

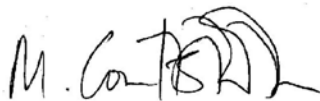
The Hon John Della Bosca MLC  
Special Minister of State  
Minister for Commerce  
Minister for Industrial Relations  
Assistant Treasurer  
Minister for the Central Coast  
Level 30 Governor Macquarie Tower  
1 Farrer Place  
SYDNEY NSW 2000

Dear Minister

I am pleased to submit the Annual Report for the NSW Department of Commerce for the year ended 30 June 2004 for presentation to Parliament.

The report has been prepared in accordance with the Annual Reports (Departments) Act 1985, the Public Finance and Audit Act 1983 and the regulations under those Acts.

Yours sincerely



Michael Coutts-Trotter  
**Director-General**

29/10/04

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# About Commerce

## **Who we are**

The Department of Commerce (Commerce) supports a climate that makes doing business in New South Wales simple and fair for all concerned and achieves best value for the New South Wales Government. We support the Government priorities of a stronger economy and a more efficient and economical public service.

## **What we do**

### **Fair marketplaces are supported by:**

- promoting fair regulatory frameworks
- maximising compliance with regulatory requirements
- making it easy for the community to access our information and consumer help.

### **Making New South Wales workplaces fair and productive for employers and employees is supported by:**

- promoting fair and responsive regulatory frameworks
- maximising compliance with the regulatory regime
- making it easy for employers and employees to access information and gain help.

### **Simple and transparent dealings with government is supported by:**

- establishing simple and effective contract forms and procurement systems
- providing easy access to government through information and technology interfaces.

### **Improved New South Wales Government performance is supported by:**

- providing effective information communication and technology solutions to New South Wales government agencies
- promoting efficient corporate services to New South Wales government agencies
- delivering value for money procurement of goods and services
- facilitating optimal alignment of agency assets with service delivery needs.

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## Message from the Director-General

2003/04 was a year of considerable change during which the Department of Commerce (Commerce) undertook a major review of its structure and services. The future of Commerce's service delivery is built around providing value to Government so every business unit has been reviewed as part of the Business Model Implementation process, which began in February 2004.

The process provided a structured approach for objectively assessing each service provided by Commerce. The results of the review will decide what services the department will provide and how to structure and manage them. The transition to our new business model will take 12 to 18 months.

During the past year Commerce has made internal arrangements to support the new department and to implement the Government's Corporate Services Reform agenda, resulting in significant savings in both recurrent expenditure and internal efficiencies. In comparing 2003/04's actual expenditure to budget, savings of 10.7 per cent have been achieved, with further savings anticipated in the next financial period.

During 2003/04, \$2.9 million was spent on adding digital capability to the 96 sites that make up the Government Radio Network, managed by Commerce's Office of Information and Communications Technology. Further digitisation of the network links and the Network Operations Control Centre will take place in 2004/05.

When this work is completed all emergency services agencies and the NSW Police will be able to inter-connect their radios and operate in an encrypted mode, providing increased security and resilience to the networks.

The Government Licensing System will replace over 40 licensing systems currently used by Government with a single integrated online licensing channel available to 19 agencies and 3.7 million licence and registration holders. This is one of the State's largest across-government computing initiatives, aimed at saving taxpayers more than \$70 million in technology infrastructure over the next 10 years.

The Office of Fair Trading provides services to a large number of New South Wales' 6.7 million people. In 2003/04, Fair Trading responded to more than four million requests from consumers.

There were almost three million enquiries about fair trading, business names, licensing, rental bonds and strata schemes, including over 1.3 million website enquiries and transactions. There were a further 600,000 business name and licensing transactions and 1.3 million REVS (Register of Encumbered Vehicles) checks.

Where consumers were unable to resolve problems with traders, Fair Trading assisted with negotiations. Of the 29,700 consumer complaints received during the year, we successfully resolved 67 per cent, offering a speedy result for consumers and helping cut government costs by reducing the load on the Consumer, Trader and Tenancy Tribunal.

The Grellman Report on Home Warranty Insurance was presented to the Government in September 2003. The Office of Fair Trading provided effective support to the Grellman Inquiry and oversaw the subsequent submission on the Inquiry's findings to the Government.

Following the Government's in-principle acceptance of the main Grellman recommendations, the Office worked closely with the building industry and insurers to implement those recommendations to enhance the transparency and accountability of insurers and improve access for builders to insurance.

In the past year, the Office of Government Procurement has been working closely with Treasury to support and manage the implementation and ongoing operation of Treasury's procurement reform agenda. This has included successfully streamlining procurement policy frameworks, guides, instruments and documents by over 50 per cent. In addition, we improved access to procurement information through integrated web services, as well as implementing and operating Treasury's better budget management schemes - Agency Accreditation and Gateway Reviews.

During the year, Office of Industrial Relations staff inspected over 12,000 workplaces, covering more than 45,000 workers. Inspectors worked with employers to lift overall workplace compliance levels from 17 percent to 57 percent with the remaining employers being the subject of enforcement activity. The Office of Industrial Relations is managing the Behind the Label initiative, a three year NSW Government strategy designed to address the circumstances that lead to poor employment conditions for clothing outworkers and promote an ethical clothing industry in NSW. The strategy assists outworkers to claim their legal entitlements, provides them with vocational educational opportunities to improve their circumstances and works with employers to raise awareness of their legal obligations.

Check your Pay is Australia's first online service for the calculation of wages and leave entitlements developed for an Australian award-based industrial relations system.

Check your Pay, was introduced in September 2003 and enables employers and employees to calculate wages and other entitlements to ensure that minimum employment standards are paid. The service continues to be well received and has been particularly popular with young people.

We project managed a significant number of capital works projects during 2003/04. This included the Department of Education and Training's state-wide schools program with new schools or major redevelopments at Banora Point High School, Bogangar Public School, Kellyville High School and the Northern Beaches College Freshwater Campus. Major facilities were constructed for the Department of Corrective Services at Kempsey and Windsor.

Commerce delivered the new Lithgow Government Office Building to house the State Debt Recovery Office and the Police Assistance Line. The Building was completed on time and within budget and has had a positive impact on the Lithgow community.

Regionally significant water supply and sewerage infrastructure was also handed over to local government clients, including Hastings District Water Supply, Tibooburra Water Supply and Goulburn Sewerage Stage 1.

The Government Architect's Office performed well over the year, exceeding all its financial targets and providing an excellent service to its many clients. A number of awards were won, particularly for environmental performance in public buildings. The office also co-ordinated NSW activities for the Year of the Built Environment, which has significantly raised awareness of design issues.

Commerce provides a full fleet leasing service designed to meet clients' particular fleet leasing or fleet management needs. During the past year, StateFleet achieved an above budget result of \$1.5 million and successfully implemented a new financing arrangement with Treasury and TCorp.

The Office of Government Business successfully project managed a world class, international drag-racing facility at Eastern Creek, Sydney. This project provides a motor sport venue able to cater for 700 drag racing competitors and 25,000 spectators, and has proven to be a great success both locally and nationally.

I wish to take this opportunity to thank all staff in Commerce for their dedication and tireless efforts, as they worked together to define the role of Commerce and its structure and functions.



Kate McKenzie

**Director-General**

## 2003/04 performance highlights

### Fair marketplace

- The Office of Fair Trading assisted with implementing the most significant reforms to the property industry in New South Wales for over 60 years. These took effect when the *Property Stock and Business Agents Act 2002* commenced on 1 September 2003.
- During the first two weeks of May 2004, over 70 Fair Trading inspectors conducted a state-wide compliance program of residential and unlicensed builders and tradespeople resulting in the detection of 461 unlicensed persons. The compliance program generated a 30 per cent increase in the number of licence applications being received.
- Fair Trading directly recovered or obtained Supreme Court Orders to recover more than \$2,000,000 in compensation payments to consumers.

Indicator	Target 03/04	Actual 03/04	04/05 Target
Community take-up rate: av # services requested per 1000 persons in NSW	506	509	511
% of legislation assessed to ensure it is needed/fair to both consumers/traders	100%	100%	100%
Proportion of prosecutions successful	>90%	91%	>90%
% of customers satisfied with overall quality of service	>90%	89%	>90%

### Fair and productive workplaces

- Check Your Pay, Australia's first online service for the calculation of wages and leave entitlements, was launched in September 2003. Employers and employees can use Check Your Pay to calculate wages and entitlements that apply under the most popular New South Wales awards.
- The Office of Industrial Relations in conjunction with the Ethical Clothing Trades Council developed the first long-term strategy to promote ethical practices in the industry. This campaign is part of the Behind the Label Project that encourages compliance and productivity through skill development of workers from the Chinese, Vietnamese, Korean, Cambodian and Lao communities.
- Industrial Relations inspectors continued a program of targeted compliance campaigns to promote compliance with New South Wales industrial laws, conducting 165 campaigns and almost 8,000 individual workplace inspections. A highlight was the city restaurant campaign in November 2003 that involved visits and delivery of information and education kits to almost 550 employers, and recovered \$130,000 for employees

Indicator	Target 03/04	Actual 03/04	04/05 Target
% policy advice and analysis developed to Director General's satisfaction	90%	98%	95%
% of enquiries and complaints satisfactorily resolved within targeted timeframes	85%	87%	90%
% of workplaces complying with NSW industrial relations laws	35%	57%	40%
% of inquiries accessing OIR through online systems	10%	37%	15%

### Simple, transparent dealings with government

- The Office of Information and Communications Technology commenced implementation of the *connectingbusiness* licensing system. This single, integrated licensing system will replace over 40 existing licensing systems used by Government and will save an estimated \$70 million in technology infrastructure over the next ten years.
- The smartbuy® electronic marketplace has been developed by Commerce for the New South Wales Government to accelerate the wider take up of electronic procurement. By June 2004 the smartbuy® catalogue included more than 90,000 items, over 7,500 users and more than \$8 million had been processed through the system.

Indicator	03/04	03/04	% increase
NSW Government portal - <a href="http://www.nsw.gov.au">www.nsw.gov.au</a> Number of page views	6,338,698	6,589,793	3.96 %
NSW Government portal - <a href="http://www.nsw.gov.au">www.nsw.gov.au</a> Number of unique visitors	1,591,498	1,816,857	14.16 %

### Improved New South Wales government performance

- During 2003/04 the Office of Information and Communications Technology coordinated the Government's request for proposals from industry to seek innovative, cost effective ways to address the growing need for broadband services, particularly in regional New South Wales areas.
- During the year, the Office of Information and Communications Technology managed the development of an inter-agency communications platform and client referral system for human services agencies as part of the Human Services Better Service Delivery program. The program will enable the New South Wales Government to deliver health, welfare and community services in a more coordinated and seamless manner.
- The NSW Agreement for Microsoft Software for whole of government was introduced. The benefits to customers included software upgrades at no extra cost and a facilitated implementation of a standard desktop environment within an organisation.
- The introduction of the Electronic Self Service (ESS) for human resources activities has seen improvements and benefits being delivered to clients. Following the introduction of the ESS technology, over 90 percent of all leave transactions are now processed electronically through the ESS.

Indicator	Target 03/04	Actual 03/04	04/05 Target
Client satisfaction	79%	80%	82%
Projects delivered on time	94%	95%	94%
Projects delivered on budget	95%	95%	95%
Total settlement \$ value of disputed claims against the total value of contracts compared to historical average (% %)	1.4	1.17	2.1
% and \$ savings to government achieved through the Commerce Master Media & Placement contracts compared to market rates	\$27M	\$31.6M	\$27M
Number of calls on the NSW Government Radio network	190,170,000	200,139,000	5.24 %

**Accountable internal use of public resources**

- During 2004 a Business Model Review was conducted in the department that defined the services that add value to government in the Offices of Government Business and Government Procurement.
- A shared corporate services unit was created in Commerce. The unit provides shared human resources, information and technology and financial services.

Indicator	Actual 03/04
% reduction of full time equivalent's in the shared corporate services unit	14%

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# The Commerce executive team

## **Kate McKenzie BA/LLB**

### **Director-General**

Prior to the establishment of Commerce, Kate McKenzie was the Director-General of the Department of Industrial Relations and the General Manager of WorkCover NSW. Kate was Deputy Director-General of the New South Wales Cabinet Office from 1993-2000. From 1988 to 1993, she also held the positions of Legal Officer and Policy Manager of the Legal Branch of The Cabinet Office.

## **David O'Connor AM, BA**

### **Deputy Director-General and Commissioner, Office of Fair Trading**

David O'Connor has worked in New South Wales government administration for over 40 years in agencies including the Department of Education, the State Pollution Control Commission and the Premier's Department. David was Director-General of the former Department of Fair Trading for six years.

## **Pat Manser BA (Hons), Dip Ed, Dip Soc Sci, Dip Labour Relations and Law**

### **Deputy Director-General, Office of Industrial Relations**

Pat Manser was appointed Deputy Director-General of the former Department of Industrial Relations in June 2001. She joined the Department in 1998 after working at the Australian Broadcasting Authority. Formerly, Pat worked for the New South Wales Board of Adult Education, taught business administration in TAFE and was a Research Editor for the Macquarie Dictionary.

## **Robert Wheeler BSc (Hons)**

### **Deputy Director-General, Office of Information and Communications Technology**

Robert Wheeler has been with the NSW Government in the area of Information Management and Technology since 1991. Robert has over 15 years experience in product development, sales and marketing management with a number of organisations including Bayer Australia, Comalco Ltd, Telecom and OTC.

## **Vincent Nair, BA Dip Comp Sc**

### **Group General Manager, Office of State Procurement**

Vincent Nair joined the Department of Commerce in October 2003. Prior to this, he was the Executive General Manager Supply Chain for Xerox Corporation and Managing Director Lucent Technologies responsible for the Supply Network Solutions Division. Vincent has also worked for Unisys Corporation as Director for the Asia Pacific market responsible for Services and Logistics.

## **Paul Hopkins**

### **Group General Manager, Government Procurement Services**

Paul has over 25 years experience in procurement management in Australia and overseas ranging from manufacturing, importing/exporting to services and government. Prior to his appointment to the Department of Commerce in 2003, Paul worked for a range of companies including BHP, Qantas, St George Bank, the Southern Sydney Region of Councils and PriceWaterhouseCoopers.

**Tony Collins BE (Civil)**

**Deputy Director-General, Office of Government Business**

Tony Collins was formerly the Group General Manager, Project Management Group in the former Department of Public Works and Services. Tony has also held management roles in the MetSouth Region, Operations Division, Project Services Branch and Project Management Services.

**Jane Wolfe BA MPA MBA**

**Director, Strategic Management and Corporate Support**

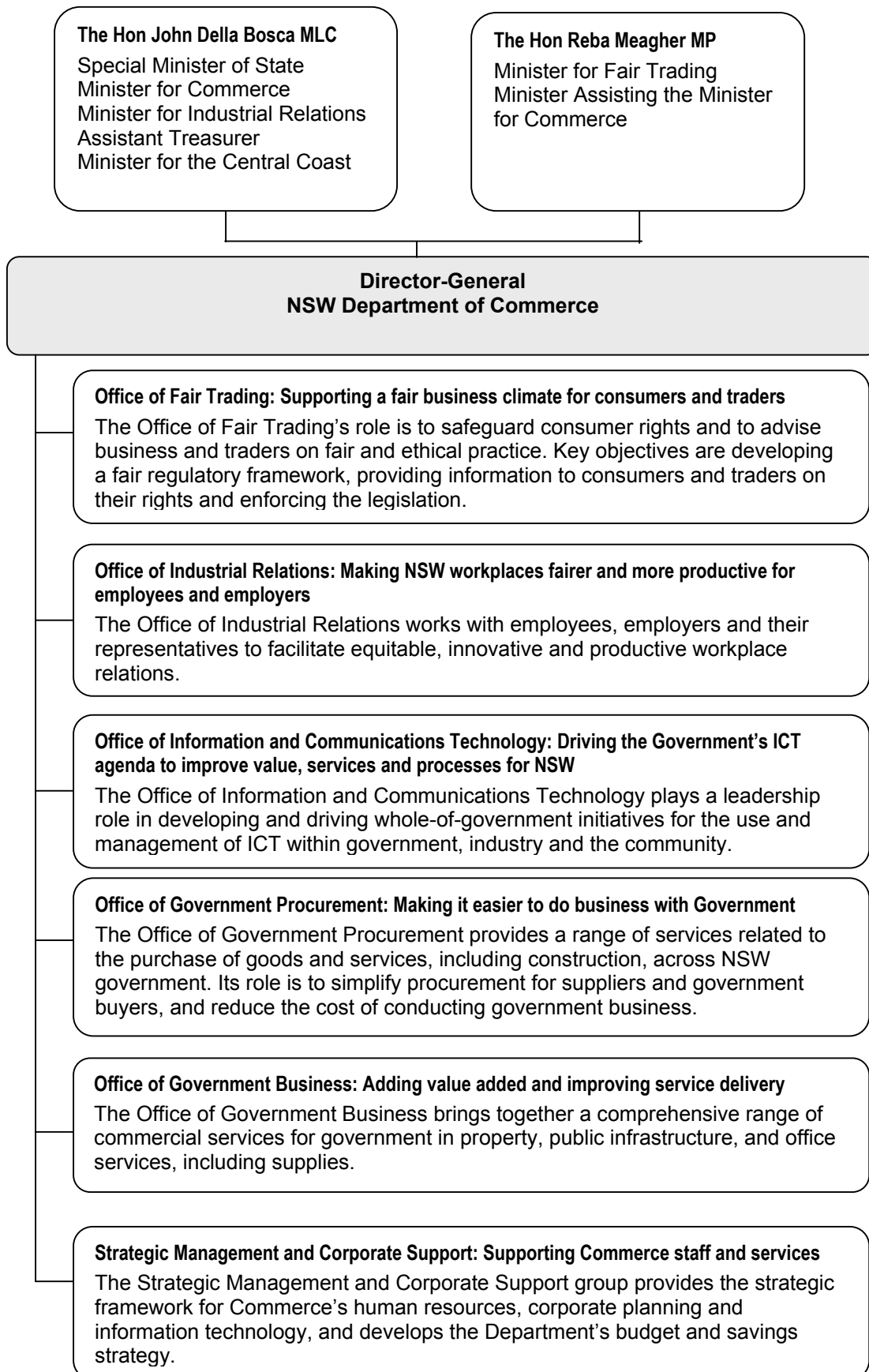
Jane Wolfe joined the public service in Canberra in 1979 and has worked at the State and Commonwealth levels in policy and commercialised businesses. Jane joined Commerce on its creation in April 2003 from the former Department of Public Works and Services. She has responsibility for the strategy setting, governance and internal support to the Department of Commerce.

**Alan Marsh B Bus MBA CPA**

**Executive Director, Project Reviews**

Alan Marsh joined the Department of Commerce in February 2004. He has over 26 years experience in government administration in agencies including Premier's Department, Olympic Coordination Authority, Public Works Department and as Chief Executive Officer Darling Harbour Authority. Alan has also worked for 8 years for non-government entities including Sydney Organising Committee for the Olympic Games (SOCOG) and a major facilities management company.

# Organisational structure



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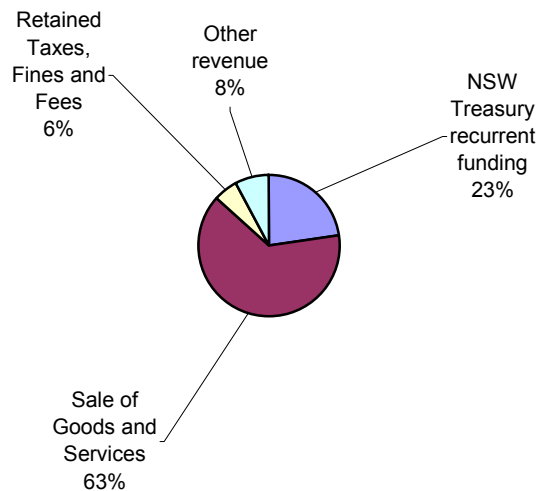
## How we operate

The NSW Department of Commerce comprises the Offices of Government Business and Procurement, Office of Fair Trading, Office of Industrial Relations, and Office of Information and Communications Technology. Commerce’s financial statements for 2003/04 are a consolidation of these offices and their controlled entities. Details of the financial performance and financial position of these are disclosed in the financial section of this report. The summary here represents the consolidated financial performance for the year ended 30 June 2004 and financial position as at 30 June 2004.

### Where the money comes from

During the year ended 30 June 2004, the Department of Commerce’s total revenue was \$756.3M. The main sources of revenue were the sale of goods and services of \$483.4M, NSW Treasury recurrent funding \$171.5M, retained taxes, fines and fees of \$41.9M. In addition, the Department earned other revenue of \$59.5M including a prepaid superannuation adjustment of \$30.3M.

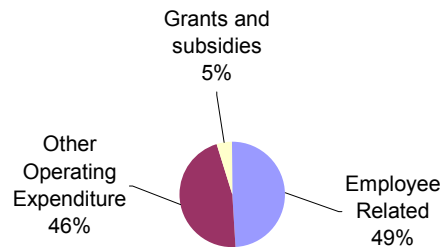
Sources of Revenue



### Where the money goes

The Department’s recurrent expenditure during the year was \$674.4M. Of this amount, \$328.4M was employment related expenditure, \$311M was for other operating expenditure including direct cost of sales and services of \$118.3M, and \$32.3M was for grants and subsidies.

Recurrent Expenditure



**Financial overview**

The Department's total assets as at 30 June 2004 was \$1,068M, an increase of \$310M compared to the previous year. Major increases are in property, plant and equipment, mainly due to an increase in State Fleet motor vehicles \$214.8M, cash \$51.7M, and other current assets \$28.3M. Total liabilities as at 30 June 2004 was \$611.6M, an increase of \$228.5M compared to 30 June 2003, mainly due to T-Corp borrowings of \$219.5M during the year for State Fleet motor vehicles. Equity increased by \$81.6M to \$456.5M, mainly due to the operating surplus after tax of \$75.9M and transfer of \$7.7M accumulated funds from the former Office of the Minister for Public Works and Services. In April 2003, as part of the administrative restructure, the Office of the Minister for Public Works and Services was abolished and all assets were transferred to the Department of Commerce.

**Financial Position**

