requirements of SafeWork provided the approved amount is not exceeded.
- (iii) Treasury funding for Loose Fill Asbestos Program.
- (iv) Treasury funding for the acquisition of properties by Property NSW for the Central Register of Restrictions Program (CRR). The Program has concluded and closed. All properties acquired have been sold in this Financial year.

Recognition and Measurement

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

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

(h) Acceptance by the Crown Entity of Employee Benefits and Other Liabilities

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

	2019	2018
	\$'000	\$'000
Superannuation - defined benefit	7,037	11,215
Long service leave	18,174	12,956
Payroll tax	338	335
	25,549	24,506

(i) Proceeds of Sale of Motor Vehicle Inventory

	2019	2018
	\$'000	\$'000
Gross proceeds of sale of motor vehicles	81,533	109,790
Less: Disposal costs	(2,030)	(2,348)
	79,503	107,442

(j) Other Revenue

	2019	2018
	\$'000	\$'000
Commissions on payroll deductions collected	8	6
Bad debts recovered	-	28
Titling & Registration Services Service Concession	77,264	77,183
Other	26,883	56,500
	104,155	133,717

Recognition and Measurement

Service Concession Arrangement

On 12 April 2017, the NSW State government entered into a 35 year concession with the private sector to facilitate the provision of land titling and registry services. Under the concession, the State received an up-front contribution of \$2,622 million, which was repatriated to the Restart NSW Fund, and transferred employee liabilities to the private sector operator.

ICT and other assets necessary to operate the concession have legally transferred to the private sector operator and legal ownership of these assets reverts to the State at the end of the concession. The State continues to own all existing and underlying data, information and intellectual property related to titling and registry services and provides access to these assets to the operator.

The concession is classified as a service concession arrangement. As the grantor of the service concession, DFSI recognises the up-front contribution provided by the operator as revenue progressively over the concession term. Assets legally transferred to the operator are treated as controlled for accounting purposes by DFSI and recorded at their carrying values immediately prior to the concession commencement. These service concession assets are depreciated or amortised over their useful lives.

4. (a) GAIN/(LOSS) ON DISPOSAL

	2019	2018
	\$'000	\$'000
Gain/(loss) on disposal of property, plant & equipment and intangibles (other than StateFleet Motor Vehicles):	(3,564)	-
Written down value of assets disposed/written off	(3,456)	(9,258)
Net gain/(loss) on disposal of property, plant & equipment and intangibles (other than StateFleet Motor Vehicles)	(7,020)	(9,258)

(b) OTHER GAINS/(LOSSES)

	2019	2018
	\$'000	\$'000
(Increase)/decrease in allowance for impairment		
Sale of goods and services	(150)	732
Retained taxes, fees, fines and other	(1,300)	(1,070)
Impairment losses on non-financial assets	-	-
Impairment losses on financial assets [only for comparative financial period ended 30 June 2018]	-	-
Gains/(losses) on financial assets at fair value through profit or loss [excluding TCorp-IM Funds which are part of investment revenue]	-	-
Net other gains/(losses)	(1,450)	(338)

Recognition and Measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by DFSI from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Property, plant and equipment – Note 12
- Intangible assets – Note 13

5. PROGRAM GROUP STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

EXPENSES AND INCOME	Efficient and effective utilisation of government assets ⁽ⁱ⁾		Fair and efficient administration of State revenues ⁽ⁱⁱ⁾		Competitive, fair and secure markets ⁽ⁱⁱⁱ⁾		Digital leadership and innovation in government services ^(iv)	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Expenses excluding losses								
Operating Expenses								
• Employee related	73,432	59,865	171,742	165,996	224,111	201,033	71,071	57,420
• Other operating expenses	78,601	78,451	66,265	75,192	180,910	164,628	108,016	116,525
Depreciation and amortisation	5,588	1,381	40,554	23,640	26,578	25,190	19,594	14,571
Grants and subsidies	9,446	13,211	73,349	142,993	27,363	28,512	17,046	5,107
Finance costs	-	-	(6)	-	-	-	-	-
Book value of motor vehicles sold	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	6,700	2,943	-	-
Total Expenses excluding losses	167,067	152,908	351,904	407,821	465,662	422,306	215,727	193,623
Revenue								
Appropriations	-	-	-	-	-	-	-	-
(Transfers to Crown Entity)	-	-	(8,847)	-	(4,161)	-	-	-
Sale of goods and services	89,041	80,591	40,823	47,765	78,526	45,657	62,429	59,306
Personnel services revenue	-	-	-	-	-	-	-	-
Investment revenue	-	-	246	228	10,887	5,000	-	-
Retained taxes, fees and fines	3,859	-	4,011	153	102,739	101,970	1,737	1
Grants and contributions	6,473	13,737	3,449	-	157,910	130,419	6,428	6,025
Acceptance by the Crown Entity of employee benefits and other liabilities	4,852	5,597	8,305	6,366	6,673	4,838	2,293	1,347
Proceeds from sale of motor vehicles	-	-	-	-	-	-	-	-
Other revenue	4,348	1,699	8,881	9,767	85,888	99,323	1,968	5,612
Total Revenue	108,573	101,624	56,868	64,279	438,462	387,207	74,855	72,291
Gain/(loss) on disposal	(564)	(39)	(1,820)	(2,785)	(8,828)	(1,400)	(149)	(4,128)
Impairment losses of financial assets	-	-	-	-	-	-	-	-
Net gain/(losses) from the derecognition of financial assets measured at amortised cost	-	-	-	-	-	-	-	-
Other gains/(losses)	147	482	(7)	-	(1,636)	(820)	(35)	-
	(417)	443	(1,827)	(2,785)	(10,464)	(2,220)	(184)	(4,128)
Profit/(loss) from continuing operations	(58,911)	(50,841)	(296,863)	(346,327)	(37,664)	(37,319)	(141,056)	(125,460)
NET RESULT	(58,911)	(50,841)	(296,863)	(346,327)	(37,664)	(37,319)	(141,056)	(125,460)
Other comprehensive income								
<i>Items that will not be reclassified to net result in subsequent periods</i>								
Changes in revaluation surplus of property, plant and equipment	-	-	-	-	2,304	-	(100)	-
Net gain on equity instrument at fair value through other comprehensive income	-	-	-	-	61,861	-	-	-
Remeasurement of defined benefits superannuation liability	-	-	-	-	-	-	-	-
Net increase/(decrease) in available-for-sale financial assets	-	-	-	-	-	1,783	-	-
Total other comprehensive income	-	-	-	-	64,165	1,783	(100)	-
TOTAL COMPREHENSIVE INCOME/(LOSS)	(58,911)	(50,841)	(296,863)	(346,327)	26,501	(35,536)	(141,156)	(125,460)

⁽¹⁾ The names and purposes of each program group are summarised below.

EXPENSES AND INCOME (Continued)	Optimal administration of government services ^(v)		Cluster grant and other adjustment ^(vi)		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Expenses excluding losses						
Operating Expenses						
• Employee related	24,821	44,694	129,061	127,156	694,238	656,164
• Other operating expenses	26,460	36,781	27,266	16,079	487,518	487,656
Depreciation and amortisation	40,422	76,903	-	-	132,736	141,685
Grants and subsidies	2,143	5,737	431,267	314,697	560,614	510,257
Finance costs	9,389	17,789	-	-	9,383	17,789
Book value of motor vehicles sold	60,578	84,795	-	-	60,578	84,795
Other expenses	-	-	-	-	6,700	2,943
Total Expenses excluding losses	163,813	266,699	587,594	457,932	1,951,767	1,901,289
Revenue ⁽⁴⁾						
Appropriations	-	-	1,020,448	1,041,078	1,020,448	1,041,078
(Transfers to the Crown Entity)	(31,362)	(33,686)	-	-	(44,370)	(33,686)
Sale of goods and services	83,978	124,200	-	-	354,797	357,519
Personnel services revenue	-	-	157,599	135,293	157,599	135,293
Investment revenue	392	525	-	-	11,525	5,753
Retained taxes, fees and fines	2,701	3	-	-	115,047	102,127
Grants and contributions	13,559	21,430	522	42	188,341	171,653
Acceptance by the Crown Entity of employee benefits and other liabilities	1,346	1,996	2,080	4,362	25,549	24,506
Proceeds from sale of motor vehicles	79,503	107,442	-	-	79,503	107,442
Other revenue	3,044	17,293	26	23	104,155	133,717
Total Revenue	153,161	239,203	1,180,675	1,180,798	2,012,594	2,045,402
Gain/(loss) on disposal	4,341	(906)	-	-	(7,020)	(9,258)
Impairment losses of financial assets	-	-	-	-	-	-
Net gain/(losses) from the derecognition of financial assets measured at amortised cost	-	-	-	-	-	-
Other gains/(losses)	81	-	-	-	(1,450)	(338)
	4,422	(906)	-	-	(8,470)	(9,596)
Profit/(loss) from continuing operations	(6,230)	(28,402)	593,081	722,866	52,357	134,517
NET RESULT	(6,230)	(28,402)	593,081	722,866	52,357	134,517
Other comprehensive income						
<i>Items that will not be reclassified to net result in subsequent periods</i>						
Changes in revaluation surplus of property, plant and equipment	7,662	-	-	-	9,866	-
Net gain on equity instrument at fair value through other comprehensive income	-	-	-	-	61,861	-
Remeasurement of defined benefits superannuation liability	-	-	(3,896)	1,778	(3,896)	1,778
Net increase/(decrease) in available-for-sale financial assets	-	-	-	-	-	1,783
Total other comprehensive income	7,662	-	(3,896)	1,778	67,831	3,561
TOTAL COMPREHENSIVE INCOME/(LOSS)	1,432	(28,402)	589,185	724,644	120,188	138,078

⁽¹⁾ The names and purposes of each program group are summarised below.

ASSETS AND LIABILITIES	Efficient and effective utilisation of government assets ⁽ⁱ⁾		Fair and efficient administration of State revenues ⁽ⁱⁱ⁾		Competitive, fair and secure markets ⁽ⁱⁱⁱ⁾		Digital leadership and innovation in government services ^(iv)	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current Assets								
Cash and cash equivalents	33,446	3,461	33,447	68,209	443,517	371,836	15,051	17,801
Receivables	73,883	53,316	19,721	35,387	54,953	56,490	27,199	31,194
Inventories	521	-	521	-	964	-	282	51
Financial assets at fair value	-	-	-	-	16,885	-	-	-
Non-Current Assets Held for sale	-	-	-	-	25,551	-	-	-
Total Current Assets	107,850	56,777	53,689	103,596	541,870	428,326	42,532	49,046
Non Current Assets								
Receivables	-	-	-	-	-	-	-	-
Inventories	1,205	-	1,205	-	2,229	-	542	109
Property, plant and equipment	33,625	3,815	35,819	18,806	85,392	65,251	26,565	21,609
Intangible assets	9,592	3,583	41,034	47,634	34,732	41,699	25,567	35,379
Other financial assets	-	-	-	-	72,012	42,705	-	-
Total Non Current Assets	44,422	7,398	78,058	66,440	194,365	149,655	52,674	57,097
TOTAL ASSETS	152,272	64,175	131,747	170,036	736,235	577,981	95,206	106,143
Current Liabilities								
Payables	111,586	51,596	22,871	45,620	92,086	106,189	38,432	38,173
Borrowings	-	-	-	-	-	-	-	-
Provisions	10,076	9,000	21,961	17,862	57,846	54,446	12,598	17,274
Service Concession	-	-	-	-	77,308	77,221	-	-
Other liabilities	9,018	1,133	8,928	6,992	29,378	20,355	4,018	3,389
Total Current Liabilities	130,680	61,729	53,760	70,474	256,618	258,211	55,048	58,836
Non Current Liabilities								
Borrowings	-	-	-	-	-	-	-	-
Provisions	1,934	722	1,483	3,846	3,581	3,015	6,360	5,933
Service Concession	-	-	-	-	2,473,849	2,548,284	-	-
Other liabilities	-	123	40	527	-	1,212	-	496
Total Non Current Liabilities	1,934	845	1,523	4,373	2,477,430	2,552,511	6,360	6,429
TOTAL LIABILITIES	132,614	62,574	55,283	74,847	2,734,048	2,810,722	61,408	65,265
NET ASSETS/(LIABILITIES)	19,658	1,601	76,464	95,189	(1,997,813)	(2,232,741)	33,798	40,878

⁽¹⁾ The names and purposes of each program group are summarised below.

	Optimal administration of government services ^(v)		Cluster grant and other adjustment ^(vi)		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
ASSETS AND LIABILITIES (Continued)						
Current Assets						
Cash and cash equivalents	23,413	34,775	284	753	549,158	496,835
Receivables	12,671	37,499	38,831	42,743	227,258	256,629
Inventories	365	2,338	-	-	2,653	2,389
Financial assets at fair value	-	-	-	-	16,885	-
Assets Held for sale	-	7,410	-	-	25,551	7,410
Total Current Assets	36,449	82,022	39,115	43,496	821,505	763,263
Non Current Assets						
Receivables	-	-	1,090	1,420	1,090	1,420
Inventories	917	6,315	-	-	6,098	6,424
Property, plant and equipment	23,810	211,920	-	-	205,211	321,401
Intangible assets	5,638	21,526	-	-	116,563	149,821
Other financial assets	-	-	-	-	72,012	42,705
Total Non Current Assets	30,365	239,761	1,090	1,420	400,974	521,771
TOTAL ASSETS	66,814	321,783	40,205	44,916	1,222,479	1,285,034
Current Liabilities						
Payables	10,740	12,599	1,327	6,993	277,042	261,170
Borrowings	83,790	135,927	-	-	83,790	135,927
Provisions	3,009	6,139	15,058	28,193	120,548	132,914
Service Concession	-	-	-	-	77,308	77,221
Other	6,249	22,412	-	197	57,591	54,478
Total Current Liabilities	103,788	177,077	16,385	35,383	616,279	661,710
Non Current Liabilities						
Borrowings	14,193	69,615	-	-	14,193	69,615
Provisions	1,039	2,642	10,500	8,199	24,897	24,357
Service Concession	-	-	-	-	2,473,849	2,548,284
Other	-	1,258	-	-	40	3,616
Total Non Current Liabilities	15,232	73,515	10,500	8,199	2,512,979	2,645,872
TOTAL LIABILITIES	119,020	250,592	26,885	43,582	3,129,258	3,307,582
NET ASSETS/(LIABILITIES)	(52,206)	71,191	13,320	1,334	(1,906,779)	(2,022,548)

⁽¹⁾ The names and purposes of each program group are summarised below.

	Fair and efficient administration of State revenues ⁽ⁱⁱ⁾		Competitive, fair and secure markets ⁽ⁱⁱⁱ⁾		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
ADMINISTERED EXPENSES AND INCOME						
Administered Expenses	298,288	317,702	-	-	298,288	317,702
Total Administered Expenses	298,288	317,702	-	-	298,288	317,702
Administered Revenues						
Consolidated Fund						
Licences, taxes, fees and fines	27,242,731	27,339,667	-	-	27,242,731	27,339,667
Other	3,582,106	3,111,171	35,971	41,437	3,618,077	3,152,608
Total Administered Revenues	30,824,837	30,450,838	35,971	41,437	30,860,808	30,492,275
Administered Revenues less Expenses	30,526,549	30,133,136	35,971	41,437	30,562,520	30,174,573

Administered Expenses and Revenues are disclosed in detail in Note 30 and 31 respectively.

Administered Assets and Liabilities are disclosed in Note 29.

Program Group Descriptions

(i) Efficient and effective utilisation of government assets

This program group manages State assets including the leasing, utilisation, acquisition and disposal of significant property assets across government.

(ii) Fair and efficient administration of State revenues

This program group manages State revenues, taxation, fines and debt collection programs. The program also includes managing and assessing eligibility for grants and benefits.

(iii) Competitive, fair and secure markets

This program group includes managing and delivering various regulation and compliance activities, improving consumer protection, land titling and insurance schemes that support road users, workers and home owners.

(iv) Digital leadership and innovation in government services

This program group is providing whole-of-government strategies to achieve improved value in service delivery from ICT, collaboration and digital transformation.

(v) Optimal administration of government services

This program group manages corporate, procurement and delivery services delivered to or on behalf of Government.

(vi) Cluster grant and other adjustment

This program group provides personnel services to agencies within the Finance, Services and Innovation Cluster.

6. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2019	2018
	\$'000	\$'000
Cash at bank and on hand	164,221	149,451
TCorp IM Funds Cash facility	8,580	-
Motor vehicle reserve (refer Note 7)	32,472	31,892
Special purpose funds (refer Note 28)	343,885	315,492
	549,158	496,835

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, motor vehicle reserve and special purpose funds.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year as shown to the Statement of Cash Flows as follows:

	2019	2018
	\$'000	\$'000
Cash and cash equivalents (per Statement of Financial Position)	549,158	496,835
Closing cash and cash equivalents (per Statement of Cash Flows)	549,158	496,835

Refer to Note 33 for details regarding credit risk and market risk arising from financial instruments.

7. RESTRICTED ASSETS

	2019 \$'000	2018 \$'000
Motor vehicle reserve	32,472	31,892

The purpose of Motor vehicle reserve is to manage the residual risk of the fleet. The deposits from StateFleet are generally risk fees, overdue penalties and excess kilometre charges from client agencies, as well as the net profit or loss for each vehicle disposal. The Reserve Account target balance is \$20 million with an operating range of plus or minus \$10 million. Any Reserve Account funds in excess of \$20 million as at 31 December and 30 June are paid to Crown Entity. DFSI has a liability of \$12.5 million as at 30 June 2019 (30 June 2018: \$11.9 million).

8. CURRENT / NON-CURRENT ASSETS - RECEIVABLES

	2019 \$'000	2018 \$'000
Current		
Accrued bank interest	-	20
Long service leave reimbursable by the Crown Entity	1,844	56
Work in Progress (i)	1,882	9,949
Employee provisions recoverable from other government agencies	-	9,168
Accrued income	35,647	54,824
Prepayments	20,319	14,400
Other	1,885	13,587
	<u>61,577</u>	<u>102,004</u>
Sale of goods and services	164,951	164,463
Less: Allowance for expected credit losses*	(2,512)	-
Less: Allowance for impairment**	-	(12,077)
	<u>162,439</u>	<u>152,386</u>
Retained taxes, fees and fines	24,417	23,955
Less: Allowance for expected credit losses*	(21,175)	-
Less: Allowance for impairment**	-	(21,716)
	<u>3,242</u>	<u>2,239</u>
Total Current Receivables	<u>227,258</u>	<u>256,629</u>
Non-Current		
Defined Benefit Super Schemes (Note 20)	1,090	1,420
Total Non-Current Receivables	<u>1,090</u>	<u>1,420</u>

* Movement in the allowance for expected credit losses

	2019 \$'000
<u>Sale of goods and services – expected credit losses</u>	
Balance at 30 June 2018 under AASB 139	12,077
Amounts restated through opening accumulated funds	
Balance at 1 July under AASB 9	12,077
Amounts written off during the year	(9,719)
Amounts recovered during the year	4
Increase/(decrease) recognised in profit or loss	150
Balance at 30 June 2019	<u>2,512</u>

Retained taxes, fees and fines - expected credit losses

Balance at 30 June 2018 under AASB 139	21,716
Amounts restated through opening accumulated funds	
Balance at 1 July under AASB 9	21,716
Amounts written off during the year	(1,841)
Amounts recovered during the year	-
Increase/(decrease) recognised in profit or loss	1,300
Balance at 30 June 2019	<u>21,175</u>

** Movement in the allowance for impairment	2018
	\$'000
<u>Sale of goods and services - allowance for impairment</u>	
Balance at 1 July 2017	12,493
Amounts written off during the year	(10)
Amounts recovered during the year	28
Increase/(decrease) in allowance recognised in net result	(434)
Balance at 30 June 2018	12,077
<u>Retained taxes, fees and fines - allowance for impairment</u>	
Balance at beginning of year	20,427
Amounts transferred in due to administrative restructure	-
Amounts recovered during the year	-
Increase/(decrease) in allowance recognised in net result	1,289
Balance at 30 June 2018	21,716

Details regarding credit risk of trade debtors that are neither past due nor impaired, are disclosed in Note 33.

Recognition and Measurement

Receivables

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price. Short term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Subsequent measurement under AASB 9 (from 1 July 2018)

DFSI holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Subsequent measurement under AASB 139 (for comparative period ended 30 June 2018)

Subsequent measurement is at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment under AASB 9 (from 1 July 2018)

DFSI recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows that DFSI expects to receive, discounted at the original effective interest rate.

For trade receivables, DFSI applies a simplified approach in calculating ECLs. DFSI recognises a loss allowance based on lifetime ECLs at each reporting date. DFSI has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.

Impairment under AASB 139 (for comparative period ended 30 June 2018)

Receivables are subject to an annual review for impairment. These are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

DFSI first assesses whether impairment exists individually for receivables that are individually significant. Further, receivables are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

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

Any reversals of impairment losses are reversed through the net result for the year, if objectively related to an event occurring after the impairment was recognised. Reversals of impairment losses cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

Work in Progress

The amounts due from customers for contract work are disclosed as an asset and the amount due to customers for contract work as a liability. Accordingly, amounts due from customers is shown as Work in Progress in Current Assets and amount due to customers is shown as Advance Claims in Current Liabilities.

DFSI acts as the principal in contracts for construction works undertaken for clients. The role of DFSI includes the payment of contractors on the clients' behalf.

Work in Progress represents the cost of all works in progress less progress billings to clients and is net of a provision for uncollectable work in progress of \$3.162 million (30 June 2018: \$2.505 million). At 30 June 2019, work in the ground was valued at \$2.322 million (30 June 2018: \$8.003 million) and this accrual is reflected within the current liabilities (refer Note 15).

The contract conditions allow DFSI to require performance bonds from the contractors in the form of cash deposit, unconditional bank guarantee or insurance bonds to cover DFSI against losses that may arise from uncompleted or faulty jobs.

The amounts due from customers for contract work are disclosed as an asset (Work in Progress) and the amount due to customers for contract work as a liability (Advance Claim). Gross Work in Progress and billings to date are as follows:

	2019	2018
	\$'000	\$'000
Net work in progress	5,044	12,454
Allowance for uncollectable work in progress	(3,162)	(2,505)
Work in progress as per Statement of Financial Position	1,882	9,949

Under the security of payment legislation, General Conditions of Contract AS 2124 and GC21 contracts, there are specific conditions relating to the payment of contractor claims for work completed. Penalties for failure to adhere to these conditions include payment of interest. To ensure contractual payment obligations are met, agreements have been made for major clients to pay according to a monthly cash flow determined on the basis of client funds being lodged in DFSI's bank account to facilitate the payment of contractors' claims. The advances received from clients are disclosed as a liability.

Advance claims shown in the Statement of Financial Position as a current liability are as follows:

	2019	2018
	\$'000	\$'000
Advance Claims as per Statement of Financial Position (refer Note 15)	40,579	8,256

9. CURRENT / NON-CURRENT ASSETS - INVENTORIES

Current

Finished goods held for distribution - at cost
Motor vehicle inventory held for resale

	2019	2018
	\$'000	\$'000
	-	50
	2,653	2,339
	2,653	2,389

Non-current

Finished goods held for distribution - at cost

	6,098	6,424
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Recognition and Measurement

Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount. Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost as at the date of acquisition. Current replacement cost is the cost DFSI would incur to acquire the asset as at the end of the reporting period. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

10. NON-CURRENT ASSETS HELD FOR SALE

	2019 \$'000	2018 \$'000
Current		
Central Register of Restrictions Land Assets ⁽ⁱ⁾	-	7,410
Loose Fill Asbestos Land Assets ⁽ⁱⁱ⁾	12,729	-
Subsidence Advisory Properties held for resale ⁽ⁱⁱⁱ⁾	12,822	-
	25,551	7,410

(i) Central Register of Restrictions (CRR) Land Assets

These properties are acquired via Treasury Grant funding, under the CRR repatriation scheme, and are held for immediate resale. The full proceeds of the sale, net of selling costs, are returned to the Crown entity.

(ii) Loose Fill Asbestos Land Assets

The properties held for sale were acquired for asbestos removal in accordance with the *Loose-Fill Asbestos Eradication Scheme 2014*, and are restored to a safe and marketable condition. Any work done is capitalised as cost of property and assessed against the market value and any adjustment/ impairment is recognised to reflect the property at lower of cost or net realisable value, which is the estimated selling price less selling costs in the ordinary course of business. The full proceeds of the sale, net of selling costs, are returned to the Crown entity.

(iii) Subsidence Advisory Properties held for resale

The properties held for sale have been purchased as a result of subsidence claims in accordance with the *Coal Mine Subsidence Compensation Act 2017*. The practice is to remediate the effects of the subsidence and to restore the property to a marketable condition. Any impairment on the purchase price to net market value is recognised as a claims expense. Properties held are recorded at the lower of cost or net realisable value – which is the estimated selling price less selling costs in the ordinary course of business. The full proceeds of the sale, net of selling costs, are returned to the Special Deposits Account called the Coal Mine Subsidence Compensation Fund.

Amounts recognised in other comprehensive income relating to assets held-for-sale

	2019 \$'000	2018 \$'000
Net increase in revaluation of Loose Fill Asbestos Land Assets	-	-

Recognition and Measurement

DFSI has land assets classified as held-for-sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held-for-sale are recognised at the lower of their carrying amount and fair value less costs of disposal. These assets are not depreciated / amortised while they are classified as held-for-sale.

11. FINANCIAL ASSETS AT FAIR VALUE

	2019 \$'000	2018 \$'000
Current Assets		
TCorp IM Funds – Medium Term Growth ⁽ⁱ⁾	16,885	-
Non-Current Assets		
TCorp IM Funds – Medium Term Growth ⁽ⁱ⁾	72,012	-
Investments in equity shares (non-listed) ^{(ii) & (iii)}	-	42,705
	72,012	42,705

(i) This relates to cash, money market instruments, Australian and international bonds, listed property and Australian shares held within Subsidence Advisory NSW.

- (ii) DFSI represents the NSW Government on the Board of Public Sector Mapping Authority Ltd (PSMA). DFSI holds one share, but does not have control or significant influence on the policy and operations of PSMA Ltd. The Investment is disclosed at the cost of one dollar.
- (iii) DFSI holds nil (30 June 2018: 8,915,423) ordinary shares in the capital of Property Exchange Australia Limited (formerly known as National E Conveyancing Development Limited) on behalf of the State of New South Wales. The investment of \$42.7 million was last re-measured at fair value as at 30 June 2018, and it was subsequently sold on 16 January 2019 for a gain of \$62 million with all proceeds (\$105 million) being directed to the Crown.

Refer to Note 33 for further information regarding fair value measurement, credit risk and market risk arising from financial instruments.

Recognition and Measurement

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Classification and measurement under AASB 9 (from 1 July 2018)

DFSI financial assets at fair value are classified, at initial recognition, and subsequently measured at either fair value through other comprehensive income or fair value through profit or loss. Transaction costs of financial assets carried at fair value through profit or loss are expensed in net results. Transaction costs of financial assets carried as other comprehensive income are included as part of their fair value and amortised to net results using the effective interest method.

Financial assets at fair value through other comprehensive income

DFSI measures financial assets at fair value through other comprehensive income when they are held for both collection of contractual cash flows and for selling the financial assets, and where the assets' cash flows represent solely payments of principal and interest.

Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in net results. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to net results and recognised in other gains/(losses).

Interest income from these financial assets is included in investment revenue using the effective interest method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of comprehensive income.

DFSI has elected to classify irrevocably its equity investments in ordinary shares as designated at fair value through other comprehensive income, that would otherwise be measured at fair value through profit or loss. These equity investments meet the definition of equity instruments under AASB 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

The following equity investments have been designated at fair value through other comprehensive income:

DFSI holds nil (30 June 2018: 8,915,423) ordinary shares in the capital of Property Exchange Australia Limited (formerly known as National E Conveyancing Development Limited) on behalf of the State of New South Wales. The investment of \$42.7 million was last re-measured at fair value as at 30 June 2018, and it was subsequently sold on 16 January 2019 for a gain of \$62 million with all proceeds (\$105 million) being directed to the Crown

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as income under 'investment revenue' when the right of payment has been established.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value under AASB 9.

Financial assets are held for trading if acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. TCorpIM Funds are managed and their performance is evaluated on a fair value basis and therefore the business model is neither to hold to collect contractual cash flows or sell the financial asset. Hence these investments are mandatorily required to be measured at fair value through profit or loss.

Notwithstanding the criteria to be classified at amortised cost or at fair value through other comprehensive income, financial assets may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognised in net results and presented net within other gains/(losses). except for TCorpIM Funds that are presented in 'investment revenue' in the period in which it arises.

Classification and measurement under AASB 139 (for comparative period ended 30 June 2018)

DFSI has classified its financial assets at fair value either as financial assets at fair value through profit or loss or available-for-sale financial assets. The classification was based on the purpose of acquiring such financial assets.

Financial Assets were initially recognised at fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss were recognised immediately in the net result.

The classification of DFSI's financial assets was based on initial recognition and, when allowed and appropriate, re-evaluated this at each financial year end. The classification was based on the nature and purpose of the financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are initially and subsequently measured at fair value. Gains or losses on these assets are recognised in the net result for the year. Financial assets are classified as 'held-for-trading' if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments under AASB 139.

The TCorpIM Funds are designated at fair value through profit or loss as these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to DFSI's key management personnel.

The movement in the fair value of the TCorpIM Funds incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

Held to maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity that DFSI has the positive intention and ability to hold to maturity are classified as "held to maturity". These investments are measured at amortised cost using the effective interest method. Changes are recognised in the Statement of Comprehensive Income when impaired, derecognised or through the amortisation process.

Loans and Receivables

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

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

Purchases or sales of investments under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date i.e. the date DFSI commits itself to purchase or sell the asset.

Available-for-sale financial assets

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Other financial assets that do not fall into any other category are also accounted for as available-for-sale financial assets and are initially measured at fair value plus transaction costs and subsequently measured at fair value. Gains or losses on available-for-sale financial assets are recognised in other comprehensive income until disposed or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the net result for the year. However, interest calculated using the effective interest method and dividends are recognised in the net result for the year.

Impairment of financial assets at fair value through other comprehensive income under AASB 9 Financial Instruments from 1 July 2018

DFSI recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that DFSI expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). In addition, DFSI considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

DFSI's debt financial assets classified as financial assets at fair value through other comprehensive income are issued by financial institutions that have strong credit ratings and, therefore, considered to be low credit risk investments. Hence, DFSI measures the loss allowance for these debt financial assets at an amount equal to 12-month ECL. However, when there is a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

DFSI uses the ratings from external credit rating agencies both to determine whether there has been a significant increase in credit risk on the debt financial assets and to estimate ECLs. These estimates are performed at every reporting date.

Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

Impairment of available-for-sale financial assets under AASB 139 Financial Instruments (for the comparative period ended 30 June 2018)

Available-for-sale assets are subject to an annual review for impairment.

In the case of debt instruments classified as available-for-sale financial assets, these are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The amount of the cumulative loss is reclassified from equity to the net result as a reclassification adjustment, measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the net result.

If, in a subsequent year, the amount of the estimated amount of the estimated impairment loss increases or decreases, the previously recognised cumulative impairment loss is adjusted. If a write-off is later recovered, the recovery is recorded in the net result.

In the case of equity investments classified as available-for-sale financial assets, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the net result – is removed from other comprehensive income and

recognised in the net result. Impairment losses on equity investments are not reversed through the net result; increases in their fair value after impairment are recognised in other comprehensive income.

Derecognition of financial asset

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the agency transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where DFSI has not transferred substantially all the risks and rewards, if the agency has not retained control.

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

12. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Total \$'000
At 1 July 2018 – fair value					
Gross carrying amount	48,812	155,167	349,505	98,869	652,353
Accumulated depreciation and impairment	(2,512)	(109,024)	(173,254)	(46,162)	(330,952)
Net carrying amount	46,300	46,143	176,251	52,707	321,401
30 June 2019 – fair value					
Gross carrying amount	45,067	141,333	187,676	85,068	459,144
Accumulated depreciation and impairment	(169)	(102,332)	(110,099)	(41,333)	(253,933)
Net carrying amount	44,898	39,001	77,577	43,735	205,211

Reconciliation

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

	Land and Buildings \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Total \$'000
Year ended 30 June 2019					
Net carrying amount at beginning of year	46,300	46,143	176,251	52,707	321,401
Work in progress (WIP) - net	-	(7,605)	-	(33,680)	(41,285)
Additions (transferred from WIP)	-	107	-	23,465	23,572
Additions (current year expenditure)	6,413	7,389	-	14,768	28,570
Acquisitions through administrative restructure	-	125	-	551	676
Transfers to Motor Vehicle Inventory	-	-	(61,774)	-	(61,774)
Transfers to Assets Held for Sale	(14,042)	-	-	-	(14,042)
Assets transferred out to other agencies	-	(194)	-	(80)	(274)
Reclassification	-	5,908	-	695	6,603
Changes in revaluation surplus of property, plant and equipment	9,866	-	-	-	9,866
Depreciation expense	(592)	(11,816)	(36,900)	(7,816)	(57,124)
Disposals	(3,047)	(587)	-	(6,875)	(10,509)
Write-offs	-	(462)	-	-	(462)
Impairment losses (recognised in other gain/losses)	-	(7)	-	-	(7)
Net carrying amount at end of year	44,898	39,001	77,577	43,735	205,211

	Land and Buildings \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Total \$'000
At 1 July 2017 – fair value					
Gross carrying amount	44,712	138,984	560,633	84,033	828,362
Accumulated depreciation and impairment	(1,910)	(104,193)	(226,355)	(41,507)	(373,965)
Net carrying amount	42,802	34,791	334,278	42,526	454,397
At 30 June 2018 - fair value					
Gross carrying amount	48,812	155,167	349,505	98,869	652,353
Accumulated depreciation and impairment	(2,512)	(109,024)	(173,254)	(46,162)	(330,952)
Net carrying amount	46,300	46,143	176,251	52,707	321,401

Reconciliation

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

	Land and Buildings \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Total \$'000
Year ended 30 June 2018					
Net carrying amount at beginning of year	42,802	34,791	334,278	42,526	454,397
Work in progress	-	-	-	-	-
Additions	5,484	31,008	-	19,728	56,220
Acquisitions through administrative restructure	-	-	-	-	-
Transfers to Motor Vehicle Inventory	-	-	(88,402)	-	(88,402)
Transfers to Assets Held for Sale	-	-	-	-	-
Assets transferred out to other agencies	-	-	-	-	-
Reclassification	-	(1,912)	-	(77)	(1,989)
Net revaluation increments less revaluation decrements	-	-	-	-	-
Depreciation expense	(602)	(16,466)	(69,625)	(9,392)	(96,085)
Disposals	(1,384)	(1,278)	-	(78)	(2,740)
Write-offs	-	-	-	-	-
Impairment losses (recognised in other gain/losses)	-	-	-	-	-
Net carrying amount at end of year	46,300	46,143	176,251	52,707	321,401

The net carrying amount of Service Concession plant and equipment assets at 30 June 2019 is \$2.12 million (30 June 2018: \$2.32 million).

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 14.

Recognition and Measurement

Acquisitions of Property, Plant and Equipment

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

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

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

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition (see also assets transferred as a result of an administrative restructure - Note 21).

Capitalisation Thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

Major Inspection Costs

When a major inspection is performed, the labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

Restoration Costs

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

Maintenance

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

Depreciation of Property, Plant and Equipment

Depreciation is provided for on a straight line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to DFSI.

All material identifiable components of assets are depreciated separately over their useful lives. Land is not a depreciable asset.

The depreciation rates used for 2019 for each class of assets are:

<i>Land and Buildings</i>	
Buildings and improvements	2.5% to 14.0%
<i>Plant and Equipment</i>	
Mainframe computers and major computer systems	10.0% - 100%
Computer equipment - portable	17.0% - 100%
Furniture and fittings	10.0% - 25.0%
Office equipment	17.0% to 20.0%
Motor vehicles	20.0% to 25.0%
Leasehold improvements	5.0% to 33.3%

Finance leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and rewards.

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Property, plant and equipment acquired under finance leases are depreciated over the asset's useful life. However, if there is no reasonable certainty that the lessee entity will obtain ownership at the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the “Valuation of Physical Non-Current Assets at Fair Value” Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*.

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

DFSI’s fair value of property, plant and equipment is based on a market participants’ perspective, using valuation techniques (market approach, cost approach and income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 14 for further information regarding fair value.

Revaluation are made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. DFSI conducts a comprehensive revaluation of land and buildings every three years. The last comprehensive revaluation was completed on 31 March 2019 and was based on an independent assessment. Other non-current assets are assessed by management to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at the end of the reporting period.

Interim revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from carrying value. DFSI used external professionally qualified valuers to conduct the comprehensive valuation as at 31 March 2019.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as an approximation of fair value. DFSI has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result. Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case, the decrement is debited directly to the asset revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise. When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

Impairment of Property, Plant and Equipment

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

DFSI assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, DFSI estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in net result and is treated as a revaluation increase. However, to the extent that an impairment loss on the same class of asset was previously recognised in the net result, a reversal of that impairment loss is also recognised in net result.

13. INTANGIBLE ASSETS

	Software \$'000	Total \$'000
At 1 July 2018		
Cost (gross carrying amount)	477,484	477,484
Accumulated amortisation and impairment	(327,663)	(327,663)
Net carrying amount	149,821	149,821
30 June 2019		
Cost (gross carrying amount)	432,594	433,417
Accumulated amortisation and impairment	(316,031)	(316,854)
Net carrying amount	116,563	116,563

Reconciliation

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

	Software \$'000	Total \$'000
Year ended 30 June 2019		
Net carrying amount at beginning of year	149,821	149,821
Work in progress (WIP) - net	(2,426)	(2,426)
Additions (transferred from WIP)	35,205	35,205
Additions – Internally generated	15,096	15,096
Additions – Externally acquired	4,286	4,286
Acquisitions through administrative restructure	1,815	1,815
Disposals	(5,010)	(5,010)
Write-offs	-	-
Impairment losses	(3)	(3)
Assets transferred out to other agencies	(6)	(6)
Reclassification	(6,603)	(6,603)
Amortisation (recognised in depreciation and amortisation)	(75,612)	(75,612)
Net carrying amount at end of year	116,563	116,563

	Software \$'000	Total \$'000
At 1 July 2017		
Cost (gross carrying amount)	437,193	437,193
Accumulated amortisation and impairment	(300,530)	(300,530)
Net carrying amount	136,663	136,663
30 June 2018		
Cost (gross carrying amount)	477,484	477,484
Accumulated amortisation and impairment	(327,663)	(327,663)
Net carrying amount	149,821	149,821

Reconciliation

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

	Software \$'000	Total \$'000
Year ended 30 June 2018		
Net carrying amount at beginning of year	136,663	136,663
Work in progress		
Additions – Internally generated	55,780	55,780
Additions – Externally acquired	9,321	9,321
Acquisitions through administrative restructure	-	-
Disposals	(4,452)	(4,452)
Write-offs	-	-
Impairment losses	-	-
Assets transferred out to other agencies	-	-
Reclassification	(1,891)	(1,891)
Amortisation (recognised in depreciation and amortisation)	(45,600)	(45,600)
Net carrying amount at end of year	149,821	149,821

The net carrying amount of Service Concession intangible assets at 30 June 2019 is \$6.75 million (30 June 2018: \$8.74 million).

Recognition and Measurement

DFSI recognises intangible assets only if it is probable that future economic benefits will flow to DFSI and if the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for DFSI's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

DFSI's intangible assets (computer software) are amortised using the straight-line method over a period of 4 years or less. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. As a result of this review, the useful lives were revised from previous year. The financial impact to this change has been quantified in note 2(c).

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

14. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

Fair Value Measurement and Hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principle market, in the most advantageous market for the asset or liability.

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13 *Fair Value Measurement*, DFSI categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

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

DFSI recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(a) Fair value hierarchy

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2019				
Land	-	34,411	-	34,411
Buildings	-	10,487	-	10,487
Non-current assets held for sale	-	25,551	-	25,551
Net carrying amount	-	70,449	-	70,449
30 June 2018				
Land	-	33,601	-	33,601
Buildings	-	12,699	-	12,699
Non-current assets held for sale	-	7,410	-	7,410
Net carrying amount	-	53,710	-	53,710

There were no transfers between Level 1 or 2 during the year (2018: Nil).

(b) Valuation techniques, inputs and processes used to determine Level 2 and Level 3 Fair Values

DFSI obtains independent valuations for its land and buildings every three years. The last revaluation was completed on 31 March 2019.

At the end of each reporting period, DFSI updates its assessment of the fair value of its land and buildings, taking into account the most recent independent valuation.

The fair value of DFSI's land, buildings and assets held for sale is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where such information is not available, the asset's fair value is measured at the market buying price, the best indicator of which is depreciated replacement cost. The level 2 fair value of land and buildings has been derived using the market approach. The key inputs under this approach are from the sales of comparable land and buildings in the area.

15. CURRENT LIABILITIES - PAYABLES

	2019	2018
	\$'000	\$'000
Accrued salaries, wages and on-costs	6,859	10,601
Creditors	162,744	187,041
Advance claims (refer Note 8(i))	40,579	8,256
Amounts due to contractors for work in progress (refer Note 8(i))	2,322	8,003
Unearned income	43,755	36,239
Other	20,783	11,030
	277,042	261,170

Refer Note 33 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Recognition and Measurement

Payables represent liabilities for goods and services provided to DFSI and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially recognised at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

16. CURRENT / NON-CURRENT LIABILITIES - BORROWINGS

	2019	2018
	\$'000	\$'000
Current Liabilities		
TCorp borrowings	83,790	135,927
Non-Current Liabilities		
TCorp borrowings	14,193	69,615
Total Borrowings	97,983	205,542

DFSI has a loan facility with TCorp with a limit of \$650 million (30 June 2018: \$650 million) to fund the StateFleet Leasing Arrangement. Each month funds are drawn from this facility to cover the purchase price of motor vehicles purchased during the previous month. Monthly settlement of principal and interest are made in respect of loan funds drawn down in prior months based on repayment schedules calculated according to individual vehicle lease terms, residuals and capital costs. The monthly settlement also includes repayment of outstanding principal for vehicles disposed of during the preceding month. Borrowings are recognised at amortised cost using the effective interest method in *AASB 9 Financial Instruments*.

On 1 July 2016, StateFleet was decommissioned and replaced with a new fleet supply model. The new model consists of a panel of private sector fleet management providers and a separate panel of lessors. Since the decommissioning of StateFleet, the new panel of lessors provide the capital funding to purchase new vehicles for each agency. The existing government owned fleet is being retained and, as the leases underpinning the motor vehicles expire over a five-year period, the fleet is being sold down over that time. Accordingly, the T-Corp borrowings will decline as the motor vehicle fleet is run down. Out of this facility, \$98.0 million was utilised as at 30 June 2019 (30 June 2018: \$205.5 million).

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 33.

DFSI has not designated financial liabilities at fair value through profit or loss.

Recognition and Measurement**Financial liabilities at amortised cost**

Borrowings classified as financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

Finance lease liabilities are determined in accordance with AASB 117.

Financial Guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Recognition and measurement under AASB 9 from 1 July 2018

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value, being the premium received. Subsequent to initial recognition, DFSI's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation, and an expected credit loss provision.

Recognition and measurement under AASB 139 for comparative period ended 30 June 2018

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued and initially recognised at fair value plus, in the case of financial guarantees not at fair value through profit or loss, directly attributable transaction costs, where material. After initial recognition, the liability is measured at the higher of the amount determined in accordance with AASB 137 and the amount initially recognised, less accumulated amortisation, where appropriate.

DFSI has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2019 and as at 30 June 2018. However, refer to Note 24 regarding disclosures on contingent liabilities.

Changes in liabilities arising from financing activities:

	1 July 2018	Cash flows	30 June 2019
	\$'000	\$'000	\$'000
TCorp borrowings	205,542	(107,559)	97,983
Total liabilities arising from financing activities	205,542	(107,559)	97,983

	1 July 2017	Cash flows	30 June 2018
	\$'000	\$'000	\$'000
TCorp borrowings	369,202	(163,660)	205,542
Total liabilities arising from financing activities	369,202	(163,660)	205,542

17. CURRENT / NON-CURRENT LIABILITIES - PROVISIONS

	2019	2018
	\$'000	\$'000
Current		
Employee benefits and related on-costs		
Annual leave	42,973	45,855
Long service leave ⁽ⁱ⁾	2,196	43,760
Other on-costs	37,280	31,707
	82,449	121,322
Other Provisions		
Provision for outstanding claims	29,742	9,349
Make good provisions	3,692	1,687
Other	4,665	556
	38,099	11,592
Total Current Provisions	120,548	132,914
Non-Current		
Defined Benefit Super Schemes (Note 20)	10,442	6,759
Make good provisions	9,897	11,782
Long service leave ⁽ⁱ⁾	58	2,019
Other	4,500	3,797
Total Non-Current Provisions	24,897	24,357
Total Provisions	145,445	157,271

(i) In May 2019 the Treasurer approved \$34.3million, nominal value, of DFSI employee liabilities to be transferred to the Crown, effective 30 April 2019. The Present value of the liabilities shift to Treasury is equal to \$51.7 million.

	2019 \$'000	2018 \$'000
Aggregate employee benefits and related on-costs		
Provisions	92,949	130,100
Accrued salaries, wages and on-costs (Note 15)	6,859	10,601
	99,808	140,701
Employee benefits expected to be settled within 12 months from reporting date		
Annual leave	40,377	41,270
Long service leave	210	3,937
Other on-costs	10,934	15,995
	51,521	61,202
Employee benefits expected to be settled in more than 12 months from reporting date		
Annual leave	2,596	4,585
Long service leave	1,986	39,823
Other on-costs	26,346	15,712
	30,928	60,120
	2019 \$'000	2018 \$'000

Movements in provisions (other than employee benefits)

Movements in each class of provision during the year, other than employee benefits, are set out below:

Provision for outstanding claims

Carrying amount as at beginning of year	9,349	4,661
Administrative transfer in (Note 21)	22,539	-
Increase/(decrease) in provision from remeasurement	(2,146)	4,688
Carrying amount at end of year	29,742	9,349

Make good provisions

Carrying amount as at beginning of year	13,469	12,510
Increase/(decrease) in provision from remeasurement	120	959
Carrying amount at end of year	13,589	13,469

Other provisions

Carrying amount as at beginning of year	4,353	5,585
Increase/(decrease) in provision from remeasurement	4,812	(1,232)
Carrying amount at end of year	9,165	4,353

Recognition and Measurement

Employee Benefits and related on-costs

Salaries and Wages, annual Leave and sick leave

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

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

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

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

Long Service Leave and Superannuation

Long service leave is measured at present value of expected future payments to be made in respect of services provided up to the reporting date, in accordance with *AASB 119 Employee Benefits*. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of services (specified in NSWTC 18/13) to employees with five or more years of service, using current rates of pay. Expected future payments are discounted using Commonwealth government bond rate at the reporting date. These factors were determined based on an actuarial review to approximate present value.

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

Long Service Leave and Superannuation Liabilities Assumed by the Crown Entity

DFSI's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity, except for Long Service Corporation.

DFSI accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

Long Service Leave Funded by DFSI

Long service leave for the commercial activities of DFSI are funded by DFSI and are not assumed by the Crown Entity.

Consequential On-costs

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

Provision for outstanding claims

A provision is made for subsidence compensation claims when a decision has been made by the Board (or delegate) to accept liability for a claim. The amount is based on repair estimates provided by DFSI's technical or engineering staff or experts in that area of work.

A provision is made for subsidence preventative works when a decision is made by the Board (or delegate) to accept liability for carrying out mitigation works to reduce the total prospective liability to DFSI. The amount is based on estimates provided by DFSI's technical or engineering staff or experts in that area of work.

Other Provisions

Provisions are recognised when DFSI has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When DFSI expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

Any provisions for restructuring are recognised only when an agency has a detailed formal plan and DFSI has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

18. SERVICE CONCESSION LIABILITIES

	2019 \$'000	2018 \$'000
Current		
Deferred Revenue – Service Concession	77,308	77,221
	77,308	77,221
Non-Current		
Deferred Revenue – Service Concession	2,473,849	2,548,284
	2,473,849	2,548,284

Recognition and Measurement

Service Concession Arrangement

On 12 April 2017, the State entered into a 35 year concession with the private sector to facilitate the provision of land titling and registry services. Under the concession, the State received an up-front contribution of \$2,622 million, which was repatriated to the Restart NSW Fund, and transferred employee liabilities to the private sector operator.

ICT and other assets necessary to operate the concession have legally transferred to the private sector operator and legal ownership of these assets reverts to the State at the end of the concession. The State continues to own all existing and underlying data, information and intellectual property related to titling and registry services and provides access to these assets to the operator.

The concession is classified as a service concession arrangement. As the grantor of the service concession, DFSI recognises the up-front contribution provided by the operator as revenue progressively over the concession term. Assets legally transferred to the operator are treated as controlled for accounting purposes by DFSI and recorded at their carrying values immediately prior to the concession commencement. Asset additions and disposals, recognised by the operator, following concession commencement, are recognised by DFSI as assets and deferred revenue liability, over the remaining concession period. These service concession assets are depreciated or amortised over their useful lives.

19. CURRENT / NON-CURRENT LIABILITIES – OTHER LIABILITIES

	2019 \$'000	2018 \$'000
Current		
Contribution to Crown Entity	41,840	38,332
Lease Incentive Liability	2,608	2,719
Torrens Assurance Fund and Ad Valorem Levy	12,860	10,218
Other liabilities	283	3,209
	57,591	54,478
Non-Current		
Lease Incentive Liability	40	3,525
Other liabilities	-	91
	40	3,616

20. DEFINED BENEFIT SUPERANNUATION SCHEMES

Following changes to Administrative Arrangements of Government, effective 1 January 2018, DFSI is responsible for superannuation payments of the staff that perform the functions of the Long Service Corporation.

An actuarial investigation of the Defined Benefits Superannuation is performed every three years, the most recent being performed as at 30 June 2019.

Following is the superannuation position of Long Service Corporation's defined benefits superannuation based on AASB 119:

30 June 2019	SASS	SANCS	SSS	TOTAL
Member Numbers				
Contributors	3	5	2	
Deferred benefits	-	-	2	
Pensioners	-	-	16	
Pensions fully commuted	-	-	6	
Superannuation Position for AASB 119 purposes	\$'000	\$'000	\$'000	\$'000
Accrued liability (Note 1)	2,043	414	26,388	28,845
Estimated reserve account balance	(2,949)	(598)	(15,946)	(19,493)
1. Deficit/(surplus)	(906)	(184)	10,442	9,352
2. Future Service Liability (Note 2)	183	54	59	296
3. Surplus in excess of recovery available from schemes (- 1. - 2. and subject to a minimum of zero)	-	-	-	-
4. Net (asset)/liability to be recognised in statement of financial position (1. + 3.)	(906)	(184)	10,442	9,352

30 June 2018 Member Numbers	SASS	SANCS	SSS	TOTAL
Contributors	3	6	3	
Deferred benefits	-	-	2	
Pensioners	-	-	15	
Pensions fully commuted	-	-	6	
Superannuation Position for AASB 119 purposes	\$'000	\$'000	\$'000	\$'000
Accrued liability (Note 1)	1,766	432	22,052	24,250
Estimated reserve account balance	(2,933)	(685)	(15,293)	(18,911)
1. Deficit/(surplus)	(1,167)	(253)	6,759	5,339
2. Future Service Liability (Note 2)	196	61	84	341
3. Surplus in excess of recovery available from schemes (- 1. - 2. and subject to a minimum of zero)	-	-	-	-
4. Net (asset)/liability to be recognised in statement of financial position (1. + 3.)	(1,167)	(253)	6,759	5,339

Note 1: The accrued liability includes a contribution tax provision. This is calculated based on grossing up the deficit/(surplus) less the allowance for past service expenses and insurable death and disability liabilities at a contribution tax rate of 15%.

Note 2: The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119 para 64). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed. (Note: this also includes a contribution tax provision).

Nature of the benefits provided by the fund – Para 139(a)(i)

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

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

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

All the Schemes are closed to new members.

Description of the regulatory framework - Para 139(a)(ii)

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

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

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

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

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2018. The next actuarial investigation will be performed as at 30 June 2021.

Description of other entities' responsibilities for the governance of the fund - Para 139(a)(iii)

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

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

Description of risks - Para 139(b)

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

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

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

Description of significant events - Para 139(c)

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

Reconciliation of the Net Defined Benefit Liability/(Asset) - Para 140(a)

Financial Year to 30 June 2019	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<i>Net Defined Benefit Liability/ (Asset) at beginning of year</i>	(1,167)	(253)	6,759	5,339
Current service cost	67	17	45	129
Net Interest on the net defined benefit liability/(asset)	(32)	(7)	178	139
Past service cost	-	-	-	-
(Gains)/losses arising from settlements	-	-	-	-
Actual return on Fund assets less Interest income	(159)	(34)	(837)	(1,030)
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	75	19	4,489	4,583
Actuarial (gains)/losses arising from liability experience	395	88	(140)	343
Adjustment for effect of asset ceiling	-	-	-	-
Employer contributions	(85)	(14)	(52)	(151)
Effects of transfers in/out due to business combinations and disposals	-	-	-	-
<i>Net Defined Benefit Liability/(Asset) at end of year</i>	(906)	(184)	10,442	9,352

Financial Year to 30 June 2018	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<i>Net Defined Benefit Liability/ (Asset) at beginning of year</i>	(913)	(211)	8,094	6,970
Current service cost	97	22	69	188
Net Interest on the net defined benefit liability/(asset)	(25)	(6)	211	180
Past service cost	-	-	-	-
(Gains)/losses arising from settlements	-	-	-	-
Actual return on Fund assets less Interest income	(187)	(40)	(853)	(1,080)
Actuarial (gains)/losses arising from changes in demographic assumptions	(9)	(2)	139	128
Actuarial (gains)/losses arising from changes in financial assumptions	4	1	(101)	(96)
Actuarial (gains)/losses arising from liability experience	(8)	2	(724)	(730)
Adjustment for effect of asset ceiling	-	-	-	-
Employer contributions	(126)	(19)	(76)	(221)
Effects of transfers in/out due to business combinations and disposals	-	-	-	-
<i>Net Defined Benefit Liability/(Asset) at end of year</i>	(1,167)	(253)	6,759	5,339

Reconciliation of the Fair Value of Fund Assets – Para 140(a)(i)

Financial Year to 30 June 2019	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<i>Fair value of Fund assets at beginning of year</i>	2,933	685	15,293	18,911
Interest income	75	17	395	487
Actual return on Fund assets less Interest income	159	34	837	1,030
Employer contributions	85	14	52	151
Contributions by participants	26	-	30	56
Benefits paid	(314)	(152)	(733)	(1,199)
Taxes, premiums & expenses paid	(15)	0	72	57
Transfers in/out due to business combinations and disposals	-	-	-	-
Contributions to accumulation section	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
<i>Fair value of Fund assets at end of year</i>	2,949	598	15,946	19,493

Financial Year to 30 June 2018	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<i>Fair value of Fund assets at beginning of year</i>	3,330	722	14,885	18,937
Interest income	85	18	381	484
Actual return on Fund assets less Interest income	187	40	853	1,080
Employer contributions	126	19	76	221
Contributions by participants	38	-	33	71
Benefits paid	(813)	(97)	(1,015)	(1,925)
Taxes, premiums & expenses paid	(20)	(17)	80	43
Transfers in/out due to business combinations and disposals	-	-	-	-
Contributions to accumulation section	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
<i>Fair value of Fund assets at end of year</i>	2,933	685	15,293	18,911

Reconciliation of the Defined Benefit Obligation – Para 140(a)(ii)

Financial Year to 30 June 2019	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<i>Present value of defined benefit obligations at beginning of year</i>	1,766	432	22,052	24,250
Current service cost	67	17	45	129
Interest cost	43	10	573	626
Contributions by participants	26	0	30	56
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	75	19	4,489	4,583
Actuarial (gains)/losses arising from liability experience	395	88	(140)	343
Benefits paid	(314)	(152)	(733)	(1,199)
Taxes, premiums & expenses paid	(15)	0	71	56
Transfers in/out due to business combinations and disposals	-	-	-	-
Contributions to accumulation section	-	-	-	-
Past service cost	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
<i>Present value of defined benefit obligations at end of year</i>	2,043	414	26,387	28,848

Financial Year to 30 June 2018	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<i>Present value of defined benefit obligations at beginning of year</i>	2,417	511	22,979	25,907
Current service cost	97	22	69	188
Interest cost	60	12	592	664
Contributions by participants	38	-	33	71
Actuarial (gains)/losses arising from changes in demographic assumptions	(9)	(2)	139	128
Actuarial (gains)/losses arising from changes in financial assumptions	4	1	(101)	(96)
Actuarial (gains)/losses arising from liability experience	(8)	2	(724)	(730)
Benefits paid	(813)	(97)	(1,015)	(1,925)
Taxes, premiums & expenses paid	(20)	(17)	80	43
Transfers in/out due to business combinations and disposals	-	-	-	-
Contributions to accumulation section	-	-	-	-
Past service cost	-	-	-	-
Settlements	-	-	-	-
Exchange rate changes	-	-	-	-
<i>Present value of defined benefit obligations at end of year</i>	1,766	432	22,052	24,250

Reconciliation of the effect of the Asset Ceiling - Para 140(a)(iii)

Financial Year to 30 June 2019	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<i>Adjustment for effect of asset ceiling at beginning of year</i>	-	-	-	-
Interest on the effect of asset ceiling	-	-	-	-
Change in the effect of asset ceiling	-	-	-	-
<i>Adjustment for effect of asset ceiling at end of year</i>	-	-	-	-

Financial Year to 30 June 2018	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
<i>Adjustment for effect of asset ceiling at beginning of year</i>	-	-	-	-
Interest on the effect of asset ceiling	-	-	-	-
Change in the effect of asset ceiling	-	-	-	-
<i>Adjustment for effect of asset ceiling at end of year</i>	-	-	-	-

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

Fair value of Fund assets - Para 142

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

Asset category	Total (\$'000)	Quoted prices	Significant	Unobservable
		in active	observable	inputs
		markets for	inputs	Level 3 (\$'000)
		identical assets	Level 2 (\$'000)	
		Level 1 (\$'000)		
As at 30 June 2019				
Short Term Securities	4,043	2,136	1,907	-
Australian Fixed Interest	2,295	5	2,290	-
International Fixed Interest	1,968	7	1,952	9
Australian Equities	8,369	7,818	548	3
International Equities	11,387	8,795	2,592	-
Property	3,589	699	717	2,173
Alternatives	10,558	327	5,758	4,473
Total	42,209	19,787	15,764	6,658

Asset category	Total (\$'000)	Quoted prices	Significant	Unobservable
		in active	observable	inputs
		markets for	inputs	Level 3 (\$'000)
		identical assets	Level 2 (\$'000)	
		Level 1 (\$'000)		
As at 30 June 2018				
Short Term Securities	4,401	2,185	2,216	-
Australian Fixed Interest	2,235	42	2,193	-
International Fixed Interest	1,396	8	1,388	-
Australian Equities	9,271	8,719	549	3
International Equities	10,891	8,499	2,392	-
Property	3,711	788	609	2,314
Alternatives	9,896	421	5,333	4,142
Total	41,801	20,662	14,680	6,459

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

As at	30 June 2019	30 June 2018
Short Term Securities	9.6%	10.5%
Australian Fixed Interest	5.4%	5.3%
International Fixed Interest	4.7%	3.3%
Australian Equities	19.8%	22.2%
International Equities	27.0%	26.1%
Property	8.5%	8.9%
Alternatives	25.0%	23.7%
Total	100.0%	100.0%

- Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares; listed unit trusts.
- Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.
- Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

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

Fair value of entity's own financial instruments - Para 143

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

The fair value of the Pooled Fund assets as at 30 June 2019 includes \$99.5 million (30 June 2018: \$97.7 million) in NSW government bonds.

Of the direct properties owned by the Pooled Fund:

- SAS Trustee Corporation occupies part of a property 100% owned by the Pooled Fund with a fair value of \$316 million (30 June 2018: \$280 million).
- Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value (100% interest) of \$331 million (30 June 2018: \$287 million).

Significant Actuarial Assumptions at the Reporting Date - Para 144

As at	30 June 2019
Discount rate	1.32% pa
Salary increase rate (excluding promotional increases)	3.2% pa
Rate of CPI increase	1.75% for 2018/19 and 2019/20, 2.00% for 2020/21; 2.25% for 2021/22 and 2022/23; 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are as per the 2018 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age.
As at	30 June 2018
Discount rate	2.65%
Salary increase rate (excluding promotional increases)	2.7% pa for FY2019; 3.2% pa thereafter.
Rate of CPI increase	2.25% pa for FY2019 and FY2020; 2.5% pa thereafter.
Pensioner mortality	The pensioner mortality assumptions are those to be used for the 2018 actuarial investigation of the Pooled Fund. These assumptions will be disclosed in the actuarial investigation report which will be available on the Trustee's website when the investigation is complete. The report will show the pension mortality rates for each age. Alternatively, the assumptions are available on request from the Trustee.

Sensitivity Analysis - Para 145

DFSI's total defined benefit obligation as at 30 June 2019 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2019.

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

	Base Case	Scenario A -1.0% discount rate	Scenario B +1.0% discount rate
Discount rate	as above	as above -1.0% pa	as above +1.0% pa
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (\$'000)	28,844,994	33,648,923	24,957,889

	Base Case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	as above	as above	as above
Rate of CPI increase	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Salary inflation rate	as above	as above	as above
Defined benefit obligation (\$'000)	28,844,994	31,049,031	26,845,168

	Base Case	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation (\$'000)	28,844,994	28,896,963	28,790,008

	Base Case	Scenario G Lower Mortality*	Scenario H Higher Mortality**
Defined benefit obligation (\$'000)	28,844,994	29,381,807	28,484,157

*Assumes the short term pensioner mortality improvement factors for years 2018-2023 also apply for years after 2023.

**Assumes the long term pensioner mortality improvement factors for years post 2023 also apply for the years 2018 to 2023.

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

Asset-Liability matching strategies - Para 146

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

Funding arrangements - Para 147(a)

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

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

Surplus/deficit

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

	SASS	SANCS	SSS	Total
30 June 2019	\$'000	\$'000	\$'000	\$'000
Accrued benefits*	1,963	381	12,205	14,549
Net market value of Fund assets	(2,949)	(597)	(15,945)	(19,491)
<i>Net (surplus)/deficit</i>	<i>(986)</i>	<i>(216)</i>	<i>(3,740)</i>	<i>(4,942)</i>

	SASS	SANCS	SSS	Total
30 June 2018	\$'000	\$'000	\$'000	\$'000
Accrued benefits*	1,785	434	11,820	14,039
Net market value of Fund assets	(2,933)	(685)	(15,293)	(18,911)
<i>Net (surplus)/deficit</i>	<i>(1,148)</i>	<i>(251)</i>	<i>(3,473)</i>	<i>(4,872)</i>

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

Contribution recommendations

	SASS	SANCS	SSS
	Multiple of Member Contributions	% of Member Salary	Multiple of Member Contributions
Recommended contribution rates for DFSI are	2.1	2.5	2.1

Economic assumptions

The economic assumptions adopted for 30 June 2019 AASB 1056 Accounting Standard "Superannuation Entities" are:

Weighted-Average Assumptions	
Expected rate of return on Fund assets backing current pension liabilities	7.4% pa
Expected rate of return on Fund assets backing other liabilities	6.4% pa
Expected salary increase rate (excluding promotional salary increases)	3.2% pa
Expected rate of CPI increase	2.2% pa

Expected contributions - Para 147(b)

Financial Year to 30 June 2020	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Expected employer contributions	52	12	30	94

Maturity profile of defined benefit obligation - Para 147(c)

The weighted average duration of the defined benefit obligation is 12 years.

**Appendix 3
Additional Information**

Profit or Loss Impact

Financial Year to 30 June 2019	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Current service cost	67	17	45	129
Net interest	(32)	(6)	178	140
Past service cost	-	-	-	-
(Gains)/Loss on settlement	-	-	-	-
<i>Profit or loss component of the Defined Benefit Cost</i>	35	11	223	269

Financial Year to 30 June 2018	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Current service cost	97	22	69	188
Net interest	(26)	(6)	212	180
Past service cost	-	-	-	-
(Gains)/Loss on settlement	-	-	-	-
<i>Profit or loss component of the Defined Benefit Cost</i>	71	16	281	368

Other Comprehensive Income

Financial Year to 30 June 2019	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Actuarial (gains) losses on liabilities	470	107	4,349	4,926
Actual return on Fund assets less Interest income	(159)	(34)	(837)	(1,030)
Change in the effect of asset ceiling	-	-	-	-
<i>Total remeasurement in Other Comprehensive Income</i>	311	73	3,512	3,896

Financial Year to 30 June 2018	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Actuarial (gains) losses on liabilities	(13)	2	(685)	(696)
Actual return on Fund assets less Interest income	(187)	(40)	(855)	(1,082)
Change in the effect of asset ceiling	-	-	-	-
<i>Total remeasurement in Other Comprehensive Income</i>	(200)	(38)	(1,540)	(1,778)

21. INCREASE/DECREASE IN NET ASSETS FROM EQUITY TRANSFERS

Year ended 30 June 2019

	Transfer proceeds of Sale of PEXA Shares to Treasury (a) \$'000	Transfer of Subsidence Advisory NSW (b) \$'000	Total \$'000
Current Assets			
Cash and cash equivalents	(104,566)	11,237	(93,329)
Receivables	-	1,154	1,154
Financial assets at fair value	-	98,306	98,306
Total Current Assets	(104,566)	110,697	6,131
Non Current Assets			
Inventories	-	11,781	11,781
Property, plant and equipment	-	676	676
Intangible assets	-	1,815	1,815
Total Non Current Assets	-	14,272	14,272
TOTAL ASSETS	(104,556)	124,969	20,403
Current Liabilities			
Payables	-	(2,282)	(2,282)
Provisions	-	(22,540)	(22,540)
Total Current Liabilities	-	(24,822)	(24,822)
Provisions	-	-	-
Total Non Current Liabilities	-	-	-
TOTAL LIABILITIES	-	(24,822)	(24,822)
Increase/(Decrease) in Net Assets from Equity Transfer	(104,566)	100,147	(4,419)

(a) Transfer proceeds of Sale of PEXA Shares to Treasury

The decrease in cash and cash equivalents is due to funds transferred out of DFSI to Treasury as a result of disposal proceeds received for the sale of Property Exchange Australia Limited shares which took place on 16 January 2019.

(b) Transfer in Subsidence Advisory NSW

This is the financial impact as a result of the *Administrative Arrangement (Administrative Changes – NSW State Archives and Subsidence Advisory NSW) Order 2018 Published 22 June 2018*. This Order took effect from 1 July 2018 where Subsidence Advisory NSW is abolished as a Public Service Executive Agency and persons employed are transferred to DFSI.

Year ended 30 June 2018

	Data Analytics Centre transfer to Treasury (a) \$'000	Tow Trucks Industry Fund (b) \$'000	Long Service Corporation (c) \$'000	Total \$'000
Current Assets				
Cash and cash equivalents	-	8,708	-	8,708
Receivables	(1,722)	-	3,351	1,629
Total Current Assets	(1,722)	8,708	3,351	10,337
Non Current Assets				
Receivables	-	-	5,844	5,844
Property, plant and equipment	(744)	-	-	(744)
Total Non Current Assets	(744)	-	5,844	5,100
TOTAL ASSETS	(2,466)	8,708	9,195	15,437
Current Liabilities				
Provisions	366	-	(3,351)	(2,985)
Total Current Liabilities	366	-	(3,351)	(2,985)
Non Current Liabilities				
Provisions	-	-	(5,844)	(5,844)
Total Non Current Liabilities	-	-	(5,844)	(5,844)
TOTAL LIABILITIES	366	-	(9,195)	(8,829)
Increase/(Decrease) in Net Assets from Equity Transfer	(2,100)	8,708	-	6,608

- (a) Transfer of Data Analytics Centre to Treasury effective 1 January 2018, by Order of; *Administrative Arrangements (Administration Changes – Miscellaneous) Order 2017* Published 22 December 2017.
- (b) Tow Trucks Industry Fund from Roads and Maritime Services to Fair Trading, effective 1 January 2018 by Order of; *Administrative Arrangements (Administration Changes – Miscellaneous) Order 2017* Published 22 December 2017.
- (c) Transfer in of Long Service Corporation Personnel Services from Treasury, effective 1 January 2018 by Order of; *Administrative Arrangements (Administration Changes – Miscellaneous) Order 2017* Published 22 December 2017.

Recognition and Measurement

Revaluation Surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the agency's policy on the revaluation of property, plant and equipment as discussed in Note 12 – Non-current Assets – Property, plant and equipment

Accumulated Funds

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

Reserves

Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. revaluation surplus and foreign currency translation reserve).

Equity Transfers – Recognition and Measurement

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

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

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, DFSI recognises the asset at the transferor’s carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, DFSI does not recognise that asset.

Negative Equity

The 30 June 2019 net liabilities are \$1,907 million (30 June 2018: net liabilities of \$2,023 million). The negative equity is only considered to be a balance sheet issue and has no cash impact on the operations of DFSI. The reason for the significant negative equity is due to the 35 year concession with the private sector entered into on 30 June 2017 so as to facilitate the provision of land titling and registry services. The transaction resulted in unearned revenue of \$2,700 million being recognised as a liability and an equity transfer to Treasury of \$2,622 million (refer Note 3(j)) for the repatriation of cash concession contribution to Treasury. There is no going concern issue arising from the negative equity balance as DFSI is funded by Treasury to meet all and any of its obligations due and payable.

22. COMMITMENTS FOR EXPENDITURE

(a) Capital Commitments

Aggregate capital expenditure for the acquisition of information technology equipment and other equipment contracted for at balance date and not provided for:

	2019	2018
	\$'000	\$'000
Not later than one year	11,639	18,871
Later than one year and not later than five years	-	94
Total (including GST)	11,639	18,965

(b) Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:

Not later than one year	64,993	60,144
Later than one year and not later than five years	185,883	189,129
Later than five years	95,159	66,329
Total (including GST)	345,975	315,602

DFSI has entered into operating lease agreements with government agencies and private companies for provision of accommodation and plant and equipment for DFSI’s use.

Property Leases

Accommodation leases are entered into with Property NSW (formerly known as Government Property NSW). The term of accommodation leases range from two to ten years with the option for renewal for further terms. The lease agreement allows the lessor to review rents on specified dates. There is no option for the purchase of buildings at the expiry of the lease term. Recurrent outgoings including cleaning, electricity, rates, management fees and public liability insurance is the responsibility of DFSI and all repairs and maintenance of a structural or capital nature is the responsibility of the lessor.

Equipment Leases

DFSI leases equipment, including document reproduction machines and scanning machines, from private sector companies. The lease term is generally five years with the option for renewal for a further term. An early termination fee is applicable for termination of the contract before the expiry of the contract term. There is no option for the purchase of equipment at the expiry of the lease term.

Data Centre Lease

As part of the Data Centre Reform Project the NSW Government entered into an Agreement for Lease and Service Deed with a third party contractor on 25 May 2012 to provide data capacity across the government sector. The lease term is 10 years and DFSI will manage this lease commitment on behalf of the State government. The cost of this commitment will be offset by Fees for Service recovered from other government agencies mandated to utilise the load capacity of the Data Centres.

23. LEASE REVENUE COMMITMENTS

	2019	2018
	\$'000	\$'000
Aggregate lease revenue for StateFleet motor vehicles:		
Not later than one year	13,739	39,080
Later than one year and not later than five years	1,598	12,444
Total (including GST)	15,337	51,524

The NSW Government introduced the StateFleet Leasing Arrangement in 2003 for the provision of passenger and commercial motor vehicles to budget sector and other approved agencies.

All new motor vehicles delivered to the approved client agencies are financed under the StateFleet Leasing Arrangement. This arrangement is financed by the NSW Treasury Corporation and managed by StateFleet.

The lease agreement is a long-term rental arrangement which provides clients with a vehicle in return for a fixed monthly payment. StateFleet retains all the capital risks and costs associated with ownership of a vehicle. When the client returns the vehicle there is no residual liability on sale.

24. CONTINGENT ASSETS AND LIABILITIES

(a) Contingent Assets

Shared Services contracts

DFSI may be entitled to a refund if it is determined that the services it receives during the assessment period were lower than the estimated volumes outlined in the contracts. The amounts cannot be accurately determined as the assessment period is based on the calendar year.

DFSI is not aware of any further contingent assets as at reporting date.

(b) Contingent Liabilities

Shared Services contracts

DFSI may be liable for additional payments if it is determined that the services it receives during the assessment period exceed the estimated volumes outlined in the contracts. The amounts cannot be accurately determined as the assessment period is based on the calendar year.

Insurance Claims

DFSI may be liable for payment of compensation arising from claims and other matters subject to litigation. The amounts involved cannot be accurately determined and in some instances are subject to arbitration. These claims are covered by the Treasury Managed Fund.

DFSI potentially have other immaterial insurance claims that would be covered by the respective business funding sources.

Torrens Assurance Fund

The Torrens Assurance Fund, is a special deposit account operated by DFSI (refer Note 28). There are 15 claims (30 June 2018: 18 claims) against the Torrens Assurance Fund which are estimated to be \$15.393 million (30 June 2018: \$12.773 million).

DFSI is not aware of any further contingent liabilities as at reporting date.

25. BUDGET REVIEW

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

Net result

The actual net result for DFSI for 2019 is \$52.3 million (2018: \$134.5 million surplus) which was unfavourable to the budgeted net result by \$120.5 million.

The major variations to budgets are:

Total Revenue was \$54.7 million or 2.6% unfavourable to budget, mainly in the appropriations line relating to Critical Communication Enhancement program's delay in site acquisition (\$97 million) which has been carried forward to 2019/20 and Administrative Orders to transfer funds to State Archives and Records Authority of NSW (\$11.5 million). This has been offset by Creative Kids of \$20 million which was subsequently approved. In addition, long service leave liability and actuarial adjustment for superannuation budgeted to take effect from 1 January 2019 which did not occur until April 2019 and June 2019, respectively, resulted in a favourable impact.

Total Expenses were \$58.6 million unfavourable to budget, this was due primarily to the reassessment of the useful life of the intangibles assets at the start of the financial year resulting in an increase in the amortisation charge of \$22.6 million. Further items contributing to the higher expenses were from other operating expenses arising from higher land lease assistance scheme, Mascot tower assistance, and ICT related expenses totalling \$35 million.

Assets and liabilities

Net Liabilities: The actual net liability of \$1,907 million (2018: \$2,023 million net liability) was unfavourable to budget by \$9.3 million which is only a 0.5% variance.

Total Assets were unfavourable to budget by \$20.3 million (or 1.6%) mainly due to the sale of the investment in shares (PEXA), write-off of intangible assets and continued wind down of StateFleet motor vehicle, offset by the recognition of Subsidence Advisory's investment and assets held for sale (refer to Note 10).

Total Liabilities were lower than budget by \$10.9 million. The majority of the variance was as a result of the transfer of long service leave employee liabilities to the Crown effective 30 April 2019 (\$51.7 million decrease); offset by the higher actual borrowings driven by timing differences in the wind down of StateFleet to what was budgeted (\$25 million increase) and the higher work in progress liability balance (\$23 million increase).

Cash flows

The cash balance is \$132.9 million favourable to budget as Subsidence Advisory NSW was not included in the original budget particularly the favourable return on TCorp Funds. Contributing to the favourable variance are the following: the transfer in of Subsidence Advisory account for \$11.2 million; reduced expenditure on fixed and intangible assets (\$88 million); lower repayments of StateFleet borrowings (\$12.5 million); higher than expected interest income (\$5 million); and an improvement in debt collection over the year.

26. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	2019 \$'000	2018 \$'000
Net cash used in operating activities	191,738	241,704
Depreciation and amortisation	(132,736)	(141,685)
Net gain/(loss) on sale of plant and equipment	(7,020)	(9,258)
Net gain/(loss) from TCorp IM Funds measured at fair value through profit or loss	5,588	-
Increase/(decrease) in receivables	(32,275)	(41,305)
Increase/(decrease) in inventories	(72,421)	(84,068)
(Increase)/decrease in payables	(13,591)	(25,902)
(Increase)/decrease in provisions	38,262	25,177
(Increase)/decrease in service concession liabilities	74,348	74,601
(Increase)/decrease in other liabilities	464	95,253
Net result	52,357	134,517

27. TRUST FUNDS

DFSI receives monies in a trustee capacity for various trusts. As DFSI performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of DFSI's own objectives, these funds are not recognised in the financial statements. The following is a summary of the transactions in the trust accounts:

(a) Unclaimed Money Accounts

30 June 2019

	Testamentary & Trust Common Fund \$'000	Testamentary & Trust Interest \$'000	Total \$'000
Cash balance at beginning of year	4,363	11,814	16,177
Add: Receipts	-	241	241
Less: Payments	-	-	-
Cash balance at end of year	4,363	12,055	16,418

30 June 2018

	Testamentary & Trust Common Fund \$'000	Testamentary & Trust Interest \$'000	Total \$'000
Cash balance at beginning of year	4,374	11,458	15,832
Add: Receipts	-	356	356
Less: Payments	(11)	-	(11)
Cash balance at end of year	4,363	11,814	16,177

Under Section 26 of the *Trustee Companies Act 1964* unclaimed monies are paid into the testamentary and trust common fund held by Revenue NSW. Interest received from investments from the common fund is credited to the interest account.

(b) Fines Accounts

	2019	2018
	\$'000	\$'000
Cash balance at beginning of year	48,443	49,527
Add: Receipts	719,625	521,034
Less: Payments	(720,481)	(522,118)
Cash balance at end of year	47,587	48,443

As a result of the amalgamation of bank accounts, amounts reported as Client Funds and Public Monies accounts in prior years have been consolidated.

(c) State Debt Accounts

	2019	2018
	\$'000	\$'000
Cash balance at beginning of year	212	392
Add: Receipts	22,966	18,297
Less: Payments	(22,897)	(18,477)
Cash balance at end of year	281	212

Funds held in accounts reported in (b) and (c) represent amounts collected on behalf of clients. Funds are remitted to clients daily, weekly or monthly.

28. SPECIAL PURPOSE FUNDS ADMINISTERED BY THE DEPARTMENT OF FINANCE, SERVICES AND INNOVATION

These funds are included within DFSI's Statement of Financial Position.

	Motor Dealers Compensation Fund \$'000	Property Services Compensation Fund \$'000	Property Statutory Interest Account \$'000	Home Building Administration Fund \$'000	Torrens Assurance Fund \$'000	Tow Truck Industry Fund \$'000	NSW Consumer Law Fund \$'000	Creative Kids Fund \$'000	Coal Mine Subsidence Compensation Fund \$'000	Total \$'000
2018										
Balance at beginning of year	16,698	9,622	225,055	21,352	9,873	-	60	-	-	282,660
Balance transferred in	-	-	-	-	-	8,708	-	-	-	8,708
Receipts	2,264	2,959	48,160	23,102	3,712	345	12	-	-	80,554
Expenditure	(1,451)	(3,962)	(33,988)	(13,662)	(3,367)	-	-	-	-	(56,430)
Balance at end of year	17,511	8,619	239,227	30,792	10,218	9,053	72	-	-	315,492
2019										
Balance at beginning of year	17,511	8,619	239,227	30,792	10,218	9,053	72	-	-	315,492
Balance transferred in	-	-	-	-	-	-	-	-	17,859	17,859
Receipts	2,174	2,885	42,321	19,717	3,435	134	-	20,000	4,674	89,220
Expenditure	-	(4,114)	(32,393)	(14,301)	(877)	-	1	(12,105)	(21,017)	(78,686)
Balance at end of year	19,685	7,390	249,155	36,208	12,776	9,187	73	7,895	1,516	343,885

The *Motor Dealers Act 1974* was repealed on 1 December 2014 and was replaced by the *Motor Dealers and Repairers Act 2013*. The *Motor Dealers and Repairers Act 2013* established the **Motor Dealers and Repairers Compensation Fund** to provide protection to persons who have suffered a loss in connection with a motor vehicle through their dealings with a motor dealer or a car-market operator. Licensing fees paid by full dealers and car-market operators finance the fund. Claims are usually made on the fund when a motor dealer ceases to trade either on a voluntary basis or a forced closure.

The *Property, Stock and Business Agents Act 2002* established the **Property Services Compensation Fund** which is supported by:

- (i) investment income earned on the investments of the fund;
- (ii) contributions or levies paid by licensees; and
- (iii) other lawful receipts.

The money in the Compensation Fund is applied to:

- (i) payment of claims, as provided by the Act;
- (ii) legal expenses in relation to claims, licensing objections and complaints for cancellation, incurred in relation to the Fund;
- (iii) the expense involved in the administration of the Fund; and
- (iv) other lawful expenses.

The **Property Statutory Interest Account** is supported by interest earned on trust money held by real estate agents and investments made by DFSI.

The account is used to meet the costs of administering the *Property, Stock and Business Agents Act 2002* and various other Acts, supplement the Compensation Fund when required, pay grants to various government and non-government agencies and invest in schemes to provide residential accommodation.

The Home Building Administration Fund is supported by:

- (i) prescribed fees for contractor licences, registration certificates, owner-builder permits and building consultancy licences;
- (ii) investment income earned on the investments of the Fund; and
- (iii) other lawful receipts.

The money in the Home Building Administration Fund is applied to:

- (i) meeting the costs of operating the scheme;
- (ii) meeting the costs of administering the *Home Building Act 1989*; and
- (iii) the making of any authorised investments.

The Tow Truck Industry Fund is supported by:

The *Tow Truck Industry Act 1998* and the *Tow Truck Industry Regulation 2008* regulate the Tow truck industry. The *Tow Truck Industry Act 1998* – Sect 91 established the Tow Truck Industry Fund, the Fund is a continuation of the Tow Truck Industry Fund operating under the *Tow Truck Act 1989* immediately before the repeal of that Act by this Act.

From 1 July 2017, the administrative function of tow trucks was transferred from Roads and Maritime Services to NSW Fair Trading, which is now responsible for the licensing and regulation of tow truck operations in NSW.

The Tow Truck Industry Fund is supported by:

- (i) all money received by or on account of the Secretary under this Act
- (ii) all penalties for offences under this Act and the regulations that are recovered in prosecutions brought by, or penalty notices issued by, the Secretary or authorised officers
- (iii) all money borrowed by or advanced to the Secretary for the purposes of this Act or appropriated by Parliament for the purposes of the Secretary under this Act.
- (iv) the proceeds of the investment of money in the Fund, and
- (v) all other money required by or under this or any other Act to be paid into the Fund

The money in the Tow Truck Industry Fund is applied to:

- (i) all amounts required to meet expenditure incurred in the administration or execution of this Act and the regulations, and
- (ii) all payments made on account of the Secretary under this Act or otherwise required to meet expenditure incurred in relation to the functions of the Secretary under this Act, and
- (iii) all other payments required by or under this or any other Act to be paid from the Fund.

Tow Truck Industry Act 1998 – Sect 92 established the Secretary may invest money in the Tow Truck Industry Fund:

- (i) in such manner as may be authorised by the *Public Authorities (Financial Arrangements) Act 1987*, or
- (ii) if that Act does not confer power on the Department to invest the money, in any other manner approved by the Minister with the concurrence of the Treasurer.

The NSW Consumer Law Fund is supported by:

The *Fair Trading Act 1987* – Sect 79Y established the NSW Consumer Law Fund.

The NSW Consumer Law Fund is to receive:

- (i) any pecuniary penalty ordered by a court under section 224 of the ACL to be paid to the State, and
- (ii) any amount ordered by a court under section 239 (1) of the ACL to be paid into the Fund, and
- (iii) the proceeds of the investment of money in the Fund, and
- (iv) any money directed to be paid into the Fund by or under this or any other Act.

The money in the NSW Consumer Law Fund is to pay:

- (i) money to non-party consumers in accordance with an order under section 239 (1) of the ACL, and
- (ii) special purpose grants for improving consumer well-being, consumer protection or fair trading, and
- (iii) administrative expenses incurred in relation to the Fund, and
- (iv) money that is directed to be paid from the Fund by or under this or any other Act.

Subject to the regulations, money is to be paid out of the Fund in accordance with the directions of the Minister made on the recommendation of the Secretary.

Any amount ordered by a court under section 239 (1) of the ACL to be paid into the Fund must not be paid out of the Fund except in accordance with the terms of the order.

The Minister may, on the recommendation of the Secretary, invest money in the Fund in such manner as may be authorised by the *Public Authorities (Financial Arrangements) Act 1987*.

Creative Kids Fund:

Creative Kids Reimbursement Program was established through the Services Order and the Services Agreement entered into with Service NSW in November 2018 with a commencement date of 1 January 2019 and is effective for 4 years till 31 December 2022. The program allows parents of NSW children to claim a voucher once a year per child to be redeemed towards payment of memberships or fees with an approved provider registered with the Creative Kids program. The rebate is available once a year over four years. Providers will be reimbursed within seven (7) days from completing a redemption of the voucher via your MyServiceNSW business profile. The program is valid for 4 years 2019-2022 and families can apply for a voucher every year. Vouchers are available for redemption once only for the nominated registered season or term of activity.

Service NSW is delivering the vouchers/rebates on behalf of DFSI. as a result, Service NSW has established a dedicated bank account for the Creative Kids Voucher Funds which is held in trust for DFSI.

Torrens Assurance Fund:

The Torrens Assurance Fund is a statutory compensation scheme designed to compensate people who, through no fault of their own, suffer loss or damage as a result of the operation of the *Real Property Act 1900* (RPA).

Payment from the Fund is permitted if loss has been suffered in respect of land resulting from:

- (i) an act or omission of the Registrar General;
- (ii) the registration of someone else as the owner of land/an estate or interest in land;
- (iii) an error, misdescription or omission in the Register;
- (iv) the land being converted to Torrens Title;
- (v) fraud;
- (vi) an error or omission in an official search; or
- (vii) an error in recording details supplied in a Notice of Sale.

The Registrar General has delegated titling and registry functions to an authorised operator. Therefore, any loss or damage suffered as a result of an act or omission of the authorised operator can be made against the Fund.

Coal Mine Subsidence Compensation Fund

Part 5 of the Coal Mine Subsidence Compensation Act 2017 (Act) establishes a Special Deposits Account called the Coal Mine Subsidence Compensation Fund into which annual levies are received from proprietors of coal mines. The Fund supports the objective of the Act being to provide a compensation framework for dealing with impacts of coal mine subsidence, regulate development in mine subsidence districts and provide 24 hour response to emergency subsidence calls.

29. ADMINISTERED ASSETS AND LIABILITIES

	2019 \$'000	2018 \$'000
Administered Assets		
Taxes and fines receivable ⁽ⁱ⁾	1,845,372	1,680,907
	<u>1,845,372</u>	<u>1,680,907</u>
Less:		
Allowance for impairment – taxes and fines ⁽ⁱⁱ⁾	(289,593)	(298,316)
Amounts not meeting asset recognition criteria - fines	(19,263)	(26,232)
	<u>(308,856)</u>	<u>(324,548)</u>
Total Administered Assets	<u>1,536,516</u>	<u>1,356,359</u>
Administered Liabilities		
Taxes and fines paid in advance / overpayments	48,427	36,942
Certificate and licences ⁽ⁱⁱ⁾	9,061	13,792
Total Administered Liabilities	<u>57,488</u>	<u>50,734</u>

- (i) Taxes and fines receivable at 30 June 2019 includes \$92.0 million (2018: \$132.1 million) in time to pay arrangements with a finalisation date extending beyond twelve months.

Taxes and fines are recognised and carried at the original levied amount less an allowance for impairment.

- (ii) *Movement in the allowance for impairment*

	2019 \$'000	2018 \$'000
<u>Taxes and Fines</u>		
Balance at beginning of year	298,316	305,783
Increase in provisions	122,510	85,326
Amounts used during year	(131,233)	(92,793)
Balance at end of year	<u>289,593</u>	<u>298,316</u>

- (iii) Certificate and Licences income includes income received in advance of \$9.1 million as at 30 June 2019 (2018: \$13.8 million) due to the introduction of three year home building licences.

30. ADMINISTERED EXPENSES – OTHER

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

	2019 \$'000	2018 \$'000
Act of Grace payments	386	899
Court imposed interest payments	349	11,761
Unclaimed money refund - s14 <i>Public Finance and Audit Act 1983</i>	15	36
Bad debts expense ⁽ⁱ⁾	122,510	85,326
Land tax discounts ⁽ⁱⁱ⁾	38,765	35,909
GST rebate - Clubs ⁽ⁱⁱⁱ⁾	14,875	15,060
First Home Owner Grant scheme (FHOGS) ^(iv)	86,746	105,511
First Home - New Home/First Home Buyers Assistance scheme ^(v)	(160)	27,745
Regional relocation grant ^(vi)	100	80
Solatium payments ^(vii)	52	849
Remissions ^(viii)	34,650	34,526
Total administered expenses	<u>298,288</u>	<u>317,702</u>

- (i) **Bad debts expense** - this includes \$25.1 million (2018: \$19.6 million) in Work Development Orders (WDO's). WDO's allow customers to clear their fines through unpaid work, courses and treatment programs with approved WDO sponsors.
- (ii) **Land tax discounts** - a 1.5% discount is offered to land tax clients for full payment of their liability by the first instalment date.

- (iii) **GST rebate to clubs** - the GST rebate is paid to clubs to compensate for the impact of the GST. It is based on gaming profits and is paid quarterly.
- (iv) **First Home Owner Grant scheme (FHOGS)** - the first home owner grant eligibility criteria changed in October 2012 to assist eligible first home buyers to purchase or build a new home. Prior to the change, the grant was also payable in respect to existing dwellings. The grant amount is determined by the date of the transaction. From 1 July 2017, to be eligible for the grant, there is a cap of \$600,000 for new home purchases and for owner builder or contract to build, the value cannot exceed \$750,000.
- (v) **First Home - New Home/First Home Buyers Assistance scheme** - the First Home - New Home scheme provides exemption or concession on transfer duty to eligible purchasers of new homes valued up to \$650,000 and to eligible purchasers of vacant land that is intended to be the site of a new home valued up to \$450,000. On 1 July 2017, this scheme was replaced by the First Home Buyers Assistance scheme. This scheme provides exemption or concessions on transfer duty to eligible purchasers of new and existing homes valued up to \$800,000 and to eligible purchasers of vacant land that is intended to be the site of a new home valued up to \$450,000. The \$160,000 in 2018/19 represents amounts recovered from compliance activities.
- (vi) **Regional relocation grant** - the grant assists applicants with the cost of relocating from their metropolitan home. The Regional Relocation Home Buyers Grant closed on 30 September 2014. The Skilled Regional Relocation Incentive closed on 31 March 2015. Amounts paid since closure on of the scheme are a result of applicants fulfilling requirements of the incentive.
- (vii) **Solatium payments** - compensation paid to applicants whose property was acquired by a NSW government authority. To be eligible for payment, the date of exchange of contracts in relation to an agreed land acquisition, or the date of gazettal of notice of compulsory acquisition, must be on or after 26 February 2014 and before or on 17 October 2016.
- (viii) **Remissions** - in accordance with the *Taxation Administration (Act) 1996* administered by Revenue NSW, the Chief Commissioner or his delegate has the discretionary power to remit partially or wholly a statutory penalty and/or interest.

31. ADMINISTERED INCOME - CROWN ENTITY

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

(a) Revenue earned

	2019	2018
	\$'000	\$'000
Taxes, penalties and interest		
Duties ⁽ⁱ⁾	9,250,978	10,488,178
Parking space levy ⁽ⁱ⁾	109,264	106,743
Payroll tax ⁽ⁱ⁾	10,551,494	10,023,556
Land tax ⁽ⁱ⁾	4,293,253	3,809,130
Health insurance levy ⁽ⁱ⁾	209,840	204,472
Sub total	24,414,829	24,632,079
Gaming and racing		
Lotteries	469,537	367,987
Keno tax	15,086	15,739
Totalizator tax on and off course totes	53,937	65,972
Fixed odds sports betting ⁽ⁱ⁾	9,619	11,150
Fixed odds racing betting ⁽ⁱ⁾	25,455	30,477
Footy TAB	382	423
Point of consumption tax ^{(i) (ii)}	33,901	-
Club gaming devices ^{(i) (iii)}	783,015	779,561
Hotel gaming devices ^{(i) (iii)}	862,164	793,254
Total gaming and racing	2,253,096	2,064,563
Total taxes, penalties and interest	26,667,925	26,696,642
Fines ^(iv)		
Motor traffic fines	471,161	488,910
Fees	59,034	81,242
Court fines	44,469	49,408
Other fines	142	23,465
Total fines	574,806	643,025
Total taxes, fines, penalties and interest	27,242,731	27,339,667
Other		
Tax equivalents	441,308	400,432
Mineral royalties ⁽ⁱ⁾	2,111,269	1,761,103
Emergency services levy ^{(i) (v)}	927,546	917,358
Passenger services levy ^(vi)	71,708	17,212
Certificate and licences	27,806	33,437
Unclaimed money	31,711	15,286
Service concession regulation fee	8,165	8,000
Other revenue ^(vii)	(1,436)	(220)
Total other	3,618,077	3,152,608
Total revenue earned	30,860,808	30,492,275

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

	2019	2018
	\$'000	\$'000
Duties	28,772	31,685
Parking space levy	2,018	2,300
Payroll tax	51,666	54,866
Land tax	26,067	20,627
Health insurance levy	4	80
Fixed odds sports betting	-	2
Fixed odds racing betting	-	6
Point of consumption tax	1	-
Club gaming devices	265	212
Hotel gaming devices	429	290
Emergency services levy	182	-
Mineral royalties	1,080	434
Total	110,484	110,502

- (ii) Revenue NSW commenced collection of the Point of Consumption Tax. From 1 January 2019, betting service providers licensed in Australia must pay this tax on all bets made by customers located in NSW at the time the bet was placed.
- (iii) Approved clubs and hotels can pay their quarterly gaming machine tax in three equal instalments without being charged interest for the late payment. The scheme aims to assist those demonstrating financial hardship.
- (iv) Fines revenue includes a reversal of \$2.5 million for amounts previously recognised as recoverable. In 2017/18 \$12.8 million was recognised for amounts previously considered unrecoverable.
- (v) Collection of Emergency Services Levy (ESL) for council contributions transferred to Revenue NSW from the Department of Justice Office of Emergency Management (OEM) in 2017. Responsibility for council contribution provisions contained in emergency services related legislation remains with OEM. Insurers pay ESL under the *Emergency Services Levy Act 2017*. The Act resides with the Treasury and the Levy is administered by Revenue NSW. In general, contribution assessments must be issued by 30 April for the following financial year.
- (vi) Revenue NSW commenced collection of the Passenger Service Levy on behalf of the Point to Point Transport Commissioner in April 2018. The levy is to be paid by authorised taxi and booking service providers and will be in place for up to five years.
- (vii) Includes \$2.0 million (2018: \$0.4 million) monies returned or transferred due to payment errors relating to prior financial years.

(b) Revenue collected

	2019	2018
	\$'000	\$'000
Taxes, penalties and interest		
Duties	9,115,395	10,538,538
Parking space levy ⁽ⁱ⁾	109,979	106,294
Payroll tax	10,518,427	9,955,212
Land tax	4,187,723	3,737,940
Health insurance levy	209,845	204,408
Sub total	24,141,369	24,542,392
Gaming and racing		
Lotteries	469,537	367,339
Keno tax	15,086	15,739
Totalizator tax on and off course totes	53,937	65,972
Fixed odds sports betting	9,619	11,149
Fixed odds racing betting	25,455	30,478
Footy TAB	382	423
Point of consumption tax	33,923	-
Club gaming devices	781,424	778,290
Hotel gaming devices	861,040	792,956
Total gaming and racing	2,250,403	2,062,346
Total taxes, penalties and interest	26,391,772	26,604,738
Fines		
Motor Traffic fines	423,328	434,602
Fees	53,064	53,373
Court fines	26,989	25,023
Other fines	7,197	7,364
Total fines	510,578	520,362
Total taxes, fines, penalties and interest	26,902,350	27,125,100
Other		
Tax equivalents	441,308	400,432
Mineral royalties	2,108,922	1,762,624
Emergency services levy	908,969	916,680
Passenger services levy	74,452	14,453
Certificate and licences	23,075	47,229
Unclaimed money	31,711	15,286
Service concession regulation fees	8,165	8,000
Other revenue ⁽ⁱⁱ⁾	(1,436)	(220)
Total other	3,595,166	3,164,484
Total revenue collected ⁽ⁱⁱⁱ⁾	30,497,516	30,289,584

- (i) Revenue NSW collects parking space levy imposed under the *Parking Space Levy Act 2009* on behalf of Transport for NSW. Revenue NSW is reimbursed by Transport for NSW for refunds paid.
- (ii) Includes \$2.0 million (2018: \$0.4 million) monies returned or transferred due to payment errors relating to prior financial years.
- (iii) Amounts totalling \$92.1 million paid on 30 June 2019 and transferred to the Crown Entity in July 2019 are included in the above figures.

Revenues from taxes and fines are recognised as follows:

- government assessed revenue (primarily land tax, emergency services levy and gaming) is recognised when assessments are issued
- taxpayer assessed revenues (including payroll tax and lotteries) is recognised when funds are received. Additional revenue is recognised for assessments subsequently issued following the review of returns lodged
- fines revenue is recognised when payments are received or when they become overdue and enforcement activity commences. Court fines and additional income from overdue fines referred for further enforcement action is recognised when issued.

32. ADMINISTERED CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Crown Solicitor or other legal firms are currently acting on a number of matters on behalf of DFSI in the normal course of activities. A settlement estimate for administered contingent liabilities cannot be reliably determined. There are no administered contingent assets.

33. FINANCIAL INSTRUMENTS

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

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

The Secretary has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by DFSI, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by DFSI on a continuous basis.

(a) Financial Instrument Categories

i. As at 30 June 2019 under AASB 9

Financial Assets	Note	Category	2019 \$'000
			Carrying Amount
Class:			
Cash and cash equivalents	6	Not applicable	540,578
Receivables ⁽ⁱ⁾	8	Amortised cost	187,125
Financial assets at fair value	11	Fair value through profit or loss	88,897
Financial Liabilities	Note	Category	
Class:			
Payables ⁽ⁱⁱ⁾	15	Financial liabilities measured at amortised cost	227,587
Borrowings	16	Financial liabilities measured at amortised cost	97,983

ii. As at 30 June 2018 under AASB 139 (comparative period)

Financial Assets	Note	Category	2018 \$'000
			Carrying Amount
Class:			
Cash and cash equivalents	6	Not applicable	496,835
Receivables ⁽ⁱ⁾	8	Loans and receivables (at amortised cost)	229,628
Financial assets at fair value	11	Available-for-sale financial assets	42,705
Financial Liabilities	Note	Category	
Class:			
Payables ⁽ⁱⁱ⁾	15	Financial liabilities measured at amortised cost	215,011
Borrowings	16	Financial liabilities measured at amortised cost	205,542

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

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

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if DFSI transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- DFSI has transferred substantially all the risks and rewards of the asset; or
- DFSI has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control.

When DFSI has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where DFSI has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of DFSI's continuing involvement in the asset. In that case, DFSI also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that DFSI has retained.

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

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

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial Risk

Credit Risk

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

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

Credit risk associated with DFSI's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

DFSI considers a financial asset in default when contractual payments are past 90 days past due. However, in certain cases, DFSI may also consider a financial asset to be in default when internal or external information indicates that DFSI is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by DFSI.

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation ("TCorp") 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Accounting policy for impairment of trade debtors and other financial assets under AASB 9

Receivables - trade debtors

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

DFSI applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

To measure the expected credit losses, trade receivables and contract assets, if applicable, have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. DFSI has identified [the GDP and the unemployment rate] to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, a failure to make contractual payments for a period of greater than 30 days past due.

The loss allowance for trade debtors as at 30 June 2019 (on adoption of AASB 9) was determined as follows:

	30 June 2019					
	\$000					
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	1%	3%	2%	3%	72%	13%
Estimated total gross carrying amount at default	135,054	9,074	8,560	6,699	29,981	189,368
Expected credit loss	(1,580)	(240)	(147)	(209)	(21,511)	(23,687)
Total	133,474	8,834	8,413	6,490	8,470	165,681

Notes: The analysis excludes statutory receivables and prepayments as these are not within the scope of AASB 7. Therefore, the 'total' will not reconcile to the receivables total in Note 8.

DFSI is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2019. Most debtors have AAA credit rating.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the Statement of Financial Position.

Other financial assets - Authority Deposits

DFSI has placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed "at call" or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on "at call" deposits can vary. The "at call" deposits at balance date were earning an average interest rate of 4.33% (2018: 0%), while over the year the weighted average interest rate was 6.38% (2018: 0%) on a weighted average balance during the year of \$91.9 million (2018: \$0 million). None of these assets are past due or impaired.

Accounting policy for impairment of trade debtors and other financial assets under AASB 139 (comparative period only).

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer’s Directions are followed to recover outstanding amounts, including letters of demand. Debtors which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that DFSI will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. [Sales are made on 30 day terms].

For the comparative period 30 June 2018, the ageing analysis of trade debtors is as follows:

	Total ^{1,2} \$'000
<u>Past due but not impaired</u>	
< 3 months overdue	14,011
3 months - 6 months overdue	5,952
> 6 months overdue	9,959
<u>Impaired</u>	
< 3 months overdue	-
3 months - 6 months overdue	136
> 6 months overdue	33,657
Total receivables	63,715

Notes:

- 1 Each column in the table reports “gross receivables”.
- 2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 *Financial Instruments: Disclosure* and excludes receivables that are not past due and not impaired. Therefore, the “total” will not reconcile to the receivables total recognised in the Statement of Financial Position.

DFSI is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2018.

(e) Liquidity Risk

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

DFSI has a loan facility with TCorp with a limit of \$650 million to fund the StateFleet Leasing Arrangement. Out of this facility, \$98.0 million was utilised as at 30 June 2019 (30 June 2018: \$205.5 million).

During the current and prior year, there were no defaults of loans payable. No assets have been pledged as collateral. DFSI’s exposure to liquidity risk is deemed insignificant based on prior periods’ data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in *Treasurer’s Direction NSW TC 11/12*. For small business suppliers, where terms are not specified, payment is made no later than 30 days from date of receipt of a correctly rendered invoice. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For payments to other suppliers, the Head of an authority (or person appointed by the Head of an authority) may automatically pay the supplier simple interest. The rate of interest applied during the year was 9.96% (2018: 9.73%).

The table below summarises the maturity profile of DFSI's financial liabilities based on contractual undiscounted payments, together with the interest rate exposure.

	%	\$'000 Nominal Amount ⁽ⁱ⁾	\$'000 Interest Rate Exposure			\$'000 Maturity Dates		
			Fixed Interest Rate	Variable Interest Rate	Non-interest Bearing	< 1 Year	1-5 Years	> 5 Years
2019								
Payables	0.00%	227,587	-	-	227,587	227,587	-	-
<i>Borrowings</i>								
TCorp borrowings	3.06%	118,005	118,005	-	-	14,956	99,974	3,075
		345,592	118,005	-	227,587	242,543	99,974	3,075
2018								
Payables	0.00%	215,011	-	-	215,011	215,011	-	-
<i>Borrowings</i>								
TCorp borrowings	3.80%	237,006	228,078	8,928	-	17,186	209,246	10,574
		452,017	228,078	8,928	215,011	232,197	209,246	10,574

- (i) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which DFSI can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

(f) **Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. DFSI's exposures to market risk are primarily through interest rate risk on DFSI's borrowings. DFSI has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which DFSI operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2018. The analysis assumes that all other variables remain constant.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through DFSI's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with TCorp. DFSI does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income or available-for-sale (until 30 June 2018). Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity.

(g) **Other Price risk – TCorpIM Funds**

Exposure to 'other price risk' primarily arises through the investment in the TCorpIM funds, which are held for strategic rather than trading purposes. DFSI has no direct equity investments. DFSI holds units in the following TCorpIM Funds trusts:

Facility	Investment Sectors	Investment Horizon	2019 \$'000	2018 \$'000
Cash facility	Cash and money market instruments	Up to 1.5 years	8,580	-
Medium-term growth facility	Cash, money market instruments, Australian and international bonds. listed property and Australian shares	3 years to 7 years	88,897	-

The unit price of each facility is equal to the total fair value of the net assets held by the facility divided by the number of units on issue for that facility. Unit prices are calculated and published daily.

TCorp as trustee for each of the above facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. TCorp has also leveraged off internal expertise to manage certain fixed income assets for the TCorpIM Funds facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the TCorpIM Funds facilities limits DFSI's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

TCorp provides sensitivity analysis information for each of the Investment facilities, using historically based volatility information collected over a ten-year period, quoted at two standard deviations (i.e. 95% probability). The TCorpIM Funds are measured at fair value through profit or loss and therefore any change in unit price impacts directly on net results. A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June 2019 for each facility (balance from TCorpIM Funds statement). There were no comparatives as there were no TCorp investments in the comparative year consistent to Note 11 disclosure above.

Core Funds*	Change in unit price	Impact on net result/equity	
		2019 \$'000	2018 \$'000
TCorp IM Funds - Cash facility	+/-1%	+/- 86	-
TCorp IM Funds - Medium-term growth facility	+/-6%	+/- 5,334	-

Asset Class Fund*	Change in unit price	Impact on net result/equity	
		2019 \$'000	2018 \$'000
Australian Shares	+/-24%	+/- 21,335	-
International Shares	+/-21%	+/- 18,668	-
Listed Property Fund**	+/-24%	+/- 21,335	-
Emerging Markets shares**	+/-19%	+/- 16,890	-
Global Credit Fund**	+/-6%	+/- 5,334	-
Multi-Asset Class Fund**	+/-10%	+/- 8,890	-

* TcorpIM Investment funds are unrated and are not guaranteed by NSW Treasury Corporation.

** The sensitivity percentages are derived from historically based volatility information collected by NSW Treasury Corporation since inception of these funds.

(h) Fair Value Measurement

(i) Fair value compared to carrying amount

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value, because of the short-term nature of many of the financial instruments, except for:

The following table details the financial instruments, by class, where the fair value differs from the carrying amount:

	2019		2018	
	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000
Financial liabilities				
TCorp borrowings	113,880	97,983	220,127	205,542

(ii) Fair value recognised in the Statement of Financial Position

Management assessed that cash, trade receivables, trade payables, and other current liabilities approximate their fair values, largely due to the short-term maturities of these instruments.

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, DFSI categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

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

DFSI recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$	Total
2019				
Financial Assets at fair value				
Available-for-sale financial assets	-	-	-	-
TCorp IM funds	-	88,897	-	88,897
Total	-	88,897	-	88,897
2018				
Financial Assets at fair value				
Available-for-sale financial assets	-	42,705	-	42,705
TCorp IM funds	-	-	-	-
Total	-	42,705	-	42,705

The value of Available-for-sale financial assets is based on DFSI's share of the value ordinary shares in the capital of the underlying entity bases on market value.

DFSI holds nil (30 June 2018: 8,915,423) ordinary shares in the capital of Property Exchange Australia Limited (formerly known as National E Conveyancing Development Limited) on behalf of the State of New South Wales. The investment of \$42.7 million was last re-measured at fair value as at 30 June 2018, and it was subsequently sold on 16 January 2019 for a gain of \$62 million with all proceeds (\$105 million) being directed to the Crown.

The value of the TCorpIM Funds is based on the DFSI's share of the value of the underlying assets of the facility, based on the market value. All of the TCorpIM Funds facilities are valued using 'redemption' pricing.

The table above only includes financial assets, as no financial liabilities were measured at fair value in the Statement of Financial Position.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of the observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

34. RELATED PARTY DISCLOSURES

Key management personnel

The total remuneration of the key management personnel of DFSI are as follows:

	2019 \$'000	2018 \$'000
Short-term employee benefits:		
- Salaries	4,414	3,902
- Non-monetary benefits	1	7
Post-employment benefits	196	261
Other long-term employee benefits	-	10
Termination benefits	765	-
Total remuneration	5,376	4,180

Other related party transactions

During the year, DFSI entered into transactions with other entities that are controlled/jointly controlled/significantly influenced by NSW Government. These transactions which are conducted as arm's length transactions are a significant portion of DFSI's sale of goods/ rendering of services/ receiving of services, in aggregate are as follows:

Nature of transaction	2019 \$'000		2018 \$'000	
	Transaction value income/ (expense) \$'000	Net receivable/ (payable) \$'000	Transaction value income/ (expense) \$'000	Net receivable/ (payable) \$'000
Sales of goods/ services; grants and contributions, proceeds from borrowings and other receipts	586,940	155,989	541,202	91,498
Purchases of goods/ services; grants and subsidies, repayment of borrowings and other payments	(593,890)	(180,402)	(531,022)	(252,130)

35. EVENTS AFTER THE REPORTING PERIOD

Non- Adjusting Events

Administrative Arrangements (Administrative Changes—Public Service Agencies) Order 2019 commences on 1 July 2019 and abolishes DFSI on 1 July 2019. The Order establishes the Department of Customer Service on 1 July 2019 and the persons employed in DFSI are transferred to the Department of Customer Service ("DCS").

The below major divisions/program groups in DFSI (and in these financial statements) are transferred to the new DCS:

- Digital NSW (previously known as ICT, Digital & Innovation);
- Better Regulation;
- NSW Fair Trading;
- Spatial Services;
- Subsidence Advisory NSW; and
- Government & Corporate Services.

The below divisions/program groups are transferring out of DFSI (and out of these financial statements):

- NSW Procurement is transferred to The Treasury;
- NSW Public Works Advisory, Valuation Services, Office of the Valuer General, Manly Hydraulics, and Heritage Stoneworks are transferred to Department of Planning, Industry and Environment.

New agencies/ entities below will be transferring into the new DCS principle department and therefore comprise the new consolidated financial statements for year ended 30 June 2020:

- The Data Analytics Centre is transferred from The Treasury Cluster;
- Office of the Customer Service Commissioner, the Behavioural Insights Unit, the Government Communications Branch, and those persons employed in the Digital, Content and Sponsorships Branch who are principally involved in administering the nsw.gov.au website are transferred from Department of Premier and Cabinet;
- The NSW Registry of Births, Deaths and Marriages is transferred from the Department of Justice; and
- Liquor & Gaming NSW, and its associated entities transferred from the Department of Industry.

Below is the summary of balance sheet in respect of agencies/program groups transferred out of DFSI post 30 June 2019.

	NSW Procurement (transferred to The Treasury)	NSW Public Works Advisory, including Manly Hydraulics, and Heritage Stoneworks (transferred to Department of Planning, Industry and Environment)	Valuation Services, Office of the Valuer General (transferred to Department of Planning, Industry and Environment)	Total
	\$'000	\$'000	\$'000	\$'000
Current Assets				
Cash and cash equivalents	-	-	-	-
Receivables	358	62,721	3,389	66,468
Total Current Assets	358	62,721	3,389	66,468
Non Current Assets				
Inventories	-	6,098	-	6,098
Property, plant and equipment	-	32,634	13	32,647
Intangible assets	-	-	1,538	1,538
Total Non Current Assets	-	38,732	1,551	40,283
TOTAL ASSETS	358	101,453	4,940	106,751
Current Liabilities				
Payables	12,620	93,834	9,920	116,374
Provisions	1,395	6,806	2,143	10,344
Other	146	90	-	236
Total Current Liabilities	14,161	100,730	12,063	126,954
Non Current Liabilities				
Provisions	(41)	-	451	410
Total Non Current Liabilities	(41)	-	451	410
TOTAL LIABILITIES	14,120	100,730	12,514	127,364
NET ASSETS/(LIABILITIES)	(13,762)	723	(7,574)	(20,613)

There are no known events after the reporting period which would give rise to a material impact on the reported results or financial position of DFSI as at 30 June 2019.

END OF AUDITED FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

Board of Surveying and Spatial Information

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Board of Surveying and Spatial Information (the Board), which comprise the Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Board as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Board's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The members of the Board of the Board are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by Members of the Board.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Board's Responsibilities for the Financial Statements

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

In preparing the financial statements, the members of the Board are responsible for assessing the Board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does not provide assurance:

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

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

Min Lee
A/Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

18 October 2019
SYDNEY

BOARD OF SURVEYING AND SPATIAL INFORMATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

STATEMENT BY MEMBERS OF THE BOARD

Pursuant to Section 41C of the *Public Finance and Audit Act 1983* and in accordance with a resolution of the members of the Board of Surveying and Spatial Information, we declare on behalf of the Board that in our opinion:

1. the accompanying financial statements and notes thereto exhibit a true and fair view of the financial position at 30 June 2019 and the financial performance for the year then ended; and
2. the accompanying financial statements and notes thereto have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions mandated by the Treasurer.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



David Job
Board Member, BOSSI
Date: 17 October 2019



Narelle Underwood
Surveyor General of NSW and President, BOSSI
Date: 17 October 2019

START OF AUDITED FINANCIAL STATEMENTS

BOARD OF SURVEYING AND SPATIAL INFORMATION

Statement of comprehensive income for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Revenue			
Fees revenue	2(a)	660,490	637,758
Interest revenue	2(b)	16,033	19,076
Total Revenue		676,523	656,834
 Expenses excluding losses			
Personnel services	3(a)	324,545	306,306
Other operating expenses	3(b)	280,074	363,915
Depreciation	3(c)	3,968	5,119
Grants	3(d)	4,545	-
Total Expenses excluding losses		613,132	675,340
 Loss on Disposal of Assets	 3(e)	 -	 (230)
 NET RESULT		 63,391	 (18,736)
 TOTAL COMPREHENSIVE INCOME / (LOSS)		 63,391	 (18,736)

The accompanying notes form part of these financial statements

START OF AUDITED FINANCIAL STATEMENTS

BOARD OF SURVEYING AND SPATIAL INFORMATION

Statement of financial position as at 30 June 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5(a)	860,502	795,452
Receivables	6	290	2,880
Total Current Assets		860,792	798,332
Non-Current assets			
Plant and equipment	7	4,984	8,952
Total Non-Current assets		4,984	8,952
TOTAL ASSETS		865,776	807,284
LIABILITIES			
Current Liabilities			
Payables	8	106,231	111,130
Total Current Liabilities		106,231	111,130
Non-Current Liabilities		-	-
TOTAL LIABILITIES		106,231	111,130
NET ASSETS		759,545	696,154
EQUITY			
Accumulated funds		759,545	696,154
TOTAL EQUITY		759,545	696,154

The accompanying notes form part of these financial statements

BOARD OF SURVEYING AND SPATIAL INFORMATION

Statement of changes in equity for the year ended 30 June 2019

	Accumulated Funds \$	Total Equity \$
Balance at 1 July 2018	696,154	696,154
Net result for the year	63,391	63,391
Other comprehensive income	-	-
Total comprehensive income for the year	63,391	63,391
Balance at 30 June 2019	759,545	759,545
Balance at 1 July 2017	714,890	714,890
Net result for the year	(18,736)	(18,736)
Other comprehensive income	-	-
Total comprehensive loss for the year	(18,736)	(18,736)
Balance at 30 June 2018	696,154	696,154

The accompanying notes form part of these financial statements

BOARD OF SURVEYING AND SPATIAL INFORMATION

Statement of cash flows for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from customers		664,033	657,365
Interest received		16,033	26,642
GST refund		6,043	9,685
Total Receipts		686,109	693,692
Payments			
Payments to suppliers		(621,059)	(943,325)
Total Payments		(621,059)	(943,325)
NET CASH FLOWS FROM OPERATING ACTIVITIES	5(b)	65,050	(249,633)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of plant and equipment	7	-	(364)
NET CASH FLOWS FROM INVESTING ACTIVITIES		-	(364)
NET INCREASE / (DECREASE) IN CASH		65,050	(249,997)
Opening cash and cash equivalents		795,452	1,045,449
CLOSING CASH AND CASH EQUIVALENTS	5(a)	860,502	795,452

The accompanying notes form part of these financial statements

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting entity

The Board of Surveying and Spatial Information (the Board), is constituted under the *Surveying and Spatial Information Act 2002* to provide for the registration of land and mining surveyors, to regulate the making of surveys and to advise the Government on Spatial Information. The Board is a not-for-profit entity and has no cash generating units.

These financial statements for the year ended 30 June 2019 were authorised for issue by the Board on the 17 October 2019.

The Board's registered office address is 346 Panorama Avenue, Bathurst, NSW.

b. Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations); and
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015* and the Financial Reporting Directions mandated by the Treasurer.

All amounts are rounded to the nearest dollar, unless otherwise stated and are expressed in Australian currency.

c. Statement of compliance

The Board's financial statements and notes comply with Australian Accounting Standards (AAS), which include Australian Accounting Interpretations.

d. Changes in accounting policies, including new and revised AAS

Effective for the first time in 2018-19

The Board has adopted AASB 9 Financial Instruments (AASB 9), which resulted in changes in accounting policies in respect of recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. AASB 9 also significantly amends other standards dealing with financial instruments such as the revised AASB 7 Financial Instruments: Disclosures (AASB 7R).

The Board applied AASB 9 retrospectively but has not restated the comparative information which is reported under AASB 139 Financial Instruments: Recognition and Measurement (AASB 139). Any differences arising from the adoption of AASB 9 have been recognised directly in accumulated funds and other components of equity.

Classification and measurement of financial instruments

On 1 July 2018 (the date of initial application of AASB 9), the Board's management has assessed which business models apply to the financial assets held by the Board and has classified its financial instruments into the appropriate AASB 9 categories. The classification and measurement requirements of AASB 9 did not have a significant impact to the Board. The Board continued measuring at fair value, all financial assets previously held at fair value under AASB 139.

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Changes in accounting policies, including new and revised AAS (continued)

Classification and measurement of financial instruments (continued)

The following are the changes in the classification of the Board's financial assets:

- Trade receivables and other financial assets (i.e., term deposits) classified as 'Loans and receivables' under AASB 139 as at 30 June 2018 are held to collect contractual cash flows representing solely payments of principal and interest.

At 1 July 2018, these are classified and measured as debt instruments at amortised cost.

In summary, upon the adoption of AASB 9, the Board will have reclassifications as at 1 July 2018:

	Measurement category		Carrying amount		Difference
	AASB 139	AASB 9	Original	New	
Trade receivables	Loans and Receivables	Amortised Cost	\$ --	\$ --	\$ --

Receivables are measured at amortised cost. The analysis excludes statutory receivables, prepayments, as these are not within the scope of AASB 9.

Impairment

The adoption of AASB 9 has fundamentally changed the Board's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Board to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss. The simplified model applies for trade receivables with maturities of less than 12 months and recognise lifetime expected credit loss from the first reporting period. For purchased or originated credit-impaired receivables at reporting date, the Board updates estimated cash flows adjusting the loss allowance. For each of the impairment approach, the loss allowance reduces the carrying amount of the financial asset.

There is no material impact to the Board on adopting the new impairment model.

Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Accounting Standards have not been applied and are not yet effective:

- AASB 15 Revenue from Contracts with Customers (*Not for Profit*)
- AASB 16 Leases
- AASB 17 Insurance Contracts
- AASB 1058 Income of Not-for-profit Entities
- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

d. *Changes in accounting policies, including new and revised AAS (continued)*

Issued but not yet effective (*continued*)

- AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*
- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*
- AASB 2017-1 *Amendments to Australian Accounting Standards – Transfer of investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*
- AASB 2017-4 *Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments*
- AASB 2017-6 *Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation*
- AASB 2017-7 *Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures*
- AASB 2018-1 *Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle*
- AASB 2018-2 *Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement*
- AASB 2018-3 *Amendments to Australian Accounting Standards – Reduced Disclosure Requirements*
- AASB 2018-4 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors*
- AASB 2018-5 *Amendments to Australian Accounting Standards - Deferral of AASB 1059*
- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*
- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*
- AASB 2018-8 *Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities*
- Interpretation 22 *Foreign Currency Transactions and Advance Consideration*
- Interpretation 23 *Interpretation 23 Uncertainty over Income Tax Treatments*

It is considered that the implementation of these standards will not have a material impact on the Board's financial results.

e. *Significant accounting judgements, estimates and assumptions*

In preparation of the financial statements, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. If a revision affects only the period in which the estimates are revised, it is recognised in that period. If a revision affects both current and future periods, it is recognised in the period of the revision and future periods.

f. *Accounting for the Goods and Services Tax (GST)*

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

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

f. Accounting for the Goods and Services Tax (GST) (continued)

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

The net amount of GST recoverable from, or payable to the taxation authority, is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. However, the GST component of cash flows arising from investing activities, are also classified as operating cash flows.

g. Equity

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

h. Comparative information

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

2. REVENUE

Registration and other fees collected by the Board in accordance with the *Surveying and Spatial Information Act 2002* are retained by the Board to fund their operations. The Board does not receive any funding by way of grants from the Department or the NSW Treasury and its operating expenditure is mainly funded by revenue from registration and other fees.

	2019	2018
	\$	\$
a. Fees revenue		
- Annual registration fees	509,757	490,723
- Candidate fees	44,983	48,070
- Examination fees	75,942	61,584
- Registration restoration fees	17,504	17,226
- Miscellaneous fees	12,304	20,155
	660,490	637,758
b. Interest revenue	16,033	19,076

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2019

2. REVENUE (continued)

Recognition and Measurement

Revenue is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies of income are discussed below:

- (i) Member fees and subscriptions
Registration revenue is recognised once the registration renewal applications and fees are received and the receipt is issued. Invoices are not raised prior to the renewal date as registration renewal is optional and cannot be reliably measured until applications are received.
- (ii) Rendering of services
Revenue is recognised when services such as workshops or training are provided or by stage of completion.
- (iii) Interest revenue
Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

3. EXPENSES

	2019	2018
	\$	\$
a. Personnel services		
- Salaries and wages (including recreation leave)	261,414	249,200
- Long service leave	7,806	(1,401)
- Superannuation	32,969	25,449
- Workers compensation insurance	217	4,340
- Payroll tax and fringe benefit tax	22,139	28,718
	324,545	306,306

Recognition and Measurement

The Board is an entity that does not directly employ staff. The Department of Finance, Services & Innovation (DFSI, or the Department) employs staff on behalf of the Board within its personnel services division. As per the Service Level Agreement regarding Personnel Services, expenses relating to these employees are incurred by the Department and reimbursed by the Board on a monthly basis. The expenses include salaries, superannuation, leave entitlements, fringe benefit tax, payroll tax and worker's compensation insurance.

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2019

3. EXPENSES (continued)

	2019	2018
	\$	\$
b. Other operating expenses		
- Audit fees (audit of financial statements)	14,700	12,000
- Board/committee member fees	44,180	42,630
- Other fees	58,094	116,081
- Catering and venue hire	27,482	15,269
- Bank charges	4,585	3,047
- Administration fee ¹	50,000	50,000
- DFSI COM charge ²	44,986	45,239
- Maintenance ³	186	1,256
- Postage, telephone and courier	1,277	2,492
- Stores and stationery	4,312	4,149
- Sponsorships	-	5,000
- Accommodation	-	72
- Computer expenses	599	(2,270)
- Contractors	-	30,984
- Travel and subsistence	29,673	37,966
	280,074	363,915

¹Administration fee expense is Corporate Support by DFSI-Spatial Services for the Board of Surveying and Spatial Information which includes: Employee services, Financial services, Information and Communications Technology services, Accommodation, Transport and Enterprise Resource Planning.

²DFSI Corporate Operating Model (COM) charge applied from 1 July 2017 and is the recovery of corporate costs.

³All maintenance expenses are incurred by the Board. There are no personnel services related maintenance expenses

Recognition and Measurement

Insurance

The Board's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by the Fund manager, based on past claim experience.

Maintenance

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

c. Depreciation

- EDP equipment	3,968	5,119
	3,968	5,119

Refer to Note 7 for Recognition and Measurement policies

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2019

3. EXPENSES (continued)

	2019 \$	2018 \$
<i>d. Grants</i>	<u>4,545</u>	<u>-</u>
<i>e. Loss on disposal of assets</i>	<u>-</u>	<u>230</u>

4. Related Party Disclosures

The Board's key management personnel compensation are as follows;

	2019 \$	2018 \$
Short-term employee benefits	44,180	42,630
Post-employment benefits	<u>4,197</u>	<u>4,343</u>
	<u>48,377</u>	<u>46,973</u>

During the year, the Board has not entered into any arm's length terms and conditions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

Other Related Party Transactions

During the year, the Board has entered into transactions with other entities that are controlled by NSW Government. These transactions in aggregate are a significant portion of the Board's operating expenses. Please refer below for details of these transactions.

Nature of Transaction	2019		2018	
	Transaction Value	Net Payable	Transaction Value	Net Payable
	\$	\$	\$	\$
Personnel services	324,545	69,487	306,306	62,338
Audit fee	14,700	8,700	12,000	12,000
Administration fee	50,000	-	50,000	4,167
DFSI corporate costs	45,239	3,749	45,239	10,972

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2019

5. CASH AND CASH EQUIVALENTS

a. Cash and cash equivalents

	2019	2018
	\$	\$
Cash at bank and on hand	<u>860,502</u>	<u>795,452</u>
	860,502	795,452

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

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

	2019	2018
	\$	\$
Cash and cash equivalents (per statement of financial position)	<u>860,502</u>	<u>795,452</u>
Closing cash and cash equivalents (per statement of cash flows)	<u>860,502</u>	<u>795,452</u>

Refer to Note 11 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

b. Reconciliation of Net Cash Flows from Operating Activities to Net Result

	2019	2018
	\$	\$
Net cash flows from operating activities	65,050	(249,633)
Depreciation	(3,968)	(5,119)
Loss on disposal of fixed assets	-	(230)
Changes in operating assets and liabilities		
Increase/(decrease) in trade and other receivables	(2,591)	(28,252)
(Increase)/decrease in trade and other payables	4,900	264,498
Net result	<u>63,391</u>	<u>(18,736)</u>

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2019

6. RECEIVABLES

	2019 \$	2018 \$
Accounts Receivable	171	-
GST receivable	119	2,880
	<u>290</u>	<u>2,880</u>

Recognition and Measurement

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement under AASB 9 (from 1 July 2018)

The Board holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Subsequent measurement under AASB 139 (for comparative year ended 30 June 2018)

Subsequent measurement is at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment under AASB 9 (from 1 July 2018)

The Board recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Board expects to receive, discounted at the original effective interest rate.

For trade receivables, the Board applies a simplified approach in calculating ECLs. The Board recognises a loss allowance based on lifetime ECLs at each reporting date.

Impairment under AASB 139 (for comparative year ended 30 June 2018)

Receivables are subject to an annual review for impairment. These are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

7. PLANT AND EQUIPMENT

	Plant and Equipment \$	EDP Equipment \$	Total \$
At 1 July 2018 – fair value			
Gross carrying amount	8,181	20,166	28,347
Accumulated depreciation	(8,181)	(11,214)	(19,395)
Net carrying amount	<u>-</u>	<u>8,952</u>	<u>8,952</u>

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2019

7. PLANT AND EQUIPMENT (continued)

	Plant and Equipment \$	EDP Equipment \$	Total \$
Gross carrying amount	8,181	20,166	28,347
Accumulated depreciation	(8,181)	(15,182)	(23,363)
Net carrying amount	<u>-</u>	<u>4,984</u>	<u>4,984</u>

Reconciliation

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

	Plant and Equipment \$	EDP Equipment \$	Total \$
Year ended 30 June 2019			
Net carrying amount at start of year	-	8,952	8,952
Additions	-	-	-
Disposals	-	-	-
Depreciation expense	-	(3,968)	(3,968)
Net carrying amount at end of year	<u>-</u>	<u>4,984</u>	<u>4,984</u>

	Plant and Equipment \$	EDP Equipment \$	Total \$
At 1 July 2017 – fair value			
Gross carrying amount	8,181	33,736	41,917
Accumulated depreciation	(8,181)	(19,799)	(27,980)
Net carrying amount	<u>-</u>	<u>13,937</u>	<u>13,937</u>

	Plant and Equipment \$	EDP Equipment \$	Total \$
At 30 June 2018 – fair value			
Gross carrying amount	8,181	20,166	28,347
Accumulated depreciation	(8,181)	(11,214)	(19,395)
Net carrying amount	<u>-</u>	<u>8,952</u>	<u>8,952</u>

Reconciliation

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

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2019

7. PLANT AND EQUIPMENT (continued)

	Plant and Equipment	EDP Equipment	Total
	\$	\$	\$
Year ended 30 June 2018			
Net carrying amount at start of year	-	13,937	13,937
Additions	-	364	364
Disposals	-	(230)	(230)
Depreciation expense	-	(5,119)	(5,119)
Net carrying amount at end of year	-	8,952	8,952

Fair value measurement

The Board's plant and equipment are measured at depreciated historical cost as an approximation of fair value.

Recognition and Measurement

Acquisition of assets

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire the asset at the time of its acquisition, or where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Revaluation of plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*. Fair value of plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. The Board has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

Capitalisation thresholds

Plant and equipment individually costing \$5,000 and above are capitalised. Individual items of computer equipment costing are capitalised when they form part of a network.

Impairment of plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material.

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2019

7. PLANT AND EQUIPMENT (continued)

Specifically, impairment is unlikely given that AASB 136 modifies the recoverable amount test for non-cash generating units of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

Depreciation

Depreciation is provided for on a straight line basis against all depreciable assets, so as to write off the depreciable amount of each asset, as it is consumed over its useful life to the Board.

Depreciation rates:

Plant and equipment	20%
Electronic Data Processing (EDP) equipment	25%

8. PAYABLES

	<u>2019</u>	<u>2018</u>
	\$	\$
- Accrued expenses	15,683	32,007
- Personnel services	69,487	62,338
- Other creditors	21,061	16,785
	<u>106,231</u>	<u>111,130</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 11.

Recognition and Measurement

These amounts represent liabilities for goods and services provided to the Board and other amounts. Short term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised net result when the liabilities are derecognised as well as through the amortisation process.

9. COMMITMENTS FOR EXPENDITURE

a. Capital commitments

As at 30 June 2019, there were no capital commitments (2018 - nil).

b. Operating lease commitments

As at 30 June 2019, there were no operating lease commitments (2018 - nil).

c. Finance lease commitments

As at 30 June 2019, there were no finance lease commitments (2018 - nil).

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2019

10. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 30 June 2019, there were no contingent assets or contingent liabilities (2018 - nil).

11. FINANCIAL INSTRUMENTS

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

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

The Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Board, to set risk limits and controls and to monitor risks.

a. Financial instrument categories

(i) as at 30 June 2019 under AASB 9

Class:	Note	Category	2019 \$ Carrying amount
Financial assets			
Cash and cash equivalents	5(a)	Not applicable	860,502
Receivables ¹	6	Amortised cost	171
Financial liabilities			
Payables ²	8	Financial liabilities measured at amortised cost	106,231

1. Excludes statutory receivables and prepayments (ie. not within scope of AASB 7)

2. Excludes statutory payables and prepaid enrolment fees (ie. not within scope of AASB 7).

(ii) as at 30 June 2018 under AASB 139

Class:	Note	Category	2018 \$ Carrying amount
Financial assets			
Cash and cash equivalents	5(a)	Not applicable	795,452
Receivables	6	Loans and receivables (at amortised cost)	-
Financial liabilities			
Payables ²	8	Financial liabilities measured at amortised cost	111,130

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2019

11. FINANCIAL INSTRUMENTS (*continued*)

a. Financial instrument categories (*continued*)

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

b. De-recognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Board transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- the Board has transferred substantially all the risks and rewards of the asset; or
- the Board has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control.

When the Board has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Board has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Board 's continuing involvement in the asset. In that case, the Board also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Board has retained.

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

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

c. Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

d. Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Board. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets.

Credit risk arises from the financial assets of the Board, including cash and receivables. No collateral is held by the Board. The Board has not granted any financial guarantees. Credit risk associated with the Board's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2019

11. FINANCIAL INSTRUMENTS (*continued*)

d. Credit risk (continued)

Cash and cash equivalent

Cash comprises cash at bank and cash on hand and is considered to be at fair value.

Accounting policy for impairment of trade debtors and other financial assets under AASB 9 Receivables - trade debtors

Receivables comprise GST receivables and trade debtors. No collateral is held by the Board. The Board has not granted any financial guarantees.

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

The Board applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Board has identified the GDP and the unemployment rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than Board determined days past due.

The Board has assessed that the loss allowance for trade debtors as at 30 June 2019 and 1 July 2018 was nil.

e. Liquidity risk

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

During the current and prior years, there were no defaults of loans payable. No assets have been pledged as collateral. The Board's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction NSW TC 11/12. For small business suppliers, where terms are not specified, payment is not made later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest.

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2019

11. FINANCIAL INSTRUMENTS *(continued)*

e. Liquidity risk (continued)

The following table summarizes the maturity profile of the Board's financial liabilities, together with the interest rate exposure.

			Interest Rate Exposure			Maturity Dates		
	Weighted Average Effective Interest Rate %	Nominal Amount \$	Fixed Interest Rate %	Variable interest Rate %	Non-Interest Bearing %	< 1 Year \$	1 – 5 Years \$	> 5 Years \$
2019								
Payables	-	106,231	-	-	-	106,231	-	-
Total financial liabilities 2019	-	106,231	-	-	-	106,231	-	-
2018								
Payables	-	111,130	-	-	-	111,130	-	-
Total financial liabilities 2018	-	111,130	-	-	-	111,130	-	-

Notes:

1. The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. The tables include both interest and principal cash flows.

f. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Board has no exposure to foreign currency risk and does not enter into commodity contracts.

g. Interest rate risk

Exposure to interest rate risk arises primarily through cash facilities, The Board has no direct equity instrument.

h. Fair value compared to carrying amount

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value because of the short-term nature of the financial instruments.

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2019

12. AFTER BALANCE DATE EVENTS

As a result of the recent Administrative Arrangements Orders effective 1st July 2019, the employees of the Department of Finance, Services and Innovation (DFSI) who provided personnel services to the Board were transferred to the new Department of Customer Service (DCS). DFSI also provided Corporate Services to the Board. The new DCS delivers personnel services and Corporate Services to the Board from 1st July 2019. This event has no impact to the 2018-19 financial statements.

END OF AUDITED FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

Financial Counselling Trust Fund

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Financial Counselling Trust Fund (the Trust), which comprises the Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- gives a true and fair view of the financial position of the Trust as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Trust's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Trustees of the Trust is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Trustees' Statement.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Trustees' Responsibilities for the Financial Statements

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

In preparing the financial statements, the Trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does not provide assurance:

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

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

Min Lee
A/Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

30 September 2019
SYDNEY

FINANCIAL COUNSELLING TRUST FUND

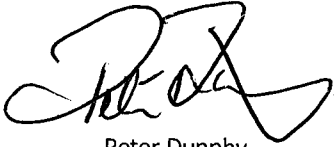
TRUSTEES' STATEMENT

In accordance with section 45F of the *Public Finance and Audit Act 1983* I state that, in my opinion:

- (1) the accompanying financial statements exhibit a true and fair view of the financial position of the Financial Counselling Trust Fund as at 30 June 2019 and transactions for the year ended 30 June 2019;
- (2) the statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, Australian Accounting Standards and the Treasurer's Directions.

Further, I am not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

On behalf of the Trust.

A handwritten signature in black ink, appearing to read 'Peter Dunphy', written over a horizontal line.

Peter Dunphy
Chairperson (Acting)
27 September 2019

FINANCIAL COUNSELLING TRUST FUND			
STATEMENT OF COMPREHENSIVE INCOME			
FOR THE YEAR ENDED 30 JUNE 2019			
	Notes	Actual 2019 \$	Actual 2018 \$
Expenses excluding losses			
Grant and Subsidies	2	1,848,872	1,438,575
Fees paid to Trustees	3	1,100	4,234
Other Operating Expenses	4	38,669	88,108
Total Expenses excluding losses		1,888,641	1,530,917
Revenue			
Investment revenue	5	32,324	89,323
Total Revenue		32,324	89,323
NET RESULT		(1,856,317)	(1,441,594)
TOTAL COMPREHENSIVE LOSS		(1,856,317)	(1,441,594)

The accompanying notes form part of these statements.

FINANCIAL COUNSELLING TRUST FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	Actual 2019 \$	Actual 2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	263,740	935,678
Other Financial Asset	7	-	1,200,000
Receivable	8	16,689	1,626
Total Current Assets		280,429	2,137,304
Total Assets		280,429	2,137,304
LIABILITIES			
Current Liabilities			
Payables	9	12,136	12,694
Total Current Liabilities		12,136	12,694
Total Liabilities		12,136	12,694
Net Assets		268,293	2,124,610
EQUITY			
Settled Funds		100	100
Accumulated funds		268,193	2,124,510
Total Equity		268,293	2,124,610

The accompanying notes form part of these statements.

FINANCIAL COUNSELLING TRUST FUND			
STATEMENT OF CHANGES IN EQUITY			
FOR THE YEAR ENDED 30 JUNE 2019			
	Notes	Equity \$	Total \$
Balance at 1 July 2018			
Accumulated Funds		2,124,510	2,124,510
Settled Funds		100	100
Total equity at 1 July 2018		2,124,610	2,124,610
Net Result for the year		(1,856,317)	(1,856,317)
Total comprehensive loss for the year		(1,856,317)	(1,856,317)
Accumulated Funds		268,193	268,193
Settled Funds		100	100
Balance at 30 June 2019	1(j)	268,293	268,293
Balance at 1 July 2017			
Accumulated Funds		3,566,104	3,566,104
Settled Funds		100	100
Total equity at 1 July 2017		3,566,204	3,566,204
Net Result for the year		(1,441,594)	(1,441,594)
Total comprehensive loss for the year		(1,441,594)	(1,441,594)
Accumulated Funds		2,124,510	2,124,510
Settled Funds		100	100
Balance at 30 June 2018	1(j)	2,124,610	2,124,610

The accompanying notes form part of these statements.

FINANCIAL COUNSELLING TRUST FUND			
STATEMENT OF CASH FLOWS			
FOR THE YEAR ENDED 30 JUNE 2019			
	Notes	Actual 2019 \$	Actual 2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Payment to creditors		(41,041)	(126,633)
Payment of grants		(1,848,872)	(1,582,432)
Total Payments		(1,889,913)	(1,709,065)
Receipts			
Interest received		32,324	90,067
Other		1,185,651	142,323
Total Receipts		1,217,975	232,390
NET CASH FLOWS FROM OPERATING ACTIVITIES	12	(671,938)	(1,476,675)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Term Deposit Investments		-	(1,200,000)
NET CASH FLOWS FROM INVESTING ACTIVITIES		-	(1,200,000)
NET CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
NET INCREASE/(DECREASE) IN CASH		(671,938)	(2,676,675)
Opening cash and cash equivalents		935,678	3,612,353
CLOSING CASH AND CASH EQUIVALENTS	6	263,740	935,678

The accompanying notes form part of these statements.

FINANCIAL COUNSELLING TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Financial Counselling Trust Fund (Trust) as a Reporting Entity comprises all activities under its control. The Trust is a not-for-profit entity with no cash generating units. The administrative functions for the Trust are performed by the Department of Finance, Services and Innovation and a relevant administrative fee for 2018-19 has been recharged to the Trust.

In accordance with the clause 15 (a) of the Deed, the Honourable Kevin Anderson MP, Minister of Better Regulation and Innovation for the State of New South Wales ("the Minister") has terminated the Trust effective 30 June 2019 on 14 May 2019.

The Trustees acknowledged that while the Trust is terminated on 30 June 2019, neither the Trust nor the powers and responsibilities of the Trustees automatically cease, allowing a reasonable time for the necessary steps to take place to wind up the Trust in accordance with clause 15(b) of the Trust Deed.

The Financial Counselling Program will continue until 30 September 2019. The remaining balance of the assets of the Trust will be transferred to the Department of Customer Service. The Department of Customer Service will continue to fund NSW community based non-profit organisations which provide financial counselling and share similar objects as those of the Trust.

These financial statements are the final financial statements of the Trust. These financial statements for the year ended 30 June 2019 have been authorised for issue by the Trustees for the Financial Counselling Trust Fund on 27 September 2019.

(b) Basis of Preparation

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

- Applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- The requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*; and
- The Financial Reporting Directions mandated by the Treasurer.

Financial assets at "fair value through profit or loss" are measured at fair value. Other financial statements items are prepared in accordance with the historical cost convention.

Judgement, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are expressed in Australian currency.

(c) Statement of Compliance

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

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

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

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

Cash flows are included in the statement of cash flows on a gross basis. However, the GST component of cash flows arising from investing activities which is recoverable from, or payable to, the Australian Tax Office are classified as operating cash flows.

(e) Income Recognition

Revenue is measured at the fair value of the consideration or contribution received or receivable to the extent it is probable that the economic benefits will flow to the Trust and the amount can be reliably measured. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

(f) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value plus any directly attributable transaction costs. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Subsequent measurement under AASB 9 (from 1 July 2018)

The Trust holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Subsequent measurement under AASB 139 (for comparative period ended 30 June 2018)

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

(g) Payables

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

(h) Fair Value Hierarchy

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

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

The Trust recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(i) Cash Flow

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash at bank and short-term deposits with a maturity of three months or less which are subject to insignificant risk of changes in value.

(j) Available Funds

Available funds as at 30 June 2019 are \$268,293 (available funds as at 30 June 2018 were \$2,124,610).

(k) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2018-19

Financial Counselling Trust Fund has adopted AASB 9 Financial Instruments (AASB 9), which resulted in changes in accounting policies in respect of recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments and impairment of financial assets.

AASB 9 also significantly amends other standards dealing with financial instruments such as the revised AASB 7 Financial Instruments: Disclosures (AASB 7R).

The Trust has applied AASB 9 retrospectively, but has not restated the comparative information which is reported under AASB 139 Financial Instruments: Recognition and Measurement (AASB 139).

The adoption of AASB 9 has no material impact to the Financial Counselling Trust Fund.

(l) Impairment of Financial Assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment.

Impairment under AASB 9 (from 1 July 2018)

The Trust recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted at the original effective interest rate. For trade receivables, the entity applies a simplified approach in calculating ECLs.

The Trust recognises a loss allowance based on lifetime ECLs at each reporting date. The entity has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

Impairment under AASB 139 (for comparative period ended 30 June 2018)

An allowance for impairment is established when there is objective evidence that the Trust will not be able to collect all amounts due.

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

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence, if objectively related to an event occurring after the impairment was recognised.

Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(m) Comparative Information

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

2. GRANTS AND SUBSIDIES

	2019	2018
	\$	\$
The Salvation Army (NSW)	380,428	447,492
Wesley Mission	161,382	130,670
Financial Rights Legal Centre(NSW)	134,133	40,243
Kempsey Neighbourhood Centre (NSW)	130,031	39,402
Financial Counsellors Association (NSW)	109,769	85,894
Hunter Valley Financial Counselling	109,591	253,719
Financial Rights Legal Centre Inc.	109,145	85,432
Metro Assist Ltd	102,858	-
Illawarra Legal Centre Inc	100,617	30,577
Lifeline Central West Inc.	82,238	64,365
Gosford City Community Information	78,648	61,556
Catholic care Diocese of Broken Bay	91,410	27,815
Lismore District Financial Counselling	89,447	27,226
Other	169,175	144,184
Total Grants and Subsidies paid	1,848,872	1,438,575

3. FEES PAID TO TRUSTEES

Fees for services relating to the period 1 July 2018 to 30 June 2019 were:

	2019	2018
	\$	\$
Mr James Walker	550	1,167
Mr John Kelly	550	1,522
Ms Elizabeth Koch	-	1,545
Total fees paid to Trustees by the Trust*	1,100	4,234

*Including Trust's meeting fees incurred in prior years, Ms Elizabeth resigned in May 2018, hence the nil fee for 2018-19.

The Chairperson of the Trust is an employee of DFSI and no additional fees were paid.

4. OTHER OPERATING EXPENSES

	2019	2018
	\$	\$
Auditors Remunerations	12,300	12,000
Administrative Service Charge	26,369	70,000
Fees and Charges	-	6,108
	38,669	88,108

5. INVESTMENT REVENUE

	2019	2018
	\$	\$
Interest on Investment*	21,173	81,025
Interest- Bank	11,151	8,298
	32,324	89,323

*Investment Revenue of \$21,173 in 2018-19 is derived from interest received from the Treasury Managed Banking System and Term Deposit with Bank of Queensland.

6. CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
Cash at Bank	263,740	935,678
	263,740	935,678

Cash at bank is held with the Westpac Banking Corporation. Interest is earned on daily bank balances and calculated each month.

Refer to Note 13 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. OTHER FINANCIAL ASSET

	2019	2018
	\$	\$
Term Deposit invested for more than 90 Days	-	1,200,000
	-	1,200,000

Term deposit was held with the Bank of Queensland currently earning annual interest of 2.8% and matured on 14 February 2019.

8. RECEIVABLES

	2019	2018
	\$	\$
Debtors	16,689	516
Accrued Interest Income	-	92
GST Receivable	-	1,018
	16,689	1,626

Details regarding credit risk of trade debtors that are neither past due nor impaired, are disclosed in Note 13.

9. PAYABLES

	2019	2018
	\$	\$
Accrued Expenses	12,136	12,694
	12,136	12,694

Details regarding credit risk, liquidity risk and market risk of the above payables are disclosed in Note 13.

10. COMMITMENTS FOR EXPENDITURE

There are no commitments for capital or leases at the balance date.

11. CONTINGENT ASSETS & LIABILITIES

The Trust is not aware of any contingent assets or liabilities in existence at balance date which would materially impact on the financial statements of the Trust.

12. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET OPERATING RESULT

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	2019	2018
	\$	\$
Net Cash used in Operating activities	(671,938)	(1,476,675)
Increase/(Decrease) in Receivables	(1,184,937)	790
(increase)/Decrease in Payables	558	34,291
Net result	(1,856,317)	(1,441,594)

13. FINANCIAL INSTRUMENTS

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

The Trust's financial instruments include cash, financial assets at fair value and payables.

The Trustees have overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Trust, to set risk limits and controls and to monitor risks.

The Trust's financial instruments include cash, receivables and payable.

a) Financial Instrument Categories

As at 30 June 2019 under AASB 9

Financial Assets	Note	Category	2019
			\$
			Carrying Amount
Class:			
Cash and cash equivalents	6	Not applicable	263,740
Receivables(i)	8	Amortised cost	16,689
Financial Liabilities	Note	Category	
Class:			
Payables(ii)	9	Financial liabilities measured at amortised cost	12,136

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

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

As at 30 June 2018 under AASB 139(Comparative Period)

Financial Assets	Note	Category	2018
			Carrying Amount
Class:			\$
Cash and cash equivalents	6	Not applicable	935,678
Other Financial Asset	7	Held to Maturity	1,200,000
Receivables(i)	8	Loans and receivables (at amortised cost)	608
Financial Liabilities	Note	Category	
Class:			
Payables(ii)	9	Financial liabilities measured at amortised cost	12,694

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

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

b) Derecognition of Financial Assets and Financial Liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- the Trust has transferred substantially all the risks and rewards of the asset; or
- the Trust has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control.

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

c) Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

d) Credit Risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Trust. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

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

Credit risk associated with the Trust's financial assets, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash

Cash comprises bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. For the term deposit held with Bank of Queensland, interest is received on maturity.

e) Liquidity Risk

Liquidity risk is the risk that the Trust will be unable to meet its payment obligations when they fall due. The Trust continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

No assets have been pledged as collateral. The Trust's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment or risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest.

f) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Trust has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on net result and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the entity operates and the time frame for the assessment (ie until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis as for 2017-18. The analysis assumes that all other variables remain constant.

Interest Rate Risk

Exposure to interest rate risk arises primarily through cash deposits held at financial institutions. The following table provides a sensitivity analysis of interest rate risks affecting applicable financial assets on the operating result and equity of the Trust. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates.

	2019		2018	
	\$	\$	\$	\$
	-1%	1%	-1%	1%
Net Result	(2,637)	2,637	(9,357)	9,357
Equity	(2,637)	2,637	(9,357)	9,357

* Payables and Receivables are excluded as the Trust deems there exists no interest exposure.

14. RELATED PARTY DISCLOSURES

The entity's key management personnel compensation are as follows:

	2019	2018
	\$	\$
Short-term employee benefits:		
Other monetary allowances (refer to Note 3)	1,100	4,234
Total remuneration	1,100	4,234

During the year, the Trust has not entered into any transactions on arm's length terms and conditions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

During the year, the Trust entered into transactions with other entities that are controlled/ jointly controlled/ significantly influenced by NSW Government. These transactions in aggregate are a significant portion of the entity's sale of goods/ rendering of services/ receiving of services.

Other related party transactions-2019

	Transaction Value	Net Receivable/(Payable)
	\$	\$
Nature of transaction		
Administrative Service Charge - Fair Trading	26,369	(2,936)
Audit Fee – NSW Audit Office	12,300	(9,200)
	38,669	(12,136)

Other related party transactions-2018

	Transaction Value	Net Receivable/(Payable)
	\$	\$
Nature of transaction		
Administrative Service Charge - Fair Trading	70,000	-
Audit Fee – NSW Audit Office	12,000	(9,200)
	82,000	(9,200)

15. EVENTS AFTER THE REPORTING PERIOD

The Honourable Kevin Anderson MP, Minister of Better Regulation and Innovation for the State of New South Wales (“the Minister”) has terminated the Trust effective 30 June 2019 in accordance with the clause 15(a) of the Deed. The remaining balance of the assets of the Trust will be transferred to the Department of Customer Service in September 2019.

END OF AUDITED FINANCIAL STATEMENTS

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Other DFSI-related entities' annual reports

Long Service Corporation

New South Wales Government Telecommunications Authority

Rental Bond Board

Valuer General



ANNUAL REPORT 2018-2019

Long Service Corporation

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This annual report was produced wholly by Long Service Corporation officers. There were no external production costs and the annual report is available in electronic format on the Long Service Corporation website at www.longservice.nsw.gov.au.

31 October 2019



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Service

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The Hon. Kevin Anderson
Minister for Better Regulation and Innovation
52 Martin Place
SYDNEY NSW 2000

Dear Minister

Long Service Corporation Annual Report 2018-19

I am pleased to submit the annual report for Long Service Corporation for the year ended 30 June 2019, for presentation to Parliament.

This report has been prepared in accordance with the *Annual Report (Statutory Bodies) Act 1984*, the *Public Finance and Audit Act 1983* and regulations under those Acts.

Yours sincerely

A handwritten signature in black ink, appearing to read "G King".

Glenn King
Secretary, Department of Customer Service

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Chief Executive Officer's Report

I am pleased to present the 2018 -19 Annual Report for Long Service Corporation (LSC). I was appointed in April 2019 as Secretary of the Department of Finance, Services and Innovation (DFSI). I would like to acknowledge and thank former CEO Martin Hoffman, who oversaw LSC as part of the Department.

LSC is focused on service delivery and monitors customer satisfaction through a Net Promotor Score (NPS) survey. The baseline score of +15 has increased to +30 over the year which is a significant improvement.

Key priorities delivered to make it easier for customers to do business with LSC included, proactive and targeted messaging to customers through publications, newsletters and annual statement delivery. The addition of help messaging on the levy portal assists customers to provide more accurate details. Translation service advice and simpler messages were incorporated into contract cleaning worker guides and new worker packs which has increased satisfaction of this customer segment. The rebranding of all collateral to the NSW waratah has provided clear identification of LSC as a State Government agency to our customers.

The completion of multiple enhancements to existing systems has provided customers with a better digital experience. For example, claims forms are delivered faster and more efficiently to customers, tax agents can now submit more returns electronically, and greater mobile phone compatibility has been released for levy payers. Improved cyber security was delivered across all customer portals coupled with staff cyber security training as part of LSC's risk mitigation strategies.

Through extensive customer journey discovery and mapping, LSC now has an in-depth understanding of customer pain points which was used to complete the high-level design phase for the ongoing project to improve customer service through a new integrated leave system (NILS). By better understanding our customers' experiences, we can develop systems and services that will make it easier for customers to transact with us.

I would like to thank the Chair and members of the Building and Construction Industry Long Service Payments Committee (BCI Committee), the Contract Cleaning Industry Long Service Leave Committee (CCI Committee) and the Audit and Risk Committee for their contribution and advice during the year.

Thank you to LSC Director Kathy Skuta and the team for their continued commitment to providing exceptional customer service and ongoing digital improvements throughout the year. I look forward to working with the team in 2019-20 to deliver on the Government's Priorities, putting the customer at the centre of everything we do.



Glenn King
Secretary, Department of Customer Service

1. About Long Service Corporation

1.1 Who we are

LSC, a separate statutory authority and part of DFSI, was established as the Building and Construction Industry Long Service Payments Corporation in 1982. With the introduction of the *Long Service Corporation Act 2010* and the *Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010*, the organisation's name changed to the Long Service Corporation.

LSC administers the *Building and Construction Industry Long Service Payments Act 1986* and the *Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010* to provide portable long service payments to building and construction and contract cleaning workers in NSW.

Prior to the introduction of these schemes, many workers in the building and construction and contract cleaning industries were unable to qualify for an entitlement for leave under the *Long Service Leave Act 1955* as they did not remain with the same employer for a long enough period. The schemes administered by LSC enable workers to receive long service benefits for their service in their industry.

As at 30 June 2019, LSC provides portable long service schemes to 422,455 workers and 34,154 employers in the building and construction industry and 74,999 workers and 828 employers in the contract cleaning industry.

Our stakeholders

LSC has a diverse range of stakeholders in the building and construction and the contract cleaning industries. The organisation engages with the NSW community, government, employers, workers and third parties. LSC monitors its engagement through customer satisfaction surveys and feedback.

Stakeholders	Key issues
NSW community (Levy payers and general community)	<ul style="list-style-type: none">Levy payers: Levy payment of 0.35% on all building and construction work valued at \$25,000 and above; and 1.7% of ordinary wages for the contract cleaning scheme.General community: Information about levy rate and why we have it.
Workers (Workers, contractors, trade unions)	<ul style="list-style-type: none">Workers: Registration, recording service, claiming entitlements, other scheme related information and advice.Contractors: Registration, recording service, claiming entitlements, other scheme related information and advice.Trade unions: Worker advocacy, scheme coverage, scheme entitlements and industry committee membership.
Employers (Employers, employer groups/industry associations)	<ul style="list-style-type: none">Employers: Responsibilities under the Acts, registration, lodging worker service returns, claiming entitlements, compliance, levy contributions, payment plans and queries.Employer groups: Employer advocacy, scheme coverage, scheme entitlements and industry committee membership.
Third parties (Private certifiers, suppliers, interstate schemes, tax agents)	<ul style="list-style-type: none">Private certifiers: Regulation, policy and payment arrangements within the building and construction scheme.Suppliers: Policy, procedures and payment arrangements.Interstate schemes: National Reciprocal Agreement (NRA), national cooperation initiatives.Tax agents: Submitting returns for contractors in the building and construction scheme.
Government (Local government, government agencies)	<ul style="list-style-type: none">Local government: Levy collection agent, scheme information for the building and construction scheme.Government agencies contracting work in both industries: Responsibilities under the Acts.

1.2 Legislation administered

LSC administers Acts and Regulations on behalf of the Minister for Better Regulation and Innovation. The following Acts and Regulations constitute the primary legislation which governs LSC's core business:

- *Building and Construction Industry Long Service Payments Act 1986 No 19;*
- *Building and Construction Industry Long Service Payments Regulation 2017;*
- *Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010 No 122;*
- *Contract Cleaning Industry (Portable Long Service Leave Scheme) Regulation 2017; and*
- *Long Service Corporation Act 2010 No 123.*

1.3 What we do

Our functions

- Ensuring industry workers are registered in the scheme and recording service.
- Ensuring industry employers are aware of their obligations and complying with the scheme.
- Collecting the long service levy and managing the fund.
- Paying claims to workers and employers.
- Marketing the scheme to the participating NSW industries.

Our structure

LSC has four core business areas:

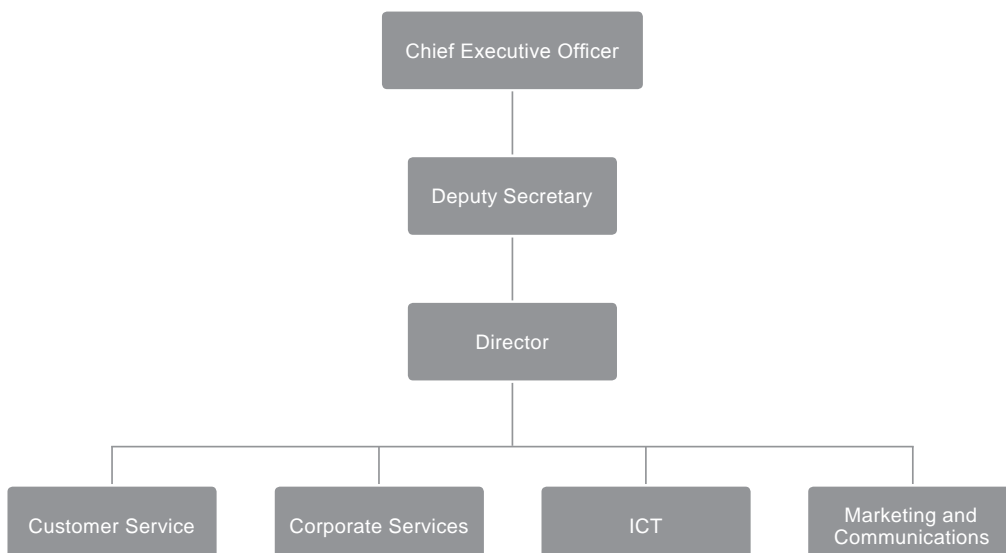
Customer Service – delivers frontline service to customers including quality assurance; appeal investigations; initiatives to improve and streamline client services; and compliance.

Corporate Services – provides on-going support services of financial management; budgeting; levy collection; audit and risk management; committee secretariat; records, assets and facilities management; procurement and contract management.

Information Communication Technology (ICT) – implements new core ICT systems, including enhancement projects to deliver improvements to customer service; information security management and managing business as usual ICT needs.

Marketing and Communications – manages business planning; annual reporting; legislative campaigns; internal and external communication; and website, intranet and digital media management.

Organisational structure



1.4 Principal officers

Glenn King, Secretary (Department of Customer Service)

Rose Webb, Deputy Secretary (Better Regulation Division)

Kathy Skuta, Director

Liz Roberts, Senior Manager Customer Service

Allison Payne, Senior Manager Corporate Services

Chris Merry, Senior Manager ICT

Wendy Garrihy, Acting Manager Marketing and Communications

2. Highlights and achievements

2.1 Director's report

The 2018-19 financial year was one of system and process improvements focused to deliver first class customer service.

LSC finished the year with an operational deficit of \$19.7 million (2018: Surplus \$153.2 million) and an equity balance of \$352.3 million (2018: \$372 million). The operating result was strongly influenced by the decline in the Commonwealth Government Bond rate, the discount rate used to calculate the present value of Scheme liabilities, contributing to an \$88 million additional liability provision.

LSC's Investment Fund return of 9.5 per cent was marginally below the benchmark of 10.2 per cent. The fund is now valued at over \$1.5 billion and includes \$53 million transferred into the fund from operating bank accounts during the financial year.

Levy revenue decreased by \$5.9 million (3 per cent) to \$189 million compared to the previous financial year. Total claims paid increased by 20 per cent to \$94.2 million. Total expenses increased by \$176.2 million (102 per cent) to \$347.4 million. As noted above, \$88 million of the increase in expenses was attributable to the movement in the discount rate. The balance of the expense increase was largely as a result of changes made to other assumptions of the Scheme actuary (financial and demographic), and an increase in the number of workers included in the liability valuation.

We successfully relocated our offices in January 2019 from Watt St, Gosford to the new and purpose-built offices located at 32 Mann St, Gosford with no disruption to customer service.

The dedicated team at LSC responded to nearly 160,000 enquiries, an increase of 13 per cent, and paid over 14,000 claims, an increase of almost 20 per cent.

Under Public Interest Disclosure, one investigation took place resulting in no required action.

I look forward to another productive year working with staff and stakeholders to continue to provide a great customer experience. LSC will maintain its focus on delivering service improvements and providing exceptional customer service.

Kathy Skuta
Director

2.2 Review of operations

Business Plan 2018-19

Focus	Actions	Target
Our People	Relocate to new Mann St Gosford office implementing agile work arrangements	Receive positive result from staff survey specific to the move
	Develop and implement strategy to improve staff engagement	People Matter Employment Survey shows positive engagement score of >65%
	Technical support for LSC staff	Minimal downtime
	Promote a healthy workplace where measures are in place to control and reduce risks	Maintain zero tolerance to workplace injury and fatalities
Our Customers, Services and Innovation	Identify and complete level one enhancement projects	Timeline in place to manage enhancement implementation
	Identify and automate low risk operational actions	Plan implemented efficiencies into work processes
	Implement team and individual scorecards	Communicate and train in the scorecard process
	Implement customer complaint analysis systems	Increase customer NPS score
	Contribute to consistent branding across NSW Government	Complete rebranding of LSC collateral to NSW Waratah logo by 30/06/2019
	Create CCI scheme awareness	Increase CCI worker NPS score
	Identify planned BAU and multi-channel communication activity	Detailed three year marketing plan completed by 30/08/2018
Our Governance, Regulation and Finance	Levy reduction on BCI development and review CCI levy and benefits for potential amendment	Reduce red tape and industry compliance costs resulting in decreased levy payments
	Proactively educate BCI and CCI employers on scheme compliance	Implement a BCI and CCI education strategy
	Improve customer experience through greater capacity for electronic transactions	Design and build a new integrated digital system (NILS) to manage portable long service schemes and finance systems
	Better understand customer needs through data and business intelligence	Refine cross system data to be reliable and clean
	Deliver Annual Report	Annual Report delivered on schedule to DFSI
	Effectively manage risk	Ensure compliance with all finance and procurement policies
	Increase cyber security awareness	Cyber security awareness completed by all staff
	Investment strategy review	Investment earnings and Budget targets move toward Risk Appetite tolerances

Organisational overview

- LSC employee engagement improved with a score of 64 per cent (+1) as measured through the NSW Public Sector Employee Survey 2019. Key drivers of higher engagement were improved communication and job satisfaction. A notable detractor was a decline in satisfaction with flexible working arrangements.
- Ninety-three per cent of staff reported that they strive to achieve customer satisfaction which is an indication of our commitment to customer service.
- New measures taken to improve customer service have included developing a Customer Service Standard to document the experience we expect to deliver on every customer service. This will facilitate staff feedback and coaching, as well as implementing clear reporting dashboards to facilitate data analysis highlighting what we are doing well and where we need further improvement.
- The call evaluation program to appraise incoming calls continues to deliver quality customer service to our customers.
- Staff training in 2018-19 financial year included: privacy; updates in policies and procedures on matters such as employees vs contractors, appeals and good decision making, mining worker guideline and customer feedback; system enhancements; customer service standards; and risk and opportunity management. In addition, all people leaders are completing five leadership modules and four staff were trained as Transformation Leaders.
- Performance Development Plans were completed with all ongoing staff.

Operations overview 2018-2019		
	Building and Construction Industry (BCI)	Contract Cleaning Industry (CCI)
New worker registrations	51,398 ↑	7,825 ↓
Workers removed from register	20,466 ↓	3,539 ↓
Total numbers of active registered workers	422,455 ↑	74,999 ↑
New employer registrations approved	3,493 ↓	90 ↓
Total number of registered employers	34,154 ↓	828 ↓
Levy payments via online portal	65,496 ↑	n/a
Value of levies collected	\$176.2 million ↓	\$12.8 million ↑
Worker claims	11,026 (\$84.7 million) ↑	196 (\$0.6 million) ↑
Employer claims	1,259 (\$5.4 million) ↑	1,570 (\$3.5 million) ↑
Inbound calls to Helpline	102,934 ↑	
Customer enquiries by email	32,705 ↑	
Customer enquiries via internet	9,945 ↑	
Paper correspondence	13,570 ↓	

Compliance activity

A compliance program targeting large and medium size CCI employers who were not participating in the scheme resulted in:

- Registration of 136 new employers, increasing active employer registrations by 16.8 per cent;
- Registration of 4,471 new employees, increasing active employee registrations by 6.0 per cent;
- Additional levy revenue of \$1.32 million was collected, increasing levy revenue by 10.8 per cent;
- A total of \$1.76 million in additional levies was identified, with the remaining \$440,000 due in 2019/20 under payment plans negotiated to assist employers meet their obligations.

Investigations of BCI employers and workers were conducted into 118 cases of suspected ineligible claims and service. This resulted in the cancellation of 111 worker registrations and 1,306 years of service with estimated savings of \$1.19 million.

Investigations of new construction projects valued at over \$1 million, identified by data matching with construction databases, resulted in the recovery of \$1.89 million in unpaid BCI levies.

2.3 Committees - Building and Construction Industry Long Service Payments Committee

The BCI Committee is constituted under the *Building and Construction Industry Long Service Payments Act 1986* (the Act). It is an advisory and appellate body, consisting of 10 part-time members appointed by the Minister and chaired by the CEO or delegate. The BCI Committee is empowered under Section 9 of the Act to advise on administration of the Act, including matters concerning publicity, the investment of funds and the rate of the long service levy.

The Committee decides appeals lodged against LSC decisions to: reject an application for registration in the scheme made on behalf of or by workers; cancel registrations of workers in the scheme; and refuse service credits to registered workers.

It also decides appeals lodged by levy payers in relation to an assessment made of the amount of a long service levy due for construction of a building; a direction given, or refusal to give such direction, in relation to interest payable on a long service levy not paid before the due date, or extension of time for payment of a long service levy.

Apart from its legislated functions, the BCI Committee also acts as 'Customer Council' in relation to customer service standards and helps ensure that the quality and effectiveness of services meet customers' needs.

This year the BCI Committee met on four occasions, providing support and advice to LSC regarding issues such as:

- Greater clarification regarding Supervisor coverage
- Endorsement of guidelines regarding eligibility of building and construction workers on mine sites
- Review of Employer Guide
- Avenues for greater communication with industry stakeholders including workers, employers and apprentices
- Guidance on potential scheme policy changes
- Reviewing the scheme levy.

Appeals

Sections 49-54 of the Act empower the BCI Committee to determine appeals lodged by workers, employers and levy payers in relation to certain LSC decisions. Appeals are considered and determined on the basis of documentary evidence submitted by the parties involved.

There were no new appeals lodged by levy payers in the 2018-19 financial year.

The Committee heard and gave consideration to 166 appeals lodged by workers.

BCI Industry Committee July 2018 - June 2019

BCI Industry Committee Members	Meeting attendance
<p>Mary Snell (BA, LLB, MBA) Deputy Counsel, DFSI <i>Chairperson</i></p>	4 out of 4
<p>David Castledine (B. Eng, LL,B, GAICD) CEO, Civil Contractors Federation (CCF) NSW <i>Directly appointed by the Minister</i> <i>Member to 21 February 2019</i></p>	1 out of 2
<p>Liza Isho (B. Laws (LLB)/B Business) Senior Workplace Relations Consultant, Australian Federation of Employers and Industries (AFEI) Associate Solicitor AFEI Legal <i>Nominated jointly by the Masters Builders Association NSW (MBA) and the AFEI</i> <i>Member to 21 February 2019</i></p>	2 out of 2
<p>Con Tsiakoulas Unions Organiser, NSW Plumbers Union <i>Nominated by Unions NSW</i> <i>Member to 21 February 2019</i></p>	2 out of 2
<p>Melissa Adler (B. Com, LLB) Executive Director Workplace Relations, NSW Housing Industry Association (HIA) <i>Directly appointed by the Minister</i> <i>Member to 7 August 2018</i></p>	0 out of 1
<p>Karen Kellock (Dip HR, Cert IV WHS, Cert IV TAE) Apprenticeship Services Manager, MBA NSW <i>Nominated jointly by the MBA NSW and the AFEI</i></p>	4 out of 4
<p>Iain Jarman (Grad Dip Commerce, Grad Dip Corporate, Securities, Finance, Law, Grad Cert Public Sector Management) Industrial Officer, MBA NSW <i>Nominated jointly by the MBA NSW and the AFEI</i></p>	4 out of 4
<p>Paula Thomson (LLB/B Business) Manager Workplace Relations, AFEI Associate <i>Nominated jointly by the MBA NSW and the AFEI</i> <i>Member from 22 February 2019</i></p>	2 out of 2
<p>Rita Mallia (B. Economics/Law) State President, Construction Forestry Mining Energy Union (CFMEU), (Construction and General Division) NSW <i>Nominated by Unions NSW</i></p>	2 out of 4
<p>Kate Minter (BA Social Science, Masters Science) Research Officer, Unions NSW <i>Nominated by Unions NSW</i></p>	4 out of 4
<p>Thomas Costa Assistant State Secretary, Unions NSW <i>Nominated by Unions NSW</i> <i>Member from 22 February 2019</i></p>	2 out of 2
<p>Brian Seidler (B. Build) Executive Director, MBA NSW <i>Directly appointed by the Minister</i></p>	4 out of 4
<p>David Bare (BE (Mat.) Business Management Certificate (General Management)) Executive Director, HIA <i>Directly appointed by the Minister</i></p>	3 out of 4
<p>Robyn Fortescue (BA) Assistant State Secretary, Australian Manufacturing Workers Union (AMWU) <i>Nominated by Unions NSW</i> <i>Member from 22 February 2019</i></p>	2 out of 2
<p>Guy Noble (BA Sociology; LPAB) Manager Workplace Service, HIA <i>Directly appointed by the Minister</i> <i>Member from 22 February 2019</i></p>	2 out of 2

2.3 Committees - Contract Cleaning Industry Long Service Leave Committee

The CCI Committee is constituted under the *Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010*. It is an advisory and appellate body, consisting of eight part-time members appointed by the Minister and chaired by the CEO or his delegate. The CCI Committee is constituted under Section 9 of the Act and is empowered to determine appeals under sections 77-84 of the Act.

The Committee decides appeals lodged by workers against LSC decisions: to reject an application for registration in the scheme made on behalf of or by workers; cancel registrations of workers in the scheme and apply a limit on the minimum and maximum rates of pay used to claim (where applicable).

It also decides appeals lodged by employers against LSC decisions to: reject an application for registration in the scheme by an employer; cancel registration of employers in the scheme; refuse or reject an application to register a worker; refuse to grant an exemption or revocation of an exemption from lodging a return; and refuse to grant an extension of time to pay a levy.

Apart from its legislated functions, the CCI Committee also acts as 'Customer Council' in relation to customer service standards and helps ensure that the quality and effectiveness of services meet customers' needs.

This year the CCI Committee met on three occasions, providing support and advice to LSC regarding issues such as:

- Avenues for ensuring greater employer compliance with legislation
- Education and knowledge sharing of scheme information to employers and workers from non English speaking backgrounds
- Reviewing the scheme levy
- Reviewing new CCI scheme forms and policies.

Appeals

Sections 77-84 of the Act empowers the CCI Committee to determine appeals lodged by workers and employers in relation to certain decisions. Appeals are considered and determined on the basis of documented evidence submitted by the parties involved.

There were no appeals lodged and determined this financial year.

CCI Industry Committee July 2018 - June 2019

CCI Industry Committee Members	Meeting attendance
<p>Mary Snell (BA, LLB, MBA) Deputy Counsel, DFSI <i>Chairperson</i></p>	3 out of 3
<p>Emma Maiden (B. Economics, Dip Law) Assistant Secretary, Unions NSW <i>Nominated by Unions NSW</i> <i>Member to December 2018</i></p>	0 out of 2
<p>Georgia Potter-Butler (LLB/BA Barrister and Solicitor NZ) Industrial Officer, Unions NSW <i>Nominated by Unions NSW</i></p>	2 out of 3
<p>Ravindra Naidoo (BA (Hons) Economics, CPA) Financial Controller, Quad Services <i>Nominated by the Building Service Contractors Association of Australia (BSCAA)</i></p>	2 out of 3
<p>Nicholas Jenkinson (MBA Business Management, BA (Hons) Business & Marketing, BTEC National Diploma) State Manager, Pickwick Group <i>Nominated by the BSCAA</i></p>	2 out of 3
<p>John Laws (Cert IV Assessment, Cert IV Finance Broking, Cert Personnel Administration) Executive Director, Australian Cleaning Contractors' Alliance (ACCA), Registered Contract Cleaning Manager <i>Nominated by the ACCA</i> <i>Member to 31 December 2018</i></p>	1 out of 2
<p>Alex Morales (BA Communications) Lead Organiser, United Voice <i>Nominated by United Voice</i></p>	3 out of 3
<p>Mel Gatfield (BA Industrial Relations) Branch Secretary, United Voice <i>Nominated by United Voice</i></p>	3 out of 3
<p>Natasha Flores BA (Hons), LLB, MLLR, DipEd Industrial Officer <i>Nominated by Unions NSW</i> <i>Member from 22 February 2019</i></p>	1 out of 1
<p>Jamie Halfhide Masters Business Administration, Dip Business Management National Sales Manager, Guardian Property Services <i>Directly appointed by the Minister</i> <i>Member from 22 February 2019</i></p>	1 out of 1
<p>Charlie Vasilas General Manager, Ezko Property Services (AUST) Pty Ltd <i>Directly appointed by the Minister</i> <i>Member from 22 February 2019</i></p>	1 out of 1

3. Governance

3.1 Audit and risk management and insurance activities

Audit and Risk Committee

LSC has its own independent Audit and Risk Committee (ARC) comprising of a Chair and two members. The committee meets regularly to monitor identified risks and oversee audits and reviews of LSC activities.

ARC Committee	Meeting attendance
Dr Felicity Barr PhD, MHSc, BA, FAICD, FAAG	5 out of 5
Malcolm Freame BEc, FCA, CISA, GAICD	5 out of 5
Neal O'Callaghan BEc, DipAcc, GAICD	5 out of 5

Business Continuity Management and Planning

LSC's localised Business Continuity Management (BCM) plan and its associated supporting documentation was reviewed and tested as part of LSC's participation in the Better Regulation Division's (BRD) test exercise in August 2018. LSC's BCM plan was subsequently reviewed at the time of office relocation in January 2019 to ensure its applicability in the new location. In addition, key LSC staff are nominated as BCM Coordinators for the cluster BCM plan and are included in all relevant correspondence.

LSC was also included in the cluster-wide Crisis Management staff awareness campaign in June 2019.

Compliance, Risk, Assurance Management System

LSC's identified risks and controls are maintained in the Protecht ERM Risk, Compliance and Assurance software management system. During the year LSC was an active participant on the BRD Risk Subcommittee, increasing the Risk Management resources available to LSC.

Risk assessment

Similar to last financial year, strategic and operational risk workshops were conducted with management to identify and assess LSC's material risks and their associated controls.

All LSC's major IT projects undergo monthly risk reviews and assessments, with updates provided to the relevant steering committee and the ARC on changes to risk ratings and the progress of any mitigation strategies and actions.

A risk report is also provided regularly to the ARC on risks rated significant and above as well as new and emerging risks. Key strategic risks and emerging risks are also reported through to the cluster ARC by the BRD risk team.

Insurance

LSC has insurance in place to cover all its assets and major risks. Insurance coverage includes workers' compensation, building contents (including office equipment), motor vehicles and public liability. This insurance is held with the NSW Government's self-insurance scheme, the Treasury Managed Fund (TMF).

The TMF Premium Incentive Scheme encourages effective risk management. Agencies that manage risk well receive lower premiums, while those with poor risk management are penalised.

LSC's initial insurance premiums for 2018-19 totalled \$31,385 (2017-18: \$28,972).

To minimise the likelihood and impact of workplace injury, LSC's workers compensation risks are actively managed with pre-emptive six monthly workplace inspections, early intervention and a local Work Health and Safety Committee as well as representation on the BRD Health and Safety Committee.

3.2 Internal Audit and Risk Management Attestation Statement for 2018-19

Internal Audit and Risk Management Attestation Statement for the 2018-19 Financial Year for Long Service Corporation (LSC)

I, Glenn King, Chief Executive Officer of the Long Service Corporation, am of the opinion that the LSC has internal audit and risk management processes in operation that are compliant with the eight core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

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

Membership

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

- **Independent Chair:** Felicity Barr, appointed July 2013 (initially as a member until July 2017, when she was appointed as Chair), extended in February 2015 to 31 July 2019.

- **Independent Member:** Neal O'Callaghan, appointed July 2013, extended in July 2016 to 1 August 2020.
- **Independent Member¹:** Malcolm Freame, appointed July 2017 for a period of three years, with an option to extend by another two.



Glenn King
Chief Executive Officer
Long Service Corporation

Date: September 5, 2019

Agency Contact Officer
Geoff Campbell

Chief Audit Executive, 9372 8040

geoff.campbell@finance.nsw.gov.au

¹ Due to a machinery of government change, LSC moved from NSW Treasury to NSW Department of Finance Services and Innovation on 01 January 2018. As a result, through no fault of his own, Mr Freame ceased to meet the definition of independent as per TPP 15-03. Subsequently (20 June 2018), Minister Kean granted an exception to Mr Freame with regards to the independence provision under the policy until 31 December 2018 at which time he again met the definition of independent.

3.3 Cyber Security Annual Attestation Statement for 2018-19



**Customer
Service**

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Cyber Security Annual Attestation Statement for the 2018-2019 Financial Year for the Department of Customer Service.

I, Glenn King, Secretary of the Department of Customer Service (DCS), formerly DFSI, am of the opinion that the public sector agencies, or part thereof, (listed below) since the publication of the NSW Government Cyber Security Policy (CSP) on 1 February 2019, have:

- i) managed cyber security risks in a manner consistent with the mandatory requirements set out in the CSP;
- ii) assessed and managed risks to information and systems;
- iii) ensured governance is in place to manage the cyber-security maturity and initiatives;
- iv) a cyber incident response plan which has been exercised during the reporting period, and;
- v) undertaken independent reviews, audits and ISMS certifications or effectiveness of controls or reporting against the mandatory requirements of the CSP which was found to be adequate.

I, Glenn King, am of the opinion that GovConnect NSW's service providers, GovDC, Revenue NSW, Service NSW and Spatial Services had certified compliance with ISO/IEC 27001 for the reporting period.

I, Glenn King, am of the opinion that Department of Customer Service, Better Regulation Division, Data Analytics Centre, GovConnect NSW, Government Technology Platforms, Long Service Corporation, NSW Telco Authority, Property NSW, Service NSW and State Insurance Regulatory Authority had an independent audit of cyber security controls.

I, Glenn King, am of the opinion that Births Deaths and Marriages, Liquor, Gaming and Racing Bodies, Information and Privacy Commission, having moved under the Department of Customer Service on 1 July 2019 are submitting CSP maturity reporting and attestation to their respective former clusters for FY 18-19.

I, Glenn King, am of the opinion that Independent Pricing and Regulatory Tribunal and NSW Architects Registration Board are submitting CSP maturity reporting and attestation to their respective Ministers for FY 18-19.

The entities included for the purposes of this attestation are:

- The Department of Customer Service
- Better Regulation Division
- Data Analytics Centre
- GovConnect NSW
- Government Technology Platforms
- Long Service Corporation
- NSW Telco Authority
- Revenue NSW
- Property NSW
- Spatial Services
- State Insurance Regulatory Authority

Enhancements are in progress to appropriately manage the cyber security maturity and initiatives of DCS entities to meet the requirements of this policy.

Yours sincerely

A handwritten signature in black ink, appearing to be 'G King'.

Glenn King
Secretary

18 September 2019

3.4 Accessing LSC information

Government Information (Public Access) Act 2009

All Government Information (Public Access) (GIPA) and privacy matters relating to LSC are handled by DFSI Ministerial Services. DFSI GIPA policy and reporting is conducted and reported by the department.

Privacy and Personal Information Protection Act 1998

LSC respects the privacy of members of the public who use our services and of our employees. In accordance with section 33 of the *Privacy and Personal Information Protection Act 1998*, LSC has a Privacy Management Plan in place with a copy provided to the Privacy Commissioner. No applications have been received for internal review of conduct under Part 5 of the Act. A statement of data collected, data source, purposes and authority for collection of personal data was also supplied to the Privacy Commissioner.

Induction of new staff includes training on policies and guidelines for protecting personal information and privacy, particularly for staff on the Helpline. Online training modules on privacy requirements are available and ongoing face-to-face training is provided to staff each year to ensure the protection of our customer's information.

LSC's formal complaint mechanism encompasses situations where customers have grievances in respect to requirements of the Act.

4. Financial performance summary

FINANCIAL PERFORMANCE SUMMARY

REVENUE AND EXPENSES

Financial YTD, revenue from all sources amounted to \$327.8 million, whilst expenditure amounted to \$347.4 million. This resulted in a comprehensive loss of \$19.7 million.

The actual net result was less than budget by \$69.1 million, primarily due to the following:

	\$'000
• Increased return on TCorp Hour-Glass investment facilities, including LSCIFT	45,986
• Increased collection of levies from both Schemes	31,981
• Decreased Finance cost due to changes in discount rate *	-
• Decreased Finance cost due to unwinding of discount rate	34,257
• Increased Long service expense	(176,549)
• Increased Personnel services expense	(4,083)
• Increase in Consulting and Contractor expenses	(1,161)
• Decreased other expenses	496
	<u>(69,073)</u>

BUDGET FORECAST AND RESULT

Expenses excluding losses

	Actual 2019 \$'000	Budget 2019 \$'000	Budget 2020 \$'000
Operating expenses			
Personnel services	12,140	8,057	8,259
Other operating expenses	303,284	125,725	241,755
Depreciation and amortisation	142	427	1,242
Finance costs	31,881	66,138	35,762
TOTAL EXPENSES EXCLUDING LOSSES	347,447	200,347	287,018
Revenue			
Investment revenue	138,586	92,600	117,566
Retained taxes, fees and fines	188,981	157,000	214,500
Other revenue	194	134	210
Total Revenue	327,761	249,734	332,276
Gain/(loss) on disposal	-	-	-
NET RESULT	(19,686)	49,387	45,258

	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2019 \$'000
FINANCIAL TRENDS					
Expenses excluding losses					
Operating expenses					
Personnel services	7,514	11,992	4,226	5,734	12,140
Other operating expenses	68,151	74,869	94,332	135,487	303,284
Depreciation and amortisation	233	152	122	215	142
Finance costs	56,684	60,781	55,623	29,805	31,881
TOTAL EXPENSES EXCLUDING LOSSES	132,582	147,794	154,303	171,241	347,447
Revenue					
Investment revenue	94,436	30,231	117,565	129,337	138,586
Retained taxes, fees and fines	144,498	165,630	161,282	194,862	188,981
Other revenue	112	140	173	192	194
Total Revenue	239,046	196,001	279,020	324,392	327,761
Gain/(loss) on disposal	15		(29)	-	-
NET RESULT (DEFICIT)SURPLUS	106,479	48,207	124,688	153,151	(19,686)

FINANCIAL POSITION

The principal assets continue to be investments of \$1733.8 million, in TCorp "Long Term Growth" Long Service Corporation Investment Fund and the Treasury Banking System and the principal liabilities are the estimates for the Provision for Scheme Liabilities of \$1,458.1 million as assessed by actuarial consultants. Equity decreased by \$19.7 million with accumulated funds of \$352.3 million at 30 June 2019. Please refer to Note 15 to the Financial Statements for details of significant non cash gains affecting this year's result.

INVESTMENTS

The Corporation invested its funds in the "Long Term Growth" Long Service Corporation Investment Fund administered by NSW Treasury Corporation (TCorp) utilising external managers under contract to Tcorp and the Treasury Banking System.

The following table shows the movement in funds within these facilities and indicates the rate of return compared with the benchmark return.

FUND CATEGORIES	BALANCE ON HAND AS AT		INVESTMENT PERFORMANCE		BENCH MARK
	30 JUNE		INCOME	RETURN	RETURN
	30 JUNE 2019	2018			
	\$'000	\$'000	\$'000	%	%
Long term growth	1,512,786	1,327,493	132,293	9.45%	10.15%
Cash	-	-	-	0.00%	0.00%
Term Deposits	221,000	221,000	5,286	2.39%	2.39%
TOTAL	1,733,786	1,548,493	137,579		

ACCOUNTS PAYABLE PERFORMANCE

Aged analysis at end of each quarter		Current (within due date)	Less than 30 days overdue	Between		
				30 and 60 days overdue	Between 61 and 90 days overdue	More than 90 days overdue
All suppliers						
	Sep-18	1,767,814	-	-	-	-
	Dec-18	1,785,359	-	-	-	-
	Mar-19	898,361	-	-	-	-
	Jun-19	805,001	-	-	-	-
Small business suppliers						
	Sep-18	24,096	-	-	-	-
	Dec-18	13,809	-	-	-	-
	Mar-19	5,589	-	-	-	-
	Jun-19	7,410	-	-	-	-

Note: Although Small business registration with the Corporation commenced in January 2012 in accordance with NSWTC 11/12, payments have been tracked from July 2011. A small business is defined as an Australian or New Zealand business with annual turnover of less than \$2 Million dollars.

Accounts due or paid within each quarter					
Measure	Sep-18	Dec-18	Mar-19	Jun-19	
All suppliers					
Number of accounts due for payment	305	267	156	96	
Number of accounts paid on time	305	267	156	96	
Actual percentage of accounts paid on time (based on number of accounts)	100%	100%	100%	100%	
Dollar amount of accounts due for payment	1,767,814	1,785,359	898,361	805,001	
Dollar amount of accounts paid on time	1,767,814	1,785,359	898,361	805,001	
Actual percentage of accounts paid on time (based on \$)	100%	100%	100%	100%	
Number of payments for interest on overdue accounts	Nil	Nil	Nil	Nil	
Interest paid on overdue accounts	Nil	Nil	Nil	Nil	
Small business suppliers					
Number of accounts due for payment	26	19	8	7	
Number of accounts paid on time	26	19	8	7	
Actual percentage of accounts paid on time (based on number of accounts)	100%	100%	100%	100%	
Dollar amount of accounts due for payment	24,096	13,809	5,589	7,410	
Dollar amount of accounts paid on time	24,096	13,809	5,589	7,410	
Actual percentage of accounts paid on time (based on \$)	100%	100%	100%	100%	
Number of payments for interest on overdue accounts	Nil	Nil	Nil	Nil	
Interest paid on overdue accounts	Nil	Nil	Nil	Nil	

Commentary

The Corporation's policy aligns with the Government directive of 30 days per NSWTC11/12.

The Corporation has not been required to make interest payments to small business in the financial year.

5. Financial statements

5.1 Statement of Chief Executive Officer



LONG SERVICE CORPORATION

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

STATEMENT BY CHIEF EXECUTIVE OFFICER

LONG SERVICE CORPORATION

Under Section 41C of the *Public Finance and Audit Act, 1983*, I state that in my opinion:

The accompanying financial statements and notes thereto exhibit a true and fair view of the financial position and financial performance of the Long Service Corporation as at 30 June 2019.

The financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions.

Further, I am not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

A handwritten signature in black ink, appearing to be 'G King', is written over a faint circular stamp.

Glenn King

Chief Executive Officer, Long Service Corporation

Dated: 25/9/19

5.2 Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

Long Service Corporation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Long Service Corporation (the Corporation), which comprise the Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Corporation's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Chief Executive Officer of the Corporation is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the Statement by the Chief Executive Officer.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Chief Executive Officer's Responsibilities for the Financial Statements

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

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the Corporation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does not provide assurance:

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

A handwritten signature in black ink, appearing to read 'D Daniels'.

David Daniels
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

26 September 2019
SYDNEY

5.3 Statement of Comprehensive Income

LONG SERVICE CORPORATION				
STATEMENT OF COMPREHENSIVE INCOME				
FOR THE YEAR ENDED 30 JUNE 2019				
	Notes	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000
Continuing Operations				
Expenses excluding losses				
Personnel services	2(a)	12,140	8,057	5,734
Other operating expenses	2(b)	303,284	125,725	135,487
Depreciation and amortisation	2(c)	142	427	215
Finance costs	2(d)	31,881	66,138	29,805
Total Expenses excluding losses		347,447	200,347	171,241
Revenue				
Investment revenue	3(a)	138,586	92,600	129,337
Retained taxes, fees and fines	3(b)	188,981	157,000	194,862
Other revenue	3(c)	194	134	192
Total Revenue		327,761	249,734	324,392
NET RESULT		(19,686)	49,387	153,151
Other comprehensive income		-	-	-
Total other comprehensive income		-	-	-
TOTAL COMPREHENSIVE (LOSS)/ INCOME		(19,686)	49,387	153,151

The accompanying notes form part of these financial statements.

5.4 Statement of Financial Position

LONG SERVICE CORPORATION				
STATEMENT OF FINANCIAL POSITION				
AS AT 30 JUNE 2019				
	Notes	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	4	82,613	111,806	50,455
Receivables	5	8,752	9,251	9,788
Other Financial Assets	6	221,000	-	221,000
Total Current Assets		312,365	121,058	281,244
Non-Current Assets				
Financial assets at fair value	7	1,512,786	1,604,245	1,327,493
Property, Plant and Equipment	8	108	165	186
Intangible assets	9	157	4,820	411
Total Non-Current Assets		1,513,051	1,609,230	1,328,090
Total Assets		1,825,416	1,730,288	1,609,333
LIABILITIES				
Current Liabilities				
Payables	11	2,416	2,640	2,583
Provisions	12	1,210,407	1,056,629	1,046,155
Total Current Liabilities		1,212,823	1,059,269	1,048,738
Non-Current Liabilities				
Provisions	12	260,273	176,868	188,589
Total Non-Current Liabilities		260,273	176,868	188,589
Total Liabilities		1,473,096	1,236,137	1,237,327
Net Assets		352,320	494,151	372,006
EQUITY				
Accumulated funds		352,320	494,151	372,006
Total Equity		352,320	494,151	372,006

The accompanying notes form part of these financial statements.

5.5 Statement of Changes in Equity

LONG SERVICE CORPORATION STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019		
	Notes	Accumulated Funds \$'000
Balance at 1 July 2018		372,006
Net Result for the year		(19,686)
Total comprehensive income for the year		(19,686)
Balance at 30 June 2019		352,320
Balance at 1 July 2017		218,855
Net Result for the year		153,151
Total comprehensive income for the year		153,151
Balance at 30 June 2018		372,006

The accompanying notes form part of these financial statements.

5.6 Statement of Cash Flows

LONG SERVICE CORPORATION STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019				
	Notes	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Personnel Services	2(a)	(12,140)	(8,432)	(5,734)
Long Service Scheme Claims paid	2(b)	(94,190)	(67,414)	(78,802)
Other		(3,562)	(4,640)	(9,834)
Total Payments		(109,892)	(80,486)	(94,371)
Receipts				
Retained taxes, fees and fines	3(b)	189,244	157,172	194,043
Interest received	3(a)	6,863	2,101	5,350
Other		126	1,819	3,370
Total Receipts		196,233	161,092	202,763
NET CASH USED IN OPERATING ACTIVITIES	16	86,341	80,606	108,392
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments		(53,000)	(69,387)	(122,001)
Purchases of plant and equipment		(12)	(1,981)	(70)
Purchases of intangible assets	9	(1,171)	(2,610)	(96)
NET CASH USED IN INVESTING ACTIVITIES		(54,183)	(73,978)	(122,166)
NET INCREASE/(DECREASE) IN CASH		32,158	6,628	(13,774)
Opening cash and cash equivalents		50,455	105,178	64,229
CLOSING CASH AND CASH EQUIVALENTS	4	82,613	111,806	50,455

The accompanying notes form part of these financial statements.

5.7 Notes to the financial statements

LONG SERVICE CORPORATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Long Service Corporation (the Corporation) is a NSW government entity, within the Department of Finance, Services and Innovation (DFSI) cluster and is controlled by the State of New South Wales, which is the ultimate parent. In accordance with Administrative Arrangements (Administrative Changes – Public Service Statutory bodies) Order 2019, DFSI was abolished on 1 July 2019. On abolition, DFSI's employees, assets, rights and liabilities were transferred to Department of Customer Service ("DCS") and will be used, recovered or settled in the normal course of business by the transferee department. Administrative Arrangements changes relate to the transfer of ongoing functions and activities to another department and/ or statutory body without a significant reduction or termination of those activities. The department and/ or statutory body taking over those activities is expected to use, recover or settle the transferred assets and liabilities in the same manner as the transferee. In other words, in the ordinary course of business.

The Corporation is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

The Corporation has its principal office at 32 Mann Street, Gosford, and administers the *Building and Construction Industry Long Service Payments Act 1986* and *Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010*. These Acts provide portable long service payments schemes to building and construction workers and contract cleaning workers in NSW.

The Corporation holds 100% of units issued by the Long Service Corporation Investment Fund (LSCIFT), an Hour-Glass investment facility managed by the New South Wales Treasury Corporation (TCorp) at its principal office at Level 7, Deutsche Bank Place, 126 Phillip Street, Sydney, NSW 2000. The Corporation controls the LSCIFT, making the Corporation a parent entity for reporting purposes.

The financial statements for the year ended 30 June 2019 have been authorised for issue by the Chief Executive Officer on 25 September 2019.

(b) Basis of Preparation

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

- applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* (the Act) and *Public Finance and Audit Regulation 2015* and
- Treasurer's Directions issued under the Act.

The Corporation's financial statements are separate financial statements in accordance with AASB 127 'Separate Financial Statements'. The Corporation has applied the exemption from producing consolidated financial statements available under paragraphs 4(a) and Aus4.1 of AASB 10 'Consolidated Financial Statements'.

The Corporation accounts for its investment in its subsidiary, the LSCIFT, by initially measuring the investment at fair value and subsequently classifying the investment as measured at fair value on the basis of the Corporation's business model for managing the investment. Gains or losses are recognised in profit or loss.

Property, plant and equipment and certain financial assets and liabilities are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

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

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the Corporation's presentation and functional currency.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Statement of Compliance

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

(d) Accounting for the Goods and Services Tax

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except that the:

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

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

(e) Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous reporting period, 30 June 2018, for all amounts reported in the financial statements.

(f) Changes in Accounting Policy, Including New or Revised Australian Accounting Standards

(i) Effective for the first time in 2019

The Corporation has adopted AASB 9 *Financial Instruments* (AASB 9), which resulted in changes in accounting policies in respect of recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments and impairment of financial assets. AASB 9 also significantly amends other standards dealing with financial instruments such as the revised AASB 7 *Financial Instruments: Disclosures* (AASB 7R).

The Corporation applied AASB 9 retrospectively but has not restated the comparative information, which is reported under AASB 139 *Financial Instruments: Recognition and Measurement* (AASB 139). Any differences arising from the adoption of AASB 9 have been recognised directly in accumulated funds and other components of equity.

Under AASB 9, subsequent measurement of debt financial assets is based on assessing the contractual cash flow characteristics of the debt instrument and the Corporation's business model for managing the instrument.

The assessment of the Corporation's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact on the Corporation. The Corporation continued measuring at fair value, all financial assets previously held at fair value under AASB 139.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following are the changes in the classification of the Corporation's financial assets:

- Trade receivables and other financial assets (i.e. term deposits) classified as 'Loans and receivables' under AASB 139 as at 30 June 2018 are held to collect contractual cash flows representing solely payments of principal and interest. At 1 July 2018, these are classified and measured as debt instruments at amortised cost.
- Investments in TCorpIM Funds are managed on a fair value basis and hence were designated at fair value through profit or loss under AASB 139 as at 30 June 2018. Under AASB 9, these are now mandatorily required at transition date of 1 July 2018 and going forward to be classified and measured at fair value through profit or loss.
- The Corporation has not designated any financial liabilities at fair value through profit or loss. There are no changes in the classification and measurement of the Corporation's financial liabilities.

In summary, upon the adoption of AASB 9, the entity had the following required or elected reclassifications as at 1 July 2018:

	Measurement category		Carrying amount		
	AASB 139	AASB 9	Original \$'000	New \$'000	Difference \$'000
Cash and cash equivalents	Loans and Receivables	Amortised Cost	271,455	271,455	0
TCorp LSCIFT	Fair Value through P&L	Fair Value through P&L	1,327,493	1,327,493	0
Receivables	Loans and Receivables	Amortised Cost	530	530	0
Accrued income	Loans and Receivables	Amortised Cost	8,223	8,223	0
Other - (Provision for Doubtful Debt)	Loans and Receivables	Amortised Cost	(53)	(53)	0
Accrued salaries, wages and on-costs	Amortised Cost	Amortised Cost	8,411	8,411	0
Creditors	Amortised Cost	Amortised Cost	552	552	0
Other	Amortised Cost	Amortised Cost	1,069,914	1,069,914	0

The adoption of AASB 9 has fundamentally changed the Corporation's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Corporation to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss. There is no material impact to the Corporation on adopting the new impairment model.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Issued but Not Yet Effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards unless Treasury determines otherwise.

The following new Accounting Standards/Interpretations have not been applied and are not yet effective.

- AASB 15, AASB 2014-5, AASB 2015-8 and AASB 2016-3 regarding *Revenue from Contracts with Customers* (This Standard is applicable to annual reporting periods beginning on or after 1 January 2019).
- AASB 16 *Leases* (This Standard is applicable to annual reporting periods beginning on or after 1 January 2019).
- AASB 1058 *Income of Not-for-profit Entities* (This Standard is applicable to annual reporting periods beginning on or after 1 January 2019).
- AASB 2016-7 *Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities* (This Standard amends the mandatory effective date (application date) of AASB 15 for not-for-profit entities so that AASB 15 is required to be applied by such entities for annual reporting periods beginning on or after 1 January 2019 instead of 1 January 2018).
- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*. (It is proposed that the amendments be applicable to annual reporting periods beginning on or after 1 January 2019, with early adoption permitted).

AASB 16 Leases

Effective from 1 July 2019, LSC has adopted AASB 16 *Leases*. This standard introduces a new lease accounting model for lessees that requires lessees to recognise all leases on balance sheet (except for short-term leases and low value assets) and recognise the amortisation of lease assets and interest on lease liabilities in the income statement.

The Corporation has elected to use the modified retrospective approach (Option B) whereby the standard is applied from the date of application, with no requirement to restate comparative information. This approach recognises a right of use asset and a corresponding lease liability on 1 July 2019 at equal value with no adjustment to opening retained earnings required. The Corporation has assessed the impact of applying this approach on the financial statements as follows:

	\$'000
New Lease Liabilities	809
New right-of-use (ROU) assets	809
Increase in net profit	19

2. EXPENSES EXCLUDING LOSSES

(a) Personnel Services Expenses

The Corporation received personnel services from the Department of Finance, Services and Innovation for the period 1st July 2018 - 30th June 2019. The Corporation recognises the relevant employee related expenses associated with this arrangement as follows:

	2019 \$'000	2018 \$'000
Salaries and wages (including annual leave)	6,527	6,103
Superannuation - defined benefit plans	4,140	(1,458)
Superannuation - defined contribution plans	555	499
Long service leave	497	181
Workers' compensation insurance	14	53
Payroll tax and fringe benefits tax	406	400
Voluntary redundancy	-	(44)
	12,140	5,734

Personnel services expenses of \$0k (2018: \$0k) have been capitalised in various capital works and therefore are excluded from the above.

Superannuation - defined benefit plans – Note 12

	2019	2018
	\$'000	\$'000
Defined benefit plans - Contributions	127	172
Defined benefit plans – Liability adjustments	4,014	(1,630)
	4,140	(1,458)

Superannuation net actuarial loss of \$4.0 million (2018: \$1.6 million gain) in respect of personnel who are members of defined benefit superannuation plans are recognised directly in the Net Result. The actuarial gain and loss in the prior year was impacted by changes in the discount rate used to determine the present value of the defined benefit obligations. AASB 119 together with TC 11/17 mandate the yield on Commonwealth Bond (10yr) as the discount rate converted to an annual effective rate. This rate decreased from 2.65% at 30 June 2018 to 1.32% at 30 June 2019.

(b) Other Operating Expenses

	2019	2018
	\$'000	\$'000
Auditor's remuneration		
- audit of the financial statements	116	86
Claims paid	94,190	78,802
Scheme Liability expense	200,045	50,049
Operating lease rental expense - minimum lease payments	1,262	553
Insurance	10	10
Service agreements	1,013	600
Long Service levy commissions	353	446
Marketing	95	20
Consultants	2,514	1,655
Other contractors	598	328
Occupancy – outgoings, electricity, cleaning and maintenance	134	169
Travel	27	26
Computer expenses	1,738	1,631
Other	1,191	1,110
	303,284	135,487

Recognition and Measurement

Operating Leases

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

Insurance

The Corporation's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

(c) Depreciation and Amortisation Expense

	2019	2018
	\$'000	\$'000
Depreciation		
- Computer Equipment	82	59
- Plant and equipment	-	-
- Motor vehicles	7	7
- Leasehold improvements	-	5
	90	72
Amortisation		
- Intangible assets	52	143
Total depreciation and amortisation	142	215

Refer to Notes 8 and 9 for recognition and measurement policies on depreciation and amortisation.

(d) **Finance Costs**

	2019	2018
	\$'000	\$'000
Unwinding of discount on provisions	31,881	29,805

Recognition and Measurement

Refer Note 12(a)(i) and Note 12(b)(i) for detail on changes to the discount rate used for the 2019 and 2018 years.

Scheme liabilities are valued using AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, which provides that the increase in a provision resulting from the unwinding of the discount rate is to be recognised as a borrowing cost. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit NSW GGS entities.

3. REVENUE

Recognition and Measurement

Income is measured at the fair value of the consideration or contribution received or receivable. Commentary regarding the accounting policies for the recognition of income is discussed below.

(a) **Investment Revenue**

	2019	2018
	\$'000	\$'000
Net gain from TCorp IM Funds measured at fair value through profit or loss	132,293	123,213
Interest income from financial assets at amortised cost	6,293	6,125
	138,586	129,337

Recognition and Measurement

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

(b) **Retained Taxes, Fees and Fines**

	2019	2018
	\$'000	\$'000
Long service levy income	191,311	196,883
Long service levy refunds	(2,330)	(2,021)
	188,981	194,862

In relation to the Building and Construction Industry, a levy is applied at the rate of 0.35% on the value of building and construction of \$25,000 or above. Long Service Levy income is recognised when it is received or receivable by the Corporation or the Local Government Councils acting in their capacity as agents.

In relation to the Contract Cleaning Industry, a levy is applied at the rate of 1.7% of the cost of wages paid to workers in that industry. Employers are required to lodge returns on a quarterly basis. Long service levy income is recognised as these returns are lodged with the Corporation on an accruals basis, e.g. income applicable to employer returns received in July for the June quarter are recognised as levy income in June.

(c) **Other Revenue**

	2019	2018
	\$'000	\$'000
Other	194	192
	194	192

4. **CURRENT ASSETS - CASH AND CASH EQUIVALENTS**

	2019	2018
	\$'000	\$'000
Cash at bank and on hand	82,613	50,455
	82,613	50,455

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

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year as shown to the Statement of Cash Flows as follows:

	2019	2018
	\$'000	\$'000
Cash and cash equivalents (per Statement of Financial Position)	82,613	50,455
Closing cash and cash equivalents (per Statement of Cash Flows)	82,613	50,455

Refer to Note 19 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

5. **CURRENT / NON-CURRENT ASSETS - RECEIVABLES**

	2019	2018
	\$'000	\$'000
Current		
Prepayments	206	313
Other	368	980
Less: Allowance for impairment	(182)	(53)
	392	1,240
Retained taxes, fees and fines	8,360	8,548
	8,360	8,548
Total Current Receivables	8,752	9,788

**Movement in the allowance for expected credit losses
Balance at 30 June 2018 under AASB 139*

	2019	2018
	\$'000	\$'000
<u>Other - allowance for impairment</u>		
Amounts restated through opening accumulated funds	(53)	(53)
Balance at 1 July 2018 under AASB 9	(53)	(53)
Amounts written off during the year	34	1
Increase in allowance recognised in net results	(164)	(1)
Balance at 30 June 2019	(182)	(53)

Details regarding credit risk of trade debtors that are neither past due nor impaired are disclosed in Note 19.

Recognition and Measurement

Receivables

All 'regular way' purchases or sales of financial asset are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement under AASB 9 (from 1 July 2018)

The entity holds receivables with the objective to collect the cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Subsequent measurement under AASB 139 (for comparative period ended 30 June 2018)

Subsequent measurement is at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment under AASB 9 (from 1 July 2018)

The entity recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual reported cash flows and the cash flows that the entity expects to receive, discounted at the original effective interest rate. For trade receivables, the entity applies a simplified approach in calculating ECLs. The entity recognises a loss allowance based on lifetime ECLs at each reporting date. The entity has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

The balance affected by the policy is not material.

Impairment under AASB 139 (for comparative period ended 30 June 2018)

Receivables are subject to an annual review for impairment. These are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The entity first assesses whether impairment exists individually for receivables that are individually significant, or collectively for those that are not individually significant. Further, receivables are assessed for impairment on a collective basis if they were assessed not to be impaired individually. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in the net result for the year. Any reversals of impairment losses are reversed through the net result for the year if objectively related to an event occurring after the impairment was recognised. Reversals of impairment losses cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

6. CURRENT– OTHER FINANCIAL ASSETS

	2019	2018
	\$'000	\$'000
Current Assets		
TCorp Investments – Term Deposits	221,000	221,000

7. NON-CURRENT ASSETS – FINANCIAL ASSETS AT FAIR VALUE

	2019	2018
	\$'000	\$'000
Non-Current Assets		
TCorp IM Funds	1,512,786	1,327,493

Recognition and Measurement

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Classification and measurement under AASB 9 (from 1 July 2018)

The entity's financial assets at fair value are classified at initial recognition, and subsequently measured at either fair value through other comprehensive income or fair value through profit or loss.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in net results. Transaction costs of financial assets carried at other comprehensive income are included as part of their fair value and amortised to net results using the effective interest method.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value under AASB 9.

Financial assets are held for trading if acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. TCorpIM Funds are managed and their performance is evaluated on a fair value basis and therefore the business model is neither to hold to collect contractual cash flows or sell the financial asset. Hence these investments are mandatorily required to be measured at fair value through profit or loss.

Notwithstanding the criteria to be classified at amortised cost or at fair value through other comprehensive income, financial assets may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces an accounting mismatch.

A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognised in net results and presented net within other gains/(losses), except for TCorpIM Funds that are presented in 'investment revenue' in the period in which it arises.

Classification and measurement under AASB 139 (for comparative period ended 30 June 2018)

The entity classified its financial assets at fair value either as financial assets at fair value through profit or loss or available-for-sale financial assets. The classification was based on the purpose of acquiring such financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are initially and subsequently measured at fair value. Gains or losses on these assets are recognised in the net result for the year. Financial assets are classified as 'held-for-trading' if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments under AASB 139.

The TCorpIM Funds are designated at fair value through profit or loss as these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to the entity's key management personnel.

The movement in the fair value of the TCorpIM Funds incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

8. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment \$'000	Computer Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Total \$'000
At 1 July 2018 – fair value					
Gross carrying amount	282	290	99	968	1,638
Accumulated depreciation and impairment	(281)	(115)	(89)	(968)	(1,452)
Net carrying amount	1	175	10	-	186
30 June 2019 – fair value					
Gross carrying amount	22	262	99	-	383
Accumulated depreciation and impairment	(22)	(157)	(96)	-	(274)
Net carrying amount	1	105	2	-	108

Reconciliation

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

30 June 2019	Plant and Equipment \$'000	Computer Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Total \$'000
Net carrying amount at beginning of year	1	175	10	-	186
Additions	-	12	-	-	12
Depreciation expense	-	(82)	(7)	-	(90)
Disposals/Write-offs	-	-	-	-	-
Net carrying amount at end of year	1	105	2	-	108

	Plant and Equipment \$'000	Computer Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Total \$'000
Fair value					
At 1 July 2017					
Gross carrying amount	282	368	99	968	1,717
Accumulated depreciation and impairment	(281)	(203)	(82)	(962)	(1,527)
Net carrying amount	2	165	17	6	189
At 30 June 2018					
Gross carrying amount	282	290	99	968	1,638
Accumulated depreciation and impairment	(281)	(115)	(89)	(968)	(1,452)
Net carrying amount	1	175	10	0	186

30 June 2018	Plant and Equipment \$'000	Computer Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Total \$'000
Net carrying amount at beginning of year	2	165	17	6	189
Additions	-	69	-	-	69
Depreciation expense	(0)	(59)	(7)	(5)	(72)
Net carrying amount at end of year	1	175	10	0	186

Recognition and Measurement

Acquisitions of Property, Plant and Equipment

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

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

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

Capitalisation Thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

Maintenance

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

Depreciation of Property, Plant and Equipment

Depreciation is provided for on a straight line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Corporation.

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

The depreciation rates used for 2018/19 for each class of assets are:

<i>Plant and Equipment</i>	
Mainframe computers and major computer systems	33.0%
Computer equipment - portable	33.0%
Office equipment and furniture	33.0%
Motor vehicles	20.0%

Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*.

All of the Corporation's assets are non-specialised assets with short useful lives and are measured at depreciated historical cost, as an approximation of fair value. The Corporation has assessed that any difference between fair value and depreciated historical cost is unlikely to be material. Also, refer to Note 10 for further information regarding fair value.

Impairment of Property, Plant and Equipment

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

The Corporation assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Corporation estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result and is treated as a revaluation increase. However, to the extent that an impairment loss on the same class of asset was previously recognised in the net result, a reversal of that impairment loss is also recognised in the net result.

9. INTANGIBLE ASSETS

	2019 \$'000	2018 \$'000
Software		
Cost (gross carrying amount)	2,708	2,932
Accumulated amortisation and impairment	(2,552)	(2,521)
Net carrying amount 30 June	157	411

Reconciliation

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

	30 June 2019 \$'000	30 June 2018 \$'000
Software		
Net carrying amount at beginning of year	411	458
Additions – Externally acquired	1,171	96
Impairment losses	(1,374)	-
Amortisation	(52)	(143)
Net carrying amount at end of year	157	411

Recognition and Measurement

The Corporation recognises intangible assets only if it is probable that future economic benefits will flow to the entity and if the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Corporation's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

The Corporation's intangible assets (computer software) are amortised using the straight-line method. These rates were reassessed during the year and were changed from a period of 3 years to a period of 4 years, resulting in decreased amortisation of \$34.7k. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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

10. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

Fair Value Measurement and Hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13 *Fair Value Measurement*, the Corporation categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

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

The Corporation recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

All of the Corporation's Plant and Equipment assets are measured at historical cost less accumulated depreciation as a surrogate for fair value because the assets are non-specialised assets and any difference between fair value and depreciated historical cost is unlikely to be material. The fair value measurement base for these assets do not require fair value hierarchy disclosure.

11. CURRENT LIABILITIES - PAYABLES

	2019	2018
	\$'000	\$'000
Accrued salaries, wages and on-costs	28	26
Creditors and other accruals	1,729	1,518
Long service levy commissions	44	49
Long service payments	615	990
	2,416	2,583

Details regarding liquidity risk including a maturity analysis of the above payables are disclosed in Note 19.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the Corporation and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially recognised at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

12. CURRENT / NON-CURRENT LIABILITIES – PROVISIONS

The liability is determined by annual actuarial valuation. The assumptions used in arriving at that valuation are set out in notes 12(a) and 12(b). Scheme liabilities are valued using AASB 137 Provisions, Contingent Liabilities and Contingent Assets, which provides that the increase in a provision resulting from the unwinding of the discount rate is to be recognised as a borrowing cost.

	2019	2018
	\$'000	\$'000
Current		
Personnel services		
Annual leave	529	543
Long service leave	2,601	2,456
	3,130	2,999
Other Provisions		
Scheme Liability	1,207,277	1,043,000
Provision for levy refund	-	156
	1,207,277	1,043,156
Total Current Provisions	1,210,407	1,046,155
Non-Current		
Personnel services		
Long service leave	69	48
Unfunded superannuation liability	9,352	5,338
Scheme liability	250,852	183,203
Total Non-Current Provisions	260,273	188,589
Total Provisions	1,470,680	1,234,744

	2019	2018
	\$'000	\$'000
Aggregate personnel services and related on-costs		
Payables - current	28	26
Provisions - current	3,130	2,999
Provisions – non-current	9,421	5,386
	12,579	8,411
Employee benefits expected to be settled within 12 months from the reporting date		
Annual leave	391	399
Long service leave	380	295
	771	694
Employee benefits expected to be settled in more than 12 months from the reporting date		
Annual leave	138	144
Long service leave	2,221	2,161
	2,359	2,305
Movements in provisions (other than employee benefits)		
Movements in each class of provision during the year, other than employee benefits, are set out below:		
Provision for scheme liability – Building and Construction Industry		
Carrying amount as at beginning of year	1,177,379	1,105,348
Additional provisions recognised	285,105	120,842
Unwinding of discount rate - Note 2(d)	30,612	28,739
Claims paid	(90,101)	(77,550)
Carrying amount at end of year	1,402,995	1,177,379
Provision for scheme liability – Contract Cleaning Industry		
Carrying amount as at beginning of year	48,824	41,001
Additional provisions recognised	9,130	8,010
Unwinding of discount rate - Note 2(d)	1,269	1,066
Claims paid	(4,089)	(1,253)
Carrying amount at end of year	55,134	48,824
Provision for levy refund		
Carrying amount as at beginning of year	156	79
Additional provisions recognised	2,330	2,021
Claims paid	(2,486)	(1,944)
Carrying amount at end of year	-	156
	Note 3(b)	

Recognition and Measurement

Levy refund

The *Long Service Corporation Act 2010*, under section 16, requires that actuarial investigations be undertaken to determine the sufficiency of the Funds and the adequacy of the long service levy rates at intervals not exceeding:

- 3 years for the *Building and Construction Industry Long Service Payments Act, 1986*
- 2 years for the *Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010*

The Corporation has an obligation under section 42 of the *Building and Construction Industry Long Service Payments Act 1986* to refund monies where, upon application in the approved form, it considers the cost of erection of the building is less than previously determined. The liability is determined from assumptions based on past experience of the Corporation's calculation of levy refunds resulting from requests for determination of the leviable costs. The provision is based on an analysis of levies paid where the value of works were significant and no determination or refund requests had been received to date.

There is a degree of uncertainty surrounding the timing of refund requests. However, based on past experience of the Corporation and discussions with major levy payers there is a high likelihood that there will be an economic outflow of funds from the Corporation within the next twelve months.

Personnel services and related on-costs

Salaries and Wages, Annual leave and Sick Leave

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

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

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

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

Long Service Leave and Superannuation

Long service leave is measured at present value of expected future payments to be made in respect of services provided up to the reporting date, in accordance with *AASB 119 Employee Benefits*. Consideration is given to certain factors based on an actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of services (specified in NSWTC 15/09) to employees with five or more years of service, using current rates of pay. Expected future payments are discounted using the Commonwealth government bond rate at the reporting date. These factors were determined based on an actuarial review to approximate present value.

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

Consequential On-costs

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

a) Building and Construction Industry Long Service Payments Act, 1986

A full actuarial investigation of the Building and Construction Industry Long Service Payments Scheme was undertaken by Professional Financial Solutions as at 30 June 2018. They have updated this investigation to 30 June 2019 and estimated the Scheme liabilities are as follows:

	Note	2019 \$'000	2018 \$'000
AASB Valuation	(i)	1,402,995	1,177,379
Vested Benefits	(ii)	1,071,245	971,903

(i) The AASB Valuation is the expected benefit payments from the Scheme arising from service up to the valuation date and payable over the future working lifetime of the current workers, which are then discounted to the date of the valuation. In determining these payments as at 30 June 2019, the following key assumptions were made:

- Future wage increase 3.0% (2018: 3.0%)
- Rate of future accrual of service (only used to determine if workers qualify for benefit): 195 days per year (2018: 195 days per year)
- Exits due to withdrawal, retirement, death and disability: based on historical evidence (2018: similar decrements but for 2019 we used updated decrements from the 2018 triennial valuation)
- In service claims: based on historical evidence (2018: similar decrements but for 2019 we used updated in-service claim rates from the 2018 triennial valuation)
- Incurred But Not Recorded Service (IBNR): 7% for active workers only (2018: 7%)
- Inforce Inactive Worker: their vested benefits (2018: their vested benefit)
- Out of force Workers: 70% of their vested benefit (2018: 80% of their vested benefit) and
- Discount Rate 1.4% (2018: 2.6% restated). The Scheme liability has been discounted at a rate that reflects current market assessment of the time value of money and the risks specific to the liability. The discount rate is considered to be the risk-free rate of return on the Scheme assets.

(ii) The Vested Benefit is the amount of benefits payable if service ceased on the valuation date and the worker has more than five years eligible service, or if the worker is age 55 or over, and has at least 55 days service. Service includes service prior to the commencement date.

For the purpose of the above valuations, the following numbers of workers were valued:

	2019	2018
Number of workers:		
Active within last two years	264,120	243,534
Inactive for last two years but active within two prior years	57,816	54,193
Inactive for four or more years	17,730	16,679
Total number of workers valued	339,666	314,406

	2019 \$'000	2018 \$'000
Expected timing of settlement		
Not later than one year	104,743	94,825
Later than one year and not later than five years	457,513	379,370
Later than five years	840,739	703,183
Total	1,402,995	1,177,379

Calculation of scheme liability Report as at	Actuarial Valuation BCI	
	30-Jun-19	30-Jun-18
Carrying amount at beginning of year	1,177,379	1,105,348
Additional Provisions recognised	139,466	122,445
Claims Paid	(90,101)	(79,153)
Additional provision for restoring previously removed workers	7,913	-
Additional provision as a result of changes in assumptions apart from the discount rate	51,224	-
Change in provision as a result of change in discount rate	86,502	-
Unwinding of discount rate	30,612	28,739
Carrying amount at end of year	1,402,995	1,177,379

Prior Period Comparison to the valuation of scheme liabilities

Accounting standards require the Corporation to measure its scheme liabilities at the best estimate of the expenditure required to settle the obligations, and that future estimated expenditures be discounted to their present value to reflect the time value of money.

In previous years the Corporation discounted its forecast expenditures based on their expected return on investments. This rate was 6% in 2016 and 2017.

In the 2018 financial year, the measurement requirements in the accounting framework were considered, and advice received determined the market yield on Commonwealth Bonds best met the requirements of the Accounting Standards. Consistent with this, the Corporation applied a discount rate of 1.4% at June 2019 (2018:2.6%) to measure its scheme liabilities.

Prior to 2018, the above table outlining the expected timing of settlement for the scheme liability was based on the Accrued Scheme Reserve valuation, a calculation based on discounting to present value using the projected rate of return of Scheme assets. As the Accrued Scheme Reserve valuation is no longer used in favour of a risk free discount rate, the data in the table above is calculated in line with the AASB valuation and comparative data for 2018 updated to this valuation method for consistency.

(b) Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010

A full actuarial investigation of the Contract Cleaning Industry Long Service Payments Scheme was undertaken by Professional Financial Solutions as at 30 June 2018. They have updated this investigation to 30 June 2019 and estimated the scheme liabilities are as follows:

	Note	2019 \$'000	2018 \$'000
AASB Valuation	(i)	55,134	48,824
Vested Benefits	(ii)	46,006	40,908

(i) The AASB Valuation is the expected benefit payments from the Scheme arising from service up to the valuation date and payable over the future working lifetime of the current workers, which are then discounted to the date of the valuation. In determining these payments as at 30 June 2019, the following key assumptions were made:

- Future wage increase: 3.5% pa up to age 40, and 2.5% p.a. for ages 40 and above (2018: the same);
- Rate of future accrual of service (only used to determine if workers qualify for benefit): 365 days per year (2018: 365 days per year)
- Exits due to withdrawal, retirement, death and disability: based on historical evidence (2018: same decrements)
- In service claims: based on historical evidence (2018: based on historical evidence)
- Incurred But Not Recorded Service (IBNR): 0% for active workers only (2018: 0%)
- Inforce Inactive Worker: 90% of their vested benefit (2018: 100% of vested benefit); and
- Discount Rate 1.4% (2018: 2.6% restated). The scheme liability has been discounted at a rate that reflects current market assessment of the time value of money and the risks specific to the liability.

(ii) The Vested Benefit is the amount of benefits payable if service ceased on the valuation date and the worker has more than five years eligible service. Service includes service prior to the commencement date

For the purpose of the above valuations the following numbers of workers were valued:

	2019	2018
Number of workers :		
Active	34,050	28,398
Inactive	49,335	43,124
Total number of workers valued	83,385	71,522
	2019	2018
	\$'000	\$'000
Expected timing of settlement		
Not later than one year	2,757	1,746
Later than one year and not later than five years	19,578	10,321
Later than five years	32,799	36,757
Total	55,134	48,824

Calculation of scheme liability	Actuarial Valuation CCI	
	30-Jun-19	30-Jun-18
Report as at		
Carrying amount at beginning of year	48,824	41,001
Additional Provisions recognised	8,168	8,037
Claims Paid	(4,089)	(1,280)
Additional provision for restoring previously removed workers	-	-
Additional provision as a result of changes in assumptions apart from the discount rate	(548)	-
Change in provision as a result of change in discount rate	1,510	-
Unwinding of discount rate	1,269	1,066
Carrying amount at end of year	55,134	48,824

13. COMMITMENTS FOR EXPENDITURE

(a) Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:

Not later than one year	-	61
Later than one year and not later than five years	-	-
Later than five years	-	-
Total (including GST)	-	61

The Corporation has not entered into an operating lease agreement for the provision of accommodation.

Property Leases

DFSI has entered into a head accommodation lease with Property NSW. The term of the accommodation lease is for a period of fifteen years with the option for renewal for further terms. The lease agreement allows the lessor to review rents on specified dates. There is no option for the purchase of buildings at the expiry of the lease term. Recurrent outgoings including cleaning, electricity, rates, management fees and public liability insurance are the responsibility of Property NSW and all repairs and maintenance of a structural or capital nature is the responsibility of the lessor.

Equipment Leases

The Corporation leases one item of equipment, from private sector companies. The lease term is two years with the option for renewal for a further term. An early termination fee is applicable for termination of the contract before the expiry of the contract term. There is no option for the purchase of equipment at the expiry of the lease term.

14. CONTINGENT ASSETS AND LIABILITIES

There were no known contingent liabilities or assets as at reporting date (2018: Nil).

15. BUDGET REVIEW

Net Result

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

The actual net result for the Corporation for 2019 is a deficit of \$19.7 million (2018: \$153.2 million surplus) which was unfavourable to the budgeted net result by \$69.1 million. The major variations to budgets are:

Total Revenue was \$78.0 million favourable to budget, mainly in LSCIFT investment facilities and levy revenue.

Total Expenses were \$147.1 million unfavourable to budget, primarily due to reduced costs associated with finance costs due to unwinding of discount rate (\$28.2m), higher personnel costs (\$4.5m) mainly due to revaluation of defined benefit superannuation schemes and increased costs associated with consulting and contractor expenses (\$2.4m) due to the write off against the New integrated leave system capital project and increased long service expense (\$193.1m).

Assets and liabilities

Net Assets: The actual net asset of \$352.3 million (2018: \$372.0 million net assets) was unfavourable to budget by \$141.8 million and was due to the increase in the fair value of TCorp IM Long Term Growth Fund (\$129.5m) and increased scheme liability and personnel services expenses (\$237.0) and decreased cash, receivables and plant and equipment (\$34.4m).

Cash flows

Net increase in cash during the year is \$32.2 million compared to a budgeted net increase in cash of \$6.7 million. The favourable variance of \$25.5 million was driven by increased net cash inflows from operating activities \$4.4m and the transfer of \$53.0m to TCorp LSCIFT against a budgeted transfer of \$69.4m.

16. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	2019	2018
	\$'000	\$'000
Net cash flows from operating activities	86,341	108,392
Depreciation and amortisation	(142)	(215)
Net gain/(loss) on investments	132,498	123,987
Net gain/(loss) on intangibles	(1,374)	-
Increase/(decrease) in Long Service payments liability expense	(199,670)	(47,548)
(Increase)/decrease in provision for levy refund	2,330	2,021
(Increase)/decrease in Finance costs	(31,881)	(29,805)
(Increase)/decrease in receivables	(106)	137
(Increase)/decrease in payables	(3,515)	(5,689)
(Increase)/decrease in provisions	(4,166)	1,871
Net result	(19,686)	153,151

17. NON-CASH INVESTING ACTIVITIES

Additions to investments during the year amounting to \$62.2m were financed by distribution income received and re-invested on 30th April 2019.

	2019 \$'000	2018 \$'000
Investments acquired by distribution income	(62,223)	(84,920)

18. FUND INFORMATION

Fund	Building & Construction Industry		Contract Cleaning Industry		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Expenses excluding losses						
Operating expenses						
Personnel services expenses	11,442	5,152	698	582	12,140	5,734
Other operating expenses	293,012	156,984	10,272	(21,497)	303,284	135,487
Depreciation and amortisation	129	195	13	20	142	215
Finance costs	30,612	(1,557)	1,269	31,362	31,881	29,805
	335,195	160,774	12,252	10,467	347,447	171,241
Total expenses excluding losses						
Revenue						
Investment revenue	133,185	124,856	5,401	4,481	138,586	129,337
Retained taxes, fees and fines	176,165	183,291	12,816	11,571	188,981	194,862
Other revenue	194	192	-	-	194	192
Total Revenue	309,544	308,340	18,217	16,052	327,761	324,392
Gain/(loss) on disposal	-	-	-	-	-	-
Total comprehensive income	(25,651)	147,566	5,965	5,585	(19,686)	153,151

Fund	Notes	Building & Construction Industry		Contract Cleaning Industry		Total	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
ASSETS							
Current Assets							
Cash and cash equivalents	4	77,047	48,731	5,566	1,724	82,613	50,455
Receivables	5	5,321	6,698	3,431	3,090	8,752	9,788
Other Financial Assets	6	211,993	211,993	9,007	9,007	221,000	221,000
Total Current Assets		294,361	267,422	18,004	13,821	312,365	281,243
Non-Current Assets							
Financial assets at fair value	7	1,454,706	1,277,523	58,080	49,970	1,512,786	1,327,493

Plant and equipment	8	108	186	-	-	108	186
Intangible assets	9	157	411	-	-	157	411
Total Non-Current Assets		1,454,971	1,278,120	58,080	49,970	1,513,051	1,328,090
Total Assets		1,749,332	1,545,542	76,084	63,791	1,825,416	1,609,333

Fund	Notes	Building & Construction Industry		Contract Cleaning Industry		Total	
		2019	2018	2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
LIABILITIES							
Current Liabilities							
Payables	11	2,125	2,258	291	325	2,416	2,582
Provisions	12	1,163,686	1,005,163	46,721	40,992	1,210,407	1,046,155
Total Current Liabilities		1,165,811	1,007,421	47,012	41,317	1,212,823	1,048,737
Non-Current Liabilities							
Provisions	12	251,569	180,517	8,704	8,072	260,273	188,589
Total Non-Current Liabilities		251,569	180,517	8,704	8,072	260,273	188,589
Total Liabilities		1,417,380	1,187,938	55,716	49,389	1,473,096	1,237,326
Net Assets		331,952	357,604	20,368	14,402	352,320	372,006
EQUITY							
Accumulated Funds (Losses)		331,952	357,604	20,368	14,402	352,320	372,006
Total Equity		331,952	357,604	20,368	14,402	352,320	372,006

19. FINANCIAL INSTRUMENTS

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

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

The Chief Executive Officer has overall responsibility for the establishment and oversight of risk management and reviews and approves policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Corporation, to set risk limits and controls and to monitor risks.

Compliance with policies is reviewed by the Corporation's management, Audit and Risk Committee and external asset consultants on a continuous basis.

(a) **Financial instrument categories**

(i) As at 30 June 2019 under AASB 9

Financial Assets	Note	Category	Carrying Amount
Class:			\$'000
Cash and cash equivalents	4	N/A	82,613
Financial Assets at fair value ¹	7	Fair value through profit or loss – mandatory classification	1,512,786
Other Financial Assets	6	Amortised cost	221,000

Financial Liabilities	Note	Category	Carrying Amount
Class:			\$'000
Payables ²	11	Financial liabilities measured at amortised cost.	1,801

Notes

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7)

(ii) As at 30 June 2018 under AASB 139 (comparative period)

Financial Assets	Note	Category	Carrying Amount
Class:			\$'000
Cash and cash equivalents	4	N/A	50,455
Financial Assets at fair value ¹	7	Financial assets at fair value through profit or loss – designated as such at initial recognition	1,327,493
Other Financial Assets	6	Loans and Receivables (at amortised cost)	221,000

Financial Liabilities	Note	Category	Carrying Amount
Class:			\$'000
Payables ²	11	Financial liabilities measured at amortised cost.	1,593

Notes

- ¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)
² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7)

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Corporation transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- The Corporation has transferred substantially all the risks and rewards of the asset; or
- The Corporation has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control.

When the Corporation has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Corporation has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Corporation's continuing involvement in the asset. In that case, the Corporation also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Corporation has retained.

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

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

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

(d) Financial risks

i. Credit risk

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

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

Credit risk associated with the Corporation's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

The Corporation considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Corporation may also consider a financial asset to be in default when internal or external information indicates that the Corporation is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Corporation.

Cash and cash equivalents

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation ("TCorp") 11 am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Accounting policy for impairment of trade debtors and other financial assets under AASB 9

Receivables – trade debtors

Collectability of trade debtors is reviewed on an ongoing basis. Procedures, as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. All trade debtors are recognised at the amounts receivable at the reporting date.

The Corporation applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Corporation has identified the GDP and the unemployment rate to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

The balance affected by the policy is not material.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, notification of companies in liquidation.

	Total ^{1,2} \$'000	Past Due But Not Impaired^{1,2} \$'000	Impaired^{1,2} \$'000
2019			
< 3 months overdue	204	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-
Total receivables - gross of allowance for impairment	204	-	-
2018			
< 3 months overdue	775	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-
Total receivables - gross of allowance for impairment	775	-	-

Other financial assets - Term Deposits

The Corporation has placed funds on deposit with TCorp, which has an issuer rating on average of 'AA-'. These deposits are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. There were no indicators for impairment on these securities during the year.

Accounting policy for impairment of trade debtors and other financial assets under AASB 139 (comparative period only).

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debtors which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the Corporation will not be able to collect all amounts due. This evidence includes past experience and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

For the comparative period as at 30 June 2018, the aging analysis of trade debtors is as follows:

	Total ^{1,2} \$'000	Past Due But Not Impaired^{1,2} \$'000	Considered Impaired^{1,2} \$'000
2018			
< 3 months overdue	775	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-
Total receivables - gross of allowance for impairment	775	-	-

Notes:

- 1 Each column in the table reports "gross receivables".
- 2 The aging analysis excludes statutory receivables, as these are not within the scope of AASB 7 Financial Instruments: Disclosure and excludes receivables that are not past due and not impaired.

Therefore, the "total" will not reconcile to the receivables total recognised in the Statement of Financial Position.

The Corporation is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2018.

ii. Liquidity Risk

Liquidity risk is the risk that the entity will be unable to meet its payment obligations when they fall due. The entity continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances. During the current and prior year, there were no defaults of borrowings. No assets have been pledged as collateral. The entity's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. 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 TC11-12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest.

The table below summarises the maturity profile of the Corporation's financial liabilities based on contractual undiscounted payments, together with the interest rate exposure.

	Nominal Amount	Interest Rate Exposure	Maturity Dates		
			<1 yr.	1-5 yrs.	>5 yrs.
	\$'000		\$'000	\$'000	\$'000
2019					
Payables	1,801	Non-Interest Bearing	1,801	-	-
2018					
Payables	1,593	Non-Interest Bearing	1,593	-	-

iii. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation's exposures to market risk are primarily through price risks associated with the movement in the unit price of the TCorp IM Long Term Growth Fund. The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Corporation operates and the time frame for assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position reporting date. The analysis is performed on the same basis as for 2018. The analysis assumes that all other variables remain constant.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Corporation's interest-bearing assets. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	\$'000				
	Carrying Amount	Net Result -1.0%	Equity -1.0%	Net Result +1.0%	Equity +1.0%
2019					
Financial Assets (i)	221,000	(2,210)	-	2,210	-
Cash and cash equivalents	82,613	(826)	-	826	-

	\$'000				
	Carrying Amount	Net Result -1.0%	Equity -1.0%	Net Result +1.0%	Equity +1.0%
2018					
Financial Assets (i)	221,000	(2,210)	-	2,210	-
Cash and cash equivalents	50,455	(505)	-	505	-

- (i) Both receivables and payables are excluded as the Corporation deems there exists no interest exposure.

Currency risk

The Corporation has some foreign currency risk exposure from its investments in the TCorp IM Long Term Growth Fund. The Long Term Growth Fund investments in emerging markets, indexed and actively managed international share sector are denominated in currencies other than Australian Dollars. The agreement between the Corporation and TCorp requires the manager to effectively review the currency exposure when it arises.

Other price risk – TCorpIM Funds

Exposure to 'other price risk' primarily arises through the investment in the TCorpIM funds, which are held for strategic rather than trading purposes. The Corporation's only direct equity investment is in the LSCIFT. The Corporation holds units in the following cash and investment facility trusts:

Facility	Investment Sectors	Investment Horizon	2019 \$'000	2018 \$'000
Long Service Corporation Investment Facility Trust	Cash, money market instruments, Australian bonds, listed property, Australian and international shares	7 years and over	1,512,786	1,327,493

The unit price of each facility is equal to the total fair value of the net assets held by the facility divided by the number of units on issue for that facility. Unit prices are calculated and published daily.

NSW TCorp as trustee and manager for each of the above facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. TCorp has also leveraged off internal expertise to manage certain fixed income assets for the facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the TCorp IM Long Term Growth Fund limits the Corporation's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

TCorp provides sensitivity analysis information for each of the Investment facilities, using historically based volatility information collected over a ten-year period, quoted at two standard deviations (i.e. 95% probability). The TCorpIM Funds are measured at fair value through profit or loss and therefore any change in unit price impacts directly on net results. A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from TCorpIM statement).

	Impact on Profit/ Loss			
	2019		2018	
	Change in Unit price	\$'000	Change in Unit price	\$'000
Long Service Corporation Investment Facility Trust (LSCIFT)	+/-13%	196,662	+/-15%	199,124

(e) Fair value measurement

i. Fair value compared to carrying amount

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments are generally recognised at cost, with the exception of the TCorp IM Long Term Growth Fund, which is measured at fair value. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

There are no financial instruments where the fair value differs from the carrying amount.

(f) Fair value recognised in the Statement of Financial Position

Management assessed that cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their fair values, largely due to the short-term maturities of these instruments.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$	Total
2019				
<i>Other Financial Assets</i>				
Term Deposits		221,000		221,000
<i>Financial Assets at fair value (i)</i>				
TCorp IM Long Term Growth Fund investment facility - LSCIFT		1,512,786		1,512,786
		1,733,786		1,733,786
2018				
<i>Other Financial Assets</i>				
Term Deposits	-	221,000	-	221,000
<i>Financial Assets at fair value (i)</i>				
TCorp IM Long Term Growth Fund investment facility - LSCIFT	-	1,327,493	-	1,327,493
	-	1,548,493	-	1,548,493

The table above only includes financial assets, as no financial liabilities were measured at fair value in the Statement of Financial Position.

The value of the TCorpIM Funds is based on the Corporation's share of the value of the underlying assets of the facility, based on the market value. All of the TCorpIM Funds are valued using 'redemption' pricing.

20. RELATED PARTY DISCLOSURES

Key management personnel

The total remuneration of the key management personnel of the Corporation are as follows:

	2019	2018
	\$'000	\$'000
Short-term employee benefits:		
- Salaries	192	136
- Non-monetary benefits		
Other long-term employee benefits	8	217
Post-employment benefits	29	21
Termination benefits		
Total remuneration	230	374

Other related party transactions

The Corporation entered into transactions with other entities that are controlled by NSW Government.

These transactions in aggregate are a significant portion of the entity's receiving of services.

- New South Wales Treasury Corporation TCorp - Long Service Corporation Investment Fund \$53m
- Department of Finance, Services and Innovation - Provision of management services \$1,013k, payment of rent Parramatta office \$18k
- Property NSW - Payment of rent and Make good- Watt St Gosford office and payment of rent Mann St Gosford office \$624k
- NSW Self Insurance Corporation - Provision of workers compensation and general lines insurance contributions \$24.1k

21. EVENTS AFTER THE REPORTING PERIOD

(a) Adjusting Events

There are no known events after the reporting period which would give rise to a material impact on the reported results or financial position of the Corporation as at 30 June 2019.

(b) Non- Adjusting Events

The abolishment of the Department of Finance, Services and Innovation (DFSI) cluster, and subsequent transfer to the new Department of Customer Service (DCS) In accordance with Administrative Arrangements (Administrative Changes – Public Service Statutory bodies) Order 2019 as disclosed in Note 1.(a) will not give rise to a material impact on the reported results or financial position of the Corporation as at 30 June 2019.

END OF AUDITED FINANCIAL STATEMENTS

5.8 Controlled Entity financial statements

Long Service Corporation Investment Fund Annual Financial Report For the year ended 30 June 2019

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This financial report covers Long Service Corporation Investment Fund as an individual entity.

The Trustee of Long Service Corporation Investment Fund (ABN 73 631 375 853) is New South Wales Treasury Corporation (ABN 99 095 235 825)

Long Service Corporation Investment Fund
Statement of comprehensive income
For the year ended 30 June 2019

	Notes	30 June 2019 \$	30 June 2018 \$
Investment income			
Interest income from financial assets at fair value through profit or loss		100,338	34,952
Trust distribution income		58,370,815	82,981,548
Net gains/(losses) on financial instruments held at fair value through profit or loss	12	<u>74,325,747</u>	<u>42,464,269</u>
Total net investment income/(loss)		<u>132,796,900</u>	<u>125,480,769</u>
Expenses			
Interest expense		-	2,925
Trustee fees	14	99,947	93,753
Expense recovery fees	14	20,486	31,084
Custody fees		43,153	31,660
Transaction costs		30,853	29,552
Other operating expenses		<u>-</u>	<u>5,053</u>
Total operating expenses		<u>194,439</u>	<u>194,027</u>
Operating profit/(loss)		<u>132,602,461</u>	<u>125,286,742</u>
Finance costs attributable to unitholders			
Distributions to unitholders		-	(84,919,656)
(Increase)/decrease in net assets attributable to unitholders	5	<u>-</u>	<u>(40,367,086)</u>
Profit/(loss) for the year		132,602,461	-
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>132,602,461</u>	<u>-</u>

The above Statement of comprehensive income should be read in conjunction with the accompanying notes.

Long Service Corporation Investment Fund
Statement of financial position
As at 30 June 2019

	Notes	30 June 2019 \$	30 June 2018 \$
Assets			
Cash and cash equivalents	11	12,932,774	5,505,995
Margin and collateral accounts		1,519,214	1,234,822
Receivables	9	19,015	8,861
Financial assets held at fair value through profit or loss	6	<u>1,500,320,355</u>	<u>1,322,545,885</u>
Total assets		<u>1,514,791,358</u>	<u>1,329,295,563</u>
Liabilities			
Payables	10	11,993	59,338
Financial liabilities held at fair value through profit or loss	7	<u>89,635</u>	<u>148,956</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>101,628</u>	<u>208,294</u>
Net assets attributable to unitholders - liability*	5	<u>-</u>	<u>1,329,087,269</u>
Net assets attributable to unitholders - equity*	5	<u>1,514,689,730</u>	<u>-</u>

* Net assets attributable to unitholders are classified as equity at 30 June 2019 and as a financial liability at 30 June 2018. Refer to Note 1 for further details.

The above Statement of financial position should be read in conjunction with the accompanying notes.

Long Service Corporation Investment Fund
Statement of changes in equity
For the year ended 30 June 2019

	Notes	30 June 2019 \$	30 June 2018 \$
Total equity at the beginning of the financial year		-	-
Reclassification due to AMIT tax regime implementation*		1,329,087,269	-
Comprehensive income for the year			
Profit/(loss) for the year		132,602,461	-
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		132,602,461	-
Transactions with unitholders			
Applications	5	53,000,000	-
Redemptions	5	-	-
Units issued upon reinvestment of distributions	5	62,223,625	-
Distributions paid and payable	5	<u>(62,223,625)</u>	<u>-</u>
Total transactions with unitholders		53,000,000	-
Total equity at the end of the financial year		<u>1,514,689,730</u>	<u>-</u>

* Effective from 1 July 2018, the Fund's units have been reclassified from financial liability to equity. Refer Note 1 for further details. As a result, equity transactions, including distributions, have been disclosed in the above statement for the year ended 30 June 2019.

The above Statement of changes in equity should be read in conjunction with the accompanying notes.

Long Service Corporation Investment Fund
Statement of cash flows
For the year ended 30 June 2019

	Notes	30 June 2019 \$	30 June 2018 \$
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		139,286,594	67,013,693
Purchase of financial instruments held at fair value through profit or loss		(189,007,027)	(186,794,585)
Trust distributions received		4,412,183	2,424,085
Interest received		93,231	29,699
Other income received		-	1,318
Interest expense paid		-	(2,925)
Trustee fees paid		(140,543)	(84,389)
Expense recovery fees paid		(25,625)	(28,188)
Transaction costs paid		(30,853)	(29,552)
Custody fees paid		(44,762)	(18,980)
Payment of other operating expenses		(3,048)	-
Net cash inflow/(outflow) from operating activities	15(a)	<u>(45,459,850)</u>	<u>(117,489,824)</u>
Cash flows from financing activities			
Proceeds from applications by unitholders		53,000,000	122,000,000
Payments for redemptions by unitholders		-	-
Net cash inflow/(outflow) from financing activities		<u>53,000,000</u>	<u>122,000,000</u>
Net increase/(decrease) in cash and cash equivalents		7,540,150	4,510,176
Cash and cash equivalents at the beginning of the year		5,505,995	1,188,186
Effects of foreign currency exchange rate changes on cash and cash equivalents		(113,371)	(192,367)
Cash and cash equivalents at the end of the year	11	<u>12,932,774</u>	<u>5,505,995</u>
Non-cash operating activities	15(b)	<u>53,958,632</u>	<u>80,557,463</u>
Non-cash financing activities	15(b)	<u>62,223,625</u>	<u>84,919,656</u>

The above Statement of cash flows should be read in conjunction with the accompanying notes.

1 General information

This financial report covers Long Service Corporation Investment Fund (the "Fund") as an individual entity.

The Trustee of the Fund is New South Wales Treasury Corporation (ABN 99 095 235 825) (the "Trustee"). The Trustee's registered office is Level 7, Deutsche Bank Place, 126 Phillip Street, Sydney, NSW 2000.

The Fund aims to achieve a maximum total return by investing in unlisted managed investment funds and in accordance with the provisions of the Fund Constitution.

The financial statements were authorised for issue by the directors of the Trustee on 23 September 2019. The Trustee has the power to amend and reissue the financial report.

Reclassification of units from financial liability to equity

On 5 May 2016, a new tax regime applying to Managed Investment Trusts ("MITs") was established under the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016*. The Attribution Managed Investment Trust ("AMIT") regime allows MITs that meet certain requirements to make an irrevocable choice to be an AMIT. In order to allow the Fund to elect into the AMIT tax regime, the Fund's Constitution has been amended and the other conditions to adopt the AMIT tax regime have been met effective 1 July 2018. The Trustee is therefore no longer contractually obligated to pay distributions. Consequently the units in the Fund have been reclassified from a financial liability to equity on 1 July 2018, see Note 5 for further information.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated in the following text.

(a) Basis of preparation

This financial report is a general purpose financial report which has been prepared on an accruals basis and in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), and the requirements of the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015. The Fund is a for-profit entity for the purposes of preparing financial reports. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have determined that the accounting policies adopted are appropriate to meet the needs of the unitholders.

The financial report has been prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The Statement of financial position presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items. The Fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at balance sheet date. All assets and liabilities are expected to be recovered or settled within 12 months. In the case of net assets attributable to unitholders, the units are redeemed on demand at the unitholder's option. As such, the amount expected to be settled within 12 months cannot be reliably determined.

The amounts presented in the financial statements have been rounded to the nearest dollar.

(b) New accounting standards and interpretations

The Fund has adopted the following new accounting standards and interpretations, which became effective for the year beginning 1 July 2018:

(i) AASB 9 Financial Instruments (and applicable amendments)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. It also introduced revised rules around hedge accounting. The adoption of AASB 9 did not have an impact on the recognition and measurement of the Fund's financial instruments as it requires them to continue to be carried at fair value through profit or loss. Further, the derecognition rules have not been changed from the previous requirements and the Fund does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Fund's investments are all held at fair value through profit or loss, the change in impairment rules will not impact the Fund.

2 Summary of significant accounting policies (continued)

(b) New accounting standards and interpretations (continued)

(ii) AASB 15 Revenue from Contracts with Customers

The AASB issued a new standard for the recognition of revenue. This replaces AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The notion of control replaces the existing notion of risks and rewards.

The Fund's main sources of income are interest, dividends, distributions and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the adoption of the new revenue recognition rules did not have an impact on the Fund's accounting policies or the amounts recognised in the financial statements.

Further, there are no standards that are not yet effective and that are expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions.

(c) Financial instruments

(i) Classification

The Fund's investments are categorised as at fair value through profit or loss. They comprise:

- Financial instruments held at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold. These are investments unlisted managed investment funds.

Financial assets and financial liabilities held at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Trustee to evaluate the information about these financial instruments on a fair value basis with other related financial information.

- Derivative financial instruments such as futures and forward foreign exchange contracts are included under this classification. The Fund does not designate any derivatives as hedges in a hedging relationship.

(ii) Recognition/derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments has expired or the Fund has transferred substantially all risks and rewards of ownership.

(iii) Measurement

Financial assets and liabilities held at fair value through profit or loss

At initial recognition, the Fund measures a financial asset at its fair value in accordance with AASB13: *Fair Value Measurement*. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities held at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities held at fair value through profit or loss' category are presented in the Statement of comprehensive income within 'Net gains/(losses) on financial instruments held at fair value through profit or loss' in the period in which they arise.

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting date without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the Fund is the current bid price and the quoted market price for financial liabilities is the current asking price.

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. Accordingly, there may be a difference between the fair value at initial recognition and amounts determined using a valuation technique. If such a difference exists, the Fund recognises the difference in profit or loss to reflect a change in factors, including time, that market participants would consider in setting a price.

Further details on how the fair values of financial instruments are determined are disclosed in Note 3(e) and Note 3(f).

2 Summary of significant accounting policies (continued)

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously (refer to Note 4 for further details).

(d) Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Trustee if it is in the best interests of the unitholders.

The units can be put back to the Fund at any time for cash based on the redemption price, which is equal to a proportionate share of the Fund's net asset value attributable to the unitholders.

The units are carried at the redemption amount that is payable at the Statement of financial position date if the holder exercises the right to put the units back to the Fund. This amount represents the expected cash flows on redemption of these units.

Units are classified as equity when they satisfy the criteria under *AASB 132 Financial instruments: Presentation*. As at 30 June 2018, net assets attributable to unitholders are classified as a financial liability. Effective from 1 July 2018 following the election into AMIT, the Fund's units satisfied the criteria under AASB132 and have been reclassified from a financial liability to equity.

(e) Cash and cash equivalents

For the Statement of cash flows presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

(f) Investment income

Interest income earned on cash and cash equivalents is recognised on an accruals basis.

Interest income earned on interest bearing securities is recognised using the effective interest method. This method determines the rate that discounts estimated future cash receipts through the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying value of the amount of the financial instrument.

Trust distributions are recognised on an entitlements basis.

(g) Expenses

All expenses are recognised in the Statement of comprehensive income on an accruals basis.

(h) Income tax

In accordance with current legislation, there is no provision for income tax on the Fund's taxable income as it is intended that the entirety is attributed to its unitholders.

The benefit of any imputation credits and foreign tax paid are passed on to unitholders as their individual circumstances allow for these to be passed on.

(i) Distributions

Distributions are payable as set out in the Fund's Constitution and the TCorpIM Funds Distribution Policy. Such distributions are determined by the Trustee of the Fund.

As a result of the reclassification of net assets attributable to unitholders from liabilities to equity following the Fund's election into AMIT on 1 July 2018, the Fund's distributions are no longer classified as a finance cost in the Statement of comprehensive income but rather as distributions paid and payable in the Statement of changes in equity.

2 Summary of significant accounting policies (continued)

(j) Increase/decrease in net assets attributable to unitholders

Non-distributable income is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised as profit/(loss) in the Statement of changes in equity.

Where the Fund's units are classified as financial liabilities, movements in net assets attributable to unitholders are recognised in the Statement of comprehensive income as finance costs.

(k) Foreign currency translation

(i) Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for capital and is regulated. The Australian dollar is also the Fund's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

The Fund does not isolate that portion of gains or losses on securities and derivative financial instruments which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included within the net gains or losses on financial instruments at fair value through profit or loss.

(l) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and normally settled within three business days.

(m) Receivables

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of the last payment in accordance with the policy set out in Note 2(f) above. Amounts are generally received within 30 days of being recorded as receivables.

(n) Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting period.

A separate distribution payable is recognised in the Statement of financial position as at the end of each reporting period where this amount remains unpaid as at the end of each reporting period.

(o) Applications and redemptions

Applications for and redemptions of units in the Fund are transacted at the prevailing unit price of the Fund in accordance with the provisions of the Fund Constitution.

(p) Goods and services tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as custodial services and investment management fees have been passed on to the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) hence investment management fees, custodial fees and other expenses have been recognised in the Statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of financial position.

2 Summary of significant accounting policies (continued)

(q) Use of estimates and significant judgement

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Fund's investments are measured at fair value through profit or loss. Where available, quoted market prices for the same or similar instrument are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Judgement is applied in selecting valuation techniques and setting valuation assumptions and inputs. Further details on the determination of fair value of financial assets and derivative financial instruments is set out in Note 2(c).

The Fund holds units in other unlisted managed investment funds (refer to Note 14). The Trustee has determined that the Fund does not control these entities as the Fund does not have the power over their relevant activities.

(r) Margin and collateral accounts

Margin accounts comprise cash held as collateral for derivative transactions. The cash is held by the broker/counterparty and is only available to meet margin calls and mitigate the risk of financial loss from defaults.

3 Financial risk management

The Fund is exposed to credit risk, liquidity risk and market risk arising from the financial instruments it holds. The Trustee is responsible for managing these risks and does so through a process of ongoing identification, measurement and monitoring.

Risks are measured using a method that reflects the expected impact on the results and net assets attributable to unitholders of the Fund from reasonably foreseeable changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is also monitored by the Trustee. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept.

This information is prepared and regularly reported to relevant parties within the Trustee.

As part of its risk management strategy, the Fund may use derivatives to manage certain risk exposures.

Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentration of risk, the Trustee monitors the Fund's exposures to ensure concentrations of risk remain within acceptable levels and either reduces exposure or uses derivative instruments to manage the excessive risk concentrations when they arise.

(a) Market risk

Market risk is defined as the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Fund's investment activities are undertaken in accordance with established mandate limits and investment strategies.

The Fund buys and sells derivatives in the ordinary course of business, and also incurs financial liabilities, in order to manage market risks.

(i) Price risk

The Fund is exposed to equity securities and derivatives price risk. This arises from investments held by the Fund for which prices in the future are uncertain. These investments are classified on the Statement of financial position at fair value through profit or loss. The fair value of the investments represents the Fund's maximum price risk. The Fund mitigates price risk by diversifying exposure across a range of investment managers and markets. Benchmarks are established for each investment manager and the Trustee monitors performance and tracking errors relative to those benchmarks.

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk

The Fund may hold monetary and non-monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises in relation to the value of monetary securities denominated in other currencies which will fluctuate due to changes in foreign exchange rates. The foreign exchange risk relating to non-monetary assets (such as equity investments and holdings in managed investment funds) and non-monetary liabilities in foreign currencies is a component of price risk not foreign exchange risk. However, management monitors the exposure on all foreign currency denominated assets and liabilities.

The Fund may also be exposed to foreign exchange risk indirectly through its holdings in managed investment funds denominated in Australian dollars but whose underlying securities are denominated in foreign currencies. This also forms a component of price risk, not foreign exchange risk.

The table below summarises all of the Fund's assets and liabilities, both monetary and non-monetary, that are denominated in a currency other than the Australian dollar.

Assets	30 June 2019 AUD equivalent in exposure by currency \$	30 June 2018 AUD equivalent in exposure by currency \$
US Dollars	1,537,863	-
Other Currencies	978	-
Total assets	1,538,841	-
Liabilities	30 June 2019 AUD equivalent in exposure by currency \$	30 June 2018 AUD equivalent in exposure by currency \$
US Dollars	(52,227)	(2,299,233)
Euro	(13,037)	(243,690)
British Pounds	(2,631)	(34,524)
Japanese Yen	(6,159)	(118,036)
Swiss Francs	(690)	(146,022)
Other Currencies	(2,472)	(136,291)
Total liabilities	(77,216)	(2,977,796)

(iii) Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk is primarily measured and managed using duration.

The Fund is exposed to interest rate risk on cash and cash equivalents which is not considered material.

3 Financial risk management (continued)

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to market risk. The reasonably possible movements in the risk variables have been determined based on the Trustee's best estimates, having regard to a number of factors (where applicable), including historical levels of changes in interest rates and foreign exchange rates and historical movements of the Fund's investments. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

	Impact on operating profit/net assets attributable to unitholders			
	Price risk		Foreign exchange risk	
	-13%	+13%	-8%	+8%
	\$	\$	\$	\$
30 June 2019	(195,024,883)	195,024,883	(115,088)	115,088
	-14%	+14%	-8%	+8%
	\$	\$	\$	\$
30 June 2018	(185,120,894)	185,120,894	(238,926)	238,926

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

The Fund's maximum credit risk exposure at the end of the reporting period in relation to each class of recognised financial asset, other than equity and derivative financial instruments, is the carrying amount of those assets as indicated in the Statement of financial position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

In relation to equity and derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The risk associated with these contracts is minimised by undertaking transactions with counterparties on recognised exchanges, or where applicable ensuring that transactions are undertaken with a large number of counterparties.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values.

There are no financial assets that are past due or impaired, or would otherwise be past due or impaired except for the terms having been renegotiated.

The Fund may obtain, or provide, collateral to support amounts due under derivative transactions with certain counterparties. These arrangements are agreed between the Fund and each counterparty and take the form of annexures to the standard industry agreement governing the underlying derivative transaction.

The exposure to credit risk for cash and cash equivalents are low as all counterparties have a rating of A-1 (as determined by Standard and Poor's) or higher.

(d) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Cash flow risk is the risk that future cash flows associated with financial instruments will fluctuate in amount or timing.

These risks are controlled through the Fund's investment in financial instruments which under normal market conditions are readily convertible to cash. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements.

Financial liabilities of the Fund comprise trade and other payables and derivative financial instruments. It also included net assets attributable to unitholders to 30 June 2018.

Note 5 sets out how the Trustee manages net assets attributable to unitholders.

3 Financial risk management (continued)

(d) Liquidity risk (continued)

The table below details the Fund's financial liabilities into the relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts in the table are contractual undiscounted cash flows.

At 30 June 2019	Less than 1 month \$	1-6 months \$	6-12 months \$	Over 12 months \$	Total \$
Liabilities					
Forward foreign exchange contracts					
Inflows	1,085,793	-	-	-	1,085,793
(Outflows)	(1,098,554)	-	-	-	(1,098,554)
Equity futures					
(Outflows)	(2,313)	(74,561)	-	-	(76,874)
Payables	(11,993)	-	-	-	(11,993)
Total liabilities	(27,067)	(74,561)	-	-	(101,628)
At 30 June 2018	Less than 1 month \$	1-6 months \$	6-12 months \$	Over 12 months \$	Total \$
Liabilities					
Forward foreign exchange contracts					
Inflows	171,119	-	-	-	171,119
(Outflows)	(173,225)	-	-	-	(173,225)
Equity futures					
(Outflows)	(2,434)	(144,416)	-	-	(146,850)
Payables	(59,338)	-	-	-	(59,338)
Net assets attributable to unitholders	(1,329,087,269)	-	-	-	(1,329,087,269)
Total liabilities	(1,329,151,147)	(144,416)	-	-	(1,329,295,563)

Units are redeemable on demand at the unitholders option. However, the Trustee's directors do not envisage that the contractual maturity disclosed in the table is representative of the actual cashflows, as holders of these instruments typically retain them for the medium to long term.

(e) Fair value estimation

The carrying amounts of the Fund's assets and liabilities at the end of each reporting period approximate their fair values.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in fair value recognised in the Statement of comprehensive income.

- Fair value in an active market

The fair value of financial assets and liabilities traded in an active market is based on their quoted market prices at the Statement of financial position date without any deduction for estimated future selling costs. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

3 Financial risk management (continued)

(e) Fair value estimation (continued)

- *Fair value in an active market (continued)*

The appropriate quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. A financial instrument is regarded as quoted in an investment market if quoted prices are readily available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

- Fair value in an inactive or unquoted market

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the Statement of financial position date taking into account current market conditions (volatility and appropriate yield curves) and the current creditworthiness of the counterparties.

(f) Fair value measurement

The Fund classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Trustee. The Trustee considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable.

Investments in unlisted managed investment funds are recorded at the redemption value per unit as reported by the managers of such funds.

The following tables present the Fund's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2019 and 30 June 2018.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
As at 30 June 2019				
Financial assets				
Forward foreign exchange contracts	-	92,606	-	92,606
Equity futures	289,056	-	-	289,056
Interest rate futures	36,345	-	-	36,345
Unlisted managed investment funds	-	1,354,518,815	145,383,533	1,499,902,348
Total	<u>325,401</u>	<u>1,354,611,421</u>	<u>145,383,533</u>	<u>1,500,320,355</u>
Financial liabilities				
Forward foreign exchange contracts	-	(12,761)	-	(12,761)
Equity futures	(76,874)	-	-	(76,874)
Total	<u>(76,874)</u>	<u>(12,761)</u>	<u>-</u>	<u>(89,635)</u>

3 Financial risk management (continued)

(f) Fair value measurement (continued)

As at 30 June 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Forward foreign exchange contracts	-	92,067	-	92,067
Equity futures	265,294	-	-	265,294
Interest rate futures	161,719	-	-	161,719
Unlisted managed investment funds	-	1,200,584,791	121,442,014	1,322,026,805
Total	<u>427,013</u>	<u>1,200,676,858</u>	<u>121,442,014</u>	<u>1,322,545,885</u>
Financial liabilities				
Forward foreign exchange contracts	-	(2,106)	-	(2,106)
Equity futures	(146,850)	-	-	(146,850)
Total	<u>(146,850)</u>	<u>(2,106)</u>	<u>-</u>	<u>(148,956)</u>

The Fund recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred.

There were no transfers between levels of the fair value hierarchy during the year ended 30 June 2019 and 30 June 2018.

Investments classified within Level 3 have significant unobservable inputs, as they are infrequently traded. Level 3 instruments include the investments in unlisted managed investment funds that hold direct assets such as unlisted property and unlisted infrastructure, given the estimation and judgement involved in the valuation of these assets by the fund manager and their valuer.

Valuation techniques

The valuation techniques and inputs used in measuring the fair value of financial assets and liabilities are outlined in Note 2(c).

30 June 2019	Unlisted managed investment funds \$
Opening balance	121,442,014
Purchases	20,458,070
Gains/(losses) recognised in the Statement of comprehensive income	<u>3,483,449</u>
Closing balance	<u>145,383,533</u>
Total unrealised gains/(losses) for the year included in the Statement of comprehensive income for financial assets and liabilities held at the end of the year	<u>3,483,449</u>
30 June 2018	Unlisted managed investment funds \$
Opening balance	94,655,828
Purchases	17,926,272
Gains/(losses) recognised in the Statement of comprehensive income	<u>8,859,914</u>
Closing balance	<u>121,442,014</u>
Total unrealised gains/(losses) for the year included in the Statement of comprehensive income for financial assets and liabilities held at the end of the year	<u>8,859,914</u>

The Fund's investment in these unlisted managed investment funds is carried at fair value based on redemption value per unit reported by the manager of such funds. The Trustee regularly monitors performance of such funds including its underlying assets.

3 Financial risk management (continued)

(f) Fair value measurement (continued)

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements.

	Fair value at 30 June 2019 \$	Unobservable inputs	Reasonable possible shift +/- (absolute value)	Change in valuation \$
Unlisted managed investment funds	145,383,533	Published redemption prices	+/-7%	10,176,847/ (10,176,847)
	Fair value at 30 June 2018 \$	Unobservable inputs	Reasonable possible shift +/- (absolute value)	Change in valuation \$
Unlisted managed investment funds	121,442,014	Published redemption prices	+/-7%	8,500,941/ (8,500,941)

4 Offsetting financial assets and financial liabilities

Financial assets and liabilities are permitted to be offset and the net amount reported in the Statement of financial position where the Fund currently has a legally enforceable right to set off the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The Fund enters into derivative transactions governed by master netting arrangements set out in International Swaps and Derivatives Association (ISDA) agreements between the Fund and market counterparties. In certain circumstances, such as a credit default, all outstanding transactions under the ISDA agreement are terminated, the termination value is determined and only a single net amount is payable to/receivable from a counterparty in settlement of all transactions. The Fund's ISDA agreements do not currently meet the criteria for offsetting in the Statement of financial position. This is because the Fund does not currently have a legally enforceable right to offset recognised amounts, as the right to offset is enforceable only on the occurrence of future events. These amounts have therefore not been offset in the Statement of financial position, but have been presented separately in the following table. The column "Net amount" shows the impact on the Fund's Statement of financial position if all set off rights were exercised.

30 June 2019	Gross amount of financial instruments presented in the Statement of financial position \$	Amounts subject to master netting arrangements \$	Net amount excluding collateral \$	Cash collateral received/posted \$	Net amount \$
Financial assets					
Forward foreign exchange contracts	92,606	(12,761)	79,845	-	79,845
Equity futures	289,056	-	289,056	-	289,056
Interest rate futures	36,345	-	36,345	-	36,345
Margin and collateral accounts	1,519,214	-	1,519,214	(76,874)	1,442,340
Total	1,937,221	(12,761)	1,924,460	(76,874)	1,847,586
Financial liabilities					
Forward foreign exchange contracts	(12,761)	12,761	-	-	-
Equity futures	(76,874)	-	(76,874)	76,874	-
Total	(89,635)	12,761	(76,874)	76,874	-

4 Offsetting financial assets and financial liabilities (continued)

30 June 2018	Gross amount of financial instruments presented in the Statement of Financial Position	Amounts subject to master netting arrangements	Net amount excluding collateral	Cash collateral received/posted	Net amount
	\$	\$	\$	\$	\$
Financial assets					
Forward foreign exchange contracts	92,067	(2,106)	89,961	-	89,961
Equity futures	265,294	-	265,294	-	265,294
Interest rate futures	161,719	-	161,719	-	161,719
Margin and collateral accounts	<u>1,234,822</u>	<u>-</u>	<u>1,234,822</u>	<u>(146,850)</u>	<u>1,087,972</u>
Total	<u><u>1,753,902</u></u>	<u><u>(2,106)</u></u>	<u><u>1,751,796</u></u>	<u><u>(146,850)</u></u>	<u><u>1,604,946</u></u>
Financial liabilities					
Forward foreign exchange contracts	(2,106)	2,106	-	-	-
Equity futures	<u>(146,850)</u>	<u>-</u>	<u>(146,850)</u>	<u>146,850</u>	<u>-</u>
Total	<u><u>(148,956)</u></u>	<u><u>2,106</u></u>	<u><u>(146,850)</u></u>	<u><u>146,850</u></u>	<u><u>-</u></u>

5 Net assets attributable to unitholders

Under *AASB 132 Financial instruments: Presentation*, puttable financial instruments that meet the definition of a financial liability are to be classified as equity where certain strict criteria are met.

Prior to 1 July 2018, the Fund classified its net assets attributable to unitholders as liabilities in accordance with AASB 132. On 1 July 2018, the Fund has elected into the AMIT regime. To allow this, the Fund's Constitution has been amended including removing the contractual obligation to pay distributions to unitholders. Therefore from 1 July 2018, the net assets attributable to unitholders of the Fund have been classified as equity per the requirements of AASB 132.

As a result of the reclassification of net assets attributable to unitholders from liabilities to equity, the Fund's distributions are no longer classified as a finance cost in the Statement of comprehensive income, but rather as distributions paid and payable in the Statement of changes in equity.

Movement in number of units and net assets attributable to unitholders during the year were as follows:

	30 June 2019 No.	30 June 2018 No.	30 June 2019 \$	30 June 2018 \$
Opening balance	1,336,379,844	1,130,012,082	1,329,087,269	1,081,800,527
Profit/(loss) for the year	-	-	132,602,461	-
Applications	55,098,137	120,990,484	53,000,000	122,000,000
Units issued upon reinvestment of distributions	59,608,025	85,377,278	62,223,625	84,919,656
Distributions paid and payable	-	-	(62,223,625)	-
Increase/(decrease) in net assets attributable to unitholders	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,367,086</u>
Closing balance	<u><u>1,451,086,006</u></u>	<u><u>1,336,379,844</u></u>	<u><u>1,514,689,730</u></u>	<u><u>1,329,087,269</u></u>

As stipulated in the Fund Constitution, each unit represents a right to an equal undivided interest in the Fund and does not extend to a right to the underlying assets in the Fund.

5 Net assets attributable to unitholders (continued)

Capital risk management

The Fund considers its net assets attributable to unitholders as capital. Net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Trustee. Under the terms of the Fund Constitution, the Trustee has the discretion to reject an application for units and may defer or adjust a redemption of units in certain circumstances.

6 Financial assets held at fair value through profit or loss

	As at	
	30 June 2019	30 June 2018
	Fair value	Fair value
	\$	\$
Equity futures	289,056	265,294
Interest rate futures	36,345	161,719
Forward foreign exchange contracts	92,606	92,067
Unlisted managed investment funds	<u>1,499,902,348</u>	<u>1,322,026,805</u>
Total financial assets held at fair value through profit or loss	<u>1,500,320,355</u>	<u>1,322,545,885</u>

7 Financial liabilities held at fair value through profit or loss

	As at	
	30 June 2019	30 June 2018
Equity futures	(76,874)	(146,850)
Forward foreign exchange contracts	<u>(12,761)</u>	<u>(2,106)</u>
Total financial liabilities held at fair value through profit or loss	<u>(89,635)</u>	<u>(148,956)</u>

8 Derivative financial instruments

In the normal course of business, the Fund may enter into transactions in various derivative financial instruments. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include a wide assortment of instruments, such as forwards, futures and options. Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of the Fund's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- to protect an asset or liability of the Fund against a fluctuation in market values or to reduce volatility
- a substitution for trading of physical securities
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Fund's net assets attributable to unitholders.

8 Derivative financial instruments (continued)

The Fund holds the following derivative financial instruments during the year:

(a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange.

Equity futures are contractual obligations to receive or pay a net amount based on changes in underlying securities at a future date at a specified price, established in an organised financial market.

Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market.

(b) Forward foreign exchange contracts

Forward foreign exchange contracts are primarily used by the Fund to hedge against foreign currency exchange rate risks on its non-Australian dollar denominated securities. The Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the end of each reporting period. The Fund recognises a gain or loss equal to the change in fair value at the end of each reporting date.

The Fund's derivative financial instruments at year end are detailed below:

	Contract/notional \$	Fair Value	
		Assets \$	Liabilities \$
30 June 2019			
Forward foreign exchange contracts	3,865,604	92,606	(12,761)
Equity futures	17,347,726	289,056	(76,874)
Interest rate futures	6,427,240	36,345	-
		<u>418,007</u>	<u>(89,635)</u>

	Contract/notional \$	Fair Value	
		Assets \$	Liabilities \$
30 June 2018			
Forward foreign exchange contracts	4,666,608	92,067	(2,106)
Equity futures	14,280,431	265,294	(146,850)
Interest rate futures	14,943,680	161,719	-
		<u>519,080</u>	<u>(148,956)</u>

An overview of the risk exposures relating to derivatives is included in Note 3.

9 Receivables

	As at	
	30 June 2019 \$	30 June 2018 \$
Interest receivable	13,470	6,363
GST receivable	5,545	2,498
Total	<u>19,015</u>	<u>8,861</u>

10 Payables

	30 June 2019	As at 30 June 2018
	\$	\$
Trustee fees payable	922	41,519
Expense recovery fees payable	-	5,139
Custody fees payable	<u>11,071</u>	<u>12,680</u>
Total	<u>11,993</u>	<u>59,338</u>

11 Cash and cash equivalents

	30 June 2019	As at 30 June 2018
	\$	\$
Cash at bank	<u>12,932,774</u>	<u>5,505,995</u>
Total	<u>12,932,774</u>	<u>5,505,995</u>

12 Net gains/(losses) on financial instruments held at fair value through profit or loss

The net gains/(losses) recognised in relation to financial assets and financial liabilities held at fair value through profit or loss:

	30 June 2019	Year ended 30 June 2018
	\$	\$
Net gains/(losses) on financial assets and liabilities held at fair value through profit or loss (including FX gains/(losses))	<u>74,325,747</u>	<u>42,464,269</u>
	<u>74,325,747</u>	<u>42,464,269</u>

13 Auditor's remuneration

During the year, the following fees were paid or payable for services provided by the auditor of the Fund:

	30 June 2019	Year ended 30 June 2018
	\$	\$
Audit of the financial statements	<u>13,398</u>	<u>13,266</u>
Total	<u>13,398</u>	<u>13,266</u>

Auditor's remuneration disclosed is inclusive of GST. Audit fees are being paid for by the Trustee. To cover this and certain other expenses paid by the Trustee on behalf of the Fund, the Trustee receives expense recovery fees from the Fund as discussed in Note 14.

14 Related party transactions

Trustee

The Trustee of Long Service Corporation Investment Fund is New South Wales Treasury Corporation. Accordingly, transactions with entities related to the Trustee are disclosed below.

Ultimate parent entity

The ultimate parent entity and controlling party of the Fund is the New South Wales Government.

Key management personnel

Directors

Key management personnel includes persons who were directors of the Trustee at any time during the financial year.

Key management personnel compensation

Key management personnel compensation is paid by the Trustee. Payments made from the Fund to the Trustee do not include any amounts directly attributable to the compensation of key management personnel.

Key management personnel loan disclosures

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting year.

Other transactions

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the financial year and there were no material contracts involving key management personnel's interests existing at year end.

Cabinet Ministers

Cabinet Ministers of the New South Wales Government are considered to be related parties of the Fund and each State-controlled entity. There were no related party transactions with the Cabinet Ministers.

Other New South Wales Government entities

Other NSW Government entities invest in the Fund. The Fund transacts with these investors in accordance with the provisions of the Fund Constitution.

14 Related party transactions (continued)

Trustee fees and other transactions

Under the terms of the Fund Constitution for the Fund, the Trustee is entitled to receive trustee fees monthly.

The Trustee pays certain expenses incurred for services provided to the Fund. To cover these costs, the Trustee receives expense recovery fees from the Fund.

Transactions with related parties have taken place at arm's length and in the ordinary course of business. The transactions during the year and amounts at year end between the Fund and the Trustee were as follows:

	Year ended 30 June 2019 \$	Year ended 30 June 2018 \$
Expense recovery fees for the year	20,486	31,084
Trustee fees for the year	99,947	93,753
Aggregate amounts payable to the Trustee at the reporting date	922	46,658

Investments

Details of related parties investments held by the Fund, which New South Wales Treasury Corporation acts as Trustee, are set out below.

30 June 2019	Fair value of investment \$	Interest held %	Distributions/ Interest received or receivable during the year \$
TCorpIM Indexed International Share (Unhedged) Fund	99,268,297	15.89	2,204,369
TCorpIM International Share (Unhedged) Fund	280,228,560	3.70	13,952,573
TCorpIM Listed Property Fund	79,978,151	26.10	731,384
TCorpIM Australian Share Fund	379,368,208	6.32	20,536,209
TCorp Indexed Australian Share Fund	48,035,141	21.08	1,990,267
TCorpIM Australian Bond Fund	218,074,484	24.66	6,145,469
TCorpIM Liquidity Cash Fund	62,667,690	1.99	2,132,764
TCorpIM Short Term Income Fund	33,342,265	0.91	655,372
TCorpIM Emerging Market Share Fund	82,695,031	4.31	1,937,445
TCorpIM Unlisted Property Fund	77,472,247	4.73	5,277,446
TCorpIM Unlisted Infrastructure Fund	67,911,286	6.04	1,856,647
TCorpIM Multi-Asset Class Fund	70,011,498	3.92	924,158
TCorpIM International Share (Hedged) Fund	849,491	0.07	26,710

14 Related party transactions (continued)

Investments (continued)

30 June 2018	Fair value of investment \$	Interest held %	Distributions/ Interest received or receivable during the year \$
TCorpIM Indexed International Share (Unhedged) Fund	88,415,431	15.89	2,302,623
TCorpIM International Share (Unhedged) Fund	226,902,415	3.58	14,407,565
TCorpIM Listed Property Fund	61,808,998	25.22	2,550,053
TCorpIM Australian Share Fund	342,943,275	6.34	29,052,680
TCorp Indexed Australian Share Fund	43,107,750	21.08	2,011,847
TCorpIM Australian Bond Fund	154,885,459	28.32	4,719,858
TCorpIM Liquidity Cash Fund	134,505,487	3.42	1,607,352
TCorpIM Short Term Income Fund	10,638,536	1.07	256,175
TCorpIM Emerging Market Share Fund	75,895,436	7.12	16,898,936
TCorpIM Unlisted Property Fund	56,891,158	3.59	3,036,723
TCorpIM Unlisted Infrastructure Fund	64,550,856	6.13	1,613,635
TCorpIM Multi-Asset Class Fund	60,677,376	9.70	4,447,487
TCorpIM International Share (Hedged) Fund	804,628	0.09	76,624

15 Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities

	Year ended	
	30 June 2019 \$	30 June 2018 \$
(a) Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities		
Operating profit/(loss) for the year	132,602,461	125,286,742
Net (gains)/losses on financial instruments held at fair value through profit or loss (including FX (gains)/losses)	(74,325,747)	(42,464,269)
Proceeds from sale of financial instruments held at fair value through profit or loss	139,286,594	67,013,693
Purchases of financial instruments held at fair value through profit or loss	(189,007,027)	(186,794,585)
Dividends/distributions reinvested	(53,958,632)	(80,557,463)
Net change in receivables and other assets	(10,154)	(3,935)
Net change in accounts payables and accrued liabilities	(47,345)	29,993
Net cash inflow/(outflow) from operating activities	<u>(45,459,850)</u>	<u>(117,489,824)</u>
(b) Non-cash activities		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	62,223,625	84,919,656
During the year, the following acquisitions were satisfied by participation in dividend and distribution reinvestment plan	53,958,632	80,557,463
	<u>116,182,257</u>	<u>165,477,119</u>

16 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, and the relevant activities are directed by means of contractual arrangements. Structured entities of the Fund include investments in related party unlisted managed investment funds as disclosed in Note 14.

The Fund has no other involvement with the structured entity other than the securities it holds as part of trading activities and its maximum exposure to loss is restricted to the carrying value of the asset. Income from the structured entities are in the form of distributions. Exposure to trading assets are managed in accordance with financial risk management practices as set out in Note 3.

17 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period up to the date of signing the Annual Financial Report which would impact on the financial position of the Fund disclosed in the Statement of Financial Position as at 30 June 2019 or on the results and cash flows of the Fund for the year ended on that date.

18 Contingent assets, contingent liabilities and commitments

There are no outstanding contingent assets, contingent liabilities or commitments as at 30 June 2019 (30 June 2018: Nil).

Statement by the Trustee

In the opinion of the directors of the Trustee

- (a) The financial statements and notes of the Fund are in accordance with the requirements of the Fund Constitution, the Public Finance and Audit Act 1983 and the Public Finance and Audit Regulation 2015, and:
 - (i) are properly drawn up so as to present fairly the Fund's financial position as at 30 June 2019 and of its performance, as represented by the results of its operations, changes in equity and its cash flows for the year ended on that date; and
 - (ii) comply with Australian Accounting Standards and other mandatory professional reporting requirements.
- (b) There are reasonable grounds to believe the Fund will be able to pay its debts as and when they become due and payable.
- (c) The directors are not aware of any circumstances as at the date of this statement, which would render any particulars included in the financial report misleading or inaccurate.

This declaration is made in accordance with a resolution of the directors.



P H Warne
Director



D M Deverall
Director

Sydney

23 September 2019



INDEPENDENT AUDITOR'S REPORT

Long Service Corporation Investment Fund

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial report of the Long Service Corporation Investment Fund (the Fund), which comprises the Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information.

In my opinion, the financial report:

- gives a true and fair view of the financial position of the Fund as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015
- is in accordance with the requirements of the Fund's constitution.

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

Basis for Opinion

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

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

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

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

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

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

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

The Trustee's Responsibilities for the Financial Report

The Directors of the Fund's Trustee, New South Wales Treasury Corporation, are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Fund carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial report on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial report.



David Daniels
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

30 September 2019
SYDNEY

6. Appendices

6.1 Consultants

Consultant	Product description	Amount (excl GST) \$
Consultants costing \$50,000 or more		
Finance/Accounting/IT		
Capgemini Australia	New Integrated Leave System (NILS) Project Consulting	1,761,067
PM-Partners Group	New Integrated Leave System (NILS) Project Consulting	286,844
Dialog Information Technology	NILS Finance system	205,262
Professional Financial Solutions (PFS)	Actuarial reports and advice	157,258
Formation Technology	Software development	72,790
Subtotal		2,483,220
Consultants costing less than \$50,000		
Superior Software for Windows (SSW)	Online portal work	15,018
UQ Power	Formulation of business plan	7,500
ZAP Technology	ZAP BI tool upgrade and report	5,180
Subtotal		27,698
Total Expenditure on Consultants		2,510,918

6.2 Consumer response

LSC recorded a total of 270 separate feedback items during the year, including 142 complaints, 68 suggestions and 60 compliments. This represents a significant decrease (78 per cent) in the number of feedback items recorded when compared to the 2017-18 year. The greater feedback for 2017-18 is attributed to an outage of a key customer facing system which accounted for 79 per cent of the feedback received that year. The main complaint areas this year were processing and wait times, and the quality of communications. LSC are working on new initiatives to improve processing times and have implemented a new marketing strategy to improve engagement with and communications to the industries we service. It is encouraging to note that 64 of the compliments (94 per cent) were attributed to the quality of our customer service.

Online survey results from our portals were again very positive with 89 per cent of 11,464 respondents stating the employer portal met their needs extremely or very well and 83 per cent of 9,236 respondents indicating the worker portal met their needs extremely or very well. LSC has recently introduced a survey for the tax agent portal with 91 per cent of 641 respondents stating the portal met their needs extremely or very well.

LSC also introduced Net Promoter Score (NPS) surveys to measure customer satisfaction which saw a +15 point improvement on our baseline score over the year, from +15 to +30. Survey feedback generally praised the high quality of service provided by customer-facing staff and identified processing times and better communication as areas to improve.

6.3 Corporate credit card use

In accordance with Treasurer's Direction 205.01-205.08 and Treasury Policy and Guidelines TPP 05/1, LSC certifies that corporate credit cards used by officers on behalf of LSC have complied with government requirements. LSC has three credit cards issued with a total limit of \$30,000.

6.4 Employment and senior executive statistics

Human Resources

In June 2019 LSC had 67.06 full-time equivalent (FTE) employees. This equates to a headcount of 70.

Senior Executive Band	2018 ^{1,2,3}		2019 ^{1,2,3}	
	Female	Male	Female	Male
Band 4 (Secretary)	-	-	-	-
Band 3 (Deputy Secretary)	-	-	-	-
Band 2 (Executive Director)	-	-	-	-
Band 1/Senior Officer (Director)	1	0	1	0
Total	1		1	

Note 1: Senior Executive statistics exclude casuals, contractor/agency staff, statutory appointments, staff on secondment to other agencies and staff on long term leave without pay.

Note 2: Statistics are based on Workforce Profile Census data as at 28 June 2018 and 27 June 2019.

Note 3: All employees reported in 2018 and 2019 are appointed under the *Government Sector Employment Act 2013*. Salary band based on current assignment including those on a temporary above level assignment for more than two months.

Senior Executive Band - Average Remuneration	2018 ⁴	2019 ⁴
Band 4 (Secretary)	N/A	N/A
Band 3 (Deputy Secretary)	N/A	N/A
Band 2 (Executive Director)	N/A	N/A
Band 1/Senior Officer (Director)	\$214,380	\$223,477

Note 4: Salary ranges effective at the Workforce Profile census dates of 28 June 2018 and 27 June 2019.

Staff by age	2018	2019
20 - 24 years	0	0
25 - 29 years	3	3
30 - 34 years	7	4
35 - 39 years	11	9
40 - 44 years	12	15
45 - 49 years	15	12
50 - 54 years	6	12
55 - 59 years	11	8
60 + years	5	7

Non-executive staff by classification and grade		
Grade	Actual staff numbers	Full-time equivalent
Clerk Grade 1 - 2	0	0
Clerk Grade 3 - 4	15	14.2
Clerk Grade 5 - 6	28	26.6
Clerk Grade 7 - 8	11	10.2
Clerk Grade 9 - 10	12	12
Clerk Grade 11 - 12	3	3

Employee related costs	2018	2019
Executive	\$238,100	\$415,272
Non-Executive	\$5,647,175	\$11,724,728
Total	\$5,885,275	\$12,140,000
Ratio Senior Executive	4.0%	3.42%

6.5 Employment relations, policies and practices

LSC staff are employees of DFSI and all human resource services and support is provided by departmental People and Culture (P&C) with the exception of Payroll, which is managed by LSC.

6.6 Legislative changes

There were no changes to the *Long Service Corporation Act 2010*, *Building and Construction Industry Long Service Payments Act 1986*, nor the *Contract Cleaning Industry (Portable Long Service Scheme) Act 2010* or the regulations.

6.7 Public interest disclosures

All staff have a responsibility to report suspected wrongdoing including corruption; maladministration; serious and substantial waste of public money; and breaches of the *Government Information (Public Access) Act 2009* (GIPA Act). The *Public Interest Disclosures Act 1994* (PID Act) is aimed at encouraging and facilitating the disclosure, in the public interest, of wrongdoing in the public sector.

LSC is committed to protecting staff that make public interest disclosures and adopts the department's Fraud and Corruption Internal Reporting Policy, which is consistent with the NSW Ombudsman's model policy. The policy is widely available on the DFSI intranet and includes details of the nominated officers who are authorised to receive a disclosure.

PID resources are available to staff on the DFSI intranet and highlighted during induction training and at regular intervals through mandatory online training.

Section 4 of the Public Interest Disclosures Regulation 2011:			
	Public interest disclosures made by public officials in performing day to day functions	Public interest disclosures not covered by (1) that are made under a statutory or other legal obligation	All other public interest disclosures
Number of public officials who made PID's	1	0	0
Number of PID's received	1	0	0
Of PID's received, number primarily about:			
Corrupt conduct	1	0	0
Maladministration	0	0	0
Serious and substantial waste	0	0	0
Government information contravention	0	0	0
Local government pecuniary interest contravention	0	0	0
Number of PID's finalised	1	0	0

6.8 Other disclosures

- LSC has no subsidiaries and has not entered into joint ventures or partnerships with any other organisations.
- LSC does not own real estate property nor was any real estate property disposed of during the year.
- There were no agreements entered into with Multicultural NSW under the *Multicultural NSW Act 2000*.
- There were no grants made to non government community organisations.
- Officers made no overseas visits during the year.
- No research or development programs were undertaken.

6.9 Exemptions from the report provision

As a small statutory body LSC need only report on a triennial basis (last reported in 2017-2018) in relation to:

- Equal employment opportunity.
- Disability inclusion action plan.
- Multicultural policies and services program.
- Work health and safety.
- Workforce diversity.

6.10 Statutory reporting compliance index

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Long
Service
Corporation



Annual Report

NSW Telco Authority

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Chairperson's report



I am proud of the work undertaken by the NSW Telco Authority (Authority) in the past year.

The Authority commenced a staged roll-out of the largest public safety network in the southern hemisphere and provided a world class operational communications service. The Authority has worked hard to provide communication services with a focus on customer needs and has utilised innovative and flexible approaches in an accountable manner.

Effective partnerships with our network users and industry have been critical to our success. We connect agencies and communities via the state-wide integrated public safety network and the Mobile Black Spot and Regional Digital Connectivity Programs. The Authority is working closely with the Australian, state and territory governments, to pursue a proof of concept trial for the Public Safety Mobile Broadband Program (PSMB). Notably, the Council of Australian Governments agreed to a national PSMB Strategic Roadmap in December 2018.

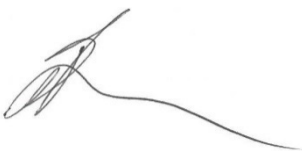
The Authority's structure has been reviewed to ensure it provides us and our partners with capabilities consistent with the changing requirements of our significant capital works and technology programs. To this end we have issued an important request for proposal to provide for the operation and management of the network we are building, permitting the Authority to focus on new applications and services of value to its customers.

The Authority was successful in obtaining an exemption from the requirement under the *Telecommunications Act 1979* (Cth) which states that network units must not be operated without a carrier licence. This recognises the Authority's role as a network provider to emergency services organisations and other significant institutions. The past year has also seen amendments to our enabling legislation and the broader Commonwealth telecommunications regulatory regimes. These ensure our operations are best adapted to current and emerging technology and policy environments.

I am pleased to acknowledge the hard work and talent of the broader Telco Authority team, including its partners, and the great support and engagement of the emergency services organisations with whom we work so closely. I also recognise our former Managing Director, Kate Foy, who has gone onto a senior role in the NSW Department of the Premier and Cabinet. Kate's leadership and energy have been critical to the implementation of the public safety network and we wish her well. We welcomed Kylie De Courteney as Managing Director. Kylie brings engagement experience and a sharp customer service focus to the role.

The Authority has seen important changes during the year at the Board level and a stronger partnership focus with our private sector suppliers. We farewelled Philip Gardner from NSW Treasury on the completion of his statutory term. Philip's contribution was always considered and valuable and we thank him for his work as a Board member. I would also like to thank Assistant Commissioner Kyle Stewart, APM, formerly representing the NSW Police Force and currently Acting State Emergency Services Commissioner, for his energetic commitment to an improved operational communications service. We welcomed Greg Wells, NSW Government Chief Information and Digital Officer to the Board. The Authority strongly commits to the Government's renewed focus on technology-enabled customer service, heralded by the major restructure of the NSW Public Service.

Based on the success of the past year and our commitment to developing strategic and customer relationships, I am confident the Authority will continue to deliver critical communications services for stakeholders and the NSW public with commitment and skill.

A handwritten signature in black ink, appearing to read 'Beth Jackson', with a long horizontal flourish extending to the right.

Beth Jackson
Chairperson

Managing Director's report



The NSW Telco Authority (Authority) had a productive year. Our organisation continued to grow and develop as we worked towards the goals set out in our Corporate Plan and progressed initiatives in the NSW Government Operational Communications Strategy.

We launched the One Team Charter in early 2019. The Charter sets out how we work with our partners and stakeholders to deliver the public safety network and is based on our values of service, transparency, accountability, integrity, respect and safety.

The Critical Communications Enhancement Program (CCEP), after being re-forecasted in the reporting period, has continued to progress and expand its coverage across NSW. During 2018-2019, the availability of the public safety network continued to perform above the Service Level Agreement of 99.95 per cent. This enabled us to deliver reliable and consistent communications to our customers, with user numbers growing over the reporting period. We remained focused on completing site acquisition, environment and design (SAED) across the network. Of the 369 sites that are funded for construction, 103 sites have completed SAED. 51 CCEP sites have been successfully constructed and 34 sites are operationally accepted. The Greater Metropolitan Area (GMA) has remained a priority region and has been tracking ahead of re-forecasted targets.

The delivery of the Commonwealth Mobile Black Spot Program (MBSP) has continued to be a success. Telstra, Optus and Vodafone have achieved 88% of the 183 Mobile Black Spot sites on-air by 30 June 2019.


Over the year we delivered on our commitment to provide leadership in the development of a nationally consistent Public Safety Mobile Broadband. The Authority has played a vital role in engagement with industry across the national market. This has led to an agreement with all states and territories to pursue a national Proof of Concept trial to inform the preferred delivery model.

In December 2018 the *Government Telecommunications Act 2018* came into force after an extensive period of review and stakeholder consultation. The Authority's governing statute was updated to better align with our organisation's role, function and practices.

I am looking forward to the upcoming financial year in which we transition to being in the Department of Customer Service and also playing a role in the NSW Digital Government Strategy. The Strategy aims to deliver improved, user-centric services and we will contribute through the critical infrastructure we are building, as well as increasing connectivity across NSW.

I would like to thank Telco Authority staff, as well as the Board, who welcomed me into the role of Managing Director. I would also like to thank Kate Foy who headed the Authority for most of the year, for her leadership of the Authority and its programs. I am also grateful for the support we have received from NSW departments, including Infrastructure NSW, NSW Treasury and Transport for NSW.

The Authority is committed to working with our partners to deliver essential services to the community and emergency service organisations through the CCEP. I am delighted that the Authority enables the important work of these organisations, including NSW Police, NSW Rural Fire Service, NSW Ambulance, NSW State Emergency Service and Fire and Rescue NSW, as officers often rely on the network in critical situations to keep the community safe. The Authority takes its responsibility to deliver the CCEP and administer the public safety network very seriously and we look forward to continuing our efforts in 2019-2020.



Kylie De Courteney

Managing Director

About the NSW Telco Authority

We believe that communication is critical for people.

Our purpose is to connect people, across NSW, so they can work together and keep people and places safe.

We do that by designing, commissioning and managing operational telecommunications services that support NSW Government agencies and communities.

The services provided by the NSW Telco Authority (the Authority) to users of operational communications services include to:

- reform the state's infrastructure and services to make the portfolio more efficient, improve services and streamline processes
- undertake the planning, deployment and management of government radio and data services
- identify, develop, deliver and procure communications services which meet the needs of customers
- manage voice and data spectrum allocations on behalf of all NSW agencies
- coordinate responses to telecommunications outages during major emergencies and natural disasters, including acting as a conduit between telecommunications carriers and emergency management organisations.
- provide strategy, policy and advocacy for the sector, including liaising with national bodies and stakeholders on sector reforms and enhancing the capabilities of the sector

Our Senior Leadership Team

The NSW Telco Authority has a new senior leadership team who work with experienced and qualified staff to deliver the functions and operations of the organisation. The senior leadership team is comprised of:

Kylie De Courteney, BCom, Managing Director

Andy Reeves, Special Advisor

Alan McNamara, Director Planning & Projects

Jackie Giles, MCT, GAICD, Director Commercial

James Corkill, BEng –Telecommunications (Hons), Chief Technology Officer.

Liz Botha, HDip Finance & Credit Risk Management, Director Client and Stakeholder Services

Our operating principles

- We partner and work together with industry and stakeholders to ensure that agencies can deliver reliable, efficient and effective services to the community
- We engage our stakeholders as partners in aligning strategies, delivering solutions and reforming services
- We acknowledge and provide for the unique operating requirements of emergency service organisations
- We ensure services deliver the best value outcomes for NSW while continuing to meet stakeholder needs and providing an equal or improved level of service
- We provide strategic direction and value to the NSW Government and advance the leadership role that NSW plays in the radio sector nationally
- We ensure the capabilities and skills of the sector continue to develop and respond to new delivery approaches and technologies
- We identify opportunities to improve efficiency and minimise operational expenses and benchmark, monitor and assess performance to inform our decisions and support continuous improvement

Our administrative and legislative context

The Authority was established in 2011 as a result of the recommendations of the *Strategic Review of NSW Government Mobile Radio Services*, undertaken by NSW Department of Premier and Cabinet.

The Authority is a statutory authority constituted by the *Government Telecommunications Act 2018*. Through the 2018/19 financial year we operated within the Finance, Services & Innovation cluster and reported to the Minister for Finance, Services and Property.

On 24 October 2018 the NSW Parliament passed the *Government Telecommunications Act 2018* (Telco Act), repealing and replacing the former *Government Telecommunications Act 1991*. The new Telco Act came into effect on 17 December 2018. It better reflects the Authority's operating environment, functions and practices. The 2018 Telco Act also updates terms and definitions which were outdated in the 1991 Act.

Under the state's emergency management framework, the NSW Telco Authority has responsibilities for coordinating functional area support and resources for emergency operations in all phases of emergency management involving telecommunications. The *State Emergency and Rescue Management Act 1989* provides the legislative framework for the operation of the telecommunications emergency management activities of the NSW Telco Authority.

The *NSW Government Operational Communications Strategy* sets out the operating models, principles and actions required to deliver reform and savings to the NSW Government. It provides the operational context for the Authority to deliver significant reform over the next 10 years, and can be accessed at www.telco.nsw.gov.au

Our stakeholders

The NSW Telco Authority has a wide range of business partners, including emergency services organisations, essential services and other NSW Government agencies, vendors and radio and telecommunications partners. We are continuously building relationships with relevant agencies in other states and territories to promote cross-jurisdictional sector issues.

Industry is highly supportive of the NSW Government in the delivery of operational communications services and provides us with the opportunity to deliver cost effective and innovative solutions.

In addition to developing these partnerships, the Authority also works closely with a number of Commonwealth agencies, including the Australian Communications and Media Authority (ACMA) and the Department of Communications and the Arts.

Our clients

Our clients deliver a range of frontline services in public safety, environmental protection and other government services.

Over the past year, the number of radios on the network has increased, as the client services and

stakeholder engagement teams have expanded service delivery with existing agencies and added new clients to the portfolio. In 2018/19 the NSW Telco Authority provided services to 45 clients on the radio network, and from July 2018 to June 2019 the total number of registered radios rose from 49,817 to 52,569.

Current client services activities are focused on supporting existing clients, identifying and recruiting new users to the network, and supporting emergency management activities that rely on availability of the radio network and access to the public safety and emergency services.

Highlights and Achievements

The 2018/19 financial year marked the NSW Telco Authority's seventh year of operation as a statutory authority within the Department of Finance, Services and Innovation.

Simplified, efficient service improves customer satisfaction

The NSW Authority manages the NSW Government Radio Network. This public safety network (network) is used by emergency service organisations, essential services and other NSW government entities for essential communications. The network geographically covers approximately 266,000 square kilometres, or about a third of NSW including most highly populated areas.

During 2018/19, availability of the network continued to exceed the 99.95% commitment to all NSW State Government Agencies.

The NSW Authority continues to improve the network to enable improved services, user experience and harden the resilience of the network. These activities include, deploying Mobile Radio Assets to support Emergency Services extending network coverage into critical areas, upgrading and refreshing site systems and capacity. This work also includes continuous improvement to cyber security monitoring systems and further enhancements to network monitoring services giving agencies more information to assist managing network usage especially during periods of high user demand.

Telecommunications Services Functional Area

The NSW Telco Authority's Telecommunications Services Functional Area (TELCOFAC) is operational 24 hours a day, seven days a week. TELCOFAC plays a critical role in managing operational activities with the public safety network, telecommunications carriers, public safety agencies and other partner agencies during incidents and emergencies. These activities ensure that critical

telecommunication infrastructure is maintained so that members of the public can call triple zero, receive emergency alert messages and emergency responders can communicate in the field. TELCOFAC provides a link between industry and government during times of emergency.

In 2018/2019, the TELCOFAC focused on strategic and operational improvements, and following the national Triple Zero outage in April 2018 the TELCOFAC has had its remit increased to include technological outages of national importance. Currently, the team is in negotiations with the Carriers to ensure consistent operational outcomes and drive an enhanced partnership to deliver better outcomes for public safety agencies and the community.

An innovative NSW government is digital, lean and connected

Whole of Government Strategic Reforms

NSW Government Operational Communications Strategy

In 2018/19 the NSW Telco Authority continued to implement the *NSW Government Operational Communications Strategy (OCS)*, approved in September 2015. The OCS sets out a roadmap for improving the diversity, availability and coverage of operational communications in NSW. The OCS also sets out the operating models, principles and actions required to reform the government communications sector in order to improve services, eliminate unnecessary duplication and promote greater industry participation and competition.

The *NSW Government Operational Communications Strategy* can be viewed at www.telco.nsw.gov.au.

Coordinated Investment Planning

In 2018/19, the NSW Telco Authority applied the coordinated investment principles detailed in Treasury and Finance Circular – *NSW Government Radio Communications Strategy*, and the Department of Finance, Services and Innovation Circular – *NSW Government Operational Communications Strategy*.

In accordance with the government's strategy, agencies are to use existing shared Government radio services and facilities, if available. This is the first step to move agencies away from building, owning and operating their own networks, and will facilitate the creation of a more efficient shared network for our stakeholders.

Key Projects

Critical Communications Enhancement Project

One of the first initiatives to be delivered under the NSW Government's Operational Communications Strategy, the Critical Communications Enhancement Program (CCEP) is delivering an enhanced radio network to improve emergency and day-to-day operational communications for a wide range of NSW Government agencies. This includes law enforcement, public safety and essential services.

Importantly, the CCEP will increase the level of shared coverage to support network users more easily sharing information and coordinating responses to critical incidents, such as road accidents, floods and fires.

Emergency and day-to-day operational communications will also benefit from network capacity, availability and resilience designed to meet public safety standards for radio communications.

In 2018/19 the CCEP continued to build on prior achievements and created significantly enhanced momentum on the program closing out 1148 major activities compared to 149 major activities completed in the previous and initial 9 months of the North Coast and Greater Metropolitan Area programs. In particular:

- North Coast - a priority region identified in collaboration with public safety agencies, which has confirmed 87 sites to be upgraded to significantly improve shared and interoperable network coverage from north of Port Stephens and into Queensland. Achieved the completion of 45% of all 87 Site Designs and commenced Construction on 18 sites, bringing 2 of these into Operation.
- Greater Metropolitan Area - covering the major metropolitan area of Sydney and significant urban areas like Newcastle and Wollongong, the CCEP is working to enhance the existing network by almost tripling the number of current sites in the region. Achieved significant traction on Design completing 33 of 141 required Site Designs and constructing and operationalising the first site in this region.
- Rest of State - including New England, South Coast, Central, North West, West and South West regions, the CCEP is confirming approximately 400 sites to better support public safety and essential service agencies. Achieved the validated approval for 173 actual site candidates to be progressed.

- iNSW review completed and a 'panel of 8' Construction suppliers established to support the build program moving forwards.
- 10% of sites funded for Construction made Operational – increasing the CCEP footprint and service

The CCEP activities are currently funded to the end of the 2020/21 Financial Year.

Public Safety Mobile Broadband

NSW is playing a lead role in driving the development of a nationally interoperable PSMB capability, in collaboration with the Commonwealth and Australian states and territories, through representation on the Council of Australian Governments (COAG), PSMB Senior Officials Committee and the PSMB Program Delivery Forum.

The national PSMB Strategic Roadmap was drafted by the states, territories and Commonwealth and agreed at the 12 December 2018 COAG meeting.

With COAG endorsement, NSW is also hosting the PSMB National Program Management Office within the NSW Telco Authority, delivering workstreams from the national PSMB Strategic Roadmap and reporting to the PSMB Senior Officials Committee.

In early 2018, the NSW Telco Authority led a national market engagement exercise with the telecommunications industry, on behalf of the PSMB Senior Officials Committee, which determined the preferred delivery model.

In late 2018, the NSW Telco Authority subsequently released a request for proposal (RFP) to the telecommunications industry to participate in a national proof-of-concept (POC) trial for a hybrid delivery model or innovative alternatives. The trial will be led by the NSW Telco Authority and is planned to commence in late 2019, running for between 6 and 12 months across multiple environments and jurisdictions. The costs of the proof-of-concept are to be shared between state and territory participants and the Commonwealth.

The NSW Telco Authority is also working collaboratively with the other states and territories in negotiations for PSMB spectrum with the Commonwealth. Dedicated PSMB spectrum is essential to ensure all delivery model options are available and would encourage a competitive market for commercial service delivery elements.

Operate & Maintain (O&M) Program

Through the Critical Communications Enhancement Program (CCEP), the public safety network will expand

to approximately 400 sites across metropolitan and regional NSW over the next few years, and, to approximately 700 sites when complete. An expansion of this size means we need to scale how we deliver, operate and maintain critical communications network services.

NSW Telco Authority's Operate and Maintain (O&M) Transformation Program is a multi-year program which will shape the way we deliver services, with a focus on improving interactions with our clients. A key driver behind the program is scalability and flexibility to meet the growing number of network sites. In addition to the enhancement of the network, the existing contract period for O&M is coming to an end. The Authority has been working closely with representatives from Emergency Services Organisations to identify the requirements of a future service delivery model in a shared network environment.

The Authority issued a Request for Tender (RFT) for a Managed Network Provider scope of services in May 2019 and will conclude the procurement process during the course of FY19-20.

Commonwealth Mobile Black Spot Program

NSW Government partnered with the Commonwealth Government and mobile network operators to deliver a Mobile Black Spot Program to extend mobile coverage and competition in regional NSW. From 2018 financial year, funding for the program is coming from the Economic Activation Fund, allocated from Restart NSW. Of the \$39.355 million committed by the NSW Government, \$27.152 million was allocated to NSW Telco Authority when the Program got transferred in November 2017.

163 out of 183 sites have been delivered as part of Rounds 1 and 2 of the Program. Approximately 19K premises and 650 KMs of major transport routes have new or unique mobile coverage providing access to 000 services to residents and travelers within NSW remote and regional areas.

The Authority initiated the next round of MBSP called 'NSW Mobile Black Spot Program' which is utilizing the unallocated funding of \$8.7 million from Rounds 1 and 2. Under this round 21 new sites have been awarded between Telstra and Optus. New terms and conditions have been introduced in the funding agreements which will provide further benefits to State and better co-location opportunities with other Programs. This Round is expected to commence by end of August 2019.

Regional Digital Connectivity (RDC) Program

The State Infrastructure Strategy 2018 (SIS) sets a benchmark for state-wide internet connectivity of 25 megabits per second (mbps) download speeds by 2020, and 50 mbps by 2025.

The Regional Digital Connectivity program aims to upgrade internet services where required to meet SIS benchmarks. The Deputy Premier has endorsed proof of concept trials. The PoC's will commence end of Q1 FY19/20 and will be completed by the end of Q2 FY19/20.

NSW is a competitive, fair and secure marketplace

Procurement

NSW Telco Authority follows the NSW Procurement Policy Framework which ensures that government procurement activities achieve best value for money in supporting the delivery of government services. This is realised by enabling the engagement of a competitive marketplace through fair, transparent and streamlined processes. Specifically, the ITS 2573 Operational Telecommunications Equipment, Infrastructure and Services Prequalification Scheme has been established, which aims to simplify contracts and tenders and improve opportunities for small to medium enterprises to do business with the NSW Government.

Participation and Response to Inquiries

The NSW Telco Authority is the lead organisation focused on government operational radiocommunications in NSW and is a key driver of sector reform. To perform this role, the Authority contributes in a number of national forums on radiofrequency and communications issues. The Authority also monitors and provides input to significant inquiries and consultation reviews throughout the year. In 2018/19, the Authority responded to:

Australian Communications and Media Authority (ACMA) Proposed updates to class licensing arrangements supporting 5G and other technology innovations – IFC: 45/2018

In December 2018, the ACMA released its Consultation paper on Proposed updates to class licensing arrangements supporting 5G and other technology innovations. Proposed amendments included expansion of the Radiocommunications (Low Interference Potential Devices) Class Licence 2015 to permit the operation of underground transmitters in the Harmonised Government Spectrum (HGS) frequency bands. In its February 2019 submission, the Authority raised concerns that, despite the reported low probability, such use could risk interference with public safety operational communications in underground environments including rail and road tunnels and sub-surface building structures.

Independent Pricing and Regulatory Tribunal (IPART) Review of rental arrangements for communication towers on Crown land – Issues paper

In February 2019, IPART released an Issues paper for its *Review of rental arrangements for communication towers on Crown land* managed by the Department of Industry – Division of Lands and Water, the Office of Environment and Heritage and Forestry Corporation NSW. The review's terms of reference require IPART to advise on a fee schedule that reflects fair, market-based commercial returns, while considering a range of related factors. The issues paper included questions seeking information to inform and support the review's progress. In April 2019, the Authority made a submission identifying the key issues affecting its operations on Crown land. The review is continuing into 2019/20 with any resulting changes to be implemented in July 2020.

Australian Communications and Media Authority Five-year spectrum outlook 2019-23 – The ACMA's spectrum management work program - Consultation draft

The ACMA consults annually with industry about spectrum management issues and priorities in order to understand technological changes and market demand to inform its spectrum management work program. The ACMA's spectrum management workstream incorporates multi-year activities which are prioritised through the spectrum planning stages of monitoring, initial investigation, preliminary replanning and re-planning. The ACMA released its *five-year spectrum outlook* (FYSO) consultation draft in April 2019. In May 2019, the NSW Telco Authority submitted feedback on areas including the national Public Safety Mobile Broadband interests in the 850 MHz expansion band, the proposed dynamic spectrum sharing arrangements in the public protection and disaster recovery (PPDR) segments of the 4.9 MHz band, the requirement for an alternative to 1.5 GHz for backhaul links, the requirement for an alternative to 28 GHz for point-to-point licences currently used by some local councils. The Authority also requested that the ACMA considers in the scope of its prohibition framework review that radionavigation-satellite service 'jammers', used for location services for emergency services vehicles in tunnels, be classed as exempted equipment.

Australian Communications and Media Authority Reconfiguring the 900 MHz band – Options paper

The ACMA released its options paper in April 2019. The paper discusses alternatives for the reallocation of the 850 MHz expansion band, potentially linking it to reallocation processes for the 900 MHz band. In its submission of May 2019, the NSW Telco Authority stated that any decision concerning the 850 MHz expansion band must consider the status of consultation between the states, territories and Commonwealth over the allocation of 5 + 5 MHz in the 850 MHz expansion band which had been set aside by the

Commonwealth for Public Safety Mobile Broadband (PSMB). While a specific band lot for PSMB has not been agreed, the submission noted that the planned PSMB proof-of-concept trial would contribute to informing stakeholders of the viable and/or preferred band lot or lots. As the options paper sought information about the relative technical efficiency of the remaining blocks for carrier services, the submission noted that PSMB interests must similarly be considered on factors including maturity of current and future device ecosystems and technical capabilities based on global standards.

We are a great place to work

The NSW Telco Authority measures performance as part of the NSW Public Sector's People Matter Employee Survey (PMES). In addition to the PMES, the NSW Telco Authority regularly evaluates staff satisfaction through the Teamgage application to make improvements based on feedback received.

In 2018/19 the NSW Telco Authority had four women in senior executive roles, out of seven in total, and women were well represented in senior management roles across the NSW Telco Authority.

The Telco Authority is also a strong supporter of the Public Service Commission's (PSC) NSW Government Graduate Program and hosted 10 graduates across 2018/19. The Graduate Program is seen as a key method of attracting talent to the NSW Government, and of encouraging and supporting of individuals in at the beginning of their careers in science, technology, engineering and math, and other fields.

2018/19 Corporate Plan

The Corporate Plan presented the Telco Authority's purpose, objectives and goals, as well as the values and operating principles that the NSW Telco Authority operates under. The Corporate Plan was developed in collaboration with key stakeholders, client groups, staff and the Telco Authority Board.

The Corporate Plan aligns with the NSW Government's State Priorities including delivering infrastructure; improving government services and ensuring safer communities. The Corporate Plan is updated each year, setting our strategic direction and identifying how we will lead a unified approach to government operational telecommunications in NSW.

Governance

The NSW Telco Authority is overseen by a Board of part-time independent and government members who, with the Managing Director and executive

management, are accountable for the operations of the NSW Telco Authority.

The NSW Telco Authority recognises the importance of agency collaboration, and the different skills and experience that contribute to the development of policy and strategy. As a result, a tiered framework is in place to facilitate and support engagement. This model is informed by the governance framework development experiences in the NSW Government's approach to Procurement and Information and Communications Technology.

The following advisory and governance groups have been established as collaborative forums for engagement with our business partners:

- Critical Communications Enhancement Program Steering Committee
- Investment and Strategy Forum
- Technology Planning and Review Group

The Board

The Telco Authority Board is established under the *NSW Government Telecommunications Act 2018*. The Board has adopted a Charter and a Code of Conduct to guide its operations. The Board provides policy and strategic direction for the NSW Telco Authority. The Minister administers the Act and nominates the members after consultation with various sectors of the NSW Government.

Members 2018-19:

In accordance with the Act and to ensure a broad range of skills and experience, the Board is comprised of members as follows (as at 30 June 2019).

Board Chair **Beth Jackson** (Bachelor of Arts, Diploma of Law, MAICD) was appointed Chair on 25 October 2017. Beth has held senior roles in federal and state government, in law and more recently in telecommunications and technology in Australia and internationally. She was Director of Business and Government Marketing for Telstra, and Regional Vice President for SITA, then the world's largest data communications network. She has also contributed to not for profit community organisations at board level, and undertook high level corporate advisory work. *Nominated by the Premier.*

Board member **Kaaren Koomen AM** (Bachelor of Arts/Law, Master of Law, GAICD), was appointed Deputy Chairperson on 31 May 2017. She is a highly experienced executive with over 25 years' experience in leadership roles in the private and public sector, with a focus on communications and technology. She is currently an Executive Director with IBM Australia and New Zealand, and a member of the Global IBM Government Programs Leadership Team. She has extensive board experience

on over 10 public and private boards and committees, and currently serves on four, including Chair of the Museum of Australian Democracy at Eureka and Vice President of the Australian Services Roundtable. *Nominated by the Minister for Finance, Services and Property.*

Board member, **Shane Fitzsimmons** (qualifications in Management and Leadership from the Australian Institute of Police Management and NSW TAFE) is Commissioner of the NSW Rural Fire Service. Commissioner Fitzsimmons has a wealth of strategic and operational fire knowledge and was awarded the Australian Fire Service Medal in 2001. *Nominated by the Finance, Services and Property in concert with the Minister for Emergency Services.*

Board Member, **Kylie De Courteney** (BCom) is Managing Director of the NSW Telco Authority. Kylie is an experienced senior executive with expertise in complex program delivery and organisational transformation. Kylie is passionate about the digital transformation of government and customer centric service design. Kylie has worked in strategy, mergers and acquisitions, program delivery, customer experience and operational performance improvement in the private and professional services sectors, and federal and state government. *Ex Officio member.*

Board member **Clare Gardiner-Barnes** (Diploma Teaching (Primary), Graduate Diploma Arts, Master of Social Welfare Administration and Planning), GAICD, is currently Deputy Secretary, Freight, Strategy and Planning at Transport for NSW, with responsibility for ensuring the planning, strategy, policy and legislation for all modes of transport in NSW to support a safe, efficient and integrated transport system. Prior to this, Clare was Chief Executive at the Department of Transport in the Northern Territory. She has held numerous senior positions in government including Chief Executive at the Department of Children and Families in the Northern Territory and in policy at the Department of Education and Training in Queensland. *Nominated by the Minister for Transport and Infrastructure.*

Board member **Philip Gardner** (Bachelor of Laws/Economics, AICD) has been the NSW Treasury's Executive Director, Commercial Transactions, since 2015. Prior to this, he was an expert adviser to Sunsuper and a senior executive with Goldman Sachs Asset Management in Australia, Singapore and the United Kingdom from 1997 to 2014, and a senior executive with Macquarie Bank from 1989 to 1997. *Nominated by the NSW Treasurer.*

Board member **Greg Wells** (Bachelor of Electrical Engineering (Hons)) is the NSW Government Chief Information and Digital Officer (GCIDO) and Deputy Secretary of ICT & Digital Government within the Department of Finance, Services and Innovation. As

GCIDO, Greg advocates for technology that enables the NSW Government's objectives and fosters sector-wide collaboration on a digital agenda to continue to transform the state into a global technology leader. Greg's extensive career in government technology has included leading the delivery of a multi-agency platform to help protect children at risk with the NSW Department of Family and Community Services, and running NSW Health's ICT strategy, policy governance and operations as the Chief Information Officer. *Nominated by the Minister for Finance, Services and Property.*

Geoff Kleeman – member since October 2017, Geoff commenced his career at Deloitte and subsequently completed twenty plus years as a senior executive in a listed company environment, as Chief Financial Officer for Crown Limited, Publishing and Broadcasting Ltd, Woolworths Ltd and Pioneer International Ltd. Geoff is currently a Non-Executive Director of Investa Listed Funds Management Limited the RE for Investa Office Fund, and of Domain Ltd. He was previously Non-Executive Director, and Chair of the Audit Committee, for Asciano Limited and Broadspectrum Ltd. Geoff is a member of the Institute of Chartered Accountants and an Independent Non-Executive Director of the Domain Group Board.

Board Member since October 2017 - **Ric Oldham's** career spans almost four decades, with extensive experience in both the public and private sectors across telecommunications. This includes the design, construction and operation of public infrastructure as well as in the transport, utilities and resources industries. He previously served as a Chairman of Imatis and Bass Valley Landcare, and was a member of the Leighton Contractor's advisory board. Ric has held senior executive and direct project management roles within the private and public sector in the delivery of complex multidiscipline telecommunications and civil infrastructure projects within Asia Pac and North America, with wide-ranging experience in strategic planning and leadership, building values based high performing client focused teams with an uncompromising culture of care, integrity and performance.

Board meetings

The Board was appointed in 2012 and held its inaugural meeting in July 2012. There were six meetings held during 2018/19.

Member	Period	Meetings	
		Attended	Eligible
Beth Jackson	Full year	6	6
Kaaren Koomen	Full year	6	6
Shane Fitzsimmons	Full year	4	6
Clare Gardiner-Barnes	Full year	5	6
Philip Gardner	Part year	5	5
Greg Wells	Part year	3	6
Geoff Kleemann	Full year	6	6
Ric Oldham	Full year	5	6
Damon Rees	Part year	0	2
Kylie De Courteney	Part year	0	1
Kate Foy	Part year	5	5

Internal audit and risk management

Internal Audit and Risk Management Attestation Statement for the 2018-2019 Financial Year for the NSW Government Telecommunications Authority

I, Kylie De Courteney, Managing Director, am of the opinion that the NSW Government Telecommunications Authority has internal audit and risk management processes in operation that are compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

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

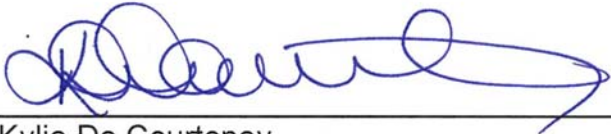
Membership

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

- Carol Holley, Independent Chair, from 2 December 2015 to 1 December 2020;
- Dianne Hill, Independent Member, from 1 February 2016 to 31 January 2021;
- Nirmal Hansra, Independent Member, from 20 December 2017 to 19 December 2020;
- Bruce Turner AM, Independent Member, from 22 January 2016 to 21 January 2021.

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

- Department of Finance, Services and Innovation
- Rental Bond Board
- Building Professionals Board
- NSW Government Telecommunications Authority



Kylie De Courteney
Managing Director
NSW Government Telecommunications Authority

Date: 20/8/19

Agency Contact Officer
Geoff Campbell
Chief Audit and Risk Officer, 9372 8040
geoff.campbell@customerservice.nsw.gov.au

Cyber Security Annual Attestation Statement for the 2019-2020 Financial Year for the New South Wales Government Telco Authority

I, Kylie De Courteney, am of the opinion that the New South Wales Government Telecommunications Authority (Authority) have managed cyber security risks in a manner consistent with the Mandatory Requirements set out in the NSW Government Cyber Security Policy.

Risks to the information and systems of the Authority have been assessed and controls are in place to mitigate identified risks.

I am of the opinion that where necessary in accordance with the NSW Cyber Security Policy, the Authority is transitioning towards adopting relevant practices aligned with AS/NZS ISO/IEC 27001 Information technology - Security techniques - Information security management systems – Requirements.

Governance is in place to manage the cyber-security maturity and initiatives of the Authority. There exists a current cyber incident response plan for the Authority which has not been tested during the current reporting period.

The Authority has approved ISMS development project and is currently in progress stage. An independent internal audit is scoped under the project development phase and external party is engaged for conducting internal audit.



Kylie De Courteney
Managing Director
NSW Telco Authority



INDEPENDENT AUDITOR'S REPORT

New South Wales Government Telecommunications Authority

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of New South Wales Government Telecommunications Authority (the Authority), which comprise the Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information,

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Authority's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Managing Director of the Authority is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the Statement by the Managing Director.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Managing Director's Responsibilities for the Financial Statements

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

In preparing the financial statements, the Managing Director is responsible for assessing the Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

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

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

Min Lee
A/Director, Financial Audit Services
Delegate of the Auditor-General for New South Wales

27 September 2019
SYDNEY

NSW GOVERNMENT TELECOMMUNICATIONS AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019
STATEMENT BY THE MANAGING DIRECTOR

Under Section 41C of the *Public Finance and Audit Act, 1983*, I state that in my opinion:

- (a) The accompanying financial statements and notes thereto exhibit a true and fair view of the financial position of the NSW Government Telecommunications Authority as at 30 June 2019 and its financial performance for the year then ended.
- (b) The accompanying financial statements and notes thereto have been prepared in accordance with the applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions mandated by the Treasurer.

Further, I am not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

On behalf of the Authority



Kylie De Courteney
Managing Director
NSW Government Telecommunications Authority

Dated at Sydney 27th September 2019

NSW GOVERNMENT TELECOMMUNICATIONS AUTHORITY				
STATEMENT OF COMPREHENSIVE INCOME				
FOR THE YEAR ENDED 30 JUNE 2019				
	Notes	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000
Continuing Operations				
Expenses excluding losses				
Operating Expenses				
Personnel services expenses	2(a)	14,231	11,781	10,885
Other operating expenses	2(b)	40,092	43,284	37,825
Depreciation and amortisation	2(c)	13,283	12,894	8,282
Grants and subsidies	2(d)	14,614	20,293	10,498
Finance costs	2(e)	106	-	92
Total Expenses excluding losses		82,326	88,252	67,582
Revenue				
Sale of goods and services	3(a)	63,278	56,574	52,350
Grants and other contributions	3(b)	117,980	228,965	57,141
Other income	3(c)	965	826	1,294
Total Revenue		182,223	286,365	110,785
Gain/(loss) on disposal	4	(163)	-	(26)
		(163)	-	(26)
NET RESULT		99,734	198,113	43,177
Total other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME		99,734	198,113	43,177

The accompanying notes form part of these financial statements.

NSW GOVERNMENT TELECOMMUNICATIONS AUTHORITY

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	5	52,058	27,290	50,317
Receivables	6	13,093	770	6,702
Inventories	7	907	580	806
Other Current assets	8	1,278	1,209	1,071
Total Current Assets		67,336	29,849	58,896
Non-Current Assets				
<i>Property, plant and equipment</i>				
Land	9	320	-	320
Plant and Equipment	9	192,998	317,328	108,239
Leasehold Improvements	9	6,501	4,000	3,618
<i>Total property, plant and equipment</i>		<i>199,819</i>	<i>321,328</i>	<i>112,177</i>
Intangible assets	10	20,050	595	19,965
Total Non-Current Assets		219,869	321,923	132,142
Total Assets		287,205	351,772	191,038
LIABILITIES				
Current Liabilities				
Payables	11	40,625	12,456	44,968
Provisions	12	-	-	1,766
Total Current Liabilities		40,625	12,456	46,734
Non-Current Liabilities				
Provisions	12	6,371	3,422	4,550
Total Non-Current Liabilities		6,371	3,422	4,550
Total Liabilities		46,996	15,878	51,284
Net Assets / (Liabilities)		240,209	335,894	139,754
EQUITY				
Accumulated funds		240,209	335,894	139,754
Total Equity		240,209	335,894	139,754

The accompanying notes form part of these financial statements.

NSW GOVERNMENT TELECOMMUNICATIONS AUTHORITY

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2018		139,754	139,754
Net Result for the year		99,734	99,734
Other comprehensive income		-	-
Total comprehensive income for the year		99,734	99,734
Transactions with owners in their capacity as owners			
Increase in net assets from equity transfers	13	721	721
Balance at 30 June 2019		240,209	240,209
Balance at 1 July 2017		96,257	96,257
Net Result for the year		43,177	43,177
Other comprehensive income		-	-
Total comprehensive income for the year		43,177	43,177
Transactions with owners in their capacity as owners			
Increase in net assets from equity transfers	13	320	320
Balance at 30 June 2018		139,754	139,754

The accompanying notes form part of these financial statements.

NSW GOVERNMENT TELECOMMUNICATIONS AUTHORITY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Payments to suppliers and employees		(82,899)	(75,477)	(43,173)
Grants and subsidies		(14,614)	-	(10,498)
Total Payments		(97,513)	(75,477)	(53,671)
Receipts				
Receipts from customers and rental		71,498	56,693	63,244
Interest received		965	826	797
Grants and other contributions		117,980	228,965	57,141
Proceeds from insurance		-	-	497
Total Receipts		190,443	286,484	121,679
NET CASH FLOWS FROM OPERATING ACTIVITIES	15	92,930	211,007	68,008
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of plant and equipment		(75,172)	(212,037)	(46,612)
Purchases of intangible assets		(16,017)	-	(6,914)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(91,189)	(212,037)	(53,526)
NET INCREASE/(DECREASE) IN CASH		1,741	(1,030)	14,482
Opening cash and cash equivalents		50,317	28,320	35,835
CLOSING CASH AND CASH EQUIVALENTS	5	52,058	27,290	50,317

The accompanying notes form part of these financial statements.

NSW GOVERNMENT TELECOMMUNICATIONS AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

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

These financial statements for the year ended 30 June 2019 have been authorised for issue by the Managing Director on 27 September 2019.

The NSW Government Telecommunications Authority as a reporting entity comprises of the following major activities:

i. Government Radio Network

The NSW Government Radio Network (GRN) provides a common platform for government agencies and authorities who use mobile radio communications, including as a 'mission-critical' tool for public safety and emergency services organisations. The GRN is owned by the NSW Government and managed on its behalf by a private sector network manager with oversight and assurance provided by the Authority. User charges are based on the Government approved full cost recovery IPART funding methodology.

ii. Mobile Data Radio Network

The Mobile Data Radio Network (MDRN) provides a shared platform for low speed mobile data communications and is used primarily for computer aided dispatch of field resources. The Network is used by the NSW Ambulance Service. The delivery of dispatch information via data is essential to achieving a rapid patient response. The Authority managed the decommissioning of this network, resulting in the network being switched off on 14th February 2019.

iii. Emergency Management

The Telecommunications Services Functional Area forms part of the NSW Government's emergency management arrangements, and acts to ensure the integrity of telecommunications services is maintained during critical incidents and natural disasters. The Authority provides coordination of the Functional Area through the statutory role of the Functional Area Coordinator. This role provides the link between telecommunications carriers and emergency services agencies ensuring the protection of telecommunications infrastructure relied upon by both government workers and the general public for communications.

(b) Basis of Preparation

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

- applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* (PF&A) and *Public Finance and Audit Regulation 2015*; and
- the Financial Reporting Directions mandated by the Treasurer.

Property, plant and equipment held for sale and financial assets at 'fair value through profit or loss' and available for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

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

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the Authority's presentation and functional currency.

(c) Statement of Compliance

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

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

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

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

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

(e) Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous reporting period, 30 June 2018, for all amounts reported in the financial statements.

(f) Changes in Accounting Policy, Including New or Revised Australian Accounting Standards

(i) Effective for the first time in 2018-19

The accounting policies applied in 2018-19 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in 2018-19:

- *AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*
- *AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 with AASB 4 Insurance Contracts*
- *AASB 2017-3 Amendments to Australian Accounting Standards – Clarifications to AASB 4*

The implementation of the above standards did not have a material impact on the Authority's financial statements.

• *AASB 9 Financial Instruments*

The Authority has adopted AASB 9 Financial Instruments (AASB 9), which resulted in changes in accounting policies in respect of recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. AASB 9 also significantly amends other standards dealing with financial instruments such as the revised AASB 7 Financial Instruments: Disclosures (AASB 7R).

The Authority applied AASB 9 retrospectively but has not restated the comparative information which is reported under AASB 139 Financial Instruments: Recognition and Measurement (AASB 139). Any differences arising from the adoption of AASB 9 have been recognised directly in accumulated funds and other components of equity.

The effect of adopting AASB 9 on the statement of financial position (increase/(decrease)) as at 1 July 2018 is set out below:

	Notes	1 st July 2018
Assets		
Receivables	6	-*
Liabilities		
Payables	11	-
Total adjustment on equity		
Accumulated funds		-

*the impact of receivables were calculated only at 30 June 2019 as it was not practicable to calculate it at 1st July 2018.

- a) Classification and measurement of financial instruments
 On 1 July 2018 (the date of initial application of AASB 9), the entity's management has assessed which business models apply to the financial assets held by the entity and has classified its financial instruments into the appropriate AASB 9 categories. The main effects resulting from this reclassification are as follows:

	Notes	Loans and receivables \$'000
Closing balance 30 June 2018 – AASB 139	6	3,899
Allowance for expected credit losses method of impairment*	6	-
Opening balance 1 July 2018 – AASB 9	6	3,899

* the impact of Receivables were calculated only at 30 June 2019 as it was not practicable to calculate it at 1 July 2018.

The impact of transition to AASB 9 on accumulated funds is, as follows:

	Notes	Accumulated Funds \$'000	Total Change in Equity \$'000
Closing balance 30 June 2018 – AASB 139		139,754	139,754
Recognition of AASB 9 expected credit losses	6	-	-
Total impact		-	-
Opening balance 1 July 2018 – AASB 9		139,754	139,754

The classification and measurement requirements of AASB 9 did not have a significant impact to the entity. The entity continued measuring at fair value, all financial assets previously held at fair value under AASB 139.

The following are the changes in the classification of the entity's financial assets:

- Trade receivables and other financial assets classified as 'Loans and receivables' under AASB 139 as at 30 June 2018 are held to collect contractual cash flows representing solely payments of principal and interest. At 1 July 2018, these are classified and measured as debt instruments at amortised cost.
- The entity has not designated any financial liabilities at fair value through profit or loss. There are no changes in the classification and measurement for the entity's financial liabilities.

In summary, upon the adoption of AASB 9, the entity had the following required or elected reclassifications as at 1 July 2018:

AASB 139 Measurement category	Measurement Category		Carrying Amount		
	AASB 139	AASB 9	Original \$'000	New \$'000	Difference \$'000
Trade receivables	Loans & Receivable	Amortised Cost	3,899	3,899	-

b) Impairment

The adoption of AASB 9 has changed the Authority's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the entity to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss. There is no material impact to the Authority on adopting the new impairment model.

(ii) Issued but Not Yet Effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise.

The following new Accounting Standards/Interpretations have been issued but are not yet effective:

- AASB 17 Insurance Contracts
- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-4 Amendments to Australian Standards – Uncertainty over Income Tax Treatments
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement
- AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements
- AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors
- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2018-8 Amendments to Australian Accounting Standards – Right of Use Assets of Not-for-Profit Entities

These Standards will not have a material impact on the Authority's financial statements.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods.

- AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 and AASB 1058 Income of Not-for-Profits
- AASB 15 Revenue from Contracts with Customers (AASB 15) is effective for reporting periods commencing on or after 1 January 2019, as the Authority is a not-for-profit. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised when control of goods or services is transferred to the customer at amounts that reflect the consideration to which the Authority expects to be entitled in exchange for transferring the goods or services to the customer. Under AASB 118 Revenue (AASB 118), revenue recognition is currently based on when risks and rewards are transferred.
- AASB 1058 Income of Not-for-Profits (AASB 1058) is effective for reporting periods commencing on or after 1 January 2019 and will replace most of the existing requirements in AASB 1004 Contributions (AASB 1004). The scope of AASB 1004 is now limited mainly to parliamentary

appropriations, administrative arrangements and contributions by owners. Under AASB 1058, the Authority will need to determine whether a transaction is consideration received below fair value principally to enable the Authority to further its objectives (accounted for under AASB 1058) or a revenue contract with a customer (accounted for under AASB 15).

- The standards will result in the identification of separate performance obligations that will not change the timing of recognition for some revenues, including revenues relating to sales of goods and services and specific purpose grants and subsidies.
- Under AASB 1058, the Authority will recognise as liabilities, obligations for funding received where there is an obligation to construct recognisable non-financial assets controlled by the Authority. AASB 1058 does not impact the Authority, as all capital funding is spent in the year it is received.
- The Authority will adopt AASB 15 and AASB 1058 on 1 July 2019 through application of the full retrospective transition approach. Recognition and measurement principles of the new standards will be applied for the current year and comparative year as though AASB 15 and AASB 1058 had always applied.
- The impacts to balances resulting from the adoption of AASB 15 and AASB 1058 have been assessed by the Authority as not being significant.
- AASB 16 Leases
 - AASB 16 Leases (AASB 16) is effective from reporting periods commencing on or after 1 January 2019.
 - For lessees, AASB 16 will result in most leases being recognised on the Statement of Financial Position, as the distinction between operating and finance leases is largely removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised at the commencement of the lease. The only exceptions are short-term and low-value leases. AASB 16 will therefore increase assets and liabilities reported on the Statement of Financial Position. It will also increase depreciation and interest expenses and reduce operating lease rental expenses on the Statement of Comprehensive Income. Expenses recognised in the earlier years of the lease term will be higher as the interest charges will be calculated on a larger lease liability balance. Existing finance leases are not expected to be significantly impacted from the transition to AASB 16.
 - The Authority will adopt AASB 16 on 1 July 2019 through application of the partial retrospective approach, where only the current year is adjusted as though AASB 16 had always applied. Comparative information will not be restated. The Authority will also adopt the practical expedient whereby the fair value of the right-of-use asset will be the same as the lease liability at 1 July 2019.
 - Based on the impact assessments the Authority has undertaken on currently available information, the Authority estimates additional lease liabilities of \$3.62 million and right-of-use assets of \$3.62 million will be recognised as at 1 July 2019 for leases in which the Authority is a lessee. Only a small amount of operating lease expenses will be replaced by depreciation of the right of use asset and interest on the lease liability. The impact on the statement of comprehensive income is expected to be \$358,000.

The impact represents management's current best estimate and is still under review. It is possible that the amount recognised at 1 July 2019 in the Statement of Financial Position will differ from this estimate as a result of further review of underlying lease data, if new leases are entered into or terminated or from re-assessment of any key management assumptions, such as the reasonable possibility that lease extension options will or will not be renewed.

2. EXPENSES EXCLUDING LOSSES

(a) Personnel Services Expenses

	2019	2018
	\$'000	\$'000
Salaries and wages (including annual leave)(*)	5,534	4,433
Superannuation	394	333
Long service leave	29	47
Workers' compensation insurance	15	2
Payroll tax and fringe benefits tax	324	266
Voluntary redundancy	153	169
Contractors(**)	7,782	5,635
	14,231	10,885

(*) Personnel services expenses of \$7,296,579 (2018: \$7,692,917) have been capitalised in various capital works and therefore are excluded from the above.

(**) In prior year, Contractors was presented in Note 2(b) Other operating expenses. In order to ensure the financial statements provide an accurate representation of the Authority's operations the prior year balances were restated, in accordance with AASB 101.41.

(b) Other Operating Expenses include the following:

	2019	2018
	\$'000	\$'000
Auditor's remuneration		
- audit of the financial statements	70	52
Network operating expenses	23,087	24,084
Rent	7,128	5,560
Maintenance	479	851
Legal Fees	795	747
Consultants	1,275	319
Power	452	423
Impairment of Debtors	-	(38)
Corporate costs	2,676	2,531
Minor Equipment	435	1
Insurance	299	12
Software expenses	1,055	1,336
Other	2,341	1,947
	40,092	37,825

Recognition and Measurement

Operating leases

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

Maintenance expense

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

Insurance

The Authority's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

(c) Depreciation and Amortisation Expense

	2019	2018
	\$'000	\$'000
Depreciation		
- Plant and equipment	9,855	7,436
- Leasehold improvements	997	26
Amortisation		
- Intangible assets	2,431	820
Total depreciation and amortisation	13,283	8,282

Refer to Note 9 and 10 for recognition and measurement policies on depreciation and amortisation.

(d) Grants and Subsidies

	2019	2018
	\$'000	\$'000
Mobile Black Spot Program	4,054	6,877
Enterprise Telecommunications Optimisation Program	5,698	3,621
Critical Communications Enhancement Program	4,862	-
	14,614	10,498

Mobile Black Spot Program

The NSW Government participated in the Australian Government's Mobile Black Spots Program and has committed to co-contribute to 139 new or improved mobile base stations in NSW. Telco was identified as being in the best position to lead the rollout of the Mobile Black Spot Program. This expenditure is funded by the Restart Grant program

Enterprise Telecommunications Optimisation Program

The Enterprise Telecommunications Optimisation Program has been tasked with driving the NSW Government Telecommunications Strategy for the Whole of Government. Telco is funding this Program in recognition of the potential future savings this Strategy could create for the Authority

Critical Communications Enhancement Program

Funding for the Critical Communications Enhancement Program included a partial grant for procurement of terminals (radio hardware) for frontline users and vehicles. The Program Steering Committee approved the allocation of the grant monies. The terminals were purchased under a Whole-of-Government Scheme and included negotiation for volume discounts.

(e) Finance Costs

	2019	2018
	\$'000	\$'000
Unwind discount on Leasehold Makegood Provision	106	92

Recognition and Measurement

Finance costs consist of the periodic unwinding of the discount rate embedded in the Makegood Provision. Finance costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for profit NSW General Government Sector Entities.

3. REVENUE

Recognition and Measurement

Income is measured at the fair value of the consideration or contribution received or receivable. Commentary regarding the accounting policies for the recognition of income are discussed below.

(a) Sale of Goods and Services

	2019	2018
	\$'000	\$'000
Radio Network Services	63,278	52,350
	63,278	52,350

Recognition and Measurement
Rendering of Services

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

(b) Grants and Other Contributions

	2019	2018
	\$'000	\$'000
Grants received from the Federal & Other State Governments	-	180
Mobile Black Spot Program – Restart Funds	4,054	6,877
Contribution received (external third party)	54	-
Grants received from DFSI - Recurrent	10,313	2,584
Grants received from DFSI - Capital	103,559	47,500
	117,980	57,141

Recognition and Measurement

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

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

(c) Other Income

	2019	2018
	\$'000	\$'000
Interest Revenue	965	797
Insurance Proceeds	-	497
	965	1,294

Recognition and Measurement

Interest Revenue

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

4. OTHER GAINS/(LOSSES)

	2019	2018
	\$'000	\$'000
Loss on disposal of plant & equipment	(163)	(26)
	(163)	(26)

5. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2019	2018
	\$'000	\$'000
Cash at bank	52,058	50,317
	52,058	50,317

The deposits are bearing a floating interest rate average of 1.89% for the year ended 30 June 2019 (2018 – 1.85%). These funds are at call.

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

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year as shown to the Statement of Cash Flows as follows:

	2019 \$'000	2018 \$'000
Cash and cash equivalents (per Statement of Financial Position)	52,058	50,317
Closing cash and cash equivalents (per Statement of Cash Flows)	52,058	50,317

Refer to Note 18 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

6. CURRENT ASSETS - RECEIVABLES

	2019 \$'000	2018 \$'000
Sales of goods and services	8,871	4,405
Less allowance for expected credit losses*	-	-
Less allowance for impairment **	-	(109)
Prepayments	4,222	2,406
	13,093	6,702

* Movement in the allowance for expected credit losses	2019 \$'000
Balance at 30 June 2018 under AASB 139	109
Amounts restated through opening accumulated funds	
Balance at 1 July 2018 under AASB 9	109
Amounts written off during the year	(109)
Amounts recovered during the years	-
Increase/(decrease) in allowance recognised in net results	-
Balance at 30 June 2019	-

** Movement in the allowance for impairment	2018 \$'000
Balance at 1 July 2017	109
Amounts written off during the year	-
Amounts recovered during the year	-
Increase/(decrease) in allowance recognised in net results	-
Balance at 30 June 2018	109

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 18.

Recognition and Measurement

Receivables

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement under AASB 9 (from 1 July 2018)

The Authority holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Subsequent measurement under AASB 139 (for comparative period ended 30 June 2018)

Subsequent measurement is at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment under AASB 9 (from 1 July 2018)

The Authority recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows that the entity expects to receive, discounted at the original effective interest rate.

For trade receivables, the entity applies a simplified approach in calculating ECLs. The Authority recognises a loss allowance based on lifetime ECLs at each reporting date. The Authority has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.

Impairment under AASB 139 (for comparative period ended 30 June 2018)

Receivables are subject to an annual review for impairment. These are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

The Authority first assesses whether impairment exists individually for receivables that are individually significant. Further, receivables are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

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

Any reversals of impairment losses are reversed through the net result for the year, if objectively related to an event occurring after the impairment was recognised. Reversals of impairment losses cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

7. CURRENT - INVENTORIES

	2019	2018
	\$'000	\$'000
Spare Parts (at cost)	907	806
	907	806

Recognition and Measurement

Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount.

The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost as at the date of acquisition. Current replacement cost is the cost the Authority would incur to acquire the asset as at the end of the reporting period.

8. CURRENT ASSETS - OTHER

	2019	2018
	\$'000	\$'000
Net GST recoverable	1,278	1,071
	1,278	1,071

9. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Land \$'000	Plant and Equipment (GRN) \$'000	Plant and Equipment (MDRN) \$'000	Assets Under Construction (GRN) \$'000	Leasehold Improvements (GRN/MDRN) \$'000	Total \$'000
Fair value						
At 1 July 2018						
Gross carrying amount	320	105,774	14,548	73,498	4,798	198,938
Accumulated depreciation and impairment	-	(71,033)	(14,548)	-	(1,180)	(86,761)
Net carrying amount	320	34,741	-	73,498	3,618	112,177
30 June 2019						
Gross carrying amount	320	137,423	-	136,380	8,379	282,502
Accumulated depreciation and impairment	-	(80,805)	-	-	(1,878)	(82,683)
Net carrying amount	320	56,618	-	136,380	6,501	199,819

Reconciliation

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

30 June 2019	Land \$'000	Plant and Equipment (GRN) \$'000	Plant and Equipment (MDRN) \$'000	Assets Under Construction (GRN) \$'000	Leasehold Improvements (GRN/MDRN) \$'000	Total \$'000
Net carrying amount at beginning of year	320	34,741	-	73,498	3,618	112,177
Additions	-	-	-	103,599	1,742	105,341
Transfers from/(to) Govt Agencies	-	721	-	(4,862)	-	(4,141)
Disposals	-	-	-	-	(190)	(190)
Reclassification	-	31,011	-	(35,855)	2,328	(2,516)
Depreciation expense	-	(9,855)	-	-	(997)	(10,852)
Net carrying amount at end of year	320	56,618	-	136,380	6,501	199,819
Fair value						
At 1 July 2017						
Gross carrying amount	-	81,045	14,496	57,942	3,370	156,853
Accumulated depreciation and impairment	-	(63,652)	(14,493)	-	(1,222)	(79,367)
Net carrying amount	-	17,393	3	57,942	2,148	77,486
At 30 June 2018						
Gross carrying amount	320	105,774	14,548	73,498	4,798	198,938
Accumulated depreciation and impairment	-	(71,033)	(14,548)	-	(1,180)	(86,761)
Net carrying amount	320	34,741	-	73,498	3,618	112,177

30 June 2018

	Land \$'000	Plant and Equipment (GRN) \$'000	Plant and Equipment (MDRN) \$'000	Assets Under Construction (GRN) \$'000	Leasehold Improvements (GRN/MDRN) \$'000	Total \$'000
Net carrying amount at beginning of year	-	17,393	3	57,942	2,148	77,486
Additions	-	2,291	55	43,261	1,675	47,282
Transfers from/(to) Govt Agencies	320	-	-	-	-	320
Disposals	-	(432)	(3)	-	(179)	(614)
Reclassification	-	22,870	-	(27,705)	-	(4,835)
Depreciation expense	-	(7,381)	(55)	-	(26)	(7,462)
Net carrying amount at end of year	320	34,741	-	73,498	3,618	112,177

Recognition and Measurement

Acquisitions of Plant and Equipment

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

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

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

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition (see also assets transferred as a result of an equity transfer- Note 13).

Capitalisation Thresholds

Plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

Major Inspection Costs

When a major inspection is performed, the labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

Restoration Costs

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

Maintenance

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

Depreciation of Property, Plant and Equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Authority.

All material identifiable components of assets are depreciated separately over their useful lives. Land is not a depreciable asset.

Land is not a depreciable asset. The decision not to recognise depreciation for these assets is reviewed annually.

The depreciation rates used for 2018/19 for each class of assets are:

<i>Plant and Equipment</i>	
Huts and Towers	2.5% to 5.0%
Network Equipment	10.0%
Leasehold Improvements	Shorter of estimated useful life of improvements and term of lease

Finance leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and rewards whether the lessor does not transfer substantially all the risks and rewards.

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Property, plant and equipment acquired under finance leases are depreciated over the asset’s useful life. However, if there is no reasonable certainty that the lessee entity will obtain ownership at the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the “Valuation of Physical Non-Current Assets at Fair Value” Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*.

Non-specialised assets with short useful lives, like plant and equipment, are measured at depreciated historical cost as an approximation of fair value. The Authority has assessed that any difference between fair value and depreciated historical cost is unlikely to be material

Impairment of Property, Plant and Equipment

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

The Authority assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Authority estimates the asset’s recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in net result and is treated as a revaluation increase. However, to the extent that an impairment loss on the same class of asset was previously recognised in the net result, a reversal of that impairment loss is also recognised in net result.

10. NON-CURRENT ASSETS - INTANGIBLE ASSETS

	Software \$'000	Network Licences \$'000	Assets Under Construction \$'000	Total \$'000
As at 1 July 2018				
Cost (gross carrying amount)	7,974	1,442	13,502	22,918
Accumulated amortisation and impairment	(1,511)	(1,442)	-	(2,953)
Net carrying amount 30 June	6,463	-	13,502	19,965
As at 30 June 2019				
Cost (gross carrying amount)	10,490	6,565	8,379	25,434
Accumulated amortisation and impairment	(3,660)	(1,724)	-	(5,384)
Net carrying amount 30 June	6,830	4,841	8,379	20,050

Reconciliation

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

Year Ended 30 June 2019	Software \$'000	Network Licences \$'000	Assets Under Construction \$'000	Total \$'000
Net carrying amount at beginning of year	6,463	-	13,502	19,965
Additions	-	-	-	-
Disposals	-	-	-	-
Reclassification	2,516	5,123	(5,123)	2,516
Amortisation	(2,149)	(282)	-	(2,431)
Net carrying amount at end of year	6,830	4,841	8,379	20,050

	Software \$'000	Network Licences \$'000	Assets Under Construction \$'000	Total \$'000
As at 1 July 2017				
Cost (gross carrying amount)	2,880	-	-	2,880
Accumulated amortisation and impairment	(2,134)	-	-	(2,134)
Net carrying amount 30 June	746	-	-	746

	Software \$'000	Network Licences \$'000	Assets Under Construction \$'000	Total \$'000
As at 1 July 2018				
Cost (gross carrying amount)	7,974	1,442	13,502	22,918
Accumulated amortisation and impairment	(1,511)	(1,442)	-	(2,953)
Net carrying amount 30 June	6,463	-	13,502	19,965

Year Ended 30 June 2018	Software \$'000	Network Licences \$'000	Assets Under Construction \$'000	Total \$'000
Net carrying amount at beginning of year	746	-	-	746
Additions	1,702	-	13,502	15,204
Disposals	-	-	-	-
Reclassification	4,835	-	-	4,835
Amortisation	(820)	-	-	(820)
Net carrying amount at end of year	6,463	-	13,502	19,965

Recognition and Measurement

The Authority recognises intangible assets only if it is probable that future economic benefits will flow to the Authority and if the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Authority's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

The Authority's intangible assets are amortised using the straight-line method over a period of 4 years. These rates remain unchanged from the previous year. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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

11. CURRENT LIABILITIES - PAYABLES

	2019	2018
	\$'000	\$'000
Accrued personnel services expenses	1,986	914
Creditors	38,639	44,035
Unearned Revenue	-	19
	40,625	44,968

Refer to Note 18 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the Authority and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially recognised at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

Accrued salaries, wages and on-costs

The Authority receives personnel services from the Department of Finance, Services and Innovation. The Department of Finance, Services and Innovation is not a Special Purpose Service Entity and does not control the Authority under this arrangement.

In accordance with NSW Treasury Circular 15/07 "Financial and Annual Reporting Requirements Arising from Personnel Service Arrangements", a liability representing the total amount payable to the Department of Finance, Services and Innovation is recognised in the Statement of Financial Position.

As the Authority is not an employer, the disclosure requirements of AASB 119 Employee Benefits in respect of employee benefits do not apply

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 18.

12. CURRENT / NON-CURRENT LIABILITIES - PROVISIONS

	2019	2018
	\$'000	\$'000
Current		
Decommissioning costs	-	1,300
Restoration and decommissioning costs	-	466
Total Current Provisions	-	1,766
Non-Current		
Restoration and decommissioning costs	6,371	4,550
Total Non-Current Provisions	6,371	4,550
Total Provisions	6,371	6,316

The provision represents the cost of decommissioning existing operational assets arising from a site exit which includes site restoration and decommissioning equipment.

	2019	2018
	\$'000	\$'000
Movements in provisions (other than employee benefits)		
Movements in each class of provision during the year, other than employee benefits, are set out below:		
Carrying amount as at beginning of year	6,316	4,762
Additional provisions recognised	1,715	1,572
Amounts utilised	(1,766)	-
Unused amounts reversed	-	(110)
Unwinding at discount rate	106	92
Carrying amount at end of year	6,371	6,316

Recognition and Measurement

Other Provisions

Provisions are recognised when: the Authority has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

Any provisions for restructuring are recognised only when an Authority has a detailed formal plan and the Authority has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

Provisions include restoration costs on leased telecommunication sites. The provision is calculated based on current cost estimates for asset dismantling, removal and site restoration activities implicit in each lease agreement, which are then discounted to present value. The provisions are established by individual lease. The unamortised value of the obligation is recorded as an asset

If the effect of the time value of money is material, provisions are discounted using the government bond rate (2019: between 1.490 and 2.580; 2018: between 1.910 and 3.200) which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

13. EQUITY

Recognition and Measurement

Accumulated Funds

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

Reserves

Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or AAS (e.g. revaluation surplus and foreign currency translation reserve).

Equity transfers - Recognition and Measurement

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

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

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the entity recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity does not recognise that asset.

In March 2019, twelve towers and shelters, with a combined valuation of \$721,000, were transferred from NSW Police Department to the Authority. In June 2018, two parcels of land, with a combined independent valuation of \$320,000, were transferred from NSW Police Department to Telco. This is part of the CCEP initiative to incorporate existing government assets into the expanding GRN. This transfer was approved by the respective Ministers.

14. BUDGET REVIEW

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

Net result

The actual net result for the Authority for 2019 is a surplus of \$99.7 million (2018: \$43.2 million surplus) which was unfavourable to the budgeted net result by \$98.4 million. The major variations to budgets are:

Total Revenue was \$104.1 million unfavourable to budget, mainly in grants and contributions, offset by increased sales of goods and services.

The grants and contributions were unfavourable to budget by \$111.0 million due to Critical Communication Enhancement Program and Mobile Black Spot Program carry forwards to 2019/20 and 2020/21.

Total Expenses were \$5.9 million favourable to budget, due to delayed claims by suppliers associated with the Mobile Black Spot Program, subsequently carried forward to 2019/20.

Assets and liabilities

Net Assets: The actual net assets of \$240.2 million (2018: \$139.8 million net assets) were unfavourable to budget by \$95.7 million and was mainly due to the carry forward of elements of the Critical Communications Enhancement Program construction phase to 2019/20 and 2020/21.

Total Assets were unfavourable to budget by \$64.6 million mainly due to delays in the construction of the Critical Communications Enhancement Program carried forward to 2019/20 and 2020/21, offset by increases in cash balances due to the funding of the Critical Communications Enhancement Program and increases in trade receivables and prepayments, which are indicative of the business, unlike the budget.

Total Liabilities were unfavourable to budget by \$31.1 million due to the higher payables driven by timing differences in the construction phase of the Critical Communications Enhancement Program.

Cash flows

Net increase in cash during the year is \$1.7 million compared to a budgeted net decrease in cash of \$1.0 million. The favourable variance of \$2.8 million was driven by marginally lower expenses than budgeted.

15. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	2019	2018
	\$'000	\$'000
Net cash used on operating activities	92,930	68,008
Depreciation and amortisation	(13,283)	(8,282)
Finance Costs	(106)	(92)
Net gain/(loss) on sale of plant and equipment	(163)	(26)
Increase/(decrease) in receivables	6,391	(2,756)
Increase/(decrease) in inventories	101	341
(Increase)/decrease in payables	13,657	(14,394)
Increase/(decrease) in other assets	207	378
Net result	99,734	43,177

16. COMMITMENTS FOR EXPENDITURE

(a) Capital Commitments

	2019	2018
	\$'000	\$'000
Aggregate capital expenditure for the acquisition of information technology equipment and other equipment contracted for at balance date and not provided for:		
Not later than one year	113,591	111,999
Later than one year and not later than five years	-	-
Later than five years	-	-
Total (including GST)	113,591	111,999

(b) Operating Lease Commitments

Entity as lessee

Future minimum rental payables under non-cancellable operating lease as at 30 June are, as follows:

Not later than one year	4,953	3,746
Later than one year and not later than five years	9,005	8,041
Later than five years	5,626	4,007
Total (including GST)	19,584	15,794

The Authority has entered into operating lease rental agreements with government agencies and private companies for provision of accommodation for the Authority's use.

Site rental leases are entered into with other NSW Government agencies and private sector companies. The term of accommodation leases range from one to ten years with the option for renewal for further terms. The lease agreement allows the lessor to review rents on specified dates. There is no option for the purchase of buildings at the expiry of the lease term. Recurrent outgoings including cleaning, electricity, rates, management fees, public liability insurance and repairs and maintenance are the responsibility of the Authority.

Total commitments above include input tax credits of \$11,912,000 (\$11,618,000 in 2018) that are expected to be recovered from the Australian Taxation Office.

Entity as lessor

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are, as follows:

Not later than one year	169	166
Later than one year and not later than five years	93	269
Later than five years	-	-
Total (including GST)	262	435

17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Authority is not aware of any contingent assets or liabilities at the date of these financial statements.

18. FINANCIAL INSTRUMENTS

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

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

The Managing Director has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Authority, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Authority on a continuous basis.

The Authority's financial instruments include cash, receivables and payables.

(a) Financial Instrument Categories

i. As at 30 June 2019 under AASB 9

Financial Assets	Note	Category	2019
			\$'000
			Carrying Amount
Class:			
Cash and cash equivalents	5	Not applicable	52,058
Receivables(i)	6	Amortised cost	8,142
Financial Liabilities	Note	Category	
Class:			
Payables(ii)	11	Financial liabilities measured at amortised cost	39,944

ii. As at 30 June 2018 under AASB 139 (comparative period)

Financial Assets	Note	Category	2018
			\$'000
			Carrying Amount
Class:			
Cash and cash equivalents	5	Not applicable	50,317
Receivables(i)	6	Loans and receivables (at amortised cost)	3,899
Financial Liabilities	Note	Category	
Class:			
Payables(ii)	11	Financial liabilities measured at amortised cost	43,361

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

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

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- the Authority has transferred substantially all the risks and rewards of the asset; or
- the Authority has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control.

When the entity has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the entity has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the entity's continuing involvement in the asset. In that case, the entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

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

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

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial risks

i. Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Authority. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

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

Credit risk associated with the Authority's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash and cash equivalents

Cash and cash equivalents comprises bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation ("TCorp") 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Accounting policy for impairment of trade debtors and other financial assets under AASB 9

Receivables - Trade Debtors

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. The Authority applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss

allowance for all trade debtors. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Trade debtors are written off when there is no reasonable expectation of recovery.

The loss allowance for trade debtors as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows:

	30 June 2019					
	\$'000					
	Current	<30 days	30–60 days	61–90 days	>91 days	Total
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	0.0%	
Estimated total gross carrying amount at default	3,011	3,543	52	73	614	7,293
Expected credit loss	-	-	-	-	-	-
Total	3,011	3,543	52	73	614	7,293
Notes: The analysis excludes statutory receivables, prepayments, as these are not within the scope of AASB 7. Therefore, the 'total' will not reconcile to the receivables total in Note 11.						
The Authority is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2019.						

Accounting policy for impairment of trade debtors and other financial assets under AASB 139 (comparative period only).

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debtors which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

For the comparative period 30 June 2018, the ageing analysis of trade debtors is as follows:

	Total ^{1,2} \$'000	Past Due But Not Impaired ^{1,2} \$'000	Considered Impaired ^{1,2} \$'000
2018			
< 3 months overdue	1,984	1,984	-
3 months - 6 months overdue	17	17	-
> 6 months overdue	234	135	99

Notes:

- Each column in the table reports "gross receivables".
- The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 *Financial Instruments: Disclosure* and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the Statement of Financial Position nor Note 6.
- The Authority is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2018.

ii. Liquidity risk

Liquidity risk is the risk that the Authority will be unable to meet its payment obligations when they fall due. The Authority continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

During the current and prior year, no assets have been pledged as collateral. The Authority's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in *Treasurer's Direction NSW TC 11/12*. For small business suppliers, where terms are not specified, payment is made no later than 30 days from date of receipt of a correctly rendered invoice. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For payments to other suppliers, the Head of an authority (or person appointed by the Head of an authority) may automatically pay the supplier simple interest. There was no interest applied to payables during the year.

iii. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Authority has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Authority operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2018. The analysis assumes that all other variables remain constant.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Authority does not have any borrowings and its exposure to interest rate risk is minimal.

iv. Fair Value Measurement

(i) Fair value compared to carrying amount

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments

(ii) Fair value recognised in the Statement of Financial Position

Management assessed that cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their fair values, largely due to the short-term maturities of these instruments.

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no assets or liabilities recorded at fair value.

19. RELATED PARTY DISCLOSURES

Key management personnel

The total remuneration of the key management personnel of the Authority are as follows:

	2019 \$'000	2018 \$'000
Short-term employee benefits:		
- Salaries	333	327
- Non-monetary benefits	-	-
Other long-term employee benefits	-	-
Post-employment benefits	20	20
Termination benefits	-	-
Total remuneration	353	347

Other related party transactions

During the year, the Authority entered into transactions with other entities that are controlled/jointly controlled/significantly influenced by NSW Government. These transactions in aggregate are a significant portion of the entity's sale of goods/ rendering of services/ receiving of services, in aggregate are as follows:

Nature of transaction	2019 \$'000		2018 \$'000	
	Transaction value Income/(expense) \$'000	Net receivable/ (payable) \$'000	Transaction value Income/(expense) \$'000	Net receivable/ (payable) \$'000
Sales of goods/ services; grants and contributions and other receipts	180,577	8,285	108,810	3,762
Purchases of goods/ services; grants and subsidies and other payments	(29,194)	(2,014)	(9,151)	(5,551)

20. EVENTS AFTER THE REPORTING PERIOD

As a result of the recent Administrative Arrangements Orders effective 1st July 2019, the employees of the Department of Finance, Services and Innovation (DFSI) who provided personnel services to the Authority were transferred to the new Department of Customer Service (DCS). The new DCS provides personnel services to the Authority from 1st July 2019. This event has no impact to the 2018-19 financial statements.

END OF AUDITED FINANCIAL STATEMENTS

Budget outline for 2019/20

	Budget FY 2020 \$'000
Expenses excluding losses	
Personnel services/employee related	17,808
Other operating expenses	67,295
Depreciation and amortisation	19,473
Finance cost	-
Total expenses excluding losses	104,576
Revenue	
Sale of goods and services	62,616
Grants (TSY)	189,981
Other revenue	811
Total revenue	253,408
Total comprehensive income for the year	148,832

Statutory reporting obligations

Human resources

The NSW Telco Authority does not directly employ staff. All staff are employed by the Department of Finance, Services and Innovation, with the Department charging the NSW Telco Authority for personnel services. The NSW Telco Authority actively seeks secondments from business partners to increase sector wide experience, as well as the NSW Telco Authority's capacity. Personnel policies are based on those used by the Department of Finance, Services and Innovation.

As employees of the Department of Finance, Services and Innovation, the full details of the NSW Telco Authority's human resources activities for the 2018/19 financial year are reported on in the Department of Finance, Services and Innovation's Annual Report. The workplace profile 2018/19 is set out below.

Division	2015 ^{1,2}	2016 ^{1,2}	2017 ^{1,2}	2018 ^{1,2}	2019 ^{1,2}
Senior Executive	2.0	6.0	6.0	6.0	7
Senior Officer	3.0	-	-	-	-
Ongoing	11.7	14.6	23.1	28.4	30.4
Temporary	5.4	4.0	1.0	2.0	6
Graduate	3.0	3.0	9.0	-	-
Total	25.1	27.6	39.2	36.4	43.4

Note 1: Full time equivalent staff (excludes chairpersons, casuals, contractor/agency staff, statutory appointments, trustees, council committee members, staff on secondment to other agencies and staff on long term leave without pay).

Note 2: Statistics are based on Workforce Profile census data as at 18 June 2015, 30 June 2016, 29 June 2017, 28 June 2018 and 27 June 2019.

Workforce Diversity

Information on workforce diversity achievements and key workforce diversity strategies for next year are reported in the Department of Finance, Services and Innovation's Annual Report.

Trends in the Representation of Workforce Diversity Groups					
Workforce Diversity Group	Benchmark	2016 ^{1,2}	2017 ^{1,2}	2018 ^{1,2}	2019 ^{1,2}
Women ³	50%	21.4%	37.5%	43.2%	48.9%
Aboriginal People and/or Torres Strait Islander People ⁴	3.3%	0.0%	25.5%	0.0%	0.0%
People whose First Language Spoken as a Child was not English ⁵	23.2%	14.3%	15.0%	8.1%	8.9%
People with a Disability ⁶	5.6%	0.0%	19.0%	0.0%	0.0%
People with a Disability Requiring Work-Related Adjustment ⁶	N/A	0.0%	0.0%	0.0%	0.0%

Note 1: Statistics are based on Workforce Profile census data as at 30 June 2016, 29 June 2017, 28 June 2018 and 27 June 2019.

Note 2: Workforce diversity statistics for 2016 and 2017 reflect the current composition of the department and may vary from those reported in previous annual reports.

Note 3: The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community.

Note 4: The NSW Public Sector Aboriginal Employment Strategy 2014 – 17 introduced an aspirational target of 1.8% by 2021 for each of the sector's salary bands. If the aspirational target of 1.8% is achieved in salary bands not currently at or above 1.8%, the cumulative representation of Aboriginal employees in the sector is expected to reach 3.3%.

Note 5: A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for People whose First Language Spoken as a Child was not English. The ABS Census does not provide information about first language, but does provide information about country of birth. The benchmark of 23.2% is the percentage of the NSW general population born in a country where English is not the predominant language.

Note 6: In December 2017, the NSW Government announced the target of doubling the representation of people with disability in the NSW public sector from an estimated 2.7% to 5.6% by 2027. More information can be found at: Jobs for People with Disability: A plan for the NSW public sector. The benchmark for 'People with Disability Requiring Work-Related Adjustment' was not updated.

Trends in the Distribution of Workforce Diversity Groups					
Workforce Diversity Group	Benchmark	2016	2017	2018	2019
Women	100	N/A	N/A	N/A	N/A
Aboriginal People and/or Torres Strait Islander People	100	N/A	N/A	N/A	N/A
People whose First Language Spoken as a Child was not English	100	N/A	N/A	N/A	N/A
People with a Disability	100	N/A	N/A	N/A	N/A
People with a Disability Requiring Work-Related Adjustment	100	N/A	N/A	N/A	N/A

Note 7: A Distribution Index score of 100 indicates that the distribution of members of the Workforce Diversity group across salary bands is equivalent to that of the rest of the workforce. A score less than 100 means that members of the Workforce Diversity group tend to be more concentrated at lower salary bands than is the case for other staff. The more pronounced this tendency is, the lower the score will be. In some cases, the index may be more than 100, indicating that members of the Workforce Diversity group tend to be more concentrated at higher salary bands than is the case for other staff.

Note 8: The Distribution Index is not calculated when the number of employees in the Workforce Diversity group is less than 20 or when the number of other employees is less than 20.

Senior executives

Senior Executive Band	2018^{1,2,3}				2019^{1,2,3}			
	Female	Male	Total	% Representation by Women	Female	Male	Total	% Representation by Women
Band 4 (Secretary)	0	0	0	0%	0	0	0	0%
Band 3 (Deputy Secretary)	0	0	0	0%	0	0	0	0%
Band 2 (Executive Director)	2	0	2	100%	1	0	1	100%

Band 1 (Director)	1	3	4	25%	2	4	6	33.3%
Total	3	3	6	50%	3	4	7	42.9%

	2017 ⁴		2019 ⁴	
Senior Executive Band	Range \$	Average Remuneration \$	Range \$	Average Remuneration \$
Band 3 (Deputy Secretary)	328,901 - 463,550	0	337,101 - 475,150	0
Band 2 (Executive Director)	261,451 - 328,900	313,227	268,001 - 337,100	332,738
Band 1 (Director)	183,300 - 261,450	206,151	187,900 - 268,000	209,219

Note 1: Senior Executive statistics exclude casuals, contractor/agency staff, statutory appointments, staff on secondment to other agencies and staff on long term leave without pay.

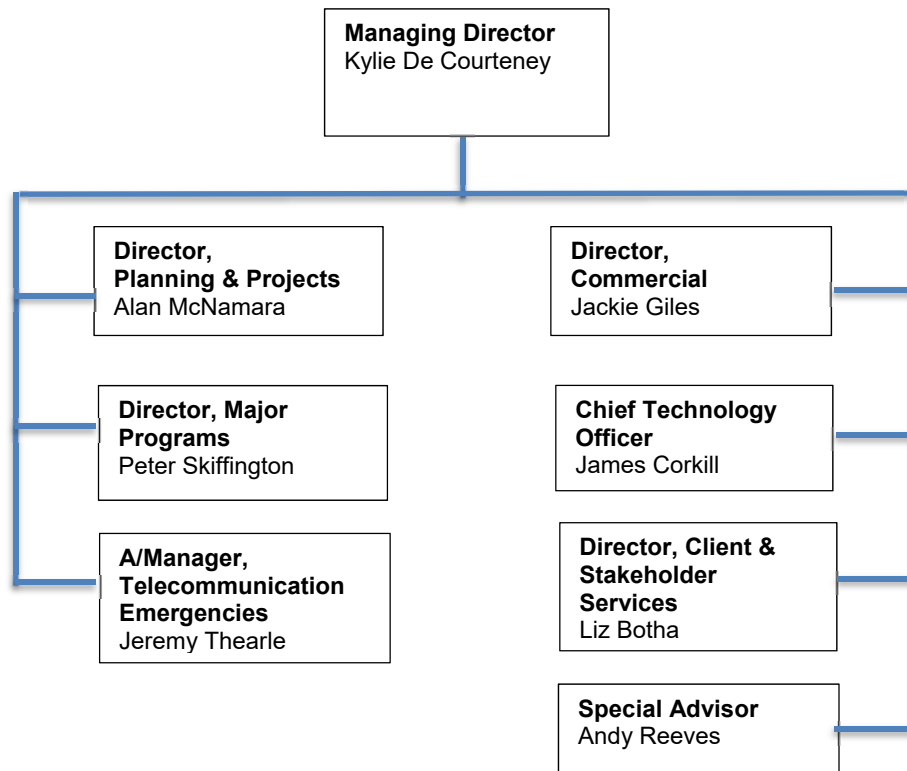
Note 2: Statistics are based on Workforce Profile census data as at 28 June 2018 and 27 June 2019.

Note 3: All employees reported in 2018 and 2019 are appointed under the Government Sector Employment Act. Salary band based on current assignment including those on a temporary above level assignment for more than two months.

Note 4: Salary ranges effective at the Workforce Profile census dates of 29 June 2017, 28 June 2018 and 27 June 2019.

Employee related costs 2018	Amount
Executive	\$1,441,640
Non-Executive	\$4,310,252
Total	\$5,751,892
Ratio Senior Executive	25.1%

Our Senior Organisational Structure



Overseas travel

No overseas travel was undertaken by anyone in the Telco Authority during the reporting period.

Credit card certification

In accordance with the Treasurer's Directions 205.01- 205.08, the Telco Authority certifies that corporate credit card use by officers of the NSW Telco Authority is in accordance with the established government requirements, Premier's Memorandum and Treasurer's Directions.

Payment of accounts

Aged analysis at the end of each quarter during 2018/19

.Quarters	TOTAL	Current within due date	30 - 60 days overdue	61 - 90 days overdue	90+ days overdue
All suppliers					
September	\$1,844,458.94	\$1,843,686.21	\$772.73	-	-
December	\$2,716,023.34	\$2,426,865.53	\$251,847.34	\$19,326.80	\$17,983.67
March	\$463,404.14	\$333,511.56	\$23,875.00	\$77,902.77	\$28,114.81
June	\$1,769,641.76	\$1,767,733.55	\$(6,486.97)	-	\$8,395.18
Small business suppliers					
September	-	-	-	-	-
December	-	-	-	-	-
March	-	-	-	-	-
June	-	-	-	-	-

The Telco Authority has 18 credit cards on issue with a combined limit of \$270,000.

Notes: Negative values relate to uncleared credit notes including credit card transactions.

Accounts due or paid within each quarter during 2018/19

Measure	September	December	March	June
All suppliers				
Number of accounts due for payment	609	537	537	787
Number of accounts paid on time	238	178	132	311
Actual percentage of accounts paid on time (based on number of accounts)	39%	33%	25%	40%
Dollar amount of accounts due for payment	\$43,734,850.42	\$28,502,720.04	\$37,596,146.49	\$44,731,243.90
Dollar amount of accounts paid on time	\$8,404,226.44	\$2,721,381.19	\$5,866,640.18	\$15,100,947.55
Actual percentage of accounts paid on time (based on \$)	19%	10%	16%	34%
Number of payments for interest on overdue accounts	-	-	-	-
Interest paid on overdue accounts	-	-	-	-

Notes: No registered small business supplier accounts were paid during the year. Payment performance impacted due to settlement negotiations, incorrectly rendered invoices, and invoices submitted prior to completion of work. The Authority continues to work with suppliers and staff to reduce impacts and improve performance where possible.

Consultants

The Authority engages external consultants to support specific projects and workload peaks as required. This allows the Authority to draw on specialist expertise from the private sector.

Engagements above \$50,000

Consultant	Category	Description	Amount (ex GST)
Deloitte Touche Tohmatsu	Finance and accounting	CCEP Financial cost modelling and contract review	\$85,000
GQI Consulting Pty Ltd	Engineering / Technical	CCEP Technical P25 services to support major procurement activities	\$103,800
Total			\$188,800

Engagements under \$50,000

	Category	Engagements	Amount (ex GST)
	Finance and accounting	1	\$40,000
	Contract and Procurement	1	\$45,000
Total			\$85,000

Investment performance

The Authority's investment performance for the reporting period is outlined below. The Westpac investment, as part of the Treasury Banking System (TBS), was the primary source of interest revenue for the reporting period.

Category	Weighted portfolio composition	Revenue	Annual rate of return
Bank Interest	100%	\$964,974	1.89%

Work Health and Safety (WHS)

The Authority has introduced a broad range of practical processes and tools to support the business in its journey towards greater WHS maturity. Particular focus on high risk areas has led to the development of the Authority's Critical Risk Controls. These set expectations and provide guidance for our internal teams and our vendors.

The Authority will continue to focus on culture and leadership, and team members' capability. This year has seen the introduction of WHS accountability statements, and risk-based WHS training including driver safety, radio frequency awareness and safe design.

The introduction of real time cloud-based assurance tools like IAuditor has greatly enhanced the Authority's management oversight and reporting of WHS on projects. This has supported the introduction of an Authority wide WHS Assurance framework, covering leadership walks, site inspections, vendor audits and performance reports. The Authority continues to align with DFSI's WHS management systems and wellbeing initiatives.

Risk management and insurance

The Authority aligns with the DFSI Enterprise Risk and Resilience Framework in accordance with NSW Treasury requirements, as set out in Treasury Policy and Guidelines Paper TPP 15-03: Internal Audit and Risk Management Policy for the NSW Public Sector. The Authority complies with all relevant insurance requirements including workers' compensation, motor vehicles, public liability, property and miscellaneous items. During the 2017/18 financial year, the Authority paid \$299,089.07 (ex GST) in insurance premiums.

Disclosure of controlled entities and subsidiaries

The Authority receives personnel services from the Department of Finance, Services and Innovation. The Department is not a Special Purpose Service Entity and does not control the Authority under this arrangement. The Authority does not hold shares in any public-sector subsidiary.

Land Disposal

No properties were disposed of during the year.

Funds granted to non-government community organisations

No funds were granted to non-government community organisations during the year.

Government Information (Public Access) Act 2009

The intention of the Government Information (Public Access) Act 2009 is to make government information

more open and available to the general public. As part of the Department of Finance, Services and Innovation, the Authority complies with this Act by proactively releasing information on its website and responding to formal applications made to the Department of Finance, Services and Innovation.

Statistical information about access applications received in relation to the Authority is reported in the Department of Finance, Services and Innovation's Annual Report.

Public Interest Disclosures

For the 2018/19 period, no Authority officials made public interest disclosures.

As staff are employees of the Department of Finance, Services and Innovation, the Authority has adopted and adheres to the Department's Fraud and Corruption Internal Reporting Policy. All staff are advised of this policy by means of the Code of Conduct and information via the intranet.

Privacy and Personal Information Protection (PIIP) Act 1998

The Authority is covered by the Department of Finance, Services and Innovation's Privacy Management Plan.

Exemptions

All staff employed by the Department of Finance, Services and Innovation, including those allocated to statutory bodies such as the Telco Authority, are included in the Department's Annual Reporting on the following:

- Management and activities,
- Disability inclusion action plans,
- Multicultural policies and services program,
- Work health and safety, and
- Waste reduction.

A copy of the Department of Finance, Services and Innovation's Annual Report is available at www.finance.nsw.gov.au

Annual Report Production

The Telco Authority annual report was prepared internally and no external costs were incurred. A PDF version of the report is available at www.telco.nsw.gov.au

Access to the NSW Telco Authority

NSW Telco Authority

McKell Building

2-24 Rawson Place, Sydney NSW 2000

Annual reporting compliance checklist

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2) Significant events after reporting period	2) About Telco Authority – Our administrative and legislative context	6
3) Report production costs and accessibility	3) Statutory reporting obligations – Annual report production	48
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Application for extension of time	N/A	
Budgets	Financial Statements	20
Charter	About Telco Authority – Our administrative and legislative context	6
Consultants	Statutory reporting obligations – Consultants	47
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Credit card certification	Statutory reporting obligations – Credit card certification	46
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Disability Inclusion Action Plans	Statutory reporting obligations – Exemptions	48
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Human resources	Statutory reporting obligations – Human resources	43
Identification of audited financial statements	Financial Statements	19

Compliance Requirement	Section in the Annual Report	Page
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Workforce Diversity	Statutory reporting obligations – Workforce diversity	43





Rental Bond Board

Annual Report 2018-19

Rental Bond Board Annual Report 2018–19

ISSN:

Author

Department of Customer Service (DCS) formerly the Department of Finance, Services and Innovation (DFSI)

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1. Charter, aims and objectives

The Rental Bond Board (the Board) is a statutory body established in 1977 to act as an independent and impartial custodian of rental bonds on private residential tenancies in New South Wales. In performing its role, the Board is subject to the control and direction of the Minister responsible for NSW Fair Trading. The *Residential Tenancies Act 2010* (the Act) is the governing legislation. Prior to the establishment of the Board, landlords in NSW held rental bonds in trust. Legislation was introduced to address concerns that tenants often had difficulties in contesting the refund of their bond at the end of the tenancy. This service provides a fair and equitable system in which tenants and landlords have equal access to claiming the bond. Any dispute over the payment of bond money can be determined by the NSW Civil and Administrative Tribunal (the Tribunal). Meanwhile the Board retains custody of the funds pending resolution of the matter.

Bond monies are held in trust and invested with the NSW Government through TCorp. Interest earned from the investment funds the following payments.

- Costs or expenses incurred in administering the Act;
- Half the costs or expenses incurred in administering residential and social housing matters in the Consumer and Commercial Division of the NSW Civil and Administrative Tribunal (NCAT); and
- the provision of grants and loans for:
 - tenancy advisory services;
 - schemes for the provision of residential accommodation;
 - education about tenancy laws and the rights and obligations of landlords and tenants;
 - research into matters relevant to the relations of landlord and tenant; and
 - other activities of benefit of landlords and tenants.

NSW Fair Trading administers the day to day functions on behalf of the Board, providing rental bond lodgement, custody, refund and information services. The Department of Customer Service (DCS) formerly the Department of Finance, Services and Innovation (DFSI), within which NSW Fair Trading operates, provides policy and legislative support, financial administration, corporate and general business support. Information on the related management, human resources, business systems and financial administration is found in the DFSI Annual Report 2018-19.

DCS also provides policy and legislative support, financial administration, corporate and general business support.

The Board is self-funding, deriving its income from the investment of rental bond trust funds and from retained earnings prior to distribution. The Board does not have employees and management of the Board's functions are provided by DCS. In performing its role, the Board is subject to the control and direction of the Minister responsible for NSW Fair Trading.

2. Board membership, meetings and structure

2.1 Membership and meetings

The Board is comprised of the Deputy Secretary of Better Regulation Division and Commissioner for Fair Trading (as Chairperson), representatives of the Chief Executive of Family and Community Services and the Secretary of the Treasury, and two persons with experience in real estate or tenancy matters appointed by the Minister for Better Regulation and Innovation. The term of appointment is three years in accordance with Clause 2 of Schedule 1 of the *Residential Tenancies Act 2010*.

Principal officers			
The Board is responsible for providing advice to the Minister, defining policy, considering applications for funding and monitoring and reviewing the performance of the custodial services, investments and funded programs. The Board is required to meet at least once each quarter.			
Rental Bond Board members		Term of appointment	Meetings attended
Ms Rose Webb, Chairperson	Deputy Secretary of BRD and Commissioner for Fair Trading	Ex officio	4
Mr Peter Dunphy	Executive Director, Fair Trading Specialist Services	Ex officio	3
Mr Ranit Ram	Nominee for NSW Treasury	Ex officio	4
Mr Humair Ahmad	Nominee for Family and Community Services	Ex officio	4
Ms Charmaine Jones	Tenants' Union of NSW	Ministerial appointment	3
Mr Miles Felstead	Real Estate Institute of NSW	Ministerial appointment	4

3. Highlights and achievements 2018-19

The reporting year has seen continued progress against the NSW Government's key priorities and outcomes – services, innovation, regulation, finances and people. Key highlights and achievements for 2018 – 2019 demonstrate a continued commitment to deliver efficient and contemporary digital services and an accessible, regulated custodial bond service to the NSW public.

3.1 Digital Services

In the reporting year, 65 per cent of residential rental bonds were lodged and 75 percent of bonds were claimed using Rental Bonds Online, representing a 5 per cent and 9 per cent increase respectively from the previous reporting period. Use of the service within the property industry remains high with over 14,000 real estate agencies and property management offices registering since launch in October 2015. Exceptional uptake in registration of self-managing landlords was observed in this reporting period with registrations increasing from 5,637 to 12,660.

Overall satisfaction with the service remains high with 70 per cent of tenants promoting the service across over 4000 Net Promotor Score surveys sent since August 2018. Strong drivers of customer satisfaction are the accessibility, quality and value offering of the service.

3.2 Custodial Service

A record number of 888,009 residential rental bonds valued at \$1.62 billion was held in custody by the Board at 30 June 2019, representing an increase of approximately 6 per cent in new bonds lodged from the previous reporting period.

Custodial and transactional services to tenants in NSW have been expanded to include public housing and Aboriginal Housing Office bonds paid to Family and Community Services.

3.3 Customer Support

The Rental Bonds Online Security and Support team provides specialist support services to tenants, agents and self-managing landlords requiring assistance with online bond transactions and general account enquiries. In the reporting period the team assisted over 100,000 agents, landlords and tenants via phone and online enquires.

3.4 Community Grants

The Board contributed \$13.0 million to community grants programs. The largest contribution was \$5.76 million provided to the Tenants' Advice and Advocacy Program. Refer to the Board's financial statements for further details.

3.5 Open Data

The NSW Government's Open Data Policy promotes the release of data which supports a range of outcomes, including; social, enhanced service delivery, agency core business, economic opportunity, generates efficiencies or reduced costs, supports evidence-based research or policy. In the reporting period, rental bond data has contributed to programs including Their Futures Matter, a cross-government reform delivering whole-of-system changes to better support vulnerable children and families.

As part of the NSW Governments commitment to improve transparency and increase efficiency, NSW Fair Trading continues to publish deidentified rental bond data providing details of lodgements, refunds and total holdings on its website.

4. Rental bond custodial service

4.1 Community access to independent custodial function for rental bonds

A rental bond is money paid by the tenant as security for the landlord against breaches of the tenancy agreement. The bond is intended to be refunded to the tenant at the end of the tenancy, unless there is rent owing or damage to the property.

The custodial service enables bond monies to be held independently of both parties and ensures that tenants can be certain their bond is available for refund at the end of their tenancy, while allowing landlords to recover funds, where appropriate.

4.2 Investment management and interest payable

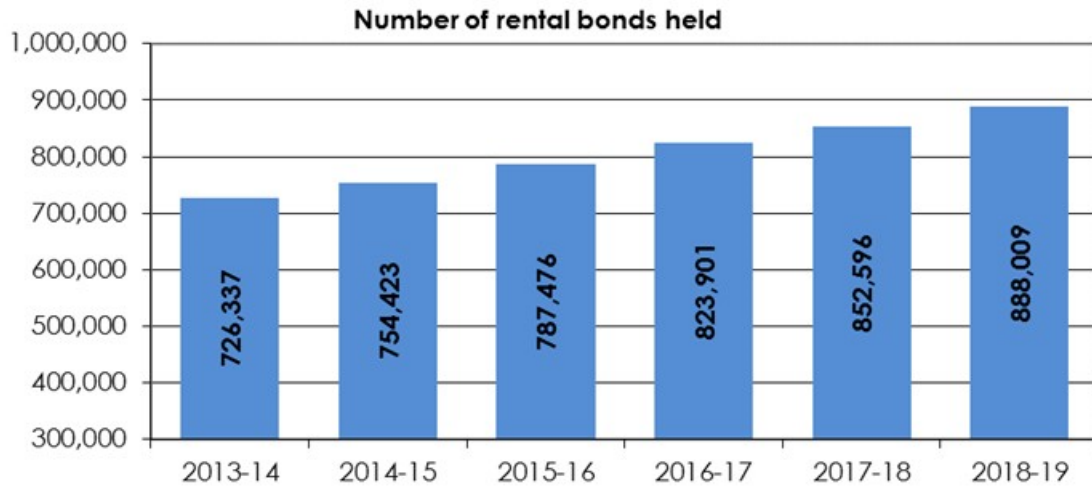
Rental bonds are invested primarily in fixed interest securities with a proportion in cash. The Board has discretion on investment management and currently invests through the NSW Treasury Corporation (TCorp), where funds are directly managed in a fixed interest portfolio (the Rental Bond Board Facility). The balance is held in TCorp's Cash Facility.

The *Residential Tenancies Regulation 2010* states that the rate of interest to be paid when a bond is refunded is set at a level equivalent to interest payable on a Commonwealth Bank of Australia Everyday Access Account balance of \$1,000. As at the date of this report, the interest rate was zero.

4.3 Rental bonds held

At 30 June 2019, the Board held 888,009 residential rental bonds in trust. These were valued at \$1.619 billion. The total number of bonds held increased by 6.5 per cent over the number held at 30 June 2018.

During the year, 340,334 new residential rental bonds were lodged with the Board – an increase of 5.5 per cent from the previous financial year. The number of bonds refunded also increased this year by 3.8 per cent to 304,971.



4.4 Rental bond statistical information

Rental bond lodgement details include a statistical section requesting information on:

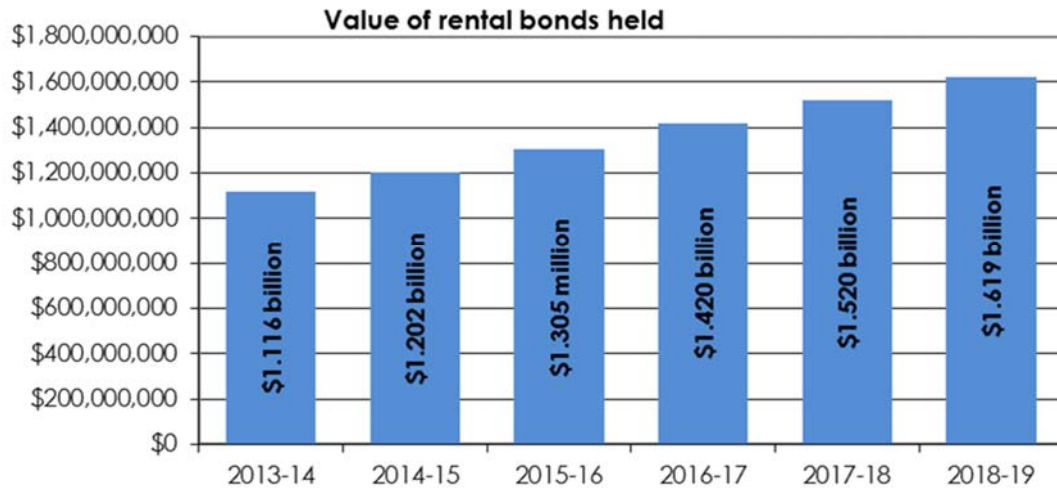
- a) dwelling type;
- b) number of bedrooms;
- c) weekly rent;
- d) date the tenancy commenced; and
- e) date the previous tenancy of the dwelling ended.

Although provision of the statistical information is voluntary, the completion rate is high. The question on weekly rent is answered by landlords or their agents in about 98 per cent of lodgements.

For some years, the collected rental data has been collated and analysed, under agreement, by the Housing Analysis and Research Unit of Family and Community Services. This information is available to the public in summary form in the Rent and Sales Report on the website: www.facs.nsw.gov.au. Summary tables of bonds held and median rentals are included in this report.

In 2018-19, this data was also made available publicly as part of the NSW Government's commitment to improve transparency and increase efficiency. Fair Trading publishes deidentified rental bond data providing details of lodgements, refunds, and total holdings on its website.

It should be noted that, in accordance with NSW privacy legislation, no information on individual rental bonds or tenancies, or individual rented premises is released to members of the public who are not a party to the rental bond, unless required and permitted by law to do so.



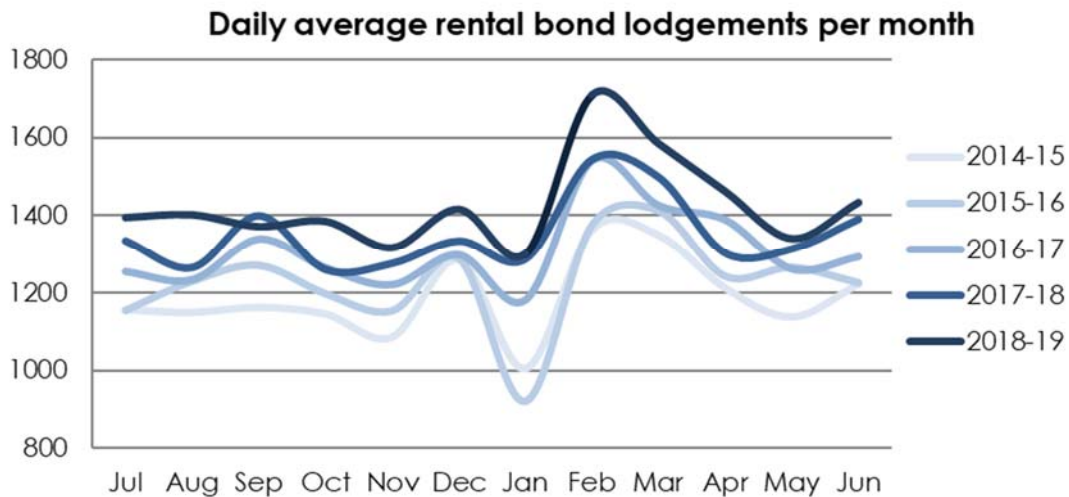
4.5 Rental bond lodgements

During the year, 340,334 new rental bond lodgements and 13,826 additional bonds (where a bond is paid by instalments) were received by the Board.

The total value of bonds receipted was \$703.6 million. Ninety-nine per cent of all bond lodgements were receipted and banked the day they were received.

Rental Bonds Online (RBO) allows agents and private landlords to lodge bonds over the internet. An agent or landlord with their tenant completes the lodgement in RBO enabling tenants to pay their bond directly to the Board by card payment or BPAY. As at end June 2019, 65 per cent of bonds lodged daily were lodged online.

The Board's statistics indicate that in the 2018-19 financial year, 92 per cent of metropolitan bonds and 89 per cent of outer metropolitan and regional bonds were lodged by professional real estate agents, or self-managing landlords owning 10 or more rental properties. This level of professional management has remained fairly constant, varying by only 2-3 per cent over the years of the Board's operation.

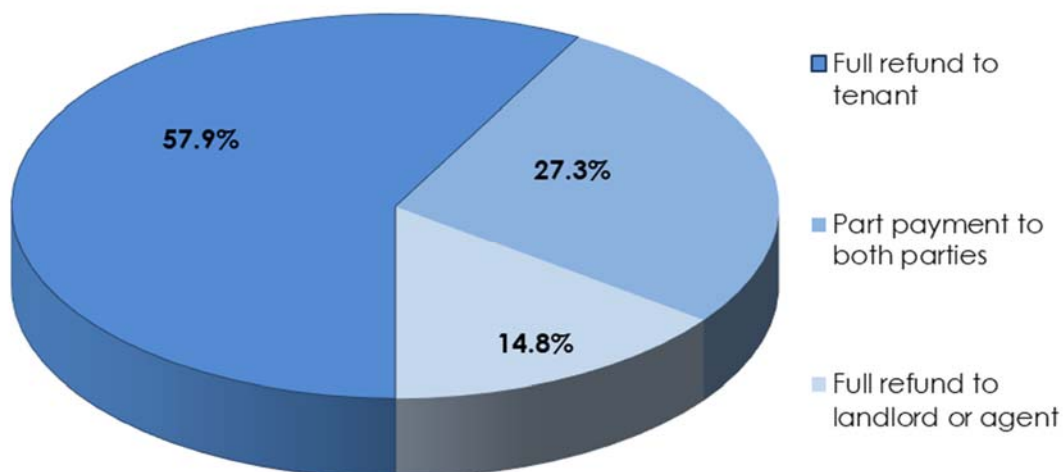


4.6 Rental bond refunds

In 2018-19, 304,971 residential rental bonds were refunded through 388,063 individual payments. RBO also allows agents to submit online claims for bonds previously lodged by forms. As at the end of June 2019, 65 per cent of claims lodged each day were submitted online.

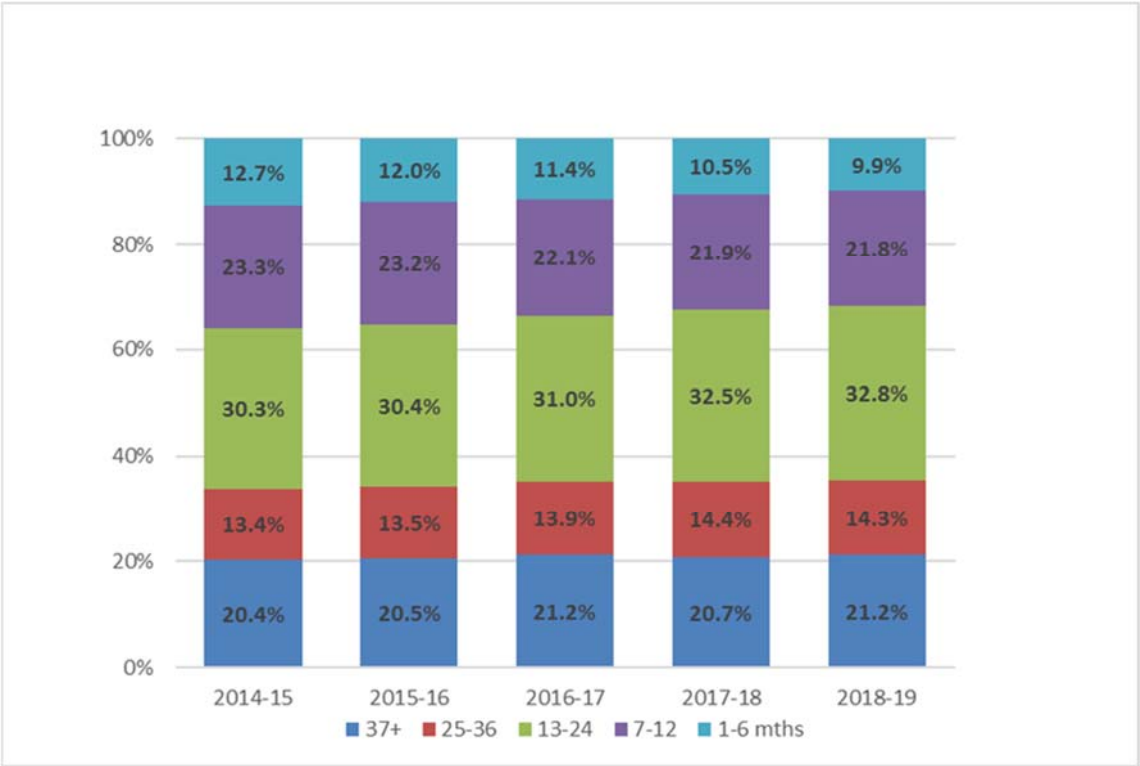
Claims for rental bond refunds are classified in two main categories in accordance with the Act (Part 8, Division 3 Release of rental bonds sections 167 and 168). The first is 'Agreed' claims where both parties have indicated their acceptance of the amount/s to be refunded to each party. The second is 'Notice' claims where one of the parties has not given consent to the refund and a statutory notice of claim is issued, allowing them 14 days to apply to the Tribunal if they wish to dispute the claim.

4.7 Bond refunds paid to tenants and landlords



During 2018-19, 70 per cent of all refunds were agreed by the parties while, in 27 per cent of cases, a notice of claim was issued but no dispute proceeded to the Tribunal. 1.9 per cent of bond refunds were the result of an order by the Tribunal following a dispute over the bond refund. A further 0.5 per cent were refunded after a Tribunal application was withdrawn prior to hearing.

In accordance with Fair Trading’s Guarantee of Service to its customers, 93 per cent of all direct credit refunds were sent to the customers’ bank account within two days of receiving an agreed rental bond claim.



4.8 Length of tenancy

During 2018-19, 68 per cent of all bonds refunded had been held by the Board for more than 12 months at the time of refund, with 35 per cent of all bonds refunded being held for tenancies of greater than two years’ duration.

5. Tenancy Services

In 2018-2019, NSW Fair Trading:

- responded to 112,736 telephone enquiries from tenants, landlords and agents enquiring about their rights and responsibilities under the Act;
- managed 2,980 residential tenancy complaints lodged by tenants, landlords or agents;
- undertook a legislative review of the Act and Regulation;
- provided information resources for tenants, landlords and agents (including fact sheets in 21 community languages);
- delivered community and industry education seminars, e-newsletters and social media campaigns to raise awareness and understanding of the rights and responsibilities of landlords and tenants.

5.1 Tenancy dispute resolution services

Property managers, landlords and tenants can access Fair Trading's free tenancy complaint service and speak to experienced staff who will talk through the issues and contact the other party on their behalf to help negotiate an agreement.

6. Grants programs

On the recommendation of the Board, and the approval of the Minister, the Commissioner for Fair Trading may make a grant or loan from the Rental Bond Interest Account for the following purposes:

- to establish and administer tenancy advisory services;
- to establish schemes for the provision of residential accommodation;
- to educate about tenancy laws and the rights and obligations of landlords and tenants;
- to research into matters relevant to the relationship of landlord and tenant; and
- other activities for the benefit of landlords and tenants.

6.1 Programs funded by the Board to Non-Government Community Organisations

Tenants' Advice and Advocacy Program

In 2018-19, the Board's contribution to the program was \$5.76 million.

The below table outlines total client contacts and cases handled by the Program service providers:

	Total Clients	Total Cases
July 2018-June 2019	79,428	24,315

Credit Counselling Program

The Board's contribution toward the program was \$4.08 million.

The below table outlines total client contacts and cases handled by the Financial Counselling Services Program which utilises the funding provided under the Credit Counselling Program:

	Total Clients	Total Cases
July 2018-June 2019	23,890	9,498

No Interest Loan Scheme

The Board's contribution toward the program was \$2.50 million. The No Interest Loan Scheme is operated nationally by Good Shepherd Microfinance and the contribution enables the employment of community workers to deliver No Interest Loans in NSW.

Data on clients and loans provided is published by Good Shepherd Microfinance

Aged Care Supported Accommodation Services Program

The Board supports the Aged Care Supported Accommodation Service Program which is delivered by the Seniors Rights Service. The Board's contribution toward the program was \$554,358.

	Total Clients	Total Cases
July 2018-June 2019	599	731

National Rental Affordability Scheme (NRAS)

The National Rental Affordability Scheme was jointly supported by the Federal Government and the NSW State Government. The Board's contribution was \$2.5 million.

6.2 Mascot Towers Assistance Package

In June 2019 the NSW Government announced a temporary accommodation assistance package for residents affected by the evacuation of Mascot Towers. The package was formulated to assist tenants and owner occupiers pay for alternative accommodation costs for up to three months whilst apartments were unsafe to occupy. Funding for the package, up to an amount of \$3 million drawn from the Rental Bond Board Interest Account, was approved by the Board on 26 June 2019. As at the date of this report the assistance package will cease in March 2020.

NSW Fair Trading is administering the program and funds are held in a Fair Trading account. The operating costs of the program are incurred by Fair Trading from within its existing operating budget. Individual recipients agree to repay the assistance if they later receive compensation, damages, or other financial recompense for accommodation costs. Fair Trading has entered into an agreement with the owners corporation for reimbursement of any assistance it receives.

7. Statutory reporting requirements

7.1 Workforce diversity

Diversity reporting for the Board is covered in the DFSI Annual Report 2018-19.

7.2 Multicultural policies and services program

The DFSI *Diversity and Inclusion Strategy 2015-2019* covers the Board and is reported in the DFSI Annual Report 2018-19.

7.3 Payment of accounts

Payment of accounts is covered in the DFSI Annual Report 2018-19.

7.4 Internal Controls

The rental bond custodial service is a high-volume financial operation. The Board has instituted a number of systems and procedures to support the integrity of, and accountability for, its business activities. A key feature of these systems is the segregation of duties.

Review findings are discussed by the Rental Bonds Systems Review Committee, and may result in recommendations to management, additional staff training or procedural change to meet the Board's high-quality performance requirements.

During the year, operational reviews did not identify any significant issues that impacted on the Board's service to our customers, or the integrity of financial operations.

7.5 Investment Performance

The Board's investment portfolio is managed by NSW Government TCorp. Please refer to the Financial Report for details relating to performance.

7.6 Government Information (Public Access) Act 2009 (GIPA)

Applications made under the Government Information (Public Access) Act 2009 involving the Board were coordinated centrally within DFSI. Please refer to the DFSI Annual Report for 2018-19 for details on any access applications concerning the Board received during the year.

7.7 Privacy and Personal Information Protection Act 1998 (PPIPA)

The Board has adopted DFSI's privacy management plan during the year. Please refer to the DFSI 2018-19 Annual Report for detail on actions taken to comply with the *Privacy and Personal Information Protection Act 1998* during the year.

There were no reviews conducted by or on behalf of the Board under Part 5 of the PPIPA during the reporting period.

7.8 Public Interest Disclosures

As staff were employees of DFSI, the Board adopted the Department's Public Interest Disclosures Reporting Policy and Procedure during the reporting period. Please refer to the DFSI 2018-19 Annual Report for details on actions taken to ensure staff awareness of responsibilities under section 6E (1)(b) of the *Public Interest Disclosures Act 1994*.

No public officials made a Public Interest Disclosure to the Board during the reporting period. The Board did not receive or finalise any Public Interest Disclosures during the year.

7.9 Nil or NA to report

The Board had nil or NA to report on the following statutory requirements during the year:

- Promotion
- Disclosure of Controlled Entities
- Disclosure of Subsidiaries
- Agreements with Multicultural NSW
- Numbers and remuneration of senior executives
- Implementation of Price Determination
- Liability management performance
- No consultants were contracted during this period
- No events occurred after the end of the reporting period
- No major works
- No research and development
- No land disposal.

As staff were all employed by DFSI, please refer to the DFSI 2018-19 Annual Report for information on regarding:

- Disability Inclusion Action Plan
- Multicultural policies and services program
- Work Health and Safety (WHS).

7.10 Events after the reporting period

There were no events after the reporting period to be disclosed.

Appendix 1 - Digital information security policy attestation

Cyber Security Annual Attestation Statement for the 2018-2019 Financial Year for the Department of Customer Service.

I, Glenn King, Secretary of the Department of Customer Service (DCS), formerly DFSI, am of the opinion that the public sector agencies, or part thereof, (listed below) since the publication of the NSW Government Cyber Security Policy (CSP) on 1 February 2019, have:

- i) managed cyber security risks in a manner consistent with the mandatory requirements set out in the CSP;
- ii) assessed and managed risks to information and systems;
- iii) ensured governance is in place to manage the cyber-security maturity and initiatives;
- iv) a cyber incident response plan which has been exercised during the reporting period, and;
- v) undertaken independent reviews, audits and ISMS certifications or effectiveness of controls or reporting against the mandatory requirements of the CSP which was found to be adequate.

I, Glenn King, am of the opinion that GovConnect NSW's service providers, GovDC, Revenue NSW, Service NSW and Spatial Services had certified compliance with ISO/IEC 27001 for the reporting period.

I, Glenn King, am of the opinion that Department of Customer Service, Better Regulation Division, Data Analytics Centre, GovConnect NSW, Government Technology Platforms, Long Service Corporation, NSW Telco Authority, Property NSW, Service NSW and State Insurance Regulatory Authority had an independent audit of cyber security controls.

I, Glenn King, am of the opinion that Births Deaths and Marriages, Liquor, Gaming and Racing Bodies, Information and Privacy Commission, having moved under the Department of Customer Service on 1 July 2019 are submitting CSP maturity reporting and attestation to their respective former clusters for FY 18-19.

I, Glenn King, am of the opinion that Independent Pricing and Regulatory Tribunal and NSW Architects Registration Board are submitting CSP maturity reporting and attestation to their respective Ministers for FY 18-19.

The entities included for the purposes of this attestation are:

- The Department of Customer Service
- Better Regulation Division
- Data Analytics Centre
- GovConnect NSW
- Government Technology Platforms
- Long Service Corporation
- NSW Telco Authority
- Revenue NSW
- Property NSW
- Spatial Services
- State Insurance Regulatory Authority

Enhancements are in progress to appropriately manage the cyber security maturity and initiatives of DCS entities to meet the requirements of this policy.

Yours sincerely



Glenn King
Secretary

18 September 2019

Cyber Security Attestation & Maturity Report of Better Regulation Division (BRD incl. LSC)

Issue BRD department is required to submit their Cyber Security Policy (CSP) Maturity Report and Attestation to DCS for inclusion in the Cluster Submission.

Analysis The NSW Cyber Security Policy (the policy) replaces the NSW Digital Information Security Policy 2015 and is part of the action plan outlined in the 2018 NSW Cyber Security Strategy. By 31st August each year, all agencies are required to submit their assessments. In order for DCS to meet this deadline, DCS have requested all agencies to provide their reporting before deadline for consolidation and sign-off. Shearwater (vendor) was selected to complete BRD CSP attestation from 22-Jul-19 to 31-Jul-19. Final report completed on 31-Jul-19 evening and is attached in TAB C with this BN.

Recommendations and Actions

- 1 Approve, sign and date the inclusion of the attached BRD attestation statement (**TAB A**)
- 2 Approve inclusion of the attached compliance cover letter (**TAB B**)
- 3 Approve inclusion of the attached BRD CSP attestation maturity report (**TAB C**) for FY19
- 4 Approve inclusion of **TAB D** BRD Crown Jewels
- 5 Approve inclusion of **TAB E** LSC Crown Jewels

Rose Webb

Dep Sec BRD / Fair Trading Commissioner signature:  Date: 8 August 2019

Key reasons

Independent Review supports Compliance

Shearwater Solutions Pty Ltd was engaged to provide an independent review and verified BRD's (incl LSC) level of maturity against the *NSW Government Cyber Security Policy* (CSP).

Shearwater Solutions Pty Ltd are the existing provider (vendor) of information security penetration testing and have provided a cover letter (**TAB B**) and report (**TAB C**) as evidence that BRD had an Information Security Management System in place during the 2018-2019 financial year that is consistent with the Core Requirements set out in the CSP. The independent review also provided recommendations to further improve the maturity of its information security controls over the next twelve months.

Enhance effective cyber security policies

BRD will be able to enhance its effective cyber security policies and procedures and embed cyber security into risk management practices and assurance processes. This CSP attestation for BRD will underpin its resilience as entity who know its risks, will be able to

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make informed decisions in managing those risks, identify opportunities and continuously improve. This will be reinforced with meaningful training, communications and support across all levels of BRD.

Supporting analysis

Compliance Attestation Requirements

Below agencies are in scope of CSP attestation report (TAB C):

- Better Regulation Division
- Safework NSW
- Fair Trading NSW
- Professional Standards Authority
- Subsidence Advisory NSW
- Long Service Corporation

BRD CSP attestation report (TAB C) has assessed maturity covering below major items:

- Agency has assessed its cyber security risks
- Cyber security is appropriately addressed at agency governance forums
- Agency has a cyber incident response plan, it is integrated with the security components of business continuity arrangements, and has been tested over the previous 12 months (involving senior business executives)
- Certification of the agency Information Security Management System (ISMS) is in place or an alternative independent review or audit has been undertaken.

Cyber security maturity ratings against each assessed criteria are listed in Appendix A of Tab C.

There are no residual risks reported of high / extreme rating.

Context

All agencies must provide a yearly report to Cyber Security NSW on their compliance with this policy in a format provided by Cyber Security NSW by 31 August each year. This is largely a maturity-based assessment on the items listed as mandatory requirements including the ACSC Essential 8. It is possible to have a response of "not applicable" with an appropriate explanation that is acceptable to BRD Agency.

The reports is summarised and will be provided to the relevant governance bodies including the Cyber Security Senior Officers Group (CSSOG) and the ICT and Digital Leadership Group (IDLG) and will be use to identify common themes and areas for improvement across NSW Government.



Approval

Prepared by: Mustansar Mumtaz, Compliance and Security PM, ICT – BRD and SIRA		
Position	Signature	Date
Stephen Thompson Director, ICT – BRD		02 Aug 2019

Appendix 2 - Internal audit and risk management attestation statement for 2018-19

Internal Audit and Risk Management Attestation Statement for the 2018-2019 Financial Year for the Rental Bond Board

I, Rose Webb, Deputy Secretary and Chair, am of the opinion that the Rental Bond Board has internal audit and risk management processes in operation that are compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

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

Membership

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

- Carol Holley, Independent Chair, from 2 December 2015 to 1 December 2020;
- Dianne Hill, Independent Member, from 1 February 2016 to 31 January 2021;
- Nirmal Hansra, Independent Member, from 20 December 2017 to 19 December 2020;
- Bruce Turner AM, Independent Member, from 22 January 2016 to 21 January 2021.

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

- Department of Finance, Services and Innovation
- Rental Bond Board
- Building Professionals Board
- NSW Government Telecommunications Authority



Rose Webb
Deputy Secretary & Chair
Rental Bond Board

Date: 28 August 2019

Agency Contact Officer
Geoff Campbell
Chief Audit and Risk Officer, 9372 8040
geoff.campbell@customer.service.nsw.gov.au

Appendix 3 - Independent Auditors Report



INDEPENDENT AUDITOR'S REPORT

Rental Bond Board

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Rental Bond Board (the Board), which comprise the Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Board as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Board's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The members of the Board of the Board are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Member's Statement.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Board's Responsibilities for the Financial Statements

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

In preparing the financial statements, the members of the Board are responsible for assessing the Board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does *not* provide assurance:

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

A handwritten signature in black ink, consisting of the letters 'M', 'L', and 'L' in a stylized, cursive font.

Min Lee
A/Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

30 September 2019
SYDNEY



Ms Rose Webb
Chairperson
Rental Bond Board
McKell Building
2–24 Rawson Place
SYDNEY NSW 2000

Contact: Min Lee
Phone no: (02) 9275 7151
Our ref: D1916121/0392

30 September 2019

Dear Ms Webb

STATUTORY AUDIT REPORT

for the year ended 30 June 2019

Rental Bond Board

I have audited the financial statements of the Rental Bond Board (the Board) as required by the *Public Finance and Audit Act 1983* (PF&A Act). This Statutory Audit Report outlines the results of my audit for the year ended 30 June 2019, and details matters I found during my audit that are relevant to you in your role as one of those charged with the governance of the Board. The PF&A Act requires me to send this report to the Board, the Minister and the Treasurer.

This report is not the Independent Auditor's Report, which expresses my opinion on the Board's financial statements. I enclose the Independent Auditor's Report, together with the Board's financial statements.

My audit is designed to obtain reasonable assurance the financial statements are free from material misstatement. It is not designed to identify and report all the matters you may find of governance interest. Therefore, other governance matters may exist that I have not reported to you.

My audit is continuous. If I identify new significant matters, I will report these to you immediately.

Audit result

I expressed an unmodified opinion on the Board's financial statements and I have not identified any significant matters since my previous Statutory Audit Report.

Misstatements in the financial statements

Misstatements (both monetary and disclosure deficiencies) are differences between what has been reported in the financial statements and what is required in accordance with the Board's financial reporting framework. Misstatements can arise from error or fraud.

I have certain obligations for reporting misstatements:

- the PF&A Act requires agencies to obtain the Auditor-General's approval for all changes to the financial statements originally submitted for audit. The more significant/material changes are reported in a Statutory Audit Report
- the Auditing Standards require matters of governance interest and significant misstatements identified during the audit to be communicated to those charged with governance
- statutory obligations require the Auditor-General to report misstatements resulting from or not detected because of failures in internal controls and/or systemic deficiencies which pose a significant risk to the Board.

Our audit procedures did not identify any monetary misstatements in the financial statements.

Corrected disclosure deficiencies

Management corrected the following disclosure deficiencies in the current year's financial statements. We agree with management's determination and confirm this treatment complies with Australian Accounting Standards.

AASB reference	Disclosure title	Description of disclosure deficiency
AASB 101	Note 14 Rental Bonds	The amounts relating to pending lodgements from tenants, landlords and real estate agents was understated by \$1.3 million.
Various	Various	Other minor changes to notes were identified through the audit process and corrected in the financial statements.

Based on my evaluation, none of the misstatements reported are due to fraud.

Compliance with legislative requirements

My audit procedures are targeted specifically towards forming an opinion on the Board's financial statements. This includes testing whether the Board has complied with legislative requirements that may materially impact the financial statements. The results of the audit are reported in this context. My testing did not identify any reportable instances of non-compliance with legislative requirements.

Auditor-General's Report to Parliament

The Auditor-General's Report to Parliament on Central Agencies will incorporate the results of the audit.

Publication of the Statutory Audit Report

I consider this Statutory Audit Report to fall within the definition of 'excluded information' contained in Schedule 2(2) of the *Government Information (Public Access) Act 2009*. Under Schedule 1(6) of this Act, please seek the Audit Office's consent before releasing this report publicly. Agencies are advised to also seek approval from the Minister(s) and the Treasurer before publishing this report.

Acknowledgment

I thank the Board's staff for their courtesy and assistance.

Yours sincerely

A handwritten signature in black ink, consisting of the letters 'M', 'L', and 'L' in a stylized, cursive font.

Min Lee
A/Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

Appendix 4 - Rental Bond Board Financial Statements

RENTAL BOND BOARD

MEMBERS' STATEMENT

Pursuant to Section 41C of the *Public Finance and Audit Act 1983* we declare, on behalf of the Board, that in our opinion:

- (1) the accompanying financial statements exhibit a true and fair view of the financial position of the Board as at 30 June 2019 and transactions for the year ended 30 June 2019;
- (2) the statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, Australian Accounting Standards and the Treasurer's Directions.

Further, the Members of the Board are not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

On behalf of the Board.



Peter Dunphy
Chairperson (Acting)
27 September 2019

RENTAL BOND BOARD				
STATEMENT OF COMPREHENSIVE INCOME				
FOR THE YEAR ENDED 30 JUNE 2019				
	Notes	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000
Expenses excluding losses				
Other operating expenses	2(a)	31,650	30,625	26,546
Grants and subsidies	2(b)	27,390	26,330	26,056
Total Expenses excluding losses		59,040	56,955	52,602
Revenue				
Investment revenue	3(a)	57,451	57,602	55,881
Other revenue	3(b)	1,192	-	914
Total Revenue		58,643	57,602	56,795
Gain/(loss) on sale of asset	4	1,187	(25)	-
		1,187	(25)	-
NET RESULT		790	622	4,193
Other comprehensive income		-	-	-
Total other comprehensive income/(loss)		-	-	-
TOTAL COMPREHENSIVE INCOME/ (LOSS)		790	622	4,193

The accompanying notes form part of these statements.

RENTAL BOND BOARD				
STATEMENT OF FINANCIAL POSITION				
AS AT 30 JUNE 2019				
	Notes	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	5	62,633	62,158	54,833
Receivables	6	4,648	4,508	11,498
Total Current Assets		67,281	66,666	66,331
Total Assets		67,281	66,666	66,331
LIABILITIES				
Current Liabilities				
Accruals	7	819	2,781	659
Total Current Liabilities		819	2,781	659
Total Liabilities		819	2,781	659
Net Assets / (Liabilities)		66,462	63,885	65,672
EQUITY				
Accumulated funds		66,462	63,885	65,672
Total Equity		66,462	63,885	65,672

The accompanying notes form part of these statements.

RENTAL BOND BOARD			
STATEMENT OF CHANGES IN EQUITY			
FOR THE YEAR ENDED 30 JUNE 2019			
	Notes	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2018		65,672	65,672
Net Result for the year		790	790
Other comprehensive income		-	-
Total comprehensive income for the year		790	790
Balance at 30 June 2019		66,462	66,462
Balance at 1 July 2017		61,479	61,479
Net Result for the year		4,193	4,193
Other comprehensive income		-	-
Total comprehensive income for the year		4,193	4,193
Balance at 30 June 2018		65,672	65,672

The accompanying notes form part of these statements.

RENTAL BOND BOARD				
STATEMENT OF CASH FLOWS				
FOR THE YEAR ENDED 30 JUNE 2019				
	Notes	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Grants and subsidies		(27,390)	(26,330)	(26,056)
Payments to suppliers		(31,742)	(30,625)	(27,022)
Total Payments		(59,132)	(56,955)	(53,078)
Receipts				
Interest received		64,310	57,602	54,670
Other Receipts		164	-	130
Other Income		1,271	-	914
Total Receipts		65,745	57,602	55,713
NET CASH FLOWS FROM OPERATING ACTIVITIES	9	6,613	647	2,635
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of assets		1,187	(25)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		1,187	(25)	-
NET INCREASE/(DECREASE) IN CASH				
Opening cash and cash equivalents		7,800	622	2,635
		54,833	61,536	52,198
CLOSING CASH AND CASH EQUIVALENTS	5	62,633	62,158	54,833

The accompanying notes form part of these statements.

RENTAL BOND BOARD
FOR THE YEAR ENDED 30 JUNE 2019
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Rental Bond Board (the Board) is a NSW government entity. The Board is a not-for-profit entity (as profit is not its principle objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The Rental Bond Board as a statutory authority and a reporting entity comprises all the activities under its control.

The administrative functions for the Board are performed by the Department of Finance, Services and Innovation and costs associated with these functions are paid for on an operational basis in relation to activities performed (Note 2).

These financial statements for the year ended 30 June 2019 have been authorised for issue by the Chairperson of the Board on 27 September 2019.

(b) Basis of Preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*; and
- the financial reporting directions mandated by the NSW Treasury.

Financial assets at "fair value through profit or loss" are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgement, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

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

(c) Statement of Compliance

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

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

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

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

Cash flows are included in the Statement of Cash Flows on a gross basis.

(e) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable, to the extent it is probable that economic benefits will flow to the Board and the revenue can be measured reliably. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

(f) Interest Received on Investments and Interest Paid on Rental Bonds

Interest received on investments is deposited into the Rental Bond Interest Account. This account is used to fund the Board's operations and grant payments to cover half of the operating costs of the tenancy functions of the NSW Civil and Administrative Tribunal (NCAT) and certain tenancy support programs (Refer to Note 2(b)). The Board pays interest on rental bonds at the time the bond is refunded. The interest rate paid is linked to the rate paid on a Streamline Account balance of \$1,000 by the Commonwealth Bank of Australia. The rate is cumulative six-monthly and paid from the Rental Bond Interest Account in accordance with *Section 173 of the Residential Tenancies Act 2010*.

(g) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value plus any directly attributable transaction costs. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Subsequent measurement under AASB 9 (from 1 July 2018)

The Board holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Subsequent measurement under AASB 139 (for comparative period ended 30 June 2018)

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

(h) Investments

Investments are classified at initial recognition, as subsequently measured at either fair value through profit or loss, or other comprehensive income. The Board determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

Financial assets at fair value through profit and loss include financial assets held for trading, financial assets designated through profit or loss, or financial assets mandatorily required to be measured at fair value under AASB9. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognised in net results.

The net amount of GST recoverable or payable to the taxation authority must be included as part of receivables or payables.

Purchases or sales of investments under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date i.e. the date the Board commits to purchase or sell the asset.

The fair value of investments that are traded at fair value in an active market is determined by reference to quoted current bid prices at the close of business on the Statement of Financial Position date.

(i) Insurance

The Board's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience

(j) Impairment of Financial Assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment.

Impairment under AASB 9 (from 1 July 2018)

The Board recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Board expects to receive, discounted at the original effective interest rate. For trade receivables, the entity applies a simplified approach in calculating ECLs.

The Board recognises a loss allowance based on lifetime ECLs at each reporting date. The entity has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

Impairment under AASB 139 (for comparative period ended 30 June 2018)

An allowance for impairment is established when there is objective evidence that the Board will not be able to collect all amounts due.

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

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence, if objectively related to an event occurring after the impairment was recognised.

Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(k) Derecognition of Financial Assets and Financial Liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire, or if the Board transfers the financial asset:

- where substantially all the risks and rewards have been transferred or
- where the Board has not transferred nor retained substantially all the risks and rewards of the assets but transferred control.

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

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

(l) Trust Funds

The Board receives monies in a trustee capacity as set out in Note 13. As the Board performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the Board's own objectives, these funds are not recognised in the financial statements.

(m) Liabilities

These amounts represent liabilities for goods and services provided to the Board and other amounts. Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(n) Fair Value Hierarchy

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under *AASB 13 Fair Value Measurements*, the Board categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

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

The entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer Note 11 for further disclosures regarding the fair value measurements of financial assets.

(o) Equity

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

(p) Budgeted Amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 10.

(q) Changes in Accounting Policy, Including New or Revised Australian Accounting Standards

(i) Effective for the first time in 2018-19

Rental Bond Board has adopted *AASB 9 Financial Instruments* (AASB 9), which resulted in changes in accounting policies in respect of recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments and impairment of financial assets.

AASB 9 also significantly amends other standards dealing with financial instruments such as the revised *AASB 7 Financial Instruments: Disclosures* (AASB 7R).

The adoption of AASB 9 has no material impact to the Rental Bond Board.

(ii) Issued but not yet effective

The following new Australian Accounting Standards have not been applied and are not yet effective. These new Standards will not have any direct impact on the financial performance or position of the Authority.

- AASB 15, AASB 2014-5, AASB 2015-8 and 2016-3 regarding Revenue from Contracts with Customers
- AASB 1058 Income for Not-for-profit Entities
- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities
- AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Materiality

(r) Comparative Information

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

2. EXPENSES EXCLUDING LOSSES

As mentioned in Note 1(a), the Department of Finance, Services and Innovation has applied an Administrative Assistance Charge for the recovery of expenses that it has incurred on behalf of the Board, associated employee related costs and other operating expenses.

(a) Other Operating Expenses

	2019	2018
	\$'000	\$'000
Administrative Service Charge	24,011	22,579
Auditor's Remuneration	107	105
Investment Management Fee	1,129	985
Fair Trading Dispute Mediation Unit	2,224	1,972
Other*	4,179	905
	31,650	26,546

*Other includes financial assistance costs of \$3.0 million relating to Mascot Tower incident.

(b) Grants and Subsidies

		2019	2018
		\$'000	\$'000
Tenancy Services	(i)	345	875
Credit Counselling Program	(ii)	4,083	3,201
No Interest Loans Scheme	(iii)	3,596	3,424
Tenants' Advice and Advocacy Program	(iv)	3,610	6,438
Tenancy Functions of the NSW Civil and Administrative Tribunal	(v)	10,756	9,618
National Rental Affordability Scheme	(vi)	5,000	2,500
		27,390	26,056

(i) Tenancy Services (TARS)

Within the framework of the *Residential Tenancies Act 2010* and the *Retirement Villages Act 1999*, the Tenancy Services provide impartial information, mediation and education services to tenants, village residents, landlords, their agents and village management about their rights and obligations under this legislation.

(ii) **Credit Counselling Program (CCP)**

Provides funding for the provision of financial counselling services to individuals most of whom are tenants and training of persons in financial counselling and for education in financial management. This program is supplementary to the Credit Counselling Program within the Department of Finance, Services and Innovation.

(iii) **No Interest Loan Scheme (NILS)**

A community based program that helps people on low income, most of whom are tenants, to buy essential household items. This program provides funding towards NILS administration costs and employment of a dedicated NILS Coordinator.

(iv) **Tenants' Advice and Advocacy Program (TAAP)**

The Tenants' Advice and Advocacy Program was implemented to provide advice, information and advocacy to public and private tenants, and where appropriate to people seeking to become tenants. The service also undertakes community education on the issues of tenants' rights.

The Program is jointly funded by the Department of Finance, Services and Innovation and the Rental Bond Board in accordance with the *Property, Stock and Business Agents Act 2002*, and the *Residential Tenancies Act 2010*.

(v) **Tenancy Functions of the NSW Civil and Administrative Tribunal (NCAT)**

The NSW Civil and Administrative Tribunal has the jurisdiction to determine matters under the *Residential Tenancies Act 2010* and the *Retirement Villages Act 1999*. These matters include requests to terminate tenancy agreements, payment of rental bonds on termination of tenancies, breaches relating to terms of the tenancy agreement and payment of compensation. This function is administered by the Department of Justice and is jointly funded by the Department of Finance, Services and Innovation and the Rental Bond Board.

(vi) **National Rental Affordability Scheme (NRAS)**

The National Rental Affordability Scheme was jointly supported by the Federal Government and the NSW State Government with the aim to increase the supply of affordable rental dwellings across New South Wales. The scheme will be available to very low to moderate income tenants across the state.

3. **REVENUE**

(a) **Investment Revenue**

	2019	2018
	\$'000	\$'000
Interest from Rental Bond Account Investments	59,471	57,743
Amortisation of (Premium)/Discounts on Rental Bond Account Investments	(2,020)	(1,862)
	<u>57,451</u>	<u>55,881</u>

Investment revenue is derived from a number of sources including interest on bank accounts and investments held with NSW TCorp.

(b) **Other Revenue**

	2019	2018
	\$'000	\$'000
Net Merchant Fees	1,192	914
	<u>1,192</u>	<u>914</u>

4. GAIN/ (LOSS) ON SALE OF ASSETS

	2019	2018
	\$'000	\$'000
Gain from sale of short term securities	1,187	-
	1,187	-

5. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2019	2018
	\$'000	\$'000
Cash at Bank	62,633	54,833
	62,633	54,833

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

Cash and cash equivalent assets recognised in the Statement of Financial Position is reconciled at the end of the financial year to the Statement of Cash Flows as follows:

Cash and cash equivalents (per statement of financial position)	62,633	54,833
Closing cash and cash equivalents (per statement of cash flows)	62,633	54,833

Refer to Note 11 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

6. CURRENT ASSETS – RECEIVABLES

	2019	2018
	\$'000	\$'000
Rental Bond Trust Account	4,629	11,487
GST Receivable	19	11
	4,648	11,498

Details regarding credit risk, liquidity risk and market risk are disclosed in Note 11.

7. CURRENT LIABILITIES - ACCRUALS

	2019	2018
	\$'000	\$'000
Other Accrued Charges	819	659
	819	659

Details regarding credit risk, liquidity risk and market risk are disclosed in Note 11.

8. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Rental Bond Board is not aware of any contingent liabilities or contingent assets at the date of these financial statements.

9. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	2019	2018
	\$'000	\$'000
Net Cash from Operating activities	6,613	2,635
Net gain/(loss) on sale of assets	1,187	-
Increase/(Decrease) in Receivables	(6,840)	1,197
(increase)/Decrease in Payables	(170)	361
Net result	790	4,193

10. BUDGET REVIEW

Statement of Comprehensive Income

Actual net result of the Board for 2018-19 is a surplus of \$0.8m compared to the original budgeted surplus of \$0.6m, a favourable variance of \$0.2m. This is predominantly due to lower than budgeted interest paid to the bond holders.

Statement of Financial Position

The Board's net assets as at 30 June 2019 were \$66.5m compared to the budgeted net assets of \$63.9m. The \$2.6m increase is due to timely payments of invoices resulting lower accruals required as at 30 June 2019 against the budget assumptions.

Statement of Cashflows

Net increase in cash during the year is \$7.8m compared to the budgeted net increase of \$0.6m. The increase is largely relating to May 2018 interest payment received in financial year 2018-19 along with higher investment revenue due to increase of funds in investment pool.

11. FINANCIAL INSTRUMENTS

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

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

The Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees on policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Board, to set limits and controls and to monitor risks. Compliance with policies is reviewed by the Board on a regular basis.

The Board's financial instruments include cash, receivables, investments and payable.

(a) **Financial Instrument Categories**

As at 30 June 2019 under AASB 9

Financial Assets	Note	Category	2019
			\$'000
			Carrying Amount
Class:			
Cash and cash equivalents	5	Not applicable	62,633
Receivables(i)	6	Amortised cost	4,629
Financial Liabilities	Note	Category	
Class:			
Payables(ii)	7	Financial liabilities measured at amortised cost	819

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

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

As at 30 June 2018 under AASB 139(Comparative Period)

Financial Assets	Note	Category	2018
			\$'000
			Carrying Amount
Class:			
Cash and cash equivalents	5	Not applicable	54,833
Receivables(i)	6	Loans and receivables (at amortised cost)	11,487
Financial Liabilities	Note	Category	
Class:			
Payables(ii)	7	Financial liabilities measured at amortised cost	659

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

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

(b) **Credit Risk**

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

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

Credit risk associated with the Board's financial assets, other than receivables, is managed through the selection of counter parties and establishment of minimum credit rating standards.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average TCorp 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Receivables

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. The Board applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. There were no trade receivables as at balance date.

(c) Liquidity Risk

Liquidity risk is the risk that the Board will be unable to meet its payment obligations when they fall due. The Board continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

During the current and prior years, there were no defaults on any borrowings. No assets have been pledged as collateral. The Board's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12.

For small business suppliers, where terms are not specified, payment is made no later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. As at 30 June 2019 total liabilities amounted to \$0.8 million of which none are payable to small business suppliers or considered to be interest bearing.

(d) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Board's exposure to market risk is primarily through interest rate risk on the Board's cash and cash equivalents. The Board has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Board operates and the time frame for the assessment (i.e. until the end of the next annual reporting period).

The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2017-18. The analysis assumes that all other variables remain constant.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through interest rates on cash and cash equivalents. The Board does not account for any fixed rate financial instruments at fair value through profit or loss.

Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on

official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Board's exposure to interest rate risk is set out below.

	2019		2018	
	\$'000		\$'000	
	-1%	1%	-1%	1%
Net Result	(672)	672	(663)	663
Equity	(672)	672	(663)	663

(e) Fair value measurement

Fair value compared to carrying amount

Financial instruments are recognised at cost. The amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value, because of the short-term nature of many of the financial instruments. There are no instances where there is a variance between the fair value and carrying amount.

12. RELATED PARTY DISCLOSURES

The Board's key management personnel compensation are as follows:

	2019	2018
	\$'000	\$'000
Short-term employee benefits:		
Salaries	8	8
Other long-term employee benefits	-	-
Total remuneration	<u>8</u>	<u>8</u>

During the year, the Board has not entered into any transactions on arm's length terms and conditions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

During the year, the Board entered into transactions with other entities that are controlled by NSW Government. These transactions in aggregate are a significant portion of the Board's operating expenses and grants and subsidies expense. Please refer below for details of transactions entered with other agencies.

Other related party transactions- 2019	Transaction Value	Net Receivable/(Payable)
	\$'000	\$'000
Nature of transaction		
Administrative Service Charge - Fair Trading	(24,011)	-
Dispute Mediation Unit – Fair Trading	(2,224)	(602)
Tenancy Functions of the NSW Civil and Administrative Tribunal – Department of Justice	(10,756)	-
National Rental Affordability Scheme – NSW Land and Housing Corporation	(5,000)	-
Net Investment Return - TCorp	53,623	-
Asset Administrative Fee from TCorp	(1,129)	(94)
Audit Fee – NSW Audit Office	(107)	(63)
	10,396	(759)

Other related party transactions-2018	Transaction Value	Net Receivable/(Payable)
	\$'000	\$'000
Administrative Service Charge - Fair Trading	(22,579)	-
Dispute Mediation Unit – Fair Trading	(1,972)	-
Tenancy Functions of the NSW Civil and Administrative Tribunal – Department of Justice	(9,618)	-
National Rental Affordability Scheme – NSW Land and Housing Corporation	(2,500)	-
Net Investment Return - TCorp	52,968	-
Asset Administrative Fee from TCorp	(985)	(91)
Audit Fee – NSW Audit Office	(105)	(38)
	15,209	(129)

13. RENTAL BONDS

As the Board performs only a custodial role in respect of the trust monies and because the monies cannot be used to obtain benefits from its activities (other than the receipt of interest income as per the legislation), trust funds are not brought to account in the financial statements, but are shown in the notes for information purposes.

Effective 1 November 2018 the Board has taken up administration and management of residential bonds relating to public housing on behalf of the Family and Community Services (FACS).

Amounts owing to New South Wales Residential Bond Holders

	2019	2018
	\$'000	\$'000
Liability at the beginning of the financial year	1,523,402	1,423,706
Add: Receipts	703,654	661,469
Less: Expenditure	(604,377)	(561,773)
Liability at the closing of the financial year	1,622,679* ^	1,523,402

*Excludes \$11.35 million primarily relating to pending lodgements from tenants, landlords and real estate agents as at 30 June 2019.

^ This balance also includes \$0.008 million Public Housing Tenancy bonds and \$0.19 million Rent Start bonds managed on behalf of Department of Family and Community Services.

In accordance with Sections 162 & 185(1) of the *Residential Tenancies Act 2010*, bonds received by landlords or their agents must be deposited with the Board's Rental Bond Account within ten days of receipt. The Board invests funds from the Rental Bond Account in accordance with Section 185(2) of the *Residential Tenancies Act 2010* and the *Public Authorities (Financial Arrangements) Act 1987*. Interest received on investments is paid into the Rental Bond Interest Account. Funds awaiting disbursement are invested on the short-term money market in accordance with the Board's legislation for periods not exceeding 180 days.

Book Valuation of Rental Bond Account Investments

	2019	2018
	\$'000	\$'000
Direct Fixed Interest Portfolio	1,438,947	1,384,136
Private Shared Equity Scheme	1,914	1,881
Westpac Banking Corporation	200,301	162,106
	1,641,162	1,548,123

Market Valuation of Rental Bond Investments

	2019	2018
	\$'000	\$'000
Direct Fixed Interest Portfolio	1,555,720	1,435,687
Private Shared Equity Scheme	1,914	1,881
Westpac Banking Corporation	200,301	162,106
	1,757,935	1,599,674

Total liability to tenants as at 30 June 2019 is \$1,623 million compared to the market value of the Trust's investments of \$1,758 million, resulting in an excess of \$135 million (2017-18 excess \$77 million).

The Board monitors and reviews its investment strategy and performance on an ongoing basis to ensure that the gap between its total liability to bond holders and the market value of the Trust's investments is managed to minimise its risk exposure.

14. AFTER BALANCE DATE EVENTS

In accordance with the Administrative Arrangements (Administrative Changes – Public Services Agencies) Order 2019 under the *Constitution Act 1902* dated 2 April 2019, the administrative arrangement with DFSI will be referenced to the Department of Customer Services effective 1 July 2019. The Machinery of Government (MoG) changes announced on 2 April 2019 have no impact to the Rental Bond Board.

END OF AUDITED FINANCIAL STATEMENTS



Annual Report 2018 - 2019

Valuer General

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1. From the Valuer General

I am pleased to present the 2018 - 2019 annual report.

As Valuer General I am responsible for providing independent and impartial valuations for use by councils and the state government for levying rates and taxes; and determining compensation for land owners when their land is compulsorily acquired.

The following report highlights the achievements of the office and provides information on activities and performance across the valuation system.

Many of the service and governance improvements detailed in this report are a result of recommendations made by the Joint Standing Committee on the Office of the Valuer General. I thank the Committee for their engagement and ongoing contribution.

Continuous improvement

The 2018 - 2019 reporting year has delivered further improvements towards key objectives.

Customer centric and transparent

We have continued to develop new approaches to deliver information for landholders to improve transparency and better address enquiries and concerns.

Following the release of new land values in January 2019, we issued media releases providing information on the issue of the new values and the movement of the land values of different property types across the state. The media releases also encouraged people to visit our website to find more information on land values and the valuation system, as well as trends, medians and typical land values for each local government area.

To improve access to this information for people of culturally and linguistically diverse backgrounds, we translated the information into five community languages and provided it to over 50 multicultural media outlets. The translated media releases are also available on our website.

We are working with a media analytics company to better understand our media penetration and customer feedback.

A recent pilot study, using artificial intelligence software, was conducted to measure and understand customer sentiment through the analysis of mass data sources such as emails. The pilot study is being expanded to provide further insight into customer sentiment.

Following a survey of councils, we have adopted new measures to improve communication and transparency; including more engagement with councils and a new fact sheet about land values and council rates, which is available for councils to link to from their websites.

In the area of compulsory acquisition, we have expanded communication and consultation with stakeholders to improve transparency and timeliness for issuing determinations of compensation. New plain English information about the compensation determination process has been developed and is available on the Valuer General's website.

Accurate valuations

Valuation accuracy is supported by further improvements in quality assurance governance and transparency including the publication of a summary report on the quality assurance program undertaken by Valuation Services for the 1 July 2018 land valuation program.

We recently signed a three year partnership agreement working with the University of New South Wales, FrontierSI and others to develop an automated valuation tool using artificial intelligence. The project is supported by funding from the partners in money and in kind and includes \$2.9 million awarded through a Commonwealth funding grant.

The project is expected to deliver a number of benefits including more information available to landholders through spatial integration.

Spatial information data is also being utilised to automate topographical and ground cover calculations to provide accurate and reportable land classification estimates.

Four new Valuer General policies have been published providing direction to valuers and transparency to customers on the valuation of:

- land used for cemeteries and crematoria
- land used for coal mining
- land used for metalliferous mining
- land used for extractive industries.

Cost effective

A state-wide tender for the mass valuation contracts was completed in early 2019 resulting in a reduction in the number of contract areas from 41 to 18. This, together with other initiatives, has resulted in an overall saving of 4.5% in direct contractor costs, with the provision of more deliverables.

IPART completed a review of the Valuer General's monopoly valuation services to local government, setting the Valuer General's fee structure for the next six years from 1 July 2019.

Key outcomes included:

- setting prices for councils that are 2.5 percent lower than in the previous determination period
- reducing councils' share of the Valuer General's efficient costs from 34 per cent to 30.5 per cent
- changing the pricing structure from state-wide residential and non-residential prices, to pricing based on four geographical zones (coastal, country, metro and City of Sydney).

The notional revenue requirement determined by IPART includes funding for a number of major projects that will support the valuation system into the future and lead to further efficiency gains. One project is the development of a new database for land values to replace the current system developed over 20 years ago. The new system is critical to the long term support of the valuation system and will provide agility should changes be introduced to the way rates and or taxes are calculated.

The International Property Tax Institute has been engaged to undertake a benchmark comparison study of the NSW valuation system. The study will consider administration costs for valuation systems and quality assurance. I expect the study to assist us in the delivery of cost efficient services and support the ongoing improvement of quality assurance.

Along with this report you can find more statutory reporting in the annual report of the Department of Finance, Services and Innovation.

Finally, I would like to thank the staff of the Office of the Valuer General, Valuation Services, and our contract valuers for their efforts during 2018 - 2019 which focussed on customer service, transparency and fairness.

Michael Parker

Valuer General

2. Introduction

2.1 Role of the Valuer General

The Valuer General is an independent statutory officer appointed by the Governor of NSW to oversee the valuation system which provides land values for rating and taxing, and determinations of compensation when land is compulsory acquired by government.

The independence of the Valuer General ensures a clear separation between the impartial land valuation process and how state and local government use the valuations for levying rates and taxes, or for determining compensation following the compulsory acquisition of land.

The Valuer General's responsibilities include:

- setting standards and policies for the valuation system through the publication of the Valuer General's policies. The policies assist landholders to better understand the valuation process and provide clear guidance to valuers on a range of valuation methods and practices
- monitoring the quality of land values and services provided to the community by Valuation Services
- monitoring the management of contract valuers by Valuation Services
- providing professional leadership and stewardship to the valuation industry.

2.2 Role of Valuation Services

The operational aspects of the Valuer General's responsibilities are conducted by Valuation Services, a division of Property NSW, part of the Department of Finance, Services and Innovation, under a service level agreement. You can find more information about the service level agreement between the Valuer General and Valuation Services in section 4.4.

The Valuer General formally delegates operational functions under section 8(5) of the Valuation of Land Act 1916 to delegates within Valuation Services. Delegates must comply with all Valuer General policies and exercise the functions in a manner consistent with the aims and objectives of the Valuer General.

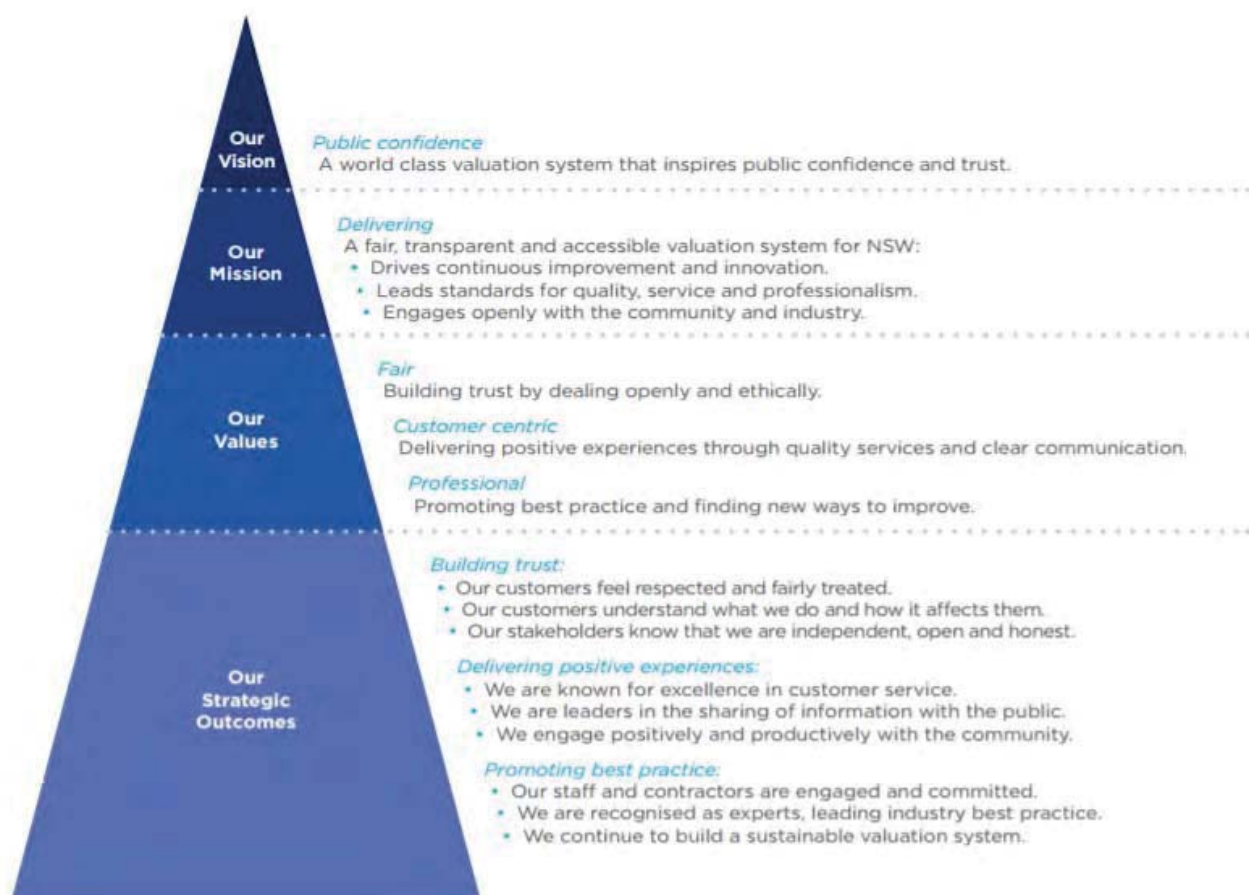
Valuation Services provides a range of services to the Valuer General which include:

- issuing land values to councils, Revenue NSW and landholders

- undertaking determinations of compensation in accordance with the *and Acquisition (Just Terms Compensation) Act 1991*, the Valuer General's policies and operational procedures
- maintaining the Register of Land Values
- ensuring fair and transparent resolution of objections or requests for review
- managing valuation contracts, the valuation procurement process and the performance of contractors, including compliance with legislation, policies and operational procedures
- customer service and positive engagement with the community, stakeholders, courts and the NSW Parliament
- provision of property information and data to valuation contractors, government and the community
- technical advice and support to the Valuer General and his office
- quality assurance of all services.

3. Organisational summary

The Valuer General’s vision is to provide a world class valuation system that inspires public confidence and trust. The Valuer General’s strategic plan sets the direction towards the delivery of a fair, transparent and accessible valuation system.



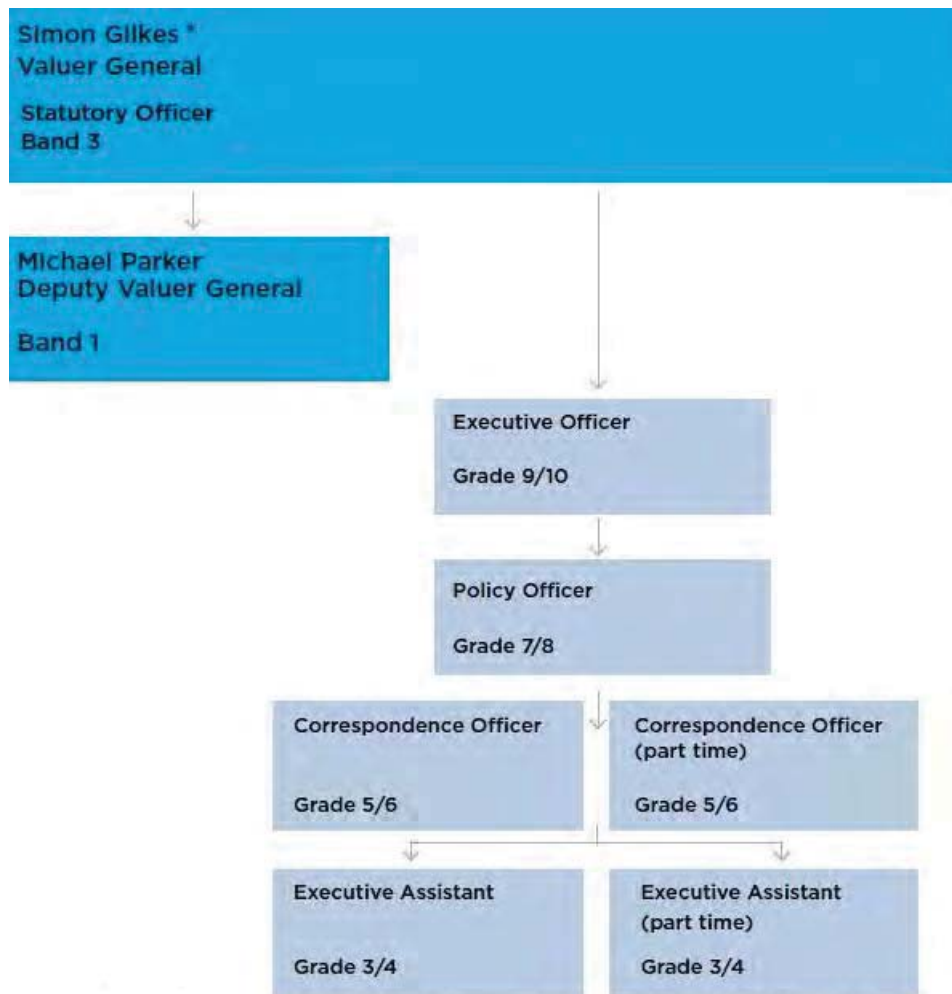
3.1 Legislation under which we operate

The *Valuation of Land Act 1911* establishes the Office of the Valuer General and sets out the functions and authority under which the Valuer General operates with respect to the valuation of land and as the custodian of the Register of Land Values. The Valuer General also determines compensation under the *Valuation of Land Act 1911 (Just Terms Compensation) Act 1991*.

3.2 Office of the Valuer General

As a statutory officer, the NSW Constitution precludes the Valuer General from directly employing staff. The seven staff supporting the Valuer General are employed by the Department of Finance, Services and Innovation and may be referred to as members of the Valuer General’s staff under the *Government Sector Employment Act 2011* .

Organisation chart as at 30 June 2019



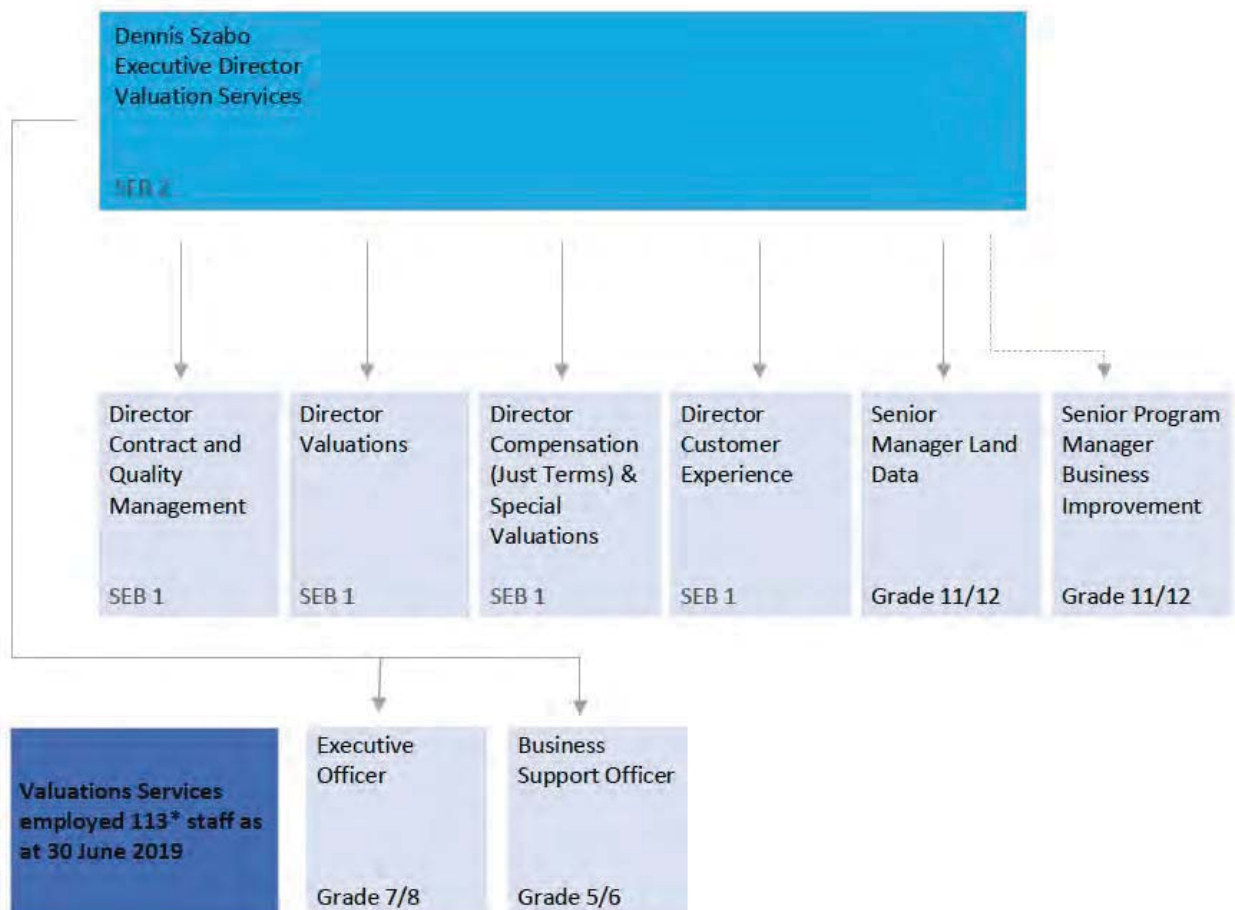
* Michael Parker was Acting Valuer General from 24 September 2018 to 30 June 2019.

The Office of the Valuer General provides day to day support to the Valuer General, including the setting of objectives, standards and policies for the operation of the valuation system, monitoring the performance of Valuation Services, providing support for the Valuer General in addressing ministerial and parliamentary enquiries, developing public information, responding to public enquiries and investigating complaints. The Valuer General’s salary is determined annually by the Statutory and Other Offices Remuneration Tribunal.

3.3 Valuation Services, Property NSW

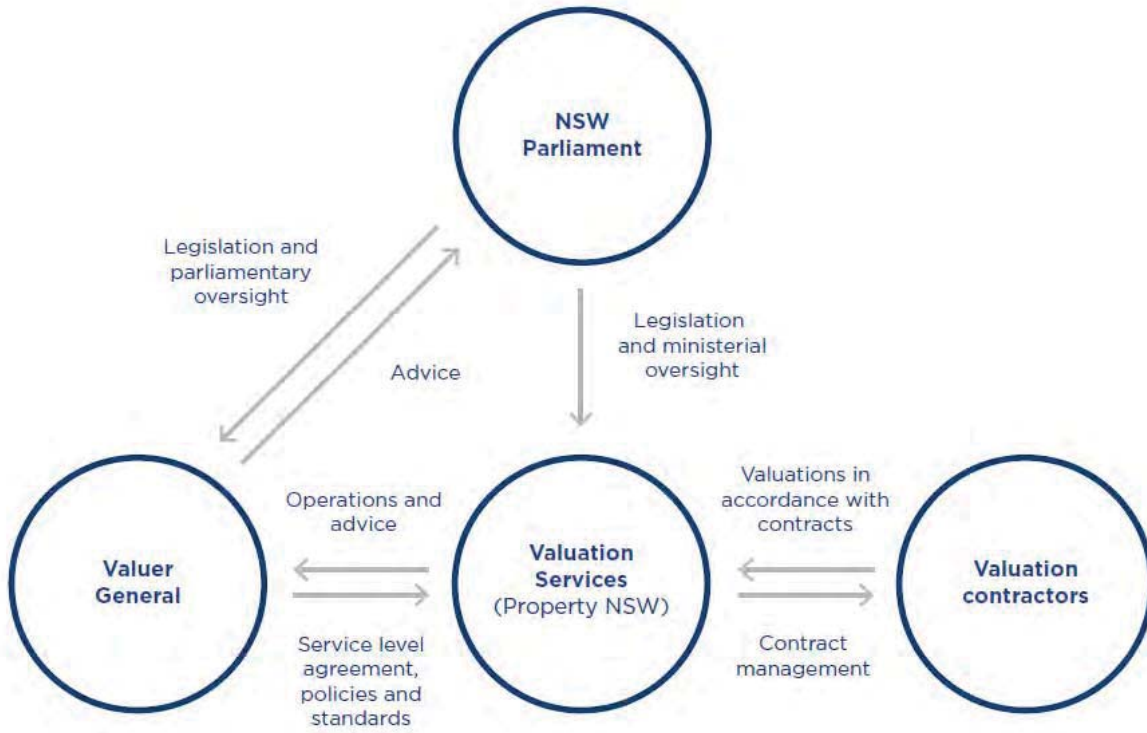
Valuation Services, a division of Property NSW, part of the Department of Finance, Services and Innovation, operates the valuation system on behalf of the Valuer General.

Organisation chart as at 18 June 2019 showing senior and support staff



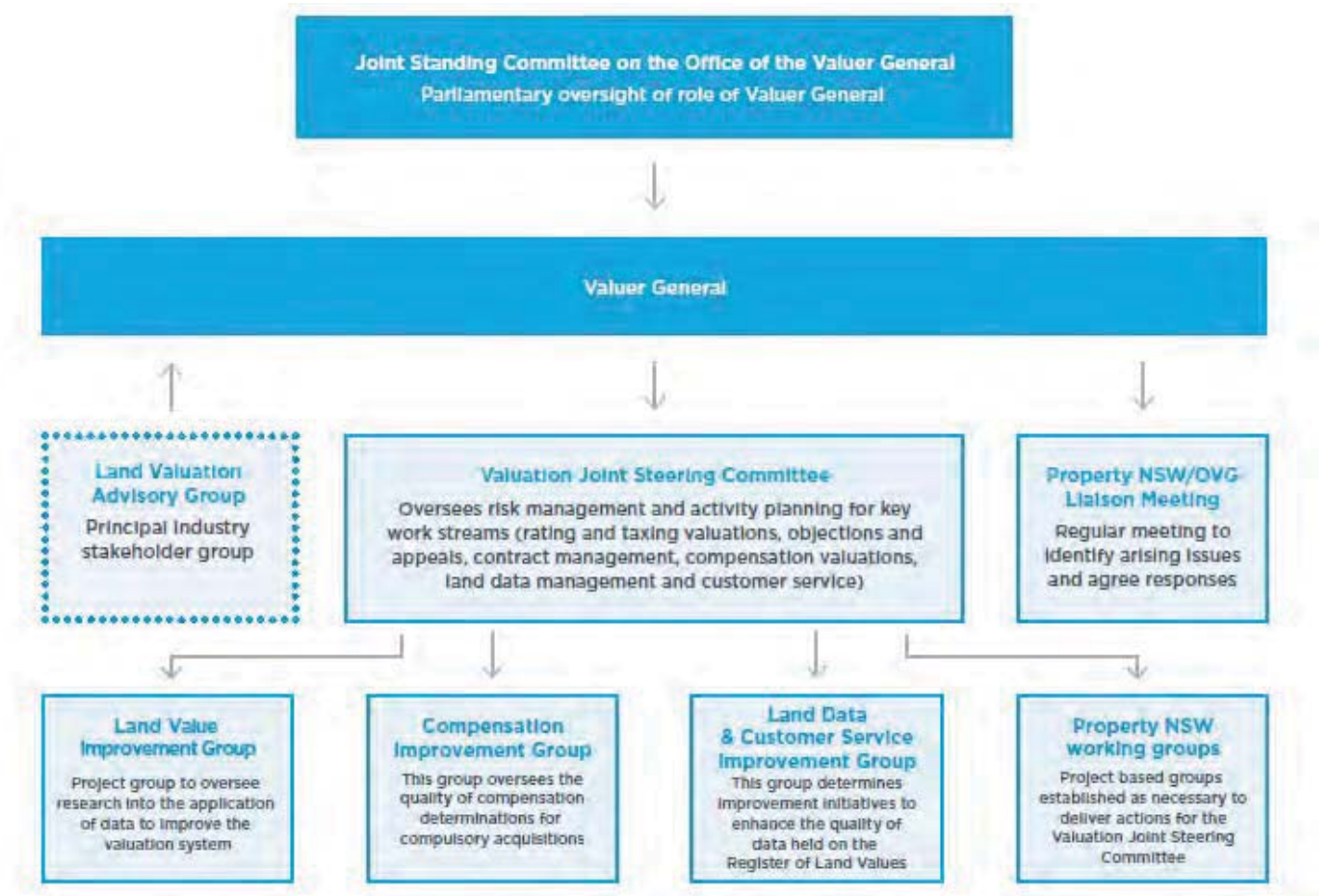
This figure was reported incorrectly to the Valuer General for the 2017 – 2018 annual report as 12 . The correct figure was 11 .

3.4 Structure of the valuation system



4. Governance of the valuation system

Governance structure of the valuation system



4.1 Joint Standing Committee on the Office of the Valuer General

The Joint Standing Committee on the Office of the Valuer General was established in 2004 to monitor and oversee the functions of the Valuer General, and reports to the NSW Parliament.

The Committee tabled its report on the Twelfth General Meeting with the Valuer General on 14 November 2018. For more information see section 5.1.2.

A resolution was passed on the 18 June 2019 in the Legislative Assembly for the establishment of a Joint Standing Committee on the Office of the Valuer General for the 57th parliament.

4.2 Land Valuation Advisory Group

The Land Valuation Advisory Group comprises representatives of valuation industry groups and stakeholders. The group was formed in 2000, following the *Report of Inquiry into Operation of the Valuation of Land Act* (the Walton report) in 1999.

The primary focus of the group is to monitor and improve the ongoing quality of land values and provide advice to the Valuer General on the application of mass land appraisal techniques.

During the reporting year the group considered:

- value movements across NSW
- factors affecting the property market
- outcomes of objections to land values
- implementing a consultation process to identify areas of risk for methodology and process reviews
- utilising members' organisations to promote the role and functions of the Valuer General
- the new methodology for valuing land used for mining and quarries
- computer generated identification of rural land classification and topography using satellite imagery and lidar technology.

The group met twice during the reporting year.

4.3 Valuation Joint Steering Committee

The Valuation Joint Steering Committee comprises the Valuer General, Deputy Valuer General, Executive Director of Valuation Services, and representatives from the Office of the Valuer General and Valuation Services.

The CEO of Property NSW is an invitee to meetings.

The Valuation Joint Steering Committee coordinates senior management planning and oversight of the valuation system including customer service, land values, compensation determinations, objection and appeals, data operations and contract management. There is a structured reporting and engagement plan detailed in the service level agreement. The committee met three times during the reporting year.

4.4 Service level agreement

Valuation Services provides a range of services to the Valuer General, including valuation contract management, auditing and quality assuring valuations, processing objections, provision of data and the day to day management of determinations of compensation for compulsorily acquired land. These services

are formalised through the service level agreement between the Valuer General and Property and Advisory Group (Property NSW), which includes Valuation Services and is a division of the Department of Finance, Services and Innovation. The agreement is reviewed and renegotiated annually.

The Valuer General formally delegates operational functions under section 8(5) of the *Valuation of Land Act 1991* to delegates within Valuation Services. The delegations are detailed in the service level agreement.

4.5 External service agreements

A service level agreement is in place between the Chief Commissioner of State Revenue and the Valuer General for the period 1 July 2017 to 30 June 2020.

A memorandum of understanding is in place between the Valuer General, the Registrar General and NSW Land Registry Services. NSW Land Registry Services provides services to the Valuer General previously undertaken by Land and Property Information.

4.6 Conflicts of interest

Conflicts of interest are managed as part of the risk management framework and governance arrangements between Valuation Services and the Valuer General. Valuation Services complies with NSW Government guidelines on corruption prevention, audit and risk management, fairness and probity in procurement, and the establishment of valuation contracts.

Potential or perceived conflicts of interests concerning valuation contractors are managed systematically and embedded into day-to-day practices.

Conflict of interest declarations are managed through the Department of Finance, Services and Innovation's annual staff declaration process, and through declarations specific to individual procurement contracts.

Valuations for property owned by Property NSW are managed under a conflict of interest management plan.

During the reporting year four potential conflicts of interest were recorded and appropriately managed.

4.6.1 Rating and taxing

Property NSW procurement is aware of the potential for conflicts of interest in the rating and taxing function because of the specialist nature of the services and the limited pool of personnel with this specific skill set. These conflicts of interests were handled in the following manner:

- Property NSW procurement managed the procurement process associated with the renewal of the rating and taxing contracts

- the request for tender and request for proposal requires the disclosure of all family and other relationships.

During the tendering of the contracts there was one instance where a tenderer declared a potential conflict of interest because a close relative is an employee of Valuation Services. Valuation Services ensured that the staff member was not involved in the procurement process. With that tenderer now a contractor, Valuation Services has put a plan in place which precludes the staff member from having any involvement in the management of the contractor.

During the year, Valuation Services was made aware that a sub-contractor to a contractor, who had been awarded a contract to undertake objections in an area, was providing advice to property owners within that same area. All objection contractors were briefed that this was not permitted.

4.6.2 Valuations for compulsory acquisition

Where there is an actual or perceived conflict of interest, valuations are managed under a conflict of interest management plan and are immediately referred to the Office of the Valuer General for oversight and approval.

Public Works Advisory, which is part of the Property and Advisory Group, project managed four determinations of compensation on behalf of various acquiring authorities. The Deputy Valuer General approved and issued the final determinations of compensation.

4.6.3 Private valuations

Valuations for property owned by Property NSW are managed under a conflict of interest management plan and are immediately referred to the Office of the Valuer General for oversight and approval.

Place Management, part of the Property and Advisory Group, requested three valuations for rental review purposes. The Deputy Valuer General approved and issued the final reports.

5. Year in review

5.1 Joint Standing Committee on the Office of the Valuer General

5.1.1 Recommendations from the Eleventh General Meeting with the Valuer General

The Eleventh General Meeting with the Valuer General was held on 16 October 2017. The Committee reviewed the Valuer General's annual report for 2015 - 2016 and published their report on 13 February 2018. The Government responded to the report on 11 July 2018. The response is available at www.parliament.nsw.gov.au.

At the time of publication all recommendations had been completed.

5.1.2 Report on the Twelfth General Meeting with the Valuer General

The Twelfth General Meeting with the Valuer General was held on 21 September 2018. The Committee reviewed the Valuer General's annual report for 2016 - 2017 and examined the responses to developments which occurred in the legislative and policy environment since the previous General Meeting.

The Committee made six recommendations in their report on the Twelfth General Meeting which was published on 14 November 2018. The Government response to the report is due by 18 December 2019.

The Committee said "reports on its General Meetings with the Valuer General provide an essential mechanism for ensuring public accountability and confidence in the integrity and security of the land valuation system. Regular oversight of the functions of the Office of the Valuer General assists in maintaining the strength and stability of property ownership in New South Wales".

The report noted that "the Valuer General has a long-established record of providing reliable and highly valued services to all landholders".

Overall, the Committee was satisfied that "the Valuer General managed the variety of legislative and administrative challenges facing him in a professional, effective and timely fashion. This includes improvements in educational outreach, public accountability and overcoming shortcomings in the compulsory acquisition process".

The Committee noted the Valuer General's provision of additional information in a stand-alone annual report ensures greater public access, making its operations more transparent and readily available, which should further

enhance public trust in the fairness and transparency of the valuation system and increase stakeholder satisfaction.

5.2 Significant judicial decisions

5.2.1 The Timber Creek compensation case

It is the first assessment by the High Court of compensation for extinguishment of native title rights and interests under the *Native Title Act 1993*. The court awarded a percentage of freehold value for the loss of non-exclusive use of the land and an amount for the cultural and spiritual loss of native title rights.

5.3 FrontierSI (formerly the Cooperative Research Centre for Spatial Information)

FrontierSI, a not-for-profit company, was established following 15 years of operations as the Cooperative Research Centre for Spatial Information (CRC-SI). Their purpose is to deliver major benefits to governments, industry and the community using their expertise in spatial mapping, analytics and standards. The Valuer General has partnered with CRC-SI and FrontierSI on several projects.

5.3.1 FrontierSI - RAISE2 Project

The rapid analytic interactive scenario explorer (RAISE) 2 project included the development of an automated valuation model. The model will need further testing and enhancement before it could be utilised in the determination of land values. The model provided valuable insight into automated valuation models and potential customer interactions and information sharing.

The aim of the project was to assist planners, land developers and the property valuation community gain a better understanding of complex property data in real world scenarios using rapid analytics.

The RAISE project will close on 31 July 2019; research will continue under a new project with FrontierSI called Value Australia.

5.3.2 FrontierSI project - Value Australia

The Value Australia project aims at using big data and artificial intelligence to create world leading land, property and business valuation data products and services for consumers, real estate agents, governments and the valuation industry.

The project will progress the automated valuation model and community interface developed during the RAISE research project.

FrontierSI project grants are a federal government initiative to support industry and government, working with universities to create and commercialise new products and services. Grants are up to \$3 million over a three year period.

The Valuer General supported a bid by FrontierSI for this project. The bid was successful receiving \$2.9 million in commonwealth funding.

In June 2019 a partnership agreement for this project was signed between:

- the NSW Valuer General
- FrontierSI
- the Commonwealth Bank of Australia
- Liverpool City Council
- OMNILINK Pty Ltd
- the University of New South Wales.

The Valuer General's contribution to this project will be \$50,000 and \$50,000 in kind annually over the next three years, commencing in 2019 - 2020.

5.4 Voice of the customer – Valuer General and Meltwater pilot project

In April 2019, the Valuer General partnered with Meltwater, a media monitoring and business intelligence company, to undertake a pilot project to analyse data to gain insights into customer sentiment.

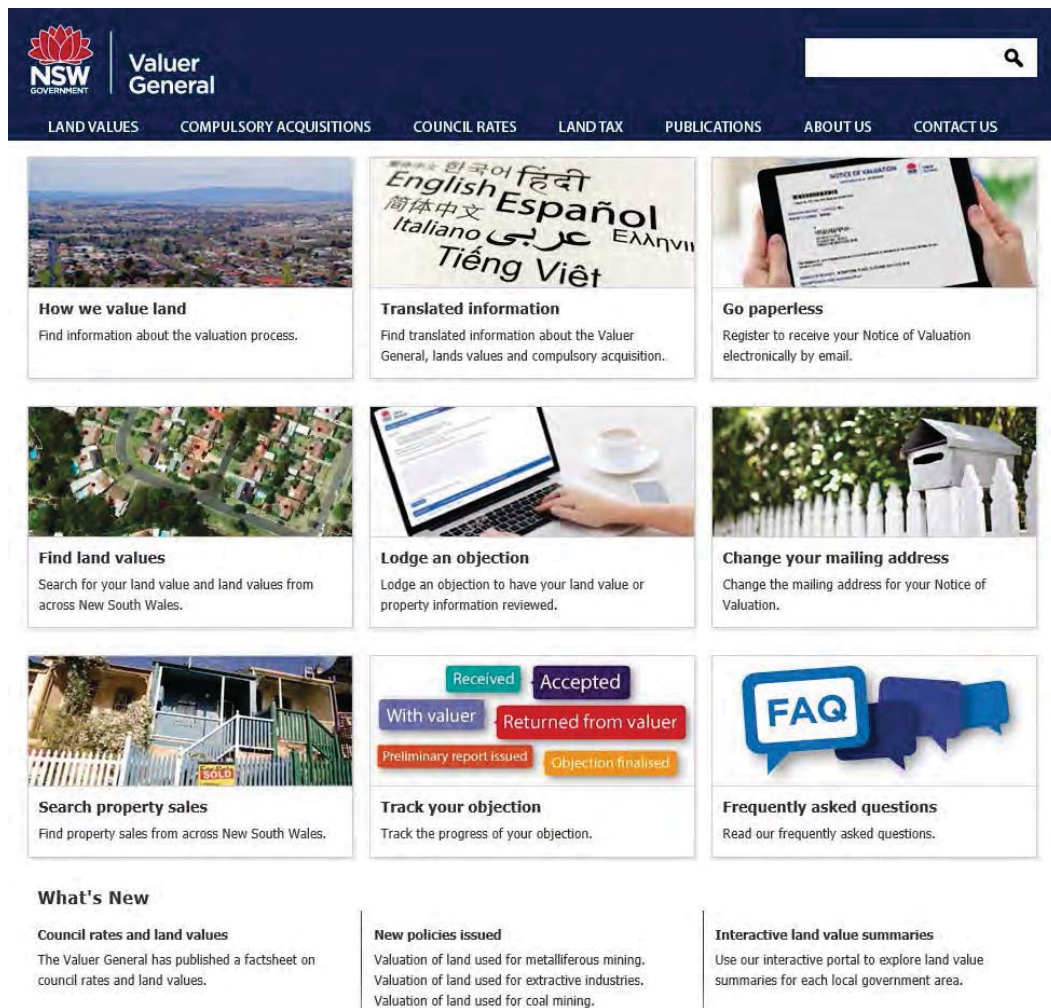
Using a blend of artificial intelligence machine learning automation techniques and human verification, Meltwater identified recurring key feedback topics within anonymised customer email messages, before classifying and assigning sentence-level sentiment. This enabled visualisation of customer sentiment trend hotspots through the lens of geo-location, property and customer type filters.

Following the merits of the insights gained during the pilot, the project has been expanded to map customer sentiment over a six month period.

5.5 Relaunch of the Valuer General’s website

The Office of the Valuer General has relaunched the Valuer General’s website making it more user friendly. The improvements include:

- adding buttons on the home page to highlight popular functions
- improving navigation to help users quickly find what they need
- clarifying the content with clear and precise language.



5.6 Delegation from the Republic of Korea (South)

In November 2018 the Valuer General hosted a delegation which included representatives from the Seoul Metropolitan Government, Republic of Korea and the Consulate-General of the Republic of Korea in Sydney.

Information covering the valuation system in NSW, including; an overview of the valuation system, valuations for rating and taxing, customers and stakeholders, and current trend was presented.

5.7 Delegation from South Australia

In April 2019, the Valuer General received a delegation from South Australia that included the Deputy Valuer General and senior adviser. The two groups shared views on:

- governance
- rating and taxing procedures
- objection procedures
- geographical information systems and spatial analysis
- compensation and special valuation procedures
- procurement and contract management.

5.8 Australasian Valuers General Conference

Valuer Generals from around Australia and New Zealand meet annually to discuss and brief each other on innovation, risks and market trends.

The Valuer General attended the Australasian Valuers General Conference held in Christchurch in October 2018 and Melbourne in April 2019.

The Valuer General will host next year's conference in NSW.

5.9 Australian Property Institute and International Association of Assessing Officers (API IAAO) International Research Symposium

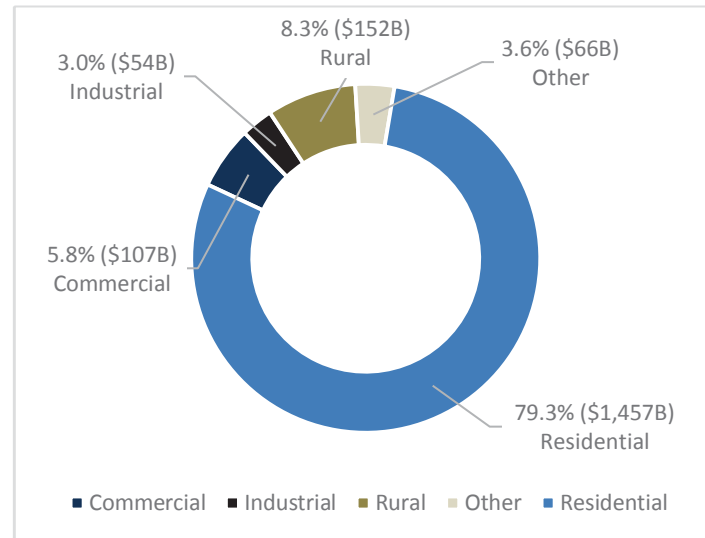
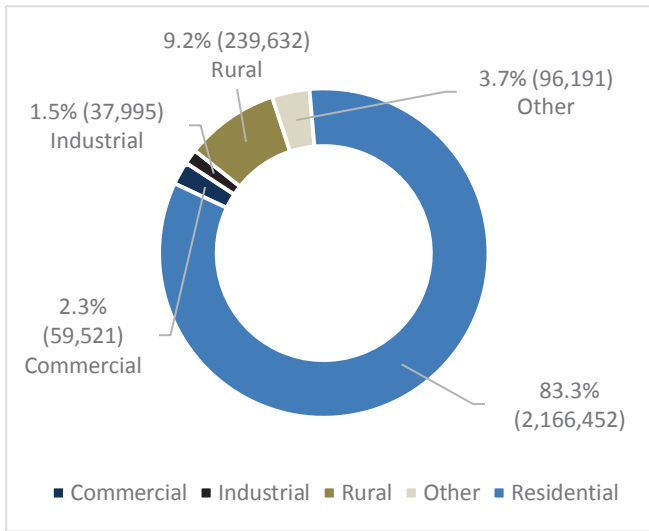
The Valuer General, along with representatives from the Office of the Valuer General and Valuation Services attended the API IAAO International Research Symposium in Melbourne in April 2019. The symposium explored the intersection of public policy and mass appraisal standards, guidance and implementation challenges. Various topics were covered over the two days including:

- spatial valuation
- reimagining global cities
- future trends
- building smarter cities with block chain.

6. Valuations for rating and taxing

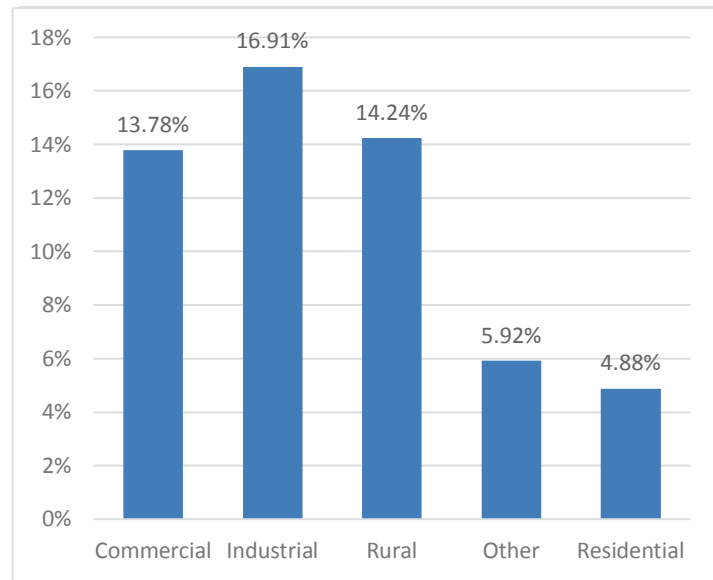
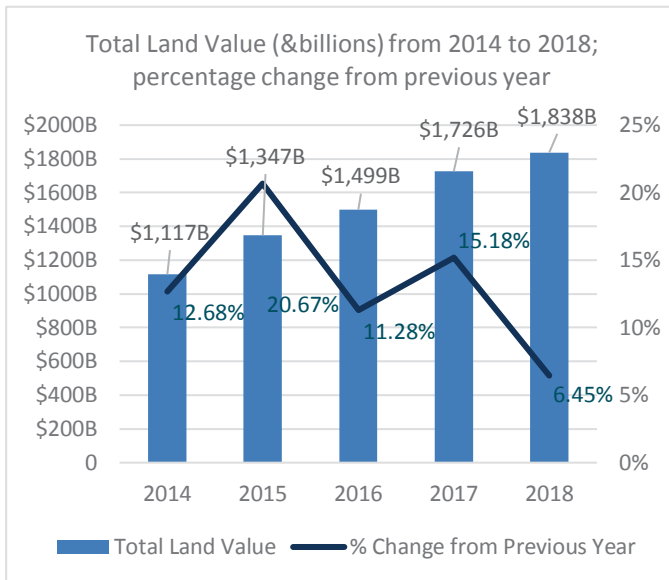
6.1 Valuation totals and trends

General overview of 1 July 2018 land values



Graph 1 - Distribution of properties by land use, percentages represent property numbers

Graph 2 - Distribution of total land values by land use, percentages represent values



Graph 3 - Total land value (\$billions) from 2014 to 2018; percentage change from previous year

Graph 4 - Percentage change from 1 July 2017 to 1 July 2018 by land use type

Note Data extracted on 1 July 2019.

Other includes community uses, forestry, national parks, nature reserves, open space, recreation, reserved roads, special uses, waterways and mining.

Over 2.58 million residential, rural, business and industrial land values for properties in NSW were determined as at 1 July 2018.

The total value of land in NSW as at 1 July 2018 increased by 5.9% to approximately \$1.83 trillion in the 12 months to 1 July 2018.

To determine the 1 July 2018 land values approximately 46,000 property sales were analysed across NSW as part of the valuation process.

6.2 Service delivery

Valuation Services, on behalf of the Valuer General, delivered:

- approximately 2.58 million valuations to Revenue NSW for use in the calculation of land tax
- approximately 51,232 supplementary valuations to councils and Revenue NSW when land was subdivided, amalgamated or materially changed.

Where a supplementary valuation is used for rating, landholders receive a Notice of Valuation to advise of the new land value.

6.2.1 Land tax threshold

In September each year, the Valuer General determines new land tax and premium rate thresholds for the coming year. The requirements for the determination of new thresholds are set out in Division 4A of the *Land and Tax Management Act 19* .

The adjustments to the thresholds are based on the annual movement in average land values of land within residential, commercial, business and industrial zones in NSW. The rate of change of land values in these zones from 1 July 2017 to 1 July 2018 was determined to be 5.559%.

The land tax threshold for the 2019 land tax year was determined to be \$692,000 and the premium rate threshold was determined to be \$4,231,000. The new thresholds were published in NSW Government Gazette No. 105 of 12 October 2018.

6.3 Quality assurance

Formal quality assurance reviews are undertaken before land values are accepted and entered onto the Register of Land Values.

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

Valuation uniformity and accuracy are tested against a range of statistical requirements.

The level of statistical compliance has been improving over a number of years and is above targets for all major property types. For information on key performance indicators for statistical compliance, see section 14.

6.3.1 Quality assurance program

Valuation Services' quality assurance program is overseen by the Valuation Joint Steering Committee (VJSC). An annual program is approved by the VJSC. Performance is monitored through reporting and regular meetings.

The annual quality assurance program included completion of:

- 43 methodology reviews. These reviews determine the quality of contractors' deliverables, processes and documentation to support the land values provided
- four compliance audits examining an identified risk in one contractor's area
- a review of the quality of the added value of improvements tables prepared by contractors for residential properties in each local government area. These tables are published on the Valuer General's website
- quality assurance of contractor deliverables to determine suitability for publication. Contractors deliver various reporting documents throughout the year to Valuation Services.

Program outcomes

The quality assurance program identified a number of areas of risk and valuation quality deficiencies that were rectified prior to the acceptance of the annual values and their entry onto the Register of Land Values.

A number of system enhancements and procedural changes that improve valuation quality were identified. These included new data integrity checks and delivery exception reports. For more information on the enhancements see section 6.6.

Technical instructions were amended to improve direction to rating and taxing contract valuers.

6.3.2 Complex land value improvement program

Valuation Services undertake an ongoing program of reviews for the valuation of complex land value categories. Reports were prepared for the following types of land use:

- airports
- water infrastructure
- telecommunication sites

- quarries
- cemeteries and crematoria.

Each review considered:

- the methodology to be applied
- methodologies used in other jurisdictions
- the quality of land values currently on the Register of Land Values
- the best sources of information
- Valuer General policies.

The reports for water infrastructure, quarries, and cemeteries and crematoria were completed within this reporting period. The draft reports on telecommunication sites and airports are at the review stage.

6.3.3 Verification

To ensure the quality of NSW land values contract valuers undertake a systematic, risk-based process of periodically verifying property data and land values. The program provides for the individual review of all land values and supporting data.

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

The verification program is measured for completion against planned targets as detailed below.

Annual verification targets and outcomes for 2018 - 2019

Land value verification risk rating	Outcome	Target
Risk Rating of 1 (high risk) (verified annually)	100%	100%
Risk Rating of 2 (medium risk) (verified every three years)	45.3%	33.3%
Risk Rating of 3 (low risk) (verified every six years)	29.4%	16.7%

The program was enhanced in 2019 so that all low risk properties will be verified every five years.

For the 2019 rating and taxing contracts, which commenced in March 2019, the verification services changed to a five year program.

Annual verification targets from March 2019

Land value verification risk rating	Target
Risk Rating of 1 (high risk) (verified annually)	100%
Risk Rating of 2 (medium risk) (verified every three years)	33.3%
Risk Rating of 3 (low risk) (verified every five years)	20%

6.3.4 Statistical measures

Valuations across local government areas are required to meet internationally recognised statistical standards. These standards measure consistency and accuracy between valuations and against the market evidence. Where the standard is not met, further investigation is undertaken.

Key performance indicators (KPIs) are set to test compliance. During the program period, all KPIs for statistical measures were met, with performance against the KPIs continuing to improve.

For more information on KPIs for service delivery see section 14.

6.3.5 Internal Audit

Internal Audit undertook a review of the development of Valuation Services' Contractor Scorecard which is in the process of being refined and then implemented. The Contractor Scorecard is being developed to compare the relative performance of rating and taxing contractors. The key objective of the audit was to determine the effectiveness of the Contractor Scorecard in terms of monitoring contractor performance. The audit made a number of recommendations which Valuation Services are implementing.

6.4 New method for valuing coal mines

The Valuer General introduced a new method for valuing land used for mining from 1 July 2017. The new method of valuation was required following the finalisation of appeals in the matter of *Perilya v The Valuer General* by the High Court of Australia.

6.4.1 1 July 2018 land values issued for Mid-Western Regional Council

The Valuer General issued 1 July 2018 land values for rating to Mid-Western Regional Council on 20 April 2019.

All councils are scheduled to receive new land values for rating as at 1 July 2019, however new land values were issued earlier for the Mid-Western Regional local government area following Council's request for new values made using the new methodology for valuing land used for mining.

The new land values were issued earlier to provide stability and equity for all landholders in the Mid-Western Regional local government area.

Notices of Valuation showing the 1 July 2018 land values were issued to all landholders on 15 April 2019. Mid-Western Regional Council used the new values for rating from 1 July 2019.

6.5 Objections

Landholders can lodge an objection with the Valuer General to have the land values or property information on their Notice of Valuation or land tax assessment reviewed.

Land values are reviewed by a valuer who did not make the original valuation. A preliminary objection report on the review is provided to the landholder to allow for review and feedback before the objection is finalised.

Land data specialists review the information the landholder provides and make any necessary changes.

6.5.1 Objections for different property types

Objections completed during reporting periods for all valuation years

Zone	Withdrawn		Allowed no change to land value		Allowed concession only change		Allowed with land value change		Disallowed		Total		% of total completed objections	
	2017 - 2018	2018 - 2019	2017 - 2018	2018 - 2019	2017 - 2018	2018 - 2019	2017 - 2018	2018 - 2019	2017 - 2018	2018 - 2019	2017 - 2018	2018 - 2019	2017 - 2018	2018 - 2019
Business	51	318	28	45	23	21	263	189	1,367	875	1,732	1,448	18.94%	20.72%
Industrial	22	57	16	8	2	-	124	93	242	217	406	375	4.44%	5.37%
National parks	1	1	-	219	-	-	-	-	-	-	1	220	0.01%	3.15%
Non-urban	27	38	47	23	2	1	318	92	584	140	978	294	10.69%	4.21%
Open space	2	6	1	-	4	-	19	11	55	14	81	31	0.89%	0.44%
Protection	7	47	7	12	2	-	166	90	306	139	488	288	5.34%	4.12%
Residential	169	582	62	34	109	19	1,088	667	3,736	2,806	5,164	4,108	56.46%	58.79%
Special uses	8	1	3	1	-	2	77	80	74	92	162	176	1.77%	2.52%
Undetermined, or village	9	10	3	-	-	-	30	7	92	31	134	48	1.47%	0.69%
Total	296	1,060	167	342	142	43	2,085	1,229	6,456	4,314	9,146	6,988	100%	100%

6.5.2 Comparison of objections based on rating and taxing authority

As the majority of 1 July 2018 land values were issued only for the purpose of determining land tax during the reporting period, the majority of objections received were the result of a land tax assessment being issued.

Percentage of objections registered for all valuation years for land tax compared to council rates

	2017 – 2018		2018 – 2019	
	Count	Percentage	Count	Percentage
Council rates	956	16.9%	425	3.96%
Land tax	4,701	83.1%	10,294	96.04%
Total	5,657	100%	10,719	100%

6.5.3 Causes of objections

The top five reasons for lodging an objection were:

- the land value is too high
- land should be valued together
- the land value too high and other
- land should be valued separately
- the land value is too high and land should be valued together.

6.5.4 Informal and facilitated conferences

Landholders can have an informal conference with a valuer following the issue of the preliminary objection report to discuss the report and resolve any concerns.

Facilitated conferences are also available. The facilitator guides the conference process without making decisions.

You can find more information on conferences in section 11.3.

Conferences¹

Objections	2017 - 2018	Percentage (of total number of 9,146 completed objections)	2018 – 2019	Percentage (of total number of 6,988 completed objections)
Informal conference was undertaken ²	369	4.04%	220	3.15%
Facilitated conference was undertaken	88	0.96%	45	0.64%

6.6 Appeals to the Land and Environment Court

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

The number of appeals lodged in the relevant period has declined since 2016 -17 and then remained steady.

Appeal decisions

	2015 - 2016 ³	2016 - 2017	2017 - 2018	2018 - 2019
Outstanding at start of period	25	20	23	23
Lodged during period	26	32	17	17
Allowed during period	21	1	6	2
Disallowed during period	6	3	6	6
Withdrawn during period ⁴	4	25	14	10
Outstanding at end of period	20	23	14	13

¹ A single conference can consist of multiple properties and objections to more than one valuing year.

² Recording of informal conferences was improved in March 2019 allowing more accurate capture of informal conference numbers from that date.

³ Previous annual report showed appeals based on outcomes in the lodgement year.

⁴ Withdrawn by the landholder.

Outcome of appeals

2015-2016 Settlement type	Allowed	Dismissed	Withdrawn	Ongoing	Total
Hearing	0	6	0	0	6
Hearing/Decision reserved	0	0	0	0	0
Conciliation	21	0	4	0	25
2016 - 2017 Settlement type	Allowed	Dismissed	Withdrawn	Ongoing	Total
Hearing	0	3	0	0	3
Hearing/Decision reserved	0	0	0	6	6
Conciliation	1	0	25	0	26
2017 - 2018 Settlement type	Allowed	Dismissed	Withdrawn	Ongoing	Total
Hearing	1	6	0	0	7
Hearing/Decision reserved	0	0	0	2	2
Conciliation	5	0	14	0	19
2018 - 2019 Settlement type	Allowed	Dismissed	Withdrawn	Ongoing	Total
Hearing	1	6	0	0	7
Hearing/Decision reserved	0	0	0	0	0
Conciliation	1	0	10	0	11

Note Conciliation includes participation in a formal conference under section 101 of the Land Valuation Act and the Environment Court Act 1979.

6.7 Land Value Improvement Group

The Land Value Improvement Group oversees research into the quality of rating and taxing valuations and the valuation process. The group consists of members from the Office of the Valuer General and Valuation Services.

The group's objectives are to:

- improve the quality of valuations and the valuation process

- encourage innovation and the understanding of emerging technology and mass valuation practices
- improve the monitoring of contractor performance
- ensure the effective and efficient application of data and statistical measures
- identify risks to valuation quality.

The group reviewed and considered:

- the annual quality assurance program to monitor the standard of services and quality of values provided by contract valuers
- the report into annual value statistical analysis of the 1 July 2018 land values
- the complex land value improvement projects on:
 - quarries
 - cemeteries
 - airport lands
 - water infrastructure sites
 - telecommunication tower sites
- the report on land value quartile range analysis
- property value movement information provided to NSW Treasury
- the publication of added value of improvement tables, contractor worksheets and valuation component reports to improve transparency
- the review of significant value movements
- the trial of a new contractor scorecard.

6.8 Improvements

6.8.1 Quality assurance

New initiatives were implemented to ensure the quality of data from valuers and contractors is consistent and of high quality.

Quality assurance improvements included both system enhancements and procedural changes:

- clear separation of requirements between technical specifications and contract conditions
- increased performance management, reporting and visibility
- digital delivery of market evidence to allow for increased data integrity, collection, transparency and increased quality assurance and audit activities
- delivery of data exceptions and reasoning with provisional and final values

- provision of benchmark codes and the inclusion of Australian Valuation Property Classification codes to allow the comparison of benchmark values within and across local government areas that have similar market characteristics.

New file specifications were developed and implemented from 1 March 2019 to ensure appropriate data for individual properties is supplied consistently by all rating and taxing contractors. This included delivery of data records for:

- paired sales
- sale improvements
- benchmark properties
- worksheets
- added value of improvement tables
- sales and supplementary valuations of related/multiple properties
- rental analysis information and commercial lease details.

7. Valuations for compulsory acquisition

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

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

Valuation Services manages the determination of compensation on behalf of the Valuer General.

The Valuer General sets the standards and policies to determine fair compensation and to provide a process that is independent, transparent and has multiple opportunities for consultation. The Valuer General oversees the work of Valuation Services.

7.1 Determinations of compensation issued

The overall number of determinations of compensation decreased in 2018 – 2019 due to a reduction in the number of acquisitions of land below the surface. If acquisitions of land below the surface are excluded, the total number of determinations issued increased.

Major infrastructure projects included:

- the Northern Road upgrade
- Edmondson Park upgrade
- Parramatta Light Rail
- Mona Vale Road upgrade
- Randwick Hospital Campus Redevelopment
- Sydney Metro Northwest Corridor
- Sydney Metro City & Southwest
 - o Martin Place Station
 - o Sydenham to Bankstown
- various hardship matters.

Determinations of compensation issued by the Valuer General

Determinations of compensation made	2015 - 2016		2016 - 2017		2017 - 2018		2018 - 2019	
	Number	Total value (\$million)	Number	Total value (\$million)	Number	Total value (\$million)	Number	Total value (\$million)
Under the Land Acquisition (Just Terms Compensation) Act 1991 – for properties above ground (surface land)	325	\$390	177	\$468.4	149	\$299.8	204	\$281.8
Under the Land Acquisition (Just Terms Compensation) Act 1991 – for land below the surface ⁵ (includes Treasurer's directions)	0	\$0	0	\$0	774	\$0	385	\$0
In accordance with Treasurer's Directions (for intergovernmental transfers)	49	\$55	48	\$6.6	56	\$30.2	50	\$59.9
Total	374	\$445	225	\$475	979	\$330	639	\$341.7

⁵ First reported on in 2017 - 2018

7.2 Timeframe for issuing determinations of compensation

The average time taken to issue determinations was 166 days, an increase compared to the previous year. All of the determinations for land below the surface were issued within the statutory time period. 38% of determinations for all other land were issued within the statutory time period.

Where there were delays, parties were consulted to minimise the impacts.

Factors impacting on the time taken to issue determinations included:

- the complexity of matters
- additional time to allow for improvements to procedural fairness for land owners, including expanded consultation and opportunity to make submissions.

7.3 Quality assurance

The majority of valuation reports for determinations of compensation are prepared by contract valuers on behalf of Valuation Services.

Valuation Services reviews valuation reports before they are accepted and issued. The valuation report is checked to ensure accuracy, fairness, transparency, and compliance with the Land Acquisition (Just Terms Compensation) Act 1991 and the Valuer General's policy on compensation following compulsory acquisition.

7.4 Proposed acquisitions

The Valuer General may commence work on a determination of compensation following the issue of the proposed acquisition notice (PAN) and prior to the compulsory acquisition. Factors taken into consideration to commence work include the complexity of the valuation and meeting statutory and project timeframes.

Acquiring authorities are required to pay the Valuer General's reasonable costs for preparing valuations for the determination of compensation, regardless of whether a determination of compensation is issued. This supports the Valuer General's discretion to commence work on the determination of compensation prior to compulsory acquisition by providing budget certainty.

During the reporting period, Valuation Services commenced work on 82 PANs, down from 190 in the previous reporting period, where determinations of compensation were not issued as the acquiring authority reached agreement with the land owner to purchase the property prior to the matter being concluded by the Valuer General.

Valuation Services works with acquiring authorities to ensure work is not commenced unnecessarily where a matter is likely to be settled.

7.5 Compulsory acquisition conferencing

Contractors engaged by the Valuer General are required to speak to land owners or their representatives in person as part of the compulsory acquisition process for all acquisitions of surface land.

Conferences are available throughout the compulsory acquisition process and are also offered after the final determination of compensation is issued. Separate conferences are also held with acquiring authorities to ensure their issues and concerns are captured and addressed.

Compulsory acquisition conferences by type

Types of conferences	2017 - 2018		2018 - 2019	
	Number	Percentage (%)	Number	Percentage (%)
Email	1,059	55.77%	951	61.28%
Face to face	209	11.01%	242	15.59%
Mail	8	0.42%	12	0.77%
Phone	623	32.80%	347	22.36%
Total	1,899	100%	1,552	100%

7.6 Compensation Improvement Group

The Compensation Improvement Group commenced in March 2019 to oversee the quality of the compensation determination process. The group consists of members from the Office of the Valuer General and Valuation Services.

The group's objectives are to:

- ensure that compensation determinations are of the highest quality based on sound evidence and professional advice
- improve the compensation determination process
- determine strategic planning directions
- identify issues and promote best practice standards

- promote information sharing
- progress relevant recommendations of the Joint Standing Committee on the Office of the Valuer General.

The group has reviewed and considered:

- the alignment of the Valuer General's customer service survey for compensation determination matters with the Centre for Property Acquisition's proposed customer service survey for the end to end acquisition process
- improvements to the timely delivery of determinations
- the report of an independent review by KPMG into compulsory acquisition valuation procedures
- property acquisition standards and minimum requirements
- judgements from court matters and provision of legal advice on acquisition matters
- the review of complex matters including substratum valuations.

7.7 Improvements

A workshop was conducted to explore options to improve timeframes for issuing determinations of compensation whilst balancing the need to treat land owners fairly. The outcome will see new practices and land owner communications being introduced in the second half of 2019 to formalise timeframes for the provision of information during the compensation determination process.

The new practices encourage timely provision of information from the land owner and acquiring authorities.

The new practices provide for the issue of a preliminary valuation report within 7-14 days from the date the property is compulsorily acquired. Land owners still have the opportunity to provide information and feedback during the 15-day preliminary report response period. The information will be considered prior to finalising the determination.

Other improvements during the reporting period primarily focus on communication with land owners and acquiring authorities:

- improved stakeholder relationship with major acquiring authorities to provide better visibility of upcoming acquisition projects
- improved communication with acquiring authorities to better identify the likelihood of gazettals, and risk
- an emphasise on the need for acquiring authorities to provide all information within seven days of gazettal

- improved communication with acquiring authorities to better explain the role of the Valuer General, the service we provide and associated fees
- website and communications have been re-written in plain English
- the brochure, Compulsory Acquisition NSW Valuer General's Role, and website were enhanced to provide land owners with information on what is considered when assessing reasonable costs/fees.

8. Private valuations

The Valuer General can make a private valuation of land under section 9A of the Valuation of Land Act 1916 for the purpose of any agreement or arrangement between parties that provides for the valuation to be made by the Valuer General.

The Valuer General can delegate the valuation. In most cases private valuations are undertaken by contract valuers and quality assured and issued by Valuation Services.

During the reporting period, eight private valuations were requested:

- NSW Ports requested one valuation. The Valuer General determined the unimproved value of the land in accordance with the lease document
- the Lord Howe Island Board requested three valuations. The Valuer General determined the current market value in accordance with Section 23(1)(a) of the Lord Howe Island Act 1953, as amended
- Place Management NSW, part of Property NSW, requested three valuations. The Valuer General determined the market value of the land for rental review purposes in accordance with the lease documents
- Cemeteries & Crematoria NSW requested one valuation. The Valuer General determined the market value of the land within the meaning of the Valuation of Land Act 1916 and in accordance with the Cemeteries and Crematoria Act 2013.

9. Register of Land Values

The Register of Land Values is the official record of land values in NSW. The Register of Land Values contains information that includes ownership or rate paying lessee details, title details, and the value of the land. The Register of Land Values is a public register in terms of the Privacy and Personal Information Protection Act 1998.

9.1 Land information

Valuation Services manages the Register of Land Values on behalf of the Valuer General and is responsible for ensuring the accuracy and integrity of the information recorded on the register. A team of land data specialists is responsible for the ongoing update, improvement and quality assurance of the land information held in the register.

The ongoing update of the register includes the creation of records for new lots when land is subdivided; amendments to property details including dimensions, area and zoning; and updating addressing information for the service of Notices of Valuation.

Maintenance to the Register of Land Values

Register of Land Values	2016 - 2017	2017 - 2018	2018 - 2019
New properties created	49,156	49,466	45,237
Properties where details were amended	21,479	24,050	7,191
Properties where valuation was altered	1,303	3,665	1,458
Properties where address for service of notice was amended	202,845	145,325	123,715

Note: The above figures exclude new properties created or amended via objection, but include new properties created or amended via re-ascertainment.

9.2 Land Data and Customer Service Improvement Group

The Land Data and Customer Service Improvement Group has been formed to improve land data procedures, transparency and customer service. The group consists of members from the Office of the Valuer General and Valuation Services.

The objectives of the group include:

- ensuring the valuation system is customer centric
- enhancing the quality of data held on the Register of Land Values
- informing improvements to the availability of data to customers and stakeholders
- promoting transparency of information
- promoting best practice and innovation.

9.3 Improvements

The Land Data Management Group has initiated and implemented improvements to Valnet, the database holding the Register of Land Values, including:

- improving the quality and relevance of data delivered to councils on supplementary valuation lists
- the automation and delivery of land value variation reports to councils
- improving land data quality assurance processes following the creation and implementation of a new recording and report process for the exceptions (rejected records) that are identified in values files uploaded by rating and taxing contractors.

Automating existing manual land data processes to maintain the Register of Land Values will continue to be explored and implemented wherever possible, including:

- automatic calculation of multiple lot areas within valuations
- automatic population of property description details, ownership and property addresses via Integrated Property Warehouse data, together with automating the sending of supplementary workflows to contractors for processing or valuing.

Register of Land Values improvements

Project	Description	Outcome
<p>Stage 1 - Review of area and dimension mismatches in Register of Land Values (Stage 2 - Land value reviews of area and dimension mismatches)</p>	<p>Properties where the calculation of the dimensions did not equal the total area recorded on the Register of Land Values were quality assured.</p>	<p>2,112 properties were reviewed. 9.47% required no action (details were correct). 28.46% required minor formatting & rounding amendments only, resulting in no changes to land values. 1.37% properties were cancelled (Lots superseded). 2.18% required referral to NSW Land Registry Services to check accuracy of the plan. 58.52% areas and/or dimensions were amended, and the land values were reviewed. Notices of Valuation have been issued to advise landholders of amended areas and/or dimensions for all land values that were reviewed.</p>
<p>Review of business rules and work instructions</p>	<p>Key processes were streamlined, and guidance material developed to support future maintenance of the Register of Land Values.</p>	<p>Improved consistency and accuracy of land data processing in accordance with legislation and the Valuer General's policies.</p>

10. Contract management

Valuation Services outsources the majority of valuation services of land to external firms.

Contract valuers:

- determine land values for rating and taxing for defined geographic regions across NSW
- review objections
- undertake valuations for the determination of compensation.

Contractors are selected by an open market tender process that complies with strict procurement guidelines set for NSW public sector agencies.

The performance and quality of each contractor is monitored on an ongoing basis to ensure time, quality and cost effectiveness are achieved. As well as contractual terms, individual contract valuers are required to comply with legislation, the Valuer General's policies and industry codes of professional conduct. In the 2018 - 2019 reporting year, the majority of contractors performed to the standards established under the contract. Where standards were not met, the issue was addressed through a structured process of contract management, with the objective of correcting the issue and preventing reoccurrence.

10.1 Rating and taxing contracts

Until 28 February 2019, 19 contract firms provided services covering the 41 rating and taxing contracts that were in operation.

From 1 March 2019, the number of rating and taxing contracts reduced to 18, with 11 contractors providing the services. A list of contractors is available on the Valuer General's website www.valuergeneral.nsw.gov.au.

Rating and taxing contractors provide the following valuation services:

- project management
- market analysis
- valuation recommendation and reporting
- quality assurance
- land value verification
- supplementary valuations
- responding to enquiries about valuations
- appeal services

- sales coding.

10.2 Valuation panel contracts

Valuation Services contracts out a range of valuation services including:

- valuations for compulsory acquisitions under the requirements of the Land Acquisition (Just Terms) Compensation Act 1991
- valuation advisory for certificates of land value, special valuations, to act as an expert valuer in court matters and general property advice
- objection briefings for land values and allowances issued under the Valuation of Land Act 1916.

To engage a panel contractor, appropriate valuation panel firms are invited to submit a quote in a competitive selection process. Exceptions are made when a specialist or expert is required who is not on the panel. In these cases, the contractor is required to agree with the terms and conditions of the panel contract and provide a quote, ensuring that it provides value for money.

Contractors are selected from the panel, based on quality and cost, and designated areas where they will undertake objection valuations. The contractor undertaking an objection cannot be the rating and taxing contractor for that area. In January 2017 the use of a single contractor was established to provide objection review services to specific local government areas and zone types. This has been successfully continued for the 2018 - 2019 reporting year. The aims of the single objection contractor program are to improve efficiency, value for money, consistency of objection outcomes and improved contractor performance.

Valuation panel contracts are for one calendar year with an extension option for one additional year. As there are no extension options left in the current terms the current contract will expire on 31 December 2019.

As at 30 June 2019, there were 80 valuation panel contractors.

Prior to negotiating the annual contract extensions in 2018, a performance review was undertaken with each contracted firm to ensure performance standards were met. The review included input from all Valuation Services' business areas.

10.3 Improvements

10.3.1 Contracts for rating and taxing

Valuation Services undertook state-wide procurement of new rating and taxing contracts that reduced the number of contract areas, incorporated all new councils and increased the initial contract term to five years. The contract was reviewed and includes improved valuation quality and valuation data specifications and contract performance measurement and reporting.

Valuation Services undertook consultation activities with contractors during 2018 - 2019, including:

- surveys
- face-to-face consultations
- a contract kick off day.

To improve valuation consistency, quality and transparency, rating and taxing contract specifications have been changed, requiring contractors to upload:

- property worksheet data in new digital format which is easier to access and interrogate. Property worksheets record property information, attributes, valuation calculations and rationale. This digitisation has made it easier to share the property worksheet information with stakeholders and customers
- data into the Valnet database for properties that are part of a single parcel of land
- multiple property sales data into the Valnet database for analysed sales that are over multiple lots
- paired sales property data into the Valnet database for analysed sales that are used in paired sales analysis
- rental analysis property data into the Valnet database where a rental analysis has been completed for the property
- benchmark valuation coding to allow comparison and determine consistency of valuation levels and movements for similar property types in similar markets across the state.

10.3.2 Valuation panel contractors

A successful liaison day was held in February 2019 for contractors that carry out land value objection reviews. There were 53 personnel from 24 firms represented from the valuation panel.

Improvement focus has been on moving the existing valuation panel structure to a whole of Government prequalification scheme. You can find more information in section 10.3.4.

10.3.3 Objection contractors

An electronic quality statement has been introduced and is required to be completed for all objection report recommendations completed by contractors. This statement certifies the quality of the contractor's report.

10.3.4 Whole of Government category management procurement scheme

The Valuation Services Valuation Panel consists of 80 firms pre-approved to carry out contracted services on behalf of Valuation Services. Following a strategic review of the current Panel contract arrangement by several Government businesses, including specialists in procurement, the existing Panel will transition to a whole of Government prequalification procurement scheme.

Valuation Services is taking the lead to develop the scheme which will be in place in the second half of 2019 with full transition of the existing Panel completed by the end of 2019. This scheme will allow greater flexibility to engage with a larger variety of valuation firms, increasing competition and meeting Government requirements to engage with small and medium sized businesses.

11. Customers and stakeholders

The Valuer General sets the standards and values for service delivery and oversees the work of Valuation Services which manages the day-to-day customer service and stakeholder liaison functions of the valuation system.

The Valuer General is committed to providing services that the community can trust, built on the core values of fairness, professionalism and the provision of customer-centric services.

Fairness

We communicate openly with our customers and encourage them to ask questions and make submissions.

We focus on consistency and accuracy in our services.

Customer driven

We ask our customers about their experience of our services and use their feedback to make improvements.

Professional

We promote best practice and find new ways to improve the services we deliver.

11.1 Customer service

Customer service is managed by a specialist customer service team, including an in-house call centre, within Valuation Services.

Call volumes

In-house/outsourced	2016 - 2017 ¹		2017 - 2018		2018 - 2019	
	Number of calls answered	Total	Number of calls answered	Total	Number of calls answered	Total
In-house (Valuation Services)	26,245	76%	13,095	79.6%	19,308	100%
Contracted outsourced call centre ²	8,183	24%	3,364	20.4%	N/A	N/A
Total calls	34,428	100%	16,459	100%	19,308	100%

Breakdown of top five calls³ by topic

Topic	2017 - 2018		2018 - 2019	
	Number of calls	Percentage of 16,459 calls	Number of calls	Percentage of 19,308 calls
Objection kit request	4,046	24.58%	7,782	40.3%
Land value enquiry	2,289	13.91%	2,819	14.6%
Land tax / Revenue NSW enquiry	1,781	10.82%	1,629	8.4%
General enquiry / overview	1,442	8.76%	1,389	7.2%
Objection enquiry	1,214	7.38%	1,365	7.1%
Total top five calls	10,772	64.46%	14,984	77.6%

¹ Notices of Valuation were issued for all properties in NSW as part of a three year cycle.

² An outsourced call centre has been used in previous years to supplement the in-house call centre when necessary.

³ The breakdown of top five calls by topic is for all calls received across Valuation Services including the call centre team.

Written enquiries

Written enquiries			Percentage completed in 10 business days*		
2016 - 2017 ⁴	2017 - 2018	2018 - 2019	2016 - 2017	2017 - 2018	2018 - 2019
8,074	5,102	4,378	82.7%	93.6%	91.3%

* Target set by the Valuer General – 80% of written enquiries responded to within ten business days.

Breakdown of top five written enquiries by topic 2018 - 2019

Topic	Number of written enquiries	Percentage of 4378 written enquiries
Update postal details	587	13.4%
Amalgamation of land	488	11.1%
Objection enquiry/status	337	7.7%
Objection kit request	325	7.4%
Preliminary report response	242	5.5%
Total top five written enquiries	1,979	45.1%

11.2 Complaints

The Valuer General is committed to ensuring complaints are handled in a manner which is fair, courteous and respects the privacy of the person making the complaint.

Feedback, including complaints, is used to identify areas that need improvement.

⁴ Notices of Valuation were issued for all properties in NSW as part of a three year cycle

11.2.1 Complaints made to the Office of the Valuer General

Complaint	
Land values and objection process complaints	
Land values and outcome of objections	Valuation Services reviewed the land values and objection outcomes. They found that the 1 July 2017 land values were supported by the market evidence, but that a staff member had reduced the 1 July 2016 values based on an incorrect application of the Valuation of Land Act 1916. Valuation Services reviewed land values in the area for accuracy and found they were supported by market evidence.
Land values and outcome of objections	Valuation Services reviewed the land values and objection outcomes. They found that the 1 July 2015 land value was supported by the market evidence, but reduced the 1 July 2016 and 2017 values.
Outcome of objection and customer service received during objection and conference process	Valuation Services undertook an additional inspection and conference with the landholder. The land value was reduced.
Land value and conduct of staff during objection process.	Valuation Services reviewed the land value and found it was supported by the market evidence. Investigation found: <ul style="list-style-type: none"> Valuation Services thoroughly investigated the concerns the landholder raised during objection process no inappropriate conduct by staff.
Land value and conduct of staff during conference process	Valuation Services reviewed the land value and held an additional conference with the landholder. The land value was reduced. A staff member was counselled to ensure their behaviour reflects the Valuer General's customer service expectations.
Delay in organising conference	Valuation Services implemented new procedures to prevent similar delays.
Customer service complaints	
Conduct of staff while investigating complaint	Investigation showed no inappropriate conduct.
Conduct of staff during objection process	Anonymous complaint. Insufficient information provided for investigation.

11.2.2 Complaints made to Valuation Services

Over the reporting period, Valuation Services received 74 complaints. Two of those complaints were still being investigated by Valuation Services at the end of the reporting year.

The average time taken to resolve a complaint was 7.7 days. There were 48 complaints resolved on the day of complaint.

The main complaint types were:

- issues with online services (24 complaints)
- customer service (11 complaints)
- contractor activity (9 complaints).

Valuation Services has developed a Complaint and Feedback Management System to improve accountability, ensure the timely response to feedback and improve the quality of responses.

11.3 Conferences

A conference is an open exchange of information between customers and valuers, or other experts. A range of conference types are available to landholders to answer questions, discuss concerns and resolve issues. For example, all landholders who lodge an objection to have their land value reviewed are contacted by the valuer undertaking the review to discuss their concerns. Landholders can also have a conference with a valuer following the issue of the preliminary objection report to discuss the report and resolve any concerns.

Facilitated conferences are also available. The facilitator guides the conference process without making decisions. The conference can be face-to-face or by telephone.

Facilitated conferences

Method of conference	Face to face			Telephone			Total conferences		
	2016 - 2017	2017 - 2018	2018 - 2019	2016 - 2017	2017 - 2018	2018 - 2019	2016 - 2017	2017 - 2018	2018 - 2019
Number	43	84	39	11	4	4	54	88	43

Top five reasons for requesting a conference

Reason for conference	Number
Valuation disregarded crucial elements	18
Development constraints	9
Neighbouring property sale value(s) not considered / not comparable	8
Other	8
Understanding of the valuation process	6
Total	49*

* A single conference can be for multiple reasons

11.4 Surveys

We undertake a range of surveys to monitor and inform improvements to our customer service. The Office of the Valuer General directly surveys all landholders following a facilitated conference; and former land owners following the determination of compensation. Facilitated conferences generally concern the outcome of an objection.

Valuation Services undertakes surveys that monitor customer service across a range of services to measure levels of service, consistency of information, customer support, timeliness, relevancy and accessibility of information.

All customer survey and feedback mechanisms are currently under review as part of project by the Valuer General to evaluate their effectiveness and outcomes; and make recommendations for improvements.

11.4.1 Facilitated conference survey

Landholders who participate in a facilitated conference are asked to complete a survey at the end of the process. Twenty three surveys were issued during the reporting period and three responses received. Each response was considered by the Office of the Valuer General but the number of responses limit analysis.

The conference survey was enhanced during the reporting period to provide customers with the opportunity to complete the survey electronically and to better identify the types of properties subject to conferencing. Hard copy surveys remain available.

11.4.2 Compulsory acquisition survey

The Valuer General surveys land owners or their representative following the issue of a determination of compensation for land on the surface. The survey

aims to monitor and report on the quality of service provided by Valuation Services and identify where improvements can be made.

There were 106 surveys issued during the reporting period and ten responses were received:

- 80% agreed or strongly agreed the valuer and staff acting on behalf of the Valuer General responded in a timely manner
- 80% agreed or strongly agreed the information they received from the Valuer General clearly explained the compulsory acquisition process and how they could participate in the process
- 89% agreed or strongly agreed they had the opportunity to provide information to the valuer preparing the Valuer General's valuation report
- 67% agreed or strongly agreed they had the opportunity to raise any concerns before the Valuer General issued the determination of compensation including the valuation report.

11.4.3 Initial telephone contact survey

This survey measures the level of service landholders receive when they phone the customer service contact centre.

Surveys were offered to 1,541 customers and 1,160 customers participated (75%).

- 95.99% agreed that their call was answered in a timely fashion
- 98.44% agreed that the customer service officer was helpful and respectful
- 98.18% agreed that the customer service officer was knowledgeable
- 78.31% of participants were promoters
- the net promoter score (NPS⁵) was 62.34, which is the percentage of promoters less detractors.

11.4.4 Specialist telephone advice post contact (technical information) survey

This survey measures the level of service landholders receive if their enquiry is referred to a valuer following their initial contact with the customer service contact centre.

Surveys were offered to 368 customers and 61 customers participated (17%).

- 93% of respondents agreed or strongly agreed that they were satisfied overall with the experience

⁵ The NPS minimum and maximum range is minus 100 to positive 100.

- 89% of respondents found it moderately to extremely easy in effort
- 65% of respondents agreed or strongly agreed that their questions were fully answered
- 58% of respondents agreed or strongly agreed that they were treated fairly
- 61% of respondents agreed or strongly agreed that they were responded to in a timely manner
- 65% of respondents agreed or strongly agreed that they were provided with consistent information
- 64% of respondents agreed or strongly agreed that they were provided with all the support they needed
- 63% of respondents agreed or strongly agreed that they were listened to
- 95% of respondents agreed or strongly agreed that:
 - o the information they received was useful
 - o the information was provided in a timely manner
 - o the information was easy to understand.

58% of respondents were from regional areas, 42% were from metropolitan areas.

11.4.5 Objection process survey

This survey considers the end to end experience of landholders who lodge an objection to have their land value reviewed.

Surveys were offered to 93 customers and 15 customers participated (16%).

- 60% of respondents agreed or strongly agreed that:
 - o they were treated fairly
 - o they were listened to
 - o they were responded to in a timely manner
- 47% of respondents agreed or strongly agreed that they were provided with all the support they needed
- 47% of respondents agreed or strongly agreed that they were provided with consistent information
- 57% of respondents agreed or strongly agreed that their questions were fully answered by the valuer who conducted the review
- 46% of respondents agreed or strongly agreed that their concerns were addressed in the valuer's report

- 53% of respondents agreed or strongly agreed that the valuer's report clearly explained the reasons for the decision
- 53% of respondents found it moderately to extremely easy to have their land value reviewed
- 65% of respondents agreed or strongly agreed that they were satisfied with their experience in the land value review process.

11.5 Privacy

Personal information was managed in accordance with the Privacy and Personal Information Protection Act (privacy legislation) and the Department of Finance, Services and Innovation's privacy management plan.

Only authorised users can access data stored in the Register of Land Values by logging in to the Property NSW valuation portal. The login is subject to the terms and conditions (<https://valuation.property.nsw.gov.au/content/terms>) which require that privacy legislation be complied with. The Property NSW valuation portal is made available subject to privacy legislation.

Contract terms and conditions for the engagement of contractors and for supply of information to on-sellers contain provisions expressly requiring compliance with privacy legislation. Contractors must also meet the level of professional standards expected of a member of a professional body (API or comparable) which includes dealing with information in compliance with statutory requirements (including privacy legislation).

A privacy statement is available on the Valuer General's website which explains how we collect, store and secure personal information.

11.6 Publications

11.6.1 Information for the 1 July 2018 land values

To assist community understanding of land values, the Valuer General published a report on NSW land values as at 1 July 2018 in January 2019. Interactive summaries for 14 regions and all local government areas were also published to support 1 July 2018 land values.

The report and interactive summaries are available at www.valuergeneral.nsw.gov.au.

11.6.2 Valuer General's policies

The Valuer General is responsible for setting the policies for the valuation system. The majority of these policies focus on providing guidance to valuers on a range of valuation methods and practices to achieve accurate, consistent and fair valuations across NSW. The policies are written in plain English to provide transparency and information for landholders.

During the reporting year, a review of all current policies was completed and four new policies were published:

- Valuation of land used for cemeteries and crematoria
- Valuation of land used for coal mining
- Valuation of land used for extractive industries
- Valuation of land used for metalliferous mining.

11.6.3 Newsletters, fact sheets and brochures

The Valuer General published a new factsheet about land values and council rates. A link to the factsheet was provided to councils for inclusion on their website; 23 councils added the link on their website.

11.6.4 Valuer General's website

Valuer General's website usage

Service type	Count		
	2016 - 2017	2017 - 2018	2018 - 2019
NSW Globe total users	89,590	145,477	84,123
NSW Globe unique users	39,489	111,972	38,818
Regional portal unique visitors	746	970	950
LGA portal unique visitors	3,452	3,891	6,684
Regional portal total page views	2,247	3,085	2,225
LGA portal total page views	10,680	11,301	17,675
Land value searches	200,639	188,361	257,840
Property sales enquiries	43,580	41,256	68,103
Property address enquiries	95,097	109,939	150,527
Valuation sales reports	11,043	7,726	11,055

11.7 Multicultural outcomes

Translated information about land values, the valuation and objection processes and compulsory acquisition is available on the Valuer General's website. The translated information is available in traditional and simplified Chinese, Arabic, Vietnamese, Greek, Italian, Hindi, Spanish, Korean and Filipino.

The Office of the Valuer General continued to improve access to information about the valuation system for people of culturally and linguistically diverse backgrounds.

Translated media releases were introduced to the media program following the issue of 1 July 2018 land values. The media releases included information on the release of new land values and an overview of the movement of residential, rural, industrial and business land values across the state.

The releases were translated into Arabic, Chinese traditional and simplified, Greek and Vietnamese. The releases were published on the Valuer General's website and provided to 27 Arabic media outlets, 21 Chinese media outlets and five Greek and Vietnamese media outlets.

11.8 Liaison with councils

11.8.1 Meetings

During the reporting year representatives from Valuations Services attended:

- Rating professionals' group meetings which are held periodically throughout the reporting year. The meetings consists of various rating groups from NSW
- 17 council meetings to discuss the 1 July 2018 land values
- NSW Rating Professionals Executive Committee meetings, which are held quarterly.

11.9 Liaison with Revenue NSW

Regular liaison meetings are held with Revenue NSW concerning the provision of land values for use in the management of land tax.

11.10 Improvements

11.10.1 Improvements to publications for objections

A landholder can request an objection kit through the Valuation Customer Service team to lodge an objection to their land value on a Notice of Valuation or land tax assessment. The kit has been enhanced to provide an option to include other related publications, including Valuer General policies and fact sheets.

11.10.2 Over \$30,000 procurement warning

An automated message has been added to Valnet's Batch and Tender Management module where any batch exceeding \$30,000 is to be notified to Contract Management and reported against as per NSW Government requirements.

11.10.3 Complaint and Feedback policy and process

A new Valuation Services Complaint and Feedback Policy, instructions and information sheet has been developed. This is supported by a Complaint and Feedback module for the recording and management of all feedback. Benefits of the new policy, information and processes include:

- recording capabilities that will improve Valuation Services management of feedback and reporting to the Valuer General
- improved accountability to ensure timely responses to feedback and improved quality of responses
- refined data capture; 'suggestions' are now specifically identified, previously they were recorded as 'negative' feedback
- the feedback search is restricted to managers and above.

11.10.4 Strata objection process trial

The preliminary objection report process was introduced in 2017 to improve procedural fairness, providing the opportunity for owners to raise concerns, make submissions, provide further information and where possible resolve any issues prior to the finalisation of the objection. Strata properties were excluded from the original preliminary report process due to system limitations. These limitations were removed with a system enhancement.

A trial was implemented in early 2019 which included a change to the way objections to strata properties are registered and allows a preliminary report to be issued to strata unit holders.

The purpose of the trial is to assess the new approach in dealing with objections lodged to strata properties and to allow these customers the same opportunity to participate in the preliminary objection report process.

The trial is to be evaluated from 1 July 2019.

11.10.5 ICT system and service improvements

The following improvements were implemented during the reporting period:

- automated regression testing for all system enhancements to increase the stability and performance

- the Oracle application server was upgraded to a supported version of the platform
- migrating existing ValMap data, the primary spatial tool used to assist in determining land values to ArcGIS Pro software to ensure the service is underpinned by the latest technology
- better governance and traceability of ICT service requests
- developing an automated reporting tool, used internally and integrated within the valuation system, to track the progress of land value objections and appeals, determinations of compensation following the compulsory acquisition of land, and the monitoring of calls and emails managed by the Customer Service team
- creating a detailed ICT onboarding and offboarding process document to streamline system access and promote staff agility across the business.

12. Future initiatives

12.1 Benchmarking study of the NSW valuation system

The Office of the Valuer General has engaged the International Property Tax Institute (IPTI) to undertake a benchmark comparison study of the NSW Valuation System. IPTI is a not-for-profit organisation that provides research and advisory services in property taxation and assessment on an international level. IPTI regularly undertakes studies across valuation jurisdictions.

This study is split into two broad components:

- comparison of operational and governance administration costs across various 'comparable' valuation jurisdictions
- comparison of quality assurance systems across various 'comparable' valuation jurisdictions.

The benchmarking of operational and governance administration costs for valuation systems will assist in supporting the delivery of cost efficient services in NSW.

The benchmarking of quality assurance systems will assist in the ongoing improvement of quality assurance including identification of alternative techniques and measures for effectiveness. The study into quality assurance supports the Joint Standing Committee on the Office of the Valuer General's Recommendation 6 (Twelfth General Meeting with the Valuer General).

The benchmarking study is scheduled to be completed by December 2019.

12.2 Spatial mapping for rural land project

The Valuer General, in partnership with Spatial Services, Department of Customer Service has initiated a project to map rural land classifications to improve the accuracy of rural land values through datasets and satellite imagery. The service will combine soil types, slope, vegetation and land use data. The data will be available to the public.

The tool will improve valuation accuracy and transparency.

The Valuer General would like to acknowledge the sharing of information by the New Zealand Valuer General in the development of the spatial information system for rural land.

12.3 Review of customer surveys and feedback mechanisms

The Valuer General has commenced an independent review and analysis of the suite of current customer surveys and feedback mechanisms. The review is being conducted by expert consultants following a Request for Quotation.

The review will inform improvements to the survey and feedback program.

12.4 Compensation determinations reporting project

In March 2019 work commenced to develop and release a comprehensive suite of Just Terms Manager reports to assist the Compensation team in managing and tracking compensation matters.

The Just Terms Manager was first introduced in June 2015. Since this time, the system has undergone a number of iterative releases that have increased the volume and detail of data captured. This project is designed to update the capabilities of existing reporting functionality and introduce reports that better support the Compensation team for administrative and executive purposes. The scope of work includes a mix of user generated manual reports and automatic system generated reports. The project is due to be completed in late 2019.

12.5 Contractor performance monitoring reports

The Valuations team will prepare a report on the performance of contractors and quality of land values in each contract area for the 2019 valuation program. These reports will include an overview of the performance monitoring activities completed, an assessment of the quality of land values and an assessment of the standard of services provided.

12.6 Engagement with Service NSW

Valuation Services is working with Service NSW on several initiatives to reduce customer effort and improve overall customer experience. This includes first level call centre service, face to face customer service at Service NSW centres and the opportunity to receive a digital Notice of Valuation. The uptake of the digital Notice of Valuation is expected to increase over time.

12.7 ValMap migration

This project will transition ValMap 5.0 to the ArcGIS Pro application, providing a more stable operating environment with faster loading and displaying speeds, and 3D imaging.

The expected benefits will be:

- 64-bit software (up to 10 times faster than original software)
- offline download features
- a web version of ValMap
- a ValMap mobile app
- web based storage, distribution and retrieval system
- web dashboard with statistical data on ValMap usage
- 3D modelling

- an improved licensing management system.

12.8 Improved objection report template

A new objection report template designed to provide clearer and more useful information to the customer is being developed. It is expected this will improve timeframes for objections by reducing the number of queries from customers and reducing overall customer effort. The new template will be trialled, as a pilot project, in two local government areas, commencing in August 2019.

13. Finance

The Valuer General aims to operate a cost effective, world class valuation system focussed on meeting the needs of its customers.

13.1 Consultants

This information is provided in addition to statutory reporting requirements. Statutory reporting requirements are addressed in the Department of Finance, Services and Innovation 2018 – 2019 Annual Report.

13.1.1 Valuation Services

Expenditure on consultants by Valuation Services totalled \$50,000 (excluding GST) in 2018 – 2019.

Valuation Services consultant engagement

Consultant	Purpose
PricewaterhouseCoopers (PwC)	<p>In September 2018 the Premier asked IPART to determine the maximum prices that the Valuer General may charge councils for land valuation services for a six year period, from 1 July 2019 to 30 June 2025.</p> <p>Valuation Services sought assistance from PricewaterhouseCoopers (PwC) to review the proposed pricing model to ensure:</p> <ul style="list-style-type: none">• the calculations in the model were in all material respects, internally consistent and arithmetically correct• the model's underlying assumptions and the application of these were reasonable• the model's assumptions and output were accurately presented in the Valuer General's submission to IPART.

13.1.2 Office of the Valuer General

Expenditure on consultants by the Office of the Valuer General totalled \$73,730.68 (excluding GST) in 2018 – 2019.

Office of the Valuer General consultant engagement

Consultant	Purpose
IPTI Consulting	The International Property Tax Institute (IPTI) were engaged to undertake a benchmark comparison study of the NSW Valuation System. More information on this project can be found in section 12.1
Meltwater Australia	Meltwater provided an analysis of the Valuer General's annual media campaign to assist the Valuer General to better understand penetration and improve the reach to customers from multicultural backgrounds.
Plain English Foundation	The Plain English Foundation reviewed the Valuer General's publications and the compulsory acquisition information on the Valuer General's website. The aim of the review was to boost the readability, appeal and relevance of the information the Valuer General provides to the public.

13.2 IPART price setting for valuation services

The Valuer General is required to provide land valuation lists and supplementary lists to councils under the Valuation of Land Act 1916. These services are declared as government monopoly services under the Independent Pricing and Regulatory Tribunal Act 1992. The Independent Pricing and Regulatory Tribunal (IPART) determines the prices that the Valuer General can charge for these services.

The price includes allocated costs for corporate services, operational ICT and access to spatial and titling information. The cost of the valuation system is shared between councils and Revenue NSW.

In 2014, IPART reviewed the pricing of monopoly valuation services and published its report setting prices for the five-year period from 1 July 2014 to 30 June 2019. The prices increased over the five years by the Consumer Price Index. For the 2018 - 2019 year, IPART set the maximum prices to:

- residential land \$5.87
- non-residential land \$12.91.

The Valuer General's charges for valuation services in 2018 - 2019 were set in accordance with the maximum prices allowed under the IPART determination.

The overall average cost per valuation was \$20.44. In comparison, the cost per valuation for the 2017 - 2018 reporting year was \$19.37.

13.2.1 Performance against IPART pricing model

In 2018 - 2019, revenues from councils and Revenue NSW were \$17,351,625 and \$34,890,081 respectively and totalled \$52,241,706. Total costs associated with rating and taxing valuation services, including 100% Valuer General Office cost allocation of \$2,873,805, was \$53,110,268. This resulted in a deficit of \$889,773 on net cost of services.

13.2.2 New IPART pricing model for valuation services from 1 July 2019

In September 2018 the Premier asked IPART to determine the maximum prices that the Valuer General may charge councils for land valuation services for a six year period, from 1 July 2019 to 30 June 2025. Following the consideration of submissions to the review IPART made their final determination in May 2019.

The key outcomes were:

- set prices for councils that are 2.5% lower than in the previous determination period
- reduced councils' share of the Valuer General's efficient costs from 34% to 30.5%
- changed the pricing structure from state wide residential and non-residential prices to pricing based on four geographical zones (coastal, country, metro and City of Sydney)
- determined that the Valuer General's notional revenue requirement for providing valuation services to all customers (including customers other than councils, such as Revenue NSW) is \$56.1 million per year, on average. This was 2.3% higher than the Valuer General's proposal of \$54.9 million per year.

13.3 Crown Solicitor's Office

Most costs incurred in obtaining services from the NSW Crown Solicitor's Office for valuation related legal services are funded through the Attorney General's core fund. These costs are not recorded in the valuation system financial report 2018 - 2019 as they are not met by the Valuer General and are not included in the charges to rating and taxing authorities.

For the 2018 - 2019 reporting year, there were 27⁶ valuation matters managed by the Crown Solicitor's Office. The total cost of valuation related legal services

⁶ This figure was reported incorrectly to the Valuer General for the 2017 – 2018 annual report as seven. The correct figure was 25.

provided by the Crown Solicitor's Office was \$432,772.44⁷ (\$231,073.69 in fees and \$201,698.75 in disbursements).

13.4 Financial report

13.4.1 Activity based costing

Activity based costing was introduced in response to the Joint Standing Committee on the Office of the Valuer General's recommendations⁸ relating to financial reporting to enhance transparency and accountability.

An activity based costing report was first published in the Valuer General's 2013 - 2014 annual report⁹, and has been ongoing.

A review of activity based costing has been undertaken to provide more detailed information aligned to business functions and improve efficiency in generating the report.

Outcomes of the review:

- activities have been defined and aligned with the current structure of the business
- expense groups and categories have been updated to reflect the new financial system following the move from Land and Property Information within the Department of Finance Services and Innovation to the Department of Planning, Industry and Environment
- timesheet based methodology has been replaced with a more efficient, consistent methodology in generating the report. The new method based on operational areas has been adopted for 2018 - 2019 activity-based reporting
- the activity-based costing report can be generated on a monthly basis with minimal process time
- enables a clear reconciliation and audit trail between the activity-based costing report and the statutory financial report at activity and profit centre level
- substantial administrative savings. The new method replaces the old timesheet system, which required considerable staff time, complex system management and ongoing technique support.

⁷ This figure was reported incorrectly to the Valuer General for the 2017 – 2018 annual report as \$25,254. The correct figure was \$675,137.89.

⁸ Recommendation 4, p5, Report 1/55, October 2012, Interim Report on the Eighth General Meeting with the Valuer General.

Recommendation 27, p117, Report 2/55, May 2013, Report on the Inquiry into the Land Valuation System and the Eighth General Meeting with the Valuer General.

⁹ Financial and administrative enhancement, pp 80/81, Office of Finance & Services Annual Report 2013/14, https://www.finance.nsw.gov.au/sites/default/files/OFS_Annual_Report_2013-14_section_2.pdf.

In contrast, the new method is low maintenance, flexible to changes, simple to operate and with no additional system requirements.

13.4.2 Definition of activities

Defined activities capture the fundamental responsibilities of Valuation Services with greater granularity and transparency. For example, the function of quality assurance (QA) is now categorised into three distinctive activities: QA Program Control, QA Program Operations, and Objection and Appeals Management. This provides for better clarity and visibility. New activities, such as Customer Service, Contract Management and Business Improvement, have also been created to provide more insight of key functions of the business.

QA Program Control

Costing in relation to activities, which oversee the Valuer General's annual QA program, including QA program designing, process/procedure setting, policy review, contract service specification requirements, centralised advice/analysis, and QA improvement projects supervision.

QA Program Operations

Costing in relation to activities, which involve the operation of the Valuer General's annual QA program, including market analysis, monitoring of rating and taxing contractors, risk identification, contractor methodology audit, error rectification/remediation and outcome reporting.

Contract Management

Costing in relation to purchasing and procurement management activities, which mainly consist of rating and taxing contract management, panel contractor management and tender process management.

Land Values Register Maintenance

Costing in relation to the ongoing update and maintenance of the Register for Land Values, which include the creation and amendment of property details from the supplementary valuation process, QA for the annual land valuation program, and key stakeholder liaison.

Objections and Appeals Management

Costing in relation to land valuation objections and appeals management activities, which include panel contractor objection review, in-house objection review, panel contractor QA audit, informal/formal conferences and court appeals (including the Valuer General's internal staff costs only, excluding the Crown Solicitor Office's costs).

Customer Service

Costing in relation to customer communication, engagement and relationship enhancement activities, which include day to day customer/stakeholder liaison, in-house call centre management, and customer enquiries, complaints, triage, conferences and surveys management.

Business Improvement and Valnet Management

Costing in relation to the technical maintenance and enhancement of the Valnet system (data base for the Register of Land Values) and to the centralised business improvement projects management.

General Administration and Executive Office

Costing in relation to the Executive Director's office for Valuation services and other general administrative costs that don't relate directly to any other activities listed above.

13.4.3 Financial report – activity based costing for 2018 – 2019

FY 2018-19 \$'000	QA Program Operations	QA Program Control	QA Program Objection Management	Contract Management	Land Value Register Maintenance	Customer Services	Busi. Improvement & Valnet Management	General Admin & Executive Office	Total Mass Valuation	Valuer General Office	Just Terms	Special Valuation	Total Valuation
Total Revenue								52,220	52,220		5,262	1,151	58,634
Salaries & on-costs	2,879	584	2,009	649	2,481	1,128	1,706	451	11,886	2,316	1,919	82	16,203
Other staff related	36	6	13	9	10	5	18	4	101	19	16	1	136
Accommodation	273	46	169	75	357	152	228	47	1,347	14	172	7	1,539
Postage	14	2	6	3	7	3	5	11	51	1	8	0	60
Graphic Services	1	34	5	51	15	7	39	91	242	18	2	0	263
ICT Operational	498	81	297	131	626	266	400	83	2,383	61	301	12	2,756
Travel	192	11	64	17	85	24	19	43	455	5	31	2	493
Contractors & consultants	0	0	0	0	0	1,400	50	69	1,519	215	0	0	1,734
Valuation Contracts	304	172	7,779	19,767					28,022	10	2,780	973	31,785
Other operating costs	49	8	31	14	65	28	41	9	244		398	1	643
Depreciation	96	16	60	26	126	54	80	17	476	0	61	2	538
Corporate overheads	712	120	442	195	929	396	594	123	3,511	216	448	17	4,192
Total Expense	5,055	1,082	10,874	20,936	4,700	3,463	3,179	948	50,236	2,874	6,135	1,097	60,343

Note: Total figures may not add as the component figures are subject to rounding.

13.4.4 Financial report – activity based costing for 2017 – 2018

FY 2017-18 \$'000	QA Program Operations		QA Program Control		QA Program Management		QA Program Objection Management		Contract Management		Contract		Land Value Register Maintenance		Customer Services		Busi. Improvement & Valnet Management		General Admin & Executive Office		Total Mass Valuation		Just Terms Valuation		Special Valuation		Total Valuation	
Total Revenue																						48,326	3,385	1,526			53,237	
Salaries & on-costs	4,343	595	1,546	920	3,271	1,196	1,984	1,151														15,006	1,365	2,054	65		18,490	
Other staff related	39	5	6	11	5	3	89	22														180	9	12	1		201	
Accommodation	260	38	124	81	292	141	173	34														1,144	108	133	5		1,390	
Postage	5	1	2	3	4	2	53	123														193	1	1	0		194	
Graphic Services	9		1	0	16	1	12	28														68	14	1	0		83	
ICT Operational	303	44	144	94	340	164	201	40														1,330	6	154	6		1,496	
Travel	143	2	28	4	37	17	8	19														258	1	31	3		293	
Contractors & consultants	0		16	4	0	25	248															293	25	25			343	
Valuation Contracts	94	457	4,403	19,504																		24,457		1,285	922		26,664	
Other operating costs	18			0	15	4	0	24														61	33	5			99	
Depreciation	120	17	57	37	134	65	80	16														525	2	61	2		591	
Corporate overheads	919	134	438	287	1,032	497	612	121														4,040	117	468	19		4,645	
Total Expense	6,254	1,291	6,765	20,945	5,145	2,114	3,212	1,827														47,553	1,681	4,231	1,024		54,489	

Note: Total figures may not add as the component figures are subject to rounding.

13.4.5 Financial report – activity based costing: comparison analysis

	Total Valuation 2017-18 \$'000	Total Valuation 2018-19 \$'000	Variance \$'000	Variance %	Note Index
Total Revenue	53,237	58,634	5,397	10%	1
Salaries & on-costs	18,490	16,203	-2,287	-12%	2
Other staff related	201	136	-66	-33%	
Accommodation	1,390	1,539	149	11%	3
Postage	194	60	-134	-69%	
Graphic Services	83	263	180	218%	
ICT Operational	1,496	2,756	1,260	84%	4
Travel	293	493	200	68%	5
Contractors & consultants	343	1,734	1,392	406%	6
Valuation Contracts	26,664	31,785	5,121	19%	7
Other operating costs	99	643	544	547%	8
Depreciation	591	538	-52	-9%	
Corporate overheads	4,645	4,192	-453	-10%	9
Total Expense	54,489	60,343	5,854	11%	

Notes

- Total revenue growth from FY2017 - 18 is driven by: (a) \$2,800k additional revenue from Revenue NSW in FY2018 - 2019 to cover higher volume of objection received from land tax notices. (b) \$1,877k increase in Just Terms revenue. (c). 1.8% CPI increase on land valuation fees for local councils as determined by IPART. (d) 2.2% increase on land valuation fees for Revenue NSW as directed by the Treasury. (e) \$375k decrease on Special Valuation revenue.
- Salaries and on-costs is \$1,895k lower than FY2017 - 2018. This is due to: (a) Treasury's revaluation of long service leave (LSL) is significantly lower in FY2018 - 2019 than FY2017 - 2018. (b) Redundancy expense accrual in FY2017 - 2018 was reversed in FY2018 - 2019. (b) Workers compensation cost is lower in FY2018 - 2019 than the previous year.

Valuer General Office Salaries and on-costs increases between FY2017 - 2018 and FY2018 - 2019 due to an adjustment for long service leave and a senior executive on long term leave.

3. Accommodation cost is higher in FY2018 - 2019, a reflection of the current occupancy agreements and market condition for CBD, Sydney metro and regional office leases.
4. Information & Computer Technology (ICT) is \$1,260k higher than FY2017 - 2018 driven by: (a) \$564k ICT cost in FY2018 - 2019 for Property Advisory Group integration project. (b) Higher ICT cost in FY2018 - 2019 in relation to ICT service provider transitioning cost.
5. Higher travel cost in FY2018 - 2019 is driven by: More travel cost incurred as a results of numerous team collaboration workshops and training during the year and increased executive team travel to and from regional office locations.
6. Contractors and Consultants cost increases by \$1,392k from FY2017 - 2018 driven by the digitisation of Notices of Valuation project collaborated with Service NSW.
7. Valuation contracts for FY2018 - 2019 is \$5,121k higher than FY2017 - 2018 primarily driven by: (a) increased objection volumes and associated costs \$3,376k higher than FY2017 - 2018. (b) Just Terms contract fee being \$1,494k higher in FY2018 - 2019 than FY2017 - 2018 commensurate with the higher revenue in FY2018 - 2019. (c) Higher mass valuation contract fee in FY2018 - 2019 driven by CPI increase.
8. Other Operating expenses for FY2018 - 2019 is \$544k higher than FY2017 - 2018 driven primarily by (a) Old filing record remediation and disposal project. (b) Provision for doubtful debt.
9. Corporate Overheads is \$453k lower in FY2018 - 2019 than FY2017 - 2018, driven mainly by the reduction in PAG corporate cost allocation to Valuation Services as a result of change in allocation modelling.

14. Performance measures

The Valuer General sets the performance standards for the valuation system.

Key performance indicators

Key performance indicators	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	Target
Total valuations issued for rating and taxing purposes ¹	1,725,392	1,850,887	1,820,393	3,592,215 ²	1,049,937	510,149	—
Total valuations on Register of Land Values at 30 June	2,485,796	2,505,206	2,529,278	2,550,147	2,573,853	2,599,650 ³	—
Total Notices of Valuation issued	827,302	947,666	888,841	2,668,408 ⁴	62,139 ⁵	75,945	—
Customer service							
Total number of calls	31,286	23,641	26,364	34,428	18,983	19,308	—
% of calls resolved on first contact	93%	82% ⁶	85%	88%	86%	95%	85%

¹ A land value can be counted more than once when used for council rates and land tax.

² Notices of Valuation were issued for all LGAs in 2017 to align the valuing year for all properties in preparation for the then proposed Fire and Emergency Services Levy. This increased the number over previous years.

³ Data extracted on 30 June 2019.

⁴ There are more Notices of Valuation issued than total valuations on the Register of Land Values due to Notices for multiple valuing years being issued for some properties for rating purposes.

⁵ Notices of Valuation are issued to landholders on a three yearly cycle effective from FY 2016 - 2017, to coincide with general valuations to council. In FY 2017 - 2018, general valuations were provided to one council. The figure provided for FY 2018 - 2019 reflects Notices of Valuation issued; to landholders in two council areas, as a result of supplementary valuations, and those that were returned as undelivered and subsequently reissued.

⁶ Manually calculated as outsourced call centre withdrew at short notice and calls were brought in house.

Key performance indicators	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	Target
% of calls responded to within 3 days	99%	98%	90%	83%	77%	95%	90% ⁷
Ratepayers							
% Notices of Valuation issued within 31 days of completion	92%	96%	96%	90% ⁸	76%	91%	98%
% Notices of Valuation for general valuation issued to landholders by delivery date	100%	100%	100%	100%	No Notices of Valuation for general valuations issued this year	100%	100%
% general valuation land values issued to relevant council by delivery date	100%	100%	100%	100%	100% ⁹	100%	100%
% supplementary valuations to council within 31 days	100%	100%	100%	100%	98%	100%	100%
Revenue NSW							
% objections to land values for land tax completed within 90 days	63%	77%	64%	52%	53%	54%	85%
% objections to land values for land tax completed within 120 days	77%	94%	84%	82%	71%	81%	90%

⁷ KPI of 95% was changed to 90% in 2014 - 2015 to accord with the Service Level Agreement in place between the Valuer General and Land and Property Information.

⁸ The issuing of supplementary Notices of Valuations for the 2016 valuing year was suspended due to the issue of Notices of Valuation for all properties in preparation for the then proposed Fire and Emergency Services Levy and resulted in the KPI not being met.

⁹ One council received general valuation file in 2017 – 2018.

Key performance indicators	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	Target
% objections to land values for land tax, where land value is greater than \$1m, within 20 days	78%	93%	85%	88%	65%	78%	100%
% of final land values issued to Revenue NSW by delivery date	100%	100%	100%	100%	100%	100%	100%
Supplementary valuations							
Total supplementary valuations issued ¹⁰	53,767	81,225 ¹¹	53,284	52,286	54,146	51,232	—
Average days to complete	33 days	36 days	36 days	38 days	31 days	37 days	<60 days
Statistical quality measures for land values¹²							
% Council areas meeting all standards - Residential	97.7%	98.5%	98.6%	98.6%	97.9%	100%	90%
% Council areas meeting all standards – Business / Industrial	86.1%	89.4%	88.5%	87.2%	93.4%	92%	85%
% Council areas meeting all standards – Rural	78.5%	85.2%	84.0%	86.7%	78.5%	80%	75%

¹⁰ Issued here means issued to Council and Revenue NSW.

¹¹ Increase in supplementary valuations in FY 2014 - 2015 was due to new local environmental plans issued in LGAs. In the Annual Report for 2017 - 18, the footnote for this value was appended as the number to the actual value. This has been corrected for this report.

¹² Where an appropriate number of analysed sales (five or more) is not available for a zone, the LGA is not included in the measure.

Key performance indicators	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	Target
Objections							
Number of objections received for all valuing years	4,814	4,933	7,051	9,306 ¹³	5,657	10,719	—
Number of objections completed for all valuing years	5,725	4,346	6,692	6,275 ¹⁴	9,146	6,988	—
Number of objections registered ¹⁵ as a % of valuations issued	0.28%	0.27%	0.39%	0.26%	0.54%	2.10%	—
% objections to land values completed in 90 days	67%	76%	50%	55%	51%	62%	80% ¹⁶
% objections to land values completed in 120 days	80%	92%	73%	86%	71%	84%	90%
% objections to land values completed in 180 days	96%	99%	96%	94%	90%	94%	98%
Average number of days to complete objections	81 days	69 days	80 days	83 days	108 days	102 days	75 days
% of objections that led to a change in land value ¹⁷	—	—	30%	22%	21%	17.15%	—

¹³ The issue of Notices of Valuation for all properties in a single year resulted in the increase in the number of objections.

¹⁴ Now excludes incomplete objections with issued preliminary reports.

¹⁵ The word issued in this KPI has been changed to registered as the numbers mentioned here are derived from the number of objections that were registered during the given financial year.

¹⁶ KPI of 85% changed to 80% in 2014 - 2015 to accord with the Service Level Agreement and to recognise the increase in processing times as landholders have more opportunity to raise concerns.

¹⁷ First reported in 2015 - 2016 annual report.

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