

Corporate Performance

The background is a solid, vibrant blue. Overlaid on this are several abstract, white, ethereal elements. These include thin, curved lines that resemble orbits or paths, and larger, more diffuse brushstrokes that create a sense of movement and depth. The overall effect is clean, modern, and dynamic.

Corporate Performance

Office of Fair Trading

Commerce Goal 2 – Simplify processes for dealing with government

Commerce Goal 3 – Promote a fair marketplace for consumers and traders

Regulatory changes brought significant improvements for the community in the areas of:

- motor vehicle repairs - with the introduction of a mandatory code of practice between smash repairers and insurers
- real estate - with more open dealings at property auctions
- small business - with tighter controls on false-billing
- home building – with clearer, standard qualification requirements and the opportunity for licensees to take advantage of new three-year licences.

The Office of Fair Trading (OFT) continued to respond to a vast number of requests from the community for service – well over 6 million in 2006/07. These were handled through phone, counter and electronic channels. Independent surveys demonstrated a high level of accuracy for the information provided and customer satisfaction levels continued to be well above the suggested Australian Standard target. More than 34,000 disputes between consumers and traders were handled and over 85 per cent of these were successfully negotiated at an informal level. Over 41,000 compliance related activities – ranging from inspections through to more complex action in the Supreme Court, were carried out to ensure fairness in the marketplace. A comprehensive review process involving more than 40 separate pieces of legislation continued to ensure NSW's fair trading laws remain up-to-date and reflect the needs of Parliament, the community and a broad range of stakeholders. Over 900 community information sessions were presented to more than 27,000 people around the State.

People seeking affordable housing will now benefit from an initiative that provided \$10.4 million of Rental Bond Board investment funds to the Department of Housing for capital and to establish the vehicle model for affordable housing. In June 2007, OFT provided Housing with an additional \$30 million to provide grants for the development or acquisition of up to 250 units of affordable rental housing.

An Enforcement Action Report is now being published each quarter on the OFT website. It details the names of offenders, their offences and the penalties imposed for breaches of fair trading law. It sends a warning to individuals who might consider flouting the law, as well as encouraging honest traders who value the reputation and integrity of their industries.

Commerce objectives

- Fair Trading legislation simplifies service provision for consumers and traders
- Fair marketplace regulation with minimal red tape

Corporate performance

Result	Result indicator	03/04	04/05	05/06	06/07 Actual	Target 07/08	Comment
Fair Trading legislation simplifies service provision for consumers and traders	% of customers who agree services are simple and uncomplicated	-	-	-	87%	85%*	The initial result for this new indicator is an encouraging sign the community is generally not burdened by complex services.
Fair marketplace regulation with minimal red tape	% traders who believe they are unduly burdened by fair trading laws	-	-	-	34%	35%*	A low result is a good result for this new indicator. It is an encouraging sign the majority of traders don't believe they are unduly burdened by fair trading laws.

Service Group	Performance Measure	03/04	04/05	05/06	06/07 Actual	Target 07/08	Comment
Policy development and regulatory review	% Office of Fair Trading regulatory proposals that meet Better Regulation Office requirements without further amendment	-	-	-	n/a	60%	Unable to measure during 2006/07. Better Regulation Office is yet to disclose its service measure requirements. The target is purely speculative.

* Note: the target has been rounded to the nearest five per cent but is speculative until at least three year's data allows trend analysis to set a firmer target

Three-year home building licences

A review into licensing in the NSW home building industry was conducted in 2005 to consider a range of issues, including the type of work that should be covered by licensing; whether licensing should cover individuals, partnerships and companies; training and education standards; and owner builders. A total of 29 recommendations for reform were made and the Government sought feedback from consumers, building contractors, industry associations and other interested parties. The Government indicated early in 2007 that it would implement two of the key recommendations in the report. As a result, licensees under the Home Building Act are being given the option from 1 July 2007 to renew their licences on a three-yearly basis, providing substantial savings over annual renewal fees.

Funeral Industry review

In response to the Legislative Council Standing Committee on Social Issues Inquiry Report into the NSW Funeral Industry, as well as its own research, OFT worked with the funeral industry and consumer groups to develop proposals for an information standard for funeral goods and services. The information standard will require funeral directors to provide specific information to consumers about funeral goods and services, including a breakdown of costs. It will ensure that consumers receive clear and easily comparable information to help them make an informed

choice at a time when they are distressed and vulnerable. It will also promote greater competition and transparency within the industry. The *Fair Trading Act 1987* was amended in June 2007 to enable an information standard for funeral goods and services to be prescribed. A draft information standard will be released for public consultation later in 2007.

Trade measurement

In April 2007, the Council of Australian Governments (COAG) agreed, having considered the advice of the Ministerial Council on Consumer Affairs, to accept the Commonwealth's offer to take full responsibility for the national trade measurement system from 1 July 2010. The system is responsible for the accurate measurement of transactions which comprise about 50 per cent of Australia's Gross Domestic Product. The Commonwealth's National Measurement Institute will be responsible for the administration of the national system and the development of its legislation and plans to consult with the states, territories and New Zealand to improve harmonisation.

The legislation will need to cover the approval, use and inspection of measuring instruments used for trade, including shop scales, petrol flow-meters, tanks and beverage dispensers, packaging and labelling of pre-packaged goods. A national trade measurement system will remove administrative differences between the states and territories. The Commonwealth, NSW and the other states and territories are committed to the development of a national system, supported by legislation, which will, at a minimum, maintain existing service standards and consumer protection.

Personal property securities

COAG agreed in-principle in April 2007 to a national system for the registration of personal property securities by 2009 to be administered by the Commonwealth. This will result in a single national register on which all forms of security over all types of personal property would be registered - the Personal Property Security Register. Personal property includes goods such as motor vehicles, boats, business and manufacturing equipment, as well as 'intangibles' such as copyright, company shares and trademarks.

The proposed Personal Property Security Register will have a direct impact on more than 70 pieces of Commonwealth, state and territory legislation. It will involve the consolidation of numerous existing security registers, in particular the company charges register operated by the Australian Securities and Investments Commission and the various state vehicle encumbrance registers, such as the Register of Encumbered Vehicles (REVS). OFT is keen to ensure that the single national register project provides optimal benefits for consumers, business and the NSW Government.

Australian consumer product safety system

The Ministerial Council on Consumer Affairs is considering reform options to improve the effectiveness and consistency of product safety regimes in Australian jurisdictions. Product safety is one of the regulatory 'hot spots' identified by COAG as being in need of cross-jurisdictional regulatory reform to reduce the regulatory burden on business. OFT is participating in a harmonisation project in which the states and territories, in consultation with the Commonwealth, will agree on the principles of the new regime and report to the Ministerial Council late in 2007.

Australia's consumer policy framework

The Productivity Commission is an independent body which advises the Commonwealth Government on microeconomic policy and regulation. It conducts public inquiries and research into economic and social issues affecting the welfare of the Australian community. The Commission is undertaking an inquiry into Australia's consumer policy framework and its administration. The Commonwealth, state and territory governments share responsibility for consumer policy in Australia. The main legislative provisions are contained in the *Trade Practices Act 1974* and the Fair Trading Acts in each state and territory. In addition to this generic legislation, there is a wide array of industry-specific regulation covering, for example, telecommunications, food safety, retail energy suppliers, and vehicle sales.

The consumer policy framework also encompasses various self-regulatory and co-regulatory schemes and non-regulatory approaches such education and information strategies. OFT co-ordinated the NSW Government's submission to the Inquiry. The Commission is required to make a report to the Government by 11 December 2007.

Review of qualification requirements

In August 2006, new qualification requirements for 24 building trades (carpenters, bricklayers, painters, concreters, etc) were approved based on a national qualification at Certificate III level. Previously, the qualification requirements were based on a period of experience and an oral assessment. This has been replaced by a clear standard based on a nationally accepted qualification. The new trade work licence assessment criteria is a move toward establishing standardised licence assessment criteria which removes the subjective weight given to an applicant's experience and puts in place an objective assessment criteria for the granting of licences. This is in line with COAG's proposal to address the national skills shortage by removing barriers preventing skilled trades' persons and builders working around the nation. A review of qualification requirements for plumbing occupations commenced in April 2007. A consultation document was circulated and submissions closed on 31 May 2007. Until now, qualification requirements have been based on a combination of educational courses and/or examinations and a period of practical experience. It is proposed that this will be replaced by qualifications from a national training package based on competency standards.

Mandatory code between smash repairers and insurers

Over the last several years there have been ongoing disputes between smash repairers and insurers over how the two industries interact when dealing with the repairs to insured motor vehicles. Issues of concern include the pricing and timing of repairs, the tendering process and the cost of repairs and the operation of preferred repairers' schemes. In order to address these difficulties, a mandatory Code of Conduct for insurers and smash repairers was introduced on 30 March 2007. It sets out how the parties should act when in dispute over the repair of a vehicle. The mandatory code, which is based upon a national voluntary code negotiated between the two principal industry associations, provides a balanced framework for fair business between insurers and repairers - consumers benefit from openness and accountability required by the code. Areas covered include an external dispute resolution mechanism; allowing businesses to retain preferred smash repairers status even after sale; openness and transparency for preferred repairer schemes and in quoting and paying for work and a requirement that up-front disclosure for consumers on whether their insurer allows choice of repairer when making a claim.

Property, stock and business agents

On 1 March 2007 amendments to the *Property, Stock and Business Agents Act* came into force to increase transparency in auctions and make miscellaneous amendments to improve consumer protection. Under the new laws, consumers benefit from more open dealings at auctions and with agents. The changes to auctions are designed to increase consumer confidence that the auction is both fair and transparent. Changes included:

- Tightening vendor bid requirements and the creation of an explicit dummy bidding offence
- Improving disclosure in the subsequent marketing of properties which have been passed in at auction
- Allowing co-owners and executors to bid on a property if they are seeking to buy another owner's interest, as long as the intention to bid is announced to people at the auction and the bidder registration number of the co-owner, executor or their representative is also provided at the start.

A number of minor amendments clarifying certain issues in relation to an agent's business were also included in the package of reforms. These include clarification of disclosure requirements for agents in relation to benefits received when referring clients or prospective buyers to third parties, improvements to trust account identification and increases in penalties for breaches of the rules of conduct.

Controlling unfair behaviour

Changes to the *Fair Trading Act* that commenced on 20 October 2006 extend application of the Act to conduct which occurs outside NSW that has a relevant link with NSW. The changes also provide the power to obtain information relevant to the investigation of a complaint; investigation or other matters affecting the interests of consumers; order the sale, and destruction or disposal of items which were obtained under the authority of a search warrant or in the course of an investigation that are no longer needed as evidence and cannot be returned. Amendments to the act also rationalised the number of advisory councils furnishing advice to the Minister and provide for flexibility in membership of the councils. Changes relating to strengthening controls on false billing commenced on 1 July 2007. It is now prohibited to demand payment for publishing an advertisement without written authority to publish it or send a document stating the price unless it prominently states "This is not a bill. You are not required to pay any money".

Other legislative change information is listed in Appendix 16 - Legislation.

Commerce Objective - Community able to access information and services

Corporate performance

Result	Result indicator	03/04	04/05	05/06	06/07 Actual	Target 07/08	Comment
Community able to access information and services	% of public who know where to go to get help	73%	73%	70%	66%	65-70%	Within target range
Service Group	Performance Measure	03/04	04/04	05/06	06/07	Target 07/08	Comment
Information for consumers and traders	Customer satisfaction meets or exceeds the benchmark	89%	87%	90%	90%	≥90%	Target met
	Community take-up rate: average number of services requested per 1000 people in NSW	509	557	653	734	Est.700	Estimate exceeded
	% accuracy of information provided	99%	83%	93%	89%	≥90%	Close to target
	% complaints finalised within 30 days	95%	90%	95%	96%	≥80%	Target exceeded
	% complaints resolved to satisfaction of both parties	67%	74%	81%	85%	≥70%	Target exceeded
	% of telephone	80%	81%	79%	83%	≥85%	Close to target

Result	Result indicator	03/04	04/05	05/06	06/07 Actual	Target 07/08	Comment
	enquiries answered where published standards met						
Business licensing and registration services	% of licensing and registration services where published standards are met	100%	100%	100%	100%	100%	Target met
Rental bonds custody	% of bond refunds where published standards met	100%	100%	100%	100%	100%	Target met
Tribunal services	% of Consumer Trader and Tenancy Tribunal matters finalised prior to or at first hearing	78%	77%	77%	78%	75%	Target met

Fair Trading Week

This year OFT's special week-long promotion, Fair Trading Week, focused on the processes and pitfalls of buying, selling and renting property. The theme was Home Sweet Home: your keys to buying, selling and renting. At the launch of Fair Trading Week the findings of an online survey we conducted in September and October 2006 were released. The survey tested the confidence level of people making real estate transactions and knowledge of their rights and obligations. One thousand nine hundred and fifty four people participated in the survey. The results highlighted wide gaps between how much people think they know and their actual level of knowledge. For example, only one in ten sellers of property first checked to see if their real estate agent was licensed. Only one in three buyers knew that the five-day cooling-off period was the last opportunity to change their mind during a purchase.

Financial literacy program

OFT has developed a financial literacy package which aims to assist various groups experiencing financial hardship. The package was promoted and delivered to a range of groups including TAFE, Cultural and Linguistically Diverse (CALD) communities and Aboriginal and Torres Strait Islander (ATSI) communities.

Information programs

OFT is committed to ensuring that NSW is a fair marketplace for consumers and traders, tenants and landlords. During 2006/7, OFT delivered over 900 information sessions, talks and seminars on all aspects of Fair Trading legislation that were attended by 27,000 people across the State.

Aboriginal Access Program

It is acknowledged that the style of service delivery to the Aboriginal community needs to be different from the non-Aboriginal community if it is to succeed. Our staff, in particular dedicated Aboriginal Customer Service Officers, provide information through many presentations and seminars during the year on topics as diverse as tenancy, consumer rights, door-to-door sales, credit and buying a car, ensuring Aboriginal communities have a good knowledge of their rights and responsibilities and the services we have to offer. OFT actively continues to produce a range of consumer educational and promotional material for NSW Indigenous communities focusing on a wide range of issues. Culturally appropriate material includes an Indigenous youth package, a series of fact sheets, fliers and posters on issues such as tenancy, REVS, toy safety and credit, all of which are major issues identified from research and consultation with NSW Indigenous communities.

To reach Aboriginal communities, OFT provided information at a range of events across the state, including Crock Festival, the Annual Aboriginal Rugby League Carnival, NAIDOC Week activities, Harmony Day celebrations, Indigenous Family Fun days and Survival Day. In conjunction with other Government agencies we run forums such as Good Services and Do it Right. The Tenancy Information sessions that OFT runs continued to be the main focus. In secondary schools, presentations on Kooris and cars and our *Revved Up-purchasing a car* program were very successful.

Affordable housing grants

OFT provided two one-off grants to the Department of Housing to establish the Affordable Housing Innovations Fund to provide funds to registered community housing providers for affordable renting housing projects. This initiative will address the need to provide more affordable rental opportunities for very low to moderate income households in stress and expand the capacity of community housing providers to deliver affordable housing. In 2006, we provided \$10.4 million to the Department of Housing for capital and to establish the vehicle model for the Affordable Housing initiative. In June 2007, we provided an additional \$30 million to provide grants for the development or acquisition of up to 250 affordable rental dwellings. This represents a total contribution of \$40.4 million. The funds are drawn from Rental Bond Board investment earnings on tenants' rental bonds.

Home warranty insurance

The private home warranty insurance scheme continues to be monitored by the independent Home Warranty Insurance Scheme Board. From 1 March 2007, the minimum cover that must be provided by insurers to homeowners under the home warranty insurance scheme was increased from \$200,000 to \$300,000. It is the responsibility of the building contractor to obtain home warranty insurance before taking any money or commencing work where the residential building work is valued at over \$12,000. On 1 June 2007, the home warranty insurance business of Australian International Insurance Limited (AAIL) was integrated into that of Lumley General Insurance Limited following the purchase of AAIL's parent company by Lumley's parent company – Wesfarmers Limited.

Home building licences

All new applicants for building licences and certificates are now required to present themselves in person at a Fair Trading Centre or a Government Access Centre and undergo a proof of identity check. This is part of the Government's continuous drive to offer better protection to consumers. Further improvements to licensing administration, including the potential for on-line renewals will be delivered when home building licensing migrates to the Government Licensing System in 2007/08. On 21 August 2006, new licensing assessment criteria for 24 existing trade/building categories were introduced and two new building categories for contractor licences commenced for kitchen, bathroom and laundry renovation and erection of pre-fabricated metal-framed home additions and structures.

Commerce objective - Compliance with fair trading laws**Corporate performance**

Result	Result indicator	03/04	04/05	05/06	06/07 Actual	Target 07/08	Comment
Compliance with fair trading laws	% of consumers confident in fair operation of marketplace	70%	71%	69%	73%	68-74%	Target met
Service Group	Performance Measure	03/04	04/05	05/06	06/07 Actual	Target 07/08	Comment
Compliance	% inspections where compliance evident	96%	96%	97%	98%	≥90%	Above target
	Proportion of prosecutions successful	91%	94%	86%	95%	≥90%	Above target

Enforcement reporting

A compliance initiative for 2006/07 involved the publication of a quarterly Enforcement Action Report through the OFT website. The report sets out the full range of enforcement action taken each quarter under 17 different acts, including penalty notices, licence suspensions and formal prosecutions. The strategy sends a warning to individuals who might consider flouting the law and encouragement to honest traders who value the integrity of their industries.

Inspection programs

The first line of defence in the fair trading compliance program is an active state-wide inspection program. During the year, OFT inspectors carried out more than 28,000 inspections throughout New South Wales. These focused on estate agents, builders and tradespeople, travel agents, motor dealers and repairers, auto dismantlers, second hand dealers, pawnbrokers, the safety of various products including electrical items, packaged items at supermarkets and other retail outlets, liquor dispensing units and glassware at licensed premises and petrol, gas and LPG fuel pumps. Some of the larger programs involved 2,166 product and electrical safety inspections, 3,391 building industry inspections and 11,813 trade measurement inspections. In the home building area, operations: Mortar, Nail, Dumpy and Ripsaw involved targeted visits to well over 600 building sites and interviews with some 1,800 traders. Resulting fines for a range of offences totalled more than \$180,000.

Enforcement action

Offences against fair trading legislation are detected through inspections, intelligence gathering and as a consequence of formal complaint investigations. During the year, more than 960 defendants were issued with penalty notices in relation to 1,288 offences - resulting in financial penalties of more than \$940,000. Formal prosecutions, where 95 per cent of cases were successful, resulted in \$825,178 in fines and penalties. The cases involved 120 defendants, one of whom received a custodial sentence in connection with contempt in the Supreme Court for a home building matter.

Office of Industrial Relations

Commerce Goal 4: Fair and productive workplaces

Throughout 2006/07, the Office of Industrial Relations (OIR) remained focused on support for the Minister and NSW Government in responding to the Federal Work Choices legislation, including:

- assistance with the NSW Government's appeal to the High Court over the constitutional validity of the legislation
- submissions to a range of inquiries putting the NSW Government's views on its effect
- hosting a national forum in August 2006 on these industrial relations changes
- participation in the Inquiry into the Impact of Work Choices undertaken by the NSW Legislative Council's Standing Committee on Social Issues in 2006 and preparation of the NSW Government's response
- revision of NSW Government procurement processes to ensure proper employment practices by tenderers.

The decision of the High Court in the Work Choices Case (State of New South Wales v Commonwealth of Australia, [2006] HCA 52 (14 November 2006)) confirmed the validity of Work Choices in its entirety. This decision presented one of OIR's most significant challenges during 2006/07.

An important aspect of the NSW Government's response to Work Choices and a key focus for OIR this year was the introduction of the *Industrial Relations (Child Employment) Act 2006*, to ensure that NSW employees under the age of 18 employed by Work Choices employers continue to be protected by the safety net of state award provisions. OIR prepared the Minister's submission to the No Net Detriment Principles Case in the Industrial Relations Commission of New South Wales as envisaged by that Act, and developed a communications and enforcement strategy for ensuring that compliance with the act and the principles established by the Commission is observed by all affected employers.

A website was developed to specifically provide workplace information to vulnerable young workers. The *Young People at Work* website (www.youngpeopleatwork.nsw.gov.au) provides practical information to young people who are looking for their first job. The website provides information to reflect the work cycle – looking for work, getting a job and leaving the job, and also information about assistance available from OIR, particularly in relation to the new child employment laws. In its first four months of operation, the website attracted over 16,000 visitors.

Assisting small businesses and regional employers

During 2006/07, OIR delivered a comprehensive range of seminars for small businesses, comprised of 110 seminars (51 in the Sydney metropolitan area and 59 in regional NSW) on workplace issues and legislative changes. These were attended by 1,449 employers. An additional 56 presentations were delivered, as requested by business enterprise centres, community organisations and employers, covering topics ranging from Industrial Relations in NSW, specific award workshops and employee management training. A total of 1,585 participants took part in these presentations.

OIR has also introduced a number of online business presentations through its Look and Listen web page which enables small business owners to access workshop information.

Building community relationships

OIR continued to assist people from culturally and linguistically diverse (CALD) communities to better understand their rights in the workplace through improved access to the agency's resources and services. In addition to participating in more than 30 community and business events, 222 presentations were delivered to over 6,800 attendees providing information on workplace rights and responsibilities, together with presentations on specific NSW Awards to TAFE students. Strong partnerships with youth, education and community organisations continued to be forged this year.

A new quarterly electronic newsletter *Work Smart* was distributed to 700 community organisations offering information on workplace rights and the role and services of OIR.

OIR's Aboriginal and Torres Strait Islander Workplace Services Unit continued to deliver workplace information and advice to Aboriginal and Torres Strait Islander employees, contractors, employers and community organisations.

Online and telephone advice to employers and employees

Activity on OIR's website continued to be high with 2.18 million visitors to the site. Nearly 55,000 people used *Check Your Pay*, an online application which allows users to calculate wages and entitlements. *Check Your Pay* has now been adopted for use by the Western Australian and Queensland governments.

Pay Rate Updates, OIR's free email update service that notifies subscribers of changes to NSW private sector awards, also showed significant growth. Subscribers to *Pay Rate Updates* increased by 17 per cent over this year to nearly 90,000 users.

To ensure that employers are able to display relevant awards in their workplace, OIR continued to provide the full text of major NSW private sector awards for free download through its website. During 2006/07, 198,000 awards were downloaded.

OIR also launched its *Compare What's Fair* service which allows employers and employees to compare a federal agreement or Australian Workplace Agreement with the relevant State award. The service attracted nearly 17,000 users.

During the year, OIR's telephone information service received calls from almost 316,000 employers and employees about information on pay rates and employment conditions. Many callers required advice and assistance in relation to the introduction of the federal Work Choices legislation in their workplace.

Inspecting NSW workplaces

Inspectors from OIR carried out Australia's largest workplace compliance program during 2006/07. 425 campaigns focused on non-compliance hot spots in the retail and hospitality industry, as well as the medical, property/business services and rural industries. Approximately 11,000 workplaces were investigated, and inspectors identified 10,387 breaches of industrial relations legislation being committed by 4,100 employers, including over 1,800 employers underpaying workers. Compliance campaigns are proving to be an effective and efficient way to assist large numbers of employers and employees to understand their employment rights and responsibilities. The compliance program also returned over \$4.4 million of back-pay to workers.

2006/07 Performance indicators

Commerce Goal 4: Promote fair and productive workplaces

Corporate performance

Service Group	Indicator/Measure	05/06 Actual	06/07 Target	06/07 Actual	Comments	Target 07/08
Fair Marketplace regulation with minimal red tape	% employers and employees confident in fair operation of NSW Industrial Relations system	New	70 %	76 %	Achieved	70 %
	100% Compliance with Regulatory Impact Statements, Competition Policy Principles, and frameworks required by Better Regulation Office	New	100 %	100 %	RIS for Shop Trading and Child Employment completed in period	100 %

Service Group	Indicator/Measure	05/06 Actual	06/07 Target	06/07 Actual	Comments	Target 07/08
Accessible information and help for employers and employees	Office of Industrial Relations client satisfaction meets or exceeds benchmark	New	85 %	90 %	Achieved	85 %
	% of employers who know where to get help for the services offered	33 %	30 %	31 %	Achieved	30 %
	% of employees who know where to get help for the services offered	27 %	25 %	27 %	Achieved	25 %
Compliance with regulations	% of non-compliant employers who comply or are prosecuted within six months after being notified they don't comply	87 %	85 %	87 %	Achieved	85 %
Best practise employment advice	Complaint resolution rate	New	60 %	66 %	Achieved	60 %
	% of employers satisfied with Office of Industrial Relations advisory services	New	95 %	95 %	Achieved	95 %
Policy Development, Regulatory Review and Industrial Liaison	% policy advice and analysis developed to Director General's satisfaction	98 %	95 %	98 %	Achieved	95 %
	% of briefings made available to Government on relevant IR issues.	100 %	95 %	96 %	Achieved	95 %

Service Group	Indicator/Measure	05/06 Actual	06/07 Target	06/07 Actual	Comments	Target 07/08
Employer/Employee Workplace Information and Advisory Services (including electronic services)	% client assessment that OIR public information provided is accurate	85 %	80 %	90 %	Achieved	80 %
	% of enquiries and complaints satisfactorily resolved within targeted timeframes.	90 %	85 %	92 %	Achieved	85 %
	% of enquiries accessing OIR through online systems.	90 %	90 %	93 %	Achieved	90 %
Inspection and Investigation, Compliance and Enforcement (including prosecution)	% of workplaces complying with NSW industrial relations laws.	61 %	60 %	62 %	Achieved	60%
	% of employers investigated who are subject to NSW industrial relations laws.	82 %	85 %	86 %	Achieved	85 %

Office of Public Works and Services

Commerce Goal 1 - Maximise value for Government agencies in delivering services to clients, customers and community

Education

Capital works

The Office of Public Works and Services (OPWS), through its network of offices across NSW, continued to provide project management expertise to the NSW Department of Education and Training (DET). OPWS completed and handed over 48 major capital school projects, providing new halls, libraries, administration buildings and specialist high school classrooms valued at \$118 million and 12 TAFE projects valued at \$44.8 million. It also project managed \$72 million of minor capital works, providing new ramps, lifts, security fences and air-conditioning for schools.

OPWS enabled DET to meet its service delivery objectives and capital program and budget requirements by assisting it to manage the delivery of site built and modular design range buildings, including administration, library and home base buildings through the Class Size Reduction, Behavioural and Demountable Replacement programs valued at more than \$39 million.

Asset management/maintenance

OPWS assisted DET in managing 19 asset maintenance contracts valued at \$104 million. Twelve of these contracts are in regional and country centres, creating employment

opportunities for some 1,594 subcontractors and 3,944 people. The remaining nine contracts, in the Sydney metropolitan area, created employment opportunities for 251 contractors and 2,203 people.

Trials of facilities management contracts were administered for the Riverina and Central Coast areas, which include maintenance, cleaning and waste disposal. Twenty cleaning contracts worth \$258 million that provide cleaning services to schools, TAFE colleges, police stations, courthouses and other government agencies' sites throughout NSW were also managed.

The Surveying & Spatial Information section continued to provide a data capture and management service for all public schools and TAFE Colleges at 2,500 sites.

OPWS, through StateFleet, is a member of the DET Motor Vehicle Strategic Sourcing steering committee established in 2006/07. StateFleet has made recommendations as a part of its fleet management service that on implementation will assist DET to reduce operating costs, make savings in lease costs and improve their environmental performance.

Housing

The \$14 million Essential Services Maintenance Contract was managed on behalf of the Department of Housing. The contract entails maintenance of essential services such as fire safety, sprinkler systems, mechanical services, hydraulic services on Housing's high-rise assets to ensure residents' safety. Other essential services for Housing included the \$1.2 million lift maintenance contract, which involved 85 lift installations, and the \$0.5 million fire alarm monitoring contract.

Aboriginal Communities Development Program

The Aboriginal Communities Development Program is a \$240 million program over 10 years. The program is an environmental health capital construction and upgrade program to target priority communities in NSW with urgent housing and essential infrastructure needs.

OPWS provided program management services to support the Aboriginal Communities Development Program in delivering 181 new house constructions, 90 new house purchases, 634 house refurbishments, 321 emergency repairs, 1,084 people adequately housed, and 3,190 people with improved housing in 22 priority communities. In addition, 74 water and sewerage projects have been completed, to the benefit of more than 3,700 people. Thirteen projects remain underway.

Fifteen Aboriginal building companies have been established with 270 contracts let worth \$55 million. This has resulted in over 250 Aboriginal employees in Aboriginal building companies and also increased Aboriginal participation in other building companies. In addition, 22 Aboriginal people have been trained in water and sewerage maintenance for 12 communities.

Department of Ageing, Disability and Home Care in partnership with Commerce

OPWS continued to provide project management assistance to the Department of Ageing, Disability and Home Care (DADHC) to deliver its program of capital works for its group home strategy. During the year, OPWS project management assistance was provided in relation to the large residential centre rationalisation program.

Expenditure managed on DADHC projects during the financial year was \$58.4 million.

Health

OPWS managed 75 projects for NSW Health across the State with a total project value of \$297 million. Many of these projects were in regional and rural areas.

New cancer care facilities at Coffs Harbour and Port Macquarie were successfully completed in 2006/07 and are providing radiotherapy, chemotherapy and breast screening services for the mid North Coast. OPWS is now assisting in the planning and development of the \$27 million cancer care facility at Lismore. The \$3.5 million Coffs Harbour Cardiac laboratory was completed during the year, as well as Ballina Hospital's new 18-bed transitional care facility and ambulatory care unit.

As Project Director, Commerce is assisting NSW Health and Hunter New England Area Health Service with the works program at Merriwa, Bingara, Warialda and Tingha in north western NSW.

Seven new mental health facilities are being developed with Commerce as project director. These include units at Shellharbour, Sutherland, Coffs Harbour and Newcastle hospitals, a 14-bed specialist older persons unit at Wollongong and a 12-bed unit at Port Macquarie.

The Electromedical group has helped NSW Health save more than \$14.9 million by bulk buying electromedical equipment, such as CT scanners, through its whole-of-government period contract system.

StateFleet signed a Service Level Agreement with Health Support in 2006/07 to manage all aspects of its fleet, enabling Health Support to focus on its core business.

With contemporary scientific knowledge reaffirming the benefits of water fluoridation, NSW Health is actively encouraging local water utilities to fluoridate their supplies. NSW Water Solutions is providing technical assistance for design and construction of several fluoridation plants.

Justice

In 2006/07 OPWS provided a range of professional services:

- For the NSW Department of Corrective Services (DCS) – OPWS provided planning and design advice for the 1,000 beds project, the design and documentation of new and refurbished visitor facilities, high risk and management facilities and step-down facilities for Mental Health Services at the Silverwater Women's (Mulawa) Correctional Centre, new storage facilities at the Long Bay Correctional Centre, schematic designs for the Cessnock and Lithgow correctional centres and design and documentation of refurbished staff accommodation at the Corrective Services Academy
- OPWS is providing program and project management for a \$556.7 million program of works for DCS. Works handed over in 2006/07 include the Silverwater Women's (Mulawa) gatehouse, clinic and Mental Health Unit as part of the \$49 million Mulawa Redevelopment, the first stages of the Mid Western Correctional Centre at Wellington, and the new \$3.075 million Dog Squad and Armoury at Berkshire Park. In addition, asset maintenance contracts worth \$15 million were administered for DCS
- OPWS, in conjunction with the State Property Authority, is managing the development of the Parramatta Justice Precinct. The precinct with total projects cost of \$330 million, comprises two new court buildings, new head office for the Attorney-General's Department and refurbished facilities for NSW Health. The Children's Court was opened in October 2006. The project is on budget and will be delivered on time, with completion in early 2008.
- The NSW Attorney-Generals Department – the Government Architect's Office (GAO) provided feasibility designs for the Wagga Wagga and Taree courthouses
- OPWS provided project management services for the Department of Juvenile Justice in developing business cases and undertaking Gateway reviews for two major projects, including the redevelopment of the Riverina Juvenile Justice Centre. In addition, economic appraisals for a new accommodation pod at the Orana Centre at Dubbo and a security services upgrade were also completed, and the preparation of new facility standards for capital works projects commenced. Feasibility designs for the new centres and accommodation pod were also undertaken
- GAO provided designs and OPWS provided project management services for five new police stations at Lismore, Armidale, Muswellbrook, Campsie and St Mary's, with Armidale and Muswellbrook being completed. The new Forensic Facility was completed as was the final stage of the Cell Improvement Program
- The NSW Police Integrity Commission – OPWS provided design works for new head office accommodation fit out.

Heritage

Centenary Stonework Program

OPWS delivers the Minister's Centenary Stonework Program, which funds conservation of the stone exteriors of the State's significant heritage buildings and monuments. Projects funded during 2006/07 included Sydney and Royal Prince Alfred hospitals, Darlinghurst and Singleton courthouses, Cleveland Street, Marrickville and Glenmore Road (Paddington) schools. The Program provided \$4.6 million of funding in 2006/07 and recipient agencies funded a further \$1.5 million.

ANZAC Memorial, Hyde Park

The ANZAC Memorial is a significant Art Deco monument, erected in 1934 in Hyde Park Sydney. GAO developed a conservation management plan and a draft master plan to guide the trustees of the memorial in the care, maintenance and use of the building and its setting.

Water

Water Audits

GAO conducted water audits on numerous facilities to accurately measure water usage and identify potential savings. In 2006/07, total water savings of 1,720 megalitres were identified, an average of 40 per cent reduction in water usage for each site, an increase from last year's average of 30 per cent.

Significant savings were achieved in all sectors including a 60 per cent water use reduction at the Sydney Cricket Ground and Aussie Stadium and 70 per cent savings at the Sydney Olympic Park Aquatic Centre, achieved by fixing leaks in automatic flushing urinals.

All hospitals in the Sydney metropolitan area are now being audited and savings of over 185 megalitres a year have been identified and are being implemented.

All correctional centres in the metropolitan area are also being audited and some innovative rainwater and sewer-mining projects are being designed to replace irrigation and cooling tower water.

Permanent monitoring

The GAO Water Savings section installed water flow monitoring devices at over 60 sites for Sydney Water. Water usage data is displayed over the Internet using a web monitoring facility developed by OPWS. Staff at each of these sites monitor the data, enabling them to manage their water usage at a greater level of detail.

Water re-use studies

The drought has raised the awareness of many businesses that now want to implement alternate water supply systems and OPWS was engaged to prepare feasibility studies and designs for stormwater and rainwater harvesting, sewer mining and swimming pool backwash re-use projects. Councils are becoming more interested in treating and re-using swimming pool backwash water from their aquatic centres to top up the pools, flushing toilets and irrigate playing fields. OPWS has designed several systems and was able to achieve cost effective payback periods through effective designs and advanced technologies.

Dams

The NSW Water Solutions Dams & Civil section successfully finalised design specifications for the new Shannon Creek Dam in the Clarence Valley and is now providing specialist technical input for the dam's construction. OPWS is providing project management services for the construction of the dam.

Other key water storage projects included design studies for the proposed new Stony Creek Dam for Eurobodalla Shire, Yass Dam raising for Yass Shire, Mardi Dam raising and transfer system for Gosford-Wyong, Bootawa Dam raising for Mid Coast Water, the proposed new Nambucca Dam and Clarrie Hall Dam raising for Tweed Shire Council.

The Sydney Catchment Authority (SCA) commissioned OPWS to project manage, investigate and design the engineering upgrade works to provide improved and innovative environmental flow releases and fish passage facilities at Tallowa Dam on the Shoalhaven and Dams & Civil section was selected by the Hunter Water Corporation as the preferred dam designer for Tillegra Dam.

OPWS continues to play an important role in NSW dam safety through its membership and contribution to the NSW Dams Safety Committee and by conducting safety inspections for dams, dam break studies, and reviews of dam safety emergency plans.

State levees

The success of OPWS' expertise in levee design was clearly indicated during the June 2007 Hunter Region floods, where its Hunter River levee spillway design prevented flooding of Maitland.

Investigation and design of major upgrade works to the town flood protection levee at Walgett is currently in progress.

NSW Water Recovery Program

In view of the severity of the drought, an urgent detail design was completed for a temporary sheet pile regulator at Back Creek at its off-take from the Murray River in NSW to prevent water losses and to help channel emergency water flows to Adelaide.

Water supply

Under the Sydney Metropolitan Water Plan regional strategies and individual client needs, OPWS played a major role in assisting line agencies. OPWS involvement included:

- Strategic advice to SCA, Department of Water and Energy (DWE), Department of Environment and Climate Change (DECC), Sydney Water Corporation and Department of Premier and Cabinet
- Concept, design and project management for SCA's deep water access for Warragamba, Nepean and Avon dams and a safety review of Avon and Nepean dams
- Investigation, design and project management for the new raw water pump station at Prospect Reservoir
- Investigation and design of the raising of environmental flows for Tallowa Dam
- Investigation of the upgrading of the Shoalhaven transfer system
- Optimisation of the Upper Canal transfer system, which feeds into the Prospect Reservoir,
- Investigation and design works to deliver 60 megalitres of borewater per day from the Kangaloon-Nepean borefield
- Technical advice to Gosford-Wyong Water Supply Authority (GWWSA) to develop and implement drought management plans and expert advice about portable seawater desalination plants to enable GWWSA to procure them if required during the drought
- Developing options for the Mardi to Mangrove Creek dam transfer system and the detailed design of the Mardi High Lift pumping station on the Central Coast
- Technical advice, design and project management projects for Wyong Council including the Hunter Connection water pipeline consisting of 20 kilometres of pipeline to link the Hunter Water Corporation's supply network, including management of the 10.5 kilometre northern portion of the pipeline connection
- Investigation and concept design of Goulburn Mulwaree Council's emergency water supply pipeline project involving 90 kilometres of pipeline from Wingecarribee Dam to Goulburn
- Detailed design for the Bega Valley pipeline (20 kilometres) and the Moruya pipeline.
- Technical advice was provided to Dubbo City Council for the design and construction procurement of its 80 megalitres per day Dubbo water treatment plant
- Strategic water management work included five strategic business plans, eight development servicing plans, two service pricing plans, three best practice audits and three economic appraisals, in addition to project management of demand management plans, drought management plans and yield studies, integrated water cycle management plans, and five fair value valuations for the water infrastructure assets.

Wastewater

OPWS carried out over 80 wastewater projects for clients, involving strategic planning, investigation, concept development, design and documentation, construction, operational guidelines, and SCADA and telemetry system upgrades, primarily for municipal sewerage schemes in regional NSW.

Major wastewater projects included:

- Investigation and design of an upgrade of the Grafton Sewerage Scheme to accommodate an additional 30,000 people with estimated capital cost of \$30 million
- Batemans Bay Sewerage Scheme - investigation and concept development
- Camden Haven Wastewater - an innovative concept design to improve the level of wastewater treatment to permit non-potable urban re-use of the effluent
- Design and tender documents for the Mulwala Sewerage Scheme, worth an estimated \$11 million in capital cost
- Investigation, concept development and design for sewage treatment plants at Clarence Town, Evans Head and Tumut
- Development of a Sewage Treatment Plant Operations and Maintenance Manual for the NSW Water Directorate, serving virtually all NSW regional councils.

Manly Hydraulics Laboratory

Environmental water monitoring

Manly Hydraulics Laboratory (MHL) continued to collect, manage and deliver essential water information for several State and local government agencies, including DECC, DWE, Sydney Water, SCA and councils.

Using the digital mobile phone network, water data is automatically transmitted from MHL's network of some 1,000 field instruments to its Manly Vale facilities. The near real-time information is quality controlled, processed and presented on websites for easy access by clients, agencies and the public.

Physical hydraulic modelling

MHL also continues to be a national leader in physical hydraulic modelling for water infrastructure and in the past year physical modelling for dam projects increased significantly.

Recent and current testing of dam projects at MHL include: Burrendong Dam and Googong Dam spillways, Tallowa Dam spillway and fish passage, and interstate work at Wellington Dam spillway (WA), and Lake Manchester Dam spillway (QLD).

Environmental waterways

Fishways

NSW Water Solutions continued to make a major contribution to the Living Murray initiatives and the NSW Water Innovation Program, maintaining its position as the lead fishway and river structures designer for the Murray Darling Basin Commission and inland NSW streams.

Following highly successful fishway designs at Locks 1, 7, 8 and 10 on the Murray River, the final layout and detail design were completed for a new innovative dual fishway structure for Lock 3. Similar designs for fishways at Locks 2 and 5 are well advanced, with Locks 4 and 6 soon to follow.

Fishway designs were also completed for Brewarrina Weir on the Darling River and Lake Cargelligo Weir on the Lachlan River.

State Water has engaged NSW Water Solutions to develop state of the art fish passage solutions for both the upstream and downstream migration of native fish species at Keepit Dam.

The Living Murray

Detailed concept designs were completed for engineering works to provide a more natural watering regime to the Koondrook Perricoota Forest area and further solutions are being pursued to improve the sustainability of a three to four year watering cycle for the regeneration of this river red gum forest.

NSW Water Solutions is carrying out similar studies for the Lake Moira Wetlands and the neighbouring Algeboia Grasslands.

Complex river modelling studies were commenced for the 150 kilometre long Edwards-Wakool River system to identify engineering solutions to the unnatural flooding cycle and the resulting ecological damage to forests and wetlands from regulated flows.

Darling Anabranh Project

The Darling Anabranh project, with a total budget of approximately \$54 million, seeks to save some 47,000 megalitres of water per year and return a degraded river environ to a more natural ephemeral system by constructing a pipeline, pump stations and associated on farm works, modifying and removing in stream structures to allow the free passage of environmental flows, and reinstating an adaptively managed environmental flow regime.

Stage 1, the 317 kilometre Darling Anabranh Pipeline and pumping stations on the Murray and Darling rivers, was completed eight weeks ahead of schedule, and has been delivering stock and domestic water to 41 drought affected properties since 18 December 2006.

OPWS was responsible for project and construction management, design and construction documentation, and surveying, geotechnical investigation, environmental support and advice. During construction, 43 local Aboriginal community members were employed, participating in both cultural heritage protection and construction activities.

Pre-construction works have now begun on Stage 2 Darling Anabranh In Stream Structures project, due for completion by mid 2008.

Environment

Reduction of greenhouse gases

In an initiative of the NSW Greenhouse Plan, a Memorandum of Understanding between the NSW Greenhouse Office and Commerce created a partnership to investigate and facilitate the reduction of highly potent synthetic greenhouse gases in refrigeration, ensuring Government is leading by example in reducing emissions.

The completed investigation found that limited alternatives to synthetic refrigerants are commercially available for some refrigeration applications (commercial air conditioning, domestic refrigerators), while alternative refrigerants for other applications (residential air conditioning, car air conditioning) are still under development. Guidelines for the use of available alternatives are being developed.

StateFleet is at the forefront of vehicle related environment issues, providing policy advice to the Department of Premier and Cabinet and through representation on various government committees and panels. Notable achievements during the year included:

- The NSW Government Cleaner Fleet initiative set targets for an overall environmental performance score (EPS) for the NSW Government fleet. The EPS for NSW fleet progressed from 9.55 in July 2005 to 10.82 in July 2007
- The Cleaner Fleet initiative recommends that the NSW fleet has one per cent of its passenger fleet as hybrid technology vehicles and further recommends the removal of V8 powered vehicles from the NSW Motor Vehicle Contracts, except for special purposes. This target was exceeded for 2006/07 with 1.5 per cent of NSW Government fleet comprised of hybrid vehicles.

Energy management - Lighting upgrades in schools

During 2006/07, 3,200 luminaries of lighting at Dapto, Model Farms and Picton High schools were upgraded or replaced. This increased average classroom illuminance by over 50 per cent while the total energy consumed by the schools is expected to reduce by 14 per cent based on the consumption data for February to May in 2006 and 2007.

Resultant emission saving is expected to be 158 tonnes annually and annual electricity costs are expected to fall by \$18,500 for the three high schools. It is expected that up to 160 schools will receive lighting upgrades in the next four years, using similar methods and technology.

Parliament

OPWS assisted Parliamentary Building Services to identify nine energy and water saving projects to "green" Parliament House. The assistance included funding submissions for these projects from NSW Treasury, the Energy Savings Fund and Water Savings Fund, and implementing the projects. When these projects are completed, Parliament House can showcase significant energy and water savings, achieved through measures that include harvesting rainwater.

Security/Business continuity planning

Central Corporate Services Unit (CCSU) underwent the fourth successful independent Information Security surveillance audit in October 2006 which confirmed that CCSU continued to comply with the requirements of AS/NZS 7799.2:2003, Specification for Information Security Management Systems.

Project Management introduced a Business Continuity Management Plan. This provides a structured approach to organising business processes and resources in the event of a major failure or disaster within the business or community, ensuring continued delivery of key business services to clients.

Asset management

NSW Water Solutions worked with the NSW Zoological Parks Board (Taronga and Western Plains Zoos) to develop strategic asset plans. A three year involvement with the zoo was successfully completed with delivery of a strategic asset management plan, maintenance management plan and specification for a computerised maintenance management system and management of the Computerised Maintenance Management System contract.

The Department of Planning, the former Department of Natural Resources, State Records and the Rural Fire Service were among the agencies given assistance by NSW Water Solutions during the year to develop their Total Asset Management Plans for submission to Treasury along with their Results and Services Plans.

NSW Water Solutions also provided specialist property information services to the Sydney Harbour Foreshore Authority (SHFA) in 2006/07. The development this year of the Google Earth based internet site increased SHFA's access to the asset data held by Commerce. The data includes extensive property asset data, including plans and titles for each property within SHFA's area of operation.

The Surveying and Spatial Information section has conducted surveys in the Perisher Valley resorts area for Department of Environment and Climate Change since 2002 to accurately record the location and nature of built assets, including water supply, sewerage and drainage services.

The Geotechnical Unit deals with hazardous materials and contamination of government-owned sites and assets. During the year it provided specialist investigations and expert advice for more than 40 public schools, TAFE colleges and correctional centre sites.

Safety in construction and maintenance

Commerce continues to demonstrate its major commitment to workplace health and safety when providing design, project, contract and construction management services for its clients' construction and maintenance projects.

Construction contractors engaged by Commerce on behalf of its clients, including its Heritage and Building Services Group, achieved a Lost Time Injury Frequency Ratio (LTIFR) of 3.7 injuries for each million hours worked. This compares favourably with the NSW construction industry's performance of over 20 LTIFR for 2004/05, the latest published figures.

Commerce's safety performance has been achieved by introducing an effective safety management culture supported by a system accredited under the NSW Government's Occupational Health and Safety Management System Guidelines. Commerce's system includes the engagement of contractors who have demonstrated satisfactory safety management, the

review of safety management plans to ensure they are appropriate for the works, and the auditing and review of the contractors' implementation of their safety management plans.

Safety

StateFleet worked with the Road Safety Directorate, Roads and Traffic Authority during 2006/07 to formulate draft Government Fleet safety policies to be submitted to NSW Cabinet.

OPWS also administers \$5 million of state-wide security and cash in transit contracts that provide security guards patrol services to government agencies.

Emergency Management

Engineering Emergency Management

Under the State Disaster Plan, Commerce manages, coordinates and undertakes the specialist engineering services function in the State Emergency Management Committee. In 2006/07, Engineering responded to a number of emergencies including major building fires, the Mount Tomah bushfires and damaged structures.

Newcastle/Hunter Region

In June 2007, Engineering undertook a major response and recovery deployment for the Newcastle and Central Coast storms and floods.

Engineering Services Emergency Management team deployed staff to the region, including one staff member in the role of Engineering Services Functional Area Controller.

Other local Commerce staff and specialist engineers supported the State's emergency phase of the response effort from 8-11 June 2007, by:

- Collecting and transmitting real time data by the Manly Hydraulics Laboratory to allow emergency management agencies to forecast river response to the storms and make key emergency management decisions
- Managing cleanup and repairs to public buildings including schools
- Providing hydrographic survey data about the Hunter River entrance and adjacent offshore areas, including off Nobbys Beach where the ship Pasha Bulker was beached, to Newcastle Port Corporation for use in the salvage activity
- Participating in the planning for any potential cleanup as a result of the grounding and refloating of the Pasha Bulker
- Administering the Natural Disaster Relief Assistance funding, on behalf of NSW Treasury, to those local government authorities eligible for assistance
- Operating the telephone emergency response service for government agencies to provide assistance with repairs and building maintenance
- Assisting in the establishment of Newcastle Disaster Recovery Centre providing the one-stop-shop government and NGO services to the community
- Assisting NSW government agencies in recovery efforts by StateFleet organising suitable short-term rental vehicles at short notice for the Hunter New England Area Health Service, DADHC and Department of Community Services.

Natural Disaster Relief Administration

Commerce administers financial assistance to local government councils and certain catchment management authorities under the Commonwealth and NSW Government Natural Disaster Relief Arrangements. The financial assistance is available to restore council assets damaged by declared natural disaster events. Councils have up to three years to complete works and claim reimbursement.

During 2006/07, Commerce made available \$1,890,710 worth of financial assistance for completed works consisting of 20 payments to 15 councils covering nine disasters. Payments completed included \$308,271 to Penrith, Ryde and Parramatta councils for the storm of 2 February 2005; \$697,856 to various North Coast councils for the flood of 30 June 2005; \$406,802 to Clarence Valley Council for the storm of 1-2 December 2005 and \$312,389 to Albury City Council for the storm of 2 December 2005.

Awards

Commerce's performance and capability continued to be recognised through its success in the prestigious Australian Institute of Project Management's Achievement Awards.

Commerce staff won the 2006 National Individual Project Management Award for the third consecutive year and the NSW Students Award for 2006, while the Lismore Levee project won the 2006 NSW Regional Development category.

2006/07 Performance indicators

Commerce Goal 1 - Maximise value for Government agencies in delivering services to clients, customers and community

Corporate performance

Service Group	Indicator/Measure	05/06 Actual	06/07 Target	06/07 Actual	Comments	Target 07/08
Office of Public Works and Services (OPWS)	% of projects managed by OPWS completed on time.	93%	95%	88.67%	Target reflects a broader base of projects than delivered in previous years and is still considerably higher than international benchmarks.	85%
	% of projects managed by OPWS completed within budget.	95%	95%	92.33%	Target adjusted to reflect industry benchmarks	85%
	% of client satisfaction with asset solutions developed on behalf of client agencies.	83%	80%	87.56%	Achieved	80%

Service Group	Indicator/Measure	05/06 Actual	06/07 Target	06/07 Actual	Comments	Target 07/08
Project Management	Lost Time Injury Frequency Ratio score to be 20% better than industry on Commerce managed projects.	3.1 LITFR 65% Better than industry	20% better than industry	Measure exceeded 57% Better than industry. Commerce achieved 3.7 lost time injuries per million hours worked.	Industry benchmark is 21.3 lost time injuries per million hours worked. <i>Workcover NSW Statistical Bulletin 2004/5</i>	20% better than industry
	% of business case outcomes accepted by client.	100 %	95 %	100 %	Achieved	95 %
	% of business cases that pass through the Gateway and Budget Committee	100 %	95 %	100%	Managed two business cases, both of which passed through the Gateway process, but neither were funded by the Budget Committee. ie 100% for passing the Gateway Review and Not Applicable for Budget Committee	95%
	% of DET asset costs compared to other jurisdictions.	3 %	5 %	13 %	Achieved. 13% less than the average cost per square metre for primary schools in WA and SA	5%
	% Objectives of Minister's stone program met.	100 %	100 %	100 %	Achieved	100 %

Service Group	Indicator/Measure	05/06 Actual	06/07 Target	06/07 Actual	Comments	Target 07/08
Government Architect's Office	Cost savings in \$millions to Government and non-profit organisations using electricity contract C777	New	\$11M	\$27M	Escalation in electricity prices is greater than when targets were set.	\$14M Actual savings will depend on the volatility of electricity prices during 07/08
	Water savings identified in Megalitres per day	New	1450ML	1691ML	Ahead of Target	1500ML
	Number of expert design reviews undertaken for Government Agencies.	New	18	37	Ahead of Target	20
	Number of hits on the building Price Index (BPI) website.	New	6600	7158	Ahead of Target	6600
NSW Water Solutions	% of required environmental data successfully captured by MHL for State natural resource management agencies and for storm/flood/estuary events.	94 %	90 %	93.06 %	Ahead of Target	90 %
State Fleet	Government average fleet "environment performance score" target met.	9.88	11	10.82	Working towards achieving target.	12
	Average resale values within +/- 10% of set residual value.	-12 %	+/- 10 %	1%	Achieved	+/-10 %

Service Group	Indicator/Measure	05/06 Actual	06/07 Target	06/07 Actual	Comments	Target 07/08
Central Corporate Services Unit	% variance of transaction cost against benchmark.	18 %	20 %	24 %	Achieved	20 %
	% client satisfaction with CCSU services	94%	85%	93%	Achieved	85%
Human Services Better Service Delivery Programme	% client satisfaction with the delivery of ICT Human Services projects	-	75%	81.3%	Achieved	75%
Facilities Management	Achieve a reduction in workers compensation costs in Govt. Cleaning Contract as evidenced by reductions in the WorkCover Industry Classification rate	New indicator for 06/07	WIC rate at June 2005 of 16.23 % was used as the target	12.52 %	Achieved	11 %

1 Source: Workcover Statistics 04/05.

NSW Procurement

Commerce Goal 1 – Maximise value for government agencies in delivering services to clients, customers and community

Commerce Goal 2 – Simplify processes for dealing with government

NSW Procurement is the NSW Government's centre of expertise for the procurement of capital assets and goods and services, including information and communications technology (ICT). It delivers efficiencies and cost savings through leading edge procurement strategy, advice, products and processes and business solutions for government agencies.

NSW Procurement also leads government procurement reform that is shaping new pathways for further savings across government. Financial and productivity savings are a significant source of funds through which the NSW Government is improving service delivery to NSW communities. Cost savings in government procurement expenditure are a critical way to help fund key front-line services, such as health, education, transport, housing and human services.

NSW Procurement offers services that deliver value, minimise costs and manage risk across the government. Its key services include:

- establishing and administering state contracts and providing strategic sourcing and supply management advisory services
- design and delivery of efficient and effective procurement systems and guidelines including Gateway reviews, supplier management systems and contract dispute facilitation services
- designing and providing on-line procurement tools, solutions and services including smartbuy® and NSW eTendering

- implementing People First as a coordinated government-wide approach to ICT planning in collaboration with the Chief Information Officers' Executive Council (CIOEC) and government agencies
- providing strategic advice in the procurement of government communications, advertising, publishing and information services
- delivering State Broadband service, Government Radio Network and NSW Government web-portal and Government Licensing System
- setting standards and providing guidance and services to improve records management across the NSW public sector, including preserving the State archives and promoting their use.

Cost Savings

Delivered \$622 million of estimated cost avoidance savings, made up of \$482 million from the use of state contracts, administrative cost savings of \$41 million, \$44 million from the use of master Media and Placement Contract, process efficiency savings of \$40 million from eProcurement and \$15 million cost avoidance from other procurement services.

Strategic Sourcing Services

Strategic Sourcing takes a holistic approach to procurement and aligns procurement activities to the agency business needs and operating environments, thereby achieving sustainable cost benefits.

In 2006/07, overall \$82 million savings were delivered through strategic sourcing initiatives, exceeding the target of \$79 million.

People First - NSW Government ICT Strategic Plan

People First established the framework for a coordinated government-wide approach to ICT planning, expenditure and allocation of resources. It is a key mechanism to deliver the NSW State Plan and will deliver estimated savings of \$565 million over four years.

Implementation of *People First* is being supported by 17 programs of work, each with a CIO working group, drawing on expertise and advice from over 90 agency ICT staff.

In the past 12 months, over 60 supporting projects have been identified, scoped and/or initiated to implement *People First*.

Commerce has identified the potential to save \$50 million a year on Government Telecommunications Agreements. This is based on an average spend of \$250 million across all telecommunications categories. Potential savings of \$30 million a year have also been identified for Personal Computers, servers and associated services based on an average annual spend of \$175 million.

The plan consists of several distinct ICT strategies and programs under the following five priority groups:

- Front-line Service Improvement
- Customer Service Improvement
- ICT Cost Savings
- Standards and Principles
- ICT Governance.

NSW Procurement Reforms

NSW Procurement co-ordinated implementation of the procurement reforms, which aim to get better value for agencies from procurement and build on the Government's investment in procurement systems and capability. Premier's Memorandum 2006 –11 on NSW Procurement Reform was released in July 2006 covering three key areas:

- State Contracts Control Board (SCCB) contracts
- all agencies are required to use the State contracts
- electronic procurement.

All major agencies are to implement electronic procurement of their goods and services by June 2007, with smartbuy® being the Government's default electronic procurement system.

All agencies are to make their Requests for Tender documentation and tenders available to be lodged through www.tenders.nsw.gov.au.

Agency Accreditation Scheme

The development and introduction of an Agency Accreditation scheme for goods and services by July 2007.

The procurement reforms requirements apply to all statutory authorities, trusts and other government entities, excluding state owned corporations.

State Contracts

In 2006/07, the spend through the SCCB contracts was \$3.6 billion, reflecting a growth of 5.6 per cent on the previous year.

eProcurement services

NSW Procurement managed and promoted a number of electronic services, including eTendering and smartbuy®, the NSW Government electronic marketplace. smartbuy® and eTendering have helped agencies to improve procurement efficiencies, by reducing costs and avoiding infrastructure duplication.

eTendering

NSW eTendering provided a complete electronic tendering process that is standard for all government organisations and grew by 35 per cent on the last year. In 2006/07, 1,841 government tenders were published on the eTendering system, compared to 1,373 tenders in 2005/06.

smartbuy®

In 2006/07 the use of smartbuy® increased significantly. Orders valued at \$224 million were placed (up from \$109 million in 2005/06). More than 44,000 purchase orders were placed through the system, compared to 23,000 in 2005/06.

All SCCB suppliers are now able to receive purchase orders from NSW government agencies through the smartbuy® CONNECT systems.

Agency Accreditation Scheme, Goods and Services

The Agency Accreditation Scheme for goods and services procurement was established. The Scheme is administered by the SCCB and is based on agencies' assessed procurement capabilities.

Information and communications technology procurement

NSW Procurement has gone to the market as a single NSW government buyer to obtain the best possible whole-of-government price from ICT suppliers.

PC Contracts

New contracts standardising government requirements for personal computers and notebooks will save more than \$30 million a year. The benefits of such an approach include a single technical specification, (which makes selection of software easier and a single Government Standard Operating Environment more achievable), environmentally sensitive disposal of old PCs and the establishment of a supplier panel consisting of Australian personal computer suppliers with local assembly facilities, part of the NSW commitment to encourage local industry.

Government Telecommunications Agreements

In March 2007, Commerce signed new Government Telecommunications Agreements (GTAs) that will cut the State's annual telecommunications costs by more than \$50 million a year from 2007/08.

The new arrangements significantly reduce red tape and tender costs for suppliers and many agencies will benefit from savings of more than 30 per cent on the cost of a standard fixed line call.

Government Selected Application Systems

A comprehensive review of the Government Selected Application Systems (GSAS) program was undertaken in 2006/07. GSAS 2007 will change the way the government purchases software applications for finance, payroll and human resources systems across government agencies.

GSAS 2007 will ensure that the Government maximises the benefits from these applications and reduces the cost of acquiring, implementing, maintaining and supporting them. The changes follow an independent review of the major enterprise resource planning systems that are available and supported in Australia.

NSW Government Procurement Guidelines

NSW Government Tendering Guidelines

The NSW Government Tendering Guidelines are designed to provide agencies with a structured approach to planning and implementing tendering and associated processes. The revised guidelines were released in December 2006 and complement those in the NSW Government Code of Practice for Procurement. They provide industry with an appreciation of the processes followed by NSW Government agencies to ensure fairness and probity in tendering.

Aboriginal Participation in Construction Guidelines

The policy to encourage Aboriginal employment on government construction projects was strengthened by the publication of new Aboriginal Participation in Construction Guidelines in February 2007.

Contract Dispute Resolution Guidelines

Contract Dispute Resolution Guidelines were developed as part of the NSW Procurement System for Construction, giving project managers a valuable resource with which to plan a contract resolution process.

Capital Project Estimating Guidelines for Construction (draft)

The draft Guidelines were completed and released in December 2006. These are provided to assist all NSW budget-dependent general government agencies to obtain best value for money from capital investments by providing agencies with a structured approach to developing construction estimates and budgets for inclusion in the NSW Budget and for their management of project performance to meet the agreed budget.

Gateway Review System

The Gateway Review System is a significant initiative of the NSW Government that is aimed at improving the procurement discipline of capital infrastructure, information technology, property and accommodation and goods and services acquisitions. In 2006/07 48 Gateway Reviews were conducted for \$2.4 billion worth of projects. This was an increase from 2005/2006 when 32 Gateway reviews were conducted.

The Strategic Gate was mandated for all ICT Projects valued over \$1 million. A new ICT Strategic Gate Workbook (\$1m-\$5m) was added to the suite of Gateway Workbooks. A new training course, Building a Credible Business Case, was added to the Gateway education program. Offered through the Institute of Public Administration Australia, this course provides participants with tools and practical skills in all areas of business case preparation, from problem or opportunity identification to preparing final documents for funding submissions.

NSW Government Procurement System for Construction

The procurement system for construction consists of instrument templates, guidelines, tools and systems that help agencies select procurement strategies, develop tender and contract documents, contract risk allocation, select service providers, manage contracts and resolve contract disputes.

GC21 Construction Contract

The NSW Government construction agencies, including Commerce, developed the New South Wales Government General Conditions of Contract for Design and Construction, GC21. This contract form enables Government to take a more uniform approach in its contractual dealings with the construction industry. The dollar value of the contracts under GC21 for 2006/07 was \$686 million.

Best Practice Contractor Accreditation Scheme

The NSW Department of Commerce Contractor Best Practice Accreditation Scheme is designed to foster better and more consistent outcomes by working with contractors committed to continuous improvement in a wide range of functions and long term relationships with Government while ensuring that ethical principles are enacted across their organisations. Accredited contractors meet government standards for performance, resource capability, financial viability and stability, co-operation and client relationships and the management of safety, quality, environment, industrial relations and employee training and development. Thirty-one contractors are accredited. Benchmarking of performance criteria indicates that the overall performance of Best Practice Accredited contractors exceeds the performance of all other contractors carrying out construction work.

Consultant Prequalification Scheme

The Consultant Prequalification Scheme document was completed and invitations called for applications for the new ICT Project Assurance Advisors Prequalification Scheme 2006–2009.

Integrated performance management system

The NSW Government Procurement System for Construction Guidelines and documentation for the integrated performance management system were made available on-line in November 2006. This system incorporates the updated contractor performance reporting, consultant performance reporting, project manager performance reporting and the new stakeholder performance reports.

Provision of financial assessment services

In 2006/07 there were no insolvencies for Commerce prequalified contractors.

A total of 1,336 contractor financial assessment reviews were completed for procurement of construction and goods and services valued at around \$1 billion. This was an increase from 1,100 assessments undertaken in 2005/06.

Dispute resolution advice and facilitation

In 2006-2007 Policy Support Services provided dispute resolution advice and facilitation for a diverse range of projects and agencies. Contract management advice was provided in response to approximately 150 separate enquiries. Around half of the enquiries related to providing advice in respect of contractual disagreements and the rest concerned contractual advice in the service of dispute prevention.

Procurement Certification Training

The Procurement Certification Training Program is aimed to improve the procurement capability throughout NSW government, providing a nationally recognised foundation, and leading to tertiary and postgraduate qualifications.

In 2006/07, NSW Procurement delivered 28 courses to 672 participants to improve the procurement skills of staff in NSW government agencies. This was an increase from 2005/2006 when 25 courses were run for 282 participants.

Communications and Advertising Services

NSW Procurement provided strategic advice in the procurement of government communications, advertising, publishing and information services. Key achievements included:

Advertising consultancy services

Communications and Advertising offers a consultancy service to government agencies to help them ensure the best results from their advertising. It centrally coordinates campaign submissions and is able to offer day-to-day advice and help to agencies.

The graphic Cancer Institute advertising campaigns proved highly effective, contributing to a reduction in the numbers of people smoking in NSW from 20 to 17 per cent.

Communications and Advertising was involved in developing a number of priority advertising campaigns for government including flu vaccinations for NSW Health, business confidence for the Department of State and Regional Development and various tourism campaigns.

All advertising campaigns with a total budget of \$50,000 or more were subject to a peer review process, which provided agencies with an informed and independent assessment of the campaign's robustness.

During the year, 47 campaigns were submitted for peer review, resulting in improved and more effective strategies.

Media cost management

As a result of the centralised government media contract, all advertising was booked through one of Australia's largest media buying agencies. The contract maximises the government's leverage in the discount on media placement rates by consolidating all advertising through one central buying point. Annual negotiations on advertising rates are conducted directly with the major media groups to ensure both price and service benefits.

In 2006/07, \$111.7 million expenditure was processed through the Master Media and Placement Contracts resulting in \$44 million in savings.

Recruitment advertising services

In 2006/07 Communications and Advertising handled recruitment advertising for more than 100 government agencies. It placed 9,374 jobs advertisements in newspapers, and published in the Public Sector Notices and on the government's recruitment website, jobs.nsw. Taking into account the moratorium on recruitment during the March 2007 state election, this represents a growth on a pro rata basis from the 2005/06 figure of 10,004.

Government Chief Information Office

The Government Chief Information Office (GCIO) plays a key role in ensuring that the Government's ICT strategies and associated programs meet the needs of the people of New South Wales.

GCIO's role was further strengthened by the ongoing activities of the NSW Government CIO (Chief Information Officers) Executive Council (CIOEC).

NSW Government CIO Executive Council

The CIOEC is a working partnership between GCIO and NSW government agencies. It was established by the NSW Government CIO to advance the implementation of People First - the NSW Government ICT Strategic Plan.

Together with officers from GCIO and cross-government working groups, the CIOEC has initiated and planned the ICT projects that implement People First.

Better government access

One of the major programs to be supported by People First is the NSW Government's plan to establish a single toll-free telephone number and a unified government services web portal, announced in March 2007.

Just as 000 works for all emergency services, the new non-emergency single toll-free telephone number will be a single point of contact for government.

The single Government services web portal will consolidate more than 300 agency websites into an integrated service, presenting a single cohesive face to the community and making it easier to access information. Not only will this improve service to the public, it will also generate real savings to the NSW Government.

Government Broadband Service

The NSW Government Broadband Service provides cost-effective and high capacity broadband services to over 1,000 government offices in 24 NSW regional centres.

The service is improving Government on-line service delivery in the following areas:

- provision of specialist teaching to small or remote schools
- access to expert medical advice from regional hospitals
- video-conferencing of court and other proceedings
- agencies use shared applications thus greatly increasing their efficiency.

The projected savings for Government are estimated at \$50 million over five years. The Department of Education and Training alone saved \$4 million on broadband costs in 2005/06.

In conjunction with the Commonwealth Government, GCIO laid a fibre optic link between Lithgow and Parkes, via Bathurst and Orange, that is now being used to support Charles Sturt University and NSW government agencies.

Wireless broadband

In November 2006, the NSW Government called for expressions of interest from industry for the development of a free or low cost wireless broadband service in the main central business districts of the State.

It is proposed to use wireless technology that can be accessed from an increasing range of everyday consumer electronic devices such as phones and laptops.

Long Term Radio Strategy

The final \$10 million worth of a total \$30 million of digital radio terminals were delivered to the agencies with emergency management responsibilities in May 2007 as part of the upgrade of the Government Radio Network (GRN) from analogue to digital.

Government Radio Network

The NSW Fire Brigade, the State Emergency Services, the Rural Fire Service, the Ambulance Service of NSW and 36 other agencies rely on the GRN for their radio dispatching.

A four-year strategic program is now well advanced to digitise the network, to enable the introduction of digital encryption and keep the network technology current.

The GRN covers approximately 40 per cent of NSW and 75 per cent of the potential user base. Twenty additional sites have been built along the NSW South Coast, and will become fully operational June 2008.

The network is extremely resilient and consistently maintains a yearly availability of over 99 per cent. The June 2007 storms and floods in the Hunter and Central Coast regions had widespread effects on the power and telecommunications services. However, the resilience of the GRN ensured that the basic services were maintained to support emergency relief operations.

Mobile Data Radio Service

Mobile Data Radio Service (MDRS) is a unified digital mobile data network to provide low bandwidth, time critical mobile data for government agencies.

The Ambulance Service of NSW was the first agency to join the network. It now operates approximately 680 terminals and is logging over 50,000 events each month. Ambulance vehicles receive incident information as a text message displayed on their mobile data terminal where it can be viewed and printed out if necessary.

Since February 2007, the MDRS has achieved 100 per cent availability of service.

The Government Licensing System

The Government Licensing System provides a single system for licensing agencies to provide agency back office, call centre and over the counter type services and a one-stop on-line internet entry point (www.licence.nsw.gov.au) to licensing and information services for business and the public. The project's aim is to integrate licensing regimes across 19 agencies currently using more than 40 different licensing systems and to potentially service around four million licence and registration holders.

The new system has been implemented by:

- the Office of Fair Trading for valuers' registration
- the Department of Environment and Climate Change for wildlife licences
- the Office of Liquor, Gaming and Racing for licences covering trade promotion lotteries, games of chance and charitable fundraising.

State Records services

State Records contributed to preserving the State archives (records of enduring value), enabling and promoting their use. They set standards by providing guidance and services to improve records management across the NSW public sector (including local government, the universities and the public health system).

Retention and disposal of records

Substantial improvements were made during 2006/07 in sector-wide disposal coverage with the approval of 25 disposal authorities that will provide comprehensive disposal coverage for the functional records of 29 public offices and provide some coverage for a further five public offices. These improvements mean that 72 per cent of NSW public offices now have comprehensive retention and disposal authorities in place.

State Records issued two substantially revised general retention and disposal authorities during 2006/07 that will help all NSW public agencies to improve records management practices.

The revised General Retention and Disposal Authority for Imaged Records provides approval to some 438 public offices for the destruction of many original (hardcopy) records after they have been copied to digital or microform.

The revised General Retention and Disposal Authority for Administrative Records provides improved retention and disposal coverage for administrative records.

Digital records

During the year, State Records made progress in the implementation of the whole-of-government digital records strategy. It developed and issued an exposure draft policy on the preservation of digital records and worked closely with GCIO on reforms to the procurement of records and information management tools. The Australasian Digital Recordkeeping Initiative endorsed a model plan developed by State Records for implementing digital recordkeeping and archiving across a government jurisdiction.

Government Records Repository inventory management system

In 2006/07, the Government Records Repository (GRR) received 184,600 boxes of new records transferred for storage; undertook 323,000 file retrieval operations and handled the confidential destruction of 20,650 boxes of time-expired records. These 528,250 operations were efficiently managed by the GRR's newly implemented inventory management system, O'Neil Software's RS-SQL, which by the end of June 2007 managed data relating to over 2 million boxes of records. RS-SQL enabled an increased volume of operations with reduced staff costs.

Green Globe Award for repository building

The GRR's new Stage 6 records storage building at the Western Sydney Records Centre proved its environmentally friendly credentials being named the Energy Champion for the entire Government sector for 2006 in the prestigious Green Globe awards.

Improved awareness and access to records by Aboriginal people

State Records improved access to records by Aboriginal people and increased awareness of significant records through a number of projects in 2006/07. The projects includes the operation of the Aboriginal Trust Fund Repayment Scheme, the Chief Secretary Indexing Project for the wider Aboriginal community in conducting personal, family and community history research and the In Living Memory exhibition outreach programs that improved awareness of the State archives, in particular access to records by Aboriginal people.

For more detailed information on State Records performance during the year see the State Records Authority of New South Wales Annual Report 2006-07.

The Building and Construction Industry Security of Payment Act 1999

In 1999 the NSW Government introduced security of payment legislation that established new rights for parties seeking payment for work they have done and the plant and materials they have supplied.

The *Building and Construction Industry Security of Payment Act 1999* NSW represents an ongoing commitment by the NSW Government in maintaining the stability and efficiency of the construction industry.

The Act's hallmarks are quick adjudication of disputes over progress payments and provides for a fairer and quicker payment system for all parties in the industry.

A large number of such disputes are now being resolved without recourse to formal dispute resolution processes or the courts. Claimants range from small, localised subcontractors to major national contractors. The *Building and Construction Industry Security of Payment Act 1999*, which commenced on 26 March 2000, was amended in 2002. The amendments, which improve the operation of the Act and make it more effective in ensuring payment, commenced operation on 3 March 2003. There has been an increasing focus on its use to resolve progress payment disputes. From March 2003 to December 2006 there were over 3,000 adjudication applications representing \$1.8 billion worth of claims. These figures represent money claimed for work performed in the building industry that would otherwise have remained unpaid or in dispute. Without the *Security of Payment Act* these parties would likely have remained in dispute with no guarantee of payment.

2006/07 Performance indicators

Improved NSW Government Performance

Commerce Goal 1 – Maximise value for government agencies in delivering services to clients, customers and community

Commerce Goal 2 – Simplify processes for dealing with government

Service	Indicator/Measure	05/06 Actual	06/07 Target	06/07 Actual	Comment	07/08 Target
State Contracts	Aggregated procurement cost savings from whole-of-government period contracts	\$465M	\$520M	\$523M	Externally validated	\$560M
	Expenditure on State Contracts Control Board arranged goods and services contracts compared to total NSW Government expenditure on goods and services	28.5%	33%	29%	Benefits realisation was impacted by structural issues in the sector in the merging and restructuring of government agencies	30%
Gateway Reviews	Value of projects subjected to Gateway Reviews	\$3.2B	\$3.5B	\$2.4 B	Despite higher number of reviews (48 in 2006/07 – 32 in 2005/06) the dollar values were lower, largely due to better coordination of public sector infrastructure projects	NA (See note 1)
	Improvement in agencies project planning (Average Gateway % scores across a total of 7 factors)	79%	81%	76%	Factors include: Service Delivery, Affordability, Sustainability, Governance, Risk Management, Stakeholder Management and Change Management	NA (See note 1)

Service	Indicator/Measure	05/06 Actual	06/07 Target	06/07 Actual	Comment	07/08 Target
GC21 General Conditions of Contract	\$ value of contracts let under GC21 General Conditions of Contract compared to construction budget of agencies not accredited for construction.	31%	35%	34%	GC21 contract spend: \$686m.	36%
eTendering	Number of electronic tenders as a proportion of published government tenders	99%	99%	99%	Tenders published by Government Advertising	99%
Master Media Contract	\$ savings to government achieved through the Commerce Master Media and Placement contracts compared to market media rates	\$32M	\$34M	\$44M		\$46M
<i>jobs.nsw</i>	Number of visits to jobs.nsw site	2.5M	2.7M	3.2M		3.0M
	Number of on-line job applications lodged	62.2K	70K	71K		79K
NSW Government Portal	Number of visits to NSW Government portal	2.4M	2.4M	4M	www.nsw.gov.au	4M
Government Radio Network	GRN Service coverage by population	70%	75%	80%		85%
	GRN Service coverage by geographical area	35%	38%	45%		48%
Government Broadband Service	Number of agency sites using Government Broadband Service	792	1,050	1,050	Target sites operational	1,300

Note 1: Gateway Review service transferred to NSW Treasury in 2007/08

State Records

Service	Indicator/Measure	05/06	06/07 Target	06/07 Actual	Comment	07/08 Target
Improving records management across the public sector	% of public sector covered by retention and disposal authorities	65%	67%	72%		74%
Managing State archives	No. of catalogued record items discoverable on-line	174,242	204,000	205,460		220,000
Storing non-current records	Metres of non-current records in storage	348,000	370,000	373,737		435,000

Improved internal performance

Commerce Goal 5 - Contribute to a credible, efficient and effective organisation

Corporate Procurement

Corporate Procurement Strategy Unit (CPSU) continued to support Commerce business units in strategic acquisition of goods and services by obtaining value for money, integrating operational efficiencies and developing procurement capabilities.

The Strategic Sourcing Project, initiated in 2005/06 to analyse spend and identify specific spend categories, progressed in 2006/07. Project initiatives have resulted in \$3.1 million savings in the telecommunications category and strategies have been developed for the imaging devices and contingent workforce categories.

Commerce implemented a new Enterprise Resource Planning (ERP) system and is using SAP integrated with smartbuy® (the NSW Government's electronic marketplace) for its procure-to-pay processes. The new system will allow Commerce to reduce the total procurement transaction costs, reduce duplication of data handling and comply with State Contracts Control Board and Commerce-specific contracts.

CPSU's key achievements in 2006/07 are as follows:

- increased awareness of procurement as a critical business function
- establishment of procurement policies, consistent processes and standard documentation and guidelines
- successful implementation of ERP 'Procure-to-Pay' module across Commerce
- improved procurement intelligence and management reporting
- increased use of environmentally friendly products - approximately 68 per cent of all A4 paper purchased was recycled paper and 70 per cent of toner cartridges were re-manufactured
- regular communication with staff engaged in procurement.

Motor vehicle management

The Fleet Services Unit improved the Commerce fleet "Green Score" rating from 9.6 to 10.2 out of 20 from July 2006 to June 2007. This fell short of the target of 11/20 due to the need for commercial vehicles. Approximately 45 per cent of the Commerce fleet is commercial vehicles such as four wheel drives used in regional and remote areas. The passenger fleet achieved 10.9/20.

Overall, fleet size was reduced by 6.8 per cent from 601 vehicles in July 2006 to 558 vehicles in June 2007, exceeding the 3.5 per cent target. This was a further improvement on the 9 per cent fleet reduction achieved in 2005/06. Total increases in fuel costs were contained to 5 per cent.

Similarly, total lease cost increases were contained to 8 per cent while the lease replacement value has increased approximately 23 per cent in two years.

Average annual kilometres travelled per passenger vehicle, remains at approximately 20,000 kilometres. Continued improved fleet management, particularly in the appropriate lease term selection, based on use, has assisted in also managing lease cost increases.

Voice communications

During 2006/07, Business Infrastructure's telecommunications team provided enhanced mobile phone management reporting to business units, enabling managers to better control the number of mobile phones and their use. Mobile phone user's ability to re-pay personal calls was enhanced as a result of an automated payroll deduction system being introduced during the year.

Improved billing and reporting has been achieved with fixed voice services as a result of consolidating approximately 400 accounts down to eighteen. This has also resulted in higher efficiency with less time and effort required to process the substantially lower number of monthly invoices.

Commerce has participated in the rollout of the Government Telecommunication Agreement (GTA) that is being managed by GCIO. The re-negotiated rates will result in, on average, carriage cost savings of approximately 17 per cent a year, which is in addition to the \$3.1 million savings as a result of the Telecommunications Strategic Sourcing Project.

Commerce property portfolio

During 2006/07, the management of Commerce's property portfolio achieved savings of \$1.1 million a year by terminating leases without replacement or replacing the leases with downsized premises. Commerce also terminated a lease on Level 6, 234 Sussex Street, Sydney which will enable further saving of approximately \$245,000 per year for forthcoming years.

Co-location and/or downsizing initiatives at Blacktown, Darlinghurst, Orange, Parramatta and Wagga Wagga reduced the number of leases in these locations.

The former Q-Stores site at 47-49 Burke Road was sold for more than \$22 million, with settlement scheduled early in 2007/08.

Information Services

Information Services concentrated on providing cost effective means of service delivery for the Department's corporate information assets.

This involved implementing some of the strategies developed in the previous year including:

- migrating a plan index from an old legacy system into TRIM, a new records management application
- supporting the Information Management Program, which is developing a whole of Commerce approach to introducing common records management procedures and systems for managing digital records.

New initiatives that commenced this financial year included the:

- development of the Business Information Management Framework in conjunction with the Information Management Program
- establishment of the Commerce Libraries and Information Network Group (CLING)
- development of the Records Storage Management Strategy for the McKell Building
- preliminary work on migrating the Commerce intranet to a new content management system
- Information technology

A range of technology-related improvements for Commerce clients and business units have been implemented by the Information Management & Technology (IM&T) Services branch, including improvements in:

- performance for Commerce regional sites through increased wide area network bandwidth as part of the Commerce Government Broadband Services' implementation
- performance for the McKell Building through a local area network cabling and infrastructure upgrade

- collaboration and communications for Commerce business units via standardisation on a single electronic mail and calendaring system across Commerce
- personal computer (PC) support responsiveness and efficiency, including remote support and unattended software installation, through the continued rollout of the PC Standard Operating Environment
- functionality and reduced costs for printing, copying, scanning and faxing through the Imaging Devices Strategic Sourcing project, which will continue in 2007/08
- levels of service for certain critical Commerce systems through additional IM&T Service Level Agreements
- project management through the ICT program management office which has been established to ensure successful execution of the diverse range of ICT projects, including improved project reporting to the IM&T Board
- performance and transparency of decision making regarding acquisition of new technology products through the establishment of an Architecture Review Group.

Planning and design activities have been progressed to improve reliability and disaster recovery capabilities of key Commerce systems, particularly those used by the community and Commerce's commercial and government clients. These improvements will be implemented by the Web Services and Data Centre Consolidation projects in 2007/08 in support of the People First Government ICT Plan.

A review of how the Department procures ICT equipment has resulted in a number of recommendations which when implemented during 2007/08 will lead to improved time frames and resourcing efficiencies, in addition to savings for Commerce by using fleet management techniques for common ICT equipment.

A range of initiatives are improving information technology environmental sustainability within Commerce, including:

- encouraging and educating Commerce staff to implement practices that can reduce energy consumption in the use of ICT equipment in each business unit
- replacing ageing personal computers and imaging devices with newer more energy efficient models
- optimising power saving settings, particularly for personal computers and imaging devices
- optimising resource consumption settings for imaging devices (eg double-sided printing)
- reducing the size of Commerce ICT asset fleets, including personal computers, imaging devices and servers, reducing energy and resource consumption
- server virtualisation which enables more effective utilisation of server infrastructure, thereby reducing Commerce's resource consumption.

Representatives from the IM&T Services Branch have participated in several forums led by GCIO in support of the People First Government ICT Plan.

Enterprise Resource Planning

Commerce successfully completed an ERP program, which included a range of sub-projects that resulted in:

- a functional and technical SAP upgrade delivering improved self-service capabilities for staff and managers
- migration off MIMS to SAP, resulting in reduced ERP costs.

Commerce had previously been supporting two major ERP systems (MIMS and SAP), with corresponding management overheads both in recurrent costs and productivity costs. MIMS had been heavily customised to suit Commerce's requirements and recurrent maintenance and support costs were high. The ERP program retired these legacy programs, reduced costs and improved self service capabilities.

The ERP system is a critical application for OPWS and NSW Procurement. Additionally, many back office functions such as Human Resources payroll and financial processing are dependent on the ERP system.

Information security

Commerce continued to work towards implementing and deploying security management systems that are consistent with the model provided by the International Standard on Information Security (ISO27001).

A range of information security policies were approved:

- Commerce Information Security Policy
- Acceptable Use of Information and Information Systems Policy
- Internet and Email Use Policy.

Business continuity

Further revision of Business Continuity Plans for Commerce ICT infrastructure continued, including the development of a Pandemic Business Continuity Plan for critical IM&T services.

Provision has been made for a dedicated resource to lead business continuity activities for Commerce ICT infrastructure from 2007/08 onwards.

Energy and environment

Environment

Waste Reduction and Purchasing Plan

Commerce's Waste Reduction and Purchasing Plan (WRAPP) incorporates recommended WRAPP principles to conserve resources, promote the use of recycled materials and reduce the waste generated by Commerce offices.

In 2006/07, Commerce undertook a number of initiatives which, in addition to improving operational efficiencies, also contributed towards waste avoidance, reuse and/or recycling:

- staff education and improved communication regarding WRAPP principles, relevant Commerce strategies and availability of recycled products
- purchase of A4 recycled paper increased to 68 per cent of total paper purchased and remanufactured toner cartridges to 70 per cent of total toner cartridges purchased
- improved management reporting regarding recycled product usage trend
- establishment of the State Contracts Control Board contracts for PCs and Laptops requiring service providers to include installation, removal of packaging and take-back of old equipment for recycling
- implementation of the Imaging Devices project to reduce the usage of total number of imaging devices, use of recycled paper, take-back and recycling of toner cartridges by supplier, and avoidance of waste by the introduction of double-sided printing as the default option
- implementation of the new ERP system to reduce the usage of paper-based forms and printing.

Energy management

Each year NSW Government agencies use eight million gigajoules of building energy, resulting in 1.5 million tonnes of greenhouse gas emissions. A number of Government energy policies are in place to reduce Government greenhouse gas emissions, save energy and save money on energy bills, including the Government Energy Management Policy (GEMP) and the NSW Premier's Memorandum 2004-04: Greenhouse Performance of Office Buildings and Rental Properties.

Commerce has specific responsibilities under GEMP for developing policy and providing leadership to agencies in the areas of asset management, procurement and environmental design.

NSW Procurement has established SCCB contracts for the retail supply of electricity to all sites, allowing agencies to purchase a nominated percentage of Green Power.

Green Power is renewable energy sold by accredited electricity suppliers, it helps to reduce greenhouse gas emissions associated with electricity generated from coal, and supports continued investment in the renewable energy industry

In accordance with the NSW Government's commitment to achieving savings in energy usage and to adopting sustained energy management principles Commerce has:

- developed an Energy Management Plan
- obtained an accredited Australian Buildings Greenhouse Rating (ABGR) for all of its premises with more than 1000m² of net office space and has developed an improvement plan to meet the targets set out for all Government premises

- purchased 6 per cent Green Power for all of its sites using the SCCB Contracts for the Retail Supply of Electricity.

Commerce's use of the SCCB contracts to purchase of electricity in the contestable market has lowered costs and led to a reduction of greenhouse gas emissions through the purchase of Green Power.

Commerce's total energy consumption for 2006/07 was 61,320 gigajoules of energy, for Commerce-occupied buildings, a reduction of 3 per cent compared to 2005/06. This included over 799,000 kWh of green energy. The energy consumption in Commerce tenancies and buildings equates to total emissions of 13,775 tonnes of CO₂, a reduction of 4.3 per cent compared to 2005/06. The cost of the building energy was \$1,692,000, an increase of 2.8 per cent over 2005/06.*

A number of administrative changes occurred in Commerce during 2006/07 and it should be noted that:

- energy usage data for the Festival Development Corporation site at Kariong is included in Commerce's energy consumption for the first time
- State Records joined Commerce during 2006/07, but, as a Statutory Authority, it is required to report separately
- NSW Business Link joined Commerce in the latter part of 2006/07, and their energy usage data is not included in Commerce's 2006/07 energy reporting.

* The figures provided are based on billing information available at the time of the report. Some information was extrapolated from data received, or estimated over the full year.

Fleet vehicles

Greenhouse emissions from transport represent 14 per cent of total NSW greenhouse emissions. Cleaner air and progress on greenhouse gas reductions is a priority of the NSW State Plan. The government has set a target of a 60 per cent cut in greenhouse emissions by 2050 and a return to year 2000 greenhouse gas emission levels by 2025.

The Cleaner NSW Government Fleet initiative requires all general government sector agencies to establish a Fleet Improvement Plan to meet specific targets for both noxious and greenhouse emission reductions. In 2006/07 State Fleet began reporting the usage of Ethanol/Petrol Blend and Premium Unleaded Petrol to provide agencies with further data on their CO₂ emission levels.

Commerce has developed a Fleet Improvement Plan to meet the targets set out for all government agencies. The Commerce baseline average "Green Score" for improvement over the next three years is 9.6. The Commerce fleet "Green Score" rating improved from 9.6 to 10.2 out of 20 from July 2006 to June 2007. Commerce's overall rating is below the 2006/07 target of 11/20 due to the ongoing operational requirement for commercial vehicles explained above.

The "Green Score" rating for Commerce's passenger vehicle fleet has increased from 10.1 in July 2006 to 10.9 in June 2007. This has decreased the total emissions made by Commerce vehicles and has reduced fuel consumption.

Other fleet improvement initiatives include:

- green/hybrid vehicles comprising 1 per cent of the Commerce fleet
- all fleet users being issued with E10 fuel cards in support of the new government contract for alternative fuels. Ongoing usage is planned to increase with education and information for fleet users.

The total energy consumption for Commerce's fleet during 2006/07 was 54,800 gigajoules, a reduction of 3.5 per cent compared to 2005/06. Commerce's fleet's emitted 3,635 tonnes of CO₂, a reduction of 3.5 per cent compared to 2005/06.

* The figures provided are based on billing information available at the time of the report with some information extrapolated from data received, or estimated over the full year.

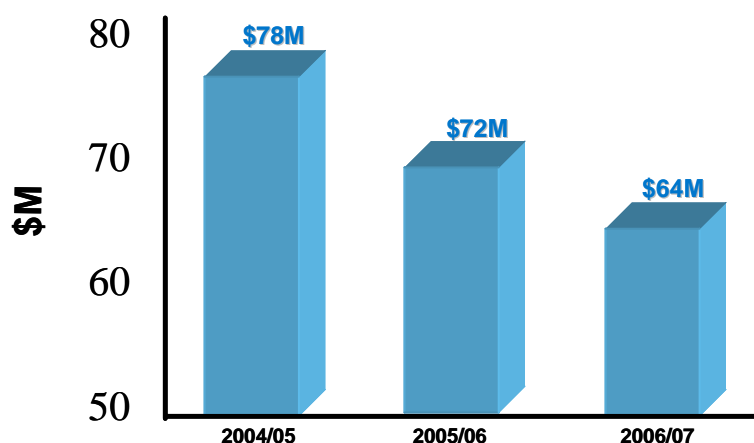
Financial highlights

The Department of Commerce's Net Cost of Services for 2006/07 was \$136.1 million. This was \$41.7 million higher than the 2006/07 budget and \$53.8 million higher than the 2005/06 actual result.

The increase in Net Cost of Services was mainly due to a number of non-operational expenses including whole of Government grant payments and a reduction in the Department's prepaid superannuation balance. In addition, the transfer of shared services functions from the former Department of Natural Resources to Commerce contributed to the increase in Net Cost of Services.

Along with the above items, a number of other items outside the ordinary operations of the Department have impacted the result and when removed, highlight the underlying trend in the finances of the Department.

Underlying Net Cost of Services¹



This graph shows the movement in the underlying Net Cost of Services for the Department of Commerce. Net Cost of Services have improved from \$78 million in 2004/05 to \$64 million in 2006/07. This improvement is mainly due to lower employee related and other operational expenses across the Department. This result was achieved while absorbing the 4% wage increases in 2005/06 and 2006/07.

Net Assets

The Net Assets of the Department of Commerce have increased from \$415.6 million in 2005/06 to \$539.2 million in 2006/07. This is mainly due to the transfer of assets from the former Department of Natural Resources following the transfer of their shared services to Commerce. In addition, the Department's surplus for the year of \$38 million contributed to the improvement in net assets.

The value of StateFleet motor vehicles held by the Department and disclosed within Plant and Equipment increased from \$457 million in 2005/06 to \$524 million in 2006/07. This was offset by a corresponding increase to Commerce borrowings from TCorp to finance these purchases in accordance with our fleet financing arrangements.

¹ Underlying Net Cost of Services excludes the expenses associated with ICT projects within the Government Chief Information Office, superannuation expenses, voluntary redundancy payments and revenues and expenses associated with the divested business units, cmSolutions and QStores and whole of Government related grant payments.