





Tanya Bosch
The Director
Budget Estimates
Room 812
Parliament of New South Wales
Macquarie Streets
SYDNEY NSW 2000

19 October 2005

Dear Ms Bosch

Budget Estimates 2005-2006 - Questions taken on notice

Thank you for your correspondence relating to my appearance before General Purpose Standing Committee No. 1 for the portfolio areas of Special Minister of State, Minister for Commerce and Minister for Industrial Relations on Thursday, 15 September 2005.

Please find attached responses to the Questions on Notice taken during the Budget Estimates Hearing.

Yours sincerely

∕John Della Bosca MLC





BUDGET ESTIMATES HEARING – 15 SEPTEMBER 2005 QUESTIONS TAKEN ON NOTICE

MEDICINAL USE OF CANNABIS

I am trying to recollect in what month I last spoke to a Commonwealth Minister about this – it was at least four months ago. I will check and get back to you (Page 28).

Answer

While written correspondence occurred between Commonwealth and State Ministerial offices in June and February of this year, meetings took place during November and December last year.

John Della Bosca MLC



BUDGET ESTIMATES HEARING – 15 SEPTEMBER 2005 QUESTIONS TAKEN ON NOTICE

Government Radio Network

1. How often is the government radio network off line during the year and which government agencies rely on that network as their primary source of communication? What backup do they have when the service goes off line (*Page 1*)?

Answer

The Government has taken steps to ensure that the Government Radio Network is never entirely off line.

The network consists of two principal operational components. These are the Network Operations Control Centre and the individual radio sites that provide radio coverage across approximately one-third of NSW.

The network is extremely resilient and consistently maintains a yearly availability of over 99.9%. The other 0.01% of the time the network may experience some reduced service capability for very short periods. This is due mainly to the impact of scheduled site maintenance when for occupational health and safety reasons the site has to be temporarily switched off to protect riggers and technicians working at the site. The loading of software upgrades and service disruptions in the telecommunications links connecting remote radio sites to the Network Operations Control Centre are the other primary reasons for reduced network functionality.

An interruption of the Network Operations Control Centre service can reduce the functionality of the network, however agencies can still use the radio sites to communicate in the coverage area of each site.

In the Sydney region the NSW Fire Brigade, State Emergency Service the Rural Fire Service and the Ambulance Service of NSW and some 36 other agencies rely on the Government Radio Network for their radio dispatching.

To maintain their services during an interruption to the Network Operations Control Centre service, emergency service agencies have installed additional equipment which enables them to maintain reduced radio communications capability in the Sydney region should the Network Operations Control Centre fail or suffer a downgrade of functionality for any reason.

2. Is it true that officers from various agencies have been forced to use multiple radios and their mobile telephones as a source of communication when the network is off line or when they are outside the digital footprint of the radio network (*Page 1*)?

Answer

Some agencies continue to operate their own private radio networks both inside and outside the coverage of the Government Radio Network footprint. This requires officers to carry two radios. Many agency officers are also issued mobile telephones.

These arrangements are determined by agencies to meet their requirements and are not due to the Government Radio Network going off line.

There are only seven sites in the Sydney basin presently offering a limited digital service to a small number of specialist units from the police and justice sector. The emergency service users do to not rely on this digital footprint for radio service.

There are plans to digitise the remaining analogue sites in the network. These plans are part of the NSW Government's Long Term Radio Strategy. The digital upgrade of the network is well under way and is scheduled for completion in 2008. Anecdotal evidence from similar projects overseas indicates that moving to digital technology can provide a small increase in coverage over that provided by analogue technology.

A further Long Term Radio Strategy project is the provision of a Disaster Recovery Site for the Network Operations Control Centre. The construction of this site is due for completion in November of this year. When commissioned, the site will fully duplicate the functions of the primary Network Operations Control Centre. For the future, it will then be possible to carry out maintenance or upgrade work sequentially on each Network Operations Control Centre, thus obviating the need to work on an operationally live system.

Statements by Mr Cameron Parle

3. I would like some reference. My concern is those comments do not exactly sound like they reflect government policy. They were drawn to my attention by people who thought they might not either, and it is important to work out whether this person holds a position in which he might be able to make that policy a de facto policy of the Department of Commerce on his own (*Page 3*).

Answer

Mr Parle is an employee of the Department of Commerce and is a Contract Officer in State Procurement.

Mr Parle was involved in the design and development of the Open Source Software panel contract arranged by State Procurement on behalf of the State Contracts Control Board. He is now responsible for managing the panel contract.

As part of his responsibilities, he works closely with the Government Chief Information Office concerning related Open Source standards.

State Procurement recently staged "Contracts on Show", an annual event where NSW Government contracted suppliers have the opportunity to showcase their products and services to procurement decision-makers and buyers from the public and not-for-profit sectors.

Mr Parle introduced a seminar session at Contracts On Show on the new Open Source panel contract arrangement that also included guest speakers presenting cases studies on Open Source solutions.

The objective of this particular seminar session was to provide information to government buyers and other attendees on the benefits of Open Source solutions.

Mr Parle was not taking sides or making any policy statements on government position, but was simply outlining the technical benefits as well as possible savings that can be achieved in certain circumstances through an Open Source solution.

Government policy currently dictates that agencies have freedom of choice concerning the merits of all offers available under various procurement arrangements. Mr Parle was indicating to agencies the potential benefits of considering Open Source (Linux) solutions in addition to proprietary systems.

Smart Buy

4. In relation to the smartbuy® online procurement system, will the Minister outline what savings have been made since the smartbuy® system has been introduced? It is an expensive system. What savings have been made? What has been done to increase the number of suppliers using that service (*Page 4*)?

Answer

Savings realised by the NSW Government in 2004/2005 are in the order of \$1.3 million. These savings were achieved through increased contract compliance, integration of systems, reduction in transaction and administration time, shared catalogue content and savings accruing to agencies utilising smartbuy knowledge and resources to implement their electronic procurement initiatives.

Supplier take-up increased by more than 85 per cent in 2004/2005. Of the suppliers on the system, three leading industry suppliers are technically capable of automatically exchanging electronic documents with individual departments' finance systems. This supports the Government's agenda of reducing administration and adopting process automation to redirect back office costs to frontline services.

Buying organisations' support of smartbuy® also increased by over 250 per cent in 2004/2005.

In early 2005, smartbuy® management modified the marketing and offerings of smartbuy® services to buying organisations. This strategy shift has made a significantly positive impact, as evidenced above, with triple figure adoption being experienced.

For 2005/2006, Commerce has forecast savings of \$32.9 million.

5. Can you quantify the savings (Page 4)?

Answer

See the response to the previous question.

Displaced Staff

6. Can you supply this Committee with the number of both nominated and non self-nominated displaced staff, and specify those two numbers separately (*Page 5*)?

Answer

The Department of Commerce has a policy that all displaced staff be registered with the Redeployment & Relocation Services Unit in the Premier's Department. This ensures displaced staff are priority-assessed for suitable identified vacant positions across the sector.

The breakdown of the 87 displaced staff is:

Registered and active:

70

Not active (leave without pay, etc)

8

Registering in progress:

8

Not registered (due to refusal)

1 (person has a medical condition)

Government Licensing System

7. I might ask about the online business licensing project. To date, how much has the Government's new online licensing system cost (Page 6)?

Answer

The NSW Government Licensing Project (GLP) expended \$40.1M to 30 June 2005.

8. How does that figure compare with the original estimate for the project at this stage (Page 6)?

Answer

The original estimate for GLP expenditure to 30 June 2005 was \$44M compared to \$40.1M expended to that date.

9. And you expect 16 others in the next 12 months to be using it (Page 6)?

Answer

Approximately 290 licence and registration types, from 19 agencies, are expected to be implemented on the Government Licensing System. During 2005/2006, 44 licence and registration types, from three agencies, are expected to be implemented.

10. Could I press you and ask how much it has actually cost you to date, instead of leaving it at saying that you are on budget (*Page 7*).

Answer

The NSW Government Licensing Project expended \$40.1M to 30 June 2005.

11. How many agencies do you expect to use the system once it is finished (Page7)?

Answer

19 agencies.

12. Can you supply the Committee with a full list of what was intended (Page 7)?

Answer

The agencies and licence groups that are being examined for inclusion in the Government Licensing System are shown in Appendix A.

Pillar Corporation

13. What percentages of Pillar Administration's dividends are reinvested in the company and what percentages are taken out by the Government for other purposes (*Page 8*)?

Answer

100 per cent of dividends are paid to the Government since it is the only shareholder in Pillar Administration.

Broadband network

14. What has been the cost to date of setting this up (Page 9)?

Answer

The Department of Commerce has spent approximately \$2.5 million on the setting up the broadband network. This has resulted in projected savings of approximately \$50 million over the five year period from 2005 to 2010.

15. Could you give the Committee details of the numbers of people that the Department of Commerce has employed to manage the network (*Page 11*)?

Answer

The Department of Commerce has established a Broadband Unit within the Government Chief Information Office. The unit has responsibility for the management of the broadband contracts as they come into force.

Currently, the Broadband Unit employs three staff and when recruitment action is completed the unit will have five staff.

Payroll systems

16. How many payroll computer systems are operating throughout the New South Wales public sector (*Page 11*)?

Answer

The New South Wales public sector uses four main software applications to support payroll.

Email systems

17. How many email systems operate within the New South Wales public sector (*Page 12*)?

Answer

The bulk of the NSW public sector uses one of three systems for email. Some other systems are in limited use.

Restructure and relocation costs

18. Has any analysis been made of resources that are wasted in transferring officers from one system to another when departments are relocated or restructured, or when officers are transferred from one department to another (*Page 12*)?

Answer

When departments are relocated or restructured, it is normal practice to consolidate existing information and communications technology infrastructure, rather than introduce new systems.

This consolidation leads to significant savings through reduced licensing fees, infrastructure requirements and retiring redundant systems. Consolidation also ensures that the skills of information technology staff are fully utilised.

When officers are transferred from one department to another, their skills are transferred with them, sharing expertise and best practice across the sector.

Laptop And Desktop Computers

19. Does the Department of Commerce know how many laptops and desktop computers have been purchased by New South Wales government departments over the past 12 months and how many might be purchased in the next 12 months (*Page 12*)?

Answer

Information collected by the Department of Commerce only relates to purchases made through the whole-of-government panel contract arranged by State Procurement on behalf of the State Contracts Control Board.

The total value of laptop, desktop computers and servers purchased through the contract in the financial year 2004/2005 was \$205 million. This expenditure relates to approximately 120,000 laptop and desktop computers and includes computers purchased by the Department of Education and Training for schools.

NSW Government departments and agencies are not required to provide forward estimates to the Department of Commerce. However, I am advised that the total number of laptop and desktops computers to be purchased over the next 12 months is not expected to vary significantly from the last 12 months, that is 120.000 units.

External leasing Arrangements

20. Is there any reason why you could not provide the Hon. Melinda Pavey with the information she requested, which was what leasing companies were still being used within the NSW public sector (*Page 13*)?

Answer

Since 30 June 2004, the policy relating to the procurement of information technology and communications equipment has been to purchase using capital funds rather than to lease.

Consequently, there is no existing contract for the provision of leasing facilities for the procurement of information technology and communications equipment.

All leases established by NSW government departments prior to 30 June 2004 are expected to run their full term. Most leases were established with a three-year term, which means that all leasing activities associated with these contracts should be complete by mid 2007.

There were five leasing companies providing operating leases through the expired NSW Government Master Lease Facility. They were:

Commonwealth Bank of Australia

Macquarie Bank Limited

Capital Rent Pty Ltd

CIT Financial Ltd

Australian Integrated Finance Pty Ltd.

Labour Standards and Procurement Policy

21. How many companies have been refused government contracts in the last financial year because they failed to meet the basic labour standard set out in the public works procurement policy? ...will you supply me with information relating not just to how many, but what jobs they were knocked back for (*Page 21*).

Answer

Compliance with basic labour standards is considered to include compliance with the Workplace Practices and Occupational Health and Safety (OHS) Management requirements of the NSW Government Code of Practice for Procurement.

Compliance with these standards is mandatory for all contractors seeking prequalification for construction, for the carrying out of construction work and for goods and services suppliers.

In the last financial year, the Department of Commerce did not have to reject a tender based on a firm's failure to meet the mandatory standards which are set out in the Department's tender documents.

The Department has however sanctioned, by way of official warnings, two builders for deficiencies in OHS management performance for construction works valued greater than \$0.5 million. In both cases, the builders promptly took appropriate action to overcome the deficiencies identified.

Currently, the Department is refreshing its contractor prequalification scheme for construction works valued greater than \$0.5 million. At present, some 21 of the prequalified firms may miss out on gaining prequalification under the new scheme as they are required to achieve, but have not yet done so, accreditation of their OHS management systems to the Government's OHS Management System Guidelines Edition Four.

In addition, due to poor performance or safety reasons, ten companies contracted for work valued at less than \$0.5 million have been suspended from receiving new work and have had all active work taken off them or a hold has been placed on them receiving new work.

Where safety breaches are identified the Department formally requires the companies in question to rectify the breaches and make improvements to their management systems. In the vast majority of cases, contractors respond in positive manner to these requirements.

Australian Independent Contractors Agency?

22. Has the minister or any members of his staff met with representatives of the Australian Independent Contractors Agency (*Page 22*)?

Answer

No.

Casual Employees

23. What measures is the government taking to reduce the number of casual employees in the public sector (*Page 22*)?

Answer

Casual employees may only be employed under section 38 of the *Public Sector Employment and Management Act 2002* (PSEM Act) and in accordance with such guidelines as are issued from time to time by the Public Employment Office.

Section 38 of the PSEM Act limits the circumstances where agency heads may employ casual employees:

- to carry out work that is irregular or intermittent, or
- to carry out work, on a short term basis, in an area of the agency with a flexible workload, or
- to carry out the work of a position for a short period, pending the completion of the selection process for the position, or
- to carry out urgent work or to deal with an emergency.

Corrective Service Industries

24. Do you monitor Corrective Service Industries in any way? Is there a position that prisoners should be paid award wages for the work that they undertake (*Page* 22)?

Answer

Tenders received from Corrective Service Industries for contracts for goods and services are subject to the competitive neutrality clause (see below). Questions in relation to the payment of award wages to prisoners should be directed to the Department of Corrective Services.

25. What measures are in place to ensure that contracts that depend on the labour of prisoners who are paid low hourly rates are not allowed to undercut contracts of businesses operating in New South Wales (*Page 23*)?

Answer

The Department of Commerce is responsible for issuing and administering contracts for goods and services on behalf of the State Contracts Control Board.

Contractual requirements within State Procurement tender documents require government businesses to comply with the NSW government policy statement on the Application of Competitive Neutrality, January 2002.

The objective of the policy on the Application of Competitive Neutrality is to ensure that government businesses, whether they are commonwealth, state or local, do not have any net advantage over their competitors as a result of their public sector ownership. It means, amongst other things, that in-house bids should reflect adjustments that offset the effects of taxation exemptions, where it is feasible to do so, and be accurately costed.

I am also advised that in addition to complying with the competitive neutrality policy, Corrective Services Industries business development activities are

monitored by the Correctional Industries Consultative Council of NSW. The council is comprised of employer associations, Unions NSW, community representatives and senior officers of the Department of Corrective Services.

The application of the NSW Government policy statement on Competitive Neutrality and the Correctional Industries Consultative Council of NSW ensure that government trading enterprises co-exist with private sector businesses in a way that ensures any perceived competitive advantage is neutralised.

Government Licensing System

26.Mr Coutts-Trotter, perhaps you might be able to assist with how much the GLS has cost the Department of Commerce to date (*Page 26*)?

Answer

Refer to the answer provided to Question 10.

Displaced Staff

27. Can you provide details of how many (displaced public servants) might have moved during those two dates (27 July and 30 August 2005) (*Page 29*)?

Answer

Four displaced staff were placed permanently and one took voluntary redundancy during the period between 27 July and 30 August 2005.

28. In reference to the Premier's Memo 96/5, how many employees are displaced public servants who have not elected redeployment (*Page 29*)?

Answer

One employee has not elected redeployment due to a medical condition, which is currently being assessed and in the Department's view, limits the person's employability.

Home Warranty Insurance

29.I understand that under previous arrangements, a regulatory requirement existed for insurance companies to make that information available to the Government. Could you explain the details you have received in relation to the amount of premium collected (*Page 30*)?

Answer

The Insurance Council of Australia has advised that the estimated premium pool for home warranty insurance is approximately \$100 million a year nationally. Data obtained from home warranty insurers indicates that 375 claims have been accepted in New South Wales alone since the introduction of the current home warranty insurance scheme on 1 July 2002.

As part of the recent reforms introduced by the Government, new data reporting requirements came into effect on 1 September 2005. Compliance with market practice guidelines developed by the Government (including the data reporting provisions) is a condition of the approval for insurers to provide home warranty insurance in New South Wales.

30. Given that it is a compulsory scheme and does not operate under normal market conditions, it is not unreasonable for the public to ask what is the profitability of the scheme (*Page 31*)?

Answer

As a result of the recently introduced data reporting requirements, the Government will be able to monitor the financial progress of the home warranty insurance scheme and assess its affordability and viability. However, it is not possible to assess the profitability of the scheme, as the costs borne by each insurer, including administrative costs, will vary considerably. In addition, the long life of claims makes yearly projections as to likely profit difficult to determine.

The data received from insurers on claims and policies will enable the operation and financial progress of the scheme to be appropriately monitored and ensure that it is operating effectively for homeowners, builders and government.

dhn Della Bosca MLC

Appendix A – List of Agencies/Licences Considered in Scope for the Government Licensing System

Agency	Licences	Number of licence types	Number of licences
Office of Fair Trading	 Valuers Property, Stock, Business Agents & Conveyancers 	1 4 15	3,500 38,000 7,560
	 Business Licences – Motor Dealers, Travel Agents, Pawnbrokers, Trades Measurements, Weighbridge Business Names Registrations Building trades/contractors 	5 5	485,000 153,228
Department of Gaming and Racing	 Trade Promotions and lotteries Charitable Fund Raising Games of Chance Liquor licences 	1 1 1 31 1	13,000 5,500 1,500 14,587 800
Department of Environment and Conservation	 Gaming machine technicians Wildlife licences – Flora and Fauna Scientific licences Occupiers licences Plant pickers and misc. consents Kangaroo Management Dangerous goods, radiation, Pilots etc 	6 6 3 6 1	15,000 1,000 13,303 2,577 8,000 45,755
WorkCover Authority	 National Certificates of Competency Accredited Assessors Explosive permits, Pest & Fumigation Asbestos removal, Carcinogenic & Lead Substances notifications, Clothing Factory 	4 1 2 4	339,500 500 2,100 8,000
	Induction Cards, TrainersPyrotechnical General Permit'Other' licences	3 1 36	17,000 700 59,200
NSW Maritime Authority NSW Police Service	 Boating, Recreational Vessels Licences Firearms Registry Security Industry Licences 	9 10 3	806,000 321,000 45,000
Department of Primary Industries	 Recreational Fishing Permits Commercial Fishing Licences Beekeepers State Forests Licences 	2 7 2 22	471,000 7,170 3,500 6,729
Ministry of Transport	Taxi Drivers, Hire Cars, Bus Drivers, Motor Cycle, 4WD, Tow Trucks	22	78,850
Motor Industry Vehicle Repair Authority	Repairers Licences and Tradesperson's Certificates	2	114,000
Rural Lands Protection Board Health Professionals Registration Boards	 Allocation of Property Identification Code Registered Nurses, Chiropractors, Physiotherapists Optometrists etc 	6 15	130,000
Department of Infrastructure Planning and Natural Resources	Water Access, Water Management and Water Usage	7	364,460
Food Authority	Dairy Farmers/Milk Receivers, Meat Processors	22	70,000
Roads and Traffic Authority	 Driving Instructors, Authorised Inspection Stations 	3	23,465
NSW Health	 Private Hospitals, Day Care, Day Procedure Centres 	3	652
Department of Community Services	Child Care Centres	1	3,500
BOSSI	 Surveyors 	4	1,200

19			292	3,794,486
Marine Parks Authority	•	Marine Parks Licence	1	250
and Sustainability		Protection		
Department of Energy, Utilities	•	Accreditation of Electricians, Corrosion	2	2,400

Note: Number of licence types and licences are indicative and will change over time due to legislative changes, new licence applications granted and existing licence applications cancelled or lapsed



GENERAL PURPOSE STANDING COMMITTEE No.1 QUESTIONS ON NOTICE

PORTFOLIO: Special Minister of State, Commerce, Industrial Relations

ISSUE: Questions taken on notice during Budget Estimates Hearing

on 15 September 2005

Question:

WORKCOVER — Mr Gallacher asked the Chief Executive Officer of WorkCover, Mr Jon Blackwell—

(1) Is this (one) the number of displaced employees in the department you have reported to the Relocation and Redeployment Services Unit (RRSU) of the Premier's Department?

Answer:

1. Yes.

Question:

WORKCOVER — Mr Gallacher asked the Chief Executive Officer of WorkCover, Mr Jon Blackwell—

(2) How many Inspectors are required to remain permanently in the WorkCover building to fill administrative managerial positions?

Answer:

2. No Inspectors are required to remain permanently in the WorkCover Building to fill administrative managerial roles. Twelve Team Managers, who are also Inspectors, oversee the administrative functions of the Inspectorate, while continuing to develop and manage staff, identify and manage current and emerging issues and facilitate engagement with external stakeholders.

Question:

WORKCOVER — Mr Gallacher asked the Chief Executive Officer of WorkCover, Mr Jon Blackwell—

(3) How many employees took advantage of trauma counselling? (in relation to possible shooting of projectile at building)

Answer:

3. None, even though it was offered to all staff in the area.

Question:

WORKCOVER — Mr Gallacher asked the Chief Executive Officer of WorkCover, Mr Jon Blackwell—

- (4a) How many classes have been checked to date and how many licence holders does that represent?
- (b) What is the total expected cost of the renewal program over the total two-year period?
- (c) If you can assist, does the figure \$2.150 million ring a bell?(in relation to checks being conducted by WorkCover in relation to illegitimately issued Certificates of Competency)

Answer:

290,617 certificates have been checked between 2000 and 2004 inclusive, representing approximately 150,000 licence holders.

The renewal program has been costed on the basis of full cost recovery. There will be no cost to WorkCover.

Question:

WORKCOVER — Mr Gallacher asked the Chief Executive Officer of WorkCover, Mr Jon Blackwell—

(5) Are you in the position to indicate to the Committee whether the cost of morning tea (27 February) was picked up by the public purse?

Answer:

5. No morning tea was held on 27 February 2005 as it was a Sunday. A morning tea was held on 28 February 2005 to provide a forum for the new Licensing Manager to collectively meet his staff and an opportunity for staff to debrief following the recently announced corruption in the Licensing area. Only tea, coffee, orange juice and water was provided. The total cost was \$79.50.

Question:

WORKCOVER — Mr Gallacher asked the Chief Executive Officer of WorkCover, Mr Jon Blackwell—

(6) How much has the Government Licensing System (GLS) cost the New South Wales WorkCover Authority to date?

Answer:

6. WorkCover is one of the initial agencies to assist in developing the State's largest across-government computing initiative. The project aims to replace more than 40 different licensing systems, delivering a more efficient and easier to use system, with significant savings in technology infrastructure costs. Focusing primarily on the introduction of on-line licensing for National Certificates of Competency and associated accreditations, WorkCover has spent \$653,760.82.

Question:

WORKCOVER — Mr Ryan asked the Chief Executive Officer of WorkCover, Mr Jon Blackwell—

(7) How many displaced public servants were taken off the list for your department between 27 July and 30 August 2005?

Answer:

7. None

Question:

WORKCOVER — Mr Ryan asked the Special Minister of State, Minister for Commerce and Minister for Industrial Relations, the Hon John Della Bosca MLC—

(8) In reference to the Premier's memo 96/5, how many employees are displaced public servants who have not elected redeployment?

Answer:

8. One

Question:

WORKCOVER — Mr Gallacher asked the General Manager of WorkCover's Occupational Health and Safety Division, Mr John Watson—

(9) Was the Award (under which Inspectors from WorkCover are employed) introduced on 11 July 1996?

Answer:

9. Inspectors are employed under the *Crown Employees (WorkCover Authority – Inspectors) Award (IRC1451 of 1996)*, which was introduced on 11 July 1996.

Nohn Della Bosca MLC