
New South Wales Auditor-General's Report

Financial Audit

Volume Nine 2013

Focusing on Environment, Water and
Infrastructure



The role of the Auditor-General

The roles and responsibilities of the Auditor-General, and hence the Audit Office, are set out in the *Public Finance and Audit Act 1983*.

Our major responsibility is to conduct financial or 'attest' audits of State public sector agencies' financial statements. We also audit the Total State Sector Accounts, a consolidation of all agencies' accounts.

Financial audits are designed to add credibility to financial statements, enhancing their value to end-users. Also, the existence of such audits provides a constant stimulus to agencies to ensure sound financial management.

Following a financial audit the Audit Office issues a variety of reports to agencies and reports periodically to parliament. In combination these reports give opinions on the truth and fairness of financial statements, and comment on agency compliance with certain laws, regulations and government directives. They may comment on financial prudence, probity and waste, and recommend operational improvements.

We also conduct performance audits. These examine whether an agency is carrying out its activities effectively and doing so economically and efficiently and in compliance with relevant laws. Audits may cover all or parts of an agency's operations, or consider particular issues across a number of agencies.

Performance audits are reported separately, with all other audits included in one of the regular volumes of the Auditor-General's Reports to Parliament – Financial Audits.

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Pursuant to the *Public Finance and Audit Act 1983*,
I present Volume Nine of my 2013 report.

A handwritten signature in dark ink, appearing to read 'Grant Hehir'.

Grant Hehir
Auditor-General
December 2013

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Section One

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Environment Overview

This commentary covers the key environmental roles of the Office of Environment and Heritage and the Environment Protection Authority, as shown below:



The NSW Government committed over \$1.3 billion for the environment and heritage portfolios in 2012-13

The NSW Government committed over \$1.3 billion for the environment and heritage portfolios in 2012-13.

The Office of Environment and Heritage (OEH) is a separate office within the NSW Department of Premier and Cabinet (DPC). The Environment Protection Authority (EPA) is the State's lead agency for the regulation of a diverse range of activities that can have an impact on the health of the New South Wales' environment and its people.

Separate commentary on DPC appears elsewhere in this volume.

Unqualified audit opinions were issued on the DPC and the EPA financial statements for the year ended 30 June 2013.

Compliance with Treasury's Early Close Procedures

During the year, NSW Treasury issued TC 13/01 'Mandatory early close procedures for 2013'. This Circular aimed to improve the quality and timeliness of agencies' annual financial statements. In 2012-13, application of the circular was made mandatory for Government agencies. As a result, relevant agencies in the environment sector were required to perform the early close procedures.

DPC and the EPA were successful in performing the procedures, which helped them submit financial statements by an earlier due date. This in turn enabled the financial statement audits to be finalised within an earlier timeframe of eight weeks (nine weeks in 2011-12).

The early close procedures also resulted in improvements to the quality of the financial statements as evidenced by fewer reported misstatements in 2012-13 compared to 2011-12.

Key Issues

NSW 2021

'NSW 2021 - A Plan to Make NSW Number One', released in September 2011, is the NSW Government's 10-year strategic plan. DPC, on behalf of the Minister for the Environment, is the lead agency for the NSW 2021 goals to 'Protect our Natural Environment' and 'Increase opportunities for people to look after their own neighbourhoods and environments'. The broad targets in these two goals include:

- protecting the local environment from pollution
- protecting and restoring priority land, vegetation and water habitats
- increasing recycling to meet 2014 waste recycling targets
- New South Wales having the lowest litter count per capita in Australia by 2016.

The EPA is responsible for reporting on the key activities towards achieving the two NSW 2021 goals.

Nineteen measures will be used to evaluate progress towards achieving these targets. However, due to data collection cycles, data for four of these measures is not reported annually and not available for 2011-12 and 2012-13. Furthermore, no measure or baseline has been developed for the target to increase renewable energy to 20 per cent by 2020.

Progress towards meeting the NSW 2021 goals and targets up to the end of 2012-13 is illustrated below.

No measure or baseline has been developed for the target to increase renewable energy to 20 per cent by 2020

Protect our Natural Environment

Target	Measure	Current performance 2012-13	Past performance 2010-11
Protect local environments from pollution			
Target illegal dumping – reduce the incidence of large scale (greater than 200m ³ of waste) illegal dumping detected in Sydney, the Illawarra, Hunter and Central Coast by 30% by 2016.	Number of waste compliance campaigns conducted by the EPA to combat illegal dumping	20	16
	Number of large-scale illegal dumping incidents (necessitating investigation by the EPA and the Regional Illegal Dumping Squads)	65	77
	% of identified illegal dumping sites investigated and regulatory action taken	100%	100%
	% reduction in the incidence of large-scale illegal dumping detected	15.6%	na

na Information not available.

Source: EPA (unaudited)

Increase opportunities for people to look after their own neighbourhoods and environments

Target	Measure	Current performance	Past performance
Increase recycling to meet the 2014 waste recycling targets in NSW 2021			
The latest data available indicates that between 2008-09 and 2010-11, recovery and reuse of materials increased by 8% in the municipal sector, 5% in the commercial and industrial sector, and 2% in the construction and demolition sector. These outcomes reflect positive trends towards achieving the 2014 targets under NSW 2021: A plan to make NSW number one.	Increase recovery and use of materials from the municipal sector from 44% in 2008-09 to 66% by 2014	52% (2010-11)	44% (2008-09)
	Increase recovery and use of materials from the commercial and industrial sector from 52% in 2008-09 to 63% by 2014	57% (2010-11)	52% (2008-09)
	Increase recovery and use of materials from the construction and demolition sector from 73% in 2008-09 to 76% by 2014	75% (2010-11)	73% (2008-09)
By 2016, NSW will have the lowest litter count per capita in Australia			
EPA programs focusing on litter reduction are showing improvement. The Keep Australia Beautiful National Litter Index recorded that litter items in New South Wales fell from 80 per 1000 square metres in 2005-06 to 58 in 2011-12, equal to the national average. The NSW rate then rose slightly to 61 in 2012-13. When population is taken into account with these figures, New South Wales has maintained its ranking as the second best performing state or territory in terms of items littered per capita.	Litter count per capita, according to Keep Australia Beautiful National Litter Index (Items per 1,000 m ² per 100,000 persons)	0.84 (2012-13)	1.04 (2010-11)
	New South Wales litter count per capita national ranking	2nd (2012-13)	2nd (2010-11)

Source: EPA (unaudited)

According to the NSW 2021 Performance Report 2013-14, the following actions were taken towards achieving the targets in 2012-13:

- the Environmental Trust provided 34 Community Bush Regeneration grants to community groups totalling more than \$8.0 million. This is part of \$12.0 million of support to local communities to deliver bush regeneration services
- the Environmental Trust provided an additional \$2.0 million to the Foundation for National Parks and Wildlife for grants to landowners with property conservation agreements
- established a new 22 hectare biobanking site at Mount Hercules, Razorback and another at Orangeville, under the Sydney Growth Centres Biodiversity Offsets program
- approved a further six bio-banking sites across New South Wales covering a total of 755 hectares
- purchased ten properties for the national park and reserve system totalling approximately 4,000 hectares. Another six properties are under negotiation
- reserved 5,778 hectares of high conservation value land during the year including the creation of the Berowra Valley National Park and Malabar Headland National Park
- completed fox threat abatement site plans and commenced monitoring across priority threatened species sites in the Illawarra-South Coast region, South-East region and Mid North Coast region and public lands
- supported five councils undertaking koala surveys and assessments
- opened new air quality monitoring stations at Camden and Wyong
- initiated the Dust Stop Program in the Upper Hunter and released the Upper Hunter Air Particles Action Plan
- progressed with the Southern Regional Illegal Dumping Squad agreement, part of a \$58.0 million program to combat illegal dumping
- introduced Pollution Reduction programs on licences to monitor and manage dust from road hauls and stockpiles.

EPA Audits on High Environmental Risk Premises

Last year's report to Parliament recommended the EPA publish on its website whether licensees have complied with the need to prepare pollution incident management response plans. The EPA is progressing changes to annual returns that holders of Environment Protection Licences must submit. These returns report the level of compliance with licence requirements. In the first instance, licensees will be required to indicate whether a pollution incident management response plan has been developed. In addition, in the following year, the licensee will be required to indicate if the pollution incident management response plan has been tested in accordance with the requirements of the *Protection of the Environment Operations Act 1997*.

The EPA is also implementing changes to the licensing system to require pollution incident response management plan information to appear on the EPA public register.

Fines and Penalties by OEH and EPA

The EPA investigates offences under the environmental legislation which it administers and the OEH's Legal Services Branch prosecutes matters on behalf of the EPA. The OEH can commence prosecutions for offences under threatened species, parks, wildlife, native vegetation and Aboriginal heritage provisions.

In 2012-13, OEH's Legal Services Branch commenced 38 prosecutions under OEH legislation and 72 prosecutions on behalf of the EPA under EPA legislation. In 2011-12, 131 prosecutions were commenced for OEH and the EPA. A prosecution may not be completed in the year it commences and any resulting penalty is imposed by the court, not OEH or the EPA.

Fines and Penalties by OEH

Year ended 30 June	2013		2012		2011	
	Prosecutions	Fines/penalties \$	Prosecutions	Fines/penalties \$	Prosecutions	Fines/penalties \$
Total prosecutions completed under parks, wildlife, threatened species and Aboriginal heritage legislation	22	16,000	70	392,931	68	358,160
Total prosecutions completed under native vegetation legislation	2	120,040	5	604,500	2	112,650
Total OEH prosecutions completed	24	136,040	75	997,431	70	470,810

Source: OEH Legal Services Branch (unaudited).

The 24 prosecutions completed under OEH legislation in 2012-13 resulted in:

- 20 convictions
- four matters where an offence was proven, but a conviction was not recorded
- no acquittals.

Fines and penalties under OEH legislation	Under Parks, Wildlife, Threatened Species, Aboriginal Heritage legislation		Under Native Vegetation legislation	
	2013	2012	2013	2012
Total fines and penalties (\$)	16,000	392,931	120,040	604,500
From total - fines (< \$50,000) (\$)	16,000	192,431	--	4,500
- number of fines*	22	68	--	1
- average (\$)	727	2,830	--	4,500
From total - fines (≥\$50,000) (\$)	--	200,500	120,040	600,000
- number of fines	--	2	2	4
- average (\$)	--	100,250	60,020	150,000

* Includes acquittals or where an offence was proven, but no conviction was recorded.

Source: OEH Legal Services Branch (unaudited).

On average, the value of fines imposed under OEH fell significantly in 2013.

The largest penalty imposed under OEH legislation was \$80,040 (\$200,000 in 2011-12). This fine was imposed on a grazier who illegally cleared around 239 hectares of native vegetation near Tamworth. The clearing resulted in moderate to substantial environmental harm and included vegetation that comprised an endangered ecological community.

Fines and Penalties by EPA

Year ended 30 June	2013		2012		2011	
	Prosecutions	Fines/penalties \$	Prosecutions	Fines/penalties \$	Prosecutions	Fines/penalties \$
Prosecutions completed under EPA legislation	72	388,380	56	1,263,000	36	498,150

Source: OEH/EPA Legal Services Branch (unaudited).

Fines and penalties include amounts a party may be ordered to pay, for example, to a local council for environmental restoration projects. Parties may also be required to publicise details of the offence in local newspapers.

A penalty of \$80,040 was imposed under native vegetation legislation in 2012-13

Of the 72 prosecutions completed by the EPA in 2012-13, 69 resulted in convictions

The 72 prosecutions completed under the EPA legislation in 2012-13 resulted in:

- 69 convictions
- no matters where an offence was proven, but a conviction was not recorded
- three acquittals.

Fines and Penalties under EPA Legislation Year ended 30 June		
	2013	2012
Total fines and penalties (\$)	388,380	1,263,000
From total - fines < \$50,000 (\$)	308,380	225,500
- number of charges*	71	47
- average (\$)	4,343	4,798
From total - fines (≥\$50,000) (\$)	80,000	1,037,500
- number of fines	1	9
- average fine (\$)	80,000	115,278

* Includes acquittals or where an offence was proven but no conviction was recorded.

Source: OEH Legal Services Branch (unaudited).

On average, most fines imposed under EPA legislation are around \$4,500. However, the number of larger fines fell significantly in 2012-13.

The largest individual penalty issued under EPA legislation was \$80,000 (\$112,500 in 2011-12). It related to water pollution after approximately one million litres of untreated sewage was released from the Queanbeyan City Council sewage treatment system.

In addition, a serial dumper was sentenced to three months imprisonment (suspended upon entering a three-month good behaviour bond) after he failed to comply with court orders from an earlier prosecution under EPA legislation.

The average fine imposed under EPA legislation is around \$4,500. The number of larger fines imposed by the EPA fell significantly in 2012-13

EPA Regulatory Action

Regulatory tool	2013	2012	Comment
Pollution reduction programs	388	398	Negotiated improvements through licence variation notices
Statutory notices issued	1,411	1,601	Includes, but not limited to: - environment protection legislation - threatened species conservation (under national parks and wildlife legislation).
Inspections of scheduled and non-scheduled premises	1,891	2,242	Most relate to regulated facilities
Motor vehicle related penalty notices	1,074	871	Includes smoky vehicles, littering from vehicles, noisy vehicles
Non-motor vehicle related penalty notices	362	194	Includes pollution control (air, water, noise, waste), pesticides and threatened species
New licences and permits issued by the EPA	111	120	Includes environmental protection, dangerous goods, radiation control, chemicals, native vegetation (private native forestry) and national parks and wildlife legislation
Warnings/official cautions issued by the EPA	4,841	3,501	Includes pollution control (air, water, noise, waste), public and private native forestry, pesticides, contaminated sites, and motor vehicles

Source: EPA (unaudited).

In 2012-13, there was a significant increase in non-motor vehicle related penalty notices and warnings/official cautions issued by the EPA. However, the number of inspections of regulated premises decreased.

The EPA uses the regulatory tools above to monitor its effectiveness and determine actions. The level of environmental harm is a consideration for all regulatory approaches, actions and decisions it takes.

Contaminated Sites

Last year's report to Parliament recommended the EPA lead the effort to compile a comprehensive database of contaminated land in NSW. The EPA advises it is not possible to determine the true extent of contaminated land in NSW and that other NSW agencies are also responsible for data collection. These include Crown Lands, the Department of Primary Industries and local councils.

The EPA advises it already maintains several publically accessible sources of information of known or suspected contaminated land that is subject to assessment and/or regulation. These sources include a public record of contaminated sites regulated under the *Contaminated Land Management Act 1997*; a list of sites notified to the EPA under the *Contaminated Land Management Act 1997*; and a public register of premises licenced under the *Protection of the Environment Operations Act 1997*.

The petroleum industry is responsible for 67 per cent of known contaminated sites

Causes of Contamination

Over the past three years, the largest sector responsible for contamination is the petroleum industry. It had 66.8 per cent of all identified sites in 2013, including 816 service stations and 200 other petroleum sites.

Causes of contaminated sites at 30 June	2013	2012	2011
Cattle dip	6	5	5
Landfill	61	58	53
Service station	816	805	770
Other petroleum	200	186	176
Chemical industry	45	44	40
Metal industry	55	51	52
Gasworks	57	57	55
Other industry	191	165	147
Unclassified	91	89	78
Total	1,522	1,460	1,376

Source: OEH website (unaudited).

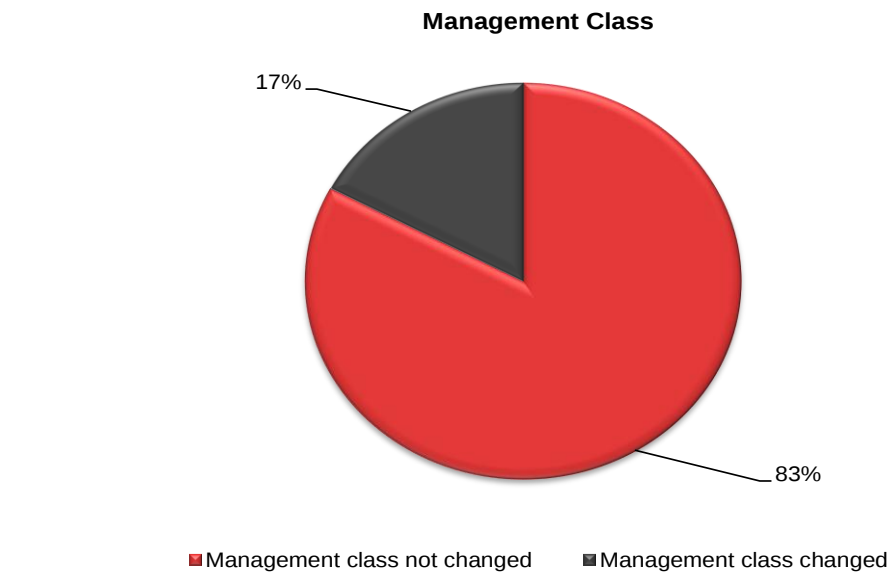
Recommendation

The EPA should improve the timeliness of its assessment process over contaminated petroleum sites notified to it.

The EPA has received 1,059 notifications (at 2 October 2013) from owners or occupiers who believe their sites are contaminated. Such notification is required by the *Contaminated Land Management Act 1997*. When a site is notified to the EPA, it may be accompanied by a detailed site report, if the owner has been proactive in addressing the contamination and its source. However, often there is minimal information on the nature or extent of the contamination.

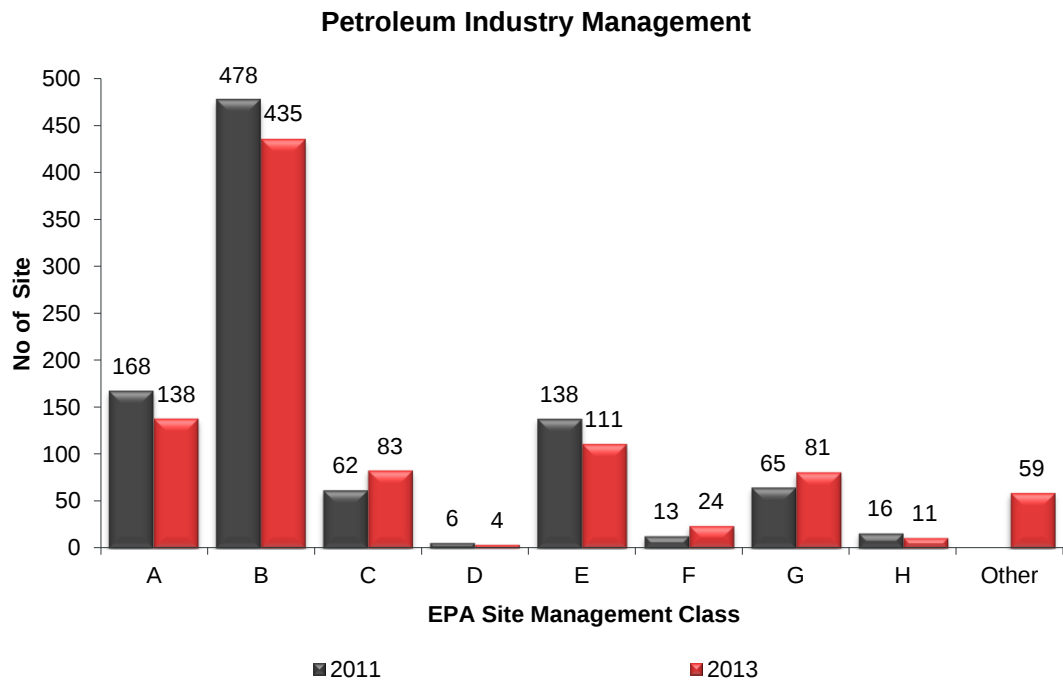
The EPA assigns each notified contaminated site a management class from A to H representing the stage of EPA's assessment. Class A means contamination of the site is being assessed and it is not yet possible to determine whether regulation is warranted. Class H means the initial assessment of the notified site is complete and regulation by the EPA is warranted. The management class represents the progress of the assessment.

The 2011 report to Parliament reported the EPA’s management classification of service stations and other petroleum sites. At August 2011, there were 946 such sites notified to the EPA. At 2 October 2013, there was no change in the management classification for 783 of the 946 sites.



Source: OEH's website (unaudited)

More than half of the petroleum industry sites remained in Class B, meaning the EPA was still awaiting further information to finalise the initial assessment of the site.



- A Sites being assessed.
- B Awaiting further information.
- C Sites regulated under *Contaminated Land Management Act 1997*.
- D Sites regulated under *Protection of the Environment Operations Act 1997*.
- E Petroleum premises – UPSS Regulation.
- F Sites in planning approval process.
- G Site considered not significant enough to warrant regulatory intervention.
- H Initial assessment complete.
- Other: Included in 2011 register, but not 2013.

Source: OEH's website. Notified petroleum related contaminated sites known by EPA at 31 August 2011 and 2 October 2013 and with regard to its regulatory role under the CLM Act (unaudited)

NSW Climate Change Fund

The Climate Change Fund (the Fund) was established on 1 July 2007 under the *Energy and Utilities Administration Act 1987* (the Act) to help households, businesses, government agencies and communities save water, energy and reduce greenhouse gas emissions. It raises contributions from electricity distributors and, until 2011-12, from water utilities.

Year ended 30 June	2013(a)	2012	2011	2010	2009
Cumulative energy savings (MWh/per annum)	873,000 (b)	917,000	924,000	724,000	684,700
Cumulative water savings (ML/per annum)	19,800	19,700	19,800	18,700	16,700

a Figures shown for the year ended 30 June 2013 are best estimates.

b Improvements in saving estimates methodologies, and quality assurance on deemed savings conducted across the Fund, have reduced total estimated savings for the year ended 30 June 2013.

Source: OEH (unaudited).

OEH advises the cumulative energy and water savings achieved in the years up to 2012-13 will continue in 2013-14 as the benefits of the Fund's investments last for several years beyond the year of the investment.

The Fund's revenue and expenditure over the last four years is summarised below.

Year ended 30 June	2013 \$'000	2012 \$'000	2011 \$'000	2010 \$'000
Revenue				
Sydney Water (a)	--	17,050	23,310	33,593
Ausgrid (formerly EnergyAustralia)	118,000	71,012	70,997	67,354
Endeavour Energy (formerly Integral Energy)	74,250	44,684	44,679	42,385
Essential Energy (formerly Country Energy)	57,750	34,754	34,774	32,989
Interest	3,184	6,564	6,285	4,732
Other	3,424	2,399	3,382	3,076
Total revenue	256,608	176,463	183,427	184,129
Expenditure				
Solar Bonus Scheme (b)	197,935	211,841	138,253	na
Home Saver Rebate Program	(24)	5,595	25,512	90,439
Coal Innovation NSW Fund	31,500	18,500	25,142	25,000
Energy Efficiency Strategy	35,266	35,436	29,881	17,581
Sydney Water Demand Management Program	--	1,148	6,725	16,196
Water and Energy Savings Funds	4,064	3,561	7,400	12,513
Green Business Program	990	1,920	2,310	4,629
Public Facilities Program	769	1,463	6,412	13,099
School Energy Efficiency Program	--	6,005	5,864	5,206
Metropolitan Water Education Program	2,000	2,000	2,000	2,000
Central Coast Water Savings Fund	2,503	2,257	404	1,477
Australian Energy Market Commission	7,276	7,718	6,365	5,516
Housing Program	--	2,420	3,410	6,485
Administration	3,594	4,880	6,204	6,998
Other	15,476	24,475	17,558	6,706
Total expenditure	301,349	329,219	283,440	213,845
Net Cost of Services	44,741	152,756	100,013	29,716
Crown advance for Solar Bonus Scheme (c)	116,202	126,960	27,410	--

a Sydney Water did not contribute to the Fund in 2012-13.

b Amount shown for the year ended 30 June 2011 included expenditure incurred from 1 January 2010 to 30 June 2011 on Solar Bonus Scheme.

c Advances are provided to support cash payments as required.

na Not applicable.

Source: OEH (unaudited).

In 2012-13, the three electricity Distribution Network Service Providers (electricity distributors) contributed 97.4 per cent (85.3 per cent in 2011-12) of Fund revenue. Program expenditure is allocated by the Minister for the Environment in accordance with the Act.

In 2012-13, the NSW Treasurer was required to advance \$116 million (\$127 million in 2011-12) to the Fund to cover costs of the Solar Bonus Scheme (the Scheme). The Fund is required to repay this Crown Advance commencing with \$35.3 million in 2013-14 with full repayment by 2016-17.

Analysis of significant items of Fund expenditure follows.

The NSW Treasurer provided \$116 million in 2012-13 to cover shortfalls in the Solar Bonus Scheme

The latest projection of costs for the Solar Bonus Scheme remains at \$1.3 billion

Solar Bonus Scheme

In 2012-13, \$198 million (\$212 million in 2011-12) or 66 per cent (64 per cent in 2011-12) of the Fund's expenditure was for reimbursements to electricity distributors for tariff payments to electricity retailers under the Scheme. While the Fund was originally capped at \$700 million, the latest NSW Government projection for total tariffs to be paid under the Scheme is \$1.3 billion (\$1.3 billion was projected in 2011-12).

The OEH advised that the \$1.3 billion projection was made by the electricity distributors. In 2012-13, the NSW Government required all electricity retailers to contribute 7.7 cents for each eligible kilowatt hour generated under the Scheme. This was expected to reduce tariffs and in turn fund expenditure by around \$33.0 million in 2012-13. In 2013-14, the tariff has been reduced to 6.6 cents for each eligible kilowatt hour.

The following table shows the amount expended on the Scheme to 30 June 2013 compared to the original estimates.

Year ended 30 June	Actual Expenditure \$m*	Original Estimates \$m**
2011	138	142
2012	212	246
2013	198	220
Total	548	608

* OEH (unaudited).

** New South Wales Auditor-General's Report on Solar Bonus Scheme (unaudited).

The OEH advises that expenditure was less than original estimates when actual claims data from the electricity distributors was analysed.

The Solar Bonus Scheme was introduced through legislation in 2009, commenced on 1 January 2010 and is legislated to run for seven years to 31 December 2016. It provides support to people who produce electricity through rooftop solar photovoltaic systems or mini wind turbines connected to the electricity grid.

NSW Energy Efficiency Strategy

In 2012-13, expenditure on this strategy was \$35.3 million (\$35.4 million in 2011-12). The purpose of the strategy is to reduce greenhouse gas emissions by lowering energy consumption, reducing the impact of rising energy prices and delaying the need to construct additional energy generation and distribution infrastructure.

The main measures undertaken under the strategy were:

- the Energy Efficiency Training Program spent \$4.4 million in 2012-13 (in partnership with the Department of Education and Communities) to build energy efficiency skills in the NSW workforce
- the Home Power Savings Program spent \$17.3 million in 2012-13 and provided free home power assessments and power savings kits to more than 77,000 low income families
- the Energy Efficiency for Small Business Program spent \$6.8 million in 2012-13 to improve energy efficiency in 6,000 small to medium businesses through energy efficiency assessments and rebates
- the Energy Saver Program spent \$5.7 million in 2012-13 to assist medium to large organisations identify and implement energy savings
- the Energy Efficiency Data Collection and Monitoring Program spent \$700,000 in 2012-13. The program measures and reports on the performance of the NSW Energy Efficiency Strategy and also addresses broader energy efficiency data collection and development needs
- Government Energy Efficiency programs spent \$300,000 to provide support and technical advice to NSW Government budget dependent agencies to improve their energy efficiency.

NSW National Parks

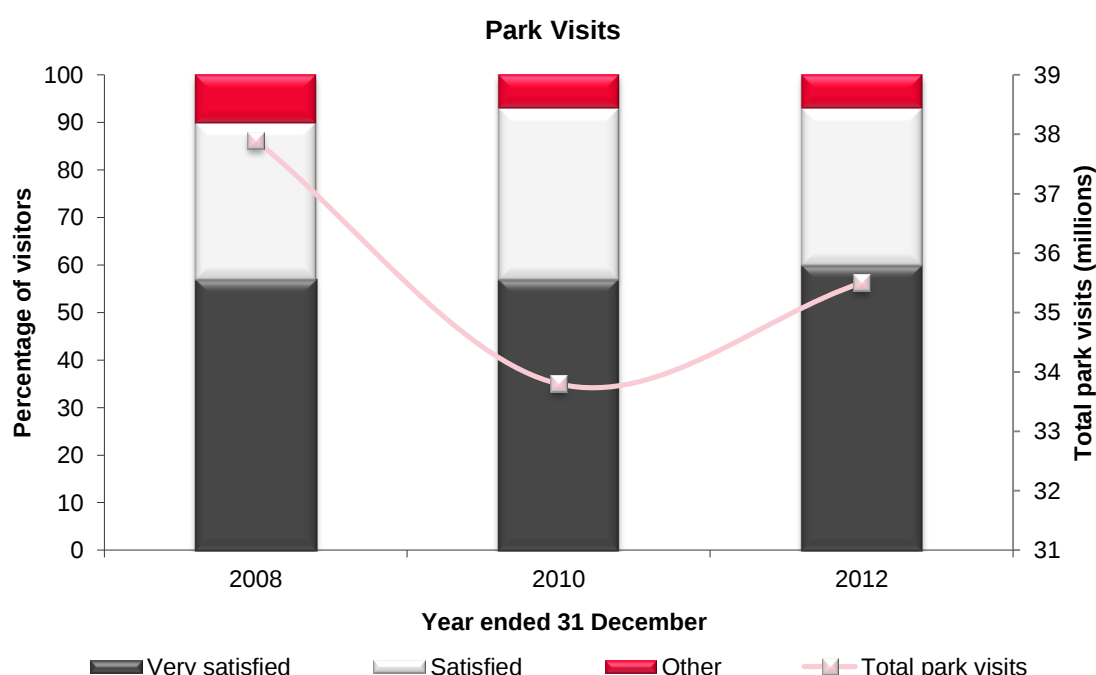
In 2012, visits to NSW national parks was estimated to increase nearly five per cent to 35.5 million compared to 2010 levels.

The Metropolitan and Mountains (Blue Mountains and Southern Ranges region) locations accounted for 50 per cent of all visits, up from 47 per cent in 2008. Visits to the Western branch (Far West, Northern Plains, Northern Tablelands and Western Rivers regions) increased to the highest levels recorded, up 183,000 visits compared to 2010 levels. Together with increased visits, 93 per cent of visitors were very satisfied or satisfied with their visit to a park in 2012.

In 2012, nine in ten people were satisfied or very satisfied with their park visit. Overall satisfaction levels were higher in Metropolitan and Mountains locations.

OEH delivered its third biennial domestic visits survey, which estimates the number of NSW national park visits per year, recreation preferences, demographics and satisfaction levels.

Visitor numbers to NSW national parks increased and satisfaction levels remain high



Source: Survey by Roy Morgan Research Ltd engaged by OEHL (unaudited)

Which is the most popular national park?

The top six national parks for domestic visits were:

Annual visits in millions	Royal National Park	Blue Mountains National Park	Ku-ring-gai National Park	Kosciuszko National Park	Sydney Harbour National Park	Lane Cove National Park
2012	4.1	3.1	3.1	1.4	1.1	1.0
2010	2.6	3.4	2.7	1.1	1.1	1.1
2008	3.6	3.6	2.2	1.3	1.3	1.4

Source: Survey by Roy Morgan Research Ltd engaged by OEHL (not audited).

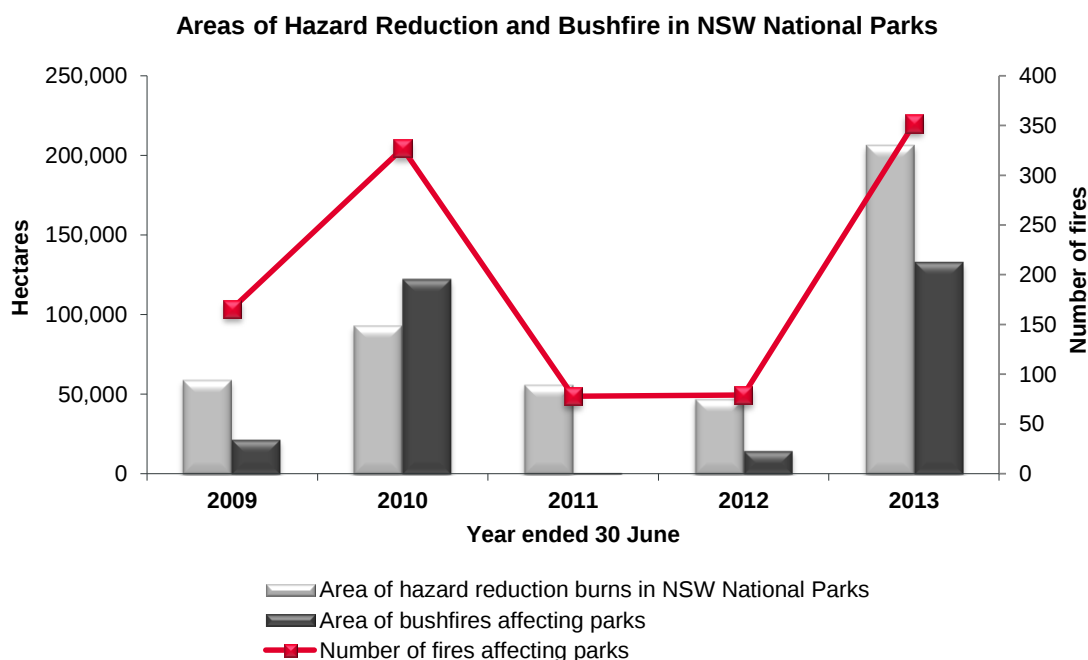
The top six most popular national parks attracted more than thirty nine per cent of total visits, and the Royal National Park regained its top position with more than 4.1 million visits (11 per cent of all visits in 2012).

Bushfire Hazard Reduction in Parks and Reserves

Bushfire Reduction

The National Parks and Wildlife Service within OEH completed 337 prescribed hazard reduction burns in 2012-13 (204 in 2011-12). It advises this is the highest ever reduction effort, more than double the previous record and far exceeding the current five and ten-year averages for hazard reduction treatments.

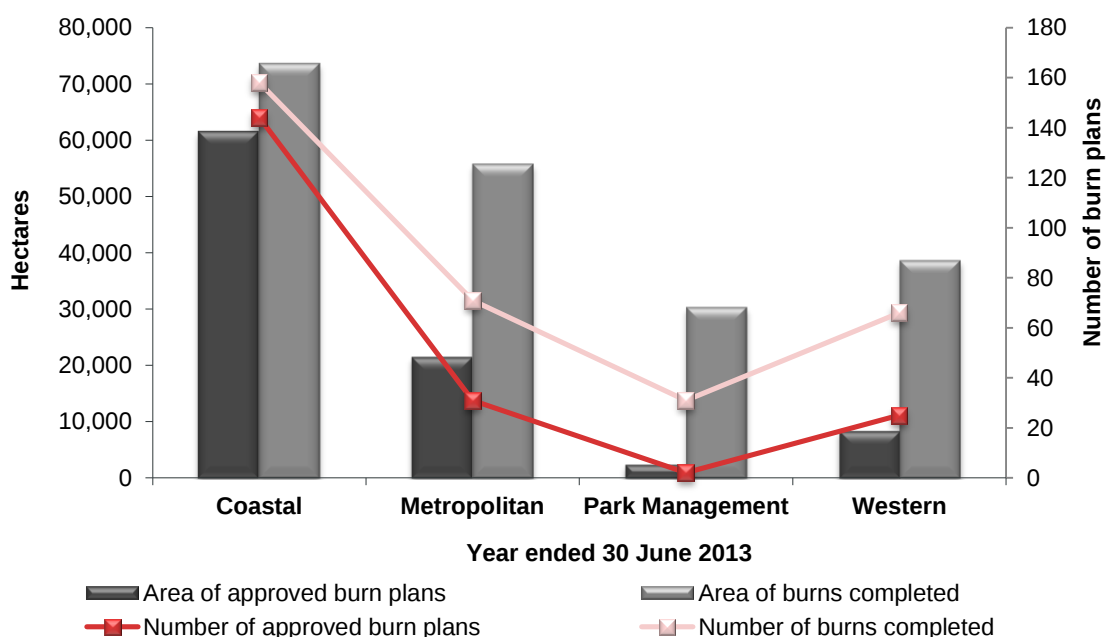
The National Parks and Wildlife Service completed the largest ever hazard reduction effort in 2012-13



Source: State of Environment report 2012. More current data is not yet available.

Hazard reduction burning to reduce fuel loads is a key control strategy practised widely across the State. This burning is complemented by mechanical works, such as bulldozing, to maintain setbacks around properties, firebreaks and fire trails. Management advised hazard reduction burn strategies are being implemented successfully.

Burn Plans Approved vs Burn Activities Completed



Note: Coastal region includes Central Coast Hunter Range, Far South Coast, Hunter, North Coast Northern Rivers, and South Coast regions.

Metropolitan region includes Blue Mountains, Metro North East and Metro South West regions.

Park Management region includes the Southern Ranges region.

Western region includes Far West, Northern Plains, Northern Tablelands and Western Rivers regions.

Source: National Parks and Wildlife Service (unaudited).

The year 2012-13 had average weather conditions over spring and summer with a dry autumn. The autumn conditions resulted in greatly increased opportunities for hazard reduction and the spring and summer yielded almost as much bushfire activity on parks as the previous three seasons combined. In 2012-13, 352 bushfires covering 132,536 hectares were recorded in parks and reserves (79 bushfires covering 14,712 hectares in 2011-12).

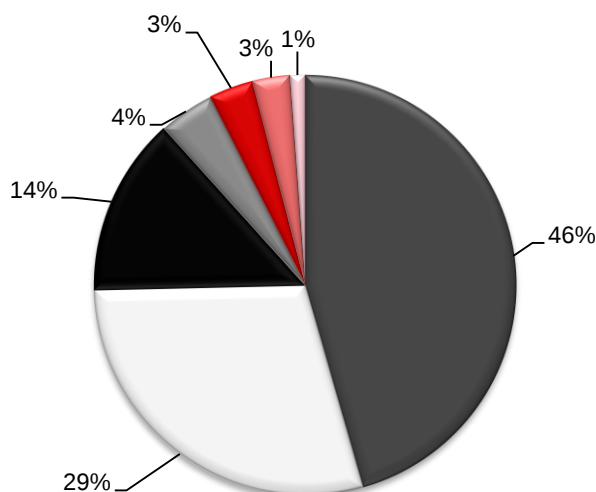
OEH advises that above average rainfall for much of the preceding three years is likely to continue the trend of heavy grass fuel loads throughout the grassland areas of New South Wales. Above-normal fire potential is expected to continue in these areas due to the high grass fuel loads combined with the predicted El Niño-Southern Oscillation neutral summer outlook.

Over much of the forested areas of New South Wales, below average rainfall in the first months of 2013-14 has resulted in a drying trend in forest fuels and above normal fire activity is expected if this drier trend continues.

The OEH manages approximately 25 per cent of the fire prone land in New South Wales but on average, completes over 50 per cent of the total hazard reduction burning in the State. The OEH completed more than 80 per cent of the total hazard reduction burning program in 2012-13.

During 2013, OEH released a 10-year fire management strategy, *Living with Fire in NSW National Parks: A Strategy for Managing Bushfires in National Parks and Reserves 2012-21*. The strategy provides a clear statement and framework for the National Parks and Wildlife Service fire management approach, and outlines priorities in managing bushfires in national parks and reserves for the next ten years. The strategy is supported by a five-year Enhanced Bushfire Management Program fund of \$62.5 million for 2011-16. This is in addition to the recurrent budget for fire management on parks and reserves.

Causes of Bushfires in National Parks in 2012-13



- Natural (includes miscellaneous)
- Deliberate (includes juveniles, smoking)
- Debris burning (includes campfires)
- Accidental (includes equipment use, rail, powerlines)
- Undetermined
- Illegal/legal burn off
- Escaped hazard reduction

Source: OEH (unaudited)

Lightning strike was the most common cause of bushfire in NSW national parks in 2012-13

In 2012-13, 46 per cent of the total number of bushfires on managed national parks and reserves were caused by natural events. The main natural cause of fires was lightning strikes and the number and proportion of natural fires is highly variable from year to year. The proportion of naturally caused fires is higher in national parks and reserves, which are generally more remote from human settlement.

In 2011-12, arson was responsible for over half of all fires. Investigations by the Australian Institute of Criminology into the causes of 466 fires found that 64 per cent were deliberately lit. However, the number and proportion of deliberately lit fires has decreased over the past three years.

Air Quality

The State of Environment Report 2012, the DPC Annual Report 2012-13 and the EPA Annual Report 2012-13 all include information on air quality.

The OEH maintains one of the largest air quality monitoring networks in Australia. The network's information is fed continuously to the public via hourly updates to the Regional Air Quality Index on the OEH website. New air quality monitoring stations at Camden in Western Sydney and Wyong on the Central Coast were opened in December 2012 adding to the existing network.

Air quality in New South Wales has improved significantly since the 1980s with initiatives to reduce urban air pollution implemented across industry, business, homes and motor vehicles. The concentrations of the most common air pollutants (such as ammonia, carbon monoxide, lead and sulphur dioxide) are low and since the early 1990s emissions of these and other pollutants (including oxides of nitrogen and volatile organic compounds) have fallen by 20 to 40 per cent across the Sydney region.

There is growing evidence about the adverse health impacts of airborne particles. Even relatively low concentrations of particle pollution can cause health impacts in some individuals. Particle pollution (appearing as brown haze) is generally within set standards in Sydney except when bushfires or dust storms occur. Concentrations exceeded national air quality standards on up to 18 days a year from 2009 to 2011. Some areas in regional New South Wales exceeded the particle standards on as many as 21 days a year over the same period, with bushfires, stubble burning, dust storms, coal mine dust and wood heaters the major cause.

Measures	2013	2012
Year ended 30 June		
Number of particle exceedences for the Sydney Metropolitan and rural NSW regions	24	16
Number of ozone exceedences for the Sydney Metropolitan region	4	3

Source: EPA Annual Report 2012-13 (unaudited).

In 2012-13, particle standards were exceeded in the Sydney Metropolitan region on 11 days during the year and 14 days in rural New South Wales (a total of 24 individual days for all of New South Wales as one day saw exceedences in both regions).

Ozone (a key component of photochemical smog which appears as white haze in summer) levels exceeded national standards on four occasions in the Sydney Metropolitan region during 2012-13 (the goal allows one exceedence day per calendar year). People exposed to elevated concentrations of ozone for several hours at a time are at increased risk from respiratory irritation and changes in lung function, particularly if they are already suffering a respiratory illness.

National Australian Built Environment Rating System

Recommendation (Repeat)

The Office of Environment and Heritage should report compliance by NSW Government budget dependent agencies with the National Australian Built Environment Rating System on its website and in its annual report.

Previous years' reports to Parliament included recommendations that OEH report compliance by NSW Government budget dependent agencies (now referred to as general government sector agencies) with the National Australian Built Environment Rating System (NABERS) targets under the NSW Government Sustainability Policy on its website and in its annual report. The OEH advises that reporting arrangements have expired under the existing policy and that an updated policy is currently being prepared (the Government Resource Efficiency Policy).

Under the previous policy, the OEH must report each year to the Minister for the Environment on agency progress, including environmental ratings. These ratings expire after 12 months, and do not have to be renewed annually under the old policy. The OEH advises it is possible agencies obtained a rating to comply with the policy and allowed it to expire and are no longer listed on the NABERS website.

In addition, OEH advises that the energy and water environmental rating targets for new and existing government premises along with recommendations for reporting compliance with the environmental rating targets are being considered as part of the updated policy. Recommendations for more streamlined reporting by government agencies are also being considered.

Environmental rating energy targets will be proposed for government new builds and government office fit-outs

Waste Reduction and Purchasing Policy

The Audit Office has previously recommended agencies meet their Waste Reduction and Purchasing Policy reporting obligations to OEH. For the 2012-13 reporting period, 29 agencies (41 per cent) submitted 2012-13 progress reports by the 30 August 2013 deadline (26 agencies, 39 per cent in 2010-11). A total of 48 reports (69 per cent) were submitted by the end of September 2013.

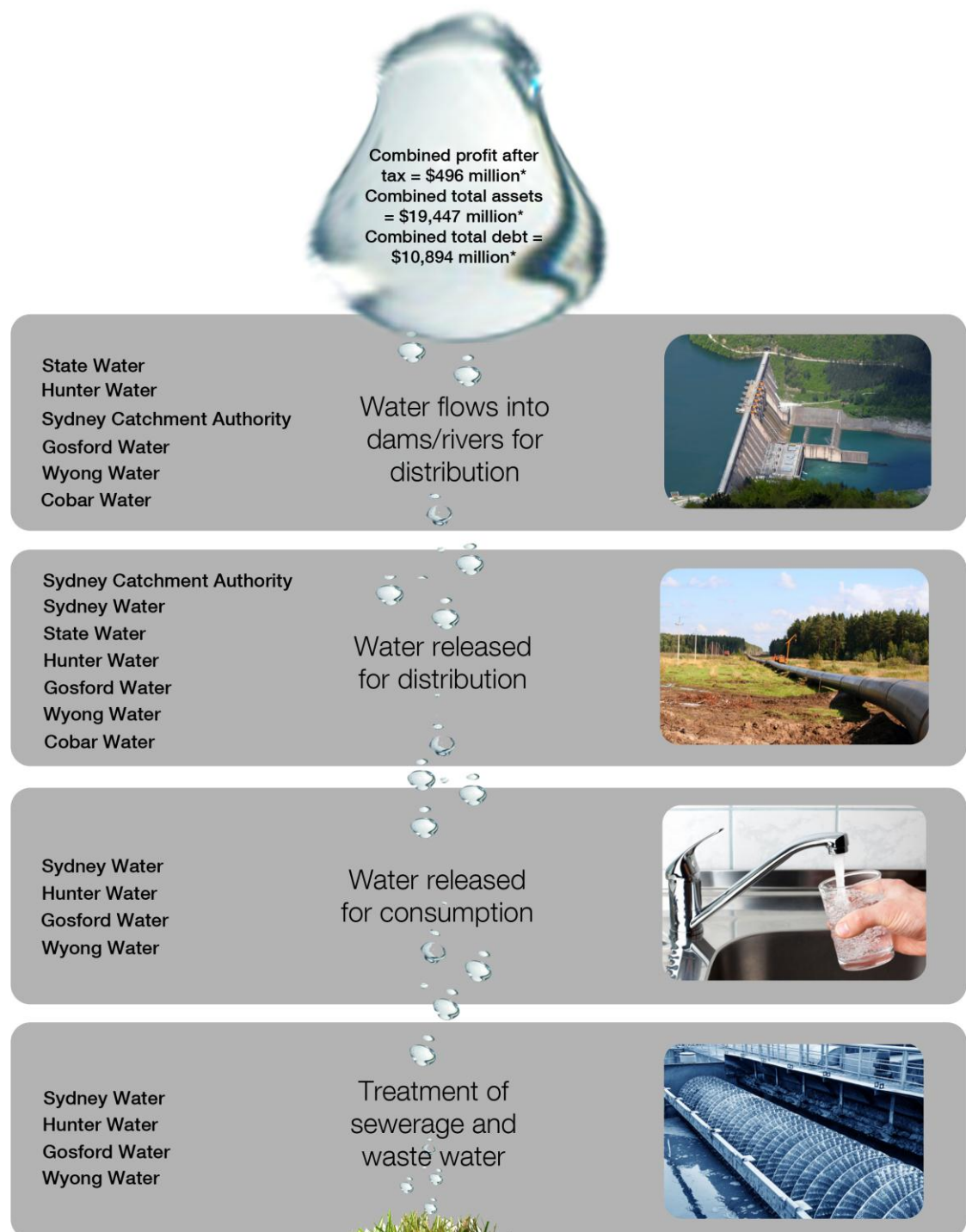
For the 2012-13 reporting period, OEH simplified the reporting template, to reduce red tape and help agencies streamline their reporting.

OEH is responsible for coordinating the Waste Reduction and Purchasing Policy across other agencies and State owned corporations.

Water Overview

Water Entities

The entities working together to bring water to homes and businesses across New South Wales are:



* Audited financial statements of the four NSW major water agencies – Sydney Water Corporation (Sydney Water), Hunter Water Corporation (Hunter Water), Sydney Catchment Authority (SCA) and State Water Corporation (State Water).

Source: Water agencies' websites.

Audit Opinions

Unqualified audit opinions were issued on all the water agencies' financial statements for the year ended 30 June 2013, except for those detailed below.

At the time of preparing this report the audits of the following agencies' financial statements were still in progress:

- Gosford Water Supply Authority (Gosford Water)
- Water Administration Ministerial Corporation (WAMC).

Compliance with Treasury's Early Close Procedures

During the year, the NSW Treasury issued TC 13/01 'Mandatory early close procedures for 2013'. This Circular aimed to improve the quality and timeliness of agencies' annual financial statements. In 2012-13, application of the circular was extended to include State owned corporations. As a result, the New South Wales major water agencies performed the early close procedures.

All major water agencies successfully performed the procedures, which helped them submit financial statements at an earlier date. This in turn enabled the financial statement audits to be completed within an earlier timeframe of eight weeks (nine weeks in 2011-12).

The early close procedures also resulted in improvements to the quality of the financial statements as evidenced by fewer reported misstatements in 2012-13 compared to 2011-12, and no audit qualifications.

Key Issues

The Cost of Availability Charges for the Sydney Desalination Plan

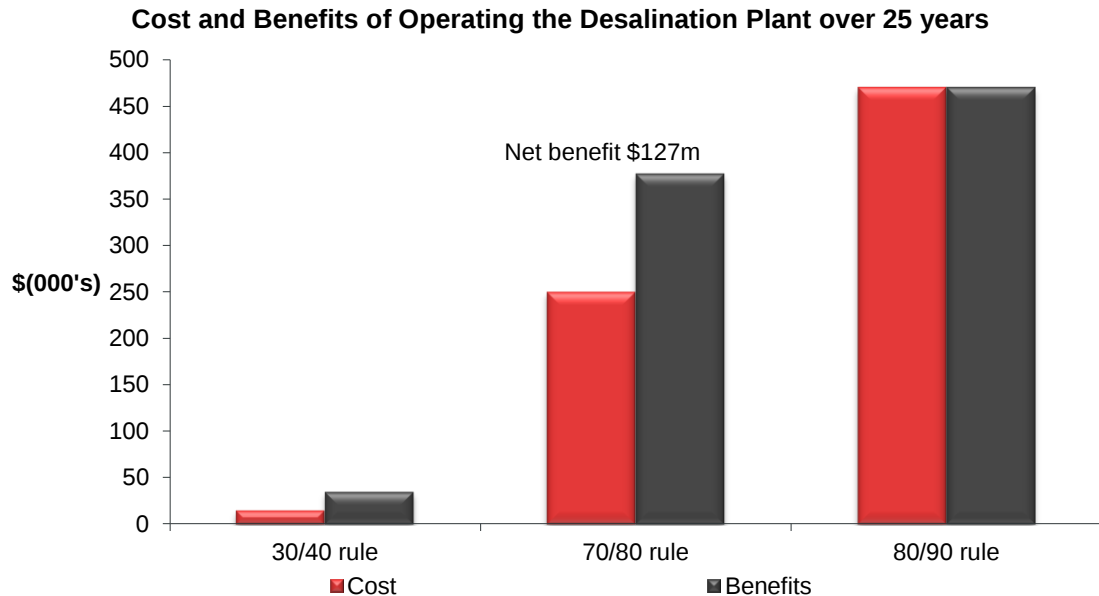
Sydney Water incurs \$195 million annually or \$530,000 a day on availability charges it pays to Sydney Desalination Plant Pty Limited, based on an independent pricing determination. This amounts to approximately \$100 per customer per year.

The desalination plant provides insurance against water shortages in the event of an extended drought in the Sydney and Illawarra regions. Sydney Water believes this insurance is necessary given Sydney's history of droughts and their duration. Other major cities including Brisbane, Melbourne, Adelaide and Perth have constructed desalination plants to ensure water security.

The plant can produce up to 15 per cent of greater Sydney's current drinking water needs.

Under the Metropolitan Water Plan, Sydney Water will start sourcing water from the desalination plant when the total available dam storage falls to 70 per cent capacity. The plant has not operated since 2012 as dam storage levels have been above this level.

The cost of having the Sydney Desalination Plant available is about \$100 per customer per year



Source: The Centre for International Economics (unaudited)

A study by the Centre for International Economics in December 2009 to assess the benefits and costs of operating the desalination plant at different dam water storage levels noted:

- lower net benefits are realised if the plant is only switched on as dam levels approach 30 per cent and run until they increase to 40 per cent (30/40 rule)
- increased net benefits if the plant is switched on as dam levels approach 70 per cent and run until they increase to 80 per cent (70/80 rule)
- lower net benefits if the plant is switched on as dam levels approach 80 per cent and run until they increase to 90 per cent (80/90 rule)

The study concluded the 70/80 rule was the optimal approach to running the plant.

Tillegra Land and Lower Hunter Water Plan

Hunter Water has developed a Land Use and Management Plan for its Tillegra land holdings. The plan identifies economic opportunities for use of the land by the environmental, agricultural, tourism and recreational sectors. The plan has been released to the public for comment.

In 2010, the Government decided against constructing the Tillegra Dam. The Portfolio Minister confirmed this decision in 2012. Following the decision, market values for the Tillegra land parcels have declined by \$28.5 million at 30 June 2013.

The Metropolitan Water Directorate within the Department of Finance and Services is leading the development of the lower Hunter Water Plan in consultation with Hunter Water, other government agencies and the Lower Hunter Community. This plan will consider:

- water security during drought – water supply in the lower Hunter is vulnerable to drought because Hunter Water storages are small, shallow and have high evaporation rates
- reliable water supplies to meet growing water demand due to increasing population and business activity
- protection of aquatic ecosystems
- maximising benefits to the community.

**Tillegra land
market values
declined by
\$28.5 million at
30 June 2013**

A challenge for the Sydney Catchment Authority is monitoring the impact of mining on the water supply

Longwall Mining

The Sydney Catchment Authority (SCA) advises it will oppose planned longwall mining within the zone identified as prescribed notification areas under the *Dams Safety Act 1978* because of the potential impact in its catchment area. The SCA is particularly interested in issues associated with surface water/groundwater interaction and reservoir leakage arising from longwall mining.

The SCA has communicated its position to the mining companies operating within the catchment and to the key regulators.

There is a long history of mining within the Sydney drinking water catchment, which extends back to the mid 1800's. Mining activities are expected to continue at least over the next 20 to 30 years.

Current longwall mining operations are under planning approvals, which include specific performance measures to protect the SCA's interests. For example, the approval for the Metropolitan Coal Project at Helensburgh/Darkes Forest requires the mining company to ensure the project does not impact the quality and quantity of water reaching Woronora Reservoir.

The challenge for the SCA (and the regulators) is monitoring the impact of mining on the quality and quantity of water reaching the reservoirs.

Water Administration Ministerial Corporation (WAMC)

The audits of WAMC's financial statements for the three years ended 30 June 2013, 30 June 2012 and 30 June 2011 are still in progress. Completion of these financial statements and related audits has been delayed pending the receipt of legal advice from the Crown Solicitor on whether WAMC is acting within its statutory functions.

Sydney Water Customer Service System

Sydney Water currently uses a 28 year old computer mainframe system and a range of supporting applications all built in-house, to manage its metering, billing and payment functions. It has developed an eight-year program to gradually replace these systems to reduce operating risk and improve long term capability.

In April 2013, the Board of Sydney Water endorsed the replacement program's approach and timetable, which has an estimated total cost of \$187 million.

The program comprises:

- a Meter Reading Collection System
- Property Data Service to better manage information relating the connections between customers' properties and Sydney Water's systems
- Customer Information System to replace the legacy mainframe system with an agency billing and customer care package
- Data and business intelligence.

State Water Metering Scheme

State Water and the NSW Office of Water are delivering the NSW Murray Pilot Metering Project (Priority Project) by installing meters and telemeter systems in the Upper Murray catchment of the NSW Murray-Darling. State Water has completed a procurement strategy for rolling out the State-wide metering project. The project, which commenced in 2010, has cost \$18.3 million to 30 June 2013 and saved 10,000 mega litres of water.

The Australian Government is providing \$22.4 million to fund this project.

Under the project, water meters will measure at least 95 per cent of the total volume of licensed water extractions from the Upper Murray catchment. The licensed extractions include off-takes in regulated waters, unregulated rivers and groundwater sources.

Sydney Water has plans to replace its existing customer service system for an estimated cost of \$187 million

State Water is rolling out a State-wide water metering project

The project will increase the accuracy of measuring water extractions and help minimise unauthorised and unlicensed off-takes of water.

In 2004, the creation of the National Water Initiative resulted in governments agreeing to establish a national approach to water management. New national standards for water meters and meter data collection systems were also established.

Installation of the meters, which is expected to be completed by 30 June 2016, will deliver the following benefits:

- capability to assess water availability and usage patterns with higher accuracy
- protect environmental water allocations and licences.

State Water will own, operate and maintain all government-installed meters on regulated rivers. NSW Office of Water will own, operate and maintain all other government-installed meters.

NSW 2021

NSW 2021, released in September 2011, is a ten-year plan to rebuild the economy, provide quality services, renovate infrastructure, restore government accountability and strengthen the local environment. Securing long term potable water supplies for towns and cities supported by effective effluent management is a goal within the plan that impacts Sydney Water and Hunter Water.

Water Conservation

The plan includes conservation targets to save 145 gigalitres of water per year in Sydney by 2015.

Performance data shows programs are in place and on track to achieve the savings target. All metropolitan and non-metropolitan agencies continue implementing programs to address water usage, water efficiency, recycling and leak management to increase savings.

Both Sydney Water and Hunter Water have consumption targets within their operating licences as shown below:

Year ended 30 June	Target	Actual				
	2013	2013	2012	2011	2010	2009
Sydney Water						
Water consumption per capita per day (litres) including the effect of water restrictions*	329	310	297	304	309	310
Hunter Water						
Annual water consumption per residential property (kilolitres)	215	175.8	163	174.9	184	179.7

* Both target and actual are climate corrected.

Source: Sydney Water and Hunter Water (unaudited). Different measurements apply under their Operating Licences.

Recycling

The NSW 2021 plan incorporates recycling water targets from the 2010 NSW Metropolitan Plan. The target is to increase water recycling in Sydney to 70 gigalitres per year by 2015.

Year ended 30 June	2013	2012	2011
Sydney Water			
Volume of recycled water (gigalitres)	47.0	45.9	47.5
Recycled water as a percentage of total effluent discharged (%)	9.5	8.0	9.1
Hunter Water			
Volume of recycled water (gigalitres)	4.3	4.5	4.5
Recycled water as a percentage of total effluent discharged (%)	6.7	7.0	7.2

Source: Sydney Water and Hunter Water (unaudited).

According to the National Performance Report 2011-12: Urban Water agencies, Sydney Water and Hunter Water have lower levels of recycled water as a percentage of total effluent compared to other major water agencies (100,000+ customers) across Australia.

Sydney Water has completed the Hoxton Park recycling water scheme and is testing this recycled water plant before further decisions are taken on production levels.

There is potential to expand the recycled water supply at the Rosehill Recycled Water Scheme to a further 4.5 gigalitres litres per year. In 2012-13, Sydney Water gained an additional industrial customer for this scheme.

Sydney Water advises it will be taking an advocacy role in facilitating third party recycling schemes, sharing knowledge and participating in research to promote water recycling.

Hunter Water is on track to complete the Kooragang Industrial Water Scheme project by December 2014. The project involves diverting treated effluent from Shortland Wastewater Treatment Works to a new Advanced Water Treatment Plant at Steel River.

The Kooragang Scheme will be the largest recycled water scheme in the Lower Hunter. This project has the potential to increase the volume of recycled water produced by Hunter Water by three gigalitres each year.

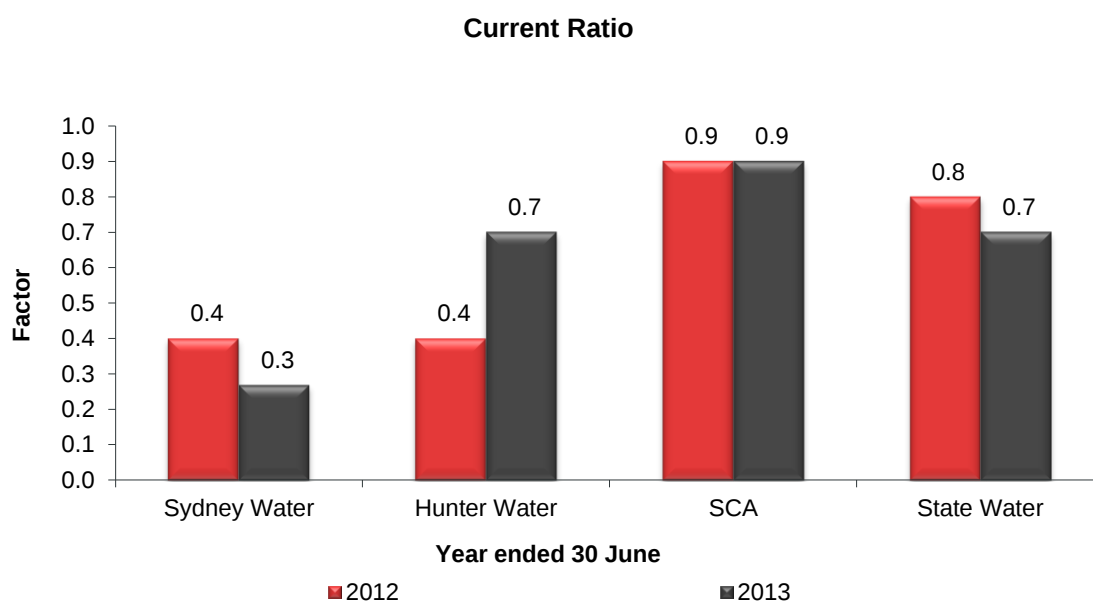
Performance Information

Financial Performance

Current Ratio

The current ratio measures the agencies' ability to pay its short term debts using short term assets. It is calculated by dividing current assets by current liabilities, excluding long service leave liabilities expected to be settled after 12 months. A ratio lower than one indicates an entity may have difficulty meeting its short term obligations.

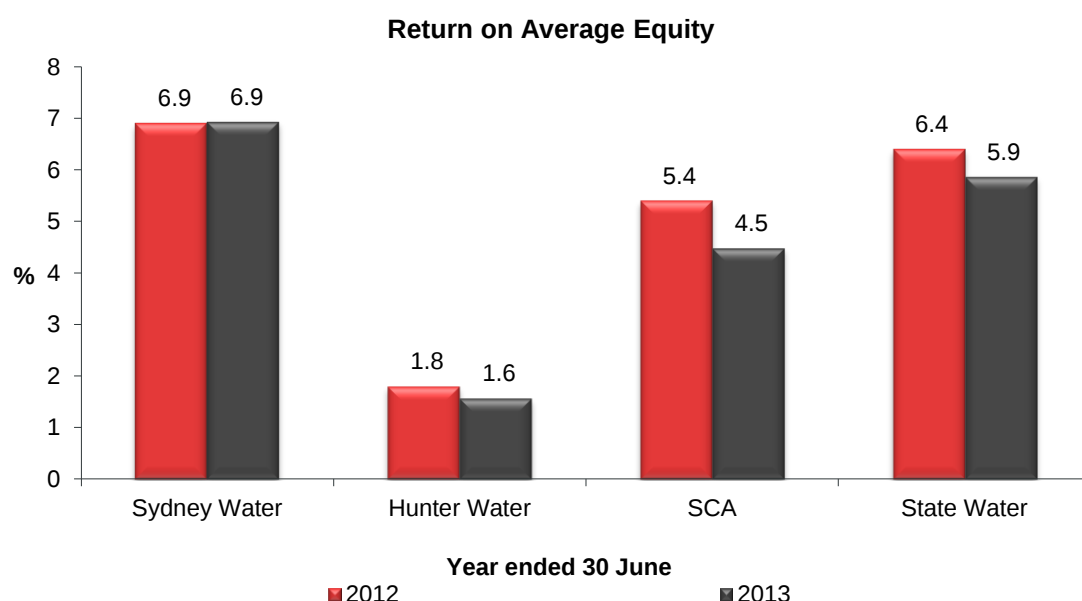
The current ratios of the four major water agencies are less than one, however, they are able to operate at a lower ratio because their revenues and expenditures are highly predictable and they can quickly source funds through loan facilities with New South Wales Treasury Corporation.



Source: Financial statements (audited)

Return on Average Equity

Return on equity is calculated by dividing profit after income tax by average equity.



Source: Financial statements (audited)

Sydney Water's return on average equity remained constant at 6.9 per cent in the last two years. It exceeded its target of 5.5 per cent.

Hunter Water's return on average equity marginally declined to 1.6 per cent for 2012-13 from 1.8 per cent in 2011-12. This was below its target of two per cent mainly due to a lower operating profit resulting from the \$28.5 million loss in the value of its Tillega land.

SCA's return on average equity of 4.5 per cent is lower than the prior year's 5.4 per cent due to a \$4.9 million fall in profit after tax. The fall in profit after tax was predominately due to a higher tax expense.

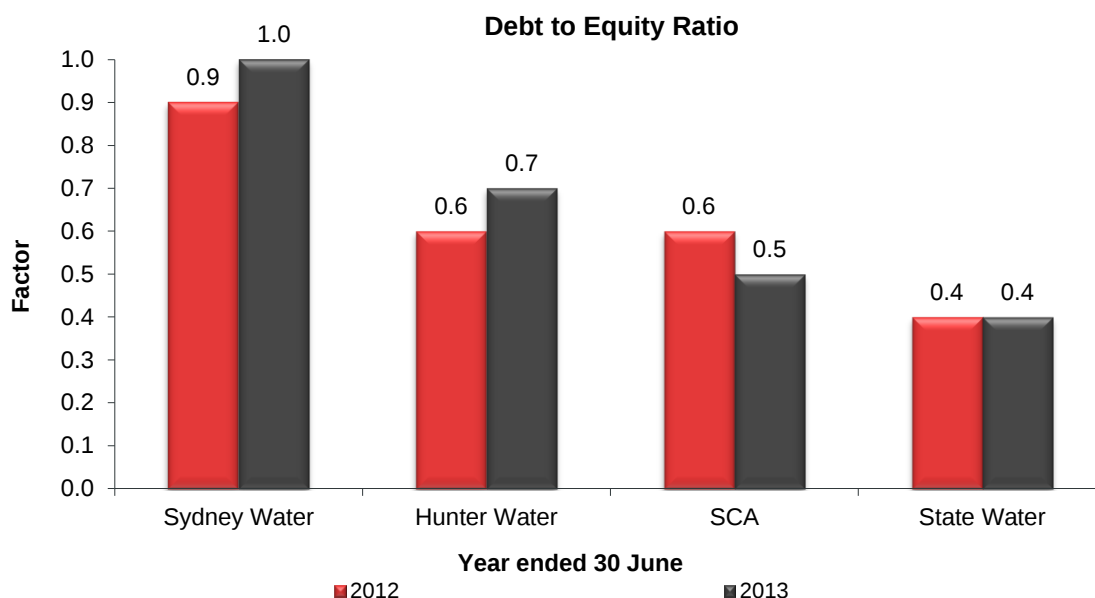
State Water's return on average equity of 5.9 per cent is lower than the prior year's 6.4 per cent. This was below its target of 13.7 per cent mainly due to impairment losses of \$23.0 million, income tax expense of \$8.5 million and a net increase of \$10.0 million in equity due to an increase in the fair value of property, plant and equipment.

The four major water agencies had total borrowings of \$7.4 billion at 30 June 2013

Debt to Equity Ratio

The four major water agencies had total borrowings of \$7.4 billion at 30 June 2013, an increase of \$491 million from previous year. The debt represents 87.1 per cent (80.5 per cent) of total equity.

The debt to equity ratio is calculated by dividing external debt by total equity. A high ratio (greater than one) indicates the entity funds its operations through a high proportion of debt.



Source: Financial statements (audited).

Sydney Water's debt to equity ratio increased in 2012-13 largely due to additional borrowings for asset acquisitions. In 2011-12, it repaid debt with funds received from the sale of the desalination plant. Its total debt at 30 June 2013 was \$5.9 billion. It sources its debts almost entirely through New South Wales Treasury Corporation.

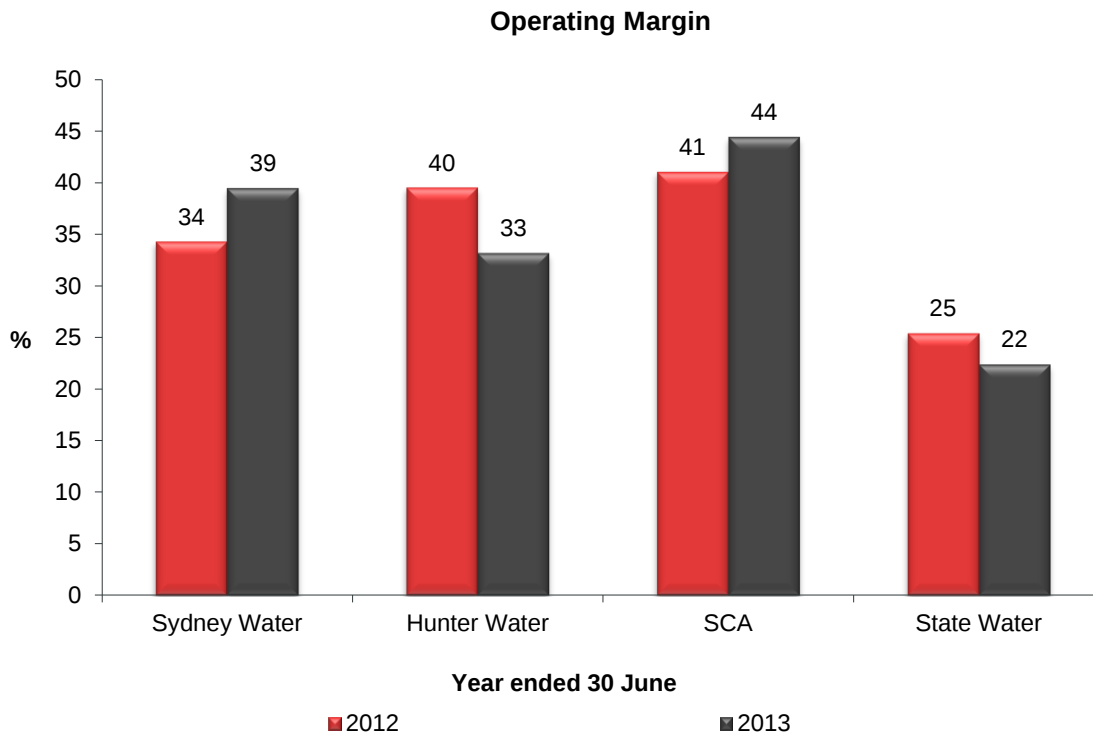
During 2012-13, SCA's debt to equity ratio decreased from 0.6 to 0.5 due to the repayment of fixed interest loans of \$32.6 million.

Hunter Water refinanced its debt portfolio to take advantage of low market interest rates. This resulted in a decreased average interest yield of 5.0 per cent from 5.7 per cent (excluding the government guarantee fee).

Operating Margin

Overall, the four major water agencies' combined operating margin increased by 3.5 per cent compared to the previous year.

Operating margin is calculated by dividing the operating surplus by the total revenue.



Source: Financial statements (audited)

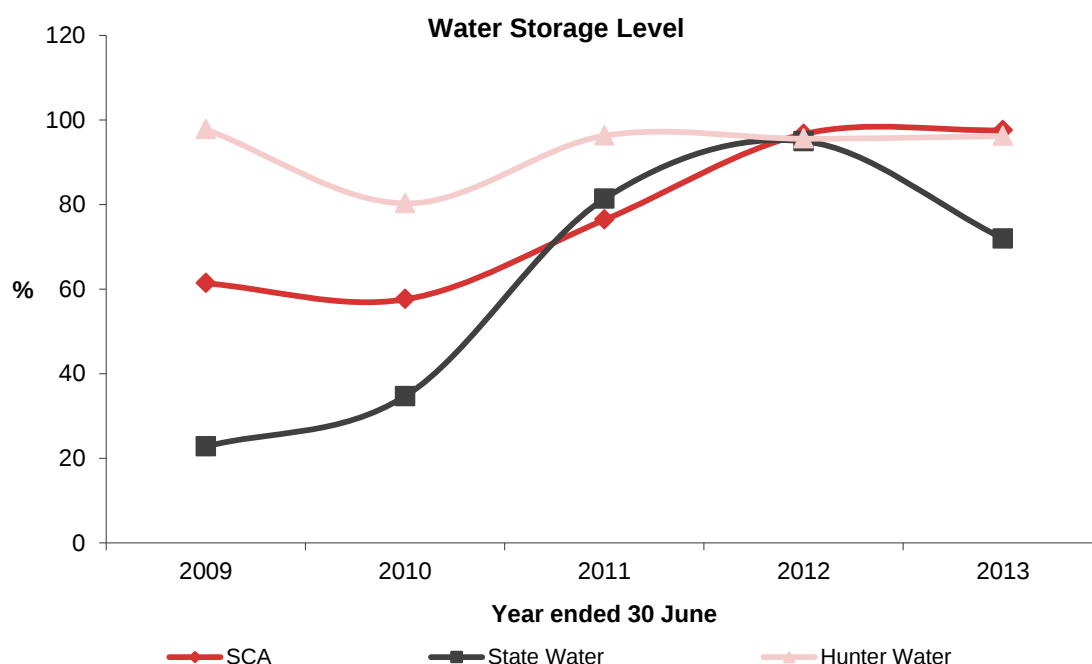
Sydney Water's operating margin increased in 2012-13 due to higher revenue from water use, receipt of assets free of charge and lower operating costs driven by lower contractor costs and other cost efficiencies.

Hunter Water's operating margin is lower mainly due to a \$28.5 million expense from the decrease in the value of its Tillega land assets.

SCA's operating margin was higher than the prior year. While the amount of water sold increased, the price decreased due to a regulatory price determination. This resulted in \$6.6 million less revenue. Total expenses fell by \$12.7 million mainly due to completion of a sewerage program in 2012.

Water Storage

The graph below shows the water storage levels for Hunter Water, SCA, and State Water for the past five years.



Source: Hunter Water, SCA and State Water (unaudited).

Hunter Water's and SCA's water storage levels were more than 95 per cent of capacity at 30 June 2013 similar to the previous year.

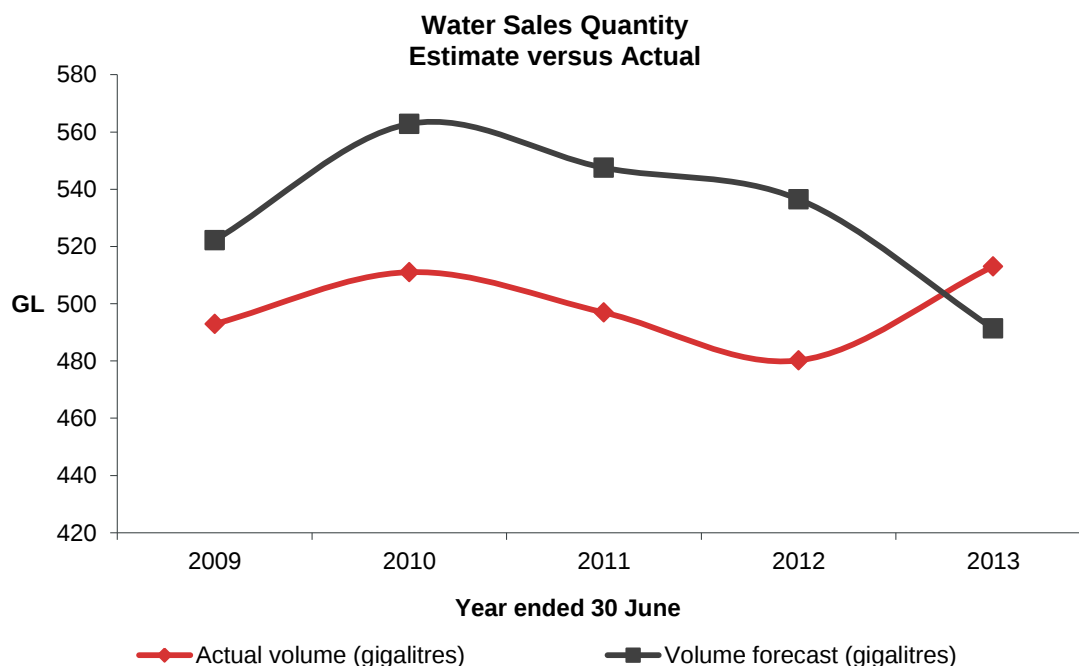
Increased rainfall in recent years returned SCA's reservoirs to higher levels. At 30 June 2013, SCA's storage levels of 98.1 per cent were at their highest since SCA was constituted in 1999.

State Water's storage levels in July 2012 were at 89 per cent of capacity. Storage levels fell significantly over the summer of 2012-13 to finish at 72 per cent at 30 June 2013.

Water Sales Quantity

Major water agencies' forecasts in their price submissions to the independent pricing regulator were more than the actual sales volume for the three years ended 30 June 2012.

Sydney Water's actual sales exceeded forecast in 2012-13, for the first time in five years



Source: Sydney Water, Hunter Water, (unaudited)

Sydney Water's actual sales over the previous four years were lower than its estimates. In its 2011-12 price determination, it made significant changes to the estimation process. These changes have improved the methodology used to forecast water demand. During 2012-13 sales were about five per cent higher than forecast.

Hunter Water's sales increased from 56 million kilolitres in 2011-12 to 60 million kilolitres for 2012-13.

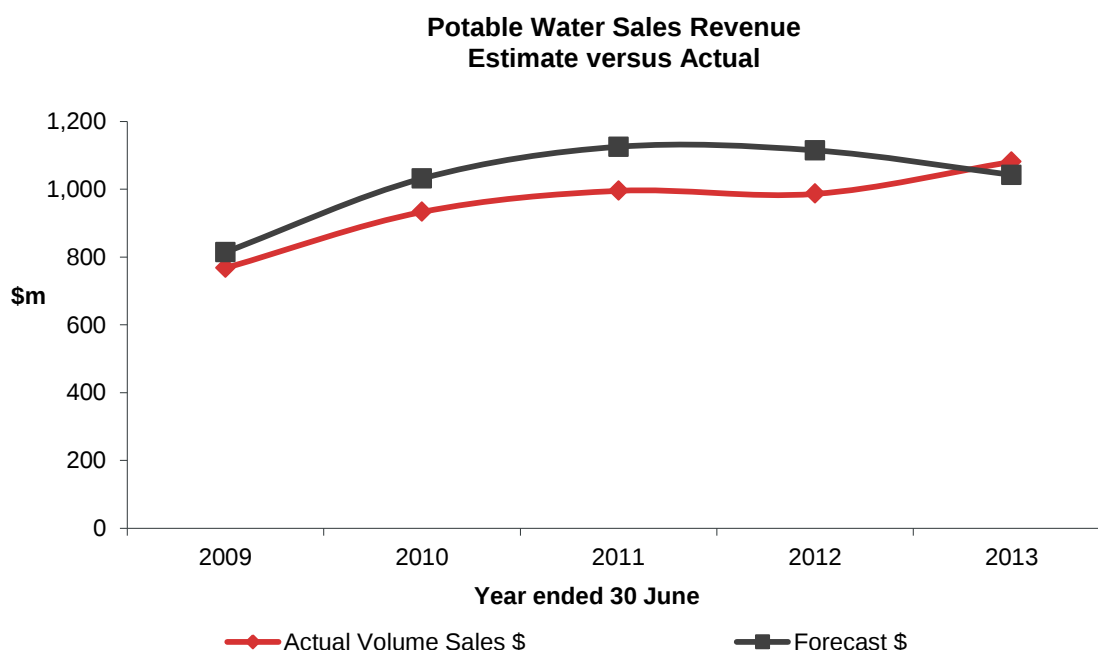
SCA does not forecast demand for water because it does not have access to end user data. Instead, on an annual basis, Sydney Water advises SCA of its latest estimated demand for the coming financial year for planning purposes.

SCA's water sales between 2008 and 2012 were affected by variable climatic conditions and changes in the water industry's structure. In 2012-13, despite heavy rainfall in February and June, the relatively dry and warm weather throughout the year meant water sales were higher than forecast.

In 2012-13, State Water recorded its highest water sales since 1996-97. For the first time in four years, State Water's actual volumes of water sales of 6,489 gigalitres were significantly higher than its estimated water sales of 4,627 gigalitres. Full dams and a dry season led to high irrigation demand during the 2012-13.

Potable Water Sales Revenue in Dollars

The graph shows the difference in water sales in dollars between the estimated and actual combined sales of Sydney Water and Hunter Water over five years.

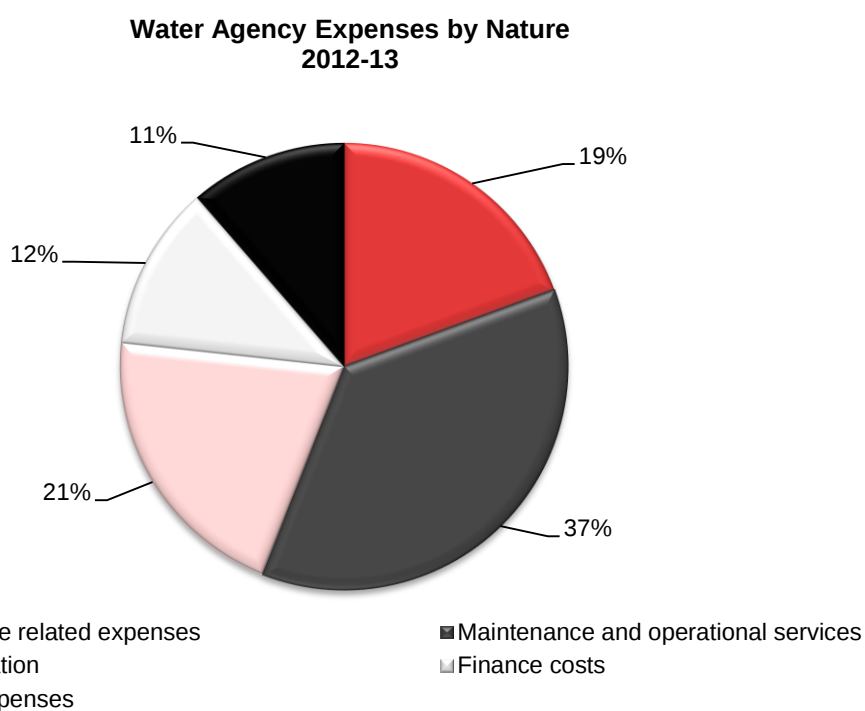


Source: Sydney Water, Hunter Water, (unaudited)

Expenditure

Where do the dollars go?

At 30 June 2013, the cost of maintenance and operational services represented 37 per cent of total expenses across the four major water agencies. Total operating expenses include employee related expenses, depreciation and finance costs.



Source: Financial statements (audited).

The water agencies' finance costs, income tax and dividend payments during the year ranged between four and 22 per cent of total expenses. Sydney Water had the highest payments at \$684 million and State Water had the lowest payments at \$8.2 million.

Distributions to Government

Water agencies accrued and paid distributions to the NSW Government of \$679 million (\$415 million in 2011-12), comprising:

- \$196 million (\$123 million) in taxation
- \$483 million (\$292 million) in dividends.

Dividends for the year were at 70 per cent of profit after tax for major water agencies except for SCA which was 75 per cent.

Dividends Provided During the Year and Taxes Paid	2013 \$m	2012 \$m	2011 \$m	2010 \$m	2009 \$m
Sydney Water	597	334	361	320	276
Hunter Water	31	34	34	47	43
SCA	27	43	50	15	23
State Water	24	4	11	3	--
Total	679	415	456	385	342

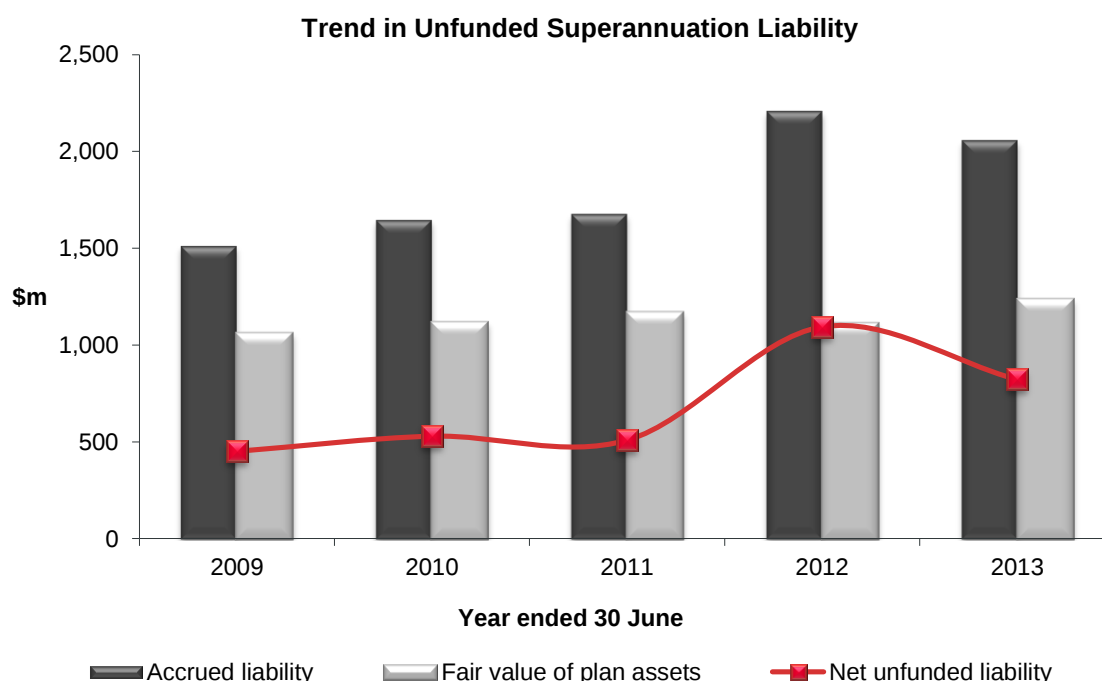
Source: Financial statements (audited).

Sydney Water's dividends provided and taxes paid of \$597 million represent 24 per cent of the revenue it received from customers.

Superannuation Liabilities

Total net unfunded liabilities for defined benefit superannuation schemes of the four major water agencies increased from \$450 million to \$821 million over the last five years (an increase of 82 per cent). This has been largely caused by decreases in the government bond rate used as the discount rate in calculating gross liabilities.

Water agencies' unfunded liabilities for defined benefit superannuation increased by 82 per cent in the last five years



Source: Financial statements (audited).

The changes in the unfunded liability between 2008-09 and 2012-13 for the individual agencies are:

Year ended 30 June	Unfunded Liability \$m		Increase \$m
	2013	2009	
Sydney Water	670	373	297
Hunter Water	78	44	34
State Water	34	18	16
SCA	39	15	24
Total	821	450	371

Source: Financial Statements (audited)

The NSW Government has a target for defined benefit superannuation schemes to be fully funded by 2030. The Government's actuary advises NSW Treasury and each employer of the required contribution to achieve the target.

Operational Performance

Capital Programs and Asset Management

The original and current cost estimates and delivery dates for capital projects with an original cost above \$50.0 million for Sydney Water and \$10.0 million for all other water agencies are shown below. The list includes Information Technology capital projects with an original cost above \$10.0 million for all agencies.

Sydney Water	Original cost estimate \$m	Current cost \$m	Original service delivery date	Achieved/ estimated service delivery date
Completed during 2012-13:				
Hoxton Park Recycled Water Scheme	65	90	June 2009	June 2013
South West Growth Centre First Release Precincts	88	47	June 2013	June 2013
Appin Sewerage Scheme	82	66	Late 2012	July 2012
SWIM 2 Document management	10	16	Late 2011	May 2013
In progress at 30 June 2013:				
Malabar Wastewater Treatment Plant Improvement Program	115	115	June 2017	June 2017
North West Growth Centre Servicing Package 2 and 3A	120	111	June 2014	December 2014
Server Platform Refresh Contract	18	7.3	June 2015	June 2015
Integration Platform Renewal	12	1	February 2014	February 2014

State Water	Original cost estimate \$m	Actual/current cost estimate \$m	Original service delivery date	Achieved/estimated service delivery date
Completed during 2012-13:				
Copeton Dam Safety Upgrade	48	50	February 2013	March 2013
In progress at 30 June 2013:				
Keepit Dam Safety Upgrade	117	116	November 2011	December 2016
Burrendong Dam Safety Upgrade	29	23	July 2012	August 2014
Wyangala Dam Safety Upgrade	34	39	October 2012	January 2015
Chaffey (Phase 2) Dam Safety Upgrade	43	44	June 2014	September 2015
Hunter Water	Original cost estimate \$m	Actual/current cost estimate \$m	Original service delivery date	Achieved/estimated service delivery date
Completed during 2012-13:				
Burwood Beach Wastewater Treatment Works Upgrade – Stage 2	50	50	October 2011	August 2012
Farley Wastewater Treatment works Upgrade – Stage 3	31	30	October 2013	June 2013
Morpeth Wastewater Transport Upgrade	16	17	June 2012	May 2012
Newcastle Wastewater Transport System Upgrade Stage 1	28	26	June 2012	August 2012
In progress at 30 June 2013:				
Adamstown Wet Weather Pump System Upgrade	15	14	February 2013	October 2013
Cessnock Water Distribution Upgrade – Stage 1	20	17	June 2012	August 2013
High Voltage Network Upgrade	56	50	June 2014	June 2014
Kooragang Island Recycled Water Project	68	69	July 2013	December 2014
Maitland North Rothbury Water Distribution Upgrade – Stage 3	14	14	May 2012	March 2014
Williamstown/Raymond Terrace Wastewater Transfer Scheme	17	17	June 2013	February 2014
SCA	Original cost estimate \$m	Actual/current cost estimate \$m	Original service delivery date	Achieved/estimated service delivery date
Completed during 2012-13:				
Wingecarribee Dam Improvement Works	12	11	June 2012	September 2012
In progress at 30 June 2013:				
Prospect Dam Improvement Works	32	22	October 2014	October 2014

Source: Sydney Water, Hunter Water, SCA, State Water (unaudited).

The water agencies completed most planned maintenance of water supply facilities

The table below shows water agencies completed most planned maintenance of water supply facilities on time. The results are not significantly different from the previous year.

Year ended 30 June	Sydney Water		Hunter Water		SCA		State Water	
	2013	2012	2013	2012	2013	2012	2013	2012
Total planned maintenance completed for network and treatment assets (%)	98	100	93	89	99	98	97	92
Total planned maintenance completed for critical assets (%)	104	100	94	100	99	97	**	**
Maintenance work completed on time (%)	75.1	81.1	94	84	78	76	92	91
Budgeted maintenance expenditure (\$m)	233	238	52	52	6*	5*	13	13
Actual maintenance expenditure (\$m)	225	217	54	52	6*	5*	13	13
Backlog maintenance (number of jobs)	7,620	7,377	--	--	31	88	--	--
Backlog maintenance (\$m)	6	4	--	--	85	230	--	--

* Includes direct maintenance costs excluding overheads.

** Not reportable separately.

Source: Water agencies (unaudited).

Sydney Water completed 90,742 maintenance jobs (105,557 in 2011-12). Breakdown maintenance jobs continue to decrease. Sydney Water's preventative maintenance program has further contributed to the fall in the number of maintenance jobs.

Sydney Water's backlog maintenance job numbers increased to 7,620 jobs in 2012-13 (7,377 in 2011-12). The value of this backlog, \$5.5 million in 2012-13, has increased (\$3.9 million in 2011-12). Sydney Water believes this level of backlog maintenance is acceptable and has no material impact on operational performance. It has assessed the backlog maintenance as lower priority maintenance work.

From 1 July 2013, Sydney Water outsourced its mechanical and electrical maintenance. Sydney Water's backlog maintenance is expected to decrease by the end of 2013-14 as the outsourcing contract will address the backlog maintenance.

Hunter Water and State Water advised they had no maintenance backlog at 30 June 2013.

While SCA's planned maintenance was delivered within target for the yearly program, the timeliness of works was significantly affected by the reallocation of resources to respond to the heavy rainfall incidence in February and March 2013.

SCA accelerated its program to address backlog maintenance in 2012-13, which resulted in a higher throughput of works and increased expenditure.

Other Performance Measures

Performance measures for Sydney Water and Hunter Water are shown below:

Year ended 30 June	Sydney Water		Hunter Water	
	2013	2012	2013	2012
Volume of water consumed (kilolitres per residential property)	198	193	176	163
Water quality complaints per 1,000 properties	1	1	3	3
Water Loss (kilolitres per km of water main per day)	6	6	3	3
Average frequency of unplanned water interruptions per 1,000 properties	160	147	236	206
Water main breaks and leaks per 100 km of water main	29	22	67	25
Sewer main breaks and chokes per 100 km of sewer main	46	48	42	47

Source: Sydney Water, Hunter Water (unaudited).

Compliance

Operational Audit

The four major water agencies achieved high or full levels of compliance with licence conditions.

Each water agency holds an operating licence, which allows them to fulfil their functions. Compliance with licence conditions is summarised below.

Compliance with operating licence Year ended 30 June	Sydney Water		Hunter Water		SCA		State Water	
	2012 %	2011 %	2012 %	2011 %	2012 %	2011 %	2012 %	2011 %
Full compliance	100	98	85	94	93	84	92	94
High compliance	--	2	11	6	7	15	8	6
Adequate compliance	--	--	4	--	--	1	--	--

Source: IPART Operational Audit Report 2011-12 for each water agency.

Sydney Water achieved full compliance with licence conditions in 2012. It continues to manage its resources and operations to an excellent standard.

Hunter Water achieved a high level of compliance with its operating licence in 2012. The independent regulator, the Independent Pricing and Regulatory Tribunal (IPART), did not award full compliance to Hunter Water in respect of four clauses. It issued two recommendations in addition to two from prior years. IPART stated Hunter Water is making satisfactory progress with these matters and no further recommendations were considered necessary this year.

IPART's audit identified no major issues about SCA's performance against the key provisions of its licence. IPART had no key recommendations to SCA. IPART stated SCA made progress in addressing recommendations from 2010-11 and prior. The SCA has demonstrated that it continues to manage Sydney's raw water catchments and dams to a high level.

State Water achieved a good overall level of compliance with its licence in 2012. There were four sub-clauses where IPART did not award full compliance; these related to asset management and customer consultation. State Water is in the final year of its current operating licence. IPART stated the new licence will introduce new asset management requirements.

The four major water agencies achieved high levels of compliance with licence conditions

Dam Safety

Hunter Water did not carry out a specific risk assessment and safety upgrade on dams in 2012-13 and continued to update the major asset failure risk assessment quarterly. Hunter Water complies with the *Dams Safety Act 1978* and maintains a representative on the NSW Dams Safety Committee. The Five-Yearly Compliance Report is due in 2013-14.

SCA advised its Dam Safety Management Program complies with the NSW Dams Safety Committee's requirements, Australian National Committee on Large Dams guidelines and international best practice. SCA conducted performance monitoring of the 21 prescribed dams throughout 2012-13 which were found to be performing satisfactorily.

State Water continues to work on its dam safety compliance program through delivery of its major capital works.

The Environment Protection Authority (EPA)

Two out of the four major water agencies received minor infringement penalty notices from the EPA during 2012-13.

Two out of the four major water agencies received minor infringement penalty notices from the EPA

Sydney Water received one penalty infringement notice during the year from the EPA. The penalty was for a chemical spill from Quakers Hill sewage treatment plant. Sydney Water operates wastewater treatment plants and sewer pumping stations in accordance with 26 licenses set by the EPA. It did not comply with 61 conditions across 20 Sewage Treatment System licences during the year. Most of the non-compliances were related to overflows from reticulation networks with tree roots being the major cause. Sydney Water advised these overflows did not cause material harm to the environment

Hunter Water received two penalty infringement notices from the EPA during the year. Two penalty notices of \$1,500 each related to sewer overflows during construction of pump stations. Hunter Water has since fixed the pump stations to address the deficiencies.

SCA and State water advised they did not receive any fines during 2012-13.

Work Health and Safety (WHS)

In 2012-13, Sydney Water's lost time injury frequency rate for staff significantly decreased for the first time since 2008, from 6.28 to 2.29. The rate represents the number of lost hours in injuries for each million hours worked. Sydney Water's safety theme for 2012-14 is 'Improving Safety Together'. This theme has been developed by senior management for inclusion in the 2014 Safety Strategy. The strategy enables staff to work safer by providing simplified information on systems and processes. Its goal is to achieve zero injuries for staff, contractors and visitors.

Hunter Water advised it commenced work on the accreditation of a new Workplace Health and Safety system to further strengthen internal processes, prevent unsafe actions and to reinforce safe behaviours. In June 2013, Hunter Water achieved a new record of 27 months without a single lost time from injury. Hunter Water will continue to focus on strategies and initiatives that will help deliver a zero harm workplace.

During the year, the SCA had five injuries (three injuries in prior year). However, there was a significant decrease from prior years in the time taken to return workers to duties. This was achieved by proactive rehabilitation and injury management.

State Water identified two areas of non-conformance with the *Work Health and Safety Act 2011* and Regulations. It advised safety controls are in place and corrective actions are being developed. State Water recorded one instance of lost time in 2012-13. It achieved a lost time injury free period of one year.

Other Information

Water Loss

Sydney Water and Hunter Water have maintained infrastructure leakage indexes below two which is rated as good by the International Water Association.

Year ended 30 June	2013	2012	2011
Infrastructure Index Leakage			
Sydney Water	1.50	1.50	1.30
Hunter Water	1.08	1.06	1.21

Source: Sydney Water and Hunter Water (unaudited).

The National Performance Report 2011-12: Urban Water Agencies shows three other major water agencies (100,000+ customers) across Australia whose leakage index is lower than Sydney Water and Hunter Water.

Sydney Water reduced water loss from its distribution system by 36 per cent since 2002-03. During the year it incurred expenses of \$147 million (2011-12, \$122 million) in managing the water losses.

Corruption Prevention

Last year's report to Parliament, reported on Sydney Water's progress in implementing 18 recommendations from the Independent Commission Against Corruption (ICAC).

During the year, Sydney Water commissioned an independent assessment of its implementation of the ICAC recommendations. The assessment found all recommendations had been implemented. In April 2013, ICAC received and published Sydney Water's 24 month progress report on the actions it has taken to implement the Commission's corruption prevention recommendations.

Cost of Carbon

IPART allowed water agencies to recover costs associated with the carbon price scheme from their customers. Recovery of these costs includes direct and indirect costs relating to operating expenditure.

	Sydney Water	Hunter Water	SCA
Carbon price recovered over four year period \$m	61.6	11.1	7.0
% Operating Costs	2.0	2.3	1.9

Source: Sydney Water, Hunter Water and SCA (unaudited).

Transition to Central Coast Water Corporation

Last year's Report to Parliament commented on the merger of the water supply and sewerage activities of Wyong Shire and Gosford City Councils into a single entity, the Central Coast Water Corporation. This was in accordance with the *Central Coast Water Corporation Act 2006*.

This arrangement is still in progress.

Sydney Water and Hunter Water have maintained infrastructure leakage indexes below two for the past three years

Sydney Water implemented all recommendations of the ICAC

Industry Changes

The *Local Land Service Act 2013* was assented on 1 July 2013. This enables 11 Local Land Service organisations to become operational from January 2014. These organisations will replace the 13 Catchment Management Authorities, 14 Livestock Health and Pest Authorities and the advisory service under the Department of Primary Industries. New South Wales will be the only State where one single organisation is responsible for biosecurity, natural resource management and agricultural advisory services.

Water Accounting

The Water Accounting Standards Board released the Australian Water Accounting Standard in October 2012 in response to the National Water Initiative Plan for water management and governance.

This standard sets out requirements for the recognition, quantification, presentation and disclosure of items in a General Purpose Water Accounting Report. The report will identify sources and quantities of water, how much water is used and how much water is on hand at year end.

Public and private sector organisations can voluntarily adopt the standard. The system is being used by a number of national and international organisations to measure the use and quality of water. NSW public sector water entities provide data to the Bureau of Meteorology for the National Water Account.

The Water Accounting Standard Board is working with the Australian Audit and Assurance Standards Board on its first general purpose water accounting assurance standard.

The assurance standard will give the water accounting reports credibility.

Water Management and Dam Safety

There are a number of entities performing regulatory functions over water service entities.

WAMC is responsible for water management in NSW. Its water planning and management activities are delivered by the NSW Office of Water.

The Dam Safety Committee is responsible for protecting the security and safety of the dams.

Water Agencies' Financial Information

	Sydney Water		Hunter Water		SCA		State Water	
	2013 \$m	2012* \$m	2013* \$m	2012* \$m	2013* \$m	2012* \$m	2013 \$m	2012 \$m
Statement of Comprehensive Income (abridged)								
Year ended 30 June								
Revenue from continuing operations	2,521	2,421	319	288	202	208	180	166
Operating surplus	995	830	106	113	89	85	41	42
Interest expense	398	415	74	66	34	36	10	9
Profit from continuing operations before tax	597	415	32	47	55	49	31	33
Income tax equivalent expense	182	185	9	14	19	8	9	9
Gain after tax from discontinuing operations	--	137	--	--	--	--	--	--
Profit after tax	415	367	23	33	36	41	22	24
Other comprehensive income								
Asset revaluations	(30)	239	(269)	(463)	26	107	10	(2)
Superannuation – actuarial gains/(losses)	143	(346)	16	(40)	(3)	(56)	8	(20)
Total comprehensive income/(expense)	528	260	(230)	(470)	59	92	40	2
Statement of Financial Position (abridged)								
At 30 June								
Current assets	337	377	86	69	61	62	70	55
Non-current assets	14,114	13,640	2,599	2,911	1,445	1,431	735	699
Total assets	14,451	14,017	2,685	2,980	1,506	1,493	805	754
Current liabilities	1,118	1,115	133	177	80	84	88	57
Non-current liabilities	7,290	6,970	1,237	1,242	614	629	334	330
Total liabilities	8,408	8,085	1,370	1,419	694	713	422	387
Net assets	6,043	5,932	1,315	1,561	812	780	383	367

* Consolidated financial statements (audited).

Source: Financial statements (audited).

Year ended 30 June	Sydney Water		Hunter Water		SCA		State Water	
	2013	2012	2013	2012	2013	2012	2013	2012
Current ratio (a)	0.3	0.4	0.7	0.4	0.9	0.9	0.7	0.8
Return on average equity (%) (b)	6.9	6.9	1.6	1.8	4.5	5.4	5.9	6.4
Return on average assets (%) (c)	7.0	7.8	3.7	3.5	6.0	6.0	5.2	5.8
Interest cover (times) (d)	2.2	2.2	1.4	1.7	2.6	2.3	2.8	2.8
Debt to equity ratio (e)	1.0	0.9	0.7	0.6	0.5	0.6	0.4	0.4
Operating Margin (%) (f)	39.5	34.3	33.2	39.2	44.1	40.9	22.8	25.3
Interest paid to NSW Treasury Corporation (\$m)	329	363	71	57	32	32	14	14
Employee Benefits and on-costs as a % of total revenue (g)	12.5	16.1	18.4	14.2	16.5	16.8	15.6	19.0

Calculated as:

- a Current assets divided by current liabilities (current liabilities include taxation liabilities and exclude employee provisions payable after 12 months).
- b Profit after income tax expense divided by average equity.
- c Profit before tax and interest expense divided by average assets.
- d Operating profit plus interest and tax expense (operating surplus) divided by gross interest expense.
- e External debt divided by equity (net assets).
- f Operating surplus as a percentage of total revenue
- g Employee Benefits and on-costs as a percentage of total revenue – good practice is between 50 and 70 per cent.

Section Two

Agencies with Individual Comments

Minister for the Environment

Minister for Family and Community Services

Minister for Finance and Services

Minister for Planning and Infrastructure

Premier

Minister for Primary Industries

Minister for Regional Infrastructure and Services

Minister for Tourism, Major Events, Hospitality and Racing

Centennial Park and Moore Park Trust

Audit Opinion

An unqualified audit opinion was issued on Centennial Park and Moore Park Trust's (the Trust) 30 June 2013 financial statements.

Compliance with Treasury's Early Close Procedures

During the year, NSW Treasury issued TC 13/01 'Mandatory early close procedures for 2013'. This Circular aimed to improve the quality and timeliness of agencies' annual financial statements. The Trust was required to perform the early close procedures.

The Trust was broadly successful in performing the procedures, which helped it submit financial statements earlier than last year. This in turn enabled the financial statement audit to be finalised within an earlier timeframe of eight weeks (nine weeks in 2011-12). However, one valuation report was unavailable for the audit of the early close procedures.

Operational Snapshot

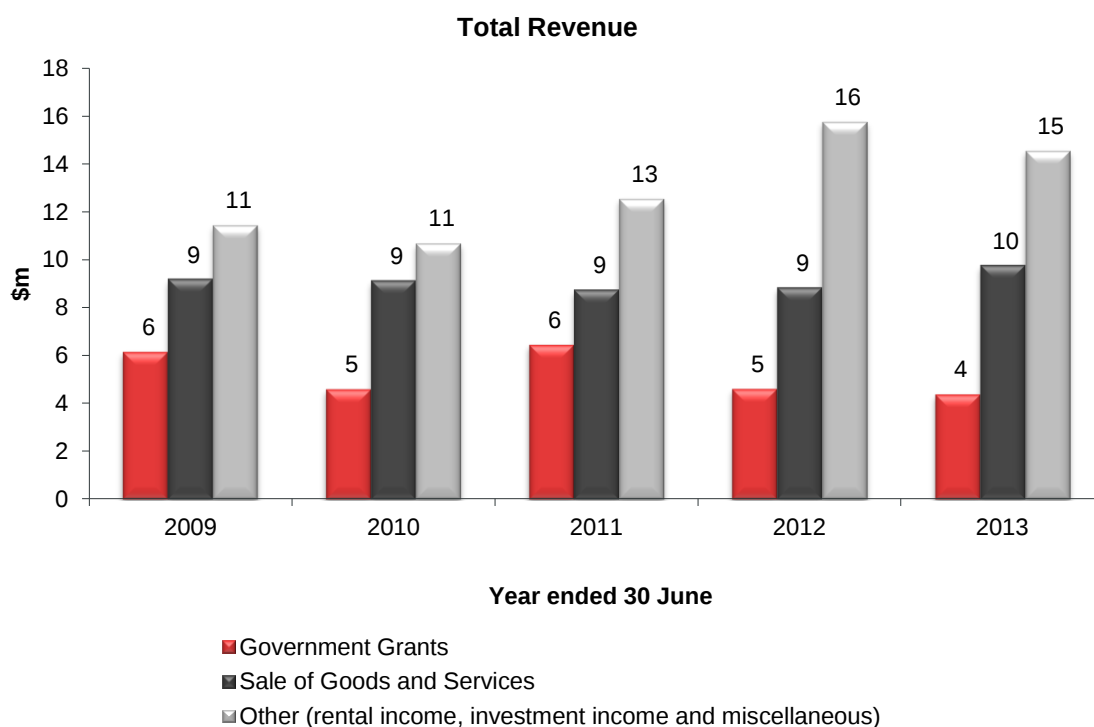
The Trust manages the 360-hectare Centennial Parklands comprising Centennial Park, Moore Park (including the Entertainment Precinct) and Queens Park. The parklands are listed on the State Heritage Register.

The parklands attract more than 20 million visitors each year. The Trust managed assets of \$870 million (\$866 million at 30 June 2012) and made a surplus of \$2.6 million (\$3.9 million).

Performance Information

Revenue Streams

The significant revenue streams for the Trust for the past five years were:



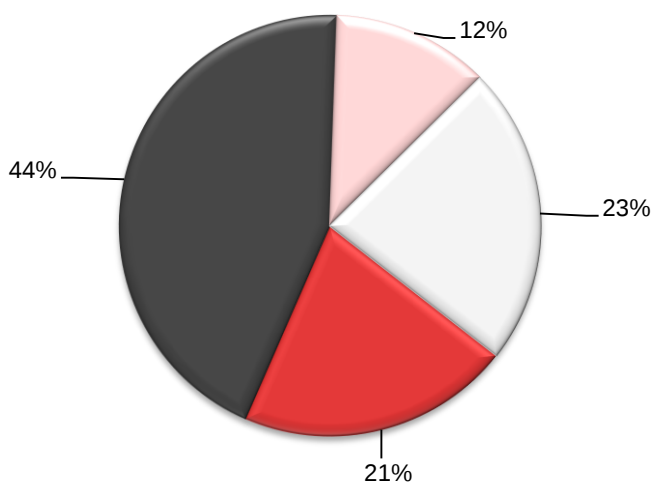
Source: Trust Audited Financial Statements

Government grants have decreased 29 per cent since 2009 to \$4.4 million in 2013. The Trust offset this funding shortfall by increasing its commercial revenue over the same period through targeted marketing, better management of facilities and introducing new attractions.

Expenditure of Funds

Employee related expenses and the costs to acquire and maintain assets consumed 56 per cent of the available funds.

Expenditure of Funds 2012-13



■ Employment related expenses ■ Other operating expenses ■ Maintenance ■ Asset acquisition

Source: Trust Annual Report (audited)

Economic Indicators

The table below shows the key economic indicators for the parklands over the past five years:

Year ended 30 June	2013	2012	2011	2010	2009
Item					
Net cost to government per visit - recurrent funding (\$)	0.13	0.18	0.23	0.37	0.30
Net cost to Trust per visit (\$)	2.89	2.80	2.78	2.85	3.01
Total net cost per visit (\$)	3.02	2.98	3.01	3.12	3.31
Revenue Growth (%)	8.3	1.6	(0.4)	(1.0)	6.8
Overall operating costs funded by Trust revenue (%)	95.7	94.0	92.4	91.3	91.0

Source: Trust Annual Report (unaudited).

The net cost to government per visit over the past five years has decreased due to an increase in visitors coupled with reduced government funding. The Trust continues to grow commercial revenue and control costs to manage its budgetary pressures. In 2012-13, the Trust self-funded 95.7 per cent of its operating costs and has forecast it will fully fund operating costs from 2013-14.

Centennial Park and Moore Park Trust continues to grow its commercial revenue to fund operations

Other Information

Capital Projects and Maintaining Parkland Assets

The Trust manages a large, diverse and ageing asset base including heritage listed areas and facilities. The assets of the Trust are subject to growing community demand.

The Trust completed the fourth year of its \$20.0 million 2009-2019 Capital Investment Program. The NSW Government matched the Trust 'dollar for dollar' to support its plans to develop new assets and maintain and protect existing assets.

The Trust completed several projects during 2012-13 in line with its budgeted costs.

Project name	Completion date	Original budget \$'000	Revised budget \$'000
Equestrian Centre Arena Roof	March 2013	1,370	1,370
ES Mark Athletics Field Track Replacement	March 2013	9,000	8,700
Moore Park Golf Locker Rooms	March 2013	3,400	3,400
Critical Workplace Health and Safety (WH&S) Works	June 2013	3,200	3,300

Source: Trust (unaudited).

The Trust secured additional funding of \$19.5 million from the NSW Government to fund major maintenance projects over the next four years and \$5.3 million for capital improvement projects over the next year.

During 2012-13, the Trust reinvested surplus funds of \$940,000 (\$500,000 in 2011-12) to maintain and upgrade parkland assets.

Financial Information

Abridged Statement of Comprehensive Income

Year ended 30 June	2013 \$'000	2012 \$'000
Personnel services expenses	6,131	5,492
Other expenses	19,966	19,793
Total expenses	26,097	25,285
Sale of goods and services	9,749	8,820
Investment revenue	9,636	9,537
Grants and contributions	5,831	5,445
Other revenue	3,464	5,377
Total revenue	28,680	29,179
Net result - surplus	2,583	3,893
Other comprehensive income		
Net increase in revaluation of assets	2,797	58,884
Total other comprehensive income	2,797	58,884
Total comprehensive income	5,380	62,777

Sale of goods and services increased by \$929,000 due to greater use of recreational facilities in the parklands. Other revenue decreased in 2012-13 mainly due to recognising assets valued at \$1.9 million for the first time in 2012-13 compared to \$4.4 million in 2011-12. Centennial Parklands Foundation, a non-controlled entity, provided \$738,000 more in contributions, but this was partly offset by a \$224,000 decrease in government grants.

Personnel services costs increased in 2012-13 mainly due to redundancy costs of \$468,000.

The Trust revalued its land, buildings, infrastructure and trees in 2011-12 resulting in a \$58.9 million increase in other comprehensive income. In 2012-13, the fair value of these assets was again assessed resulting in an increment of only \$2.8 million.

Abridged Statement of Financial Position

At 30 June	2013 \$'000	2012 \$'000
Current assets	11,429	12,207
Non-current assets	859,043	853,954
Total assets	870,472	866,161
Current liabilities	4,286	4,657
Non-current liabilities	3,277	3,975
Total liabilities	7,563	8,632
Net assets	862,909	857,529

Total assets increased due to the increase in the fair value of non-current assets as discussed above and the addition of the previously unrecognised Busby Bore Tunnel valued at \$1.9 million.

Trust Activities

The Trust is constituted under the *Centennial Park and Moore Park Trust Act 1983*. It is subject to the control and direction of the Minister for the Environment. Its principal objectives are to:

- maintain and improve Trust lands
- encourage the use and enjoyment of Trust lands by promoting and increasing the recreational, historical, scientific, educational, cultural and environmental value of those lands
- maintain the right of the public to the use of Trust lands
- ensure the protection of the environment within Trust lands.

For further information on the Trust, refer to www.cp.nsw.gov.au.

Royal Botanic Gardens and Domain Trust

Audit Opinion

An unqualified opinion was issued on the Royal Botanic Gardens and Domain Trust's (the Trust) 30 June 2013 financial statements.

Compliance with Treasury's Early Close Procedures

During the year, NSW Treasury issued TC 13/01 'Mandatory early close procedures for 2013'. This Circular aimed to improve the quality and timeliness of agencies' annual financial statements. The Trust was required to perform the early close procedures.

The Trust was broadly successful in performing the procedures, which helped it submit financial statements earlier than last year. This in turn enabled the financial statement audit to be finalised within an earlier timeframe of eight weeks (nine weeks in 2011-12).

Operational Snapshot

The Trust manages the Royal Botanic Garden, Sydney; the Australian Botanic Garden, Mount Annan; the Blue Mountains Botanic Garden, Mount Tomah; the National Herbarium of New South Wales; and the New South Wales Seedbank.

The Trust also performs scientific and horticultural research and provides advice and education on botany, horticulture and biodiversity.

The value of Trust assets at 30 June 2013 was \$383 million (\$371 million at 30 June 2012) and the Trust made a surplus of \$12.3 million (\$4.4 million in 2011-12).

Key Issues

Grants to Foundation and Friends

The Trust has previously established that it does not control the Foundation and Friends of the Botanic Gardens (the Foundation) for accounting purposes. The Foundation's main objective is to advance the horticultural, scientific, educational, historical and cultural purposes of the Trust.

In 2012-13, the Trust granted \$800,000, and intended to grant a total of \$3.2 million, to the Foundation, a non-government entity. This grant was provided without a competitive grant process.

The lack of a competitive grant process poses risks to the Trust, including lost control of the funds.

The Trust advises the main purpose of the grant was to retain unspent funds for capital projects to supplement future government funding. Payment of the grant also impacted Trust's net cost of services. It was subsequently determined that the transaction was not appropriate.

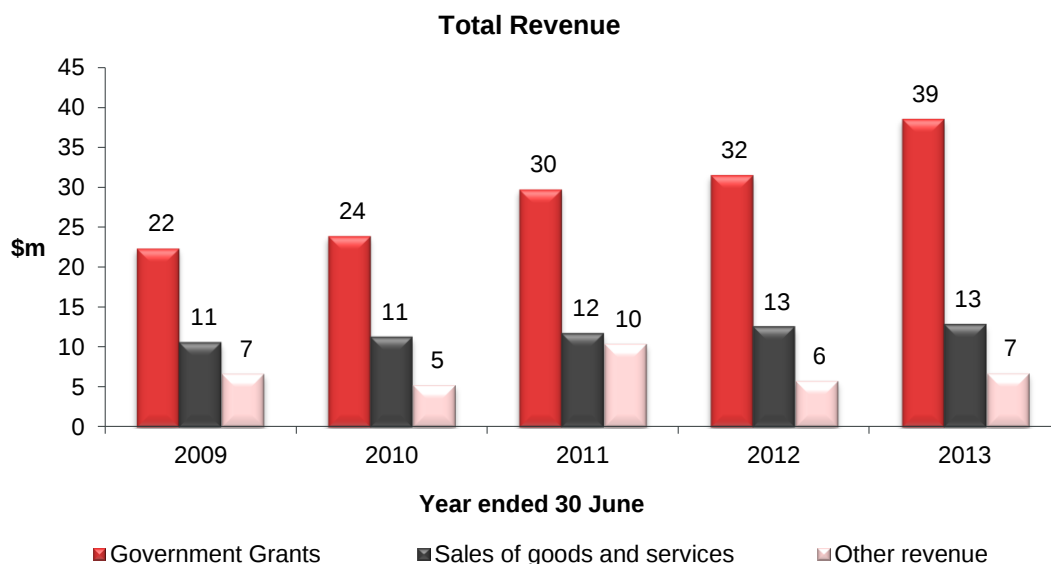
The intention to retain unspent funds, via the grants may bring control of the Foundation into question, especially with pending changes to the definition of control in the accounting standards.

The Trust granted funds out of the NSW public sector without a competitive grant process

Performance Information

Revenue Streams

The significant revenue streams of the Trust for the past five years were:



Source: Trust audited financial statements.

Government contributions have increased by 77.3 per cent over the past five years mainly due to a \$13.1 million increase in capital grants since 2009. The main outcome of the additional capital funding was the construction of the Australian PlantBank which opened in October 2013. The 2013-14 State Budget provides for a further \$19.1 million in capital grants to redevelop the Sydney Tropical Centre and restore the Farm Cove sea wall.

Sales of goods and services increased by 21.5 per cent over the past five years, despite the removal of entrance fees to the gardens in Mount Tomah and Mount Annan in April 2011.

Other revenue streams fluctuated from year to year due to one-off donations and grants.

Visitors

Visitors to the gardens, bookings in the Domain and attendance at public events all increased from the previous year as shown in the table below. In 2012-13, the three gardens had almost 4.5 million visitors, with almost 90 per cent of them visiting The Royal Botanic Gardens, Sydney. Visitors to the Australian Botanic Garden and the Blue Mountains Botanic Gardens have tripled since the entrance fees were removed in April 2011.

Year ended 30 June	2013	2012	2011	2010	2009
Item					
Visitor numbers	4,484,919	3,998,240	3,848,496	4,009,290	3,614,678
Sport activity bookings in the Domain	62,910	59,300	65,379	72,732	89,755
Attendance at public events	565,420	522,475	446,341	460,308	544,147
Event and venue bookings	2,730	1,919	1,731	1,543	1,373
Visitor satisfaction (%)	96	92	97	94	94

Source: Trust Annual Report (unaudited).

The Trust recorded its highest attendance at public events and highest bookings for events and venues in the last five years.

Financial Information

Abridged Statement of Comprehensive Income

Year ended 30 June	2013 \$'000	2012 \$'000
Personnel services expenses	25,138	26,125
Other expenses	20,657	19,194
Total expenses	45,795	45,319
Grants and contributions	42,795	34,773
Other revenue	15,275	15,071
Total revenue	58,070	49,844
Other losses	15	115
Net result-surplus	12,260	4,410
Other comprehensive income		
Net increase in revaluation of assets	--	14,798
Total other comprehensive income	--	14,798
Total comprehensive income	12,260	19,208

Grants and contributions increased mainly due to additional capital funding for the construction of the Australian PlantBank. In 2011-12, the value of the Domain Car Park increased by \$14.8 million following a revaluation.

Abridged Statement of Financial Position

At 30 June	2013 \$'000	2012 \$'000
Current assets	7,629	6,487
Non-current assets	374,879	364,637
Total assets	382,508	371,124
Current liabilities	5,253	6,123
Non-current liabilities	37	43
Total liabilities	5,290	6,166
Net assets	377,218	364,958

Assets have increased mainly due to the construction of the Australian PlantBank.

Activities

The Royal Botanic Gardens and Domain Trust is a statutory body established under the *Royal Botanic Gardens and Domain Trust Act 1980*.

Under section 7 of the Act, the principal objects of the trust are:

- to maintain and improve the trust lands, the National Herbarium and the collections of living and preserved plant life owned by the Trust
- to increase and disseminate knowledge with respect to the plant life of Australia, and of New South Wales in particular
- to encourage the use and enjoyment of the trust lands by the public by promoting and increasing the educational, historical, cultural and recreational value of those lands.

For further information on the Trust, refer to <http://www.rbgsyd.nsw.gov.au/>.

Western Sydney Parklands Trust

Audit Opinion

An unqualified audit opinion was issued on Western Sydney Parklands Trust's (the Trust) 30 June 2013 financial statements.

Compliance with Treasury's Early Close Procedures

During the year, NSW Treasury issued TC 13/01 'Mandatory early close procedures for 2013'. This Circular aimed to improve the quality and timeliness of agencies' annual financial statements. In 2012-13, the Trust was required to perform the early close procedures.

The Trust was broadly successful in performing the procedures, which helped them submit financial statements by an earlier due date. This in turn enabled the financial statement audit to be finalised within an earlier timeframe of eight weeks (nine weeks in 2011-12). The early close procedures also resulted in improvements to the quality of the financial statements. This was evidenced by fewer reported misstatements in 2012-13 compared to 2011-12.

Operational Snapshot

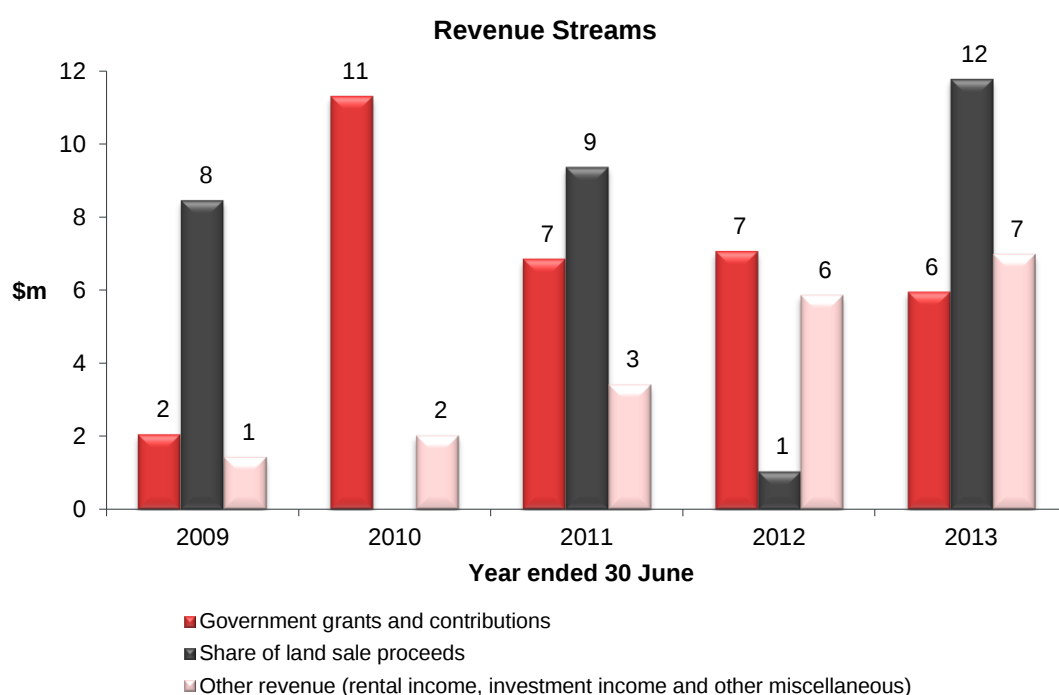
The Trust controls over 5,280 hectares of community parklands in the western suburbs of Sydney. Its 'Plan of Management 2020' aims to set aside over 500 hectares of land for sporting, recreation, bushland, urban farming, community, business and tourism purposes.

The parklands attracted over one million visitors in 2012-13, a 15 per cent increase over the prior year. The Trust managed assets of \$560 million at 30 June 2013 (\$543 million at 30 June 2012) and made an operating surplus of \$15.4 million (\$7.0 million for year ended 30 June 2012).

Performance Information

Revenue Streams

The Trust's fluctuating revenue streams for the past five years were:



Source: Trust Audited Financial Statements.

Visitor numbers to Western Sydney Parklands Trust increased by 15 per cent in 2012-13

Western Sydney Parklands Trust will have a new revenue stream when 'Wet 'n' Wild Sydney' opens in December 2013

The Trust received \$11.8 million in 2012-13 from the Office of Strategic Lands (the Office). By agreement, it receives 25 per cent of the proceeds from the Office's land sales.

Other revenue growth is mainly due to leasing small parcels of land to the private sector for business interests. This growth will continue with the 50-year land lease to Prospect Aquatic Investments Pty Ltd to develop and operate 'Wet 'n' Wild Sydney'. This lease will commence once construction of the \$115 million water theme park is completed in December 2013.

Other Information

Nurragingy Reserve

The Trust spent \$1.6 million upgrading and improving Nurragingy Reserve with new playground and picnic facilities. The Trust transferred the infrastructure to Blacktown City Council to maintain as they currently manage the Reserve.

Abridged Statement of Comprehensive Income

Year ended 30 June	2013 \$'000	2012 \$'000
Personnel services expenses	2,210	2,006
Other expenses	6,933	5,167
Total expenses	9,143	7,173
Grants and contributions	5,948	7,063
Rental income	2,545	2,354
Other revenue	16,204	4,543
Total revenue	24,697	13,960
Other (losses)/gains	(155)	167
Net surplus	15,399	6,954
Total comprehensive income	15,399	6,954

The increase in the net surplus is mainly due to the Trust receiving \$11.8 million from the sale of land compared to \$1.0 million in the prior year.

Abridged Statement of Financial Position

At 30 June	2013 \$'000	2012 \$'000
Current assets	23,009	13,630
Non-current assets	536,635	529,445
Total assets	559,644	543,075
Current liabilities	2,897	2,905
Non-current liabilities	3,252	3,468
Total liabilities	6,149	6,373
Net assets	553,495	536,702

The increase in total assets is mainly due to additional infrastructure spending and cash received from the land sales.

Trust Activities

The Trust is constituted under the *Western Sydney Parklands Act 2006*. It is subject to the control and direction of the Minister for the Environment. Its principal objectives are to develop the parklands, comprising the Eastern Creek, Prospect, Horsley Park and Hoxton Park open and special space corridors, into a multi-use urban parkland for the region of Western Sydney and to maintain and improve the parklands on an ongoing basis.

For further information on the Trust, refer to www.westernsydneyparklands.com.au.

Department of Family and Community Services

Audit Opinion

Unqualified audit opinions were issued on the Department of Family and Community Services' (the Department) and its controlled entities' 30 June 2013 financial statements.

The following comments are for the consolidated entity, unless otherwise stated.

Compliance with Treasury's Early Close Procedures

During the year, NSW Treasury issued TC 13/01 'Mandatory early close procedures for 2013'. This Circular aimed to improve the quality and timeliness of agencies' annual financial statements.

The Department and its controlled entities were broadly successful in performing the procedures, which helped them submit financial statements by an earlier due date.

The early close procedures also resulted in improvements to the quality of the financial statements as evidenced by fewer reported misstatements in 2012-13 compared to 2011-12.

Operational Snapshot

The Department delivers services to some of the most disadvantaged individuals, families and communities in New South Wales. Total expenses of the Department for 2012-13 were \$4.9 billion (\$5.1 billion for 2011-12). The main divisions of the Department incurring this expenditure in 2012-13 were: Ageing, Disability and Home Care \$2.5 billion; Community Services \$1.4 billion; Housing NSW \$726 million; and Home Care Service \$224 million.

Key Issues

Capital expenditure payments

Recommendation

The Department of Family and Community Services' management should develop policies to effectively manage and monitor payments to service providers for capital projects.

The Department has a contractual relationship with UrbanGrowth NSW for it to procure property and develop infrastructure. The Department can pay up to 80 per cent of planned project expenditure in advance. During the 18 month period to 30 June 2013, the Department paid approximately \$41.0 million to UrbanGrowth NSW, which was not supported by capital work-in-progress or completed projects. This is a significant amount of cash paid in advance which could be more effectively managed.

National Disability Insurance Scheme

The National Disability Insurance Scheme (NDIS) is aimed at providing long-term, high quality support for around 410,000 people who have a permanent disability that significantly affects their communication, mobility, self-care or self-management.

The first stage of the NDIS in NSW commenced in the Hunter local government areas of Lake Macquarie, Newcastle and Maitland which will support approximately 10,000 people over three years. Ageing, Disability and Home Care is working with the National Disability Insurance Agency to ensure a smooth transition for residents during the launch.

The Department paid \$41.0 million to UrbanGrowth NSW which was not supported by capital work-in-progress or completed projects

The Department advises there is still work to be done nationally to finalise the remaining design and policy parameters to support the launch sites and prepare for the full scheme rollout across the State. This includes evaluating the first stage launch sites and applying the learnings to the full scheme rollout. Ongoing work includes negotiations between the Australian and State Governments for the rollout under the Heads of Agreement.

The State has an agreement with the Australian Government to rollout the NDIS across NSW by 2018. It involves moving the State's service system supporting people with disability (direct and funded) and the associated budget to NDIS by 30 June 2018.

The State's NDIS Transition Board will set the strategic direction and make decisions in relation to significant policy and financial issues. The Board will report to the State's Social Policy Cabinet Committee on matters concerning NDIS policy and to the State's Expenditure Review Cabinet Committee on matters relating to budget and financial impacts. A NDIS Steering Committee will support the Board to monitor progress against the State Plan, and develop and advise on policy and budget settings. A Disability Transactions Steering Committee, chaired by NSW Treasury, will oversee the management of assets and direct services operated by the Department. Working groups will be established as required to drive interagency transition activities.

Out-of-Home Care Transition Plan

Children and young people who enter statutory care, and those who are currently in statutory placements provided by Community Services, are being transitioned to non-government organisations (NGOs) from March 2012. The Department advises that at 30 June 2013, 42 per cent of statutory placements were managed by NGOs.

Between March 2012 and 30 June 2013, the Department transitioned 2,335 children and young people to NGOs, which exceeded its target of 2,183. However, the actual cost of this transition was \$16.0 million below budget because, according to the Department, a large number of clients were transitioned during the last two quarters incurring only part of the budgeted annual cost.

Five-year and ten-year targets were set for the transition of children and young people to NGOs. At 30 June 2013, 34 per cent of the five-year target and 30 per cent of the ten-year target had been achieved.

Statistics relating to children and young people in out-of-home care by care arrangement for 2012-13 were:

Care Arrangement	Aboriginal	Non-Aboriginal	Total
Statutory care	4,270	8,079	12,349
Supported care	2,213	3,702	5,915
Other/not specified	4	32	36
Total	6,487	11,813	18,300
Percentage of total	35.4	64.6	100.0
Rate per 1,000 children and young people	86.6	7.7	11.1

Note: Other/not specified includes Voluntary care and 'Not entered'.

Non-Aboriginal includes 'not stated'.

Source: Department of Family and Community Services (unaudited)

The rate of Aboriginal children and young people in out-of-home care is significantly higher than non-Aboriginal children and young people. For every 1,000 Aboriginal persons, 86.6 were in out-of-home-care, compared to only 7.7 for non-Aboriginal persons. Aboriginal children and young people accounted for 35.4 per cent of all children in the out-of-home care system. Of the 2,335 children and young people transferred at 30 June 2013, 26.7 per cent were Aboriginal.

The actual cost per child at Community Services for general foster care was \$20,333 and \$18,181 for statutory relative and kinship care in 2012-13. This is higher than the budget of \$19,134 for general foster care and \$16,261 for statutory relative kinship care. These two care categories include children placed in Community Services care under a statutory arrangement. The Department advises budgeted costs were based on the linear transition of children from Community Services to NGOs. However, the progress of transition was not linear throughout 2012-13. Many children were only transitioned during the latter half of the financial year.

The Department also advises the cost per child at Community Services does not include the costs for casework or Department overheads.

Ombudsman's Special Report - Keep Them Safe

In addressing the Ombudsman's recommendations, the Department advises the Annual Statistical Report, due for publication in February 2014, will cover a range of divisional responses for children and young people who are at risk of significant harm.

Last year's report to Parliament, reported that Community Services started a staged technical and design upgrade of the Key Information Directory System (KiDS) in 2010-11, but this was abandoned due to significant program failures. The Department advises it has implemented the following reforms to improve KiDS in 2012-13:

- removed the duplication of the Initial Assessment record from the recording practice for Helpline, resulting in reduced handling times for staff and backlogs
- removed time spent on recording unnecessary questions, resulting in an average reduction of 14 minutes per report
- reduced the complexity of recording Helpline after hours callouts
- provided a simple method to retrieve multiple file note entries
- provided a consolidated place where caseworkers record and review case planning information.

The Department advises the first four priority information projects identified to support caseworkers include:

- immediate identification and communication of minimum information requirements through a 'stocktake' of current caseworker inputs to KiDS
- continued simplification of KiDS through a series of small projects aimed at improving and simplifying caseworkers' interface with KiDS, for example, closing non-critical data fields
- development of a 'single page' or dashboard view of a child or young person. This would make critical information or a 360 degree view of the child available for frontline staff
- mobile applications and technology are being piloted in Community Services including access to tailored mobile devices such as iPads.

The Department advises that Community Services is consulting with its peers in other jurisdictions and NGOs within the sector to ensure all perspectives are considered in its revision and improvements to business processes, work practices, systems and tools. A Chief Information Officer has also been appointed to direct, oversee, and be accountable for, the development and implementation of the Department's overarching Information and Communications Technology strategy.

Out-of-Home Care Accreditation

In June 2013, the Children's Guardian announced the extension of Community Services' interim accreditation to July 2015. It also announced accreditation under the NSW Standards for Statutory out-of-home care of six Community Services Intensive Support Services, and Sherwood House, a secure and residential treatment program. Last year's report to Parliament, reported that Community Services received interim accreditation to provide out-of-home care services until June 2013 and that the Department required an extension to provide ongoing out-of-home care service delivery beyond June 2013.

Localisation of Services

The Department started a long-term localisation reform from October 2013 and expects to have it implemented by mid-2014. Localisation is expected to bring the Department closer to communities. Through the reform, the Department will move service delivery to a more localised model by bringing together the current local Ageing, Disability and Home Care, Community Services and Housing NSW client services. In line with this reform, 15 new Districts are being created.

The Department expects this reform to foster improved local leadership with a stronger connection to frontline staff, local agencies and non-government partners. Clients as well as local communities will also have a stronger role in the planning and delivery of the Department's local services in future.

Caseworker Workload

For the last few years my Office has recommended the Department make concerted efforts to fill vacant Community Services caseworker positions.

In 2012-13, the Department adopted a new methodology for measuring caseworker numbers and vacancies. It published the Community Services Caseworker Dashboard on 27 September 2013, featuring two key caseworker figures:

- funded full-time equivalent (FTEs) caseworker positions: being the number of FTE caseworkers funded in the Community Services budget, excluding management staff associated with caseworkers. Funded FTE positions move between functions and districts over time depending on need
- actual FTE positions: representing the number of caseworkers Community Services has, taking into account caseworkers who are on parental, extended leave or secondment.

The difference between funded FTE positions and actual FTE positions reflects vacancies. The average caseworker vacancy level in 2012-13 was 206 FTE, which was ten per cent of funded FTE positions.

The Department advises it is currently developing strategies to increase the number of caseworkers, including:

- developing new policies and procedures to manage temporary vacancies created when caseworkers take parental or extended leave or act in non-casework positions
- establishing a temporary caseworker pool to enable rapid filling of short-term vacancies
- planning initiatives to better recruit and retain caseworkers in hard-to-staff locations.

The caseworker to child ratio in out-of-home care remains at 1:25 in 2012-13. This reflects the caseworker ratio to all children in out-of-home care, including statutory and supported care. The ratio remains higher than the Keep Them Safe recommendation made by the Ombudsman of 1:12. The Department advises that preliminary investigation indicates the caseworker to child ratio has remained the same despite more children being transitioned to NGOs, due to fewer actual caseworkers in 2012-13.

The Department advises that in 2012-13, the caseworker to child ratio used to determine unit costs for NGOs providing general foster care has remained the same as 2011-12 levels at 1:12.8 and lower for children and young people with higher needs. However, the Department advises the ratio at NGOs is not comparable to the 1:25 ratio at Community Services, as the latter includes children and young people receiving supported care and is not weighted for case complexity. It advises an alternate formula that weights the children in care according to the complexity level of the case may be developed to calculate this ratio.

The Department advises an important measure of Community Services' performance is the percentage of children and young people in Risk of Significant Harm who receive a face-to-face assessment by a caseworker. This was 28 per cent in 2012-13 (27 per cent in 2011-12) as reported in the Caseworker Dashboard.

Out-of-Home Care Placement Reviews

Placement reviews for children in out-of-home care are not always performed at appropriate intervals to meet statutory requirements. Section 150 of the *Children and Young Persons (Care and Protection) Act 1998* requires placement of a child or young person to be reviewed at least every 12 months. Placement Reviews are performed to ensure the placement is meeting the child's requirements as per the case plan. Caseworkers assess areas such as health, wellbeing, education and social life of the child during placement review. Without a proper placement review, Community Services may not be able to ensure the child's needs are met.

The Department advises the number of children or young people who have been in out-of-home care for more than 12 months, but did not have their placement review completed, is not currently available on KiDS or the Corporate Information Warehouse. With improvements to KiDS completed in November 2012, the Department expects better and more appropriate reports to monitor timely placement reviews from early 2014.

Community Services has amended the Case Management Policy to support the transfer of out-of-home care services to the NGOs. The policy outlines that responsibility for placement reviews will sit with the agency that takes care of the child or young person. The Department anticipates this will, because of the favourable ratios at NGOs, enable timely reviews to be achieved going forward. Where a review is undertaken by an NGO, advice and information on a decision must be provided to the Department.

Performance Information

Statutory Child Protection

The volume of Helpline calls entered and those answered by caseworkers has steadily decreased during the past five years. The Department attributes the reduction since last year partially to the changed call routing system introduced in 2012-13. Under the changes, some calls previously answered by caseworkers are now answered by Community Services' officers. While average waiting time per call decreased by 42 seconds in 2012-13, it remains higher than the Helpline's target of three minutes.

The average waiting time per Helpline call decreased in 2012-13, but remained one minute and four seconds above the target

Statistics relating to child protection were:

Year ended 30 June	2013	2012	2011
Total child and young person concern/child protection reports	246,173	228,821	215,272
Rate per 1,000 children and young people 0-17 years who were subject of risk of significant harm/referred report	39.1	38.3	37.3
Number of risk of significant harm/referred reports	104,817	99,283	98,845
Volume of Helpline calls entered	134,486	145,425	151,213
Volume of Helpline calls answered by Caseworker	111,834	114,020	120,931
Average waiting time (minutes:seconds)	4:04	4:46	3:49

Source: Department of Family and Community Services (unaudited).

The rate of Aboriginal and/or Torres Strait Islander (ATSI) children in Child and Young Person concern reports and Risk of Significant Harm (ROSH) reports is significantly higher than non-ATSI. For ATSI children, the rate per 1,000 was 252.4 for concern reports and 178.4 for ROSH reports, compared to 55.5 and 33.5 respectively for non-ATSI children. ATSI children accounted for 18.2 per cent of all children in concern reports and 20.7 per cent in Risk of Significant Harm reports.

Statistics relating to children and young people involved in concern reports and Risk of Significant Harm reports were:

	Children and young people in concern reports			Children and young people in Risk of Significant Harm reports		
	Number	%	Rate per 1,000*	Number	%	Rate per 1,000*
ATSI	18,911	18.2	252.4	13,365	20.7	178.4
Non-ATSI	84,734	81.8	55.5	51,105	79.3	33.5
Total	103,645	100.0	62.8	64,470	100.0	39.1

* Rate per 1000 children and young people.

Source: Department of Family and Community Services (unaudited).

Real Recurrent Expenditure on Child Protection Services

The 'Productivity Commission Report on Government Services 2013' shows expenditure on child protection services 'per notification', 'investigation' and 'substantiation' varies greatly between the States and Territories.

A 'notification' is contact with an authorised department by persons or other bodies making allegations of child abuse, neglect, or harm to a child.

An 'investigation' is looking into child abuse and neglect that involves identifying harm or risk of harm to the child, determining an outcome and assessing protective needs.

A 'substantiation' concludes there is reasonable cause to believe a child has been, is being or is likely to be abused, neglected or otherwise harmed.

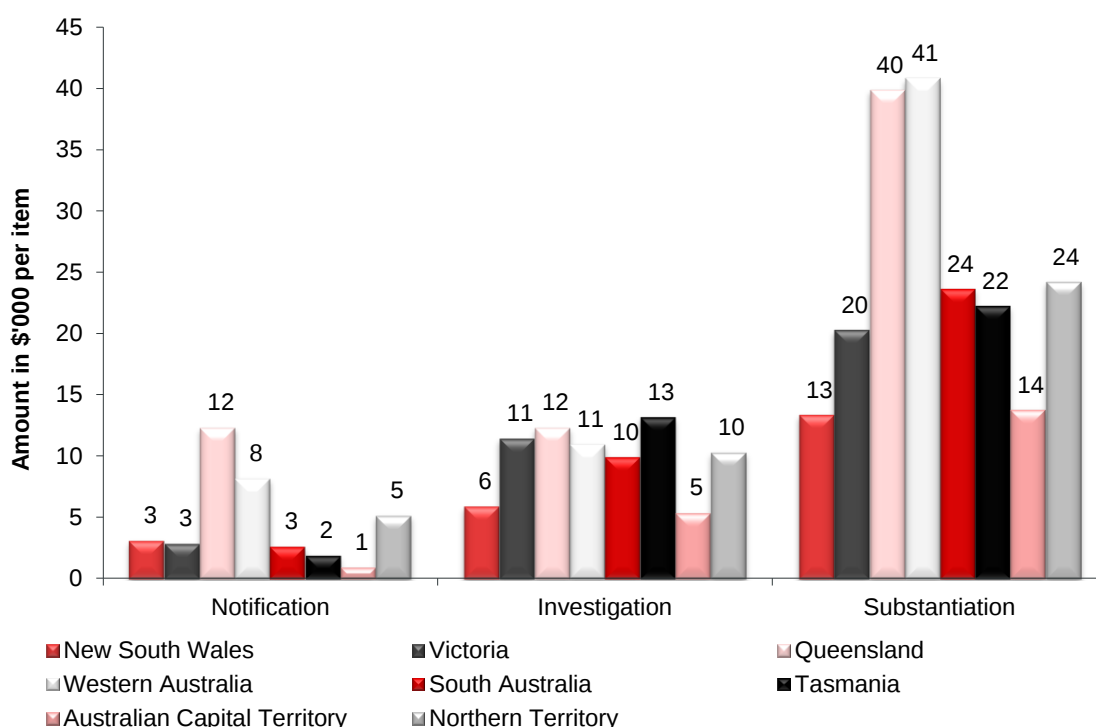
The Department advises care must to be taken when interpreting the data, because no two jurisdictions use the same expenditure criteria. The data cannot be reliably compared across jurisdictions due to differences in legislation, policy and practice. New South Wales adopted a new methodology for expenditure reporting in 2009-10 and has the widest definition of the term 'notification'. It captures a broader range of child protection issues than in most other states.

Between 2010-11 and 2011-12, NSW's expenditure on child protection services decreased by 15.6 per cent per notification and 31.9 per cent per substantiation, while expenditure has increased by 15.7 per cent per investigation.

Indigenous children continue to be over-represented in the child protection system

The following data compares NSW's expenditure on child protection services in 2011-12 with other jurisdictions:

Real Recurrent Expenditure on Child Protection Services in 2011-12



Source: Report on Government Services 2013

The Department advises work continues nationally to develop a national activity-based costing method through the Pathways project. This project developed and tested a model that will ultimately allow jurisdictions to calculate more meaningful, comparable and robust efficiency measures.

Under the Keep Them Safe reforms, the Department is working to reshape the focus of child wellbeing. A large amount of work is being undertaken across the following areas:

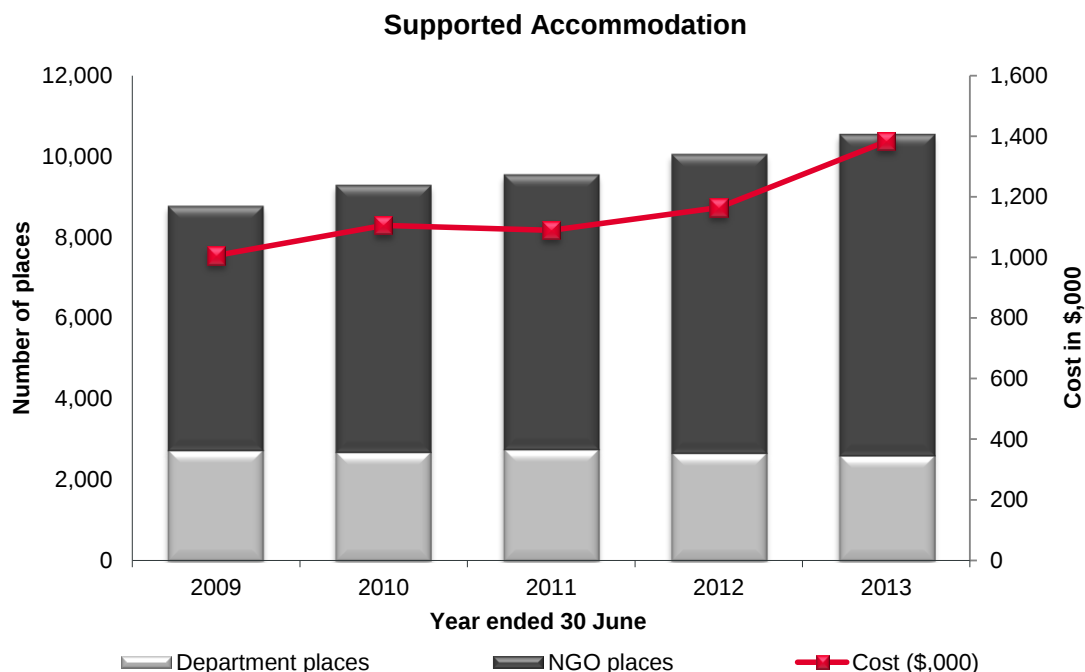
- improved collaboration and integrated case management
- culture change
- building the capacity and skill base in the sector.

These priorities are changing the processes and emphasis placed on different service delivery models, which will impact the cost effectiveness of different components of the child protection system.

Supported Accommodation for People with a Disability

This service group provides suitable accommodation and opportunities for personal growth and development for people with a disability who have ongoing intensive support needs.

Statistics for the past five years on clients in supported accommodation were:



Source: Department of Family and Community Services (unaudited).

The increase in supported accommodation places of 494 in 2012-13 was provided by NGOs, an increase of 4.9 per cent compared to 2011-12. However, total expenditure incurred on supported accommodation increased by 18.7 per cent. Management advises a reassessment of funding for residents under 65 years old resulted in increased funding based on individuals increased support needs, but the number of supported accommodation places remained the same.

Community Support for People with a Disability, their Family and Carers

This service group focuses on building skills and strengthening family and carer relationships to enable people to live in their own home and to participate in economic and community life.

Information for the past four years relating to Community Support services is:

Year ended 30 June	2013	2012	2011	2010
Number of Home and Community Care services	1,527	1,840	1,739	1,818
Number of disability services	5,795	4,832	4,841	4,552
Number of people accessing disability and Home and Community Care services	105,000	324,000	323,000	297,000
Number of people receiving respite services	25,000	67,000	65,000	61,000
Number of people receiving personal assistance	33,000	204,000	203,000	188,000
Total expenses incurred on ongoing community support (\$'000)	739,528	1,209,561	978,618	872,417

Source: Department of Family and Community Services (unaudited).

In 2012-13, the significant decrease in all the figures above except the number of disability services was due to changes in responsibility for the Home and Community Care (HACC) program. Prior to 1 July 2012, community care services for people across all age groups were provided through the HACC Program jointly funded by the State and Australian Governments. From 1 July 2012, the Australian Government assumed full operational responsibility for aged care services for people over 65 years of age (50 for Indigenous Australians) under the HACC program.

The number of disability services increased by 19.9 per cent in 2012-13. The Department advises this was due to an increased number of people accessing disability services as a result of growth in the services under the Stronger Together 2: NSW Government's plan for disability services 2011-16.

Financial Information

Abridged Consolidated Statement of Comprehensive Income

Year ended 30 June	Consolidated		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Employee related	1,570,228	1,620,043	1,404,438	1,448,642
Depreciation and amortisation	87,645	73,951	85,003	71,102
Grants and subsidies	2,759,206	3,005,858	2,842,267	3,195,287
Other expenses	480,008	442,018	432,025	388,777
Total expenses	4,897,087	5,141,870	4,763,733	5,103,808
Government contributions	4,656,718	4,950,471	4,656,718	4,950,471
Sale of goods and services	138,558	190,079	110,494	161,253
Investment revenue	18,202	12,676	12,891	9,435
Grants and contributions	159,706	20,228	44,360	14,664
Other revenue	39,503	25,608	45,275	31,814
Total revenue	5,012,687	5,199,062	4,869,738	5,167,637
Other gains	32,812	18,299	32,472	17,342
Net result - surplus	148,412	75,491	138,477	81,171
Other comprehensive income				
Superannuation actuarial gains/(losses)	18,119	(42,507)	14,378	(38,427)
Total other comprehensive income/(expense)	18,119	(42,507)	14,378	(38,427)
Total comprehensive income	166,531	32,984	152,855	42,744

Depreciation and amortisation expense increased mainly due to a reassessment of the useful life of the property management system (HOMES) project from 10 years to four years. This caused additional depreciation for the year of \$13.1 million.

Grants and subsidies expense decreased mainly due to the changes in responsibility for the HACC program mentioned previously.

The increase in grants and contributions revenue in 2012-13 was due to the HACC program. This was previously funded internally via government contributions but is now funded through grants received directly from the Australian Government.

Abridged Consolidated Statement of Financial Position

At 30 June	Consolidated		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Current assets	429,650	435,447	365,378	373,576
Non-current assets	1,092,291	949,535	1,061,601	919,500
Total assets	1,521,941	1,384,982	1,426,979	1,293,076
Current liabilities	285,090	300,729	253,383	262,686
Non-current liabilities	80,665	94,598	70,065	79,714
Total liabilities	365,755	395,327	323,448	342,400
Net assets	1,156,186	989,655	1,103,531	950,676

The increase in non-current assets was mainly due to an increase in land and buildings. In 2012-13, the Department purchased \$109 million of land and buildings and recorded a \$34.8 million increase in the valuation of land and buildings.

Non-current assets also included an amount due from the Land and Housing Corporation of \$46.5 million previously recorded in current assets.

Non-current liabilities fell mainly due to a decrease in liabilities for defined benefit superannuation. This was due to an increase in the discount rate used to calculate the present value of the superannuation liability from 3.1 per cent to 3.8 per cent in the 12 months to 30 June 2013 and improved investments returns increasing the assets of the fund.

Abridged Service Group Information

The Department's consolidated net result by service group is detailed below.

Year ended 30 June	Net result surplus/(deficit)		Net assets/ (net liabilities)	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Supported accommodation for people with a disability	(1,307,045)	(1,106,601)	685,411	619,624
Community support for people with a disability, their family and carers	(654,610)	(992,893)	104,683	109,125
Short-term interventions for people with a disability, their family and carers	(354,331)	(421,520)	155,303	95,114
Out-of-home care	(766,071)	(752,949)	13,731	424
Statutory child protection	(385,410)	(358,682)	7,281	(5,086)
Community development and support	(126,553)	(277,351)	1,606	349
Child, youth and family prevention and early intervention services	(116,099)	(203,199)	3,422	(2,312)
Housing policy and assistance	(711,825)	(598,482)	132,086	130,877
Home Care Service of New South Wales	(73,278)	(195,953)	43,541	30,014
Not attributable	4,656,718	4,950,471	--	--
Other*	(13,084)	32,650	9,122	11,526
Total all service groups	148,412	75,491	1,156,186	989,655

* Includes the following divisions: John William Memorial Charitable Trust and NSW Businesslink.
Source: Financial statements (audited).

Department Activities

The Department delivers services to some of the most disadvantaged individuals, families and communities in New South Wales. The Department's work aims to:

- enable each child in New South Wales to have the best possible start to life
- help vulnerable young people build their capacity for a good future
- improve social and economic outcomes for Aboriginal people
- provide support to vulnerable adults and families so that they can participate fully in community life
- build strong and inclusive communities.

For further information on the Department, refer to www.facs.nsw.gov.au.

Controlled Entities

Home Care Service of New South Wales

Separate comment on Home Care Service of New South Wales and its controlled entity Home Care Service Division is included elsewhere in this report.

The following controlled entity has not been reported on separately as it is not considered material by size or nature of operations to the consolidated entity.

Entity Name	Website
John Williams Memorial Charitable Trust	*

* This entity does not have a website.

Home Care Service of New South Wales

Audit Opinion

Unqualified audit opinions were issued on the Home Care Service of New South Wales' (the Service), and its controlled entity's, 30 June 2013 financial statements.

The following comments are for the consolidated entity, unless otherwise stated.

Compliance with Treasury's Early Close Procedures

During the year, NSW Treasury issued TC 13/01 'Mandatory early close procedures for 2013'. This Circular aimed to improve the quality and timeliness of agencies' annual financial statements.

The Service was broadly successful in performing the procedures, which helped them submit financial statements by an earlier date.

The early close procedures also resulted in improvements to the quality of the financial statements as evidenced by fewer reported misstatements in 2012-13 compared to 2011-12.

Operational Snapshot

The Service directly provided about 3.7 million hours (3.9 million hours in 2011-12) of service to approximately 51,322 clients (49,500) in 2012-13. Total expenses were \$224 million in 2012-13 (\$234 million) funded by grants and contributions of \$198 million (\$195 million) and \$28.0 million (\$28.8 million) from fees for services provided.

Performance Information

The total hours of service provided is trending down and actual hours for 2012-13 were less than target.

Year ended 30 June	Target	Trend	Actual				
	2013		2013	2012	2011	2010	2009
Total hours of service provided ('000s)	3,899	↓	3,677	3,896	3,910	3,853	4,048
Total number of clients serviced ('000s)	N/A	~	51	50	52	52	50
Average hours per client per annum	N/A	↓	72	78	75	74	81
Direct average staffing (Full-time equivalent)	N/A	↓	2,815	2,923	2,968	2,939	3,038

N/A Not applicable, as no target was set.

Key: ↓ Trending downwards, ~ No trend.

Source: Home Care (unaudited).

Management advises the lower average hours spent per client per annum was due to a change in the mix of care with an increase in low-level care intake during 2012-13.

Other Information

Vacant Permanent Staff Positions

The vacant and available full-time equivalent (FTE) positions were:

Year ended 30 June	Care workers				Administration staff			
	Trend	2013	2012	2011	Trend	2013	2012	2011
Average number of vacant FTE positions	↓	96	141	243	↑	69	65	62
Average number of available FTE positions	↓	2,190	2,291	2,389	~	595	593	600

Key: ↑ Trending upwards, ↓ Trending downwards, ~ No trend.

Source: Home Care Service (unaudited).

Care worker vacant positions decreased during the year from 6.2 per cent in 2011-12 to 4.4 per cent in 2012-13.

Care workers are contracted to work a number of hours a fortnight within a contract band (for example, a 30-50 hour band). The FTE of the position is determined by the minimum of this band. The Service advises the progressive reduction in the average number of available FTE positions, and consequentially in the average number of vacant FTE positions, reflects the ongoing transition of care workers to longer contract bands and the ability of staff to work more hours within these bands.

Financial Information

Abridged Statements of Comprehensive Income

Year ended 30 June	Consolidated		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Personnel expenses	165,787	171,401	162,064	175,493
Depreciation and amortisation	2,521	2,741	2,521	2,741
Other expenses	55,742	60,214	55,742	60,214
Total expenses	224,050	234,356	220,327	238,448
Grants and contributions	198,408	194,993	198,408	194,993
Sale of goods and services	28,038	28,826	28,038	28,826
Other revenue	7,354	4,011	7,372	4,023
Total revenue	233,800	227,830	233,818	227,842
Net result - surplus/(deficit)	9,750	(6,526)	13,491	(10,606)
Total other comprehensive income/(expense)	3,768	(4,061)	27	19
Total comprehensive income/(expense)	13,518	(10,587)	13,518	(10,587)

The decrease in personnel expenses is mainly due to the reduction in service hours in 2012-13 with a higher proportion of low-level care intake. Most of the fall in other expenses is from a \$3.0 million decrease in contractors' expenses.

In 2012-13, other revenue included funding of \$840,000 received for voluntary redundancy payments to administrative staff within the service

Abridged Statements of Financial Position

At 30 June	Consolidated		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Current assets	62,025	59,416	61,639	58,902
Non-current assets	23,863	23,472	23,863	23,472
Total assets	85,888	82,888	85,502	82,374
Current liabilities	31,756	37,992	31,370	37,478
Non-current liabilities	10,600	14,882	10,600	14,882
Total liabilities	42,356	52,874	41,970	52,360
Net assets	43,532	30,014	43,532	30,014

Current assets include \$56.3 million (\$53.9 million in 2011-12) of cash and cash equivalents and receivables of \$5.7 million (\$5.5 million).

The decrease in total liabilities is mainly due to a \$5.3 million decrease in net liabilities for defined benefit superannuation. This was due to both an increase in the discount rate used to calculate the present value of the superannuation liability from 3.1 per cent to 3.8 per cent in 2012-13 and improved investment returns increasing the value of fund assets.

Home Care Service Activities

The *Home Care Service Act 1988* established the Service as a Statutory Authority. It provides domestic assistance, personal care and a range of ancillary services for individuals and families within their own homes. Its operations are conducted through branches and service outlets, state-wide.

For further information on the Service, refer to www.facs.nsw.gov.au.

Controlled Entity

The following controlled entity has not been reported on separately as it is not considered material by size or nature of operations to the consolidated entity.

Entity Name	Website
Home Care Service Division	*

* This entity has no website.

NSW Businesslink Pty Ltd

Audit Opinion

An unqualified audit opinion was issued on NSW Businesslink Pty Ltd's (the Company) 30 June 2013 financial statements.

Key Issues

Going Concern

On 29 October 2012, the Acting Chair of the Company requested NSW Treasury withdraw the letter of financial support to the directors provided by the shareholding Ministers on 10 August 2004. In addition, the Minister's direction of 13 March 2013 appointed NSW Treasury and the Department of Family and Community Services (the Department) to lead a project to prepare a transition plan outlining steps to the Company's dissolution. These matters created uncertainty which needed to be resolved. The uncertainty was resolved on 16 September 2013 through signed letters from:

- Treasury confirming that the letter of financial support to the directors remains in place
- the Minister confirming the letter of financial support to the directors could be relied upon, the Department needed the Company's services and the Company could continue trading as normal.

Operational Snapshot

The Company received fees of \$196 million in 2012-13 (\$206 million in 2011-12) for providing shared corporate services to the Department and other agencies. It made a surplus of \$19.5 million (deficit of \$17.7 million). The total number of employees was 743 in 2011-12 and reduced to 675 in 2012-13.

The Company's largest customer, the Department, will be reviewing and determining its corporate service requirements in 2014, which could impact substantially on the Company's activities in the future.

Financial Information

Abridged Statement of Comprehensive Income

Year ended 30 June	2013 \$'000	2012 \$'000
Fees for services	196,008	206,069
Other	7,243	16,581
Total revenue	203,251	222,650
Personnel service expenses	53,848	102,295
Contractors and short-term staff	44,856	66,820
Information technology expenses	26,223	24,144
Depreciation and amortisation	29,719	23,868
Other expenses	29,077	23,255
Total expenditure	183,723	240,382
Net result - surplus/(deficit)	19,528	(17,732)
Total comprehensive income/(expense)	19,528	(17,732)

The decrease in personnel service expenses was mainly due to an actuarial gain of \$13.2 million on defined benefit superannuation in 2012-13, compared to a \$34.5 million loss in 2011-12. The gain was mainly due to an increase in the discount rate used to calculate the present value of the superannuation liability from 3.1 per cent to 3.8 per cent and improved investments returns increasing the assets of the fund.

The reduction in contractors and short-term staff expenses was a result of managing to the labour expense cap.

Abridged Statement of Financial Position

At 30 June	2013 \$'000	2012 \$'000
Current assets	42,850	36,596
Non-current assets	82,141	93,178
Total assets	124,991	129,774
Current liabilities	102,722	116,277
Non-current liabilities	132	10,888
Total liabilities	102,854	127,165
Net assets	22,137	2,609

The net asset position improved this year as a result of the \$19.5 million surplus.

The Company has current liabilities exceeding current assets by \$59.9 million compared to \$79.7 million in 2012. The Company does not believe it has a going concern issue because the NSW Government has provided a letter of on-going financial support to the directors.

Company Activities

NSW Businesslink Pty Ltd is a NSW Government owned company established under the *Corporations Act 2001*. It is the shared corporate service provider for administrative services, such as human resources, property and records management, information technology services and other financial services for the Department of Family and Community Services and other agencies.

The Company shareholders are the Treasurer, the Minister for Family and Community Services and the Minister for Ageing and Disability Services.

For more information on the Company, refer to www.businesslink.nsw.gov.au.

Government Property NSW

Audit Opinion

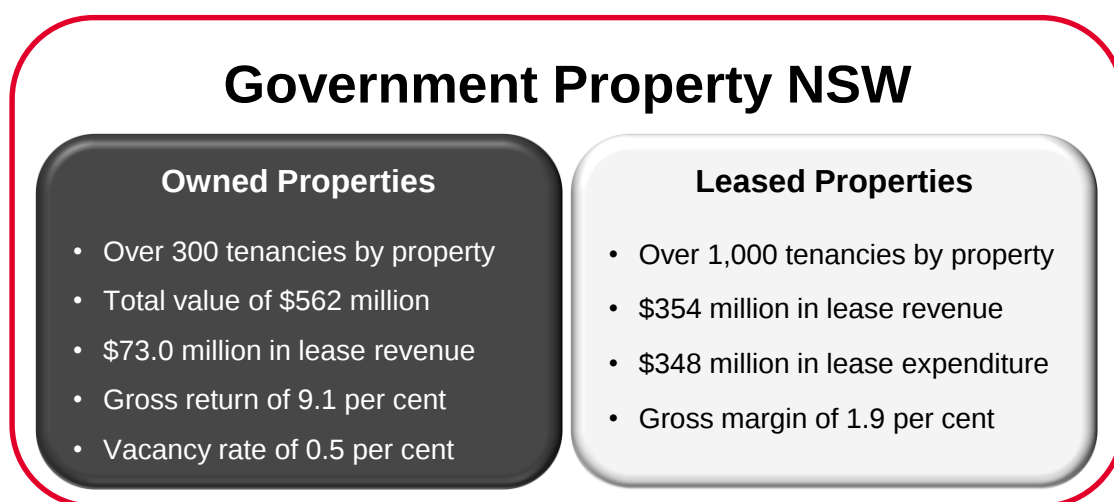
An unqualified audit opinion was issued on the Government Property NSW's (Government Property) 30 June 2013 financial statements.

Compliance with Treasury's Early Close Procedures

During the year, NSW Treasury issued TC 13/01 'Mandatory early close procedures for 2013'. This circular aimed to improve the quality and timeliness of agencies' annual financial statements. Government Property successfully performed the procedures, which helped it submit financial statements earlier than last year. This in turn enabled the financial statement audit to be finished within eight weeks (nine weeks in 2011-12).

The early close procedures resulted in improvements to the quality of the financial statements as evidenced by resolving accounting issues prior to year end.

Operational Snapshot



Source: Government Property NSW (unaudited).

Key Issues

Government Property Register

Government Property assumed responsibility of the Government Property Register (Property Register) over an 18 month period from December 2012. The Department of Finance and Services (DFS) and Government Property are currently working together on the transfer of the Property Register. These agencies developed a transition plan to affect the transfer.

The success of the Property Register requires the cooperation of many agencies. For the project to succeed, Government Property will need to address the following:

- ensure the full cooperation of all agencies.
- ensure a clear and complete understanding between it and the agencies around the roles and responsibilities of each party.

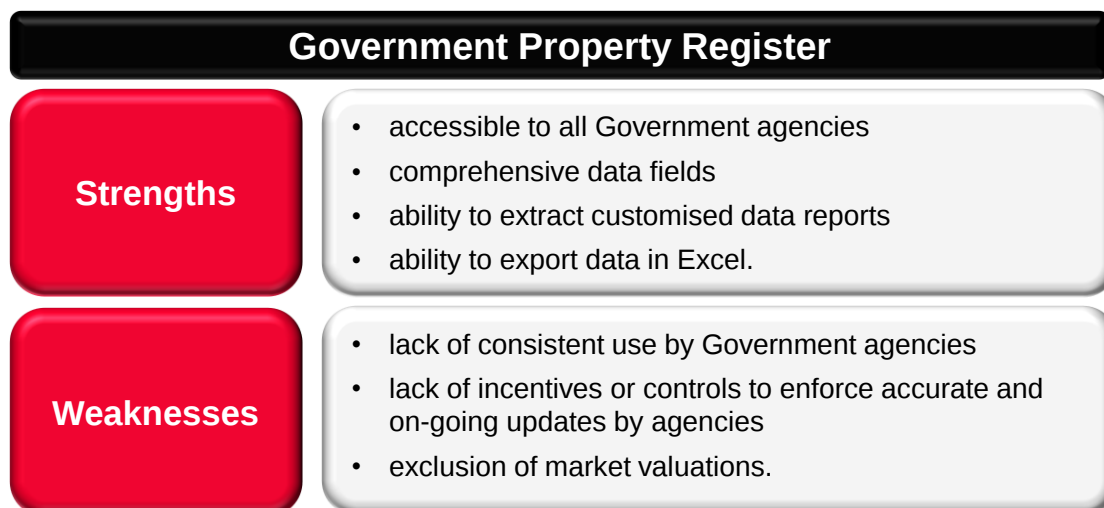
Government Property management advise the Property Register is helpful in identifying property and decision-making from a whole-of-government perspective. Agencies do not always notify Government Property of interagency transfers, easements, short-term leases and other property dealings. This hinders the completeness of the Property Register.

Government Property NSW will assume responsibility for the Government Property Register

The DFS has a project to increase the number of properties held on Torrens title, including Crown land. The benefits of this project will flow to the Property Register.

The Property Asset Utilisation Taskforce (the taskforce) finished its review of the Property Register in November 2012. It described the Property Register as a vital tool for property management decisions and strategic planning within the State. However, it believes the Property Register information quality is poor, mainly due to data inadequacy and unreliability.

The taskforce noted the following key strengths and weakness of the Property Register:



Source: Property Asset Utilisation Taskforce.

The Government accepted the taskforce's recommendations to improve the functionality of the register. It included them in its new property policy framework. All agencies, under the Premier's Memorandum M2012-20 'Government Property NSW (previously State Property Authority) and Government Property Principles' are required to cooperate with Government Property in mapping all real property asset data to the Property Register.

Previous reports to Parliament have recommended the DFS resolve the limitations of the Property Register, to ensure it becomes a complete and reliable record of real property assets held by the NSW Government.

Other Information

Government Property Reform

Government Property has new objectives for the acquisition, utilisation, management, maintenance, development and disposal of government property assets.

In December 2012, the NSW Government adopted new government property operating principles. It also changed the name of the State Property Authority to Government Property NSW and expanded its responsibilities.

In November 2012, the taskforce released its report to the NSW Government on ways to improve the ownership, utilisation and management of its property portfolio.

Asset Sales

Government Property sold, on a sale and leaseback arrangement, six properties for \$272 million to Cromwell Property Group in June 2013. The profit on this transaction was \$29.5 million.

The taskforce recommended the divestment of property assets not essential to the delivery of current or future government services.

Remediation Costs for Contaminated Land

Government Property manages remediation works for various parcels of land in Newcastle and Hunters Hill.

Its estimated remediation obligations are:

Location	Land owned by:	2013 \$000	2012 \$000
Newcastle	Newcastle Port Corporation	--	64,879
Newcastle	Government Property NSW	38,822	36,687
Hunters Hill	Government Property NSW	12,077	11,854
Total		50,899	113,420

In June 2013, Government Property transferred a remediation liability of \$51.1 million to the Crown Finance Entity (Crown) and recognised a liability to it of \$32.3 million. In July 2013, it transferred cash of \$32.3 million to the Crown.

At 30 June 2013, Government Property held cash of \$50.6 million to fund remediation costs on other sites. It estimates these costs at \$50.9 million. It is discussing with NSW Treasury the possible transfer of some of this liability and cash to another agency.

Performance Information

Financial Performance

Year ended 30 June	Target		Actual	
	2013	2013	2012	2011
Profitability - EBITDA Margin (%) (a)	10.1	11.3	3.1	11.5
Financial Position Ratio (b)	4.9	3.1	3.6	3.8
Current Ratio (c)	1.3	1.6	1.9	1.9
Return on Average Total Assets (%) (d)	1.2	1.7	-1.2	1.2
Return on Average Equity (%) (e)	1.6	2.5	-1.7	1.7
Gross return on owned properties (%)	9.4	9.1	8.7	8.7
Vacancy rate on owned properties (%)	<1.4	0.5	0.5	0.5

a Earnings before interest expense, tax, depreciation and amortisation divided by total revenue less interest income and government capital grants

b Total assets divided by total liabilities

c Current assets divided by current liabilities

d Net surplus less government capital grants and other gains/losses divided by average total assets

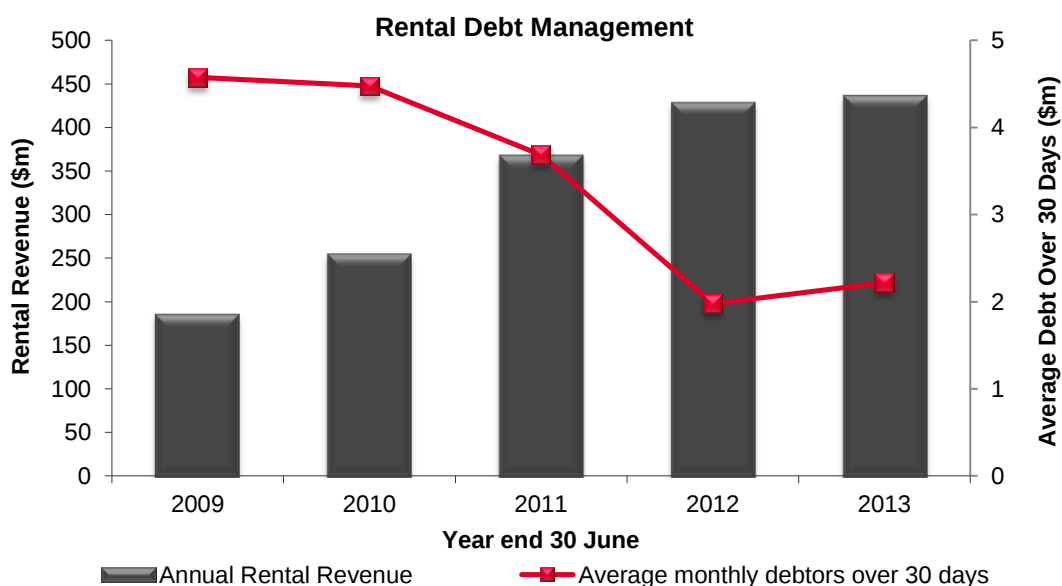
e Net surplus less government capital grants and other gains/losses divided by average total equity

Source: Government Property NSW (unaudited).

Government Property achieved a higher earnings margin than it planned, mainly due to a reduction of \$8.9 million in the estimate to remediate contaminated land owned by the Newcastle Port Corporation. In contrast, there was an increase of \$20.7 million in the remediation estimate for 2012, which caused a negative return on average total assets and equity.

The asset sales mentioned above had a negative effect on the financial position ratio target. The reduction in assets from these sales also reduced Government Property's equity which had a positive effect on the return on average total assets and the return on average equity percentages.

Rental Debt Management



Source: Government Property NSW (unaudited).

There was a small increase in revenue and average overdue debt during 2012-13. At 30 June 2013, average overdue debt represented 0.5 per cent of total rental revenue.

Financial Information

Abridged Statement of Comprehensive Income

Year ended 30 June	2013 \$'000	2012 \$'000
Property related expenses	380,219	364,918
Depreciation and amortisation	28,628	27,990
Other operating expenses	1,649	33,807
Personnel services expenses	13,618	27,509
Total expenses	424,114	454,224
Property related revenues	434,949	427,033
Grants and contributions	28,621	26,539
Other income	4,154	5,493
Total revenue	467,724	459,065
Other gains	15,064	5,281
Net result – surplus	58,674	10,122
Other comprehensive income:		
Net (decrease)/increase in revaluation of assets	(13,842)	5,219
Total other comprehensive (expense)/income	(13,842)	5,219
Total comprehensive income	44,832	15,341

Property related expenses and revenues grew in the current year reflecting annual market rent reviews and increased lease activities for the 16 owned (number of lots) and 25 leased properties vested to Government Property during 2012-13.

Personnel services expenses fell by 50.5 per cent, mainly due to a turnaround of \$14.5 million in defined benefit superannuation costs.

Other operating expenses fell by 95.1 per cent due to the write back of \$8.9 million on the remediation estimate on contaminated land compared to an expense of \$20.7 million in 2011-12.

Government Property paid \$298 million (\$36.8 million in 2012) to the Crown. This includes \$28.0 million from the surplus on rental and \$270 million from asset sale proceeds.

Abridged Statement of Financial Position

At 30 June	2013 \$'000	2012 \$'000
Current assets	196,554	172,003
Non-current assets	859,338	1,135,859
Total assets	1,055,892	1,307,862
Current liabilities	120,118	88,249
Non-current liabilities	218,624	272,281
Total liabilities	338,742	360,530
Net assets	717,150	947,332

Non-current assets fell by \$277 million, mainly due to asset sales.

Current liabilities increased due to the recognition of a liability to transfer cash of \$32.3 million to the Crown at year end. The cash will be used to meet some of the costs for remediating land at Mayfield and Kooragang Island.

The transfer of a remediation liability of \$51.1 million to the Crown is the main reason for the fall in non-current liabilities. The remediation liability relates to the contaminated lands at Mayfield and Kooragang Island.

Government Property NSW's Activities

The *Government Property NSW Act 2006* established Government Property NSW as a statutory body from 1 September 2006. Government Property's principal objectives are to:

- improve operational efficiencies in the use of properties by government agencies
- manage properties of government agencies in a way that supports the delivery of government services by agencies
- advise and support the government on property matters
- operate at least as efficiently as any comparable business.

Government Property is subject to the control and direction of the Minister for Finance and Services.

For further information on Government Property, refer to www.property.nsw.gov.au.

Waste Assets Management Corporation

Audit Opinion

An unqualified audit opinion was issued on the Waste Assets Management Corporation's 30 June 2013 financial statements.

Compliance with Treasury's Early Close Procedures

During the year, NSW Treasury issued TC 13/01 'Mandatory early close procedures for 2013'. This Circular aimed to improve the quality and timeliness of agencies' annual financial statements.

The Corporation was broadly successful in performing the procedures, which helped them submit financial statements by an earlier date.

The early close procedures also resulted in improvements to the quality of the financial statements as evidenced by fewer reported misstatements in 2012-13 compared to 2011-12.

Operational Snapshot

The Corporation operates two waste management centres and is responsible for the rehabilitation of seven closed landfill sites. It processed 630,000 tonnes (613,000 tonnes in 2011-12) of waste during the year and generated 96,000 (93,000) megawatt hours of electricity from landfill gas emissions.

It earned revenue of \$87.6 million (\$74.7 million) and recorded a deficit of \$11.7 million for the year (\$13.0 million).

Key Issues

Long Term Financial Viability

Recommendation

The Waste Assets Management Corporation should review its business model to ensure it has sufficient funding to remain financially viable while meeting its long term waste management and rehabilitation objectives.

The Corporation's working capital (excluding restricted cash) available for operations was a deficit of \$12.3 million at 30 June 2013. Its total equity at 30 June 2013 decreased to \$29.2 million from \$53.8 million at 30 June 2011.

The Corporation's original cash flow model indicated an annual deficit working capital position until 2037-38. Its proposed business model indicates an improved positive cash flow position until 2017-18 at which time it will reassess the need for any future funding requirements.

Rehabilitation Cost

The shortfall of cash to meet the estimated cost of land rehabilitation in the last two years is shown below.

Rehabilitation liability and available funding	30 June 2013 \$'000	30 June 2012 \$'000
Estimated cost of long-term land rehabilitation	56,759	54,905
Available cash	47,268	47,766
Shortfall	9,491	7,139

In 2011, the Corporation received \$48.9 million from the NSW Government to fund the rehabilitation of landfill sites it received following the sale of the former WSN Environmental Solutions. The rehabilitation fund ultimately covers nine landfill sites until 2055.

The ability of the Corporation to fund its long-term rehabilitation obligations depends on several factors including long term interest rates, regulatory changes, improvements in rehabilitation technology and the achievement of cost efficiencies.

***Clean Energy Act 2011* and Carbon Price Mechanism**

At 30 June 2013, the Corporation recognised \$4.7 million for carbon price liabilities. This estimate was based on assumptions and judgements relating to projected emissions of greenhouse gases.

Under the *Clean Energy Act 2011*, the Corporation is liable for future greenhouse gas emissions from waste received after 1 July 2012.

The Corporation expects to receive sufficient revenue to substantially recover this liability from its major customer and for this purpose entered into an agreement on 27 June 2013. The deed sets out the commercial terms under which the customer will meet its obligations.

Other Information

Potential Claim for Contamination

The Corporation is defending a claim for rehabilitation obligations brought against it during 2011-12. The cost of the obligations cannot be reliably estimated. The Corporation advises it will require assistance to fund any settlement outcomes.

The NSW Government vested the rehabilitation obligations of the former WSN Environmental Solutions with the Corporation on 30 January 2011.

Financial Information

Abridged Statement of Comprehensive Income

Year ended 30 June	2013 \$'000	2012 \$'000
Waste related revenues	85,201	70,504
Grants and contributions	--	954
Investment revenues	2,386	3,253
Total revenue	87,587	74,711
Waste related expenses	78,118	64,274
Personnel services	3,860	4,394
Depreciation and amortisation	9,077	9,224
Finance costs	2,386	2,727
Landfill rehabilitation expenses	2,484	7,062
Revaluation decrement of land and buildings	3,364	--
Total expenses	99,289	87,681
Deficit	11,702	12,970
Total comprehensive expense	11,702	12,970

The increase in waste related revenues and expenses is mainly due to an increase in the waste levy from \$82.20 to \$95.20 per tonne.

The decrease in landfill rehabilitation expenses was mainly due to changes in the inputs used to estimate the provision at year end.

A market value assessment of land and buildings resulted in a decrease in their value of \$3.4 million.

Abridged Statement of Financial Position

At 30 June	2013 \$'000	2012 \$'000
Current assets	71,104	70,582
Non-current assets	44,069	44,943
Total assets	115,173	115,525
Current liabilities	29,080	23,617
Non-current liabilities	56,884	50,997
Total liabilities	85,964	74,614
Net assets	29,209	40,911

The Corporation drew down \$7.5 million for landfill cell development and operations from its loan facility with the New South Wales Treasury Corporation. This contributed to the increase in current liabilities.

The increase in non-current liabilities reflects the effect of introducing the carbon price during the year.

Corporation Activities

The Corporation was established on 23 March 2010 to own and operate the Eastern Creek and Belrose Waste Management Centres. It also manages the rehabilitation and aftercare of several closed landfills across the Sydney metropolitan region.

The Corporation was constituted under the *Waste Recycling and Processing Corporation (Authorised Transaction) Act 2010*.

For further information on the Corporation, refer to www.wamc.nsw.gov.au.

Barangaroo Delivery Authority

Audit Opinion

Unqualified audit opinions were issued on the Barangaroo Delivery Authority's and its controlled entity's 30 June 2013 financial statements.

Compliance with Treasury's Early Close Procedures

During the year, NSW Treasury issued TC 13/01 'Mandatory early close procedures for 2013'. This Circular aimed to improve the quality and timeliness of agencies' annual financial statements.

The Authority successfully performed the procedures, which helped it submit financial statements earlier than last year. This in turn enabled the financial statement audits to be finished within an earlier timeframe of eight weeks (nine weeks in 2011-12).

The early close procedures resulted in improvements to the quality of the financial statements as evidenced by resolving accounting issues prior to year end.

The following comments are for the consolidated entity, unless otherwise stated.

Operational Snapshot

The Authority manages delivery of the \$6.0 billion landmark waterfront development at the Barangaroo site at no cost to taxpayers. The Authority expects to complete overall construction by 2021.

The Authority recorded a surplus of \$81.3 million (\$37.5 million deficit in 2011-12). This was after a gain on sale of leasehold land of \$125 million and total expenses of \$45.1 million (\$39.3 million). The total expenses include finance costs of \$6.2 million (\$5.1 million) and a \$20.0 million (\$20.0 million) contribution towards the cost of building Wynyard Walk. While an expense for the Authority, Transport for NSW will recognise Wynyard Walk as an asset.

The Barangaroo precinct comprises Barangaroo South, Central and the Headland Park.

Barangaroo Delivery Authority

Barangaroo South

- Major construction commenced in early 2012
- Planning approvals received for basement car park and major commercial buildings
- Planning approvals received for residential buildings R8/R9 during the year
- First commercial building scheduled to open in 2015

Barangaroo Central

- Appointment of master planning team and development of a master planning framework
- Planning approval given for the 300 metre long pedestrian promenade during the year
- Features include landscaped area for casual use and infrastructure for major public and special events

Headland Park

- Project approvals received for early works and main works
- Purchased the Harbour Control Tower and Bond Stores during the year
- Due for completion in 2015
- Features include grassed areas, lookouts, walking and cycling paths, a new harbour cove, cultural centre and 300-space underground car park

Key Issues

Value Sharing Payments

In December 2012, Lend Lease started proceedings in the Supreme Court of New South Wales seeking clarification of the land valuation methodology contained in the Barangaroo South Project Development Agreement (PDA). The parties to the PDA are the Authority and Lend Lease. The Authority advises it had been in discussions with Lend Lease prior to the proceedings starting. The parties disagree about the interpretation of the PDA's provisions that deal with the method used to value land. The calculation of land value is relevant to the value share payment amounts. The matter was heard in the NSW Supreme Court and the decision is currently reserved.

Significant reductions to the forecast value sharing payments may affect the Authority's ability to fund the public domain and other infrastructure. The Authority may need to find other sources of revenue to deliver the site at nil cost to taxpayers.

The Authority and Lend Lease are disputing the approach to determine value sharing payments

Remediation

A portion of Barangaroo and Hickson Road is a declared contamination area. The Authority is obliged to remediate that part of the site.

The Authority advises it is managing remediation risks by measuring the results of its SISCO (Surfactant-Enhanced In Situ Chemical Oxidation) trials and market testing the costs for a range of remediation technologies.

Several factors can influence the Authority's remediation costs. They include, but are not limited to:

- the effectiveness of the SISCO trials
- the remediation methodology adopted
- changes to waste disposal costs
- the extent of contamination identified as remediation progresses.

SISCO technology remediates contaminated earth where it lies. If successful, it will reduce the amount of material the Authority needs to take off site and dispose of in landfill.

Other Information

Headland Park

The Headland Park will feature a cultural centre with an expected floor area of between 10,000 and 20,000 square metres. The park will be funded through payments from the developer of Barangaroo South and is expected to be completed by 2015.

Forecast completion dates and costs are:

	Initial estimated completion	Forecast completion	Initial project estimate \$m	Cost to 30 June 2013 \$m	Forecast final cost \$m
Headland Park	2014	2015	177	72.4	199

Source: Barangaroo Delivery Authority (unaudited).

Financial Information

Abridged Statements of Comprehensive Income

Year ended 30 June	Consolidated		Authority	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Employee related/personnel services expense	7,480	6,418	7,480	6,418
Finance costs	6,178	5,102	6,178	5,102
Other expenses	31,454	27,751	31,454	27,751
Total expenses	45,112	39,271	45,112	39,271
Other revenue	1,412	1,733	1,412	1,733
Total revenue	1,412	1,733	1,412	1,733
Gain on disposal	125,040	--	125,040	--
Net result—surplus/(deficit)	81,340	(37,538)	81,340	(37,538)
Other comprehensive expense				
Net decrease in revaluation of assets	--	(741)	--	(741)
Total other comprehensive expense	--	(741)	--	(741)
Total comprehensive income/(expense)	81,340	(38,279)	81,340	(38,279)

The increase in employee related/personnel services expense was largely due to additional resources required to manage increased activity on the site and legal and contract disputes.

Other expenses include a \$20.0 million (\$20.0 million in 2011-12) contribution towards Wynyard Walk. Other expenses increased due to higher contract management, legal and financial advice and administration costs, resulting from the Authority's expanding operations.

The \$125 million gain on disposal is a result of recognising the sale of leasehold land on two commercial towers. This transaction explains the fall in current assets and current liabilities within the Abridged Statement of Financial Position.

Abridged Statement of Financial Position

At 30 June	Consolidated		Authority	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Current assets	148,656	273,130	148,656	273,130
Non-current assets	286,852	214,626	286,852	214,626
Total assets	435,508	487,756	435,508	487,756
Current liabilities	87,549	237,501	87,549	237,501
Non-current liabilities	234,559	196,288	234,559	196,288
Total liabilities	322,108	433,789	322,108	433,789
Net assets	113,400	53,967	113,400	53,967

Total assets largely comprise the value of Barangaroo's land assets. Total liabilities include borrowings, and provisions for relocating the passenger terminal and for remediation. The new passenger terminal opened in April 2013.

The increase in non-current assets was due to recognition of a finance lease receivable for two commercial towers.

Authority Activities

The Authority is a statutory body under the *Barangaroo Delivery Authority Act 2009*.

Its principal role is to manage the development of the Barangaroo site as a vibrant, commercial, sustainable location for national and global business.

For further information on the Authority, refer to www.barangaroo.com.

Controlled Entity

The following controlled entity has not been reported on separately as it is considered immaterial by size or nature of its operations to the consolidated entity.

Entity Name	Website
Office of the Barangaroo Delivery Authority	*

* This entity has no website.

Corporation Sole 'Minister Administering the Environmental Planning and Assessment Act 1979'

Audit Opinion

An unqualified audit opinion was issued on the Corporation Sole 'Minister Administering the Environmental Planning and Assessment Act 1979' 30 June 2013 financial statements.

Operational Snapshot

The Corporation identifies, acquires, manages (on an interim basis) and transfers land to other government agencies as required for planning purposes throughout the Sydney region.

The Corporation acquires land for:

- infrastructure projects, such as road and rail corridors
- regional open space, including recreational and conservation areas
- specific sites for strategic planning projects, such as the Rouse Hill regional centre.

In 2012-13, the Corporation purchased land for \$23.4 million (\$68.2 million in 2011-12). It transferred land with a value of \$82.0 million (\$31.0 million) to other agencies.

Key Issue

Completeness and Accuracy of Land Holdings

During 2012-13, the Corporation assessed the accounting treatment for land under the care, control and management of local councils. It provided evidence to support the recognition of these assets in its financial statements. The Corporation recognised \$470 million in core land assets and \$5.3 million in non-core land assets, which it accounted for as an adjustment to the Asset Revaluation Reserve in 2011.

The recognition of these assets resulted in an unqualified audit opinion on the 30 June 2013 financial statements. The audit opinion in each of the last three years was qualified, as the Corporation could not determine the completeness and accuracy of its land assets.

The Corporation Sole recognised \$470 million of land managed by local councils

Other Information

Quality of Financial Statements

The Corporation improved the quality of its year end work papers. The work papers supported the audited financial statements. Most of the information was received on time. This helped the Corporation meet the earlier reporting timeframes required by Treasury. Last year's report to Parliament recommended the Corporation improve the quality of its financial statements and supporting work papers.

Land Purchases

During 2012-13, the Corporation spent \$12.3 million on acquiring land for open space purposes in Fairfield, Blacktown, Liverpool, Pittwater, Ryde, Wollondilly and the Blue Mountains. Most of the open space land (11 hectares) was for transfer to the Western Sydney Parklands Trust.

The Corporation also purchased nine small parcels of land for environmental conservation purposes in Riverstone and Marsden Park, as well as small parcels of land adjoining coastal environments in Pittwater.

It spent a further \$6.0 million on land required for infrastructure as part of the South West Rail Line, which it transferred to Transport for NSW in late 2012.

Land Sales

Land sales generated proceeds of \$41.5 million for the Corporation during the year. The Corporation has entered into arrangements to facilitate the sale of land, including:

- an agreement with UrbanGrowth NSW to develop and sell land at Bunya
- an agreement with UrbanGrowth NSW and a private developer to develop and sell land in the Rouse Hill town centre.

Land Transfers

During the year, the Corporation transferred land valued at \$82.0 million to several government agencies. The land transfers were to Transport for NSW (\$80.5 million), Western Sydney Parklands Trust (\$1.4 million) and the Roads and Maritime Services (\$100,000).

Other

Opportunities for improvements to accounting and internal control procedures were identified during the audit and reported to management.

Financial Information

Abridged Statement of Comprehensive Income

Year ended 30 June	2013 \$'000	2012 \$'000
Employee related expenses	2,593	4,496
Depreciation and amortisation	338	709
Grants and subsidies	46,364	15,091
Finance costs	21,563	20,947
Other expenses	9,465	5,114
Total expenses	80,323	46,357
Investment revenue	3,163	207
Other revenue	52,806	30,336
Total revenue	55,969	30,543
Other gains	21,468	13,144
Net result-deficit	(2,886)	(2,670)
Other comprehensive income		
Net increase in revaluation of assets	84,831	4,315
Total other comprehensive income	84,831	4,315
Total comprehensive income	81,945	1,645

Employee related expenses decreased by \$1.9 million, or 42.3 per cent, mainly due to a number of staff positions remaining vacant during the year.

Grants and subsidies increased mainly due to \$27.6 million provided to Roads and Maritime Services (RMS) for construction of the Erskine Park link road. RMS opened the road in July 2013.

The Corporation achieved a gain of \$21.5 million (\$13.1 million in 2011-12) on disposal of land. This is influenced by the location, type and volume of land sold. The Corporation sold 266 lots (97 lots in 2011-12) in the Bunya project and 111 lots (85 lots in 2011-12) in the Rouse Hill project during the year.

The net increase in revaluation of assets was due to the Corporation revaluing its open space land at 30 April 2013.

Abridged Statement of Financial Position

At 30 June	2013 \$'000	2012 \$'000
Current assets	153,253	170,569
Non-current assets	1,516,303	1,519,666
Total assets	1,669,556	1,690,235
Current liabilities	56,093	107,394
Non-current liabilities	384,269	353,588
Total liabilities	440,362	460,982
Net assets	1,229,194	1,229,253

Current assets decreased by \$17.3 million mainly due to a fall in cash to meet the costs of grants and subsidies and other expenses.

Current liabilities decreased by \$51.3 million largely due to the settlement of liabilities for property purchases recorded in 2012.

The increase in non-current liabilities is predominately due to a \$29.2 million increase in borrowings to meet the costs of property acquisitions.

Corporation's Activities

The Minister for Planning is incorporated as the Corporation Sole 'Minister Administering the *Environmental Planning and Assessment Act 1979*'. The Corporation's main activities are to acquire land, control and manage its vested lands and dispose of surplus land.

The Office of Strategic Lands administers the functions of the Corporation.

Department of Planning and Infrastructure

Audit Opinion

An unqualified audit opinion was issued on the Department of Planning and Infrastructure's (the Department) 30 June 2013 financial statements.

Compliance with Treasury's Early Close Procedures

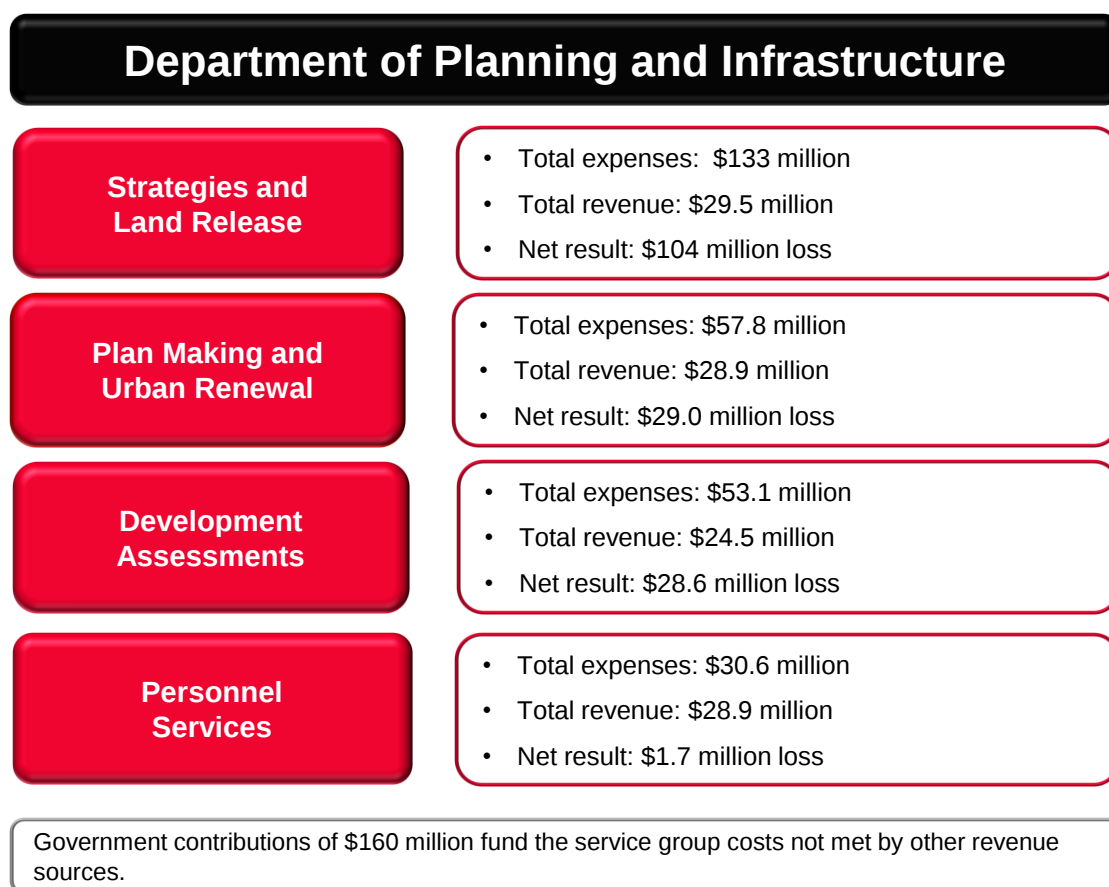
During the year, NSW Treasury issued TC 13/01 'Mandatory early close procedures for 2013'. This Circular aimed to improve the quality and timeliness of agencies' annual financial statements.

The Department successfully performed the procedures, which helped it submit financial statements earlier than last year. This in turn enabled the financial statement audit to be finished within an earlier timeframe of eight weeks (nine weeks in 2011-12).

The Department improved the quality of its year end supporting work papers. Last year's report to Parliament recommended the Department continue to improve the quality of its financial statements and supporting work papers.

Operational Snapshot

The role of the Department is to deliver strategies and decisions to facilitate sustainable growth and employment in New South Wales.



Key Issues

Development Contributions (Repeat Issue)

Recommendation

The Department of Planning and Infrastructure should finalise development of accounting policies and controls for Special Infrastructure Contributions.

Last year's report to Parliament included a recommendation that the Department develop systems and controls to manage effectively all development contributions it is entitled to collect and the related expenditure. The Audit Office's concerns focused on the completeness and valuation of Special Infrastructure Contributions (SIC) received as works-in-kind.

The Department advised it is pursuing improvements in the recording, monitoring, treatment and acquittal of SIC works-in-kind transactions. In late 2012-13 it commissioned an internal audit on this issue.

While the Department has improved its practices from the prior year, further improvements are required in relation to the recording and accounting for SIC works-in-kind.

A SIC is a financial payment made by the developer during the land development process to fund regional infrastructure. They allow for services that are an essential part of development, such as roads, bus depots, open space, and land required for social services.

Corporate Plan

The Department has a new Corporate Plan.

Last year's report to Parliament recommended the Department develop a Corporate Plan.

Other information

Department Restructure

Management believes its new organisational structure will better align with its new planning system. During the year, the Department restructured its management team.

The restructure created a new unit, the Office of Planning Strategies, Housing and Infrastructure. This Office will drive housing delivery in greenfield and urban renewal areas and report on housing supply.

The Department should develop accounting policies and controls for Special Infrastructure Contributions

Abridged Statement of Comprehensive Income

Year ended 30 June	2013 \$'000	2012 \$'000
Employee related expenses	101,973	98,791
Depreciation and amortisation	858	613
Grants and subsidies	126,927	79,507
Finance costs	1,068	1,335
Other expenses	43,986	27,201
Total expenses	274,812	207,447
Government contributions	167,477	91,659
Sale of goods and services	41,173	43,625
Investment revenue	998	960
Other revenue	69,706	66,706
Total revenue	279,354	202,950
Other (losses)/gains	(15)	262
Net result - surplus/(deficit)	4,527	(4,235)
Other comprehensive income		
Net (decrease)/increase on revaluation of assets	(38)	111
Superannuation actuarial gains/(losses)	1,707	(4,463)
Total other comprehensive income/(expense)	1,669	(4,352)
Total comprehensive income/(expense)	6,196	(8,587)

Grants and subsidies expenses increased by \$47.4 million mainly due to:

- a grant of \$26.4 million to the Sydney Harbour Foreshore Authority (SHFA) for the Sydney International Convention, Exhibition and Entertainment project
- Priority Infrastructure Fund payments of \$8.8 million to Hills Shire Council and \$38.5 million to Blacktown City Council
- an increase in grant payments to the Corporation Sole 'Minister Administering the *Environmental Planning and Assessment Act 1979*' for the South West Rail Link project.

Other expenses increased by \$16.8 million. This increase was mostly due to contractor costs being \$14.6 million above the prior year. The Department attributes this increase to the development of a White Paper and new planning initiatives. The Department received funds from NSW Treasury to meet these additional costs.

NSW Government contributions increased to meet the cost of increased grants and subsidies.

Other revenue increased due to the receipt of \$3.0 million in grants from the Department of Finance and Services to pay to Port Macquarie Hastings Council for the Thrumster Water Reservoir project.

Abridged Statement of Financial Position

At 30 June	2013 \$'000	2012 \$'000
Current assets	67,044	68,172
Non-current assets	12,429	10,537
Total Assets	79,473	78,709
Current liabilities	26,835	27,749
Non-current liabilities	28,669	33,187
Total Liabilities	55,504	60,936
Net Assets	23,969	17,773

Non-current liabilities fell by \$4.5 million due to the repayment of borrowings of \$2.5 million and a decrease in the provision for employee entitlements of \$2.1 million. The fall in the provision for employee entitlements was mainly due to restructure of SHFA. The Department employs SHFA staff and SHFA reimburses the Department for the cost.

Department Activities

The Department oversees and implements government policies on land use, planning and development, and facilitates and manages sustainable growth.

It advises the minister and the government on the approval of major development and infrastructure projects of significance to the New South Wales' economy and employment.

The Department leads and coordinates State-wide planning strategies to guide growth and development, and to inform infrastructure planning, staging and delivery.

Key legislation includes the *Environmental Planning and Assessment Act 1979*, the *Heritage Act 1977*, the *Coastal Protection Act 1979* and the *Growth Centres (Development Corporations) Act 1974*.

For further information on the Department, refer to www.planning.nsw.gov.au.

Landcom

Audit Opinion

An unqualified audit opinion was issued on Landcom's 30 June 2013 financial statements.

Compliance with Treasury's Early Close Procedures

During the year, NSW Treasury issued TC 13/01 'Mandatory early close procedures for 2013'. This Circular aimed to improve the quality and timeliness of agencies' annual financial statements. Landcom successfully performed the procedures, which helped it submit financial statements earlier than last year. This in turn enabled the financial statement audit to be finished within an earlier timeframe of eight weeks (nine weeks in 2011-12).

The early close procedures resulted in improvements to the quality of the financial statements as evidenced by fewer reported misstatements in 2012-13 compared to 2011-12.

Operational Snapshot

Landcom develops and sells residential, commercial and industrial properties. It also provides for the development of shopping centres, aged care and commercial facilities to complement its residential developments.

Landcom delivered 2,716 dwelling equivalents to the market in 2012-13 (2,198 in 2011-12). It expects to deliver 3,003 more dwelling equivalents in 2013-14. It earned a profit of \$83.8 million (\$48.9 million).

Performance Information

Financial Performance

The table below shows Landcom exceeded most of its financial targets for 2012-13.

Year ended 30 June	Target*	Actual			
	2013	2013	2012	2011	2010
Earnings before interest and income tax (\$m)	98	128	78	83	53
Dividend paid to Consolidated Fund (\$m)	31	34	37	52	43
Income tax paid to Consolidated Fund (\$m)	25	29	29	15	13
Return on average equity (%) (a)	15.1	22.9	14.1	16.3	9.3
Return on average assets (%) (b)	11.7	15.5	9.4	11.3	7.7
Debt to total equity (%) (c)	87.6	31.2	25.4	34.9	27.1

Calculated as:

- a Profit after income tax expense divided by average equity.
- b Profit before tax and interest expense divided by average assets.
- c External debt divided by equity (net assets).

* Landcom's Statement of Corporate Intent 2012-13.

Landcom achieved higher earnings before interest and income tax than planned. It achieved this mainly through the mix of products sold. The changed sales mix resulted in a gross profit 41.7 per cent higher than 2011-12.

The higher profit resulted in Landcom paying more dividend and income tax than planned in 2012-13. It also contributed to the higher return on average equity and on average assets.

Landcom
exceeded most
of its financial
targets
in 2012-13

Actual debt to total equity is lower than Landcom's target. Management tightly controlled cash flow during 2012-13 and constrained borrowings. Because of higher profits, equity increased during 2012-13. This contributed to a lower actual debt to total equity ratio.

Other Information

UrbanGrowth NSW is Landcom's new trading name. It will be the key driver of housing development in New South Wales, with an initial focus on:

- unlocking private sector investment by coordinating and delivering lead-in infrastructure and services in development areas, and by planning and fast tracking urban renewal projects
- driving the NSW Government's approach to housing delivery, including the current 10,000 home sites program
- leading development in identified projects across the State.

It will support the NSW Government's target of increasing housing production in Sydney to 25,000 per annum by driving development activity.

Landcom is involved in some major projects in the Greater Sydney Metropolitan Area, the Hunter, the Illawarra and the Southern Highlands. Most projects are residential, but include retail, commercial, industrial and mixed-use developments.

Highlights during the year include Landcom:

- acquiring a 10.8-hectare development site within the North Ryde Station precinct. This site has the potential for over 2,000 apartments and 65,000 m² of mixed used floor space. To achieve this, Landcom will need to rezone the land, finalise a master plan for the site and deliver the necessary infrastructure. It will then package the site for development, primarily by the private sector
- starting to build the first stage of the Oran Park Town Centre with Greenfields Development Company. This development will feature a major supermarket, up to 30 specialty shops, a three story commercial building and an integrated primary health care centre. The first stage of the town centre is to open in late 2014.
- starting work on the rejuvenation of the Airds/Bradbury public housing estate. This major housing renewal initiative will deliver 2,000 dwellings aimed to improve the quality and supply of housing and provide improved social outcomes for the local community
- resolving an outstanding taxation matter during the year. The Australian Taxation Office issued a private ruling, which favoured Landcom. The ruling contributed \$25.0 million of a \$30.7 million fall in the deferred taxation asset during 2012-13.

Financial Information

Abridged Statement of Comprehensive Income

Year ended 30 June	2013 \$'000	2012 \$'000
Sales income	538,972	398,086
Cost of sales	(360,258)	(271,984)
Gross profit	178,714	126,102
Other income	7,323	3,839
Employee related expenses	(15,307)	(16,938)
Other expenses	(42,621)	(34,920)
Profit before interest and income tax	128,109	78,083
Finance income	1,959	2,725
Finance expense	(10,358)	(10,985)
Income tax equivalent expense	(35,916)	(20,960)
Profit after interest and income tax	83,794	48,863
Other comprehensive income		
Superannuation actuarial gains/(losses) net of income tax	3,337	(6,672)
Gain on revaluation of assets	315	--
Total comprehensive income	87,446	42,191

Gross profit increased by \$52.6 million primarily due to a change in the product mix sold between 2011-12 and 2012-13.

The increase in other income was partly due to management fees from Health Infrastructure Corporation of \$2.0 million and the NSW Land and Housing Corporation of \$796,000 for rejuvenating a public housing estate.

Other expenses increased by \$7.7 million primarily due to higher marketing costs of \$2.7 million and other sundry increases totalling \$3.8 million. Marketing costs increased as Landcom released more land to the market. Re-branding to UrbanGrowth from Landcom also increased marketing costs.

Abridged Statement of Financial Position

At 30 June	2013 \$'000	2012 \$'000
Inventory - current	314,264	289,347
Inventory - non-current	436,802	412,974
Other assets	97,565	99,447
Total assets	848,631	801,768
Borrowings	118,539	89,286
Other liabilities	349,985	361,492
Total liabilities	468,524	450,778
Net assets	380,107	350,990

Current inventory increased by \$24.9 million, primarily due to the release of more land onto the market. Landcom needs to deliver 10,000 home sites over four years from 2011-12. At 30 June 2013, it had delivered 4,453 of these home sites. This is 310 home sites ahead of the four-year target.

Total liabilities grew by \$17.7 million mainly due to higher borrowings of \$29.2 million and an increase in distributions payable to Treasury of \$24.4 million. The increase in liabilities was offset by a fall in payables for new land purchases of \$14.3 million and a fall in current tax liabilities of \$22.1 million.

Landcom Activities

Landcom was constituted under the *Landcom Corporation Act 2001*.

The principal objectives of Landcom are to:

- be a successful business, and to this end:
 - to operate at least as efficiently as any comparable business
 - to maximise the net worth of the State's investment in it
- exhibit a sense of social responsibility by having regard to the interests of the community in which it operates
- protect the environment by complying with the principles of ecologically sustainable development contained in section 6(2) of the Protection of the *Environment Administration Act 1991*
- approach regional development and decentralisation responsibly
- undertake, or assist the government in undertaking, strategic or complex urban development projects
- assist the government in achieving its urban management objectives
- be a responsible developer of residential, commercial and industrial land.

For further information on Landcom, refer to www.landcom.nsw.gov.au.

Luna Park Reserve Trust

Audit Opinion

An unqualified audit opinion was issued on the Luna Park Reserve Trust's (the Trust) 30 June 2013 financial statements.

Compliance with Treasury's Early Close Procedures

During the year, NSW Treasury issued TC 13/01 'Mandatory early close procedures for 2013'. This Circular aimed to improve the quality and timeliness of agencies' annual financial statements.

The Trust successfully performed the procedures, which helped it submit financial statements earlier than last year. This in turn enabled the financial statement audit to be finished within eight weeks (nine weeks in 2011-12).

Operational Snapshot

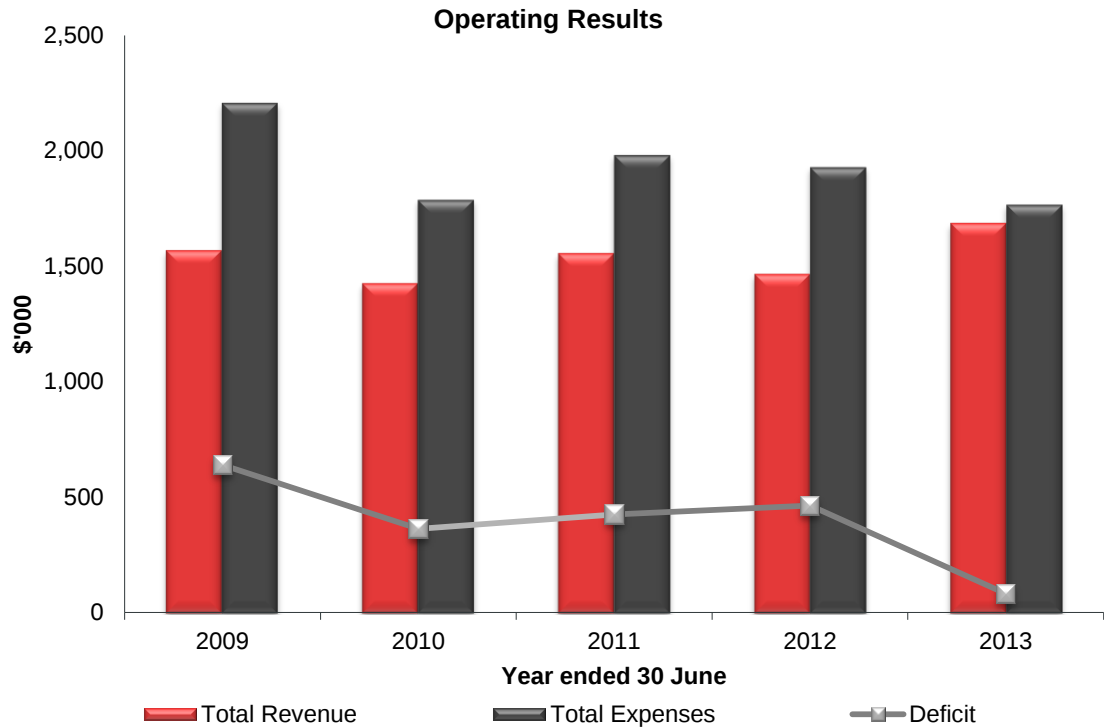
The Trust manages the lease of the Luna Park site including maintenance of the heritage buildings. It incurred a deficit of \$81,000 during 2012-13. It received no government funding during the year.

Financial Information

Year ended 30 June	2013 \$'000	2012 \$'000
Expenses	1,766	1,928
Revenue	1,685	1,465
Net result – deficit	(81)	(463)
Net assets	39,258	30,856

The Trust continues to incur losses over time. The loss of \$81,000 in 2012-13 is much less than prior year losses. This is due to rental revenue increasing by \$219,000 and expenses falling by \$162,000. Rent revenue grew because the Trust passes on increases in the Consumer Price Index to the lessee. The Trust spent less on works funded by the Heritage and Infrastructure Fund during 2012-13.

The Trust revalued land at 30 June 2013 increasing net assets to \$39.3 million at year-end.



Trust Activities

The Luna Park Reserve Trust was created in October 1990 under the *Luna Park Site Act 1990*. The Trust controls the Luna Park site, an area dedicated for public amusement, recreation and entertainment. Sydney Harbour Foreshore Authority manages the Trust.

The Minister for Planning and Infrastructure has administrative responsibility for the *Luna Park Site Act 1990* and for the *Crown Lands Act 1989* so far as it relates to the Luna Park site.

Sydney Harbour Foreshore Authority

Audit Opinion

Unqualified audit opinions were issued on the on the Sydney Harbour Foreshore Authority's and its controlled entity's 30 June 2013 financial statements.

Compliance with Treasury's Early Close Procedures

During the year, NSW Treasury issued TC 13/01 'Mandatory early close procedures for 2013'. This circular aimed to improve the quality and timeliness of agencies' annual financial statements.

The Authority performed the procedures, which helped it submit financial statements earlier than last year. This in turn enabled the financial statement audits to be finished within eight weeks (nine weeks in 2011-12).

The following comments are for the consolidated entity, unless otherwise stated.

Operational Snapshot

The Authority owns and manages some of the State's most significant assets, including Sydney's heritage and cultural precincts at The Rocks and Darling Harbour.

It earned an average rental return of 11.3 per cent in 2012-13 from leases of commercial properties valued at \$425 million.

The Authority supported 55 (more than 30 in 2011-12) major public events and community festivals in The Rocks and Darling Harbour vicinities.

Key Issues

Sydney International Convention, Exhibition and Entertainment Precinct Project

The \$1.2 billion project is expected to deliver world class conference and entertainment venues with residential and hotel properties and a modern public domain. Infrastructure NSW is managing the project. The Authority is the owner of the land, buildings and infrastructure being redeveloped.

The NSW Government entered into separate contractual agreements for the three key components of the project, namely:

- the delivery of a convention, exhibition, entertainment facilities and public open space (via a Public Private Partnership agreement)
- the Haymarket precinct including commercial, retail and residential developments (Project Delivery Agreement between Infrastructure NSW, the Authority and a private sector entity)
- a Hotel precinct, near the existing Harbourside facility (Project Delivery Agreement between Infrastructure NSW, the Authority and a private sector entity).

Last year's report to Parliament recommended the Authority identify and address the risks associated with the project. Management advises that Infrastructure NSW, as project manager, compiled a project risk register with relevant risk mitigation strategies. The Authority has established its own working group to manage the various precinct impacts and its own specific responsibilities for the project. Management believes this project will not increase the Authority's risks.

Sydney International Convention, Exhibition and Entertainment Precinct Progress 2012-13 milestones

- Darling Harbour Live selected as the preferred consortium
- Infrastructure NSW finalised the contract with Darling Harbour Live
- Commenced construction of interim facility at Glebe Island
- Precinct development request for planning approval submitted

Future milestones

- Closure of Sydney Convention and Exhibition Centre (December 2013)
- Commence the construction of The Haymarket (2014)
- Closure of Sydney Entertainment Centre (December 2015)
- New core facilities scheduled to open in December 2016
- The new hotel is scheduled for completion in late 2016
- The Haymarket completion will be staged until the early 2020s

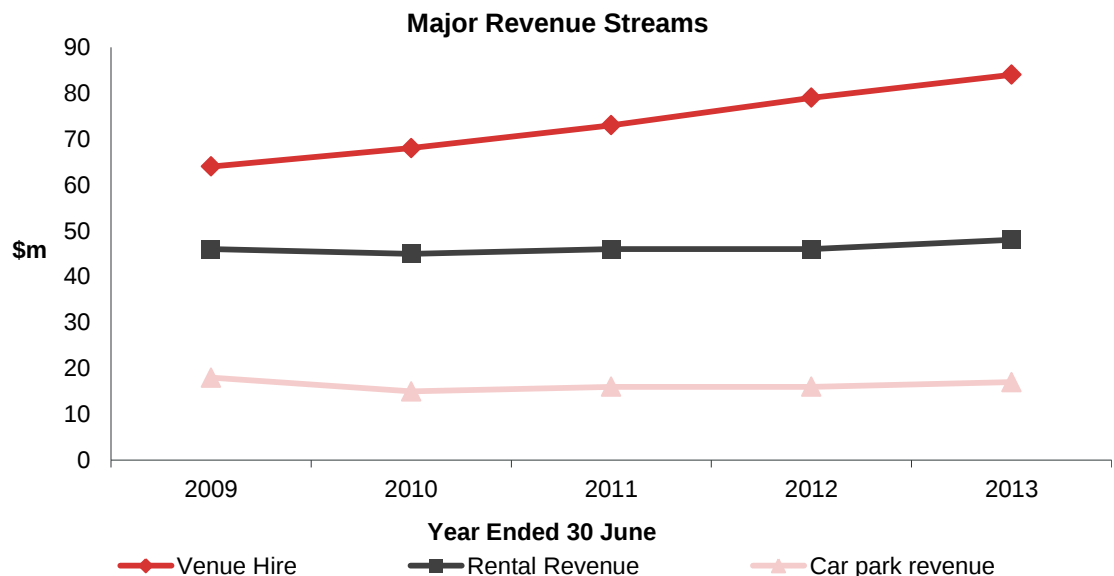
The 'Sydney Exhibition Centre @ Glebe Island' will be the interim facility during the redevelopment of the Sydney International Convention, Exhibition and Entertainment Precinct (SICEEP). The facility will have up to 25,000 square metres of space for exhibitions and tradeshows. The Authority expects to complete the structure in December 2013. This temporary facility will support many exhibitors and associated businesses between 2014 and 2016.

Performance Information

The Authority provided the following information on its performance.

Major Revenue Streams

The following chart shows the Authority's revenue from venue hire, property leases and car parks.



Source: The Authority (unaudited)

Revenue for venue hire has increased since the 2009 global financial crisis.

Lease Management

Year ended 30 June	Target	2013	2012	2011	2010	2009
Number of lease properties	na	135	134	134	134	133
Total number of leases	na	257	255	281	273	270
Value of leased properties (\$m)	423	425	423	395	376	320
Lease revenue (\$m)	48.2	48.2	46.5	46.4	45.3	44.1
Return on leased properties (%)	11.4	11.3	11.0	11.8	12.0	13.8
Commercial vacancy rate (%)	<8.2	4.8	2.8	15.1	17.1	17.9
Retail vacancy rate (%)	<9.5	2.9	1.2	4.8	2.4	1.6

na not applicable

Source: Sydney Harbour Foreshore Authority (unaudited).

Retail vacancy rates increased due to difficult retail trading conditions during 2012-13.

Financial Information

Abridged Statements of Comprehensive Income

Year ended 30 June	Consolidated		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Property related revenue	149,032	141,482	149,044	141,485
Other revenue	173,787	78,221	148,775	78,218
Total revenue	322,819	219,703	297,819	219,703
Property related expenses	107,712	103,538	107,712	103,538
Employee/personnel services expense	25,671	32,020	25,671	32,020
Depreciation and amortisation	32,715	30,685	32,715	30,685
Loss on revaluation of properties	--	88,907	--	88,907
Other expenses	39,059	35,221	39,059	35,221
Total expenses	205,157	290,371	205,157	290,371
Surplus/(deficit)	117,662	(70,668)	92,662	(70,668)
Other comprehensive income				
Gain/(loss) on revaluation of properties	129,318	(64,591)	129,318	(64,591)
Total comprehensive income/(expense)	246,980	(135,259)	221,980	(135,259)

Property related revenue grew due to an increase in events held during the year at the Sydney Convention and Exhibition Centre and Sydney Entertainment Centre.

The increase in other revenue was mainly due to a gain in the value of properties of \$88.9 million and grant revenue of \$32.3 million. The gain in property market values is a reversal of a prior year fall in market values. The gain relates mainly to the revaluation of assets held for the SICEEP development. Grant revenue includes Sydney International Convention, Exhibition and Entertainment Precinct funding of \$30.1 million.

The Authority restructured some of its business activities. This resulted in lower employee expenses during 2012-13.

Property related expenses increased mainly due to more events at Sydney Convention and Exhibition Centre and Sydney Entertainment Centre, and increased costs on the major redevelopment project discussed above.

Abridged Statement of Financial Position

At 30 June	Consolidated		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Current assets	101,286	87,755	101,368	87,755
Non-current assets	1,265,863	1,067,190	1,265,863	1,067,190
Total assets	1,367,149	1,154,945	1,367,231	1,154,945
Current liabilities	70,718	58,042	70,800	58,042
Non-current liabilities	12,803	24,073	12,803	24,073
Total liabilities	83,521	82,115	83,603	82,115
Net assets	1,283,628	1,072,830	1,283,628	1,072,830

The Authority revalued its land and buildings during 2013-13. This is the main reason for the increase in non-current assets. The value of land held for the SICEEP development increased by \$214 million. This was largely due to the gross floor area of the project being higher than initial draft plans.

Current liabilities are higher due to an increase of \$7.3 million in security deposits held for future events at the soon to be demolished Sydney Entertainment Centre.

The fall in non-current liabilities is mainly due to borrowings of \$5.0 million and personnel contractual obligations of \$4.5 million becoming current at year end.

Authority Activities

The Authority's roles are to:

- protect and enhance the natural and cultural heritage of the foreshore area
- promote, coordinate, manage, undertake and secure the orderly and economic development and use of the foreshore area, including the provision of infrastructure
- promote, coordinate, organise, manage, undertake, secure, provide and conduct cultural, educational, commercial, tourist, recreational, entertainment and transport activities and facilities.

The Authority owns and manages land within its precincts, including The Rocks and Darling Harbour.

The Authority was established under the *Sydney Harbour Foreshore Authority Act 1998*.

For further information on the Authority, refer to www.shfa.nsw.gov.au.

Controlled Entities

Cooks Cove Development Corporation

In January 2006, the Corporation contracted with a private entity for a development at Cooks Cove site. The project stopped when the developer went into voluntary administration.

In December 2012, the Corporation secured a settlement of \$26.7 million from its financiers, as a release from their obligations under the Performance Undertaking. The Corporation paid these proceeds, less costs, to the Crown as a special dividend. In August 2013, the Corporation was abolished, and its functions were transferred to the UrbanGrowth NSW Development Corporation.

The following controlled entity has not been reported on separately as it is considered immaterial by size or nature of its operations to the consolidated entity.

Entity Name	Website
Sydney Harbour Foreshore Authority Casual Staff Division	*

* This entity has no website.

UrbanGrowth NSW Development Corporation

Audit Opinion

Unqualified audit opinions were issued on the Corporation's and its controlled entities' 30 June 2013 financial statements.

Compliance with Treasury's Early Close Procedures

During the year, NSW Treasury issued TC 13/01 'Mandatory early close procedures for 2013'. This Circular aimed to improve the quality and timeliness of agencies' annual financial statements.

The Corporation performed the procedures, which helped it submit financial statements earlier than last year. This in turn enabled the financial statement audits to be finished within eight weeks (nine weeks in 2011-12).

The early close procedures resulted in improvements to the quality of the financial statements as evidenced by fewer reported misstatements in 2012-13 compared to 2011-12.

The following comments are for the consolidated entity, unless otherwise stated.

Operational Snapshot

The Corporation manages the development of affordable housing in the Redfern-Waterloo and Granville areas. For this purpose, it has entered into a licensing agreement with Sydney Trains for land and buildings in the Redfern-Waterloo precinct.

It continues to develop the Australian Technology Park at Redfern.

Other Information

North Eveleigh

During 2012-13, the Corporation spent \$3.7 million on infrastructure for the North Eveleigh Affordable Housing Project. The work, on the western portion of the North Eveleigh site, includes road realignment and associated works, some demolition work, new services and landscaping.

Under an agreement with Sydney Trains, the Corporation will buy the site for \$3.1 million less remediation costs. It will then grant the site to City West Housing Pty Ltd. for an affordable housing development. A grant from the Australian Government and the Redfern Waterloo Affordable Housing Contribution Fund funded the land purchase and site works.

Name Change

On 1 January 2013, the Sydney Metropolitan Development Authority (SMDA) was renamed UrbanGrowth NSW Development Corporation. The Corporation has the same responsibilities as SMDA.

Financial Information

Abridged Statements of Comprehensive Income

Year ended 30 June	Consolidated*		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Property related expense	2,742	2,099	36	101
Employee related expense	4,564	3,480	--	--
Other expenses	17,069	15,000	7,547	9,700
Total expenses	24,375	20,579	7,583	9,801
Property related income/(expense)	25,702	13,850	(1,537)	200
Grants and contributions revenue	15,504	21,888	15,504	21,888
Other revenue	3,463	2,881	4,347	2,081
Total revenue	44,669	38,619	18,315	24,169
Net result - surplus	20,294	18,041	10,733	14,368
Other comprehensive income				
Net increase in revaluation of assets	6,039	2,246	1,150	100
Total comprehensive income	26,333	20,287	11,883	14,468

* For 2011-12, the Corporation consolidated the results of Australian Technology Park Sydney Limited for six months. Australian Technology Park Sydney Limited became a controlled entity on 1 January 2012.

Other expenses and property related income increased due to recognising the results of Australian Technology Park Sydney Limited (ATPSL) for 12 months. The prior year comparative consolidated ATPSL's result for six months.

The Corporation revalued the Australian Technology Park site in 2012-13. This is the main reason for the \$3.8 million increase in other comprehensive income.

Abridged Statements of Financial Position

At 30 June	Consolidated		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Current assets	88,707	81,397	64,711	52,815
Non-current assets	196,847	185,060	88,513	95,325
Total assets	285,554	266,457	153,224	148,140
Current liabilities	14,138	15,646	8,459	9,764
Non-current liabilities	22,444	28,170	22,375	27,869
Total liabilities	36,582	43,816	30,834	37,633
Net assets	248,972	222,641	122,390	110,507

Positive cash flow from the Australian Technology Park site led to an increase in cash and cash equivalents.

The Corporation repaid \$5.0 million of loans in 2012-13, and expects to repay another \$5.0 million next year. This is the main reason for the fall in total liabilities.

Corporation Activities

The Corporation was constituted in 2010 under the *Growth Centres (Development Corporations) Act 1974*.

The purpose of the UrbanGrowth Development Corporation is to drive housing and employment opportunities in specific areas serviced by public transport and infrastructure.

For further information on the Corporation, refer to www.ugdc.nsw.gov.au.

Controlled Entities

Australian Technology Park Sydney Limited

Performance Information

The Company provided the following information regarding its performance.

Year ended 30 June	Target*	Actual		
	2013	2013	2012	2011
Value of leased properties (\$m)	N/A	72.1	69.3	65.2
Lease rental (\$m)	16.8	16.9	14.6	14.5
Gross return on leased properties (%)	23.3	23.4	21.2	22.2
Vacancy rate (%)	2.0	0.5	0.5	na
Event management revenue (\$m)	5.3	6.2	6.7	5.1

* Targets are set by management.

N/A Not applicable.

Source: Australian Technology Park Sydney Limited (unaudited).

There have been no significant changes in Australian Technology Park Sydney Limited's performance measures over the last three years.

The vacancy rate is well below target. This means ATPSL has untenanted spaces for very short periods.

Financial Information

Abridged Statement of Comprehensive Income

Year ended 30 June	2013 \$'000	2012 \$'000
Net result - surplus	8,607	5,340
Other comprehensive income		
Net increase in revaluation of assets	4,845	1,668
Total comprehensive income	13,452	7,008

Net result improved in 2012-13 due to a \$2.8 million gain in the value of investment property and the resolution of a land tax matter, which resulted in a one-off gain.

The Company revalued its land and buildings during 2012-13. The gain in value of \$4.8 million is the reason Other Comprehensive Income is higher than 2011-12.

Abridged Statement of Financial Position

At 30 June	2013 \$'000	2012 \$'000
Current assets	29,556	28,787
Non-current assets	135,254	126,817
Total assets	164,810	155,604
Current liabilities	11,239	11,313
Non-current liabilities	46,693	50,865
Total liabilities	57,932	62,178
Net assets	106,878	93,426

Non-current liabilities fell as ATPSL repaid \$5.0 million of debt. ATPSL expects to repay \$5.0 million of debt next year.

Australian Technology Park Sydney Limited's Activities

Australian Technology Park Sydney Limited is responsible for the day-to-day property management and development of the Australian Technology Park located at Eveleigh in Sydney.

For further information on Australian Technology Park Sydney Limited, refer to www.atp.com.au.

The following controlled entity has not been reported on separately as it is considered immaterial by size or nature of its operations to the consolidated entity.

Entity name	Website
Office of the UrbanGrowth NSW Development Corporation	*

* This entity has no website.

Department of Premier and Cabinet

Audit Opinion

An unqualified audit opinion was issued on the Department of Premier and Cabinet's 30 June 2013 financial statements.

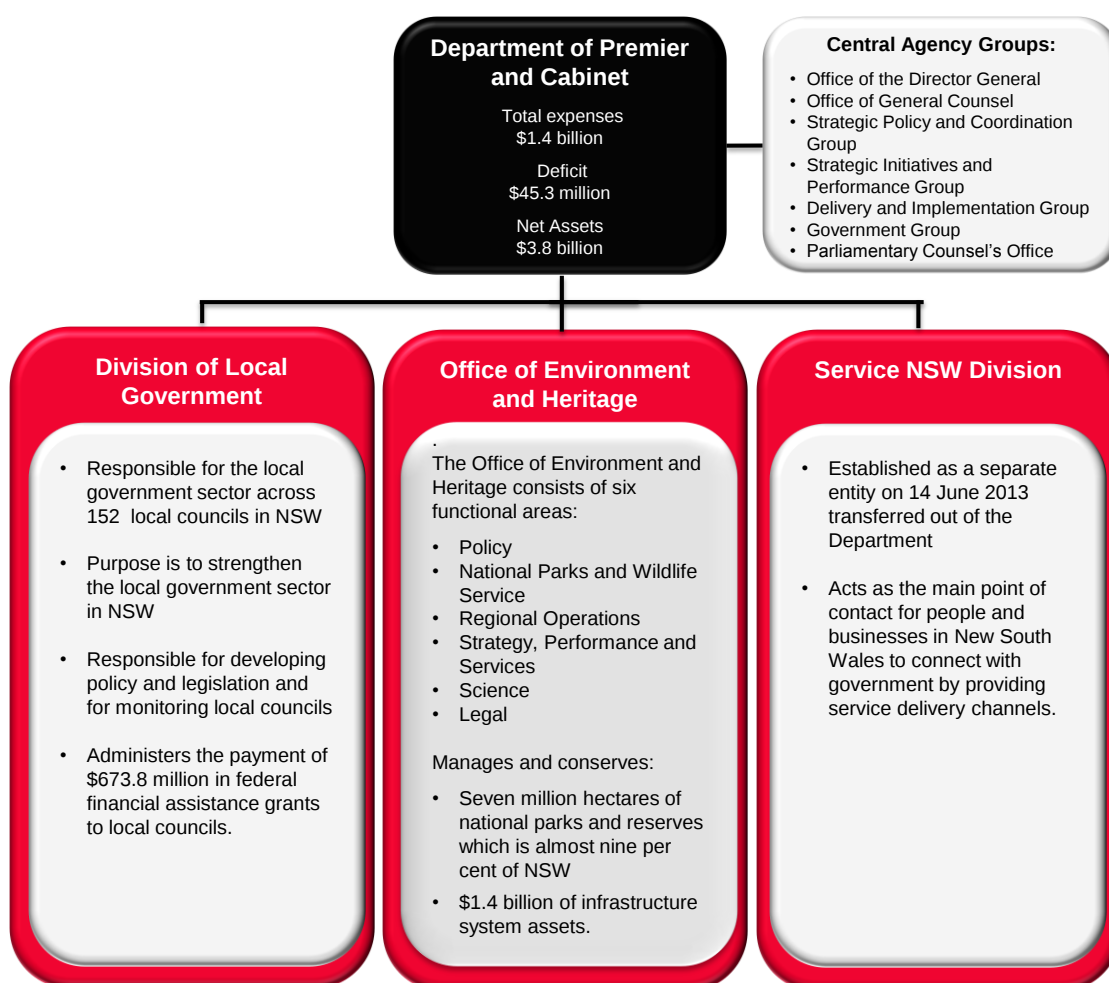
Compliance with Treasury's Early Close Procedures

During the year, NSW Treasury issued TC 13/01 'Mandatory early close procedures for 2013'. This Circular aimed to improve the quality and timeliness of agencies' annual financial statements. The Department of Premier and Cabinet (the Department) was required to perform the early close procedures.

The Department was successful in performing the procedures, which helped them submit financial statements by an earlier due date. This in turn enabled the financial statement audit to be finalised within an earlier timeframe of eight weeks (nine weeks in 2011-12).

The early close procedures also resulted in improvements to the quality of the financial statements as evidenced by fewer reported misstatements in 2012-13 compared to 2011-12.

Operational Snapshot



Key Issues

Relocation of Central Government Agencies

The relocation of central government operations is estimated to realise \$90.0 million in avoided costs over the 12 year lease term

Cabinet has approved the relocation of central government operations comprising 22 Ministerial offices, including the Premier and Deputy Premier, the Department of Premier and Cabinet (DPC) and NSW Treasury (NSWT). These operations will move from Governor Macquarie Tower (GMT) and Bligh House to Martin Place in the Sydney CBD.

The relocation project involves the refurbishment of 20 floors in the new location. Approximately 1,300 people from the Ministry, DPC and NSWT are being relocated as part of the move which is expected to occur in the latter half of 2014. The relocation includes significant changes to the workplace, information systems and communications technology.

The Department estimates that the relocation of central government operations will realise \$90.0 million in avoided costs over the 12 year lease term. The savings are expected to be achieved through a combination of price and volume reductions with floor space to be occupied at Martin Place being 18 per cent less than existing tenancies.

In addition, there is to be reduced duplication and more sharing of support facilities within the agencies.

The Department is aware of the risks involved in the relocation such as the interruption to operations and services delivered to the Premier and Ministers.

Local Government Reform

In March 2012, the Minister for Local Government appointed the Independent Local Government Review Panel (the Panel) to find ways to strengthen the effectiveness of local government in New South Wales. The review Panel performed extensive research into local council finances, service delivery, local government boundaries and local decision making models.

The Panel released a consultation paper, 'Future Directions for NSW Local Government: Twenty Essential Steps' in April 2013.

In 2012, the Minister for Local Government also appointed the Local Government Acts Taskforce (the Taskforce) to develop new, modern legislation that meets the current and future needs of the community and local government sector. The taskforce will consult with key stakeholders and take into account those recommendations of the Independent Local Government Review Panel.

In September 2012, a Performance Audit Report on 'Monitoring Local Government' made recommendations for changes to the *Local Government Act 1993* (the Act) or other initiatives including:

- clarifying who monitors local councils to ensure compliance with the Act
- strengthening public reporting on the financial viability of local councils and the efficiency and effectiveness of council performance
- empowering the Division of Local Government to make directions such as requiring councils to have an Audit and Risk Committee, an internal audit function and fraud control procedures and include a suite of penalties and sanctions for non-compliance with legislative requirements.

The Taskforce will consider the recommendations in its review of the Act.

The Performance Audit Report also highlighted the need for a set of consistent, state-wide financial and non-financial performance indicators that add value, drive improvement and increase accountability. This will allow for an understanding of how well local councils are performing. In response to this, in October 2013, the Division of Local Government published its report 'Comparative Information on NSW Local Government, measuring Local Government Performance 2011/12'. This report considered the Performance Audit recommendations.

For further information on the performance audit, refer to

www.audit.nsw.gov.au/Publications/Performance-Audit-Reports/2012-Reports/Monitoring-Local-Government/Monitoring-Local-Government.

Quality of Financial Reporting in Local Councils

Recommendation

The Division of Local Government should investigate ways to reduce the number of qualified audit opinions issued on local council financial statements.

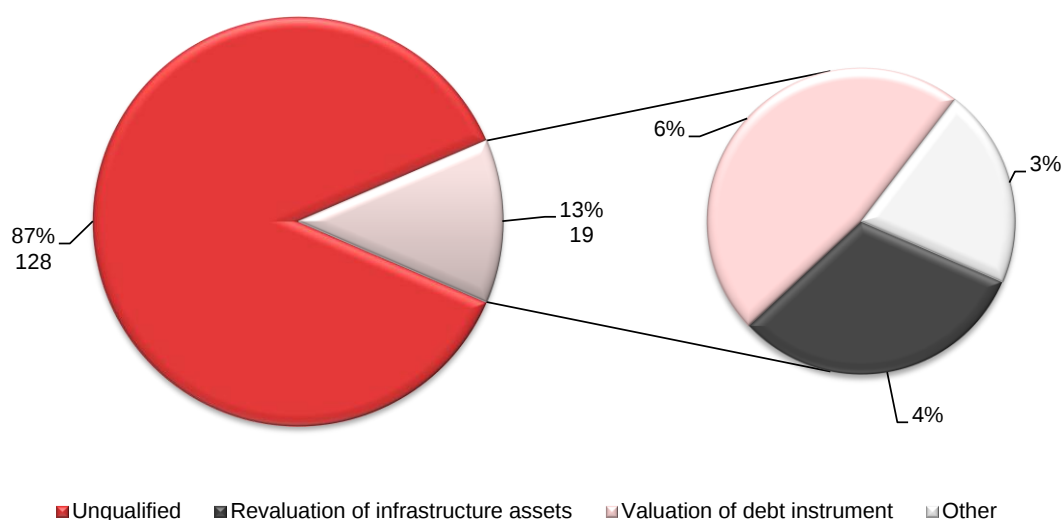
In 2011-12,
13 per cent
of Local
Councils'
Financial
Statements
received a
qualified
audit opinion

The Act sets out the statutory reporting obligations of the 152 local councils in New South Wales. In addition to Australian Accounting Standards, local councils must prepare their financial reports in accordance with the Local Government Code of Accounting Practice and Financial Reporting Guidelines (the Guidelines).

In 2012, the general purpose financial statements of 19 local councils (13 per cent compared to 15 per cent in 2010-11) received qualified audit opinions. The chart below highlights some common reasons for the 19 qualifications. Nearly half were because the auditor could not obtain sufficient audit evidence on how local councils valued debt instruments and almost one third were because the revaluation of infrastructure assets was not at fair value or in accordance with the Division of Local Government requirements.

Local councils are required, under s428 of the Act, to post their annual report on their website and advise the Minister when they have done so. At 12 November 2013, five local councils out of 152 did not meet this requirement. The results of these five local councils are not included in the analysis below.

Common Reasons for Qualified Audit Opinions Issued in 2011-2012



128 councils were issued with unqualified audit opinions.

Timeliness of Financial Reporting

Recommendation

The Division of Local Government should look to improve the timeliness of local council financial reporting to meet legislative reporting timeframes.

Under the Act, local councils are required to have financial statements prepared and audited within four months of the financial year end. Thirty one local councils did not meet this legislative deadline for 2011-12, submitting their audited financial statements to the Division of Local Government late.

The table below shows the number of months by which these local councils missed the legislative reporting deadline:

Audited financial statements submitted after due date	Within 1 month	1 to 2 months	2 to 3 months	More than 3 months
Number of councils	25	2	2	2

Service NSW Division

Service NSW Division (Service NSW) became a separate department on 14 June 2013. Service NSW is committed to making it easier for NSW residents and businesses to connect with government by providing services that are available at a time and in a way that suits its customers.

At the time of separation from the Department, Service NSW had rolled out its first three service centres in Kiama, Haymarket (Sydney CBD) and Tweed Head, a 24/7 one stop concierge phone service and initial digital channel service. The operational and site deployment improvements identified from the roll out of the initial three service centres will be incorporated in the roll out of the remaining 15 service centres planned by the end of 2014.

The Department of Premier and Cabinet spent \$49.5 million on the planning and start-up costs of Service NSW up until it became a separate entity on 14 June 2013. The Director-General approved the transfer of \$25.6 million in assets and of \$14.7 million in liabilities to Service NSW on establishment.

For further information on Service NSW, refer to www.service.nsw.gov.au.

Reporting of Aboriginal Boards of Management

Aboriginal Boards of Management (BoM) are six boards established under Part 4A of the *National Parks and Wildlife Act 1974* which come under the control of the Minister for Environment. The BoMs were set up to provide legal title of certain land to the Aboriginal people and allow them greater autonomy in the management and care of areas within National Parks and reserves. These entities have been assessed as separate reporting entities under the *Public Finance and Audit Act 1983*.

Financial statements will be prepared for the first time at 30 June 2013. The Treasurer provided an extension to allow the financial statements to be submitted to the Audit Office by 31 October 2013. The six audits are currently in progress. The funding for the BoMs to manage park activities is received through contributions from Office of Environment and Heritage (OEH), rental lease payments and other park revenues.

Other Information

Human Resources in Office of Environment and Heritage (OEH)

The actions being taken by OEH to address issues raised previously in relation to human resources were reviewed.

Annual Leave Balances

Last year, it was reported that management is actively managing the number of OEH employees with excessive leave. The number of employees with annual leave in excess of 40 days has declined from 491 last year to 440 at 30 June 2013, a 10.4 per cent reduction.

Year ended 30 June		2013		2012		2011	
Transport entities	Trend	Number of employees with excess leave	Total head count	Number of employees with excess leave	Total head count	Number of employees with excess leave	Total head count
OEH	↓	440	2,928	491	3108	364	4044

* Total Head Count represents total number of employees at 30 June.

Key: ↓ Trending downwards

Source: OEH Finance (unaudited).

Backlog Asset Maintenance in Office of Environment and Heritage (OEH)

In 2010-11, OEH was successful in obtaining NSW Treasury funding of \$1.7 million over a three-year period (2011-12 to 2013-14) to enhance its asset maintenance system into a strategic total asset management system. Once developed and fully rolled out, the system will be able to provide accurate information on asset maintenance requirements.

The 2012-13 backlog of asset maintenance is \$24.4 million (\$23 million in 2011-12). This figure is based on the reporting of maintenance transactions and planned but unexecuted work orders in the asset maintenance system. Management advises that as the system becomes more sophisticated and condition surveys and life cycle maintenance plans provide complementary data, backlog maintenance is expected to increase, at least initially.

With the introduction of a more strategic approach to asset management and the better integration of systems, OEH expects the growth of maintenance backlog to decrease. This will be due to the improved allocation of resources based on better decision making capability.

Financial Information

Abridged Statement of Comprehensive Income

Year ended 30 June	2013 \$'000	2012 \$'000
Employee related expenses	498,571	528,339
Grant and subsidies	420,825	406,188
Other expenses	448,135	381,551
Total expenses	1,367,531	1,316,078
Government contributions	737,675	716,404
Grants and contributions	391,902	259,847
Other revenue	201,310	212,728
Total revenue	1,330,887	1,188,979
Other losses	(8,674)	(2,332)
Net Result – deficit	(45,318)	(129,431)
Other comprehensive income	--	--
Net increase in revaluation of assets	88,020	369,430
Total other comprehensive income	88,020	369,430
Total comprehensive income	42,702	239,999

Employee related expenses decreased from the prior year. Employee related expenses of the Environment Protection Authority were recorded within the Department for part of 2011-12 until it became an independent Statutory Authority on 29 February 2012.

The increase in other expenses is partly due to \$18.5 million in contractor costs for the establishment of Service NSW. In addition, the extreme bush fire season in 2012 contributed to the increase in operating costs for bush fire management, including aircraft rental and fuel costs.

Grants and contribution rose by 50.8 per cent due to a \$84.5 million increase in Climate Change Fund contributions and a grant of \$42.6 million to meet the payment of invoices of Service NSW.

Abridged Statement of Financial Position

At 30 June	2013 \$'000	2012 \$'000
Current assets	384,280	282,426
Non-current assets	3,897,156	3,862,621
Total assets	4,281,436	4,145,047
Current liabilities	244,034	211,814
Non-current liabilities	278,980	205,036
Total liabilities	523,014	416,850
Net assets	3,758,422	3,728,197

The increase in liabilities and current assets is largely the result of OEH obtaining three Crown Entity advances totalling \$116 million to fund the Solar Bonus Scheme. The Solar Bonus Scheme is expected to end by 2017.

Department Activities

The Department's role is to:

- provide policy and operational capabilities that allow the Premier, ministers and other departments to address systemic issues with a whole-of-government approach
- help coordinate and lead the public sector in delivering the government's directions and policies
- draft and publish law for the government, and the Division of Local Government via the Parliamentary Counsel's Office
- help the NSW Governor execute constitutional, ceremonial and community duties, and deliver special events of state significance
- regulate industry, develop policy and deliver programs to protect and conserve the New South Wales environment via the Office of Environment and Heritage
- manage over 850 national parks and reserves, urban parklands and gardens, and protect natural, cultural and built heritage via the Office of Environment and Heritage
- oversee NSW 2021 - A Plan to make NSW Number One.

For further information on the Department, refer to www.dpc.nsw.gov.au.

For further information on the OEH, refer to www.environment.nsw.gov.au.

Election Funding Authority of New South Wales

Audit Opinion

An unqualified audit opinion was issued on the Election Funding Authority of New South Wales' (the Authority) 30 June 2013 financial statements.

Key Issues

Late Election Campaign Expenditure Claims

Some candidates from the 2011 State election took nearly two years to lodge proper documentation to support part of their election campaign expenditure claim. As a result, in 2012-13, the Authority reimbursed \$1.1 million to candidates for expenditure they incurred in March 2011 or earlier. This delay in lodging proper documentation is an administrative burden for the Authority.

The Authority believes a time limit not exceeding 12 months should apply from the date when the candidate lodges their initial claim. It will seek a time limit be included in the legislation when it is next reviewed.

Political parties and individual candidates can claim expenditure they incur on: advertising; producing and distributing election material; internet, telecommunications, stationery and postage costs; employing staff and office accommodation.

Joint Standing Committee Review

In May 2013, the Joint Standing Committee on Electoral Matters (the Committee) completed its review of the *Parliamentary Electorates and Elections Act 1912* and *Election Funding Expenditure and Disclosures Act 1981*. Two key recommendations from the review were:

- the Government should introduce a new electoral act which provides for both the conduct of State elections and the regulation of campaign finance and expenditure, as the current legislation is out of date and overly complicated
- there should be one statutory corporation responsible for the conduct of State elections and the regulation of campaign finance and expenditure.

In November 2013, the Government advised the Committee that it supports the two key recommendations. It will introduce the bill for a new electoral act into Parliament next year.

Authority Activities

The Authority registers third party campaigners, groups and candidates and their official agents for elections. It is also responsible for dealing with:

- payment of claims made by eligible political parties and candidates for the reimbursement of election campaign expenditure
- disclosures by elected members, groups, candidates, third party campaigners and political donors of political contributions and electoral expenditure
- claims for payment lodged by eligible registered political parties for the purposes of administration and policy development.

For further information on the Authority, refer to www.efa.nsw.gov.au.

Some candidates from the 2011 State election took nearly two years to lodge proper expenditure claim documentation

New South Wales Electoral Commission

Audit Opinion

An unqualified audit opinion was issued on the New South Wales Electoral Commission's (the Commission) and its controlled entity's 30 June 2013 financial statements.

The following comments are for the consolidated entity, unless otherwise stated.

Compliance with Treasury's Early Close Procedures

During the year, NSW Treasury issued TC 13/01 'Mandatory early close procedures for 2013'. This Circular aimed to improve the quality and timeliness of agencies' annual financial statements.

The Commission complied with the Circular and performed the required early close procedures. This enabled the financial statements audits to be finalised within an earlier timeframe of eight weeks (nine weeks in 2011-12). The early close procedures also contributed to improvements in the quality of the financial statements.

Key Issues

Voter Participation at Local Government Elections

Statistics on voter participation and penalty notices issued at the last three local government elections were:

	2012 Elections	2008 Elections	2004 Elections
Number of enrolments ('000)	4,777	4,544	4,091
Voter participation (%)	82.1	85.2	92.1
Penalty notices for not voting ('000)	587	398	373
Number of voters asking to be excused from the fine ('000)	319	232	222
Number of requests granted ('000)	314	227	220
Penalty notices issued after granting requests (\$m)	4.3	2.2	1.8

Source: New South Wales Electoral Commission (unaudited).

In 2012-13, the Commission issued 587,000 penalty notices to voters who did not vote at the September 2012 local government elections. This represents 12.3 per cent of all enrolled voters. In comparison, the Commission issued penalty notices to 8.8 per cent and 9.1 per cent of enrolled voters following the 2008 and 2004 local government elections respectively.

The Commission's analysis found the inability to vote online and no provision for absentee voting were the main reasons for voter participation dropping. It also advised the drop is consistent with the trend in local government elections in other states.

The Commission believes offering online voting, via its iVote system, could increase voter participation. It included this recommendation in its submission to the Joint Standing Committee on Electoral Matters, who is currently reviewing the conduct of the 2012 local government elections.

The main reasons for waiving fines included voters were absent from the electoral area on polling day, they changed address, were sick or had to care for someone, or objected due to their religion.

Voter participation at local government elections continues to decline

Local Council Survey Results

During the year, local councils which used the Commission to run their 2012 local government election were invited to assess the performance of the Commission throughout the election process. The survey was also used to determine whether the Commission met its obligations and targets set out in its service charter. The table below shows the Commission met all of its service charter targets.

The Commission met all its service charter targets for the local government elections

	Target*	Actual
	2012 Election %	2012 Election %
Elections conducted impartially and fairly and in accordance with the law	87.0	97.0
Quality of services provided by Returning Officers	83.8	87.8
Professionalism of Returning Officers	82.0	94.0
Accuracy of electoral roll	63.1	68.0
Location of pre-poll venues	81.1	87.9
Number of pre-poll venues	83.2	87.9
Location of polling places	84.2	90.9
Number of polling places	81.0	89.9
Efficiency of elections	>25.2	86.7
Satisfaction with time taken to announce results	>38.2	74.5

Source: New South Wales Electoral Commission (unaudited).

SmartRoll

In 2012-13, SmartRoll identified 161,748 electors (267,513 electors in 2011-12) had not updated their address on the electoral roll. It also identified 77,605 citizens (127,609 citizens) had not enrolled as electors.

SmartRoll checks records held by other agencies, such as transport authorities, to identify eligible but unenrolled or incorrectly enrolled citizens and adds them to the electoral roll. Unless a citizen objects to the Commission updating their address, SmartRoll will automatically update it for them. The system also checks its records against the Board of Studies NSW database to identify 17-year-old to 18-year-old students who have not enrolled.

The Commission spent \$1.1 million (\$1.4 million) operating SmartRoll during 2012-13.

Commission Activities

The Commission assists the Electoral Commissioner administer the *Parliamentary Electorates and Elections Act 1912* by registering political parties, enrolling electors, preparing rolls and conducting elections. The Commission conducts statutory and industrial ballots, and if requested by the councils, may conduct council elections under the *Local Government Act 1993*.

For further information on the Commission, refer to www.elections.nsw.gov.au.

Controlled Entity

The following controlled entity is not reported on separately as it is considered immaterial by size or nature of operations to the consolidated entity.

Entity Name	Website
Office of the New South Wales Electoral Commission	*

* This entity has no website.

Public Service Commission

Audit Opinion

An unqualified audit opinion was issued on the Public Service Commission's (the Commission) 30 June 2013 financial statements.

Compliance with Treasury's Early Close Procedures

During the year, NSW Treasury issued TC 13/01 'Mandatory early close procedures for 2013'. This Circular aimed to improve the quality and timeliness of agencies' annual financial statements. The Commission was required to perform the early close procedures.

The Commission was successful in performing the procedures, which helped them submit financial statements by an earlier due date. This in turn enabled the financial statement audit to be finalised within an earlier timeframe of eight weeks (nine weeks in 2011-12).

The early close procedures also resulted in improvements to the quality of the financial statements as evidenced by fewer reported misstatements in 2012-13 compared to 2011-12.

Key Issues

Government Sector Employment Act 2013 (GSE Act)

In February 2013, based on the Public Service Commissioner's independent recommendations, the NSW Government announced significant reform to the structure of the NSW public sector executive workforce, as well as employment arrangements and management practices more broadly.

From February 2013, the Commission led a program of work to develop the GSE Act which gives effect to these reforms. The GSE Act received assent on 25 June 2013, and will commence on 24 February 2014. Upon its commencement, the GSE Act will repeal the *Public Sector Employment and Management Act 2002*. The GSE Act provides a modern legislative framework for employment and workforce management in New South Wales.

e-Recruitment Project

Last year we recommended that the Commission should monitor progress of the e-Recruitment Project in achieving the planned benefits for the whole-of-government as per the original business case. Previous reports to Parliament noted that unless the Health cluster implements the e-Recruitment system, the government will not fully achieve the benefits outlined in the original business case. It was recommended that the Commission reassess the estimated cost savings in light of the delays and difficulties to date with implementation.

Based on an external review commissioned during the year, 73 per cent of expected savings had been realised at 30 June 2012. Benefits were expected to continue to be realised as more agencies completed system implementation and optimised end to end workflows.

A feasibility study was conducted to examine the cost benefit of NSW Health's implementation of the current whole-of-government e-Recruitment. Based on this study, the NSW Government approved the recommendation that NSW Health defer joining the whole-of-government solution until the market is retested. This will commence in the second half of 2013.

NSW Health has deferred joining the e-Recruitment project until the market is retested

The Department of Education and Communities was scheduled to 'go live' with e-Recruitment in January 2013. This was delayed to 1 July 2013 to allow for the introduction of functionality enhancements. Prior to the system 'go-live', a successful pilot was conducted with approximately 80 schools. Teacher and school administration positions are now live on jobs.nsw and open to candidate applications.

The project's aim is to establish a whole-of-government technology based system for the full recruitment process from identifying vacant positions through to appointing successful applicants. This project started in July 2008. Expenditure in 2012-13 was \$4.8 million.

The Legislature

Audit Opinion

An unqualified audit opinion was issued on the Legislature's 30 June 2013 financial statements.

Compliance with Treasury's Early Close Procedures

During the year, NSW Treasury issued TC 13/01 'Mandatory early close procedures for 2013'. This circular aimed to improve the quality and timeliness of agencies' annual financial statements.

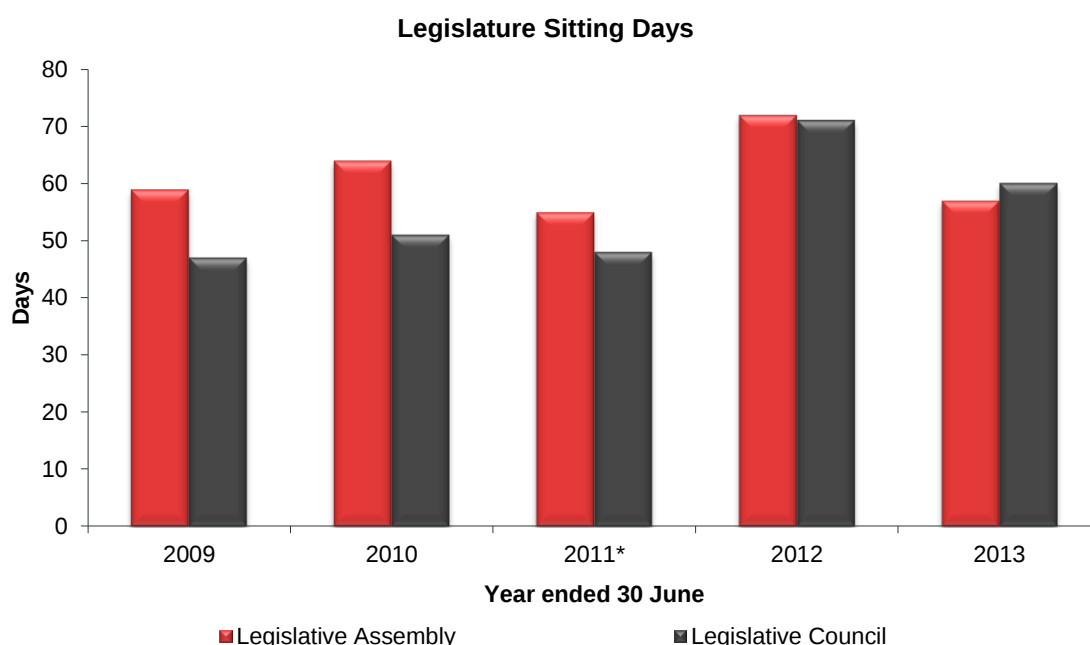
The Legislature complied with the circular and performed the required early close procedures. This enabled the financial statements audit to be finalised within an earlier timeframe of eight weeks (nine weeks in 2011-12). The early close procedures also contributed to improvements in the quality of the financial statements, as evidenced by fewer reported misstatements in 2012-13 compared to 2011-12.

Operational Snapshot

Excluding members of Parliament, the Legislature employs 556 full-time equivalent staff at 30 June 2013 (548 at 30 June 2012). For the year-ended 30 June 2013, it incurred expenses of \$131 million (\$132 million in 2011-12) and spent \$5.8 million (\$9.0 million) on capital works around Parliament House and electoral offices.

Performance Information

The number of sitting days in both houses over the past five years were:



* An election was held in this year.

Source: The Legislature (unaudited).

Compared to the previous year, the number of sitting days in both houses decreased in 2012-13. Parliamentary sitting days are determined by the Government. The number is reflective of legislative and policy programs.

Year ended 30 June	Legislative Assembly					Legislative Council				
	2013	2012	2011	2010	2009	2013	2012	2011	2010	2009
Sitting days held	57	72	55	64	59	60	71	48	51	47
Sitting hours	503	626	443	475	430	460	544	409	389	361
Bills										
Introduced	117	103	99	114	103	29	35	18	35	24
Received from Legislative Council	21	24	12	28	15	N/A	N/A	N/A	N/A	N/A
Received from Legislative Assembly	N/A	N/A	N/A	N/A	N/A	89	81	81	107	92
Passed	106	101	103	101	96	107	102	92	125	108
Disposed of/lapsed	7	5	5	15	10	3	3	18	2	11
Questions asked										
On notice (written)	1,755	2,077	2,203	3,869	3,518	3,108	1,637	649	1,211	1,333
Without notice	574	736	472	517	480	1,255	1,423	1,031	980	825
Committee										
Reports	45	30	32	49	40	18	20	18	18	19
Meetings	173	191	100	145	121	114	156	75	142	161

N/A Not applicable.

Source: The Legislature (unaudited).

Members in the Legislative Council asked 4,363 questions in 2012-13 (3,060 questions in 2011-12), which is significantly more than the average over the last four years.

In the Legislative Assembly, members asked 2,329 questions in 2012-13, which was significantly less than the previous year and the average over the last four years.

Financial Information

Abridged Statement of Comprehensive Income

Year ended 30 June	2013 \$'000	2012 \$'000
Employee related expenses	54,436	57,621
Other expenses	77,010	74,815
Total expenses	131,446	132,436
Government contributions	123,958	128,538
Other revenue	9,814	5,876
Total revenue	133,772	134,414
Other losses	114	3
Net result - surplus	2,212	1,975
Other comprehensive income		
Net increase in revaluation of assets	9,808	4,094
Total comprehensive income	12,020	6,069

The reduction in employee related expenses was mainly due to fewer separation payments during the year. Separation payments totalling \$373,000 were paid to 16 employees, compared to \$2.8 million in the previous year. Most separation payments were made to members' support staff.

Other expenses included members' salaries and allowances of \$37.5 million (\$36.7 million in 2011-12), operating expenses of \$32.1 million (\$31.5 million) and depreciation and amortisation expenses of \$7.4 million (\$6.7 million).

The increase in other revenue was due to the Legislature recognising \$2.6 million of assets for the first time. These assets are largely book collection assets in the Legislature's library and were identified following a comprehensive stocktake and reconciliation of collection asset records.

Abridged Statement of Financial Position

At 30 June	2013 \$'000	2012 \$'000
Current assets	5,214	4,694
Non-current assets	207,834	196,962
Total assets	213,048	201,656
Current liabilities	10,722	11,351
Non-current liabilities	58	57
Total liabilities	10,780	11,408
Net assets	202,268	190,248

The increase in non-current assets was largely due to the value of the Legislature's archives and library collection assets increasing by \$9.8 million following an independent revaluation. The Legislature also spent \$5.8 million on capital works, including:

- \$1.7 million on the Directory and Messaging Migration project
- \$900,000 to improve and expand office accommodation at Parliament House
- \$637,000 on the Hansard Digital Recording system.

Abridged Service Group Information

Year ended 30 June	Total expenses				
	2013 Budget \$'000	2013 Actual \$'000	2012 Actual \$'000	2011 Actual \$'000	2010 Actual \$'000
Chamber and committee support	18,398	19,232	19,375	17,491	16,725
Members' support	113,449	104,116	104,903	107,864	103,133
Community access	7,519	8,098	8,158	7,156	6,842
Total all service groups	139,366	131,446	132,436	132,511	126,700

The Legislature's total expenses for 2012-13 were \$7.9 million, or 5.7 per cent lower than budget. This favourable result was mainly due to the Parliamentary Budget Office not being operational in 2012-13, resulting in a saving of \$3.0 million. The Legislature's defined benefit superannuation expenditure was also \$2.1 million lower than budget because fewer members are in the old Parliamentary Contributory Superannuation Fund.

Total expenses, after allowing for indexation, have remained fairly static over the last four years. The total expenses of \$131 million in 2012-13 were only 3.7 per cent more than the Legislature's expenses in 2009-10.

The Legislature's Activities

The Legislature provides the Parliamentary Government for New South Wales. Its main function is to make laws or amend existing laws for the peace, welfare and good government of the State in all matters not specifically reserved for the Australian Parliament. It also has a role in holding Executive Government accountable for its use of taxpayers' monies, powers and resources.

Under the doctrine of the separation of powers, the Parliament of New South Wales, as the Legislature, is a sovereign body that is distinct from the Executive Government. The parliament fulfils its role as a representative and legislative body by ensuring:

- the two Parliamentary Houses and their committee systems operate effectively to debate and pass legislation and complete inquiries with recommendations to government
- there is increased awareness of the role and functions of the Parliament, including community access to members and Parliament House.

The Legislature is made up of the Department of the Legislative Assembly, the Department of the Legislative Council and the Department of Parliamentary Services.

For further information on the Legislature, refer to www.parliament.nsw.gov.au.

Forestry Corporation of NSW (trading as Forestry Corporation)

Audit Opinion

Unqualified audit opinions were issued on the Forestry Corporation of NSW's (trading as Forestry Corporation) and its controlled entity's 30 June 2013 financial statements.

The following comments are for the consolidated entity, unless otherwise stated.

Compliance with Treasury's Early Close Procedures

During the year, NSW Treasury issued TC 13/01 'Mandatory early close procedures for 2013'. This Circular aimed to improve the quality and timeliness of agencies' annual financial statements.

The Forestry Corporation performed the procedures, with the exception of four major financial statement line items in the financial statements. However, this process helped them submit financial statements by an earlier due date. In 2013-14, Forestry Corporation plans to bring forward the valuation of biological assets to 28 February 2014 to assist them in meeting early close requirements in full.

The early close procedures also resulted in improvements to the quality of the financial statements as evidenced by no reported misstatements in 2012-13 compared to 2011-12.

Operational Snapshot

Forestry Corporation:

- manages 1.8 million hectares of native forests, 230,000 hectares of softwood and 35,000 hectares of hardwood plantations across the State
- made a profit after tax of \$7.2 million (\$74.4 million loss in 2011-12) in 2012-13. Total revenue was \$310 million and expenses for the year were \$280 million.

Key Issues

Corporatisation

On 1 January 2013, the Forestry Commission of New South Wales was corporatised under the *Forestry Act 2012*, with a corporate name of Forestry Corporation of New South Wales (Forestry Corporation). Forestry Corporation is a State owned corporation and the nature of the business and business relationships largely remain the same, while the governance structures have changed. In March 2013, a Board of Directors was established consisting of four independent members, one executive director along with two subcommittees chaired by the independent Board members.

On 22 April 2013, pursuant to the Treasurer's Order and the *Forestry Act 2012*, employees and their related liabilities were transferred to Forestry Corporation from the Forestry Commission Division and the Department of Primary Industries. The process of registering the Enterprise Bargaining Agreement under Federal Legislation delayed the transfer of employees to April 2013.

Forestry
Commission
was
corporatised on
1 January 2013

Internal Audit Activities

Recommendation

Forestry Corporation should develop a three year internal audit plan with sufficient activity each year to provide an appropriate control environment for the organisation.

Internal audit activities during 2012-13 were limited. Management changed its original internal audit plan for the year from six to two internal audits and completed only one during the year. Management advised that uncertainty around the process for the agency's corporatisation and its governance structure contributed to the reduction in internal audit activity. However, the reduced level of activity may not have been sufficient to provide an appropriate control environment to mitigate operational and financial risks of the organisation over that period.

Performance Issues

Fire Management Plans

Forestry Corporation is not meeting one of its two key performance indicators. In 2012-13, unfavourable weather conditions, such as strong winds and lightning strikes resulted in destruction of 137 hectares (12 hectares in 2011-12) of softwood plantations.

Key performance indicator	Target	Actuals
Planted forests burnt by wildfire	One hectare per incident maximum	In 11 fire incidents the number of hectares of planted forests burnt exceeded one hectare
Native forest area burnt by wildfire	< 2 %	1.89 % of native forests

Source: Forestry Corporation (unaudited).

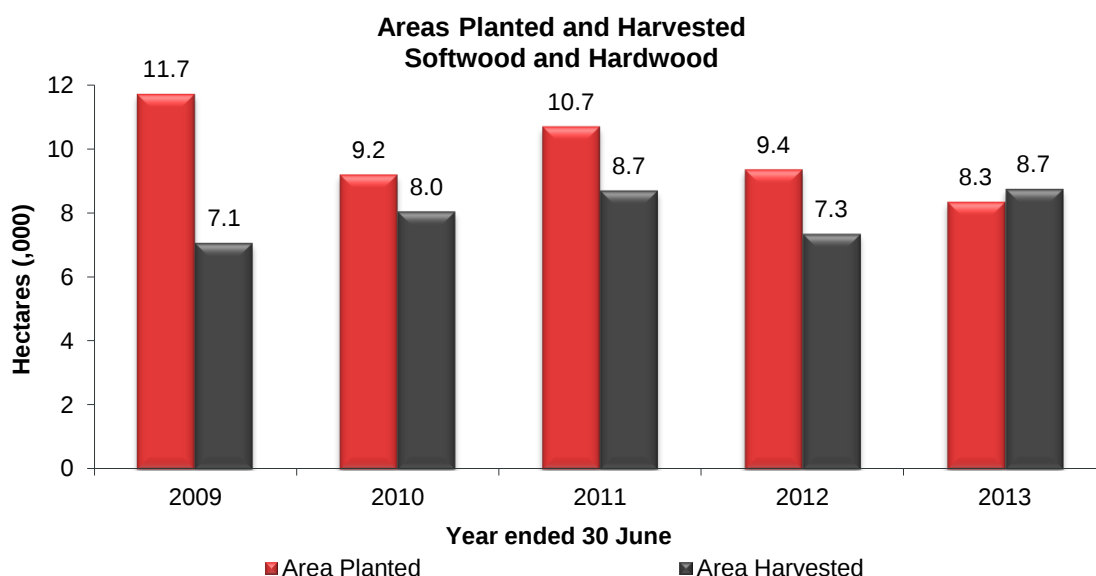
Softwood and Hardwood Plantations

On average, hectares planted exceeded the number of hectares harvested during the past five years. Forestry Corporation planted 7,835 hectares of softwood during 2012-13 which was below its target of 8,064 hectares. Management advises that the budget for plantations was reduced due to lower timber sales in the Softwoods Division. This along with dry soil conditions resulted in lower hectares being planted during 2012-13.

Forestry Corporation had limited internal audit activities during 2012-13

Only one of the Forestry Corporation's two key fire management targets was achieved

Hectares planted and harvested during each of the last five years were:

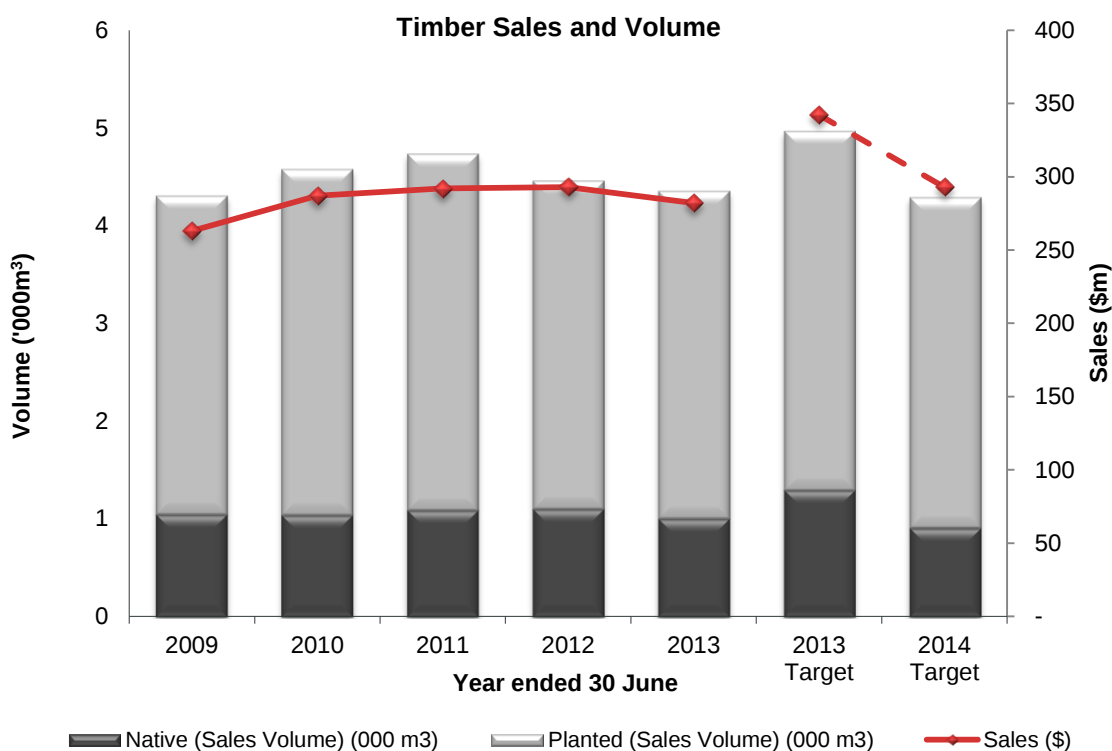


Source: Forestry Corporation (unaudited)

Timber Sales and Volume

Forestry Corporation did not meet its sales revenue or volume targets during 2012-13. Reduced volume and sales to major customers are predominantly due to the weak housing construction and renovating markets, and the change in the mix from individual housing to multi-unit dwellings. Cheaper imports, due to the high dollar value, also adversely affected timber sales.

Forestry Corporation had reduced sales in 2012-13, due to the weak housing construction and renovation markets



Source: Forestry Corporation Annual Report and Statement of Corporate Intent (unaudited).

Financial Performance

The following table compares Forestry Corporation's performance against the financial targets in its Statement of Business Intent:

Year ended 30 June	2013 Target	2013 Actual	2012 Actual
Operating profit before tax (OPBT) (\$'000)	36,039	18,611	10,723
Dividend (\$'000)	17,700	9,119	5,254
Income tax equivalent (expense)/benefit (\$'000)	(10,812)	2,723	2,488
OPBT to revenue (%)	10.4	6.0	3.4
OPBT to average assets (%)	1.9	1.0	0.6
OPBT to total equity (%)	3.2	1.7	1.0
Total Liabilities to total equity (%)	70.9	70.5	83.5

Note: OPBT excludes forest revaluation adjustment, capital grants and superannuation fund movement.

Forestry Corporation did not achieve most of its financial targets during 2012-13. Management advised that revenue was \$38 million lower than the target due to the weak market conditions. Since most targets are dependent on achieving the target for timber sales, failure to achieve sales resulted in not meeting other targets. However, there was improvement in profitability compared to 2012 due to reduced operating expenses.

Financial Information

Abridged Statement of Comprehensive Income

Year ended 30 June	Consolidated		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Forest sales	281,678	293,204	281,678	293,204
Other revenue	28,660	25,857	28,660	25,857
Total revenue	310,338	319,061	310,338	319,061
Expenses from operations	196,722	213,816	196,722	213,816
Personnel services expenses	64,414	143,404	60,875	150,609
Other expenses	18,626	22,447	18,626	22,447
Total expenses	279,762	379,667	276,223	386,872
Profit/(loss) before fair value adjustment	30,576	(60,606)	34,115	(67,811)
Loss on fair value of forests	26,077	16,304	26,077	16,304
Profit/(loss) before tax	4,499	(76,910)	8,038	(84,115)
Income tax benefit	2,723	2,488	2,723	2,488
Profit/(loss) after tax	7,222	(74,422)	10,761	(81,627)
Other comprehensive income				
Revaluation of property, plant and equipment	--	55,053	--	55,053
Superannuation actuarial gains/(losses)	26,315	(7,205)	22,776	--
Income tax expense on other comprehensive income	(6,832)	(15,885)	(6,832)	(15,885)
Total other comprehensive income	19,483	31,963	15,944	39,168
Total comprehensive income/(expense)	26,705	(42,459)	26,705	(42,459)

Personnel services costs reduced by 55.1 per cent because of a significant reduction in superannuation expenses from last year. Up to 22 April 2013, the gain or loss from the defined benefit superannuation was reflected in personnel services costs, as the personnel services were purchased from the Department of Primary Industries. In 2011-12, a superannuation loss of \$68.1 million increased personnel service costs.

The superannuation gain in 2012-13 was mainly due to an increase in the discount rate used to calculate the present value of the superannuation liability from 3.1 per cent to 3.8 per cent and improved investments returns increasing the assets of the fund.

The \$26.1 million fall in the value of forests was mainly due the increase in the discount rate from 8.4 per cent in 2011-12 to 8.5 per cent in 2012-13, unfavourable market conditions in one region due to saw mills closing down, and uncertain export markets for pulp. Planned harvesting from difficult terrains that are located far from the mills also increased the future expected costs.

Abridged Statement of Financial Position

At 30 June	Consolidated		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Current assets	123,898	120,721	123,898	120,721
Non-current assets	1,796,285	1,831,125	1,796,285	1,831,125
Total assets	1,920,183	1,951,846	1,920,183	1,951,846
Current liabilities	94,205	110,950	94,205	110,950
Non-current liabilities	699,915	777,318	699,915	777,318
Total liabilities	794,120	888,268	794,120	888,268
Net assets	1,126,063	1,063,578	1,126,063	1,063,578

The majority of the non-current assets is property, plant and equipment of \$1.1 billion (\$1.1 billion at 30 June 2012) of which 91 per cent is Crown land. Non-current assets also include plantations valued at \$657 million (\$680 million in 2011-12). Native forests are still at nil value (nil). Discounted cash flows are based on projected future wood volume flows over 100 years for native forests and 35 years for planted forests.

Forestry Corporation management is monitoring annual leave and reduced the number of employees with excessive leave from 82 to 66 at 30 June 2013. However, the average amount of annual leave held by each of those with excessive leave remained the same as for last year at 49 days.

The \$94.1 million decrease in total liabilities was mainly due to a decrease in liabilities for superannuation schemes and a net deferred income tax liability.

Number of employees with excessive leave reduced by 20 per cent

Forestry Corporation Activities

Forestry Corporation of New South Wales is a statutory State owned corporation constituted by the *Forestry Act 2012*. Its principal objectives are:

- to be a successful business and, to this end:
 - to operate at least as efficiently as any comparable businesses
 - to maximise the net worth of the State's investment in the Corporation
- to have regard to the interests of the community in which it operates
- to contribute towards regional development and decentralisation
- where its activities affect the environment, to conduct its operations in compliance with the principles of ecologically sustainable development contained in section 6 (2) of the *Protection of the Environment Administration Act 1991*
- to be an efficient and environmentally sustainable supplier of timber from Crown-timber land and land owned by it or otherwise under its control or management.

For further information on Forestry Corporation, refer to www.forestrycorporation.com.au.

Controlled Entity

The following controlled entity has not been reported on separately as it is not considered material by size or nature of its operations to the consolidated entity.

Entity Name	Website
Forestry Commission Division	*

* This entity has no website.

NSW Food Authority

Audit Opinion

Unqualified audit opinions were issued on the NSW Food Authority's (the Authority), and its controlled entity's, 30 June 2013 financial statements.

The following comments are for the consolidated entity, unless otherwise stated.

Compliance with Treasury's Early Close Procedures

During the year, NSW Treasury issued TC 13/01 'Mandatory early close procedures for 2013'. This Circular aimed to improve the quality and timeliness of agencies' annual financial statements.

The Authority performed the procedures. This process helped them submit financial statements by an earlier due date.

The early close procedures also resulted in improvements to the quality of the financial statements as evidenced by no reported misstatements in 2012-13 compared to 2011-12.

Operational Snapshot

The Authority:

- conducted 59,596 (59,974 in 2011-12) primary inspections, in partnership with local councils, with an over 94.0 per cent (94.5 per cent) compliance rate
- was funded by grants and contributions of \$12.2 million (\$12.9 million) and industry levies and licence fees of \$8.1 million (\$6.7 million)
- used 152 local councils in New South Wales to help it monitor and regulate 39,977 (39,411) food retail and food service businesses across the State.

Other Information

The 'Name and Shame' Register

The Authority maintains a 'name and shame' register, which gives consumers access to important food safety information. The register publishes the names of food businesses around the State that received penalty notices or convictions for alleged food breaches. The register only publishes breaches assessed to have the potential to cause public health and safety issues. The name and shame register continued to be accessed by the public, with nearly two million (1.2 million in 2011-12) hits on the site recorded during the year. The register is available on the Authority's website.

In 2012-13, 2,036 (1,337) new penalty notices were issued relating to 1,154 (785) facilities. The Authority advised the increase was due to councils escalating compliance issues from warnings and improvement notices to penalty notices, as well as escalating any failure to appoint a Food Safety supervisor to a penalty notice.

The NSW Food Authority, with local councils, conducted 59,596 inspections with a compliance rate exceeding 94 per cent

Food Regulation Partnership

The Food Regulation Partnership between the 152 local councils in New South Wales and the Authority has continued to evolve since its inception in July 2008. It is responsible for food surveillance in the food retail and food service industry in the State. Local councils are food safety enforcement agencies under the Food Regulation Partnership and help the Authority monitor and regulate 39,977 (39,411 in 2011-12) food retail and food service businesses across the State. Under the partnership, councils are required to report annually to the Authority on how they carry out their functions.

The fifth annual 'summary report of New South Wales enforcement agencies' activities' for 2012-13 highlighted:

- 59,596 (59,974 in 2011-12) primary inspections conducted by councils, with over 94.0 per cent (94.5 per cent) compliance rate
- 5,718 (7,108) warning letters issued
- 4,578 (4,344) food complaints received, of which 97.0 per cent were investigated
- 1,045 (1,246) improvement notices issued
- 1,721 (1,714) penalty notices issued
- 19 (14) council generated prosecutions initiated.

Source: NSW Food Authority (unaudited).

Compliance and Enforcement

In addition to the Food Regulation Partnership, the Authority investigates food businesses across the State for breaches of the *Food Act 2003*. It has enforcement strategies in place to ensure food sold in New South Wales is safe and correctly labelled.

The Authority's compliance and enforcement activities were:

Activity	Trend	2013	2012	2011
Improvement notices issued*	↓	628	677	681
Prohibition orders issued**	↓	7	7	12
Penalty notices	↓	205	238	244
Prosecutions	~	100	32	86

* issued where cleaning, repair, replacement, revision of a food safety program, implementation of a food safety program or implementation of the Food Safety Standards is required.

** issued to control certain activities where there is failure to comply with an improvement notice or to prevent or mitigate a serious danger to public health.

Key: ↓ Trending downwards, ~ No trend.

Source: NSW Food Authority (unaudited).

In 2012-13, the Authority undertook 13,729 audits and inspections with a 92.2 per cent (93.0 per cent in 2011-12) compliance rate. It investigated 1,583 (1,039) complaints and 196 (475) suspected foodborne disease incidents involving two or more people.

Financial Information

Abridged Statement of Comprehensive Income

Year ended 30 June	Consolidated		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Employee related expenses	11,294	13,552	4,075	31,008
Grants and subsidies	545	648	545	648
Public relations and advertising	970	641	970	641
Laboratory services	1,424	1,489	1,424	1,489
Other expenses	5,277	6,205	5,256	6,197
Total expenses	19,510	22,535	12,270	39,983
Government contributions	12,235	12,949	12,235	12,949
Other revenue	12,657	11,416	12,636	11,408
Total revenue	24,892	24,365	24,871	24,357
Net result - surplus/(deficit)	5,382	1,830	12,601	(15,626)
Other comprehensive income				
Superannuation actuarial gains/(losses)	7,219	(17,456)	--	--
Total other comprehensive income/(expense)	7,219	(17,456)	--	--
Total comprehensive income/(expense)	12,601	(15,626)	12,601	(15,626)

Employee related expenses reduced in 2012-13 due to falls in superannuation and long service leave expenses. Superannuation actuarial movements improved by \$24.7 million due to both an increase in the discount rate used to calculate the present value of the superannuation liability from 3.1 per cent to 3.8 per cent in 2012-13, and improved investment returns increasing the value of fund assets.

Abridged Statement of Financial Position

At 30 June	Consolidated		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Current assets	20,169	17,117	20,169	16,917
Non-current assets	12,633	13,139	12,633	13,337
Total assets	32,802	30,256	32,802	30,254
Total liabilities	23,132	33,187	23,132	33,185
Net assets/(liabilities)	9,670	(2,931)	9,670	(2,931)

Current assets included \$18.7 million (\$15.9 million in 2011-12) in cash and cash equivalents and receivables of \$1.5 million (\$1.3 million).

The decrease in total liabilities was predominantly due to an \$8.6 million decrease in liabilities for defined benefit superannuation. This was mainly due to the increase in the discount rate used to calculate the present value of the superannuation liability discussed above.

Authority Activities

The Authority monitors and regulates the safe production, processing, wholesale and distribution of all primary produce and seafood for human consumption from the paddock or ocean to the point-of-sale.

The Authority was established under the *Food Act 2003* and also has certain legislative responsibilities under the *Dairy Industry Act 2000* and the *Meat Industry Act 1978*.

For further information on the Food Authority, refer to www.foodauthority.nsw.gov.au.

Consolidated Entities

The following consolidated entity has not been reported on separately as it is not considered material by size or nature of operations to the consolidated entity.

Entity Name	Website
Office of the NSW Food Authority	*

* This entity does not have a website.

Destination NSW

Audit Opinion

Unqualified audit opinions were issued on Destination NSW's and its controlled entities' 30 June 2013 financial statements.

Events New South Wales Pty Limited (Events NSW) was a Destination NSW's controlled entity which was deregistered on 5 May 2013.

Unless otherwise stated, the commentary relates to the consolidated entity.

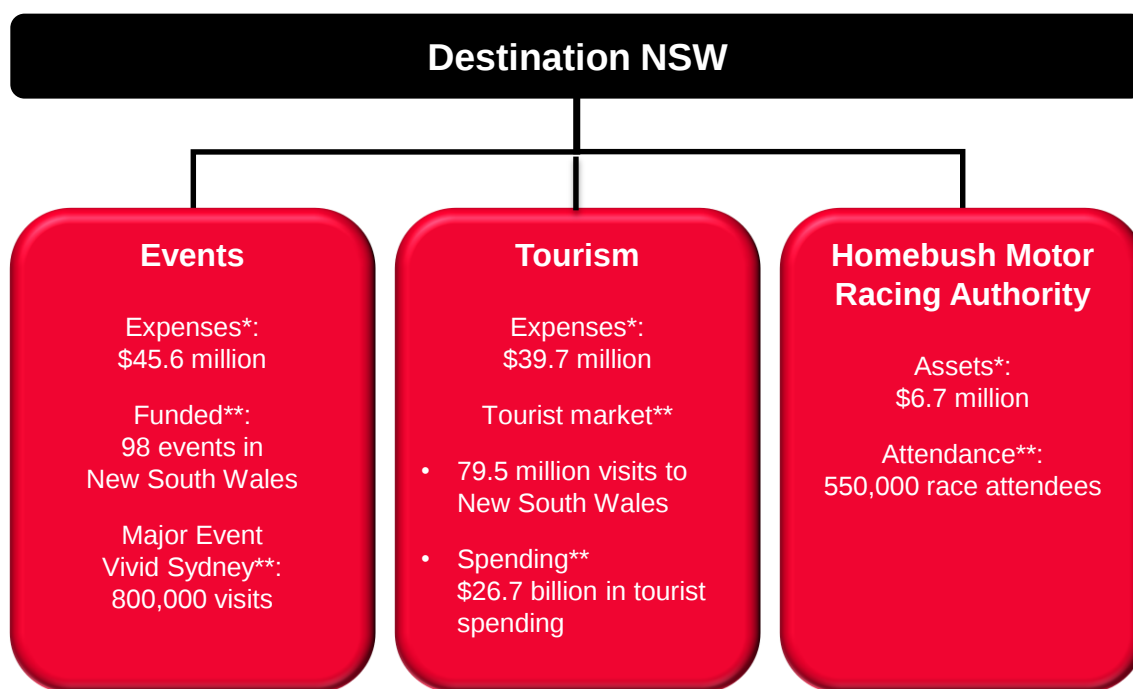
Compliance with Treasury's Early Close Procedures

During the year, NSW Treasury issued TC 13/01 'Mandatory early close procedures for 2013'. This Circular aimed to improve the quality and timeliness of agencies' annual financial statements. Destination NSW was required to perform the early close procedures.

Destination NSW was successful in performing the procedures, which helped them submit financial statements by an earlier due date. This in turn enabled the financial statement audits to be finalised within an earlier timeframe of eight weeks (11 weeks in 2011-12).

The early close procedures also resulted in improvements to the quality of the financial statements as evidenced by fewer reported misstatements in 2012-13 compared to 2011-12.

Operational Snapshot



Source:

* Destination NSW (audited)

** Destination NSW (unaudited)

The role of Destination NSW is to market Sydney and New South Wales as one of the world's premier tourism and major event destinations and secure major sporting and cultural events. Destination NSW's responsibilities include the functions formerly carried out by Tourism NSW, Events NSW and the Homebush Motor Racing Authority (HMRA).

In 2012-13, it had revenue of \$133 million (\$135 million in 2011-12) and expenditure of \$132 million (\$135 million).

Performance Information

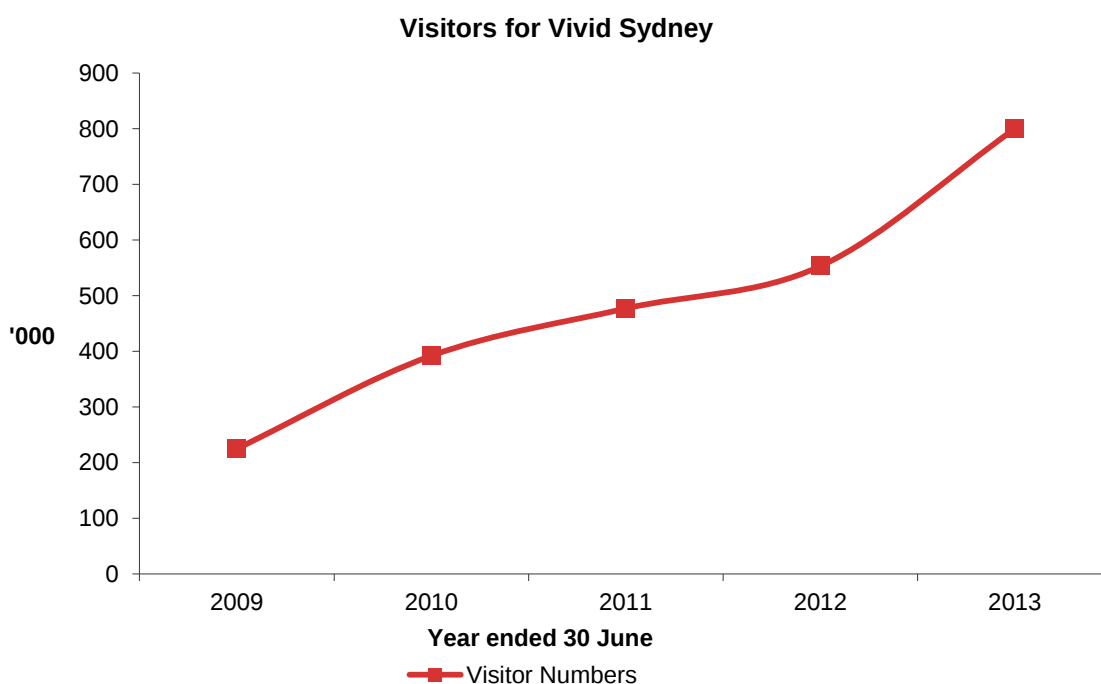
One of Destination NSW's principal activities is to develop a distinctive and compelling events calendar for New South Wales. This includes identifying, evaluating and managing investment into significant and major events.

Events Announced in 2012-13

Destination NSW's role is to attract and secure high-value major events across a range of categories. A total of 44 events were announced in 2012-13 (34 in 2011-12). It provided funding to 98 ongoing events during 2012-13.

The major events include the World Rally Championship, Tamworth Country Music Festival, the Lion King Musical, Sydney Festival and Vivid Sydney.

In particular, Vivid Sydney has shown substantial growth in visitor numbers since its inception in 2009. It attracted over 800,000 visitors in 2013 (553,000 in 2012). The growth in visitor numbers for Vivid Sydney is:



Source: Destination NSW (unaudited)

Tourism in New South Wales

Total overnight tourism expenditure in 2012-13 increased by 12 per cent since 2008-09, a 3.3 per cent actual growth rate. This is below the 6.3 per cent target annual growth rate required to achieve the goal of doubling overnight tourism expenditure by 2020. The growth was only 91.3 per cent of the target for 2012-13. As a result, total tourism expenditure will need to increase by 7.7 per cent per annum on a straight line basis from 2013-14 to reach the 2020 goal.

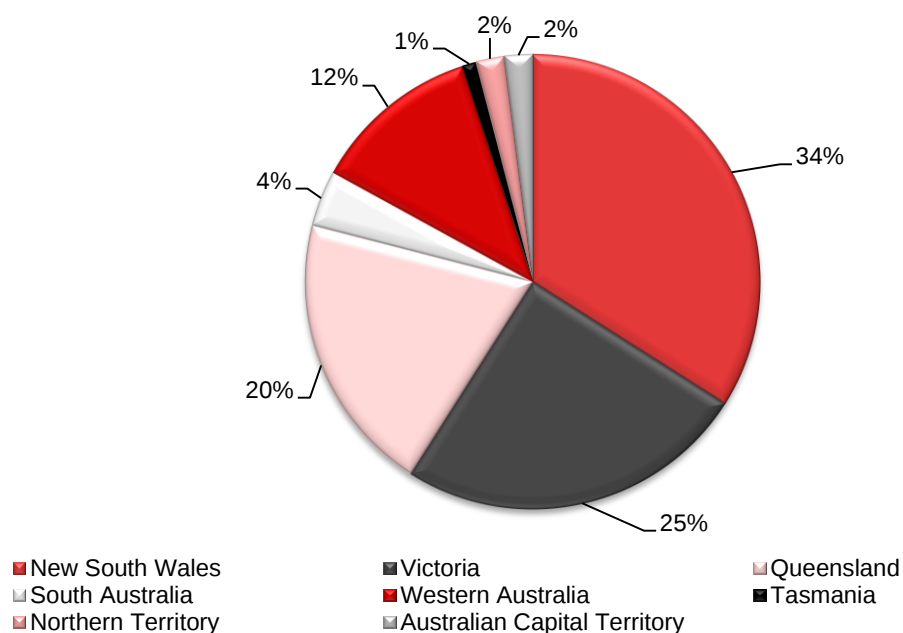
Destination NSW provided funding for programs in regional New South Wales:

- the Regional Tourism Partnership Program, which works with Regional Tourism Organisations (RTOs) to align marketing initiatives. In 2012-13, Destination NSW provided \$5.1 million (\$5.0 million in 2011-12) to support marketing campaigns of RTOs and their stakeholders. Funding was provided to 41 regional tourism projects (93 in 2011-12) and was matched by RTO stakeholders.
- the Regional Flagship Events Program, which aims to increase visits to regional events by supporting regional event marketing. In 2012-13, 35 events received a total of \$500,000 in funding, an increase of 15 per cent on the previous year.

Tourism programs in regional New South Wales received the largest share of funding

The share of international tourist spending for all the states and territories in 2012-13 was:

Share of International Tourist Expenditure



Source: Tourism Research Australia (unaudited)

New South Wales attracted 34 per cent of all international tourist expenditure in Australia in 2012-13 (34 per cent in 2011-12), the largest share among all states and territories.

Other Information

Homebush Motor Racing Authority

The Homebush Motor Racing Authority (HMRA) was established under the *Homebush Motor Racing (Sydney 400) Act 2008*. HMRA prepares, manages and conducts the annual V8 Supercar motorcar race at Sydney Olympic Park. HMRA administers the Sydney 500 Deed with V8 Supercars Australia Pty Ltd (V8SA). V8SA has advised that since the first event in 2009, over 550,000 people have attended the annual event.

In September 2013, Destination NSW negotiated a new agreement with V8SA to stage the Grand Finale round at Sydney Olympic Park from 2014 to 2016, with an option for an additional two years from 2017.

In addition, HMRA administers the *Motor Sports (World Rally Championship) Act 2009* and undertakes the necessary approvals, high level community consultation and reinstatement processes for the Australian leg of the World Rally Championship series.

Visitors to New South Wales

The number of visitors to New South Wales over the past two years was:

Year ended 30 June	Sydney			Regional New South Wales		
	2013 000's	2012 000's	% change	2013 000's	2012 000's	% change
International	2,775	2,610	6.3	588	568	3.5
Domestic	7,707	7,697	0.1	17,901	17,178	4.2
Total	10,482	10,307	1.7	18,489	17,746	4.2

Source: Destination NSW (unaudited).

The total number of visitors to New South Wales increased slightly over the previous year. International visitors to Sydney increased by 6.3 per cent in 2012-13 compared to the previous year.

Visitor Expenditure in New South Wales

Visitor expenditure in New South Wales over the past two years was:

Year ended 30 June	Sydney			Regional New South Wales		
	2013 \$m	2012 \$m	% change	2013 \$m	2012 \$m	% change
International	5,897	5,471	7.8	634	657	(3.5)
Domestic	5,539	5,488	0.9	8,933	8,309	7.5
Total	11,436	10,959	4.4	9,567	8,967	6.7

Source: Destination NSW (unaudited).

Total visitor expenditure in New South Wales increased over the previous year. While spending by international visitors in Sydney increased by 7.8 per cent, in regional New South Wales it decreased by 3.5 per cent. Destination NSW attributes this mainly to the mix of tourists, for example, those staying with friends and relatives will not need to pay for accommodation.

Financial Information

Abridged Statement of Comprehensive Income

Year ended 30 June	Consolidated		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Personnel services/employee related expenses	15,713	18,608	15,231	17,529
Grants paid	12,984	14,809	13,315	15,348
Advertising	26,940	28,504	26,909	28,472
Other expenses	76,080	73,497	74,851	72,031
Total expenses	131,717	135,418	130,306	133,380
Sale of goods and services	249	165	249	165
Grants and contributions	128,903	132,290	129,363	131,086
Other	4,252	3,124	3,786	2,874
Total revenue	133,404	135,579	133,398	134,125
Other losses	--	(232)	--	(232)
Net result – surplus/(deficit)	1,687	(71)	3,092	513
Total comprehensive income/(expense)	1,687	(71)	3,092	513

Personnel services/employee related expenses decreased by \$2.9 million between 2011-12 and 2012-13 due to a redundancy program in 2011-12 and lower base salaries offered to new recruits.

Grants and contributions include \$122 million in government contributions (\$124 million in 2011-12) and \$7.3 million from third parties and in-kind sponsorships (\$8.0 million).

Abridged Statement of Financial Position

Year ended 30 June	Consolidated		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Current assets	32,414	18,450	32,414	17,963
Non-current assets	7,361	8,385	613	699
Total assets	39,775	26,835	33,027	18,662
Current liabilities	28,194	16,927	28,194	16,907
Non-current liabilities	84	98	84	98
Total liabilities	28,278	17,025	28,278	17,005
Net assets	11,497	9,810	4,749	1,657

Current assets increased by \$14.0 million mainly due to timing of expenditure payments, many of which will be paid in July 2013. This has contributed to the rise in current liabilities as trade creditors increased by \$13.3 million at 30 June 2013.

Destination NSW Activities

Destination NSW is constituted under the *Destination NSW Act 2011*. It is subject to the control and direction of the Minister for Tourism, Major Events, Hospitality and Racing.

The principal objective of Destination NSW is to achieve economic and social benefits for the people of New South Wales through the development of tourism and the securing of major events.

For further information on Destination NSW visit: www.destinationnsw.com.au.

Appendix 1

Agencies not commented on in this volume, by Minister

The following audits resulted in unqualified independent auditor's reports and did not identify any significant issues or risks.

Entity name	Website	Period/year ended
Minister for Citizenship and Communities		
Community Relations Commission for a Multicultural NSW	www.crc.nsw.gov.au	30 June 2013
NSW Commission For Children and Young People	www.kids.nsw.gov.au	30 June 2013
Minister for Environment		
Corporation Sole ' <i>Minister Administering the Heritage Act 1977</i> '	*	30 June 2013
Environmental Trust	www.environmentaltrust.nsw.gov.au	30 June 2013
Jenolan Caves Reserve Trust	www.jenolancaves.org.au	30 June 2013
Jenolan Caves Reserve Trust Division	*	30 June 2013
Lord Howe Island Board	www.lordhoweislandboard.info	30 June 2013
Parramatta Park Trust	www.ppt.nsw.gov.au	30 June 2013
Taronga Conservation Society Australia	http://taronga.org.au/	30 June 2013
Taronga Conservation Society Australia Division	http://taronga.org.au/	30 June 2013
Minister for Planning and Infrastructure		
Central Coast Regional Development Corporation	www.ccrdc.nsw.gov.au	30 June 2013
Cooks Cove Development Corporation	www.shfa.nsw.gov.au	30 June 2013
Small Business Development Corporation of New South Wales	*	30 June 2013
Premier		
Cowra Japanese Garden Maintenance Foundation Limited	www.cowragarden.com.au	31 March 2013
Cowra Japanese Garden Trust	www.cowragarden.com.au	31 March 2013
Independent Commission Against Corruption	www.ipart.nsw.gov.au	30 June 2013
Independent Pricing and Regulatory Tribunal	www.ipart.nsw.gov.au	30 June 2013
Independent Pricing and Regulatory Tribunal Division	www.icac.nsw.gov.au	30 June 2013
Information and Privacy Commission NSW	www.ipc.nsw.gov.au	30 June 2013
Infrastructure NSW	www.infrustructure.nsw.gov.au	30 June 2013
Infrastructure NSW Division	www.infrustructure.nsw.gov.au	30 June 2013
Internal Audit Bureau of New South Wales	www.iab.nsw.gov.au	30 June 2013

Entity name	Website	Period/year ended
Natural Resources Commission	www.nrc.nsw.gov.au	30 June 2013
Natural Resources Commission Division	www.nrc.nsw.gov.au	30 June 2013
Ombudsman's Office	www.ombo.nsw.gov.au	30 June 2013
Services NSW Division	www.service.nsw.gov.au	30 June 2013
Sesquicentenary of Responsible Government Trust Fund	*	30 June 2013
Minister for Regional Infrastructure and Services		
Belgenny Farm Agricultural Heritage Centre Trust	www.belgennyfarm.com.au	30 June 2013
Border Rivers-Gwydir Catchment Management Authority	www.brg.cma.nsw.gov.au	30 June 2013
C.B. Alexander Foundation	www.tocal.com	30 June 2013
Central West Catchment Management Authority	www.cw.cma.nsw.gov.au	30 June 2013
Chipping Norton Lake Authority	www.lpma.nsw.gov.au	30 June 2013
Dams Safety Committee	www.damsafety.nsw.gov.au	30 June 2013
Game Council of New South Wales	www.gamecouncil.nsw.gov.au	30 June 2013
Game Council Division	www.gamecouncil.nsw.gov.au	30 June 2013
Hawkesbury-Nepean Catchment Management Authority	www.hn.cma.nsw.gov.au	30 June 2013
Hunter-Central Rivers Catchment Management Authority	www.hcr.cma.nsw.gov.au	30 June 2013
Lachlan Catchment Management Authority	www.lachlan.cma.nsw.gov.au	30 June 2013
Lake Illawarra Authority	www.lia.nsw.gov.au	30 June 2013
Lower Murray-Darling Catchment Management Authority	www.murray.cma.nsw.gov.au	19 October 2012
Ministerial Corporation for Industry	*	30 June 2013
Murrumbidgee Catchment Management Authority	www.murrumbidgee.cma.nsw.gov.au	30 June 2013
Namoi Catchment Management Authority	www.namoi.cma.nsw.gov.au	30 June 2013
New South Wales Film and Television Office (Trading as Screen NSW)	www.screen.nsw.gov.au	30 June 2013
Northern Rivers Catchment Management Authority	www.northern.cma.nsw.gov.au	30 June 2013
NSW Ovine Johne's Disease Transaction Based Contribution Scheme	*	30 June 2013
Rice Marketing Board for the State of New South Wales	www.rmbnsw.org.au	30 June 2013
Southern Rivers Catchment Management Authority	www.southern.cma.nsw.gov.au	30 June 2013
Veterinary Practitioners Board	www.vpb.nsw.gov.au	30 June 2013
Western Catchment Management Authority	www.western.cma.nsw.gov.au	30 June 2013

Entity name	Website	Period/year ended
Minister for Resources and Energy		
Mine Subsidence Board	www.minesub.nsw.gov.au	30 June 2013
Minister for Sports and Recreation		
Combat Sports Authority of NSW	www.dsr.nsw.gov.au	30 June 2013
New South Wales Institute of Sport	www.nswis.com.au	30 June 2013
Institute of Sport Division	www.nswis.com.au	30 June 2013
State Sporting Venues Authority	*	30 June 2013
Treasurer		
State Infrastructure Trust	*	30 June 2013

* This entity has no website.

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