Annual Report 2007–08

Office of State Revenue, NSW Treasury

New South Wales
TREASURY

Office of State Revenue
NSW TREASURY
ISO 9001-Quality Certified

Published by
Office of State Revenue
Parramatta NSW 2150

www.osr.nsw.gov.au
ISSN 1032-0156

Contents

About OSR

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

OSR administers State taxation and revenue programs for and on behalf of the people of NSW. OSR helps develop policy, implements legislation, collects revenue and outstanding fines and distributes grants and subsidies.

OSR is the NSW Government's primary revenue and fine administration agency. The revenue we collect funds schools, hospitals and other public services for the people of NSW. The fines we process and enforce ensure that our society remains a just one, while the grants and subsidies we distribute provide valuable financial assistance to families and businesses across NSW.

OFM is the arm of NSW Treasury that advises the Treasurer and the NSW Government on state financial management policy and reporting, and on economic conditions and issues.

Our purpose

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

Our vision

Proudly delivering public value through fair and progressive services.

Our values

Responsiveness – we anticipate and respond appropriately

Integrity – we always do the right thing

Teamwork – we work together to get the best results

Achievement – we get the job done.

Our corporate objectives

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

Strategic drivers

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

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

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

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

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

NSW State Plan – Government Priorities, Results and Services

The NSW State Plan, 'A new direction for NSW', sets out the Government's key priorities over the coming years. The following table summarises how OSR is contributing to achieving NSW State Plan priorities.

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

OSR aims to achieve three key results for the Government:

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

State Plan priority	OSR services that contribute to the State Plan
Priority P5: AAA rating maintained	■ effective revenue collection ■ compliance activities to ensure due revenue is collected.
Priority R2: Reduce re-offending	■ issue and process fines on behalf of the Crown and NSW commercial clients.
Priority S8: Increased customer satisfaction with Government services	■ provide up-to-date information and advice about State taxes, fines and benefits ■ manage client enquiries through multiple service channels ■ process objections and appeals ■ conduct regular client feedback surveys.
Priority P3: Cutting red tape	■ harmonisation of taxes and fines with other jurisdictions ■ work with clients to reduce red tape ■ participate in the national e-Conveyancing project ■ participate in the Standard Business Reporting project.

Effective revenue administration enables the NSW Government to fund a wide range of essential government services to meet the objectives set out in the NSW State Plan and further improve service delivery.

Results Logic Chart

Our Results and Services Plan (RSP) provides a clear link between performance management and the State Plan priorities.

The foundation of the RSP is a sound results logic hierarchy that describes the link between what services we provide and desirable social outcomes, through a series of logical steps.

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

Legislation administered

Betting Tax Act 2001

Commonwealth Places (Mirror Taxes Administration) Act 1998

Duties Act 1997

Fines Act 1996

First Home Owner Grant Act 2000

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

Health Insurance Levies Act 1982

Insurance Protection Tax Act 2001

Land Tax Act 1956

Land Tax Management Act 1956

Payroll Tax Act 2007

Petroleum Products Subsidy Act 1997

Stamp Duties Act 1920

Taxation Administration Act 1996

Unclaimed Money Act 1995

We also collected revenue under the *Parking Space Levy Act 1992* for the NSW Ministry of Transport. The State Debt Recovery Office (SDRO) administers fines and collects revenue under various legislation including *Road Transport (General) Act 2005* for Crown and commercial clients.

We delivered more than 700 learning and development activities and over 200 different programs.

Corporate achievements 2007–08

It has been a year of significant achievement and change for OSR. We exceeded our revenue collection budget, improved our client service channels, extended our client education programs and strengthened our relationships with commercial clients and stakeholders. Here are some highlights:

Maximise compliance

- collected revenue exceeding $17 billion
- identified $286 million in additional revenue from compliance activities
- implemented legislative changes to improve taxes and fines administration
- developed and commenced implementation of a knowledge management system to ensure consistency and accuracy of information provided to clients
- adopted a new data matching process using WorkCover and Australian Tax Office data for unregistered payroll tax clients, generating close to $3.4 million in revenue
- ninety-two per cent of appeals to the Administrative Decisions Tribunal were determined in the Chief Commissioner's favour.

Maximise effectiveness and efficiency

- continued harmonisation of payroll tax legislation and administration with the Victorian State Revenue Office
- improved online stamp duty calculators
- provided the Electronic Duties Return (EDR) financial institutions manual online
- improved our telephone payment options to allow clients to pay land tax and fines after hours
- successfully recovered OSR critical systems in off-site test environment as a part of our disaster recovery program
- implemented a new online application for land tax variation returns
- revised our risk management framework based on best practice
- kept our ISO 9001:2000 quality standard certification.

Maximise stakeholder satisfaction

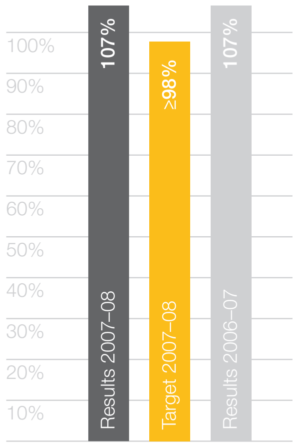
- issued refunds totalling $1.5 million for 4150 storm damage relief applications
- provided payroll tax clients with new online (e-learning) modules
- conducted client satisfaction survey – 75 per cent of respondents were satisfied with our service
- introduced part-payment and Centrepay options for fines
- increased transparency by making SDRO Review Guidelines available online. The guidelines provide details about information and evidence required by SDRO to have a fine reviewed
- improved the FHOG online system for approved agents to reduce red tape and strengthen probity controls
- introduced over the phone applications for time to pay requests for outstanding fines.

Maximise organisational and staff capability

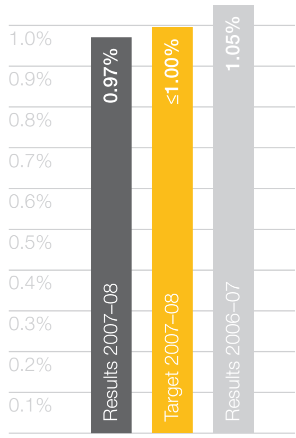
- developed and launched OSR's 2011 Strategic Plan which is aligned to the NSW State Plan
- implemented the inaugural Succession Planning Program, a program designed to develop skills of potential leaders
- delivered more than 700 learning and development activities and over 200 different programs
- delivered fraud awareness training to all staff and provided ethics training to managers
- implemented a range of healthy lifestyle programs such as flu vaccination and stress management sessions
- reduced the number of open workers compensation claims by 50 per cent, as well as a 20 per cent reduction in days lost due to injury
- achieved a 55 per cent reduction in the number of staff with accrued recreation leave in excess of 40 days.

Corporate Key Performance Indicators (KPIs)

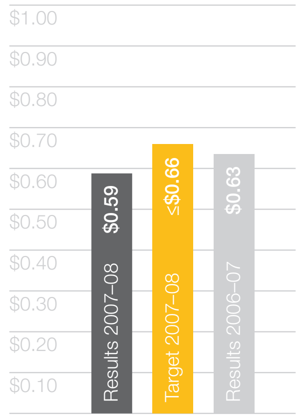
Revenue collected (tax)



Total overdue tax debt as a percentage of total tax revenue



Cost to collect $100 – Tax Revenue



Corporate Key Performance Indicators (KPIs)	2007–08 Results	2007–08 Target	2006–07 Results
Targets achieved			
Revenue collected (tax)	107%	≥98% to original budget	107%
Total overdue tax debt as a percentage of total tax revenue	0.97%	≤1.00%	1.05%
Cost to collect $100 – Tax revenue	$0.59	≤$0.66	$0.63
Availability of OSR's external websites (includes tax and fines)	99.8%	≥99.0%	99.9%
First Home Owner Grant scheme payments issued ≤10 days from receipt of a completed application	95%	≥95%	93%
Average turnaround time to resolve complaints	7.8	≤15.0 working days	9.3
Targets not achieved			
Percentage of payment transactions received electronically (tax) i)	66%	≥68%	64%
Percentage of telephone calls answered within two minutes (tax) ii)	78%	≥80%	85%
Percentage of penalty notices finalised iii)	77%	≥80%	77%
Unclaimed money payments issued ≤10 days from receipt of a completed claim iv)	92%	≥95%	98%
Percentage of staff with accumulated recreational leave over 40 days v)	1.2%	≤1.0%	2.5%

Notes:

i) Target not met due to the volume of duties cheques presented in the Sydney Office. We are implementing strategies to move clients towards electronic payment options.

ii) Target not met due to temporary staff shortages and longer call handling times during the land tax peak period.

iii) Target not met as there was a 24 per cent increase in the number of Crown penalty notices issued during the year.

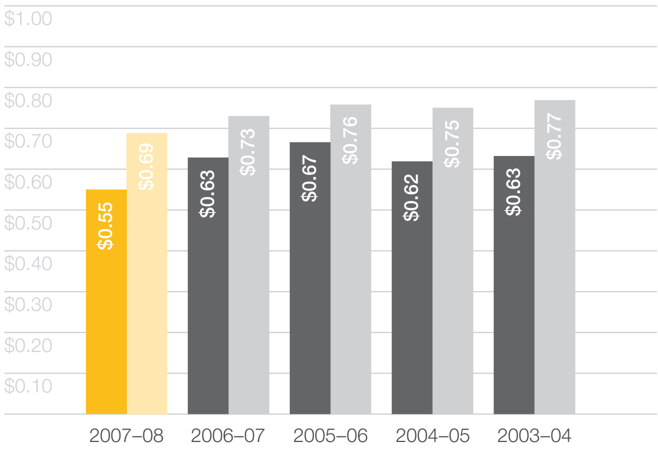
iv) Target not met as a more stringent verification process was implemented during the year which impacted upon turnaround times.

v) OSR has implemented a number of strategies to reduce the percentage of staff with excessive recreation leave. The end of year result is a significant improvement on the previous year.

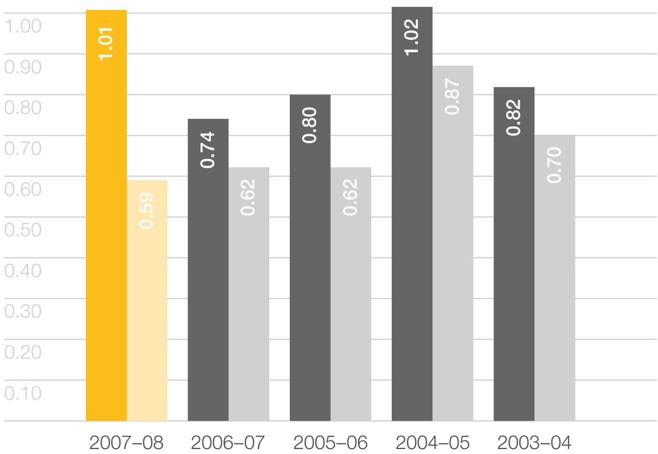
Comparison of OSR's performance against average for all Australian revenue offices

The performance of all Australian revenue offices is benchmarked against a number of key nationally agreed performance indicators, which include cost to administer $100 in revenue, average telephone queuing time and percentage of revenue collected electronically against all revenue collected. OSR has consistently exceeded the national benchmark on two of the three performance indicators.

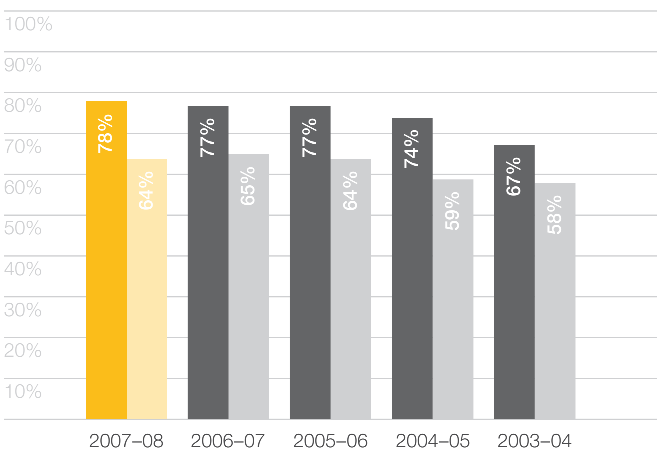
Cost to administer $100 of tax revenue



Average telephone queuing time – minutes



Revenue receipted electronically by revenue office as a percentage of total revenue collected



NSW result

National mean

Source: HayGroup (2008), 2007–08 Internal Analysis Report

Treasury letter

New South Wales
TREASURY

Office of State Revenue
NSW TREASURY
ISO 9001-Quality Certified

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

31 October 2008

Dear Treasurer,

We have pleasure in submitting the Annual Report for the Office of State Revenue for the financial year ended 30 June 2008, for presentation to the Parliament of New South Wales in accordance with the *Annual Reports (Departments) Act 1985*.

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

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

Yours sincerely,

Tony Newbury
Executive Director
and Chief Commissioner
of State Revenue

John Pierce
Secretary
NSW Treasury

Corporate structure 2007–08

NSW Treasury

Promotes excellence in State financial management.

Treasurer

The Hon. Eric Roozendaal
BA, LLB, MLC

Note: Michael Costa was the NSW Treasurer as at 30 June 2008. The Hon. Eric Roozendaal MLC was appointed NSW Treasurer on 8 September 2008.

Secretary

John Pierce
B.Com (Hons)

Office of State Revenue

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

Executive Director and Chief Commissioner of State Revenue

Tony Newbury
B.Com

Revenue Advisory Services

Acting Director and Commissioner of State Revenue

Bob Gillam
M.Bus, CAHRI

Operations

Acting Chief Operating Officer

Dianne Barden
B.Sc (Hons)

State Debt Recovery Office

Director

Mick Mioduszewski
B.App Sc Comp Sc, MBA, FAICD

Information Services

Director and Chief Information Officer

David Kennedy
MBA, MACS

Management Services

Acting Director

Bob Mielnik
B.Bus, FCPA

Organisational functions

Executive

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

Executive Director and Chief Commissioner of State Revenue – Tony Newbury

The Executive Unit, including Corporate Governance and Ministerial and Executive Services Unit had 27.2 full-time equivalent staff as at 30 June 2008.

Revenue Advisory Services (RAS)

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

Acting Director and Commissioner of State Revenue – Bob Gillam

Revenue Advisory Services had 44.6 full-time equivalent staff as at 30 June 2008.

Operations

- provides assessing, revenue collection, enquiry and client education services at central and regional locations
- administers First Home Plus, First Home Owner Grant, petroleum product subsidy and unclaimed money payments
- researches, develops and implements programs to encourage better compliance
- detects underpayment and non-compliance through audits and investigations
- enforces lodgement of returns from defaulting taxpayers
- recovers outstanding debt for all revenue bases.

Acting Chief Operating Officer – Dianne Barden

Operations had 439.2 full-time equivalent staff as at 30 June 2008.

State Debt Recovery Office (SDRO)

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

Director – Mick Mioduszewski

State Debt Recovery Office had 426.2 full-time equivalent staff as at 30 June 2008.

Information Services (ISD)

- provides the information communications and technology (ICT) systems operated by OSR including the organisation's computers, information storage, technology, communications and infrastructure and networks
- provides project management and governance for information technology projects
- maintains, develops and supports reliable, effective and responsive computer facilities and applications.

Director and Chief Information Officer – David Kennedy

Information Services had 82.6 full-time equivalent staff as at 30 June 2008.

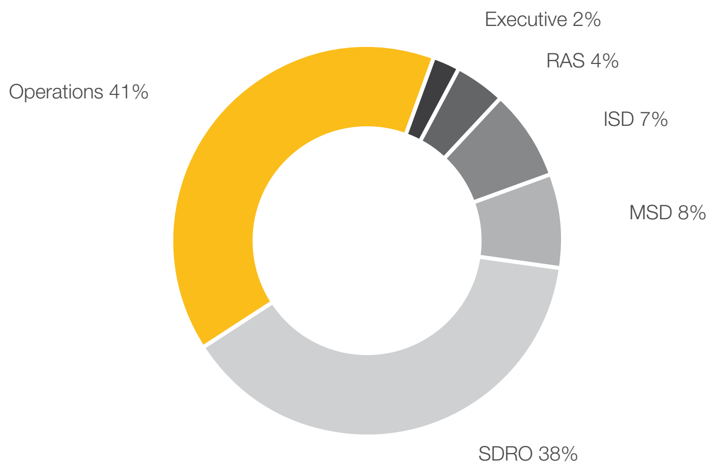
Management Services (MSD)

- guides corporate planning and provides information analysis and research
- provides financial, management, revenue and systems accounting services
- directs the planning, development and delivery of the strategic and operating functions of human resources including Equal Employment Opportunity and Ethnic Affairs Programs
- provides corporate communications and publications
- coordinates and manages contracts and procurement, records, facilities and business continuity.

Acting Director – Bob Mielnik

Management Services had 88.3 full-time equivalent staff as at 30 June 2008.

Number of full-time equivalent staff by division



Management Services Division guides corporate planning and provides information analysis and research.

Executive Director's message

The past year has been both a busy and productive one for OSR. We exceeded our revenue collection budget – collecting $17 billion and made significant progress on several of our key strategic goals.

During the year, we took some major steps in reducing government red tape to make it easier for our clients to do business with us. We improved a number of our online services and worked with the other States and Territories to progress harmonisation of legislation and processes.

Our expanded data matching techniques have generated an additional $286 million in revenue identified through various compliance activities. We also established an integrated tax call centre, incorporating a knowledge management system to ensure consistency and accuracy of information provided to clients.

Our fines clients now have a wider range of payment options, including part payment, BPAY and Centrepay options. We have also significantly reduced call waiting times for fine enquiries, from an average of 12 minutes to 2 minutes.

There have been delays with the expected delivery of our new Fine Enforcement System. A recent health check review has confirmed the project continues to be viable. We will be continuing development and injecting additional specialist technical and business resources to enable successful delivery of this new system.

This year we implemented our inaugural Succession Planning Program aimed to attract, develop and retain staff with executive potential. We secured formal diploma and certificate qualifications for a number of our management courses and excelled in our third ISO 9001 certification.

We also launched our 2011 strategic plan which outlines our future direction and our strategic goals. This plan demonstrates our commitment to significantly improve the way we administer revenue, enforce fines and process benefits.

The way ahead

Building on work done in prior years, we will focus on making it easier for our clients and stakeholders to deal with OSR. We will improve voluntary compliance, expand self-service opportunities, conduct targeted red tape reduction reviews and continue work on harmonising payroll tax legislation and administration across jurisdictions.

The Council of Australian Governments' (COAG) regulatory reform agenda will have an increasing impact on OSR. COAG aims to move towards a seamless national economy through the reform of business and other regulations. A Business Regulation and Competition Working Group has been established to drive this reform agenda. The working group has identified 27 areas of regulatory reform of which three – payroll tax harmonisation, standard business reporting and the national electronic conveyancing system – will impact directly on OSR's activities. We will be working closely with other States and Territories, the Commonwealth and business to ensure effective progress in delivering reforms in these key areas.

We will also introduce system and process enhancements to support these initiatives, including a major overhaul of our core tax system and enhancements to our fine systems with a longer term goal of a unified fines solution. By improving the efficiency of our operations, we will ensure that OSR continues to deliver value for money services.

Our success is largely the result of the efforts and performance of our staff and their ability to be flexible and adaptable to the changing needs of our clients. I would like to thank my fellow directors and staff for their hard work and commitment to living the OSR values of responsiveness, integrity, teamwork and achievement.

Finally, I would like to thank Bob Smith, the former Director of our Revenue Advisory Services and Commissioner of State Revenue, and Brian Robertson, the former Director of SDRO, both valued members of the senior management team who retired during the year. Their leadership, experience and contribution will be missed. I wish them all the very best in their retirement.

Tony Newbury
Executive Director and Chief Commissioner of State Revenue

Emerging and strategic issues

Our 2011 strategic plan outlines our future direction, our strategic goals and what we need to do to improve the way we administer revenue, enforce fines and process benefits. The plan is closely aligned to the NSW State Plan, which sets out the Government's major priorities and targets. In developing our plan, we have identified the following key emerging and strategic issues which pose the greatest challenge to us over the next three years.

Reducing red tape

A focus of the NSW Government in the NSW State Plan is to reduce red tape. OSR has in place a number of initiatives to reduce red tape imposed on our clients and between agencies. These include legislative and administrative harmonisation with other jurisdictions, participation in the National e-Conveyancing project and the Standard Business Reporting project (a Commonwealth Government initiative aimed at streamlining business interactions with the three tiers of government).

Harmonisation aims to benefit employers by providing them with common definitions and exemptions and reduces the complexity of operating across jurisdictions. It will allow improved benchmarking to measure comparative efficiency between revenue offices.

Reducing the red tape we impose on our clients will have significant benefits in lessening the administrative burden and compliance costs for individuals and businesses, making it easier for clients to accurately assess their legislative obligations and reducing the level of non-compliance.

One of the strategies in OSR's 2011 Strategic Plan is aimed at reducing red tape and includes conducting targeted red tape reduction reviews and expanding inter-jurisdictional harmonisation.

Better compliance

We continue to focus on improving compliance through strategically targeted education programs. These include programs for payroll tax and land tax clients and the Self Enforcing Infringement Notice Scheme (SEINS) for our commercial clients. We combine face-to-face and online learning (e-learning) approaches to maximise the effectiveness of our education programs and the convenience of clients. Greater education increases clients' ability to correctly meet their revenue obligations.

The use of e-learning technologies enables OSR to provide a wide range of education modules across a diverse geographical area, that includes our regional and rural clients, where the traditional face-to-face approach is impractical and costly.

Through a number of process improvements and significant structural changes, we have increased the level of early compliance activity in the revenue administration process. This focus will continue through the development of more effective data matching technology and greater knowledge sharing with other jurisdictions on best practice approaches.

By improving the level of compliance activity undertaken at the earliest point in the administrative process, revenue collection is improved and clients are given the opportunity to avoid interest and penalties.

OSR will commence work to modernise the RECOUPS system to meet the growing needs of clients in providing effective and efficient revenue services.

Better debt management

In 2008–09, we will implement the agreed recommendations of a best practice Debt Management Review. The review identified areas for improvement in the debt management processes for revenue administration and fines. Improved debt management provides additional revenue to fund essential government services.

SDRO continues to participate in national working groups regarding interstate enforcement of fines. This initiative is aimed at developing reciprocal arrangements between States and Territories to improve the collection of outstanding interstate fines. By pursuing reciprocal arrangements with other jurisdictions, we will improve the collection rate of interstate fines to more closely match collection rates for NSW residents.

Modernisation of our core tax system

OSR's core taxation system, RECOUPS was implemented in 1999 and has since undergone significant maintenance. During 2008–09, OSR will commence work to modernise the system to meet the growing needs of clients in providing effective and efficient revenue services. A modernised system will lead to better compliance, a more efficient transaction processing system and enable OSR to provide better client service.

OSR Strategic Plan 2011

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

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

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

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

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

Strategic Goals

Value for money

Ensure OSR delivers value for money across all its operations

Strategy 1.1 Continuously improve the efficiency of our business

Desired results:

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

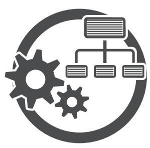
Compliance

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

Strategy 2.1 Improve compliance effectiveness

Desired results:

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



Systems and processes

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

Strategy 3.1 Implement system and process enhancements to deliver significant service improvements

Desired results:

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

Clients
Make it easier to do business with OSR

Strategy 4.1 Reduce red tape

Desired results:

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

Strategy 4.2 Enhance the client experience by delivering excellence through preferred service channels

Desired results:

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

Stakeholders
Build strong relationships to deliver public value

Strategy 5.1 Improve our services through effective stakeholder relationships

Desired results:

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

People and technical excellence
Ensure an organisation of capable, adaptable and engaged people

Strategy 6.1 Shape the organisational culture to support a flexible workforce and meet the changing needs of OSR

Desired results:

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

2008–09 Corporate Plan

Compliance

2008–09 Corporate Plan		Corporate Action Program	Champion(s)
Priority Actions	Identify and implement opportunities for improved compliance Implement opportunities for up-front compliance Targeted communication and education campaigns to support clients to comply	**Compliance improvement**	Director SDRO and Chief Operating Officer (COO)
Priority Action	Improve debt management	**Debt management**	Director SDRO and COO

Systems and processes

Priority Action	Implement a unified fines system	**Unified fines system**	Chief Information Officer (CIO)
Priority Action	Modernise the RECOUPS system and processes	**RECOUPS modernisation**	CIO

Clients

Priority Action	Conduct targeted red tape reduction reviews	**Red tape reduction**	Director SDRO and COO
Priority Action	Expand cross–jurisdiction harmonisation	**Cross–jurisdictional harmonisation**	COO and Director SDRO

Stakeholders

Priority Actions	Implement a stakeholder management framework Deliver partnership initiatives that improve services	**Cross–agency projects**	Director RAS

People and technical excellence

Priority Action	Create greater workforce flexibility and capability in areas of changing needs	**Flexible workforce**	Director MSD
Priority Actions	Shape the organisational culture to underpin fair and progressive services Implement knowledge management systems across the business	**Expanding our capabilities**	Director MSD

Deliverables	Outcomes
▪ identify opportunities and barriers to improve up-front compliance ▪ implement compliance improvement initiatives (eg land rich, interstate fines) ▪ deliver targeted communication and education to client segments	▪ increased voluntary compliance ▪ increased compliance effectiveness
▪ implement recommendations from the OSR debt management review	▪ effective debt management strategies leading to reduced debt
▪ prepare business case for a unified fines system ▪ review and assess the effectiveness of current fines processes (for OSR and clients) ▪ commence planning for implementation of a unified fines system	▪ successful business case ▪ increased processing efficiencies leading to lower cost of collection
▪ review and assess the effectiveness of current RECOUPS processes (for OSR and clients) ▪ implement system and process enhancements	▪ improved internal and external client service by providing online interfaces fully integrated with RECOUPS ▪ increased useful life of RECOUPS system ▪ increased processing efficiencies leading to lower cost of collection
▪ identify and prioritise opportunities to reduce red tape ▪ pilot and conduct high priority red tape reduction reviews, including Standard Business Reporting ▪ reduce red tape through participation in national e-conveyancing project	▪ measurable reductions in red tape in targeted areas ▪ increased client satisfaction
▪ continue payroll tax legislative and administrative harmonisation ▪ identify further opportunities to harmonise state taxes ▪ pursue cross-jurisdictional fine enforcement	▪ measurable payroll tax red tape reductions ▪ increased client satisfaction ▪ further harmonisation opportunities identified ▪ effective cross-border enforcement
▪ develop a stakeholder management framework and prioritise opportunities to partner with stakeholders to improve public value ▪ implement priorities identified in stakeholder management framework	▪ alignment of OSR and stakeholder effort to deliver public value in targeted areas
▪ identify current and emerging areas of changing business needs (eg duties abolition) ▪ develop targeted actions to ensure HR practices support greater workforce flexibility	▪ greater workforce flexibility and capability in targeted areas
▪ improve skills and behaviours in fair and balanced decision making ▪ conduct staff survey ▪ implement framework, systems and tools to support knowledge management	▪ staff recognise OSR's culture supports fair and progressive services ▪ critical knowledge effectively captured ▪ systems to access and apply knowledge are in place

All due revenue is collected

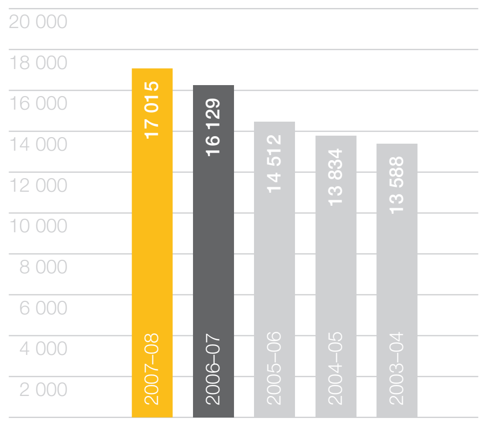
We are responsible for effective revenue administration, which includes compliance activities, to ensure all due revenue is collected. Our work enables the Government to fund a wide range of essential government services and to meet priority P5 – maintaining the State's AAA credit rating set out in the NSW State Plan.

Revenue performance

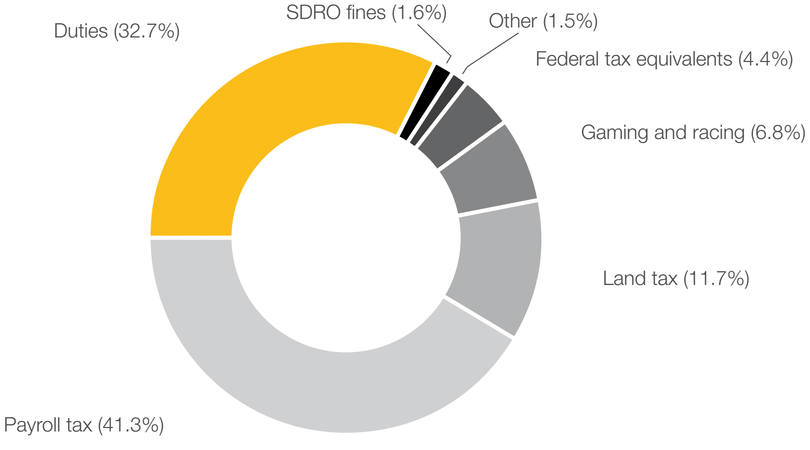
Crown revenue collected

Revenue type	2007–08	2006–07	2005–06	2004–05	2003–04
			$m		
Duties	5 555	5 425	4 844	4 808	5 492
Payroll tax	7 027	6 400	5 888	5 500	5 067
Land tax	1 997	1 955	1 752	1 586	1 339
Gaming and racing	1 160	1 271	1 142	1 058	950
SDRO fines	277	226	216	247	168
Health insurance levy	125	119	108	102	98
Insurance protection tax	68	67	68	68	69
Federal tax equivalents	751	606	436	396	346
Parking space levy	51	48	45	46	47
Unclaimed money	3	11	11	22	9
Debits tax	0	–	–	0	1
Other revenue and taxes	1	1	2	1	1
Total Crown revenue	**17 015**	**16 129**	**14 512**	**13 834**	**13 587**

Total Crown revenue collected by financial year ($m)



Crown revenue collected in 2007–08 (%)



Duties collected

Category	Actual 07–08	Budget 07–08	Actual 06–07	Budget 06–07
	$m			
Contracts and conveyances	3 953	3 695	3 663	3 250
Motor vehicle registrations	600	582	554	575
Insurance policies	611	616	598	609
Loan securities (mortgages)	280	243	350	348
Share transfers	66	74	108	57
Leases	40	51	78	72
Hire of goods	3	6	73	79
Vendor duty	2	–	1	–
Other stamp duties	–	2	–	2
Total Duties	**5 555**	**5 269**	**5 425**	**4 992**

We collected $5555 million in duties in 2007–08, compared with $5425 million in the previous financial year.

The revenue from duties for 2007–08 was impacted by the abolition of hire of goods duty (effective 1 July 2007), mortgage duty on owner occupied housing (effective 1 September 2007) and lease duty (effective 1 January 2008). These duties were abolished as the result of the Intergovernmental Agreement, in which the NSW Government agreed to a program to abolish several duties. However, a very strong property market in the first six months of the financial year resulted in higher than expected contracts and conveyancing and mortgage receipts.

Abolition of mortgage duty

We implemented the first two stages of the Government's program to abolish mortgage duty.

The first stage involved the abolition of mortgage duty for owner occupied housing which came into effect from 1 September 2007. Prior to this date, OSR officers held extensive consultation with financial institutions and ran an education program for duties clients to ensure a smooth implementation of these changes.

The second stage of the mortgage duty abolition program will involve the abolition of mortgage duty for investment housing from 1 July 2008.

Abolition of lease duty

The Government abolished lease duty on leases first executed on or after 1 January 2008. Duty continues to be payable on premiums.

To facilitate the abolition of lease duty and ensure a smooth transition, we provided a targeted education program to clients about the changes.

A program to finalise all long-term leases, which had pending liabilities, was also implemented. This program was designed to reduce red tape for clients and resulted in nearly 75 per cent of the matters being completed.

Duty relief for storm damaged vehicles

After a series of storms and floods across the State, the NSW Government announced a duty relief scheme available to NSW taxpayers registering vehicles purchased to replace vehicles written off in a declared natural disaster zone.

We believe the changes to counter services will provide a fairer and more efficient service for all of our clients and ensure our staff are efficiently deployed.

OSR was responsible for administering the scheme in which we processed over 4150 applications and refunded a total of $1.5 million in duties for motor vehicle registration. On average the processing time for a refund application was 5.1 days.

Declared natural disaster zones in which the refund scheme operated were:

- Hunter-Central Coast – June 2007
- Lismore area – 9 October 2007
- Western Sydney – 9 December 2007
- Far Western NSW – 21-22 December 2007
- Northern NSW – January 2008

Changes to counter services

The abolition of some types of duties and the growth of Electronic Duties Returns service has resulted in changes to how our offices process the stamping of duties transactions. Counter duties assessments are now only available to private individuals and not practitioners.

The changes were implemented at our Newcastle and Wollongong offices on 5 May 2008 and have been adopted in our Sydney and Parramatta offices from 4 August 2008.

We consulted extensively with all our key stakeholders, including the Sydney Office Customer Council, Law Society, settlement rooms, and Conveyancing Council, prior to the implementation of these changes.

We believe the changes will provide a fairer and more efficient service for all of our clients and ensure our staff are efficiently deployed.

Electronic Duties Returns

Our Electronic Duties Returns (EDR) service enables our 1758 approved clients to self assess and endorse duties documents electronically.

Currently, 73.7 per cent of duties documents are processed electronically, consistent with the previous financial year. The growth in the use of electronic duties transactions has slowed this year with the abolition of mortgage duty – 92 per cent of mortgage duty was electronically processed.

However, there are encouraging signs of renewed interest in electronic processing of duties documents from our Newcastle, Wollongong and Parramatta offices, with recent figures showing up to 91 per cent of duties documents now being processed electronically.

We have made electronic processing more accessible to clients by expanding the number of document types that can be electronically processed on EDR.

We enhanced our EDR application interface to allow more efficient processing of electronic transactions and have significantly improved the stability of EDR systems.

We conducted 838 EDR audits during the year, covering 9085 EDR transactions. The audits demonstrated a high degree of compliance, with only 1.7 per cent of audited transactions revealing that additional duty needed to be paid. In such cases, we advised clients of the reasons for the incorrect assessments and directed them to the relevant legislation and rulings. Additional revenue identified by the audits amounted to $616 000.

Duties cheque acceptance policy

We introduced a revised cheque acceptance policy on 14 April 2008 to reduce the number of dishonoured personal cheques being presented. The new policy restricts the acceptance of personal cheques for amounts greater than $50 for the payment of duties and electronic duties transactions.

Since this measure was introduced, the number of dishonoured personal cheques being presented has fallen by 90 per cent as at 30 June 2008.

Review of Client Service Providers

EDR-approved clients send information to OSR through a Client Service Provider (CSP), who acts as an information broker.

We engaged consultants Deloitte Touche Tohmatsu (Deloitte) to conduct a compliance audit of our eight CSPs to determine their level of compliance with the terms and conditions specified in their contracts.

The audit results were generally favourable, but identified some areas of compliance which require strengthening, including some amendments to our contractual agreements.

Payroll tax collected

We collected $7027 million in payroll tax this year, compared to $6400 million last year. The increase in payroll tax revenue can be attributed to the strong demand for highly skilled workers in a tight labour market, low levels of unemployment and strong employment growth in a number of key industries.

However, recent economic indicators point to a slowing of the economy with decreased consumer demand expected to contribute to a reduction in the demand for labour. As a consequence, we expect to see more subdued growth in payroll tax collections in 2008–09.

Payroll tax harmonisation

A major initiative undertaken by the NSW and Victorian revenue offices was the introduction of harmonised payroll tax legislation on 1 July 2007. The legislation is designed to simplify the administration of payroll tax for companies operating in both States and reduce red tape.

We also worked closely with other States by providing technical assistance with their proposed payroll tax harmonisation legislation to ensure greater national consistency.

Both the NSW and Victorian revenue offices are committed to the harmonisation of payroll tax and making it as easy as possible for businesses operating in both States to conduct their business. A protocol has been signed committing both parties to the harmonisation legislation and detailing the general principles for maintaining the legislation and administration supporting it.

Over the next two years, we will work with the Victorian Revenue Office on administrative harmonisation across 14 key areas, including interest and penalty, private rulings, website content and publications, client education programs and objections and appeals.

Land tax collected

We collected $1997 million in land tax revenue, a slight increase on the $1955 million collected last financial year.

The rate for land tax was reduced from 1.7 per cent to 1.6 per cent for 2008, however, there were no significant legislative changes for land tax in 2008.

We commissioned management consultants KPMG to conduct an independent review of the administration of land tax to advise on how we can improve client service and reduce the cost to collect land tax. This report will be delivered early next financial year and its recommendations implemented over the next two financial years.

Electronic land tax valuation and clearance certificates

Currently nearly 70 per cent of land tax valuation and clearance certificates are processed electronically. We are reviewing this process with the aim of increasing both the number of clients who apply electronically for a certificate and the number of electronic certificates issued.

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

Federal tax equivalent collected

We collected $751 million in revenue from agencies and subsidiaries liable to pay income tax equivalents under the National Tax Equivalent Regime (NTER) or the State Tax Equivalent Regime (STER).

The NTER agencies contributed $732.1 million in revenue, with the balance coming from State TER agencies.

OSR monitors and audits the activities of State TER agencies in accordance with the Commercial Policy Framework.

Gaming and racing revenue collected

Category	Actual 07–08	Budget 07–08	Actual 06–07	Budget 06–07
	$m			
Hotel gaming	408	438	447	454
Club gaming	596	623	663	655
Totalizators	141	154	146	156
Keno	8	8	8	8
Fixed odds sportsbets	6	5	6	4
Footy TAB	1	1	1	1
Fixed odds futures	0	0	0	0
Racing and sports betting tax	–	–	–	–
Total gaming and racing	**1 160**	**1 229**	**1 271**	**1 278**

We collected $1160 million in gaming and racing revenue on behalf of the NSW Office of Liquor, Gaming and Racing, a decrease from $1271 million collected the previous year.

The reduction in collections was due in large part to the combined impacts of the equine influenza outbreak on racing revenues throughout the State and the introduction of smoking bans in clubs and hotels on gaming revenues.

Gaming – Assistance for clubs experiencing hardship

The NSW Government announced an assistance package in May 2008 for clubs suffering financial hardship. Under the arrangements, clubs that have experienced a downturn in gaming machine revenue of 15 per cent or more can seek approval to pay their gaming machine tax in three equal monthly instalments without being charged interest.

Fifty-nine clubs with a total gaming machine liability of $12.8 million received assistance and are paying the May quarter liability by monthly instalments.

The scheme will operate until May 2009.

Parking Space Levy collected

We collected $51 million in parking space levy on behalf of the NSW Ministry of Transport. This is an increase from $48 million last year due largely to the annual CPI indexation of levy rates.

Tax objections received 2007–08

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

The following table shows the number of tax objections received for the past four financial years from 2004–05 to 2007–08:

Revenue type	2007–08	2006–07	2005–06	2004–05
Land tax	3 520	3 598	5 593	4 677
Payroll tax	532	515	583	457
Duties	305	185	233	183
Parking space levy	21	89	120	54
Total	**4 378**	**4 387**	**6 529**	**5 371**

Number determined	2007–08		2006–07		2005–06		2004–05	
	Allowed/ Part allowed	Disallowed	Allowed/ Part allowed	Disallowed	Allowed/ Part allowed	Disallowed	Allowed/ Part allowed	Disallowed
Land tax	1 171	2 232	1 654	2 695	2 008	3 254	1 459	2 753
Payroll tax	76	503	128	535	120	291	122	329
Duties	46	130	65	138	60	149	41	129
Parking space levy	2	23	6	84	24	85	12	35
Total	**1 295**	**2 888**	**1 853**	**3 452**	**2 212**	**3 779**	**1 634**	**3 246**
Percentage	**31%**	**69%**	**35%**	**65%**	**37%**	**63%**	**33%**	**67%**

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

Taxation Hardship Review Board

The Taxation Hardship Review Board considers applications from clients for relief from their liabilities, on the basis of financial hardship.

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

In 2007–08, the Board considered 27 applications for relief with a combined value of $1 322 996.

Full relief was granted to one applicant owing a total of $2276. Three applicants had their interest and penalty waived. In addition, one applicant had debts deferred.

Relief was declined in 22 cases.

Administrative Decisions Tribunal

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

Administrative Decisions Tribunal deliberations

In 2007–08, 151 appeals against decisions of the Chief Commissioner were finalised. Twelve cases were upheld in favour of the appellant.

The following table shows the number of appeals received, finalised and upheld by the ADT from 2004–05 to 2007–08.

	2007–08			2006–07			2005–06			2004–05		
Revenue type	No. Rec'd	No. finalised	No. upheld	No. Rec'd	No. finalised	No. upheld	No. Rec'd	No. finalised	No. upheld	No. Rec'd	No. finalised	No. upheld
Land tax	56	41	4*	62	41	–	39	42	2	48	35	1
FHOGS	31	58	7	54	65	3	53	48	2	52	35	6
Duties	12	18	1	15	16	1	22	32	5	28	15	2
Payroll tax	16	26	–	37	13	–	8	9	1	11	21	1
Parking space levy	4	8	–	4	1	–	9	3	1	2	–	–
Others	–	–	–	2	1	–	3	4	–	3	2	–
Total	**119**	**151**	**12**	**174**	**137**	**4**	**134**	**138**	**11**	**144**	**108**	**10**

* The Chief Commissioner has appealed two land tax decisions.

Revenue collected from compliance activities

To ensure all revenue due is collected, we have a compliance program which is an integral component of our revenue administration. Our compliance activities enable the Government to fund a wide range of essential government services and to meet priority P5 of the NSW State Plan of maintaining the State's AAA credit rating.

Compliance Program 2007–08

Our compliance activities focus on non-compliant areas identified as being of high risk. This year our compliance activities identified $286 million in additional revenue, with a particular focus on:

- identifying and contacting individuals and businesses not currently registered within the tax system, but who are likely to have a liability
- identify clients who may have understated their liabilities through a program of desk and field audits
- identifying recipients of the First Home Owner Grant and First Home Plus schemes who do not satisfy the eligibility requirements
- prosecuting serious breaches of the legislation we administer.

We use data matching and data mining techniques incorporating data from third parties to select clients for reviews and audits. These techniques help reduce inconvenience to those clients who comply with their obligations and optimise allocation of our investigative resources.

During the year, we continued our focus on auditing registered payroll tax clients who may have understated their liabilities. We completed 2100 desk and field audits which resulted in the identification of an additional $56.3

million in payroll tax revenue including $10.1 million from a specific audit project that focused on the payroll tax grouping provisions. We plan to maintain our focus on compliance with grouping provisions during 2008–09.

We contacted over 4000 employers who were not registered for payroll tax but whom we believed may have had a payroll tax liability. Some 1640 employers were advised of their payroll tax obligations and registered for payroll tax. We issued assessments totalling $50.3 million to these new clients.

We investigated over 25 000 properties that were either not assessed for land tax or we believed had an incorrect exemption applied. This resulted in over 10 741 land owners registering for land tax and the issuing of $130.2 million in land tax assessments.

Investigations of dutiable transactions identified $5.9 million in additional duties revenue. Our duties project also included a continuation of our data matching program with Land and Property Information to identify unstamped or incorrectly stamped transfers.

To assist clients to comply, we publish a range of information and tools to ensure clients understand their obligations and the benefits they are entitled to. Tax and duties calculators and online services for easy lodgement and payment are also available.

Tax update seminars are held in metropolitan and regional areas to inform businesses, solicitors, accountants and professional advisers of changes and issues relating to the legislation we administer. E-learning payroll tax modules also assist clients with their understanding and knowledge of this tax. Clients can also register to receive email alerts regarding changes to NSW tax and duties legislation.

For First Home Benefits compliance program see page 33.

Overdue debt – tax and duties

In 2007–08, we achieved our target of the level of overdue debt being less than one per cent of annual tax and duties revenue. At 30 June 2008, overdue debt was $159.5 million, which represents 0.97 per cent of annual tax and duties revenue. This is the first time since 2003–04 that our overdue debt at year end was less than one per cent of annual revenue.

Our improved debt management performance was due to a focus on payroll tax and land tax debts and effectively targeting larger debt cases. Our focus on payroll tax debt was particularly successful, with the level of overdue payroll tax debt decreasing by 26 per cent during 2007–08. Other effective debt management strategies included the instigation of legal proceedings where warranted and garnisheeing of mortgages to recover land tax debts.

Write-offs

Tax and duties write-offs during the year totalled $32.5 million, which equates to 0.2 per cent of annual tax and duties revenue. This was a significant increase over the previous year when $13.8 million of tax and duties debt was written-off.

The increase in debts written-off in 2007–08 was mainly due to our focus on payroll tax debt and an associated review of insolvency matters, which resulted in us writing off debts where we had received confirmation that a dividend would not be paid to creditors. Payroll tax write-offs accounted for 72 per cent of the total debt written off in 2007–08.

We are constantly reviewing our debt management strategies in order to minimise the level of debt written off. We exhaust all avenues of debt recovery before the debt is deemed irrecoverable and written off.

All fines are processed and enforced correctly and on time

The SDRO division of OSR is responsible for the effective processing and correct enforcement of fines. SDRO has released its review guidelines online and developed a number of community education initiatives aimed at reducing the incidence of people re-offending as set out in priority R2 of the NSW State Plan.

Penalty notice processing and fine enforcement

SDRO provides a centralised processing service for all penalty notices issued by NSW Police Force and the Roads and Traffic Authority (RTA) for red light and speed camera detected offences. It also processes penalty notices on a fee for service basis for over 230 other agencies including local government, universities, semi-government bodies and other government departments. Another key SDRO role is the notification of offences incurring demerit points to the RTA so that driving records can be updated.

During the year, SDRO processed 2.9 million penalty notices with a face value of $453.7 million, of which some 1.2 million offences carried demerit points. This represented an increase of 24 per cent in the number of Crown penalty notices processed, primarily resulting from the expansion of the speed camera program under the RTA.

When a penalty notice is not paid within the time limit allowed, SDRO issues an enforcement order. During the year, we issued 823 951 enforcement orders with a total face value of $243.7 million.

In 2007/08, SDRO collected $465.4 million from penalty notices and enforcement orders. We collected $277.1 million on behalf of the Crown and an additional $188.3 million on behalf of our commercial clients. SDRO received $27.6 million in fees and miscellaneous revenue from commercial clients for whom we process penalty notices.

At the end of 2007–08, there were 40 889 active payment arrangements in place covering 248 455 enforcement orders valued at $103.6 million.

Number and face value of penalty notices between 1 July 2003 and 30 June 2008

Financial year	Commercial		Crown		Total number of penalty notices	Total face value $m
	Number of penalty notices	Face value $m	Number of penalty notices	Face value $m		
2003–04	1 431 280	151.4	1 348 005	240.1	2 779 285	391.5
2004–05	1 364 858	155.6	1 145 085	208.5	2 509 943	364.1
2005–06	1 441 545	177.0	1 043 584	192.0	2 485 129	368,9
2006–07	1 492 308	182.2	1 121 736	215.7	2 614 044	397.9
2007–08	1 501 837	187.9	1 387 433	265.8	2 889 270	453.7
Total	**7 231 828**	**854.1**	**6 045 843**	**1 122.1**	**13 277 671**	**1 976.1**

Number and face value of penalty notices for 2007–08 by client category and infringement type

Client category	Infringement type	Number of penalty notices	Value $m
Crown	Red light camera	36 644	11.6
	Police speed camera	20 177	2.4
	RTA static speed camera	678 163	79.8
	RTA bus/TWay camera	11 862	2.8
	Police traffic	550 209	140.7
	Police other	75 854	13.9
	Failure to nominate	14 524	14.6
Crown total		1 387 433	265.8
Commercial	Client agencies	1 501 837	187.9
Grand total		**2 889 270**	**453.7**

Number and face value of speed camera offences for 2007–08

Infringement type	School zone speeding offence		Other camera detected speeding offences		**Total number of penalty notices**	**Total value $m**
	Number of penalty notices	Value $m	Number of penalty notices	Value $m		
Police speed camera	850	0.2	19 327	2.2	20 177	2.4
RTA static speed camera	192 717	30.5	485 446	49.3	678 163	79.8
Grand total	**193 567**	**30.7**	**504 773**	**51.5**	**698 340**	**82.2**

Number and face value of criminal infringement notices offences for 2007–08

	Criminal infringement notice offences	
	Number of CINs	Value $m
Grand total	**6 419**	**1.4**

Outstanding fines written off

In accordance with Section 101 of the *Fines Act 1996* and under delegation from the Treasurer, the Director, SDRO, can write-off fines which are considered uncollectable or if extenuating circumstances justify such a decision; for example, severe financial hardship or illness.

During the year, 243 885 enforcement orders were written off totalling $56.5 million including 5190 enforcement orders to the value of $1.9 million where the debtor was deceased.

Fines worth $37 million were written off which had been incurred before December 1999. The fines were below $500, were for relatively minor offences and the offender had not received any further infringements. The fines were written off in accordance with the Treasurer's Guidelines.

Fines Hardship Review Board (FHRB)

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

The Board is represented by delegates of the Attorney General, Secretary of Treasury and the Chief Commissioner of State Revenue.

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

The Board reviewed 48 decisions of SDRO with a total value of $302 719. These were determined as follows:

Decision	Number of matters	Value $
Write-off	16	43 814
Time to pay	7	146 242
SDRO decision upheld	25	112 663

SDRO compliance activities

To ensure the integrity of the fines system we operate a comprehensive compliance system based on risk analysis and data matching. Our data matching activities have become more extensive as we add new data sources and refine our matching techniques.

SDRO conducts regular checks to ensure people nominate the correct driver for offences involving demerit points. This is a substantial task, given that in 2007–08 over 480 000 statutory declarations nominating other drivers were received by SDRO. We use data matching techniques to investigate fraudulent practices.

Many of the investigations have resulted in an incorrect nomination being corrected without the need for prosecution. In these cases the nominations were withdrawn and the penalties and demerit points assigned to the correct person. More serious cases are referred for prosecution.

During the year, SDRO referred 39 cases, involving 372 penalty notices, to the NSW Police Force for investigation of offences involving false nomination of other persons in an attempt to avoid penalties and demerit points. These investigations led to several people being placed before the courts to face criminal charges. Court penalties included suspended sentences and good behaviour bonds.

SDRO is continuing the program of reviewing nominations and assists the NSW Police Force investigate cases of alleged false nominations.

SDRO assists other agencies such as the RTA, the NSW Police Force and the Ministry of Transport in managing compliance of professional drivers and other matters. We assist in criminal investigations by providing information for matters involving serious crimes including suspected terrorist activity. SDRO also assists the NSW Police Force by providing documentation supporting prosecutions for unlicensed drivers.

SDRO has also been invited to join the State Crime Command Taskforce investigating car dealerships suspected of tax and fine avoidance.

Our compliance activities will extend to other high risk areas in 2008–09.

SDRO client and stakeholder services

SDRO is a high volume business with our Client Contact Centre handling on average 20 000 phone calls per week and receiving and responding to more than 220 000 items of correspondence per annum.

At the beginning of 2007–08, the call waiting time for the SDRO Contact Centre was approximately 12 minutes, with an unacceptable call abandonment rate. We implemented a new telephony system, improved automation, increased staffing levels and provided extensive staff training which resulted in a significant reduction in the waiting time, to an average of two minutes by June 2008.

SDRO provides a telephone hotline service for the NSW MPs and the Ombudsman (see appendix 7 Ministerial representations received), advocacy

On-demand learning delivered over the internet offers clients consistent 'just-in-time' learning they can complete anytime over a number of sessions.

groups (such as the Salvation Army, Legal Aid NSW and the Public Interest Advocacy Centre) and various Aboriginal Community networks which allows these clients to directly contact SDRO for assistance.

SDRO commercial client e-learning

In order to provide our commercial clients with timely, consistent and convenient training in keeping with priority S8 of the NSW State Plan to provide customer friendly services, OSR has developed online or e-learning on-demand training. The first e-learning program developed was for our Self Enforcing Infringement Notice Scheme (SEINS), which was delivered online to over 900 staff of our client agencies from across NSW.

On-demand learning delivered over the internet offers clients consistent 'just-in-time' learning they can complete anytime over a number of sessions. The scenarios can be used as a refresher by more experienced staff and the examples allow clients to practice as many times as they like until they feel comfortable with the information.

We plan to release further e-learning modules next year for supervisors and managers on the overall operation of SEINS and the reporting functionality available.

SDRO stakeholder forums

SDRO continues to play an important role in the Australian and New Zealand Fines Enforcement Reference Group (ANZFERG). This group investigates enforcement benchmarking and opportunities for legislative and administrative harmonisation in keeping with priority P3 of cutting red tape in the NSW State Plan. The group now has representative members from all States and Territories, with the Australian Capital Territory joining in late 2007.

In pursuing enforcement harmonisation, ANZFERG successfully presented a case to the National Standing Committee of Attorney-General for reciprocal enforcement of fines across State and Territory jurisdictions. The necessary legislative amendments will be drafted and put before Federal and various State and Territory jurisdictions.

We also conducted information forums with a number of Aboriginal networks, the Roads and Traffic Authority, Local Courts, Ministry of Transport, Wesley Mission and the Financial Counsellors Association in which we provided resource material on the fines system.

The Assistant Director, Operations, SDRO participated on the Sentencing Council Working Group to implement the recommendations from the Sentencing Council Review of Fines and Penalty Notices.

Initiatives to help clients

In July 2007, SDRO published the Review Guidelines on our website for people seeking information on how to apply for reconsideration of penalty notices they had received. Penalty notices were withdrawn and a caution substituted on 46 656 occasions.

We provided a facility for clients to apply direct debits against their Centrepay entitlements for the settlement of outstanding fines. So far, nearly 15 000 people have agreed to use this method of settling their fines. We now also provide BPAY as a payment option.

To assist clients pay their fines, we have implemented a part payment facility that allows part payments for initial penalty notices as long as the full amount is paid by the due date.

Both of these initiatives were fully supported by advocacy groups and the Sentencing Council as positive steps to assist people manage their finances while at the same time meet their responsibilities.

Eligible applicants receive their benefits

One of our key corporate outcomes is to ensure that all eligible applicants receive their benefits relating to unclaimed money, the First Home Owner Grants Scheme, the First Home Plus Scheme, First Home Plus One Scheme, GST rebate and petroleum products subsidies. Our work enables the Government to provide easy to use and customer-friendly services as set out in priority S8 of the NSW State Plan.

Table of benefits issued

First Home Benefits in NSW for the year ended 30 June 2008

Revenue type	Number paid	$m
First Home Owner Grant Scheme (FHOGS)	48 568*	339.9

* These are the gross figures and do not take into account FHOGS grants returned voluntarily or repaid due to compliance activities.

Revenue type	Number paid	$m
First Home Plus Scheme	42 564	422.2
First Home Plus One Scheme	426	2.6
Total	**42 990**	**424.8**

First Home Owner Grant Scheme

We paid 48 568 First Home Owner Grant Scheme (FHOG) grants worth $339.9 million. This compares to 48 281 grants worth $337.9 million the previous year.

A number of enhancements were made to the National FHOG online processing system to reduce red tape for participating agents and strengthen probity controls.

We reviewed our existing FHOG business processes which identified a number of improvements. The review recommended greater use of data matching to ensure that only eligible applicants receive benefits. We have also developed and deployed an 'analytical work bench' tool, which allows us to access databases from several government agencies and statutory bodies, to run more precise data matching profiling to detect non-compliance with FHOG eligibility requirements.

We updated the online FHOG user guide for participating agents and provided training to 41 staff from eight financial institutions. We also provided a dedicated FHOG agent enquiry line for staff from participating financial institutions.

First Home Plus

The First Home Plus scheme provides exemptions or concessions on transfer duty for people buying their first home in NSW.

We provided $424.8 million in mortgage and transfer duty exemptions and concessions to 42 990 claimants. This represents a 2.7 per cent decrease in the number of people receiving assistance compared to the previous financial year. The value of concessions decreased by $8.1 million compared to 2006–07.

To ensure only eligible applicants receive their first home benefits, we have reviewed and strengthened our current controls surrounding eligibility for the First Home Owner Grant Scheme and First Home Plus Scheme.

We ceased to provide duty concessions on mortgages for owner occupied housing, as this duty was abolished on 1 September 2007.

OSR participated in the inaugural NSW First Home Owners Expo at Moore Park, where we assisted prospective buyers with their enquiries on available first home benefits. We provided similar support to a First Home Buyers Expo in Wollongong.

First Home Benefits

To ensure only eligible applicants receive their first home benefits, we have reviewed and strengthened our current controls surrounding eligibility for the FHOG and First Home Plus Schemes. We expanded our fraud detection network and now share data with a number of external agencies at a State and Federal level.

We plan to implement a number of changes in the 2008–09 financial year, including a proof of identity framework and additional information for First Home Plus applicants. We also plan to expand our data matching across a wider range of data sources to identify those applicants who have previously owned property or who do not meet the residency and other eligibility requirements.

We expect to see a decrease in the number of first home benefits paid for 2008–09 as the impacts of increased interest rates and decreased housing affordability are felt.

Petroleum Products Subsidy Scheme

We paid $42.1 million to 40 registered wholesalers and distributors of eligible petroleum products on condition that the subsidy was passed on to consumers.

GST rebate for clubs

We paid $18.8 million in GST rebates to 1317 clubs this financial year.

Revenue collected from compliance activities

We expanded our program to identify recipients who do not satisfy the eligibility requirements for the FHOG and First Home Plus Schemes. We wrote to 23 426 recipients asking them to confirm that they had satisfied the requirement to occupy the property as their principal place of residence. Forty grants were voluntarily repaid and 1829 matters were investigated. As a result of these investigations 400 recipients were required to repay the grant with a value of $3.5 million including penalties.

We also completed investigations of 620 First Home Plus matters, which resulted in the cancellation of 378 duties exemptions or concessions with a value of $4.6 million including interest and penalties.

Eleven FHOG recipients were successfully prosecuted for offences under the *First Home Owner Grant Act 2000*, *Taxation Administration Act 1996*, *Crimes Act 1900* and *Oaths Act 1900*. Sentences for these offences ranged from fines to good behaviour bonds and community service orders.

We focused on improving our management of FHOG debts. These debts arise when grants are recalled. Our strategy of giving priority to actioning new debts and consistently reviewing older matters proved successful with the level of FHOG debt reducing by five per cent over the year.

We wrote off an increased number of FHOG and stamp duty First Home Plus debts. A more structured recovery approach to these matters identified a significant number of cases where the grant property had been sold at a loss, or by the mortgagee, rendering these debts unrecoverable.

Benefits objections received

	2007–08	2006–07	2005–06	2004–05
FHOGS	242	266	515	419
First Home Plus	145	142	139	77
Total	**387**	**408**	**654**	**496**

Determined	**2007–08**		**2006–07**		**2005–06**		**2004–05**	
	Allowed/ Part allowed	Disallowed	Allowed/ Part allowed	Disallowed	Allowed/ Part allowed	Disallowed	Allowed/ Part allowed	Disallowed
FHOGS	52	176	76	259	96	398	63	295
First Home Plus	34	97	48	106	33	85	7	55
Total	**86**	**273**	**124**	**365**	**129**	**483**	**70**	**350**
Percentage	**24%**	**76%**	**25%**	**75%**	**21%**	**79%**	**17%**	**83%**

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

Unclaimed money

OSR holds $110.8 million in unclaimed money. We paid over 5000 claims to the owners of unclaimed money worth $10.4 million.

Due largely to Federal Government changes in superannuation which transferred responsibility for unclaimed superannuation benefits to the Australian Taxation Office (ATO) from 1 July 2007, we experienced a significant decrease in the number of unclaimed money claims paid and funds returned. OSR previously held and administered these unclaimed superannuation benefits.

Through data matching, we successfully located and returned $0.9 million in unclaimed money to 105 owners. We also published funds collected under the *Legal Profession and Property Stock and Business Agents Acts* on our website to assist people locate their unclaimed money held by OSR.

Through data matching, we successfully located and returned $0.9 million in unclaimed money to 105 owners.

Commitment to clients

We undertook several initiatives to improve and deliver more customer-friendly services as set out in Priority S8 of the State Plan to increase customer satisfaction with Government services. These initiatives show our continuing commitment to clients and include the following:

Tax Call Centre

We established the first stage of an integrated Tax Call Centre (TCC) to handle all tax and grant enquiries. Previously, we operated separate enquiry lines for each tax and grant stream staffed by specialist teams. This initiative was part of the 2007 Corporate Action Program aimed at creating a professional call centre environment to answer and resolve client enquiries. The TCC is dedicated to delivering the highest level of client service and ensuring value for money for the taxpayers of NSW.

Our integrated TCC answered over 120 000 calls from clients regarding land tax, first home benefits, motor vehicle duty relief and general tax enquiries. Over the next two years, we plan to integrate the remaining tax and grant enquiry lines into the single TCC.

As part of the integrated TCC, we developed and deployed a knowledge management system on our intranet called 'Taxi'. The system allows call centre staff to quickly research and provide consistent and accurate answers to client enquiries.

We also made several enhancements to our Interactive Voice Response (IVR) system to provide land tax clients with additional payment options outside of normal business hours.

Land tax online services

We developed a new online service that provides land tax clients with information about their land holdings and allows them to update their postal and contact details as well as provide details about sales, purchases and changes to exemptions.

This service has proved popular with some 20 per cent of clients using the service to change their land tax details online.

Payroll tax online services

As part of the program to harmonise NSW's and Victoria's payroll tax legislation and administration, we made a number of operational changes to our payroll tax monthly return and annual reconciliation online forms. These enhancements enable clients to access a history of their lodged returns and schedule future dated payments online. We also simplified the login process for existing clients.

The number of clients registered to pay their payroll tax online via direct debit increased by 42 per cent from the previous year. The average monthly value of online payroll tax payments has increased from $44 million to $70 million.

Over 85 per cent of all new payroll tax clients register online.

To raise awareness and educate clients about their tax obligations, we ran education and awareness activities and developed and deployed e-learning training modules for payroll tax.

Client education strategy

To raise awareness and educate clients about their tax obligations, we ran education and awareness activities and developed and deployed e-learning training modules for payroll tax.

To keep clients informed about changes to our taxes, fines and grants we provided:

- a ‘wages’ online training course available on our website that allows clients to complete training at their convenience. Additional online training modules on grouping, employment agents and contractors and our EDR system are scheduled to be progressively rolled out
- 34 payroll tax seminars for businesses
- 29 State tax update seminars for professional advisers
- 32 joint payroll tax revenue rulings with the Victorian State Revenue Office
- up-to-date information on our website
- information factsheets on our taxes, fines and benefits
- advertisements in metropolitan and regional newspapers
- articles written by our technical experts for industry journals
- information sessions and stands at the First Home Buyers Expo and the Property and Investment Expo held at Darling Harbour. Staff were on hand to answer questions and distribute tax and grant information sheets
- training for staff at all major financial institutions on mortgage duty changes.

Standard business reporting

The Standard Business Reporting program is an Australian Government initiative designed to reduce the burden of current reporting requirements on businesses. The initial focus is on financial reporting, since this affects most business. All state and territory revenue agencies are participating in the program.

Our goal is by 1 July 2010, for our payroll tax clients to use standard business reporting-enabled record keeping and accounting software to calculate their monthly payroll tax liability and lodge their annual reconciliation.

Developing policy and legislation

We provided advice to the Government on a range of policy and legislative proposals with tax, benefits and fines implications. We developed legislation to implement Government decisions to amend tax legislation, including amendments to reduce the payroll tax rate and index the tax-free threshold from 1 July 2008, announced in the 2008–09 Budget speech by the Treasurer.

We held meetings with a number of business and professional industry bodies to discuss tax policy and legislative issues, and to identify desirable changes to legislation. Proposals and options arising from this liaison process were submitted to the Treasurer and the Government for consideration. In cases where legislative amendments were approved, we consulted with these liaison bodies on draft legislation prior to the introduction of the legislation into the Parliament to ensure it achieved its stated purpose.

Following the introduction by both NSW and Victoria of harmonised payroll tax Acts commencing on 1 July 2007, we consulted with the Victorian State Revenue Office to ensure consistent interpretation and administration of the legislation.

We also consulted with revenue offices in other States and Territories to assist in extending harmonisation of key aspects of payroll tax legislation and administration across Australia, in order to reduce red tape for payroll tax clients and their professional advisers.

Staff relocation and regional support

OSR relocated nine operational positions from Sydney to our Newcastle and Wollongong regional offices. The transfer of positions to these regional offices was in line with the NSW State regionalisation policy. We recognise our regional offices as centres of excellence in State taxes.

Client satisfaction survey and feedback

2008 client satisfaction survey results

Under Priority S8 of the NSW State Plan, Government agencies are required to deliver 'customer-friendly services'. In order to measure, report and improve customer satisfaction with our services, we conducted a comprehensive online client satisfaction survey during April 2008. A total of 4169 clients responded to the survey which was available from our OSR and SDRO websites for the following business areas: fines processing, land tax, payroll tax and First Home Owners Grant clients. A summary of the survey results are below:

Overall satisfaction

- 87 per cent of respondents were satisfied with services provided through OSR websites
- 75 per cent of respondents were satisfied with the services provided by OSR staff.

Accessibility and ease of use

- 88 per cent agreed that the information they require is available from the websites
- 86 per cent agreed that it is easy to use the websites.

Interpersonal communication

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

Quality of service

- 74 per cent agreed that OSR resolves problems or queries in a timely manner
- 84 per cent agreed that OSR staff provide sound advice and information.

The feedback from the survey will assist OSR to improve the quality of services we provide.

Client survey results

Feedback from clients

We actively collect feedback from clients during the year through our various service channels, which include our websites, counter services and over the telephone. Client feedback is collected using client feedback forms and includes complaints, compliments and suggestions.

Our client feedback system recognises good client service and identifies areas where we can improve our service. In the feedback provided, clients have advised us that we can improve our services by increasing our communication and simplifying the payment facilities available on our websites.

A frequent suggestion from clients was that we need to improve the quality of some of the advice and explanations we provided. These suggestions have been recorded and remedial actions taken.

Breakup of feedback by division 2007–08

Division	Number of complaints	Number of compliments	Number of suggestions
Revenue Advisory Services	2	3	2
Operations	17	21	1
Information Services	14	0	1
Management Services	0	0	0
SDRO – Penalty	21	10	3
SDRO – Enforcement	47	11	3
Total	**101**	**45**	**10**

Complaints by issue

Issue	Number of complaints
Customer service	40
Dispute regarding decision	1
EPAY/internet/interactive voice response	15
Lack of or delayed response to correspondence	13
Notices not received/address errors	4
Other	17
Payment issue	7
Request for withdrawal from enforcement	4
Total	**101**

We record all client feedback in our client feedback database and acknowledge the feedback in writing.

We define a complaint as an expression of dissatisfaction with OSR's administration or quality of service. It does not include complaints about Government policy or individual tax liability. Suggestions may relate to what additional services our clients require, how these services are best delivered and how to improve the services we currently provide. A compliment is an expression of praise or commendation of OSR's administration and quality of service. Compliments do not include general 'thank you' acknowledgements received in the course of staff's day-to-day work.

We record all client feedback in our client feedback database and acknowledge the feedback in writing. Both compliments and complaints are referred to the manager of the responsible unit, with compliments passed on to the officers who received them. Managers are required to investigate all complaints and inform the complainant of the outcome of the investigation.

The action taken to resolve a complaint is recorded in our client feedback database. A quarterly report analysing complaints and compliments is distributed to the Executive Director and Directors.

Support services

Information Services

Our Information Services Division provides OSR's computer, business and information communications and technology systems, including information storage, infrastructure and networks.

The division maintains, develops and provides reliable, effective and responsive support for our computer facilities and applications.

The division ensures the maintenance and availability of our IT systems and ensures any productivity loss is minimised. It also provides project management and governance for the organisation's information technology projects.

Programs and projects delivered

Some of the major IT projects our Information Services Division delivered this year included:

- land tax web enhancements which allow automated processing of land tax variation returns
- redesign and launch of our websites in line with the NSW Government Website Directive
- a web-based stamp duty calculator package
- improved web server availability for handheld fines devices for councils
- enhanced our EDR application, giving more efficient processing of electronic transactions and improved system stability.

Corporate Governance

The Corporate Governance Unit was created in late 2007 from the merger of the former Audit and Review Support Group with the Business Improvement Unit.

Corporate Governance achievements include:

- successfully passing two external surveillance assessments conducted by Lloyd's Register Quality Assurance Ltd to maintain our ISO 9001:2000 quality management certification. The reviews assess whether OSR is compliant with the standard, including reviewing whether staff practices comply with our process and procedure documents, which are used in their day-to-day work and to assist with training
- developing and measuring a number of 'quality' key performance indicators and establishing an Executive Quality Council. The Council is OSR's peak body responsible for monitoring and overseeing quality improvement initiatives across the organisation
- completing a number of business process improvement reviews designed to identify ways to make processes more efficient and effective. Two of the key processes we reviewed during the year were the processing of Section 47 Land Tax Clearance Certificates and the processing of objections and reviews in relation to taxes and grants matters
- conducting financial, operational and information system audits as part of our annual tactical audit plan, which provides assurance that there are adequate internal controls over these processes

We launched our inaugural Succession Planning Program designed to identify, mentor and nurture talented staff with the ability and potential to fill future senior management roles.

- review of the Internal Control Environment within OSR, as well as a review of our Corporate Governance framework. Both reviews were favourable with recommendations for only minor improvement, which are currently being implemented
- conducting a comprehensive fraud awareness survey in late 2007, which 831 staff completed as part of our Fraud Prevention Strategy. This survey was followed-up with a second smaller online survey in April 2008 completed by 451 staff, to gauge any improvements in staff fraud awareness.

  The results reveal a significant improvement between the two surveys, which were conducted about 7 to 8 months apart:

  For the question: 'I am aware of the contents of the OSR Code of Conduct and the Anti-Corruption policy.' In the first survey, only 50 per cent of respondents said that they were aware of the Code of Conduct and the Anti-Corruption policy. In the follow-up survey, the number of respondents who were aware of the code and Anti-Corruption policy had jumped to 81 per cent.

  For the question: 'I know what to do if I come across an instance of fraud in my workplace.' In the first survey, 78 per cent of respondents said they knew what to do. In the follow-up survey, the number of respondents who knew what action to take had increased to 88 per cent.

  The improvement is likely to be a result of the comprehensive training sessions delivered in between the two surveys and the heightened awareness and communications about OSR's stance on fraud, through emails and articles in the staff newsletters.

  Managers, supervisors and team leaders received additional training on 'ethical problem solving and decision making' in May and June 2008. The workshops focused on building managers' skills in values-based problem solving.

  The Operations Division held a series of workshops in May and June 2008 to identify and address key fraud and probity risks which could impact on the achievement of business objectives.

Workforce initiatives

This year we launched our inaugural Succession Planning Program designed to identify, mentor and nurture talented staff with the ability and potential to fill future senior management roles. The need for the program was identified as part of our Mature Age Worker Strategy.

Candidates undertook a rigorous assessment and selection process involving an in-depth application and competency questionnaire, 360 degree survey and an assessment centre involving cognitive and behavioural assessments. The six selected candidates are working with a coach to develop a tailored Career Development Plan that will guide their career development over the next 18 months.

As part of a sector-wide strategy to reduce annual leave liability, OSR implemented a number of initiatives to successfully reduce the number of staff with 40 or more days annual leave by 55 per cent, as of April 2008.

Our change management methodology continued to provide a sound framework for ensuring structural change priorities were effectively implemented. The methodology has been adopted to drive the structural changes associated with the abolition of several duties.

Occupational Health and Safety

In accordance with the NSW Government's Working Together 2005–08 Strategy, we have been proactively managing Occupational Health and Safety and the prevention of workplace injuries.

A commitment to early intervention, a well managed return-to-work program, working in partnership with our insurer in the review and monitoring of claims and a structured approach to injury prevention and awareness training for management has resulted in:

- 43 per cent reduction in the number of accident/incident reports
- 20 per cent reduction in days lost due to injury.

Health and Safety statistics	2007–08	2006–07	2005–06	2004–05	2003–04
Accident incident reports	144	251	225	111	69
Workers compensation claims	44	43	34	42	32
Working days lost to compensation claims	996.7	1 252.6	527.5	378	514

Our staff health and well being programs are supported by OSR's OH&S Committee and promoted across OSR. We have organised several health initiatives during the year, including a flu vaccination program, information sessions on stress management and office ergonomics, and the purchase of ergonomic software to encourage stretches and breaks designed to reduce occupational overuse injuries.

Employee Assistance Program (EAP)

OSR provides a personal employee assistance program which is available to all employees and their families. The service provides assistance, support and advice regarding any work-related or personal issue.

The service is well used with a consistent number of referrals from managers and Human Resources staff. Feedback from staff continues to indicate that the EAP service has been helpful.

OSR provides a personal employee assistance program which is available to all employees and their families. The service provides assistance, support and advice regarding any work-related or personal issue.

We are committed to developing the skills and capabilities of our people to meet ongoing challenges and have developed Reaching Your Potential and Dealing with Difficult People for general staff in client contact areas.

Learning and development

This year our Learning and Performance Centre conducted over 700 learning and development activities. Some 200 different programs were delivered, including the development and delivery of 66 fraud awareness training workshops involving over 1000 staff across all seven office sites.

One of our major corporate initiatives this year was the implementation of customised pathways to develop the skills and capabilities of our managers, team leaders and supervisors. Developing capable managers is essential to the continuing success of OSR and is a major focus area of our People Plan. During the year, the following management programs were conducted:

- supervisor fundamentals
- managing in OSR
- Certificate IV in Frontline Management
- Diploma in Frontline Management.

We are committed to developing the skills and capabilities of our people to meet ongoing challenges and have developed Reaching Your Potential and Dealing with Difficult People for general staff in client contact areas.

Our Reaching Your Potential program was initiated by our Spokeswomen's Group. It is designed to encourage participants to assess and evaluate their achievements and longer-term aspirations, from both a career and personal perspective. It also aims to encourage staff to develop an action plan to assist them to achieve their career and personal goals.

Staff can access e-learning programs for the Microsoft Office suite of software and GroupWise email and scheduling software. We have entered a partnership with NSW TAFE (Sydney Institute) to develop an e-learning induction program for new staff.

Recruitment and selection

OSR recruited 275 staff from 3416 applications. The majority of the applications were for frontline client contact positions which support OSR's corporate strategic goal of providing fair and accessible service to the people of NSW.

This year, we began using assessment practices to measure both behavioural and cognitive abilities of applicants. These assessment techniques proved to be particularly valuable with selections for senior roles.

Risk management and strategies

In 2007–08 we strengthened our commitment to managing our risks by implementing an improved Risk Management Framework and Policy. This approach combines the various best practice principles from organisations throughout the public and private sectors.

The framework complies with Australian and New Zealand Risk Management Standard AS/NZS 4360 and the NSW Treasury's Risk Management and Internal Control Toolkit.

This new framework and policy ensures that OSR has an effective and well governed process for managing risk across the organisation.

In addition to the new Risk Management Framework and Policy, OSR has developed a number of management tools to aid staff and managers throughout the risk management process.

All risks identified in OSR are actively monitored and reviewed and those risks assessed as impacting OSR at an enterprise level are reviewed quarterly by OSR's Executive Quality Council.

Energy Management Policy

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

We constantly monitor energy usage throughout our seven sites and remain committed to the principles of sustainability and reduction in greenhouse emissions. We are continually reviewing new and emerging energy-efficient technologies and educate and encourage staff to reduce energy consumption.

We are continuing the rollout of flat screen computer monitors to all staff to reduce energy consumption.

Security

We have revised our disaster recovery strategy and we are in the process of implementing it across all OSR services, systems and electronic information to protect our service delivery capability and ensure that we can continue revenue collection in the event of an emergency or disaster.

We have conducted physical security risk reviews and security risk assessments across all OSR sites. From the review, we have implemented a physical security program to address security issues identified in the reviews.

We have conducted physical security risk reviews and security risk assessments across all OSR sites. We have implemented a physical security program to address security issues identified in the reviews.

Waste reduction and purchasing

OSR is committed to implementing the NSW Government's Waste Reduction and Purchasing Policy (WRAPP) in all our offices. The policy encourages better waste management practices and waste-friendly purchasing. In the areas of recycling paper and cardboard, IT equipment and print consumables, we achieved the following:

Paper and cardboard

OSR used 17.4 tonnes of paper and cardboard and recycled 8.6 tonnes or 64.7 per cent of the paper and cardboard used – up from our recycling rate of 50 per cent reported in 2006–07.

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

OSR uses 100 per cent recycled paper and plans to adopt a policy of using 100 per cent recycled Australian-made paper, as opposed to using imported recycled paper.

Computer and IT equipment

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

Print consumables

OSR recycles 100 per cent of our printer toners. We used and purchased 235 print toner cartridges and recycled them all. OSR recently transferred the recycling of these items to Planet Ark, which is the preferred NSW Government Agency print consumables recycler. Planet Ark returns all Lexmark and other branded toner cartridges to their manufacturer for remanufacture and recycling, with no material ending up in landfill.

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

Fleet fuel efficiency improvements and emission reduction

OSR is committed to meeting the ‘Cleaner NSW Government Fleet’ policy targets by increasing the environmental performance of our fleet and reducing total greenhouse gas emissions.

We have reduced the number of large-engined vehicles in our fleet, with the majority of vehicles now consisting of more fuel-efficient small to medium-sized vehicles. We have also recently purchased a Toyota Prius hybrid petrol-electric vehicle for our fleet.

These measures will see OSR exceed the minimum green rating required in the ‘Cleaner NSW Government Fleet’ policy as new small to medium vehicles are introduced and less-efficient larger vehicles are replaced.

We actively monitor and encourage staff to use ethanol blend ‘E10’ biofuel petrol in all fleet vehicles. E10 usage has risen from an average of 125 litres to 622 litres within our fleet of 28 vehicles and comprises 4.1 per cent of our total fuel usage and complies with the NSW State guidelines of 2 per cent. We expect our entire fleet will be predominantly using E10 petrol next financial year.

We have significantly reduced our fleet running costs by implementing a rolling three-year improvement plan, which incorporates specific fleet performance targets and ensures all vehicles are regularly serviced and maintained to a basic level in-house.

We promote the use of video conferencing facilities installed in each office, which staff can use to participate in meetings remotely and avoid travelling long distances.

OSR is committed to meeting the ‘Cleaner NSW Government Fleet’ policy targets by increasing the environmental performance of our fleet and reducing total greenhouse gas emissions.

Financial Statements

Executive Director's statement

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

a) the accompanying concise financial statements in respect of the year ended 30 June 2008 have been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the requirements of the *Public Finance and Audit Act 1983* and Regulation 2005, and the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Agencies or issued by the Treasurer under Section 9(2) of the Act;

b) the statements and notes exhibit a true and fair view of the financial position and transactions of the Agency; and

c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Mioduszewski

Mick Mioduszewski
9 September 2008
Acting Executive Director and
Chief Commissioner of State Revenue

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

This concise report is an extract from the Treasury report for the year ended 30 June 2008. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

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

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

Discussion and analysis of the operating statement for the year ended 30 June 2008

The net cost of services result was $449.2 million, which is $0.2 million greater than the budget. This was largely attributable to:

- lower employee related expenses of $4.0 million due to vacancies and delayed recruitment which were partially offset by higher other operating expenses of $2.9 million
- lower depreciation and amortisation of $2.4 million due to changes in project implementation dates
- FHOGS payments exceeded budget by $3.4 million due to a higher number of eligible applicants
- sales of services less than budget by $1.4 million mainly due to lower numbers of infringement activity from commercial clients
- higher investment income of $0.9 million mainly due to higher interest rates and bank balance than anticipated
- higher retained fees and revenues of $0.8 million relating to greater recoupment of law costs and other miscellaneous revenues
- losses of $0.6 million resulting from an impairment of FHOGS debtors of $0.5 million and losses on disposal of assets.

Operating statement

For the year ended 30 June 2008

	Actual 2008	Budget 2008	Actual 2007
		$'000	
Expenses excluding losses			
Operating expenses			
Employee related	87 653	91 697	81 348
Other operating expenses	33 769	30 852	33 586
Depreciation and amortisation	11 891	14 243	13 221
Grants and subsidies	347 603	344 182	345 470
Other expenses	–	42	71
Total expenses excluding losses	**480 916**	**481 016**	**473 696**
Revenue			
Sale of goods and services	28 882	30 286	28 817
Investment revenue	2 204	1 296	1 397
Retained taxes, fees and fines	431	180	260
Grants and contributions	–	–	–
Other revenue	831	254	312
Total revenue	**32 348**	**32 016**	**30 786**
Gain/(loss) on disposal	**(80)**	**–**	**(250)**
Other gains/(losses)	**(548)**	**–**	**(1 967)**
Net cost of services	**449 196**	**449 000**	**445 127**
Government contributions			
Recurrent appropriation	434 911	429 294	427 767
Capital appropriation	4 769	4 769	6 046
Acceptance by the Crown Entity of employee benefits and other liabilities	6 272	4 205	5 535
Total Government contributions	**445 952**	**438 268**	**439 348**
Surplus/(deficit) for the year	**(3 244)**	**(10 732)**	**(5 779)**

Statement of recognised income and expenses

For the year ended 30 June 2008

	Actual 2008	Budget 2008	Actual 2007
		$'000	
Total income and expense recognised directly in equity	–	–	–
Surplus/(Deficit) for the year	(3 244)	(10 732)	(5 779)
Total income and expense recognised for the year	**(3 244)**	**(10 732)**	**(5 779)**

Balance sheet

As at 30 June 2008

Discussion and analysis of the balance sheet as at 30 June 2008

Equity increased $7.5 million (17.4%) over the budget of $43.1 million mainly due to the following:

Assets

- cash is higher than budget by $6.7 million mainly due to operating savings and higher government contributions
- receivables under budget by $0.9 million mainly due to a reduction in FHOGS debt
- plant, equipment and intangibles is higher than budget by $2.2 million mainly due to a delay in the implementation of projects.

Liabilities

- provisions were higher than budget by $0.4 million due to the recognition of a possible wage award increase
- other liabilities are higher than budget by $0.1 million.

	Actual 2008	Budget 2008	Actual 2007
		$'000	
Assets			
Current assets			
Cash and cash equivalents	16 622	9 883	11 141
Receivables	11 072	11 964	11 964
Total current assets	**27 694**	**21 847**	**23 105**
Non-current assets			
Receivables	41	2	2
Property, plant and equipment			
– Plant and equipment	23 060	21 539	25 897
Intangible assets	12 877	12 203	17 319
Total non-current assets	**35 978**	**33 744**	**43 218**
Total assets	**63 672**	**55 591**	**66 323**
Liabilities			
Current liabilities			
Payables	4 471	4 437	4 437
Provisions	8 020	7 604	7 604
Other	386	239	239
Total current liabilities	**12 877**	**12 280**	**12 280**
Non-current liabilities			
Provisions	90	86	86
Other	125	133	133
Total non-current liabilities	**215**	**219**	**219**
Total liabilities	**13 092**	**12 499**	**12 499**
Net assets	**50 580**	**43 092**	**53 824**
Equity			
Accumulated funds	50 580	43 092	53 824
Total equity	**50 580**	**43 092**	**53 824**

Cash flow statement

For the year ended 30 June 2008

	Actual 2008	Budget 2008	Actual 2007
		$'000	
Cash flows from operating activities			
Payments			
Employee related	(80 795)	(87 492)	(76 030)
Grants and subsidies	(346 883)	(344 182)	(345 585)
Other	(40 075)	(36 806)	(39 932)
Total payments	**(467 753)**	**(468 480)**	**(461 547)**
Receipts			
Sale of goods and services	28 799	30 286	28 286
Retained taxes, fees and fines	431	180	260
Interest received	1 697	1 296	1 338
GST	6 521	5 912	6 550
Other	646	254	350
Total receipts	**38 094**	**37 928**	**36 784**
Cash flows from Government			
Recurrent appropriation	435 289	429 294	427 767
Capital appropriation	4 769	4 769	6 046
Cash transfers to the Consolidated Fund	(165)	–	(406)
Net cash flows from Government	**439 893**	**434 063**	**433 407**
Net cash flows from operating activities	**10 234**	**3 511**	**8 644**
Cash flows from investing activities			
Proceeds from sale of plant and equipment	176	–	11
Purchases of plant and equipment	(4 929)	(4 769)	(6 254)
Other	–	–	(8)
Net cash flows from investing activities	**(4 753)**	**(4 769)**	**(6 251)**
Net increase/(decrease) in cash	**5 481**	**(1 258)**	**2 393**
Opening cash and cash equivalents	11 141	9 060	8 748
Closing cash and cash equivalents	**16 622**	**7 802**	**11 141**

Discussion and analysis of the cash flow statement for the year ended 30 June 2008

The Net Cash flow from operating activities was $10.2 million, representing a $6.7 million increase over budget. This is explained by the following cash movements:

- higher appropriation of $6 million including funding to support additional fines and FHOGS activities
- lower net employee-related and operating cost payments of $3.4 million primarily due to delays in recruitment
- higher amount of grants paid net of returns equating to $2.7 million
- lower receipts of $1.5 million due to fewer infringements processed for commercial clients, increased enforcement order processing of $0.3 million, increased interest receipts of $0.4 million and increases in miscellaneous receipts of $1 million
- return of monies owing to the Crown totalling $0.2 million.

Net Cash outflow from investing activities was $4.8 million as per the budget.

Program statement – expenses and revenues

For the year ended 30 June 2008

	Program 52.2.1*		Program 52.3.1*		Program 52.4.1*		Not attributable		Total	
Agency's expenses and revenues	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	$'000									
Expenses excluding losses										
Operating expenses										
Employee related	48 745	48 929	34 053	27 914	4 855	4 505	–	–	87 653	81 348
Other operating expenses	17 250	17 310	15 362	15 172	1 157	1 104	–	–	33 769	33 586
Depreciation and amortisation	8 385	8 543	2 733	3 963	773	715	–	–	11 891	13 221
Grants and subsidies	22 182	21 510	–	–	325 421	323 960	–	–	347 603	345 470
Other expenses	–	–	–	71	–	–	–	–	–	71
Total expenses excluding losses	**96 562**	**96 292**	**52 148**	**47 120**	**332 206**	**330 284**	**–**	**–**	**480 916**	**473 696**
Revenue										
Sale of goods and services	3 327	3 273	25 545	25 541	10	3	–	–	28 882	28 817
Investment revenue	1 366	792	712	539	126	66	–	–	2 204	1 397
Retained taxes, fees and fines	–	–	431	260	–	–	–	–	431	260
Grants and contributions	–	–	–	–	–	–	–	–	–	–
Other revenue	810	307	3	–	18	5	–	–	831	312
Total revenue	**5 503**	**4 372**	**26 691**	**26 340**	**154**	**74**	**–**	**–**	**32 348**	**30 786**
Gain/(loss) on disposal	(68)	(153)	(6)	(84)	(6)	(13)	–	–	(80)	(250)
Other gains/(losses)	–	–	–	(1 870)	(548)	(97)	–	–	(548)	(1 967)
Net cost of services	**91 127**	**92 073**	**25 463**	**22 734**	**332 606**	**330 320**	**–**	**–**	**449 196**	**445 127**
Government contributions**	–	–	–	–	–	–	445 952	439 348	445 952	439 348
Net (expenditure)/revenue for the years	**(91 127)**	**(92 073)**	**(25 463)**	**(22 734)**	**(332 606)**	**(330 320)**	**445 952**	**439 348**	**(3 244)**	**(5 779)**
Administered expenses and revenues										
Administered expenses										
Other (Note 6)	105 595	100 371	–	–	–	–	–	–	105 595	100 371
Total administered expenses	**105 595**	**100 371**	**–**	**–**	**–**	**–**	**–**	**–**	**105 595**	**100 371**
Administered revenues										
Consolidated Fund Revenue earned (Note 7(a))										
Taxes, fees, and fines	15 974 598	15 966 667	297 367	244 265	–	–	–	–	16 271 965	16 210 932
Other	755 292	618 316	–	–	–	–	–	–	755 292	618 316
Total administered revenues	**16 729 890**	**16 584 983**	**297 367**	**244 265**	**–**	**–**	**–**	**–**	**17 027 257**	**16 829 248**
Administered revenues less expenses	**16 624 295**	**16 484 612**	**297 367**	**244 265**	**–**	**–**	**–**	**–**	**16 921 662**	**16 728 877**

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

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

Programs/activities of the agency

Program 52.2.1 All due revenue is collected

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

Program 52.3.1 All fines are processed and enforced correctly and on time

Ensure effective and timely infringement processing and fine enforcement services.

Program 52.4.1 Eligible applicants receive their benefits

Ensure eligible applicants receive payments due under State Government schemes.

Summary of compliance with financial directives

For the year ended 30 June 2008

	2008				2007			
	Recurrent Appropriation	Expenditure/ Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net Claim on Consolidated Fund	Recurrent Appropriation	Expenditure/ Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net Claim on Consolidated Fund
	$'000							
Original Budget Appropriation/Expenditure								
Appropriation Act	429 293	429 293	4 769	4 769	383 957	383 807	6 046	6 046
Additional Appropriations	–	–	–	–	–	–	–	–
	429 293	**429 293**	**4 769**	**4 769**	**383 957**	**383 807**	**6 046**	**6 046**
Other Appropriation/Expenditure								
Section 22 – expenditure for certain works and services	31 000	3 422	–	–	39 000	39 000	–	–
Transfers from another agency (Section 27 of the Appropriation Act)	–	–	–	–	13 000	4 960	–	–
Transfers to another agency (Section 27 of the Appropriation Act)	–	–	–	–	(150)	–	–	–
Transfers from another agency (Section 32 of the Appropriation Act)	2 196	2 196	–	–	–	–	–	–
	33 196	**5 618**	**–**	**–**	**51 850**	**43 960**	**–**	**–**
Total Appropriations/ Expenditure/Net Claim on Consolidated Fund (includes transfer payments)	**462 489**	**434 911**	**4 769**	**4 769**	**435 807**	**427 767**	**6 046**	**6 046**
Amount drawn down against Appropriation	–	435 289	–	4 769	–	427 932	–	6 046
Liability to Consolidated Fund (Note 15)	**–**	**378**	**–**	**–**	**–**	**165**	**–**	**–**

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

Notes to Financial Statements for year ending 30 June 2008

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

1. Administered activities

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

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

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

- government-assessed revenues (primarily land tax) are regarded as being able to be measured reliably at the time of issuing the assessment.
- taxpayer-assessed revenues (including payroll tax) are regarded as being able to be measured reliably when the funds are received by the tax collecting agency. Additional revenues are recognised for assessments subsequently issued following the review of returns lodged by taxpayers.
- Interest payable on government and taxpayer-assessed revenues is brought to account on a daily basis.
- Enforcement orders issued are regarded as being able to be measured reliably when the enforcement order is issued. Infringements issued, are regarded as being able to be measured reliably when the cash is received.
- Receivables and liabilities reported under administered activities are a result of statutory requirements and are not financial instruments.

2. Trust funds

Monies held in trust for the Crown Entity and others are not recognised in the financial report, as OSR cannot use them for the achievement of its objectives. They are held in either a trust bank account or public monies bank account.

The following is a summary of the transactions in these accounts:

a) Unclaimed Money Trust Accounts

	Testamentary and Trust Common Fund		Testamentary and Trust Interest		Companies Liquidation		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	$'000							
Cash balance at the beginning of the financial year	4 340	4 313	6 769	6 259	1 007	1 170	12 116	11 742
Add: Receipts	14	27	601	510	2	2	617	539
Less: Expenditure	–	–	–	–	–	2	–	2
Transfers to Crown	–	–	–	–	253	163	253	163
Cash balance at the end of the financial year	**4 354**	**4 340**	**7 370**	**6 769**	**756**	**1 007**	**12 480**	**12 116**

b) SDRO Client Funds Account – Fines

	2008	2007
	$'000	
Cash balance at the beginning of the financial year	14 585	13 131
Add: Receipts	122 483	119 146
Less: Payments	122 524	117 692
Cash balance at the end of the financial year	**14 544**	**14 585**

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

c) SDRO Public Monies Accounts – Fines

	2008	2007
	$'000	
Cash balance at the beginning of the financial year	5 567	8 468
Add: Receipts	155 075	127 650
Less: Payments	152 048	130 551
Cash balance at the end of the financial year	**8 594**	**5 567**

Amounts held in the Public Monies account for SDRO represent receipts collected on behalf of clients during the debt management process, that are remitted in the month following receipt.

3. Administered assets – receivables

a) Tax receivables

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

	2008	2007
	$'000	
Current and instalment amounts	752 015	828 975
Overdue amounts	159 531	174 263
	911 546	**1 003 238**
Less: allowance for impairment	23 362	31 423
Net receivables	**888 184**	**971 815**

The receivables above represent taxes owed by clients at the close of business on 30 June 2008 and exclude any credit balances, which are disclosed separately in Note 4. Included in current amounts are matters totalling $504.7 million ($468.9 million 2006–07) that are under objection or appeal.

Current and instalment amounts

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

	Current		Instalments		Total		Allowance for impairment		Net	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	$'000									
Duties ii)	559 023	582 439	–	–	559 023	582 439	(1 481)	(1 668)	557 542	580 771
Payroll tax	35 305	36 527	–	–	35 305	36 527	(5 048)	(6 303)	30 257	30 224
Land tax	127 411	186 191	9 086	14 341	136 497	200 532	(145)	(159)	136 352	200 373
Parking space levy	8 311	8 411	–	–	8 311	8 411	(101)	(85)	8 210	8 326
Accommodation levy	–	23	–	–	–	23	–	–	–	23
Club gaming devices i)	3 657	163	8 549	–	12 206	163	–	–	12 206	163
Hotel gaming devices	673	880	–	–	673	880	–	–	673	880
Total receivables	**734 380**	**814 634**	**17 635**	**14 341**	**752 015**	**828 975**	**(6 775)**	**(8 215)**	**745 240**	**820 760**

i) For the final quarter in 2007–08, approved clubs can pay their gaming machine tax in three equal instalments without being charged interest for the late payment. The scheme aims to assist clubs demonstrating hardship.

ii) Duties receivables include an assessment for $460.9 million consisting of $258.9 million duty and $202 million interest ($423.7 million consisting of $258.9 million duty and $164.8 million interest in 2006–07) which is subject to appeal in the Supreme Court. The matter is currently in the legal discovery phase. The Chief Commissioner of State Revenue does not believe that there are grounds for impairing the receivable at this time.

Overdue amounts

	Less than 30 days		31–90 days		Greater than 90 days		Total		Allowance for impairment*		Net	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	$'000											
Duties	810	1 097	1 465	2 655	7 346	9 384	9 621	13 136	(1 989)	(2 671)	7 632	10 465
Payroll tax	6 313	2 902	6 586	6 577	26 483	43 521	39 382	53 000	(12 890)	(18 466)	26 492	34 534
Land tax	3 646	11 715	13 671	10 737	90 258	81 483	107 575	103 935	(1 509)	(1 865)	106 066	102 070
Parking space levy	6	43	–	177	1 443	2 001	1 449	2 221	(199)	(206)	1 250	2 015
Club gaming devices	850	301	–	–	69	51	919	352	–	–	919	352
Hotel gaming devices	–	–	16	228	569	1 391	585	1 619	–	–	585	1 619
Total receivables	**11 625**	**16 058**	**21 738**	**20 374**	**126 168**	**137 831**	**159 531**	**174 263**	**(16 587)**	**(23 208)**	**142 944**	**151 055**

* The Allowance for impairment relates to matters primarily greater than 90 days overdue.

Recovery of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An Allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. The credit risk is the carrying amount (net of any allowance for impairment). Interest is charged on overdue receivables in accordance with S22 of the *Tax Administration Act 1996*. The carrying amount approximates fair value.

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

Land Tax

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

b) Fine receivables (SDRO)

	2008	2007
	$'000	
Opening balance	855 155	790 841
Movement excluding write-off adjustment	43 272	64 314
Write-off adjustment	(37 380)	–
	861 047	**855 155**
Less: Application of AAS29 i)	609 298	617 209
Closing balance	**251 749**	**237 946**

i) Receivables that do not meet the asset recognition criteria.

$0.5 million (2006–07 $0.5 million) being repaid by referring agencies to the SDRO is not included in the receivables reported above.

The following is a summary of receivable balances by year of enforcement:

	Pre-2006	Pre-2006 write-off	Pre-2006 post write-off	2006	2007	2008	Total	AAS29	Net
					$'000				
Source									
Current i)									
Infringement Processing Bureau	264 090	(23 090)	241 000	50 568	54 672	89 859	436 099	244 734	191 365
Court	167 333	–	167 333	34 042	32 719	40 409	274 503	227 994	46 509
State electoral office	10 907	(476)	10 431	158	388	2 970	13 947	8 884	5 063
Sheriff's office	10 760	(59)	10 701	2 117	3 159	2 269	18 246	17 384	862
Other	17 329	–	17 329	10 580	3 074	3 110	34 093	26 307	7 786
Historical ii)									
Warrant Index Unit (WIU)	51 185	–	51 185	36	668	3	51 892	51 816	76
Roads and Traffic Authority (RTA)	44 160	(13 113)	31 047	17	11	1 192	32 267	32 179	88
Total historical and current fines	**565 764**	**(36 738)**	**529 026**	**97 518**	**94 691**	**139 812**	**861 047**	**609 298**	**251 749**
RTA sanction costs iii)	5 769	(642)	5 127	789	1 081	2 355	9 352	–	9 352
Total owing	**571 533**	**(37 380)**	**534 153**	**98 307**	**95 772**	**142 167**	**870 399**	**609 298**	**261 101**

i) Current fines are those referred to SDRO following its establishment in 1998.

ii) Historical fines are those that were referred to SDRO on its establishment from the WIU and the RTA. Amounts are owing in each of the years as they have been enforced over a period of time.

iii) RTA sanction costs reported above are paid to the RTA when collected.

iv) $37.4 million of fine receivables approved for write-off prior to 30 June 2008 are included in the above figures and will be written of in the subsidiary ledger in 2008–09.

4. Administered liabilities

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

	2008	2007
	$'000	
Duties	4 528	5 138
Payroll tax	6 964	5 061
Land tax	8 060	8 791
Parking space levy	380	53
Tax equivalents	–	–
Club gaming devices	–	1
Hotel gaming devices	17	16
Totalizator tax on and off course totes	–	4
Insurance protection tax	15	1
Fines	400	38
Total administered liabilities	**20 364**	**19 103**

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

5. Administered revenue – debts written off/remissions

a) Debts written off

	2008			2007		
	Tax/fines	Penalties/ interest	Total	Tax/fines	Penalties/ interest	Total
	$'000					
Duties	4 069	2 599	6 668	1 051	301	1 352
Parking space levy	3	9	12	2	2	4
Payroll tax	13 603	9 827	23 430	6 967	3 746	10 713
Land tax	858	620	1 478	1 079	262	1 341
Club gaming devices	32	13	45	272	83	355
Hotel gaming devices	500	303	803	35	15	50
Insurance protection tax	36	–	36	–	–	–
Total debts written off	**19 101**	**13 371**	**32 472**	**9 406**	**4 409**	**13 815**

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

b) Remissions

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

Penalties and interest remitted during the year amounted to:

	2008			2007		
	Penalties	Interest	Total	Penalties	Interest	Total
	$'000					
Duties	93	4 057	4 150	110	1 782	1 892
Parking space levy	1	1 118	1 119	7	1 924	1 931
Payroll tax	226	10 208	10 434	502	5 930	6 432
Land tax	–	13 922	13 922	–	11 818	11 818
Accommodation levy	–	56	56	–	–	–
Health insurance levies	–	–	–	–	448	448
Club gaming devices	–	39	39	–	11	11
Hotel gaming devices	–	37	37	–	17	17
Fixed odds sports betting	–	1	1	–	–	–
Totalizator tax on and off course totes	–	10	10	–	6	6
Total remissions	**320**	**29 448**	**29 768**	**619**	**21 936**	**22 555**

Interest and penalty can be remitted in part or full if the client can provide a satisfactory explanation for the default. Land tax remission reversals of $40 000 ($4000 in 2006–07) related to prior years have not been included.

6. Administered expenses – other

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

	2008	2007
	$'000	
Act of Grace payments	536	7 413
Petroleum subsidies i)	42 143	40 931
Court imposed interest payments	2 213	1 114
Unclaimed money refund – S14 *Public Finance and Audit Act*	95	89
Bad debts expense iv)	24 411	19 116
Land tax discounts ii)	15 909	15 996
GST rebate – Clubs iii)	18 848	19 267
Total administered expenses	**104 155**	**103 926**

i) **Petroleum subsidies**
Petroleum subsidies are paid to petroleum distributors to enable northern NSW retailers to compete with Queensland retailers who are provided with a subsidy by the Queensland Government.

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

iii) **GST rebate – Clubs**
The GST rebate is paid to clubs to compensate for the impact of the GST and commenced during 2004–05. It is based on gaming profits and is paid quarterly.

iv) **Bad debts expense**
During 2007–08 the allowance for impairment includes interest accruing on overdue receivables. Adjustments reducing the impairment allowance by $1.4 million for 2007–08 and increasing the comparative for 2006–07 by $3.6 million (2005–06 $4.6 million) have been included.

7. Administered revenue – Consolidated Fund

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

a) Revenue earned

	Actual 2008	Budget 2008	Actual 2007
		$'000	
Taxes, penalties and interest			
Duties i)	5 539 719	5 269 400	5 952 131
First home purchase scheme	–	–	1
Total duties	**5 539 719**	**5 269 400**	**5 952 132**
Parking space levy i)	50 165	51 000	52 004
Payroll tax i) ii)	7 043 876	6 763 000	6 440 454
Land tax i) ii)	1 968 378	1 752 000	2 065 665
Accommodation levy i)	32	–	–
Health insurance levy i)	125 363	123 000	119 665
Insurance protection tax	67 843	68 750	67 160
Gaming and racing			
Keno tax	7 687	7 900	7 668
Totalizator tax on and off course totes i)	141 265	154 200	147 022
Fixed odds sports betting i)	5 662	4 961	5 822
Fixed odds racing betting	294	404	414
Footy TAB	665	783	724
Club gaming devices i) iv)	608 986	623 000	661 056
Hotel gaming devices i)	407 383	438 000	446 881
Total gaming and racing	**1 171 942**	**1 229 248**	**1 269 587**
Total taxes, penalties and interest v)	**15 967 318**	**15 256 398**	**15 966 667**
Fines vi)			
Motor traffic fines iii)	245 493	191 200	207 829
Other fines	1 358	1 500	888
Court fines	6 851	6 500	6 294
Fees	37 169	32 800	29 254
Total fines	**290 871**	**232 000**	**244 265**
Total taxes, fines, penalties and interest	**16 258 189**	**15 488 398**	**16 210 932**
Other			
Tax equivalents	751 427	421 300	605 623
Unclaimed money	3 256	19 000	11 344
Other revenue	609	–	1 349
Total other	**755 292**	**440 300**	**618 316**
Total revenue earned	**17 013 481**	**15 928 698**	**16 829 248**

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

	2008	2007
	$'000	
Duties	43 230	191 694
Parking space levy	1 801	3 533
Payroll tax	27 718	31 395
Land tax	34 926	31 528
Accommodation levy	32	–
Health insurance levy	–	746
Totalizator tax on and off course totes	10	6
Fixed odds sports betting	1	–
Club gaming devices	165	119
Hotel gaming devices	256	447
Total	**108 139**	**259 468**

ii) The budget for payroll tax and land tax include consolidation elimination estimates for public sector agencies of $803 million and $2 million respectively

iii) $13.8 million (2006–07 $18.9 million) has been recognised in motor traffic fine revenue that relates to the increase in recoverable fines for the current year (refer to Note 3 (b))

iv) For the final quarter in 2007–08, approved clubs can pay their gaming machine tax in three equal instalments without being charged interest for the late payment. The scheme aims to assist clubs demonstrating financial hardship

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

vi) The following table provides a reconciliation of the comparative for 2007. The change in presentation is a result of the continued integration of the fine infringement and fine debt recovery operations.

	2007	2007 Comparative				
		Motor traffic	Fees	Courts	Other	Total
	$'000					
Infringement processing						
Traffic	84 963	84 963	–	–	–	84 963
Parking	10 041	10 041	–	–	–	10 041
Red light camera	9 670	9 670	–	–	–	9 670
Speed camera	32 334	32 334	–	–	–	32 334
Other revenue	5 730	2 251	3 479	–	–	5 730
	142 738	**139 259**	**3 479**	**–**	**–**	**142 738**
Debt recovery						
Motor traffic	69 615	68 304	1 311	–	–	69 615
Local courts	5 782	266	–	5 516	–	5 782
Enforcement	24 464	–	24 464	–	–	24 464
Other	1 258	–	–	778	480	1 258
Electoral	408	–	–	–	408	408
	101 527	**68 570**	**25 775**	**6 294**	**888**	**101 527**
Total fines	**244 265**	**207 829**	**29 254**	**6 294**	**888**	**244 265**

b) Revenue collected

	Actual 2008	Actual 2007
	$'000	
Taxes, penalties and interest		
Duties	5 555 205	5 424 915
First home purchase scheme	16	28
Total duties	**5 555 221**	**5 424 943**
Parking space levy	51 507	47 767
Payroll tax	7 026 756	6 399 998
Land tax	1 996 776	1 954 704
Health insurance levy	125 362	119 218
Insurance protection tax	67 821	67 381
Gaming and racing		
Keno tax	7 687	7 668
Totalizator tax on and off course totes	141 250	147 021
Fixed odds sports betting	5 660	5 822
Fixed odds racing betting	294	414
Footy TAB	665	724
Club gaming devices	596 292	663 041
Hotel gaming devices	407 786	446 660
Total gaming and racing	**1 159 634**	**1 271 350**
Total taxes, penalties and interest i)	**15 983 077**	**15 285 361**
Fines ii)		
Motor traffic fines	231 690	188 914
Other fines	1 358	888
Court fines	6 851	6 294
Fees	37 169	29 254
Total fines	**277 068**	**225 350**
Total taxes, fines, penalties and interest	**16 260 145**	**15 510 711**
Other		
Tax equivalents	751 427	605 582
Unclaimed money	3 256	11 344
Other revenue	609	1 349
Total other	**755 292**	**618 275**
Total revenue collected	**17 015 437**	**16 128 986**

i) $187 000 relating to a refund of debits tax for a prior period has not been included.

ii) The following table provides a reconciliation of the comparative for 2006–07. The change in presentation is a result of the continued integration of the fine infringement and fine debt recovery operations.

	2007	2007 Comparative				
		Motor traffic	Fees	Courts	Other	Total
	$'000					
Infringement processing						
Traffic	84 963	84 963	–	–	–	84 963
Parking	10 041	10 041	–	–	–	10 041
Red light camera	9 670	9 670	–	–	–	9 670
Speed camera	32 334	32 334	–	–	–	32 334
Other revenue	5 730	2 251	3 479	–	–	5 730
	142 738	**139 259**	**3 479**	**–**	**–**	**142 738**
Debt recovery						
Motor traffic	50 700	49 389	1 311	–	–	50 700
Local courts	5 782	266	–	5 516	–	5 782
Enforcement	24 464	–	24 464	–	–	24 464
Other	1 258	–	–	778	480	1 258
Electoral	408	–	–	–	408	408
	82 612	**49 655**	**25 775**	**6 294**	**888**	**82 612**
Total fines	**225 350**	**188 914**	**29 254**	**6 294**	**888**	**225 350**

8. Administered contingent liabilities and contingent assets

There are currently 186 matters where the Crown Solicitor is acting on behalf of Treasury. The Crown Solicitor is unable to provide an estimate of settlement for these matters.

End of concise Financial Statements.

Appendices

Appendix 1 Legislative changes

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

State Revenue Legislation Amendment Act 2008 received assent on 2 July 2008

Amends the following Acts:

Duties Act 1997

- prevents the use of duty concession on partitions of land to avoid duty on exchanges of land that are not genuinely between joint owners
- extends the circumstances in which a duty concession applies in relation to deceased estates
- introduces a duty concession for the enlargement of a term in land into a fee simple
- introduces a duty exemption for pharmacists who incorporate
- allows the First Home Plus duty concession to be claimed, in certain circumstances, in respect of a purchase of land even if the land constitutes a multiple occupancy
- prevents the avoidance of land-rich duty by means of a declaration of trust
- introduces a concession on the duty payable for registration of a motor vehicle in respect of any motor vehicle that has been modified for the purpose of use by, or transport of, a person with a disability
- extends the duty exemption for charities to a person who acts as a trustee of a charity when acting in that capacity
- provides that the stamping of an instrument under the Act is a tax assessment for the purposes of the *Taxation Administration Act 1996*
- extends provisions that relate to quoted marketable securities to stapled securities that are quoted on a stock exchange
- removes obsolete and redundant provisions in the Act and make other changes by way of statute law revision.

First Home Owner Grant Act 2000

- allows the grant to be claimed (in certain circumstances) if a person builds a home on land owned by another, purchases a manufactured home and installs it on land owned by another or purchases land with the assistance of another person who acquires a small interest in the property
- extends (from two years to three years) the period during which proceedings for an offence against the Act must be commenced.

Health Insurance Levies Act 1982

- amends the description of family membership plans to use Commonwealth health insurance legislation definition for ‘dependants’.

Land Tax Management Act 1956

- clarifies an exemption for non-profit associations
- clarifies the application of the principal place of residence exemption to land comprised of two or more lots or strata lots

We developed legislation to implement Government decisions to amend tax legislation, including amendments to reduce the payroll tax rate and index the tax-free threshold from 1 July 2008, announced in the 2008-09 Budget speech by the Treasurer.

- extends a concession to land owned by one person that is comprised of multiple residential occupancies
- clarifies that strata lots are also eligible for the exemption for land owned and used by a non-profit association.

Payroll Tax Act 2007

- clarifies an exemption for charitable bodies
- modifies grouping provisions.

Taxation Administration Act 1996

- allows tax officers to disclose information obtained under taxation laws in connection with the administration of the *Fines Act 1996*
- allows information obtained under taxation laws to be disclosed to the Commissioner of NSW Fire Brigades and the Commissioner of the NSW Rural Fire Service
- extends (from two years to three years) the period during which proceedings for an offence against a taxation law must be commenced.

Unclaimed Money Act 1995

- makes amendments as a consequence of changes to Commonwealth law dealing with unclaimed superannuation benefits.

Repeals the following:

- *Debits Tax Act 1990* (as the tax under that Act has been abolished)
- *Stamp Duties Act 1920* (which was replaced by the *Duties Act 1997*) – provisions have also been made for the final determination of duty payable in respect of leases that are chargeable with duty under that Act
- *Taxation Administration Regulation 2003* – remaining provisions of that regulation were transferred to the *Taxation Administration Act 1996*.

State Revenue and other Legislation Amendment (Budget) Act 2008 received assent on 1 July 2008

Amends the following Acts:

Duties Act 1997

- brings forward the date for abolition of duty on transfers of business assets, statutory licences and permissions and poker machine entitlements, to 1 January 2011
- provides a duty exemption for certain restructure arrangements known as 'top hatting' arrangements
- ensures that duty on transfers of shares in commercial fisheries is abolished on 1 January 2009 (when duty on transfers of marketable securities is abolished).

Payroll Tax Act 2007

- reduces the current payroll tax rate of six per cent to 5.5 per cent over three years
- indexes the tax-free threshold annually (starting on 1 July 2008) so that it will increase in line with increases in the Consumer Price Index for Sydney
- applies special arrangements for the three financial years over which the reduction in tax rate will be phased in (including arrangements for the allocation of any unused portion of tax-free threshold for a half-year to the other half of the year).

Fines Amendment Act 2008 received assent on 25 June 2008

Amends the following Acts:

Fines Act 1996

- makes it clear that persons may pay an amount payable under a penalty notice (or penalty reminder notice) by part payments, so long as the full amount is paid within the time required by the notice concerned
- provides that a person may elect to have a matter that is the subject of a penalty notice (or penalty reminder notice) dealt with by a court, even if the whole or part of the amount payable under such a notice has been paid, and
- provides that a penalty reminder notice may be issued and a penalty notice enforcement order may be made even if the relevant penalty notice or penalty reminder notice (or both) was returned as being undelivered to its sender after being sent to the person at an address supplied by the person at the time of the offence concerned or current in the records of the RTA,
- clarifies the manner in which a person served with a penalty reminder notice for a vehicle or vessel offence may name some other person as the person who was in charge of the vehicle or vessel concerned at the relevant time relating to the offence, and
- makes amendments consequential on the merging of the Infringement Processing Bureau and the SDRO, and
- allows the SDRO and its staff to disclose information to certain tax and other officers.

Criminal Procedure Act 1986

- makes it clear that in criminal proceedings relating to an offence for which a penalty notice was issued, the prosecutor of the offence may be represented and appear by a police prosecutor.

Significant Legal Cases (Decided)

Trust Company Limited v Chief Commissioner of State Revenue (2007) NSW CA 255

Issue

Whether the anti-avoidance provisions in Section 24 of the *Duties Act 1997* (arrangement reducing dutiable value of dutiable property) applied to a duty minimisation scheme under which a prospective seller of tenanted commercial property first granted a long-term concurrent lease to the prospective purchaser and then sold the land to the purchaser subject to that lease (as well as prior leases in possession).

Outcome

It was held by the majority of the NSW Court of Appeal (Mason P and Santow JA, Giles JA dissenting) that Section 24 applied to such a scheme. According to the judges, the relevant arrangement within the meaning of Section 24 was the creation of the long-term lease, and that it was not fatal to the application of the section both that this arrangement predated the dutiable transaction (being the subsequent agreement for sale) and that it altered the nature of the vendor's estate in the land which was the subject of that dutiable transaction. This decision confirms the Chief Commissioner's view that Section 24 is to be given a broad operation, consistent with its anti-avoidance purpose.

Chief Commissioner v McGrath [2008] NSWSC 387

Issue

Whether the contiguous lands in the same street consisting of two lots are both exempt as the owner's principal place of residence. The Commissioner treated one lot as exempt under the principal place of residence exemption whereas the second adjoining lot was assessed as liable for the 2006 tax year for the sum of $46 816.

Outcome

Justice Ian Gzell affirmed the first decision that the applicants failed to show that there was a unity of use between the two lots and therefore the second lot did not satisfy the relevant tests for the exemption.

Appendix 2 New publications

New publications

Annual Report 2006–07

Corporate Plan 2007–08

Freedom of Information – Statement of Affairs 2007–08

Land Tax Information Booklet 2007–08

NSW Payroll Tax Seminar Notes

NSW State Taxes Seminar Notes

OSR Connect newsletters

OSR Strategic Plan 2011

FHOGS newsletters

Factsheets

Duty Relief for Storm Damaged Vehicles in Declared Natural Disaster Areas

Duty Relief for Storm Damaged Vehicles – Newcastle and Hunter

Duty Relief for Storm Damaged Vehicles – Lismore Hailstorm

Duty Relief for Storm Damaged Vehicles – Western Sydney Hailstorm

EDR (Electronic Duties Returns)

First Home Benefits

Health Insurance Levy and State Ambulance Insurance Plan

Hire of Goods

Insurance Duty

Interest and Penalty Tax

Investigations

Land Tax 2008 – Section 47 Clearance Certificate

Land Tax – Information for Trustees and Unit Holders of Unit Trusts

Land Tax Guide 2008

Land Tax 2008

Motor Vehicle Registration Duty

NSW Duties Rates

Objections and reviews

Parking Space Levy

Payroll Tax (NSW) – Exemptions

Payroll Tax (NSW) – Contractors and Employment Agents

Payroll Tax (NSW) – Information for Employers

Proof of Identity Documents for First Home Owner Grant Applications

Taxation Hardship Review Board

Unclaimed Money – Information for Claimants

Unclaimed Money – Information for Super Funds

Revenue Rulings

Land tax

- LT 080 – Exemption – Land Used and Occupied Primarily for a Boarding House – 2008 Tax Year
- LT 081 – Exemption – Land Used and Occupied Primarily for Low Cost Accommodation – 2008 Tax Year

Payroll Tax

- PTA 001 – NSW payroll tax liability for wages paid by an employer – 12 July 2007
- PTA 002 – Expatriate employees – 12 July 2007
- PTA 003 – Fringe benefits – 12 July 2007
- PTA 004 – Termination payments – 12 July 2007
- PTA 005 – Exempt allowances: motor vehicle and accommodation – 12 July 2007
- PTA 006 – Payroll tax exemption for payments to owner-drivers – 12 July 2007
- PTA 007 – Contractor provisions – door-to-door sale of goods – 12 July 2007
- PTA 008 – GST considerations for the calculation of payroll tax liability – 12 July 2007
- PTA 009 – Payroll tax charitable exemption – meaning of exclusively – 12 July 2007
- PTA 010 – Wage subsidies – 13 September 2007
- PTA 011 – Allowances and reimbursements – 13 September 2007
- PTA 012 – Exemption for maternity and adoption leave pay – 13 September 2007
- PTA 013 – Fees paid to golf professionals by golf clubs – 13 September 2007
- PTA 014 – What constitutes a day's work? – 13 September 2007
- PTA 015 – Workers compensation payments – *Payroll Tax Act 2007* – 11 January 2008
- PTA 016 – Profit distributions and loan accounts – *Payroll Tax Act 2007* – 11 January 2008
- PTA 017 – Grouping of professional practices and administration businesses – 11 January 2008
- PTA 018 – Contractor deductions – 11 January 2008
- PTA 019 – Contractors – labour and non-labour components – 11 January 2008
- PTA 020 – Contractors – 180-day exemption – 11 January 2008
- PTA 021 – Exemption for contractors ordinarily rendering services to the public – 11 January 2008
- PTA 022 – Contractors – services not ordinarily required – 11 January 2008
- PTA023 – Contractors engaging others – 30 June 2008
- PTA024 – Overnight accommodation allowances paid to truck drivers – 30 June 2008
- PTA025 – Motor vehicle allowance paid to real estate salespersons – 30 June 2008
- PTA026 – Employment agency contracts declaration by exempt clients – 30 June 2008

- PTA027 – Employment agency contracts chain of on-hire – 30 June 2008
- PTA028 – Employment agency contracts – workers on-hired to Government – 30 June 2008
- PTA029 – Recruitment agencies/placement agencies/job placement agencies – 30 June 2008
- PTA030 – Penalty charges under superannuation guarantee charge – 30 June 2008
- PTA031 – Commissioner's discretion to exclude from a group – 30 June 2008
- PTA032 – Payroll tax exemption for schools – 30 June 2008.

Appendix 3 Committees

Directors' Committee

OSR Directors meet fortnightly to review strategic operational and financial issues.

Members: Tony Newbury (Chair), Bob Gillam (from March 2008), Dianne Barden, Mick Mioduszewski, Bob Smith (to March 2008), Bob Mielnik, Mohan Ayyar (to January 2008), Karen Clarke (from January 2008 to May 2008), Angela Collins (from February 2008 to June 2008), David Kennedy (from May 2008), Alexandra Givney (from June 2008).

Audit Committee

Meets bi-monthly to oversee the activities of internal audit and external audit. The Audit Committee is a fundamental part of OSR's corporate governance structure. The committee includes senior management staff with key financial and executive responsibilities and has an independent chair.

Members: Peter Lucas (Independent Chair), Tony Newbury, Dianne Barden, Robert Gillam, Bob Mielnik, Mick Mioduszewski (from April 2008).

Observers: Peter Barnes (NSW Audit Office), David Nolan (NSW Audit Office), KP Sharma (NSW Audit Office), Suzette Gay.

Information and Communications Technology Steering Committee

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

Members: Tony Newbury (Chair), Mick Mioduszewski, Dianne Barden, Mohan Ayyar (to December 2007), Ermil Sipp, Prakash Sakya, John Macleay (from February 2008), Anu Dixit, Mark Buttner (to February 2008), Greg Frearson, Natasha Makoter (from February 2008), Karen Clarke (from February 2008 to May 2008), Angela Collins (from February 2008 to June 2008), David Kennedy (from May 2008), Alexandra Givney (from June 2008).

Executive Quality Council

Meets quarterly and represents the peak body to oversee and provide strategic direction for quality management initiatives across OSR. The Council reviews a number of 'quality' indicators across OSR, including key performance indicators with a 'quality' focus, issues arising from ISO internal review reports and internal audits, outcomes of the client complaints and compliments, and the quarterly review of the Enterprise Risk Register.

Members: Tony Newbury (Chair), Dianne Barden, Mick Mioduszewski, Bob Mielnik, Bob Gillam, Nancy Arya and Suzette Gay.

OSR and NSW Land and Property Information Liaison Committee

Representatives of both offices meet on a regular basis to discuss opportunities and develop strategies to maximise the quality and timely delivery of land information.

OSR representatives: Tony Newbury, Dianne Barden, Nikki Kempson, Matthew Hay, Alan Bell, Gillian Lewis, Peter Rolfe, John Murray and Karen Flavin.

Department of Lands representatives: Des Mooney, Phillip Western, Barry Douse, Simon Gilkes, Bruce Helman, Grieg Nott, Angela Shaw, Brian Griffiths, Michael Smith and Carl Ginger.

State Taxes Liaison Committee

Meetings between OSR and professional, industry and client groups to resolve technical and administrative issues and to consider proposals for legislative changes.

OSR members: Bob Smith (chair until March 2008), Robert Gillam (chair from March 2008), Tony Newbury, Peter Rolfe (from March 2008), Ian Phillips, Peter Johnson.

Client organisations represented: Australian Society of Certified Practising Accountants, Chartered Secretaries of Australia, Housing Industry Association, Institute of Chartered Accountants, Law Society of NSW, Real Estate Institute of NSW, State Council Inc and Small Business Combined Association, the Taxation Institute of Australia and the Property Council of NSW.

OSR directors meet fortnightly to review strategic and operational issues. Alternative meetings include a comprehensive review of OSR budgets and financial information.

Corporate Management Committee

OSR directors and senior management meet monthly to discuss operational and strategic issues. This committee monitors OSR's corporate performance and includes a review of key performance indicators, enterprise risks and revenue performance.

Members: Tony Newbury, Dianne Barden, Mick Mioduszewski, Bob Smith (to March 2008), Bob Gillam, Ermil Sipp, Nikki Kempson, Gillian Lewis, Mohan Ayyar (to December 2007), Suzette Gay, Prakash Sakya, John Macleay, Anu Dixit, Nancy Arya, Michael Maclean, Peter Cripps (to May 2008), Bob Mielnik, Peter Rolfe, Peter Johnson, Ian Phillips, Karen Clarke (from February 2008 to May 2008), Therese Briggs, Robyn Hallim (to December 2008), Natasha Makoter (from February 2008), Alan Watkins, Mick Roelandts, Gregory Frearson, Matthew Hay, Pablo Simoes, Sandra Rothwell, Mark Lee, Alan Bell (from February 2008), Craig Bevins (to April 2008), Angela Collins (to June 2008), David Kennedy (from May 2008), Louise Burlinson (from June 2008) Alexandra Givney (from June 2008), Tim Jessup (from July 2008).

Treasury Consultative Committee

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

Management representatives: Bob Mielnik, Michael MacLean, Rose Williams (OFM), Daniel Quinn (OFM).

Staff and Union representatives: Chris Harrison, Donna Corbin, Nicola Christie, Therese Hall (all OSR), Richard Steven (OFM), Greg O'Donnell (OFM), Rachel O'Shea (PSA), Dylan Smith (PSA), Garry Harris (PSA).

Occupational Health and Safety Peak Committee

The Peak Committee meets monthly to assess OH&S trends and issues that require action and recommends preferred strategies.

Members: Pablo Simoes, Gary Rosevear and Janelle Fisher (Parramatta), Steve Corbett (Sydney), David Anderson (Newcastle), Brian Carnegie (Wollongong), Stephen Smith (Maitland), and Julia Wilkman (Lithgow).

Appendix 4 Expenditure on Consultants

Consultants costing $30 000 or more

Consultant	Project	Amount (ex GST)
Deloitte	Infringement processing review	$80 640
KPMG	Debt management review	$157 735
KPMG	Land tax review stages 1 and 2	$158 711
Project Control Group Pty Ltd	OSR accommodation strategy	$45 400
Jose Palermo	SDRO Business Strategy and Pricing Principles	$36 000

Consultants costing less than $30 000

Two consultancies cost less than $30 000. They were organisational reviews, costing a total of $34 250. The total cost of OSR consultancies was $512 736.

Appendix 5 Freedom of Information

The Office of State Revenue (OSR) experienced a rise in applications received under the *Freedom of Information Act 1989* (FOI Act) in 2007–08. The number of applications went from 107 to 150.

During 2007–08 the Freedom of Information function was centralised within the Ministerial and Executive Services Unit as part of a re-alignment of the unit's location within the department and its role and functions. The re-alignment was instigated by an efficiency review of the services provided by the unit.

Staffing changes during the year and an increase in the complexity of applications led to an increase in the number of determinations not being completed within statutory timeframes.

There were no Ministerial certificates issued, requests for amendments or applications for notation of personal records nor any fee refunds granted as a result of significant correction of personal records.

Freedom of Information requests

	Personal		Other		Total	
	2007–08	2006–07	2007–08	2006–07	2007–08	2006–07
New (including transferred in)	42	38	95	57	137	95
Brought forward	5	5	8	7	13	12
Total to be processed	**47**	**43**	**103**	**64**	**150**	**107**
Completed	43	35	89	51	132	86
Discontinued	2	3	13	5	15	8
Total processed	**45**	**38**	**102**	**56**	**147**	**94**
Unfinished (carried forward)	2	5	1	8	3	13

Discontinued applications

	Personal		Other		Total	
	2007–08	2006–07	2007–08	2006–07	2007–08	2006–07
Request transferred to another agency	0	0	4	0	4	0
Applicant withdrew request	2	3	2	5	4	8
Applicant failed to pay advance deposit	0	0	1	0	1	0
Applicant failed to amend a request that would have been an unreasonable diversion of resources	0	0	6	0	6	0
Total discontinued	**2**	**3**	**13**	**5**	**15**	**8**

Completed applications

	Personal		Other		Total	
	2007–08	2006–07	2007–08	2006–07	2007–08	2006–07
Granted in full	24	13	63	27	87	40
Granted in part	11	19	17	10	28	29
Refused	3	3	9	13	12	16
No documents held	5	0	0	1	5	1
Completed	43	35	89	51	132	86

Note: All applications fully granted and partially granted were provided directly to the client.

Exempt documents

Elapsed time	Personal		Other		Total	
	2007–08	2006–07	2007–08	2006–07	2007–08	2006–07
Documents affecting law enforcement and public safety (Clause 4)	1	n/a	0	n/a	1	n/a
Documents affecting personal affairs (Clause 6)	0	n/a	1	n/a	1	n/a
Documents affecting business affairs (Clause 7)	0	n/a	4	n/a	4	n/a
Documents containing confidential material (Clause 13)	0	n/a	1	n/a	1	n/a
Documents concerning operations of agencies (Clause 16)	0	n/a	1	n/a	1	n/a
Other exemptions (eg Clauses 20, 22A and 26)	2	n/a	2	n/a	4	n/a
Total applications including exempt documents	**3**	**n/a**	**9**	**n/a**	**12**	**n/a**

Formal consultations

Formal consultations conducted	Number	
	2007–08	2006–07
Number of applications requiring formal consultations	12	6
Number of people formally consulted	16	n/a

Fees and costs

Fees assessed and received for FOI application processed (excluding applications transferred)	Assessed costs		Fees received	
	2007–08	2006–07	2007–08	2006–07
All completed applications	$3 450	$2 250	$7 380	$7 100

Fee discounts

How many fee waivers or discounts were allowed and why?	Personal		Other		Total	
	2007–08	2006–07	2007–08	2006–07	2007–08	2006–07
Processing fees waived in full	1	0	0	0	1	0
Public interest discounts	0	0	0	2	0	2
Financial hardship discounts – pensioner or child	3	5	3	0	6	5
Financial hardship discounts – non-profit organisation	0	3	4	0	4	3
Total fee waived or discounts allowed	**4**	**8**	**7**	**2**	**11**	**10**

Days taken to complete request

Elapsed time	Personal		Other		Total	
	2007–08	2006–07	2007–08	2006–07	2007–08	2006–07
0-21 days (statutory determination period)	20	26	27	22	46	48
22-35 days (extended statutory determination period for consultation or retrieval of archived records)	10	7	26	21	37	29
Over 21 days (deemed refusal where no extended determination period applies)	4	n/a	7	n/a	11	n/a
Over 35 days	9	2	29	7	38	9
Total	**43**	**35**	**89**	**50**	**132**	**86**

Processing time

Elapsed time	Personal		Other		Total	
	2007–08	2006–07	2007–08	2006–07	2007–08	2006–07
0–10 hours	43	35	89	48	132	83
11–20 hours	0	0	0	2	0	2
21–40 hours	0	0	0	0	0	0
Over 40 hours	0	0	0	0	0	0
Total	**43**	**35**	**89**	**50**	**132**	**85**

Number of reviews

	2007–08	2006–07
Number of internal reviews finalised	2	4

Note: There were no reviews conducted by the Ombudsman.

Results of internal reviews

	Personal		Other		Total	
Grounds on which the internal review was requested	Upheld	Varied	Upheld	Varied	Upheld	Varied
Access refused	0	0	1	0	1	0
Unreasonable charges	1	0	0	1	1	1
Total	**1**	**0**	**1**	**1**	**2**	**1**

Appendix 6 Staffing

Representation of EEO target groups within levels

	Staff			Women			REER*			ATSI**			Disability		
Employment basis	2007–08	2006–07	2005–06	2007–08	2006–07	2005–06	2007–08	2006–07	2005–06	2007–08	2006–07	2005–06	2007–08	2006–07	2005–06
	%														
Below CO1	0.1	0	0	0.1	0.0	0	0	0.0	0	0	0.0	0.2	0	0.0	0.2
CO1– Grade 1	0.7	1.5	2	0.5	1.3	1.6	0.1	0.0	0.3	0.1	0.2	0	0	0.0	0
Grade 1–2	16.1	16.8	15	11.9	11.1	10	2.0	3.5	3.1	0.2	0.1	0.1	1.3	1.4	0
Grade 3–5	43.1	38.2	41	31.7	29.0	28.9	8.5	7.6	9.5	0.7	0.5	0.4	1.7	1.7	0
Grade 6–9	30.4	32.9	30	15.7	17.0	15.4	8.4	9.6	8.1	0.1	0.0	0	0.8	0.8	0
Grade 10–12	8.2	9.1	10	2.4	2.5	2.5	1.9	2.1	2.0	0	0.0	0.2	0.4	0.5	0.2
Above Grade 12**	1.4	1.5	2	0.3	0.2	0.2	0.2	0.2	0.1	0	0.0	0	0.1	0.1	0
Total	**100**	**100**	**100**	**62.6**	**61.1**	**58.6**	**21.1**	**23**	**23.1**	**1.1**	**0.8**	**0.9**	**4.3**	**4.5**	**0.4**
Total staff number	**1 186**	**1 102**	**1 120**	**741**	**671**		**249**	**254**		**12**	**8**		**50**	**49**	

Note: Total Full-Time Equivalent staff as at 30 June 2008 was 1108.08 and the total number of staff employed during the reporting period is 1186 (the figure includes staff who left OSR and is a snapshot of the maximum number of people employed over the financial year).

* REER: Racial, Ethnic or Ethnic-Religious minority formerly known as Non-English Speaking Background.

** ATSI: Aboriginal and Torres Strait Islander.

Trends in the representation of EEO Groups

	% of total staff						
EEO Group	**Benchmark or Target**	**2007–08**	**2006–07**	**2005–06**	**2004–05**	**2003–04**	**2002–03**
Women	50.0	62.0	60.3	59.0	57.9	57.0	48.0
Aboriginal Torres Strait Islanders	2.0	1.3	1.2	1.1	0.9	0.7	1.1
People whose first language was not English	20.0	26.0	18.0	18.0	17.4	19.0	33.0
People with a disability	12.0	5.0	4.6	6.0	4.2	3.0	5.0
People with a disability requiring workplace-related adjustment	7.0	0.9	1.1	1.0	0.9	0.9	1.0

Trends in the distribution of EEO Groups

	Distribution index						
EEO Group	**Benchmark or Target**	**2007–08**	**2006–07**	**2005–06**	**2004–05**	**2003–04**	**2002–03**
Women	100	88	87	89	86	88	91
Aboriginal Torres Strait Islanders	100	n/a	n/a	n/a	n/a	n/a	n/a
People whose first language was not English	100	102	102	100	98	101	95
People with a disability	100	95	97	91	93	96	91
People with a disability requiring workplace-related adjustment	100	n/a	n/a	n/a	n/a	n/a	n/a

Note:

1. Staff numbers are as at 30 June 2008
2. Excludes casual staff

Note (cont.):

3. A Distribution Index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels. The Distribution Index is automatically calculated by the software provided by the Office of the Director of Equal Employment Opportunity and Public Employment
4. The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.

Staff by employment basis

	Staff			Women			REER*			ATSI**			Disability		
Employment basis	2007–08	2006–07	2005–06	2007–08	2006–07	2005–06	2007–08	2006–07	2005–06	2007–08	2006–07	2005–06	2007–08	2006–07	2005–06
	%														
Full-time	87.8	84.8	86.8	51.4	47.2	46.7	25.0	20.8	21.6	1.1	0.6	0.7	5.1	3.6	5.0
Part-time	12.2	15.1	13.0	11.1	13.5	11.8	2.2	2.1	1.3	0.2	0.1	0.1	0.3	0.7	0.3
Casual	0	0.1	0.2	0	0.2	0.1	0	0	0.2	0	0.1	0	0	0	0
Total	**100**	**100**	**100**	**62.5**	**60.9**	**58.6**	**27.2**	**22.9**	**23.1**	**1.3**	**0.8**	**0.8**	**5.4**	**4.3**	**5.3**

Recruitment over three years

	2007–08	2006–07	2005–06	2004–05
Total staff	1 186	1 102	1 120	1 371
Recruited in year	227	159	106	185
Aboriginal people	7	5	4	0
People with disability	5	5	9	5

Analysis of staff by classification

Level	Male	Female	Total
SES	7	1	8
Senior officer other than SES	7	2	9
Managers	41	30	71
Professionals	121	89	210
Technicians and trades workers	9	2	11
Clerical and administrative workers	260	617	877
Machinery operators and drivers	0	0	0
Total	**445**	**741**	**1 186**

Senior Executive Service profile

Level	1	2	3	4	5	6	Total
Total	**2**	**0**	**5**	**1**	**0**	**1**	**9**

SES performance statement for level five and above

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

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

Name

Tony Newbury

Position and level

Executive Director
Chief Commissioner of State Revenue
Office of State Revenue NSW Treasury
SES Level 6

Annual package

$269 195

Five-year contract from 8 June 2007 to June 2012

Period of review

1 July 2007 – 30 June 2008

Performance Statement for SES officers level five and above

Tony has performed the role of Executive Director creditably and under his direction OSR has made several noteworthy achievements.

In 2007–08, OSR continued to work with the Victorian State Revenue Office on harmonising payroll tax administration through the introduction of common forms, systems and revenue rulings. OSR has also assisted the Tasmanian and Queensland Revenue Offices to introduce harmonised legislation and has worked with all State and Territory Revenue Offices to implement a multilateral protocol for progressing payroll tax administrative harmonisation across all jurisdictions.

During the year, OSR successfully managed the abolition of lease duty and mortgage duty on owner-occupied housing, as part of the Inter-Governmental Agreement on the Reform of Commonwealth-State Financial Relations. To facilitate these changes, OSR consulted extensively with all major financial institutions and provided targeted education programs to clients.

OSR also implemented a range of new online services. The introduction of new land tax web services, for example, allows clients to register and update their land holdings, personal details and exemption information online. This process has proved to be a great success in reducing OSR's administration costs and the cost of compliance for taxpayers.

OSR has also continued to improve its processes and procedures relating to fines administration. This has included legislative amendments that provide greater flexibility in the administration of penalty notices by allowing part payment, BPAY and Centrepay options for penalty notices. Compliance provisions for dealing with the service of penalty notices have also been strengthened.

Tony has demonstrated a strong commitment to reducing red tape for business by participating in two important national initiatives – Standard Business Reporting (SBR) and the National Electronic Conveyancing System (NECS). Both SBR and NECS have been endorsed by the Council of Australian Governments' (COAG) Business Regulation and Competition Working Group. Tony represents all State and Territory Revenue Office Commissioners on both the national SBR and NECS Steering Groups.

OSR continued to reform its structure to ensure it is relevant to the challenges facing the public sector of today. A new Corporate Governance Unit was created by merging existing business units. Creation of the new unit has achieved cost savings while strengthening OSR's focus on good corporate governance.

Tony has demonstrated a personal commitment to the development of OSR's 2011 Strategic Plan to ensure OSR is prepared for the challenges it faces over the next three years and that OSR continues to be a leader in delivering public value through fair and progressive services.

John Pierce
Secretary
NSW Treasury

EEO (Equal Employment Opportunity)

OSR implemented a new career development program – in partnership with our Spokeswomen – called Reaching Your Potential in which 84 per cent of participants were women.

We take the implementation of our EEO obligations seriously and make every effort to ensure that our workplace is free from all forms of discrimination and harassment by providing a range of programs to assist members of certain groups to overcome past or present disadvantage.

Two major initiatives were taken during the year to address the gender and ethnicity imbalance in our senior management positions. Our inaugural Succession Planning Program was implemented to identify and develop talent for senior management roles in the future. Half the successful participants in this first year were females and two-thirds were from a non-English speaking background. In addition, we successfully sponsored two female staff members on the Department of Premier and Cabinet's Executive Development Program.

Some of our other EEO achievements during the year included:

- implementation of a new career development program – in partnership with our Spokeswomen – called Reaching Your Potential in which 84 per cent of participants were women
- development and delivery of a suite of internal management development programs in which half the participants were women
- implementation of new procedures for policy development to ensure policies address the impact on EEO groups
- continuing to participate in the Business Women's Breakfast series
- celebration of International Women's Day – 2008
- the ongoing inclusion of relevant and topical EEO information on our intranet
- provision of support for staff who provide client service in community languages and our bilingual register
- attendance at Diversity NSW forums
- delivery of training for our human resources consultants in handling grievances
- updating of dignity and respect training for all SDRO staff

- delivery of training in ethical problem solving and decision making delivered to all OSR managers
- addition of EEO obligations and responsibilities in letters of offer of appointment to new staff
- a commitment to incorporate diversity issues and impacts in our change of management methodology
- see Disability strategies
- see Aboriginal strategies.

Disability Action Plan

Our Disability Action Plan provides guidelines on how we will plan and adjust our programs to better meet the needs of people with a disability.

OSR Disability Action Plan 2006–08 has been submitted to the Department of Ageing, Disability and Home Care (DADHC). DADHC has established a Disability Action Planning Unit to assist agencies implement and monitor their Disability Action Plans. A new whole of government policy and framework will be released in August 2008 with training provided to OSR in October to support the new approach.

Some of our disability achievements this year include:

- commitment to consult with disability agencies on major initiatives and to seek their support and guidance on our progress. We regularly attended the Diversity NSW Workshops and have presented at the Corporate Partners for Change employer forum
- integration of our Disability Action Plan with other relevant human resources and corporate programs and planning activities including workforce planning processes
- promotion of the International Day of People with a Disability within OSR and offering complimentary tickets for the wheelchair rugby competition to staff
- establishment of a new position enabling the employment of staff with either permanent medical restrictions or a disability
- the development of a diversity page on our intranet
- development of a reasonable adjustment policy and its inclusion into our recruitment and selection training
- providing guidelines and training on emergency evacuation of buildings for people with disabilities
- both the OSR and SDRO websites have been developed to ensure content is accessible to people with a disability using reader and assistive technology
- details of tele-typewriter services for hearing-impaired or speech-impaired clients are included on some SDRO forms and publications and SDRO has a dedicated TTY line available to hearing-impaired clients.

Ethnic Affairs Priorities Statement (EAPS) 2007–08

Our EAPS is a planning document that shows how OSR will address the needs of a culturally diverse society. The Community Relations Commission monitors and assesses the performance of government agencies under the EAPS program.

EAPS reporting is included in our annual report. We also report any significant initiatives in November each year to Community Relations Commission.

Some of our achievements this year include:

- EAPS statement posted on our intranet
- EAPS information included as part of our induction program
- celebration of cultural events, including days of religious significance for each year, posted on our intranet and published in our staff newsletter
- a bilingual register and community language assistance allowance paid to staff who provide language assistance services to clients
- all OSR brochures, factsheets and forms include a statement referring clients with English difficulties to the Translation and Interpreting Service (TIS) for assistance or information on where to source community translators
- advertising land tax obligations in ethnic community newspapers.

Aboriginal employment

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

Some of our achievements this year include:

- staff from SDRO gave presentations for participants in the Aboriginal driver trainer courses at Inverell and Tenterfield. The courses are a Ministry of Transport initiative run in collaboration with SDRO, and are targeted at training Aboriginal clients to drive and pass their licence tests to help break the cycle of increasing penalties for driving unlicensed. SDRO currently has a policy to lift licence sanctions for Aboriginal clients while they participate in these courses
- establishment of an Aboriginal Client Service Specialist hotline located in Lithgow to deal with calls from Aboriginal clients or their advocates
- creating two Aboriginal and Torres Strait Islander (ATSI) identified positions in Lithgow to improve communication between SDRO and our Aboriginal clients
- attending the Aboriginal community information and assistance days
- the creation of an advocacy hotline and putting in place appropriate authorities to act
- continued promotion of significant Aboriginal events by providing information to staff about NAIDOC week, emailing staff about the Commonwealth Government's Apology to the Stolen Generation and National Reconciliation Week.

Appendix 7 Ministerial representations received

MPs hotline

OSR supports an MP Hotline service to assist MPs with enquiries from their constituents. Managed by the Ministerial and Executive Services Unit, the Hotline provides MPs with direct access to expert knowledge in all areas of OSR's operations.

	2007–08	2006–07	2005–06
Taxes and grants	56	161	176
Enforcement order processing	1 042	742	640
Penalty notice processing	2 454	1 064	1 130
Total	**3 552**	**1 967**	**1 946**

Ministerial representations received

	2007–08	2006–07	2005–06
Land tax	177	405	1 013
Duties	41	76	330
Payroll tax	21	23	41
First home owner grant scheme	27	46	75
First home plus	6	14	13
Unclaimed money	1	1	5
Parking space levy	1	0	3
Fire services levy	0	18	Not recorded
Enforcement orders	547	506	560
Penalty notices	2 875	2 121	2 111
Other	10	9	10
Total	**3 706**	**3 219**	**4 161**

We exceeded our revenue collection budget, improved our client services by enhancing our service channels, extended our client education programs and built on our relationships with commercial clients and stakeholders.

Appendix 8 Statement of internal control responsibility

Our management and financial systems are underpinned by sound internal controls which are built into key processes that have been accredited under quality standard ISO 9001:2000.

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

Our Audit Committee, supported by the Internal Audit Governance Group, oversees the activities of our internal audits and issues presented from external auditors.

The Audit Committee, with assistance from the Internal Audit Governance Group, regularly monitors the implementation of recommendations from the auditors' reports.

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

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

Tony Newbury
Executive Director and Chief Commissioner of State Revenue

Appendix 9 Major assets additions summary (over $5000)

	2007–08	2006–07
	$'000	
Computer hardware	2 986	1 332
Software	188	236
Intangibles	1 965	5 689
Equipment	984	3 512
Furniture	59	124
Total major additions	**6 182**	**10 893**

Appendix 10 Accounts payable performance report

Schedule of accounts paid on time – actual

	30 Jun 2008	31 Mar 2008	31 Dec 2007	30 Sept 2007	Target
Percentage of accounts paid on time	98.99%	98.17%	98.64%	99.05%	98.5%
Total value of accounts paid on time	$13.9m	$9.8m	$20.3m	$20.8m	
Total value of accounts paid	$14.1m	$10.1m	$20.6m	$21.0m	
Percentage value of accounts paid on time	99.09%	96.83%	98.54%	99.08%	

Accounts payable performance

Amounts payable on	30 Jun 2008	31 Mar 2008	31 Dec 2007	30 Sept 2007	
Current within due date	$13 150	$132 111.17	$177 201.87	$76 070.06	
Less than 30 days overdue	–	–	–	–	
Between 30 and 60 days overdue	–	–	–	–	
Between 60 and 90 days overdue	–	–	–	–	
Over 90 days overdue	–	–	–	–	
Total	**$13 150**	**$132 111.17**	**$177 201.87**	**$76 070.06**	

Appendix 11 Insurance

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

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

Appendix 12 Privacy

Camera images of traffic infringements are placed on SDRO's website which gives motorists access to images taken by fixed speed cameras and red light cameras in NSW. This initiative was introduced with the full support of the Office of the NSW Privacy Commissioner.

OSR continued to provide training to new employees in privacy awareness and obligations under NSW Privacy laws. OSR continued to review its Privacy Management Plan as part of an ongoing project. OSR staff attended regular meetings of the FOI Practitioners Group and numerous training sessions and seminars to keep aware of developments in privacy law and recent case law developments.

We completed a review of the privacy procedures in OSR. The revised and updated procedures are available on the OSR intranet. We also plan to update the OSR external website.

OSR received two Privacy complaints in the financial year, seeking internal review of OSR practices in relation to alleged breaches of the Information Protection Principles. The allegations were both investigated and it was found that there was no contravention of the Information Protection Principles. The outcomes of the reviews were advised to the Office of the Privacy Commission in accordance with the *Privacy and Personal Information Protection Act 1998*.

The OSR FOI and Privacy Coordinator continued to provide advice and guidance to various areas of the OSR business.

OSR staff attended regular meetings of the FOI Practitioners Group and numerous training sessions and seminars to keep aware of developments in privacy law and recent case law developments.

Index

Directory

Office of State Revenue

Parramatta (Head office)

Address:	Lang Centre, corner Hunter and Marsden Streets
Phone:	(02) 9689 6200 (switchboard)
Fax:	(02) 9689 6464
Post:	GPO Box 4042, Sydney NSW 2001
DX:	456 Sydney

Sydney CBD

Address:	Level 3, 55 Hunter Street (counter services only)
Phone:	(02) 9689 6200

Newcastle

Address:	Level 2, 97 Scott Street
Phone:	(02) 4925 5333
Fax:	(02) 4925 5300
Post:	PO Box 511, Newcastle NSW 2300
DX:	7860 Newcastle

Wollongong

Address:	Level 6, 90 Crown Street
Phone:	(02) 4253 1000
Fax:	(02) 4253 1066
Post:	PO Box 666, Wollongong East NSW 2520
DX:	5245 Wollongong

OSR website:	www.osr.nsw.gov.au
Phone enquiries:	8:30 am – 5:00 pm, Monday to Friday
Counter services:	8:30 am – 4:30 pm, Monday to Friday

State Debt Recovery Office

Maitland

Phone:	1300 138 118
Post:	PO Box 786, Strawberry Hills NSW 2012
Phone enquiries:	8:00 am – 5:30 pm, Monday to Friday

Lithgow

Phone:	1300 655 805
Post:	PO Box A2571, Sydney South NSW 1235
Phone enquiries:	8:00 am – 5:30 pm, Monday to Friday

SDRO website:	www.sdro.nsw.gov.au

Thanks to:

Project team

Mohan Ayyar
Jennifer Bailey
Dianne Barden
Arlene Fernandez
Suzette Gay
Randa Gerges
Alexandra Givney
Sue Gurling
Megan Hobourn
Natasha Makoter
Bob Mielnik
Mick Roelandts
Stuart Webster
Bill Young

Annual report coordinator and editor

Bill Young
Cyrille Agdam

Design, layout and photography

Paul Barton
Sean Fanning

Additional photography by
Linda Auyeung

Printed by

Focus Press

Print cost

$6513.20

The annual report is available online.
Go to www.osr.nsw.gov.au
or www.sdro.nsw.gov.au