
NSW Department of Commerce Annual Report 2007/08

Corporate Performance

Office of Fair Trading

Commerce Goal 2 – Simplify processes for dealing with government

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

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

- Motor dealers – reduced red tape by reducing the number of forms and making them easier to use
- Consumer claims – general jurisdiction claim limit increased to \$30,000
- Consumer credit – improved protection for disadvantaged consumers from excessive fees and interest charged by short term lenders
- Retirement villages – changes to resident input into management, capital maintenance and budgets, and disclosure of information
- Home building – ongoing review, introduction of three year licences and the removal of duplicate licensing requirements for demolition work
- Strata schemes – improved rights for owners corporations and individual lot owners

The Office of Fair Trading responded to almost seven million requests for service from the community in 2007/08, handled through phone, counter and electronic channels. More than 34,830 disputes between consumers and traders were handled, with over 87 per cent of these successfully negotiated at an informal level. Over 39,000 compliance related activities – ranging from inspections through to more complex action in the Supreme Court - were carried out to ensure fairness in the marketplace. A comprehensive review process continued to ensure the State's 42 fair trading laws remain relevant, reflecting the Government's objectives and the needs of the community and other stakeholders. Over 960 community information sessions were presented to more than 29,900 people around the State.

Commerce objectives

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

Corporate performance

Result	Result indicator	03/04	04/05	05/06	06/07	07/08	08/09 target	Comment
Fair Trading legislation simplifies service provision for consumers and traders	% of customers who agree services are simple and uncomplicated	-	-	-	87%	82%	≤85%*	Until at least 3 years data is available it is not technically feasible to set a firmer target.
Fair marketplace regulation with minimal red tape	% traders who believe they are unduly burdened by fair trading laws	-	-	-	34%	29%	≤35%*	A low result is a good result for this indicator. It's encouraging the majority of traders don't believe they are unduly burdened by fair trading laws.

Service Group	Performance Measure	03/04	04/05	05/06	06/07	07/08	Target	Comment
Policy development and regulatory review	% Office of Fair Trading regulatory proposals that meet Better Regulation Office requirements without further amendment	-	-	-	n/a	n/a	60%	Unable to measure during 2007/08. Better Regulation Office requirements commenced 1 July 2008. The target is purely speculative.

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

Residential tenancy

A strategic review of residential tenancies legislation has been carried out. On 22 September 2007, a report called Residential Tenancy Law Reform - A New Direction was released. This report explained over 100 proposed changes to the law and enabled people to provide feedback on them. Some 1,500 responses from individuals and groups, including tenants, landlords and real estate agents, were received in the form of letters, online survey responses, and comments via an online blog. In addition, 915 people attended face-to-face sessions conducted in regional and metropolitan areas. As a result of the feedback gathered through consultation, Fair Trading is better able to understand community preferences and the diverse views of stakeholders. All submissions were assessed and analysed and a reform package is being developed for introduction to Parliament.

National Finance Brokers legislation

A further important milestone in this project was achieved this year with the public release of an exposure Bill in November 2007. The Bill outlines a comprehensive scheme for regulating the finance broking industry, including licensing and mandatory membership of an external dispute resolution scheme. The Bill also proposes regulating transactions between the brokers and consumers to ensure consumers are offered only appropriate credit products that they can afford. New South Wales drafted the Bill in consultation with all States and Territories as well as the Commonwealth and more than 100 submissions were received. Work is continuing on this project following the review of submissions in order to refine the proposed national framework. In July 2008, the Council of Australian Governments agreed that the regulation of mortgage broking will be transferred to the Commonwealth.

Responsible lending practices

Fair Trading made significant gains in advancing the responsible lending practices project. The Commonwealth Office of Best Practice Regulation has agreed that the Consultation Regulatory Impact Statement developed by New South Wales on behalf of the Ministerial Council on Consumer Affairs meets the standard of analysis required. The consultation document will be forwarded to the Ministerial Council for approval prior to public release. It notes rising consumer credit card debt even as spending slows, and draws attention to both the personal and social damage that can occur as a result of unmanageable debt. A number of options are being considered, ranging from education to regulation. Industry will be asked to provide financial information to assist in developing the most cost-effective option. During this year, the Council of Australian Governments agreed to transfer state responsibilities for credit to the Commonwealth in order to reduce costs to business and to acknowledge the essentially national nature of the provision of credit, as well as to enable a more timely response to market development. Work will continue on this project until such time as the transfer of responsibilities is completed.

Personal property security national system

The Commonwealth, in consultation with the States, Territories and external stakeholders, is developing a legislative and architectural framework to implement a single national electronic register on which interests in all personal property can be registered and regulated. This is a priority project for the Council of Australian Governments, and will eventually see the functions of the NSW Register of Encumbered Vehicles and similar securities registers transferred to the Commonwealth by around 2010. An intergovernmental agreement between the Commonwealth and other jurisdictions was endorsed in-principle in March 2008 and will underpin the legislative referral of power to enact the Personal Property Security Bill. Legislative policy is being developed through the joint Standing Committee of Attorneys General with which Fair Trading is working closely. In addition, Fair Trading officers from NSW and Victoria represent the Ministerial Council on Consumer Affairs on the Personal Property Security Stakeholder Consultative Group established by the Commonwealth Attorney General. The Commonwealth released its draft Personal Property Security Bill for public consultation in May 2008.

Productivity Commission Report on Australia's consumer policy framework

The findings of the Productivity Commission inquiry into Australia's consumer policy framework and its administration this year was publicly released in May 2008. The Commonwealth, State and Territory governments share responsibility for consumer policy in Australia, with the main legislative provisions contained in the *Trade Practices Act 1974* and the Fair Trading Acts in each State and Territory. The Commission found that, while the consumer policy framework has considerable strengths, parts of it require an overhaul. This includes a need for institutional arrangements that are more compatible with the increasingly national nature of consumer markets. The Commission recommended the first step should be the introduction of a single Australia-wide generic consumer law, jointly enforced by the Australian Competition and Consumer Commission and State and Territory fair trading agencies. This proposal was endorsed by the Ministerial Council on Consumer Affairs at its meeting in May 2008.

Review of Australia's consumer product safety system

The Ministerial Council on Consumer Affairs is considering reform options to improve the effectiveness and consistency of product safety regimes in Australian jurisdictions. Product safety is one of the regulatory 'hot spots' identified by the Council of Australian Governments as being in need of cross-jurisdictional reform to reduce the regulatory burden on business. During 2007, consensus was reached among the States and Territories in favour of a harmonised model, which included the creation of a new independent, national advisory committee. NSW Cabinet gave in-principle approval to this model in November 2007. In 2008, the new Commonwealth Minister for Competition Policy and Consumer Affairs proposed a single law/multiple regulators model. On 23 May 2008, the Ministerial Council on Consumer Affairs gave in-principle agreement to this model, in which the Commonwealth will assume responsibility for the making of permanent product bans and standards under the Trade Practices Act. The States and Territories will retain their power to issue interim product bans and the Australian Competition and Consumer Commission and the State and Territory fair trading agencies will share responsibility for enforcement of the product safety law.

ABN Business Names Project

Fair Trading participated in a project initiated by the Council of Australian Governments and overseen by the Small Business Ministerial Council to develop a seamless, single online registration system for both Australian Business Numbers and business names, which will also include trademark searching. In March 2008, the Council of Australian Governments asked the Council to accelerate the project. A business case was considered, consisting of a single national business licence information service, a combined online Australian Business Number and business name registration process and an ongoing client account that stores information about registrations and licences, pre-fills forms, stores records of transactions and allows subscriptions for information on regulatory change from all levels of

government. In-principle agreement to these elements of the business case was given by the Small Business Ministerial Council in May 2008.

National cooperatives law

Fair Trading is the lead agency for a national project to establish uniform laws for cooperatives across Australia. On behalf of the Ministerial Council on Consumer Affairs, Fair Trading is developing template cooperatives legislation in consultation with other States and Territories. The aim is to have the same law apply in all participating jurisdictions, improve consistency with the Commonwealth Corporations Act 2001, update corporate governance requirements, simplify requirements for cooperatives operating across borders, and introduce new options for cooperatives to raise capital. It is anticipated that New South Wales will enact the legislation, which will serve as a template for other jurisdictions.

Home building

Stemming from the home building licensing review conducted in 2005, the NSW Government announced that it intended to rewrite the Home Building Act 1989 to make it easier to understand. Particular attention will be paid to clarifying the objectives of the Act, clarifying the structure of the Act and Regulation, placing relevant provisions together and removing inconsistencies. Consideration is also being given to incorporating other recommendations from the review into this project. Initial consultation meetings were held with key stakeholders in late 2007 and early 2008. There will be further consultation following the preparation of an exposure draft Bill.

Property, stock and business agents

Fair Trading undertook a statutory review of the Property, Stock and Business Agents Act 2002, which commenced on 1 September 2003. The Act replaced legislation originally introduced in 1941 and provides for the licensing and certification of people who carry out the work of real estate agents, stock and station agents, strata managers, business agents and on-site property managers. The new Act brought in major changes, including the introduction of bidder registration at auctions and greater requirements for agents to disclose conflicts of interest. The recent review was necessary to determine whether the policy objectives of the Act remain valid and whether the terms of the Act remain appropriate for securing those objectives. A report on the review is due to be tabled in Parliament in the second half of 2008.

Associations

The *Associations Incorporation Act 1984* allows small, not for profit organisations to become incorporated without the complex regulatory requirements of other forms of incorporation. The Act was reviewed to ensure that it is meeting its objectives as effectively and efficiently as possible. Several recommendations were made for legislative amendment as a result of this review. In March 2008, the exposure draft Associations Incorporation Bill 2008 was released to provide interested parties an opportunity to comment on the proposed amendments. The ideas and comments are now under close consideration and are being used to assist the development of the draft Bill. It is anticipated that an amended draft Bill will go before Parliament in the second half of 2008.

Funeral directors information standards

The *Fair Trading Act 1987* was amended in June 2007 to allow for an information standard for funeral directors. The draft Fair Trading Amendment (Funeral Goods and Services) Regulation 2008 was released for public consultation in April 2008. Under the proposals, funeral directors will be required to itemise costs of products and services to make it easier for consumers to compare services and prices when arranging a funeral. An industry and consumer awareness campaign will be conducted as part of the implementation of the information standard, which is expected to come into effect in late 2008.

Other reviews

Throughout the year Fair Trading also conducted reviews in the areas of community land management, holiday parks, information on public registers, and cooperative housing and Starr-Bowkett Societies.

Commerce objective

- Community able to access information and services

Corporate performance

Result	Result indicator	03/04	04/05	05/06	06/07	07/08	Target	Comment
Community able to access information and services	% of public who know where to go to get help	73%	73%	70%	66%	63%	65-70%	Close to target. Fair Trading is working on a communication strategy to increase awareness.

Service Group	Performance Measure	03/04	04/04	05/06	06/07	07/08	Target	Comment
Information for consumers and traders	Customer satisfaction meets or exceeds the benchmark	89%	87%	90%	90%	85%	≥90%	Below target. This will be kept under review in the current reporting period.
	Community take-up rate: average number of services requested per 1000 people in NSW	509	557	653	734	797	Est.700	Estimate exceeded
	% accuracy of information provided	99%	83%	93%	89%	90%	≥95%	The target was increased in 07/08 from 90% to 95%
	% complaints finalised within 30 days	95%	90%	95%	96%	96%	≥80%	Target exceeded
	% complaints resolved to satisfaction of both parties	67%	74%	81%	85%	87%	≥70%	Target exceeded
	% of telephone enquiries answered where published standards met	80%	81%	79%	83%	90%	≥85%	Target exceeded
Business licensing and	% of licensing and	100%	100%	100%	100%	100%	100%	Target met

Service Group	Performance Measure	03/04	04/04	05/06	06/07	07/08	Target	Comment
registration services	registration services where published standards are met							
Rental bonds custody	% of bond refunds where published standards met	100%	100%	100%	100%	100%	100%	Target met
Tribunal services	% of Consumer Trader and Tenancy Tribunal matters finalised prior to or at first hearing	78%	77%	77%	78%	77%	75%	Target met

Fair Trading Information Centre

The Fair Trading Information Centre (FTIC) is one of Fair Trading's main front line services, dealing with approximately one million customer telephone enquiries each year and providing a single, convenient point of access to the Office of Fair Trading. The FTIC handles enquiries across a range of services and provides great flexibility that allows us to respond swiftly to issues arising in the marketplace. In 2007/08, the FTIC facilitated a number of hotlines at short notice to assist the public of New South Wales with particular issues. In February 2008, the FTIC managed the 'Hail Storm Hotline', which was established to take calls from distressed homeowners affected by storm damage, as well as from tradespeople willing to assist with property repairs. It also managed calls and recorded relevant information relating to the Bindeez poison toy ban and recall, and the Beechwood homes collapse.

Information programs

During 2007/08, Fair Trading delivered 966 information sessions, talks and seminars attended by 29,986 people throughout the State. These covered a range of topics for real estate and property agents, self-managing landlords, tenants, licensed builders, members of incorporated associations, senior citizens, youth and high school students, business people and consumers, including culturally and linguistically diverse and indigenous communities.

Fair Trading Week

Each November Fair Trading runs a special week-long promotion to focus attention on topical consumer issues and to engage the community through a mix of promotional, educational and media events across the State. The theme for Fair Trading Week 2007 was "Did you get what you paid for?" During the week a range of consumer and trader issues were promoted, with a strong emphasis on shopping, warranties, refunds and repairs. Around 85 separate events were held across NSW to raise awareness of these issues. A full program of events was listed on Fair Trading's website. During Fair Trading Week 5,000 fridge magnets with attached shopping list pads that carried a consumer message were distributed. Staff volunteered to distribute the material to letter-boxes in their own suburbs. Fair Trading Centres across the State held open days and other activities during Fair Trading Week, providing consumers and businesses with the opportunity to meet local staff and receive information. Fair Trading delivered a variety of information sessions and seminars, including "Savvy Seniors", "Scam Smart", "REVVED UP", "Money Stuff!" and business seminars.

Fraud Fortnight

Fair Trading is part of a taskforce comprising 19 Commonwealth, State and New Zealand regulatory agencies with consumer protection responsibilities relating to fraud and scams. The taskforce ran a national consumer campaign from 24 February to 8 March 2008 called "Fraud Fortnight". The campaign raised awareness about deceptive and seductive scams and the SCAMwatch website through government, media, and private sector and community partners. The campaign was the most coordinated and extensive to date and included a national advertising campaign, distribution of a range of promotional material and an online scams survey.

Your Home, Your Car, Your Money

The audio CD *Your home, your car, your money* is consumer information for those with a print disability. The CD was launched in April 2008 during Seniors Week. Audio tracks from the CD can be downloaded and listened to from audio links on Fair Trading's website. A radio campaign to promote the CD was run in May 2008 on Radio 2RPH (Radio for the Print Handicapped of NSW), and Fair Trading received a highly commended award for the CD in Vision Australia's 'Making A Difference Awards' in 2008.

Beechwood Homes

When the Beechwood Homes group of companies collapsed in May 2008, Fair Trading took immediate action to identify and contact consumers who had signed contracts with Beechwood to advise them of their rights. Approximately 360 consumers had construction contracts and over 500 others had paid for pre-contract work to be carried out.

Commerce objective

- Compliance with fair trading laws

Corporate performance

Result	Result indicator	03/04	04/05	05/06	06/07	07/08	Target	Comment
Compliance with fair trading laws	% of consumers confident in fair operation of marketplace	70%	71%	69%	73%	79%	68-74%	Above target

Service Group	Performance Measure	03/04	04/05	05/06	06/07	07/08	Target	Comment
Compliance	% inspections where compliance evident	96%	96%	97%	98%	98%	≥90%	Above target
	Proportion of prosecutions successful	91%	94%	86%	95%	92%	≥90%	Above target

Inspection programs

The first line of defence in fair trading compliance is a state-wide inspection program. During the year, Fair Trading inspectors carried out more than 28,000 inspections throughout New South Wales. These focused on real estate agents, builders and other tradespeople, travel agents, motor dealers and

repairers, auto dismantlers, second-hand dealers, pawnbrokers, product safety. Inspectors also checked the weight of packaged items at supermarkets and other retail outlets, and the measurement of liquor dispensing units and glassware at licensed premises and petrol, gas and LPG fuel pumps. The larger programs involved 2,492 general product and electrical appliance safety inspections, 1,446 building industry inspections and 6,719 trade measurement inspections. In the home building area, operations "Hard-hat", "Wedge", "AirCon", "Phoenix" and "Owner Builder" involved targeted visits to over 2,000 sites and interviews with 1,971 traders. Resulting fines for a range of offences totalled more than \$903,000.

Enforcement action

Offences against fair trading legislation are detected through inspections, intelligence gathering and as a consequence of formal complaint investigations. During the year, more than 641 defendants were issued with penalty notices in relation to 948 offences - resulting in financial penalties of more than \$796,800. Formal prosecutions, where 92 per cent of cases were successful, resulted in \$1.26 million in fines and penalties involving 107 defendants.

Children's toys

Lead in toys is a serious concern at both state and national levels. In NSW a permanent ban on the sale of toys containing lead has been in force since January 2008. This permanent ban will remain until the Commonwealth completes a review and introduces a suitable mandatory safety standard. Leading distributors of children's toys worldwide recalled a number of toys over the past year as they contained higher than acceptable lead levels. In September 2007, an interim ban was imposed on the supply of children's toys that have accessible materials with a lead migration level greater than 90 mg/kg. Since the interim ban, Fair Trading has been actively monitoring the market and has independently tested 50 toys in accordance with the testing procedures specified in the Australian/New Zealand Standards.

Four Australian children were affected and hospitalised after ingesting Bindeez beads. Tests found that they contained 1,4-Butanediol, which metabolises in the body into a type of liquid ecstasy. Fair Trading imposed an interim ban on Bindeez products on 6 November 2007, followed by a full national recall. The product was withdrawn internationally, with safety regulators in the United Kingdom, United States and New Zealand pursuing recalls. On 18 December 2007, a permanent ban became effective on the supply of toys that include Bindeez Beads containing 1,4-Butanediol.

Office of Industrial Relations

Commerce Goal 4: Fair and productive workplaces

Developing a new national industrial system

Throughout 2007/08, the major focus of the Office of Industrial Relations (the OIR) was to advise the NSW Government on the development of a national industrial relations system.

The commencement of the Work Choices legislation in March 2006 had brought extensive change to the coverage of the New South Wales industrial relations system, and adjustments to the OIR's activities and policies continued to be made during the reporting year. The reporting year saw the issue of industrial relations rise to prominence in a vigorously contested political environment. The possibility of a change of government at the federal election on 24 November 2007 brought with it the possibility of a new relationship between the State and the Commonwealth on this issue and it became crucial to plan for such an eventuality.

In August 2007, the New South Wales Government established an inquiry into options for a new national industrial relations system. The inquiry was headed by eminent constitutional expert Professor George Williams, the Anthony Mason Professor and Director of the Gilbert and Tobin Centre of Public Law at the University of New South Wales. In November, Professor Williams delivered a report advising the New South Wales Government on how a fair and harmonised national industrial

relations system that appropriately balances the interests of employees and employers could be put in place, in partnership between the Commonwealth and New South Wales.

The OIR played an important role in supporting the work of Professor Williams, providing research and policy input as well as secretariat services.

Since the change of government at the federal level, there have been extensive discussions between the Commonwealth and the States and Territories about the creation of a new national industrial relations system. The Workplace Relations Ministers Council (WRMC) meeting on 1 February 2008 endorsed the creation of a high level officers group to undertake these discussions. The OIR has provided officers to participate in the four formal meetings of this group that took place during the reporting year, as well as providing support for the two WRMC meetings that took place during that time.

Inspecting NSW workplaces

The OIR undertakes the largest targeted workplace compliance program of its type in Australia. In 2007/08, its program increased by 13 per cent in order to match the New South Wales Government's commitment for 50,000 workplace inspections over a four-year period.

Five hundred targeted workplace campaigns focused on non-compliance hot spots in the retail, hospitality and related industries. In excess of 13,000 workplaces investigations were undertaken, covering approximately 45,000 workers. Inspectors identified 10,730 breaches of industrial relations legislation committed by 3,150 employers, including over 1,800 employers underpaying workers.

Compliance campaigns are proving to be an effective and efficient way to assist large numbers of employers and employees to understand their employment rights and responsibilities. The compliance program also returned approximately \$4 million of back-pay to workers.

Assisting small businesses and regional employers

During 2007/08, the OIR delivered a comprehensive range of seminars for small businesses, comprised of 153 workshops (67 in the Sydney metropolitan area and 86 in regional New South Wales) on workplace issues and legislative changes. These were attended by 2,168 employers. An additional 28 presentations were delivered on request to business enterprise centres, community organisations and employers, covering topics ranging from industrial relations in New South Wales, specific award workshops and employee management training. Over 750 participants took part in these presentations.

Building community relationships

The OIR continued to assist people from culturally and linguistically diverse communities to better understand their rights in the workplace through improved access to the agency's resources and services. In addition to participating in 20 community and business events, 220 presentations were delivered to over 5,400 attendees providing information on workplace rights and responsibilities, together with presentations on specific New South Wales awards to TAFE students. Strong partnerships with youth, education and community organisations continued to be maintained this year.

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

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

Online and telephone advice to employers and employees

Activity on the OIR's website remains high with 2.79 million visitors to the site during 2007/08. Nearly 50,000 people used *Check Your Pay*, an online application that allows users to calculate wages and entitlements.

The Young People at Work website (www.youngpeopleatwork.nsw.gov.au) continues to provide practical support to young people looking for their first job. The website offers information to reflect the work cycle – looking for work, getting a job and leaving the job, as well as information about assistance available from the OIR, particularly in relation to the child employment laws. The website attracted over 66,000 visitors during the year.

Pay Rate Updates, the free OIR email update service that notifies subscribers of changes to NSW private sector awards, also showed significant growth. Subscribers to Pay Rate Updates increased by ten per cent over this year to nearly 99,000 users.

To ensure that employers are able to display relevant awards in their workplace, the OIR continued to provide the full text of major New South Wales private sector awards for free download through its website. During 2007/08, 237,000 awards were downloaded.

OIR launched two new online services to further assist New South Wales employers and employees.

News Feeds (often called RSS feeds) allows subscribers to see when websites have added new content without having to visit the website each time. The OIR added the News Feeds facility to 130 state awards, providing automatic updates of new award information.

The OIR's *My IR rules* ABN look-up tool assists employers and employees to determine whether they are covered by the state or federal industrial relations system. The tool searches a supplied business name or ABN number and provides information on the scheme that should apply to the searched entity.

During the year, the OIR's information service received 177,000 telephone calls from employers and employees seeking about information on pay rates and employment conditions. A further 5,000 email enquiries were handled by the service during the year.

2007/08 Performance indicators

Corporate performance

Service Group	Indicator/Measure	06/07 Actual	07/08 Target	07/08 Actual	Comments	08/09 Target
Fair Marketplace regulation with minimal red tape	% employers and employees confident in fair operation of NSW Industrial Relations system	76 %	70 %	76%	Achieved	70 %
	100% Compliance with Regulatory Impact Statements, Competition Policy Principles, and frameworks required by Better Regulation Office	100 %	100 %	n/a	No proposals during the reference period	100 %
Accessible information and help for employers and employees	Office of Industrial Relations client satisfaction meets or exceeds benchmark	90%	85 %	97 %	Achieved	85 %
	% of employers who know where to get help for the services offered	33 %	30 %	54 %	Achieved	30 %
	% of employees who know where to	27 %	27 %	27 %	Achieved	25 %

Service Group	Indicator/Measure	06/07 Actual	07/08 Target	07/08 Actual	Comments	08/09 Target
	get help for the services offered					
Compliance with regulations	% of non-compliant employers who comply or are prosecuted within six months after being notified they don't comply	87 %	85 %	87 %	Achieved	85 %
Best practise employment advice	Complaint resolution rate	66%	60 %	69 %	Achieved	60 %
	% of employers satisfied with Office of Industrial Relations advisory services	95%	95 %	96 %	Achieved	95 %
Policy Development, Regulatory Review and Industrial Liaison	% policy advice and analysis developed to Director General's satisfaction	98%	95 %	99 %	Achieved	95 %
	% of briefings made available to Government on relevant IR issues.	96%	95 %	95 %	Achieved	95 %
Employer/Employee Workplace Information and Advisory Services (including electronic services)	% client assessment that OIR public information provided is accurate	90 %	80 %	88 %	Achieved	80 %
	% of enquiries and complaints satisfactorily resolved within targeted timeframes.	92 %	85 %	89 %	Achieved	85 %
	% of enquiries accessing OIR through online systems.	93 %	90 %	95 %	Achieved	90 %
Inspection and Investigation, Compliance and Enforcement (including prosecution)	% of workplaces complying with NSW industrial relations laws.	62 %	60 %	60 %	Achieved	60%
	% of employers investigated who are subject to NSW industrial relations laws.	86 %	85 %	81 %	Not achieved due to Work Choices laws	85 %

Government Chief Information Office

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

Commerce Goal 2 – Simplify processes for dealing with government

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

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

NSW Government CIO Executive Council

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

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

CIOEC members 2007/08

- Government Chief Information Office
- Department of Commerce
- Businesslink
- Department of Health
- Department of Education and Training
- Railcorp
- Roads and Traffic Authority
- NSW Police
- NSW Fire Brigades
- Attorney General's Department
- Department of Housing
- Department of Lands
- Office of State Revenue
- Department of Corrective Services
- Department of Ageing, Disability & Home Care
- Department of Community Services
- Department of Environment and Climate Change
- NSW Treasury
- Department of Premier and Cabinet

People First - NSW Government ICT Strategic Plan

People First established the framework for a coordinated government-wide approach to ICT planning, expenditure and allocation of resources that will deliver significantly through savings, costs avoided and associated benefits by 2010.

The strategy was simplified into eight programs covering radio networks, broadband telecommunications, data centre rationalisation, human resources and finance system rationalisation, collaborative information strategy, desktop environment, better front line services to the public and a licensing service used by many agencies.

Better government access

A new single toll-free NSW Government telephone number for contacting government was created, and will be made available to the public on 1 July 2008.

Government broadband service

The NSW Government broadband service provided cost-effective and high capacity broadband services to around 1,300 government offices in 24 NSW regional centres.

The service improved Government online service delivery in the following areas:

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

Wireless broadband project

In 2006/07, the NSW Government undertook an extensive Expression of Interest process to gauge private sector interest in providing a free wireless broadband network in several New South Wales CBDs.

As a result of the expression of interest the market made it clear that it did not believe the delivery of free wireless broadband was practical for the Government for technical and financial reasons. The Government decided not to proceed with this project at this time. The process was concluded on 1 May 2008.

Government radio network

The NSW Fire Brigades, the State Emergency Services, the Rural Fire Service, the Ambulance Service of NSW and 36 other agencies rely on the Government radio network (GRN) for their radio dispatching. The GRN covers approximately one third of New South Wales. The network is extremely resilient and consistently maintains a yearly availability of over 99 per cent.

A four-year long-term radio strategy program to digitise the network is nearing completion, which will enable the introduction of digital encryption, ensuring the highest level of security. Ten sites were built along the New South Wales South Coast and Kings Highway, and will be fully operational by December 2008. GCIO's role is to implement existing government policy by managing the delivery of an effective, efficient and reliable GRN service to support the 40 user agencies.

Government licensing service

New South Wales government agencies embraced a multi-channel licensing system that GCIO rolled out during the year. As a result of their acceptance the number of licences migrated to the new system increased from 90,000 to 1.2 million and the number of agency users rose from 40 to 810.

Major partners who use the system include the Office of Fair Trading, Department of Environment and Climate Change, Office of Liquor, Gaming and Racing and Department of Health.

Agency partners working with GCIO to rapidly increase public access in 2008/09 include the Department of Primary Industries (Fisheries) and NSW Maritime.

Visit www.licence.nsw.gov.au for transactions or to view a public register of licensees.

2007/08 Performance indicators

Service	Indicator/Measure	06/07 Actual	07/08 Target	07/08 Actual	Comments	08/09 Target
NSW Government Portal	Number of visits to NSW Government portal	2.6M	4M	3.1M	See below*	3.6M
	*The 07/08 target of 4M was based on the 06/07 visits of 4M. However, as a result of a technical error the 06/07 figure was incorrect and should have been 2.6M. The actual traffic in 07/08 was 3.1M which compared favourably to the true count.					
Government Radio Network	GRN Service coverage by population	75%	85%	85%		Over the next two years the GRN is being upgraded so there is no proposal to extend the coverage of service until 2010
	GRN Service coverage by geographical area	33%	33%	33%	.	Network will be consolidated and technology upgrade before further expansion
Government Broadband Service	Number of agency sites using Government Broadband Service	1,050	1,300	1,300	Target sites operational	The GBS is being transitioned to the Government Telecommunications Agreement as part of People First

NSW Procurement

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

Commerce Goal 2 – Simplify processes for dealing with government

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

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

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

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

In 2007/08, NSW Procurement reviewed all existing contracts (both state contracts and client specific) to identify opportunities for aggregation or more efficient procurement solutions. For example, under the new aggregation model it plans to consolidate the current Waste Disposal (Contract 697), Collection of Paper, Cardboard, and Other Co-Mingled Recyclables (Contract 6034), and Secure Destruction Services (Contract 6083) into a new waste services contract.

Other examples of where aggregation principles were applied included food service, office supplies, contingent work force, and the new Government Telecommunications Agreement. Alternative procurement solutions were also developed for the new motor vehicles and electricity contracts which are expected to deliver significant savings. These contracts are in various stages of development, request for tender or tender evaluation and should be progressively released to government agencies in 2008/09.

Cost savings

In 2007/08 NSW Procurement revised its methodology to report only cost savings for whole-of-government state contracts, savings for duplicated efforts and process efficiency savings from eProcurement. *The revised savings figures reflect increased procurement capability within NSW government agencies to implement better procurement practices and thereby drive savings. This is in line with the objectives of Agency Accreditation Scheme for goods and services procurement. The focus of the reported savings will increasingly be on the direct rate savings realised by agencies through purchasing under state contracts within a given period.

In 2007/08 NSW Procurement delivered \$416 million of estimated cost avoidance savings, made up of \$330 million from the use of state contracts, administrative cost savings of \$40 million and process efficiency savings of \$46 million from eProcurement. State Contracts Control Board contract savings estimates have been independently verified.

* The methodology previously used to estimate cost savings to government agencies was based on procurement expenditure that agencies would incur in absence of a whole-of-government procurement function.

Strategic sourcing services

Strategic sourcing takes a holistic approach to procurement and aligns procurement activities to the agency business needs and operating environments, thereby achieving sustainable cost benefits. Strategic sourcing is a well established and proven method for managing large-scale, medium-to-long-term procurement activities. It has been adopted as standard practice by numerous public and private organisations in Australia and internationally.

NSW Procurement has integrated the tool-sets and processes into the standard operating procedures and successfully deployed these methods in the establishment and management of State purchase contracts.

Strategic Sourcing Services supports the wider implementation of strategic sourcing processes within government to deliver enhanced procurement solutions and better value-for-money outcomes.

The data driven and analytical planning approaches taken include agency sourcing profile, expenditure analysis, needs analysis, opportunity analysis, process mapping, procurement operations improvement and 'back office' audit processes.

In 2007/08, strategic sourcing methodology was further developed and was applied across major whole-of-government contracts (e.g. food, pharmaceuticals, contingent workforce, workplace supplies procurement projects). NSW Procurement has now embedded the strategic sourcing method practice in its whole-of-government procurement processes.

NSW procurement reforms

Premier's Memorandum 2006 –11, which was released in July 2006, sought NSW procurement reform in three key areas:

- all agencies are required to use the state contracts
- electronic procurement
- Agency Accreditation Scheme

These reform initiatives were established to deliver substantial savings to government, to get better value for agencies from procurement and build on government's investment in procurement systems and capability. NSW Procurement was made responsible for implementing the procurement reforms.

All major agencies were required to implement electronic procurement of their goods and services by June 2007. *smartbuy*® was the Government's default electronic procurement system. Responsibility for the implementation of *smartbuy*® and NSW eTendering under PM 2006 –11 lies with individual agencies.

Agencies can lodge their Requests for Tender documentation and available tenders through www.tenders.nsw.gov.au.

State contracts

In 2007/08, expenditure through State Contracts Control Board contracts was \$3.64 billion. NSW Procurement has implemented a new client services business model to promote the use of state contracts to agencies.

eProcurement services

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

eTendering

NSW eTendering, a complete electronic tendering process that is standard for all government organisations, grew by 178 per cent on the last year. In 2007/08, 3,281 government tenders were published on the eTendering system, compared to 1,841 tenders in 2006/07.

Forty agencies had implemented NSW eTendering as their eSourcing solution of choice by the end of the reporting year.

smartbuy®

In 2007/08 the use of *smartbuy®* increased significantly. Orders valued at \$359 million were placed (up from \$224 million in 2006/07). More than 67,000 purchase orders were placed through the system, compared to 44,000 in 2006/07.

By 30 June 2008, seven agencies had implemented *smartbuy®* as their eProcurement solution of choice and four others had commenced discussions.

Agency Accreditation Scheme, Goods and Services

The Agency Accreditation Scheme for goods and services procurement is intended to lift procurement capability across agencies. The Scheme avoids duplication in government systems and resources through better leverage of government purchasing, better visibility of spend, better co-ordination of procurement activity and systems and better compliance with State Contracts. The Agency Accreditation Scheme for goods and services procurement is to apply to all agencies other than State-owned corporations. The Scheme will be administered by the SCCB and is based on agencies' assessed procurement capabilities.

The Agency Accreditation Scheme for Goods and Services procurement was further developed in 2007/08. The scheme is being refined to reduce red tape for agencies and industry.

State contracts for goods and services

NSW Procurement went to the market as a single buyer to obtain the best possible whole-of-government price for goods and services. For example, the following contracts:

Food Contract (C801)

The contract covers a range of food products and provides savings of up to 35 per cent in some categories and up to an average of six per cent on grocery bills. It is expected to yield an annual saving of \$5.5 million. Eight catalogues were established in *smartbuy®* with user-friendly descriptions to support search and browse.

The contract also provides access to more than 22 suppliers and approximately 4,500 products, which are sourced from a wide range of regional and metropolitan providers. All suppliers covered by the contract are Hazard Analysis Critical Control Protocol certified and as a result, production and delivery of food products meets safety standards. As a general rule, the contract provides for free in-store delivery five days a week for metropolitan areas and two days a week for regional areas.

The food contract commenced on 1 April 2008 and expires on 31 March 2011.

Pharmaceuticals Contract (C902)

In August 2007, the SCCB renewed the pharmaceuticals contract with the aim of delivering savings estimated at \$10.2 million a year. The contract offers reduced pricing through sole supplier arrangement and bundled offers are available on drugs with the same generic name. The contract provides significant cost savings, which can be realised after further price reductions become available when drugs patent restrictions expire.

A single contract price applies across all NSW Health facilities and there are no single purchase agreements for drugs covered under this agreement. The contract covers all forms of drugs and

provides greater flexibility to doctors when prescribing medication to suit patient needs. Preference was given for blister packs and shatterproof plastic bottles as part of patient safety and waste reduction initiatives.

The pharmaceuticals contract commenced on 1 August 2007 and expires on 31 July 2009.

ICT Services Accreditation Scheme

After a strategic review in October 2007 of contracts that covered various types of ICT services, a new approach was developed. This is based on a single gateway via which government ICT project managers can engage accredited ICT service providers. A simplified accreditation process will make it easier for small to medium enterprises to have access to government business and an online portal will provide project managers with ready access to information about vendor capability, performance and project experience.

Applications for accreditation were sought from the market during June 2008 and the scheme is expected to begin in the latter half of 2008.

NSW Government procurement system for construction

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

GC21 construction contract

The New South Wales government construction agencies, including Commerce, developed the New South Wales Government General Conditions of Contract for Design and Construction, GC21. This contract form enables government to take a more uniform approach in its contractual dealings with the construction industry. In 2007/08, GC21 contracts procured through Commerce were valued at \$735 million.

Contractor Best Practice Accreditation Scheme

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

In October 2007, the Contractor Prequalification Scheme and the Contractor Best Practice Accreditation Scheme were integrated into a new scheme. The new Scheme, which expires on 31 December 2010, further streamlines processes and makes it simpler for suppliers.

Consultant prequalification schemes

A new-generation consultant prequalification scheme for construction-related services was developed for implementation in July 2008.

In February 2008, applications began for another new consultant prequalification scheme, Expert Panel – Performance Reviews and Management Consultancy. More than 100 applications were received and 92 consultants prequalified to provide expert services to the Department of Premier and Cabinet and other NSW government agencies.

Integrated performance management system

The integrated performance management system incorporates updated contractor, consultant and project manager performance reporting and new stakeholder performance reports. The reports now include fields to capture data on Aboriginal participation in construction and dispute resolution. In 2007/08, the system continued to be used by clients and project managers to support performance management of suppliers in construction projects and construction-related consultancies.

Provision of financial assessment services

In 2007/08, there were no insolvencies for Commerce prequalified contractors engaged in construction works.

A total of 1,400 contractor financial assessment reviews were completed for procurement of construction and goods and services valued at around \$4.5 billion. This was an increase from 1,330 assessments in 2006/07.

Dispute resolution advice and facilitation

In 2007/08 Policy Support Services offered dispute resolution advice and facilitation for a diverse range of projects and agencies. Contract management advice was provided in response to approximately 250 separate enquiries. Around half of the enquiries related to providing advice in respect of contractual disagreements and the rest concerned contractual advice to prevent disputes.

Procurement Certification Training

In 2007/08, NSW Procurement delivered 27 procurement courses and development programs to 740 participants to improve the procurement skills of staff in NSW government agencies.

The aim of the Procurement Certification Training Program is to improve the procurement capability throughout New South Wales Government, providing a nationally recognised foundation and leading to tertiary and postgraduate qualifications. In April 2008, TAFE NSW assessed the training program against the PSP04 competencies and determined it was the equivalent of vocational training for the Advanced Diploma of Government (Strategic Procurement). Successful students receive sufficient recognition to help them complete TAFE vocational training for an Advanced Diploma of Government (Strategic Procurement). In addition, the training program was accredited by the Chartered Institute of Purchasing and Supply (CIPS) in June 2008. Successful students are able to obtain CIPS level 4 accreditation on the way to achieving full member status of the Chartered Institute of Purchasing and Supply.

2007/08 Performance indicators

Corporate performance

Service	Indicator/Measure	06/07 Actual	07/08 Target	07/08 Actual	Comment	08/09 Target
State contracts	\$ spend transacted through State Contracts Control Board contracts for goods and services	3.6B	3.9B	3.64B*		3.9B
Electronic procurement	\$ value of <i>smartbuy</i> [®] purchase orders	224M	500M	359M		500M
	No. of purchase orders on <i>smartbuy</i> [®]	44K	113K	67K		113K

Service	Indicator/Measure	06/07 Actual	07/08 Target	07/08 Actual	Comment	08/09 Target
	No of tenders published online	1,841	3,000	3,281		3,000
Procurement Certification Training	No of training courses	28	25	27		30
NSW Government procurement system for construction	Average performance score of "Best Practice" accredited contractors for capital works.	72.8	70	73.8		70
	% Commerce pre-qualified contractors insolvencies compared to all contractor insolvencies in the whole of the non-residential construction industry	0	0.5	0		0.4

* Includes \$213.8 Million spent by NSW agencies through the Government Telecommunications agreement (DITM 2000-01) previously established by the Department of Information Technology and Management.

StateFleet

Winning the NSW Health tender

In 2007/08, StateFleet was selected to supply fleet management services to NSW Health. A competitive tender was called and evaluated by Deloitte Consulting. The contract offers:

- lease/asset management
- servicing and repairs
- vehicle commissioning
- supply of Fuel Cards
- monthly fuel billing
- disposal of motor vehicles.

As a part of the fleet management service StateFleet will also provide additional services such as access to an online vehicle pool booking system, fleet infringement management facility reporting, accident management and e-toll management.

StateFleet is delivering an extensive range of operational, management and financial benefits that will add value to NSW Health fleet operations. The anticipated benefits are fleet optimisation and reduction in number of vehicles, optimising vehicle selection taking into account environmental and safety ratings, whole-of-life cost comparisons and 'value for money' summary reporting to optimise acquisition decisions.

The Contract Implementation Program including staff training for employees of each Area Health Service was completed. Implementation of SmartPool has commenced and will continue into the next year.

Environment

StateFleet remains at the forefront of vehicle related environment issues by providing policy advice to the Department of Premier and Cabinet and through representation on various government committees and panels.

StateFleet managed the Cleaner NSW Government Fleet Initiative on behalf of New South Wales Government and represented Commerce on a number of Cleaner Air committees.

StateFleet continued to be the lead agency in the Cleaner Government Fleet Program under which all agencies with a fleet size of over 100 vehicles submit an annual fleet improvement plan to StateFleet.

Notable achievements during the year included:

- the NSW Government Cleaner Fleet initiative set targets for an overall environmental performance score (EPS) for the NSW Government fleet. The EPS for NSW fleet progressed from 9.55 in July 2005 to 10.82 in July 2007 to 11.45 as at June 2008.
- the Cleaner Fleet initiative recommends that the NSW fleet has one per cent of its passenger fleet as hybrid technology vehicles and further recommends the removal of V8 powered vehicles from the NSW motor vehicle contracts, except for special purposes. This target was exceeded for 2007/08 with 1.8 per cent of NSW Government passenger fleet comprised of hybrid vehicles.

Safety

StateFleet worked with the NSW Centre for Road Safety, the Roads and Traffic Authority and NSW Procurement during 2007/08 to ensure that the new contract for the supply of motor vehicles to the New South Wales Government included vehicle selection criteria that met high levels of safety standards for different vehicle categories.

2007/08 Performance indicators

Service Group	Indicator/Measure	06/07 Actual	07/08 target	07/08 actual	Comment	Target 08/09
State Fleet	Government average fleet "environment performance score" target met.	10.82	12	11.45	This score would have been higher if the Federal Department of Transport and Administrative Services had not retrograded all EPS for vehicles at 1 January 2006	Not yet announced
	Average resale values within +/- 10% of set residual value.	1%	+/-10 %	-2.2%	Achieved	+/- 5%

Office of Public Works and Services

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

The Office of Public Works and Services designs, plans, conserves, maintains and manages construction of public infrastructure throughout New South Wales. Units within Public Works and Services provide these services in a wide range of areas, often working cooperatively to pool skills and provide greater economies.

Education

Public Works and Services, through its network of offices, continued to provide project management expertise to the NSW Department of Education and Training (DET). Public Works and Services completed and handed over 52 major capital school projects, providing new halls, libraries, administration buildings, specialist high school classrooms, pre-school refurbishments and trade schools valued at \$132 million as well as six TAFE projects valued at \$29 million. It also project managed \$57 million of minor capital works, providing new ramps, lifts, security fences, toilet upgrades, gas heaters, air-conditioning and in ground fibro program for schools.

Public Works and Services assisted the Department of Education and Training to meet the New South Wales Government's Building Better Schools Programs commitment by constructing additional halls, gyms, trade schools, upgrading high school kitchens and laboratories, toilet upgrades, security fences, electrical upgrades and upgrading lighting in high schools. \$17 million was spent in the 2007/08 financial year.

The Government Architect's Office managed the design and documentation work of new capital works for primary and high school buildings, additions and alterations for projects totalling approximately \$50 million over the last year, as well as an enhancement programme including multiple projects from \$1.5 to \$2.5 million, such as primary school halls and canteens, and high school gymnasiums.

Environmentally sustainable principles including orientation, appropriate thermal mass and water harvesting were applied to projects.

In addition a science laboratory upgrade program, with a total value of \$17 million, was delivered across New South Wales as a program of works that allowed for major efficiencies to be realised. Further planning is underway for another \$10 million of works to be delivered.

Health

Project Management provided project management services for 72 projects for NSW Health across the State with a total project value of \$314 million. Many of these projects were in regional and rural areas, including:

- the opening of new cancer care facilities at Coffs Harbour and Port Macquarie, and a similar \$27 million project at Lismore completed an integrated network providing radiotherapy, chemotherapy and breast screening services for the state's North Coast region
- the \$12 million Tweed Heads Hospital education, breast screening and medical ward facility was completed as a priority government commitment to increase service availability in the region
- seven new mental health facilities continue to be developed with Public Works and Services as project director. These include units at Shellharbour, Sutherland, Coffs Harbour and Newcastle hospitals as well as a 14 bed specialist older unit at Wollongong. A 12-bed mental health unit at Port Macquarie was completed in mid 2007.

The Government Architect's Office electromedical group assisted NSW Health to save more than \$15.2 million by bulk buying electromedical equipment, such as CT scanners, through its whole of government period contract system. A new Interventional Neurological Angiography X-Ray Suite was handed over to Westmead Hospital in June 2008.

Water

Public Works and Services again made significant contributions to management and design of water infrastructure and conservation of the state's water resources.

Water savings

In 2007/08, the Water Savings Section of the Government Architect's Office completed 74 audits identifying recommended savings of 3,707 kL/day or 1,353 ML/annum. Savings averaged 33 per cent of historical usage. Long-term monitoring was installed on approximately 65 sites to assist with water management and identify the success of water saving initiatives.

NSW Water Solutions is a centre of excellence within government, providing investigation, design and technical advice about water (including wastewater and stormwater), infrastructure, data and the environment to state and local government.

As a centre of excellence in the water and natural resources sectors, in 2007/08 NSW Water Solutions advanced its capabilities in such innovative technologies as water reuse and recycling, flow systems analysis, membrane technology, desalination, fluoridation, risk assessment, fishways, contamination, hydrometric monitoring and responses to climate change.

The drought has concentrated attention on water supply and quality, water conservation, drought management and related environmental issues. NSW Water Solutions has been involved in projects contributing to more efficient and sensitive use of the State's water resources:

- Warragamba Dam Deep Water Access Project: investigation and design
- pumping stations at Warragamba and Prospect dams: investigation, design and testing
- Nepean borefield: investigation and design
- Goulburn Emergency Pipeline: options study
- Mardi Dam: investigation and design of dam raising and pump stations
- Living Murray Projects: fishways, Darling Anabranch Upgrade and wetland projects
- Tillegra Dam: NSW Water Solutions was competitively selected as dam designer and is underway with investigation and design work. This new 450,000ML dam project in the Hunter Valley is a Government commitment to drought proof the Hunter and Central Coast Regions.
- Water supply and sewerage projects: 30 water supply and 56 sewerage projects.
- Manly Hydraulics Laboratory's water monitoring network provides the water, irrigation and natural resource agencies with quality and timely data to effectively manage their water resources and environmental risks.

NSW Water Solutions undertakes about 1,000 projects each year. This year some of the most significant were:

Dams and civil technologies

- dam projects at: Tallowa, Yass, Bootawa, Clarrie Hall and Shannon Creek
- major fishways on eight locks;
- Koondrook Perricoota Forest Regeneration
- contamination assessments and advice for more than 50 government sites
- specialist environmental assessments and advice for some 46 individual projects.

Water and wastewater technologies

- audit study of water and sewerage schemes for 67 Aboriginal communities and development of cost estimates for system operation and maintenance and backlog maintenance to form the basis of a Government funding program aimed at ensuring satisfactory levels of service
- water services projects for Sydney Catchment Authority: Nepean borefield; Warragamba and Prospect pump stations; options for Shoalhaven Transfer System; upgrading of Upper Canal Transfer System; and chlorination systems designs
- water supply designs at: Eurobodalla, Gosford-Wyong, Muswellbrook, Wingecarribee, Bega
- strategic water management studies and advice on planning, best practice and total asset management
- sewerage projects at: Evans Head, Lithgow, Walcha, Gunning, Crookwell, Conjola, Batemans Bay, Bathurst, Bungendore, Parkes, Young, Cowra, Bundanoon and Braidwood

Justice

Project Management provides program and project management for a \$540 million program of works for the Department of Corrective Services. In 2007/08, the Tabulam Second Chance Facility and the final stages of the Mid Western Correctional Centre at Wellington were handed over.

Project Management is providing project management services for the \$297 million, 1,000 inmate beds project, consisting of three major projects, including a new 500 bed centre at Nowra, an extension to the Cessnock Correctional Centre and asset maintenance contracts worth \$16.7 million.

These projects are the largest of fifteen construction projects to provide employment opportunities for 100 Aboriginal people, particularly those within the Shoalhaven local government area. The target groups include:

- opportunities for apprenticeship and cadetships for people wishing to enter the industry
- use of local and regional subcontractors and suppliers
- the engagement and involvement of the local Aboriginal community.

The projects directly contribute to priorities of reduced rates of crime, particularly violent crime, reduced re-offending and reduced levels of anti-social behaviour.

NSW Maritime Capital Works Program

In 2007/08, Public Works and Services handed over the \$17 million upgrade of the Manly Wharf project, the \$1.3 million structural repair and upgrade at Taronga Zoo Wharf, the \$1.8 million demolition of the Blackwattle Bay wharf and the \$100,000 demolition of the old Rose Bay wharf. Public Works and Services also assisted with the design and investigation of several periodic maintenance projects including the upgrade to essential services and electrical upgrades.

Heritage

Centenary Stonework Program

Project Management is responsible for the Minister's Centenary Stonework Program, which funds conservation of the stone exteriors of the State's significant heritage buildings and monuments. Projects funded during 2007/08 included Government House, Sydney and Royal Prince Alfred hospitals, Sydney Observatory, Darlinghurst Court House, Darlinghurst Fire Station, Paddington Public School and Fort Denison. The Program provided \$4.73 million of funding in 2007/08 and recipient agencies funded a further \$1 million.

Sydney Observatory

The Heritage group in the Government Architect's Office completed a major five-year program of stonework conservation at the Sydney Observatory in time for its 150th birthday celebrations, as well as new works including a domed telescope pavilion and substantial archaeological investigation of the site.

Fort Denison

A major program of works with the National Parks & Wildlife Service to conserve the prominent stone ramparts of Fort Denison in Sydney Harbour.

The Rocks

The Government Architect's Office Heritage Group worked with the Sydney Harbour Foreshore Authority to assess and repair many of the Authority's properties in The Rocks.

ANZAC Memorial

The Heritage Group developed a concept plan for a major new education and interpretation facility to complement the significant Memorial building in Hyde Park South. General approvals in principle for the proposed underground complex next to the memorial were obtained from relevant heritage and other authorities.

Environment

Energy management - lighting upgrades in schools

One of the highlights of the Government's Building Better Schools Program is the funding to replace existing inefficient lighting with new energy-efficient lighting in up to 150 NSW schools over four years. Approximately 4,400 luminaries were upgraded or replaced in 2007/08. Following the upgrade, average classroom illuminance increased by up to 50 per cent while the total energy consumed by the five schools is expected to reduce by approximately 15 per cent. This is equivalent to 200 tonnes of greenhouse gas emissions per year, achieving savings estimated at up to \$30,000. Commerce is providing technical and project management of the program for the Department of Education and Training.

Carbon neutral, Architects Registration Board

The Government Architect's Office undertook a commission for the Architects Registration Board to help it become carbon neutral in all its activities and operations. The Board adopted the study as a template for small consultancy practices wanting to reduce their carbon footprint, and is also running an industry pilot program based on the Government Architect's Office methodology. The study represented an important partnership between government and industry to achieve positive environmental outcomes across New South Wales.

Garie Beach Surf Life Saving Club

Project Management managed the delivery of the Garie Beach Surf Life Saving Club for the National Parks and Wildlife Service. This remote site, nestled into the Royal National Park, presented particular challenges - the harsh marine environment, absence of mains power and water supply and a limited sewerage system. Environmentally sustainable design principles were expressed in the building detail. The project also featured sustainable solar and waste disposal systems. The \$3.8 million project was designed by the Government Architect's Office and recently won three awards from the Master Builders Association.

Darling Anabranh Project

The Darling Anabranh Project, with a total budget of approximately \$54 million, seeks to save some 47,000 megalitres of water per year and return a degraded river environment to a more natural ephemeral system in three stages. Stage 1, completed in December 2007, consisted of the construction of a 317 km pipeline, pump stations and associated farm works. Stage 2, due for completion in mid 2009, consists of modifying and removing in-stream structures to allow the free passage of environmental flows. Project Management is responsible for project and construction management, design and construction documentation, surveying, geotechnical investigation and environmental documentation and for project management of Stage 3 that consists of reinstating an adaptively managed environmental flow regime.

Housing and accommodation

Department of Ageing, Disability and Home Care

As the Department of Ageing, Disability and Home Care's (DADHC) program grows, the services provided by Public Works and Services have increased. Project Management has provided services in program management, project management, facilities management and survey and design services for DADHC's:

- Group Homes and Respite Centre program (\$34 million)
- Large Residential Centre program (\$87 million)
- "Non Government Operator" grants program (\$5million)
- Office Accommodation program (\$5 million)
- Large Residential Centres maintenance program (\$5 million)
- Lachlan Large Residential Centre design and documentation.
- Commonwealth-funded Home Care programs
- asset assessment and management system improvements.

Government accommodation

Public Works and Services project managed the delivery of the Government Service Centre at Queanbeyan which was completed on time and on budget in June 2008. The Queanbeyan Government Service Centre accommodates 321 employees from 11 government agencies over four levels. The building has a ground floor information resource centre which is a one-stop shop for government.

Public Works and Services is project managing the delivery of a new Government Service Centre at Penrith with handover scheduled for late 2008.

Government and Parliament House maintenance

Project Management managed the maintenance of both Government House and Parliament House buildings with funds of \$1.03 million and \$1.18 million respectively. Public Works and Services assisted Parliamentary Building Services to implement the first energy and water saving projects to "green" Parliament House, making the building a showcase of energy and water savings initiatives. Rainwater tanks were installed, to collect and harvest rainwater and a photovoltaic array (solar power) was installed on the building's roof.

Aboriginal Communities Development Program

Project Management provided program management services to support the Aboriginal Communities Development Program in delivering 220 new house constructions, 90 new house purchases, 688 house refurbishments, 321 emergency repairs, 1,240 people adequately housed, and 3,330 people

with improved housing in 22 priority communities. In addition, 79 water and sewerage projects were completed, to the benefit of more than 4,060 people. Seven projects are still in progress.

As a result of the Program, 15 Aboriginal building companies have been established, with 300 contracts let at a value of \$70 million. This has resulted in over 250 Aboriginal employees in Aboriginal building companies and also increased Aboriginal participation in other building companies. In addition, 22 Aboriginal people were trained in water and sewerage maintenance for 12 communities.

Safety in construction and maintenance

Construction contractors, that were engaged by Public Works and Services on behalf of its clients, including its own Heritage and Building Services Group, achieved a Lost Time Injury Frequency Ratio of 1.9 injuries for each million hours worked. This compared favourably with the NSW construction industry's performance of 16.7 injuries per million hours worked for 2006/07, the latest published figures.

Engineering emergency management

Under the State Disaster Plan, Commerce manages, coordinates and undertakes the specialist engineering services function on the State Emergency Management Committee.

In 2007/08, there were more major emergencies and events requiring significant engineering response than in the previous five years combined. The key ones were:

- recovery activities for the June 2007 Newcastle/Hunter Storm, which were ongoing in June 2008
- APEC planning and deployment to Emergency Operations Centre during the event
- assisting Department of Primary Industries with its response to the equine influenza outbreak
- Western Sydney hailstorms on 9 December 2007
- Lake Cargelligo water supply failure on 21 December 2007
- North Coast floods and storms of 6 January 2008
- Botany Road wall collapse of 6 March 2008.

Natural Disaster Relief Administration

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

In 2007/08, Project Management made available \$1,194,094 of financial assistance for works completed, consisting of 15 payments to 14 councils.

Facilities management

Asset management/maintenance

In 2007/08, the Facilities Management area assisted the Department of Education and Training to manage 19 asset maintenance contracts of \$124 million. Twelve of these contracts are in regional and country centres, creating employment opportunities for some 1,594 subcontractors and 3,944 people. The remaining nine contracts, in the Sydney metropolitan area, created employment opportunities for 251 contractors and 2,203 people.

Facilities Management administered twenty cleaning contracts and two facilities management contracts for the Riverina and Central Coast areas, for a total of \$258 million. The contracts included

maintenance, cleaning and waste disposal and provide services state wide to schools, TAFE colleges, police stations, courthouses and other government agencies' sites.

Government Architect's Office

The Australian and Korean War Memorial

The Government Architect's Office managed, on behalf of the Premier's Department, the selection and commissioning of a commemorative design for the Australian and Korean War Memorial. This involved developing a brief, organising a limited design competition and project managing the community consultation and delivery of the project scheduled for completion in 2009.

Landscape

The Meeting Place Precinct – The Government Architect's Office Landscape Group was the lead consultant in the development of a 16 hectare interpretive park known as the Meeting Place Precinct, the key visitor precinct at Botany Bay National Park at Kurnell. It was the place of first contact on the east coast in 1770 between indigenous Australians and the crew of James Cook's Endeavour. The park, which has a \$3 million construction budget, is due for completion in 2009.

Western Sydney Parklands - This 5,500 hectare site is the central open space corridor within the Sydney Basin linking the North West and South West growth centres. The Landscape Group was engaged to develop a master plan for the southern most precinct (498 hectares). The master plan incorporates community, destination and conservation parklands to cater for a diverse range of uses and activities and includes the incorporation of market gardens, recreational trails for mountain biking, horse riding and hiking. Habitat conservation and the development on a wildlife corridor is central to the development of the parklands.

McKell Prototype

The Government Architect's Office Public Buildings Group designed the 'New Generation Work Place' prototype which is currently being trialled on Level 18 and 22 of the McKell Building for potential roll-out throughout the McKell Building.

Data and natural resources technologies

- Department of Education and Training's (DET) School and TAFE Asset Data Program – hosting and maintenance of a continually updated survey database of DET schools and TAFE facilities that the Department of Education and Training can readily access for planning and asset management
- Sydney Harbour Foreshore Authority's Property and Asset Data Program – development, hosting and maintenance of a property and asset database that is readily accessible by Sydney Harbour Foreshore Authority for effective management of its estate
- Department of Ageing, Disability and Homecare's Property and Asset Data Project for Large Residential Centres - hosting and maintenance of a database of Large Residential Centre properties and built assets that is readily accessible for planning and asset management
- Department of Environment and Climate Change Environmental Water Data Monitoring Program – monitoring of rivers and the ocean for a range of purposes including mapping of environmental processes, design of infrastructure and coastal protection works, public safety and emergency planning and response
- Sydney Water's Sewer Monitoring Program – monitoring of sewer flows and rainfall to identify sewers subject to infiltration and consequently in need of rehabilitation or repair.

Awards

In 2007/08 Project Management and NSW Water Solutions worked together on three award winning projects

Award	Project	Comments
Institution of Engineers, Sydney Division, Engineering Excellence Award – Infrastructure Projects category	Warragamba Deep Water Recovery Project	Joint winners with Sydney Catchment Authority and Baulderstone Hornibrook
Institution of Engineers, Newcastle Division, Engineering Excellence Award – Innovation and Sustainability	Port Macquarie Reclaimed Water Scheme	Joint winners with Veolis Water Systems (Aust), Lahey Constructions, Hunter Water Australia and Water Wise NSW
Premier's Public Sector Gold Award – Environment for Living	Warragamba Dam Deep Water Access Project	Joint winners with Sydney Catchment Authority

Project Management was successful in both the Australian Institute of Project Management (AIPM) Awards and the Premier's Public Sector awards. For the fourth year in a row a Public Works and Services project manager won the AIPM National Project Manager of the Year Award.

Award	Project	Comments
AIPM National Project Manager of the Year Award	Neil Mudge – Project Manager, Warragamba Dam Deep Water Access project	
AIPM Project Management Achievement Award – Regional Development category	Darling – Anabranh Pipeline project	
Premier's Public Sector Gold Award – Delivering Locally category	North Coast Cancer Institute Integrated Cancer care Project	Joint winners with NSW Health and Ramsey Health Care

The Government Architect's Office won several awards, or received a highly commended, in 2007/08. The Government Architect's Office also worked with Project Management and NSW Water Solutions on the award-winning Warragamba Dam Deep Water Recovery project.

Award	Project
Strathfield Council Heritage Award in the commercial buildings category	Australian Catholic University
Energy Australia National Trust Heritage Award - Conservation Built Heritage for Project under \$1 million – Highly commended	The adaptation of the sandstone buildings of the former Plunkett Street School as the Sydney Distance Education High School
Energy Australia National Trust Heritage Award – Corporate /Government Conservation Projects	The Sydney Hospital Carvings Recording

Award	Project
category – Highly commended	
Master Builders Association NSW Excellence in Construction Award - Sporting Facilities up to \$5M	Garie Beach Surf Safety Centre at Royal National
Master Builders Association NSW Excellence in Construction Award - Environmental Management	Garie Beach Surf Safety Centre at Royal National
Master Builders Association NSW Excellence in Construction Award - Best Use of Timber	Garie Beach Surf Safety Centre at Royal National
Master Builders Association NSW Excellence in Construction Award - Public Buildings Category for projects up to \$5M	Muswellbrook Police Station

2007/08 Performance indicators

Service Group	Indicator/Measure	06/07 Actual	07/08 Target	07/08 Actual	Comments	Target 08/09
Office of Public Works and Services	% of projects managed by Public Works and Services completed on time.	88.67%	85%	91.5%	Achieved	85%
	% of projects managed by Public Works and Services completed within budget.	92.33%	85%	89.5%	Achieved	85%
	% of client satisfaction with asset solutions developed on behalf of client agencies.	87.56%	80%	88.5%	Achieved	80%
Project Management	Lost Time Injury Frequency Ratio score to be 20% better than industry on Commerce managed projects.	-82%	-20% better than industry	-20%	Industry benchmark is 21.3 lost time injuries per million hours worked. Workcover NSW Statistical Bulletin Achieved	-20% better than industry
	% of business case outcomes accepted by client.	100 %	95 %	Nil undertaken this year		95 %

Service Group	Indicator/Measure	06/07 Actual	07/08 Target	07/08 Actual	Comments	Target 08/09
	% of business cases that pass through the Gateway and Budget Committee	No business cases undertaken in previous year	95 %	Nil undertaken this year		95%
	% of DET asset costs compared to other jurisdictions.	13 %	5 %	19%	Achieved	5%
	% Objectives of Minister's stone program met.	100 %	100 %	100%	Achieved	100 %
Government Architect's Office	Cost savings in \$millions to Government and non-profit organisations using electricity contract C777	\$27M	\$11M	\$68M	Achieved This high saving is due to the volatility of the electricity market during 2007-08 (\$62M at end of May 2008)	\$20M actual savings will depend on the volatility of electricity prices during 08/09
	Water savings identified in Megalitres per day	1691ML	1450ML	1288ML	Results slightly below target due to staff shortages	1500ML
	Number of expert design reviews undertaken for government agencies.	37	20	60	Achieved	20
	Number of hits on the building Price Index (BPI) website.	7158	6600	4324	Number of visits to website down but subscription has remained stable	6600

Service Group	Indicator/Measure	06/07 Actual	07/08 Target	07/08 Actual	Comments	Target 08/09
NSW Water Solutions	% of required environmental data successfully captured by MHL for state natural resource management agencies and for storm/flood/estuary events.	93.1 %	90 %	96%	Achieved	90 %
Facilities Management	Achieve a reduction in workers compensation costs in Government Cleaning Contract as evidenced by reductions in the WorkCover Industry Classification rate	12.5%	16.23% (WIC benchmark)	11.27	Achieved	11%

Strategic Communications and Government Advertising

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

Commerce Goal 2 – Simplify processes for dealing with government

Strategic Communications and Government Advertising provides strategic advice in the planning and implementation of government communications, advertising, publishing and information services.

Co-ordination of NSW Government advertising

The Department of Commerce co-ordinates and oversees the planning of NSW Government advertising. The NSW Government advertising guidelines establish a clear set of principles and procedures to be observed by all government agencies.

New advertising campaigns with a total budget of \$50,000 or more are subject to a peer review process managed by Commerce, which provides agencies with an informed and independent assessment of the campaign's robustness. During the year, 21 campaigns were submitted for peer review, resulting in improved and more effective strategies.

Examples of improvements to advertising activities following the peer review recommendations include consideration of alternative media options, increased use of internal Government communication channels as well as improved inter-agency consultation and cross-promotion of key messages. Opportunities for cost savings have also been identified through amended evaluation approaches and revised advertising timelines.

NSW Government advertising activity

Strategic Communications and Government Advertising assisted government agencies plan and implement public information and awareness advertising projects for government. These included the continuation of the Roads and Traffic Authority's (RTA's) programs on road safety, speeding and drink driving, the rapid dissemination of information during the equine influenza outbreak and the highly effective melanoma advertising and integrated anti-tobacco programs developed by the Cancer Institute NSW, which have helped drive down the NSW smoking rate from 24 per cent to a new low of under 18 per cent in the last ten years.

The RTA's award winning 'Pinkie' campaign has increased awareness of the dangers of speeding among young male drivers and has been one of Government's most successful advertising campaigns to date. The overall awareness levels and worldwide media coverage created by this advertisement are an outstanding testament to the success of the campaign.

Research has shown that three quarters of young drivers that have seen the "Pinkie" commercials agreed that the advertisement would encourage them to slow down. Analysis carried out before and after the campaign has also shown a significant increase in the likelihood of young drivers to obey the speed limit when driving with passengers.

Media cost management

Utilising a centralised contract, TV, radio and other media is bought through one of Australia's largest media buying agencies. Annual negotiations on advertising rates are conducted directly with the major media groups to ensure both price and service benefits.

In 2007/08, \$116.3 million was processed through the Master Media and Placement Contracts, including \$34.3 million on non-campaign advertising (public notices and recruitment advertising).

By purchasing all media through one central contract, an estimated \$53 million in savings were achieved against the standard market rate.

Advertising activity of over \$2 million in value during the period:

■ Cancer prevention	\$15.4 million
■ NSW Lotteries	\$19.2 million
■ RTA road safety	\$12.1 million
■ Tourism	\$9.1 million
■ Workcover	\$3.3 million
■ Water Conservation	\$3.4 million

Recruitment advertising services

In 2007/08, Strategic Communications and Government Advertising handled 10,087 recruitment advertisements for more than 100 government agencies.

2007/08 Performance indicators

Service	Indicator/Measure	06/07 Actual	07/08 Target	07/08 Actual	Comment	08/09 Target
Aggregation of media buy	Estimated \$ savings to government achieved through the Master Media and Placement contracts compared to market media rates	\$44M	\$46M	\$53M	\$ Savings are realised through negotiated discounts off media rates and are directly related to the volume of activity	\$44M
jobs.nsw	Number of visits to jobs.nsw site	3.2M	3.0M	3.1M		3.2M
	Number of on-line job applications lodged	71K	79k	74k		79k

Improved internal performance

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

Corporate procurement

Corporate Procurement Strategy Unit supports Commerce business units with strategic guidance on procurement issues including policies, data analysis, sourcing strategies and process improvement.

The Strategic Sourcing Project, which analyses expenditure and identifies specific expenditure categories, continued throughout 2007/08. Specific attention was given to Commerce's use of the NSW Government travel contract, resulting in a 30 per cent reduction in the annualised cost of air travel.

A major focus of the Unit in 2007/08 was consolidating the use of the SAP enterprise resource planning (ERP) system and related systems, including *smartbuy*®. This resulted in a threefold increase in the use of electronic purchase orders as well as greater control over the initiation and approval of transactions, process efficiencies and improved accuracy of data. The enhanced use of the ERP system assists the ongoing analysis of Commerce's expenditure and targeting of strategic sourcing opportunities. The discipline of using purchase orders to initiate purchases will reduce the risk of leakage of expenditure from contracted suppliers and generate further process efficiencies.

Motor vehicle management

Commerce reduced its fleet size by 1.7 per cent from 558 vehicles in July 2007 to 549 vehicles in June 2008. This was a further improvement on the 6.8 per cent fleet reduction achieved in 2006/07. Total increases in fuel costs were contained to 2.9 per cent, while total lease costs decreased by seven per cent. Overall, fleet running costs decreased by 4.2 per cent. This was achieved by continued improved fleet management, particularly in the appropriate selection of fuel efficient vehicle types and models.

Average annual kilometres travelled per passenger vehicle remained at approximately 20,000 kilometres.

In 2008/09, Commerce will review the fleet profile of replacement vehicles, particularly the replacement of six cylinder vehicles with either four cylinder vehicles or vehicles with a higher environmental performance score.

Voice communications

During 2007/08, Commerce trialed a new mobile phone to better support service delivery in regional and remote areas in NSW. The trial was successful and Commerce has now implemented the phone as standard, which will improve mobile phone coverage in many regional areas.

In late 2007, Commerce committed to fixed and mobile voice carriage agreements under the new Government Telecommunication Agreements. As a result, it is expected that there will be average savings of approximately 17 per cent on carriage services for 2008/09 and onwards. Savings have already been realised because of this initiative.

Commerce property portfolio

During 2007/08, the management of Commerce's property portfolio achieved savings of \$1.5 million a year by co-location of services and termination of leases without replacement, or replacing the leases with downsized premises.

Co-location initiatives at McKell Building reduced the number of leases in Sydney CBD. The proposed co-location of Sydney Region services and Heritage and Building Services at 2 Burbank Place, Baulkham Hills resulted in the termination of a lease in Hornsby and will terminate a lease of over 2,000 square metres in Bankstown.

The former QStores site at 47-49 Bourke Road, Alexandria was sold for more than \$16 million and settled in July 2007. The former Property Valuation Office at 86 Gipps Street, Bega was sold for \$420,000 in October 2007. The former Motor Vehicle Repair Industry Authority (MVRIA) site at 239 Great North Road, Five Dock was passed in at public auction on 26 June 2008.

Information services

Information Services continued initiatives from the previous year to increase cost effectiveness and efficiencies in managing the corporate information assets.

These initiatives included:

- continuing to work with the Commerce Libraries and Information Network Group
- supporting the Information Management Program on a range of projects to improve information management and controls, information sharing and collaboration
- planning for digital record keeping
- scanning historical collection of annual reports for publication on the Internet
- developing strategies to address records storage issues
- completing migration of architectural drawings metadata from a legacy system into a records management system and developing a graphic user interface search application
- commencing migration of Intranet content into a new content management system.

Information technology

A range of technology-related improvements for the new *internal* ServiceFirst IT clients and business units was implemented during 2007/08:

- implementation of a single and updated content management system to service the Commerce Intranet
- improved personal computer (PC) support responsiveness and efficiency, including remote support and unattended software installation, through completion of the PC standard operating environment
- improved functionality and reduced costs for printing, copying, scanning and faxing through the continued rollout of multifunction imaging devices
- project management through the information and communications technology program management office, which was established to ensure successful execution of the diverse range of ICT projects, including improved project reporting to the Board
- completion of the Virtualisation Project, which consolidated 26 physical servers and 30 web applications, hosted on a platform of four physical servers running a virtualisation layer, which enables more effective use of server infrastructure, thereby reducing Commerce's resource consumption
- commencement of the Data Centre Consolidation project, in which six data centres will be decommissioned to be replaced with a single facility. This project offers improved reliability and resilience for applications, which support Commerce business units and members of the public. Since commencement of the project in January 2008, the new production data centre has been fitted out with full hosting and communications infrastructure in readiness for migration of servers and applications from July 2008
- development and piloting of an integrated identity management solution which extracts information from various authoritative sources for re-use in other applications and enables the passing of information between systems, password synchronisation and a single telephone directory for all staff

- redevelopment of public facing web sites in line with the Department of Premier and Cabinet website style guide, which aims for consistency across government web sites for easier public access.

ServiceFirst IT, introduced a range of technology-related improvements for *external* clients and business units, including:

- redevelopment of major business applications to meet key New South Wales Government reform initiatives for native vegetation, water management, planning and corporate services.
- provision of best practice project management frameworks for the development of effective IT business solutions in partnership with client agencies and external providers
- establishment of a technical environment for the introduction of an electronic document and records management system across multiple external clients
- transfer of over 1,000 Telstra CDMA mobile phone services to Next G
- migration of over 100 telecommunication data links to Government Broadband Services
- establishment of multimedia conferencing facilities through the use of Message Stick
- installation of Voice over Internet Protocol for Corporate Shared Services employees across NSW
- implementation of a state-wide service support model utilising the Infra Service Desk solution and VoIP based Call Management system
- deployment of Local Area Network infrastructure upgrades to enable 1GB to the desktop and Power over Ethernet capability to 90 per cent of 80 sites and improved performance
- upgrade of the Identity Management system to synchronise user account details between differing identity platforms
- implementation of blade and virtualisation technology solutions to support rapid, low cost server deployments and reduced infrastructure costs for sharing development and test infrastructure resources
- upgrade of products for improved desktop and server management including system imaging and patch management.

Environmental sustainability

During 2007/08, a range of IT initiatives contributed to improving Commerce's environmental sustainability. These included:

- continuing to encourage and educate Commerce staff to reduce energy consumption from ICT equipment in each business unit, for instance by shutting down personal computers at the end of each day
- the replacement of ageing PCs and imaging devices at end of life with newer more energy efficient models
- optimising power saving settings, including the automated "sleep mode"
- continued rollout of imaging devices with standard resource consumption optimisation settings such as double-sided printing
- reducing the size of Commerce ICT assets fleets, including personal computers, imaging devices and servers, thereby reducing energy and resource consumption.

Enterprise resource planning

Following on from the successful completion of the enterprise resource planning (ERP) program in 2006/07, Commerce:

- fully decommissioned the legacy Mincom Information Management System system

- successfully upgraded the Commerce ERP system, version ECC6 to the latest SAP Support Pack level
- successfully upgraded the Commerce Client ERP system (formerly CSS ERP system) from version 4.6b to version ECC6
- commenced a technical review of the performance of the contracts functionality within the ERP system
- reviewed the ERP hardware landscape to improve both the performance and response times of the ERP system and the disaster avoidance/disaster recovery capabilities.

Commerce also began implementation of the governance, risk and compliance module of the ERP system. It is working closely with the Government Chief Information Office be recognised as the 'domain expert' within their knowledge resource centre and to help implement this audit tool across other government agencies.

Information security

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

Additional initiatives included:

- successful introduction of an additional layer dedicated to protect email services by filtering SPAM and preventing email storm attacks (denial of service attacks)
- replacement of Commerce's web content filtering with a product allowing improved protection and superior customisation.

Information security initiatives to support the new ServiceFirst IT and further the integration process included:

- the upgrade of departmental firewalls to reduce exposure to security risk
- implementation of compliance monitoring and reporting software for critical servers consistent with ISO27001 standards
- diversion of emails via the Commerce network for improved and consistent SPAM filtering
- migration of the anti-virus platform
- deployment of a management appliance to monitor vulnerabilities on critical servers.

Security/business continuity planning

Revision of business continuity management for Commerce ICT infrastructure continued, including the development of business continuity policy and guidelines and procedures.

Additionally, in November 2007, ServiceFirst (specifically at Bligh House and Governor Macquarie Tower) underwent a triannual information security surveillance audit and certification applying to a range of corporate services provided to external clients. This confirmed compliance with the requirements of AS/NZS 2700:2005 Specification for Information Security Management Systems.

Energy and environment

Waste Reduction and Purchasing Plan

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

Commerce has continued to apply WRAPP principles in its procurement and operational activities. Specific priorities and results were:

- the use of recycled paper increased from 68 per cent to 93 per cent in 2007/08
- 450 mixed devices were replaced by 160 multi-function devices as part of the multi-function replacement program
- the devices that were disposed of were recycled where possible,
- the new multi-function devices are recyclable at their end of life.

General consumption of paper was reduced by approximately 58 per cent* due to:

- introduction of online purchasing
- introduction of online applications and approvals for Human resource (e.g. higher duty applications and leave applications)
- use of double-sided (duplex) printing and copying as a default in all the new multi-function devices throughout Commerce.

In support of sector wide WRAPP initiatives, NSW Procurement instituted steps to incorporate WRAPP principles in Requests for Tenders for State Contracts Control Board and include them in the tender evaluation process.

* Adjusted as 2006/07 figures only recorded for six months.

Energy management

Commerce has a corporate Energy Management Plan and is committed to savings in energy usage and sustained energy management principles, in accordance with the Government Energy Management Policy.

Progress towards these goals included the following:

1. Commerce expanded the number of sites that purchase electricity in the contestable market through a change in the contractual arrangements.

During 2007/08, Commerce worked towards ensuring smaller sites were included in the contracts for contestable purchases of electricity and began to move all appropriate smaller sites to the contract. The small site contract also includes the purchase of six per cent renewable energy. Additionally, Commerce leases offices that are part of the State Property Authority, which also purchases electricity in the contestable market.

2. The purchase of electricity in the contestable market lowered costs and achieved a reduction of greenhouse gas emissions by purchasing a percentage of green power.

Commerce's total energy consumption for 2007/08 was 63,710 gigajoules of energy, for Commerce-occupied buildings, a reduction of two per cent compared to 2006/07 revised consumption. This included over 818,524 kWh of green energy. The energy consumption in Commerce tenancies and buildings equates to total emissions of 13,621 tonnes of CO₂, a reduction of two per cent compared to 2006/07 revised emissions. The cost of the building energy was \$ \$1,735,300, also a decrease of two per cent over 2006/07 revised costs.*

3. In May 2004, the NSW Premier issued a Memorandum titled 'Greenhouse Performance of Office Buildings and Rental Properties', which set out policy and targets for all Government agencies to measure and improve the greenhouse performance of government office buildings. Accordingly, Commerce arranged to obtain an accredited assessment under the National Australian Built Environment Rating System (NABERS) and Australian Buildings Greenhouse Rating (ABGR) for all of its tenancies greater than 1,000m². Commerce participated in "Switch Off" Campaign and implemented a "Switch Me Off" initiative to reduce energy consumption and CO₂ emission. An improvement plan is being developed to further meet the targets set out for all Government agencies.

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

Fleet vehicles

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

The Cleaner NSW Government Fleet initiative requires all general government sector agencies to establish a Fleet Improvement Plan to meet specific targets for both noxious and greenhouse emission reductions. In 2006/07, StateFleet began reporting the use of ethanol/petrol blend and premium unleaded petrol to give agencies more data on their CO2 emission levels.

Commerce developed a fleet improvement plan to meet the targets set for all government agencies. The Commerce baseline average environmental performance score for improvement over the next three years is 9.6. The average Commerce environmental performance score improved from 10.2 to 10.6 out of 20 during 2007/08. Commerce's overall rating was below the 2007/08 target of 12/20 because of the operational requirement for commercial vehicles, including four-wheel drives, to provide services in regional and remote areas. Commerce is reviewing the fleet profile in respect of replacement vehicles to drive improvements in the environmental performance score.

The environmental performance score for Commerce's passenger vehicle fleet increased from 10.9 in July 2007 to 11.4 in June 2008. This decreased the total emissions made by Commerce vehicles and reduced fuel consumption.

*The environmental performance score is a measure out of 20 based equally on two factors, the vehicle's greenhouse rating and air pollution rating. The greenhouse rating is determined by the amount of carbon dioxide emitted, which is linked to amount of fuel consumed by the vehicle, and the type of fuel used. The air pollution rating is determined on the amount of air pollutant emissions including carbon monoxide, hydrocarbons and oxides of nitrogen. The higher the score the better the environmental performance.

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

Financial highlights

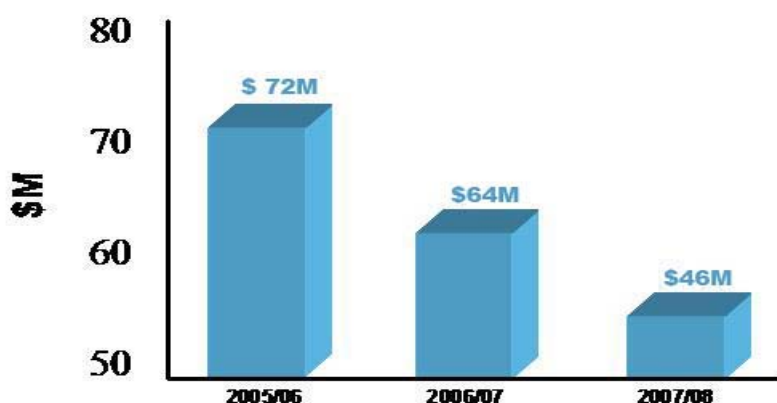
The Department of Commerce's Net Cost of Services for 2007/08 was \$88.3 million. This was \$26.2 million lower than the 2007/08 budget and \$47.8 million better than the 2006/07 actual result.

The improvement in Net Cost of Services compared to budget is mainly attributed to a positive variance of \$17.2 million in profit on sale StateFleet motor vehicles partly offset by loss on sale of other non-current assets. Another major factor contributing to the favourable variance is the higher than budgeted revenue from retained taxes, fees and fines of \$11.4 million mainly due to an increase of \$11.1 million in interest received from the Real Estate Agent's Trust Account.

The favourable variance in Net Cost of Services compared to the previous year is attributed to an improvement in operating results across the Department including better results from sale of StateFleet motor vehicles. Profit from sale of motor vehicles improved by \$19 million and other operating results by \$28.8 million compared to the previous year.

A number of items outside the ordinary operations of the Department are included in the Net Cost of Services and, when removed, highlight the underlying trend in the finances of the Department.

Underlying Net Cost of Services¹



This graph shows the movement in the underlying Net Cost of Services for the Department of Commerce. Net Cost of Services have improved from \$72 million in 2005/06 to \$46 million in 2007/08. This improvement is mainly due to lower employee related expenses and other operational efficiencies across the Department. This result was achieved while absorbing the 4% wage increases in 2006/07 and 2007/08.

Net Assets

The Net Assets of the Department of Commerce have increased from \$539 million in 2006/07 to \$579 million in 2007/08. This is mainly due to operating surplus of \$74 million, offset by transfer of funds to Treasury and other agencies of \$41 million.

The value of StateFleet motor vehicles held by the Department and disclosed within Plant and Equipment increased from \$524 million in 2006/07 to \$535 million in 2007/08. This increase in motor vehicles was funded by borrowings from TCorp in accordance with the fleet financing arrangements.

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