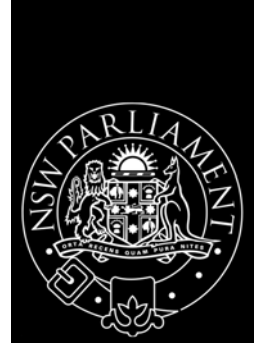


LEGISLATIVE ASSEMBLY



Public Bodies Review Committee

Review of Annual Reports

Together with Transcript of Proceedings and Minutes

New South Wales Parliamentary Library cataloguing-in-publication data:

New South Wales. Parliament. Legislative Assembly. Public Bodies Review Committee

Review of Annual Reports , Public Bodies Review Committee, Parliament NSW Legislative Assembly.
[Sydney, NSW] : The Committee, 2010. 132 p. ; 30cm

Chair: Mr Nick Lalich MP

April 2010

ISBN: 978-1-921686-02-3

1. Government business enterprises—New South Wales
2. Government report writing—New South Wales.
3. Administrative agencies—New South Wales.
4. Corporation reports—New South Wales.
- I. Lalich, Nick.
- II. Title
- III. Series: New South Wales. Parliament. Legislative Assembly. Public Bodies Review Committee. Report ; no. 3/54)

352.38 (DDC22)

Table of contents

Membership and staff	iii
Terms of reference	iv
Chair's foreword.....	v
CHAPTER ONE - INTRODUCTION.....	1
Background to the Review of Annual Reports.....	1
Review of Annual Reports.....	2
CHAPTER TWO - ROADS AND TRAFFIC AUTHORITY	4
Agency overview	4
Survey return.....	4
The RTA's response	5
Suggestions for improvement.....	5
CHAPTER THREE - NSW FIRE BRIGADES.....	6
Agency overview	6
Survey return.....	6
The NSWFB's response.....	6
Suggestions for improvement.....	7
CHAPTER FOUR - NEWCASTLE PORT CORPORATION	8
Agency overview	8
Survey return.....	8
The NPC's response	8
Suggestions for improvement.....	9
CHAPTER FIVE - TEACHER HOUSING AUTHORITY	10
Agency overview	10
Survey return.....	10
The THA's response	10
Suggestions for improvement.....	11
CHAPTER SIX - NSW FOOD AUTHORITY	12
Agency overview	12
Survey return.....	12
The NSWFA's response.....	12
Suggestions for improvement.....	13
CHAPTER SEVEN - STATE PROPERTY AUTHORITY.....	14
Agency overview	14
Survey return.....	14
The SPA response	14

Suggestions for improvement	15
CHAPTER EIGHT - NSW INSTITUTE OF SPORT	16
Agency overview	16
Survey return	16
The NSWIS response	16
Suggestions for improvement	17
APPENDIX 1 – SURVEY RESPONSES	19
Roads and Traffic Authority	19
NSW Fire Brigades	27
Newcastle Port Corporation	32
Teacher Housing Authority of NSW	38
NSW Food Authority	43
State Property Authority	48
NSW Institute of Sport.....	55
APPENDIX 2 – LIST OF WITNESSES.....	60
APPENDIX 3 – TRANSCRIPT OF PROCEEDINGS.....	61
APPENDIX 4 – MINUTES OF MEETINGS.....	120
APPENDIX 5 – ANSWER TO A QUESTION TAKEN ON NOTICE	123
Traffic issues on Gross Vale Road, Richmond.....	123

Membership and staff

Chair	Mr Nick Lalich MP, Member for Cabramatta
Members	Mr Alan Ashton MP, Member for East Hills Mr Steve Cansdell MP (Deputy Chair), Member for Clarence Mr Peter Draper MP, Member for Tamworth Ms Sonia Hornery MP, Member for Wallsend Mr Wayne Merton MP, Member for Baulkham Hills
Staff	Mr Jonathan Elliott, Committee Manager Ms Hilary Parker, Research Officer Ms Nina Barrett, Assistant Committee Officer
Contact Details	Public Bodies Review Committee Parliament of New South Wales Macquarie Street Sydney NSW 2000
Telephone	02 9230 2737
Facsimile	02 9230 3309
E-mail	pbrc@parliament.nsw.gov.au
URL	www.parliament.nsw.gov.au

Terms of reference

To examine the annual reports of all public bodies and to enquire into and report on:

- (a) the adequacy and accuracy of all financial and operational information;
- (b) any matter arising from the annual report concerning the efficient and effective achievement of the agency's objectives.

Chair's foreword

This is the first time the Committee has conducted a review of a number of agencies' annual reports. It resolved to do so because it recognises that, in addition to providing incentives to improve performance in annual reporting through the voluntary Annual Reports Awards, the Committee needs to identify variations in the standards of public body annual reporting in order to lift those standards where necessary.


The Committee was pleased to find that all of the reports which it reviewed were of an acceptable standard. Where room for improvement has been identified, this report makes some concise suggestions based on best practice, rather than providing an exhaustive critique.

All of the agencies which were reviewed demonstrated a commendable commitment to high quality annual reporting and a willingness to use constructive feedback to achieve that end. The Committee hopes that they have found the review to be a useful process and one which will inform their planning for future annual reports.

For the Committee's part, the review provided an excellent opportunity to engage with agencies about their annual reporting practices and to learn about those reporting mechanisms which they found to be problematic.

On behalf of the Committee, I would like to thank all those who provided survey returns and evidence to the inquiry. The Committee is also grateful to Professor Percy Allan AM (Principal, Percy Allan & Associates) and Mr Stephen Horne (Chief Executive, IAB Services) for their invaluable assistance in devising the review concept.

I would like to thank my fellow Committee Members for their participation and their bi-partisan contributions to the reporting process and finally I would like to thank the former Chair of the Committee, Matthew Morris MP, under whose direction this inquiry was conducted.



Nick Lalich MP
Committee Chair

Chapter One - Introduction

This is the first in what is planned to be a series of reports by the Public Bodies Review Committee reviewing public sector annual reports. This particular review was conducted in the latter half of 2009. The Committee views annual reports as the main accountability mechanism for public sector bodies. Annual reports perform two main functions: they enable a wide range of people access to information about how an agency has performed its functions; and they allow for the performance of that agency to be assessed. A good quality annual report allows for this to be done easily and quickly.

Over the years, governments have imposed requirements on agencies to develop and initiate performance management regimes, and to report on them. While these regimes are often mandated by legislation, the quality and effectiveness, as well as the extent to which they are complied with, varies considerably from public body to public body. Performance management regimes include interconnected elements such as strategic planning, performance indicators and management information systems. The importance of scrutinising performance management regimes lies in the direct impact that performance management has on the quality of service delivery.

Given the importance of these performance management regimes in delivering public sector outcomes, it is vital that they be regularly reviewed and assessed. The key tool in assessing their effectiveness and quality is the agency's annual report.

Background to the Review of Annual Reports

The core function of the Public Bodies Review Committee is the scrutiny of public sector annual reports, with a view to determining the adequacy of the information provided and the achievement of agency objectives. The terms of reference establishing the Committee specifically provide that it is:

To examine the annual reports of all public bodies and to enquire into and report on:

- (a) The adequacy and accuracy of all financial and operational information;
- (b) Any matter arising from the annual report concerning the efficient and effective achievement of the agency's objectives;
- (c) Any other matter referred to it by a Minister or by resolution of the Legislative Assembly.

As part of this remit, the Committee has run the Annual Reports Awards, as part of the Premier's Public Sector Awards, for a number of years. However entry to the Awards is voluntary, and to date, the winners of the gold, silver and bronze medals have come from the same small number of high achieving agencies. While the focus on excellence in annual reporting is important, the Annual Reports Awards are not an appropriate mechanism to scrutinise annual reports across the public sector, especially those annual reports that might not be the same standard as the winners.

The Committee recognises that in addition to providing incentives to improve performance in annual reporting, such as through the Annual Reports Awards, it needs to identify variations in the standards of annual reporting in order to lift those standards, where necessary.

Review of Annual Reports

On 28 December 2008 the Public Bodies Review Committee held a roundtable meeting facilitated by Professor Percy Allan¹ and Mr Stephen Horne², to find effective ways to scrutinise and assess annual reports from the broader public sector.

Following from the roundtable, the Public Bodies Review Committee resolved to conduct a trial review of eight agencies' annual reports. In order to ensure that like agencies were compared, the agencies were selected from each of the following categories:

- general government: Roads and Traffic Authority and Fire Brigades NSW;
- private trading enterprise/non-government dependent: Newcastle Port Corporation and Teaching Housing Authority;
- regulatory: NSW Food Authority and Office of Fair Trading; and
- small, less than 100 staff: State Property Authority and NSW Institute of Sport.

A standard survey was developed for the Committee to administer to each agency whose annual report was being assessed. The survey was designed to assess how each annual report compared to both legislative requirements and best practice. Each agency completed and returned the survey prior to appearing before the Committee. Their response to the survey informed their examination by the Committee. A copy of the survey can be found at Appendix 1.

A more detailed assessment of each agency's annual report, survey return and evidence before the Committee can be found in the relevant chapter. The Office of Fair Trading did not take part in the review as the Office now reports as part of the Department of Commerce. The Committee resolved to examine the annual report of the Department of Commerce at a later date, possibly as part of a themed review of annual reports focusing specifically on multi-agency annual reports.

This is the first time the Committee has conducted a review of a number of agencies' annual reports. As with any new process, some procedures require refinement and others require more flexibility. Given that a wide range of agencies was selected, it should be expected that their annual reports would perform a wide range of functions. For private trading enterprise agencies, their annual report is a way to communicate corporate progress throughout the reporting year. For other agencies with boards and sponsors, their annual reports also perform a public relations function, reporting back to stakeholders generally and sponsors in particular, their achievements for the year.

In future reviews, selected agencies will be asked to include copies of any publicly available corporate planning documents they produce in addition to their annual reports so that the planning of and reporting on agency activities can be more fully explored by the Committee.

The Committee also found that because of the survey design, some survey responses were not indicative of the actual situation of the agency. For example, some agencies reported that there were no agencies with which their business could be meaningfully compared. At

¹ Professor Percy Allan AM is the Principal of Percy Allan & Associates Pty Ltd, a public policy and management advisory practice that serves both private and public sector organisations.

² Stephen Horne is the Chief Executive of IAB Services, a NSW government trading enterprise which provides assurance and consulting services to state, local and commonwealth government bodies and service-delivery partners operating within NSW and the ACT.

face value, this seemed a sweeping statement. However, in discussion with survey respondents, it became apparent that in one case, due to the mixture of business conducted, and in another the range of funding and the board of management structure, benchmarking was difficult. To remedy this, the survey will be slightly re-designed for future use.

Overall, the Committee found this to be a very useful exercise, and hopes that the agencies involved found it to be a helpful, positive project.

Chapter Two - Roads and Traffic Authority

Agency overview

The Roads and Traffic Authority (RTA) annual report was selected as part of the general government category. The RTA is a large agency responsible for managing the State's road network to maintain travel times; providing road capacity and maintenance solutions; testing and licensing drivers and registering and inspecting vehicles; and improving road safety.³ The RTA administers a multi-million dollar budget and employs almost 7 000 people across NSW.⁴

By necessity of the size of the agency and the range of its activities, the RTA's annual report is a substantial document. The RTA had entered its 2008 annual report in the Premier's Annual Reports Awards, and had received generally positive feedback as well as a number of suggestions for improvement.

Survey return

The RTA's survey return contained a number of areas of interest for the Committee, in particular the statement in the survey that '[t]he RTA's Annual Report is primarily to highlight progress/achievements and present case studies of successes'. Other survey comments of interest to the Committee were that key financial challenges facing the agency, as well as findings of internal and external audit reviews, were not contained within the Annual Report; rather that RTA audit results were publicly available on the Audit Office website.

Some of the RTA's responses to the survey were inaccurate. For example, in the section regarding Performance Reporting, one of the questions related to responses to client complaints or any adverse reports. The survey response stated that these are not contained within the Annual Report. However reference back to the Annual Report clearly shows that the RTA reports on its dealings with the Ombudsman, consumer responses in terms of complaints, and judicial decisions affecting the RTA.

Another example is the RTA response of 'N/A' to the reporting of procedure manuals and codes of conduct guidelines. The comment on this response was that 'The RTA uses a wide range of operation and managerial level procedure manuals. Including this list would not add value to this document.' However, the Appendices to the Annual Report include several procedure manuals such as the reporting of RTA contracts with third parties, and reference to the index of the Annual Report shows three separate mentions of the code of conduct.

These comments may have been made because the survey terms are imprecise. The survey will be reviewed before conducting the 2010 annual reports review, and the language will be tightened. However the RTA's responses to some survey questions convey the impression of a lack of familiarity with the agency's annual report.

A copy of the RTA's response to the survey can be found in Appendix 1 of this report.

³ RTA Annual Report 2008, p 4.

⁴ RTA Annual Report 2008, p. 5

The RTA's response

Evidence was taken from the RTA in relation to their Annual Report on Thursday 15 October 2009. The transcript can be found at Appendix 3 of this report.

Mr Michael Bushby, Chief Executive, in an opening statement to the Committee, noted that annual reporting is a challenge for the RTA as its broad responsibilities and the size and scope of its influence means that it needs to strike a balance between being concise and reporting on a broad range of work. As such, Mr Bushby stated that the RTA annual report aims to highlight major achievements and challenges across its business areas.

Mr Bushby, and the other members of the RTA executive, were asked a series of questions based on the agency's response to the survey. Evidence was given on a range of issues including reporting setbacks, internal performance reviews and key financial challenges.

When asked specifically how the agency records setbacks generally, and their planned response to setbacks, Mr Bushby responded that each section of the annual report that reviewed operations included a section titled 'Future Challenges', that talks about challenges for the future and how they will be addressed. Mr Bushby indicated that he would be happy to consider how setbacks could be used as a way of demonstrating improvements over time.

Mr Bushby and Mr Richard Boggan, Director, Corporate Services, gave evidence in relation to personnel performance reviews, in particular the ongoing nature of such reviews at an executive level. At management level, Mr Boggan discussed the use of an annual upward feedback survey where the staff rate the performance of managers against the RTA's leadership framework. Mr Boggan added that their management systems look, in a comprehensive way, at aligning the performance outcomes of the organisation with the outcomes that they are delivering through their business.

In relation to key financial challenges, Mr Paul Hesford, Director, Finance and Performance, noted that reporting on this area is done within the key result areas so it is related back to the services and outcomes the agency is trying to deliver. They are reported within each of the individual challenge sections at the end of each chapter; they are not all reported on in the one place.

Suggestions for improvement

As noted by the panellists for the Annual Reports Awards, the RTA's Annual Report for 2008 is a sound annual report. The Committee concurs with this opinion. While noting the overall positive tenor of the report, and acknowledging the future challenges sections at the end of each chapter reviewing operations, the Committee notes that these tend to be lists of activities rather than a statement of specific challenges and the way the agency intends to address them. Perhaps a general statement of the challenges, how they will be addressed and then the activity list would be a clearer way to present this information.

Chapter Three - NSW Fire Brigades

Agency overview

The NSW Fire Brigades (NSWFB) annual report was selected as part of the general government category. The NSWFB is a large agency responsible for preventing and responding to fire emergencies, protecting most of the State's population in the major cities, metropolitan areas and towns across rural and regional NSW.

Under the *Fire Brigades Act 1989*, the NSWFB also protects all of the State's 6.88 million people and its inland waterways from hazardous material emergencies, and maintains 172 units accredited to rescue people and animals from non-fire situations.⁵

The NSWFB administers a multi-million dollar budget and employed 7,068 people across NSW during the 07/08 reporting year.⁶

Survey return

The NSWFB survey return contained a number of areas of interest for the Committee. These related to the Brigades' decision to develop new KPIs and the processes being undertaken to that end. The Committee was also interested in the NSWFB's progress in developing a performance management system and when they expect it to be implemented.

A copy of the NSWFB's response to the survey can be found at Appendix 1 of this report.

The NSWFB's response

Evidence was taken from the NSWFB in relation to their Annual Report on Thursday 15 October 2009. The transcript can be found at Appendix 3 of this report.

In her opening comments to the Committee, Ms Easton, Director, Strategy and Planning, stated that the NSWFB was conscientious about meeting the requirements for annual reporting and that the process of completing the survey had confirmed their own understanding of how well they were meeting those requirements.

Mr John Benson, Acting Commissioner, noted that there were areas for improvement in the agency's annual report and that these were being addressed through using both the Committee's feedback and studying examples of best practice from other agencies.

Mr Benson, and the other members of the NSWFB executive, were asked a series of questions based on the agency's response to the survey. Evidence was given on a range of issues including benchmarking results against other agencies, KPIs and the development of a performance management system.

In regard to benchmarking, Mr Benson informed the Committee that at the state level, meaningful comparisons for annual reporting purposes were difficult to attain. Though both the NSWFB and the Rural Fire Service extinguish fires, their roles and capabilities are very different. Similarly the NSWFB undertakes rescues, but comparing times of extrication with those of other agencies is problematic because the State Emergency Service, the NSW Police Force and the NSW Ambulance service were very different in role and composition.

⁵ NSWFB Annual Report 2007/08, p. 8.

⁶ Ibid. p. 10.

Mr Benson explained that the NSWFB did benchmark against other jurisdictions where possible. The Queensland Fire and Rescue Service was a comparable agency in terms of scale and with regard to urban fire fighting Melbourne and other areas provided meaningful comparators.

The Committee heard evidence that there were degrees of variation between the NSWFB operations in the metropolitan area and those which were conducted in regional NSW. These variations ranged from response times to building codes and regulations. This has created some complexities for the agency in developing its performance indicators and setting targets. However the NSWFB had identified some specific performance areas and developed some internal mechanisms to ensure that they were valid and robust enough to be included in an annual report. The 2009-10 annual report would reflect those processes.

The Committee heard that the NSWFB had trialled a number of performance management systems over several years but were now hopeful that an appropriate system would be in place within the next twelve months.

Suggestions for improvement

The NSWFB won a Bronze in the Annual Reports Awards for 2009. The agency also won a Bronze in the Annual Reports Awards in 2008 and in 2007. Theirs is a very good annual report which documents setbacks, in the form of an ICAC inquiry, OH&S issues, matters raised by the Audit Office as well as external complaints.

The Committee notes the processes which are being undertaken by the agency to improve its performance reporting and its management and governance reporting and is of the view that these will enhance the agency's annual report for 2009/10.

Chapter Four - Newcastle Port Corporation

Agency overview

The Newcastle Ports Corporation (NPC) annual report was selected as part of the private trading enterprise/non-government dependent category. The purpose of Newcastle Port Corporation is to provide safe, effective and sustainable port operations and to deliver port development that enhances the economic growth of the Hunter Region and New South Wales.⁷ The NPC employed 110 people in the 2007/2008 reporting year.

Survey return

In the survey return, the Corporation's performance reporting was an area of interest for the Committee both in terms of reporting outcomes against targets in key result areas and in benchmarking performance against comparators.

The survey return stated that some narrative reports referred to KPIs which were linked to goals but that this format was not applied by the agency across all of its key result areas. In regard to benchmarking against comparable organisations, the NPC considered that, as each of the NSW port corporations was a unique business, benchmarking was not informative or warranted.

In the Executive Summary section of the survey, the NPC noted that the corporation's response to the challenges presented by the grounding of the *Pasha Bulker* was covered in a specific section of the annual report. This section details the safety improvements made by the corporation as a result of the experience; the \$1.8 million reimbursement it received for costs incurred in responding to the grounding; and industry recognition of the agency's achievements in dealing with the incident.

A copy of the NPC's response to the survey can be found at Appendix 1 of this report.

The NPC's response

Evidence was taken from the NPC in relation to their Annual Report on Thursday 15 October 2009. The transcript can be found at Appendix 3 of this report.

In his opening statement to the Committee, Michael Dowzer, General Manager, Strategy, Efficiency and Governance, noted that the survey had been a useful process for the NPC. He informed the Committee that the Corporation had received the survey whilst it was engaged in preparing the 2008-09 annual report and that completing it had provided useful input and a timely opportunity for self assessment. The NPC valued feedback and was very interested in identifying any ways in which it could report more effectively.

Mr Dowzer explained to the Committee that benchmarking at the macro business level was problematic for the NPC. This was because of the difficulty in finding other state or national corporations with a sufficiently similar commodity mix and regulatory model which would allow for meaningful comparisons to be made.

Using the example of coal, which was a large segment of the NPC's business, the Committee heard that whilst the NPC's service provision in relation to this commodity would

⁷ NPC Annual Report 2007/08, p. 6.

be shipping channels, port management and pilotage, another port corporation might be an integrated port which provided whole of service (e.g. loading at the berth).

Likewise, comparing year on year trade growth against the Sydney Port Corporation would not be an informative benchmark. This was because their core container business was driven by very different economic cycles to those of the export of coal and other bulk commodities which the NPC was engaged in.

Mr Dowzer informed the Committee that the NPC was benchmarking its safety performance against other ports and industry and that it would continue to explore any other areas of its business which could provide for meaningful comparisons; these might include piloting or oil spill responses.

With regard to broader performance reporting issues, Mr Dowzer acknowledged that a limitation in previous annual reports was not measuring outcomes in key activity areas against corporate targets. He advised the Committee that the NPC's business plan of key actions, which was currently published in the *Statement of Corporate Intent* (tabled as a separate document), would now be included in the 2008/09 annual report. This would then enable annual report users to review the NPC's performance against its key objectives over that reporting year.

Finally, the survey return had stated that the Corporation was exempt from reporting in a number of areas including research and development activities and accounts payment information. Mr Dowzer explained that these exemptions were granted to the NPC by the NSW Treasury and that the annual report set out the schedule of exemptions on page 45.

Suggestions for improvement

The Committee found the NPC's evidence to be highly informative on the difficulties which organisations can have in providing performance benchmarking in their annual reports. The Committee was pleased to note the NPC's ongoing commitment to identifying those areas which would be conducive to reporting meaningful performance comparisons.

The Committee was also pleased to note that the NPC's annual report for 2008/09 will include key performance reporting data from the *Statement of Corporate Intent*. The Committee is of the view that this will greatly enhance the provision of information on corporate planning and results to the annual report user.

Chapter Five - Teacher Housing Authority

Agency overview

The Teacher Housing Authority of NSW (THA) annual report was selected as part of the private trading enterprise/non-government dependent category. The THA's mission is to provide an economic, effective and efficient housing service to teachers in areas where the private rental market does not meet their needs.⁸

The THA looks after 1,500 residences and employed 22 people in the 2007/2008 reporting year.⁹

Survey return

In the THA survey return, performance reporting was a particular issue of interest to the Committee. It referred the Committee to the THA's Statement of Business Intent and Business Plan for information on the agency's KPIs, targets and future plans and stated that the annual report only included those details which were outlined in the NSW Treasury guidelines.

A further area of interest for the Committee was management and governance reporting in terms of the agency's procedure manuals and code of conduct guidelines as the THA's survey return had stated that these were not required to be reported on.

A copy of the THA's response to the survey can be found at Appendix 1 of this report.

The THA's response

Evidence was taken from the THA in relation to their Annual Report on Thursday 15 October 2009. The transcript can be found at Appendix 3 of this report.

In his opening statement to the Committee, Mr Shelley, General Manager, stated that the THA's annual report is provided in hard copy to over 200 individuals and organisations. The report was used by potential suppliers and employees as a reference guide when communicating and negotiating with the THA and stakeholders or other strategic partners were given copies of the annual report as a one-stop source of information. Mr Shelley told the Committee that the THA was confident that the report reflected the organisation's efficiency and effectiveness and also its weaknesses and the challenges it faces.

He considered that there were no reasons why the performance reporting information which was included in the Statement of Business Intent could not also be provided in the annual report and that the THA recognised the utility of this.

As a small organisation, Mr Shelley informed the Committee, the THA had only recently been able to create a position of business strategy analyst whose role would be to develop the agency's KPIs. Mr Shelley was not of the view that the THA was currently matching best practice in terms of reporting against KPIs and benchmarks and considered that improvements could be made. However these improvements would not be made in time for the 2008/2009 annual report, as this was due in the next few months.

⁸ THA Annual Report 2007/08, p. 2.

⁹ Ibid., p. 26.

On management and governance reporting issues, Mr Shelley gave evidence that it would be beneficial to report on procedure manuals and code of conduct guidelines and any changes which had been effected over the reporting year.

Suggestions for improvement

The Committee recognises that as a small agency with limited resources, the THA produces a well presented and compliant report, which conveys a clear sense of organisational purpose and achievements to its readership.

The Committee was pleased to note the THA's commitment to improving its annual report. It is the Committee's view that those aspects which are most in need of attention are performance reporting and management and governance reporting.

Once the business strategy analyst has been appointed, the THA should be in a position to focus on the development of key performance indicators and then utilise these performance measures to enhance its annual reporting in future years. It is the Committee's view that an annual report should provide valid and objective measures of performance, that enable the report user to gain a better understanding of the results which were achieved.

Likewise, the inclusion of relevant information from the Statement of Business Intent and Business Plan should enable the Authority to make considerable progress toward meeting performance reporting best practice.

With regard to management and governance reporting, it is the Committee's opinion that the annual report should disclose the existence of any written codes or guidelines for board members, management and staff. It is important that the annual report user is able to use the document as a source of information on the agency's ethical standards.

The Committee looks forward to seeing the THA continue to make progress with its annual reporting.

Chapter Six - NSW Food Authority

Agency overview

The NSW Food Authority (NSWFA) annual report was selected as part of the regulatory category. The NSWFA, which was established in 2004, works to ensure food sold in the state is safe and correctly labelled by regulating and monitoring food safety across New South Wales from primary production through to point-of-sale.¹⁰ As at 30 June 2008, 117 people worked for the NSWFA.¹¹

Survey return

The NSWFA survey return contained a number of areas of interest for the Committee.

The response noted that the assessor's comments from the Premier's 2009 NSW Public Sector Annual Reports Awards had identified a need for results analysis in the NSWFA's entry and that this was being addressed. The Committee was interested as to how the Agency might address the need for results analysis; for example what processes are they undertaking to develop KPIs and to link these goals and targets in key performance areas?

The Committee was also interested in asking the NSWFA to provide further information on why its survey response stated that it did not consider benchmarking performance against other agencies to be practical and why it considered itself to be too small to provide meaningful information on a number of management and operations reporting issues.

A copy of the NSWFA response to the survey can be found at Appendix 1 of this report.

The NSWFA's response

Evidence was taken from the NSWFA in relation to their Annual Report on Thursday 15 October 2009. The transcript can be found at Appendix 3 of this report.

In his opening statement to the Committee, Mr Craig Sahlin, Deputy Chief Executive Officer, noted that the NSWFA was Australia's only through-chain regulatory agency. Because the Agency's remit, scope and mandate were unique there were no comparators in New South Wales or Australia to benchmark against.

Mr Sahlin considered that whilst the NSWFA had fulfilled the statutory requirements for disclosing information in its annual report, its performance reporting was a key issue which had been identified in both the survey and the Premier's Annual Reports Awards. The Agency welcomed the feedback it had received through both these processes as a means of improving its annual reporting.

In relation to performance reporting, Mr Sahlin informed the Committee that the 2008/09 annual report would include the Authority's performance against targets in key result areas and that reports in future years would carry commentary on any deviation from targets or failure to meet targets.

¹⁰ NSW Food Authority Annual Report 2007/08, p.12.

¹¹ *Ibid.*, p.64.

The NSWFA was, Mr Sahlin said, in the process of developing a new corporate plan with key result areas, strategies and linked performance indicators which would provide for a systematic approach to performance reporting in future years.

On the specific issue of benchmarking, Mr Sahlin gave evidence that whilst there were no ready comparators for the Authority in New South Wales or Australia, there may be scope for the organisation to conduct some internal benchmarking across the regulatory industries and to benchmark against the New Zealand Food Safety Authority. The New Zealand Authority was a through-chain agency like the NSWFA and whilst there were some organisational differences which could make benchmarking a challenge, qualitative comparisons might be made.

With regard to providing meaningful information on management and operations reporting issues such as physical asset management and work processes, Mr Sahlin said that the Authority would be open to publishing such information but was unaware of any examples of best practice models for reporting on these areas.

Suggestions for improvement

As noted by the assessors of the Annual Reports Awards for 2009, the NSWFA produces a good annual report. The Committee was pleased to note that the Authority had taken account of the feedback it had received on its annual reports and that where areas for improvement had been identified, it was committed to addressing these in future.

Foremost among these is performance reporting and it is clear to the Committee from the evidence it received, that the NSWFA is developing the necessary processes to enable it to report on this key area much more effectively. The Committee appreciates that the absence of another through-chain regulatory agency in NSW or Australia makes benchmarking a challenge. However, the Committee would encourage the Authority to continue to explore whether meaningful comparisons might be made between its key result areas and those of other domestic or international agencies.

In terms of guidance, the Committee regards the Premier's Annual Reports Awards, the Australasian Reporting Awards and the NSW Treasury's annual reports review program as providing examples of agencies which have demonstrated best annual reporting practices.

Chapter Seven - State Property Authority

Agency overview

The State Property Authority (SPA) annual report was selected as part of the small, less than 100 employees, agency category. The SPA is a statutory corporation whose role is to improve operational efficiencies in the use of government properties, to better support the service delivery functions of government agencies.¹² The July 2009 NSW Government restructure effected a merger of the SPA's staff and functions into a new agency, the Land and Property Management Authority (LPMA).

As at 30 June 2008, 68 people worked for the SPA¹³. The 2007-08 financial year was the first full year of operation for the SPA.

Survey return

The SPA is a new organisation which is developing its annual reporting processes and this was reflected in the survey return, particularly with regard to performance reporting and to management and governance reporting. Accordingly, the main areas of interest to the Committee were around the Authority's development, implementation and review of these reporting mechanisms.

A copy of the SPA response to the survey can be found at Appendix 1 of this report.

The SPA response

Evidence was taken from the SPA in relation to their Annual Report on Thursday 15 October 2009. The transcript can be found at Appendix 3 of this report.

On the effects of the NSW Government restructure, Ms Anne Skewes, Acting Divisional General Manager, explained that the forthcoming annual report for the 2008/09 reporting year would be a report on the operations of the SPA. The recently formed LPMA would, Ms Skewes said, 'develop a view going forward on how it would like to integrate various aspects of its business operations. The State Property Authority is one of those. We hope to see some integration over time in terms of the establishment of the new entity'.¹⁴

Ms Skewes informed the Committee that the Authority was committed to good, accurate and appropriate reporting and that over the last year it had been developing better systems and processes to that end.

On the specific issue of KPIs, Ms Skewes identified vacancy rates in the government office portfolio and savings and efficiencies as being measures which aligned directly with the agency's objectives. Accordingly, the agency had now established reliable mechanisms for capturing data on how well it was managing agency requirements for accommodation and it had developed a methodology for capturing the resulting saving and efficiency benefits that were derived from its property management functions. These two critical performance measures would be reported on in the 2008/09 annual report.

¹² State Property Authority website <<http://www.spa.nsw.gov.au/State-Property-Authority.htm>> Accessed at 3 December 2009.

¹³ State Property Authority Annual Report 2007/08, p. 93.

¹⁴ Transcript of evidence, Public Hearing 15/10/2009, see Appendix 3

In terms of benchmarking the SPA's performance, Ms Skewes informed the Committee that other jurisdictions did not have the same centralised, single-entity model of ownership and management which the SPA had. However the SPA was a member of an interstate group which was currently developing some national benchmarks around property management and it was contributing its data to that national modelling exercise. There was also scope, in Ms Skewes' view, to benchmark against the private sector on quantitative indicators such as vacancy rates.

With regard to stakeholder feedback, Mr Skewes gave evidence that the Authority's primary stakeholders were government agencies. The Authority conducted client satisfaction surveys and was developing a customer relationship management strategy; the 2008/09 annual report would provide information on developing these systems and strategies.

Suggestions for improvement

The Committee was pleased to hear of the SPA's commitment to high calibre annual reporting and it is of the view that the agency is making swift and sure progress toward this objective, particularly in regard to KPIs.

From the evidence which it received, the Committee notes that the SPA's ownership and management model is not replicated in other jurisdictions and that this makes benchmarking a challenge. The Committee would encourage the Authority to continue to explore where meaningful comparisons might be made as it is of the view that benchmarking data can provide annual report users with a powerful tool to analyse agency performance.

In relation to management and governance reporting, the Committee notes that as 2007/08 was the SPA's first full year of operation, a number of policies, procedures and monitoring systems were under development and could not be reported on in that year's annual report. The Committee looks forward to seeing the results of this developmental work reflected in the SPA's 2008/09 annual report.

Chapter Eight - NSW Institute of Sport

Agency overview

The NSW Institute of Sport (NSWIS) annual report was selected as part of the small, less than 100 employees, agency category. The purpose of the NSWIS is to develop and assist identified high performance NSW athletes and coaches to achieve excellence and success at the international level.¹⁵

In 2007/08 the NSWIS had almost 700 athletes on squad or individual scholarships across 31 sport programs. As at 30 June 2008, NSWIS employed 85 full-time, 10 part-time and 23 casual staff.¹⁶

Survey return

The NSWIS survey return raised a number of areas of interest for the Committee particularly around the reporting of its plans and outlook for the coming year; reporting on performance; and the presentation and analysis of its financial results.

With regard to its plans and outlook for the coming year, the NSWIS survey return stated that its annual report did not report on these matters, as it was 'a reflection of the activities and achievements for the reporting period'.¹⁷ The Committee was interested to hear from the NSWIS as to whether, given the absence of this information, it would regard the annual report as constituting an accurate record of the organisation's progress over the reporting period. For example, how might a report user find out about the NSWIS's preparations for the 2010 Commonwealth Games in Delhi or the 2010 Winter Olympic and Paralympic Games in Vancouver?

In respect to performance reporting, the Committee noted the NSWIS's commitment to achieving "excellence across all areas of operations through continuous improvement, innovation and efficient management".¹⁸ However the survey return indicated that the NSWIS did not demonstrate this by way of standard annual reporting practices, such as a 5 year results review or benchmarking against comparable organisations.

The NSWIS survey return stated that they did not provide charts illustrating key results, analysis of results and discussion of key financial challenges in their annual report. The Committee was therefore interested to hear from the NSWIS on what they would consider to be best practice in the reporting of financial matters.

A copy of the NSWIS response to the survey can be found at Appendix 1 of this report.

The NSWIS response

Evidence was taken from the NSWIS in relation to their Annual Report on Thursday 15 October 2009. The transcript can be found at Appendix 3 of this report.

In his opening remarks to the Committee, Mr Charles Turner, Chief Executive Officer, provided an overview of the NSWIS's purpose and its achievements over its 11 years of

¹⁵ NSWIS Annual Report 2007/08, p. 8.

¹⁶ Ibid. and p. 88.

¹⁷ See survey return in Appendix 2 of this report.

¹⁸ NSWIS Annual Report 2007/08, p. 8.

operation. Mr Turner informed the Committee that the NSWIS was a fairly new organisation and one which welcomed feedback as to how it might improve its annual reporting processes in line with best practice.

Mr Turner explained that the NSWIS perceived the annual report to be their results sheet for the previous year, rather than a forward look. The NSWIS had an eight year corporate plan, which was aligned to the quadrennial Olympic cycle. The corporate plan was supported by an annual rolling business plan. These documents set out the NSWIS's future directions and its preparations for specific events; however this planning for the future was not currently reflected in its annual report and the NSWIS would now be giving consideration to including it in future annual reports.

In respect of performance reporting, Mr Turner said it had not been the practice of the NSWIS to provide a 5 year results review, though there would be no difficulties in including this information in future annual reports. Similarly the KPIs, which were included in the annual business and corporate plans, could also be presented in the annual report. However meaningful benchmarking of performance against comparable organisations was problematic, Mr Turner informed the Committee, because of the differences in structure, funding and the quality of athletes.

Mr Turner informed the Committee that the NSWIS had stakeholder engagement mechanisms which were focussed around providing sponsors with feedback on how the Institute had serviced them. The annual report was used for the purpose of thanking those supporters. The NSWIS would however be grateful for any ideas as to how it might improve its reporting of this issue.

On reporting and analysing financial information, Mr Turner and Mr Peter Jackson (Manager of Finance and Corporate Services) informed the Committee that they were supportive of including information which reflected the organisation's financial performance in a user friendly format.

Suggestions for improvement

The Committee is of the view that those areas of the NSWIS annual report which are most in need of improvement are the reporting of performance (including financial performance) and the reporting of the organisation's future operating environment and forward plans.

In addition to promoting an organisation's achievements, an annual report needs to provide valid and objective measures of performance that enable the report user to gain a better understanding of the results which were achieved. This includes providing a review of performance results over the last 5 years and a discussion and analysis of any changes over time.

Improving NSWIS's performance reporting and the reporting of its future plans and outlook need not require the NSWIS to develop new methodologies or processes, as the Committee heard evidence that this information is already made publicly available in its corporate and business planning documents. The integration of relevant material from these documents would greatly enhance the agency's annual report.

On the specific issue of performance benchmarking the Committee notes the NSWIS's comments that jurisdictional differences do not provide the agency with any ready comparators. The Committee would, however, encourage the NSWIS to continue to explore

whether any quantitative or qualitative indicators (e.g. cost efficiency and cost effectiveness for outputs and outcomes) could be identified, which would allow for meaningful comparisons to be made between it and national or international entities.

Best practice financial reporting, in the Committee's view, is presenting financial information in a way which assists readers to understand that information. This includes providing comparative data over a number of years; integrating financial and other resources management information into the main body of the report; and discussing and analysing the financial activities and management of the agency with a commentary on those material factors that affected or will affect financial performance or position. The use of simple charts to illustrate key financial results (e.g a bar chart of 5 years operating results) can be very effective.

Finally, with regard to stakeholder engagement systems, the Committee would suggest that consideration be given to setting out in the annual report: how the NSWIS provides channels for stakeholders to express their views or discuss issues; how it responds; and how satisfied stakeholders are with the quality and timeliness of the response. In addition to Treasury guidance and the Premier's Annual Reports Awards criteria, some best practice examples may be found among the award winners for the Premier's Annual Reports Awards and the Australasian Reporting Awards.

The Committee was very pleased to note the commitment which the NSWIS had to improving its annual reporting and it is confident that the agency will make substantial progress on those issues which have been identified.

Appendix 1 – Survey responses

Roads and Traffic Authority

Agency Annual Report Survey 2007-2008

1. Does your Annual Report comprise the following core components:

	Yes	No
Executive Summary?	✓	
Overview of Agency?	✓	
Report on Performance?	✓	
Management and Accountability?	✓	
Financial Results and Analysis?	✓	
Other Prescribed Information?	✓	

Comment: N/A

2. Executive Summary:

Is there an introductory summary of your agency's:

	Yes	No
Progress in achieving agency goals and government priorities in terms of desired outcomes?	✓	
KPIs versus targets and a brief review of achievements and challenges?	✓	
Highlights of successes and admissions of setbacks?	✓	x*
Operating and capital account results with a simple table?	✓	
Plans and outlook for the coming year?	**	**

Comment:

*Admission of set backs – The RTA's Annual Report is primarily to highlight progress/achievements and present case studies of successes.

** Plans and outlook for the coming year – The end of each chapter contains a 'future challenges' section. The main medium for the RTA's future outlook is contained within the *RTA Corporate Plan 2008-12: Blueprint*. This is the RTA's public stance on the short term outlook for the agency (as well as containing the longer term perspective in the Corporate Framework). The Blueprint is referenced in the Annual Report Executive Summary rather than repeating

3. Overview of Agency:

Is there a brief profile of your agency's:

	Yes	No
Main goals, functions and services?	✓	
Key performance results?	✓	
Structure and processes?	✓	
Stakeholder engagement systems?	✓	
Major sources of income and spending outlets?	✓	
Enabling legislation?	✓	

If no, why?

4. Performance Report:

Is there a comprehensive analysis showing:

	Yes	No
KPIs linked to agency goals in each key result area?	✓	
Performance targets in each key result area?	✓	
Comparison of results against target?	✓	
Adequate explanation of deviations from target?	✓	
Review of results for last 5 years?	*	*
Coverage of both financial and non-financial results?	✓	
Benchmarking against comparable organisations?	✓**	
Response to client complaints or any adverse reports?	***	***

If no, why?

*Review of results – Tailored to the suitability of the trend information for that indicator:

- The performance overview starts at 04/05 to provide a snapshot of trends for KPIs over time.
- Further, detailed historic performance information is then included under each result area section (as suitable for that specific indicator), for example, the road fatalities trend information starts at 1978.

**Benchmarks are where comparisons are suitable – eg Working together/Workcover benchmarks on p108.

*** Not contained within the Annual Report.

5. Management and Governance:

Are the following control issues reported:

	Yes	No
Senior management, committees and their roles?	✓	
Key delegations of responsibility and authority to each executive member?	✓	
Strategic planning and review processes?	✓	
Risk management and internal controls?	✓	
Procedure manuals and codes of conduct guidelines?	N/A*	
Freedom of information disclosures?	✓	
General procedures for personnel performance reviews?	✓**	
Agency performance monitoring, review and internal/external reporting processes?	✓***	

*The RTA uses a wide range of operational and managerial level procedure manuals. Including this list would not add value to this document.

**Multiple references to the RTA's use of Senior Executive Service Performance Agreements and Work and Development Plans.

*** The RTA's reporting processes (both internal and external) are many and varied. Specific examples of external reporting are included under each result section (eg OHS performance reporting on p108). Detail also contained within the Governance section.

6. Management and Human Resources:

Are the following personnel issues reported:

	Yes	No
Workforce planning, staff retention and turnover?	✓	
Workforce profile and numbers (inc FTE)?	✓	
Industrial relations policies?	✓	
Relevant industrial awards and enterprise agreements?	✓	
Training and development strategies and their outcomes?	✓	
OHS objectives, targets and results?	✓	
EEO initiatives and outcomes?	✓	

If no, why?

7. Management and Operations:

Are the following production issues reported:

	Yes	No
Purchasing of inputs (including human resources)?		*
Contracting and outsourcing?	✓	
Use of consultants?	✓	
Physical asset management?	✓	
Information technology?	✓	
Work processes?		*

If no, why?

* too broad for an agency as large as the RTA. Level of detail required is not suitable for this forum.

8. Financial Results and Analysis:

Are the following financial matters reported:

	Yes	No
Income and expenditure statement?	✓	
Balance sheet?	✓	
Cash flow statement?	✓	
Notes to accounts?	✓	
Charts illustrating key results?	✓	
Analysis of results?	✓	
Discussion of key financial challenges?		*

If no, why?

*Not contained within this forum

9. Other Prescribed Information:

Are other matters required by statute reported:

	Yes	No
Findings of internal and external performance reviews?		*
Grants to non-government community agencies?	✓	
Research and development activities?		
Disposal of properties?	✓	
Types of publications, and other information available to public?	✓	
Accounts payment information?	✓	
Progress in implementing Government Plans (e.g. State Plan, Ethnic Affairs, Women, Waste Reduction, etc)?	✓	

If no, why?

* RTA audit results publicly available on the Audit Office website.

**Public Bodies Review Committee feedback on the 2008 Annual Report
Provided to the RTA via email 26 June 2009**

- Corporate planning framework is well set out with good linkage to State Plan policy priorities
- The performance and financial overviews are the last sections and consideration should be given to moving them forward in the report. Also tables would benefit from inclusion of 07/08 targets.
- Overview would benefit from a specific forward look section
- Indicators are well presented - the long time series is informative
- Outcomes in key results areas are well presented but would benefit from the inclusion of agency targets e.g. 07/08 target for conducting heavy vehicle inspections v result
- Benchmarking some key results against the performance of comparable agencies would improve the reporting
- Appendix 12 states that the agency reviews all complaints and improves its services appropriately then refers report user to the main body of the report for details. Consideration might be given to some case studies of how customer feedback has directly influenced service delivery.
- Good activity and outcomes reporting but specific targets for organisational energy use would enhance report e.g. targets for recycled materials in construction and maintenance projects
- Good financial overview provided to the reader in the opening section of the report e.g. source and application of funds
- Overview and main reporting sections integrate financial/resource management data
- Good summary profile of the agency's main goals, functions and services
- As above corporate planning framework demonstrates good linkage to State Plan policy priorities
- The organisational chart is comprehensive but presented in a user friendly format
- Executive profiles are concise, informative and well presented
- Detailed Senior Executive performance statements set out in appendices
- The role of the executive committees is clearly set out in Table 11 but this would be enhanced by the inclusion of information on the frequency of and attendance at meetings
- Comprehensive FOI reporting provided in Appendix 10
- Clear and accessible use of language
- Attractive layout with restrained but effective use of colour and images. About this report section in the CE's overview demonstrates good focus on report user
- A PDF alternative on the agency's website would assist online access for report users with impairments

Appendix 1 – Survey responses

Agency Name: Roads and Traffic Authority	Excellent	Very Good	Good	Average	Poor	Comments
Achievements(Performance Reporting) 30%, Directions & Challenges 10%			X			
Executive Summary						
progress towards achievement of the agency's desired outcomes and objectives and the Government's policy priorities						Corporate planning framework is well set out with good linkage to State Plan policy priorities
key performance indicators and targets and a brief review of achievement highlights and successes during the year as well as problems and setbacks in performance						The performance and financial overviews are the last sections and consideration should be given to moving them forward in the report. Also tables would benefit from inclusion of 07/08 targets.
plans and outlook for the following year						Overview would benefit from a specific forward look section
Main Performance Reporting Section			X			
a set of key performance indicators that are linked to the desired outcomes and objectives of all aspects of the agency's operations and are used consistently from year to year						Indicators are well presented - the long time series is informative
brief explanation of the significance of the key performance indicators including details of any changes from the previous year						
a comparison of the actual performance achieved during the year with the targets and objectives set						Outcomes in key results areas are well presented but would benefit from the inclusion of agency targets e.g. 07/08 target for conducting heavy vehicle inspections v result
adequate explanations for instances of major under and over-performance and, in the case of under-performance, also details of lessons learned and actions taken to improve services						
a review of performance results for the last five years (i.e. trend data and a discussion and analysis of changes over time)						
financial and non-financial information to show how resources and strategies influenced the results for the year (including the costs involved in providing the major outputs)						
a benchmarking comparison with the performance results achieved by similar agencies in the State and in other Australian jurisdictions (including data, where available, on cost efficiency and cost effectiveness for outputs and outcomes)						Benchmarking some key results against the performance of comparable agencies would improve the reporting
an outline of the major initiatives and projects planned for the year and details of the results achieved (together with explanations for any delay and the revised target date for completion)						
the detailed discussion and analysis on performance should also cover:						
- the extent to which the agency was wholly or partly responsible for the outcomes achieved;						
- shared responsibilities for cross-agency performance issues and the agency's contribution to the joint outcomes;						
- highlights of major achievements as well as significant shortcomings, setbacks and problems in performance;						
- major factors, events and trends that affected the agency's performance during the year; and						
- responsiveness to client concerns about service problems (including references to the effectiveness of the complaints handling system and the use of complaints information as feedback mechanism to improve services)						Appendix 12 states that the agency reviews all complaints and improves its services appropriately then refers report user to the main body of the report for details. Consideration might be given to some case studies of how customer feedback has directly influenced service delivery.
the future operating environment and developments as well as future plans and major projects (including those that are designed to further improve performance). This section of the report is expected to contain pertinent forward-looking information and comments such as:						Future challenges are clearly identified to the report user at the end of each performance reporting section
- a discussion of the future outlook for the agency (including issues and events that are likely to have a significant impact on the following year's performance or position);						
- details of expected future changes and trends within the operating environment; and						
- an outline of what the agency aims to achieve in the coming periods (particularly in the next year) and objective measures of performance						
the effect of the agency's actions on the environment; measures taken to minimise the impact of the agency's actions on the environment; and the mechanisms (if any) for reviewing and increasing the effectiveness of those measures						Good activity and outcomes reporting but specific targets for organisational energy use would enhance report e.g. targets for recycled materials in construction and maintenance projects
the agency's responses to the reports tabled in Parliament by Parliamentary Committees and the Auditor-General and also to issues of public interest raised in the media about the activities of the agency						
if applicable, details of any matter or circumstance that has arisen since the end of the year and has significantly affected or may significantly affect the agency's operations or financial results in future years and how the agency plans to deal with those issues						
Financial and Asset Management 20%			X			
presents financial information in a way that assists readers in understanding the information						Good financial overview provided to the reader in the opening section of the report e.g. source and application of funds
provides comparative data over a number of years						
integrates financial and other resources management information into the main body of the report and not simply presents financial statements at the end of the report						Overview and main reporting sections integrate financial/resource management data
provides a discussion and analysis of the financial activities and management of the agency as well as a commentary on those material factors that affected or will affect financial performance or						

Overview of the Agency 10%		X			
Overview					Good summary profile of the agency's main goals, functions and services
objectives, corporate values and broad strategies of the agency as well as details of the major functions or services performed. (The statements should also include details of any significant changes from the previous year. The outcomes and objectives adopted need to be relevant, specific and measurable (where possible)					
explanation of the linkages between the outputs, objectives, desired outcomes and policy priorities of the Government context/environment in which the agency operates and also the key challenges it faces and the planned responses to those challenges					As above corporate planning framework demonstrates good linkage to State Plan policy priorities
organisation structure, management processes and stakeholder engagement systems outcome and output structure (in the case of budget dependent General Government Sector agencies) enabling legislation (where applicable) a summary of key stakeholder information					The organisational chart is comprehensive but presented in a user friendly format
Corporate Governance			X		
role and composition of the board or governing body as well as details of the qualifications, experience and expertise of members and the balance of non-executive and executive members independence of members including policies on disclosure of relationships between members and the agency and on dealing with potential and actual conflicts of interest process of appointment of members including identifying the parties involved in the decision, appointed term and procedures at the end of the appointed term terms and conditions of membership including criteria for remuneration and retirement benefits process and criteria for review of board performance frequency of board meetings, attendance details and nature and amount of work undertaken by members delegation of functions by the board including the roles, objectives and memberships of board committees					Executive profiles are concise, informative and well presented
procedures for chief executive appointment and performance review board's access to management and mechanisms for developing knowledge of the agency board's access to independent professional advice including the existence of written guidelines mechanisms adopted by the board for providing leadership to, and interaction with, management details of the names, qualifications, experience and remuneration of the senior executive officers and their responsibilities and					Detailed Senior Executive performance statements set out in appendices
senior management committees and their roles approach to risk management and internal control ethical standards including the existence of written codes or					The role of the executive committees is clearly set out in Table 11 but this would be enhanced by the inclusion of information on the frequency of and attendance at meetings
freedom of Information disclosures					Comprehensive FOI reporting provided in Appendix 10
Presentation 30%		X			
Language					Clear and accessible use of language
Layout					Attractive layout with restrained but effective use of colour and images. About this report section in the CE's overview demonstrates good focus on report user
Navigation Plain English					Contents page, index/compliance index and good use of headings, colour coding etc make this a very navigable report
Accessibility					A PDF alternative on the agency's website would assist online access for report users with impairments

Australasian Reporting Awards feedback

RTA file note

29/6/09

5 Hunter Street

- On the spine of the report write the financial year ie 2008/09

INTRO SECTION

- In the first two pages of the report, include, purpose, visions, values, details. about staff, financial highlights – top line information that can be read in a glance
- Narrative in contents –not just one word ie 'assets'.
- Have a 'highlights' page perhaps do it by section if reporting against corporate framework eg Transport, asset, environment, road safety, governance, etc.
- 'About this report' should be outside CE message.
- Have a 'five year performance summary'.
- 'Performance overview' could include: objective/targets/achievements/aims for 2009/10.
- CE message: more sub headings (perhaps report against corporate framework), include section on financial management (eg running at surplus, para about future, thank staff) and more looking forward.
- RTA at a glance too long (have that upfront first two pages of report as mentioned earlier).
- Organisation chart – include names.
- Corporate framework: not sitting right. Include report follows corporate framework in 'About this report'.
- Performance overview – good but give targets so we can see what was supposed to be achieved in the financial year, continue colour coding on this section.
- Financial overview – good but include most near financial statements section at end of report. Maybe include top-line results in 'highlights' section.
- Need to cross reference to chapters as much as possible ie tell readers where to go for further information.

CHAPTERS

- Chapter headings: include 'key achievements' on title page as well as a 'in this section' with reference to page numbers.
- In the chapters we are saying what happened but we are not reporting against how we performed against targets. Must include this.
- Achievements section needs to be measurable.
- Add targets to graphs so they can visually see what targets were achieved against what was actually done.
- Future challenges at end of each chapter good but keep to a minimum. Set out under each of the overarching key chapter headings. Tie down to a date, target where possible so it's measurable.
- Need to focus on performance reporting – p55 good.
- Add more details to photo caption so that the caption tells the story of the photo.
- Reference appendices when appropriate in chapters.

What they really liked about 2008 report:

- Clear reporting framework.
- Easy to navigate with the colour coding.
- Staff achievements section – adds credibility to organisation if people are winning awards.
- Captioned photos.
- Environmental case studies.

NSW Fire Brigades

Agency Annual Report Survey 2007-2008 Response

1. Does your annual report comprise the following core components:

	Yes	No
Executive Summary?	Yes (see Commissioner's report p5-7 and Overview p5-18)	
Overview of Agency?	Yes (see Overview p5-18 and elsewhere as indicated)	
Report on Performance?	Yes (mainly in three Performance Chapters p37-104 and Appendices)	
Management and Accountability?	Yes (see Governance and Management p27-36)	
Financial Results and Analysis?	Yes (see Financial narrative p76-79; Financial Statements p105-139)	
Other Prescribed Information?	Yes (in Performance Chapters and Appendices as indicated)	

2. Executive Summary:

Is there an introductory summary of your agency's:

	Yes	No
Progress in achieving agency goals and government priorities in terms of desired outcomes?	See Commissioner's report p5-7; Performance Summary p10 (also see summaries on p38-40; 58,59; 82,83 at start of three Performance chapters)	
KPIs versus targets and a brief review of achievements and challenges?	<u>KPIs:</u> see Performance Reporting p14-18 (also see summaries on p40, 59, 83 at start of three Performance chapters) <u>Achievements and Challenges:</u> see Commissioner's report p5-7; Future Operating Environment p11-13	Specific targets are being developed for 2009/10 reporting
Highlights of successes and admissions of setbacks?	<u>Highlights of Successes:</u> See Commissioner's report p5-7; (also see highlights on p38, 58, 82 at start of three Performance chapters) <u>Admissions of setbacks:</u> See Commissioner's report p5-7 and throughout text where relevant; including reporting on:	

Appendix 1 – Survey responses

	Yes	No
	<ul style="list-style-type: none"> • ICAC enquiry into NSWFB property procurement (p36) • major OHS issues such as the National Health Study (p66) and Nowra Fire Station (p67) • Significant matters raised by Audit Office (p130) • external complaints (p185) 	
Operating and capital account results with a simple table?	Financial narrative p76-79	
Plans and outlook for the coming year?	p7 (Future Directions section), 11-13; 39, 58, 82	

Comment:

3. Overview of Agency:

Is there a brief profile of your agency's:

	Yes	No
Main goals, functions and services?	p8, 9, 29; goals for each of the NSWFB's 3 programs are on pages 38, 58, 82	
Key performance results?	p10, 14-18, 40, 59, 83	
Structure and processes?	<u>Structure:</u> p29-36 <u>Processes:</u> throughout report where relevant	
Stakeholder engagement systems?	p48,49, 92, 93, 176-178, 185 and elsewhere in report	
Major sources of income and spending outlets?	p77 and 79, 142-147	
Enabling legislation?	p28	

If no, why?

4. Performance Report:

Is there a comprehensive analysis showing:

	Yes	No
KPIs linked to agency goals in each key result area?	p40, 59, 83 (see also p14-18)	
Performance targets in each key result area?	Desired trend directions are included (see for example tables, charts and comment under Significance and Results headings, p 15-18)	Specific targets are being developed for 2009/10 reporting
Comparison of results against target?	Desired trend directions are	Specific

	Yes	No
	included (see for example tables, charts and comment under Significance and Results headings, p 15-18; also results on p40, 59, 83)	targets are being developed for 2009/10 reporting
Adequate explanation of deviations from target?	Explanations are provided for deviations from desired trend directions (see for example comment under Significance and Results headings, p 15-18; also comment in text where relevant)	Specific targets are being developed for 2009/10 reporting
Review of results for last 5 years?	p40, 59, 83 (see also p14-18). Note: only 4 years worth of data at this point on current set of indicators	
Coverage of both financial and non-financial results?	Yes, financial results are largely contained in Financial narrative p76-79; and Financial Statements p105-139	
Benchmarking against comparable organisations?	p14	
Response to client complaints or any adverse reports?	p185	

If no, why?

5. Management and Governance:

Are the following control issues reported:

	Yes	No
Senior management, committees and their roles?	p27-36, 176-178	
Key delegations of responsibility and authority to each executive member?	p29-32, 36	
Strategic planning and review processes?	p80, plus throughout report where relevant	
Risk management and internal controls?	p36, 76, 80	
Procedure manuals and codes of conduct guidelines?	p36, 190	
Freedom of information disclosures?	p186-189	
General procedures for personnel performance reviews?	P148, 149, SES Statement of Performance review for SES level 5 and above	NSWFB does not yet have a formal performance management system
Agency performance monitoring, review and internal/external reporting processes?	Throughout report where relevant	

If no, why?

6. Management and Human Resources:

Are the following personnel issues reported:

	Yes	No
Workforce planning, staff retention and turnover?	p60, 150, 151	
Workforce profile and numbers (inc FTE)?	p150, 151 (p158 mentions FTE equivalent for retained ie on-call staff)	
Industrial relations policies?	p67	
Relevant industrial awards and enterprise agreements?	p67	
Training and development strategies and their outcomes?	p61-64; see also p179, 180	
OHS objectives, targets and results?	p65-69, 158-159	
EEO initiatives and outcomes?	p60, 152-157	

If no, why?

7. Management and Operations:

Are the following production issues reported:

	Yes	No
Purchasing of inputs (including human resources)?	Throughout report where relevant; also see p74 for brief section on Procurement Initiatives	
Contracting and outsourcing?	Throughout report where relevant	
Use of consultants?	p198	
Physical asset management?	p71-79, 192-197	
Information technology?	p95-99	
Work processes?	p98, 99	

If no, why?

8. Financial Results and Analysis:

Are the following financial matters reported:

	Yes	No
Income and expenditure statement?	p109, 112	
Balance sheet?	p110	
Cash flow statement?	p111	
Notes to accounts?	p114-138	
Charts illustrating key results?	p76-78	
Analysis of results?	p76-79	
Discussion of key financial challenges?	p76-79, 139	

If no, why?

9. Other Prescribed Information:

Are other matters required by statute reported:

	Yes	No
Findings of internal and external performance reviews?	Throughout text where relevant; eg <ul style="list-style-type: none"> • p61 (Training Review) • p71 (Dept of Commerce Gateway Review of Fleet Strategic program) • p86 (DPC review of Ambulance Service and transfer of some rescue Responsibilities) and • p130 (Significant matters raised by Audit Office) 	
Grants to non-government community agencies?		NSWFB gave no grants in 2007/08, hence nothing to report
Research and development activities?	p55, 56	
Disposal of properties?	p199, see also p74, 75	
Types of publications, and other information available to public?	<ul style="list-style-type: none"> • <u>Publications</u>: p190 • <u>FOI</u>: p186-189 • <u>Information campaigns and resources</u>: p45-47 	
Accounts payment information?	p199	
Progress in implementing Government Plans (e.g. State Plan, Ethnic Affairs, Women, Waste Reduction, etc)?	Throughout report where relevant; including: <ul style="list-style-type: none"> • <u>Ethnic Affairs</u> (p154-157, 44, 60, 152) • <u>Women</u> (p60, 152, 153); • <u>Waste reduction</u> (p100-102) 	

If no, why?

Newcastle Port Corporation

Agency Annual Report Survey 2007-2008 Response

1. Does your Annual Report comprise the following core components:

	Yes	No
Executive Summary?	✓	
Overview of Agency?	✓	
Report on Performance?	✓	
Management and Accountability?	✓	
Financial Results and Analysis?	✓	
Other Prescribed Information?	✓	

Comment:

Newcastle Port Corporation uses the NSW Government Compliance Checklist to compile its Annual Report.

Some of the components above may not have discreet sections. The relevant information is contained in other components.

2. Executive Summary:

Is there an introductory summary of your agency's:

	Yes	No
Progress in achieving agency goals and government priorities in terms of desired outcomes?	✓	
KPIs versus targets and a brief review of achievements and challenges?	✓	
Highlights of successes and admissions of setbacks?	✓	
Operating and capital account results with a simple table?	✓	
Plans and outlook for the coming year?		x

Comment:

The Executive Summary has traditionally been encapsulated in the Chairman's Message, CEO's Message and Year in Review.

The Annual Report provides a brief narrative of achievements against the Business Plan goals being:

- Safety;
- Delivering Opportunity for the Hunter Region;
- Grow Trade;

- Optimise Return on Commercial Property; and
- Staff Sustainability.

In addition a report on NPC's response to the grounding of the Pasha Bulker incident was included to highlight a significant achievement for NPC.

Newcastle Port Corporation has changed its structure for the 2008-09 Annual Report with the Year in Review section being a section entitled Executive Summary.

NPC has not included operating and capital account results with a simple table in this section. It has however included a summary of results table that includes key financial results benchmarked against the previous year.

NPC has not included plans and outlook for the coming year in the Annual Report as this information is placed on the public record through the tabling version of the Statement of Corporate Intent. NPC will review this for the 2008-09 Annual Report to assess if business planning information should go in the Annual Report.

3. Overview of Agency:

Is there a brief profile of your agency's:

	Yes	No
Main goals, functions and services?	✓	
Key performance results?	✓	
Structure and processes?	✓	
Stakeholder engagement systems?		x
Major sources of income and spending outlets?	✓	
Enabling legislation?	✓	

Comment:

Main goals, functions and services?

These are provided in the purpose of the corporation section on page 4.

Key performance results?

These are provided in the year in review section at page 7.

Structure and processes?

NPC's Corporate structure is set out in the corporate governance section at page 17. Further details of the Governance processes are provided at page 46.

Stakeholder engagement systems?

NPC has well developed systems for engagement with a variety of Stakeholders including:

- Shareholders;
- Portfolio Minister;
- Customers;
- Port Users;
- Staff;

Appendix 1 – Survey responses

- the Broader Community; and
- those communities that neighbour the Port.

These systems are not detailed in the Annual Report. NPC has not previously identified these as requirements for the Annual Report.

Major sources of income and spending outlets?

These are set out in the audited financial accounts.

Enabling legislation?

This is identified in the purpose of the Corporation section at page 4.

4. Performance Report:

Is there a comprehensive analysis showing:

	Yes	No
KPIs linked to agency goals in each key result area?		✗
Performance targets in each key result area?		✗
Comparison of results against target?		✗
Adequate explanation of deviations from target?		✗
Review of results for last 5 years?		✗
Coverage of both financial and non-financial results?	✓	
Benchmarking against comparable organisations?		✗
Response to client complaints or any adverse reports?		✗

Comment:

The format of the 2007-08 Annual Report reflects the major priorities ie Safety, Delivering Opportunity for the Hunter Region, Growing Trade, Optimising Return on Commercial Property and Staff Sustainability. Each priority has its individual section in the Annual Report.

Some of the narrative reports refer to KPIs linked to goals, however this is not applied across all key result area. NPC will consider this for future annual reports.

NPC has not previously included a review of results for last 5 years in the annual report. A comparison to the previous year in key result areas is included. NPC will consider this for future annual reports.

NPC has not included benchmarking against comparable organizations. NPC considers that each of the NSW Port Corporations has a unique business and such benchmarking is not informative or warranted.

NPC has not included response to client complaints or any adverse reports. NPC will consider this for future annual reports.

5. Management and Governance:

Are the following control issues reported:

	Yes	No
Senior management, committees and their roles?	✓	
Key delegations of responsibility and authority to each executive member?		x
Strategic planning and review processes?		x
Risk management and internal controls?	✓	
Procedure manuals and codes of conduct guidelines?	✓	
Freedom of information disclosures?	✓	
General procedures for personnel performance reviews?		Exempt
Agency performance monitoring, review and internal/external reporting processes?	✓	

Comment:

Key delegations of Executive Members are contained in the Organisational Structure in the Corporate Governance section.

This section will be expanded for the 2008-09 Annual Report after an organizational realignment within the Corporation during 2008-09.

Strategic planning and review processes are addressed in the Business Plan. NPC will consider these matters for future annual reports.

6. Management and Human Resources:

Are the following personnel issues reported:

	Yes	No
Workforce planning, staff retention and turnover?	✓	
Workforce profile and numbers (inc FTE)?	✓	
Industrial relations policies?		Exempt
Relevant industrial awards and enterprise agreements?		Exempt
Training and development strategies and their outcomes?	✓	
OHS objectives, targets and results?	✓	
EEO initiatives and outcomes?	✓	

7. Management and Operations:

Are the following production issues reported:

	Yes	No
Purchasing of inputs (including human resources)?		x
Contracting and outsourcing?		x
Use of consultants?	✓	
Physical asset management?		x
Information technology?		x
Work processes?		x

Comment:

The purpose of Newcastle Port Corporation is to provide safe, effective and sustainable port operations and is not viewed as a production agency.

NPC has not previously identified these as requirements for the Annual Report.

Physical asset maintenance is addressed in the Corporation's Statement of Corporate Intent with its shareholders.

8. Financial Results and Analysis:

Are the following financial matters reported:

	Yes	No
Income and expenditure statement?	✓	
Balance sheet?	✓	
Cash flow statement?	✓	
Notes to accounts?	✓	
Charts illustrating key results?		x
Analysis of results?		x
Discussion of key financial challenges?		x

Comment:

The last three matters are reported to the Corporation's Shareholders in the Corporation's Quarterly Statement of Corporate Intent Report to Shareholders. NPC has not previously identified these as requirements for the Annual Report. NPC will consider these matters for future annual reports.

9. Other Prescribed Information:

Are other matters required by statute reported:

	Yes	No
Findings of internal and external performance reviews?	✓	
Grants to non-government community agencies?	✓	
Research and development activities?		Exempt
Disposal of properties?		Exempt
Types of publications, and other information available to public?	✓	
Accounts payment information?		Exempt
Progress in implementing Government Plans (e.g. State Plan, Ethnic Affairs, Women, Waste Reduction, etc)?	✓	

Teacher Housing Authority of NSW**Agency Annual Report Survey 2007-2008**

1. Does your Annual Report comprise the following core components:

	Yes	No
Executive Summary?	Yes	
Overview of Agency?	Yes	
Report on Performance?	Yes	
Management and Accountability?	Yes	
Financial Results and Analysis?	Yes	
Other Prescribed Information?	Yes	

Comment:

2. Executive Summary:

Is there an introductory summary of your agency's:

	Yes	No
Progress in achieving agency goals and government priorities in terms of desired outcomes?	Yes	
KPIs versus targets and a brief review of achievements and challenges?		No
Highlights of successes and admissions of setbacks?	Yes	
Operating and capital account results with a simple table?	Yes	
Plans and outlook for the coming year?		No

Comment: Refer to our agencies Statement of Business Intent and Business Plan for KPI's, targets, future plans

3. Overview of Agency:

Is there a brief profile of your agency's:

	Yes	No
Main goals, functions and services?	Yes	
Key performance results?	Yes	
Structure and processes?	Yes	
Stakeholder engagement systems?	Yes	
Major sources of income and spending outlets?	Yes	
Enabling legislation?	Yes	

If no, why?

4. Performance Report:

Is there a comprehensive analysis showing:

	Yes	No
KPIs linked to agency goals in each key result area?		No
Performance targets in each key result area?		No
Comparison of results against target?	Yes	
Adequate explanation of deviations from target?	Yes	
Review of results for last 5 years?		No
Coverage of both financial and non-financial results?	Yes	
Benchmarking against comparable organisations?		No
Response to client complaints or any adverse reports?	Yes	

If no, why? Refer to the SBI & BP. Our Annual Report includes details outlined by Treasury requirements. There is also no comparable organisations to benchmark against.

5. Management and Governance:

Are the following control issues reported:

	Yes	No
Senior management, committees and their roles?	Yes	
Key delegations of responsibility and authority to each executive member?	Yes	
Strategic planning and review processes?	Yes	
Risk management and internal controls?	Yes	
Procedure manuals and codes of conduct guidelines?		No
Freedom of information disclosures?	Yes	
General procedures for personnel performance reviews?	Yes	
Agency performance monitoring, review and internal/external reporting processes?	Yes	

If no, why? It was not required.

6. Management and Human Resources:

Are the following personnel issues reported:

	Yes	No
Workforce planning, staff retention and turnover?	Yes	
Workforce profile and numbers (inc FTE)?	Yes	
Industrial relations policies?	Yes	
Relevant industrial awards and enterprise agreements?	Yes	
Training and development strategies and their outcomes?	Yes	
OHS objectives, targets and results?	Yes	
EEO initiatives and outcomes?	Yes	

If no, why?

7. Management and Operations:

Are the following production issues reported:

	Yes	No
Purchasing of inputs (including human resources)?	Yes	
Contracting and outsourcing?	Yes	
Use of consultants?	Yes	
Physical asset management?	Yes	
Information technology?	Yes	
Work processes?	Yes	

If no, why?

8. Financial Results and Analysis:

Are the following financial matters reported:

	Yes	No
Income and expenditure statement?	Yes	
Balance sheet?	Yes	
Cash flow statement?	Yes	
Notes to accounts?	Yes	
Charts illustrating key results?	Yes	
Analysis of results?	Yes	
Discussion of key financial challenges?	Yes	

If no, why?

9. Other Prescribed Information:

Are other matters required by statute reported:

	Yes	No
Findings of internal and external performance reviews?	Yes	
Grants to non-government community agencies?		No
Research and development activities?	Yes	
Disposal of properties?	Yes	
Types of publications, and other information available to public?		No
Accounts payment information?	Yes	
Progress in implementing Government Plans (e.g. State Plan, Ethnic Affairs, Women, Waste Reduction, etc)?	Yes	

If no, why? Items are not relevant to this agency.

NSW Food Authority

Agency Annual Report Survey 2007-2008 Response

1. Does your Annual Report comprise the following core components:

	Yes	No
Executive Summary?	X	
Overview of Agency?	X	
Report on Performance?	X	
Management and Accountability?	X	
Financial Results and Analysis?	X	
Other Prescribed Information?	X	

Comment:

- Executive Summary is contained within Director-General's report

2. Executive Summary:

Is there an introductory summary of your agency:

	Yes	No
Progress in achieving agency goals and government priorities in terms of desired outcomes?	X	
KPIs versus targets and a brief review of achievements and challenges?		X
Highlights of successes and admissions of setbacks?	X	
Operating and capital account results with a simple table?	X	
Plans and outlook for the coming year?	X	

Comment:

- Not all these elements are included in the exec summary (Director-General's report) but are included in the report as a whole in the appropriate section
- Assessors' comments from the Premier's 2009 NSW Public Sector Annual Reports Award (for which the Food Authority report was entered), identified the need for KPIs versus targets. This is being addressed
- Successes were highlighted but setbacks were not. This is being addressed.

3. Overview of Agency:

Is there a brief profile of your agency:

	Yes	No
Main goals, functions and services?	X	
Key performance results?	X	
Structure and processes?	X	
Stakeholder engagement systems?	X	
Major sources of income and spending outlets?	X	
Enabling legislation?	X	

- Not all these elements are included in the Overview of Agency but are included in the report as a whole in the appropriate section

4. Performance Report:

Is there a comprehensive analysis showing:

	Yes	No
KPIs linked to agency goals in each key result area?		X
Performance targets in each key result area?		X
Comparison of results against target?		X
Adequate explanation of deviations from target?		X
Review of results for last 5 years?		X
Coverage of both financial and non-financial results?	X	
Benchmarking against comparable organisations?		X
Response to client complaints or any adverse reports?		X

- Assessors' comments from the Premier's 2009 NSW Public Sector Annual Reports Award (for which the Food Authority report was entered), identified the need for results analysis. This is being addressed
- The Food Authority's remit, scope and mandate are unique, making comparison to comparable agencies impractical.
- Have not had occasion to publish any complaints or adverse reports.

5. Management and Governance:

Are the following control issues reported:

	Yes	No
Senior management, committees and their roles?	X	
Key delegations of responsibility and authority to each executive member?	X	
Strategic planning and review processes?	X	
Risk management and internal controls?	X	
Procedure manuals and codes of conduct guidelines?		X
Freedom of information disclosures?	X	
General procedures for personnel performance reviews?		X
Agency performance monitoring, review and internal/external reporting processes?		X

- The management and governance issues which have not been reported on are being considered for future years annual reports

6. Management and Human Resources:

Are the following personnel issues reported:

	Yes	No
Workforce planning, staff retention and turnover?	X	
Workforce profile and numbers (inc FTE)?	X	
Industrial relations policies?		X
Relevant industrial awards and enterprise agreements?		X
Training and development strategies and their outcomes?	X	
OHS objectives, targets and results?	X	
EEO initiatives and outcomes?	X	

- The management and human resources issues which have not been reported on are being considered for future years annual reports

7. Management and Operations:

Are the following production issues reported:

	Yes	No
Purchasing of inputs (including human resources)?		X
Contracting and outsourcing?	X	
Use of consultants?	X	
Physical asset management?		X
Information technology?	X	
Work processes?		X

- In a number of these areas the Agency is too small to provide detailed and meaningful information

8. Financial Results and Analysis:

Are the following financial matters reported:

	Yes	No
Income and expenditure statement?	X	
Balance sheet?	X	
Cash flow statement?	X	
Notes to accounts?	X	
Charts illustrating key results?		X
Analysis of results?	X	
Discussion of key financial challenges?	X	

If no, why?

- Assessors' comments from the Premier's 2009 NSW Public Sector Annual Reports Award (for which the Food Authority report was entered), identified the need for simple charts to depict key financial results This is being addressed.

9. Other Prescribed Information:

Are other matters required by statute reported:

	Yes	No
Findings of internal and external performance reviews?		X
Grants to non-government community agencies?		X
Research and development activities?	X	
Disposal of properties?	X	
Types of publications, and other information available to public?	X	
Accounts payment information?	X	
Progress in implementing Government Plans (e.g. State Plan, Ethnic Affairs, Women, Waste Reduction, etc)?	X	

If no, why?

State Property Authority

Agency Annual Report Survey 2007-2008 Response

1. Does your Annual Report comprise the following core components:

	Yes	No
Executive Summary?		No
Overview of Agency?	Yes pp 6-9	
Report on Performance?	Yes pp 6-9	
Management and Accountability?	Yes pp 14-19	
Financial Results and Analysis?	Yes pp 20-89	
Other Prescribed Information?	Yes pp 90-100	

If no, why?

The Report contains a Statement by the CEO providing an overview of the Authority's 2007-08 operations and achievements (Page 3). As the high-level commentary in the 2007-08 Annual Report spans only 16 pages, a formal Executive Summary was not considered essential, as the statement by the CEO outlines summary highlights.

2. Executive Summary:

Is there an introductory summary of your agency's:

	Yes	No
Progress in achieving agency goals and government priorities in terms of desired outcomes?	Yes pp 4-6	
KPIs versus targets and a brief review of achievements and challenges?	Yes pp 6-9	
Highlights of successes and admissions of setbacks?	In part pp 6-9	
Operating and capital account results with a simple table?	Yes pp 10-11	
Plans and outlook for the coming year?	In part pp3	

Comment:

The 2007-08 Annual Report summarised outcomes and achievements from the first full year of the Authority's operations. Key performance indicators were emerging in line with the release of Premier's Memorandum 2008-06 in April 2008. Operational and financial performance reports also occur in accord with the requirements of NSW Treasury.

3. Overview of Agency:

Is there a brief profile of your agency's:

	Yes	No
Main goals, functions and services?	Yes pp 3-9	
Key performance results?	Yes pp 6-9	
Structure and processes?	Yes pp 14-16	
Stakeholder engagement systems?	In part p 14	
Major sources of income and spending outlets?	Yes pp 10-13	
Enabling legislation?	Yes p 4	

Comment:

2007-08 was the first full year of operation by the State Property Authority and stakeholder engagement was being developed in line with the Premier's Memorandum issued in April 2008 and the property vesting program. This is noted on page 7 of the Report and will be developed in more detail in the 2008-09 Annual Report.

4. Performance Report:

Is there a comprehensive analysis showing:

	Yes	No
KPIs linked to agency goals in each key result area?		No (See 1)
Performance targets in each key result area?		No (See 1)
Comparison of results against target?	In part for financial performance	
Adequate explanation of deviations from target?	As above	
Review of results for last 5 years?		NA
Coverage of both financial and non-financial results?	Yes pp 3-89	
Benchmarking against comparable organisations?		NA
Response to client complaints or any adverse reports?		NA (see comment)

If no, why?

1. The 2007-08 Annual Report summarised outcomes and achievements. As this was the first full year of the Authority's operations, performance targets and indicators had not been developed.

Comment:

2007-08 was the first full year of operation by the State Property Authority. The Authority is not in engaged in front line service delivery to the public. Mechanisms are available for client agency feedback to the Authority and these will be included in the 2008-09 Annual Report.

5. Management and Governance:

Are the following control issues reported:

	Yes	No
Senior management, committees and their roles?	Yes p 16	
Key delegations of responsibility and authority to each executive member?	Yes pp 15-16	
Strategic planning and review processes?	In part P 14	
Risk management and internal controls?	In part P 14, P 92	
Procedure manuals and codes of conduct guidelines?		No (See comment 1)
Freedom of information disclosures?	Yes pp 95-100	
General procedures for personnel performance reviews?		No See comment 1)
Agency performance monitoring, review and internal/external reporting processes?		No (See comment 1)

If no, why?:

1. As a new organisation, a suite of policies and procedures were under development during the reporting period, including the Authority's Code of Conduct which was released during the 2008-09 financial year. 2007-08 was the first full year of operation by the State Property Authority and as such policies procedure manuals and performance reviews and performance monitoring systems were being developed. These will be reported on in the 2008-09 Annual Report.

6. Management and Human Resources:

Are the following personnel issues reported:

	Yes	No
Workforce planning, staff retention and turnover?	In part p 17	
Workforce profile and numbers (inc FTE)?	Yes pp 93-94	
Industrial relations policies?		No (See 1)
Relevant industrial awards and enterprise agreements?	Yes p 17	
Training and development strategies and their outcomes?	Yes p 17	
OHS objectives, targets and results?	Yes P 17	
EEO initiatives and outcomes?	Yes pp 17-18	

If no, why?

1. 2007-08 was the first full year of operation of the State Property Authority. Workforce planning was in place, with the emphasis on building and establishing the organisation. The Authority has no agency specific industrial relations policies.

7. Management and Operations:

Are the following production issues reported:

	Yes	No
Purchasing of inputs (including human resources)?	In part pp 17-19	
Contracting and outsourcing?	Yes pp 17-19, p 92	
Use of consultants?	Yes pp 91-92	
Physical asset management?	In part pp 18-19	
Information technology?	In part pp 18-19	
Work processes?	Yes Pp 6-13	

Comment:

2007-08 was the first full year of operation by the State Property Authority. Management and operational processes were under development.

8. Financial Results and Analysis:

Are the following financial matters reported:

	Yes	No
Income and expenditure statement?	Yes p 24, p 73	
Balance sheet?	Yes pp 25-26, p 74	
Cash flow statement?	Yes p 27, p 76	
Notes to accounts?	Yes pp 28-69 pp 77-89	
Charts illustrating key results?		No (See Comment 1)
Analysis of results?	Yes Pp 10-13	
Discussion of key financial challenges?	Yes Pp 10-13	

If no, why?

1. The 2007-08 Report includes tables which report against the Authority's budget (Pages 10 & 11). These were considered sufficient.

Comment:

There were no significant financial challenges during the 2007-08 reporting period. Discussion of the impact of any significant financial challenges during 2008-09 (eg the Global Financial Crisis) will be included in that year's report.

9. Other Prescribed Information

Are other matters required by statute reported:

	Yes	No
Findings of internal and external performance reviews?		No (See 1)
Grants to non-government community agencies?	Yes p 92	
Research and development activities?		No (See 2)
Disposal of properties?	Yes p 90	
Types of publications, and other information available to public?	In part p 90	
Accounts payment information?	Yes p 91	
Progress in implementing Government Plans (e.g. State Plan, Ethnic Affairs, Women, Waste Reduction, etc)?	In part pp 17-18, pp 94	

If no, why?

1. No internal or external performance reviews were conducted during 2007-08.
2. The Authority's Planning and Strategy Division undertakes a range of research activities as part of its core functions eg benchmarking. However, there were no significant research projects, or separately funded research programs delivered during 2007-08.

Comment:

Reporting on Government Plans, Ethnic Affairs, Women and Waste Reduction were reported on as they applied to the Authority and/or as required under Treasury requirements for small agencies with less than 200 full time staff.

NSW Institute of Sport

Agency Annual Report Survey 2007-2008 Response

1. Does your Annual Report comprise the following core components:

	Yes	No
Executive Summary?	X	
Overview of Agency?	X	
Report on Performance?	X	
Management and Accountability?	X	
Financial Results and Analysis?	X	
Other Prescribed Information?	X	

Comment:

2. Executive Summary:

Is there an introductory summary of your agency's:

	Yes	No
Progress in achieving agency goals and government priorities in terms of desired outcomes?	X	
KPIs versus targets and a brief review of achievements and challenges?	X	
Highlights of successes and admissions of setbacks?	X	
Operating and capital account results with a simple table?		X
Plans and outlook for the coming year?		X

Comment:

The NSW Institute of Sport (NSWIS) Annual Report highlights our vision, mission, values and key principles for success. Our report provides through its operational overview, unit reports and individual sport reports a brief review of the achievements against each key principle and highlights the successes achieved by NSW athletes in each sport during the reporting period. The NSWIS Annual Report is a reflection of the activities and achievements for the reporting period and has not traditionally detailed plan and the outlook for the coming year.

3. Overview of Agency:

Is there a brief profile of your agency's:

	Yes	No
Main goals, functions and services?	X	
Key performance results?	X	
Structure and processes?	X	
Stakeholder engagement systems?		X
Major sources of income and spending outlets?	X	
Enabling legislation?	X	

If no, why?

The NSWIS Annual Report provides details of the organisation's key stakeholders/ business partners as well as the individual sport's programs partners. We feel that it is more important to acknowledge our business partners and sponsors in our annual report rather provide details on the "stakeholder engagement systems.

4. Performance Report:

Is there a comprehensive analysis showing:

	Yes	No
KPIs linked to agency goals in each key result area?	X	
Performance targets in each key result area?	X	
Comparison of results against target?	X	
Adequate explanation of deviations from target?		
Review of results for last 5 years?		X
Coverage of both financial and non-financial results?	X	
Benchmarking against comparable organisations?		X
Response to client complaints or any adverse reports?	X	

If no, why?

Only provide comparative results for previous year – not for the last five years.

Difficult to compare State and National Institutes of Sports because of the way they have been set up.

5. Management and Governance:

Are the following control issues reported:

	Yes	No
Senior management, committees and their roles?	X	
Key delegations of responsibility and authority to each executive member?		X
Strategic planning and review processes?	X	
Risk management and internal controls?	X	
Procedure manuals and codes of conduct guidelines?	X	
Freedom of information disclosures?	X	
General procedures for personnel performance reviews?	X	
Agency performance monitoring, review and internal/external reporting processes?	X	

If no, why?

6. Management and Human Resources:

Are the following personnel issues reported:

	Yes	No
Workforce planning, staff retention and turnover?	X	
Workforce profile and numbers (inc FTE)?	X	
Industrial relations policies?	X	
Relevant industrial awards and enterprise agreements?	X	
Training and development strategies and their outcomes?	X	
OHS objectives, targets and results?	X	
EEO initiatives and outcomes?	X	

If no, why?

With EEO initiatives small agencies are only required to disclose every three years.

7. Management and Operations:

Are the following production issues reported:

	Yes	No
Purchasing of inputs (including human resources)?		X
Contracting and outsourcing?		X
Use of consultants?	X	
Physical asset management?		X
Information technology?	X	
Work processes?		X

If no, why?

Not significant areas of our business that require to be reported in our annual report.

8. Financial Results and Analysis:

Are the following financial matters reported:

	Yes	No
Income and expenditure statement?	X	
Balance sheet?	X	
Cash flow statement?	X	
Notes to accounts?	X	
Charts illustrating key results?		X
Analysis of results?		X
Discussion of key financial challenges?		X

If no, why?

9. Other Prescribed Information:

Are other matters required by statute reported:

	Yes	No
Findings of internal and external performance reviews?	X	
Grants to non-government community agencies?		X
Research and development activities?	X	
Disposal of properties?		X
Types of publications, and other information available to public?	X	
Accounts payment information?	X	
Progress in implementing Government Plans (e.g. State Plan, Ethnic Affairs, Women, Waste Reduction, etc)?	X	

If no, why?

Don't make grants to non-government community agencies

Don't own any land or building.

Appendix 2 – List of witnesses

Hearing Thursday 15 October 2009

Jubilee Room, Parliament House

Witness	Organisation
Mr Michael Bushby, Chief Executive Mr Paul Hesford, Director, Finance Mr Richard Boggon, Director and Performance	Roads and Traffic Authority, NSW
Mr John Benson, Acting Commissioner Ms Dawn Easton, Director, Strategy and Planning Ms Lota Vargas, Assistant Director, Finance Mr George Ayoub, Senior Manager, Accounting Operations Financial Systems Mr Peter Walker, Manager, Corporate Communications Capability	NSW Fire Brigades
Mr Michael Dowzer, General Manager, Strategy, Efficiency and Governance	Newcastle Port Corporation
Mr Philip Shelley, General Manager	Teacher Housing Authority of NSW
Mr Craig Sahlin, Deputy Chief Executive Officer	NSW Food Authority
Ms Anne Skewes, Acting Divisional General Manager, State Property	Land and Property Management Authority
Mr Charles Turner, Chief Executive Officer Mr Peter Jackson, Manager, Finance and Corporate Services	NSW Institute of Sport

Appendix 3 – Transcript of proceedings

NOTE: The public hearing was held at Parliament House, Macquarie Street, Sydney, on Thursday 15 October 2009 commencing at 10 am and was attended by all Committee members.

CHAIR: I declare the hearing of the Public Bodies Review Committee officially open and welcome our guests from the Roads and Traffic Authority this morning. We thank you for your time and participation in the hearing. I also take this opportunity to thank my Committee colleagues for their time and contribution to the Committee's work. We trust that at the end of today, after all the evidence has been tabled, we will have some very productive information to work on and feed back into the system to ensure that we get a continued improvement in relation to our annual reports and the information that is provided by agencies.

Thank you very much for appearing before the Public Bodies Review Committee today. We are very pleased to hear your evidence this morning. I am advised that you have been issued with a copy of the Committee's terms of reference and also a copy of the Legislative Assembly's Standing Orders 291, 292 and 293 that relate to the examination of witnesses.

RICHARD DOUGLAS BOGGON, Director, Corporate Services, Roads and Traffic Authority, NSW, Level 11, 101 Miller Street, North Sydney, New South Wales,

MICHAEL BRUCE BUSHBY, Chief Executive, Roads and Traffic Authority, NSW, Level 19, 101 Miller Street, North Sydney, New South Wales, and

PAUL MICHAEL HESFORD, Director, Finance and Performance, Roads and Traffic Authority, NSW, Level 12, 101 Miller Street, North Sydney, New South Wales, affirmed and examined:

CHAIR: The Committee has received the Roads and Traffic Authority's response to our survey and I want to give you an opportunity to make an opening statement to the Committee, if you wish.

Mr BUSHBY: I would be happy to do that. As you will have noted in seeing both the annual report and our response to the questionnaire, the Roads and Traffic Authority is a very large and diverse organisation and it has been set up as an integrated road agency covering a broad range of responsibilities. They range from things including the planning and development of major infrastructure projects—the construction and creation of assets—but also the maintenance of the existing road network in terms of the State roads, and it is the ability to look after those over time. It also includes the operation of the network, and by that I mean the management of traffic, trying to minimise the effects of congestion, and the tolling arrangements that we run as an organisation. We are also responsible for licensing and registration and we have a statewide responsibility in relation to road safety.

That brief of responsibilities and influence means that the annual reporting is a challenge for us as an organisation. The size and scope of our influence, the things that we are responsible for, means that we are always striving to be able to get the balance between being concise—being to the point on those issues—but also to recognise that the coverage of what we are looking to report on is a very large scope of work and also has a broad range of audiences that are looking to try and pull information and learn from our reporting. So our annual report is not necessarily comprehensive on everything we do, but what we are trying to do is to highlight the major achievements and challenges across the Road and Traffic Authority's business areas. That means that some of the routine activities that we undertake are not necessarily included in here in great detail and may be just summarised. That is really to avoid ending up with a document that is overly large. So we are trying always to strive for that balance between the two.

In approaching our reporting we look at some guiding principles on how we go about assembling our report and the first thing we look at is that we are always looking to deliver against all of our statutory annual reporting requirements. We are also looking to minimise costs in the production of the report. It is probably worth noting that in 2008 we had a change in the way we delivered the annual report. Instead of using external project management we decided to bring that inside the organisation to be able to project manage it ourselves to make sure that we got a good result. That change has meant a \$50,000 reduction in the cost of producing the reports, and I think we reported a reduction from \$121,000 in 2007 back to \$70,000 in 2008. I think that is part of our ongoing change in looking for ways to minimise our costs.

We are also looking at having a focus on continually improving the nature of the report that we have got. We have an annual review—we have a cycle of review feedback and improvement year by year, and we source feedback from various areas, both internal within the organisation and the comments that we get on what we have produced, but we also focus on the Australasian reporting awards, and it is probably worth noting that in 2008 our annual report was awarded a bronze medal for the annual reporting. But we also have great respect for the advice that we get back from this Committee and look to use that feedback as a way of ensuring that continual improvement in what we are doing. Certainly, the feedback that we have had this year has been incorporated in our 2009 report, which is at an advanced draft stage at the moment.

The feedback that we have had in the past has meant that we sometimes change and improve what we are doing, and it is probably worth noting that in 2008 there was a fairly substantial change to the way that we organised the report, and that was really coming back to our corporate framework in being able to report against the way the framework has been established, and, again, that was in response to a recommendation that we previously had. In terms of the content of the report, it is developed through a consultative process across all areas of the organisation. We have the ability to input into the nature and content of the report. The body of the text is structured against our Roads and Traffic Authority corporate framework result areas, and those are transport, asset, safety, environment, services and governance, so that we can clearly articulate how we are contributing towards those previously committed results.

We try to make it reader friendly and appeal to a wide range of audiences. In that way we use, in some cases, a storytelling style and utilise case studies as a way of being able to demonstrate, where it is appropriate, the message that we are trying to get across. Clearly, there are a lot of appendices in the report, and that allows us to provide the detail and

technical information that is required in a logical and clear way. I think that probably is sufficient as an opening statement but it gives you some idea of how we go about producing the report and what it is we are trying to achieve.

CHAIR: Thank you very much for that. I will start the questioning. You have made reference to the use of case studies in your annual report. Are you comfortable that that provides an accurate record of the Roads and Traffic Authority [RTA] activities during the reporting period?

Mr BUSHBY: I think I mentioned that the use of case studies is really about trying to demonstrate a message that we are trying to get across as part of the annual reporting process. Case studies need to be representative of the message we are putting across. We also have concerns at times that case studies could be misleading, so we only use them where we believe it is demonstrating the approach we are trying to show in terms of the report and what we have achieved during the year.

CHAIR: I am guessing your case studies are predominantly positive case studies in terms of outcome?

Mr BUSHBY: I think that is probably a fair comment.

Mr STEVE CANSDALL: How does the agency record setbacks generally and their planned responses to the setbacks?

Mr BUSHBY: In general our report is a positive one recording achievements of what we have delivered during the year. Clearly we learn from setbacks and they become part of the way that we look at the challenges going forward. You will find that in each of the chapters relating to those focus areas we have a section that is talking about challenges for the future and how we are going to address those. So while it may not be pulled out specifically as these are setbacks that we have encountered during the year, it merely is part of the positive approach that we like to take in terms of considering challenges and how we are going to address them.

Mr STEVE CANSDALL: To make sure they do not happen again?

Mr BUSHBY: Correct.

Mr NICK LALICH: How do you incorporate these responses into the planning and reporting for the next annual report?

Mr BUSHBY: The responses given to this Committee in the past?

Mr NICK LALICH: Yes.

Mr BUSHBY: We have taken the specific advice that has come from this Committee and already made sure that it is part of our planning for the 2009 annual reporting. We have included that in our checklist of the things to be addressed. There are examples of that. I think we have some advice that it would be helpful if we had the target from the previous year reported against some of our performance indicators. We have taken that on board and we will be delivering that this year.

CHAIR: Along similar lines, one thing that is concerning, and it is generally a more across-the-board comment, is the lack of willingness to acknowledge failures in an organisation or call them challenges, if you like, or difficulties. Your annual report does not particularly go into the area about challenges in any great detail. Do you believe that that should be reconsidered and would the RTA be prepared to start to acknowledge that, yes, there are challenges and cases where failures occur and it may well be for things that you do not have any control over, but nevertheless, they are a fact of life and how you operate in the delivery of the services that you provide? Do you believe that should be considered and put into the reports?

Mr BUSHBY: I would argue to a certain extent it is there already, so that if we have a project and we have had delays or something of that kind, then we may not highlight it boldly but we will talk about the fact that there were delays but the project has been delivered, keeping it positive. Certainly I would be happy to consider, going forward, that we look more closely at whether we can use setbacks as a way of being able to demonstrate the improvements that we can make over time to how our processes work. It will be difficult for us to do that in 2009, given the timing, that we are down to a final draft at the moment of the next annual report, but certainly I would be happy to take that on in future reports.

Mr ALAN ASHTON: I ask a general question not related to any of the report whatsoever. I came here on the M5 this morning, and there is a lot of criticism about the M5 generally. I wonder how you guys at the RTA can respond to that sometimes. Obviously you can through Ministers, and we are all politicians so we have a stake in all that. Sometimes when I come in on the M5 it takes me half an hour but one day it took me two hours because someone in a massive truck decided they would drive under the Eastern Distributor and they left half the truck behind. Heavy vehicles on the M5—I am using this as an example because this is an issue for all electorates—stop and it takes them five minutes to get started again, which causes more of a bottleneck. Every night there are news reports of problems on the roads.

You produce an annual report and say, "These are all the good things we are doing", which would be this thick, but from the media's point of view it would be twice as thick about all the things that go wrong. This is on the record; it is not an off-the-record comment. How can the RTA, other than through its RTA's media section, deal with the almost generic criticism of the RTA of things over which you have no control, such as someone running out of petrol and breaking down in the middle of the M2, M4, M5, or an accident on Stony Creek Road, or in Wayne's area out in the north-west? How do you respond to that as an organisation? I know it is a broad question and it is not in the scheme of what we are asking, but I would be interested in your answer?

Mr BUSHBY: It is, in the sense that it does relate to the operation of the network and I did mention in my opening comments that operation of the network is one of the areas that we have a strong responsibility for. I make a few comments. Firstly, in relation to how things get reported by the media, we obviously have little control, if any, on what stories the media choose to run with. It is always more likely that they will run when there is a problem. I would argue that a lot of what we are doing for the people of New South Wales provides great benefit but may not be newsworthy.

You talk about the example of the truck that in traffic slows down and takes a long time to get up to speed. I am very proud of what the RTA has done with production of the

Sydney Coordinated Adaptive Transport system [SCATS], which controls all the traffic signals in New South Wales. It is being exported across the country and to 140 cities now in 25 countries around the world. That works to minimise exactly what you were talking about. It keeps the traffic moving and adapts to where the flows of traffic are. So if there is a major flow in a particular direction through a set of traffic signals, it adjusts the green light to be able to accommodate that. That has benefits for not only keeping the traffic moving but I think in future we will see that has great benefits for controlling greenhouse gases as well because we are not having the braking and starting.

You also mentioned motorways as an example in terms of how a truck hitting a tunnel can cause a problem. Incidents on the road network are always going to be a problem. Our concentration is not necessarily on the absolute time that it takes to get from one place to another, especially for commuters. It is how can we try to improve the reliability of the travel times; the example you gave of half an hour versus two hours. It is the two hours that you remember. In trying to manage incidents there are several things that we try and do. We have the Transport Management Centre [TMC] out at Eveleigh with access to 500 or more closed-circuit television cameras. We have direct access to the police and we have the media, who operate out of that area and provide us with feedback as well. What we are trying to do there is identify as quickly as possible when incidents occur so that we are aware of them. We can adjust every set of SCATS controlled traffic signals from the TMC and try to improve traffic conditions around the site so that we can take a response to the incident. We try to coordinate the services to get to the site, move the incident if possible and be able to get the traffic going as quickly as possible.

Incident management is a really important aspect of what we are doing. With the creation of the Transport and Infrastructure super agency we have gone one step further. At the TMC now is the Transport Coordination Group, which has a roads representative, rail, ferry, buses, all in the one room so that when there are incidents on one mode, not only can you adjust within that mode, you can look at what other actions can be taken across the other modes as well. In terms of being able to try to minimise the effect of incidents, we have in place a pretty good set of arrangements. We are always looking at how we can improve it, but how it gets reported in the media, we have very little control.

Mr ALAN ASHTON: We all know that around this table.

Mr PETER DRAPER: I noted that you received a bronze medal in 2008. Did they give you pointers on how you move to the next level, the silver and then the gold?

Mr BUSHBY: We did get a debrief in terms of what was being looked for and what we could do to improve. I must admit we also got the list of who got the gold, silver and bronze. We are looking at their reports to see what we need to do to improve our practice as part of our continuous improvement.

Mr PETER DRAPER: Under the section "Financial Results and Analysis", the RTA has noted that discussion of key financial challenges is not contained within that forum. Do you publish that separately or how do you make that information available to people who wish to find out?

Mr HESFORD: The financial challenges are within the key result areas so they are related back to the services and the outcomes that the agency is trying to deliver. They are

reported within each of the individual challenges sections at the back of the individual chapters. We do not necessarily pull forward all of the financial challenges into one place. For example, if you look under "Assets", we talk about the challenges of delivering maintenance and the financial implications of that flowing on from the Auditor-General's report, so they are very much linked back to the outcomes and the service delivery.

Mr PETER DRAPER: Is your budget sufficient for maintenance? I have been looking at the same road now for seven years in my electorate?

Mr BUSHBY: I think if you go back to the report of the Auditor-General which was published a couple of years ago some helpful suggestions were made in relation to what we should be looking to achieve, and that included some concerns about the rate of capital renewal. Certainly, we have been trying to address that over the past couple of years in responding to the suggestions in that report.

Mr PETER DRAPER: So the maintenance budget is sufficient?

Mr BUSHBY: We would like to spend more on maintenance if we had the funds available.

Mr HESFORD: The report itself actually talks about the reprioritisation that the Roads and Traffic Authority is undertaking to put more money into maintenance. So in the past two years we have put an extra \$50 million and an extra \$100 million this financial year to address some of the concerns of the Auditor-General and that has been through efficiency improvement and also reprioritisation of the programs of the Roads and Traffic Authority.

Mr PETER DRAPER: I understand it is a juggling act, and I am not complaining as at the same time I drive over many new bridges. It is an area that is very obvious everyday when you go out and about in the community and these sorts of issues hit you in the eye.

Mr WAYNE MERTON: Reference was made to media reporting on traffic delays. The reality is that the media almost has direct access to these issues as they arise. When one listens to the radio it seems as if they have a computer and are tuned into your computer. What is the general arrangement about that?

Mr BUSHBY: There are a couple of comments I can make on that. At the Transport Management Centre [TMC] we have the Australian Traffic Network that has a workstation within the TMC and so they have made available to them the images and the knowledge of what is going on with incidents as they occur. They also have their own way of being able to collect information through the use of their helicopter and own other feedback mechanisms they get. We provide an Internet information service of all the incidents that are occurring on the road network and that is provided mainly for the media to be able to get very rapid access to the information. It is in our interests for the media to know what is going on because people listening to the radio in the car can make decisions about areas to avoid, delaying their travel or whatever they need to do to be able to avoid the area. Now that is useful to us in helping to manage the traffic around the incident. We work with them fairly closely to make sure that that works to our advantage.

The latest technology that is working with that is that we are also providing information directly to a third party supplier who makes information available via a download

into GPS systems. So some of the more expensive GPS systems now have radio access to be able to get warning of where there is congestion and be able to adjust the tracking that they would be recommending. A lot of that base information is coming out of our Sydney Coordinated Adaptive Traffic System [SCATS] and off our incident website.

Mr WAYNE MERTON: Apart from that before they leave on a journey do motorists have access to that information from their home computer?

Mr BUSHBY: On our website we have a range of cameras that are updated each minute at different locations around the network. People can log onto that on myRTA website and get access to incidents which are classified geographically and get access to cameras that are around the network on particular hotspots.

Mr WAYNE MERTON: I mention in passing something that is strictly not in my electorate but outside it, that each time I travel along the Windsor Road whether it is on a Sunday afternoon, a holiday weekend or a Friday night there are enormous problems of traffic at Richmond on Grossvale Road, I think it is. There is obviously a problem there that has existed for many, many years with the timing of the traffic lights where motorists coming into the city bank right up into Kurrajong until they get down to the traffic lights and suddenly it is eased. I know that is not your job but it is always dangerous to appear before a parliamentary committee because you will get a job.

Mr BUSHBY: I am happy to have a look at that.

CHAIR: Will you take that on notice?

Mr BUSHBY: I will take it on notice.

Mr WAYNE MERTON: I do not expect you to give an answer today but will you look into that issue?

Mr NICK LALICH: Particularly be careful when a little red Mazda goes down Windsor Road.

Mr WAYNE MERTON: It is registered! Under "other prescribed information" your report states:

In relation to findings of internal and external performance reviews, the RTA audit results are publicly available on the Audit Office website. However, since 1999 the Audit Office has conducted seven performance reviews of the RTA.

How does the Audit Office report feed into the annual reporting process of the RTA? In other words, do you take note of the reports of the Audit Office and do they form part of your annual reporting process?

Mr BUSHBY: I think the responses we take to the Audit Office reports is part of the management action that goes as a result of having received those audits and the actions that we take are clearly reported. I think Paul has given the example with maintenance in relation to the audit that was done two or three years ago on how we have acted to respond

to that report, and been able to demonstrate that within the annual report. As an example I think that it shows that the management actions are captured in the annual report.

Mr WAYNE MERTON: I will keep an eye on Windsor Road.

Mr STEVE CANSELL: Are internal performance reviews conducted at the Roads and Traffic Authority? If so, how do internal-performance reviews feed into reporting against the RTA's key performance indicators?

Mr BUSHBY: Are we talking about personnel performance reviews?

Mr STEVE CANSELL: I believe so, yes.

Mr BUSHBY: We have a range of performance management arrangements. Certainly with all senior executive service [SES] members they have performance agreements that are signed each year. There are reporting and reviews of performance at six monthly stages where I look at the delivery of the directors, and the directors look at their SES reports on what they have achieved against those performance agreements in each year. At the end of the year a report is done across the range of obligations that the officers had, and that is captured in a report for each of the SES officers.

At other levels within the organisation we also have work and development plans. In all of the managers' agreements we are looking at the extent of the application of work and development plans across the staff generally so that we are looking to be able to identify how individuals can develop themselves, but also what is expected of them in undertaking the role that they have. And so we do have a good range of performance mechanisms in looking at both the SES and more generally across the organisation.

Mr BOGGON: I will add a couple of quick points as well. We also have an annual upward feedback survey in which the staff themselves rate the performance of managers, and that is against our leadership framework. This year we have had more than 3,000 responses to that survey so that does drill down quite deeply into the organisation. Our management systems look at aligning the performance outcomes with the outcomes that we are delivering through the businesses as well so it is quite comprehensive in the way that we conduct that.

CHAIR: You commented about the performance of personnel but what sort of assessment, if any, do you undertake in terms of the various divisions within the Roads and Traffic Authority? Do you have the criteria as simple as construction of X kilometres of highways, and those sorts of issues? How are they reported? Where can I find all of that juicy information in relation to your overall performance? It is more about what actions are you taking in terms of your internal review of those measures?

Mr BUSHBY: Our answer to the previous question was about individuals and the performance of people. Rather than looking at particular groups of people, or at a structure, we look at the outcomes that we are trying to achieve. We have key performance indicators against those outcomes. In terms of pointing you towards the key indicators, if you look at page 14 of our 2008 report you will see a performance overview which picks up the key performance indicators in each of those areas. So table one is looking at the transport indicators, table two at asset management indicators, table three at safety and table four at

environment. That reflects the chapters of the report which has got more detail on what we are actually doing to be able to influence and ensure that we are meeting the targets and being able to deliver against those performance indicators for each of those chapter areas.

CHAIR: That is part of it but the second part of my question is where can I find your own internal review of those performance measures?

Mr BUSHBY: These performance indicators are, if you like, the pinnacle of a cascading of performance indicators through the organisation. These are the ones that are reported externally as part of the highest level over the performance management arrangements. I sit down every month with each of the directors and their general managers and we have performance meetings for their area. As part of that they are reporting the latest information across a broader range of performance indicators. It will include these ones, and then there are others that are looked at as well.

At the next layer down, the director will sit down with his general managers regularly and look at those, and even more detail of the business. Part of that is to actually monitor performance but it is also to talk about the corrective actions where we have got a problem. In each of those cases we tend to use the traffic light signal. So if things are going well they are just green, not too much time spent on those. If things are on orange, there is some warning that there may be a concern, start to look at those. If it is red, corrective action is required and, if I am talking to the directors, I expect them to be having a good explanation or a conversation about what we can do to correct. I would expect them, and they are, doing the same with the general managers at the next level down. So it is very comprehensive. What you see in the annual report is that very top level of the external reporting. Underpinning this is a process that works within each of the directorates. Again, it comes back to the balance that we talked about right at the opening, is that if we put everything in this report it would be massive.

Mr BOGGON: I will add one additional item, as part of our organisational governance arrangements we then have a number of cross-functional executive committees, starting with an audit and risk committee, which is independently chaired, and then we have executive committees around key functions, such as business improvement, workplace reform, overall network management, et cetera. A number of those committees form part of those governance arrangements.

Mr BUSHBY: I think the committees are detailed in the report.

Mr BOGGON: Yes.

Mr NICK LALICH: In another place I am a mayor of a large city in Sydney. I was surprised when you said you have a staff review of the performance of senior managers. When you receive the staff reviews do you take what the staff have said into consideration when you make your final decision on that senior manager? Is the staff survey secret with names not divulged, otherwise staff will not provide feedback?

Mr BUSHBY: The response is done anonymously through an Internet survey. The feedback is provided to the manager and there has to be a minimum number of people who have responded before we would use the information because we do not want people to be identified. We try to use this in a positive way, in that it identifies areas against our

leadership framework where people can improve. We do not want to get to the end of a five-year contract and say, "You didn't do these things very well." Each year we can give feedback to people and discuss the areas they have assessed, or their staff have assessed, in which they could do better. It is a self-assessment tool as well as providing feedback. We talk about what actions they can take to improve their performance in those areas.

Mr NICK LALICH: I like that. I think people on the shop floor can sometimes see a lot more that is going wrong with an organisation than, say, people at the top, because they are right at the coal face. I thought that was a good idea.

Mr HESFORD: As part of that, as managers and directors we sit down with our direct reports and discuss that feedback. I had a recent meeting with my direct reports and went through what I had improved on year-on-year and pointed out the areas I had identified as an area of concern and that my direct reports wanted me to improve. I asked how I could go about doing that and what were the behaviours. It works both ways. I have a discussion with Michael and then with staff as well.

Mr NICK LALICH: That is good. It is nice to see.

Mr BOGGON: That allows us to aggregate the results and focus our management training so that we are spending effort, time and money only where it is required. We normally identify the two top areas.

CHAIR: Thank you again for your time this morning and your contribution to the inquiry. We trust that you will be eager to see the outcomes from this inquiry.

(The witnesses withdrew)

JOHN LESLIE BENSON, Acting Commissioner, NSW Fire Brigades, Level 10, 227 Elizabeth Street, Sydney, New South Wales, and

DAWN MAREE EASTON, Director, Strategy and Planning, NSW Fire Brigades, Level 10, 227 Elizabeth Street, Sydney, New South Wales, affirmed and examined:

PETER GEORGE WALKER, Manager, Corporate Communications Capability, NSW Fire Brigades, Level 10, 227 Elizabeth Street, Sydney, New South Wales,

LOTA VARGAS, Assistant Director of Finance, NSW Fire Brigades, Level 10, 227 Elizabeth Street, Sydney, New South Wales, and

GEORGE AYOUB, Senior Manager, Accounting Operations Financial Systems, NSW Fire Brigades, Level 10, 227 Elizabeth Street, Sydney, New South Wales, sworn and examined:

CHAIR: I welcome the representatives from the New South Wales Fire Brigades. We very much appreciate your time this morning and the contribution you will make. I have been advised that you have been issued with a copy of the Committee's terms of reference and the Legislative Assembly's Standing Orders 291, 292 and 293, which relate to the examination of witnesses. Is that correct?

Mr BENSON: Yes.

Ms EASTON: Yes.

Mr WALKER: Yes.

Ms VARGAS: Yes.

Mr AYOUB: Yes.

CHAIR: The Committee has received your responses to the survey that was distributed. Do any of you wish to make an opening statement in relation to the survey or services in general?

Ms EASTON: Only in so far as we answered the survey openly and truthfully, we believe, and in doing so confirmed our own understanding of where we are at in terms of annual reporting. We are quite conscientious about meeting the requirements for annual reporting and using it for the various purposes for which it is intended. The areas where we felt we still had room to improve were the ones that come up in the survey.

Mr BENSON: Whilst there were certainly some positives for us that came out of the survey there were also some areas where we need to work diligently in regard to those responses and the categories that were identified in the survey. We are looking actively at the feedback we will get from this Committee, but also, albeit we have won several awards for annual reports in past years, we do not sit on our laurels in that regard. We have actively pursued, as has the RTA, a study of those people who have achieved higher awards than we have and identified through their annual reports the areas where we could not only improve but also embellish to a large degree, specifically in regard to certain matters that

are probably seen not as positive in reporting but are more challenges for the Fire Brigades in the future. We are very conscious of those areas.

CHAIR: One of the issues that were identified in your survey results was that it was indicated you are in the process of developing new targets for the 2009-10 reporting year. We are curious about exactly what has driven the need for change and the review you are working on to develop those new targets.

Mr BENSON: I will touch initially on benchmarking. One of the areas in benchmarking that we report on a statewide basis rather than an agency basis is the Fire Brigades and the Rural Fire Service [RFS]. Whilst the two organisations have a prominent role in the extinguishment of fires, the response capability of one service, and indeed the statutory requirement by one service to the other, is vastly different. When you benchmark against those types of areas there is some differentiation. In regard to performance, there are a number of areas that we have identified and we have established internal mechanisms to ensure that they are valid, reliable and robust enough to include specifically within the annual report. The current annual report that we are finalising will demonstrate those areas to a large degree, probably more than has been done in the past.

CHAIR: Are you confident they will be ready by the end of the reporting period?

Mr BENSON: We are confident. We have engaged a number of our staff in a wide range of areas of service delivery and capacity within the organisation to ensure those areas will be completed.

Mr PETER DRAPER: The response to the survey indicated the fire brigades do not have a performance management system at present. Are you currently in the process of developing such a system? Can you give us a little bit of detail about what it will cover?

Mr BENSON: We have performance and accountability arrangements for SES officers and above, very similar to what the RTA has in regards to how that is reviewed, how it is monitored and so forth. But the areas below senior executive service are somewhat different. We have trialled a number of performance management systems over the last several years, albeit with some complexity with the trade union in regards to the Fire Brigade Employees Union. Having said that, they have been supportive in the outcome. It is just the mechanism that we need to agree upon. We have trialled a number of those elements for officers, and we are currently reviewing the process for senior managers not operational in the Fire Brigades.

We are hopeful that within the next 12 months we will be in a position to have that management system in place with key accountabilities and also a review structure that will identify not only the positive nature of what areas but also the areas that we need to make further actions and review those processes. So the short answer is that we are. In operations, there are annual operating plans for every jurisdiction. They are monitored and reviewed every quarter. They are reported against every quarter. They are channelled into the SES directors at a strategic level. They are actually separated into three domains: strategic, operations and tactical. They are monitored and, as I said, reviewed, and they are communicated to the lowest affected point of the organisation in the commands. They are constantly reviewed over this period.

Mr PETER DRAPER: I am curious as to whether you have developed this specifically yourself or whether you have looked at templates that other organisations have utilised and adapted some different processes. How are you going about it?

Mr BENSON: We have done both. We have reviewed some external processes and management systems. We have tailor-made those on a trial basis throughout the commands at the moment to ensure that they meet individual areas of the organisation. If I could give you an example about KPIs, we have identified the key KPI as the confinement of fire to the room and the point of origin. Because of the complexity between metropolitan operations—fundamentally Sydney, Newcastle and Wollongong—and regional New South Wales, there is some degree of variation in response times and variations in regards to compliance of building codes, regulations and so forth. So there is a variation in those regards. While we have identified those key elements, including areas like safety, operations, prevention, preparedness and recovery, there are some variations. We have looked at external systems but what we are looking at now is tailor-making those management systems to fit in with the operations of the fire brigades.

Mr PETER DRAPER: This is not related to your report but education, I believe, is critically important, especially with young people. I know the fire brigade does a great job in getting to schools. We had Phil Koperberg in Tamworth a couple of weeks ago, and I attended a fire station where they did a demonstration of kitchen fires with the pan. Is that unit widely available? Is that available in most major centres that can be taken to schools and just show young people the importance of not throwing water on fat fires and things like that?

Mr BENSON: The short answer is yes, it is. We have the kitchen fire simulator in every zone within the State. It is available on request but there is a structured program not only for schools but there could also be community events where it is utilised, demonstrating to the public about not only safety but about what they can do in their role in securing both themselves, their family and obviously their home. It is a very productive and useful tool that we have found. It complements our other suite of prevention and preparedness and public information that we transmit to the community in a wide range of areas.

Mr PETER DRAPER: Finally, there is a program that goes on each year where the fire brigade locally has been publicising that daylight saving, when it changes over, is a good time to change the battery in your smoke alarm. Do you monitor the results of that? Do you report the uptake of people's response to that program?

Mr WAYNE MERTON: How would you be able to monitor it?

Mr ALAN ASHTON: You would check with Coles and Woolworths and see if they have sold new batteries.

Mr BENSON: We actually do. We have available a number of surveys from other organisations like housing and so forth. Within those, we monitor and collate data in regards to not only the number of smoke alarms in dwellings but also the ability to ensure that “change your clock, change your battery”. So we can fairly well monitor the effectiveness of that campaign. There are other areas, and I might ask Ms Easton to add to that.

Ms EASTON: We collect data on the number of dwellings that have smoke alarms in them, and we do some survey work to try to assess the degree of working smoke alarms as distinct from simply empty smoke alarms, but it is not specifically tied to the program in the sense that we do not go out and survey whether more batteries are being purchased at this time of year. We are quite conscious of the important distinction between a place having a fire alarm and a place having a working fire alarm. So there is a range of areas where we are trying to assess the extent to which there are working fire alarms. In particular, we are doing work at the moment that is clarifying and firming up our understanding of high-risk areas and high-risk community groups. For example, we have a program where firefighters actually go around to visit elderly people and as part of their visit check the fire alarm and replace the battery, that sort of thing. So there is a range of strategies to try to ensure that we are achieving lots of working fire alarms as distinct from just lots of installed fire alarms.

Mr BENSON: Maybe I could further clarify that. The program that Ms Easton referred to is referred to as a “safer program”; it is smoke alarm battery replacement for the elderly. What it does is that our firefighters actively support senior citizens in the community, and they know that because of the statistics and they actually physically visit those areas and assist elderly residents in changing the battery, obviously because of their confinement and so forth and their ability to do so. If I could give you a quick snapshot of one area that we have embedded the program into, within the Lakemba, Campsie and Bankstown areas, there is a high degree of Muslim community within those areas. What we identified for our statistics that there were a number of kitchen fires and bedroom fires, which was higher than the State average.

What we did as an intervention we actively saturated that whole area through the Muslim community, working with that community, to establish smoke alarms within those areas. Over a period of two years there was a 36 per cent reduction in the severity of fires because of the early detection of that. So we had an objective, tangible outcome of data that we could fundamentally use. Thirdly, what we do is that when there is a fire in a residential dwelling we establish if there is a smoke alarm—under the legislation, as you know, it is obligatory—and we monitor if there was a smoke alarm and whether it was active, in other words, did it operate when the fire occurred? There could be a number of reasons why it did or it did not, so we monitor that also and we got statistical information in regards to that.

Ms EASTON: In fact, if we find that there was a smoke alarm that was not working, afterwards we write to the resident and say, "You had this incident and it may have been prevented or minimised had you had a working smoke alarm". We give them some advice about what to do.

Mr PETER DRAPER: Thank you for that comprehensive answer.

CHAIR: You made reference to benchmarking, which I think is a good thing. Can you give us an idea of what other jurisdictions you are benchmarking against?

Mr BENSON: Because the role of the New South Wales Fire Brigades is extremely broad in the service we provide to the community, and indeed through the State, national and indeed internationally now, it is somewhat complex in what we do. The only jurisdiction which is similar on the scale that we are within Australia is the Queensland Fire and Rescue Service. We benchmark against that organisation, and in urban firefighting we also benchmark against other jurisdictions such as Melbourne and other areas. As I said earlier,

because we report the benchmarking on a State level, we also include on behalf of the emergency services in the chapter of the report for the government services the Rural Fire Service. As I said, if we were benchmarking in regards to bushfire the data would be, I suggest, corrupt in regards to the ability for response times, extinguishment would be fairly similar in regards to that and also use of equipment, preparation, preparedness and indeed recovery would be somewhat different.

The short answer is that we do benchmark against other jurisdictions but in this case it is extremely difficult, as is things like rescue in regards to what we do. Where you look at just the jurisdiction of New South Wales, the number of other emergency services that are involved in rescue and when you benchmark against rescue about times of extrication and things like that you are looking at organisations such as the State Emergency Service, which is obviously volunteer based; Police, which have a minor role in regards to that; and the Ambulance Service, which has a somewhat different mode of operation.

CHAIR: In relation to the community, is the service undertaking any or trying to obtain any regular feedback from the community on the services provided?

Mr BENSON: Yes, we are. Through areas, both the informal and formal way we do that, certainly formally the areas that were referred to earlier, such as Tamworth, we look at our community involvement in regards to preparation. We monitor through a formal process with our data in regards to escalation of incidents right across the board in regards to fire, structured fires, car fires, rescue, hazardous materials and so forth, and we work with industries in regards to that, including housing, from a government perspective and things like that.

CHAIR: Are you getting any feedback from the community in terms of your personnel, timeliness of response, those sorts of issues down on the coalface?

Mr BENSON: Yes, we are. We have a system in place, our CARS data system, which is a community activity reporting system. That not only identifies the role in regards to prevention and preparedness for our firefighters, but also includes the activity of what they did and what the outcome was. That is from the organisation output. The input from the community is the diminishing of risk within those areas. That is how it is targeted.

CHAIR: How are you feeding that back into your annual report? Where do we find that sort of information?

Ms EASTON: We do not do formal surveys, so there is not a survey report. Insofar as reduced risk in communities is concerned, it is the various performance measures that are shown throughout the body of the report. If you have had the opportunity to look through the report you will see right throughout we have a range of measures that talk about response times, changes in response time, changes over time in incidence rates, changes in severity, which is measured through various measures such as confinement to room of origin, things like that. At the moment we have those forms of measures. They are, in a sense, de facto measures. We are tending to assume if the outcome is better for the community the level of satisfaction in the community is generally good.

Certainly surveys that are undertaken elsewhere consistently and repeatedly announce that firefighters are the second most trusted profession, behind ambulance. One

of these days we will beat them. So we have that feedback that we are held in pretty good regard by the community. In the last 15 months we have started a more focused and systematic assessment of organisational performance. As part of that process we are now moving to look to the development of targets for our performance indicators. I think, perhaps, when John replied earlier he might have indicated that it is the annual report that is about to be reported that may have the targets in it. That is not quite correct. We have been working on it during this year and our expectation is it will be the 2009-10 report that will have the targets.

Mr BENSON: That is what I was referring to.

Ms EASTON: As part of that process of progressively getting more focused and targeted in our management of our own performance and being more systematic about it, our expectation is that probably the next iteration will start to involve more actively getting formalised feedback from the community. To date that has not been done.

Mr WAYNE MERTON: As far as your Hazmat [hazardous materials] operations are concerned, in this report do you have details of the specific costs of Hazmat activities, or is it in the general pool?

Mr BENSON: It is in the general pool, and I will explain why. To a large degree, operations that a Hazmat response capability will go to are a normal structure fire that may involve some complexity. That ranges from a dwelling fire where there may be suspicions of a clandestine laboratory and we assist Police in those operations, or indeed there could be a minor spill of some degree. It is a safeguard, one, for firefighting operations and, two, for the community. To a large degree it is inherent within the general operations of fire brigades.

Mr WAYNE MERTON: To my recollection, in recent times your rescue operations have increased in nature. Do you have separate figures relating to those rescue operations?

Mr BENSON: No, not at this time. Are you talking about the expansion from the Ambulance Service?

Mr WAYNE MERTON: Partly. Prior to that, I understand, you conducted rescue operations?

Mr BENSON: Yes.

Mr WAYNE MERTON: Are they separately shown in the report?

Ms EASTON: Not the cost, per se. Again, we have the issue that many rescue situations are also fires and it is difficult to pull them apart. In terms of internally, not published in the report, we have an area that is devoted to rescue. Of course, we have the costings relating to that specialised area, as well as a component of all the operational costs across the organisation that relate to rescue. We have not done a financial analysis and tried to break it up into categories of service.

Mr WAYNE MERTON: Do you intend to do that now that you have the newly acquired operations from the Ambulance Service?

Mr BENSON: We have captured the costs of the enhancement in rescue since November last year. But, again, that is part of our general ongoing operations. With our major rescue facility at Ingleburn it is business as normal, only expansion of that business in regards to operational training for rescue operators. We have a skilled maintenance program that has been at hand because of the additional numbers. But we have general leakage from that pool anyway with firefighters being promoted to various ranks and there is a cascading effect. So we have ongoing training. When we were given the additional role through the Ambulance Service withdrawal from rescue in Sydney, Newcastle and Wollongong, we enhanced that training. So we have captured those costs, but no other costs at this stage.

Mr WAYNE MERTON: In the appendix section of the report, you show contributions from local government. Obviously they are the amounts you receive from various local government bodies. Appendix 3 relates to contributions from insurance companies. Whereas specific amounts are shown alongside individual councils, there are no amounts shown for individual insurance companies.

Mr BENSON: That is true. The 73.7 per cent required from the insurance industry, that is the allocation for the budget that we submit.

Mr WAYNE MERTON: It is a big issue in the community. People pay their insurance bills, but your report does not show any specific amounts being received. Is there a total sum within this report?

Ms VARGAS: Yes.

Mr WAYNE MERTON: But it has not been separated into individual insurance companies?

Ms VARGAS: No.

Mr WAYNE MERTON: Is there a reason why you do not do so?

Ms VARGAS: It has been the practice.

Mr WAYNE MERTON: If people who have an insurance policy with the GIO see that the GIO has given X dollars, they will say, "Fair enough, that is where my money has gone." As I said, it is a big issue in the community. Insurance premiums are rising. Government levies and stamp duty form an essential part of the cost. I will leave that issue with you to consider for future occasions.

Mr BENSON: If it were the case that is the outcome of this Committee, we could certainly pursue that through the Fire Brigades Advisory Committee, which has insurance representatives on it. That may be an avenue that we could pursue.

Mr WAYNE MERTON: As a former Minister for Emergency Services, it was my view at the time that you did not receive the credit, publicity and promotion that you deserved. Had I been Minister long enough I was going to do something about that, but that is another issue. How much in your report have you allocated for promotion? There is a tremendous opportunity in the community, particularly among young people, to hold a day at Darling

Harbour or elsewhere and let the children see the fire engines. It enhances tremendously your goodwill. Is there an allocation of funds for that purpose?

Ms EASTON: We do a substantial amount of events throughout the course of the year. We celebrate—and we use that word—pretty much every opportunity we get, whether it is a new fire engine arriving in town or an anniversary for a fire station. We have things like Fire Safety Week. There is a children's open day as part of Fire Safety Week. The reason we do that is because it is not really about promoting the Fire Brigade. One, it creates opportunity for us to give our messages out about community safety, prevention, preparedness and all of that. Two, it helps to raise the profile so that people know where to go for assistance. I am not a firefighter, as you can see, but I am assured by our firefighters that they do get a lot of people coming to the fire station to ask questions about some of the potential emergency management issues that are worrying them or they are facing.

The more we can raise our profile and make community members aware that we are there in the community the better. We take every opportunity to do that. I have to say, having Ministers and members of Parliament coming to town, which in turn attracts the media, is another vehicle for doing that. We try to make sure that every time there is one of these events that we have some key safety messages appropriate to the time of the year, locality or whatever that are very prominent around the place and are in everybody's speeches. So hopefully the media pick them up as well and broadcast them more widely.

Mr WAYNE MERTON: Do you ever have on public display your magnificent collection of old fire engines from Alexandria?

Mr BENSON: Yes, they are. We constantly are not only upkeeping those vintage fire engines but also doing the comparisons throughout the years, ranging back from the 1930s right through to 2009. The current government enhancement in our major fleet has been something remarkable when you look at the older fleet and where we have come from. It is not only the fleet; it is also the equipment. All of that is remarkable and is really appreciated, certainly by the firefighters as the practitioners and by the community.

Mr WAYNE MERTON: I was challenged to make a start on those fire engines. I am pleased that I was able to start working towards it.

Ms EASTON: I seem to recall that we had a display at Darling Harbour not very long ago of some of the engines and equipment.

CHAIR: We thank all of you for your contributions this morning. I place on public record that your annual reports are well regarded by many, including this Committee. We encourage you to keep up your very high standard and to continue the good practice of looking at ways to improve and making sure that information that is publicly available is relevant and accessible by the community. Well done and thank you for your time. I trust you look forward to seeing the Committee's recommendations.

(The witnesses withdrew)

(Short adjournment)

MICHAEL DOUGLAS DOWZER, General Manager, Strategy, Efficiency and Governance, Newcastle Port Corporation, corner of Scott and Newcomen Streets, Newcastle, New South Wales, sworn and examined:

CHAIR: Thank you for your appearance before the Committee today. We very much appreciate your time and look forward to hearing your contribution. I am advised that you have been issued with a copy of the Committee's terms of reference and also of a copy of the Legislative Assembly's Standing Orders 291, 292 and 293 relating to the examination of witnesses. Is that correct?

Mr DOWZER: That is correct.

CHAIR: In what capacity are you appearing before the Committee?

Mr DOWZER: I am the General Manager, Strategy, Efficiency and Governance, at Newcastle Ports Corporation. In that role I am responsible for the preparation of the annual report on behalf of the Corporation, and I appear in that role.

CHAIR: The Committee has the results of the survey that was sent to the Ports Corporation, but before proceeding to questions, do you wish to make an opening statement?

Mr DOWZER: Just a very brief opening statement. I have had some responsibility in relation to the annual report for a number of years and one of the things I have always found is some uncertainty about feedback arising from the annual report. I found the survey an interesting process in terms of some self-assessment of where we are with our annual reporting. At the time it arrived we were in the process of preparing the 2008-09 annual report and there was some informative input into that process. We are very interested in improving our reporting and look forward to the Committee's report to continue to improve our reporting.

CHAIR: We certainly appreciate the opportunity to give you some feedback at the appropriate time. In relation to performance reporting, how does the Corporation consider its performance reporting reflects current best practice guidelines?

Mr DOWZER: The Corporation reports on its financial and trade performance. It generally reports against its own previous performance, so in its operations it is principally around the current activity through the port and the shipping activity. In terms of how that measures against best practice, we are always interested in getting a better understanding of how we can utilise benchmarking or assessment against other methods of reporting. I think the comment I would make is that it is a focus for us. We are trying to identify ways in which we can more effectively report our performance.

CHAIR: You made reference to benchmarking, but the Corporation does not benchmark against other corporations or port corporations. Is there a particular reason for that or is there any process to reconsider that in the future?

Mr DOWZER: Yes, we have looked at that on a number of occasions. I think the challenge we face in terms of benchmarking is finding other corporations. If we focus within

New South Wales, the three port corporations have quite diverse businesses and in terms of the operating performance there is not a lot of direct comparable services that would give rise to suitable benchmarking. We then look at the nature of our business against the businesses of other port corporations around Australia. I think the first point I would make is that I do not think there is a port corporation in Australia with a comparable business to ours in terms of diversity of business and volume. There are large bulk ports in other states, but they will generally have a much lower commodity mix, so it is really around the challenge of identifying appropriate businesses. The other thing with some of the interstate ports is that the regulatory model or the enabling model is not directly comparable, so it can be a bit misleading. So I think the answer is that it is the challenge of identifying suitable comparator businesses. That has been the challenge. We have looked at it in the past and that has been the problem we have faced.

CHAIR: Has there been any consideration of international jurisdictions and their operations?

Mr DOWZER: Not that I am aware of, no, and I think perhaps the challenges that we face in relation to interstate ports may well be reflected in looking for comparisons internationally, so that is perhaps the particular challenge we face there.

Mr PETER DRAPER: I was advised that Shenhua has a similar sized port to Newcastle operating similar volumes of coal. I know that you are more diverse because it focuses on one thing specifically, but would it be worth looking at a model such as this particular one—and I cannot recall the name of the city it is in—with a view to comparing your efficiency and productivity with an operation like Shenhua?

Mr DOWZER: It may be worth looking at. I suppose the important thing is to identify what are the particular services provided by the port in that situation.

Mr PETER DRAPER: Coal.

Mr DOWZER: For instance, for the coal industry, how services are provided in terms of provision of the shipping channel and the pilotage service, but once the ship is alongside it is the coal-loading terminal that provides all the services. We would have to be careful to see what are the services provided at a comparative port. Are they more integrated? Is it an integrated port where they provide the whole of service?

Mr PETER DRAPER: It is a privately owned port that operates carrying its own coal, but to the same sort of capacity.

Mr DOWZER: That perhaps highlights one of the challenges in terms of comparison because our services stop at the point at which the pilot steps off and then the private coal loading entities provide their services in terms of loading, so our services are really around the provision of the channel, the port management services and the pilotage service. Coal is our largest segment of business but it is the one at the berth face where we have the least involvement at that point. Other parts of our business where we actually own berths and license the use of those berths to private stevedores we have a broader reach in terms of the services we provide. It is identifying the services we are seeking to measure and benchmarking that service like for like, and I think it is something which we will continue to look at, but it is about identifying the right comparator.

CHAIR: Let us say in New South Wales across the other corporations, are there issues or activities in the workplace that are comparable that you can benchmark against?

Mr DOWZER: Our principal focus in the recent years has been in the area of safety. Clearly, the area of safety can benchmark both within ports and also in broader industry, and it is really a focusing on what you are trying to measure. But certainly things like safety, some of our port operation services—discrete services—we could perhaps look at benchmarking internally, I suppose. It is at the macro business level where we run into the differences of the business, but it would require breaking down particular segments and benchmarking them individually, and that could occur.

CHAIR: Is there a willingness to do that internally? Rather than it could occur is it on the radar for the Corporation?

Mr DOWZER: In the area of safety it absolutely is, and perhaps our annual report is deficient because it has not picked up the benchmarking that we do in terms of safety, and that has been a real focus of ours in the last three or four years. So in terms of the measurement of our safety data, it is a key area that we are looking to benchmark, and we will look at other areas.

Mr NICK LALICH: The accident with the *Pasha Bulker*—which was a one-off, freak accident—did we learn anything from that and have we got anything in place to make sure that that type of accident does not happen again?

Mr DOWZER: There are a lot of learnings from the *Pasha Bulker* incident. It gave us a lot of information in terms of the causative effects, and the reports from the Australian Transport Safety Bureau of NSW Maritime were informative in terms of giving us information around both conduct on board vessels and also how Newcastle Port Corporation interacts with vessels. One of the major issues identified in the Australian Transport Safety Bureau report was about the number of vessels off the port of Newcastle and the inherent risk that that presents for an incident like that which occurred, and the Corporation is currently trialling a system to seek to prevent the accumulation of vessels off the port when the circumstances which cause a large queue occur, and those causative effects are principally beyond our control because they relate to the coal supply chain. But we are looking at a system to prohibit a large queue of ships forming. There is a trial system in place at the moment and that system, subject to the successful outcome of the trial and consultation with industry, we are looking to implement from 1 January next year.

Mr PETER DRAPER: There are significant efforts underway at the moment to remove bottlenecks and obstructions in the transportation and also to improve the efficiency of the coal handling facility at the port. Should that happen and it will improve throughput, does the port have the capacity to be bringing more ships in and out of the port more quickly? Because when you fly over it it is a bottleneck, it is like a car park sitting off the coast of Newcastle—and I fly over it very regularly. Should the obstacles to more efficient operations be removed at the other two ends that you do not have control of, is the port in a position to cope with that?

Mr DOWZER: Yes, it is. The whole of the coal industry has done a lot of work in the last couple of years to try to address the causative effects of what causes these bottlenecks

to occur in the first place, and we believe we have come up with a good outcome on that that is going to drive expansion of the coal industry and some really effective methods in terms of addressing those bottlenecks as they arise. One of the things we have always maintained is that the queue of ships off the port is a reflection of the constraints within the whole of the coal chain.

We have current expansion plans which will come online next year through the new coal terminal—the Newcastle Coal Infrastructure Group terminal—which will increase the throughput capacity of the port by an additional 30 million tonnes, along with the expansion of the current terminal, which will, in effect, provide for about a 50 per cent increase on the current throughput capacity, and there is a whole pipeline of expansion beyond that, which has got some very large numbers involved in it. What the Corporation has always done is look at what are the constraining factors in terms of our business, because the last thing we want to see is all this investment to be occurring upstream in the coal chain and that we become a constraint. We are confident that we are not a constraint at the current point or in the foreseeable future. However, we are doing a lot of work to model how we can efficiently handle the increased traffic that will need to occur.

We think there is plenty of scope within the current channel, which is really our core business, to put enough ships onto the berths as they are required. Currently there are five coal-loading berths in the port and there will be seven next year, and the average turnaround time is about 24 hours. So there is plenty of scope within that for further ships to be brought in. But as data comes through from the coal industry about their growth we are continuing a lot of work in terms of modelling how we can move that growth.

CHAIR: Just a question in relation to the survey results. I noticed there were a number of areas where the Corporation identified it was exempt from reporting. Can you share with the Committee how are you exempt and why should you not reflect and make publicly available information relating to the disposal of properties, as an example?

Mr DOWZER: There is a specific—

CHAIR: Page 45?

Mr DOWZER: On page 45 there is a schedule of exemptions, which we have had for some time—I believe it relates to our status in a State-owned corporation, although I cannot confirm that—which are specific exemptions from the Treasury in relation to compliance with specific sections of that. I cannot really comment on why we should be. Our response is to get our understanding of the exemptions that we have. I cannot really respond as to why that is the case, but it is the way we have responded to the survey.

Mr ALAN ASHTON: Is it something like commercial in confidence? Is it one of those sorts of jargonistic terms like "Commercial in confidence and we cannot tell you what you need to know"? You do not have to answer that.

Mr DOWZER: I believe it relates to the intention of State-owned corporations to operate, in effect, as commercial businesses. So there is a different dealing for State-owned corporations. However, I cannot really comment any further than that as to what the intent of those exemptions is.

CHAIR: Would the Corporation consider and support the concept of a review of those exemptions with potentially an outcome of putting greater requirements on the Corporation to divulge certainly what I consider is relevant public information?

Mr DOWZER: My hesitancy is simply to say that if the Government, and through the work of this Committee, decides there should be changes to those exemptions then we will comply with the requirements that are made. I am not aware of any particular matters creating major concerns for us, but I cannot comment until we see the specific detail. But certainly I do not have knowledge of any objection.

Mr ALAN ASHTON: Did we get our money back on the *Pasha Bulker*?

Mr DOWZER: We did.

Mr WAYNE MERTON: We got our money back?

Mr DOWZER: Yes.

Mr WAYNE MERTON: Who paid it?

Mr DOWZER: The vessel's insurer. Our expenses related to the incident response—nothing relating to the salvage vessel; it related to the incident response—and we got a full recovery of them.

Mr WAYNE MERTON: What were your expenses, in round figures?

Mr DOWZER: I cannot give the specific amount but it was in the vicinity of just short of \$2 million.

Mr WAYNE MERTON: And you got that back from the insurer?

Mr DOWZER: Yes.

Mr WAYNE MERTON: Your response to the Committee survey indicates that you are considering your plans and your outlook for the coming year is contained in your statement of corporate intent in the 2008-2009 annual report. I am not trying to give you a hard time because I realise you are here by yourself and it is good that you are able to address the Committee, but will the statement of corporate intent be included in the 2008-2009 annual report and if that is not the case are there any particular reasons why not?

Mr DOWZER: One of the things we have done in response to the reflection we have made in relation to surveys is that the statement of corporate intent is, itself, a stand-alone document, which is tabled and is on the public record. Is it to be replicated in full in the annual report? No, it is not. What we have done for the 2008-09 annual report is actually inserted into the report our business plan of key actions, which is a seven- or eight-page document where we tick or cross whether we have achieved them and have a comment field around it and we measure against it through the course of the year and then at the end of the year we present it to our board. That is in our statement of corporate intent at the start of the year saying what we are going to do and in the 2008-09 annual report we are putting in the results of that business plan document.

Mr WAYNE MERTON: Are you going to put the results in the 2008-09 annual report?

Mr DOWZER: That is right.

CHAIR: The Corporation also has a business plan?

Mr DOWZER: Yes.

CHAIR: And there are various bits of information in that business plan. What is concerning—and this was identified by your organisation through the survey—is that there were a lot of noes to our questions, particularly in terms of performance reporting but even issues around strategic planning and a review process. It has been indicated that these were not included and there is a need to go to the business plan to have a look at that area of interest. Is it likely that you will try to pull some of those various documents into the annual report to provide one reference point that is a lot more comprehensive?

Mr DOWZER: The change that I just referred to is the reporting against the business plan, the tasks we said we were going to do. In the course of the year we report against that and put a tick and cross against that, and that was a limitation that previous annual reports have had. In terms of the actual business plan for the following year, what I describe as the narrative section of the business plan has really tried to pick up some of the longer duration tasks that we are doing. We talk about what we are doing in the area of growing trade and safety. It is really within that area that the business plan sits.

I suppose the business plan process is something we do every year and we have not replicated that in the annual report, but I hope in the narrative sections of the report we are talking about the elements of our business plan or our strategic plan and reporting against that, so in the area of safety, growing trade and staff sustainability, we are focusing certainly in terms of other current annual report for 2008-09. We have spoken about the work we are doing in terms of the coal chain, which is a major focus of our business plan. I hope the Committee, when looking at our 2008-09 annual report, will see an improvement in terms of how we have incorporated the business plan, both prospectively and also reporting against the annual report.

Mr WAYNE MERTON: Is there any reason, apart from the fact you might suggest that your business is somewhat unique, that you do not benchmark your performance against other port corporations. I know you said in your opening statement words to the effect that your business was somewhat different—correct me if I am wrong—but is there any other reason that you are not able to compare or benchmark your figures with other similar ports? There must be other similar ports.

CHAIR: We did pose similar questions about benchmarking.

Mr WAYNE MERTON: I will try to be more specific. Would you like to elaborate? I am not satisfied so I will give you the opportunity to restate why you do not consider it necessary for you to compare your performance with similar entities?

Mr DOWZER: It is important to identify what are the services we are principally charged to supply and benchmark those services against. If we were to benchmark them,

we would be benchmarking the services that we actually provide because it is important that we look at the things we are capable of controlling and capable of improving and things like the business of the port at a macro level. There are elements of that we can influence in terms of the growth in business and there are elements, the nature of the integrated business, that we have, particularly how it integrates with the private sector. If you take the coal industry for example, the growth in the coal industry is facilitated by our role, but it is driven by private investment.

One of the challenges we faced in the area in the past—and we will continue to look at it—is what is the correct thing to be measuring? If we measured year-on-year trade growth against Sydney Port Corporation, it would be a pretty hollow comparison because their business is containers, bulk liquids and other things, driven by different factors in different economic cycles and ours is principally the export of coal, with a lot of other bulk commodities. I do not mean to be evasive but it is around identifying what is the right service for benchmarking and then finding the right comparison to benchmark against. I do not want in my answer to be seen to be closing the door on that. I am sure a lot of agencies come before you and tell you their business is unique. I can tell you it is a focus of our board in terms of how we measure and benchmark and it is one we will continue to look at.

Mr WAYNE MERTON: If you find a similar entity to compare it with, you will?

Mr DOWZER: I think it is important to identify services we are benchmarking and benchmarking them against entities that provide those services. It may not be this port compared to that port; it might be piloting service or an oil spill response, safety or something like that.

Mr WAYNE MERTON: You are saying it could be parts of another entity that you could compare your service or a similar service to?

Mr DOWZER: I think that is more likely to identify real comparisons that actually tell a meaningful story rather than a macro port; to say our port has this and this port has that.

Mr WAYNE MERTON: Are you actually going down that path or are you prepared to go down that path? What is the situation?

Mr DOWZER: I think I can say that we are prepared to go down that path. We have thought about it in the past. I cannot say it is something that we have done a lot of work on in recent times, but we will take the Committee's views when it is reflected in the report and give it active consideration.

CHAIR: Thank you for your time today and your contribution to their Committee. I trust you look forward with some eagerness to the Committee's recommendations.

Mr DOWZER: I do.

CHAIR: We wish the Corporation well for the future.

(The witness withdrew)

PHILLIP NORMAN SHELLEY, General Manager, Teacher Housing Authority of New South Wales, Level 14, 31 Market Street, Sydney, New South Wales, affirmed and examined:

CHAIR: I welcome you to the hearing today. I am advised that you have been issued with a copy of the Committee's terms of reference and a copy of the Legislative Assembly Standing Orders Nos 291, 292 and 293 that relate to the examination of witnesses, is that correct?

Mr SHELLEY: That is correct.

CHAIR: Do you wish to make a brief opening statement?

Mr SHELLEY: Yes. Firstly, thank you for the chance to be involved in what is an important aspect of our parliamentary process. Thank you also for the fortunate opportunity to acknowledge the achievements of the Teacher Housing Authority. We are a small government agency. We have a united board of six members, with only 21 employees, with an annual turnover of less than \$15 million. We look after 1,500 residences in over 330 individual and varied communities, some of which are in the most remote and isolated parts of the State.

We have one simple, yet important task: to assist the Department of Education and Training to attract and retain teachers in those parts of the State where there is no alternative rental accommodation or, at least what little there is, is inadequate for their needs. In terms of our annual report, we are confident that it accurately reflects not only our efficiency and effectiveness but also our weaknesses and the challenges we face. The report's audited financial statements are compiled by two CPA accountants. The same degree of care and attention is also given to the accuracy of our operational information. Our assets team keep records of our construction and refurbishment programs. In delivering a responsive and reliable service, our tenancy services team maintain accurate tenant records as well as recording the activities of our managing agents. To assist these two areas, we have a robust information technology operating platform, which supports a small and competent finance and administration team. The recording of our workforce planning information is outsourced to another government agency that operates a sound and audited system superior to any system we could otherwise afford.

Our annual report is our only annual publication and is our only formally printed publication to contain operational or financial information. We post bound copies to approximately 200 individuals and organisations, which we have strategic alliances with. Copies are available and can be downloaded from our website. The annual report is used by potential suppliers and employees as a reference guide when communicating and negotiating with us. Any stakeholder or other form of strategic partner is given a copy as a one-stop reference shop as the best way to fully understand our business prior to meeting with us. We find it to be a suitable and adequate document for all these functions and I am sure there are many more. In speaking on behalf of the board, and I think I speak for all employees, I say we are quite proud of its contents and accuracy.

CHAIR: You said that the annual report is the only form of public reporting?

Mr SHELLEY: We do things along those lines but in respect to information and financial and operation information—

CHAIR: But you also have a statement of business intent?

Mr SHELLEY: Yes, we do.

CHAIR: Is that publicly available?

Mr SHELLEY: It is not formally printed, bound and released to the public. I believe it is publicly available; it is an agreement with the Minister and the Treasurer so in one form or another it is publicly available. It is not bound, printed and released to the public. We do not promote it as a release of a public document. Does that answer your question?

CHAIR: Yes. Why does it not form part of an annual report or maybe that is being considered?

Mr SHELLEY: The budget figures in the statement of business intent would reflect the budgets.

CHAIR: Rather than having a number of documents relating to the agency, the service you provide, performance and all of those normal activity issues, is there a benefit in pulling that into one annual report rather than having difference pieces of information?

Mr SHELLEY: Yes, potentially there are benefits.

Mr ALAN ASHTON: In other words, why would it be left out if it is not critical and if it is critical it should be included.

Mr SHELLEY: Yes.

Mr NICK LALICH: You have no problem in including it in the annual report?

Mr SHELLEY: No, not at all.

Mr NICK LALICH: You do not say there is no reason why you could not put it in the annual report?

Mr SHELLEY: No, in fact, in the questionnaire we said we probably should include in the annual report the key performance indicators and benchmarks.

Mr NICK LALICH: Just to make it simple to find the information?

Mr SHELLEY: Yes.

Mr ALAN ASHTON: I used to be a tenant—I hope the bullet holes have been taken out of a certain property in Bourke—when I had the pleasure of teaching.

Mr WAYNE MERTON: Were you evicted?

Mr ALAN ASHTON: No, I was not but one was the brother of a member of Federal Parliament, and now I am a State member, so that house has something to own up for. You house approximately 1,500 teachers?

Mr SHELLEY: We have 1,500 properties—we are slightly under that with teachers because of the vacancy rate.

Mr ALAN ASHTON: How much of the rent is subsidised for teachers?

Mr SHELLEY: Firstly, we do not subsidise the rent, the Department of Education and Training subsidises the rent as an incentive to get the teachers there.

Mr ALAN ASHTON: You provide the properties?

Mr SHELLEY: So irrespective our income is what is called the market rent. We get a fair valuation from an external independent monitor of the works.

Mr WAYNE MERTON: How many properties do you control?

Mr SHELLEY: We own about 1,250 and the Department of Education and Training own approximately 250 that we manage on its behalf. Those 250 are what are called school residences and they are located on school grounds, and they are built about the same time as the school. Because of zoning and planning issues they cannot be put onto a separate title—a host of those have been put on a separate title and we now own those—but there is a host of those that the department owns because they are within the school grounds.

Mr WAYNE MERTON: Do you build those houses or do you buy them already erected?

Mr SHELLEY: We do both. We have a capital program of slightly over \$3 million a year, and we have various formats for determining demand, here and there and the types of property and where that might be, and if there is one that is available we may purchase it. There is a preference to build because we match with our standards and there is the ownership that we built it. It sends a positive message to the community.

Mr WAYNE MERTON: Are the houses in regional and rural towns?

Mr SHELLEY: They are generally where there is not a private rental market. Although, having said that we do have numerous properties in towns like, for example, Griffiths but we are not investing in those towns at the moment. We attempt to align our investment with what is called the school points. Teachers get certain points for certain schools and it is aligned with those areas because they are considered the hard-to-staff areas. I suppose it happens that generally we follow those lines.

Mr WAYNE MERTON: In reality, if I were a teacher transferred to a country town I would have access to a property that was probably occupied by my predecessor?

Mr SHELLEY: Yes, or predecessors. We have a series of policies that allocate them to teachers based on needs, whether they be singles, families or couples or whatever the situation may be.

Mr WAYNE MERTON: Do you also have medium density accommodation or are they all single freestanding houses?

Mr SHELLEY: I suppose half are houses and half are units with either one or two bedrooms.

Mr WAYNE MERTON: Within complexes?

Mr SHELLEY: Yes, three or four on a large block of land, I suppose you would say.

Mr WAYNE MERTON: Would you own all of the units in that complex?

Mr SHELLEY: Yes.

Mr WAYNE MERTON: You build in some cases a school community with three or four teachers living in the same premises?

Mr SHELLEY: Yes, that is very much the case.

Mr WAYNE MERTON: Who determines the rentals?

Mr SHELLEY: We have a contract with the Australian Valuation Office and it values them annually.

Mr WAYNE MERTON: Is it at market rental?

Mr SHELLEY: Yes, they are market rental, with a couple of minor discretionary areas, but not very much. There is an appeal process where the teacher can appeal.

Mr WAYNE MERTON: It sounds a very good service.

Mr SHELLEY: It is a very sustainable business model. At a rough estimate, our capital and major works programs aligns with the Treasury's contribution, although it is not a specific "Here is the money for capital items".

Mr WAYNE MERTON: From where does your funding come?

Mr SHELLEY: Of the \$15 million, about \$9 million comes from the rental of the properties, there is slightly over \$5 million from Treasury and we sell a few properties along the way—

Mr WAYNE MERTON: A bit of dealing and wheeling?

Mr SHELLEY: Yes, and we get some interest from the funds that we get early on from Treasury.

Mr WAYNE MERTON: What is the contribution of taxpayers to this fund?

Mr SHELLEY: I think it is about \$5.2 million.

Mr WAYNE MERTON: That is throughout the whole of the State?

Mr SHELLEY: That is for the \$15 million.

Mr WAYNE MERTON: Do you have a policy of selling properties when they reach a certain age?

Mr SHELLEY: Yes, we have a total asset management plan that reviews those. We have condition assessment report that identifies the ones that are beyond their economic life, a catch-all term that we use. In some areas selling properties can be fairly sensitive so we have a fairly robust system that we are actually trying to improve that we go through to make sure that there is a private rental market in the area and how long it has been used by teachers. Some of these towns might only have three houses, two of which might be accommodated by teachers, but there may be five teachers, and they are wives of farmers or people in the community and if they were to retire, all of a sudden we would need another two accommodated units, but we have only got the three. So we need to keep one empty of release for the private rental market for what can be a number of years.

Mr WAYNE MERTON: On page 14 of your report it states in 2007-08 you have land owned or occupied of vacant land of 676 blocks?

Mr SHELLEY: That is dollar value, \$676,000.

Mr WAYNE MERTON: Does that represent vacant land?

Mr SHELLEY: We have either taken a house off it because there is no need or we are going to build a house on it, yes.

Mr WAYNE MERTON: You demolished a house, or you will build a new house, or you will sell it in due course?

Mr SHELLEY: It does not necessarily align to our land purchases because there may have been a house on it, and it is now no longer there for one reason or another.

CHAIR: What do you consider to be best practise guidelines for annual reporting? Do you benchmark your annual report against other organisations in terms of structure, information and general content?

Mr SHELLEY: What I consider to be best practise—and I do not think we are matching best practise in terms of reporting on key performance indicators and benchmarks. I think we can make improvements, but unfortunately we will not be making them for the report that is due out in the next month or so.

CHAIR: Do you acknowledge there is scope to further develop the report?

Mr SHELLEY: Yes, we have had a significant restructure of the organisation in the past 12 months. Being a small organisation we have just created a position called business strategy analyst and the role is to try to get some key performance indicators.

Mr ALAN ASHTON: I comment that this is a very small organisation. I appreciate it has a \$15 million budget and 21 people whereas we look at very big organisations with thousands of people. You could hardly set three or four people aside to spend the next six months doing a big report for this committee to maybe look at vicariously once every couple of years. I take our original point that maybe adding those other comments to the report but other than your core business is to provide teacher housing. If you can knock out a good report, that is a bonus.

Mr WAYNE MERTON: That is why I asked all those questions.

Mr ALAN ASHTON: I appreciate that.

Mr WAYNE MERTON: He has let the committee know the core business and quite frankly I think Mr Shelley is doing a good job.

Mr ALAN ASHTON: We have got to get teachers out there and keep them out there.

CHAIR: In relation to codes of conduct for employees, do you believe that the codes of conduct fall within the definition of personnel policies for your organisation?

Mr SHELLEY: Yes.

CHAIR: Will you take on board reporting those codes of conduct for future reports?

Mr SHELLEY: In terms of reporting breaches of codes of conduct?

CHAIR: Having codes of conduct and general compliance.

Mr SHELLEY: They are generally available but they are not in our annual report.

CHAIR: I acknowledge the amount of work to get a healthy robust annual report into place, but the hard yards only have to be done once, to get all the information in one annual report, and not in other documents, to comprehensively reflect your organisation performance and the general functioning of the organisation in terms of where it is heading.

Mr SHELLEY: We could certainly include them. If we were going to change them in the year we would probably make comments in there that we have changed them throughout the 12 months.

Mr ALAN ASHTON: Mr Chairman, do you mean the code of conduct of the tenants of the premises or the management of the organisation or how the people looking after the buildings? There are three difference areas.

CHAIR: It is the organisation.

Mr SHELLEY: It would be a benefit to have them included in the annual report.

CHAIR: The Treasury has a checklist in terms of annual reports. It is about trying to make sure that annual reports comply certainly for the most part with that checklist. Certainly it is an area that could be taken on board.

Mr SHELLEY: Yes.

(The witness withdrew)

(Luncheon adjournment)

CRAIG LEWIS SAHLIN, Deputy Chief Executive Officer, NSW Food Authority, 6 Avenue of the Americas, Newington, New South Wales, affirmed and examined:

CHAIR: I welcome Mr Craig Sahlin from the NSW Food Authority and thank him for his time and in advance for his contribution to the inquiry. I am advised you have been issued with a copy of the Committee's terms of reference and a copy of the Legislative Assembly's standing orders 291, 292 and 293, relating to the examination of witnesses. Is that correct?

Mr SAHLIN: Correct.

CHAIR: Would you like to make an opening statement before we ask questions?

Mr SAHLIN: I thank the Committee for providing us with this opportunity. The Food Authority is a relatively young organisation that was established in April 2004, so the 2007-08 annual report that you have considered in this review is our fifth. We are Australia's only through-chain food regulatory agency and as such our remit, scope and mandate are unique, with no comparable Australian or New South Wales agency to benchmark ourselves against. We take our annual report responsibilities very seriously and since our inception in 2004 we have seen the annual report as the key means to put our agency on the map and to showcase our role and activities.

Our annual reports have evolved over the years as the organisation has grown. However, we consider that we have always fulfilled our statutory responsibility in disclosing the required data about our duties and responsibilities. We are proud of the report that we produce each year and we entered the 2007-08 annual report in the New South Wales public sector annual reports awards. We did not win but we received positive and constructive feedback. We also welcome this current review process as another means to give us, if you like, a checklist of issues that we can use in continuing to improve our annual reports.

We have prepared key points amplifying our survey responses. In particular, the key issue for us appears to be performance reporting. That was also a comment made in feedback on our annual report as submitted in the Premier's awards. I will conclude my opening statement on that note but I am happy to address that issue and any other issues of concern to the Committee based on the survey response.

CHAIR: In relation to what you have acknowledged about performance reporting, particularly the setbacks for the authority, I notice in looking through your survey results you have indicated that a number of areas are not included in the annual report. What consideration is being given to them at the moment in relation to your next annual report?

Mr SAHLIN: We are hoping to enhance that performance data in three main areas, with further improvements in years to come. I will go through those and see if I am responding to the particular issues you are raising. We have included for some years statistics around our compliance and enforcement activities, but it has been correctly pointed out that we have not included targets and information on failures to meet targets. We will be doing that in the current year's annual report and in future years we are looking to

include commentary on deviations from targets and failures to meet targets. In the forthcoming annual report we are also including target reporting in relation to industry training programs, which is a fairly modest element of our work. We will have a new science chapter in the annual report, which will include targets related to our survey program in food testing surveillance work. Another thing we are doing in all the chapters is including a looking-ahead section right at the end of the chapter, in a sense trying to encapsulate in fairly concise terms what we see as the challenges or issues that we need to address in the year ahead, looking forward from the period that is being reported in the particular chapter.

That is the first broad area of enhancement. Secondly, we want to look at the capacity to do some internal benchmarking across the regulated industries. In other words, comparative data based on evaluation work that is relatively new for the agency. We did a comprehensive evaluation of the performance of all our food safety schemes as part of the remake of the Food Regulation 2004 this year, which is basically the engine room of our regulatory work. There is the capacity to have some discussion around benchmarking. The other issue around benchmarking that is quite important is that we are moving to third-party audit arrangements in a couple of industries to start with. We are taking it pretty carefully. There are some public health issues about moving to third-party arrangements and there are industry cost issues as well. It will cost some industries more to meet the third-party arrangements than to stay with the second-party arrangements, but there are other benefits to industry. It is a gradual rollout, but we want to look at some benchmarking between industries that are under third-party arrangements and industries that remain under second-party arrangements. Finally, just to close off on this, we are currently in the process of developing a new corporate plan with key result areas, strategies and linked performance indicators. In years to come we think that will provide a basis for a systematic approach to performance reporting in addition to the matters I have just outlined.

Mr NICK LALICH: In your opening remarks you said there was no other authority that you could benchmark against—correct me if I am wrong. I was going to ask about interstate or international benchmarks, but are you saying there is none? I thought New Zealand would be one; they are ahead of us by miles sometimes in food processing and marking. In relation to food and health I thought New Zealand would be ahead of us. Australia has a lot to do with the Australia New Zealand Food Standards. Do I understand you correctly to say there is no other like industry against which you can benchmark?

Mr SAHLIN: You are correct about New Zealand and I will have a couple of words to say about that. I said there was no comparable Australian or New South Wales agency to benchmark against. I intended to mention the New Zealand example. I am not sure I would agree they are miles ahead of us, with respect. We work extremely closely with the New Zealand Food Safety Authority.

Mr ALAN ASHTON: Sorry about that. I just want my sniggering on the record because the sickest I have ever been was when I ate some fish in New Zealand once and nearly died. I mention that in case Mr Sahlin might have been offended by my laughter.

Mr SAHLIN: We signed an MOU with the New Zealand Food Safety Authority in 2006. We reviewed it last year. Indeed, only a couple of weeks ago the CEO and myself met with the board of the New Zealand agency and we signed a revised MOU. Essentially, we have a hell of a lot to learn and contribute to each other. They were about a year ahead of us in establishing a full through-chain agency. We already put that strategy on the map. They were very helpful to us in finalising the arrangements for the food chain agency in New

South Wales. We are now giving them some very helpful information around partnership with local government and a range of other areas, so it is a two-way street with us and the New Zealanders. In relation to the benchmarking issue, there may well be some capacity to do some cross-benchmarking. I guess one of the issues is we are set up a bit differently. We are ahead of them in some respects; they are ahead of us in others. So in terms of comparisons in benchmarking, there is a bit of a challenge but I would have thought we could do some qualitative, if not quantitative, benchmarking in terms of approach and so on to risk-management issues.

CHAIR: Naturally enough, that would give you some assistance in developing your own KPIs and mechanisms to monitor those KPIs as well.

Mr SAHLIN: Yes.

Mr PETER DRAPER: Under the management of operations responses, there were comments saying that the agency is too small to provide meaningful information about purchasing inputs, physical asset management and work processes. I am not quite sure why you would not be monitoring those particular aspects of the business, whether you have five employees or 5,000. I am just wondering why the view has been expressed that because the agency is small there is no need.

Mr SAHLIN: I suppose we could talk about particular aspects of data. We certainly are open to looking at any areas where reporting of that data would be useful. I suppose there are some challenges with a very small agency of the numbers, in particular changes from year to year, being meaningful. But I take your point that that does not mean that we cannot report on them. In relation to purchasing and asset management data, I guess in principle we are open to the idea of publishing that information. What we are not aware of, and we are happy to look at it or take a tip from the Committee, is any models used by other agencies that report on that issue in a meaningful way, as opposed to simply producing information but useful information. We are certainly open to looking at that, and we would be happy to take any suggestions on board.

In relation to financial results and analysis, there was a comment in the assessor's comments from the Premier's annual reports award that suggested that we include some simple charts around explaining any financial results. So if that is part of your concern, we are looking at that as part of the response to those comments. So I suppose that is a partial response to your question. The other issue that will affect this—it is not in the current annual report but in subsequent years—is that as a result of the reorganisation of the public sector we are now only a partner agency within a broader agency, Industry and Investment New South Wales. The Minister has made it clear that we will to some extent retain ourselves as a separate stand-alone component within that agency. We have specific responsibilities under the Food Act and so on, but in terms of the corporate management and governance issues that you are referring to we will be part of the broader re-arrangements that come out of that process in terms of integration of corporate services and the like. I imagine that any reporting would be via the same systems that will be in place for the broader agency as a whole. So I suspect we will see some movement in that regard anyway, not in the current annual report but in the subsequent year.

Mr ALAN ASHTON: How many employees does the New South Wales Food Authority have?

Mr SAHLIN: The FTE is around 125.

Mr ALAN ASHTON: We had the teacher housing authority here and they had 21 employees. So we figure that 120 is a reasonable number to have those reports on.

Mr SAHLIN: Point taken.

Mr WAYNE MERTON: What kind of income or revenue have you got?

Mr SAHLIN: Our annual budget expenditure is about \$20 million, \$21 million, and about 40 per cent of that is costs recovered from industry via licence fees, audit fees, service fees and the like.

Mr WAYNE MERTON: On my mathematics, in round figures is costs about \$12 million from taxpayers to run your outfit?

Mr SAHLIN: That is correct.

Mr WAYNE MERTON: I do not use the word "outfit" disrespectfully.

Mr SAHLIN: Understood.

Mr WAYNE MERTON: That is \$12 million. You employ 121, did you say?

Mr SAHLIN: That is right. About 60 of those are field staff. Field staff are relatively expensive to run because they require vehicles and other sorts of support in the field.

Mr WAYNE MERTON: Whereabouts are you based?

Mr SAHLIN: Our head office is at Newington in Homebush Bay. We have a regional office at Taree, which is also where our financial and licensing services are located. We also have shared office arrangements with what was the Department of Primary Industries, but now the division of primary industries within Industry and Investment New South Wales. We have something like seven or eight shared office arrangements, where we literally have just one, two or three staff located in the appropriate part of the State in those shared office arrangements.

Mr WAYNE MERTON: Do the field officers go around the different businesses and things?

Mr SAHLIN: Yes. There are sort of three broad aspects to the field work. There is what we call the routine compliance work, which is auditing and inspection of businesses according to food safety systems that are supposed to be in place in those businesses. Secondly, there is the enforcement capacity, which is responding to apparent breaches of food law—sort of the food police role, if you will. Thirdly, there is the complaint investigation function, responding to complaints that may come from consumers, the public, other parts of industry and so on. So there are three elements. I am sorry, there is a fourth element, which is the investigation of food-borne illness. If there is a food-borne illness outbreak we have a detailed protocol with the Health Department whereby they are responsible for the medical

and epidemiological side of the investigation and we are responsible for the premises work. We will do a joint investigation or response to food-borne illness. Those are the strands of fieldwork that we are talking about.

Mr WAYNE MERTON: And from time to time you would have some common jurisdiction with local government authorities.

Mr SAHLIN: Indeed. There is reasonably well-established, almost 100 years of practice where local government is the front-line regulator in relation to retail and food service. That was previously administered by the Health Department under the previous arrangements. It was identified in the review that led to the establishment of the authority that there was a very high priority need to get more of a systematic approach to the coordination, support and assistance of the activities of 151 councils in relation to the retail and food service area. That is the reason we developed the food regulation partnership with local government, which we developed over three years and implemented legislatively commencing on 1 July for the reporting period here. Essentially, we are trying to get a consistent approach to regulation in the retail and food service area, so we coordinate, we support and we assist through the mechanisms of the partnership to ensure that the delivery of regulatory services in those sectors, which are not us directly, are done in a consistent way between councils and also consistent with the approach we take further down the food chain.

Mr WAYNE MERTON: And your response to the question from Mr Lalich was to the effect that there was no other entity that you are aware of, either in another State or indeed in New Zealand, that has a similar function to yours. Is that a correct statement?

Mr SAHLIN: No. The response was that there is no New South Wales or Australian agency that has the same through-chain responsibilities that the Food Authority has. In other words, we are responsible for the side of it that is in most jurisdictions directly regulated by local government. We are responsible for the bits that are regulated in other jurisdictions by dairy and meat authorities. We are responsible for the aspects that are regulated by fisheries departments or health departments in other jurisdictions. There is comparability with New Zealand. Indeed, we borrowed from them, as I said earlier, in relation to our model for establishing a through-chain agency in New South Wales.

Mr WAYNE MERTON: How does your operation stack up with New Zealand, where you have something in common? Parts of your organisation are in fact carried out in New Zealand, would you say—similar tasks, sections, parts of it?

Mr SAHLIN: Indeed. I would say the New Zealanders may be a little bit ahead of us in relation to the management of risks in the shellfish and seafood industries, and we learn a lot from them in that respect because they have a much bigger operation and much longer history in relation to that area. We are ahead of them in relation to local government coordination, support and assistance. They are happily borrowing from us most of the approaches that we used to develop the food regulation partnership with local government. We work closely with them in relation to general food safety management issues, risk profiling and the like. So it is very much a constructive, sharing relationship. Where we are ahead of them, we share the benefit of our approaches with them. Where they are ahead of us, we happily borrow from them. That is the reason for the memorandum of understanding with that agency.

Mr WAYNE MERTON: Did you say you essentially have four functions?

Mr SAHLIN: I was outlining the operational functions.

Mr WAYNE MERTON: Yes, the functions of the operation.

Mr SAHLIN: Yes, indeed—compliance, enforcement, complaint response and food-borne illness investigation.

Mr WAYNE MERTON: Does New Zealand have the same or similar four functions?

Mr SAHLIN: Yes, they are responsible for all those activities. The other area of where we are a bit ahead of them is the food-borne illness response area. They again are borrowing from us details of our cooperative arrangements with Health and some of the operational experience we have built up over the last several years under that protocol.

CHAIR: In relation to customer feedback, you obviously have programs in place to assist in engaging stakeholders and going through the process. What mechanisms do you have in place to receive general public feedback on the performance of the authority? How does that feedback influence changes internally in your organisation?

Mr SAHLIN: We have a contact centre with a 1300 number, which is promoted quite vigorously on our website and in other ways. That is in relation not only to complaints against the organisation but also to complaints generally about food matters. I cannot remember the statistics but it is many thousands of contacts in a year through that mechanism and any complaint is dealt with and tracked and so on. There are really only a handful of complaints that are directly about the Food Authority's response as opposed to an issue raised about food or the food industry. We do capture all that material. We do not separately report on it. We take on board what we would anticipate as a comment that it would be appropriate for us to provide some kind of reporting against. As I say, the information exists. We have not disaggregated it, but all complaints are followed up. Where issues are raised about authority performance, they are properly looked at. We get in contact with the complainant and try to resolve the issue. Sometimes the issue identifies something that we need to address either in our systems or possibly in the broader policy arrangements.

CHAIR: The authority is busy at the moment preparing the next annual report?

Mr SAHLIN: That is correct. As you would be aware, we have to put it to bed very soon.

CHAIR: A great deal of change is planned for annual reports as they grow, develop and become more refined. In relation to the report under construction, will there be much change to provide greater information?

Mr SAHLIN: Yes, certainly. It is a continual process. We do it each year. In fact, we are retaining the same consultant who did the report last year. My personal view is that our report last year was a great step ahead for us. We have retained the same person to work with us this year on it. If you review the report we are about to submit I think you will find

significant improvements. I outlined some of those earlier in relation to performance reporting. We are trying to focus on making the report meaningful to all kinds of readers, particularly the flick reader who will not necessarily sit down and read it from beginning to end but will look for things that are meaningful to them. We are trying to use visual and other techniques to put in key information and make it more accessible and in terms of substance, trying to address those issues that have been raised about performance reporting, targets and challenges—as I said, the idea of looking ahead with sections at the end of each chapter to give the flavour or although we might think we did pretty well this year, what is coming down the track at us.

CHAIR: Whilst you have a lot on your agenda, in terms of growing and developing a reporting tool it is very pleasing that you are very committed and open minded about moving forward. On behalf of the committee I thank you for your contribution. I trust you will eagerly await our recommendation for completion of this process. We wish you well for the future.

(The witness withdrew)

MARGARET ANNE SKEWES, Acting Divisional General Manager, State Property, Land and Property Management Authority, 4-6 Bligh Street, Sydney, New South Wales, sworn and examined:

CHAIR: I welcome you, Ms Skewes, and thank you for giving your time today to appear before the Committee. I am advised that you have been issued with a copy of the Committee's terms of reference and a copy of Legislative Assembly Standing Orders 291, 292 and 293, which relate to the examination of witnesses. Is that correct?

Ms SKEWES: Yes, that is correct.

CHAIR: Would you please state the capacity in which you are appearing before the Committee today?

Ms SKEWES: I am the Acting Divisional General Manager of State Property, which is now part of the Land and Property Management Authority.

CHAIR: Before we commence questions you have an opportunity to make an opening statement, if you wish.

Ms SKEWES: No, thank you, I am happy to take questions.

CHAIR: Given it is early days since you had a change of badge to the Land and Property Management Authority, do you see that change impacting on your annual reports and the overall reporting of what used to be your traditional role?

Ms SKEWES: That is a very good question. Obviously we are considering that as part of the preparation. We are all in the throes of preparing the current annual report. Certainly we expect that the 2008-09 annual report will continue to be a report obviously of the last year's operations of the State Property Authority. I expect that the Land and Property Management Authority, as it beds itself down, will develop a view going forward on how it would like to integrate various aspects of its business operations. The State Property Authority is one of those. We hope to see some integration over time in terms of the establishment of the new entity. I must say it is very early days. We are looking to finalise in the next couple of weeks the 2008-09 report utilising the current type of formats and presentations.

We are looking at doing some further work particularly on the report that you have before you, the 2007-08 report. It was really the first report of the first full year of the authority's operation. It was very much done on a shoestring. We did not have any external resources; we did it internally. What we are trying to do with this current report is to develop and refine a bit more those areas that perhaps were undeveloped. We are keen to keep improving our reporting, which I think we certainly can and hope to do for this year. There will be some views as the new authority beds itself down about how it might integrate the various parts of its business. We are only one part of that. The State Property point of view is that we would like to see an emphasis on good, accurate and appropriate reporting. For the last 12 months or so we have been able to develop better systems and processes for being able to identify accurate information to put into these reports. We place a premium on that and I would like to see that we continue that focus into the new organisation.

CHAIR: In short, you have a fair bit of work ahead of you in getting the structure right and in growing and developing your annual report. One of the key questions in this forum has been around key performance indicators [KPIs] and KPI development. What work have you been doing to develop KPIs for the report that is due?

Ms SKEWES: As you know, we were not able to talk much in this current 2007-08 report about KPIs because we were new. Clearly, we know what our job is and we have a very clear set of objectives under the Act. In a number of areas with our KPIs we are trying to develop more concrete indicators. Obviously, in the property area there are places we have looked specifically in relation to KPI performance. For example, one of the areas we have tried to capture in the last 12 months and we will be reporting on in the 2008-09 report is around vacancy rates in the government office portfolio. That is a very specific area. We are able to put in place reasonably reliable mechanisms for capturing that information and point in time information and to be able to measure efficiency. The vacancy rate in the government office portfolio indicates measures around efficiency, how well we are managing an agency's requirements for accommodation. That is one example. We have that data now. We did not have that data when we put this report together.

The other area where we will report on in 2008-09 is around savings and efficiencies. We have done quite a bit of work and very sound work in relation to developing a way of recording savings and efficiencies from decentralised management of the government office portfolio. We have put in place a methodology for trying to capture savings that we are able to identify—for example, commercial leasing activity that we undertake on behalf of government agencies. Agencies will ask us to undertake rent reviews or lease negotiations for them. We have a capability now to capture effectively what the savings benefits from those sorts of initiatives are. Those two particular measures align very directly to our overall objectives as an agency and what we are here to do. They are areas, for example, we will definitely report on in the 2008-09 report.

Mr ALAN ASHTON: How many employees do you have in your organisation?

Ms SKEWES: At the time of this report we were about 68. In 2008-09 we are reporting a figure in the order of 86 or 87.

Mr ALAN ASHTON: Is that as a result of an amalgamation or an increase in staff?

Ms SKEWES: We have been an organisation that has been fairly dramatically under-resourced, notwithstanding I just have had my colleague from the Food Authority here and he certainly does not have a lot of staff. We are managing a very big program right across the State with the government office portfolio. When we started we inherited some staff from the Department of Commerce at the time, and that has had a property function. We have an approved workforce management plan that we have been working towards over the last two years and we are looking to recruit and bring on extra resources. We are still well short of our target number and clearly that is as a result of a range of issues, notwithstanding the current freeze on staffing appointments.

Mr ALAN ASHTON: What would be a target number?

Ms SKEWES: I think our expected workforce management plan target number is around about 122. We also rely very heavily on our outsourced service providers. We do not run in-house people to fix taps and doorknobs and those kinds of things. As you can imagine, we are servicing properties right around the State so we have outsourced service providers and our model is very much based on utilising the private sector. The sort of staff that we have internally are specialists in property and portfolio management issues, strategic asset management and those sorts of areas, and that is where we derive the focus on savings and efficiencies, by driving the portfolio more efficiently through that sort of expertise.

Mr WAYNE MERTON: Essentially your income is that of a landlord, is it?

Ms SKEWES: Yes. Our major source of income is the rental income from property. That is also the major source of expense because we are making payments and effectively the balance out of that is a surplus and a dividend return to Government in the order of \$30 million-odd. It varies over the years depending what other commitments we have, but it is around that order.

Mr WAYNE MERTON: This property was transferred to you from other departments, including the Department of Commerce. Is that right?

Ms SKEWES: In the 2007-08 report we talk about the Crown property portfolio, which you probably know of.

Mr WAYNE MERTON: Yes.

Ms SKEWES: That was the first transfer to us.

Mr WAYNE MERTON: Who managed that previously?

Ms SKEWES: It was the Department of Commerce and I think in this document we refer to the Premier's memorandum 2008-06. That memorandum provided the basis for us to effect a whole range of property transfers from other government agencies. The idea around that is that the State Property Authority would vest quite a substantial portion of the Government's office accommodation for the purpose of better managing that from a whole-of-government point of view, so we are in the process of vesting and transferring other property that other government agencies have as office accommodation.

Mr WAYNE MERTON: In other words, the Department of Education or other agencies like the Department of Education, for example, would transfer property to you. Is that the anticipated situation?

Ms SKEWES: Yes, and the idea around that is that we are effecting those property transfers periodically as we do due diligence on the properties and work with the agencies and agree on the property transfers. It is office accommodation that we are transferring and we are transferring it for the purpose of better managing that accommodation, so that we can get efficiencies when agencies want to locate or relocate or co-locate. We can better manage the property, so they do not have to have a whole contingent of property people managing their properties, and also negotiate and represent them in the commercial

marketplace. We have a team of commercial negotiators who do lease negotiations, lease renewals and the like.

Mr WAYNE MERTON: Is it intended that eventually all government agencies' rental office accommodation will be vested in your hands?

Ms SKEWES: Yes, our main thrust is office accommodation. There are a number of exemptions around that from time to time, but substantially all government office accommodation in the general budget sector agencies will be transferred to the State Property Authority [SPA].

Mr WAYNE MERTON: What about leasehold interests?

Ms SKEWES: We are increasingly now getting involved in transferring and vesting leases because that falls under the same objective as the owned office or owned accommodation. Most of the Government's property will in fact be in leased accommodation around the State, so we are progressively reviewing with agencies what office accommodation leases they have and we have started a program of vesting those leases with the State Property Authority. We have memorandums of agreement with those agencies about their usage of those properties, their rental obligations and the like so that we can be assured that the interests of the agencies are being represented and also that they are meeting their financial obligations to us.

Mr WAYNE MERTON: In effect, you become the lessee of those premises?

Ms SKEWES: Yes, in a number of instances.

Mr WAYNE MERTON: In cases where new properties are being acquired by way of lease, you would be the lessee first up?

Ms SKEWES: Yes, a number of agencies have come to us, particularly as they go out into the marketplace. The framework that I talked about—the Premier's memorandum—really provided the basis for this. I think we reported about 250-odd lease transactions a year. We are getting very busy with that part of the business. Agencies are increasingly coming to us asking us to do their leasing transactions, and in the course of that, if they are in agreement, we will take those leases out with a memorandum of agreement with the agency underpinning that.

Mr WAYNE MERTON: That would be across the board of government agencies, would it?

Ms SKEWES: Yes, it is the general government sector agencies, excluding State-owned corporations [SOCs]. There are a number of exclusions, but it is the balance of agencies. We probably have about 84 agencies that we are working with in one form or another and we have probably got about 16 or so agencies—figures of that sort—that we are starting to bring into our vesting program.

Mr WAYNE MERTON: What are the major ones that you would not be dealing with?

Ms SKEWES: Off the top of my head, apart from State-owned corporations, we are not engaging with State-owned corporations, but—

Mr WAYNE MERTON: The Roads and Traffic Authority?

Ms SKEWES: We certainly have some engagement. I am not sure what the actual profile is in terms of our vesting program at this stage.

Mr WAYNE MERTON: The Department of Education?

Ms SKEWES: Yes. What we have tried to do is look at the major office accommodation users in the general government sector and target those. The first stage of our vesting program—you can imagine it is quite a task because you have to get the lease documentation and you have to do a comprehensive due diligence for owned properties. We need to have our people go out and inspect the properties so that we know what the obligations of government are. It is quite a task and we have been going through tranches of vesting over the last 12 or 18 months or so, but I guess we have taken the major budget sector agencies with larger office accommodation. We started with some smaller agencies—Juvenile Justice, State Emergency Service, to name a few—and a lot of the smaller agencies in fact want us to assist them because they do not have the resources, so education and environment and climate change portfolios, and we are talking to other big services, community service agencies, so we are progressively working through it on an agency-by-agency basis.

Mr WAYNE MERTON: You would take a transfer of the existing leases where appropriate?

Ms SKEWES: Yes, and we require their agreement, in cooperation with them, and we also spend a fair bit of time working on our memorandums of agreement so that we are very clear what the agency expects of us as a service provider to them, representing their interests with landlords and others. It is probably worth mentioning that the other part of the portfolio is the owned office accommodation. We have vested properties where agencies have owned office accommodation, and that is quite apart from what we did know as the Crown property portfolio. The Crown property portfolio might be the government office building in Goulburn or the government office block in Wagga Wagga or a terrific building in Bourke, which is the government building in Bourke. We have vested those sorts of buildings. Some of those were also picking up some offices that have been owned by government agencies and we are bringing those into the portfolio, which also requires us to have good capital plans for those properties because a number over time will need maintenance regimes and the like.

Mr WAYNE MERTON: What about the Attorney General's Department?

Ms SKEWES: Yes, we have been working with them on leased properties, but we are obviously not into courthouses and police stations and those sorts of things.

CHAIR: In relation to stakeholder engagement, and accepting that the current report is your first report, what is happening in terms of moving forward and looking at ways to engage and receive feedback from stakeholders?

Ms SKEWES: Our primary stakeholders have been government agencies. We have seen our clients fundamentally being the government agencies that we have been working with through the vesting program or the property management program, so we have done a couple of things in the last 12 months. We have tried to develop a customer relationship management strategy. We have a number of parts of our business. I guess I have been talking principally to date about our portfolio management area, but we also have a strategic planning function, which I think is quite unique and certainly drives a lot of the savings and efficiencies that we are deriving. One of the things we have had to do is develop a coordinated strategy of how we engage and talk to these agencies. You can imagine the agencies all have different functions and different parts of their businesses as well. In the 2008-09 annual report we are going to talk a little bit about the customer relationship strategy. We also have instituted a State Property Authority [SPA] feedback line. We have had newsletters going out to our buildings and our properties on a semi-regular basis—we have probably had three or so over the last 12 or 18 months.

We have also been running an annual survey and we have been quite diligent about maintaining that survey and updating it every year. We are in the process now of completing the survey again, so we have some benchmarking data around client satisfaction. That does inform our business, we take it quite seriously and integrate that into our forward planning. We also integrate it into improving our customer service focus. You can imagine that for us with this vesting program it has placed quite a premium on developing good skills with our client agencies in terms of communication and responsiveness. There is nothing more irritating than having a leaking tap or no hot water for a week, or even for 24 hours, so we actually have to be very responsive and we are trying to develop internal programs where we can. For example, we have been trying different models over the last 12 months of a help desk arrangement where agencies can ring a hotline and register a complaint. We have now developed that help desk arrangement. They are some of the things that we will talk a little bit about in the 2008-09 annual report, but we think our business is certainly our customers, and developing systems and strategies for that is very important to us.

CHAIR: On the issue of benchmarking, what sort of activities are happening to progress benchmarking out there with other government and non-government people in similar fields?

Ms SKEWES: I listened to my colleague before about his dilemmas on benchmarking and there is no entity exactly like the State Property Authority in other jurisdictions. We have very good engagement and dialogue with our colleagues interstate and we have been very proactive in contributing in some work that they are developing around national benchmarks in respect of property management. In fact we have been applying some of our resources, our own limited internal resources, into helping them gather data and develop methodologies around that. Each of the jurisdictions around the State is different and I do not believe any of them have a centralised model that has both the ownership and management in one entity as we have in the State Property Authority. They all do things slightly differently. Nevertheless, there is a national group that we are active in. We are in fact convening them in Sydney next week and benchmarking is one of the key topics on that program next week, so we are contributing to that. We have good data. We have developed, as part of our savings methodology, some good data on our efficiencies and savings and we are going to contribute that into the national modelling and benchmarking exercise.

CHAIR: What about the private sector? Are there any opportunities to do some comparative benchmarking?

Ms SKEWES: I guess the private sector is a source of data in some respects, and certainly when we are looking at things like vacancy rates we obviously source information from private-sector groups like the Property Council of Australia, for example. So there is opportunity to draw some comparisons with, for example, quantitative indicators that other industry groups source and we certainly do that, yes.

CHAIR: In terms of key performance indicators what are you seeing at this stage as the most critical key performance indicators for the authority?

Ms SKEWES: My view about key performance indicators is that if you look at our objectives the most critical key performance indicators are around savings and efficiencies. The Government's rationale for the State Property Authority was to centralise this to achieve centralising property management functions with SPA to achieve savings and efficiencies, and I think that the authority needs to be able to demonstrate how it is doing that, whether it is doing that, and needs to be able to have a rigorous methodology so that we are able to identify very specifically a number of areas where we are driving efficiencies, and, albeit, we are not a group of researchers; we are property people and we are into the nuts and the bolts of buildings and building management, but we have invested a lot of intellectual time of our senior management team in developing a methodology that I think is first-class and provides a basis for capturing those savings and efficiencies on a whole range of measures.

Increasingly too, the Government has got an agenda and certainly a very strong policy around sustainability in its office portfolio and we also see the opportunity to drive through that savings and efficiency a focus on sustainability, which is about energy and water management in our buildings, and we think that is going to drive further outcomes and further benefits into the future, with real cost savings as a result of that.

Mr PETER DRAPER: Do you view upfront cost as opposed to whole-of-life cost? Do you do those comparisons?

Ms SKEWES: Yes, we have the capability to look at those sorts of costs. The other part of the business is that you will recognise the fact that one of the challenges with the portfolio, when you look at the portfolio from a commercial point of view and the comparison, for example, with the private sector, our service delivery and our customer requirements are quite different from the private sector in that we have quite remote and difficult locations where the Government is very committed to providing community and public services and we have the need to provide accommodation in those communities where often it is a case of market failure: the market will not provide or is incapable of providing the level and standard of accommodation that is required.

So when you look at the commercial performance of the portfolio it is quite different from the private sector commercially run portfolio. My point simply is that the portfolio is a corporate real estate portfolio servicing quite remote and quite difficult areas of the State. As you can imagine, it is very important for the Government to service communities in Wilcannia and Bourke and those sorts of places and often we are in there managing and maintaining and owning buildings sometimes because of the need to because the private sector is not able to provide appropriate accommodation.

CHAIR: That concludes our questions. Thank you for your contribution. We trust you will look forward to seeing our recommendations. I wish you well on further growing your annual report, given that it is relatively early days for the authority.

Ms SKEWES: Thank you very much for the opportunity to come and present this. We look forward very much to getting some comments back. We are a very keen and eager agency to improve on our performance and if you have identified areas that we need to strengthen we certainly welcome that feedback in our next deliberations to develop the documentation going forward.

(The witness withdrew)

(Short adjournment)

CHARLES ARTHUR TURNER, Chief Executive Officer, NSW Institute of Sport, Sydney Olympic Park Building B, Level 1, 6 Figtree Drive, Homebush Bay, New South Wales, and

PETER DAVID JACKSON, Manager, Finance and Corporate Services, NSW Institute of Sport, Sydney Olympic Park Building B, Level 1, 6 Figtree Drive, Homebush Bay, New South Wales, affirmed and examined:

CHAIR: I welcome Mr Charles Turner and Mr Peter Jackson from the NSW Institute of Sport. We appreciate your time this afternoon and in advance thank you for your contribution to our inquiry. We trust that you will eagerly await our recommendations and take those on board and continue to grow and develop not only the institute but, more importantly, your reporting practices. I am advised that you have been issued with a copy of the Committee's terms of reference and also a copy of the Legislative Assembly's Standing Orders 291, 292 and 293 that relate to the examination of witnesses, is that correct?

Mr JACKSON: That is correct.

Mr TURNER: That is correct.

CHAIR: We have the results from the survey that was distributed to the institute. Before we move on to some general questions, do either of you wish to make an opening statement?

Mr TURNER: I will. I would just like to briefly give you a small overview of the organisation. We are a very new organisation in real terms. We were established in 1995 under the Institute of Sport Act and started trading as a business in 1996. Our charter is to provide support to New South Wales elite athletes, and to that end over the last 11 years we have had a pretty good record of providing the bulk of athletes for national teams. We have in that period supported over 3,500 athletes onto national teams, we have supported 175 world champions and we regularly have about a quarter of the Australian Olympic team athletes who are supported through NSWIS. So basically what we do is provide athletes with coaching and support services so that they can achieve their goals.

CHAIR: In relation to the survey that was distributed, the whole purpose is to assist agencies in developing, growing and refining annual reports. We wish to make a contribution to the way forward for the institute in terms of reporting. I noticed, looking at your survey results, that there seems to be a lack of detail in terms of the way forward in coming years in the general direction for the institute. I am wondering what your view is of where the institute has been, where it is going in the longer term and how you intend to reflect that agenda in the annual reports?

Mr TURNER: That is a good point and we welcome the opportunity to get some feedback on the annual report because, as I suggested, we are a fairly new organisation and the way that we are structured is that I work to a board and the board reports to the Minister, so any feedback that we receive actually comes through that board. The board is not a Government board insofar as all the members of the board are appointed by the Government through the Minister. They may have individual understanding of the areas that we may be able to improve on in our reporting process, but generally speaking, they look at the big picture more than the reporting side of things, so we welcome feedback for that.

In respect to your comment, we have an annual business plan, which is reflective of our corporate plan. Our corporate plan, which has just been developed, is an eight-year corporate plan that we have just had the board sign off on and which takes us through until 2016. We basically work on a quadrennial basis, which happens to be aligned to the Olympics phase, which is for obvious reasons, so every four years we have the opportunity to reassess our position with regards to our support of sport and we seek those sports to apply for application to become part of the institute, so every four years we go through that process.

That is how the system of developing our sports works. As I suggested, we have an eight-year plan, which is supported by an annual rolling business plan. It may or may not be reflected necessarily in the annual report. That is because, I suppose, we have perceived the annual report to be really our results sheet for the previous year rather than looking forward. It would appear obvious, now that you mention it, we probably should consider some way in which we are reflecting our vision for the future, other than obviously some statements right at the beginning of the report, which just recognises the way we run, we really do not much crystal ball glazing as to results for the future.

CHAIR: Given that you have made reference to the business plan and the recently adopted corporate plan, having some indicators in your annual report as to the direction forward would certainly be of benefit, in my view.

Mr PETER DRAPER: Just on a slightly different angle, you also only include the previous year for comparison, yet benchmarks, and the Premier's awards benchmarks, stipulate that five years is by far the best methodology to use. Is there a problem with presenting five years previous data so that we have an indication of where the organisation is going?

Mr TURNER: Not at all. It has just been current practice within the organisation and that is probably because we have never had the opportunity to have it tested.

Mr PETER DRAPER: Sure.

Mr TURNER: Clearly that is no issue for us at all. We are obviously delighted to provide evidence of how well we are doing.

Mr PETER DRAPER: That is true. You are doing particularly well, I have to say, having had a number of our local athletes go through the programs. The comments that came back indicated that it was very difficult to compare the New South Wales institute to other State institutes or the Northern Territory institute. Can you tell me why there are such differences between them—the data would not be accurate or applicable?

Mr TURNER: One of the problems is that all of them are set up completely differently—not completely differently but some of the institutes sit under departments of sport, so by virtue of that they have public servants working within the organisation whereas we are classed as an entity and all of our staff are on term employment contracts. That is one area of difference. Also, one of the State institutes is a public company, so once again they have a different employment arrangement to what we do. There are also vastly different levels of funding being provided to the different institutes, and they vary quite

dramatically. I think Tasmanian Institute of Sport's annual budget is less than \$1 million, ranging right up to ours and Queensland's, which are up near \$15 million and \$16 million. It is a quite dramatic difference in the level of support. The third area of difference is the quality of athletes. The majority of the best athletes reside in Queensland, New South Wales, Western Australia and Victoria, so the smaller institutes do not have the quality of athletes anyway, so it is very difficult for them to make an evaluation of the quality of their work with those athletes vis-à-vis the others.

Mr PETER DRAPER: Is it possible that those athletes actually moved to other States?

Mr TURNER: There had been a great deal of movement in the past. When we were set up, our board took the view that it was almost as a result of the Australian Institute of Sport being very centralised that they wanted to provide an opportunity for athletes to receive services without having to leave their homes. Our institute's philosophy is that we provide home support. Our board thinks it is more important for athletes to have the security of their home environment to be able to reach their goals and they should not have to move away from home to achieve them. However, having said that, there are always cases where athletes will choose to go to another coach or another venue and things like that. Coaching, obviously, is one of the areas that drives people and we also support that. If an athlete chooses to do that, we will support that athlete in that move.

Mr ALAN ASHTON: Swimming in Queensland is an example.

Mr TURNER: Yes.

Mr PETER DRAPER: Is the funding model population based or outcome based?

Mr TURNER: The funding model of our athletes or the funding model of institutes?

Mr PETER DRAPER: Of the institutes.

Mr TURNER: I could not tell you that, to be honest. I do not know how it has been designed. We are very grateful for the support that we have received from the New South Wales Government. We think we have done pretty well. That does not mean that we could not do with a bit more, but I do not know the rationale behind where some of the others sit.

Mr ALAN ASHTON: Historically there was not an Australian Institute of Sport until Montreal. We did not win one gold medal.

Mr TURNER: That is right.

Mr ALAN ASHTON: Then we said, "What's going on here? The rest of the world is killing us because they are actually training the athletes, not just depending on the old Rod Laver and massive talent to do something". That is what started the whole idea of an institute of sports.

Mr TURNER: That is correct. The national Institute of Sport was in Canberra and it still is. It was very much a centralised approach and as the system has evolved it is now

very much decentralised to the point where most of the national teams now do not spend time in Canberra; they actually reside in the States.

Mr JACKSON: If you compare the State institutes, the revenue mix across the State institutes is quite different as well. The Queensland Academy of Sport [QAS], for example, is pretty much, solely State Government funded, whereas the New South Wales Institute of Sport is State Government as well as sponsorship plus national and State sporting organisation grants, so I think you would also find that the mix of revenue across the States is different as well.

Mr ALAN ASHTON: I know that ClubsNSW is the principal partner, which is good.

Mr TURNER: That is right. They have been on board since day one. They are coming up to their twelfth year.

Mr ALAN ASHTON: That is great.

Mr TURNER: They provide \$1 million a year, which is fantastic.

Mr ALAN ASHTON: It is a good organisation.

CHAIR: That leads me to another comment. The question of the survey was around stakeholder engagement systems. There was a comment that the institute considers it more important to acknowledge business partners and sponsors, which is fine in its own right. You want to do that in the annual report rather than provide details on engagement systems for stakeholders. Do you not see value in testing yourselves with your stakeholders to get feedback in terms of your procedures, how you operate, how effective you are, and how you might be able to finetune structures and services with those stakeholders?

Mr TURNER: We have mechanisms in which that happens and that is through our marketing area, I guess, we do not report on them. About 25 per cent of our revenue is brought in through clubs and other sponsors. I am sure you would be aware that when \$2.5 million is brought in you need to be able to support those sponsors. So we have very rigorous agreements which require us to provide feedback to our sponsors obviously through servicing them. If we do not service them well then they do not continue to support us. So we do have mechanisms. I guess it is not as well reflected because we use our annual report thanking them all. As I mentioned before, we see this as a report card, by way of at least being able to acknowledge the people who provide financial support. We are here to learn and would be grateful for any ideas that you might be able to provide us on a better way to do things.

CHAIR: I think it is important that you do acknowledge sponsors and general supporters. I guess, having this component in your annual report actually gives yourself a bit of a critique based on feedback as to how well you are actually performing.

Mr TURNER: I appreciate what you are saying. One of the issues we have always had in regards to our annual report is trying to cull the enthusiasm of our staff who wish to provide us with as much information about the sports as they possibly can. The board has a very strong view it is all about the athletes. I guess that permeates right through the business. We are really on about trying to do the best we can for the athletes. We have a

very skinny business staff, as our board likes to say, because we spend our money on athletes.

Mr ALAN ASHTON: That is good. We do not want it to be heavy top-end management.

Mr TURNER: That is what we are trying to do.

Mr WAYNE MERTON: One indicator of success is the bottom line about how much money is brought in from outside sponsors?

Mr TURNER: It is a measure, yes.

Mr WAYNE MERTON: It is a key measure as without sponsors you would not be able to comply?

Mr TURNER: That is right. We are all dependent on how much we can spend on the athletes we get a better result. The more you spend, the better is their performance; there is no argument about that.

Mr WAYNE MERTON: Do sponsors provide one-third of your income?

Mr JACKSON: Twenty-five per cent.

Mr WAYNE MERTON: Do you propose to deal with any effect of the so-called global downturn in the world economy, as opposed to Australia, on your proposed revenue stream? For your last report it was probably not an issue but it will be in your next one. Will you deal with revenues in light of the global downturn in your next report?

Mr TURNER: We will. Because we work on a quadrennium, one of the advantages we have is that we normally lock in our sponsors for four years. Subject to them not defaulting that gives us somewhat of a comfort at least in this quadrennium because we have signed them all up, including Clubs, to 2012. But we will start to make an assessment during 2010, or start to negotiate again with our partners. We are constantly looking for new ways to diversify our revenue streams. We are always looking for opportunities. I am sure you would appreciate it is a very tough market out there at the moment. A lot of our energy is being spent on keeping our current sponsors happy. So we will be continually, I guess, looking for better opportunities but initially we will make sure we can sign up our current sponsors before we expend too much energy looking for new sponsors. Your question is pertinent and needs to be addressed and we certainly do that within our business plan on an annual basis.

Mr WAYNE MERTON: Have you had any defaulters?

Mr TURNER: On an annual basis some people come in and some people get out but they are mainly the minor ones. I am pleased to be able to tell you, as you can see that ClubsNSW has been with us since day one, that the majority of our larger ones have been consistent. What happened in the last two years, particularly, and I guess this is a reflection of the total financial crisis, is that we do not really have a lot of sponsors any more, they are more what we perceive as partners. A lot of the revenue and in-kind support we receive is

based on a partnership whereby they are looking for a return for their investment. So some of the companies we have picked up more recently revolve around a running shoe manufacturer, for example, or performance garment and things like that. We receive royalties for sales and a small honorarium plus we get the products at a reduced rate. So those sorts of things bring value to the organisation but they are not big money spinners.

Mr WAYNE MERTON: Your answer to losses you might sustain in relation to the global downturn is to shore up and do your best to maintain your present partners?

Mr TURNER: That is our initial approach to make sure we continue with our current partners. Because we work on a four-year basis we are reasonably confident that up until 2012 not much will change from our financial position. That is why after 2012 we are negotiating the sports for the next four-year period and if it looks then that we are unable to meet our revenue targets then we will need to cut our cloth appropriately, which means that we might not be able to support as many athletes. It will not impact on running the business per se because quite frankly what we do is that any monies we have is afforded to the athletes and programs. That is the unfortunate part of the business that will suffer. We will not have as many athletes on scholarship or as many sports programs.

Mr WAYNE MERTON: You are still looking for new partners?

Mr TURNER: All the time.

Mr WAYNE MERTON: As an insurance and also to increase revenue?

Mr TURNER: That is right.

Mr NICK LALICH: Where is the planning for the upcoming year of the Institute of Sport, for example, how is the institute preparing for the 2010 Commonwealth Games in Delhi, 2010 winter Olympics and Paralympics in Vancouver, 2012 ViOlympic and Paralympic Games in London, and the many forthcoming world championships? Are the plans in a publicly available document?

Mr JACKSON: Yes, they are for our business plan.

Mr NICK LALICH: Is it publicly available?

Mr JACKSON: Yes, it is available.

Mr TURNER: Plus we have a number of publications which are available to the public and, of course through our website as well, which identify exactly what you talked about which is the value of the athletes for their major competitions. In fact, things like Vancouver which is on early next year, it is almost too late to do much development but the shadow teams have been picked and we have got 28 athletes of the 45 who come from New South Wales, which is a fantastic given the number of athletes on the national team.

Mr NICK LALICH: Do you have setbacks in relation to athletes, apart from the global economic downturn, that cause problems? Sometimes does an athlete who you thought would be great burn out?

Mr TURNER: Unfortunately it happens.

Mr NICK LALICH: Do you have a record of that?

Mr TURNER: Depending on what the mishap or hiccup might be, we have medical issues that obviously we do not divulge. We have had athletes who have major issues that unfortunately end their careers. Part of the organisation is called the athlete career and education area, which is all about the welfare of athletes. A very strong focus of our organisation is we want athletes to be good in their sporting pursuits and also to be good citizens. We spend a lot of time ensuring that athletes go to school, if they want to go to university we have help for them to do those sorts of things, so through that area we do an annual assessment of each athlete. All the athletes who are on scholarship are monitored on a daily basis through that area. We have records of every single athlete and the ones who unfortunately are unable to continue to play sport. One that comes to mind was a very good water polo player—it is my sport so I am aware of that—who unfortunately got cancer and had to have a titanium knee. To his credit, he is now back on scholarship with us playing wheelchair basketball.

We follow them right through those sorts of things. I guess we see them as family, so we have accurate records of where these athletes go. We also have a system whereby if an athlete goes off scholarship—and that has to be determined why they have gone off scholarship. We do not accept that they are just not good enough, there is usually a reason so we follow that through—they are then provided with a 12-month transitional scholarship which means they can access our services, particularly sports psychology and athlete career education.

Mr ALAN ASHTON: They probably do wheelchair basketball in my electorate of Bankstown.

Mr TURNER: Probably.

Mr PETER DRAPER: It is terrific that ClubsNSW has been on board since day one and signed up in 2008 through to 2012, which is good news. Is there sponsorship at a consistent level over each of those four years or does it escalate slightly through the years or does it decrease through the years?

Mr TURNER: CPI.

Mr PETER DRAPER: It is linked to the consumer price index?

Mr TURNER: Initially we just got \$1 million and that was it, but in 2006 when we renegotiated with them we asked them to take us through not only to 2008 but 2012, so six years, with a consumer price index, which it agreed to.

Mr JACKSON: But if you were to compare our sponsorship every four years it is pretty much the same. It does not vary that much. It is consistent.

Mr PETER DRAPER: What about your costs over that same period?

Mr JACKSON: As Charles said, our costs are obviously dependent on how much revenue we can get.

Mr PETER DRAPER: Are your costs in kilter with your sponsorship? If the Government is locked into a fixed amount of money or is it increasing it as well?

Mr TURNER: That is indexed.

Mr JACKSON: Our government funding is indexed each year.

Mr TURNER: To answer your question, the reality is that we are not keeping pace because not so much about inflation it is more about the costs of other things associated with it.

Mr ALAN ASHTON: Equipment can be a killer?

Mr TURNER: We are very heavily internationally focussed so a lot of the athletes train overseas quite extensively and that is where all the costs go. Of course they used to be able to fly overseas for \$1,000; it is now \$3,000. All those things have changed the dynamics in which we can support them but what we can do is work to within the budget we have. It would be fair to say that because of the indexation from a staff point of view nothing much has changed because that covers, ongoing staff costs, and the sports themselves, they have had to tighten their belt a bit, I guess, in the past four years.

Mr PETER DRAPER: What is your relationship with regional institutes?

Mr TURNER: Nothing formal but we do have a good relationship through the department, even though we are not formally linked to it either. We try to provide support to them for athletes in the region. We have a regional program so what we try to do when we are in the regions is work with the Regional Academies providing the opportunity for them to use our coaches. When we are doing seminars in the area we will offer that opportunity as well. I think it could be better but we do not have a bad relationship. They actually work at a different level.

CHAIR: You said that the business plan is publicly available, is it correct that the corporate plan is also available?

Mr TURNER: Absolutely.

CHAIR: Are they available through the website?

Mr TURNER: We can either give you copies or on the website.

Mr JACKSON: We have only just printed off our corporate plan.

Mr TURNER: It will be on the page very shortly.

CHAIR: We will our eye open for it and if we need to we will contact you.

Mr TURNER: I am happy to provide copies.

CHAIR: Your annual report does not appear to show charts or illustrations of some of the data. Do you support the concept of having charts, et cetera, to help illustrate particularly the financial value?

Mr TURNER: Yes, we would support it. As I said earlier, both Peter and I, who developed this, are working from a historical position. We do not receive feedback, other than positive feedback from our board, so we are unaware whether there is a benchmark that we should be trying to achieve.

Mr JACKSON: What sort of things would you want to see by way of a graph or chart?

CHAIR: It is particularly pertinent to financial data—some bar charts or something to make it a bit easier to read, not just numbers and tables.

Mr TURNER: Percentage of funds spent on athletes vis-a-vis other things, for example?

CHAIR: To make it more engaging.

Mr ALAN ASHTON: When this report comes out you will be able to read our recommendations.

Mr TURNER: That will be great. As I said before, we would welcome any feedback. Our position has always been that we need to present it to the board. This is really our report card to the board. Any way we can make it more interesting or entertaining for the Government would be good because obviously it is our major client.

Mr ALAN ASHTON: Absolutely. We all get very excited and claim the credit when the athletes do well. You obviously have to produce something that says "thank you very much" to the departments.

Mr NICK LALICH: You indicated in your survey that it would be difficult to benchmark the NSW Institute of Sport against the other States and Territories that have institutes of sport. Why do you find it difficult?

Mr TURNER: Because of the disparity in the funding levels within the organisations. We have statistics on the number of athletes in national teams, for example, or the number of athletes in Olympic teams. For the Beijing Games we had 164 out of 440-odd athletes and the next best State was Victoria with 150-odd. New South Wales regularly provides more athletes to the national teams. All that data is available and often put through the annual report.

Mr NICK LALICH: How do we compare to international institutes of sport? How do countries such as New Zealand, Canada, the United States and probably England, which we compete against, fare with their institutes of sport? Do you look at that?

Mr TURNER: Yes we do. Obviously it is hard to make comparisons with some that have much greater funding than us, but by anyone's measure Australia punches well above

its weight as a nation, and the NSW Institute of Sport leads the way. We have better results than the Australian Institute of Sport for less than one-third of the funding they get. It also reflects the fact that New South Wales has the biggest population. Not only that, it is also fair to say that Sydney in particular is full of very good sports people. They are highly motivated sports people in New South Wales.

Mr ALAN ASHTON: Years ago I was in Western Australia and everyone there was playing hockey. There are some niche areas. Every second golfer in the United States lives in Florida because they can play golf virtually every day of the year. Queensland might attract swimmers. I just think you could not at the moment compare what we are doing in New South Wales or even at the Australian Institute of Sport or the others with what they are going to be trying to do for the London Olympics. We have been thrashing Great Britain, as you say punching above our weight, and coming third or fourth in the medal tally for years. Suddenly, at the last Olympics, Great Britain went from nowhere to right up there. That was because they were trying to produce gold medals to justify the London Olympics and make it a big success. They have to win events. In cycling, for example, the Dunc Gray Velodrome was in my electorate for eight years and I was there all the time. Suddenly our cycling results dropped off last time and we did not do quite as well. That can be because elite athletes get injured.

Mr TURNER: It can be cyclical. We have recognised that some other countries are achieving better results than us. Great Britain in particular is one. One of the reasons is there is the impetus of the Olympic Games. All of a sudden there is a huge amount of money available. I have pointed that out before. There is no secret to this. If you had more money you could do better with athletes and get better results. This is not a State issue in my view; the State Government has supported us extremely well. Thanks to the State Government we have a brand new building, which is a state-of-the-art training facility and which has made a big difference to us. Federally, nothing much has changed for the last four years. That is the biggest problem. We can prepare the athletes to a certain level but when it comes to the international level, without Federal support we are going to struggle. There is no question but that in London we will have difficulty in maintaining our fourth or fifth position. We hope to stay about sixth or seventh. If we do any worse than that then we really are in trouble. It is almost too late for London now anyway.

Mr NICK LALICH: We know that you are committed to excellence throughout the organisation both in sport and administration. How does the NSW Institute of Sport do this in the absence of KPIs and measuring the effectiveness of its activities? How do you benchmark or do any forward planning without any KPIs?

Mr TURNER: We do have KPIs and as I pointed out before they are not reflected in the annual report, which they should be, but they are reflected in our business plan. Clearly, what we need is to have a result from our business plan in the annual report. That has become clear to me from this conversation. We do have KPIs for our annual business plan, which reflect the KPIs for our corporate plan.

Mr WAYNE MERTON: No KPIs, no business plan, no money coming in.

Mr TURNER: That is right.

Mr WAYNE MERTON: That is the end of the story.

Mr NICK LALICH: And still doing a great job.

Mr WAYNE MERTON: They must have all these factors in place to continue to get the sponsorships or the partnerships.

Mr TURNER: Under the Act it is part of our statutory responsibilities to have a corporate plan and an annual business plan.

Mr ALAN ASHTON: Good sponsors and partners follow success. If by some fluke we were to get the football World Cup, all the money would be pouring into football.

Mr TURNER: It is already.

CHAIR: Have you looked at the reports of other institutes and what they are doing, what sort of information they are providing and how they compare to yours?

Mr TURNER: Many of them do not report in the same way that we do because they are under their departments. They filter through to their department's reports. The institute that is a private business does not report on its financials at all. It is just a report card. I think ours is the most comprehensive of any of them. That might be one of the reasons we might be a bit naïve when it comes to responsibility to provide the sort of information you have spoken about today. One of these things has become absolutely obvious: why do we not report against our business plan? That is just common sense but we have not done so because when we compare this with our competitors we can say we are miles ahead of them. The reality is it is like everything else in sport. We need to be far above the others and we will continue to want to improve that.

CHAIR: From what you are saying, the other institutes have a slightly different structure. They are buried in a broader department whereas you are a standalone.

Mr TURNER: Queensland has a very interesting Academy of Sport. Their charter does not allow them to seek revenue, so they are not allowed to go and find sponsorships. They do not worry about that, whereas we have a whole department that is flat out trying to service these people.

Mr ALAN ASHTON: That works all right in Queensland so long as they keep pumping lots of money in, but with all the needs of health and education and the other things governments have to do it is difficult.

Mr TURNER: That is right.

Mr WAYNE MERTON: What you are really saying is that you have all that information, the KPIs and the other data, but it is not included in the annual report.

Mr TURNER: We have not reported against it.

Mr WAYNE MERTON: Is that a fair statement?

Mr TURNER: Absolutely. It seems to me a simple issue for us because all we need to do is report against it. If that is going to make this a better document, we are happy to do it.

Mr NICK LALICH: Sport is very competitive and there is rivalry between New South Wales and Queensland, and England and Australia. If you were to put in your annual report all the details of your losses, profits, worst-case scenario and best-case scenario would it give away professional secrets so that others could compete better against you?

Mr TURNER: One of the issues is we would hate to have this become bigger than Ben Hur. As I said before, we have arguments with our staff about their enthusiasm to report on everything they have done during the year. It is a bit difficult to keep it to what we perceive to be a reasonable read. It is still quite thick. Philosophically, from a sporting point of view, there are not a lot of secrets out there. I cannot remember who it was, maybe a football team coach, but he said it is not what you do it is how you do it. Just last week we had all the heads of Canadian sport come out and visit our institute. We were quite open in our discussion because we know we do things better than they do. So there are not a lot of secrets in sport.

CHAIR: And you are happy to share?

Mr TURNER: Absolutely.

CHAIR: That concludes this hearing.

Mr TURNER: On behalf of the institute I thank you for the opportunity to talk about this because it has been very informative. We want to make sure that not only are we the best institute as far as sporting performance is concerned, but also we want to report well. That reflects our business as well.

CHAIR: Thank you very much for your time today. That formally concludes our hearing. I thank the Committee members, the Hansard staff and the Committee staff.

(The witnesses withdrew)

(The Committee adjourned at 3.26 p.m.)

Appendix 4 – Minutes of meetings

Minutes of Proceedings of the Public Bodies Review Committee (No 12)

4:30pm Wednesday 11 March 2009
Room 1102, Parliament House

Members Present

Mr Morris MP (Chair), Mr Cansdell MP (Vice Chair), Mr Draper MP, Mr Lalich MP, Mr Merton

Apologies

Mr Ashton MP

Also present

Ian Thackeray, Indira Rosenthal

The meeting commenced at 4:45pm.

...

5. Inquiry Program for 2009

The Chair briefed Members on the outcomes of the roundtable and the proposal for a trial scrutiny of annual reports in 2009 and the proposed list of agencies for scrutiny. Discussion ensued.

Resolved on the motion of Mr Lalich, seconded Mr Cansdell, that the Committee

- hold hearings to scrutinise the annual reports of eight agencies as a trial (a list of suggested agencies appears in Appendix C);
- subject to the success of that trial, scrutinise annual reports in accordance with Option Two (ie review all reports over the life of the Parliament); and
- subject to the success of that trial, review the operation of the Annual Reports Awards.

Resolved on the motion of Mr Lalich, seconded Mr Merton, that the proposed agencies for scrutiny (as listed in Appendix C, Agenda Item 5) be the agencies for scrutiny in the trial.

The Committee adjourned at 5:00pm.

Minutes of Proceedings of the Public Bodies Review Committee (No 14)

10:00am Thursday 15 October 2009
Jubilee Room, Parliament House

Members Present

Mr Morris MP (Chair), Mr Ashton MP, Mr Cansdell MP (Vice Chair), Mr Draper MP, Mr Lalich MP, Mr Merton MP.

Also present

Nina Barrett, Jonathan Elliott, Hilary Parker, Pru Sheaves.

The meeting commenced at 10:05 am.

REVIEW OF ANNUAL REPORTS

Mr Michael Bushby, Chief Executive, Mr Richard Boggon, Director, Corporate Services, and Mr Paul Hesford, Director, Finance and Performance, Roads and Traffic Authority, NSW, affirmed.

Mr Bushby made an opening an statement. The Chair questioned the witnesses, followed by members of the Committee. Questioning concluded, the witnesses withdrew.

Mr John Benson, Acting Commissioner, and Ms Dawn Easton, Director, Strategy and Planning, NSW Fire Brigades, affirmed; Mr Peter Walker, Manager, Corporate Communications Capability, Ms Lota Vargas, Assistant Director of Finance, and Mr George Ayoub, Senior Manager, Accounting Operations Financial Systems, NSW Fire Brigades, took the oath.

The Chair questioned the witnesses, followed by members of the Committee. Questioning concluded, the witnesses withdrew.

The Committee adjourned proceedings at 11:15am for morning tea and resumed at 11:30am.

Mr Michael Dowzer, General Manager, Strategy, Efficiency and Governance, Newcastle Port Corporation, took the oath.

Mr Dowzer made an opening statement and was then questioned by the Chair, followed by members of the Committee. Questioning concluded, the witness withdrew.

Mr Phillip Shelley, General Manager, Teacher Housing Authority of New South Wales, affirmed.

Mr Shelley made an opening statement and was then questioned by the Chair, followed by members of the Committee. Questioning concluded, the witness withdrew.

The Committee adjourned at 12:30pm for lunch. The hearing resumed at 1:30pm.

Mr Craig Sahlin, Deputy Chief Executive Officer, NSW Food Authority, affirmed.

Mr Sahlin made a brief opening statement and was then questioned by the Chair, followed by members of the Committee. Questioning concluded, the witness withdrew.

Ms Margaret Skewes, Acting Divisional General Manager, State Property, Land and Property Management Authority, took the oath.

The Chair questioned the witness followed by committee members. Questioning concluded, the witness withdrew.

Mr Charles Turner, Chief Executive Officer, and Mr Peter Jackson, Manager, Finance and Corporate Services, NSW Institute of Sport, affirmed.

Mr Turner made a brief opening statement. The Chair questioned the witnesses followed by committee members. Questioning concluded, the witnesses withdrew.

The Committee adjourned at 3.26pm.

Appendix 5 – Answer to a question taken on notice

Traffic issues on Gross Vale Road, Richmond



Pru Sheaves
Public Bodies Review Committee
Parliament House
Macquarie St
Sydney NSW 2000

Dear Ms Sheaves

At the recent hearing of the Public Bodies Review Committee attended by RTA officials a question from Mr Wayne Merton was taken on notice as follows:

"On a Sunday afternoon, a holiday weekend or a Friday night, there are enormous problems of traffic at Richmond on Grossvale Road, I think it is. There is obviously a problem there that has existed for many many years with the timing of the traffic lights where motorists coming into the city bank right up into Kurrajong until they get down to the traffic lights and suddenly it is eased".

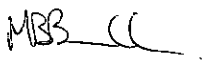
I would like to provide the following information in response:

This intersection underwent a major reconstruction in November/December 2004.

Prior to determining the lengths of the turning bays and allocation of lanes, the RTA conducted public consultation with Hawkesbury Council and the adjacent business owners. Where possible, the design parameters were modified in response to community concerns. The current turning bay lengths, lane allocations and regulatory signposting fulfil required design parameters.

Traffic lights adapt to changes in traffic flow throughout the day. During peak periods, traffic lights maximise the efficiency of traffic flows along both the local and state road networks by assigning appropriate phasing times to individual turning movements at intersections.

The RTA will continue to monitor this intersection. The RTA currently considers further alterations to this intersection to be unnecessary.


Michael Bushby
Chief Executive
18 NOV 2009