

Office of State Revenue, NSW Treasury
Annual Report 2008–09



Office of
State Revenue

Treasury letter



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

30 October 2009

Dear Treasurer,

We have pleasure in submitting the Annual Report for the Office of State Revenue for the financial year ended 30 June 2009, for presentation to the Parliament of New South Wales in accordance with the *Annual Reports (Departments) Act 1985*.

The report is part of the NSW Treasury Annual Report. A second volume, the Office of Financial Management Annual Report, contains the consolidated financial statements for both offices.

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

Yours sincerely,

A stylized signature in blue ink.

Tony Newbury
Executive Director
and Chief Commissioner
of State Revenue

A stylized signature in blue ink.

Michael Schur
Secretary
NSW Treasury

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Our performance

We link our achievements and performance from the year against our Results and Services Plan in a series of logical steps. Our planned results are to make sure:

- all due revenue is collected
- all fines are processed and enforced correctly and on time
- eligible applicants receive their benefits.

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Our future direction

Looking ahead, our strategic and corporate plans will help us improve the way we administer revenue, enforce fines and process benefits.

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Executive Director's overview

Despite the difficult economic times, we have been able to deliver many significant achievements.

The last year has been both a busy and challenging one for OSR. Despite the difficult economic times, we have been able to deliver many significant achievements. We collected over \$15 billion in revenue, commenced the upgrade of our core tax system, expanded self-service facilities, and processed more first home owner grant applications in May 2009 than in any other month since the scheme was introduced.

During the year, we conducted surveys to measure client satisfaction with our core services. The results were very encouraging with over 75 per cent of respondents satisfied with OSR's services and more than 90 per cent happy with the quality of information provided on our websites. We also surveyed our commercial clients and the positive results reflect our commitment to providing quality client service.

We have made significant improvements in telephone response times and expanded online services to make it easier for our clients to do business with us. Our online services allow land tax clients to view their current land tax assessment notice, update their contact details, inform us of any changes in land holdings, and claim exemptions.

It has also been a productive year for our fines business. We processed 2.8 million penalty notices, successfully handled an average of 20 000 calls per week in our client contact centre, and introduced an e-learning program to assist highway patrol officers with issuing penalty notices. We also introduced a free service for our fines clients to view camera related offences online.

We have experienced huge increases in the number of first home owner grant applications for processing. In 2008–09, we processed almost 60 000 grant applications, totalling over \$740 million. We also successfully handled a 270 per cent increase in associated calls in our tax call centre in the first two weeks following the announcement of the Australian Government's Boost initiative.

In November 2008, we conducted a Staff Workplace Climate Survey. It was very pleasing to see such a high number of staff proud to work at OSR and committed to providing a high level of customer service to our clients.

The current economic environment has had an impact on outstanding debt for this year. Our approach to debt management has taken into account the financial difficulties being experienced by many individuals and businesses, with the number of clients paying their debts by instalment significantly higher than in previous years.

This year, we have also implemented a number of up-front compliance initiatives. We published our Compliance Program on our OSR website for the first time, we established a client account management team to assist new payroll tax clients, and introduced a number of e-learning modules for payroll tax and duties clients.

The year ahead...

Building on our achievements from prior years, we will continue to work with the other jurisdictions to progress payroll tax administrative harmonisation. We will integrate value for money concepts into our standard management practices and put programs in place to promote workforce flexibility and support knowledge management. We will administer the NSW Housing Construction Acceleration Plan to provide a reduction in duty on the purchase of new homes by people who are not first home buyers. We will also work more closely with our stakeholders and build the capabilities of our staff to meet the challenges of the future.

Our achievements would not have been possible without the dedication and outstanding contribution of our people. I would like to thank my fellow Directors and staff for their hard work over the last year and their commitment to living OSR's values.

Finally, I would like to formally welcome Peter Steele, Chief Operating Officer, and Anthony Johnston, Commissioner of State Revenue and Director of Revenue Advisory Services, who joined OSR's executive team during the year.



Tony Newbury

Executive Director and Chief
Commissioner of State Revenue



Our organisation



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About us

NSW Treasury has two branches – the Office of State Revenue (OSR) and the Office of Financial Management (OFM).

This annual report looks at the performance of OSR in achieving our corporate objectives.

At OSR, we help develop policy, implement legislation, and collect revenue and outstanding fines. The revenue we collect is used to fund schools, hospitals and other public services for the people of NSW. We also administer grants and subsidies to provide valuable assistance to families and businesses across NSW.

Our history

1983

OSR began as the Department of Finance. The new department incorporated the offices of land tax, stamp duties, payroll tax, charities, business franchise licences and poker machine tax.

1988

OSR became the revenue arm of the NSW Treasury. The Department of Finance was abolished and its functions transferred to the NSW Treasury. At the same time, the Office of Financial Management (OFM) was established to provide advice on State financial and economic management. Later that year, OSR took over the administration of unclaimed money and, in 1989, the First Home Purchase Scheme.

During the 1990s

Parking space levy and debits tax were added to OSR's revenue base and we introduced electronic payment facilities for our major tax bases.

2000

The First Home Owner Grant Scheme (FHOGS) and First Home Plus (FHP) scheme were introduced. Soon after, OSR took

over revenue collection for the Department of Gaming and Racing and established a range of online services for unclaimed money, duties and payroll tax.

2002

The State Debt Recovery Office (SDRO) was transferred to OSR from the Attorney-General's Department in April. That same year, we also launched our Electronic Duties Returns (EDR) system so clients could self-assess a wide range of duties transactions.

2003

OSR assumed responsibility for the Infringement Processing Bureau (IPB) from the NSW Police Force.

2005

OSR achieved ISO 9001 quality certification for management systems. SDRO also combined IPB and the Fines Enforcement Branch into a single structure.

2006

The Compliance and Client Services Divisions were integrated into the Operations Division.

2007

OSR harmonised payroll tax legislation with Victoria, reducing red tape for clients.

Our purpose

To ensure revenue compliance to help fund the future for the people of NSW.

Our vision

Proudly delivering public value through fair and progressive services.

Our values

In our day-to-day work, we strive to promote:

Responsiveness – we anticipate and respond appropriately

Integrity – we always do the right thing

Teamwork – we work together to get the best results

Achievement – we get the job done.

Our corporate objectives

As the NSW Government's primary revenue and fine administration agency, our ongoing aims are to:

- maximise compliance
- maximise effectiveness and efficiency
- maximise stakeholder satisfaction
- maximise organisational and staff capability.

Our strategic drivers

Pride – in the work we do, in the way we do our job and in working for OSR

Confidence – in our ability to work with clients and stakeholders to deliver services and results

Fair – in our procedures, decisions, attitudes and behaviour towards clients and stakeholders

Progressive – in our openness to change and willingness to improve in everything we do

Well-governed – in our control of resources, operations of our systems, processes and decision making.

Our corporate structure



NSW Treasury

Promotes excellence in
State financial management.



Treasurer

The Hon. Eric Roozendaal
BA, LLB, MLC



Secretary

Michael Schur
M Sc (Econ), M Comm (Econ)

Office of State Revenue

Collects revenue due and
outstanding fines, distributes
grants and subsidies, and
administers revenue laws for
the benefit of the people of NSW.



Executive Director
and Chief Commissioner
of State Revenue

Tony Newbury
B Com



Revenue Advisory Services
Director and Commissioner
of State Revenue

Anthony Johnston
BA, LLM



Chief Operating Officer

Peter Steele
B Eng, M Eng Sc, FAICD



State Debt Recovery Office
Director

Mick Mioduszewski
B App Sc Comp Sc, MBA, FAICD



Management Services
Director

Dianne Barden
B Sc (Hons)



Chief Information Officer

David Kennedy
MBA, MACS, MAICD

Our organisational functions

Executive

- coordinates responses to ministerial enquiries and correspondence
- manages corporate governance activities including internal audit and reviews
- undertakes business process improvement reviews
- monitors the efficiency and effectiveness of our processes and manages the maintenance of our ISO 9001 certification.



Executive Director and Chief
Commissioner of State Revenue
– Tony Newbury

Revenue Advisory Services

- provides advice to the Treasurer and government and formulates policy, legislation and State tax revenue rulings
- processes objections and prepares cases on appeal
- provides technical advice and training to clients and staff.



Director and Commissioner of
State Revenue – Anthony Johnston

Operations

- provides assessing and revenue collection, delivers enquiry and client education services at regional and metropolitan locations
- administers first home benefits and unclaimed money payments
- researches, develops and implements programs to encourage better compliance
- detects non-compliance and underpayments through audit and investigation
- enforces lodgement of returns from defaulting taxpayers
- recovers outstanding debts for all revenue bases.



Chief Operating Officer – Peter Steele

Management Services

- provides financial and revenue accounting services
- guides corporate planning and provides information analysis
- delivers human resources services including Equal Employment Opportunity and Ethnic Affairs Program
- provides corporate communications
- coordinates and manages contracts and procurement, records, facilities and business continuity.



Director – Dianne Barden

Information Services

- provides management of information communication and technology systems, including computers, information storage and networks
- provides project management and governance for information technology projects
- maintains, develops and supports reliable, effective and responsive computer facilities and applications.



Chief Information Officer – David Kennedy

State Debt Recovery Office

- processes and enforces fines owed to the government and commercial clients
- provides fine processing services to over 230 government, semi-government and local government agencies
- processes penalty notices for all red light and speed camera-detected offences as part of the government's road safety programs
- advises the Roads and Traffic Authority (RTA) of all demerit point offences to update driver records.



Director – Mick Mioduszewski

Corporate governance

Our Corporate Governance Framework outlines the way that 'OSR is directed, controlled and held to account'.

As the government's primary revenue and fines enforcement agency, best practice in corporate governance is vital to our operations.

During the year, we reviewed our overall approach to corporate governance against a number of well-defined universal governance indicators. We are currently implementing activities to strengthen our approach to governance in some of the areas identified by our review.

Our Corporate Governance Framework outlines the way that 'OSR is directed, controlled and held to account'. The purpose of the framework is to provide our stakeholders with 'confidence in OSR'. Our strategic driver of 'well-governed' also confirms our ongoing commitment to strengthening corporate governance.

OSR's Corporate Governance Framework

The way that OSR is directed, controlled and held to account

Executive Director and Directorate					
Leadership	Integrity	Accountability	Stewardship	Planning and performance monitoring	Transparency
- Leadership qualities - Organisational culture - Governing bodies and committees - Values - Setting the vision and strategic direction	- Delegations - Ethical behaviour - Fraud and corruption prevention - Fair and consistent decision making - Code of Conduct	- Legislative framework - Internal control environment - External conformance - AS/NZS ISO 9001 compliant	- Compliance management - Asset management - Program management and support - Project management and governance - Information technology systems support - HR plans and policies - OHS plans and policies - Procurement and contract management	- Planning and budgeting - Performance monitoring - Review and reporting	- Annual Report - Continuous reporting on our OSR website - Key Stakeholder Management Plan - Reporting to central agencies - Freedom of Information legislation



“During the year, we developed a framework to strengthen our approach to corporate governance across OSR. A good approach to corporate governance creates confidence in OSR and is critical in supporting the continuing success of our organisation.”

Suzette Gay – Manager, Corporate Governance

The pillars of our framework and some of the initiatives undertaken in each of the identified areas include:

Leadership

Our Succession Planning Program is designed to enhance the leadership capabilities of participants both now and in the future. The program is a first of its kind in the NSW public sector.

Integrity

We provided face to face training to over 500 staff in 'Ethics at Work'. In addition, a dedicated 'Fraud Detection Program' and a new publication titled 'ethics@osr' were introduced. ethics@osr was issued to staff to further raise awareness about fraud-related issues within OSR and across the public sector.

Accountability

We conducted 23 internal audits in accordance with the internal audit plan and provided consulting activities to business areas across OSR. In addition, further techniques such as controlled self-assessment and continuous auditing were introduced to strengthen our internal control coverage.

We successfully renewed our certification to the ISO 9001 quality standard for a further three years. We continued to undertake business process improvement reviews and internal reviews of ISO processes and procedures to strengthen the effectiveness and efficiency of OSR processes.

Stewardship

A number of business processes were reviewed in 2008–09 resulting in stronger controls with effectiveness and efficiency gains. This included a review of our approach to information technology project governance, as well as strengthening internal controls in relation to the management of fixed assets, contracts and procurement. A number of policies were also reviewed and updated to support these approaches.

Planning and performance monitoring

In addition to our corporate key performance indicators (KPIs), we implemented and continue to measure 'quality' KPIs at quarterly Executive Quality Council meetings. We review budget and KPI information from all business areas and monitor progress against our Corporate Plan.

Transparency

Our OSR website was updated to include information for stakeholders, including FHOGS statistics and our compliance program.

Legislation we administer

We are responsible for administering the following legislation in NSW:

Betting Tax Act 2001

Commonwealth Places (Mirror Taxes Administration) Act 1998

Duties Act 1997

Fines Act 1996

First Home Owner Grant Act 2000

Gaming Machine Tax Act 2001 (jointly with the NSW Office of Liquor, Gaming and Racing)

Health Insurance Levies Act 1982

Insurance Protection Tax Act 2001

Land Tax Act 1956

Land Tax Management Act 1956

Payroll Tax Act 2007

Parking Space Levy Act 1992 (replaced by the *Parking Space Levy Act 2009* from 1 June 2009). We are responsible for collecting revenue under this Act for the NSW Ministry of Transport.

Petroleum Products Subsidy Act 1997

Stamp Duties Act 1920 (repealed 2 July 2008)

Taxation Administration Act 1996

Unclaimed Money Act 1995

The State Debt Recovery Office (SDRO), a division of OSR, administers fines and collects revenue under a range of legislation including the *Road Transport (General) Act 2005* for Crown and commercial clients.





Our performance

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This year, we processed the highest number of FHOGS applications since the scheme commenced in 2000.

We collected over \$15 billion in revenue, processed 2.8 million penalty notices to the value of \$455 million and administered the economic stimulus packages implemented by the NSW and Australian Governments for first home buyers.

We continued to improve our KPI results and have consistently exceeded the national benchmark on two of the three performance indicators.

Our achievements would not have been possible without the dedication and outstanding contribution of our people.



“ This year, like many of our clients, we faced challenges due to the economic downturn. We supported clients by providing flexible payment arrangements and processed a record number of first home benefits. Our work enables the government to fund a wide range of essential services for NSW. ”

Nikki Kempson – Deputy Director, Operations

The NSW State Plan: Improving services for the people of NSW

The NSW State Plan, 'A new direction for NSW', sets out the government's key priorities to ensure the NSW public sector delivers the best possible services for the people of NSW.

Our contribution

Our role in achieving the objectives set out in the NSW State Plan is to ensure:

- all due revenue is collected
- all fines are processed and enforced correctly and on time
- eligible applicants receive their benefits.

By providing effective revenue administration, with an appropriate focus on compliance, we help the NSW Government to fund a wide range of essential government services, meet the objectives set out in the NSW State Plan and further improve service delivery.

State Plan Priority

Priority P5: AAA rating maintained

- effective revenue collection
- compliance activities to ensure all due revenue is collected.

Priority R2: Reduce re-offending

- issue and process fines on behalf of the Crown and NSW commercial clients.

Priority S8: Increased customer satisfaction with government services

- provide up-to-date information and advice about State taxes, fines and benefits
- manage client enquiries through multiple service channels
- process objections and appeals
- conduct regular client feedback surveys.

Priority P3: Cutting red tape

- harmonising taxes and fines with other State jurisdictions
- work with clients to reduce red tape
- participate in the National e-Conveyancing project
- participate in the Standard Business Reporting project.

The NSW State Plan, 'A new direction for NSW', sets out the government's key priorities to ensure the NSW public sector delivers the best possible services for the people of NSW.

Community results: Our Results and Services Plan



We describe how we manage our performance to best achieve the State Plan priorities in our Results and Services Plan (RSP).

This also shows how our goals contribute towards improving social outcomes for the community of NSW.

State Plan Objective	Delivering better results for the NSW community from government services					
Vision	Proudly delivering public value through fair and progressive services					
Purpose	To ensure revenue compliance to help fund the future for the people of NSW					
Strategic goals	Value for money	Compliance	Systems and processes	Clients	Stakeholders	People and technical excellence
Planned results	All due revenue is collected		All fines are processed and enforced correctly and on time		Eligible applicants receive their benefits	
Planned intermediate results	People pay their taxes	Tax evaders are caught	Unpaid liabilities are identified and recovered	Outstanding fines are recovered	People receive their benefits	Ineligible claims are not paid
↓ ↓ ↓ ↓ ↓ ↓						
Planned intermediate results	People know what to pay	Tax liabilities are identified	People know what to pay	Enforcement action is taken against clients with outstanding fines	People get the right information	Fraudulent claims are identified
	We make it easy to pay		We make it easy to pay		People can make claims	
Service groups	Revenue administration services		Infringement processing and fine enforcement management		Benefits services	
Planned services	- develop policy and legislation - provide information, education and advice on taxes and duties - register and maintain client information - manage client enquiries through multiple service channels - maintain client accounts (payment processing, refunds, returns, transfers, adjustments, etc) - assess liability - conduct compliance activities (case management, audit, investigations, research, data matching, etc) - manage and collect debt - process objections and appeals.		- issue and process infringements on behalf of the Crown and commercial clients in NSW - undertake fine enforcement on behalf of the Crown and other government agencies - manage client enquiries - process payments - process appeals - conduct compliance activities (data analysis, investigations, etc) - educate and inform clients and representative groups.		- provide information, education and advice on benefits available - register and maintain client information - process returns, claims and applications - administer payments relating to the unclaimed money program, FHOGS, FHP, GST rebate, First Home Plus One Scheme and petroleum subsidies - conduct compliance activities (case management, audit, investigations, data matching, etc) - process appeals - manage and collect debt - prosecute fraudulent claims.	
Enablers	IT services and support, financial management, corporate information and reporting, research and planning, business process improvement, human resources, learning and development, communications, business services, risk management, security, project management, quality and internal audit.					

Our corporate achievements 2008–09

We have had a very challenging but rewarding year at OSR.
Some of our key achievements categorised by our strategic goals are:

Value for money

- achieved ISO 9001 recertification for the next three years
- developed a 'value for money' methodology for evaluating project proposals
- reduced overtime expenses by undertaking system maintenance during business hours.

Compliance

- collected revenue exceeding \$15 billion
- published our Tax Compliance Program on our OSR website to improve compliance through greater community awareness of the coverage of our compliance programs
- identified over \$318 million in additional revenue through compliance activities
- conducted a successful desk audit project to identify unpaid payroll tax
- introduced new e-learning modules for payroll tax, first home benefits and EDR which are available to clients through our OSR website and assist them in meeting their compliance obligations.

Systems and processes

- upgraded our infringement management processing system
- developed the information and communication technology roadmap
- introduced an audit reconciliation process with the RTA for amending driver records
- implemented an automated 'prior ownership' data matching process for first home benefits to support our compliance process.

Clients

- made camera images available on our SDRO website
- implemented land tax online self service
- expanded the services of our call centre for taxes and benefits
- published statistics for FHOGS, unclaimed money and Crown revenue on our OSR website.

Stakeholders

- administered the Australian Government's First Home Owner Boost and the NSW Government's New Home Buyer Supplement
- developed a strategic partnership framework with the Department of Lands to support joint projects
- commenced enforcement of Commonwealth fines through local courts after reaching agreement with the NSW Attorney-General's Department and the Office of the Sheriff of NSW
- signed a protocol with Commissioners from all State jurisdictions for continuing cooperation for payroll tax harmonisation.

People and technical excellence

- introduced a healthy workforce program
- delivered over 550 learning sessions across more than 200 different programs
- awarded funding from Australian Flexible Learning Framework to develop a whole of government online new starters program
- implemented strategies to ensure staff keep recreation leave balances below 40 days
- implemented all legislative and administrative requirements of the November 2008 Mini-Budget
- 94 per cent of court and tribunal appeals determined in the Chief Commissioner of State Revenue's favour.

We have had a very challenging but rewarding year at OSR.

Key performance indicators

In 2008–09, we continued to show strong improvement in our achievements against our KPIs. These KPIs show how we are meeting most targets as the government's primary revenue and fine administration agency.

These results also reflect our commitment to achieving our objectives of maximising compliance, effectiveness and efficiency, stakeholder satisfaction and organisational and staff capability.

Key performance indicators	2008–09 Target	2008–09 Results	2007–08 Results
Targets achieved			
Cost to collect \$100 – Tax revenue	≤\$0.61 ⁱ⁾	\$0.60	\$0.59
Cost to collect \$100 – Fines revenue	≤\$11.23	\$11.02	\$10.80
OSR Shared Corporate Services ratio	≥20:1	20.44:1	n/a
Random checking of FHOGS applications prior to payment	≥25%	37%	27%
Total overdue tax debt as a percentage of total tax revenue	≤1.6% ⁱ⁾	1.54%	1.0%
Percentage of payroll tax returns received on time from monthly/annual lodgers	≥85%	89%	82%
Percentage of payment transactions received electronically (tax)	≥74%	78%	66%
Availability of OSR's external websites (includes OSR and SDRO websites)	≥99.5%	99.91%	99.8%
Stability of OSR's systems (percentage of productivity lost due to system outages)	≤1.5%	1.11%	1.01%
Percentage of phone calls answered within two minutes (tax)	≥80%	85%	78%
FHOGS payments issued under 10 days from receipt of a completed application	≥95%	96%	95%
Percentage of objections allowed/partly allowed	≤35%	34%	31%
Client satisfaction survey – percentage of stakeholders satisfied with OSR	≥75%	85%	n/a
Percentage of ministerials completed within 21 days	≥80%	96%	89%
Staff satisfaction survey – percentage of staff who feel OSR has a strong ethical culture	≥85%	96%	n/a
Percentage of staff with accumulated recreational leave over 40 days	≤1.0%	0.5%	1.2%
Percentage of training requirements met	≥90%	91%	93%
Targets not achieved			
Percentage of penalty notices finalised ⁱⁱ⁾	≥77%	74%	77%
Percentage of phone calls answered within two minutes (fines) ⁱⁱⁱ⁾	≥70%	69%	n/a
Sick leave days taken per average Full Time Equivalent ^{iv)}	≤7.0 days	7.7 days	7.4 days

i) Target was revised during the year to more accurately reflect the effects of the economic downturn.

ii) Target not met due to clients waiting for an enforcement order to allow for longer payment time.

iii) Target not met due to a significant increase in the number of phone calls received during the year with the addition of extra speed cameras.

iv) Target not met due to a few individual cases of extended sick leave.

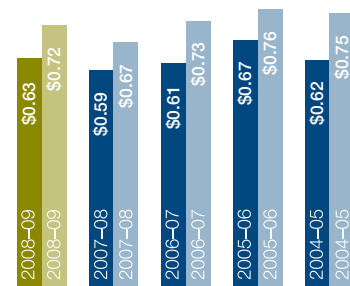
How we compare

Comparison of OSR's performance against the average for all Australian revenue offices

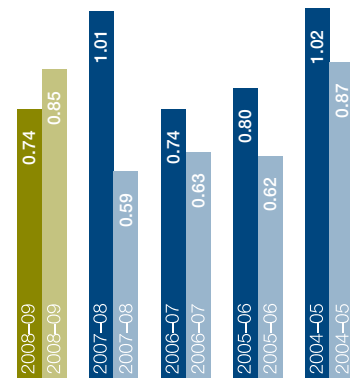
The performance of all Australian revenue offices is benchmarked against a number of key nationally agreed performance indicators.

Cost to administer \$100 tax revenue

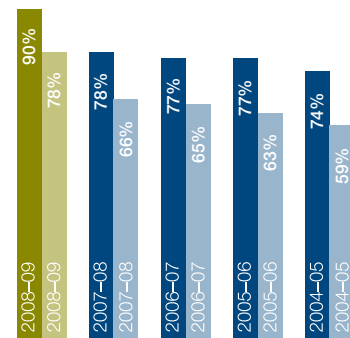
Note: 2007–08 NSW result has been amended to reflect an adjustment to operating expense



Average telephone queuing time (tax client) – minutes



Tax revenue receipted electronically



■ NSW Result ■ National mean

Source: HayGroup (2009), 2008–09 Internal Analysis Report



All due revenue is collected

This year, we collected over \$15 billion in revenue. As in 2007–08, the two largest areas of revenue collected were payroll tax and duties. Our effectiveness enables the NSW Government to fund essential services.

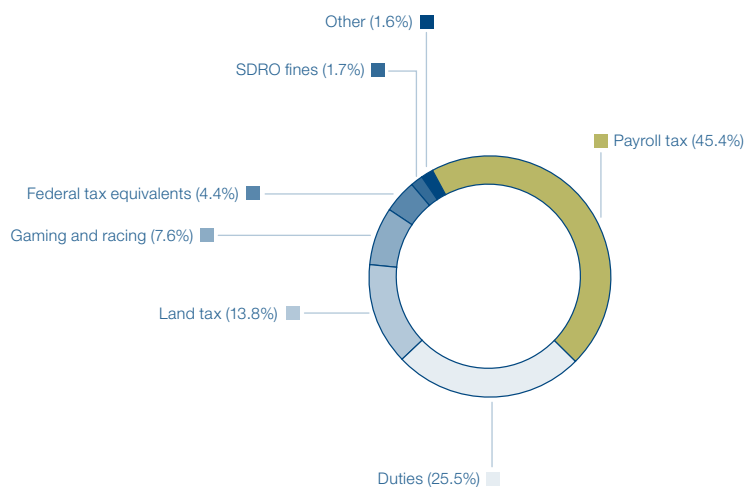
While payroll tax showed growth of two per cent, overall duties revenue was lower than the previous year. The main reason for the decrease was the impact of the global economic downturn, especially relating to contracts and conveyances, and motor vehicle registration.

Total Crown revenue collected

Revenue type	2008–09	2007–08	2006–07	2005–06	2004–05
	\$m*				
Payroll tax	7 167	7 027	6 400	5 888	5 500
Duties	4 049	5 555	5 425	4 844	4 808
Land tax	2 195	1 997	1 955	1 752	1 586
Gaming and racing	1 212	1 160	1 271	1 142	1 058
Federal tax equivalents	702	751	606	436	396
SDRO fines	277	277	226	216	247
Health insurance levy	133	125	119	108	102
Insurance protection tax	67	68	67	68	68
Parking space levy	51	51	48	45	46
Unclaimed money	10	3	11	11	22
Other revenue and taxes	0	1	1	2	1
Total Crown revenue	15 863	17 015	16 129	14 512	13 834

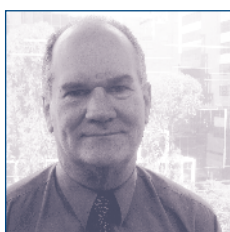
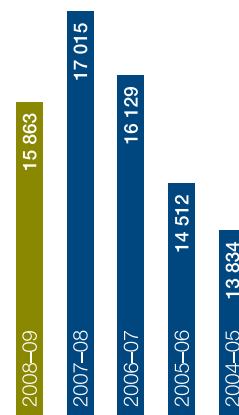
* In the 2007–08 Annual Report, this table incorrectly indicated the revenue collected as \$'000 and not \$m.

Crown revenue collected in 2008–09 (%)



Changes in Crown revenue over time

Total Crown revenue by financial year (\$m)



“ We are responsible for effective revenue administration, including compliance activities, to ensure all due revenue is collected. The work of staff in regional offices supports OSR's core functions by servicing and assisting clients in regional areas. ”

Gary Edgenton – Deputy Manager, Wollongong

Payroll tax revenue

While we collected \$7167 million in payroll tax revenue, up by over \$100 million from the previous year, recent economic indicators point to a slowing economy with decreased consumer demand. This is expected to lead to a reduction in the demand for labour, which may affect payroll tax collected in 2009–10.

In the 2008–09 State Budget, the NSW Government announced that the tax-free threshold for payroll tax would be indexed annually. Indexation will be in line with the percentage increase in the Sydney CPI (as determined by the Australian Bureau of Statistics) for the 12 months ending on 31 March prior to each financial year. For 2008–09, the threshold increased from \$600 000 to \$623 000. The rate of payroll tax was reduced from six per cent to 5.75 per cent, effective 1 January 2009.

Payroll tax legislative harmonisation

NSW and Victoria implemented the harmonised *Payroll Tax Act 2007* on 1 July 2007. This was part of a payroll tax harmonisation project announced by the NSW and Victorian Treasurers in March 2007.

On 1 July 2008, Tasmania implemented a new payroll tax Act based on the NSW-Victoria legislation. Queensland has also amended its existing payroll tax Act to make it consistent with the NSW-Victorian legislation. South Australia and Northern Territory will implement harmonised payroll tax Acts on 1 July 2009. Both ACT and Western Australia have harmonised their legislation in a number of areas, and further legislative harmonisation is expected to take place during 2009–10.

The main benefits of harmonisation for NSW businesses are the reduction of 'red tape' through simplified processes, removing the duplication of effort, and reducing the time and cost spent understanding and complying with different jurisdictional obligations. Harmonisation also supports business investment, improves competitiveness and increases productivity.

Administrative harmonisation

On 11 July 2008, all eight State and Territory Revenue Commissioners signed a protocol agreeing to implement greater administrative harmonisation for payroll tax. A Harmonisation Committee was established with representatives from all eight jurisdictions and a detailed work plan and timetable was approved. The work plan covers a wide range of payroll tax administrative matters including:

- modes of registration and tax returns that must be lodged by taxpayers
- information and publications explaining payroll tax liability to taxpayers and advisers, including revenue rulings, website information, education materials and client education seminars
- technical decisions about the interpretation of legislation, including exemptions, grouping exclusions and objections
- the exchange of information between revenue offices
- making audit programs publicly available
- coordinating audits where taxpayers pay tax in more than one jurisdiction.

Major harmonisation achievements in NSW during 2008–09 included:

- the implementation of two protocols between the revenue offices of NSW, Victoria and Tasmania governing consultation on private rulings and objection decisions. These protocols aim to ensure consistent interpretation of legislation. The States consulted on 162 requests from clients for exemptions, 63 requests for exclusion from a group and four objection matters. A dispute resolution process has been introduced for cases where the original decision makers in each revenue office are unable to agree on a technical matter
- the development of a joint NSW-Victoria Audit Plan. The first of a number of joint NSW-Victorian audits has been conducted, and plans are being developed for single audits to be conducted by one revenue office on behalf of two or more offices during 2009–10
- the publication of 35 harmonised Revenue Rulings by NSW, Victoria and Tasmania, including a ruling on the application of interest and penalty tax. Most of these rulings have also been endorsed and published by Queensland, South Australia and the Northern Territory
- the preparation of Terms of Reference for a Public Rulings Committee by representatives from all eight States and Territories. The committee is expected to start work on preparing harmonised rulings on new subjects, as well as reviewing the remaining harmonised rulings published by NSW, Victoria and Tasmania which have not yet been endorsed by other jurisdictions.



Duties revenue

Duties revenue was influenced by a number of factors in 2008–09 beyond the effects of the economic downturn on contracts and conveyances and motor vehicle registration.

Lease duty was abolished on 1 January 2008, with the exception of duty payable on lease premiums. Some revenue was still collected after this date as a result of a number of interim-assessed matters that were executed prior to 1 January 2008.

Duties collected

Category	Actual 2008–09	Budget 2008–09	Actual 2007–08	Budget 2007–08
\$'000				
Contracts and conveyances	2 674 633	3 800 000	3 953 040	3 695 000
Motor vehicles	537 183	660 000	599 767	582 000
Insurance policies	649 969	633 000	610 838	616 000
Loan securities	118 437	117 000	280 202	243 000
Hiring arrangements	(419)	–	3 136	6 000
Leases	5 099	–	40 076	51 000
Share transfers	64 554	40 000	66 510	74 000
First home purchases	10	–	16	–
Vendor duty	(17)	–	1 567	–
Other stamp duties	1	100	76	2 400
Total duties	4 049 450	5 250 100	5 555 228	5 269 400

Duty relief for storm-damaged vehicles

Under the duty relief scheme announced in 2007, NSW taxpayers can apply for relief of motor vehicle duty paid on registration of a vehicle which is replacing a vehicle written off in a declared natural disaster zone. OSR has continued to administer this scheme since its creation.

In 2008–09, the scheme operated in two declared natural disaster zones:

- Mid North Coast area floods (March/April 2009)
- North Coast area floods (May 2009).

We received 350 relief applications for the Mid North Coast floods and 22 for the North Coast floods. Of the 372 relief applications received, 242 were approved and paid, totalling \$86 881. We also processed refund applications for previously declared natural disaster zones. Applications can be lodged up to five years after the natural disaster.

Improving efficiency with Electronic Duties Returns

EDR services enable approved clients to self-assess and endorse duties documents electronically.

This year, 88 per cent of duties documents were processed using EDR, a 19 per cent increase from the previous financial year. The growth in the use of electronic duties transactions is a direct result of our client education program, improved client support and the changes made to OSR counter services.

We have made EDR support and education more accessible by introducing an e-learning package with six interactive modules covering all aspects of the EDR process.

We have also improved education and compliance through the introduction of an online Random Verification Audit process for approved EDR clients. Random EDR transactions are selected for audit and clients receive detailed feedback at the conclusion of an investigation. As part of their obligations, clients are required to keep a record of all EDR

matters (copies of documents, supporting evidence and notices of assessment) and produce these records for desk and field audits.

A total of 835 EDR audits were conducted during the year, covering 10 851 EDR transactions. The audits demonstrated a high degree of compliance, with only 1.35 per cent of audited transactions revealing additional duty payable. In these cases, clients were advised of the reasons for the incorrect assessments and directed to the relevant legislation and rulings. The audits identified \$622 721 of additional revenue.



Land tax revenue

Land tax revenue was up ten per cent to \$2195 million this financial year. A premium rate of two per cent and a premium threshold of \$2.25 million were introduced for the 2009 land tax year.

The general land tax threshold was \$368 000 and the standard rate for land tax remained at 1.6 per cent.

Electronic land tax valuation and clearance certificates

Nearly 80 per cent of our clients now use our electronic service to process land tax valuations and clearance certificates. This is up from nearly 70 per cent last financial year.

This service is available through seven authorised Client Service Providers (CSPs) linked to our information systems.

Land tax online services

This year, we expanded our online services to incorporate a number of new functions. These changes mean new land tax clients can now register online and existing clients can view and print a copy of their current assessment notice online. Clients can also update their postal and contact details, provide changes to their land holdings and claim exemptions online. The percentage of clients using our online service rose to 30 per cent, up from 20 per cent reported last year.

Federal tax equivalent revenue

In 2008–09, we collected \$702 million in revenue from agencies and subsidiaries liable to pay income tax equivalents under the National Tax Equivalent Regime (NTER) or the State Tax Equivalent Regime (STER).

Gaming and racing revenue

Gaming and racing revenue increased slightly in 2008–09 with \$1212 million collected on behalf of the NSW Office of Liquor, Gaming and Racing.

The increase in revenue this year was primarily due to the absence of factors such as the equine influenza outbreak which impacted racing revenue and the introduction of smoking bans in clubs and hotels which had initial impacts on gaming revenues in 2007–08.

Clubs and hotels suffering financial hardship received assistance through the Gaming Machine Tax Deferral Scheme. Under the scheme, clubs and hotels that experienced a downturn in gaming machine revenue of 15 per cent or greater were able to seek approval to pay their gaming machine tax in three equal monthly instalments interest-free.

Gaming and racing revenue collected

Category	Actual 2008–09	Budget 2008–09	Actual 2007–08	Budget 2007–08
	\$'000			
Club gaming	631 649	606 000	596 292	623 000
Hotel gaming	409 811	419 000	407 786	438 000
Totalizators	151 811	158 800	141 250	154 200
Keno	9 919	10 100	7 687	7 900
Fixed odds sportsbets	7 173	5 107	5 660	4 961
Footy TAB	775	806	665	783
Fixed odds futures	403	416	294	404
Total gaming and racing	1 211 541	1 200 229	1 159 634	1 229 248

Parking space levy revenue

We collected \$51 million in parking space levy revenue for 2008–09 on behalf of the NSW Ministry of Transport. The levy was introduced to discourage car use in business districts by imposing a levy on off-street commercial and office parking spaces, including parking spaces in parking stations.

The revenue raised by the levy is directly used to finance, develop and maintain infrastructure that facilitates access to, and encourages the use of, public transport to and from the business districts where the levy applies.

Revenue from compliance activities

During 2008–09, we published our compliance program on our OSR website for the first time. The compliance program continued to focus on areas of high risk including payroll tax groupings and duties transfers. Our various compliance projects identified \$318.2 million in additional revenue. As part of these projects, we:

- identified and contacted individuals and businesses not currently registered on our system who had a potential liability
- utilised data matching and data mining techniques to identify clients who might have understated their liabilities
- identified recipients of FHOGS and FHP concessions who did not meet the eligibility requirements
- prosecuted serious breaches of legislation.

Auditing registered payroll tax clients

During the year, we continued our focus on auditing registered payroll tax clients who may have understated their liabilities. We completed 1182 desk audits which identified additional payroll tax revenue of \$29.6 million. We also conducted 1553 state-wide and interstate field audits, identifying \$45.8 million in additional payroll tax revenue.

Auditing unregistered employers

In 2008–09, we contacted over 3800 employers not registered for payroll tax, and who we believed might have had a payroll tax liability. Of these, 1795 were found to have a liability. We advised them of their obligations and helped them to register for payroll tax. We issued assessments totalling \$50.9 million to these new clients.

Land tax audits

We investigated approximately 22 000 properties that were either not assessed for land tax, or we believed had an incorrect exemption applied. This resulted in 14 915 new clients registering for land tax and land tax assessments totalling \$160.9 million.

Duties audits

Duties audits, including audits relating to land rich provisions, identified additional revenue of \$13.3 million.

First home benefits compliance program

For first home benefits compliance program, see page 33.

Prosecutions

There were 12 successful prosecutions for serious offences under the *Taxation Administration Act 1996*, *Crimes Act 1900* and *Oaths Act 1900*.

Prosecutions included six FHOGS recipients for offences under the *First Home Owner Grant Act 2000*.

Sentences for these offences included substantial fines, community service orders and good behaviour bonds.

Tax objections received 2008–09

Clients who are dissatisfied with their assessment or certain decisions of the Chief Commissioner of State Revenue can lodge an objection and have their assessment or decision reviewed.

Objections for payroll tax and duties decreased substantially in 2008–09, while both parking space levy and land tax objections increased.

Number of objections by revenue type

Revenue type	2008–09	2007–08	2006–07	2005–06
Land tax	3 808	3 520	3 598	5 593
Payroll tax	423	532	515	583
Duties	123	305	185	233
Parking space levy	89	21	89	120
Total	4 443	4 378	4 387	6 529

Number of objections determined

	2008–09		2007–08		2006–07		2005–06	
Revenue type	Allowed/ Part allowed	Disallowed	Allowed/ Part allowed	Disallowed	Allowed/ Part allowed	Disallowed	Allowed/ Part allowed	Disallowed
Land tax	1 379	2 503	1 171	2 232	1 654	2 695	2 008	3 254
Payroll tax	79	233	76	503	128	535	120	291
Duties	27	104	46	130	65	138	60	149
Parking space levy	8	76	2	23	6	84	24	85
Total	1 493	2 916	1 295	2 888	1 853	3 452	2 212	3 779
Percentage	34%	66%	31%	69%	35%	65%	37%	63%

Note: The total number of objections determined may not add up to the number of tax objections received for that year, as some are determined the following year.

Appeals received and finalised by the Administrative Decisions Tribunal

	2008–09			2007–08			2006–07			2005–06		
Revenue type	Number received	Number finalised	Number upheld	Number received	Number finalised	Number upheld	Number received	Number finalised	Number upheld	Number received	Number finalised	Number upheld
Land tax	90	62	–	56	41	4	62	41	–	39	42	2
Payroll tax	32	24	2	16	26	–	37	13	–	8	9	1
Duties	12	9	–	12	18	1	15	16	1	22	32	5
Parking space levy	2	–	–	4	8	–	4	1	–	9	3	1
FHOGS	22	28	1	31	58	7	54	65	3	53	48	2
Others	–	–	–	–	–	–	2	1	–	3	4	–
Total	158	123	3	119	151	12	174	137	4	134	138	11

Taxation Hardship Review Board

The Taxation Hardship Review Board is established under the *Taxation Administration Act 1996* and considers clients' applications for relief from their liabilities on the basis of financial hardship.

The Board members include delegates from the Auditor-General, the Secretary of the Treasury and the Chief Commissioner of State Revenue.

In 2008–09, the Board considered six applications for relief with a combined value of \$157 821. Relief was declined in all six cases.

Administrative Decisions Tribunal

Clients who are dissatisfied with an objection decision can have the matter independently reviewed by the Administrative Decisions Tribunal (ADT).

As part of our debt management strategy, we trialled an automated outbound calling system to increase the efficiency of debt recovery operations.

Overdue debt – tax and duties

At 30 June 2009, overdue debt was \$233 million, which represents 1.54 per cent of annual tax and duties revenue.

Debts under instalment arrangements totalled \$88 million, which represents 38 per cent of the overdue debt. Land tax debt under instalment arrangements made up around 78 per cent of the total debt under arrangement.

Insolvency debt, at \$35 million, represents 15 per cent of the overdue debt. These figures reflect the difficult economic environment during the past financial year.

The total overdue debt is also affected, to some extent, by the Gaming Machine Tax Deferral Scheme for clubs and hotels experiencing financial hardship. At 30 June 2009, gaming machine tax deferrals carried forward totalled \$15.4 million, which represents 6.6 per cent of the overdue debt. This scheme has been extended to February 2010 for clubs and June 2010 for hotels.

Debt management strategy

As part of the 2007–08 KPMG debt management review recommendations, we trialled an automated outbound calling system to increase the efficiency of debt recovery operations.

Early intervention and a tailored approach to the recovery of debt are key components of our new strategy. It also involves the introduction of portfolio management for different types of debt and debtors, and a behavioural scoring system to support the new approach.

Debt written off

Tax and duties debts written off totalled \$25.5 million, a reduction of \$7 million compared to 2007–08.

Outstanding payroll tax debts accounted for 71 per cent of the total debt written off. This was due primarily to companies that entered a Deed of Company Arrangement or went into liquidation. In circumstances where a dividend is not payable to unsecured creditors such as the Chief Commissioner of State Revenue, the debt is written off.

Early intervention strategies and targeted use of relevant legislative provisions have been successful in reducing the amount of debt written off. OSR explores all possible debt recovery actions before write-off action is taken.

All fines are processed and enforced correctly and on time



SDRO is responsible for the effective processing and correct enforcement of fines.

Penalty notice processing and fine enforcement

SDRO provides a centralised processing service for all penalty notices issued by the NSW Police Force, the RTA (camera-detected offences) and over 230 other agencies including local councils, semi-government bodies and other government departments. One of our key roles is notifying the RTA of demerit point offences so they can update driving records.

During the year, SDRO:

- processed 2.8 million penalty notices to the value of \$455 million, of which some 1.2 million offences carried demerit points
- issued 819 960 enforcement orders with a total value of \$246.7 million
- collected the following revenue:
 - ▶ \$168.9 million for the Crown and \$129.4 million on behalf of other organisations in penalty notice payments
 - ▶ \$104.8 million for the Crown and \$51.6 million on behalf of other organisations through enforcement orders
 - ▶ \$27.6 million from clients for processing services, annulment fees and miscellaneous revenue.

At the end of 2008–09, there were time to pay arrangements in place for about 60 000 clients covering 385 467 enforcement orders valued at \$165.2 million.

Of these, 27 199 clients were on Centrepay direct debits covering 189 529 enforcement orders valued at \$75.7 million. All other clients were on normal negotiated time to pay arrangements.

Number and value of penalty notices

Financial year	Commercial		Crown		Total number of penalty notices	Total value (\$)
	Number of penalty notices	Value (\$)	Number of penalty notices	Value (\$)		
2008–09	1 539 410	196 740 913	1 280 552	258 711 142	2 819 962	455 452 055
2007–08	1 501 839	187 886 028	1 387 433	265 826 865	2 889 272	453 712 893
2006–07	1 492 309	182 179 688	1 121 736	215 701 744	2 614 045	397 881 432
2005–06	1 441 547	176 958 036	1 043 584	191 970 429	2 485 131	368 928 465
2004–05	1 364 866	155 598 323	1 145 085	208 507 428	2 509 951	364 105 751
Total	7 339 971	899 362 988	5 978 390	1 140 717 608	13 318 361	2 040 080 596



“ The client contact centre handled over one million calls in 2008–09, making it a very busy year. The hard work and dedication of all staff in our regional offices made this possible. I am proud to work with such a positive team and look forward to the challenges ahead. ”

Cathie Angelkovic – Manager, Fines Call Centre

Number and value of penalty notices for 2008–09 by client category and infringement type

Client category	Infringement type	Number of penalty notices	Value (\$)
Crown	Police traffic	375 628	101 621 266
	RTA static speed camera	559 789	65 472 189
	Police radar/lidar	194 173	46 035 650
	Failure to nominate	12 389	12 706 725
	Police general	55 988	12 595 218
	Red light camera	28 205	9 154 049
	RTA bus/ TWay camera	28 176	6 842 273
	Police parking	24 645	4 111 153
	Police speed camera	1 559	172 619
Crown total		1 280 552	258 711 142
Commercial	Client agencies	1 539 410	196 740 913
Grand total		2 819 962	455 452 055

Number and value of speed camera offences for 2008–09

Infringement type	School zone speeding offence		Other speeding offences		Total number of penalty notices	Total value (\$)
	Number of penalty notices	Value (\$)	Number of penalty notices	Value (\$)		
RTA static speed camera	148 124	23 297 872	411 665	42 174 317	559 789	65 472 189
Police speed camera	38	6 591	1 521	166 028	1 559	172 619
Total	148 162	23 304 463	413 186	42 340 345	561 348	65 644 808

Number and face value of criminal infringement notices issued for 2008–09

	Criminal infringement notice offences	
	Number of criminal infringement notices	Value \$m
Total	10 312	2.24

Outstanding fines written off

In accordance with section 101 of the *Fines Act 1996*, the SDRO Director can write off fines which are considered uncollectible or where extenuating circumstances justify such a decision, such as severe financial hardship, the debtor is deceased, the fine is viewed as unfair or unjust, or in the event of terminal illness.

During the year, 305 770 fines were written off totalling \$62.4 million, including 5212 fines to the value of \$1.9 million where the debtor was deceased.



In 2008–09, the Board reviewed 44 SDRO decisions with a total value of \$1.8 million.

Fines Hardship Review Board

The Fines Hardship Review Board is established under the *Fines Act 1996* to independently review decisions by SDRO.

Board members include delegates from the Attorney-General, Secretary of Treasury and the Chief Commissioner of State Revenue.

Under section 101B of the *Fines Act 1996*, the Board has the authority to review decisions made by SDRO on applications for time to pay arrangements and write-offs.

In 2008–09 the Board reviewed 44 SDRO decisions with a total value of \$1.8 million, including one matter to the value of \$1.4 million.

Number and value of decisions reviewed by decision type

Decision	Number of matters	Value (\$)
Write-off	25	96 430
Partial write-off *	3	81 184
Time to pay	3	150 696
SDRO decision upheld	13	1 473 627

* **Note:** Partial write-offs were introduced as part of the *Fines Further Amendment Act 2008*.

SDRO client and stakeholder services

SDRO manages a high volume of clients, with our client contact centre handling on average 20 000 phone calls per week and receiving and responding to more than 205 000 items of correspondence per annum. In 2008–09, we also processed over 390 000 statutory declarations nominating other drivers for offences.

We kept the average call waiting time for our client contact centre at two minutes.

SDRO also provides a telephone hotline service for NSW Members of Parliament and the Ombudsman (see Appendix 7), advocacy groups and various Aboriginal community networks which allows these clients to contact SDRO directly for assistance.

Initiatives to help clients

In July 2008, we introduced online camera images for camera-detected fines. This is a free service available to clients to view and print the camera images for their infringement.

Our Review Guidelines were published on our SDRO website to help clients find information on how to apply for reconsideration of penalty notices. In 2008–09, we withdrew penalty notices and issued cautions on 50 202 occasions following approaches by individuals.

SDRO commercial client survey

During November and December, we conducted a survey of all 230 commercial clients to gain a better understanding of satisfaction provided by SDRO. We received 137 responses to the survey. A summary of the survey results is below:

Service quality

- 96 per cent agreed that based on their experiences with SDRO, they are satisfied with overall services
- 92 per cent agreed that SDRO services provide value for money
- 97 per cent agreed that their key contacts at SDRO provide sound advice and information.

SDRO commercial client e-learning

This year, we developed an e-learning course for NSW Police Force highway patrol officers on issuing penalty notices using a variety of interactive scenarios.

e-Learning allows officers to access the course at a time that is suitable for them and to complete the course at their own pace. This course allows officers who are familiar with issuing penalty notices to refresh their knowledge in certain areas.

SDRO stakeholder forums

SDRO continues to play an important role in the Australian and New Zealand Fines Enforcement Reference Group (ANZFERG). This group investigates enforcement benchmarking and opportunities for legislative and administrative harmonisation.

Eligible applicants receive their benefits

OSR administers various schemes to assist eligible applicants to purchase their first home. Benefits up to a maximum of \$41 990 were available to eligible first home owners through FHOGS and the introduction of the NSW New Home Buyer Supplement (Supplement) and the Australian Government First Home Owner Boost (Boost).

We also administer the return of unclaimed money to rightful owners. We provide petroleum product subsidies to the northern regions of the State and administer the GST rebate to clubs.

During the year, we paid out over \$783 million in grants and

subsidies and returned almost \$7.9 million in unclaimed money to the people of NSW.

One of our key corporate goals is to ensure eligible applicants receive the grants, concessions, subsidies, rebates and lost money to which they are entitled.

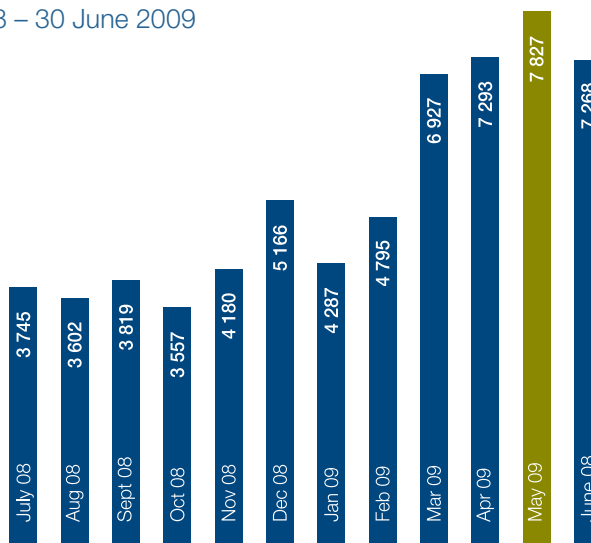
First Home Owner Grant Scheme

In 2008–09, we processed the highest number of FHOGS applications since the scheme commenced in 2000. We paid benefits for 59 490 applications totalling over \$740 million (see note 1, page 61). This compares to 48 568 grants totalling over \$339 million the previous year.

This increase was due to the economic stimulus packages implemented by the NSW and Australian Governments. The last quarter of the year in particular was characterised by an unprecedented spike in applications.

FHOGS applications received

1 July 2008 – 30 June 2009



“ This year has been extremely busy with an unprecedented number of applications received for first home benefits. Although very hectic at times, the team has had a very rewarding year knowing it has assisted so many first home buyers. ”

Tim Denmeade – Manager, Claims and Grants

First home benefits

On 14 October 2008, the Australian Government introduced the Boost which is available in addition to the basic \$7000 FHOGS grant. The Boost provides an additional \$14 000 for new homes and \$7000 for established homes.

On 11 November 2008, the NSW Government introduced the \$3000 Supplement for new homes. The maximum benefit available to a first home buyer is \$41 990 when combined with the duty exemption under FHP which, on its own, provides for a maximum exemption of \$17 990.

First home owner benefits in NSW for the year ended 30 June 2009

Benefit type	Number paid	\$m
First Home Owner Grant Scheme \$7000 for new and established homes	59 490*	416.4
NSW New Home Buyer Supplement Additional \$3000 for new homes – Commenced 11/11/08	3 433*	10.3
Australian Government First Home Owner Boost [^] Additional \$14 000 for new homes – Commenced 14/10/08	3 646*	51.0
Australian Government First Home Owner Boost [^] Additional \$7000 for established homes – Commenced 14/10/08	37 495*	262.4
Total	59 490**	740.1

* Net figures which have taken into account grants returned voluntarily or recovered through compliance activities.

** Total reflects FHOGS paid, however other benefits were not added to total as they cannot be received without FHOGS.

[^] Boost is administered by the NSW Government and funded by the Australian Government.

First home owner concessions in NSW for the year ended 30 June 2009

Concession type	Number paid	\$m
First Home Plus – duty exemption up to \$17 990	57 339	566.5
First Home Plus One – partial duty exemption based on percentage owned	277	1.7
Total	57 616	568.2

First Home Plus

FHP provides exemptions or concessions on transfer duty for people buying their first home in NSW.

The First Home Plus One Scheme is an extension of FHP that allows equity partners who have previously owned property to help first home buyers by purchasing up to 50 per cent of a property without affecting the first home buyer's eligibility for an exemption or concession on duty.

In 2008–09, we provided \$568.2 million in transfer duty exemptions and concessions to 57 616 claimants. This represents a 34 per cent increase in the value of exemptions and concessions provided and a 34 per cent increase in the number of people receiving assistance compared to the previous year.



Benefits objections received

First home benefits objections received and determined

Received	2008–09	2007–08	2006–07	2005–06
FHOGS	187	242	266	515
FHP	98	145	142	139
Total	285	387	408	654

Determined	2008–09		2007–08		2006–07		2005–06	
	Allowed/ Part allowed	Disallowed	Allowed/ Part allowed	Disallowed	Allowed/ Part allowed	Disallowed	Allowed/ Part allowed	Disallowed
FHOGS	59	165	52	176	76	259	96	398
FHP	31	93	34	97	48	106	33	85
Total	90	258	86	273	124	365	129	483
Percentage	26%	74%	24%	76%	25%	75%	21%	79%

Note: The total number of objections determined may not add up to the number of tax objections received for that year, as some are determined the following year.

In 2008–09, we paid \$43.2 million to 35 registered petroleum products clients.

Petroleum Products Subsidy Scheme

This scheme ensures NSW sellers of eligible petroleum products are able to compete fairly with Queensland petroleum re-sellers, where the Queensland Government subsidises on-road fuel. The subsidy is paid on the condition that it is passed on to consumers within the five zones extending south of the Queensland/ NSW border.

In 2008–09, we paid \$43.2 million to 35 registered petroleum products clients.

Following the abolition of the Fuel Subsidy Scheme in Queensland, the NSW Government will abolish the NSW Petroleum Products Subsidy Scheme on 1 July 2009. The subsidy can still be claimed on eligible petroleum products sold up to 30 June 2009.

We issued over 22 000 letters to FHOGS recipients asking them to confirm they had satisfied the requirement to occupy their property as their principal place of residence.

Compliance activities

This year, we expanded our data matching program using a wider range of external data sources to identify applicants who do not satisfy the eligibility requirements for FHOGS and FHP.

We issued over 22 000 letters to FHOGS recipients asking them to confirm they had satisfied the requirement to occupy their property as their principal place of residence. We completed 1906 FHOGS investigations which resulted in 595 recipients being required to repay grants and pay penalties totalling in excess of \$5 million.

In addition, 572 FHP investigations were completed, resulting in the cancellation and repayment of 531 duties exemptions or concessions totalling \$6.8 million (including interest and penalties).

The more serious offences were referred to our Prosecutions Branch for commencement of legal action. For prosecution details, see page 24.

To ensure compliance with the requirements of the first home benefits schemes, we applied the FHOGS proof of identity framework to the FHP duty scheme and in May 2009, expanded the prior ownership checking process to all FHOGS applications. These initiatives, combined with the verification of the residency requirement, provide increased assurance that only eligible applicants receive their first home benefits.

Unclaimed money

In 2008–09, 471 businesses lodged 684 unclaimed money returns with OSR. These returns contained 36 640 items of unclaimed money totalling \$17.5 million. Unclaimed money is money held by OSR that has been deposited by businesses who cannot locate and return the money to the rightful owner. It includes interest payable from investments, dividends, shares and trust accounts.

We actively locate unclaimed money owners through data matching exercises. This year, we successfully located 93 owners and repaid \$580 000. In total, OSR paid 4396 claims to owners of unclaimed money worth \$7.9 million.

As at 30 June 2009, OSR held \$112.8 million in unclaimed money.

GST rebate for clubs

The GST rebate is paid to licensed clubs to compensate for the impact of the GST. We paid out over \$18.4 million in rebates this year to 1296 clubs.





Our future direction



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Strategic and Corporate Plans

The 2009–10 Corporate Plan contains specific programs to help us address the goals outlined in our strategic plan and other emerging strategic issues.

Our 2011 Strategic Plan outlines our future direction, strategic goals and what we need to do to improve the way we administer revenue, enforce fines and process benefits.

The 2009–10 Corporate Plan contains specific programs to help us address the goals outlined in our strategic plan and other emerging strategic issues. It includes initiatives to increase compliance with the law, upgrade or maintain our core IT systems and ensure that value for money concepts are embedded within our standard management practices. We also have specific corporate programs for ongoing national initiatives such as standard business reporting, payroll tax harmonisation with other states and national e-conveyancing.



“ OSR has a robust planning framework in place that links our strategic plan to annual corporate action programs. Regular monitoring of our strategies ensures they are on track to deliver meaningful results which translate into better service for our clients. ”

Mohan Ayyar – Corporate Strategist

OSR Strategic Plan 2011

Our plan will help us meet the challenges we will face in the three year period and ensure that we will continue to be a leader in providing fair and progressive services.

OSR has developed a strategic planning framework that aligns planning activities, resource decisions and organisational performance. Through this framework, the strategic plan guides the development of divisional, branch and individual plans in OSR.

The plan was developed after extensive research, input from staff and feedback from a wide-ranging client survey. The plan has six strategic goals with priority actions and performance measures identified to track progress.

Our success is largely dependent on the efforts and performance of our people. The strategic plan aims to support a flexible and adaptable workforce whose behaviour is shaped by our core values of responsiveness, integrity, teamwork and achievement. Our core values underpin our ability to provide fair and progressive services.

To ensure that the strategic plan makes continuous progress and achieves significant outcomes, the plan's goals and priorities are monitored by senior management and tracked through a number of qualitative and quantitative performance measures.

Our strategic goals



Value for money

Ensure OSR delivers value for money across all its operations

Strategy 1.1

Continuously improve the efficiency of our business

Desired results:

- achieve significant efficiency improvements across our business
- a culture of continuous improvement leading to value for money in all aspects of our business
- accurate and comprehensive measurement and reporting of value for money.



Compliance

Ensure the integrity of the NSW tax, fines and benefits systems through effective compliance

Strategy 2.1

Improve compliance effectiveness

Desired results:

- strategies that support clients to voluntarily comply
- enforcement strategies for clients who choose not to comply
- effective debt management.



Systems and processes

Ensure effective and efficient systems and processes to underpin the delivery of OSR services

Strategy 3.1

Implement system and process enhancements to deliver significant service improvements

Desired results:

- measurable service improvements as a result of successfully delivering major system and process enhancements
- staff and stakeholder recognition that OSR's systems and processes are progressive.



Clients

Make it easier to do business with OSR

Strategy 4.1

Reduce red tape

Desired results:

- client and stakeholder recognition that our processes and systems are easier to use
- staff recognition that internal processes and systems are more streamlined and coordinated
- advanced further cross-jurisdiction harmonisation opportunities.

Strategy 4.2

Enhance the client experience by delivering excellence through preferred service channels

Desired results:

- high levels of client satisfaction as a result of OSR's user-friendly services
- staff recognition of OSR's culture of continuously improving client focused service delivery
- increased usage of OSR-preferred channels and self-service products.



Stakeholders

Build strong relationships to deliver public value

Strategy 5.1

Improve our services through effective stakeholder relationships

Desired results:

- greater involvement and influence with key external stakeholders who impact on or are impacted by OSR's services
- improved information-sharing with other agencies
- stakeholder recognition of OSR's effectiveness and responsiveness to meeting their needs
- effective delivery of priority cross-agency projects.



People and technical excellence

Ensure an organisation of capable, adaptable and engaged people

Strategy 6.1

Shape the organisational culture to support a flexible workforce and meet the changing needs of OSR

Desired results:

- stronger culture in probity and integrity
- staff demonstrate fairness and consistency in decision making
- staff behaviour demonstrates commitment to continuous improvement
- flexibility in our workforce – people are capable of undertaking expanded roles; able to work across multiple functions and make a broader contribution to OSR
- a structured approach to capturing critical knowledge and the systems to access and apply this knowledge.

2009–10 Corporate Plan

2008–11 Strategic Plan		Corporate Action Program	Sponsor(s)	Actions	Outcomes
Value for money					
 Priority Actions	Conduct targeted value for money reviews (1.1.1)	Delivering value for money	Director MSD	- conduct value for money review of Information Services Division (ISD) - integrate value for money methodology into standard management practices - establish value for money measures - develop and pilot continuous improvement methodology with selected groups	- OSR receives quality ISD services at competitive cost - value for money incorporated within management reviews (eg ISO) - value for money measured and reported - improved processes across OSR
	Embed value for money review methods into standard management practice (1.1.2) Implement value for money reporting (1.1.3)				
Compliance					
 Priority Actions	Identify and implement opportunities for improved compliance (2.1.1)	Improved tax compliance	Chief Operating Officer (COO)	- profile client compliance behaviour - use profiles to communicate with clients, educate clients and inform audit programs	- better educated and informed clients - more effective and targeted audit programs
	Implement opportunities for up-front compliance (2.1.2) Targeted communication and education campaigns to support clients to comply (2.1.3) Improve debt management (2.1.4)	Improved fines compliance	Director SDRO	- implement changes to systems and processes to support identified upfront compliance opportunities - implement debt management strategies - negotiate reciprocal fine enforcement arrangements with other jurisdictions	- increased compliance with the law - increased recovery rate of outstanding debt - reduced age of debt
Systems and processes					
 Priority Actions	Implement a unified fines system (3.1.2)	Improved project governance	Executive Director	- implement agreed improvements from review of IT project governance within OSR - implement agreed recommendations from the RECOUPS modernisation health check - evaluate the effectiveness of an enterprise program governance model	- consistent and effective program IT governance approach - successful delivery of major IT projects - agreed OSR program governance approach for all corporate projects
	Modernise the RECOUPS system and processes (3.1.3)	MARS implementation	COO	implement Modernised Advanced RECOUPS System (MARS) program strategy	- increased useful life of RECOUPS - systems maintenance and operating savings - completed first phase of MARS including registration processes implemented and redundancy retired



Our client service



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OSR continued to improve client services in 2008–09, providing services through our tax call centre, our Parramatta, Sydney and regional offices and online.

We also implemented a number of education programs to help clients with compliance, including the payroll tax compliance program and through a number of e-learning modules available on our OSR website.

In addition, we have reduced 'red tape' by developing and improving a range of online services that replace existing manual processes.

Tax call centre

During 2008–09, our tax call centre handled over 220 000 calls from seven different business areas and achieved an overall service level of 85 per cent of calls answered within two minutes, exceeding the target of 80 per cent. This is a substantial improvement compared to our 2007–08 performance, when we handled over 120 000 calls from three business areas and achieved a service level of 78 per cent.

The additional business areas transferred over to the tax call centre this year included:

- FHOGS (July 2008) – following the transfer, we were able to handle a 270 per cent increase in calls in the first two weeks after the announcement of the Boost by the Australian Government in October 2008
- Unclaimed money (September 2008)
- Some returns and duties calls, including calls relating to the transfer of shares and motor vehicle registrations.

The integration of these call types was supported by an expansion of 'Taxi', OSR's internal knowledge management system.

To cope with the increased volume of calls, we introduced a skill-based routing methodology for call distribution, along with further enhancements to our Interactive Voice Response (IVR) system. These measures made it easier for clients to navigate their way through the system.

We plan further integration of call management for all tax bases over the next two years. Tax bases to be integrated include returns-based calls such as parking space levy, gaming, racing and GST rebates, as well as more duties enquiries.

New payroll tax clients program

The New Payroll Tax Clients Program is part of our Client Education and Communication Strategy. This initiative was prompted in part by the findings of our compliance audits, which identified that a considerable proportion of employers new to payroll tax made avoidable mistakes when calculating payroll tax.

Our Client Account Managers assist new payroll tax clients to accurately self-assess their liability and encourage them to access our communication and education programs for ongoing help. We aim to improve voluntary compliance through enhanced and targeted education and assistance at the beginning of the client's relationship with OSR.

Red tape reduction

OSR is committed to reducing the red tape burden on businesses and individuals. During 2008–09, we implemented a number of initiatives to reduce red tape. These initiatives included:

- **further harmonisation of payroll tax**

Businesses in NSW and Victoria can use the same application for lodging their payroll tax exclusions and exemptions. Also, 35 payroll tax revenue rulings have been harmonised to give consistent interpretation of legislation across the two jurisdictions

- **enhanced online services for land tax clients**

Land tax clients can now view and print their current landholding assessments online and also advise OSR of changes to ownership and exemption status

- **publication of camera-related offences online**

Images from camera-related offences (such as speed and traffic light cameras) are now freely available via our SDRO website. Previously, clients needed to submit a written request and a fee of \$11 to SDRO for the image

- **time to pay process improvements**

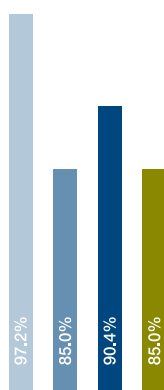
SDRO has reviewed and improved the process for allowing clients to enter into time to pay arrangements for their fines. These improvements have significantly reduced the amount of paperwork associated with reviewing applications.

Client service performance

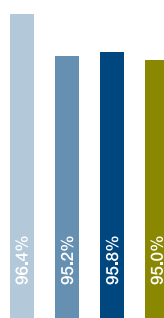
We are committed to providing a high level of service for all our clients. Our clients can expect to be treated with fairness, integrity and confidentiality in all dealings with us. We monitor performance against our client service standards.

Key:

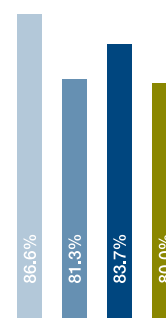
- July 2008 to December 2008
- January 2009 to June 2009
- July 2008 to June 2009
- OSR's target



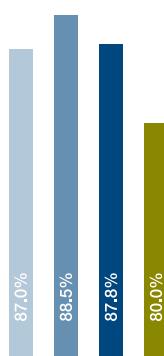
Unclaimed money payments paid within 10 working days of receiving a completed application



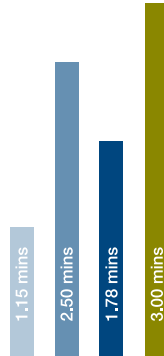
FHOGS payments made within 10 working days of receiving a completed application



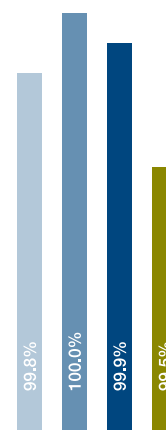
Telephone calls answered within two minutes – taxes and duties



Telephone calls answered within two minutes – grants and other benefits



Fines telephone calls average call waiting time



Availability of OSR and SDRO websites

Our service results – July 2008 to June 2009

	Results
Taxes and duties	
Answer 80 per cent of all telephone calls within two minutes	83.7%
Ensure 99.5 per cent availability of our OSR website	99.9%
Grants and other benefits	
Answer 80 per cent of all telephone calls within two minutes	87.8%
Process general electronic and written correspondence within 10 working days of receipt	99.9%
Pay more than 95 per cent of FHOGS payments within 10 working days of receiving a completed application	95.8%
Pay more than 85 per cent unclaimed money payments within 10 working days of receiving a completed application	90.4%
Ensure 99.5 per cent availability of our OSR website	99.9%
Fines	
Answer all telephone calls with an average waiting time of less than three minutes	1.78 mins
Respond to emails within 10 working days	99.2%
Reply to correspondence within 21 working days	92.3%
Issue court attendance notices within 60 working days of receiving valid court election	97.4%
Ensure 99.5 per cent availability of our SDRO website	99.9%



2009 client satisfaction survey results

Clients had the opportunity to complete an online satisfaction survey in March and April 2009. The survey was available on OSR's external websites (OSR and SDRO) and measured client satisfaction with our core services: land tax, payroll tax, first home benefits and fines.

Clients could complete the full survey or simply indicate whether or not they were generally satisfied with OSR's services. More than 1000 clients completed the full survey which contained six questions.

The results indicate that clients are satisfied with our services and the usefulness of our external websites. Respondents were most satisfied with client service and website information for payroll tax and first home benefits. Overall, the 2009 results were more positive than 2008.

The following is a summary of the survey results:

Overall satisfaction

- 86 per cent of those who completed the full survey were satisfied with OSR's services
- 75 per cent of those who did not complete the full survey indicated they were satisfied with OSR's services.

Website accessibility and ease of use

- 91 per cent agreed the information they require is available from OSR's external websites
- 89 per cent agreed that it is easy to use OSR's external websites.

Interpersonal communication

- 90 per cent agreed that OSR staff were courteous and professional
- 80 per cent agreed that OSR staff give reasons for their decisions.

Quality of service

- 83 per cent agreed OSR resolves problems or queries in a timely manner
- 87 per cent agreed that OSR provides sound advice and information.



“ Our client education strategy encourages feedback from clients about OSR. Feedback at our free seminars has resulted in changes to some of our forms and processes. This has helped reduce red tape and benefits businesses across NSW. ”

Darren Nicholls – Manager, Technical Education Unit

Client feedback system results

Our client feedback system recognises good client service and identifies areas where we can improve. Client feedback includes complaints, compliments and suggestions.

We define a complaint as an expression of dissatisfaction with our administration or quality of service but do not include complaints about government policy or individual tax liabilities.

A compliment is an expression of praise or commendation of OSR's administration and quality of service. Compliments do not include general 'thank you' acknowledgements received in the course of day-to-day work.

Suggestions may relate to additional services clients would like us to offer, how to improve service delivery and how to improve the services we provide.

All client feedback is directed to the Client Feedback Coordinator who records this on our client feedback database. Complaints and suggestions are acknowledged in writing and referred to the manager of the responsible unit. The manager investigates the matter and advises the client of the outcome. Compliments are also referred to the manager and director of the officer who receives them.

One of the suggestions we have implemented to improve our client service is to provide land tax clients with easily accessible information on the calculation of interest for late payment. This information is now included on all land tax assessment notices.

A copy of all action taken to resolve the feedback is forwarded to the Client Feedback Coordinator for inclusion in the client feedback database.

A quarterly report analysing complaints and compliments is distributed to the Executive Director and Directors.

A copy of all action taken to resolve the feedback is forwarded to the Client Feedback Coordinator for inclusion in the client feedback database.

Client feedback by division

Division	Number of complaints	Number of compliments	Number of suggestions
Executive	0	2	0
Revenue Advisory Services	4	2	1
Operations	22	11	8
Information Services Division	7	0	3
Management Services Division	1	0	0
State Debt Recovery Office	39	9	7
Total	73	24	19

Client complaints by issue

Issue	Number of complaints
Customer service	25
Dispute regarding decision	1
EPAY/Internet/Interactive/Voice recognition	10
Lack of or delayed response to correspondence	11
Notices not received/address errors	2
Other	15
Payment issue	8
Request for withdrawal from enforcement	1
Total	73



Our support services



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Our people

Workforce initiatives

2008–09 saw a number of significant achievements as we focused on expanding our capabilities and creating a more flexible workforce. In particular, the introduction of flexible generic position descriptions in SDRO allowed for the movement of staff between functions to meet peaks in work volumes and provide staff with opportunities for more challenging and rewarding work.

In keeping with a sector-wide commitment, we reduced the number of staff with annual leave in excess of 40 days to below one per cent of the workforce through strong and effective management of our leave policy. In addition, we generated a 36.5 per cent saving in our workers compensation premiums through a focused approach to injury prevention and claims management.

Succession Planning Program

We continued our Succession Planning Program to identify, develop and nurture our talent to ensure OSR's workforce has leaders capable of responding to challenges in the future. A formal evaluation was conducted on the inaugural program to analyse progress. Feedback from both the participants and their managers rated 'satisfaction with the program' as excellent.

We have selected six participants for the second program following a stringent assessment process. The success of this program has attracted interest from other public sector agencies.

Overall, staff perceptions of OSR were very positive and showed that a high proportion of staff share the organisation's values and are engaged with their work.

Change management

Our change management methodology underpins a number of successful organisational change programs.

The successful realignment of our duties program, as a result of operational and legislative reforms, was attributable to the effectiveness of our change management approach and the professional attitude of our staff.

The effectiveness of our approach to change management is reflected in the excellent results from our staff survey where 87 per cent of staff felt that OSR is 'adaptable and capable of responding to change effectively'.

Staff satisfaction

During November 2008, we conducted a survey of staff opinions through our intranet. 73 per cent of staff completed the survey. Overall, staff perceptions of OSR were very positive and showed that a high proportion of staff share the organisation's values and are engaged with their work. In particular, staff thought OSR offered excellent workplace flexibility, learning and development opportunities and a strong customer focus.

In a large majority of topic areas, OSR has improved considerably when compared to 2005 survey results. In most areas, we are ahead of available NSW public sector benchmarks. Some of these outstanding survey results included:

- 100 per cent of respondents 'have a personal commitment to provide a high level of service to clients'
- 100 per cent of respondents 'know what actions constitute fraud or unethical behaviour in the workplace'
- 92 per cent of respondents are 'proud to work in OSR'
- 98 per cent of respondents agreed they 'share OSR's values'.

Areas that staff indicated could be improved included performance management systems, computer systems and staff recruitment processes. We have started to address a number of these issues and this work will continue during 2009–10.

Recruitment and selection

This year, OSR recruited 155 staff from 2674 internal and external applications. The majority of the applications were for frontline client contact positions to support our corporate strategic goals by providing fair and accessible services to the people of NSW.

We also commenced planning for the implementation of the e-recruitment solution which will provide a whole of public sector approach to the attraction and selection of staff for the NSW public service.

Staff recognition

Our former Commissioner of State Revenue, Bob Smith, was awarded the NSW Public Service medal in the 2009 Australia Day honours list for 'outstanding public service particularly to the Office of State Revenue NSW'.

Bob joined OSR as Assistant Commissioner, Payroll Tax, in 1985 and was appointed Deputy Director, Revenue Advisory Services in 1989. In 2004, Bob became Commissioner of State Revenue and Director, Revenue Advisory Services. He retired in 2008.

OSR's reputation for good client service is due to the wonderful efforts of many staff over the years but Bob's contribution to the client liaison process has been a major factor in our success.

Congratulations Bob on this great honour.

Learning and development

We delivered over 550 learning and development activities across 200 different programs to staff.

All staff attended 'Ethics at Work' training as part of our ongoing strategy to ensure staff act with the highest level of integrity and professionalism at all times. As a result of the training, 100 per cent of respondents agreed that they knew 'what actions constitute fraud and unethical behaviour in the workplace'.

A significant highlight for 2008–09 was the expansion of e-learning, with 18 new programs developed in areas such as payroll tax, EDR, FHOGS, Self Enforcing Infringement Notice System, issuing penalty notices and risk management.

We also received funding from the Australian Flexible Learning Framework to develop a flexible online induction program to enable new staff to quickly develop the skills and knowledge needed in their new roles. One of the benefits of this program is that it can be used by other government agencies to develop similar programs.

We also continued to focus on building the skills and capabilities of our managers, team leaders and supervisors with 134 staff attending the following management programs throughout the year:

- Supervisor Fundamentals
- Managing in OSR
- Certificate IV in Frontline Management.

Our staff performance planning and management system, EQuIP, was reviewed to improve outcomes and to better meet the needs of staff. After a thorough consultation process, the new EQuIP system was launched in late 2008. The EQuIP system continues to be an essential element in driving OSR's achievement and performance-based culture.



Employee Assistance Program

All OSR employees and their families can access our personal Employee Assistance Program (EAP). This service includes counselling, manager support and briefing sessions for staff on the help available for work-related or personal issues.

Feedback from staff suggests the program is well received.

Occupational health and safety

In line with the NSW Government Working Together 2005–08 Strategy, we conducted an Occupational Health and Safety (OHS) and Injury Management audit and risk assessment in July 2008. We developed our OHS plan for 2008–11 using the audit findings.

As a result of our review of OHS and injury management processes, we have streamlined reporting and developed a proactive approach to minimise injuries within the workplace. The number of accident/incident reports has been reduced by 17 per cent in comparison to 2007–08, and 52 per cent in comparison to 2006–07.

Our Peak OHS Committee supports and promotes a range of staff health and well being programs across the organisation. Several health initiatives have been organised throughout the year, including a health and safety poster campaign, flu vaccination program, promotion of our Healthy Workforce Program and a quit smoking program.

Health and safety statistics

	2008–09	2007–08	2006–07	2005–06	2004–05
Accident incident reports	120	144	251	225	111
Workers compensation claims	30	44	43	34	42
Working days lost to compensation claims	1 106	997	1 253	528	378

Definition: Number of workers compensation claims, with a date of injury from 1 July 2008 to 30 June 2009

The fines system is designed to influence behaviour by ensuring that individuals take responsibility when they break the law.

Information services

We maintain reliable, efficient and responsive support for all computer facilities and applications. Change control processes and proactive monitoring ensure availability of our information technology systems for staff and clients, and that any productivity loss is minimised. We achieved 98.87 per cent system availability across all our websites and applications for the year.

Modernisation of our core taxation system, RECOUPS, commenced during the year. This business-sponsored project will extend the life of our tax collection system and will have minimal disruption to our tax collection. It will provide our staff with a more responsive, stable and efficient web-based system.

We continued to develop our Fine Enforcement System (FES), an integration of two existing computer systems used by SDRO. The new system will increase our capacity to ensure fines are processed and enforced correctly and on time. The fines system is designed to influence behaviour by ensuring that individuals take responsibility when they break the law.

Some of our major completed projects for the year included:

- publishing penalty notice camera images on our SDRO website
- enhancing and implementing web-based calculators for tax-based systems
- updating tax and fines applications as a result of State budget changes
- redesigning the user interface for camera images to allow better work management.

Major works in progress

Project	Cost to date	Completion date	Cost overruns in 2008–09
Fines Enforcement System	\$5 443 000	2010	\$15 000
RECOUPS modernisation	\$3 128 000	2012	\$0

Note: There were no amendments to projects in 2008–09.



“ RECOUPS modernisation is an important project for OSR. It is a rewarding experience to be involved with a team responsible for making a significant change and positioning OSR for the future. ”

Karen Flavin – Lead Business Specialist

Risk management

In 2008–09, we further strengthened our management of risks by implementing OSR Risks Online (ORION). ORION enables all OSR risk information to be recorded and maintained in a central database, giving us a consistent and well-governed approach to risk management.

We have also developed a number of documents to help guide staff and managers when assessing and managing risks across the organisation. These documents include:

- OSR Risk Management Policy
- Managing our Risks: a Risk Framework for OSR
- OSR Risk Assessment Guidelines.

To actively support staff in applying our Risk Framework and Guidelines, we have developed and implemented the Managing Risk in OSR e-learning program.

This program provides staff with the knowledge and skills to conduct risk assessments and manage and monitor risks on an ongoing basis. The program is self-directed and allows staff to learn at their own pace.

All risks identified at OSR are actively monitored and reviewed. All risks assessed as impacting OSR at a corporate level are reviewed quarterly by our Directorate.



A review was undertaken on our two Parramatta offices to revise and update our business continuity and crisis management plans.

Business continuity and security

We continue to review and test our business continuity, disaster recovery and crisis management plans, processes and capabilities across the organisation to ensure minimum service disruptions.

A review was undertaken on our two Parramatta offices to revise and update our business continuity and crisis management plans. As a result of this review, senior managers attended training based on a realistic scenario that could affect both premises. We are currently conducting the same review for our Lithgow and Maitland offices.

Our physical security program and operations continue to provide our assets, information and staff with a high level of protection and assist in ensuring that security, safety and OHS requirements are consistently met.

Environmental sustainability

We constantly monitor energy usage and remain committed to the principles of sustainability and reduction in greenhouse gas emissions.

Waste reduction and purchasing

We are committed to implementing the NSW Government's Waste Reduction and Purchasing Policy (WRAPP) in all our offices. The policy encourages better waste management practices and waste-friendly purchasing. This year, we achieved the following recycling results:

Paper and cardboard

We used 101.7 tonnes of paper and cardboard across all OSR offices and recycled 63.9 tonnes, or 62.8 per cent of the total consumed. This includes paper and cardboard used by external suppliers on our behalf.

The recycling rate reported in the 2007–08 Annual Report was incorrectly published as 64.7 per cent. The correct rate was 49.4 per cent.

The NSW Government Agency Standard recycling rate for paper and cardboard is 63 per cent.

Computer and IT equipment

We recycle all retired IT equipment, with dangerous or hazardous material recovered so that no harmful components end up in landfill. The equipment recycled includes computer equipment and print materials. Some items are auctioned, while other items considered 'usable' are donated to local schools.

Print consumables

We recycle 100 per cent of our printer toner cartridges. This year, we purchased, used and recycled 239 printer toner cartridges. We recycle these items with Planet Ark, which is the preferred NSW Government Agency print consumables recycler. Planet Ark returns all branded toner cartridges to their manufacturer for remanufacture and recycling, ensuring that no material ends up in landfill.

The NSW Government Agency standard rate for recycling print consumables is 86 per cent.

Purchasing

Wherever possible, we purchase stationery items made from either recycled material or items that are easily recyclable. In cases where this is not possible, we purchase items which have a long useable life. We provide refills for certain pens, or purchase recyclable pens where cost efficiencies are evident. Paper we purchase has a recycled content of 100 per cent.

We ensure we meet our requirements regarding publications under the NSW Government Sustainability Policy. The Forest Stewardship Council (FSC) is a body in charge of responsible management of the world's forests. Since 2008, we have been using FSC-certified print organisations for items we print.

Approximately 90 per cent of OSR publications are printed through our FSC-certified suppliers.

Energy management policy

Our energy management policies are aimed at reducing energy consumption and replacing our current reliance on fossil fuels with non-polluting, green energy sources. Around six per cent of our total energy consumption comes from renewable, non-polluting sources.

We constantly monitor energy usage and remain committed to the principles of sustainability and reduction in greenhouse gas emissions. We also review new and emerging technologies and encourage staff to reduce overall energy consumption.

Some of the energy management initiatives we have undertaken this financial year include:

- continued rollout of flat screen computer monitors to staff which reduces energy consumption
- staff briefing sessions held in conjunction with the Department of Environment and Climate Change (DECC) to educate staff about OSR's overall energy management policy and what actions they can take in their work and home environment. The briefing sessions were directed at water and energy efficiency improvements, reducing greenhouse gas emissions and waste and fleet management sustainable purchasing

- participation in DECC surveys on energy consumption. We are also undertaking the National Australian Built Environment Rating System assessments at appropriate sites in accordance with the NSW Government Sustainability Policy.



Motor vehicle fleet management

We have made significant gains in the management of our fleet in 2008–09, and have:

- reduced the number of vehicles
- leased 'greener' vehicles
- increased the use of E10 fuel throughout the fleet
- reduced vehicle emissions.

We are committed to meeting the 'Cleaner NSW Government Fleet' policy targets by increasing the environmental performance of our fleet and reducing total greenhouse gas emissions.

We continue to reduce the number of large-engined vehicles in our fleet, with the majority of vehicles now consisting of more fuel-efficient, small to medium-sized vehicles. We have a hybrid vehicle in the fleet and aim to obtain a second hybrid vehicle during the next 12 months.

We actively monitor and encourage the use of ethanol blend (E10) biofuel petrol in all vehicles. E10 usage has risen from an average of 622 litres to 914 litres over the last 12 months across our fleet of 28 vehicles. This represents around 38 per cent of our total fuel usage and is well above the NSW State guidelines of two per cent. We expect our entire fleet to be using E10 petrol over the next year.

Our fleet running costs have been significantly reduced through the implementation of our rolling three-year improvement plan, which incorporates specific fleet performance targets and ensures that all vehicles are regularly serviced and maintained to a basic level.

We have also reduced fleet costs by promoting the use of video conferencing facilities installed in each office, which means staff can avoid traveling long distances to attend meetings. This not only has environmental and resourcing benefits, but also health and safety benefits for our staff.

Financial statements

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Executive Director's statement

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

- a) the accompanying concise financial statements in respect of the year ended 30 June 2009 have been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the requirements of the *Public Finance and Audit Act 1983* and Regulation 2005, and the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under section 9(2) of the Act;

- b) the statements and notes exhibit a true and fair view of the financial position and transactions of the Agency; and
- c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Tony Newbury

8 September 2009

Executive Director and Chief
Commissioner of State Revenue

The following concise financial report is not accompanied by an audit certificate. This information has been incorporated in the consolidated financial statements of the NSW Treasury, which have been certified by the Auditor-General. The audit certificate appears in the NSW Treasury Annual Report.

This concise report is an extract from the NSW Treasury report for the year ended 30 June 2009. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of the agency as the full financial report. Further information can be obtained from the NSW Treasury financial report available free of charge on the NSW Treasury website at www.treasury.nsw.gov.au

The accompanying notes, discussion and analysis form part of these concise financial statements.

Discussion and analysis of the operating statement for the year ended 30 June 2009

The net cost of services result was \$129.1 million, which is \$3.5 million lower than budget. This was mainly attributable to:

- lower employee-related expenses of \$1.8 million due to vacancies and delayed recruitment which were partially offset by an adjustment made to long service leave accruals and changed rates for oncost provisions
- lower depreciation and amortisation of \$612 000 due to changes in project implementation dates
- higher sale of goods and services of \$379 000 relating to high user pays revenue from processing penalty notices
- higher other revenue of \$550 000 relating to refunds of workers compensation insurance premiums relating to prior years and rental outgoings
- losses of \$392 000 representing the impairment estimate for debtors relating to pre 1 July 2008 FHOGS and losses on asset disposals.

Operating statement

For the year ended 30 June 2009

	Actual 2009	Budget 2009	Actual 2008
	\$'000		
Expenses excluding losses			
Operating expenses			
Employee related	95 499	97 345	87 653
Other operating expenses	31 937	32 537	33 769
Depreciation and amortisation	11 269	11 881	11 891
Grants and subsidies	22 739	22 739	347 603
Other expenses	–	–	–
Total expenses excluding losses	161 444	164 502	480 916
Revenue			
Sale of goods and services	29 200	28 821	28 882
Investment revenue	2 013	2 130	2 204
Retained taxes, fees and fines	504	465	431
Grants and contributions	27	–	–
Other revenue	950	400	831
Total revenue	32 694	31 816	32 348
Gain/(loss) on disposal	(175)	–	(80)
Other gains/(losses)	(217)	–	(548)
Net cost of services	129 142	132 686	449 196
Government contributions			
Recurrent appropriation	112 753	112 798	434 911
Capital appropriation	8 194	8 206	4 769
Acceptance by the Crown Entity of employee benefits and other liabilities	7 245	5 802	6 272
Total government contributions	128 192	126 806	445 952
Surplus/(Deficit) for the year	(950)	(5 880)	(3 244)

Statement of recognised income and expense

For the year ended 30 June 2009

	Actual 2009	Budget 2009	Actual 2008
	\$'000		
Total income and expense recognised directly in equity	–	–	–
Surplus/(Deficit) for the year	(950)	(5 880)	(3 244)
Total income and expense recognised for the year	(950)	(5 880)	(3 244)

\$

Discussion and analysis of the balance sheet for the year ended 30 June 2009

Equity increased \$4.9 million (11.0 per cent) over budget due to the following:

Assets

- cash is higher than budget by \$6.7 million primarily due to a reduction in operating costs and receivables
- receivables under budget by \$1.6 million mainly due to a reduction in commercial client debtors
- plant, equipment and intangibles is higher than budget by \$0.5 million as a result of lower depreciation incurred as a result of revised scheduling in some projects.

Liabilities

- payables are less than budget by \$337 000 due to a reduction in operating expense accruals
- provisions are higher than budget by \$1.2 million due to the recognition of \$777 000 for voluntary redundancy payments to be paid in July 2009 and an adjustment of \$471 000 in employee leave oncosts.

Balance sheet

As at 30 June 2009

	Actual 2009	Budget 2009	Actual 2008
	\$'000		
Assets			
Current assets			
Cash and cash equivalents	23 225	16 517	16 622
Receivables	7 366	8 972	11 072
Total current assets	30 591	25 489	27 694
Non-current assets			
Receivables	101	41	41
Plant and equipment	24 141	19 309	23 060
Intangible assets	8 620	12 953	12 877
Total non-current assets	32 862	32 303	35 978
Total assets	63 453	57 792	63 672
Liabilities			
Current liabilities			
Payables	4 134	4 471	4 471
Provisions	9 244	8 020	8 020
Other	214	386	386
Total current liabilities	13 592	12 877	12 877
Non-current liabilities			
Provisions	115	90	90
Other	116	125	125
Total non-current liabilities	231	215	215
Total liabilities	13 823	13 092	13 092
Net assets	49 630	44 700	50 580
Equity			
Accumulated funds	49 630	44 700	50 580
Total equity	49 630	44 700	50 580

Discussion and analysis of the cash flow statement for the year ended 30 June 2009

The net cash flow from operating activities was \$14.9 million, representing a \$6.8 million increase over budget resulting from:

- lower payments of \$5.1 million for employee cash payments
- higher receipts of \$2.0 million relating to higher penalty notice revenue, interest, and a reduction in debtors partly offset by lower GST receipts
- cash transferred to the Crown to extinguish the 2007–08 liability of \$378 000.

Net cash outflow from investing activities is \$8.3 million, marginally higher than budget due to additional assets purchased.

Cash flow statement

For the year ended 30 June 2009

	Actual 2009	Budget 2009	Actual 2008
	\$'000		
Cash flows from operating activities			
Payments			
Employee related	(86 412)	(91 543)	(80 795)
Grants and subsidies	(22 739)	(22 739)	(346 883)
Other	(40 408)	(40 528)	(40 075)
Total payments	(149 559)	(154 810)	(467 753)
Receipts			
Sale of goods and services	30 782	28 821	28 799
Retained taxes, fees and fines	504	465	431
Interest received	2 484	2 130	1 697
GST	6 612	7 991	6 521
Other	3 475	2 500	646
Total receipts	43 857	41 907	38 094
Cash flows from government			
Recurrent appropriation	112 753	112 798	435 289
Capital appropriation (excluding equity appropriations)	8 194	8 206	4 769
Cash transfers to the Consolidated Fund	(378)	–	(165)
Net cash flows from government	120 569	121 004	439 893
Net cash flows from operating activities	14 867	8 101	10 234
Cash flows from investing activities			
Proceeds from sale of plant and equipment	7	–	176
Purchases of plant and equipment and intangibles	(8 275)	(8 206)	(4 929)
Other	4	–	–
Net cash flows from investing activities	(8 264)	(8 206)	(4 753)
Net increase/(decrease) in cash	6 603	(105)	5 481
Opening cash and cash equivalents	16 622	13 577	11 141
Closing cash and cash equivalents	23 225	13 472	16 622

Supplementary financial statements

Service group statements*

For the year ended 30 June 2009

Agency's expense and income	Service Group** 52.2		Service Group** 52.3		Service Group** 52.4		Not attributable		Total	
	2009	2008***	2009	2008***	2009	2008***	2009	2008	2009	2008
	\$'000									
Expenses excluding losses										
Operating expenses										
Employee related	52 858	48 745	36 721	34 053	5 920	4 855	–	–	95 499	87 653
Other operating expenses	15 528	17 250	14 259	15 362	2 150	1 157	–	–	31 937	33 769
Depreciation and amortisation	7 989	8 385	2 417	2 733	863	773	–	–	11 269	11 891
Grants and subsidies	22 739	22 182	–	–	–	325 421	–	–	22 739	347 603
Total expenses excluding losses	99 114	96 562	53 397	52 148	8 933	332 206	–	–	161 444	480 916
Revenue										
Sale of goods and services	3 167	3 327	25 956	25 545	77	10	–	–	29 200	28 882
Investment revenue	1 323	1 366	547	712	143	126	–	–	2 013	2 204
Retained taxes, fees and fines	–	–	504	431	–	–	–	–	504	431
Grants and contributions	24	–	–	–	3	–	–	–	27	–
Other revenue	901	810	5	3	44	18	–	–	950	831
Total revenue	5 415	5 503	27 012	26 691	267	154	–	–	32 694	32 348
Gain/(loss) on disposal	(157)	(68)	(1)	(6)	(17)	(6)	–	–	(175)	(80)
Other gains/(losses)	–	–	–	–	(217)	(548)	–	–	(217)	(548)
Net cost of services	93 856	91 127	26 386	25 463	8 900	332 606	–	–	129 142	449 196
Government contributions****	–	–	–	–	–	–	128 192	445 952	128 192	445 952
Net expenditure/(income) for the year	93 856	91 127	26 386	25 463	8 900	332 606	(128 192)	(445 952)	(950)	(3 244)
Agency's assets and liabilities*****										
Current assets										
Cash and cash equivalents	–	–	–	–	–	–	23 225	16 622	23 225	16 622
Receivables	2 077	2 220	4 383	5 974	906	2 878	–	–	7 366	11 072
Total current assets	2 077	2 220	4 383	5 974	906	2 878	23 225	16 622	30 591	27 694
Non-current assets										
Receivables	73	28	21	10	7	3	–	–	101	41
Plant and equipment	11 249	9 901	12 025	11 974	867	1 185	–	–	24 141	23 060
Intangibles	3 666	5 845	4 606	6 423	348	609	–	–	8 620	12 877
Total non-current assets	14 988	15 774	16 652	18 407	1 222	1 797	–	–	32 862	35 978
Total assets	17 065	17 994	21 035	24 381	2 128	4 675	23 225	16 622	63 453	63 672
Current liabilities										
Payables	2 692	2 871	1 170	1 304	272	296	–	–	4 134	4 471
Provisions	5 116	4 456	3 555	3 119	573	445	–	–	9 244	8 020
Other	64	262	16	97	134	27	–	–	214	386
Total current liabilities	7 872	7 589	4 741	4 520	901	768	–	–	13 592	12 877
Non-current liabilities										
Provisions	64	50	44	35	7	5	–	–	115	90
Other	84	85	24	31	8	9	–	–	116	125
Total non-current liabilities	148	135	68	66	15	14	–	–	231	215
Total liabilities	8 020	7 724	4 809	4 586	916	782	–	–	13 823	13 092
Net assets	9 045	10 270	16 226	19 795	1 212	3 893	23 225	16 622	49 630	50 580

Service group statements*

For the year ended 30 June 2009 (continued)

Agency's assets and liabilities	Service Group** 52.2		Service Group** 52.3		Service Group** 52.4		Not attributable		Total	
	2009	2008***	2009	2008***	2009	2008***	2009	2008	2009	2008
	\$'000									
Current liabilities										
Payables	2 692	2 871	1 170	1 304	272	296	–	–	4 134	4 471
Provisions	5 116	4 456	3 555	3 119	573	445	–	–	9 244	8 020
Other	64	262	16	97	134	27	–	–	214	386
Total current liabilities	7 872	7 589	4 741	4 520	979	768	–	–	13 592	12 877
Non-current liabilities										
Provisions	64	50	44	35	7	5	–	–	115	90
Other	84	85	24	31	8	9	–	–	116	125
Total non-current liabilities	148	135	68	66	15	14	–	–	231	215
Total liabilities	8 020	7 724	4 809	4 586	994	782	–	–	13 823	13 092
Net assets	9 045	10 270	16 226	19 795	1 134	3 893	23 225	16 622	49 630	50 580

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

** The name and purpose of each program is summarised below.

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

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

***** All assets and liabilities with the exception of cash have either been directly allocated where there is a distinct relationship, or allocated using an appropriate base, eg net cost of service. As cash can be applied in achieving the objectives of all service groups, it is classified as 'Not attributable'.

Service group statements*

For the year ended 30 June 2009 (continued)

Agency's expense and income	Service Group** 52.2		Service Group** 52.3		Service Group** 52.4		Not attributable		Total	
	2009	2008***	2009	2008***	2009	2008***	2009	2008	2009	2008
	\$'000									
Administered expenses										
Other (note 6) ⁱⁱⁱ⁾	52 411	43 069	–	85 589	797 779	61 086	–	–	850 190	189 744
Total administered expenses	52 411	43 069	–	85 589	797 779	61 086	–	–	850 190	105 595
Administered income										
Revenues earned (note 7 (a))										
Taxes, fees and fines ⁱ⁾	15 077 539	15 967 318	295 658	274 526	–	–	–	–	15 373 197	16 258 189
Other	713 239	755 292	–	–	–	–	–	–	713 239	755 292
Total administered income	15 790 778	16 722 610	295 658	274 526	–	–	–	–	16 086 436	16 997 136
Administered income less expenses	15 738 367	16 679 541	295 658	188 937	797 779	61 086	–	–	15 236 246	16 807 392

i) The 2008 comparative under service group 52.3 has been restated to correct for errors identified in 2009 (refer to note 1).

ii) The 2008 comparatives for service group 52.4 have been restated to include amounts previously disclosed under service group 52.2. These relate to petroleum subsidy payments, GST rebates paid to clubs and unclaimed money refunds.

iii) Administered assets and liabilities are disclosed in notes 3 and 4.

Programs/activities of the agency

Service Group 52.2 Revenue Administration Services

Ensure effective and equitable collection of revenue from taxes, duties and other sources due to the State of NSW.

Service Group 52.3 Infringement Processing and Fine Enforcement Management

Ensure effective and timely infringement processing and fine enforcement services.

Service Group 52.4 Benefits Services

Ensure eligible applicants receive payments due under State Government schemes.

\$

Summary of compliance with financial directives

For the year ended 30 June 2009

	2009				2008			
	Recurrent Appropriation	Expenditure/ Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net Claim on Consolidated Fund	Recurrent Appropriation	Expenditure/ Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net Claim on Consolidated Fund
	\$'000							
Original Budget Appropriation/ Expenditure								
■ Appropriation Act	112 798	112 643	8 206	8 198	429 293	429 293	4 769	4 769
■ Section 26 PF&A Act – Commonwealth specific purpose payments	–	–	120	–	–	–	–	–
	112 798	112 643	8 326	8 198	429 293	429 293	4 769	4 769
Other Appropriations/Expenditure								
■ Section 22 – expenditure for certain works and services	206	206	445	45	31 000	3 422	–	–
■ Transfers to/from another agency (section 31 of the Appropriation Act)	(96)	(96)	–	–	–	–	–	–
■ Transfers to/from another agency (section 33 of the Appropriation Act)	–	–	–	–	2 196	2 196	–	–
	110	110	445	45	33 196	5 618	–	–
Total Appropriations/Expenditure/ Net Claim on Consolidated Fund (includes transfer payments)	112 908	112 753	8 771	8 243	462 489	434 911	4 769	4 769
Amount drawn down against Appropriation		112 753		8 194		435 289		4 769
Liability to Consolidated Fund		–		(49)		378		

- 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' represents the difference between the 'Amount drawn down against Appropriation' and the 'Total Expenditure/Net Claim on Consolidated Fund'.

Notes to the concise financial statements

For year 30 June 2009

This concise financial report has been prepared on the basis that it complies with AASB 1039.

There is no statutory requirement for OSR to prepare a concise financial report and it does not need to comply with Accounting Standard AASB 1039 Concise Financial Reports. However, this concise financial report has been prepared on the basis that it complies with AASB 1039.

1. Administered activities

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

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

In accordance with the Crown Entity's current revenue recognition policy (TC 92/25 'Accounting for Crown Revenue') State revenue is recognised as follows within note 7(a):

- government-assessed revenues (primarily land tax) are regarded as being able to be measured reliably at the time of issuing the assessment

- taxpayer-assessed revenues (including payroll tax and duties) are regarded as being able to be measured reliably when the funds are received by the agency. Additional revenues are recognised for assessments subsequently issued following the review of returns lodged by taxpayers
- interest payable on government and taxpayer-assessed revenues is brought to account on a daily basis
- enforcement orders issued by SDRO are regarded as being able to be measured reliably when the enforcement order is issued and assessed as recoverable or meeting asset recognition criteria. Penalty notices issued are regarded as being able to be measured reliably when the payment is received.

Receivables and liabilities reported under administered activities are a result of statutory requirements and are not financial instruments.

From 1 July 2008, FHOGS became an administered activity of the Agency for the Crown (as opposed to a departmental activity) and is reported under notes 3 to 7. Receivables owing as at 30 June 2008 have remained with OSR. FHOGS receivables are a statutory requirement and are not financial liabilities or financial assets.

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

Prior year correction

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

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

Administered expenses – note 6	2008 Post correction	2008 Prior to correction	Change
	\$'000		
Revaluation – fine receivables	85 589	–	85 589

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

Fines revenue earned – note 7(a)	2008 Post correction	2008 Prior to correction	Change
	\$'000		
Motor traffic fines (including traffic fines)	231 739	245 493	(13 754)
Other fines	1 358	1 358	–
Fees	34 578	37 169	(2 591)
Court fines	6 851	6 851	–
Total fines	274 526	290 871	(16 345)

In addition, the comparatives under note 3(b) have been amended to include amounts administered on behalf of the Attorney-General's Department and RTA sanction fees. Changes were also implemented to improve estimates of amounts

considered recoverable and meeting asset recognition criteria following identification of a classification error during 2009 for prior periods. The impact of these changes is outlined below:

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

2. Trust funds

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

a) Unclaimed Money Trust Accounts

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

b) SDRO Client Funds Account – Fines

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

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

c) SDRO Public Monies Accounts – Fines

	2009	2008
	\$'000	
Cash balance at the beginning of the financial year	8 599	5 567
Add: Receipts	159 365	155 089
Less: Payments	160 401	152 057
Cash balance at the end of the financial year	7 563	8 599

Amounts held in the Public Monies account for SDRO represent receipts collected during the debt management process, on behalf of clients that are remitted in the month following receipt. The closing balance for 2008 has been adjusted up \$5000 due to an error in 2008. The receipts and payments comparatives for 2008 increased \$14 000 and \$9000 respectively.

\$

3. Administered assets – receivables

a) Tax receivables

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

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

The receivables to the left represent taxes owed by clients at the close of business on 30 June 2009 and exclude any credit balances, which are disclosed separately in note 4.

Current and instalment amounts

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

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

i) Approved clubs and hotels can pay their quarterly gaming machine tax in three equal instalments without being charged interest for the late payment. The scheme aims to assist those demonstrating financial hardship.

ii) Duties appeals and objections include an assessment for \$501.7 million consisting of \$258.9 million in duty and \$242.8 million in interest (\$460.9 million consisting of \$258.9 million duty and \$202 million interest in 2007–08) which is subject to appeal in the Supreme Court. The matter is currently in the legal discovery phase. The Chief Commissioner of State Revenue does not believe that there are grounds for impairing the receivable at this time.

iii) From 1 July 2008, FHOGS became an administered activity of the agency on behalf of the Crown. At 30 June 2008, receivables owing totalled \$3.6 million with a corresponding impairment allowance of \$783 000.

Overdue amounts

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

Note: The allowance for impairment relates to matters primarily greater than 90 days overdue.

Recovery of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. The credit risk is the carrying amount (net of any allowance for impairment).

Interest is charged on overdue receivables in accordance with section 22 of the *Taxation Administration Act 1996*. The carrying amount approximates fair value.

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

Land tax

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

b) Fine receivables (SDRO)

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

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

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

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

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

\$0.5 million (\$0.5 million in 2007–08) to be repaid by referring agencies to SDRO is not included in the receivables reported above.

\$53.4 million (\$37.4 million in 2007–08) of fine receivables approved for write-off prior to 30 June 2009 has been brought to account in the above figures and will be written off in the subsidiary ledger in 2009–10.

\$

4. Administered liabilities

Credit balances against tax receivables have not been netted off against the receivables reported in note 3 and are required to be shown separately as administered liabilities.

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

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

5. Administered income – debts written off/remissions

a) Debts written off

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

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

b) Remissions

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

Penalties and interest remitted during the year amounted to:

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

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

6. Administered expenses – other

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

	2009	2008
	\$'000	
Act of Grace payments	1 833	536
Petroleum subsidies ⁱ⁾	43 200	42 143
Court imposed interest payments	1 204	2 213
Unclaimed money refund – Section 14 <i>Public Finance and Audit Act 1983</i>	137	95
Bad debts expense ⁱⁱ⁾	32 743	24 411
Land tax discounts ⁱⁱⁱ⁾	18 065	15 909
GST rebate – Clubs ^{iv)}	18 446	18 848
Revaluation – fine receivables ^{v)}	–	85 589
FHOGS ⁱⁱ⁾	734 562	–
Total administered expenses	850 190	189 744

- i) Petroleum subsidies are paid to petroleum distributors to enable northern NSW retailers to compete with Queensland retailers who are provided with a subsidy by the Queensland Government.
- ii) From 1 July 2008, FHOGS became an administered activity of the NSW Treasury on behalf of the Crown. The comparative for 2008 totalled \$325.4 million. Bad debts expense for 2008–09 includes an allowance for impairment of \$446 136 for FHOGS.
- iii) A 1.5 per cent discount is offered to land tax clients for full payment of their liability by the first instalment date.
- iv) The GST rebate is paid to clubs to compensate for the impact of the GST and commenced during 2004–05. It is based on gaming profits and is paid quarterly.
- v) The comparative for 2008 includes a write down of \$85.6 million for fine receivables considered not to meet asset recognition criteria following correction of a classification error in 2008 (refer note 1).

\$

7. Administered income – Crown Entity

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

a) Revenue earned

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

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

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

ii) The budgets for payroll tax and land tax include consolidation elimination estimates for public sector agencies of \$820 million and \$2.3 million respectively.

iii) \$19.1 million has been recognised in motor traffic fine revenue that relates to the increase in recoverable fines for the current year (refer to note 3 (b)). The 2008 comparative for motor traffic fines was adjusted down \$16.3 million as disclosed under note 1.

iv) Approved clubs and hotels can pay their quarterly gaming machine tax in three equal instalments without being charged interest for the late payment. The scheme aims to assist those demonstrating financial hardship.

v) \$187 000 relating to the reversal of a prior period assessment for debits tax has not been included in the 2008 comparative.

b) Revenue collected

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

i) \$187 000 relating to a refund of debits tax for a prior period has not been included in the 2008 comparative. Amounts totalling \$20.5 million (\$16.8 million 2007–08) paid on 30 June and transferred to the Crown Entity on 1 July are included in the above figures.

8. Administered contingent liabilities and contingent assets

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

End of concise
Financial Statements

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Appendix 1 Legislative changes

A number of amendments were made to the legislation we administer. Full details of these changes can be obtained by referring to the relevant Act.

State Revenue and Other Legislation Amendment (Budget Measures) Act 2009

Amends the following Acts:

Duties Act 1997:

- defer abolition of certain duties
- increase flat rate duties
- grant a duty exemption to a vesting of land that occurs as a consequence of the termination of a strata scheme or similar scheme.

First Home Owner Grant Act 2000:

- increase the amount of the first home owner grant by giving effect to:
 - ▶ the First Home Owner Boost Scheme
 - ▶ NSW New Home Buyers Supplement Scheme.

Land Tax Act 1956:

- provide for a new premium rate of land tax on land holdings with a taxable value of more than \$2 250 000.

Land Tax Management Act 1956:

- provide for the annual adjustment of the premium rate threshold.

Parking Space Levy Act 1992:

- increase the parking space levy for category one spaces for the 2009–10 financial year
- increase the parking space levy for category two spaces for the 2009–10 financial year.

Fines Further Amendment Act 2008

Amends the *Fines Act 1996* (the principal Act) to:

- permit persons in receipt of certain government benefits to elect to pay fines in regular instalments
- provide for the giving of official cautions in certain circumstances as an alternative to issuing a penalty notice
- provide for an internal review of a decision to issue a penalty notice in certain circumstances
- require SDRO, when considering whether or not to annul a penalty notice enforcement order, to first review the decision to issue the penalty notice, unless an internal review of that decision has previously been undertaken
- provide for the trial of a scheme to allow persons belonging to certain vulnerable groups to satisfy a fine by undertaking activities under work and development orders
- extend the power to write off fines to enable fines to be partially written off.

The Act also amended the:

- *Crimes (Administration of Sentences) Act 1999* to permit information obtained in the administration of that Act to be disclosed to SDRO
- *Fines Regulation 2005* to:
 - ▶ provide for the waiver, postponement or refund of costs and fees
 - ▶ provide that an internal review of a decision to issue a penalty notice is not required if the penalty notice was issued by a police officer
 - ▶ provide for a trial period for work and development orders and the maximum number of such orders that may be made during that period
- *Road Transport (Driver Licensing) Act 1998* and regulations under that Act to create separate offences in relation to suspended or cancelled driver licences where the suspension or cancellation occurs under the principal Act.

State Revenue Legislation Amendment Act 2009

Amends the following Acts:

Duties Act 1997:

- introduce a scheme for a 50 per cent reduction in the duty payable on new housing (to be known as the NSW Housing Construction Acceleration Plan or HCAP)
- abolish the duty payable on an application to register a caravan (including a camper trailer).

First Home Owner Grant Act 2000:

- extend the period of operation of the NSW New Home Buyers Supplement.



State Revenue Legislation Further Amendment Act 2009

Amends the following Acts:

Duties Act 1997:

- make further provision for eligibility for a duty concession or exemption under the FHP scheme
- make further provision for the recovery of duty where the duty concession or exemption under the FHP scheme is wrongly applied to an agreement or transfer
- make the duty chargeable in respect of an acquisition of an interest in a landholder regardless of whether the landholder is 'land rich' and to make other changes to the scheme for landholder duty
- revise and simplify arrangements for the assessment of duty on mortgages
- deter artificial, blatant or contrived schemes to reduce, avoid or postpone liability for duty by introducing special provisions relating to the assessment of tax avoidance schemes
- make further provision for the charging of duty in respect of the transfer of business assets
- provide for further concessions in respect of transactions charged with nominal duty
- require an emergency services levy to be treated as part of the premium of an insurance policy for duty purposes
- clarify that a duty of five per cent of the premium is payable on life insurance that is trauma or disability insurance
- replace the current arrangements by which certain Crown bodies are charged with duty under the Act
- make other minor amendments, including for law revision purposes.

Fines Act 1996:

- provide that if a person's court fine enforcement order or a penalty notice enforcement order is withdrawn or annulled, any money already paid under the order may be allocated to the payment of other fines enforcement orders payable by the person
- specify how applications for the annulment of penalty notice enforcement orders are to be determined
- clarify that amounts payable under a penalty notice received, recovered or collected by SDRO on behalf of another person or body (for example, a local council) may be paid by SDRO to the person or body (rather than into Consolidated Revenue as is the general rule) and that SDRO may deduct or retain its fee or payment from those amounts
- make certain terminology used in that Act relating to motor vehicles consistent with road transport legislation.

First Home Owner Grant Act 2000:

- extend the application of the First Home Owner Boost for new and established homes
- establish a cap on eligibility for FHOGS
- allow the Chief Commissioner of State Revenue to vary or reverse a decision to confer a grant that was based on false or misleading information provided by the applicant for a first home owner grant at any time after the decision is made
- allow the Chief Commissioner of State Revenue to lodge a caveat in respect of land to ensure the payment of any amount that is recoverable from an applicant
- permit information obtained in the administration of the *First Home Owner Grant Act 2000* to be disclosed in connection with the administration of the *First Home Saver Accounts Act 2008* of the Commonwealth
- confirm that the commencement date of an eligible transaction is the date at which an applicant's compliance with certain eligibility criteria is to be determined
- make minor amendments for law revision purposes.

Land Tax Management Act 1956:

- provide that lessees of Crown land on Lord Howe Island are exempt from land tax
- provide that the joint assessment of joint owners of land is to be on the basis of the aggregated values of the proportionate interests of non-exempt joint owners
- clarify that when the Commonwealth is a joint owner of land, the Commonwealth's immunity from land tax does not confer immunity or exemption on any other joint owner
- exempt company title home units from the provision that makes land tax a first charge on land
- clarify that a principal place of residence concession that applies following the death of the owner of residential land extends to strata lots
- extend principal place of residence concessions that apply following the death of an owner to the land tax reductions that apply to partial use of land for residential purposes.

Petroleum Products Subsidy Act 1997:

- provide for the abolition of the subsidy scheme under that Act on 1 July 2009 or on a later date specified by regulation.

Taxation Administration Act 1996:

- provide that the market rate component of the interest rate that is payable on unpaid tax is to be updated quarterly rather than annually
- provide that the reduction in penalty tax for a voluntary disclosure of information relating to a tax default does not apply to certain registered taxpayers who fail to lodge a return and pay tax by the due date.

Betting Tax Act 2001:

- confirm that betting tax on approved betting activities is payable at a rate of 10.91 per cent, rather than the higher rate of 19.11 per cent
- remove the power of the Governor to make an order declaring a lower rate of betting tax for approved betting activities.

Payroll Tax Act 2007:

- ensure that the relevant amount of wages that must be paid by employers annually in order for them to be designated as a group for payroll tax purposes is the same as the threshold amount for payroll tax
- authorise the Hardship Review Board, which is constituted under the *Taxation Administration Act 1996*, to exercise its functions under that Act in relation to payroll tax payable under the *Payroll Tax Act 2007*.

Insurance Protection Tax Act 2001:

- ensure that the premium payable for general insurance includes any contribution required to be paid by an insurer under the *State Emergency Services Act 1989*
- other minor amendments, including for law revision purposes.

Unclaimed Money Act 1995:

- provide that unclaimed dividends and other unclaimed amounts arising from the liquidation of a company that have been or will be paid to the Treasurer under a provision of the Companies (New South Wales) Code are to be paid to the Chief Commissioner of State Revenue and dealt with as unclaimed money under the *Unclaimed Money Act 1995*.

Health Insurance Levies Act 1982:

- make minor amendments of a statute revision nature.

Significant legal cases (Decided)

Chief Commissioner of State Revenue v Sacco (2008) NSWADTAP 61

Issue

Whether a land tax exemption for a principal place of residence can be claimed for two lots divided by a brick fence.

Details

A client owned two lots divided by a brick fence with a gate allowing access between lots and had claimed a principal place of residence exemption for both lots as one 'parcel of land'. The Tribunal found at the first instance that the brick fence did not physically divide the two lots and determined that the lots were a parcel of residential land.

Outcome

The key element in this case was the effect of a dividing fence in the interpretation of 'physical separation'. The Appeal Panel confirmed the Chief Commissioner of State Revenue's view that the existence of a dividing fence was sufficient to divide the two parcels of land. The exemption only applied to the lot on which the residence was situated.

Chief Commissioner of State Revenue v Greenish (2008) NSWADTAP 66

Issue

Whether a land tax exemption can be claimed for both a current and intended residence.

Details

In the 2005 land tax year, a client applied for an exemption on both a current and an intended residence. The Chief Commissioner of State Revenue assessed the client in 2005 on the basis that the requirements of the *Land Tax Management Act 1956* (the Act) for an exemption on two residences were not met as at 31 December 2004. The intended place of residence was assessed for the 2005 tax year.

The Tribunal found that the deeming provisions of the Act satisfied the provisions of Schedule 1A Clause 7 of the Act; therefore both the current and intended residences were exempt.

Outcome

The Appeal Panel reaffirmed the Chief Commissioner of State Revenue's decision that Clause 7 of the Act did not apply. It found that the deeming provisions of Schedule 1A Clause 6 of the Act cannot be used to fulfil the requirement of Schedule 1A Clause 7 of the Act. The two concessions cannot be mixed. To meld the two concessions is an incorrect application of the Schedule. Only the property used and occupied as the principal place of residence as at 31 December 2004 was granted the exemption.

Asciano Services Pty Ltd v Commissioner of State Revenue (2008) ATC 20-047

Issue

Whether an agreement granting access rights met the definition of a lease under the *Duties Act 1997*.

Details

Pacific National was party to an agreement which granted them access rights to railway lines and associated infrastructure. The question was whether this was also an agreement by which the organisation gained a right to use land, which would be dutiable as a lease as defined in the *Duties Act 1997*. Pacific National contended that its right of access was statutory and was granted by the *Transport Administration Act 1988*.

Outcome

The High Court focused on the actual wording of the relevant section of the *Duties Act 1997* to determine whether the agreement was an agreement by which the right was acquired; which it plainly was. Pacific National had no such right prior to its entry into the agreement.

Appendix 2 New publications

Publications

Annual Report 2007–08
Corporate Plan 2008–09
Freedom of Information
– Statement of Affairs
Freedom of Information
– Summary of Affairs
Land Tax Information Booklet 2009
NSW 2009 Payroll Tax
Seminar Notes
NSW 2009 State Taxes
Seminar Notes
OSR Connect newsletters
FHOGS newsletters

Factsheets

Compliance Program 2008–09
First Home Owner Boost Scheme
First Home Owner Grant Scheme
– Penalties for Non-Compliance
First Home Benefits Proof
of Identity
Hire of Goods
Land Tax 2009
Landholder Duty
Land Rich Acquisition Duty
Land Tax Crown and
Council Leases
Land Tax Deduction to Prevent
Double Taxation
Land Tax Primary Production
Land Exemptions
Land Tax 2009 Related Companies
Motor Vehicle Registration Duty
NSW Housing Construction
Acceleration Plan (HCAP)
NSW New Home
Buyers Supplement
NSW State Taxes and Your
Business – General Information
Objections and Reviews
Payroll Tax (NSW) Exemptions
Payroll Tax (NSW) Contractors
and Employment Agents
Payroll Tax (NSW) Information
for Employers
Premium Property Duty
Unclaimed Money Information
for Enterprises
Stamping and Marking
Documents before Lodging
at Department of Lands

Revenue Rulings

Land tax

LT82 – Exemption – Principal Place
of Residence (15 August 2008)

LT83 – Exemption – Land Used
and Occupied Primarily for a
Boarding House (2009 tax year)

LT84 – Exemption – Land Used and
Occupied Primarily for Low Cost
Accommodation (2009 tax year)

Payroll tax

PTA033 – Contractors – Services
Ancillary to the Supply of Goods
(22 September 2008)

PTA034 – Contributions to the
Construction Industry Long Service
Leave and Redundancy Funds
(22 September 2008)

PTA035 – Contractors – 90 Day
Exemption (30 March 2009)

Duties

DUT 36 – Aggregation of Dutiable
Transactions (5 February 2009)

DUT 37 – Change in Trustees –
Section 54(3) *Duties Act 1997*
(22 May 2009)

Appendix 3 Committees

Directors' Committee

OSR directors meet fortnightly to review strategic and operational issues.

Members:

Tony Newbury (Chair), Bob Gillam (to July 2008), Dianne Barden, Mick Mioduszezewski, Bob Mielnik, Natasha Makoter (to August 2008) David Kennedy, Anthony Johnston (from August 2008), Peter Steele (from September 2008), Alexandra Givney.

Finance Committee

Meets monthly and is a standing committee of the Executive. The committee has principal oversight responsibility for operational financial matters and budgetary reviews.

Members:

Tony Newbury (Chair), Natasha Makoter (to August 2008), Dianne Barden, Mick Mioduszezewski, Bob Mielnik (from August 2008), Bob Gillam (to July 2008), David Kennedy, Anthony Johnston (from August 2008), Peter Steele (from September 2008), Alexandra Givney.

Audit Committee

Meets quarterly to assist the OSR directorate in adhering to the principles of sound corporate governance. The committee includes senior management staff with key financial and executive responsibilities and has an independent chair.

Members:

Peter Lucas (Independent Chair), Tony Newbury, Dianne Barden, Bob Gillam, Peter Steele (from October 2008), Mick Mioduszezewski, Bob Mielnik (to October 2008).

Observers:

Peter Barnes (NSW Audit Office – to December 2008), Peter Boulous (NSW Audit Office – from December 2008), KP Sharma (NSW Audit Office – to May 2009), Belinda Attard (NSW Audit Office – from May 2009), Suzette Gay.

Information and Communications Technology Steering Committee

Meets monthly to provide direction and governance for Information and Communications Technology (ICT) issues in OSR including strategic planning, projects and operations.

Members:

Tony Newbury (Chair), David Kennedy, Mick Mioduszezewski, Dianne Barden, Peter Steele (from August 2008), Ernil Sipp (to October 2008), Natasha Makoter (to August 2008), Bob Mielnik (from September 2008), Akhila Nagarajan, Alexandra Givney, Moira Hewitt (from December 2008).

Executive Quality Council

Meets quarterly and represents the peak body to oversee and provide strategic direction for quality management initiatives across OSR.

Members:

Tony Newbury (Chair), Anthony Johnston, David Kennedy, Dianne Barden, Mick Mioduszezewski, Peter Steele, Suzette Gay, Kosmas Stergiou, Libby Paul, Mandy Town.

OSR and NSW Land and Property Information Strategic Partnership Executive Group

OSR has established a strategic partnership group with the Land and Property Information Division of the NSW Department of Lands which comprises an executive group and four working parties focused on improving client service, improving systems and data management, implementing the National Electronic Conveyancing System (NECS), and aligning legislation and policy.

OSR representatives:

Peter Steele, Nikki Kempson, Matthew Hay, Elizabeth Verteouris.

State Taxes Liaison Committees

These committees involve meetings between OSR and professional, industry and client groups to resolve technical and administrative issues and to consider proposals for legislative changes.

OSR members:

Tony Newbury, Anthony Johnston (from August 2008), Bob Gillam, Ian Phillips, Peter Johnson.

Client organisations represented:

Chartered Secretaries Australia, CPA Australia, Housing Industry Association, Institute of Chartered Accountants in Australia, Law Society of New South Wales, Real Estate Institute of New South Wales, State Council Inc and Small Business Combined Association, the Taxation Institute of Australia and the Property Council of Australia (NSW).

Payroll Tax Harmonisation Committee

This committee involves monthly meetings between OSR and other jurisdictions' revenue offices to oversee the design, implementation and maintenance of an administration framework to reduce red tape and compliance costs for taxpayers.

OSR representatives:

Anthony Johnston (Chair), Victoria Donnelly.

SDRO/RTA Senior Managers Committee

Meets quarterly to discuss issues which impact on both agencies which can include the transfer of information, legislative changes and operational issues.

OSR representatives:

Mick Mioduszewski, Gregory Frearson, Tim Jessup, Alan Watkins, Mick Roelandts.

Treasury Consultative Committee

A forum for management, staff union representatives and the Public Service Association to discuss and evaluate industrial issues and workplace change.

Management representatives:

Michael MacLean (OSR), Daniel Quinn (OFM), Rose Williams (OFM).

Staff and union representatives:

Chris Harrison, Garth Nolan, Christine Brear, Nicola Christie, Suzannah Kerr, James Heritage, Matt Smith, Christina Brunton, Peter Ireland, Nicole Mullet (all OSR), Greg O'Donnell (OFM), Yvonne English (OFM), Shane Howes (PSA), Garry Harris (PSA).

Occupational Health and Safety Peak Committee

The Peak Committee was developed to assess OHS trends and issues that require action and recommends preferred strategies.

Members:

Brenna Southwell and Gary Rosevear (Parramatta), Steve Corbett (Sydney), David Anderson (Newcastle), Brian Carnegie (Wollongong), Stephen Smith (Maitland), Julia Wilkman (Lithgow).

Appendix 4 Expenditure on consultants

Consultants costing \$30 000 or more

Consultant	Project	Amount (ex-GST)	Category
The Nous Group	Business improvement project engagement plan	\$77 532	Organisational review

Consultants costing less than \$30 000

There were eight consultancies each costing less than \$30 000 totalling \$168 075.

Consultant	Project	Category
Alphawest Services Pty Ltd	TRIM web access scoping	IT
Decision Max Software Pty Ltd	OSR print imaging optimisation and rationalisation audit program	IT
Cliff Reece & Associates Pty Ltd	Review of business continuity plan documentation	Management services
Marana Consulting Group	Voice of SDRO/training	Training
BizCubed Pty Ltd	Business intelligence – proof of concept	IT
ARTD Consulting	Staff survey 2008	Organisational review
Deloittes	Risk assessment project	Organisational review
Dimension Data	Data minimisation assessment	IT

The total cost of OSR consultancies was \$245 607.

Appendix 5 Freedom of Information

The number of *Freedom of Information Act 1989* (FOI Act) applications rose during 2008–09 from 150 to 194.

A number of determinations were not completed within statutory timeframes this year as a result of staffing changes and an increase in the number of complex applications to be determined. We have now put in place new arrangements to improve our performance in future.

This year, we also made a submission to the Ombudsman's review of existing FOI legislation and responded to the Department of Premier and Cabinet's call for submissions to the exposure draft of the *Open Government Information Act 2009*.

No ministerial certificates were issued. We received no requests for amendments or notation of personal records and did not have any fee refunds for correction of personal records.

Section A – Freedom of Information requests

	Personal		Other		Total	
	2008–09	2007–08	2008–09	2007–08	2008–09	2007–08
New (including transferred in)	132	42	59	95	191	137
Brought forward	2	5	1	8	3	13
Total to be processed	134	47	60	103	194	150
Completed	104	43	46	89	150	132
Discontinued	17	2	8	13	25	15
Total processed	121	45	54	102	175	147
Unfinished (carried forward)	13	2	6	1	19	3

We received no requests for amendments and did not have any fee refunds for correction of personal records.

Section B – Discontinued applications

	Personal		Other		Total	
	2008–09	2007–08	2008–09	2007–08	2008–09	2007–08
Request transferred to another agency	7	0	0	4	7	4
Applicant withdrew request	9	2	5	2	14	4
Applicant failed to pay advance deposit	1	0	3	1	4	1
Applicant failed to amend a request that would have been an unreasonable diversion of resources	0	0	0	6	0	6
Total discontinued	17	2	8	13	25	15

Section C – Completed applications

	Personal		Other		Total	
	2008–09	2007–08	2008–09	2007–08	2008–09	2007–08
Granted in full	75	24	40	63	115	87
Granted in part	12	11	1	17	13	28
Refused	4	3	3	9	7	12
No. of documents held	13	5	2	0	15	5
Completed	104	43	46	89	150	132

Section D – Refused applications (exempt documents)

	Personal		Other		Total	
	2008–09	2007–08	2008–09	2007–08	2008–09	2007–08
Documents affecting law enforcement and public safety (Clause 4)	0	1	2	0	2	1
Documents affecting personal affairs (Clause 6)	3	0	1	1	4	1
Documents affecting business affairs (Clause 7)	0	0	0	4	0	4
Documents containing confidential material (Clause 13)	0	0	0	1	0	1
Documents concerning operations of agencies (Clause 16)	0	0	0	1	0	1
Other exemptions (eg Clauses 20, 22A and 26)	1	2	0	2	1	4
Total applications including exempt documents	4	3	3	9	7	12

Section E – Formal consultations

	Number	
	2008–09	2007–08
Number of applications requiring formal consultations	9	12
Number of people formally consulted	21	16

Section F – Fees and costs

	Assessed costs		Fees received	
	2008–09	2007–08	2008–09	2007–08
	\$			
All completed applications	9 210	3 450	5 605	7 380

Note: 'Assessed costs' include applications where we did not process reduced fees and/or processing costs and processing fees outstanding as at 30 June 2009. These costs exclude transferred applications.

Section G – Fee discounts

	Personal		Other		Total	
	2008–09	2007–08	2008–09	2007–08	2008–09	2007–08
Processing fees waived in full	1	1	4	0	5	1
Public interest discounts	0	0	6	0	6	0
Financial hardship discounts – pensioner or child	5	3	0	3	5	6
Financial hardship discounts – Non profit organisation	0	0	0	4	0	4
Total	6	4	10	7	16	11

Section H – Days taken to complete request

	Personal		Other		Total	
	2008–09	2007–08	2008–09	2007–08	2008–09	2007–08
0–21 days – statutory determination period	72	20	35	27	107	47
22–35 days – extended statutory determination period for consultation or retrieval of archived records (section 59B)	14	10	2	26	16	36
Over 21 days – deemed refusal where no extended determination period applies	16	4	7	7	23	11
Over 35 days – deemed refusal where extended determination period applies	2	9	2	29	4	38
Total	104	43	46	89	150	132

Section I – Processing time: hours

	Personal		Other		Total	
	2008–09	2007–08	2008–09	2007–08	2008–09	2007–08
0–10 hours	102	43	45	89	147	132
11–20 hours	2	0	1	0	3	0
21–40 hours	0	0	0	0	0	0
Over 40 hours	0	0	0	0	0	0
Total	104	43	46	89	150	132

Section J – Number of reviews

	Number	
	2008–09	2007–08
Internal reviews	7	2
Ombudsman reviews	1	0

Note: There were no reviews conducted by the ADT.

Section K – Results of internal reviews

	Personal		Other		Total	
	Original agency decision					
	Upheld	Varied	Upheld	Varied	Upheld	Varied
Access refused	3	0	1	0	4	0
Access deferred	0	0	0	0	0	0
Exempt matter deleted from documents	1	1	0	0	1	1
Unreasonable charges	0	0	1	0	1	0
Total	4	1	2	0	6	1

Appendix 6 Staffing

Analysis of staffing and recruiting

Staff by employment basis

Level	Staff	Women	Racial, Ethnic and Religious	Aboriginal and Torres Strait Islander	People with disability
2008–09					
Full-time	88.0%	51.6%	20.1%	1.0%	3.9%
Part-time	11.0%	11.5%	1.4%	0.1%	0.3%
Casual	1.0%	0.2%	0.1%	0.0%	0.1%
Total	100.0%	63.3%	21.6%	1.1%	4.3%

Recruitment over five years

Level	2008–09	2007–08	2006–07	2005–06	2004–05
Total staff	1 187	1 186	1 102	1 120	1 371
Recruited in year	120	227	159	106	185
Aboriginal and Torres Strait Islander	4	7	5	4	0
People with disability	5	5	5	9	5

Analysis of staff by classification

Level	2008–09			2007–08		
	Male	Female	Total	Male	Female	Total
SES	6	1	7	7	1	8
Senior officer other than SES	10	3	13	7	2	9
Managers	34	22	56	41	30	71
Professionals	135	108	243	121	89	210
Technicians and trades workers	7	4	11	9	2	11
Community personal service workers	0	0	0	0	0	0
Clerical and administrative workers	243	614	857	260	617	877
Sales workers	0	0	0	0	0	0
Machinery operators and drivers	0	0	0	0	0	0
Labourers	0	0	0	0	0	0
Total	435	752	1 187	445	741	1 186

Note: The analysis of staff by classification has been included for the 2007–08 and 2008–09 years only. Data for 2006–07 has not been included due to a change in the breakdown of classifications.

Senior Executive Service staffing profile

Level	2008–09							2007–08						
	1	2	3	4	5	6	Total	1	2	3	4	5	6	Total
Total	1	–	4	1	–	1	7	2	0	5	1	0	1	9

Under Tony's leadership, OSR has made many significant achievements including delivering on the government's revenue and savings strategies.

Staff Executive Services performance statement for level five and above

The Executive Director is accountable to the Secretary of Treasury for the overall performance of OSR. The SES performance agreement defines his accountabilities in relation to the achievement of OSR's corporate objectives and his own job-related performance criteria.

The following statement is provided in compliance with annual reporting legislation requiring publication of achievement statements for all SES officers, level five and above.

Name

Tony Newbury

Position and level

Executive Director and Chief Commissioner of State Revenue

SES Level 6

Remuneration

\$275 925

Performance Statement for SES officers level five and above

Under Tony's leadership, OSR has made many significant achievements including delivering on the government's revenue and savings strategies as part of the Mini-Budget of November 2008, and effectively administering the Australian Government's First Home Owner Boost Scheme program.

Tony has continued his strong commitment to reducing red tape for businesses and individuals by participating in two major national reform initiatives for Standard Business Reporting (SBR) and the National Electronic Conveyancing System (NECS). Both initiatives are aimed at reducing the compliance costs and administrative burdens of doing business with government and are endorsed by the Council of Australian Governments' (COAG) Business Regulation Working Group.

Tony is also making an important contribution to payroll tax harmonisation, working closely with State and Territory Revenue Commissioners to implement an agreed protocol and work plan, aimed at implementing consistency in administrative processes across Australia.



Michael Schur
Secretary
NSW Treasury

Equal Employment Opportunity

We are committed to fulfilling our obligations under the Equal Employment Opportunity (EEO) legislation and we ensure that OSR provides a workplace that is free from all forms of harassment and discrimination by ensuring the provision of a range of programs and activities to assist members of certain groups to overcome past or present disadvantage.

Some of our major EEO outcomes for 2008–09 included:

- the successful completion of the Springboard development program by a number of women from our Lithgow office
- providing female staff a range of development opportunities, including seminars and networking events
- developing a new EEO information page for our intranet to improve staff access to equity and diversity plans
- improving our recruitment strategies to attract a diverse field of job applicants and provided training sessions for managers and staff on EEO and diversity
- continuing to work with management and staff representatives to offer employees a range of flexible work arrangements.

Our major EEO outcomes planned for 2009–10 include:

- establishing a process to collect EEO data from staff on an annual basis
- developing and implementing our EEO Plan 2009–11
- publishing the EEO plan on our intranet for staff to access at their convenience
- reviewing our policies 'Resolving Discrimination in a Diverse Workplace' and 'Dignity and Respect in the Workplace'
- implementing an Aboriginal Cadetship in our Information Services Division
- developing and implementing practical support on 'Flexible Work practices'.

Representation of EEO target groups within levels

Level	Staff	Women	Racial, Ethnic and Religious	Aboriginal and Torres Strait Islander	People with a disability
2008–09					
Below CO 1	0.0%	0.0%	0.0%	0.0%	0.0%
CO 1 – Grade 1	1.0%	0.4%	0.0%	0.0%	0.0%
Grade 1 – 2	16.0%	12.0%	2.4%	0.3%	1.0%
Grade 3 – 5	43.0%	31.8%	8.3%	0.8%	1.9%
Grade 6 – 9	31.0%	16.3%	8.8%	0.0%	1.0%
Grade 10 – 12	8.0%	2.5%	1.8%	0.0%	0.3%
Above Grade 12	1.0%	0.3%	0.3%	0.0%	0.1%
Total	100.0%	63.3%	21.6%	1.1%	4.3%
Total staff number	1 187	751	256	13	51

Note: Total Full-Time Equivalent staff as at 30 June 2009 was 1114.80 and the total number of staff employed during the reporting period was 1304 (the figure includes staff who left OSR and is a snapshot of the maximum number of people employed over the financial year).

Trends in the distribution of EEO Groups i)

EEO Group	Benchmark or Target	2008–09	2007–08	2006–07	2005–06	2004–05
Percentage of total staff ii)						
Women	50.0	63.0	62.0	60.3	59.0	57.9
Aboriginal and Torres Strait Islanders	2.0	1.4	1.3	1.2	1.1	0.9
People whose first language is not English	19.0	25.0	26.0	18.0	18.0	17.4
People with disability	12.0	5.0	5.0	4.6	6.0	4.2
People with disability requiring workplace-related adjustment	7.0	1.0	0.9	1.1	1.0	0.9

Trends in the distribution of EEO Groups iii)

EEO Group	Benchmark or Target	2008–09	2007–08	2006–07	2005–06	2004–05
Distribution index iv)						
Women	100	88	88	87	89	86
Aboriginal and Torres Strait Islanders	100	n/a	n/a	n/a	n/a	n/a
People whose first language is not English	100	103	102	102	100	98
People with disability	100	95	95	97	91	93
People with disability requiring workplace-related adjustment	100	n/a	n/a	n/a	n/a	n/a

i) Staffing as at 30 June 2009

ii) Excludes casual staff

iii) A Distribution Index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases, the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels. The Distribution Index is automatically calculated by the software provided by the Office of the Director of Equal Opportunity in Public Employment.

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

Disability Action Plan

We are proud of our achievements in planning and adjusting our programs to better meet the needs of people with disability as outlined in our Disability Action Plan.

This year, our Disability Action Plan was submitted to, and approved by, the Department of Ageing, Disability and Home Care (DADHC). We also had some staff attend training to support the new whole of government disability policy and framework.

Some further achievements relating to our Disability Action Plan in 2008–09 included:

- sponsoring of the NSW Government-wide campaign 'Don't DIS my ABILITY'
- implementing a support process to assess new employees' medical restrictions and/or disabilities through pre-employment screening
- planning for our new Disability Action Plan incorporating guidelines from the new government policy and framework
- attending a number of seminars and workshops, including the Department of Premier and Cabinet Disability Consultation Forum on the government's Disability Employment Strategy and Diversity NSW Workshops
- supporting a work placement student with disability under the Corporate Partners for Change program
- delivering a presentation on our perspective on employing staff at the Corporate Partners for Change – Celebrating 10 Years seminar
- ensuring both of OSR's external websites continued to make content available to the widest possible audience, including readers using assistive technology or accessibility features
- continuing support for people with disability in employment and increasing the number of staff with a disability employed by OSR.



Disability Action Plan (continued)

Our plans for 2009–10 include:

- attending the Australian Employers Network on Disability training session on Disability Confidence for HR Professionals
- finalising the Disability Action Plan for 2009–11
- attending the Managing Psychiatric Disabilities course run by the Anti-Discrimination Board
- holding formal consultation with staff with disabilities to address any issues they may have.

Ethnic Affairs Priorities Statement

We are committed to the principles outlined by the Community Relations Commission and the *Principles of Multiculturalism Act 2000*. The Ethnic Affairs Priorities Statement (EAPS) outlines how all NSW Government departments will address the needs of a culturally diverse society. The Community Relations Commission monitors and assesses the performance of government agencies under the EAPS program.

Some of our EAPS achievements this year included:

- continued use of our staff register, listing staff from different cultural backgrounds available to help clients. We also coordinated new nominations for staff able to assist clients in Arabic, Cantonese, Mandarin and Vietnamese. These languages were identified as a priority through an analysis of our client needs

- continuing to review and update all brochures, factsheets and forms published by OSR to include a statement referring clients with difficulties in English to the Translation and Interpreting Service (TIS). This strategy meets the requirements in terms of providing publications in community languages or in plain English with information on where to source community translators
- implementing and conducting training for SDRO staff on 'Clients from non-English speaking backgrounds – Barriers to Communicating'
- OSR representation and membership on the Australian Multicultural Advisory Council for term 1 January 2009 to 30 June 2010
- continued inclusion of the principles of multiculturalism in corporate planning processes.

Our plans for 2009–10 include:

- continuing to include EAPS as a priority in corporate planning and recruitment
- collecting ethnicity data from staff to ensure that our EEO target groups are fully represented
- publishing stories from individuals from different religious backgrounds to promote education on diversity amongst staff
- creating a process for the discussion of language support and issues for first home benefits and SDRO clients.

Aboriginal employment

The NSW Government continues to be committed to providing employment opportunities for Aboriginal people to ensure that the public sector workforce is representative of the general community.

Some of our Aboriginal employment achievements for 2008–09 included:

- encouraging applicants under the NSW Public Sector Indigenous Cadetship program
- promoting special events including National Reconciliation Week (27 May to 3 June 2009) and National Aboriginal and Islander Day Observance Committee (NAIDOC) Week (6–13 July 2008)
- supporting the Aboriginal Community Information and Assistance Days through SDRO across NSW Central and Mid North Coast. These days demonstrate SDRO's commitment to building strong relationships and developing communication networks to enhance compliance with fine enforcement orders. Through these days SDRO explains how to settle fines and enter into payment arrangements to enable restrictions against drivers licences to be lifted
- implementing the Indigenous Licensing Project where SDRO works with indigenous groups across the state. This program was complemented by the Aboriginal Client Services Officer and Attorney-General's Department
- recruiting four identified Aboriginal positions in SDRO to directly assist Aboriginal clients.

Our plans for 2009–10 include:

- continuing to support successful programs launched in 2008–09, including the Indigenous Licensing Project
- implementing the annual declaration to collect data from staff to ensure that our EEO target groups are fully represented
- targeting the employment of an Aboriginal cadet within our Information Services Division.

Appendix 7

Ministerial representations received

MPs hotline

Ministerial hotline calls	2008–09	2007–08	2006–07
Taxes and grants	78	56	161
Enforcement order processing	0	1 042	742
Penalty notice processing	2 344*	2 454	1 064
Total	2 422	3 552	1 967

* In 2008–09, following a restructure of the Ministerial and Executive Services Unit (MESU), the enforcement order and penalty notice hotlines were amalgamated in order to provide a more efficient service to clients.

Ministerial representations received

Ministerial representations received	2008–09	2007–08	2006–07
Land tax	185	177	405
Duties	49	41	76
Payroll tax	12	21	23
First home benefits	86	33	60
Unclaimed money	11	1	1
Parking space levy	2	1	0
Gaming machine tax	4	5	2
Enforcement orders	287	547	506
Penalty notices	2 065	2 875	2 121
Other	19	5	25
Total	2 720	3 706	3 219

Appendix 8 Statement of internal control responsibility

Our management and financial systems are underpinned by sound internal controls which are built into key processes that have been accredited under quality standard ISO 9001.

Our Risk Management Framework is in place and uses the risk management standard AS/NZS 4360:2004 and the NSW Treasury's best practice policy relating to internal control.

Our audit committee, supported by the Internal Audit Governance Group, oversees the activities of our internal audits and issues presented from external auditors. The committee also regularly monitors the implementation of recommendations from the auditors' reports.

To the best of my knowledge, and as advised by OSR's Directorate, our system of internal control has operated satisfactorily during the year.

Credit card certification

Corporate credit card usage was in compliance with best practice standards set out in the Treasurer's Direction and the NSW Treasury's policy and guidelines.

Overseas visits

There were no overseas visits by any of the Directorate or senior managers for 2008–09.



Tony Newbury

Executive Director and Chief
Commissioner of State Revenue

Appendix 9 Major assets additions summary (over \$5000)

	2008–09	2007–08
	\$'000	
Hardware		
Personal computers and laptops	–	–
Other computer hardware	1 592	2 986
Software	445	188
Intangibles	1 448	1 965
Equipment	56	984
Furniture	63	59
Total major additions	3 604	6 182

Appendix 10 Accounts payable performance report

Accounts paid on time within each quarter

Quarter	Total accounts paid on time				Total amount paid \$m
	Target (%)	Actual		\$m	
		Number (%)	Value (%)		
September 2008	98.5	98.95	99.31	22.2	22.3
December 2008	98.5	98.51	98.74	21.0	21.3
March 2009	98.5	96.11	92.95	10.4	11.2
June 2009	98.5	99.06	99.12	14.6	14.8

Aged analysis at the end of each quarter

Quarter	Current (within due date)	Less than 30 days overdue	Between 30 and 60 days overdue	Between 60 and 90 days overdue	More than 90 days overdue
	\$				
September 2009	334 062	0	0	0	0
December 2009	208 831	0	0	0	0
March 2009	290 622	0	0	0	0
June 2009	0	0	0	0	0

During 2008–09, there were no instances where penalty interest was paid in accordance with section 18 of the *Public Finance and Audit (General) Regulation 1995*.

There were no significant events that affected payment performance during the reporting period.

Appendix 11 Insurance

Our assets and major risks, including building contents, computer equipment, motor vehicles, workers compensation and public liability are all covered by insurance. The amount of insurance is subject to regular appraisal.

Insurance policies, except for workers compensation, are held with the Treasury Managed Fund that administers a government-sponsored self-insurance scheme, which is currently managed by GIO. Insurance coverage for workers compensation is held with Allianz Australia Insurance Limited.

Appendix 12 Privacy

This year, we continued to train new employees in privacy awareness and their obligations under NSW privacy laws. We are currently undertaking a review of all training material to ensure information for staff is as current as possible.

Privacy staff also attended regular meetings of the Freedom of Information (FOI)/Privacy Practitioners Group and numerous training sessions and seminars to keep abreast of developments in privacy law and recent case law developments.

We received seven privacy complaints this year, seeking an internal review of our practices in

relation to alleged breaches of the Information Protection Principles. The allegations were investigated and one contravention of the Information Protection Principles was found. The outcomes of the reviews were forwarded to the Office of the Privacy Commission in accordance with the *Privacy and Personal Information Protection Act 1998*.

The breach was of section 18(1) of the *Privacy and Personal Information Protection Act 1998*. As a result, SDRO arranged for the contractor responsible for mailing the documents which caused the breach to alter the way in which

mail is folded to make sure that the words 'penalty notice' and 'enforcement order' are not visible through the address window.

Staff further identified two occasions where clients' privacy had accidentally been breached in correspondence from SDRO. The clients were notified and informed of their rights but neither lodged a complaint.

Our FOI and Privacy Coordinator continued to provide advice and guidance to various areas across OSR.

Glossary

AASB – Australian Accounting Standards Board

ADT – Administrative Decisions Tribunal

ANZFERG – Australian and New Zealand Fines Enforcement Reference Group

ATSI – Aboriginal and Torres Strait Islander

Boost – Australian Government First Home Owner Boost

CIN – Criminal Infringement Notice

COAG – Council of Australian Governments

COO – Chief Operating Officer

CPI – Consumer Price Index

CSPs – Client Service Providers

DADHC – Department of Ageing, Disability and Home Care

DECC – Department of Environment and Climate Change

EAP – Employee Assistance Program

EAP – Ethnic Affairs Program

EAPS – Ethnic Affairs Priorities Statement

EDR – Electronic Duties Returns

EEO – Equal

Employment Opportunity

FES – Fine Enforcement System

FHOGS – First Home Owner Grant Scheme

FHP – First Home Plus

FOI – Freedom of Information

FSC – Forest Stewardship Council

GST – Goods and Services Tax

HCAP – Housing Construction Acceleration Plan

ICT – Information and Communications Technology

IGA – Intergovernmental Agreement

IPB – Infringement Processing Bureau

ISD – Information Services Division

IVR – Interactive Voice Response

KPIs – Key Performance Indicators

MESU – Ministerial and Executive Services Unit

MSD – Management Services Division

NAIDOC – National Aboriginal Islander Day Observance Committee

NECS – National Electronic Conveyancing System

NSW – New South Wales

NTER – National Tax Equivalent Regime

OFM – Office of Financial Management

OHS – Occupational Health and Safety

ORION – OSR Risks Online

OSR – Office of State Revenue

RAS – Revenue Advisory Services

RSP – Results and Services Plan

RTA – Roads and Traffic Authority

SBR – Standard Business Reporting

SDRO – State Debt Recovery Office

SES – Senior Executive Service

STER – State Tax Equivalent Regime Supplement

Supplement – NSW New Home Buyer Supplement

TAB – Totalizator Agency Board

TIS – Translation and Interpreting Service

WRAPP – Waste Reduction and Purchasing Policy



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Directory

Office of State Revenue

www.osr.nsw.gov.au

Parramatta (Head Office)

Address

Lang Centre, corner Hunter
and Marsden Streets

Phone

(02) 9689 6200

Fax

(02) 9689 6464

Post

GPO Box 4042
Sydney NSW 2001

DX

456 Sydney

Phone enquiries

8:30 am – 5:00 pm

Monday to Friday

Counter services

8:30 am – 4:30 pm

Monday to Friday

Newcastle

Address

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7860 Newcastle

Phone enquiries

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Counter services

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Monday to Friday

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Phone enquiries

8:30 am – 5:00 pm

Monday to Friday

Counter services

8:30 am – 4:30 pm

Monday to Friday

State Debt Recovery Office

www.sdرو.nsw.gov.au

Maitland

Phone

1300 138 118

Post

PO Box 786
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Phone enquiries

8:00 am – 5:30 pm

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