

LEGISLATIVE ASSEMBLY



# Public Bodies Review Committee

Report on the second review of annual reports

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Together with transcript of proceedings and minutes of meetings

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

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

Report on the second review of annual reports, Public Bodies Review Committee, Parliament NSW Legislative Assembly. [Sydney, NSW] : The Committee, 2010. 104 p. ; 30cm

Chair: Nick Lalich MP

November 2010

ISBN: 978-1-921686-21-4

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

352.38 (DDC22)

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## Terms of reference

The Standing Committee on Public Bodies was appointed on 20 June 2007 with the following terms of reference:

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

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

## Chair's foreword

I am pleased to table this second review of the annual reports of key agencies in New South Wales.

This year the Committee chose to focus on the reports of three large, complex agencies because of the particular challenges faced in reporting comprehensively and succinctly on several diverse functions. With the reorganisation of government agencies into 13 'super departments' from 1 July last year, these challenges are relevant to a greater part of the public sector than before.

The Committee selected the 2008-09 annual reports of the Department of Environment and Climate Change, the Department of Commerce and the Department of Primary Industries. All three no longer exist in the current form with their functions subsumed in new departments.

The Committee was particularly interested in learning what lessons about reporting could be learnt from the process of restructuring. During the review we asked about how corporate planning and reporting were integrated and we were pleased to see that senior officials are approaching these tasks with a high level of professionalism. The Committee notes that efforts are being made to develop benchmarking of appropriate functions.

The Committee was also interested in efforts to improve the accessibility of annual reports through web publishing. The Committee notes that in the 2010 revision to the annual reporting regulation the Government adopted the key recommendation of its 2008 inquiry into web based annual reporting in the public sector to require agencies to provide Parliament with an electronic copy of an annual report. We continue to believe that it is important for the government to mandate the use of formats that enable vision impaired or blind people to use assistive technologies.

The Committee is grateful for the willingness of agencies to share their experiences by participating in the inquiry and trusts the lessons learnt in this process can help others in preparing these important documents.

I would also like to thank my fellow committee members and the staff of the secretariat for their support.



Nick Lalich MP  
Chair



# Chapter One - Introduction and Overview

- 1.1 This is the Committee's second review of a selection of annual reports of public sector agencies in order to make suggestions for improvement in accordance with statutory requirements and best practice principles.

## What are annual reports?

- 1.2 An annual report is an essential mechanism of accountability and a vital element in the governance process. It is the primary means by which agencies report their performance to the Parliament and to the community at large. Information in annual reports should enable readers to clearly identify an agency's objectives and the efficiency and effectiveness with which those objectives are achieved.
- 1.3 In New South Wales, departments, statutory bodies and state owned corporations, collectively referred to in this Report as 'agencies', are required by Acts of Parliament to report annually on their operations and financial performance.<sup>1</sup> Regulations, Treasury Circulars and Premier's Memoranda provide further guidance and detail on what particular agencies must report.<sup>2</sup>
- 1.4 In addition to compliance with the statutory requirements for public sector bodies, agencies must also be mindful of the best practice principles which apply to both private and public sectors. The production of a good annual report evolves through a process of continuous improvement. It is not about following a formula and ticking boxes. As has been stated by Australasian Reporting Awards Inc., a not-for-profit organisation established to promote the quality of financial and business reporting:

Techniques of good reporting evolve over time but the fundamentals remain constant. Good reporting requires an open willing attitude, attention to detail and accuracy, a sensitivity and responsiveness to stakeholders, a willingness to put in the effort to communicate effectively and a commitment to achieving and improving upon standards.<sup>3</sup>

## Background to the Review of Annual Reports

- 1.5 The core function of the Public Bodies Review Committee is the scrutiny of public sector annual reports with a view to determining the adequacy of the information provided and the achievement of agency objectives. The terms of reference establishing the Committee specifically provide that it is:
- To examine the annual reports of all public bodies and to inquire into and report on:
- (a) the adequacy and accuracy of all financial and operational information;
  - (b) any matter arising from the annual report concerning the efficient and effective achievement of the agency's objectives.<sup>4</sup>
- 1.6 For the five years until 2010, the Committee facilitated the Annual Reports Awards as part of the Premier's Public Sector Awards. However, this process, while very good at identifying high quality reports, did not address problems with reporting by agencies

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<sup>1</sup> In the reporting period the relevant statutory requirements were contained in the *Annual Reports (Departments) Act 1985* and *Annual Reports (Departments) Regulation 2005*.

<sup>2</sup> Audit Office of NSW, 2000, *Reporting Performance: a Guide to Preparing Performance Information for Annual Reports*, p.1.

<sup>3</sup> Australasian Reporting Awards (ARA) website <<http://www.arawards.com.au/index.php/eng/Criteria>>

<sup>4</sup> Legislative Assembly Votes and Proceedings 20 June 2007, entry 21

that chose not to participate. In 2009, the Committee decided to broaden its approach and develop a way of testing the performance of a selection of agencies against statutory requirements and best practice principles.

- 1.7 The Committee is also aware that each year NSW Treasury tests the compliance of a larger number of agencies against the statutory requirements. The Committee's review process is designed to complement that work.<sup>5</sup>
- 1.8 For this review the Committee chose to focus on a limited number of large Departments offering a diverse range of services. These were:
- NSW Department of Environment and Climate Change (DECC). This Department is now part of the Department of Environment, Climate Change and Water (DECCW);
  - NSW Department of Commerce (Commerce). This Department is now part of the Department of Services Technology and Administration (DSTA); and
  - NSW Department of Primary Industries (DPI). This Department is now part of the Department of Industry and Investment (DII), trading as Industry and Investment NSW.

### **Rationale for selection of reports - Super Departments**

- 1.9 From 1 July 2009, there was a significant re-arrangement of Government departments with many agencies being amalgamated into 13 'super departments'.<sup>6</sup> As a result of the restructuring process, all three of the Departments participating in this review have undergone substantial changes since the completion of the 2008-09 reporting period. The Committee was interested to investigate the challenges faced by the Departments in adapting their performance evaluation and annual reporting processes to incorporate any new areas of responsibility.
- 1.10 Complex agencies such as those chosen for this review have a particularly onerous task in presenting a large volume of information in a format that is clear, concise and meaningful to an audience with a widely varied range of information needs and levels of interest. By concentrating on a smaller sample of annual reports from among the larger agencies the Committee has been able to identify a number of key issues which encapsulate the shared experiences of the larger more diverse and complex departments in preparing their annual reports.

### **The Review Process**

- 1.11 As for its first review of annual reports the Committee asked the three departments to fill in a survey about their 2008-09 reports. This form was developed at the Committee's request by Professor Percy Allan AM, a former Secretary of NSW Treasury and currently a management consultant and academic.
- 1.12 The form was modified slightly for the current review. This year the Committee also requested copies of the Departments' corporate plans in order to assess how the performance was reported in relation to the organisational goals and targets.

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<sup>5</sup> NSW Treasury 2010, Review of Agency 2009 Annual Reports, Office of Financial Management, 25 August 2010,

<sup>6</sup> *Premier Announces Historic Public Sector Reform*, Hon Nathan Rees MP, Premier of NSW, News Release, 11 June 2009.

- 1.13 Copies of the agency returns are attached at Appendix One. The Committee then examined senior representatives of each Department in relation to its 2008-2009 annual report at a public hearing held on Friday 10 September 2010. A list of witnesses is at Appendix Two and the transcript of this hearing is at Appendix Three.

## Committee Findings – Leading Themes

### Commitment to Accountability and Continuous Improvement

- 1.14 The Committee considers all three annual reports under review to be of high quality. It commends the three Departments for their commitment to ensuring statutory compliance and continuous improvement of their annual reports and their reporting processes.
- 1.15 Best practice standards for good corporate governance advocate that organisations adopt a philosophy and strategy of continuous improvement in governance performance.<sup>7</sup> Good performance reporting enables readers to judge achievements and value for money. If performance reporting is poor, the result is diminished accountability, transparency and openness.<sup>8</sup> Ms Zoe de Saram, Acting Executive Director, Departmental Performance, Management and Communication, DECCW, assured the Committee in her opening statement that the Department:
- takes its annual reporting obligations very seriously. Our annual report is one part of our corporate governance framework and we are very proud of it.<sup>9</sup>
- 1.16 She also noted that the DECCW has a good governance structure and a collegiate culture within the executive which helps to ensure compliance with the annual reporting obligations.<sup>10</sup>
- 1.17 Mr Peter Duncan, Director General, DSTA, said that while the Department was satisfied with its annual report, it also wished to improve it and make sure it was relevant as time went on. He also noted, in view of the complexity of the organisation, that future annual reports needed to be well co-ordinated as well as being responsive to the reviews conducted by the Parliament and by the Auditor-General and to regulation by Treasury.<sup>11</sup>
- 1.18 Mr George Davey, Deputy Director General, DII, confirmed that the preparation of the annual report was taken very seriously by his Department. He went on to say that the annual report was 'probably our most important document because it is how we account for our activities to the public and to the Parliament.' Mr Davey also acknowledged the importance of external critical evaluation to ensure continuous improvement. He noted in particular that the feedback received from parliamentary committees and the Premier's Annual Reporting Awards was helpful in improving future Reports.<sup>12</sup>

<sup>7</sup> Standards Australia 2003, AS 8000-2003, *Good Governance Principles*, p.10.

<sup>8</sup> Audit Office of NSW 2003, *Performance Audit: Judging Performance from Annual Reports: Review of Eight Agencies' Annual Reports*, p.2.

<sup>9</sup> Ms Zoe de Saram, DECCW, Transcript of evidence, Public hearing, 10 September 2010, p.1.

<sup>10</sup> *ibid.*, p.1.

<sup>11</sup> Mr Peter Duncan, DSTA, Transcript of evidence, Public hearing, 10 September 2010, p.8.

<sup>12</sup> Mr George Davey, DII, Transcript of evidence, Public hearing, 10 September 2010, pp.25-26.

## Challenge of producing Executive Summary

- 1.19 According to best practice principles, annual reports should contain an executive summary. This should show progress in achieving goals and government priorities; KPIs versus targets and a brief review of achievements and challenges; highlights of successes and admissions of setbacks; operating and capital account results with a simple table; and plans and outlook for the coming year. The Executive Summary is to be accompanied by an agency overview which consists of a brief profile of the agency's goals, functions and services; performance results; organisation structure and processes; stakeholder engagement systems; main sources of income and spending outlets; and enabling legislation.<sup>13</sup>
- 1.20 The Committee heard evidence from all three Departments concerning the huge challenges faced by complex and diverse organisation in presenting an introductory summary which is comprehensive. The Committee was informed that the task of summarising performance is particularly onerous in relation to the environmental reporting responsibilities of DECCWA:
- It is a fairly arduous process, particularly in relation to an environment department. The environmental issues are so multifaceted. The reporting is not as black and white as in a balance sheet approach. The problems and changes that you see may unfold or happen over many years.<sup>14</sup>
- 1.21 The key challenge for DSTA was:
- having an executive summary that is in plain English, is understandable, people actually understand what we do and what we are reporting on, and when you are a very diverse organisation that is not straightforward. One of the things we are struggling with in our corporate plan is how that is communicated. The basic challenge ... is communication.<sup>15</sup>
- 1.22 For DII, the restructuring has augmented the challenge of summarising activities in all the areas of responsibility:
- A significant challenge for us will be to, within the executive summary, condense the key challenges that face the various sectors of the new agency. Importantly, I think it is about how we are addressing those challenges and moving forward to the direction that the new agency is going. This year it will be our first report, and we are addressing that as we speak. I think you can look forward to reading the executive summary of our report when it comes out fairly shortly. But that is a very good question. It is a huge challenge for us, and it is something we are wrestling with at the moment.<sup>16</sup>
- 1.23 However, overall the Committee was impressed by the genuine commitment expressed by all three Departments to provide clear and succinct overviews of their operations which are meaningful to readers. Nevertheless, there were a small number of issues which the Committee felt should be included in the Executive Summaries if these were to fully satisfy the information requirements of external readers.
- 1.24 The Committee questioned DECCW representatives about the lack of any reference of performance in relation to the KPIs in its Executive Summary. The Department explained that in view of the fact that there were 34 KPIs in the Annual Report, these

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<sup>13</sup> Percy Allan and Associates Pty Ltd 2009, PBRC Questionnaire on Agency Compliance with Annual Reporting Requirements p.6.

<sup>14</sup> Ms Zoe de Sara, DECCWA, Transcript of evidence, Public hearing, 10 September 2010, p.3.

<sup>15</sup> Mr Peter Duncan, DSTA, Transcript of evidence, Public hearing, 10 September 2010, pp.14-15.

<sup>16</sup> Mr George Davey, DII, Transcript of evidence, Public hearing, 10 September 2010, p.27.

were listed at the beginning of the particular chapter for the relevant service sector. However, the Department indicated its willingness to improve the linkage between the discussion of KPIs and the Executive Summary.<sup>17</sup>

- 1.25 In relation to the Commerce Annual Report, the Committee noted that financial performance was not highlighted in the introductory section of the Annual Report. As the 'Financial Highlights' section was located well back in the document at page 49, readers were not easily able to obtain a full snapshot of performance if they had only looked at the introductory pages to the Corporate Performance Chapter of the Annual Report. The Committee was pleased to note that DSTA undertook to re-position the financial summary in the Executive Summary area in the introduction of the Annual Report in future.<sup>18</sup>
- 1.26 With regard to the Executive Summary in the DPI Annual Report, the Committee noted the lack of discussion of any positive or negative deviations from key performance targets. Representatives of DII NSW explained that references to deviations were included under 'Significant Issues' within the chapters for each departmental Division. The Department undertook to investigate how to better highlight the discussion of deviations in future Annual Reports.<sup>19</sup>
- 1.27 The Committee looks forward to seeing further improvement in the Executive Summaries in the future annual reports of the three Departments under review.

### **Integration of Planning and Reporting**

- 1.28 Performance information should be developed as part of an integrated performance management system. This means that agencies should use the same performance information for planning, monitoring and reporting. The Corporate Plan can clarify the agency's objectives; identify strategies to achieve objectives along with outputs and outcomes and set medium and long-term goals for performance. It therefore plays a vital role in shaping the organisation's performance reporting and evaluation system. In addition there are linkages with the NSW State Plan.
- 1.29 Launched in 2006, the NSW State Plan has introduced changes to public sector reporting to improve the accountability and performance reporting of the NSW public sector as a whole. During the reporting period of the annual reports, the Plan included 34 key priorities to focus Government action and 70 targets against which to measure success and compare performance. Clear responsibilities were set for delivery through the identification of an agency accountable for each priority.<sup>20</sup>
- 1.30 Better alignment of corporate planning activities with the preparation of the annual report ensures that strategic information is consistent in both documents.<sup>21</sup> Under the NSW State Plan, departments are increasingly working in collaboration to achieve whole-of-government objectives. The corporate plan is therefore a crucial document in linking the performance management system of each department with the whole-of-government priorities and targets established by the State Plan.

<sup>17</sup> Ms Catherine Donnellan, DECCW, Transcript of evidence, Public hearing, 10 September 2010, p.4.

<sup>18</sup> Mr Peter Duncan, DSTA, Transcript of evidence, Public hearing, 10 September 2010, p.14.

<sup>19</sup> Mr George Davey, DII, Transcript of evidence, Public hearing, 10 September 2010, p.32.

<sup>20</sup> *NSW State Plan: A new direction for NSW*, Premier's Department, NSW, 2006, p.8, pp.139-140. A new version of the State Plan was launched in 2010 with additional priorities and targets

<sup>21</sup> Audit Office of NSW, 2000, *Reporting Performance: a Guide to Preparing Performance Information for Annual Reports*, p.4.

- 1.31 Under the NSW Government's Performance Management and Budgeting System, all agencies within the General Government Sector which submit monthly financial reports to Treasury are monitored through either a Results and Services Plan (RSP) or Statement of Business Intent/Corporate Intent. The NSW Government's Performance Management and Budgeting System links the planning, management and reporting of agency operations. In this system, the RSP provides a clear 'line of sight' for performance management by setting out the linkages between State Plan and other Government priorities and the results and services that an agency is working towards, and providing a common set of key disclosures that agencies should use to structure the reporting of planned and achieved performance.
- 1.32 In its Annual Report, DECC explained that the goals, outcomes, objectives and priorities contained in the 2008-2012 Corporate Plan formed the basis of the Department's business planning. It also explained that the Corporate Plan was aligned with the NSW State Plan, and with DECC's Results and Services Plan which had been agreed with NSW Treasury.<sup>22</sup> In its survey response, DSTA also noted that the KPIs and targets in the Commerce Corporate Plan for 2006-2010 were consistent with performance indicators and services measures identified in the Results and Services Plan.<sup>23</sup>

#### *State Plan*

- 1.33 As noted above, each State Plan Priority has a lead agency which has the greatest capacity to deliver the priority. Partner agencies are also designated where an agency can significantly contribute to the delivery of a priority.<sup>24</sup> During the reporting period, DECC collaborated with other agencies to achieve NSW State Plan objectives in relation to Natural Resources and Environment, Business and Economics and Transport, Planning and Infrastructure.<sup>25</sup> In the same period, DPI's Corporate Plan and Annual Report were aligned with three State Plan priorities: 'Growing Prosperity across NSW'; 'Environment for living'; and 'Delivering better services'.<sup>26</sup> The Department of Commerce Corporate Plan 2006-2010 depicted in graph format how its five corporate goals contributed to a variety of State Plan activity areas.<sup>27</sup> DSTA explained in its evidence that it is not a lead agency for a particular State Plan area, however it is involved in a number of areas as a support or services agency to others.<sup>28</sup>
- 1.34 The Committee was pleased to note that the State Plan framework has enabled the three major Departments which are the subject of this review to develop effective integrated performance management systems to support their annual reports. All three Departments confirmed in their evidence that the State Plan forms the basis of their corporate planning systems.<sup>29</sup> It is indeed important that departments ensure that their corporate plans and annual reports clearly identify the role of the department under the State Plan, whether as a leader or partner agency, and that

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<sup>22</sup> Department of Environment and Climate Change NSW 2009, *DECC Annual Report 2008-09*, p.101

<sup>23</sup> NSW Treasury, 2008, Treasury Circular TC 08/11 Results and Services Plans (RSPs), 2 October 2008.

<sup>24</sup> *NSW State Plan: A new direction for NSW*, Premier's Department, NSW, 2006, p.138.

<sup>25</sup> Department of Environment and Climate Change NSW, 2009, *DECC Annual Report 2008-2009*, p.7.

<sup>26</sup> DPI 2009, *NSW Department of Primary Industries Annual Report 2008-09*, p.9.

<sup>27</sup> Department of Commerce, *Corporate Plan 2006-2010*.

<sup>28</sup> Mr Peter Duncan, DSTA, Public hearing, 10 September 2010, p.9.

<sup>29</sup> Ms Zoe de Saram, DECCW, Transcript of evidence, Public hearing, 10 September 2010, p.2; Mr Peter Duncan, DSTA, *ibid* p.10; Mr George Davey, DII, *ibid*, p.26.

they explain how these roles impact on their performance reporting systems in relation to their particular areas of responsibility.

- 1.35 In future reviews, the Committee plans to monitor how departments report on their integrated performance management systems and how they explain the key underlying principles of those systems.

### Performance Indicators

- 1.36 Best practice recommends that published performance indicators should be both qualitative and quantitative and provide evidence of how core functions contribute to the objectives of the agency. They should provide sufficient information for readers to judge if targets, goals and objectives have been achieved.<sup>30</sup> Although all three Departments clearly displayed performance measures and results for their key service areas, the Committee found that there was some variation in approach.
- 1.37 In particular, while the DPI and Commerce Corporate Plans displayed KPIs, the DECC Corporate Plan did not include them. There were also variations in presentation in the annual report itself. For example, the DPI Annual Report displayed the KPIs for each Division clearly in the introductory section of the Report, whereas the Commerce Annual Report displayed them in relation to corporate performance reports for each Division.
- 1.38 A different approach was apparent in the DECC Annual Report where performance reports were presented in separate chapters based on each of the corporate goals and a list of the relevant performance indicators was provided at the beginning of each chapter. While there is no hard and fast rule, the Committee found it useful to have an overview of the performance indicators in the introduction to the annual report, as was presented by the DPI Annual Report. However, in addition to graphic representation, the Committee also felt that a brief explanation of performance indicators and how they relate to the overall performance management system would be helpful to external readers.
- 1.39 Performance information should be developed as part of an integrated performance management system within agencies so that the same performance information is used for planning monitoring and reporting.<sup>31</sup> This calls for alignment of the KPIs used in relation to specific service areas with the wider corporate performance management evaluation and reporting process. The Committee was reassured by the evidence presented by all three Departments that there is now a strong focus on consistency in the capturing, evaluation and reporting of performance information across the organisation as a whole.
- 1.40 In relation to performance indicators, the Committee notes that the 2008-09 Annual Report of DECC was commended for its alignment of performance measures with the Corporate and State Plan in the NSW Treasury's Annual Reports Review.<sup>32</sup> The Committee was also pleased to note that further integration of the performance management system is currently taking place in two of the reviewed Departments. DECCW reported that it is currently developing a business intelligence system or

<sup>30</sup> Audit Office of NSW, 2000, *Reporting Performance: a Guide to Preparing Performance Information for Annual Reports*, p.10.

<sup>31</sup> Audit Office of NSW, 2003 *Performance Audit: Judging Performance from Annual Reports: Review of Eight Agencies' Annual Reports*, p.6.

<sup>32</sup> NSW Treasury 2010, *Review of Agency 2009 Annual Reports*, 25 August 2010

'corporate dashboard' linking State Plan and corporate priorities and targets with budget costings and KPIs.<sup>33</sup>

- 1.41 DSTA also reported that is currently updating the 2006-2010 Corporate Plan with a view to achieving an integrated performance system. As explained to the Committee, the revised system will be based upon an overarching Corporate Plan which sets out a service plan for each of the different entities within DSTA.<sup>34</sup> The Committee welcomed DSTA's statement that it will in future be able to provide a review of its performance against KPIs over five years.<sup>35</sup>
- 1.42 As part of its revised performance management system, DSTA also undertook to consider further KPIs in relation to reporting on its internal performance.<sup>36</sup> Goal 5 of the Department's Corporate Plan aims to 'contribute to a credible, efficient and effective organisation.' The Committee noted that the Department had not set out any performance indicators for this area of the Annual Report.<sup>37</sup> The Department informed the Committee that it does collect data in relation to its waste reduction and purchasing plan and for fleet vehicles. However it agreed that by developing the KPIs for this area, it could make comparisons more clearly.<sup>38</sup>
- 1.43 DII explained that its reporting system involves 'key result areas, targets and milestones' and these are aligned to the Corporate Plan and to State Plan targets.<sup>39</sup>
- 1.44 The Committee looks forward to learning more in future annual reports about the Departments' progress in refining and adapting their performance management systems in response to the July 2009 restructuring of the public sector.

## Benchmarking

- 1.45 Benchmarking refers to the process of comparing the performance of an agency against the optimum performance level or best practices of comparable operations.<sup>40</sup> Best practice recommends that, wherever possible, annual reports should include benchmarking of their performance against similar agencies.<sup>41</sup> However, it was apparent from the evidence presented by the three Departments that, because of their uniqueness and complexity, benchmarking against comparable agencies is a very significant challenge.
- 1.46 The Committee heard that DECC has gained particular expertise in benchmarking with reference to a wide variety of environmental sustainability criteria. It participates in national as well as State reporting programs, the results of which are reported in specialised State Reports such as the *State of Environment* and *Beach Watch* Reports or in national reports that report NSW performance against other States. The

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<sup>33</sup> Ms Zoe de Saram, and Ms Renu Gangopadhyay, DECCW, Transcript of evidence, Public hearing, 10 September 2010, p.3.

<sup>34</sup> Mr Peter Duncan, DSTA, Transcript of evidence, Public hearing, 10 September 2010, p.11.

<sup>35</sup> *ibid.*, p.8.

<sup>36</sup> *ibid.*, p.23

<sup>37</sup> Department of Commerce 2009, *Annual Report 2008-09*, p.41.

<sup>38</sup> Mr Peter Duncan, *op.cit.*, p.23

<sup>39</sup> Mr George Davey, DII, Transcript of evidence, Public hearing, 10 September 2010, p.26.

<sup>40</sup> Audit Office of NSW 2000, *Reporting Performance: a Guide to Preparing Performance Information for Annual Reports*, p.26.

<sup>41</sup> *ibid.*, p.15.



Department stressed in its evidence the difficulty of presenting all of the relevant information in the one document.<sup>42</sup>

- 1.47 DSTA representatives told the Committee that benchmarking has been a challenge for annual reporting because of the diverse range of entities which approach performance reporting in different ways.<sup>43</sup> To overcome this difficulty the Department is exploring opportunities to benchmark by function rather than by entity. Where there is not an identifiable public sector comparator to compare, for example, the performance of the Fair Trading Call Centre, the Department benchmarks against the private sector.<sup>44</sup>
- 1.48 Representatives of DII also described benchmarking as a major challenge. They said that the Department is exploring how it can extend its benchmarking practices by comparing similar activities and programs with other agencies. For example, it is currently investigating the possibility of comparing its fishery management activities against similar activities conducted by agencies in other States.<sup>45</sup>
- 1.49 The Committee was pleased to note that all three Departments expressed a positive attitude towards further developing their benchmarking practices. For example, DECCW observed that: '...benchmarking is a tool for self improvement.'<sup>46</sup> DSTA said that it intended to try to establish normalising approaches which will enable comparison with programs of peer agencies in other jurisdictions.<sup>47</sup> DII also expressed the view that benchmarking 'is not just showing how good you are, but you learn from that experience and you can do things better'.<sup>48</sup>
- 1.50 The Committee looks forward to further improvements in performance reporting in the future annual reports of these Departments.

### Compliance Issues

- 1.51 Although the reports were in general very good, the Committee identified some minor instances of non-compliance with statutory requirements. These are described in relevant chapters.
- 1.52 The annual reporting regulations require the inclusion of an index as well as a table of contents.<sup>49</sup> The Committee noted that the Commerce Annual Report did not include any indexes whereas DECC and the DPI included both a general index and a Compliance Index for financial information. The Committee noted that the addition of a Compliance Index is particularly helpful to external readers to find their way through the Financial Statements and to navigate the document when reading the Annual Report on-line.

### *Response to external review*

- 1.53 The annual reporting regulations require the management and activities section to include discussion of improvements made as a result of internal and external

<sup>42</sup> Ms Zoe de Saram, DECCW, Transcript of evidence, Public hearing, 10 September 2010, p.6.

<sup>43</sup> Mr Peter Duncan, DSTA, Transcript of evidence, Public hearing, 10 September 2010, p.15.

<sup>44</sup> Ms Jennifer Wiggins, DSTA, Transcript of evidence, Public hearing, 10 September 2010, p.16.

<sup>45</sup> Mr George Davey, DII, Transcript of evidence, Public hearing, 10 September 2010, pp.27-28.

<sup>46</sup> Ms Zoe de Saram, DECCW, Transcript of evidence, Public hearing, 10 September 2010, p.4.

<sup>47</sup> Mr Peter Duncan, DSTA, Transcript of evidence, Public hearing, 10 September 2010, pp.15-16.

<sup>48</sup> Mr George Davey, DII, Transcript of evidence, Public hearing, 10 September 2010, p.28

<sup>49</sup> Clause 10 of the Annual Reports (Departments) Regulation 2005, now Clause 11 of the Annual Reports (Departments) Regulation 2010.

reviews.<sup>50</sup> In this respect the Committee noted that the three agencies which were the subject of this review were not always informative about their responses to the findings of external reviews. For example, the DPI reported that the Audit Office undertook a performance audit to assess whether Forests NSW manages the supply of hardwood to meet wood supply commitments and sustain native forests. However, although the report summarised the Audit Office findings, the Department did not inform readers how it will address this matter in future.<sup>51</sup>

- 1.54 Similarly, DECC's 2008-09 Annual Report stated that in May 2009, the Auditor-General had released a report on the Department's grants administration. The report investigated grants administration in five government agencies including DECC. The Auditor-General made some suggestions for improvement in relation to DECC's administration. However these were not discussed in the Annual Report. Nor did the Department inform readers about how those recommendations might impact on the Department's administration in future.<sup>52</sup> In contrast, the Commerce Annual Report included succinct and informative action statements in response to Audit office recommendations relating to the Government Licensing Service.<sup>53</sup>

### Internal Audit

- 1.55 Strong independent governance is essential to ensure effective internal audit, performance and reporting processes. Best practice recommends effective separation between management and the governance of internal audit to ensure independence in monitoring processes. In 2005 the NSW Parliament's Public Accounts Committee recommended that audit committees not be chaired by an agency's Chief Executive Officer or Chair.<sup>54</sup> As noted in the findings of the NSW Government's 2007 *Review of the Internal Audit Capacity of the NSW Public Sector*, the increasing trend in the private sector towards greater independence of the Audit and Risk Committee is not yet mirrored across much of the public sector.<sup>55</sup> In view of these findings, the Committee was pleased to note that the principal audit committee in all three agencies had an independent Chair appointed to provide impartial oversight.<sup>56</sup>
- 1.56 In its evidence to the Committee, DII advised that one of the mechanisms it uses to evaluate its performance is the audit program which is provided by external auditors.<sup>57</sup> The Committee was also pleased to note that DECC appointed independent auditors to manage its internal audit program during the reporting period.<sup>58</sup> The Committee very much welcomes this progress towards greater independence in governance within General Government Sector agencies.

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<sup>50</sup> *Annual Reports (Departments) Regulation 2005*, Schedule 1.

<sup>51</sup> DPI, *Annual Report 2008-09*, p.64.

<sup>52</sup> DECC, *Annual Report 2008-09*, p.103.

<sup>53</sup> Department of Commerce *Annual Report 2008-09*, p.56, Auditor-General's *Financial Audit Report 2008*, vol. 6.

<sup>54</sup> Public Accounts Committee 2005 *Review of the Operations of Audit Committees* (Report 11/53) Parliament of NSW p.vi

<sup>55</sup> Department of Premier and Cabinet 2008, *Review of Internal Audit Capacity in NSW Public Sector*, Performance Review Unit, March 2008, p.35.

<sup>56</sup> DECC *Annual Report 2008-09*, p.102; NSW Department of Commerce *Annual Report 2008-09*, p.56; DPI *Annual Report 2008-09*, p.64.

<sup>57</sup> Ms Wendy Stamp, DII, Transcript of evidence, Public hearing, 10 September 2010, p.26.

<sup>58</sup> DECC *Annual Report 2008-09*, p.102.

## Web-Based Annual Reporting

### *Accessibility to the Vision Impaired*

- 1.57 As the Committee learnt during its 2008 *Inquiry into Web-Based Annual Reporting in the NSW Public Sector* from the Human Rights and Equal Opportunity Commission, Adobe PDF remains a relatively inaccessible format to people who are blind or vision-impaired. The Public Bodies Review Committee recommended that all NSW public sector agencies produce their annual reports in a way that can be easily read by assistive technology, and which provides information in alternative file types to PDF, such as Word or HTML.<sup>59</sup> The Committee was therefore interested to discover whether agencies are beginning to provide their annual reports in formats which are accessible to the vision-impaired.
- 1.58 The Committee notes that as information technology becomes more portable for example, with the wider use of BlackBerry devices, the demand for reports to be provided in more accessible formats could increase in future years. The Committee heard that annual reports are increasingly being accessed on-line.<sup>60</sup> This is therefore an issue of ongoing concern if annual reports are to be made available to the public universally.
- 1.59 The Committee found that, to date, none of the Departments reviewed as part of this Inquiry has provided for its annual report to be in a format which can be accessed using assistive technology.<sup>61</sup> However, it was pleasing to receive assurances from DECCW and DSTA that improved technological formats will be provided in future.<sup>62</sup> DII said that it had not been able to find a technological solution because of the length of the document but it undertook to improve accessibility by providing executive summaries of the important parts of the document.<sup>63</sup> The Department also indicated its willingness to provide hard copies and CDs to stakeholders on request.<sup>64</sup>
- 1.60 In the Committee's view, the publication on websites of summaries of annual reports in smaller segments is an extremely useful aid to facilitating access to very large documents. However, it also looks forward to a time when all of the leading departments will be able to satisfy the needs of the vision-impaired by providing annual reports in a format suitable to readers using assistive technology.

### *Cross-references and Web Linkages*

- 1.61 The Committee notes that significant information about agencies' performance may also be reported in a range of additional documents. For example, DECCW noted that its performance was also reported as part of whole-of-government actions in various areas, in particular the NSW Government's *Green State Report* and in the *State of Environment Report* released every three years, as well as in *Beach Watch*

<sup>59</sup> Public Bodies Review Committee 2008, *Report on an Inquiry into Web-based Annual Reporting in the NSW Public Sector*, Report No. 1/54, Parliament of New South Wales, p.18.

<sup>60</sup> Ms Jennifer Wiggins, DSTA, Transcript of evidence, Public hearing, 10 September 2010, p.24.

<sup>61</sup> Ms Catherine Donnellan, DECCW, Transcript of evidence, Public hearing, 10 September 2010 p.6; Mr Peter Duncan, Transcript of evidence, Public hearing, 10 September 2010, p.19; DSTA, Ms Wendy Stamp, , DII, Transcript of evidence, Public hearing, 10 September 2010, p.30.

<sup>62</sup> Ms Catherine Donnellan, *op cit.*, p.6; Mr Peter Duncan, Transcript of evidence, Public hearing, 10 September 2010, p.19.

<sup>63</sup> Mr George Davey, DII, Transcript of evidence, Public hearing, 10 September 2010, p.30.

<sup>64</sup> Ms Wendy Stamp, DII, Transcript of evidence, Public hearing, 10 September 2010, p.30.

and various waste management reports.<sup>65</sup> DII also advised that Forests NSW has its own annual report.<sup>66</sup>

- 1.62 While appreciating that these documents may be established for different reasons, it is nevertheless the Committee's view that the agency's annual report is the core reporting document. It should therefore provide a directory to all other relevant plans and reports giving further information about the department's objectives and performance. For the guidance of readers, hard copies of reports should contain the necessary bibliographic information to identify key related documents. With on-line reports it should be possible to provide linkages to other related documents so that readers can navigate directly to them.
- 1.63 Of the three Departments examined for this Inquiry, the Committee was particularly impressed by the willingness demonstrated by DECCW to explore the full potential of information technology for the communicating of its performance to the public. DECCW informed the Committee that it was committed to using technology to get a better linkage between documents and to construct the document so that it is better able to engage stakeholders on-line.<sup>67</sup>
- 1.64 The Committee encourages all three Departments to consider innovative ways of presenting the annual report linked to additional key documents so that they may fully understand the Departments' role, goals and achievements.

#### *Promotion of Corporate Plans*

- 1.65 The Committee noted a lack of consistency between the three Departments in the presentation of their Corporate Plans on the website and inside their annual reports.
- 1.66 For example, the annual reports of the Departments of DPI and DECC contained good summaries of the Corporate Plan but the websites of these Departments do not display the Corporate Plan in conjunction with the annual report. The annual report of Commerce contained less explanation of the Corporate Plan in relation to the performance reports of the Divisions, but the Corporate Plan was clearly displayed with the annual report on the website.
- 1.67 The Committee urges departments to display corporate plans on their websites and link them in an easily navigable way to the annual report.

### **External Evaluation of Performance**

#### *Customer Feedback*

- 1.68 The Committee was interested to find out more about the performance measures of the three Departments in relation to customer service because the three annual reports showed considerable variation in the provision of performance indicators for customer satisfaction. They were provided in relation to some services but not for others. It was also not clear from reading the Corporate Plans and Reports from the point of view of an outsider to what extent the Departments evaluated customer satisfaction with their overall package of services and by what measure this was done.

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<sup>65</sup> Ms Zoe de Saram, DECCW, Transcript of evidence, Public hearing, 10 September 2010, pp.3 and 4.

<sup>66</sup> Ms Vera Fiala, DII, Public hearing, 10 September 2010, p.32.

<sup>67</sup> Ms Zoe de Saram, DECCW, Transcript of evidence, Public hearing, 10 September 2010, pp.4 and 6.

- 1.69 DSTA witnesses noted that customer satisfaction is used as a quality of performance measure in specific areas such as Fair Trading.<sup>68</sup> DSTA also discussed the difficulty of reporting holistically on customer satisfaction considering that the Department was delivering services to a very diverse range of customers and stakeholders including Fair Trading, Public Works and Industrial Relations.<sup>69</sup> The Committee heard, further, that the collection of data for customer service issues can be challenging. For example, customer dissatisfaction with the Home Warranty Insurance Scheme could be reported as 'home warranty claims' or through the Consumer Trader and Tenancy Tribunal.<sup>70</sup> DSTA told the Committee that it has drafted a whole-of-agency policy including a complaints register which will be used as a benchmark for measuring performance.<sup>71</sup>
- 1.70 The Committee notes that the DPI Annual Report lists 'Customer and Stakeholder Focus' in its list of values and behaviours at the front.<sup>72</sup> The Department also reported that it had conducted a stakeholder engagement audit and developed an action plan during the reporting period.<sup>73</sup>
- 1.71 The Committee is mindful that all three Departments are complex agencies delivering a vast and mixed range of services to the public; however, in its view, there is room for them to further expand their customer service performance measures in future annual reports. The contribution of customer service feedback to the performance measurement system needs to be highlighted and explained more clearly in relation to the overall performance of each Department. The Committee notes that improving customer focus is an objective of the NSW State Plan.<sup>74</sup>

### *Stakeholder Engagement*

- 1.72 According to best practice principles in quality management, organisations should monitor information relating to customer perception as to whether they have met customer requirements.<sup>75</sup> The Committee was interested to establish whether the Departments' quality management systems included a mechanism for evaluating the content and impact of the annual report on readers. In particular, the Committee wanted to know whether feedback from stakeholders was used to improve subsequent annual reports.
- 1.73 All three Departments said that there was no specific mechanism for evaluating reader feedback. However each of the Departments was able to identify some positive ways of developing feedback mechanisms for stakeholders in future. DECCW reported that that its project manager for annual reporting does prepare an evaluation report on issues arising from the production process.<sup>76</sup> DECCW also

<sup>68</sup> Mr Peter Duncan, DSTA, Transcript of evidence, Public hearing, 10 September 2010, p.12.

<sup>69</sup> *ibid.*, pp.13-14.

<sup>70</sup> *ibid.*, pp.21. Further to the public hearing, DSTA informed the Committee by letter dated 9 October 2010 that following the commencement of the new government underwritten Home Warranty Insurance Scheme on 1 July 2010, NSW Fair Trading continues to regulate the home warranty insurance scheme and is responsible for monitoring the scheme to ensure it is operating effectively for builders and homeowners.

<sup>71</sup> Ms Jennifer Wiggins, DSTA, Transcript of evidence, Public hearing, 10 September 2010, p.14, Mr Peter Duncan, DSTA, Transcript of evidence, Public hearing, 10 September 2010, p.19.

<sup>72</sup> NSW Department of Primary Industries, *Annual Report 2008-09*, p.5.

<sup>73</sup> *ibid.*, *Annual Report 2008-09*, p.49.

<sup>74</sup> Department of Premier and Cabinet, 2010, *NSW State Plan 2010*, Chapter 8, pp.59-60.

<sup>75</sup> Standards Australia, AS/NZS ISO 9001:2000, *Quality management systems – Requirements*, 8.2, p.11.

<sup>76</sup> Ms Catherine Donnellan DECCW, Transcript of evidence, Public hearing, 10 September 2010 p.6

noted that it invites feedback in letters to stakeholders when mailing out annual reports. In addition, the Department monitors the annual reports of other agencies for production innovations and these are considered in the process of preparing the next annual report.<sup>77</sup>

- 1.74 DECCW informed the Committee that it is considering the various ways in which it engages clients and customers in relation to the whole-of-government customer satisfaction framework and annual report improvements will be considered as part of that process. In relation to improving stakeholder engagement processes, DECCW also noted that Directors General are required to report on customer satisfaction issues at their annual performance reviews and this was a great incentive to Departments.<sup>78</sup>
- 1.75 DSTA expressed the view that quality control can be better maintained by producing the annual report in-house, rather than outsourcing it. As with DECCW, the Department holds a post-production review after producing the annual report. The Department said that it does not survey stakeholders to obtain feedback on the annual report. However there was a web-page link to the organisational feedback form which was available to stakeholders. DSTA confirmed its commitment to making continuous improvements and said that it would consider making further changes, for example, by attaching to the on-line annual report a specific invitation to stakeholders to give feedback.<sup>79</sup>
- 1.76 DII said that the Department did not specifically seek stakeholder feedback on the annual report. However there were industry consultative committees for all areas of primary industry activities consisting of representatives of stakeholder interest groups and copies of the annual report were distributed to these committees. The Department proposed that in future it could specifically seek feedback from stakeholders through the consultative committees.<sup>80</sup>
- 1.77 The Committee encourages all three Departments to develop and implement further stakeholder consultation methods in their evaluation processes for annual reports. The Committee commends DECCW in monitoring the annual reports of peer agencies to identify innovative production ideas for consideration for future annual reports. This is also a valuable way in which agencies can benchmark their performance and refine their internal evaluation mechanisms in order to continuously improve the quality of the content and format of their annual report.

## Conclusion

- 1.78 This review has shown that highly complex agencies are able to face the challenges of presenting their reports on performance in comprehensible ways. The Committee has been pleased with the responsiveness of senior officers to its suggestions for improvement.

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<sup>77</sup> Ms Catherine Donnellan DECCW, Transcript of evidence, Public hearing, 10 September 2010 p.7.

<sup>78</sup> Ms Zoe de Saram, DECCW, Transcript of evidence, Public hearing, 10 September 2010, p.7.

<sup>79</sup> Ms Jennifer Wiggins, DSTA; Mr Peter Duncan, DSTA, Transcript of evidence, Public hearing, 10 September 2010 p.24.

<sup>80</sup> Mr George Davey, DII, Transcript of evidence, Public hearing, 10 September 2010, p.33.

# Chapter Two - Department of Environment and Climate Change

## Agency Overview

- 2.1 This is the final Annual Report of the Department of Environment, Climate Change (DECC). From 1 July 2009, it was combined with the water management responsibilities of the former Department of Water and Energy and is now known as the Department of Environment, Climate Change and Water (DECCW).
- 2.2 In the reporting period, DECC was responsible for developing, coordinating and delivering policy and programs to deal with environmental, climate change, sustainability, natural resources and Aboriginal cultural heritage and managing the State's national parks, marine parks, aquatic reserves and botanic gardens. DECC reported as a Government Dependent General Government Sector agency.<sup>81</sup>
- 2.3 As at June 2009, DECC employed nearly 3,700 full-time equivalent staff, with more than 1,650 staff in regional locations.

## Response of the Department

- 2.4 The Committee received a survey response from DECCW (at Appendix One) in relation to the presentation and content of the 2008-09 DECC Annual Report. It subsequently took evidence from representatives of DECCW at a public hearing held on Friday 10 September 2010.
- 2.5 The Committee considered that DECC's 2008-09 Annual Report was compliant in almost every respect with NSW annual reporting legislation and that it is overall a very clear, concise and comprehensive Annual Report. There are, nevertheless, several areas where improvements could be made with a view to achieving the best practice possible in annual reporting. These are discussed in the 'Committee Comment' sections below.

## Corporate Plan

- 2.6 The Department provided the Committee with two versions of the Corporate Plan to consider in conjunction with the 2008-09 Annual Report. The first of these is the Corporate Plan 2008-2012 which sets out the goals, objectives and priorities of the agency for the next four years. This document was developed prior to the 2009 re-organisation. The second document is the Corporate Plan 2010 Update. This revised Corporate Plan sets out the current directions and priorities for the new Department.

### Corporate Plan 2008-2012.

- 2.7 The main components of the four-year plan are: a definition of the Department, its vision and approach, a statement of values and a section on the State Plan and its relationship to the DECCW Corporate Plan. The Corporate Plan also sets out four main goals depicted in graph format demonstrating the outcomes, objectives and priorities for each goal. The four main goals are:

<sup>81</sup> NSW Treasury *Accounting Policy: Financial Reporting Code for Budget Dependent General Government Sector Agencies*, Office of Financial Management, March 2010, TPP 10-1, p.i.

- Goal 1 - Climate change and its impacts are minimised to protect the environment, the economy and community wellbeing;
- Goal 2 - A healthier and cleaner environment protecting both ecological and human health;
- Goal 3 - Integrated landscape management for long-term ecological, social and economic sustainability;
- Goal 4 - A credible, efficient and effective organisation.

### **Corporate Plan 2010 Update**

- 2.8 This revised Corporate Plan reflects the inclusion of the NSW Office of Water within the Department by inserting a new Goal 4 as follows and renumbering the previous Goal 4 as Goal 5:
- Goal 4 - Secure and sustainable supplies of water, and water is used more wisely.
- 2.9 The updated Plan contains significant revisions of the Outcomes, Objectives and Priorities in relation to each Goal. The Foreword states that this Plan is to be used as the basis for strategic and operational planning within the agency and notes that the Executive has commenced work on the next Corporate Plan.
- 2.10 The section on the agency's relationship to the State Plan has also been revised. The revised Plan states that DECCW is the lead agency for five key *Green State* priorities and a significant partner agency for three further State Plan priorities, to which it contributes through a range of programs and activities.

### **Impact of Restructuring on Corporate Reporting**

- 2.11 The Committee wanted to learn about the impact of the restructuring on the Department's reporting against the State Plan, such as how DECCW measured its contribution to the whole-of-government outcomes in those areas where it acts as a partner agency with other agencies in achieving results against the State Plan. In addition, the Committee was interested in the relationship between the Corporate Plans, the Annual Report and the State Plan.
- 2.12 Ms Zoe de Saram, Acting Executive Director, Departmental Performance, Management and Communication, explained the effect of the restructuring of the DECC on the Corporate Plan was to issue the Corporate Plan 2010 Update in order to integrate the Office of Water in the planning system. She said that the goals, objectives and priorities had been set and the Department was making great efforts to integrate the changes within its annual reporting process.<sup>82</sup> Ms Catherine Donnellan, Director, Corporate Governance, added that the 2009-10 Annual Report would be based on the goals in the Corporate Plan and that Report would include a chapter on the Office of Water functions and achievements.<sup>83</sup>

### **Committee Comment**

- 2.13 It is clear from the evidence presented by DECCW that the introduction of the so-called 'super departments' has affected the Department's annual reporting and internal performance monitoring system. While appreciating the challenges which the Department faces in producing an annual report which succinctly presents its key performance information across a wider range of responsibilities, the Committee

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<sup>82</sup> Ms Zoe de Saram, DECCW, Transcript of evidence, Public Hearing, 10 September 2010, pp.1 and.2.

<sup>83</sup> Ms Catherine Donnellan, DECCW, Transcript of evidence, Public Hearing, 10 September 2010, p 1.



encourages DECCW to bring to highlight the impact of restructuring on its operations and performance reporting processes as a regular item in future annual reports.

## Relationship between the Corporate Plan and the State Plan

- 2.14 The Committee asked the Department to explain the relationship of the Corporate Plan 2010 Update and the Corporate Plan 2008-2012 and to inform the Committee about the review which had been commenced for the next Corporate Plan. In relation to this review, the Committee sought further information about the Department's performance reporting and evaluation system across the organisation as a whole. In particular, the Committee wished to establish to what extent the Department had developed a fully integrated performance reporting and evaluation system and whether the methodology could be improved to achieve greater consistency.
- 2.15 Ms de Saram explained that the Corporate Plan provided the structure for the Annual Report.<sup>84</sup> She also said that NSW State Plan and its priorities are 'the starting point for everything we do.' She explained that because DECCW is the lead agency for implementation of whole-of-government policies for NSW on climate change, this is also reflected in the structure of the Department's performance reporting system. In particular, the reporting system needed to accommodate the State-wide priorities and targets for climate change set out in the *Green State* Chapter of the State Plan.<sup>85</sup>
- 2.16 In relation to performance monitoring against the State Plan, Ms de Saram explained that this was done on the basis of a quarterly reporting cycle. Ms de Saram further noted that this was 'a fairly arduous process' and a particular challenge for annual reporting. She pointed out that:
- The environmental issues are so multifaceted. The reporting is not as black and white as in a balance sheet approach. The problems and changes that you see unfolding happen over many years.<sup>86</sup>
- 2.17 Ms de Saram said that the focus of the Annual Report was on the areas of the State Plan for which DECCW has specific responsibility. However, the Annual Report also identified the work done in collaboration with other State and national agencies. For example, DECCW works closely with Industry and Investment NSW on clean energy and energy efficiency targets and in relation to regional development.<sup>87</sup>
- 2.18 In response to a question as to whether the system of monitoring and reporting could be improved, Ms de Saram informed the Committee that DECCW is developing a business intelligence system, modelled on a system used by another agency, which links the planning system based on the State Plan and corporate priorities with the budgeting process.<sup>88</sup> Ms Renu Gangopadhyay, Acting Director Finance, explained that as well as enabling performance to be assessed against targets and budgets, the executive dashboard project would include the key performance indicators which were relevant to business decision-making.<sup>89</sup>

<sup>84</sup> Ms Zoe de Saram, DECCW, Transcript of evidence, Public Hearing, 10 September 2010, p 2.

<sup>85</sup> *ibid.*, pp.3-4.

<sup>86</sup> *ibid.*, p.3.

<sup>87</sup> *ibid.*, p.4.

<sup>88</sup> *ibid.*, p.3.

<sup>89</sup> Ms Renu Gangopadhyay, DECCW, Transcript of evidence, Public Hearing, 10 September, 2010, p.3.

## Committee Comment

- 2.19 The State Plan and its targets are the starting point for DECCW's Corporate Plan. Under the State Plan, DECCW is the leading agency for five key Green State priorities and contributes significantly as a partner agency to three further State Plan priorities and is also contributing to a diverse range of other priorities.<sup>90</sup> In view of the complex and diverse range of responsibilities, programs and activities which must be mapped and reported in the annual report, it is vital that future annual reports define clearly which areas of the State Plan are reported in the annual report and where readers can locate additional information about performance outcomes in relation to collaborations with partner agencies.
- 2.20 The provision of cross-referencing and e-links to reporting information available from other sources would, in the Committee's view, considerably enhance the information value of the annual report. An agency's annual report is the core reporting document. The annual report should therefore provide a directory to all other relevant plans and reports giving further information about the Department's objectives and performance. For the guidance of readers, hard copies of reports should contain the necessary bibliographic information to identify key related documents. With on-line reports it should be possible to provide linkages to other related documents so that readers can navigate directly to them.
- 2.21 The Committee also commends DECCW for developing a customised business intelligence system which will allow it to implement a fully integrated performance management system providing consistency in the future monitoring and reporting of performance across the organisation in line with the State Plan, Corporate Plan and budget priorities.<sup>91</sup> The Committee expects that an explanation of the business intelligence system and reporting on further developments will be included in future annual reports.

## Executive Summary

- 2.22 The Department summarised its overall achievements in the 'Performance summary 2008-09'. However it did not include a discussion of performance in relation to the KPIs and there was also no discussion of setbacks or plans and outlook for the year in the summary of performance. The Committee was therefore interested to find out what challenges DECCW faced as a multi-function agency in providing a comprehensive Executive Summary over and above the information provided in the individual performance, corporate governance, financial and operational sections of the Report.
- 2.23 Best Practice principles recommend that annual reports should discuss what the agency planned to achieve, what it did achieve and what it plans to achieve in future.<sup>92</sup> An overview should be provided in the introductory Executive Summary and this should include analysis of KPIs versus targets and a brief overview of achievements and challenges.<sup>93</sup> The Committee sought comment from DECCW as to

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<sup>90</sup> Department of Environment, Climate Change and Water, 2010, *NSW State Plan*, webpage, <http://www.environment.nsw.gov.au/howeare/stateplan.htm>, 31 March 2010.

<sup>91</sup> Ms Zoe de Saram, Transcript of evidence, Public Hearing, 10 September, 2010, p.3.

<sup>92</sup> Audit Office of NSW, 2000, *Reporting Performance: a Guide to Preparing Performance Information for Annual Reports*, p.6.

<sup>93</sup> Percy Allan and Associates Pty Ltd 2009, PBRC Questionnaire on Agency Compliance with Annual Reporting Requirements p.6.

why its Executive Summary did not discuss performance in relation to KPIs in order to ensure readers are able to understand the performance evaluation methodology.

- 2.24 Ms Donnellan explained that, as the Annual Report contained 24 KPIs, the decision was taken to list them at the beginning of each chapter.<sup>94</sup> Ms de Saram suggested that in view of the difficulty of capturing performance information that was reported in other key documents, such as the *State of the Environment Report*, *Beach Watch*, and various other documents and waste reports in the performance overview, she hoped to explore using more e-links to guide readers to other sources of relevant performance information.<sup>95</sup>
- 2.25 According to Best Practice principles, an Executive Summary should also include admissions of setbacks in addition to successes and discuss plans and outlooks for the coming year.<sup>96</sup> DECCW's Survey Response said that the performance summary provided highlights of the year, however it did not discuss setbacks as there were 'no major setbacks'. In relation to the plans and outlook for the coming year, the Department explained that departmental programs with longer terms were identified throughout the report.<sup>97</sup>

### Committee Comment

- 2.26 The Executive Summary is the key entry point for the reader in the introductory pages of the document giving guidance to more detail in other sections of the annual report. For this reason, the performance overview is a particularly significant component of the annual report. The performance overview should include both financial and non-financial information and a discussion of performance compared to objectives. This helps the reader understand the overall corporate achievements in the reporting year, as well as the system for evaluating performance outcomes.
- 2.27 While the DECC 2008-09 Annual Report provided very clear summaries of KPIs at the beginning of each Chapter, the Executive Summary section did not evaluate overall performance in relation to the KPIs and there was no explanation of the methodology used to measure performance. In the Committee's view this is an area which could be improved in future annual reports. The Committee appreciates DECCW's suggestion that the problem could be addressed by including e-links to relevant performance information reported in other documents. However, the Committee maintains that readers rely on the Executive Summary to help them understand at a glance the main highlights of the information contained in the document. The Committee therefore urges DECCW to provide a more comprehensive summary of performance information within the executive summary in future reports and, if there were no major setbacks, to make a statement about this in some form.
- 2.28 In addition, there was an absence of any reference to plans and outlooks for the coming year. Although DECCW confirmed that it identified longer term programs throughout the Annual Report, the Committee suggests that the Executive Summary should give readers a concise view of the long-term objectives of the Department and

<sup>94</sup> Ms Catherine Donnellan, DECCW, Transcript of evidence, Public Hearing, 10 September, 2010, p.4.

<sup>95</sup> Ms Zoe de Saram, DECCW, Transcript of evidence, Public Hearing, 10 September, 2010, p.5.

<sup>96</sup> Percy Allan and Associates Pty Ltd 2009, PBRC Questionnaire on Agency Compliance with Annual Reporting Requirements p.6.

<sup>97</sup> DECCW Response to Questionnaire, Question No. 2.

how it plans to achieve them.<sup>98</sup> The Committee will continue to monitor the content of Executive Summaries of annual reports in future reviews.

## Performance Reporting - Benchmarking

- 2.29 Best Practice performance reporting includes benchmarking that compares similar functions in partner organisations, covers activities that are important to clients and stakeholders, and explains reasons for differences in performance.<sup>99</sup> DECCW's survey response indicated that benchmarking was not performed against comparable organisations. The Committee was therefore interested to find out if the Department has been able to explore benchmarking in relation to any particular programs and/or projects managed by it and also to ascertain whether it might be able to further develop benchmarking in future.
- 2.30 DECCW's survey response explained that benchmarking against equivalent environmental programs in other States is in other reports such as the National Environment Protection Council's annual report. DECCW also noted that it is working with the Federal Government and other States and Territories, through the Council of Australian Governments (COAG), Ministerial Councils and other bodies, on national standards, legislation and programs in relation to a wide range of environmental initiatives. DECCW said that it had reported on those activities in the Annual Report.<sup>100</sup>
- 2.31 In evidence presented to the public hearing, Ms de Saram advised that DECCW always performed benchmarking on a national basis in relation to air quality and waste management and that the Department was also looking at other countries' waste management policies and programs with a view to further benchmarking.<sup>101</sup> In addition, she noted that the *State of the Environment* and *Beachwatch* Reports also contained benchmarking performance assessments and that the Annual Report in Chapter One included reporting on DECCW's purchases of Green Power as being at 10 per cent compared to the minimum standard of 6 per cent as set out in the NSW Government Sustainability Policy.<sup>102</sup>
- 2.32 DECCW's survey response also stated that financial benchmarking is not included in the Report but is discussed with Treasury. It noted further that benchmarking of corporate services is coordinated centrally on a whole-of-government basis.<sup>103</sup>

## Committee Comment

- 2.33 It was explained that its benchmarking activities are performed mainly in relation to equivalent environmental programs around AustrAalia and that, in particular areas, it was exploring benchmarking against equivalent international programs<sup>104</sup>. The Committee appreciates that, given the wide range of reporting forums at State and

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<sup>98</sup> DECCW Response to Questionnaire, Question No. 2.

<sup>99</sup> Audit Office of NSW, 2000, *Reporting Performance: a Guide to Preparing Performance Information for Annual Reports*, p.23.

<sup>100</sup> DECCW Response to Questionnaire, Question No. 4.

<sup>101</sup> Ms Zoe de Saram, DECCW, Transcript of evidence, Public Hearing, Public Hearing, 10 September, 2010, p.5.

<sup>102</sup> Department of Environment and Climate Change NSW 2009, *Annual Report 2008-09*, p.16.

<sup>103</sup> NSW Parliament, Public Bodies Review Committee, 2010, *Department of Environment and Climate Change Annual Report Survey 2008-2009*, Response to Question 4.

<sup>104</sup> Ms Zoe de Saram, DECCW, *op. cit.*, p.5.

national level for the reporting of environmental performance, it is a challenge for DECCW to present this information succinctly within the annual report. However, protecting the natural heritage, tackling climate change and ensuring a sustainable future are now priority areas of concern within the NSW State Plan and for the public at large.<sup>105</sup> The Committee therefore urges DECCW to develop and expand its benchmark reporting in future annual reports so that it is clear to the Parliament and to the community that the Department's performance is acceptable in comparison with other jurisdictions in relation to the key environmental reporting priorities of the State, as well as nationally and internationally.

- 2.34 Additional cross-referencing and e-links to related reports could also improve the accountability of the Annual Report and ensure that readers have all of the information needed to judge the performance outcomes of DECCW's multifarious activities in relation to environmental protection. The reasons behind any significant differences in performance compared with outcomes obtained in other jurisdictions or in previous reporting periods should be explained.
- 2.35 The Committee suggests that DECCW consider expanding its benchmark reporting in future annual reports in relation to its KPIs for financial performance and corporate services. In addition, the Committee urges DECCW to provide cross-references and e-links to related performance reports where results are co-ordinated on a whole-of-government basis. As with benchmarking environmental performance, the reasons for significant differences in performance compared with previous years or sector-wide averages should be explained.

## NSW Treasury Review of Annual Reports

- 2.36 In her opening statement, Ms de Saram drew the Committee's attention to the positive evaluation which DECC's 2008-09 Annual Report received in relation to performance reporting in the 2009 Review of Annual Reports conducted by NSW Treasury.<sup>106</sup> The annual reports review program is part of Treasury's strategy to enhance statutory compliance and the overall quality and relevance of agency annual reports. In 2009, Treasury evaluated 27 annual reports and cited the 2008-09 report of the former DECC among the good examples of performance reporting. In particular, Treasury noted that the Department had linked its performance indicators to its Corporate Plan and to the NSW State Plan. It also commented that the performance indicators appeared throughout the Report and that they were defined and presented in graph format, and that the results were interpreted.<sup>107</sup>

## Committee Comment

- 2.37 The Committee commends DECCW for the standard of its performance reporting. The Committee was impressed by the commitment to continuously improving the integrated performance management system, indicated in its evidence to this Inquiry. The Committee encourages the Department to continue reviewing and refining its performance reporting processes.

<sup>105</sup> NSW Department of Premier and Cabinet, 2010, *NSW State Plan 2010*, pp.6 and 37.

<sup>106</sup> Ms Zoe de Saram, DECCW, Transcript of evidence, Public Hearing, 10 September, 2010, p.1.

<sup>107</sup> NSW Treasury 2010, Review of Agency 2009 Annual Reports, Office of Financial Management.

## Compliance Issues

- 2.38 In her opening statement, Ms de Saram said she was confident that the Annual Report had met statutory requirements. She noted that the Department had followed the Annual Reports Compliance Checklist of NSW Treasury and had included a Compliance Index to help readers to navigate the document<sup>108</sup>.
- 2.39 However, the Committee noted that the NSW Community Relations Commission had cited DECC in its *2009 Community Relations Report* as one of the annual reports found to contain insufficient information in connection with EAPS.<sup>109</sup> During the reporting period it was a requirement under Schedule 1 of the *Annual Reports (Departments) Regulation 2005* for agencies to provide a statement setting out progress in implementing an Ethnic Affairs Priority Statement (EAPS) and also to report on key strategies for the following year.<sup>110</sup> The Committee asked DECCW witnesses to comment on this matter. Ms Donnellan said that the Department's 2006-2010 statement had expired but the next annual report would report on DECCW's multicultural policies and plans proposed for future years in accordance with the new requirements.<sup>111</sup>

## Committee Comment

- 2.40 The Committee was particularly impressed with the well-displayed and designed Compliance Index at page 247 of the DECC 2008-09 Annual Report listing all the prescribed items and where they are located in the Report. The Committee notes that that there have been regulatory changes in relation to EAPs and that DECCW has given its assurance that the next annual report will report on the Department's multicultural policies and plans.

## Response to external review

- 2.41 As noted in Chapter One, the annual reporting regulations require the management and activities section to include discussion of improvements made as a result of internal and external reviews.<sup>112</sup> DECC's 2008-09 Annual Report stated that in May 2009, the Auditor-General had released a report on the Department's grants administration. The report investigated grants administration in five government agencies including DECC. The Auditor-General made some suggestions for improvement in relation to DECC's administration. These however were not discussed in the Annual Report. Nor did the Department inform readers about how

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<sup>108</sup> NSW Treasury, 2010, *Annual Reports Compliance Checklist*; Ms Zoe de Saram, DECCW, Transcript of evidence, Public Hearing, 10 September, 2010, p.1. See also Department of Environment and Climate Change NSW, *Annual Report 2008-09*, p.247.

<sup>109</sup> Community Relations Commission, *2009 Community Relations Report*, p.108.

<sup>110</sup> On 1 September 2010 the *Annual Reports (Departments) Regulation 2005* was repealed and replaced by the *Annual Reports (Departments) Regulation 2010*. See NSW Treasury, 2010, *Annual Reports Compliance Checklist*.

<sup>111</sup> Following the release of the Report, *25 Years Of EAPS: Review Of EAPS Operations In New South Wales* in March 2009, EAPS was renamed as the *Multicultural Policies and Services Program*. In accordance with a recommendation of the Report, the EAPS Standards Framework was replaced by the Multicultural Planning Framework. See *NSW Community Relations Report 2009*, p.13. Ms Catherine Donnellan, DECCW, Transcript of evidence, Public Hearing, 10 September, 2010, p.5.

<sup>112</sup> *Annual Reports (Departments) Regulation 2005*, Schedule 1.

those recommendations might impact on the Department's administration in future.<sup>113</sup> The Committee trusts that future reports are more informative in this regard.

## Accessibility to the Vision-impaired

2.42 As has been advocated by the Committee in its 2008 *Report on Web-Based Annual Reporting*, agencies should provide information in an alternative file type such as Word or HTML in order to make their annual reports available to those who suffer a vision impairment or blindness.<sup>114</sup> The DECC 2008-09 Annual Report is available on DECCW's website as a PDF file. The Committee asked DECCW would consider providing a PDF alternative file type that might be more accessible to blind or vision-impaired persons using assistive technologies. Ms Donnellan said that the DECCW was currently doing some exploratory work in relation to publishing in an alternative format.<sup>115</sup> Ms de Saram added that the Department was exploring how to better use technology to produce the annual report and also to 'use it as a document to better engage our stakeholders'.<sup>116</sup>

## Committee Comment

- 2.43 The Committee maintains its concern that while there is a statutory requirement for annual reports to be provided to the Parliament in electronic form for online publication, this is not a guarantee that the information will be accessible to the community at large.<sup>117</sup> As stated in the Committee's 2008 Report, the full public benefit of annual reporting on the web will not be universally achieved for all citizens until publications are provided in a format which is accessible by vision-impaired readers.<sup>118</sup> The Committee was therefore pleased to receive DECCW's assurance in its evidence that it will explore alternative formats suitable to the vision-impaired for future annual reports.
- 2.44 The Committee reminds DECCW and other departments that best practice principles recommend that agencies review how readers access the annual report.<sup>119</sup> The extent to which new and developing technologies contribute to widening accessibility of annual reports will continue to be monitored by the Committee as a part of future reviews.<sup>120</sup>

## Stakeholder Consultation and Quality Improvement

2.45 It is a principle of good governance that organisations have performance-enhancing mechanisms for stakeholder participation.<sup>121</sup> Australian and international quality management standards also require that organisations obtain customer feedback in

<sup>113</sup> DECC, *Annual Report 2008-09*, p.103.

<sup>114</sup> Public Bodies Review Committee 2008, *Report on an Inquiry into Web-based Annual Reporting in the NSW Public Sector*, Report No. 1/54 Parliament of NSW, p.18.

<sup>115</sup> Ms Catherine Donnellan, DECCW, Transcript of evidence, Public Hearing, 10 September, 2010, p.6.

<sup>116</sup> Ms Zoe de Saram, DECCW, Transcript of evidence, Public Hearing, 10 September, 2010, p.6.

<sup>117</sup> NSW Treasury, 2010, *Changes to annual reporting requirements*

<sup>118</sup> Public Bodies Review Committee 2008, *op. cit.*, p.vii.

<sup>119</sup> Audit Office of NSW, 2000, *Reporting Performance: a Guide to Preparing Performance Information for Annual Reports*, p.25.

<sup>120</sup> Public Bodies Review Committee 2008, *op. cit.*, p.vii.

<sup>121</sup> Standards Australia 2003, AS8000-2003 *Good Governance Principles*, p.22.

their performance evaluation processes.<sup>122</sup> Improving customer satisfaction with public services is also a State Plan priority for all New South Wales Government Departments.<sup>123</sup>

2.46 The Committee sought information about DECCW's processes for evaluating the content and impact of the Annual Report to ensure that readers were receiving the intended message. In particular, the Committee wanted to know whether the production team sought feedback from stakeholders in order to design and shape content of future Annual Reports and as part of a program of continuous improvement of the quality of the document.

2.47 Ms Donnellan explained that an evaluation report was prepared by the project manager after distribution of each annual report. This was reviewed before producing the next annual report. The Director General also wrote to stakeholders notifying them about the release of the Report and inviting feedback in relation to both the content and structure of the document. As part of the process of preparing the next annual report, the Department also examined other agencies' annual reports in order to identify any innovations which could be considered for future DECCW Reports<sup>124</sup>. Ms de Saram advised that she would also be considering improvements to the annual report in relation to the NSW Government's Customer Satisfaction Strategy.<sup>125</sup>

### **Committee Comment**

2.48 The Committee was impressed by the DECCW's efforts to implement continuous improvement principles in relation to the quality of its annual report. It encourages the Department to further develop opportunities for stakeholders to give comment on the annual report. For example, the Department could invite feedback within the annual report itself as well as providing an annual report feedback form linked to the web version of the Report. The annual report should inform stakeholders about the process of evaluation of the annual report and explain how their comments contribute to ongoing improvements in the document. The Committee looks forward to further improvements as DECCW develops its consultation and evaluation processes in line with the NSW Government's Customer Satisfaction Strategy.

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<sup>122</sup> Standards Australia, Standards New Zealand 2000, AS/NZS ISO 9001:2000, *Quality management systems – Requirements*, Section 7.2, p.7.

<sup>123</sup> Department of Premier and Cabinet, *NSW State Plan 2010*, Chapter 8. P.60.

<sup>124</sup> Ms Catherine Donnellan, DECCW, Transcript of evidence, Public Hearing, 10 September, 2010, pp.6-7.

<sup>125</sup> Department of Premier and Cabinet, 2010 *Improving Client and Customer Satisfaction*, <http://www.dpc.nsw.gov.au/ics/home>



## Chapter Three - Department of Commerce

### Agency Overview

- 3.1 This is the final Annual Report of the Department of Commerce (Commerce) which became the NSW Department of Services Technology and Administration (DSTA) from 1 July 2009. At the time of the Annual Report, the Department of Commerce reported to the Hon Jodi McKay MP, Minister for Commerce, Minister for Tourism, Minister for the Hunter, and Minister for Science and Medical Research. The Department was also responsible to the Minister for Fair Trading and Minister for Industrial Relations.
- 3.2 In the reporting period, Commerce provided a range of commercial services to government agencies through six divisions which were: the Office of Public Works and Services, NSW Procurement, the Government Chief Information Office, the Office of Fair Trading, the Office of Industrial Relations, and Strategic Communications and Government Advertising (SC&GA). Commerce was a Government Dependent General Government Sector agency. As at 30 June 2009, the agency employed around 4000 full time equivalent staff.

### Response of the Department

- 3.3 The Department provided a survey response (at Appendix One) and the Department of Commerce 2006-2010 Corporate Plan. The Committee subsequently took evidence from representatives of DSTA in relation to the presentation and content of the Commerce 2008-09 Annual Report at a public hearing held on Friday 10 September 2010. A copy of the transcript is at Appendix Three. The main issues identified by the Committee are discussed below.
- 3.4 The Committee considered that the Commerce Annual Report was compliant in almost every respect with NSW annual reporting legislation. However in terms of Best Practice there is always room for improvement. The Committee appreciates the Department's commitment to ongoing improvements in annual reporting. Several areas where better practice might be achieved were identified in discussion during the presentation of evidence by Departmental representatives. These are discussed in the 'Committee Comment' sections below.

### Corporate Plan

- 3.5 The Department's Corporate Plan covered the period from 2006-2010. The Plan sets out the definition of the agency, its goals and values, together with a brief description of the role of each service area. The Plan also defines five corporate goals together with the objective, strategy and performance measure for each area. The goals are to:
1. Maximise value for government agencies in delivering services to clients, customers and community;
  2. Simplify processes for dealing with government;
  3. Promote a fair marketplace for consumers and traders;
  4. Promote fair and productive workplaces;

5. Contribute to a credible efficient and effective organisation.
- 3.6 The Plan outlines the future directions and strategies for Commerce and also demonstrates in the commentary how the Department contributes to the goals, priorities and targets of the State Plan. The Annual Report includes in its introduction an outline of the five major goals and how these are to be achieved. The Corporate Plan is therefore an important companion document which needs to be read in conjunction with the Annual Report in order to fully appreciate the significance of the performance results.

### **Impact of Restructuring on Corporate Reporting**

- 3.7 In his opening statement, Mr Peter Duncan, Director General, DSTA, noted that one of the key activities following restructuring was the reviewing of related entities and their reporting requirements. He explained that some entities were required to produce their own annual reports. The review of related entities was in order to ensure that future reporting was well coordinated and that all entities complied with statutory requirements.<sup>126</sup> He predicted that the restructure would strengthen the reporting process. He explained that, as a result of the review, the Department had recommended changes to some reporting processes, for example, through internal risk and audit committees.<sup>127</sup>
- 3.8 Ms Jennifer Wiggins, Director of Ministerial and Executive Services, DSTA, informed the Committee that the 2009-10 Annual Report would clearly state at the beginning of the Report which entities of DSTA were covered in the Annual Report and where the other Reports were located.<sup>128</sup>
- 3.9 Mr Duncan predicted that the restructuring would strengthen the governance of smaller entities such as the Teacher Housing Authority, which would now report to the Department's principal Audit and Risk Committee within the larger organisational network.<sup>129</sup>

### **Committee Comment**

- 3.10 The Committee was very pleased to note DSTA's advice that restructuring has had a beneficial impact on the internal reporting processes of the Department. The Committee commends, in particular, the Department's review of its related entities and their reporting requirements. The Committee also commends the Department's efforts to explain and clarify the internal reporting system by including in the 2009-10 Annual Report a list of the entities of DSTA which are covered in the Annual Report as well as giving references to the annual reports of those entities which have separate reporting requirements.<sup>130</sup>
- 3.11 The Committee appreciates that there are limits to the amount of information which can be provided about the performance of all of the entities within multi-function Departments such as DSTA. It therefore emphasises the importance of providing cross-references and electronic links to enable readers to access additional reports which give further information about the Department's performance.

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<sup>126</sup> Mr Peter Duncan, DSTA, Transcript of evidence, Public Hearing, 10 September 2010, p 4.

<sup>127</sup> *ibid.*, p 5.

<sup>128</sup> Ms Jennifer Wiggins, DSTA, Transcript of evidence, Public Hearing, 10 September 2010, p 9.

<sup>129</sup> Mr Peter Duncan, DSTA, *op. cit.*, p 10.

<sup>130</sup> Ms Jennifer Wiggins, *op. cit.*, p 9.

## Relationship between the Corporate Plan and the State Plan

- 3.12 In its survey response, the Department stated that the 2006-2010 Corporate Plan provided planning for the Department's long-term objectives and current issues. The Plan includes KPIs and targets consistent with performance indicators and services measures identified in the Results and Services Plan (RSP).<sup>131</sup> In evidence before the Committee, Mr Duncan explained that DSTA is involved in a number of areas of responsibility under the State Plan in its role as a support or services agency to other NSW Government agencies. However, although the Department does not have the responsibility for a particular area of the State Plan, the Plan is the foundation policy for the Department's reporting processes.<sup>132</sup> Ms Jennifer Wiggins noted that some of the RSP indicators used in the Department's Corporate Plan were based on the State Plan.<sup>133</sup>
- 3.13 Mr Duncan explained that the Corporate Plan has a four-year cycle and the next plan is currently being prepared for release in 2011. The new Plan would respond to the requirements of the State Plan and was a key policy document to be taken into account with the State Plan. He foreshadowed that the new Corporate Plan would be fairly similar to the previous Corporate Plan.<sup>134</sup> He said that with the new Corporate Plan the Department was aiming to achieve fully integrated performance reporting for the first time. He said that this would include an overarching Corporate Plan covering all the different entities within the organisational network and each entity would have a separate service plan and integrated performance indicators.<sup>135</sup>

### Committee Comment

- 3.14 The Committee notes that the Commerce Annual Report included in its introduction an outline of the five major goals and how these were to be achieved. However it did not contain a summary of the Corporate Plan. In comparison, each of the other Departments' annual report included summaries in the form of graphs of the main performance criteria in relation to the Corporate and State Plans.
- 3.15 The Corporate Plan is an important companion document which needs to be read in conjunction with the annual report in order to fully appreciate the significance of the performance results. However, based on its comparison of the three Departments' annual reports undertaken during this review, the Committee considers that it is extremely useful for the reader to be able to see a summary of the main principles of the Corporate Plan within the annual report itself.
- 3.16 The Committee notes that the new 2011-2014 Corporate Plan is currently being prepared. In particular, the Committee was pleased to be informed that the Department is aiming to achieve its first fully integrated performance management system with the new Corporate Plan.<sup>136</sup> The Committee commends the Department for its ongoing efforts to ensure consistency in reporting processes across its very diverse entities and activities.

<sup>131</sup> Department of Commerce Annual Report Survey 2008-09, Question 2.

<sup>132</sup> Mr Peter Duncan, DSTA, Transcript of evidence, Public Hearing, 10 September 2010, p.9.

<sup>133</sup> Ms Jennifer Wiggins, DSTA, Transcript of evidence, Public Hearing, 10 September 2010, p.9.

<sup>134</sup> Mr Peter Duncan, DSTA, *op.cit.*, p.10.

<sup>135</sup> *ibid.*, p.11.

<sup>136</sup> *ibid.*, p.11.

## Executive Summary

- 3.17 Best practice suggests that the Executive Summary include reference to financial results.<sup>137</sup> However, the survey response indicated that the financial summary was located under 'Financial Highlights' in the Corporate Performance section of the report located at page 49 of the Report. The Committee asked the Department whether financial performance could have been included in the Executive Summary in future annual reports. Mr Duncan agreed that the Department could in future include a summary of its financial report with the Executive Summary at the front of the annual report.<sup>138</sup>
- 3.18 Best Practice also indicates that the Executive Summary should also cover the plans and outlook for the coming year<sup>139</sup>. However, the Department's response indicated that KPIs and targets were set out in the current Corporate Plan for 2006-2010. The Committee noted that the Director-General's overview was mainly retrospective. Departmental goals were listed prominently in the introduction but there was no summary of performance in relation to the Corporate Plan.
- 3.19 The Committee asked whether the Department of Commerce had experienced any particular challenges in compiling a comprehensive executive summary over and above the individual performance, corporate governance, financial and operational sections of the report. Mr Duncan said that the Committee that the main challenge was one of communicating in plain English the activities of a very diverse organisation in a straightforward way, while at the same time meeting complying with statutory and other Treasury requirements.<sup>140</sup>

## Committee Comment

- 3.20 The Committee appreciates that restructuring has presented an enormous challenge to large and diverse public sector departments, such as DSTA, to summarise key performance information for all of their areas of responsibility in the Executive Summary of the annual report. Particular issues for DSTA are:
- the need to include in the Executive Summary some additional analysis in relation to the overall financial performance of the Department;
  - the need to provide an assessment of progress towards outcomes on the basis of the Corporate Plan and of the integrated performance management system; and
  - the need to provide an overview of future plans and directions.

## Performance Report

- 3.21 To be fully informative, performance reporting should include comparative data over several years. It is good practice for performance reviews to include results over a period of five years to allow readers to judge trends in performance.<sup>141</sup> The survey response stated that it was not possible to include a review of results over five years, because the Corporate Plan and the implementation of KPIs commenced from 2006. The Committee asked DSTA whether a review of results for a longer term would be

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<sup>137</sup> Percy Allan and Associates Pty Ltd 2009, PBRC Questionnaire on Agency Compliance with Annual Reporting Requirements p.6.

<sup>138</sup> Mr Peter Duncan, DSTA, Transcript of evidence, Public Hearing, 10 September 2010, p.13

<sup>139</sup> Percy Allan and Associates Pty Ltd 2009, *op. cit.*, p.6.

<sup>140</sup> Mr Peter Duncan, *op. cit.*, p.15.

<sup>141</sup> Percy Allan and Associates Pty Ltd 2009, *op. cit.*, p.7.

included in the next annual report. Mr Duncan explained that changes to the KPIs and the Corporate Plan followed a four-year cycle, however he said that the Department would endeavour to provide a five year framework of reporting across the sector in future.<sup>142</sup>

- 3.22 In relation to the Department's performance reporting practices, the Committee sought an explanation of the methodology and processes to measure and evaluate performance qualitatively against the Corporate Plan. Mr Duncan said that two particular criteria were the Auditor-General's Performance Audit Reports and customer satisfaction surveys which are used as performance measures in reporting by the Office of Fair Trading and Office of Industrial Relations.<sup>143</sup>
- 3.23 Mr Duncan agreed that there should be more customer satisfaction reporting across the organisation. However, he said that the Department was still grappling with a methodology for reporting on the organisation's customer base as a whole. The challenge was because of the diversity of customers and stakeholders which could include other government departments, the community sector or individual consumers.<sup>144</sup> Ms Wiggins noted that DSTA was developing a whole-of-agency complaints and compliments handling procedure and this would provide a benchmark to work from for the future.<sup>145</sup>

### Customer Satisfaction

- 3.24 In relation to the Department's use of customer satisfaction surveys to monitor quality of performance in the Office of Fair Trading, the Committee was interested to find out whether the KPIs for customer satisfaction could measure dissatisfaction in relation to particular grievances, for example, dissatisfaction of builders with the home warranty insurance scheme.<sup>146</sup> Mr Duncan undertook to investigate this matter and advised the Committee in subsequent correspondence since the establishment of the Professional Practice and Review Committee in October 2008, no matters regarding home warranty insurance had been referred to the Consumer Trade and Tenancy Tribunal.<sup>147</sup> In response to a further question about the canvassing of builders' satisfaction with the scheme, Mr Duncan confirmed that builders were included in satisfaction surveys. He noted that it was always the Department's practice to survey businesses as well as consumers about their satisfaction with services.<sup>148</sup>
- 3.25 The Committee asked whether the Department used staff surveys as a mechanism of performance evaluation. Mr Duncan explained that such surveys were undertaken on a two- or three-yearly basis.<sup>149</sup> Ms Wiggins noted that when a survey is conducted the results would be reported in the 'People and Organisation' section of the Annual Report rather than under 'Corporate Performance'.<sup>150</sup>
- 3.26 In addition to its staff satisfaction surveys, the Committee sought information about any other measurements for evaluating the Department's performance towards being

<sup>142</sup> Mr Peter Duncan, DSTA, Transcript of evidence, Public Hearing, 10 September 2010, p.18.

<sup>143</sup> *ibid.*, pp.12-14..

<sup>144</sup> *ibid.*, p.13.

<sup>145</sup> Ms Jennifer Wiggins, Transcript of evidence, Public Hearing, 10 September 2010, p.14.

<sup>146</sup> Mr Peter Duncan, DSTA, *op.cit.*, p.21, correspondence from Mr Duncan to the Committee 6 October 2010

<sup>147</sup> *ibid.*, p.21.

<sup>148</sup> *ibid.*, p.22.

<sup>149</sup> *ibid.*, p.19.

<sup>150</sup> Ms Jennifer Wiggins, *op. cit.*, p.19.

a 'credible, efficient and effective organisation', as required by Goal 5 of the Corporate Plan. Mr Duncan confirmed that there were internal performance indicators for particular areas such as waste reduction, the purchasing plan, fleet vehicles and information services. In relation to improved internal performance, Mr Duncan acknowledged that the Department could probably develop further indicators.<sup>151</sup> He pointed out that the Annual Report included information about performance in relation to Goal 5, however, the results were presented as a statement rather than in terms of performance indicators. He suggested changing the method of presentation to make the results easier to compare.<sup>152</sup>

### Committee Comment

- 3.27 Reviewing customer feedback is a key component of quality management systems according to the Australian and New Zealand Quality Management standards.<sup>153</sup> The Committee therefore commends the initiatives taken by DSTA to extend the use of customer satisfaction evaluations to measure the quality of service delivery. In particular, the Committee notes DSTA's advice that it is developing a whole-of-agency complaints and compliments handling procedure. The Committee hopes that this will prove to be a fruitful source of information about the impact of services and that it will assist DSTA to develop meaningful and consistent performance criteria which can be compared across the diverse entities within the Department following the restructure of July 2009.
- 3.28 Discussion of the customer feedback evaluations in relation to the Office of Fair Trading also raised the question as to how much detail the Department can provide in relation to performance in specific service areas, for example, in relation to customers' satisfaction with the administration of home owner warranty claims. The Committee appreciates that there are challenges in collecting and presenting detailed performance results within one annual report. However it urges the Department to consider, where possible, the use of references and electronic links to guide the reader to more detailed sources of information.
- 3.29 The Committee also urges the Department to consider expanding opportunities across the organisation for staff to contribute feedback in relation to the evaluation of service delivery.
- 3.30 How the Department operates internally to achieve its goals is critical to the efficiency and effectiveness of the organisation as a whole. The Committee considered that performance reporting against Goal 5 of the Corporate was presented in a way which stood out for the general reader.
- 3.31 The Committee therefore appreciates the Department's acknowledgement that improvements can be made in this area of future annual reports. In particular, the Committee is pleased to note Mr Duncan's suggestion to present results in relation to performance indicators in order to make the results easier to compare.<sup>154</sup>
- 3.32 As the Committee noted in its April 2010 Review Report, best practice financial reporting is achieved by presenting information in a way which assists readers to

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<sup>151</sup> Mr Peter Duncan, DSTA, Transcript of evidence, Public Hearing, September 2010, p.23.

<sup>152</sup> *ibid.*, p.23.

<sup>153</sup> Standards Australia and Standards New Zealand 2000. AS/NZS ISO 9001:2000, *Quality management systems – Requirement*, p.5.

<sup>154</sup> Mr Peter Duncan, DSTA, *op.cit.*, p.23.

understand that information.<sup>155</sup> This includes providing comparative data over a number of years. The use of simple charts to illustrate key financial results (e.g. a bar chart of five years operating results) can be very effective.

- 3.33 The Committee is pleased that DSTA has confirmed its intention to provide a five year framework of reporting performance results in future. The Committee is mindful of the challenge faced by Departments in providing consistent historical comparisons over longer periods, considering that the system of performance measurements is based on the four-yearly Corporate Plan. However, where performance measurements are consistent over a longer period, the Committee continues to encourage Departments to provide comparative data that can demonstrate a comprehensive historical view of performance over a five year period. If a Department is unable to provide consistent performance results over time because of changes in the reporting system, it should be able to explain the variation and give the reasons for the change.

## Benchmarking

- 3.34 Performance results can be more clearly understood when organisations are able to benchmark their operations against similar organisations<sup>156</sup>. However the Annual Report only provided benchmarking in relation to certain areas.<sup>157</sup> The Committee asked DSTA about the challenges it faces in benchmarking its overall performance and whether there were plans to develop benchmarking to further areas.
- 3.35 Mr Duncan noted the difficulty of finding a similar organisation or entity to benchmark against. He pointed out that there was no consistency in government Fair Trading organisations in other States. It was necessary to take some normalising approaches in making comparisons. He confirmed that the Department nevertheless intended to try to find further ways of doing this.<sup>158</sup>
- 3.36 Ms Wiggins informed the Committee that the Department was currently undertaking benchmarking on the basis of function where there was an industry comparator. For example, the Office of Fair Trading had been benchmarked against private-sector call centres in the Annual Report.<sup>159</sup> She said that the Office of Public Works and Services reported time lost to injury against a private sector benchmark. She noted that comparators in relation to functions might be found either within government or another jurisdiction or within the private sector.<sup>160</sup>

## Committee Comment

- 3.37 The Committee notes that DSTA has made significant effort to address benchmarking in relation to specific services. The Committee encourages DSTA to

<sup>155</sup> Public Bodies Review Committee, April 2010, *Review of Annual Reports, Report No. 3/54*, Parliament of NSW, p.18.

<sup>156</sup> Percy Allan and Associates Pty Ltd 2009, PBRC Questionnaire on Agency Compliance with Annual Reporting Requirements p.7.

<sup>157</sup> For examples of benchmarking performance results, see *NSW Department of Commerce Annual Report 2008/09* as follows: Fair Trading customer service (pp.9 and 10); Office of Industrial Relations client satisfaction (p.18); construction contractor performance (p.21); employment equity (p.78) and trends in the representation of EEO groups (pp.78-80); overseas travel (p.254); and industrial relations workplace research (p.259).

<sup>158</sup> Mr Peter Duncan, DSTA, Transcript of evidence, Public Hearing, 10 September 2010, p.16

<sup>159</sup> Ms Jennifer Wiggins, DSTA, Transcript of evidence, Public Hearing, 10 September 2010, p.16.

<sup>160</sup> *ibid.*, p.16

continue its research to identify suitable industry comparators against which it can compare functions across the Department against functions of comparable organisations in other jurisdictions.

- 3.38 As the Committee acknowledged in its April 2010 *Review of Annual Reports*, it is clear that Departments have difficulties in providing performance benchmarking in their annual reports.<sup>161</sup> This is especially so for large multi-functional Departments like DSTA. However, the Committee considers that benchmark comparisons are particularly necessary in determining the benefits of public sector performance following restructuring. Departments must therefore continue to explore whether any quantitative or qualitative indicators (e.g. cost efficiency and cost effectiveness for outputs and outcomes) can be identified, which would allow for meaningful comparisons to be made with similar functions, activities or services with other agencies or private sector organisations within New South Wales, nationally or internationally.

### Compliance Issues

- 3.39 The Committee identified one relatively minor instance of non-compliance with prescribed requirements: the Report provided an introductory List of Contents but the Financial Statements section lacked a Compliance Index guiding the reader to the information in the Annual Report. The Committee asked whether such an index could be provided in future. Mr Duncan confirmed that the Department would provide a Compliance Index in future.<sup>162</sup>

### Committee Comment

- 3.40 The provision of a Compliance Index in addition to a table of contents is a particularly helpful aid to readers given the size of the annual reports of large and diverse Departments such as DSTA. It is particularly useful for on-line navigation of large documents. In view of Mr Duncan's comment that access to the annual report is now almost entirely electronic, provision of adequate indexing is all the more important.<sup>163</sup>
- 3.41 The Committee notes that the 2008-09 Annual Report of the NSW Department of Commerce was the only one of the three under review which did not have a Compliance Index. Mr Duncan's assurance that a Compliance Index will be included in future annual reports is therefore very much appreciated.

### Response to external review

- 3.42 As noted in Chapter One, The annual reporting regulations require the management and activities section to include discussion of improvements made as a result of internal and external reviews.<sup>164</sup> In this respect the Committee noted that the three agencies which were the subject of this review were not always informative about their responses to external audit findings. In contrast to the other two reports, the Commerce Annual Report included succinct and informative action statements in

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<sup>161</sup> Public Bodies Review Committee, April 2010, *Review of Annual Reports*, Report No. 3/54, Parliament of NSW, p.9.

<sup>162</sup> Mr Peter Duncan, DSTA, Transcript of evidence, Public Hearing, 10 September 2010, p.18.

<sup>163</sup> *ibid.*, p.19.

<sup>164</sup> *Annual Reports (Departments) Regulation 2005*, Schedule 1.



response to Audit office recommendations relating to the Government Licensing Service.<sup>165</sup>

## Accessibility to the Vision-Impaired

3.43 The Commerce 2008-09 Annual Report is available on DSTA's website as a PDF. In its 2008 *Report on an inquiry into Web-Based Annual Reporting*, the Committee has recommended that all NSW public sector agencies produce their annual reports in a file type that can be easily read by the assistive technology used by vision-impaired people.<sup>166</sup> The Committee asked whether the Department was able to improve electronic accessibility of its annual reports, for example by providing information in alternative file types to PDF, such as Word or HTML. Mr Duncan confirmed that the Department would consider those options. He also noted that there are very few requests for paper copies of reports and that dissemination is 'basically now fully electronic'.<sup>167</sup>

## Committee Comment

3.44 A key benefit of web-based annual reporting is its potential to enable the NSW public sector to communicate information about its annual performance, on demand, to the citizens of New South Wales in a timely and cost-effective way. However, this potential will not be fully realised if those with disabilities cannot receive that information because the format in which it is delivered is not compatible with the assistive technologies that they use to access the web.<sup>168</sup>

3.45 The Committee is pleased to note that the DSTA will consider ways of providing the annual report in a format on-line that is accessible by the vision-impaired reader. As stated above, this is all the more significant in view of the Department's advice that access to the annual report is now almost fully electronically. It is also to be hoped that the DSTA will consider further positive methods of providing information on-line, for example using summaries and electronic linkages to more detailed information in order to help overcome the technological difficulties of downloading very large documents on-line. The Committee reminds DSTA and other Departments that best practice principles recommend that agencies review how readers access the annual report<sup>169</sup>.

## Stakeholder Consultation and Quality Improvements

3.46 It is a principle of good governance that organisations have performance-enhancing mechanisms for stakeholder participation.<sup>170</sup> Australian and international quality management standards also require that organisations obtain customer feedback in their performance evaluation processes.<sup>171</sup> The Committee asked about DSTA's

<sup>165</sup> Department of Commerce *Annual Report 2008-09*, p.56, Auditor-General's *Financial Audit Report 2008*, vol, 6, tabled 9 December 2008..

<sup>166</sup> Public Bodies Review Committee, 2008, *Report on an Inquiry into Web-Based Annual Reporting in the NSW Public Sector*, No 1/54 – September 2008, p.18.

<sup>167</sup> Mr Peter Duncan, DSTA, Transcript of evidence, Public Hearing, 10 September 2010, p.19.

<sup>168</sup> Public Bodies Review Committee, 2008, *op. cit.*, p.13.

<sup>169</sup> Audit Office of NSW, 2000, *Reporting Performance: a Guide to Preparing Performance Information for Annual Reports*, p.25.

<sup>170</sup> Standards Australia 2003, AS8000-2003 *Good Governance Principles*, p.22.

<sup>171</sup> Standards Australia, Standards New Zealand 2000, AS/NZS ISO 9001:2000, *Quality management systems – Requirements*, Section 7.2., p.7.

processes for evaluating the content and impact of the annual report to ensure that readers were receiving the intended message. In addition, the Committee asked whether DSTA sought feedback from stakeholders and used this to apply continuous improvement principles to the quality of future annual reports.

- 3.47 Mr Duncan informed the Committee that the Department was now producing the annual report in-house and this enabled quality control. He noted that the Department had never surveyed stakeholders for feedback.<sup>172</sup> Ms Wiggins also informed the Committee that some feedback was obtained through pre- and post-production meetings and from internal stakeholders who were contributors to the annual report. External feedback was obtained from web statistics of page views on the report which had increased markedly over the last year. There was also a link from the annual report's web page to the feedback form for the organisation.<sup>173</sup> Mr Duncan assured the Committee that DSTA was committed to making continuous improvements and that it would consider the suggestions of the Committee.<sup>174</sup>

### **Committee Comment**

- 3.48 The Committee notes that DSTA has not previously conducted specific surveys to ascertain readers' views of the annual report. While on-line users have the opportunity to make comments on the corporate feedback form on the website, this does not provide a formal structured means of evaluating stakeholder experiences and information requirements on a standardised basis. The Committee therefore encourages DSTA to establish specific mechanisms to enable stakeholders to give feedback on the content, design and accessibility of the annual report. The Committee also encourages DSTA to explore how stakeholders may contribute in new ways to the continuous improvement of the document template.

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<sup>172</sup> Mr Peter Duncan, DSTA, Transcript of evidence, Public Hearing, 10 September 2010, p.23.

<sup>173</sup> Ms Jennifer Wiggins, DSTA, Transcript of evidence, Public Hearing, 10 September 2010, p.24.

<sup>174</sup> Mr Peter Duncan, *op .cit.*, p.24.

## Chapter Four - Department of Primary Industries

### Agency Overview

- 4.1 This is the final Annual Report of the NSW Department of Primary Industries (DPI) which from 1 July 2009 became part of the Department of Industry and Investment (DII), trading as Industry and Investment NSW.
- 4.2 In the reporting period, there were seven divisions within DPI consisting of the Agriculture and Mine Safety Division; Fisheries, Compliance and Regional Relations Division; Mineral Resources Division; Forests NSW; Science and Research Division; Strategy, Policy and Communications Division; and the Corporate Services Division.<sup>175</sup>
- 4.3 The principal role of the Department, as described in the Annual Report, was to act in partnership with industry and other public sector organisations to foster profitable and sustainable development of primary industries throughout the State. The Department delivered a wide range of services to primary industries and rural communities.<sup>176</sup>
- 4.4 DPI was a Government Dependent General Government Sector agency. Forests NSW operated as a self funded Public Trading Enterprise (PTE) and provided a separate annual report.<sup>177</sup> In the reporting period the total staff establishment of DPI was approximately 3500 based at 130 locations across NSW.<sup>178</sup>

### Response of the Department

- 4.5 The Department provided a survey response (at Appendix One) and the Department's 2008-2011 Corporate Plan. The Committee took evidence from representatives of DII in relation to the presentation and content of the 2008-09 Annual Report of DPI at a public hearing held on Friday 10 September 2010. The transcript can be found at Appendix Three of this Report.
- 4.6 Following the hearing, the Committee was provided with DII's recently released 2010-2013 Corporate Plan.
- 4.7 Committee notes that in the opinion of the 2010 Premier's Annual Reports Award Technical Review Panel that the 2008-09 Annual Report of DPI is an excellent report overall. However, the Committee agrees with the Technical Review Panel, that there are some areas which could still be improved. These are discussed in the 'Committee Comment' sections below.

### Corporate Plan

- 4.8 The DPI Corporate Plan relating to the reporting period, covered the period from 2008-2011. This plan was reviewed and updated following the appointment of Dr Richard Sheldrake as Director-General on 2 January 2008, and in response to the

<sup>175</sup> NSW Department of Primary Industries *Annual Report 2008-09*, p.7.

<sup>176</sup> *ibid.* p.5

<sup>177</sup> In September 2010, the Primary Industries portfolio was expanded to include Mineral and Forest Resources. <<http://www.industry.nsw.gov.au/ministers>>

<sup>178</sup> *ibid.* p.5.

Australian Government's renewed focus on climate change, biosecurity, drought and other issues affecting primary industry.

- 4.9 The DPI Annual Report includes a clear and comprehensive summary of the Corporate Plan and its alignment to the State Plan within the introductory section of the Annual Report. The Corporate Plan defines the organisation, its vision, values and behaviours. It sets out five Key Result Areas. These are:
1. Strong economic performance of primary industries;
  2. Appropriate access to and wise management of natural resources;
  3. Safe, healthy and biosecure industries;
  4. A strong voice for primary industries
  5. Excellence in people, innovation and service delivery.
- 4.10 For each of the Key Result Areas, the Corporate Plan sets out in a chart the outcomes and key strategies and a set of key performance indicators for that area. The Corporate Plan provides an additional chart demonstrating its alignment to the State Plan.

### **2010-2013 Corporate Plan**

- 4.11 The new Corporate Plan reflects the July 2009 restructuring of DPI and its new role within DII. The new Corporate Plan has eight Key Result Areas. These are as follows:
1. Increased jobs and investment across NSW;
  2. Competitive and productive industries;
  3. Sydney and NSW highly valued for tourism and investment;
  4. Secure, efficient and affordable energy supplies;
  5. Sustainable management and use of natural resources;
  6. Safe, healthy and biosecure industries;
  7. Positive business environment;
  8. Service delivery excellence.
- 4.12 The 2010-2013 Corporate Plan is presented in the same chart format with the same basic components as the previous Corporate Plan with the variation that performance indicators are referred to as 'Key measures of success'.

### **Impact of Restructuring on Corporate Reporting**

- 4.13 The Committee asked DII about the impact of the restructuring of the Department on its annual reporting process. Ms Wendy Stamp, Executive Director, Policy, Governance and Communications, explained that DPI was now a Division of the NSW Department of Industry and Investment. Similarly, the previous division of Mineral Resources had now become part of a new Minerals and Energy Division within the Department of Industry and Investment. The former division of Strategy, Policy and Communication within DPI was also now a Division of the new Department and was now called Policy, Governance and Communications. DII has also acquired within the broad cluster a number of other agencies such as the Food

Authority, State and Regional Development, Tourism, the Rural Assistance Authority, Forests NSW, the Game Council and Screen NSW.<sup>179</sup>

- 4.14 Ms Vera Fiala, Director, Corporate Strategy and Communications, noted that the new organisation had about 4,500 employees in approximately 160 different locations throughout New South Wales. She noted that for annual reporting purposes organisations with a statutory responsibility to report, for example, Forests NSW, Screen NSW and the Food Authority would provide their own annual report, however DII would also include some of their key issues in its annual report.<sup>180</sup>

### **Committee Comment**

- 4.15 The 2010-2013 Corporate Plan demonstrates that DII has applied the performance evaluation system to the restructured organisation. The main impact has been the addition of three new Key Result Areas, reflecting the Department's broader responsibilities. Similar to the previous Corporate Plan, Outcomes and Strategies are set out under each of the Key Result Areas and performance indicators (renamed 'Key measures of success') are listed for each of the Key Result Areas.
- 4.16 As in the previous Corporate Plan, there is a separate chart demonstrating the alignment to the NSW State Plan. However the Committee noted that the new Corporate Plan does not give as much detail in relation to how the Department's Key Result Areas are correlated to the State Plan Targets. On the other hand, the new chart clearly indicates the Department's designated role as a lead agency or partner in the whole-of-government implementation plan for State Plan Priorities.
- 4.17 With the formation of DII, the Primary Industries Division is now part of a much larger agency with a diverse and complex range of responsibilities. It is all the more important that stakeholders are able to understand what the performance goals are, how they are to be achieved and how they are to be measured. The Committee therefore urges the Department to consider how it might further improve the design and lay-out of information in the introduction to the annual report to ensure that stakeholders have the clearest possible picture of Department's integrated performance management system.
- 4.18 The Committee endorses the use of charts to depict the key elements of the performance management system and their interrelationships. However, the Committee also considers that the annual report should also provide a brief narrative explanation of the integrated performance management system to ensure that readers correctly interpret the information presented in charts, graphs or tables. The Committee will continue to monitor how the restructured Departments explain their integrated performance management systems in future annual reports and looks forward to being able to comment on further improvements.

### **Relationship between the Corporate Plan and the State Plan**

- 4.19 In his opening statement, Mr George Davey, Deputy Director General, Primary Industries, noted that the Department was proud of its Annual Report. He noted in particular the Department's high performance rating in the 2010 Premier's Annual Reports Awards. He said that the Department made considerable effort to ensure that it is open and transparent in its Annual Report and that it met the

<sup>179</sup> Ms Wendy Stamp, DII Transcript of evidence, Public Hearing, 10 September, p.31.

<sup>180</sup> Ms Vera Fiala, DII, Transcript of evidence, Public Hearing, 10 September, p.31.

requirements.<sup>181</sup> With the formation of DII, the Primary Industries Division was now part of a much larger agency and somewhat different to the previous stand-alone agency, however the approach to annual reporting for the restructured agency was similar.<sup>182</sup>

- 4.20 Ms Stamp informed the Committee that the Corporate Plan is the basic platform of the Department's reporting system, which evaluates its performance on the basis of key result areas, targets and milestones. The Corporate Plan also sets out how the Department's are linked to the State Plan. Performance reporting to the relevant Ministers in relation to the State Plan is done on a quarterly basis. Performance reports are also provided to Ministers and to the executive on a monthly basis as was done when the Department was a stand-alone agency. State Emergency Service contracts are also linked to the key result areas and outcomes required in the Corporate Plan. Ms Stamp also noted that the audit program, which is provided to DPI by external auditors, is an additional mechanism by which performance can be reviewed.<sup>183</sup>
- 4.21 In its survey response, DII explained that the results, results indicators and service measures methodology used in the DPI 2008-09 Annual Report aligned with the DPI Results and Services Plan as well as the DPI Corporate Plan.<sup>184</sup>

### **Committee Comment**

- 4.22 The evidence presented to this review has highlighted the vital role played by the Corporate Plan in providing for a consistent set of performance information that can be used for planning, monitoring and reporting the Department's performance in relation to State Plan priorities as well as its core business responsibilities. Understanding the significance of outcomes reported in the annual report is dependent on how clearly the outcomes and strategies are presented in the Corporate Plan.
- 4.23 The Committee is pleased to note that the 2008-09 Annual Report of DPI contained an adequate summary of the Key Result Areas and outcomes from the Corporate Plan together with a table demonstrating the alignment to the State Plan within the introductory section of the Annual Report.<sup>185</sup> However, on-line users need to be able to identify and navigate easily between the corporate plan and the annual report in order to fully understand their relationship. The Committee noted that at present the link between the Annual Report and the Corporate Plan is not sufficiently highlighted for on-line users. The Committee urges the Department to consider how it may more clearly showcase its Corporate Plan and link it to the Annual Report on the website.

### **Executive Summary**

- 4.24 In response to a question about the challenges of providing a comprehensive Executive Summary, Mr Davey confirmed that this was indeed an enormous challenge for such a huge and diverse agency as DII has become. In preparing the current annual report for the new agency, the Department was wrestling with the difficulty of providing an Executive Summary which covered the key challenges facing

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<sup>181</sup> Mr George. Davey, DII Transcript of evidence, Public Hearing, 10 September 2010, p.25.

<sup>182</sup> Mr George. Davey, DII, Transcript of evidence, Public Hearing, 10 September 2010, p.26.

<sup>183</sup> Ms Wendy Stamp, DII, Transcript of evidence, Public Hearing, 10 September 2010, p 26.

<sup>184</sup> *Primary Industries Annual Report Survey 2008-2009*, Response to Question 2.

<sup>185</sup> NSW Department of Primary Industries Annual Report 2008-09, pp.8-9.

the various sectors of the agency as well as informing readers about how those challenges were being met and discussing the direction in which the agency is going.<sup>186</sup>

### Committee Comment

4.25 Performance information should be sufficient to allow judgement without overloading readers<sup>187</sup> For large, complex departments providing a diverse range of services, it is clearly a major challenge to provide a comprehensive overview which includes context as well as results and outcomes. The Committee is therefore pleased to note the assurance of DII witnesses that, although restructuring has brought added challenges to annual reporting, the Department will ensure that the Executive Summary gives a comprehensive summary of performance. The Committee also welcomes the Department's undertaking to include discussion of key challenges and future directions in the Executive Summary in future. The Committee was particularly pleased to note that the 2008-09 Annual Report of DPI contained a tabulated summary of the key performance results across a range of years in the introductory section of the Annual Report following the Director-General's 'Year in Review'.<sup>188</sup>

## Performance Reporting

### Premier's Annual Reporting Awards

4.26 As noted above DPI's 2008-09 Annual Report was entered in the 2010 Premier's Annual Reporting Awards and reached the second stage of judging by the Technical Review Panel although it did not progress to the final Judging Panel stage. The assessment considered it to be an excellent report overall but there were some suggestions for improvement. These were:

- more detailed information about major under and over performance, including lessons learned and actions taken to improve services, would be a useful addition to the performance overview.
- additional use of case studies would improve the annual report.
- the inclusion of more information on the challenges faced in Asset Management,
- benchmarking and provision of trend analysis in relation to procurement outcomes

4.27 These matters were taken up by the Committee during the public hearing.

### Performance Variations

4.28 Mr Davey confirmed that the Annual Report did contain references to deviations within the 'Significant issues' sections for each of the Divisions however these did not perhaps stand out sufficiently. He suggested that the Department could identify more clearly where deviations occurred, both positively and negatively, as well as the reasons why they occurred and what actions were taken in response. He pointed out that the Annual Report did discuss deviations in performance results. For example, there was an explanation on page 29 of the Report in relation to deviations in mining royalties. However, the Department needed to make it clearer where such

<sup>186</sup> Mr George Davey, DII Transcript of evidence, Public Hearing, 10 September 2010, p.27.

<sup>187</sup> NSW Audit Office, 2000, *Reporting Performance: a Guide to Preparing Performance Information for Annual Reports*, p.21.

<sup>188</sup> DPI *Annual Report 2008-09*, pp.10-11.

explanations were provided in the Annual Report. Mr Davey confirmed that this was an area which could be improved.<sup>189</sup>

### Case Studies

4.29 Mr Davey acknowledged that there was a need to feature case studies more prominently in future annual reports. He noted that the 2008-09 DPI Annual Report had included case studies but these were buried in the text of the report. He proposed that the Department would in future look at how to highlight case studies as well as how to include more. Mr Davey agreed that case studies were very useful in demonstrating performance.<sup>190</sup>

### Committee Comment

4.30 The Committee appreciates that restructuring has presented an enormous challenge to summarise key performance information in the Executive and Financial summaries of the annual report. The Committee reminds Departments that the inclusion of discussion of positive and negative deviations from performance targets is important in order to show that annual reporting is fully transparent and accountable. The Committee commends the undertaking of DII to find ways of identifying this information more clearly in future annual reports.

4.31 Case studies are a very useful tool in demonstrating performance results and making them more meaningful to the community at large. The Committee is therefore pleased to note the Department's proposal in its evidence to look at how it can improve the highlighting of case studies in its performance reporting as well as identifying where more case studies could be included.

### Benchmarking

4.32 DII indicated in its survey response that benchmarking is not done against comparable organisations because these cannot be identified either locally or in other jurisdictions or sectors.<sup>191</sup> However, benchmarking does occur on a program basis where appropriate. The Committee asked witnesses about the particular challenges the Department has found in seeking appropriate benchmarking comparators, as well as examples of programs where benchmarking has been successfully applied. It was also interested to find out whether the Department would develop benchmarking in relation to particular service areas in future.

4.33 Mr Davey observed that benchmarking was another huge challenge in view of the diverse nature of the organisation. He said that finding a similar agency within the State, or in other States or overseas was very hard. He therefore doubted whether benchmarking could be done on an agency basis. Instead, the Department was looking at how it could benchmark programs and activities against similar programs and activities provided by other agencies. For example, DII was currently exploring the possibility of benchmarking some similar occupational health and safety and fisheries management activities on a program-to-program basis with agencies in other States.<sup>192</sup>

4.34 Ms Renata Brooks, Executive Director, Agriculture and Primary Industries, Science and Research, added that the Department was also considering the possibility of

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<sup>189</sup> Mr George Davey, DII, Transcript of evidence, Public Hearing, 10 September, p.32.

<sup>190</sup> *ibid.*, p.29.

<sup>191</sup> Primary Industries Annual Report Survey 2008-2009, Question 4.

<sup>192</sup> *ibid.*, p.28.



benchmarking research programs on a national basis. She said that this was feasible due to the Department's involvement in networks which were undertaking evaluations of the benefits achieved from investment in research and development.<sup>193</sup>

### Committee Comment

- 4.35 Best practice principles recommend that agencies should be using benchmarks to compare costs and functions with other agencies in other jurisdictions or the private sector<sup>194</sup>. The Committee is pleased to note the positive attitude expressed by Mr Davey in relation to the challenges faced by the Department in developing benchmarking practices. The Committee wholeheartedly endorses Mr Davey's view in relation to benchmarking that: 'It is not just showing how good you are, but you learn from that experience and you can do things better'.<sup>195</sup>
- 4.36 The Committee encourages the Department in its efforts to expand the practice of benchmarking on a program or activity basis including its exploration of ways to benchmark research and development programs against similar programs in other jurisdictions.

### Compliance Issues

- 4.37 The survey response of DII stated that it did not include details of relevant industrial awards and enterprise agreements because this was not required. However, industrial relations policies and practices were specified under the Human Resources section, in Schedule 1 of the *Annual Reports (Departments) Regulation 2005*, which was the relevant statutory requirement during the reporting period.<sup>196</sup> Ms Stamp explained that the Department had not reported on the specific industrial awards and enterprise agreements covering DPI employees because it had only reported on issues in the past where there were significant and specific changes. She said that while there had been no significant changes in the reporting period, the Department would consider this for future annual reports.<sup>197</sup>

### Committee Comment

- 4.38 The Committee is pleased to note that the Department will review its compliance with statutory requirements in relation to the provision of industrial relations policies and practices. The Committee understands the very real space constraints in the annual report in view of the large amount of statutory information which must be provided. However, the Committee believes that the annual report should include details of the industrial awards and enterprise agreements relevant to the Department as a matter of course, regardless of whether there were or were not significant changes in the reporting period.

### Response to external review

- 4.39 As noted in Chapter One, The annual reporting regulations require the management and activities section to include discussion of improvements made as a result of

<sup>193</sup> Ms Renata Brooks, DII, Transcript of evidence, Public Hearing, 10 September 2010, p.28.

<sup>194</sup> NSW Audit Office, 2000, *Reporting Performance: a Guide to Preparing Performance Information for Annual Reports*, p.23.

<sup>195</sup> Mr George Davey, DII, Transcript of evidence, Public Hearing, 10 September, p.28.

<sup>196</sup> Public Bodies Review Committee 2010, *Primary Industries Annual Report Survey 2008-2009*, Question 6.

<sup>197</sup> Ms Wendy Stamp, DII, Transcript of evidence, Public Hearing, 10 September 2010, p.29.

internal and external reviews.<sup>198</sup> The Committee noted that DPI reported that the Audit Office undertook a performance audit to assess whether Forests NSW manages the supply of hardwood to meet wood supply commitments and sustain native forests. However, although the report summarised the Audit Office findings, the Department did not inform readers how it will address this matter in future.<sup>199</sup>

## Accessibility to the Vision-Impaired

- 4.40 The Department's Annual Report is available on its website as a PDF download. In its 2008 *Report on an Inquiry into Web-Based Annual Reporting*, the Committee recommended that all NSW public sector agencies produce their annual reports in a file type that can be easily read by the assistive technology used by vision-impaired people.<sup>200</sup> The Committee asked whether the Department was able to improve electronic accessibility of its annual reports, for example by providing information in alternative file types to PDF, such as Word or HTML.
- 4.41 Ms Stamp observed that there was not an easy technological solution to this problem in view of the size of the document. However, the Department could also provide CD and hard copy versions of the report where accessibility was a problem. Mr Davey suggested that the report could possibly be made more accessible by providing Executive Summaries with linkages to the larger document for readers requiring further information.<sup>201</sup>

## Committee Comment

- 4.42 The Committee is pleased to note that the Department will consider ways of providing the annual report in a format on-line that can be directly accessed by the vision-impaired reader. The Committee looks forward to further positive developments in light of the suggestion of witnesses that summaries and linkages to more detailed information could be provided in future to help overcome the technological difficulties with the downloading of very large documents on-line.
- 4.43 The size and diversity of DII makes it all the more necessary for greater use of signposting and cross-referencing key information within the annual report so that the reader is made aware of other relevant material. In this respect, it will be important for the future annual reporting process to ensure that the annual report of the lead agency clearly identifies the entities within it which produce their own annual reports and to ensure that the reader is given the cross-references to those reports as well as providing navigation links on-line.

## Stakeholder Consultation and Quality Improvements

- 4.44 The Committee also asked about the Department's processes for evaluating the content and impact of the annual report to ensure that readers are receiving the message that it seeks to communicate. In particular, the Committee wanted to know whether the Department obtained feedback from stakeholders to assist it to design and shape the next annual report and whether it applied continuous quality improvements to the document. Ms Stamp informed the Committee that the

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<sup>198</sup> *Annual Reports (Departments) Regulation 2005*, Schedule 1.

<sup>199</sup> DPI, *Annual Report 2008-09*, p.64.

<sup>200</sup> Public Bodies Review Committee, 2008, *Report on an Inquiry into Web-Based Annual Reporting in the NSW Public Sector*, No 1/54 – September 2008, p.18.

<sup>201</sup> Mr George Davey, DII, Transcript of evidence, Public Hearing, 10 September, p.30.

Department does not have a specific mechanism for seeking comment on the annual report. However, she said that it would be willing to take specific action to seek input from stakeholders in future whether this was done through the Internet site or through broader consultations or consultative committees.<sup>202</sup>

- 4.45 Mr Davey explained that the Department has consultative committees consisting of stakeholder representatives for all of the primary industry activities. Members of those committees received copies of the annual reports but they were not specifically asked to give feedback on it. Mr Davey agreed that this could be done in future.<sup>203</sup>

#### **Committee Comment**

- 4.46 Best practice principles recommend that agencies review how readers access the annual report.<sup>204</sup> The Committee therefore encourages the DII to establish specific mechanisms to enable stakeholders to give feedback on the content and design of the annual report and to explore how stakeholders may continue contributing to the continuous improvement of the design, format and content of the annual report.

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<sup>202</sup> Ms Wendy Stamp, DII, Transcript of evidence, Public Hearing, 10 September 2010, p.33.

<sup>203</sup> Mr George Davey DII, Transcript of evidence, Public Hearing, 10 September, p.33.

<sup>204</sup> Audit Office of NSW 2000, *Reporting Performance: a Guide to Preparing Performance Information for Annual Reports*, p.25.

## Appendix One – Survey Responses

### Public Bodies Review Committee Department of Environment and Climate Change Annual Report Survey 2008-2009

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

	Yes	No
Executive Summary?	✓ <sup>1</sup>	
Overview of Agency?	✓ <sup>2</sup>	
Report on Performance?	✓ <sup>3</sup>	
Management and Accountability?	✓ <sup>4</sup>	
Financial Results and Analysis?	✓ <sup>5</sup>	
Other Prescribed Information?	✓ <sup>6</sup>	

Comment:

1. While there is no section of the report specifically titled 'Executive Summary', Chapter 1 is essentially an overview, containing sections titled *Director General's review*, *Performance summary 2008–09* and *Financial summary* that serve the function of an executive summary.
2. 'Overview of Agency' is titled *About DECC* in the report.
3. Chapters 2, 3, 4 and 5 contain the comprehensive 'Report on Performance' for the department.
4. 'Management and Accountability' is covered in sections of the report titled *Executive and organisational structure* within Chapter 1, *Corporate Governance* in Chapter 5 and Appendices 1, 2 and 3.
5. 'Financial Results and Analysis' is simply titled *Finance*.
6. The report contains a separate *Compliance index* (page 247), which specifically lists all the prescribed elements and where they may be found in the report.

## 2. Executive Summary:

Is there an introductory summary of your agency's:

	Yes	No
Progress in achieving agency goals and government priorities in terms of desired outcomes?	✓ <sup>1</sup>	
KPIs versus targets and a brief review of achievements and challenges?	✓ <sup>2</sup>	
Highlights of successes and admissions of setbacks?	✓ <sup>3</sup>	
Operating and capital account results with a simple table?	✓ <sup>4</sup>	
Plans and outlook for the coming year?		✓ <sup>5</sup>

### Comment:

1. The section of the report titled *Performance summary 2008–09* summarises overall achievements towards agency goals and government priorities
2. A summary of KPIs is provided at the beginning of each chapter. Details of all the department's KPIs and targets are too extensive to be contained in the *Performance summary 2008–09*. Instead, the opening part of each chapter contains a list of relevant KPIs and how they are linked to agency goals. Throughout each chapter there are 'boxes' clearly labelled 'PERFORMANCE INDICATOR' near to the related text.
3. The *Performance summary 2008–09* provides highlights of the year, though there were no major setbacks to report in this section.
4. The *Financial summary* includes charts showing various breakdowns of financial results, including capital and recurrent appropriations.
5. Plans and outlook for the coming year are not specifically referred to in the *Performance summary 2008–09* section, however it is made clear throughout the report which departmental programs run over a number of years and will continue beyond the reporting period.

### 3. Overview of Agency:

Is there a brief profile of your agency's:

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

If no, why?

### 4. Performance Report:

Is there a comprehensive analysis showing:

	Yes	No
KPIs linked to agency goals in each key result area?	✓	
Performance targets in each key result area?	✓	
Comparison of results against target?	✓	
Adequate explanation of deviations from target?	✓	
Review of results for last 5 years?	✓	
Coverage of both financial and non-financial results?	✓	
Benchmarking against comparable organisations (or provide explanation below for not being able to identify comparable organisations)?		✓
Response to client complaints or any adverse reports?	✓	

If no, why?

Benchmarking occurs mainly at the program level, as a number of DECCW environmental programs have equivalent programs in other states and are reported in other annual reports such as the National Environment Protection Council Annual Report.

DECCW is working with the Federal Government and other states/territories (through COAG, Ministerial Councils and other bodies) on national standards, legislation and program parameters in relation to a wide range of environmental initiatives. These are described in the report.

Financial benchmarking, though not detailed in the report, is discussed with Treasury through budget planning processes, Treasury circulars, Treasurer's directions and other communications, while benchmarking of corporate services is coordinated centrally on a whole-of-government basis.

**5. Management and Governance:**

Are the following control issues reported:

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

If no, why?

**6. Management and Human Resources:**

Are the following personnel issues reported:

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

If no, why?

**7. Management and Operations:**

Are the following production issues reported:

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

If no, why?

**8. Financial Results and Analysis:**

Are the following financial matters reported:

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

If no, why?



## 9. Other Prescribed Information:

Are other matters required by statute reported:

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

If no, why?

## Public Bodies Review Committee Dept of Commerce Annual Report Survey 2008-2009

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

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

Comment: N/A

2. Executive Summary:

Is there an introductory summary of your agency's:

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

Comment:

\*The Commerce report provides a Financial Highlights section with brief narrative on budget results including highlights and unfavourable variances, and a graph showing the underlying trend in the finances of the Department.

\*\*The Commerce Corporate Plan 2006-2010 provides planning for the Department's long-term objectives and current key issues. The Plan includes KPIs and targets consistent with performance indicators and services measures identified in the Results and Services Plan.

3. Overview of Agency:

Is there a brief profile of your agency's:

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

If no, why?

4. Performance Report:

Is there a comprehensive analysis showing:

	Yes	No
KPIs linked to agency goals in each key result area?	✓	
Performance targets in each key result area?	✓	
Comparison of results against target?	✓	
Adequate explanation of deviations from target?	✓	
Review of results for last 5 years?		✓*
Coverage of both financial and non-financial results?	✓	
Benchmarking against comparable organisations (or provide explanation below for not being able to identify comparable organisations)?	✓**	
Response to client complaints or any adverse reports?	✓	

If no, why?

\*Commerce's Corporate Plan covered the period 2006 -2010. Some KPI results are provided from 2006 in the 08/09 report, when KPI were established.

\*\*Benchmarking to industry standards is noted in the report for certain services provided by Commerce.

5. Management and Governance:

Are the following control issues reported:

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

If no, why?

\*A range of systems, policies and practices to support the capability of staff are noted in the People and Organisation section of the report.

## 6. Management and Human Resources:

Are the following personnel issues reported:

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

If no, why?

## 7. Management and Operations:

Are the following production issues reported:

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

If no, why?

## 8. Financial Results and Analysis:

Are the following financial matters reported:

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

If no, why?

9. Other Prescribed Information:

Are other matters required by statute reported:

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

If no, why?

## Public Bodies Review Committee Primary Industries Annual Report Survey 2008-2009

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

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

Comment:

All the above components can be found in the NSW DPI Annual Report 2008-09. However, certain components may use different terminology than the titles used by the PBRC. For instance, the *Executive Summary* is entitled *Director-General's Year in Review*.

Throughout this survey the "YES" box has been ticked where a particular component forms part of the Annual Report, even though its title may differ from the terminology used by the PBRC.

2. Executive Summary:

Is there an introductory summary of your agency's:

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

Comment:

KPIs versus targets for NSW DPI overall were recorded as results and results indicators, measuring projected numbers (budget) versus actuals (revised). Each of the divisions also reported on progress against their individual service measures.

The results, results indicators and service measures methodology aligned with the NSW DPI Results and Services Plan and NSW DPI Corporate Plan.

### 3. Overview of Agency:

Is there a brief profile of your agency's:

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

If no, why?

### 4. Performance Report:

Is there a comprehensive analysis showing:

	Yes	No
KPIs linked to agency goals in each key result area?	X	
Performance targets in each key result area?	X	
Comparison of results against target?	X	
Adequate explanation of deviations from target? (*)	X	
Review of results for last 5 years? (**)		X
Coverage of both financial and non-financial results?	X	
Benchmarking against comparable organisations (or provide explanation below for not being able to identify comparable organisations)? (***)		X
Response to client complaints or any adverse reports?	X	

\* Most of the deviations are either positive deviations or minor negative deviations. Although they are not directly discussed in the "Our Results" section of the report, each individual division has reported on their "significant issues" where some of the underlying reasons for minor negative deviations are explained.

If no, why?

\*\* There is no statutory requirement to report on results over a 5 year period. The NSW DPI report shows the results for the last 3 years as it was felt that this provided an adequate overview of trends. This was discussed with NSW Treasury.

\*\*\* There is no statutory requirement to benchmark against comparable organisations. Furthermore, the work and the scope of the work undertaken by NSW DPI cannot readily be compared to that of other NSW Government Departments.

Similarly, there are no private companies or departments in other jurisdictions with a comparable remit. Benchmarking does occur on a program basis where appropriate.

5. Management and Governance:

Are the following control issues reported:

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

If no, why?

6. Management and Human Resources:

Are the following personnel issues reported:

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

If no, why?

There is no requirement to report on industrial awards and enterprise agreements.



## 7. Management and Operations:

Are the following production issues reported:

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

If no, why?

## 8. Financial Results and Analysis:

Are the following financial matters reported:

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

If no, why?

## 9. Other Prescribed Information:

Are other matters required by statute reported:

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

If no, why?

## Appendix Two – List of Witnesses

### PUBLIC BODIES REVIEW COMMITTEE

### SECOND REVIEW OF ANNUAL REPORTS

FRIDAY 10 SEPTEMBER 2010

WARATAH ROOM, PARLIAMENT HOUSE

Time	Witness	Agency
10.00 am	<p>Ms Zoe de Saram Acting Executive Director Departmental Performance, Management &amp; Communication</p> <p>Ms Catherine Donnellan Director, Corporate Governance</p> <p>Ms Renu Gangopadhyay Corporate Financial Accountant</p>	Department of Environment, Climate Change and Water
10.45 am	<p>Mr Peter Duncan Director General</p> <p>Ms Jenny Wiggins Director, Ministerial &amp; Executive Services</p>	Department of Services, Technology and Administration
11.30 am	<p>Mr George Davey Deputy Director General</p> <p>Ms Wendy Stamp Executive Director, Policy, Governance &amp; Communications</p> <p>Ms Vera Fiala Director, Corporate Strategy &amp; Communications</p>	Department of Industry and Investment

# Appendix Three – Transcript of Hearing

**REPORT OF PROCEEDINGS BEFORE**

**PUBLIC BODIES REVIEW COMMITTEE**

**SECOND REVIEW OF ANNUAL REPORTS**

—

**At Sydney on Friday 10 September 2010**

—

**The Committee met at 10.00 a.m.**

—

**PRESENT**

Mr N. Lalich(Chair)

Mr A. J. Ashton  
Mr S. R. Cansdell  
Mr P. R. Draper  
Ms S. K. Hornery  
Mr W. A. Merton

**CHAIR:** I welcome representatives from the Department of Environment, Climate Change and Water. I thank you for appearing today to provide evidence on the Public Bodies Review Committee Inquiry into the Second Review of Annual Reports. I am advised that you have been issued with a copy of the Committee's terms of reference and also a copy of the Legislative Assembly's Standing Orders 291, 292 and 293 that relate to the examination of witnesses.

**ZOE de SARAM**, Acting Executive Director, Departmental Performance, Management and Communication, Department of Environment, Climate Change and Water, sworn and examined:

**CATHERINE MARIE DONNELLAN**, Director, Corporate Governance, Department of Environment, Climate Change and Water, and

**RENU GANGOPADHYAY**, Acting Director Finance, Corporate Financial Accountant, Department of Environment, Climate Change and Water, affirmed and examined:

**CHAIR:** The Committee has received the department's response to the Committee's survey and thanks you for the effort in preparing this. At the outset I would like to say that although the Committee has several questions about your annual report, in general it is a very well prepared and well presented document. Do any of you have a prepared statement that you wish to put to the Committee?

**Ms de SARAM:** If you do not mind I would like to make a few opening remarks and then we will get to the questions. I think that will make the best use of your time. In preparation for this session I spoke with my director general, and she sends her apologies for not being here personally. The first important point I would like to make is that the department, which is now the Department of Environment, Climate Change and Water, takes its annual reporting obligations very seriously. Our annual report is one part of our corporate governance framework and we are very proud of it. We have a very good governance structure and a culture in the organisation; and that is driven by our director general and our executive in a very collegiate way in terms of the preparation of annual reports and making sure that our obligations are complied with.

The other point that I would like to make is in relation to the 2008-09 annual report. I am confident that the department has met all of its applicable statutory obligations. We follow the Treasury checklist and all the requirements in the preparation of our annual report and we have a compliance index in our annual report, which I think is a really good thing that helps readers navigate through a fairly large document. As you know, Treasury each year selects certain agencies to go through their process of checking annual reports against their checklist and we were part of that process for the 2008-09 annual reports. This is the second time we have been checked and they have given us very good, positive signals and they have, in fact, used us as a good example of performance reporting. So when I talk about performance reporting it is a linkage or line of sight between our performance indicators, the corporate plan and the State plan.

So we work very hard. Before this hearing started I was talking with some of your staff and one made the point that there is a lot more to an annual report than meeting a

Treasury checklist and that it is about readability and its usability and how the public reacts to it. I endorse those comments. When we are preparing a report we look for relevance, accuracy and reliability, and the fact that it is consistent so data can be compared between the years and ensure that it is clear and concise. We take those broader issues seriously. But I also know that there is room for improvement and that is why we are here today—to get feedback from you, and we welcome that feedback.

We are just finalising the preparation of our 2009-10 annual report for the Department of Environment, Climate Change and Water—so it includes the Office of Water for the first time—and any feedback you provide to me will be considered as part of the next round. With that, I am happy to take questions.

**CHAIR:** How will the July 2009 restructure of the department affect the planning, monitoring and reporting of your performance in future annual reports? Do you think it will make any difference?

**Ms de SARAM:** Our corporate plan has been amended to integrate the Office of Water. Our goals, objectives and priorities have been set out and they will be used in the preparation of our future annual reports. We have David Harris, the Commissioner of Water and the head of the Office of Water as part of our executive team and we are making great efforts to integrate to reflect those structural changes in government within our annual reporting process.

**Ms DONNELLAN:** The department's annual report is based on the goals in our corporate plan. As stated, we updated the corporate plan in early 2010 to include the Office of Water. Therefore, the 2009-10 report will include a chapter on the Office of Water functions and achievements.

**Mr STEVE CANSDELL:** The department has provided two versions of the corporate plan; that is, the corporate plan for 2008-12, which was developed prior to the 2009 reorganisation, and the corporate plan update for the new Department of Environment, Climate Change and Water. What is the relationship between the two versions of the corporate plan, the annual report and the State Plan?

**Ms de SARAM:** It is important to state that our starting point for everything we do is the State Plan and the priorities within that. Whatever documents exist, they link with the State Plan obligations. That is part of our core business; that is what we do.

**Ms DONNELLAN:** The 2008-12 plan was the structure or model for the 2008-09 annual report. It reflected that corporate plan. The 2010 update will be the structure for the current annual report we are preparing. As stated, the corporate plans are prepared within the umbrella of the State Plan and the goals, objectives and outcomes in the corporate plan flow from that.

**Ms de SARAM:** It is not just the 2010 State Plan, we also take into account the State Plan annual performance reports and whole-of-government action in various Chapters of the State Plan, but in particular the Green State Chapter. We incorporate that in our reporting.

**Mr PETER DRAPER:** How often do you evaluate the achievements against the State Plan? Is there a monitoring process in place through which you report on those evaluations?

**Ms de SARAM:** There is a very rigorous process of reporting against the State Plan. That is a whole-of-government process. We also report to our executive on our achievements against State Plan priorities. It is a fairly arduous process, particularly in relation to an environment department. The environmental issues are so multifaceted. The reporting is not as black and white as in a balance sheet approach. The problems and changes that you see may unfold or happen over many years. That is one of the particular challenges I face as someone who not only oversees the governance area but who also must write an annual report.

**Mr PETER DRAPER:** How often do you do that?

**Ms de SARAM:** Quarterly.

**Mr PETER DRAPER:** As people who have to manage the system and structure, do you have any ideas about how it could be improved?

**Ms de SARAM:** We are always looking for information and ideas about how it can be improved. For example, we are developing a business intelligence system for DECCW that starts off with the State Plan priorities.

**Mr PETER DRAPER:** Is that backed through IT?

**Ms de SARAM:** It is an interesting exercise in the way the department works. It is IT, my area—departmental performance management—corporate governance and our finance and HR sides. It is trying to link the planning and budgeting. It starts with the State Plan, lines up the corporate priorities, goes through the various activities we are doing and comes out with the costings. It is at the very early stages of development and we are doing it with existing resources, which demonstrates our commitment to it. Ms Gangopadhyay will also tell the Committee about the executive dashboard project.

**Ms GANGOPADHYAY:** We are still enhancing the executive dashboard project. It is available to the executive and some other levels of staff for reviewing at any time. It looks at our performance against targets and budgets. It can also drill down to lower levels. We are in the process of enhancing it, including the key performance indicators, which are relevant and useful for business decision-making. Different divisions have an input. As Ms de Saram said, we take it very seriously and the other divisions and IT are working with us. We are looking to have the first stage involving the KPIs done by the end of this calendar year.

**Mr PETER DRAPER:** And you have done that without additional resources?

**Ms de SARAM:** Yes. We are using existing resources, but we would always like to get more.

**Mr PETER DRAPER:** Could that model be transposed into other areas?

**Ms de SARAM:** It is an idea that we found being used in another agency on a much a larger scale. I note from reading the Committee's past reports that it places a premium on

benchmarking. For me, benchmarking is a tool for self improvement. You are constantly on the search for ideas that will improve your performance. We came across the Business Intelligence Program in another agency.

**Mr PETER DRAPER:** It is excellent.

**CHAIR:** Where the department is a partner agency for State Plan properties rather than a leader and outcomes of programs and policies are shared across portfolios, how do you measure your contribution to the outcomes and how is that documented in the annual report?

**Ms de SARAM:** I refer members back to the State Plan. I will provide an example using the Green State chapter. We are the lead agency for climate change policy. Within that, emphasis is placed on clean energy and energy efficiency. I spend most of my time each day working with colleagues from Industry and Investment New South Wales, not only in terms of energy but also State and regional development. We get together regularly and feed into annual reports that go into the State Plan. Our Department of Environment, Climate Change and Water report focuses on the areas we are responsible for delivering. The annual report is about our performance. Members will see in various sections of the annual report that we have worked in collaboration with other agencies, not only at the State level but also nationally. We are leading certain programs and we report on those and indicate where we have made those connections.

**Mr PETER DRAPER:** In the executive summary the department summarises its overall achievements in the performance summary. However, there is no discussion about performance in relation to the KPIs. How can you be sure that readers of the report understand the department's approach to performance evaluation if there is no overview at the beginning of the report?

**Ms DONNELLAN:** We have 34 KPIs in our annual report. The decision was taken that we would list them at the beginning of each chapter. We are looking at making that a better linkage.

**Ms de SARAM:** The other area I want to make a better linkage with, and it comes back to technology—we have a fairly good document, as you have indicated at the start, but there are other more substantive documents that this department releases, like the State of the Environment report every three years and which, for the first time, had a climate change chapter in it. We have the Beach Watch Report, Waste reports and various other documents. So, I want to use technology to get a better linkage between documents for easier public access.

Before the start of this meeting we had a discussion with some staff about how we cannot contain everything in the annual report, there are different types of readers. So, for the people and the experts who want that further level of detail we need to make those linkages with the State of the Environment report and national reports that compare New South Wales' performance against other States. I can never capture all of the information in the annual report but I want to start doing that – making the linkages a bit more.

**Mr STEVE CANSDELL:** The Committee notes that the Community Relations Report 2009 includes the Department of Environment, Climate Change and Water as one of the

departments that only partly met the requirements for reporting implementation of the ethnic affairs priority statement in the reporting year 2008-09 and key multicultural strategies for the coming year. Do you wish to comment on that, and how do you plan to address this finding in future annual reports?

**Ms DONNELLAN:** The department had an ethnic affairs priority statement for 2006 to 2010, so that statement is basically finished. We are in the process now of preparing our multicultural policies and services plan under the new requirements so in the current year's annual report we will be talking about that plan and the actions proposed for future years.

**Ms de SARAM:** If that does not answer your question—you might be driving at something—I am happy to take the question on notice.

**Mr STEVE CANSDELL:** No, I am not driving at anything, it is just the statement we questioned.

**CHAIR:** The survey response indicates that the benchmark is not used to compare against comparable organisations. To what extent is it done in relation to any of these significant programs and projects managed by the department? Is there scope for developing benchmarks in the future?

**Ms de SARAM:** As I mentioned earlier, I noticed this is a recurring theme in your past questioning of agencies. When we came to fill out your survey I could have gilded the lily and told you we were benchmarking systematically, but I did not want to do that in all honesty. We do benchmark. We benchmark all the time in terms of our efforts on air quality, for example, at the national level and how we are tracking. We benchmark in relation to how we are going on waste management, for example, compared with other jurisdictions and we look overseas. Recently we looked overseas at various waste management policies and programs that we could benchmark ourselves against. We might not put it in the terminology you are more familiar with but we do that kind of work.

**Mr ALAN ASHTON:** If you did not want to gild the lily by putting it in, why would you not put in at least what you have just said, the aspects of what you are doing?

**Ms de SARAM:** If you would like us to look at that the next time around, we would be able to do that but it is bread and butter stuff for us to compare ourselves against other areas. The State of the Environment report and the Beach Watch report contained information that says here you are against some other areas. For argument's sake, in chapter 1 of the annual report we talk about the Department of Environment, Climate Change and Water purchases of green power. That is an important one across agencies. We say the Government standard is 6 per cent—that is the New South Wales Government sustainability policy—but the Department of Environment, Climate Change and Water has purchased 10 per cent. Some officers have purchased 100 per cent. So, we are trying to give you that flavour of information.

**Mr ALAN ASHTON:** One of the criticisms we had when we started looking at annual reports way back was that the glossy cover did not fool anybody but we do not want a booklet that is this thick so you will have to sit down and rewrite your own job description and do that for many hundreds of employees to justify an annual report. I take your point.



**Ms de SARAM:** I know what the group is trying to do here, and to improve accountability of agencies is important, but the mere fact you have a glossy publication with all this good information does not necessarily translate to action on the ground that the community wants, and that is where my point of accountability is. If I had additional resources to spend I would be putting it down there.

**Mr PETER DRAPER:** The annual report is available on the website as a PDF file. The Committee is wondering whether you have considered providing an alternative file type that might be more accessible to blind or vision impaired people, and the people who use blackberries? I hate PDFs, you cannot read them on blackberries.

**Ms DONNELLAN:** We are doing some exploratory work at the moment about ways of presenting the annual report on the web beyond PDF.

**Ms de SARAM:** Also, I have been exploring over the past few months now better technology to help us put the annual report together and also use it as a document to better engage our stakeholders, so it is not just a once a year job that we might pull out as a reference document from time to time. It is actually engaging with stakeholders and they feel as though that is a basis for discussion of issues.

**Mr PETER DRAPER:** People who have vision issues and use that assistance technology just cannot access it.

**Ms de SARAM:** I am happy to take that point and look into it.

**Mr STEVE CANSDELL:** What processes do you have for evaluating the content and the impact of the annual report to ensure that readers are receiving the message you want to communicate? Does the production team seek feedback from stakeholders to design and shape content for future annual reports, and do you apply a continuous quality improvement to the document template?

**Ms DONNELLAN:** After we deliver each annual report each year the project manager prepares an evaluation report on the process and the issues that have come up during the preparation of the report. We review that as a branch in readiness for the next annual report. When the director general notifies our key stakeholders of the release of the annual report, in that correspondence the director general asks for any feedback both in terms of content and structure of the annual report. Then, as part of the process of preparing the next year's annual report, we do a general overview of various other agencies' annual reports to see what innovations or other matters they might have introduced that we could consider as part of the next review.

**Ms de SARAM:** The other issue is the Government has released a customer satisfaction framework and plan. As part of that, we have been asked to look at the various ways in which we engage our clients, our customers. I will be looking at improvements to the annual report as part of that process. Directors general need to report on those sorts of issues, customer satisfaction issues, at their annual performance review time, so it is a great incentive.

**Mr STEVE CANSDELL:** I will make a personal statement that I think much of these reports and the questioning is pedantic. Sure we need benchmarks and key performance

indicators to self-improve and it is good to have the reports for people on the Committee and the people in general to see where the department is going and what it is doing, but I think sometimes we can spend too much time on things that are pedantic and there is just more paperwork. You have an important job to do in this State and, as you said, if you had more money you would be putting it down the bottom, not on the table for us.

**Ms de SARAM:** Thank you.

**(The witnesses withdrew)**

**(Short adjournment)**

**CHAIR:** I welcome the representatives of the Department of Services, Technology and Administration. I thank you for appearing today to provide evidence on the Public Bodies Review Committee inquiry into the second review of annual reports. I am advised that you have been issued with a copy of the Committee's terms of reference and also a copy of the Legislative Assembly's Standing Orders 291, 292 and 293 that relate to the examination of witnesses, is that correct?

**Mr DUNCAN:** Yes, that is correct.

**PETER JOHN DUNCAN**, Director General, Department of Services, Technology and Administration, McKell Building, 2-24 Rawson Place, Sydney, and

**JENNIFER MAY LOUISE WIGGINS**, Director of Ministerial and Executive Services, Department of Services, Technology and Administration, McKell Building, 2-24 Rawson Place, Sydney, sworn and examined:

**CHAIR:** The Committee has received the department's response to the Committee's survey and I thank you for the efforts in preparing this report. At the outset, I would like to say that although the Committee has several questions about your annual report, in general it is very well prepared and a very well presented document. Do either of you have any opening remarks that you would like to make before we start?

**Mr DUNCAN:** Possibly, Chair, just a short statement. I would just like to say that I, too, acknowledge that I have read the terms of reference of the Committee and I have been through the report. I say that because I was not actually in the department at the time of the last report, so I cannot take any credit for it being such a good report. However, I have been there now six months in the department and one of the key things we have been doing over the last 12 months, with the new structure of the department, is reviewing our related entities and how our reporting occurs, so reconstituting audit risk committees. There has been a lot of work going on which will feed into future annual reports.

I would just like to say that I am very satisfied with the report as it is, however we do wish to improve it and make sure that it is relevant as time goes on. However, the organisation is a very complex organisation, so some of the related entities in fact have their own annual reports, and we need to make sure that the future ones coming through are well coordinated and respond to views such as this Committee, but also the regulations as set by Treasury and obviously any comments that are made by the Auditor-General.

**CHAIR:** I will start off with a general question. How will the July 2009 restructure of your department affect planning, monitoring and reporting of performances in future annual reports?

**Mr DUNCAN:** I think that given the work we have been undertaking over the last 12 months, it will actually improve. For example, the related entities review, as I said, looked at our compliance and risk, and has made certain recommendations on how we can change reporting to audit risk committees and processes like that, so I think it can only strengthen the process. We have a very clear understanding that in bringing a diverse organisation together we needed to look at all of the factors of the different sections of the department

and make sure that we are covering that risk and compliance. I would say that now that we have the new structure, we will be reporting in an even stronger way in the future.

**CHAIR:** Could you please explain the related entities review?

**Mr DUNCAN:** Yes. Our general council undertook that review to look at the various Acts and relationships for all those related entities to understand how we all fit into one department. In some cases those related entities have different requirements than the core department; for example, the internal audit bureau is not a controlled entity as such. The internal audit bureau is quite independent, so it does its own annual report. Some of the related entities are our staff; some are different, under a different relationship. We needed to make sure that everything was quite clearly reported and that our corporate services and theirs were doing the right reports through to government.

**Ms WIGGINS:** The idea of a related entities report also was to assist us in our compliance and to ensure that we were clear as to where we need to comply and where the responsibilities would lie. Our draft 2009-10 annual report makes a clear statement upfront as to what entities of the Department of Services Technology and Administration are covered in the report and where the other reports will reside.

**Mr STEVE CANSDELL:** How regularly are achievements against the State Plan evaluated and what monitoring processes are in place to conduct and report on those evaluations?

**Mr DUNCAN:** Our evaluations and reporting are in line with the requests for the State Plan process, so we report centrally in that process. I am not sure of the timeframe, being new to the organisation. It is at least annually.

**Ms WIGGINS:** Yes.

**Mr DUNCAN:** One of the issues we have in the department is that with regard to the State Plan areas where we are the single agency, we are involved in a lot of them because we are a support or services agency to others. The State Plan is a foundation policy, if you like, for what we do, but we have only a thin sliver of the reporting process there. We are collecting information that other agencies use, for example. I am not aware that we have one clear part of the State Plan that we are responsible for.

**Ms WIGGINS:** We report in our annual report our 2006-10 corporate plan and some RSP indicators. Some of those RSP indicators do reference the State Plan.

**Mr DUNCAN:** That is right, and the corporate plan itself is a response to the State Plan. So, in a way, we are reporting to the corporate plan, which responds through the State Plan requirements. That is being developed now for the next four years, so that will be new next year.

**Mr PETER DRAPER:** As you have pointed out, the corporate plan covers the period 2006 to 2010?

**Mr DUNCAN:** Yes.

**Mr PETER DRAPER:** Could you give the Committee a better understanding of the relationship between the corporate plan, the State Plan and the annual reports?

**Mr DUNCAN:** The corporate plan is the key part of the reporting for the annual report. The corporate plan is reported on a four-year cycle. At the moment we are currently going through the cycle for the next one. In putting that plan together, we take the requirements of the State Plan into consideration. So there is no direct legal link, but there is obviously a very logical link from the bureaucracy's point of view to be responding to the requirements of the State Plan. So it is seen as a key policy document to be taken into account with the State Plan. One of the things I have noticed in the development of this corporate plan is that the things we will be reporting on will be fairly similar—they are fairly similar issues—because we were already an organisation that was quite diverse in responding to existing government policy.

**Mr WAYNE MERTON:** I think you have partly answered this question. You really have a mixed bag of fruit, do you not?

**Mr DUNCAN:** Yes, we have.

**Mr WAYNE MERTON:** Many previously operated government entities have been brought together at different stages, perhaps in a different form from their original form, under the general banner of the New South Wales Department of Commerce, is that a fair assessment?

**Mr DUNCAN:** It is. It is quite a mixture. If I could take one example, the Teacher Housing Authority. You would ask why that is in there. One of the key things I have looked at in the past six months since I have been there is: What are the benefits for the relationship? The strong benefit I see is that the Teacher Housing Authority is now located in a much larger organisational network, which already has a regional footprint which the Teacher Housing Authority can utilise. It already has project management skills, and it has a number of other things that the Teacher Housing Authority can use. One of the biggest benefits I see is in reporting. Now the Teacher Housing Authority's board reports through to the overall audit and risk committee, which is a much more sophisticated audit and risk committee than what the board would previously have had. So there are a lot of benefits in having these different parts of government that may be smaller in nature clustered together. The more we are working together, the more we are finding those benefits.

**Mr WAYNE MERTON:** Effectively, you have what was basically the Department of Administrative Affairs, is that right?

**Mr DUNCAN:** Yes, it is that style of relationship. The 'Administration' in our name reflects that relationship.

**Mr WAYNE MERTON:** You have also incorporated Public Works, is that right?

**Mr DUNCAN:** Public Works, Fair Trading, and the Office of Industrial Relations.

**Mr WAYNE MERTON:** You refer to the corporate plan. Has consideration been given to having an integrated performance report?

**Mr DUNCAN:** We are in fact trying to achieve that with the next corporate plan. We are having the overarching corporate plan that all those different entities contribute to, and under that they each have a service plan. Those reporting performance indicators we will roll up. That is what we are trying to achieve this time. This will be the first time we believe we have actually got there.

**Mr WAYNE MERTON:** Going back to some of those smaller entities. When I had an association with Public Works, the magnitude of the things that Public Works catered for was unbelievable. It included fixing windows, building multi-million-dollar buildings, and things like that.

**Mr DUNCAN:** That is right.

**Mr WAYNE MERTON:** I appreciate that you have only been with the department for a reasonably short period. What percentage of your activities would be formally encompassed in the Department of Public Works?

**Mr DUNCAN:** Broadly—and I am talking about budgets and staffing—it would be about 30 to 40 per cent. Fair Trading would be another large part of it, and the last 30 per cent would be a number of other entities, such as the Office of Industrial Relations and the Teacher Housing Authority.

**Mr WAYNE MERTON:** Could you give us the break-up again? It is 30 to 40 per cent for Public Works?

**Mr DUNCAN:** Yes. I am more than happy to provide you with further information. It would be about 30 per cent for Fair Trading, and the remaining 30 per cent would be for a number of entities, from the Teacher Housing Authority through to the Internal Audit Bureau and State Records. So there are quite a number of those entities in that administrative area.

**Mr WAYNE MERTON:** They have been scooped up and put together to form an entity?

**Mr DUNCAN:** That is right, and they have common staff. One of the real benefits there is that staff are then in a bigger network, and they get network promotional opportunities.

**Mr WAYNE MERTON:** What about duplication?

**Mr DUNCAN:** I see that relationship enabling the reduction of duplication. What we do now is that all the executives of those different divisions meet once a month, and we have the related entities meeting once a quarter. We are now actively working together to see how we can be co-located. For example, the Teacher Housing Authority has a small CBD office. We are now making space in the McKell building to bring them in, so they will be in that office in the next six months. The more we can co-locate, not only in Sydney but also across our regional areas, the greater the benefits are—for example, having one common front desk instead of two. So you make savings along the way.

**Mr WAYNE MERTON:** You used the Teacher Housing Authority as a specific example. That is not involved with school education, is it?

**Mr DUNCAN:** The board representation has Department of Education and Training representatives on that. So they still have input through the board. If you like, we are providing a service to the teachers that work in education. So the teachers do have representation there.

**Mr ALAN ASHTON:** Will you briefly explain the methodology and processes used by your department to measure and evaluate performance qualitatively against the corporate plan as well as quantitatively? In other words, we have got a volume of information but what is the quality of what has been achieved and done? Is that something that has been prepared to put down in paper? I have made this point over many years when we have had reports—I have been on this Committee 11.5 years. One of the first things we do—the people here have all heard this before but you have not—we get the booklets and we try as best we can with all the things we have to do, and you have to do as well, to take note of as much as we can read. The difficulty is that sometimes a very thick report might ignore something or hide something that we as members of Parliament do not have any clue about. But what has been the quality outcome of the things in the corporate plan rather than just assessing quantitatively what you have done? Or are there failures that you could admit to—especially you could because you have only been there six months?

**Mr DUNCAN:** Yes, and I would not say that everything we do is perfect.

**Mr ALAN ASHTON:** No, as you obviously can tell.

**Mr DUNCAN:** Look, there are a couple of ways. One is that, of course, the Auditor-General has a permanent presence in our organisation, so they have constant view—that is a fairly primary starting point. Another way would be, for example, looking at page 8 of the annual report and you go to the Fair Trading area, when we are putting together the percentage of customers who agree with services, that is not just saying we get a lot of customers through and we only get a certain amount of complaints. We actually do a survey. That survey engages customers to say: 'Were you satisfied with the service?' That is a similar survey done over a number of years; we do not change the question each year to get a different outcome. So if you look at that, for example, and I know the results from this year—they are staying above 80 per cent customer satisfaction. To me that is a quality advice. The fact that has come from the community, if you like, is a very satisfying result for me. I have been involved in benchmarking government services for a long time, and if you can get over 80 per cent you are doing very well. That is not to say the other 20 per cent are dissatisfied, it is just that they may not have the same levels of satisfaction.

**Mr ALAN ASHTON:** It could be because we all make representations to Fair Trading and sometimes it ends up before the Consumer, Trader and Tenancy Tribunal [CTTT] and the magistrate makes a decision, and I look at it and say, 'I cannot believe they made that decision.' That might be some of the 20 per cent that are unhappy as well?

**Mr DUNCAN:** It could be and, of course, people are not necessarily at Fair Trading because everything is going well.

**Mr ALAN ASHTON:** No, they are going there because it is not.

**Mr DUNCAN:** So when people come in with a problem and you have got 80 per cent that are satisfied after the resolution of that problem—

**Mr STEVE CANSDELL:** It sounds like an 80 per cent success rate for the office.

**Mr DUNCAN:** That is sort of a quality question for me, and that is as a new person into the organisation. I look at these and say, 'How did we get to that?'

**Mr ALAN ASHTON:** That is sort of what I am getting at.

**Mr WAYNE MERTON:** That is right. Where the situation is one-by-one, the consumer versus the trader, there is only going to be one person likely to walk away a winner. It is like litigation.

**Mr ALAN ASHTON:** And neighbouring disputes when I was on the councils.

**Mr PETER DRAPER:** You have mentioned Fair Trading. In the annual report customer satisfaction has been identified as a result indicator for Fair Trading and also for the Office of Industrial Relations.

**Mr DUNCAN:** That is right.

**Mr PETER DRAPER:** How do you measure customer satisfaction more broadly across the whole organisation, and do you actually report that? If you do not, should you?

**Mr DUNCAN:** That is a good question. We should, and we are thinking this through at the moment. Our customers and stakeholders are so diverse. Sometimes they are government departments, sometimes it is the Government in its own right, the consumer, or a section of the community. For example, for Public Works a customer would be seen as the Department of Education And Training and the Department of Health, for Fair Trading it is obviously the consumer. It is not possible to answer that question in one way, so we will have to answer that in many and varied ways. At the moment we are starting a process, for example with Public Works, to review our customer base and to see whether those agencies are satisfied. If we are not providing a service then there are a couple things that will happen. We will not be around too long, but also it is not a satisfactory place to be. We are grappling with that idea of how we report on a holistic way for our customer base. At the moment it is very easy to do the Fair Trading bit. I have to admit that we are probably doing the easy bit first because you can go out and do the community evaluation.

**Mr PETER DRAPER:** And Industrial Relations too?

**Mr DUNCAN:** Industrial Relations as well. I am not quite sure how we do the Industrial Relations customer evaluation because it is quite a broad customer base.

**Mr PETER DRAPER:** I was going to ask that.

**Ms WIGGINS:** It is employers and employees.

**Mr DUNCAN:** In one sense it is an employee and in another sense it is a business not being able to trade at a certain time so, again, it is quite diverse.



**Ms WIGGINS:** If I may add? In recognition of that, the agency, when it is formed as DSTA, we are developing a whole-of-agency complaints and compliments handling procedure. That is a policy and guidelines document, which will try to at least give us a benchmark to work from. In previous years that has probably not been done on a consistent basis but that is something that has already been put before the executive and a draft document is being produced now.

**Mr DUNCAN:** That is a good example of where the Fair Trading group have, in fact, run with that upfront because they had a feeling they had a need for that, but once it came to the executive we realised that was something we should do across the agency. So it is correct that that might be one of the areas where we can report to give a more balanced view.

**CHAIR:** In the executive summary the survey response refers to the department's 'financial highlights' section, which is provided down to the corporate performance section on page 49 of your annual report. Could financial performance be given greater prominence in future reports—for example, by including a brief discussion of financial highlights in the executive summary section of the annual report?

**Mr DUNCAN:** Yes, it could. We will certainly take that on board. In fact, I think it is a trend with all annual reports now to have the financial summary up front, so I would acknowledge that.

**Mr STEVE CANSDELL:** What challenges do you face as a multifunction agency in providing a comprehensive executive summary over and above the information provided in the individual performance corporate governance financial and operational sections of the report?

**Mr DUNCAN:** I think the biggest challenge for me there is having an executive summary that is in plain English, is understandable, people actually understand what we do and what we are reporting on, and when you are a very diverse organisation that is not straightforward. One of the things we are struggling with in our corporate plan is how that is communicated. The basic challenge to me is communication. Having people who are fairly new—first, having people understand what we do and why we do it, and, second, how we have performed. That will be something we will be working on in this year's annual report. My previous involvement with annual reports is that they need to be able to be communicated in a very simple and straightforward way. So I would like to think I can reduce the scale of this annual report whilst still meeting all the compliance and requirements of Treasury, you and others who look at these. I would like to think that somebody could pick it up and want to look at it and not think: Gee there is a lot there, and move it to one side. I think that is a big challenge; it is the communication challenge.

**Mr WAYNE MERTON:** The NSW Audit Office would appear to encourage departments to provide benchmark comparisons so it can be seen whether the overall performance is meeting best practice expectation. What are the challenges for a complex multifunction agency such as yours to benchmark performance more extensively?

**Mr DUNCAN:** It is a similar answer but it is an interesting one. Some areas like Fair Trading are fairly straight forward. We have not got it, but if we had the Food Authority I know one way they benchmark is with a similar organisation in New Zealand. What I am

getting at is that every entity will have a slightly different way, and that will be a challenge. We just need to find a fairly straight forward way and one that is fully understood that compares—

**Mr WAYNE MERTON:** Sectionalise.

**Mr DUNCAN:** Yes, and the way I would do that—

**Ms WIGGINS:** Where there is an industry comparator.

**Mr WAYNE MERTON:** That is right. There is no such agency overall that would be the same as yours anywhere.

**Mr DUNCAN:** That is right. Around the States, for example, I have looked at—

**Mr WAYNE MERTON:** Or am I wrong there?

**Mr DUNCAN:** No, you are right. Around the country if you look at Fair Trading organisations they are all different. So even within one channel, if you like, they are called Consumer Affairs in Western Australia, they are called something else in Queensland—

**Mr WAYNE MERTON:** They used to be called Consumer Affairs here too.

**Mr DUNCAN:** Yes, and something else in Victoria. So they are all different and when you look they are all set up a slightly different way as well. There is not absolute consistency. So when you then are reporting and if you are comparing with them you have to make some normalising approaches. But we will, and we intend to be, trying to find as many—

**Ms WIGGINS:** We do currently by function where possible—for example, call centres. There are not many private sectors like Fair Trading but they do have a call centre and call centres are an industry in itself. So we benchmark the Fair Trading call centre against private-sector call centres and we report against that in the annual report.

**Mr WAYNE MERTON:** Or am I wrong there?

**Ms WIGGINS:** Yes. Within Public Works, for example, project management, we can sectionalise off, say, lost time injury, which is, again, a benchmark within the private sector, and we record against that. So it is picking our way through where we can find a comparator, either within government or another jurisdiction or within the private sector—

**Mr WAYNE MERTON:** A similar entity.

**Ms WIGGINS:** It might not actually be the entity but it might be a function within the entity.

**Mr DUNCAN:** And based on those service streams. I am pleased to say the call centre, for example, compares very well and that is the way it is in Public Works in its lost time injury process, which we should, as a government entity, compare well.

**Mr WAYNE MERTON:** Just talking about Public Works, there was always a lot of duplication within Public Works as far as the actual Department of Public Works and the other agencies that affected their own mini-departments of Public Works. Do you know what I mean?

**Mr DUNCAN:** Yes.

**Mr WAYNE MERTON:** Like Corrective Services and Education and all those kinds of people had their own building and development section.

**Mr DUNCAN:** That is right.

**Mr WAYNE MERTON:** Is that still the situation or has it changed?

**Mr DUNCAN:** I think it is happening less. I think the clustering of agencies has meant that some agencies, such as Transport, have kept those big sorts of construction entities within them because that is probably part of their sole need. But if you go to an agency or an organisation like Communities, they come very much our way because that is not part of their core business. What we are finding is that we are focusing on certain areas. Education, for example, are still a big user of our services because we have this regional network. Corrective Services, for example, we have just finished the Shoalhaven prison, so Corrective Services are coming to us more often now.

So we are finding pockets in the major agencies have become more reliant and others, like Transport, less reliable because they have clustered up. I think that has been a good result of the clustering. We clearly know where the clients are and provide those services. One of our goals is to be a service provider to government, not only in Public Works but corporate services, and we have shared service providers in six of the other areas so we are providing corporate services there, and State Fleet and NSW Procurement. So we have got that sort of base service provision to all of the agencies available.

**Mr WAYNE MERTON:** Whatever happened to Sheas Creek, Alexandria—the repository for all the government records?

**Mr DUNCAN:** That is now out at western Sydney. I am trying to think of the location. The government records repository is now in western Sydney; it has been relocated. It is a new facility—when I say 'new', it is a relatively new facility in the last few years.

**Mr WAYNE MERTON:** That is under your control, is it?

**Mr DUNCAN:** State Records is. It has its own board and I am represented on the board and the staff are our staff.

**Mr WAYNE MERTON:** I know it is difficult to say what a separate entity is but essentially how many groups or entities have you actually got within your department?

**Mr DUNCAN:** If I could just go through the core areas and then give you an idea of the others. We have, obviously, a corporate services area; a government chief information office; government services, which is Procurement; Service First is the corporate services provider of State Fleet; we have a legal and governance area; New South Wales Fair

Trading; Industrial Relations; Public Works; and Strategic Communications and Government Advertising—they are the ones that procure government advertising. Then the related entities are very diverse and they could be the Australian Centre for Advanced Computing and Telecommunications, which is called AC3 and is a government joint venture with the universities and is basically an IT wholesaler; Builders Insurance Guarantee Corporation; Consumer, Trader and Tenancy Tribunal, the CTTT; until recently we had the Government and Related Employees Appeals Tribunal, and that has now rolled into the Industrial Relations Commissions as of 1 July; Internal Audit Bureau; the Motor Vehicle Repair Industry Authority; New South Wales Architects Registration Board; New South Wales Government Telecommunication Authority, which looks after the government radio network; Rental Bond Board; State Contracts Control Board, State Records; and the Teacher Housing Authority. They are entities that previously some of those would have been in Fair Trading or within Public Works. Now they are taken out in their own right and they have a separate administration.

**Mr ALAN ASHTON:** Could I just ask a question that has got nothing to do with this report? All of our electorates have newspapers that often run Businessman of the Year contests and they have all sorts of businesses from panel beating through to hairdressing. I got a letter recently from a panel beating organisation regarding work. Should I write back to them and say they should contact the Department of Commerce and all that sort of stuff or should I just write 'Dear Commerce, Look at this guy's request to get some work, being a panel beater'? I do not want to compromise myself as a member of Parliament. Obviously, you have a process where you tender out work for government vehicles and so on—

**Mr DUNCAN:** For State Fleet. We have two ways of doing it. State Fleet would go out for a one-off tender, but more normally they would go through NSW Procurement and we would have a panel of providers. So we would have gone out into the market, say, a year ago, looked at 50 providers, shortlisted them, they met the criteria, and they stay there for a period of time until that tender group is reviewed. But we would be more than happy, if there was an individual organisation interested in getting involved—

**Mr ALAN ASHTON:** Send in the information, sort of thing?

**Mr DUNCAN:** Yes, send in the information and say the next one is due at a certain time, why don't they make a submission. And we do advertise statewide when those panels come in.

**Mr ALAN ASHTON:** That helps my constituent's situation.

**Mr DUNCAN:** NSW Procurement in that case because it is independent, via the State Contracts Control Board, so a proper assessment occurs.

**CHAIR:** Your survey response states that it was not possible to include a review of results for the last five years because the corporate plan and the implementation of KPIs commenced from 2006. Will you be able to include a review of your results over five years after the next reporting period?

**Mr DUNCAN:** We have spoken about this. That would be our intent. If the Committee feels that it is a five-year framework across the sector we would be more than happy to do

that. It is simply the last corporate plan was based on a four-year process and the indicators changed, so we will endeavour to make sure—

**CHAIR:** Make sure that fits in there?

**Mr DUNCAN:** Yes.

**Mr PETER DRAPER:** The report has a table of contents at the front but there is no compliance index which would list all of the prescribed items of information and where they are located in the report. Can you comment on the availability of the index and whether it is going to be provided in future annual reports?

**Ms WIGGINS:** Yes. If the Committee thinks that would improve the report we would be happy to consider that, yes.

**Mr PETER DRAPER:** Can I also point out my pet hate? The report is available as a PDF?

**Mr DUNCAN:** Yes.

**Mr PETER DRAPER:** I live and die with this mobile phone and you cannot read it.

**Mr DUNCAN:** I have got the same problems.

**Mr PETER DRAPER:** Can you consider other technologies apart from PDF? Not only people who use mobile phones but vision-impaired people using their technology cannot utilise PDFs either.

**Mr DUNCAN:** We are the one organisation with technology in our name that should be doing it, so we will endeavour to do it.

**Ms WIGGINS:** We will be looking at those options, yes.

**Mr DUNCAN:** Could I make one point on that as well? We have hardly any requests anymore for paper copies of reports. We are basically now fully electronic.

**Mr PETER DRAPER:** That is why I think it is important to have access apart from PDFs.

**Mr ALAN ASHTON:** Peter asked this and we talked about Fair Trading before and Industrial Relations in terms of how much you allocate, roughly. How do you measure customer satisfaction more broadly for the organisation as a whole? I know that can be fairly subjective, and we were talking before about whether you have a win or a loss in some areas. I am more interested in perhaps internally, because it does come to the attention of the press and members of Parliament at times, such as in the Ambulance Service there was talk of a culture of bullying, which I find a bit incredible, but it seems it is there. I suppose you do not want to write this down in an annual report to some extent but, generally speaking, how objective can you be trying to assess how the Department of Commerce works, given it is not all just based in Sydney, it is all over the State and there are all

different elements? Have you thought of being able to make a statement to that effect, on the broad performance of the whole organisation?

**Mr DUNCAN:** I cannot confirm whether it is actually in there but there are two levels to this: there was one that Jenny previously mentioned where we are developing a complaints register, and that will certainly be reported on. But from a staffing point of view, with over 4,000 staff there is always potential for a grievance or concern, so we have an official grievance process within the organisation and we monitor that as an executive. So there would be no reason why we could not cover off on that, and I thought it might have been in our report.

**Ms WIGGINS:** If we have undertaken, say, a staff satisfaction survey we would normally report that under People and Organisation, yes.

**Mr DUNCAN:** We do not do it year by year; it might be done on a two- or three-yearly basis.

**Mr ALAN ASHTON:** It might be seen as extreme because not everything can be included in an annual report, especially when someone is upset because someone else follows a different football team and that annoys them. What is banter to one person is very annoying to someone else.

**Mr DUNCAN:** Grievances can be upheld and dismissed. It would be unfair to include it all. The staff satisfaction report would be the best response because it is an official survey.

**Mr ALAN ASHTON:** Members have recently been surveyed by an independent group about the Parliament and whether we are happy with the way the Clerk does things and so on. It could be a staff satisfaction survey. I know that is difficult.

**Ms WIGGINS:** They are undertaken and we would report it under the Employment Relations Policies and Practices, where we refer to engaged and capable people, how we are building leadership capability, maximising individual potential within networks and improving our own public administration capabilities. There is a whole section where we report on staff and where we work with them. Should there be a satisfaction survey, that is where it would appear.

**Mr WAYNE MERTON:** You mentioned homeowner warranty insurance. You would obviously be aware of the legislative changes and the role of your agency. You are essentially the instigator of homeowner insurance.

**Mr DUNCAN:** We are the keeper of the policy at the moment.

**Mr WAYNE MERTON:** You have the chalice as they have in Queensland.

**Mr DUNCAN:** Yes.

**Mr WAYNE MERTON:** As you originally had before it was altered.

**Mr DUNCAN:** It has been changed.

**Mr WAYNE MERTON:** But originally it did vest with the State Government.

**Mr DUNCAN:** Yes, with Fair Trading.

**Mr WAYNE MERTON:** In preparing your report you will have to deal with many more matters because this is an important issue that concerns the entire community.

**Mr DUNCAN:** That is right.

**Mr WAYNE MERTON:** What changes have you made to performance indicators, benchmarks and what you regard as a reasonable result? I know it is a complex area.

**Mr DUNCAN:** Yes. It is potentially reported in three ways including directly through home warranty claims and the Consumer, Trader and Tenancy Tribunal. There is a number of places where dissatisfaction or unresolved issues go.

**Mr WAYNE MERTON:** Or lack of availability.

**Mr DUNCAN:** That is right. I am personally not aware of whether we check lack of availability. In the short time that I have been there no-one has made representations to me as director general that they are dissatisfied and have not been able to get access.

**Mr WAYNE MERTON:** Constituents have written to me expressing concern that they have been allocated x dollars and they have had to abandon contracts because they cannot exceed the insurance payout allocated to them.

**Mr DUNCAN:** As I understand it there are assessment criteria. That also occurs when it goes to the Consumer, Trader and Tenancy Tribunal. Sometimes that is done through an independent party or the people making representation could be the builder or consumer and they have their own representation and the tribunal makes a determination. When that determination is made, that is the final position. We have a professional practice review of the Consumer, Trader and Tenancy Tribunal. I have been sitting on that review panel committee, which comprises three members: the chair of the tribunal, an independent member and me. I have not seen any of those at this stage, but I have been to only two meetings. My exposure has been relatively small and I cannot say whether we are reporting it. However, I am happy to make inquiries.

**Mr WAYNE MERTON:** This Committee went to Queensland and spent some time with the people responsible for that State's scheme.

**Mr ALAN ASHTON:** It is a much better system.

**Mr WAYNE MERTON:** At that time it was regarded as a very good system and somewhat better than ours. Hopefully someone has examined the Queensland system. It seems to register very high level of satisfaction.

**Mr ALAN ASHTON:** Absolutely.

**Mr WAYNE MERTON:** I have had two complaints—it is fairly recent legislation—from builders about the New South Wales system. We were given the impression in Queensland that people fax information in the morning and they get a reply in the afternoon.

**Mr ALAN ASHTON:** This was some years ago when there was a home insurance crisis.

**Mr WAYNE MERTON:** There were only one or two providers and they had very stringent conditions.

**Mr ALAN ASHTON:** Many builders had to sign away their house and other properties to get a policy.

**Mr WAYNE MERTON:** I realise they are policy issues.

**Mr DUNCAN:** I would be comfortable providing a written response on how we report that and what we report. I know that the Consumer, Trader and Tenancy Tribunal has moved, wherever possible, to provide the outcome on the day of a hearing. That may be a response to what has happened in Queensland. Once you get to the tribunal, wherever possible the matter is resolved on the day. People are handed the determination on the day. That is very good; it does not happen in the court system.

**Mr WAYNE MERTON:** Often you get a deferred judgement.

**Mr DUNCAN:** I would be happy to provide a status report on where we are up to on home warranty and the reporting.

**Mr WAYNE MERTON:** You were talking about satisfaction. I appreciate that this is new legislation, but how do you propose to measure your results with regard to people being satisfied? Would builders be canvassed about their level of satisfaction with the scheme?

**Mr DUNCAN:** They would. It is usually businesses that make people like me aware more than the consumers. That is because businesspeople know exactly where to come. We certainly would not survey one side; we would survey both sides of the equation.

**Mr ALAN ASHTON:** You may not be able to solve this issue, but a constituent of mine visits me regularly with problems. He had an issue that went to the Consumer, Trader and Tenancy Tribunal and his claim was rejected. He appealed and the issue was heard by a magistrate. The claim was knocked back because he had to have new evidence, which he had. He obtained a quote for the installation of nine solar panels, but only six panels were installed. The tribunal and the magistrate determined that the new evidence was not good enough because there had to be a substantial financial disadvantage. I believe that if someone quotes to install nine solar panels but installs only six, you have a valid complaint. However, the tribunal and the magistrate told him it was tough luck. It finally resulted in my making a private member's statement in Parliament. Those are the situations that let down the Consumer, Trader and Tenancy Tribunal. It also took me about two years to get rid of a pack of criminals with guns and drugs because the tribunal refused to hand down a decision for months. I do not know whether the judge was scared of being shot.



**Mr PETER DRAPER:** The Consumer, Trader and Tenancy Tribunal is a huge problem in my electorate. It is a dreadful organisation.

**Mr DUNCAN:** Is it a problem because it is trying to solve problems?

**Mr PETER DRAPER:** No, it is a problem because it does not solve problems. It is ineffective and completely hopeless.

**Mr DUNCAN:** I would be happy to give you statistics on it. I know it solves a lot but the ones it does not solve are often very difficult.

**Mr PETER DRAPER:** It is just such commonsense stuff, it is just ridiculous.

**Mr DUNCAN:** I am relatively new, so I will take your comments on board.

**CHAIR:** Can I carry on from the question earlier about corporate goal five? We note there is no tabulated performance information for corporate goal five contributions to the credible, efficient and effective organisation on page 41. Do you have indicators for this other than a staff satisfaction survey?

**Mr DUNCAN:** I think we would have internal indicators on our corporate goals. We did mention the employee satisfaction. We would keep internal records on grievances and the success of those and otherwise. I imagine we could probably develop further performance indicators given there is quite a lot there. The waste reduction and purchasing plan, for example, we do report on that. So there are elements of that corporate goal five that we do collect information on. Fleet vehicles, for example, we collect information on that. Information services we do, so there are a number of areas there.

**CHAIR:** I am not trying to put down the staff satisfaction because I think it is very important in any organisation to have staff satisfaction, morale.

**Mr DUNCAN:** Yes. What we have done under most of these headings is report it in the way of a statement rather than an indicator. Perhaps we should roll them up into indicators rather than statements, so it is easier to compare.

**Ms WIGGINS:** The improved internal performance does focus in this area on a lot of operational matters and the staffing issues were more put into the People and Organisation section of the annual report.

**CHAIR:** What process do you have for evaluating the content and impact of the annual report to ensure the readers are receiving the message you want to communicate? Does the production team seek feedback from stakeholders and design and shape content for future annual reports? Do you apply continuous quality improvement to the document template?

**Mr DUNCAN:** I think the key answer there is that previously annual reports were more outsourced and we would provide content to the outsourced writer. We do that all in-house now and we are using the one team to do that. As I said, Jenny has done that for a number of years, so I guess the quality control comes from having internal people prepare

the report and to develop year on year. Whether we have gone to somebody who has received the report, we have never done a survey as far as I understand.

**Ms WIGGINS:** No, it has more been anecdotal. We have pre- and post-annual report production meetings along with the whole project plan and we seek feedback from our own stakeholders who have had to contribute towards the annual report. We have noted also that the web statistics of page views on the report have increased quite markedly over the last year.

**Mr DUNCAN:** Potentially we could put something in there for comments.

**Ms WIGGINS:** The web page is also linked to the feedback form to the organisation. You just click on the feedback form to the organisation.

**CHAIR:** Is there any final statement you wish to make?

**Mr DUNCAN:** No, simply that the organisation is absolutely committed to it and we want to make continuous improvements. So, we are happy to take the Committee's views on board and make those changes.

**(The witnesses withdrew)**

**(Short adjournment)**

**GEORGE ROBERT DAVEY**, Deputy Director General, Primary Industries, Department of Industry and Investment, level 6, 201 Elizabeth Street, Sydney,

**RENATA MARY BROOKS**, Executive Director, Agriculture and Primary Industries Science and Research, Department of Industry and Investment, locked bag 21 Orange, and

**VERA FIALA**, Director, Corporate Strategy and Communications, Department of Industry and Investment, 12 Shirley Road Wollstonecraft, affirmed and examined:

**WENDY MICHELE STAMP**, Executive Director, Policy, Governance and Communications, Department of Industry and Investment, level 6, 201 Elizabeth Street Sydney, and

**PAUL FRANCIS O'CONNOR**, Principal Director, Fisheries and Compliance, 12 Shirley Road Wollstonecraft, Sworn and examined

**CHAIR:** I welcome representatives of the Department of Industry and Investment. Thank you for appearing today to provide evidence on the Public Bodies Review Committee's second review of annual reports. I am advised you have been issued with a copy of the Committee's terms of reference and also a copy of the Legislative Assembly's Standing Orders 291, 292 and 293, that relate to the examination of witnesses. Is that correct?

**Mr DAVEY:** Correct.

**CHAIR:** The Committee has received the department's response to the Committee's survey and thanks you for the efforts in preparing that report. At the outset, I would like to say that although the Committee has several questions about your annual report, in general it is very well prepared and a very well presented document, so we thank you very much. At the outset before we ask you any questions are there any remarks or opening statements that you would like to make?

**Mr DAVEY:** Yes, thank you, I would like to make a couple of observations, if I may. Firstly, we thank you for the opportunity to discuss our annual report with your Committee. The former Department of Primary Industries took the preparation of its annual report very, very seriously and I think the fact that we are all here together would indicate that we are proud of the annual report and we welcome the opportunity to get feedback on how we might improve it in the future. This report is the last report of the former department and as I guess you know, we are now part of Industry and Investment NSW. We regard this report as probably our most important document because it is how we account for our activities to the public and to the Parliament and as such we take a lot of effort to ensure that we are open and transparent and report everything that we are required to report within the annual report, so it is an important document.

We see these sorts of processes as being important because the feedback we get from committees such as this help us to improve our reports in the future. We, in the past, have submitted our annual reports to the Premier's annual reports awards. We did that with this report. Unfortunately, we did not receive an award but we did receive very favourable comments from the technical panel. Out of a possible 100, we scored 86 points and we

scored highly in each of the categories that we were assessed by. If I might quote, the technical panel said, 'It is an excellent report overall', so we were quite pleased with that. Nevertheless, there were a number of issues that came out of the technical panel's assessment of our report which will help us in preparing the annual report for Industry and Investment and, indeed, we are in the process of completing that now.

**CHAIR:** In leading off the questions, I have a general question. How will the July 2009 restructure of your department affect planning, monitoring and reporting of performances in future annual reports?

**Mr DAVEY:** With the formation of Industry and Investment, of course, we are now part of a much larger agency. The Primary Industries Division within the new agency is somewhat different than it was when we were a stand-alone agency. Our reporting will be along similar lines for those elements of the former department which now form part of the current division of Primary Industries. I think it is fair to say that we have adapted the same approach to preparing the annual report as we had with Primary Industries, so in essence the approach is much the same as we have had in the past.

**Mr ALAN ASHTON:** The Department of Primary Industries corporate plan covers the period from 2008-11. What is the relationship between the corporate plan, the annual report and the State Plan? I know this is not easy off the top of your head. When will a new corporate plan for Industry and Investment be developed?

**Ms STAMP:** I will answer the second part of the question first. We already have a corporate plan for the new department for 2010-2013 and we can table that document, if that would be useful to the Committee?

**Mr ALAN ASHTON:** Yes, that would be good, but hopefully not in PDF form.

**Ms STAMP:** We have got one and I can provide it to the Committee. I have the Department of Primary Industries one here, but we do have an Industry and Investment corporate plan—I am sorry, I thought I had it with me—and we can certainly provide it to the Committee. In terms of the way in which we reported for the Department of Primary Industries and the way we report for Industry and Investment, we report according to our corporate plan. We report on key result areas, targets and milestones. We also link our current corporate plan, as we have in the past, to the State Plan and to the targets we are required to meet in the State Plan. We report on a quarterly basis to the Ministers on our corporate plan, which, as I said, is linked to the State Plan. We also report to Ministers and our executive on a monthly basis. We did very similar reporting under the Department of Primary Industries, and we will continue that. We also ensure that our Senior Executive Service (SES) contracts are linked to the key result areas and outcomes required in the corporate plan. We also have an audit program that is provided to us by external auditors, and again that is the mechanism by which we can review our performance.

**Mr ALAN ASHTON:** How regularly are achievements against the State Plan evaluated, and what monitoring processes are in place to conduct and report on those evaluations?

**Ms STAMP:** In relation to the State plan, we report according to the State Plan reporting cycle, but we also report quarterly within our own environment to our Ministers, our executive and the director general.

**Mr PETER DRAPER:** What challenges do you face in providing a comprehensive executive summary over and above the information that is given in the individual performance governance financial and operational sections of the reports?

**Mr DAVEY:** That certainly is a challenge for us, because Industry and Investment is now a huge agency and a very diverse agency. A significant challenge for us will be to, within the executive summary, condense the key challenges that face the various sectors of the new agency. Importantly, I think it is about how we are addressing those challenges and moving forward to the direction that the new agency is going. This year it will be our first report, and we are addressing that as we speak. I think you can look forward to reading the executive summary of our report when it comes out fairly shortly. But that is a very good question. It is a huge challenge for us, and it is something we are wrestling with at the moment.

**Mr WAYNE MERTON:** I understand that in answering these questions you are in a situation where you are, so to speak, trying to marry the past with the future. So your answers are such that you deal with what is the situation in this document, but on the other hand bearing in mind that your structure has been somewhat changed. So I appreciate the difficulty you have in giving an answer that relates to both the past and present. The financial report was commended as being well presented by the 2010 Premier's Annual Report Award technical panel, which I think you made reference to. However, the panel recommended including the challenges faced in asset management as well as benchmarking, and an analysis of trends in procurement and outcomes. Is there scope for including this information in future annual reports, and are there any particular challenges which would have to be addressed in doing so?

**Mr DAVEY:** That benchmarking issue is a huge challenge for us. It was a challenge for us with Primary Industries, because we were then a diverse organisation. Now we are even a much more diverse organisation. So finding a similar agency within the State, or in other States or in fact overseas, is very hard. In fact, I do not think there is another agency that has a similar remit. So doing it on an agency basis—

**Mr WAYNE MERTON:** It is sectionalising it?

**Mr DAVEY:** That is right. What we are doing at the moment is looking at how we can benchmark programs and activities where we can identify other agencies that conduct similar activities or programs. There are a number of examples where we can do that. An example we were looking at recently it is within the Fisheries section. We are very concerned about occupational health and safety, because many of the activities around fisheries are quite dangerous. We know that there are agencies in other States that conduct similar fisheries management activities, so we are currently liaising with those other agencies to be able to ensure we benchmark our performance against their performance and learn from that exercise so that we can build that into how we report, in that particular example. There are a number of similar examples that we are now looking at, but very much on a program-to-program basis rather than an overall agency basis, which I think is just too hard. Other panel members may wish to comment on that.

**Ms BROOKS:** No, I think you have captured it very well. As George was saying, there are individual programs that we can benchmark—not just in corporate areas like occupational health and safety, but we can certainly look at the performance of our research programs. With other organisations nationally, we are involved in networks that are undertaking evaluations, for example, in terms of the benefits we are achieving for the investment in research and development so that we are able to do that. But to broaden that out to the whole department would be unproductive because there is no like department.

**Mr WAYNE MERTON:** It would be almost impossible, to put it bluntly?

**Mr DAVEY:** It is. I think that is why we do have to go on a program-by-program basis. In fact, in the previous annual report—Wendy might want to comment on this—we did benchmark our intranet program worldwide, because it was something that had just been introduced. It ended up being one of the 10 best intranet sites in the world, which was a pretty amazing result for us and we are very proud of that. That is an example of where we have taken an initiative and benchmarked it against similar initiatives elsewhere in the world. I think we have had to look more and more towards doing that sort of thing. I think that comment that came out of the Premier's Annual Reports Award feedback is a very good one. I am very strong on the need to ensure we do benchmark where we can. It is not just showing how good you are, but you learn from that experience and you can do things better.

**Mr WAYNE MERTON:** The challenge is there, but the implementation is difficult in view of the nature of your agency?

**Mr DAVEY:** Indeed, yes.

**CHAIR:** Could you elaborate on the Forests, New South Wales Division, section of the report?

**Mr DAVEY:** None of us are from Forests, and Forests is no longer part of the primary industries division within Industry and Investment.

**CHAIR:** If you have a problem with that, we will ignore it.

**Ms BROOKS:** It depends on the questions, I suppose.

**Mr DAVEY:** We can take some of these questions on notice.

**Ms BROOKS:** I did have responsibility for some Forests programs in the Department of Primary Industries, but not for Forests NSW as the manager of the State's forest resources.

**Mr DAVEY:** Similarly with Minerals; that is no longer part of our Primary Industries Division.

**CHAIR:** Could you indicate whether it is planned to create a benchmark as part of the strategic direction for 2011? Does that make it simpler?

**Mr DAVEY:** We will take that on notice.

**Mr PETER DRAPER:** You have referred to the Premier's awards. The technical review suggested that using case studies would improve your report. Are you considering incorporating case studies into future reports to make it a little more effective?

**Mr DAVEY:** Yes. I think that was a very useful feedback item. We do include some case studies within the report, but the difficulty is that they do not stand out as case studies because they are buried within the text of the report. I think what we need to do is to look at how we can highlight those case studies so they become more apparent, and also to look at where we can include more case studies. I think case studies are very useful in demonstrating our performance. It is something we certainly take on board.

**CHAIR:** The department's survey response in relation to management and human resources indicates that information about industrial relations policies and practices was not included because it was not required. The Committee understands that this is in fact a requirement under schedule 1 of the Annual Reports Regulations 2005. Would you like to comment on the absence of any discussion in relation to the specific industrial award and enterprise agreements covering Department of Primary Industries employees during that reporting period?

**Ms STAMP:** The reason we have not reported on that is because we have only reported on issues in the past where there were significant and specific changes and we understand there have been no significant changes to any of our industrial instruments and determinations during the reporting period covered by the report. There have also been no changes for 2009-10. But given the point that you raise we will take that on board.

**Mr ALAN ASHTON:** I will ask a question that Peter has been talking about today because he is working on his Blackberry as we speak. This goes back to 2008 when the Public Bodies Review Committee made a recommendation that the department's annual report be available on its website as a portable document format [PDF] download. We have all complained—'complained' is perhaps not the correct word, but I suppose it is in a way—that paper is gradually going out. I am a lover of paper and my moleskin diaries; I am not a great lover of technology. But to those who depend on it, especially rural members and others, PDF files cannot be downloaded onto a Blackberry, and some of us do have to use them. When can we get a more acceptable form of electronic transfer of information so Peter can read it?

**Mr PETER DRAPER:** And for vision-impaired people.

**Mr ALAN ASHTON:** Vision-impaired people were also part of our recommendation.

**Mr PETER DRAPER:** Because their assisting technology will not allow them to read portable document format as well.

**Ms STAMP:** It is a really hard issue because it is a big document. We actually do print some hard copies and distribute them to a fairly wide stakeholder list. I do not think we did for this particular reporting year, but we have produced them on CDs—that does not help you download it onto your Blackberry.

**Mr PETER DRAPER:** Even Word documents you can utilise rather than PDF ?

**Ms STAMP:** The trouble is the length of this document. Personally, I would never download it to my Blackberry because it is just too hard and it will also take too long. Perhaps now when there is new broadband through Australia and regional areas it will be easier. But in terms of a technological solution there is not an easy technological solution to this problem. It is a big document. It is a PDF document because obviously you do not want it changed. Therefore we try and make it as accessible as we can through our website and as hardcopy, and if anybody wanted as a CD we would certainly provide it as well.

**Mr DAVEY:** I wonder whether part of the solution it is to make available executive summaries?

**Mr ALAN ASHTON:** That is what I was thinking.

**Ms STAMP:** Or smaller parts. We could do that.

**Mr ALAN ASHTON:** Maybe just a summary or the executive report at the front.

**Mr DAVEY:** That is right. Then people can refer back to the bigger document if they want more information. At least they can capture the important parts of it more easily. That is a good point.

**Mr WAYNE MERTON:** I mentioned this before and someone else might have covered it, but how will the restructure in July 2009 affect the planning, monitoring and reporting of performance in future annual reports?

**Ms STAMP:** We are using very similar techniques and we probably outlined—I actually outlined it earlier. In terms of the way in which we report—

**Mr WAYNE MERTON:** I know.

**Ms STAMP:** —we have completed our initial corporate plan for Industry and Investment NSW and within that report we link it to State Plan outcomes. We will report on that on a quarterly basis to Ministers and the Executive. We report according to the program of reporting for the State Plan. We also ensure that we do monthly achievements. We communicate those monthly achievements to our staff as well, as we do our performance against the corporate plan and the State Plan. Then we will report within the annual report against the corporate plan, if you like, so as part of our framework for the annual report. So we are adopting the same mechanisms.

**Mr WAYNE MERTON:** To give the Committee a better idea as to the overall structure of your newly formed agency of Industry and Investment NSW, and starting with Primary Industries as the base, what has gone out of Primary Industries and what has come in when forming the new agency?

**Ms STAMP:** Primary Industries is a division within Industry and Investment NSW. Mineral Resources and Energy is a division, so Mineral Resources became part of a division called Minerals and Energy. My own division is called Policy, Governance and Communications, and I ran a similar division in Primary Industries. The Food Authority is also within the purview of Industry and Investment NSW. The old State and Regional



Development is in Industry and Investment NSW. Within the broad cluster is also the Rural Assistance Authority and—

**Mr DAVEY:** Forests.

**Ms BROOKS:** And the Game Council.

**Mr WAYNE MERTON:** Is Forests in or out?

**Ms STAMP:** Is in. And in the broad cluster is the Game Council.

**Ms BROOKS:** Tourism.

**Ms STAMP:** I did not mention Tourism but it is part of State and Regional Development.

**Ms BROOKS:** Screen NSW.

**Ms STAMP:** Screen NSW.

**Mr WAYNE MERTON:** What are the total staffing numbers in respect of all those agencies?

**Ms FIALA:** The new organisation has about 4,000 people at about 150 different locations. For annual reporting purposes those organisations that have a statutory responsibility to report, which is Forests NSW, for example, Screen NSW, the Food Authority, they all have their own annual report and we will only refer to some of their key issues.

**Mr WAYNE MERTON:** This is the kind of thing I am interested in.

**Ms FIALA:** That is another reason why do not feel we will take that Forests NSW question on notice; they do have their own annual report.

**Mr WAYNE MERTON:** I appreciate the difficulty. That is why I was trying to canvass more specifics.

**Mr ALAN ASHTON:** According to the department's survey response minor deviations from performance targets are explained in relation to the significant issues of each individual division. How does the annual report bring to attention any significant factors, issues or trends indicating deviations from the key performance targets? Whilst you are thinking about that question I have another for you. Would the department be prepared to consider expanding in future its results summary to include a brief discussion of any positive or negative variations that might occur? You have already said on the record today that you cover a lot of areas, and the Committee understands that, so there can be significant variations and deviations between key performance indicators and other parts of the report. I think it is probably worth trying to indicate some examples of what they might be. Vera has already said that there are 150 different areas—I might have the figure wrong.

**Mr WAYNE MERTON:** You are pretty close.

**Mr ALAN ASHTON:** Will you address how to let us know of some of those minor deviations? Sometimes what we look for in a report is something that is different from the usual: Everything is going pretty well but there are a few minor little issues. Sometimes we are more interested in what the minor little issues might be. They can often help us to drill down there and find what the problems are. They can often help to bring to the surface something that is not bad. It just gives us an idea as to where you might find a bottleneck or a difficulty, something the Government needs to address.

**Mr DAVEY:** We understand that question. We do refer to deviations within the significant issues sections of each of the divisions but, a bit like the previous question on benchmarking, it does not really stand out. I think that is the point you are making. I think we need to more clearly identify within the report where these deviations are, plus or minus—whether they are positive or adverse—and the reasons for those, and what action is taken. I think that is an area we can improve in our annual report. But when you drill down into the significant issues sections you will quite often find that that is where these are addressed. It is not that we are not addressing them but we are not making them more explicit and obvious. An example is on page 29 where we talk about the Mineral Resources division. We in fact talk there about the explanation around the deviations related to mining royalties. That is an example. You will find when you go through the report that you will discover these explanations but you have to go looking for them I guess, which is the point. We have got to make it clearer where they are. We take that suggestion on board.

**CHAIR:** What process do you have for evaluating the contents and impact of annual reports to ensure that the readers are receiving the message you want to communicate? Does the production team seek feedback from stakeholders to design and shape contents for future annual reports? Do you apply a continuous quality improvement to the document template?

**Ms STAMP:** We do not have a specific mechanism for seeking comment on the annual report per se. We certainly have a number of mechanisms that we have used with our stakeholders to seek input to the department's activities, whether that be through our internet site or whether it be through broader consultations or whether it be through our consultative committees. We could, and it is a very good suggestion, actually go out more specifically to seek some stakeholder input to the annual reports for the future. Have I answered your question?

**CHAIR:** Yes.

**Mr DAVEY:** If I could provide a supplementary answer to that? We have industry consultative committees for all of our primary industry activities and they are made up of stakeholders that represent the interests within those stakeholder groups. The annual report is made available to the members of those committees and they have the opportunity through that consultative committee to give us feedback about the report. We do not specifically seek it, which is where Wendy is coming from, and I think that is what we could do—to not only make the report available and make comment at the meeting but to actually be more proactive in getting some feedback. I think that is a good suggestion.

**CHAIR:** That brings our questions to an end. If there are other questions from the Committee are you prepared to take them on notice and we will send them through to you?

**Mr DAVEY:** Absolutely.

**CHAIR:** George, I thank you and your team—Vera, Wendy, Renata and Paul—for your professionalism and honesty here today. I thank you for your kind attendance today.

**(The witnesses withdrew)**

**(The Committee adjourned at 12.03 p.m.)**

## Appendix Four – Minutes

### **Minutes of Proceedings of the Public Bodies Review Committee (No 13)**

4:30pm Wednesday 2 September 2009

Room 1102, Parliament House

#### **Members Present**

Mr Morris MP (Chair), Mr Ashton MP, Mr Lalich MP.

#### **Apologies**

Mr Cansdell MP (Vice Chair), Mr Draper MP, Mr Merton MP.

#### **Also present**

Pru Sheaves, Jonathan Elliott.

The meeting commenced at 4:37 pm.

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#### **4. Review of Annual Reports**

Resolved on the motion of Mr Lalich, seconded by Mr Ashton, that the Committee review the Annual Report for the Department of Commerce, which includes the Department of Fair Trading, NSW Public Works, Procurement, Government Chief Information Office, Industrial Relations and State Records, as part of the review of Annual Reports for the Budget session of 2010.

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The Committee adjourned at 4:50pm.

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### **Minutes of Proceedings of the Public Bodies Review Committee (No 17)**

4:30pm Wednesday 23 June 2010

Room 1102, Parliament House

#### **Members Present**

Mr Ashton MP, Mr Cansdell MP (Deputy Chair), Mr Draper MP, Ms Hornery MP, Mr Lalich MP (Chair), Mr Merton MP.

#### **Also present**

Jonathan Elliott, Hilary Parker, Rohan Tyler.

The meeting commenced at 4:35 pm.

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## **2. Future inquiry programme: *Review of Annual Reports***

Resolved on the motion of Mr Draper, seconded by Mr Ashton, that in addition to its review of the 2008/09 annual report for the Department of Commerce, the Committee also review the 2008/09 annual reports for the Department of Primary Industries and the Department of Environment and Climate Change.

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The Committee adjourned at 4:45pm.

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## **Minutes of Proceedings of the Public Bodies Review Committee (No 18)**

4:30pm Wednesday 1 September 2010

Room 1102, Parliament House

### **Members Present**

Mr Ashton MP, Mr Cansdell MP (Deputy Chair), Mr Draper MP, Ms Hornery MP, Mr Lalich MP (Chair), Mr Merton MP.

### **Also present**

Vicki Buchbach, Jacqueline Isles, Hilary Parker, Kylie Rudd.

The meeting commenced at 4:34 pm.

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## **2. Review of Annual Reports**

Resolved on the motion of Mr Cansdell, seconded by Mr Draper, that the Committee:

- note the survey responses of the Department of Environment, Climate Change and Water; the Department of Services, Technology and Administration; and the Department of Industry and Investment; and
- agree to the areas of questioning suggested in the briefing papers for the hearing on 10 September 2010.

## **3. General Business**

*Government Information (Public Access) Amendment Regulation 2010*

Resolved on the motion of Mr Cansdell, seconded by Mr Ashton, that the Committee note the impact of the regulation on the form of annual reports.

The Committee adjourned at 4:39 pm.

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## **Minutes of Proceedings of the Public Bodies Review Committee (No 19)**

10:00 am Friday 10 September 2010

Waratah Room, Parliament House

**Members Present**

Mr Ashton MP, Mr Cansdell MP (Deputy Chair), Mr Draper MP, Ms Hornery MP, Mr Lalich MP (Chair), Mr Merton MP.

**Also present**

Vicki Buchbach, Jacqueline Isles, Lisa Kitvitee, Hilary Parker, Kylie Rudd.

The meeting commenced at 10:00 am.

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**2. Review of Annual Reports**

Resolved on the motion of Ms Hornery, seconded by Mr Cansdell, that the corrected transcript of the hearing of 10 September 2010 be published on the Committee website.

**3. Public Hearing**

The Chair declared the public hearing open.

*Department of Environment, Climate Change and Water*

Ms Zoe de Saram, Acting Executive Director, Departmental Performance, Management and Communication was sworn and examined. Ms Catherine Donnellan, Director, Corporate Governance and Ms Renu Gangopadhyay, Corporate Financial Accountant were affirmed and examined.

Ms de Saram made an opening statement. The Chair questioned the witnesses, followed by other Committee members.

Evidence completed, the witnesses withdrew.

*Department of Services, Technology and Administration*

Mr Peter Duncan, Director General and Ms Jenny Wiggins, Director, Ministerial and Executive Services were affirmed and examined.

Mr Duncan made an opening statement. The Chair questioned the witnesses, followed by other Committee members. Mr Duncan undertook to provide additional information in relation to a question.

Evidence completed, the witnesses withdrew.

*Department of Industry and Investment*

Mr George Davey, Deputy Director General and Ms Vera Fiala, Director, Corporate Strategy and Communications were affirmed and examined.

Ms Wendy Stamp, Executive Director, Policy, Governance and Communications, Ms Renata Brooks, Executive Director, Agriculture and Primary Industries Science and

Research and Mr Paul O'Connor, Principal Director, Fisheries and Compliance were sworn and examined.

Mr Davey made an opening statement. The Chair questioned the witnesses, followed by other Committee members. Mr Duncan undertook to provide additional information in relation to a question. Mr Davey undertook to provide answers to a question on notice.

Evidence completed, the witnesses withdrew.

The Committee adjourned at 12:03pm.

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### **Minutes of Proceedings of the Public Bodies Review Committee (No 20)**

4:30 pm Wednesday, 24 November 2010

Room 1102, Parliament House

#### **Members Present**

Mr Ashton MP, Mr Cansdell MP (Deputy Chair), Mr Draper MP, Ms Hornery MP, Mr Lalich MP (Chair).

#### **Apology**

Mr Merton

#### **Also present**

Vicki Buchbach, Jacqueline Isles, Lisa Kitvitee, Hilary Parker, Kylie Rudd.

The meeting commenced at 4:40 pm.

#### **1. Confirmation of minutes**

Resolved on the motion of Mr Draper, seconded by Ms Hornery, that the minutes of the meeting held on 10 September 2010 be confirmed.

#### **2. Second Review of Annual Reports**

- a) Correspondence from Department of Services, Technology and Administration of 7 October answering questions taken on notice at the hearing in 10 September

Resolved on the motion of Mr Ashton, seconded by Ms Hornery that the Committee note the correspondence.

- b) Consideration of Chair's draft report

Resolved on the motion of Mr Ashton, seconded by Mr Draper, that the draft report be the Report of the Committee and that it be signed by the Chair and presented to the House, together with the transcript and minutes of evidence, and that the Chair and the Committee Manager be permitted to correct stylistic, typographical and grammatical errors.

The Committee adjourned at 4:44 pm.

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Chair

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Committee Manager