

Office of Fair Trading

- Commerce Goal 2 – Simplify processes for dealing with government
- Commerce Goal 3 – Promote a fair marketplace for consumers and traders

The Office of Fair Trading reviews and develops the regulatory framework in NSW for consumer goods and services, accommodation and property services and home building. It co-ordinates community consultation and prepares options for Government decision-making. It leads the NSW negotiations with other jurisdictions in the quest for nationally consistent fair trading regulation. Its foremost priority is that NSW marketplace regulation, currently involving 42 different pieces of legislation (see Appendix 17 – Legislation), provides for simple, uncomplicated services for customers and that traders are not unduly burdened by compliance requirements.

Policy development and regulatory review

Home building

The Office of Fair Trading has been rewriting the *Home Building Act 1989* to consolidate amendments and to make it simpler and easier to understand. Fair Trading has been considering the issues raised during community consultation. However, the project was affected by the Council of Australian Governments' decision to establish national trade licensing for builders, electricians and plumbers. Online surveys were conducted from February to mid-April to allow consumers and traders to provide input on this important issue. The results are currently being analysed and there will be further opportunity for comment once draft legislation has been developed.

Holiday parks

The *Holiday Parks (Long-term Casual Occupation) Act 2002* was devised to specifically address the unique circumstances that arise in holiday parks where families own vans which they keep on rented sites in parks for casual or holiday use. It spells out the rights and responsibilities of van owners and the holiday park operator. A statutory review of the Act was undertaken in 2008 and the review report was tabled in Parliament on 2 April 2009. The report was released for consultation and submissions are being analysed.

Gas safety

The Better Regulation Office, in conjunction with the Department of Water and Energy, the Roads and Traffic Authority, WorkCover and Fair Trading, has been reviewing the current arrangements for the regulation of gas safety and gas installations in NSW. The purpose of the review is to determine where improvements could be made to ensure effective industry regulation and improve interaction between government, industry and consumers and increase gas safety.

Consultation with industry was undertaken in mid-2009 to reform the regulatory framework and reduce red tape.

Conveyancers

The *Conveyancers Licensing Act 2003* regulates licensed conveyancers in relation to property conveyancing transactions in NSW. The Act requires a review to determine whether it remains valid and appropriate. Commencement of the review was affected by the Council of Australian Governments' decision to develop national licensing for conveyancers. The review of the Act has now been undertaken and a report has been prepared incorporating responses from licensed conveyancers, members of the industry, consumers and members of the public.

Co-operative housing and Starr-Bowkett Societies

The current statutory review of the *Co-operative Housing and Starr-Bowkett Societies Act 1998* identified a number of issues, including the continued rationalisation of the sector due to a significant decline in the number of societies. Following an independent analysis, a discussion paper was released for comment, together with the sector analysis report. The consultation period ended on 1 August 2008. A position paper, incorporating stakeholder submissions, has been finalised and is expected to form the basis of detailed discussion on the future legislative direction of the sector.

National co-operatives law

The Office of Fair Trading is leading a national project on behalf of the Ministerial Council on Consumer Affairs to implement a National Co-operatives Law. Fair Trading convenes a national working party that is developing proposed legislation which would be enacted by NSW and then applied by other participating jurisdictions. The Co-operatives National Law will more closely align co-operatives with regulatory requirements for companies and remove competitive barriers for the sector. It will introduce a financial reporting regime that will reduce red tape and costs for smaller co-operatives but preserve accountability for larger co-operatives.

There is more information about tenancy, strata and community land management in Appendix 15 – Inclusion of other annual reports.

National reform projects

The National Reform Agenda Project was established to manage the impact of various Council of Australian Governments projects that are intended to provide national approaches to a range of business-related issues. The following seven COAG projects have direct impacts on the Office of Fair Trading.

Australian consumer law

It is proposed to develop one national consumer law by the end of 2010 that will include best practice from existing state legislation and establish joint enforcement of the law by the Australian Competition and Consumer Commission and state agencies. A national consumer law will significantly enhance consumer protection, reduce regulatory complexity for businesses and encourage the development of a seamless national economy. Consumers will benefit from these laws through consistent national approaches to consumer problems and enforcement.

National product safety system

This project will develop and implement a single national system for the management of product safety in Australia. Under the proposed reforms, the Commonwealth will be responsible for all permanent product bans and standards by the end of 2010. The states and territories will retain the power to issue interim product safety bans, and, with the ACCC, will share responsibility for enforcement of the product safety law. The laws will be contained within the new Australian consumer law.

National regulation of financial services and consumer credit

This project will transfer responsibility for regulating consumer credit and finance broking to the Commonwealth, with the National Credit Code due to commence on 1 July 2010. Fair Trading will have no on-going role in the regulation of consumer credit once this project is fully implemented, except to continue to apply a maximum annual percentage rate to consumer credit contracts in this State for a year after transfer and retain NSW finance broking laws until 1 January 2011. At a national level, the Commonwealth has established the Financial Services and Credit Implementation Taskforce to oversee the development and implementation of the national system of regulation for this industry. The work carried out by

Fair Trading on projects such as responsible lending in relation to credit cards has been provided to the Taskforce.

Personal property securities system

This project will establish, by 1 May 2011, a single national system for the registration of security interests in all types of property other than real estate. This will incorporate the services currently provided by the NSW Register of Encumbered Vehicles system. The Office of Fair Trading will have no on-going role in the registration of interests in motor vehicles or boats once the national system is implemented.

National Licensing System

This project aims to develop and implement a single licensing system across Australia for specified occupations, commencing in 2012. This will also lead to consistent skill requirements for specified licensed occupations across Australia, such as property agents, electrical, plumbing and gasfitting, building and building related occupations, conveyancers and valuers. It is anticipated that the Office of Fair Trading will continue to process licence applications and renewals as a delegated agency of the new national licensing body.

Single registration system for business names and ABNs

This project will establish a single seamless business name registration/Australian business number system by March 2011. It will also incorporate a national business licensing information system, enabling businesses to register their business and their company names in one online process.

National trade measurement system

This project is developing and implementing a national system of trade measurement to be funded and administered by the Commonwealth through the National Measurement Institute by 1 July 2010. The Commonwealth has established a number of working groups to manage the various aspects of the project and planning is well underway. The Office of Fair Trading will have no further role in the regulation of trade measurement once this transfer is complete.

Legislative changes

The Office of Fair Trading made the following legislative changes to improve consumer protection or to make services for consumers simpler and less complicated, while ensuring that traders are not unduly burdened by compliance requirements.

- Significant benefits to residents and operators of retirement villages include better pre-contractual disclosure to prospective residents, a 90 day settling-in period for new residents, cutting the maximum time most residents must keep paying recurrent charges once they move out of a village from six months to six weeks, and giving operators the flexibility to vary expenditure between budget line items and make allowance for contingencies.
- The *Home Building Act 1989* was amended to automatically suspend the licences of home building contractors or building consultants who fail to comply with Consumer, Trader and Tenancy Tribunal (CTTT) or court orders to pay money in relation to a building claim. Also, contractors must now be insured to provide cover when their licences are suspended for non-compliance.
- A new funeral information standard enables consumers to make better informed choices when arranging a funeral. It ensures consumers are provided with detailed information on the costs and components of a funeral.
- Changes were made to Fair Trading regulations to harmonise with national standards and improve safety standards in NSW for babies' dummies, hot water bottles, children's portable folding cots, prams, strollers and treadmills.

There is more detailed information in Appendix 17 – Legislation.

Commerce objectives

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

Corporate performance

Result	Result Indicator	06/07	07/08	08/09	Comment	Target
Fair Trading legislation simplifies service provision for consumers and traders	% of customers who agree services are simple and uncomplicated	87%	82%	82%	Close to target	≤85%*
Fair marketplace regulation with minimal red tape	% traders who believe they are unduly burdened by fair trading laws	34%	29%	26%	See below	≤35%

A low result is a good result for this indicator. It is an encouraging sign the majority of traders don't believe they are unduly burdened by fair trading laws.

Community able to access information and services

A suite of Fair Trading services contribute to fairness and equity for individuals and growing prosperity across NSW. Information for consumers and traders allows individuals and businesses to understand their rights and obligations and to function effectively in the marketplace. Business licensing and registration services protect consumers and assist traders by maintaining and improving the integrity of industries vital to the NSW marketplace. Rental bonds custodial services provide tenants, landlords and property owners with confidence that bonds are used for their rightful purpose and are quickly available when required. Tribunal services provide a quick and simple method of resolving marketplace disputes.

Customer service charter

A Customer Service Charter was introduced this year to articulate Fair Trading's commitment to delivering quality services to its customers. The charter provides key information about Fair Trading's approach to service delivery and customer relations. It provides customers with information on the services provided, how to contact and communicate with Fair Trading, the standards of service customers can expect, what customers need to do so that Fair Trading can provide the best possible service to them, and how customers can provide feedback on those services.

Fair Trading Information Centre

The Fair Trading Information Centre (FTIC) answered 1,026,304 telephone enquiries during the year. The FTIC also provided significant advice and assistance to other agencies regarding contact centre infrastructure and services. The monthly call abandon rate has steadily decreased and the overall abandoned rate for the financial year is one per cent. This compares favourably to the industry benchmark of three to six per cent.

Operational procedures were reviewed and updated and new procedures developed where required. This has resulted in a more accessible and user-friendly system for contact centre

staff and will ensure a more effective method of delivering and capturing information and accurately recording marketplace trends.

Information programs

During 2008/09, Fair Trading delivered 902 information sessions, talks and seminars attended by 31,818 people throughout the State. These covered a range of topics for real estate and property agents, self-managing landlords, tenants, licensed builders, members of incorporated associations, senior citizens, youth, high school students, business people and consumers, including culturally and linguistically diverse and indigenous communities.

Regional access programs

Regional Access Programs (RAPS) provide consumers and traders in regional areas with valuable access to Fair Trading services. RAPS focus on getting the message to seniors, youth, disabled and indigenous communities by providing extensive information sessions at regional locations. Concurrently, Fair Trading conducts information sessions for traders and compliance checks on businesses to educate traders on their rights and responsibilities under Fair Trading legislation. Ten RAPS were conducted around the State during 2008/09.

Super RAPS are conducted in larger regional centres with an additional focus on compliance with Fair Trading laws. These include retirement villages, travel agents, associations, real estate agents, home building sites, co-operatives, motor dealers, trade measurement and checking of service station petrol pumps and checkout scanning equipment at supermarkets. Six super RAPS were conducted in 2008/09.

Fair Trading Week

Fair Trading Week is a week-long promotion to raise community awareness of topical consumer issues. The theme, *The Deal is in the Detail*, was designed to highlight the risks of not reading contracts and paperwork. Research had revealed that both consumers and traders have difficulty understanding their rights and responsibilities under the statutory warranty period and there was also confusion about the value of extended warranties purchased at additional cost. Prevention is the key to consumer protection and it is extremely important that consumers fully understand what they are agreeing to before signing anything. Over 70 community events were held around the State with the focus on understanding the fine print in typical consumer transactions.

Complaint resolution

Information is provided to consumers and traders on their rights and responsibilities under the legislation through a network of 24 Fair Trading Centres and the Fair Trading Information Centre. The information provided assists both parties in resolving issues in the marketplace. Where parties cannot resolve an issue, a complaint can be lodged and Fair Trading will assist with negotiations. During 2008/09, a total of 38,260 consumer complaints were received, made up of 29,537 relating to general fair trading issues, 6,283 to home building issues and 2,440 to real estate issues. Of these, 88 per cent were successfully resolved.

Licensing and registration services

Fair Trading's guarantee of service promises that completed new licence applications will be processed within 30 days of receipt. Licence renewals are issued within 14 working days provided they are not affected by a disclosure statement relating to an applicant's fitness to continue the business. This year the standard was met for over 94 per cent of the 12,163 new licences issued and for 97 per cent of the 49,242 licence renewals.

Traders have the convenient option of renewing or restoring the registration of their business name online, for a discounted fee. The popularity of online renewal continues to grow; during 2008/09, 40,616 businesses took advantage of the service, an increase of 16 per cent over the last year. This represents some 42 per cent of all renewals. In addition, 1,712 changes of address were recorded online during the year, a 17 per cent increase over the previous year.

Access is provided free of charge to basic details of registered business names through the Fair Trading website. The business names details check facility includes details of the registration number, date and status, along with the nature of business and business addresses. There were more than 196,000 visits to this facility during 2008/09.

Rental bonds custody

Fair Trading's guarantee of service promises that agreed rental bond refunds are usually deposited in a bank account within two working days, or mailed by cheque within four working days, of receiving the claim form. This standard was met in 100 per cent of refund claims. At 30 June 2009 there were 643,518 residential rental bonds, worth \$794.4 million, held in trust.

Incorporated associations

Incorporating as an association provides a simple, inexpensive mechanism for small non-profit/non-commercial bodies to gain an independent legal identity and limit members' liability. There are currently 34,817 incorporated associations on the register. A systematic review has seen the cancellation of 6,388 associations, both voluntarily and for non-compliance with reporting requirements. Others were identified where the value of property or the nature or scale of activities indicated incorporation as an association may no longer be appropriate. These associations were invited to voluntarily transfer incorporation to become either a co-operative or a company.

Commerce Objective

- Community able to access information and services

Corporate performance

Result	Result Indicator	05/06	06/07	07/08	08/09	Comment	Target
Community able to access information and services	% of public who know where to go to get help	70%	66%	63%	62%	See below	65-70%

The results from 2005/06 to 2008/09 are close to or within the target range. Cost-effective education and information strategies to raise awareness about Fair Trading services are constantly being developed and implemented to address this.

Service Group	Performance Measure	05/06	06/07	07/08	08/09	Comment	Target
Information for consumers and traders	Customer satisfaction meets or exceeds the benchmark	90%	90%	85%	85%	See below	≥90%

Fair Trading has some seven million contacts with the public annually, and the result is above the 80% target of satisfied customers recommended by Standards Australia. During the year Fair Trading continued to develop staff in relation to its business and consumer knowledge and approach to customer service as part of an ongoing commitment to further improving the delivery of services commensurate with the Guarantee of Service.

Service Group	Performance Measure	05/06	06/07	07/08	08/09	Comment	Target
	Community take-up rate: average number of services requested per 1000 people in NSW	653	734	797	784	Estimate exceeded	Est.700
	% accuracy of information provided	93%	89%	90%	93%	See below	≥95%

Further concentration on quality, training and development, processes, systems, and customer service has brought Fair Trading closer to its target. The 2008/09 survey was updated to ensure consistency with contemporary fair trading issues and to keep pace with current channels of service delivery.

Service group	Performance Measure	05/06	06/07	07/08	08/09	Comment	Target
	% complaints finalised within 30 days	95%	96%	96%	93%	Target exceeded	≥80%
	% complaints resolved to satisfaction of both parties	81%	85%	87%	88%	Target exceeded	≥70%
	% of telephone enquiries answered where published standards met	79%	83%	90%	99%	Target exceeded	≥85%
Business licensing and registration services	% of licensing and registration services where published standards are met	100%	100%	100%	100%	Target met	100%
Rental bonds custody	% of bond refunds where published standards met	100%	100%	100%	100%	Target met	100%
Tribunal services	% of Consumer Trader and Tenancy Tribunal matters finalised prior to or at first hearing	77%	78%	77%	74%	Close to target	75%

Compliance with fair trading laws

Fair Trading promotes a fair marketplace by maximising traders' compliance with regulatory requirements. In doing so, Fair Trading also seeks to educate and engage with both consumers and traders on issues that affect their rights and obligations. Proactive inspection programs are an effective way of doing this.

Compliance programs

Through 2008/09, Fair Trading carried out a total of 25,390 inspections across NSW. These focused on real estate agents, the home building industry, travel agents, motor dealers and repairers, auto dismantlers, second-hand dealers, pawnbrokers, product safety, the weight of packaged items at supermarkets and other retail outlets, the measurement of liquor dispensing units and glassware at licensed premises and petrol, gas and LPG fuel pumps.

Fair Trading initiated a range of targeted compliance programs. Sydney metropolitan market stall-holders were checked for compliance with regulatory requirements relating to product safety, electrical safety, trade measurement and packaging, second-hand goods, refund policies and business names. During 844 inspections, 18 dangerous toys and two unsafe electrical products were seized, while eight fines and 63 formal warnings to stall-holders were issued. The operation also served an educational purpose, with more than 200 fact sheets and education kits given out.

Funeral directors were checked for compliance with new legislative requirements that commenced on 1 February 2009. Sixty-one funeral directors were inspected in the Sydney metropolitan, Newcastle, Orange and Wollongong areas.

Programs targeting 310 licensed motor dealers resulted in 128 penalty notices and 74 warnings, with four dealers recommended for prosecution. In the biggest blitz to date, Fair Trading investigators detected over 300 potentially unlicensed motor dealers at motor vehicle salvage auctions. Subsequent investigation led to over 160 people being identified for possible prosecution or penalty notice action.

Fair Trading conducted inspections of 207 motor vehicle repairers in the Macarthur region. As a result of the program, 181 breaches were detected and 57 penalty notices issued for various offences and three unlicensed repairers were identified and issued penalty notices. Fair Trading has also agreed to fund two education sessions in the Macarthur region.

In a program aimed to raise awareness and compliance with statutory provisions and the Fitness Industry Code of Practice, Fair Trading visited 60 fitness centres across Sydney and reviewed their membership contracts. It was found that although there were no direct breaches of legislation many contracts were in small print, difficult to read and included onerous penalties for membership cancellation.

Fair Trading operations targeted offences under the Home Building Act 1989 and the Electricity (Consumer Safety) Act 2004. Investigators visited 1,145 sites and issued 108 penalty notices for various offences. Advertising for residential building work was also examined. In the NSW Central Coast area, 437 newspaper ads were reviewed with 24 penalty notices and 33 warning letters issued for various offences.

Enforcement action

Breaches of fair trading legislation are detected through inspections, intelligence-gathering and as a consequence of formal investigations of complaints. During the year, 762 traders were issued with penalty notices in relation to 1,174 offences - resulting in financial penalties of \$1,031,430. Formal prosecutions, where 96 per cent of cases were successful, resulted in \$584,150 in fines and penalties involving 85 defendants.

Commerce objective

- Compliance with fair trading laws

Corporate performance

Result	Result Indicator	05/06	06/07	07/08	08/09	Comment	Target
Compliance with fair trading laws	% of consumers confident in fair operation of marketplace	69%	73%	79%	74%	See below	68-74%

The survey results show consumer confidence levels vary but mostly fall within the target range.

Service Group	Performance Measure	05/06	06/07	07/08	08/09	Comment	Target
Compliance	Proportion of prosecutions successful	86%	95%	92%	96%	Target exceeded	≥90%

Government Chief Information Office

- Commerce Goal 1 – Maximise value for government agencies in delivering services to clients, customers and community
- Commerce Goal 2 – Simplify processes for dealing with government

The Government Chief Information Office (GCIO) works to ensure that the NSW Government's Information and Communication Technology (ICT) strategies and associated programs support front-line service delivery to the people of NSW.

GCIO provides sector-wide leadership and advice on procurement, e-government and other ICT initiatives to the NSW Government.

National Broadband Network

The NSW Government welcomed the Commonwealth decision to build the National Broadband Network. On 12 May 2009 the Premier announced the establishment of the NSW National Broadband Network Taskforce to prepare the State for the rollout of the Commonwealth's national broadband initiative. The Minister for Commerce is responsible for the overall oversight and operation of the NSW National Broadband Network Taskforce, which is chaired by the Director General of Commerce.

The NSW National Broadband Network Taskforce is working to ensure NSW plays a leading role in the establishment of the network, as well as to ensure that the NSW planning processes facilitate a smooth roll-out of the network. The Taskforce will also investigate opportunities to leverage government telecommunications assets and purchasing power and promote the ICT industry and skills development. GCIO provides administrative support to the Taskforce.

NSW Government Chief Information Officers' Executive Council

The Chief Information Officers' Executive Council, chaired by the Government Chief Information Officer, represents 19 of the largest NSW government agencies.

It works with GCIO to progress People First, the NSW Government ICT Strategy. While GCIO is responsible for the implementation and delivery of People First programs, GCIO, collaboration with NSW government agencies through the Council is critical to its success.

During 2008/09, the Chief Information Officers' Executive Council worked with GCIO to investigate options for data centre reform, started work on the development of a NSW Government information strategy and continued to identify opportunities to maximise the use of common applications, infrastructure and processes.

People First - NSW Government ICT Strategic Plan

People First established a four-year strategic framework that sets the priorities and the direction for government spending on ICT resources and delivers savings and benefits to the NSW community.

People First comprises eight programs of work: telecommunications; government radio networks; data centre reform; application consolidation; collaborative government services; desktop environment; frontline support services and government licensing.

Government Broadband Service

During 2008/09 the NSW Government broadband service continued to leverage government purchasing power to procure cost-effective and high capacity broadband services for approximately 1,300 government offices in 24 regional centres.

Cost-effective delivery of these services enables government agencies to take advantage of online resources to assist the public, as well as supporting teleworking, teleconferencing and remote access and the consequent reduction of the government's environmental footprint.

Government Telecommunications Agreements

During 2008/09, GCIO established Government Telecommunications Agreements for data and management services, which use government purchasing power to provide cheaper telecommunications services. The agreements comprise five categories: data, internet services, fixed voice, mobile and management services.

Government Radio Network services

The NSW Government operates a number of radio networks, two of which are managed by GCIO.

The NSW Government Radio Network is one of the largest two-way 24-hour seven-day a week radio networks of its type in the world. It provides secure, reliable and effective emergency communications to 40 agencies and other organisations including NSW Fire Brigades, Ambulance Service of NSW, State Emergency Service and the Rural Fire Service. The network is used by over 13,000 frontline personnel and processes millions of calls per month.

In early 2009, the NSW Government approved a \$33.4 million digital technology and infrastructure upgrade. This upgrade is now underway and is due to be completed in 2011.

GCIO also operates the Mobile Data Radio Network (MDRN) that provides low bandwidth, time critical mobile data to the Ambulance Service.

It has over 900 terminals logging millions of messages each month, and ambulance vehicles receive and view incident information as a text message displayed on their mobile data terminal where it can be printed out if necessary.

Since February 2007, the MDRN has achieved 100 per cent contractual availability of service.

Other agencies operate other networks and collaborate with GCIO to deliver coordinated radio services.

In the reporting year, GCIO coordinated NSW responses to reviews into radio and radio spectrum carried out by and on behalf of the Australian Communications and Media Authority.

Data centre reform

GCIO is investigating how best to address the government's ever-increasing demand for computing capacity. This increase in demand is surpassing the capacity of existing data centres and is driven by several factors, including the increased use of electronic transactions in government (such as medical imaging), the growing use of internet communications, electronic record-keeping, as well as enhanced disaster recovery and information security requirements.

Data centre reform options include the leasing of capacity in purpose-built data centres to improve the security, capacity and reliability of processing and storing data across Government, and reduce costs and the Government's carbon footprint.

Government Licensing Service

GCIO continued to work with NSW agencies to rollout the government's multi-channel licensing service. During 2008/09 the service administered 1.7 million licence records collecting \$56 million on behalf of five agencies. There are now 1,250 agency users in 59 government sites.

Red tape was cut with 94 licence types consolidated to 46, one in three people choosing to extend licence periods, simplified business processes and 42 per cent of licence transactions completed online.

The public register of licences includes licences for fishing, wildlife, home builders, liquor businesses, trade promotion lotteries, property valuers, motor dealers, second-hand dealers, travel agents, dangerous goods transportation, radiation, aerial pesticide spraying, tobacco retailers and private health clinics.

2008/09 Performance indicators

Service	Indicator/Measure	07/08 Actual	08/09 Target	08/09 Actual	Comment	09/10 Target
Government Radio Network	Monthly network availability	>99.95	99.95	>99.95	Target met	99.95
	GRN Service coverage by geographical area	33%	33%	33%	Network will be consolidated and technology upgraded before further expansion	33%
Government Broadband Service	Number of agency sites using Government Broadband Service	1,300	NA – see comment	1,285	The GBS is being transitioned to the Government Telecommunication s Agreement	NA – see comment
Government Licensing	Government licences administered through the Government Licensing Service	1.2 M	1.6M	1.6M	target met	2.4M

Office of Industrial Relations

- Commerce Goal 2: Simplify processes for dealing with government
- Commerce Goal 4: Fair and productive workplaces

NSW and national industrial relations

Throughout 2008/09 the major focus of the Office of Industrial Relations (OIR) was to advise the NSW Government on the development of a national industrial relations system.

In February 2008 the Workplace Relations Ministers Council endorsed the creation of a high level officers group to undertake discussions around the development and governance of a national industrial relations system. Throughout 2008/09 the OIR participated in all formal meetings of this group, including a full review of the Commonwealth Government's Fair Work legislation.

During the year the OIR also assisted in the preparation of a number of significant NSW Government submissions to national inquiries surrounding the development of the national industrial relations system. This work included submissions to the Senate Inquiry into the Fair Work Bill 2008, the Wilcox Inquiry into the construction industry and the award modernisation process being conducted by the Australian Industrial Relations Commission. Copies of the NSW Government's submissions are available from the OIR website (www.industrialrelations.nsw.gov.au).

Inspecting NSW workplaces

The OIR undertakes the largest targeted workplace compliance program of its type in Australia. In 2008/09, over 14,100 investigations were completed in order to meet the NSW Government's commitment for 50,000 workplace inspections over a four-year period.

These investigations covered the working arrangements of more than 64,000 workers. Inspectors identified 13,490 breaches of NSW industrial relations legislation committed by 3,900 employers, including over 2,200 employers underpaying workers.

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

Assisting small businesses and regional employers

During 2008/09, the OIR delivered a comprehensive range of seminars for small businesses, comprised of 154 workshops (50 in the Sydney metropolitan area and 104 in regional NSW) on workplace issues and legislative changes. These were attended by 2,066 employers. An additional 25 presentations were delivered to business enterprise centres, community organisations and employers, covering topics ranging from industrial relations in NSW to employee management training. In all, there were 668 participants in these presentations.

Building community relationships

The OIR continued to assist people from culturally and linguistically diverse communities to better understand their rights in the workplace through improved access to the agency's resources and services. In addition to participating in 20 community and business events, 186 presentations were delivered to over 4,000 attendees providing information on workplace rights and responsibilities, together with presentations on specific NSW awards to TAFE students.

The OIR's electronic newsletters, Your Workplace Online and Work Smart, were distributed to nearly 7,000 organisations and individuals offering information on workplace rights and the role and services of the Office.

During 2008/09, the OIR commenced four new initiatives to broaden its services. The first was a pilot information service conducted through the St George and Auburn Migrant Resource Centres to help people from culturally and linguistically diverse communities to access workplace information.

In order to encourage NSW high school students to learn about their rights when starting their first job, the OIR conducted its 'Know the Deal' video competition. The successful prize winners were James Fallon High School (Albury) and MLC College (Burwood). The winning entries are displayed on the OIR's Young People at Work website (www.youngpeopleatwork.nsw.gov.au)

The OIR also worked in collaboration with the country's largest provider of English language teaching to develop and introduce the Starting Work resource. Some 3,000 newly arrived migrants and refugees will learn English through this provider in 2009/10, and will use Starting Work to learn about their workplace rights and responsibilities.

The fourth new service, delivered in collaboration with the Deaf Society of NSW, provides basic workplace information in Auslan (Australian sign language) on the OIR's website. The OIR is recognised as the first NSW government agency to provide information in this visual format.

Online and telephone advice to employers and employees

Activity on the OIR website remains high with almost 2.7 million visitors to the site during 2008/09. Nearly 37,000 people used Check Your Pay, an online application that allows users to calculate wages and entitlements.

The Young People at Work website continues to provide practical support to young people looking for their first job. The website offers information to reflect the work cycle – looking for work, getting a job and leaving the job, as well as information about assistance available from the OIR. The website attracted over 83,000 visitors during the year.

Pay Rate Updates, the free email update service that notifies subscribers of changes to NSW private sector awards, decreased slightly to some 85,500 users. The OIR continued to provide the full text of major NSW private sector awards for free download through its website. During 2008/09, almost 175,000 awards were downloaded to allow employers to display the relevant information in workplaces.

The OIR's online News Feeds (often called RSS feeds) allows subscribers to see when websites have added new content without having to visit the website each time. The Office maintains this News Feeds facility to 130 NSW awards, providing automatic updates of new award information. Over 7,000 visitors subscribed to this new service.

During the year, the OIR's information service received 155,687 telephone calls from employers and employees seeking about information on pay rates and employment conditions. A further 5,672 email enquiries were handled by the service during the year. A June 2009 customer survey showed that 87 per cent of customers were either very satisfied or satisfied with the overall quality of the OIR's website and telephone services.

2008/09 Performance indicators

Service Group	Indicator/Measure	07/08 Actual	08/09 Target	08/09 Actual	Comments	09/10 target
Fair Marketplace regulation with minimal red tape	% employers and employees confident in fair operation of NSW Industrial Relations system	76%	70 %	67%	National IR system impact on jurisdictional coverage	70%
	100% Compliance with Regulatory Impact Statements, Competition Policy Principles, and frameworks required by Better Regulation Office	n/a	100 %	n/a	No proposals during the reference period	100%
Accessible information and help for employers and employees	Office of Industrial Relations client satisfaction meets or exceeds benchmark	97 %	85 %	87%	Achieved	85%
	% of employers who know where to get help for the services offered	54 %	30 %	49%	Achieved	30%
	% of employees who know where to get help for the services offered	27 %	25 %	24%	Achieved	25%
Compliance with regulations	% of non-compliant employers who comply or are prosecuted within six months after being notified they don't comply	87 %	85 %	88%	Achieved	85%
Best practise employment advice	Complaint resolution rate	69 %	60 %	65%	Achieved	60%
	% of employers satisfied with Office of Industrial Relations advisory services	96 %	95 %	88%	National IR system impact on jurisdictional coverage	85%
Policy Development, Regulatory Review and Industrial Liaison	% policy advice and analysis developed to Director General's satisfaction	99 %	95 %	96%	Achieved	95%

Service Group	Indicator/Measure	07/08 Actual	08/09 Target	08/09 Actual	Comments	09/10 target
	% of briefings made available to Government on relevant IR issues.	95 %	95 %	96%	Achieved	95%
Employer/Employee Workplace Information and Advisory Services (including electronic services)	% client assessment that OIR public information provided is accurate	88 %	80 %	88%	Achieved	80%
	% of enquiries and complaints satisfactorily resolved within targeted timeframes.	89 %	85 %	87%	Achieved	85%
	% of enquiries accessing OIR through online systems.	95 %	90 %	95%	Achieved	90%
Inspection and Investigation, Compliance and Enforcement (including prosecution)	% of workplaces complying with NSW industrial relations laws.	60 %	60%	73%	Achieved	60%
	% of employers investigated who are subject to NSW industrial relations laws.	81 %	85 %	84%	National IR system impact on jurisdictional coverage	85%

NSW Procurement

■ Commerce Goal 2 – Simplify processes for dealing with government

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

- establishing and administering state contracts and providing strategic sourcing and supply management advisory services
- designing and providing on-line procurement tools, solutions and services including smartbuy® and NSW eTendering
- designing and delivering efficient and effective procurement systems and guidelines, supplier management systems and contract dispute facilitation services
- providing fleet services on a commercial fee for service basis.

State contracts

In 2008/09 NSW Procurement delivered \$360 million of estimated cost avoidance savings, from the use of state contracts. State Contracts Control Board contract savings estimates were independently verified.

Expenditure through State Contracts Control Board contracts was \$3.58 billion in 2008/09. During 2008/09, NSW Procurement went to the market to obtain the best possible whole-of-government price for goods and services. For example:

Contract 100 Contingent Workforce Contract

NSW Procurement launched the new temporary staff contract in May 2009, which replaces three recruitment contracts - 1078 (Administrative, Finance and Specialist), 881 (IT Contracting Personnel) and 755 (Professional, Technical and Industrial Staff).

The new contract is designed to deliver:

- significant savings against previous state contract margins, ranging from 26 per cent to 46 per cent
- best price contract – a single price per supplier per role. Small and large NSW government agencies, non-government organisations and local councils will all receive the same rates
- a choice of the State's top recruitment agencies, with the ability to source quality personnel at the best rates
- full coverage of all regional areas.

ICT Services Accreditation Scheme

In June 2009, the ICT Services Approved Supplier Panel was launched providing increased representation of small to medium enterprises on the state's ICT Services Contract. The ICT service portal comes with a simple seven-step guide to online purchasing and allows more than 90 small to medium enterprises access to government business.

This will provide project managers with ready access to information on the ICT Services available and the capability, performance and project experience of the vendors.

eTendering

NSW eTendering is a complete electronic tendering process that is standard for all government organizations. The number of requests for tenders published online through the system was 3,281 in 2007/08 and 3,083 in 2008/09. During that time there was a 59 per cent increase in electronic responses to eTendering information.

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

A major revamp of the eTendering system in November 2008 included improved contract disclosure functions, an enhanced set of searching/browsing/reporting features and streamlined online tender management processes.

smartbuy®

The use of smartbuy® increased significantly in 2008/09. A total of 108,800 purchase orders, to the value of \$455 million (up from \$360 million in 2007/08) were placed through the system, compared to 67,879 in 2007/08. In March 2009, smartbuy® reached a milestone of over \$1 billion in transactions since its inception.

By 30 June 2009, seven major agencies had implemented smartbuy®. In late 2008, the government called for an EOI to explore opportunities to improve the online electronic purchasing system.

Agency Accreditation Scheme for goods and services

The purpose of the Agency Accreditation Scheme for goods and services is to manage risks and reduce costs by improving procurement capabilities and practices in government. The Scheme will be administered by the State Contracts Control Board. To be accredited, agencies apply to the Board and are assessed on their procurement capabilities.

All public sector agencies, including accredited agencies, must use the Board's whole-of-government contracts (state contracts), where they are available, when procuring goods and services. However, under the Scheme, accredited agencies can procure their own agency-specific goods and services, without reference to the Board.

In February 2009, the Board approved applications for accreditation from the Roads and Traffic Authority, State Transit Authority, and Department of Housing.

NSW Government Procurement System for Construction

The procurement system for construction supports agencies carrying out construction procurement under the requirements of the NSW Treasury Agency Accreditation Scheme for Construction. This system consists of guidelines, prequalification schemes, standard form contracts, templates and other tools that help agencies select procurement strategies, develop tender and contract documents, allocate contract risk, select contractors and consultants, manage contracts and to avoid or resolve contractual disputes. The system is used by more than 50 agencies and is also used by local government.

GC21 construction contract

NSW government construction agencies, including Commerce, developed the General Conditions of Contract, GC21, which enables them to take a more uniform approach in contractual dealings with the construction industry. It is focused on delivering enhanced cooperation and communication between the contracting parties to deliver better outcomes. In 2008/09, the value of procurement from GC21 contracts through Commerce was \$807 million.

Contractor Prequalification and Best Practice Accreditation Schemes

The NSW Department of Commerce Contractor Prequalification and Best Practice Accreditation Schemes are designed to foster better and more consistent outcomes and ensure that ethical principles are enacted for work undertaken for the NSW Government.

Prequalified contractors meet NSW government standards for performance, resource capability, financial viability and stability, and the management of safety, quality, environment, industrial relations and employee training and development. Over 100 contractors are prequalified for major capital works.

Accredited contractors meet the highest prequalification standards of capability, performance, co-operation and client relationships. Thirty-seven contractors are accredited. Benchmarking of performance criteria indicates that the overall performance of best practice accredited contractors exceeds the performance of all other contractors carrying out construction work.

The NSW TaskForce for delivery of the Nation Building Economic Stimulus Plan has used these contractor and consultant prequalification schemes to help kick start what will eventually be more than \$5.1 billion in construction projects throughout NSW. The schemes have already been used to procure contractors for the Building Education Revolution (BER) program's managing contractor contracts, worth \$2.23 billion, and to engage private sector project managers working in procurement process for the BER and the social housing programs.

The 2008 Construction Procurement Roadshow was presented in Sydney and at regional offices of the Office of Public Works and Services. The presentations were aimed at promoting a better understanding of NSW Procurement, construction procurement policy, systems, practices and initiatives. Attendees overall feedback indicated that the presentations were rated as 81.7 per cent.

Service provider prequalification schemes

A new-generation consultant prequalification scheme for construction-related services was implemented in July 2008. Two hundred and fifteen technical consultants such as architects, engineers, quantity surveyors and project managers are prequalified in 19 work categories.

In September 2008, the new Performance and Management Services prequalification scheme was implemented. One hundred and twenty four consultants were prequalified to provide expert services used by 33 agencies.

The Prequalification Scheme: Audit and Risk Committee Independent Chairs and Members (the Scheme) was implemented in April 2009, in conjunction with the NSW Treasury and the Department of Premier and Cabinet. The Scheme established a list of prequalified independent chairs and members who can be appointed by chief executives to serve on audit and risk committees of NSW Government agencies and statutory bodies. Forty-four independent chairs and members were prequalified by 30 June. All prequalification schemes remain open for new applications.

Integrated performance management system

The integrated performance management system incorporates updated contractor, consultant and project manager performance reporting and stakeholder performance reports, which capture data on training management, apprentices employed by contractors, Aboriginal participation in construction and dispute resolution. In 2008/09, the system continued to be used by more than 50 NSW Government agencies and their project managers to support performance management of suppliers in construction projects and construction-related consultancies.

Financial assessment services

In 2008/09, there were no insolvencies for Commerce prequalified contractors engaged in construction related works.

A total of 2,200 contractor financial assessment reviews were completed, in 2008/09, for procurement of construction, maintenance and goods and services valued at around \$7 billion. This was an increase from 1,400 assessments in 2007/08.

Dispute resolution advice and facilitation

In 2008/09, NSW Procurement offered dispute minimisation and resolution advice for a diverse range of projects and agencies. The level of formal disputation in 2008/09 was significantly lower than in recent years. However, the value of projects on which contractual advice was given for dispute minimisation was significantly higher at about \$2.5 billion.

Sustainable procurement

NSW Procurement represents Commerce on the Framework Implementation Projects Working Group recently established by the Australian Procurement Construction Council to progress the Australian and New Zealand Government Framework for Sustainable Procurement. The working group is examining potential strategies in response to the Garnaut Climate Change Review report and developing consistent sustainability criteria in specifications and agreed minimum sustainability standards for products.

Procurement Certification Training Program

Thirty-three courses were delivered to 386 participants during 2008/09, three more than the target of thirty. In January 2009, the NSW Institute of Public Administration Australia took on course coordination for the program.

The aim of the program is to improve the procurement capability throughout NSW government and provide pathways to tertiary and postgraduate qualifications. To further

support this, from May 2009, students who have successfully completed the relevant components of the program at a particular Level (from Level 1 to 4), can now gain a Statement of Attainment from TAFE NSW, Sydney Institute. The Statement of Attainment, details the competencies gained by the individual during their completion of the correlating level of the Procurement Certification Training Program.

In addition, NSW Procurement is working with TAFE NSW to deliver the remaining competencies required for students to gain the Diploma of Government (Contract Management) and/or the Advanced Diploma of Government (Strategic Management).

2008/09 Performance indicators

Service	Indicator/Measure	07/08 Actual	08/09 Target	08/09 Actual	Comment	09/10 Target
State contracts	\$ spend transacted through State Contracts Control Board contracts for goods and services	3.64B	3.90B	3.58B	Agencies spend impacted due to soft economic conditions and discretionary cost cutting	3.90B
Electronic procurement	\$ value of smartbuy® purchase orders	359M	500M	455M	Agencies spend impacted due to soft economic conditions and discretionary cost cutting	600M
	No. of purchase orders on smartbuy®	67K	113K	109K	Agencies spend impacted due to soft economic conditions and discretionary cost cutting	134
	No of tenders published online	3281	3000	3083	Achieved	3000
Procurement Certification Training	No of training courses	27	30	33	Target exceeded	22
NSW Government procurement system for construction	Average performance score of "Best Practice" accredited contractors for capital works.	73.8	70	75.5	The Best Practice scheme is proving to be an effective part of the integrated performance management system.	70

Service	Indicator/Measure	07/08 Actual	08/09 Target	08/09 Actual	Comment	09/10 Target
NSW Government procurement system for construction	% Commerce pre-qualified contractors insolvencies compared to all contractor insolvencies in the whole of the non-residential construction industry	0	<0.5	0	The results demonstrate the effectiveness of the financial risk assessment services in substantially reducing insolvencies	<0.5

StateFleet

In 2008/09, StateFleet focused on meeting the challenges posed by the changes in its external business environment. These included the financial market crunch, dissolution of financiers to motor vehicle dealers and falls in new and used vehicle prices.

StateFleet monitored the situation closely, liaised with stakeholders and developed strategies to preserve the value of its assets (vehicles) as well as ensuring the on-time delivery of vehicles to its clients. These measures resulted in continued positive economic return from its operations.

Environment

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

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

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

Notable achievements during the year included:

- The number of green or hybrid technology vehicles has more than doubled to 387 since 2005. The target of one per cent set by the Cleaner Fleet Initiative was exceeded and by 30 June 2009, hybrid vehicles comprised 2.1 per cent of the NSW government passenger fleet
- NSW Government agencies have driven a steady increase in the use of E10 fuels. Over 21 per cent of Government petrol fuel purchases in 2008/09 were for ethanol blended fuels, a significant improvement from 12 per cent, recorded at the end of the previous financial year
- StateFleet is a member of the NSW Electric Vehicles Taskforce, established to review this emerging technology, and was involved in various trials and reviews of electric vehicles. The Taskforce will consider the suitability of electric vehicles for the NSW government fleet
- At 30 June 2009 the Environmental Performance Scores (EPS) for the Government fleet were 12.36/20 for passenger and 8.74/20 for light commercial vehicles. The targets for passenger and light commercial vehicles are 13.5/20 and 9/20 respectively by the target date of 30 June 2011
- Over the last five years StateFleet has led a significant shift from large cars to smaller cars across the NSW government fleet. Seventy-one per cent of the passenger fleet is now small or medium sized vehicles.

Safety

StateFleet assesses all new vehicles, whether new models or upgrades, for inclusion in the NSW Government Contract 653 – Acquisition of Motor Vehicles. One of the key features of this contract is the requirement for certain categories of passenger vehicles to be fitted with Electronic Stability Control (ESC). In 2008/09, a number of new models were not included on contract as ESC was not available. Similarly, vehicles were removed from contract when they did not meet the specified Australasian New Car Assessment Program (ANCAP) rating for their category. ANCAP gives consumers consistent information about the level of occupant protection provided by vehicles in serious front and side crashes.

Statefleet and the NSW Centre for Road Safety continue to regularly lobby manufacturers to include all the available safety features in their locally made and imported vehicles.

2008/09 performance indicators

Service Group	Indicator Measure	07/08 Actual	08/09 Target	08/09 Actual	Comment	09/10 Target*
State Fleet	Government average fleet “environment performance score” (EPS) target met	11.45	NA	12.36 passenger vehicles 8.74 commercial vehicles	*See below	13.5 passenger vehicles 9 commercial vehicles
	Average resale values within +/- 10% of set residual value.	-2.2%	+/- 5%0	-1.8%	Achieved	+/- 5%

*The new EPS targets have been set for a three-year period, to be achieved by June 2011. StateFleet will provide tracking score annually as an indicator of performance

Office of Public Works and Services

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

The Office of Public Works and Services (OPWS) assists its clients, both NSW government agencies and local government, to manage their asset procurement and maintenance needs. The four OPWS business units, Facilities Management, the Government Architect's Office, Project Management and NSW Water Solutions, deliver their services through a network of metropolitan and regional offices, using an integrated approach that maximises cost efficiencies for clients.

These services include business case preparation, design, project management, procurement advice, contract and construction management, asset maintenance and management, heritage, water management and environmental and other specialist services.

Education

OPWS, through its network of offices across the state, continued to provide project management expertise to the NSW Department of Education and Training (DET).

In 2008/09, OPWS completed and handed over 15 major capital school projects, providing new libraries, administration buildings, specialist high school classrooms, performance spaces, and trade schools valued at \$80.3 million; and 13 TAFE major capital projects valued at \$73.5 million.

OPWS also delivered a number of strategic programs for DET in about 650 school sites throughout the state. These works formed part of the Principals Priority Building Program and Demountable Replacement Program among others. They included such works as new halls

and gymnasiums, new demountable buildings, roof and toilet upgrades, refurbishments to high school science laboratories and to kitchen and food preparation areas, and installation of security fences and gas heaters. The total combined value of these programs was \$99.8 million.

OPWS has assisted DET to deliver NSW's component of the Federal Government's 'Building the Education Revolution' stimulus package. The Office has been involved in planning, information management, scoping of works and procurement management.

Health

OPWS managed 70 projects for NSW Health across the State with a total project value of \$294 million. Most of these projects were in regional and rural areas.

New mental health facilities were successfully completed at Sutherland, Coffs Harbour and Newcastle hospitals and OPWS is presently delivering a new cancer care facility at Lismore.

OPWS continued in its role as project director for multipurpose health services facilities at Coonamble, Balranald and Eugowra. Currently these facilities are being constructed or being tendered for construction. The centres will provide one-stop-shop health services for these rural communities.

In December 2008, OPWS was appointed as project director for the re-development of Grafton Hospital, a \$19.7 million project to refurbish an existing emergency department and provide a new surgical services facility.

Electromedical purchasing

The Government Architect's Office electromedical group assisted NSW Health to save more than \$13.4 million by bulk buying electromedical equipment, including MRI scanners, through its whole-of-government period contract system. In April 2009, a new "filmless" radiology department was handed over as part of the Auburn Hospital redevelopment for the South Western Area Health Service.

Aboriginal Health College

The Aboriginal Medical Health & Research Council of NSW (AH&MRC) established the Aboriginal Health College to offer education and research services focused on, and driven by, the needs of Aboriginal communities in NSW. The College currently delivers learning programs structured for distance education. The Government Architect's Office has had a pivotal role working with the AH&MRC to design and deliver this new facility at Little Bay, which was completed in February 2009 for a construction sum of \$8.1 million.

Water

OPWS continued to contribute to management and design of water infrastructure and conservation of the state's water resources.

Water services and projects

NSW Water Solutions is a Centre of Excellence in the water and natural resources sectors. In 2008/09, it contributed to more efficient and sensitive use of water resources in such areas as water reuse and recycling, flow systems analysis, membrane technology, desalination, fluoridation, risk assessment, fishways, contamination, hydrometric monitoring and improving its services in response to climate change.

Significant projects undertaken by NSW Water Solutions throughout the year included:

- dam designs and supplementary dam/weir project work for: Tillegra, Dunoon, Keepit, Burrendong, Yass, Pindari, Molong Creek, Prospect Reservoir, Bamarang, Danjera, Wyangla, Mangrove Creek, Ben Chifley, Warragamba, Lithgow and Laanacoorie (Victoria) dams. The works included flood security enhancements, new storages, major

maintenance projects and works designed to enhance the drought security of communities that rely on these dams and storages

- fishway and regulator designs along the Murray and Murrumbidgee Rivers, including Koondrook – Perricoota Red Gum Forest and combined lock and vertical slot fishways for locks 2, 4, 5 and 6 on the Murray River. Fishways improve the environmental health of rivers by allowing effective fish passage past man made structures
- over 150 projects were carried out to improve the reliability and quality of water supply, including projects at: Eurobodalla North, Bega pipeline, Goulburn-Mulwaree pipeline, Nepean Borefield, Upper Canal, Darroobalgie, Bingara, Lake Cargelligo, Orange, Mudgee, Rylstone, Gulgong, Thornton North, Rylstone, Bungendore, Captains Flat, Currandooley, Wellington, Inverell, Braidwood, Mendooran and Fish River Water Supply
- an innovative approach to the design of Eurobodalla North water treatment plant is expected to deliver capital cost savings of over \$0.5 million. This involved a more efficient treatment design that was easier to construct and operate
- more than 90 wastewater projects, including projects at: Lithgow, West Wyalong, Malua Bay, Mulwala, Jindabyne, Wyong, Koorlong, Parkes, Bathurst, Gunnedah, Mudgee, Berridale, Howlong, Perisher, Jenolan Caves, Burrill Lake, Batemans Bay, Yass, Wellington, Guerie, Taralga, West Camden, Singleton, Ballina and Nambucca. The works focused on improving community health and managing the environmental impact of effluent discharges
- Manly Hydraulics Laboratory's (MHL) water monitoring network continued to provide the water, irrigation and natural resource agencies with quality and timely data to effectively manage their water resources and environmental risks
- construction of a national "Know-the-Flow" irrigation testing facility at MHL funded by the Federal Department of the Environment, Water, Heritage and the Arts. This initiative involved the recalibration of irrigation water monitors to more accurately record water extraction rates and thereby improve the state's water audit
- environmental assessment reports for the Department of Ageing, Disability and Home Care's group home projects for aged and disabled persons
- ongoing work in the assessment and management of contaminated sites for the Department of Education and Training and the Department of Corrective Services
- strategic water management services for councils in: strategic water business planning, developer charges and service pricing, asset management and water quality framework audit
- surveying and spatial information services for the Department of Education and Training and the Department of Ageing, Disability and Home Care, and Sydney Harbour Foreshore Authority. New web-enabled data technology provided more efficient management of property by delivering real-time access to property information
- successful installations by MHL of tsunami warning stations in Tasmania, Christmas and Norfolk Islands on behalf of the Bureau of Meteorology.

Water saving

The Government Architect's Office water savings group completed 20 audits during 2008/09 with recommended savings of 1,687 kL/day or 615 ML/annum. Savings averaged 28 per cent of historical usage. Long-term monitoring is currently installed on about 150 sites to assist in water management and identify the success of water saving initiatives.

Water supply and sewerage

OPWS completed the stage 3 of the Belmont waste water treatment works in November 2008. The \$23.5 million upgrade will increase the capacity of the treatment works the provision of new and upgraded infrastructure.

The \$75.5 million Bray Park water treatment plant was completed in December 2008 and construction commenced on a 100ML per day water treatment plant for Tweed Shire Council.

The \$3.4 million Geurie Sewerage project for Wellington Council was completed in September 2008. The plant was designed to allow for discharge to a small creek and effluent irrigation. Using an innovative design, OPWS was able to deliver a relatively inexpensive and compact plant.

The \$10 million Mulwala sewerage scheme for Corowa Shire Council, consisting of the design and construction of a new sewage treatment plant and associated works, was completed in November 2008.

The \$54 million Darling Anabranch Pipeline Scheme was completed in June 2009. The scheme, undertaken on behalf of the Department of Environment and Climate Change, consisted of the design and construction of a 317 km pipeline, two pump stations and farm storage tanks to provide stock and domestic water to 42 properties in south-western NSW. The project brought significant regional environmental benefits by increasing water efficiency and reducing wastage.

OPWS designed and project managed the construction of the \$100 million Shannon Creek Dam, completed in December 2008. The dam is a key component of the Clarence Valley and Coffs Harbour Regional Water Supply Scheme which is aimed at securing the water supply for local communities.

Justice

OPWS is providing program and project management for a \$349 million program of capital works for the Department of Corrective Services. These works comprise the \$296 million 1,000 inmate beds project, and the redevelopment of Silverwater Women's Correctional Centre.

The 1,000 inmate beds project includes a new correctional centre at Nowra and a 250 bed extension to the Cessnock Correctional Centre. The accommodation capacity of the Nowra facility was increased during the year by 100 beds bringing the total capacity of the facility to 600 beds. Construction is progressing in accordance with the program. Tender documentation for the Cessnock project is nearing completion.

OPWS continued to project manage the staged redevelopment of Silverwater Women's Correctional Centre. The stepdown unit, acute crisis unit and Morgan House were completed during the year. The remainder of the redevelopment is expected to be completed in 2009/10. The new facilities enhance the quality of remedial care at the facility, with improved inmate and staff security.

Asset maintenance contracts worth \$16.5 million were also administered for the Department of Corrective Services.

OPWS also provided project management services to develop business cases and prepare for Gateway reviews for three new projects for the Department of Corrective Services, included in the development of their Total Asset Management strategy.

The Office provided project management and architectural services for the Department of Juvenile Justice to develop master plans and business cases for the redevelopment of the juvenile justice centres at Wagga Wagga, Dubbo, Grafton, Emu Plains, Campbelltown, Kariong, and Werrington.

OPWS is providing project management for a new accommodation building and classrooms at the Orana Juvenile Justice Centre at Dubbo; and design, documentation and tendering for the construction of a new accommodation building and classrooms at the Acmena Juvenile Justice Centre in Grafton. These centres accommodate juvenile offenders in a secure environment and incorporate health, counselling, education and recreation facilities.

It is also providing project management and architectural services for a pre-release unit being developed in the grounds of the Reiby Juvenile Justice Centre. This unit is a new initiative of the Department of Juvenile Justice and is intended to prepare juvenile offenders nearing the end of their sentence for release back into the community.

Environment

Cultivating solar power capabilities

The Government Architect's Office contributed to the successful delivery of Government sustainability projects. These included the 25 kilowatt solar power system at NSW Parliament House, a 15 kilowatt system at the National Parks and Wildlife Service's Baradine Visitor's Centre and the solar power and rainwater tank contract for over 1,300 public schools. In addition, the Government Architect's Office is involved in the prominent Sydney Theatre Company solar project; a 362 kilowatt system that will be the largest of its type in Australia as well as a 42 kilowatt system for the Sydney Town Hall.

Energy management, lighting upgrades in schools

OPWS managed the upgrading or replacement of over 13,000 lights at 16 high schools during 2008/09. Following the upgrade, average classroom luminance increased while the total electricity consumed by the schools is expected to reduce by approximately 15 per cent. Resultant emission saving is expected to be 428 tonnes annually.

Public buildings and spaces

The NSW and Korean War Memorial

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

The Meeting Place Precinct

The landscape group in the Government Architect's Office was the lead consultant in the development of the Meeting Place precinct, a 16-hectare interpretive park at Botany Bay National Park at Kurnell. In 1770, it was the place of first contact on the east coast between indigenous Australians and the crew of the James Cook's Endeavour. Once completed, the park, which has a \$3.2 million construction budget, will provide visitors with a unique landscape and interpretation experience facilitating an understanding of first contact between indigenous Australians and the crew of the Endeavour.

City of Sydney, Urban Design Strategy

The Government Architect's Office undertook an urban design study of the city block bounded by Alfred, Pitt, Dalley and George Street for the city of Sydney. The study highlighted improved outcomes in the public realm and built form. It was well received by the city and the media and could lead to changed planning controls for the precinct.

Heritage

Fort Denison

Fort structure and major seawall stone conservation works were carried out by the Government Architect's Office for the Department of Environment and Climate Change's NSW National Parks and Wildlife Service together with investigations of future internal salt damp treatment. This has established a close, effective collaboration between the two agencies for future work.

ANZAC Memorial

A major capital works program for the repair and refurbishment of the interior of the memorial is nearing completion. This includes a new memorial exhibition, restoration of the Assembly Hall, Hall of Memory and original offices, and the formation of new memorial management offices in readiness for the 75th anniversary in November 2009. The Government Architect's Office was responsible for project managing the works which included cleaning the external bronze bas reliefs, water proofing, installing disabled access and lift, a new ground floor exhibition space and associated repairs.

Sydney Observatory

The Government Architect's Office carried out a major archaeological dig in September and October 2008. The dig revealed important information about Fort Phillip, an original landmark on the site. The findings caught the attention and interest of both the media and the public. As a result, fencing and interpretation works were implemented at the observatory as part of its 150th anniversary year.

Centenary Stonework Program

OPWS delivers the Minister's Centenary Stonework Program, which funds conservation of the stone exteriors of the State's significant heritage buildings and monuments. The program provided \$4.85 million of funding in 2008/09 and recipient agencies funded a further \$1.89 million for projects that included Sydney, Royal Prince Alfred and Prince of Wales hospitals, NSW State Library, Bondi Beach Public School, Darlinghurst Fire Station and Fort Denison.

The program provided rare yellowblock sandstone to conservation projects at The Rocks, Sydney Central and Newcastle railway stations and Sydney University. The expertise of the program team was engaged by Treasury Managed Fund and Comcover for insurance funded conservation repairs in Sydney's Royal Botanic Gardens and North Head. Other agencies, including Sydney Harbour Foreshore Authority and Sydney Olympic Park Authority, also drew on the program team's expertise and resources.

Facilities Management

Two major period contracts were established by the OPWS Facilities Management Group. One was the whole-of-government \$1.5 million a year Fire Fighting Equipment maintenance contract, commenced 1 June 2009, that checks the compliance of fire fighting equipment located in government buildings. The other was the \$3.2 million a year Sydney Metropolitan Cleaning contract to cover cleaning of government agencies offices, which commenced 1 January 2009.

Facilities Management Group continued to assist the Department of Education and Training to develop the future facilities management options for schools. The aggregation of smaller contracts into larger contracts achieves efficiencies which deliver better value for money for government expenditure.

In 2008/09, Facilities Management Group assisted the Department of Education and Training to manage the federally-funded National Pride Program under the Building Education Revolution. This will deliver maintenance upgrades to hundreds of schools across the state.

Housing and accommodation

Aboriginal Communities Development Program

The \$240 million Aboriginal Communities Development Program is nearing completion and is expected to be finalised by 30 June 2010. Housing infrastructure upgrades have been undertaken in 22 priority communities, 11 of which have been completed, as well as 79 water and sewerage upgrades.

OPWS provided program management services to support the Aboriginal Communities Development Program which, since it began in 1999 has delivered:

- 263 new houses
- 90 spot purchases
- 321 emergency repairs
- 709 house refurbishments

and resulted in:

- 1,275 people being adequately housed
- 3,478 people with improved housing.

Eleven projects are still underway with construction works programmed for completion at the end of 2009.

Fifteen Aboriginal building companies have been established with 305 contracts let worth \$75 million. This has resulted in the employment of over 250 Aboriginal employees in Aboriginal building companies and also increased Aboriginal participation in other building companies. In addition, 22 Aboriginal people have been trained in water and sewerage maintenance for 12 communities over the life of the Program.

Ageing, Disability and Home Care

The Department of Ageing, Disability and Home Care (DADHC) has grown in the past year to become Project Management's second largest client.

Large residential centre redevelopment continued, notable achievements were the completion of the \$7 million Grosvenor Centre and the advancement of the Peat Island replacement at Wadalba and Hamlyn Terrace valued at approximately \$18 million. These facilities provide a cost effective solution where there is high demand for accommodation for people with special needs.

OPWS also delivered more than 20 group homes throughout NSW this financial year and began planning, documentation and construction phases for a number of others. Group homes provide accommodation for five to ten residents in accommodation that is integrated into the local urban or suburban environment. Commerce was able to manage DADHC's group home expenditure program to maximise the benefits from an expenditure of more than \$34.3 million.

Specialist office accommodation for the DADHC case managers was delivered in various metropolitan centres by Commerce, an \$8.5 million program. These facilities enable case managers to better service their clients, particularly those with special needs.

In order to meet the growing needs of DADHC, Commerce worked in conjunction with Landcom and Resitech, who have particular expertise in delivering projects of this type.

Design planning is expected to peak by July 2010, while construction will dominate the 2010/11 funding allocation.

Innovation this year in group home delivery included the development of:

- a disability architects panel to more effectively design specialist accommodation
- specialist tender panels that are familiar with DADHC requirements
- planning of modular manufactured buildings to enable simpler construction in areas where materials and labour are an issue
- documentation of standardised group home layouts to shorten construction time.

Government accommodation

OPWS project managed the delivery of the NSW Government Office building at Penrith which was completed and occupied in November 2008. The building was designed to fit into the

existing streetscape and be easily accessible to the public. It has one of the highest energy ratings of any government office building in NSW and incorporates the latest environmental systems and use of natural light.

OPWS is also project managing the refurbishment of Government Office buildings at Moree and Grafton.

Engineering emergency management

Under the State Disaster Plan, Commerce manages, coordinates and undertakes the specialist engineering services function in the State Emergency Management Committee. This requires a range of activities in the planning, preparation, response and recovery phases of emergencies.

This year Commerce was given a new expanded role in disaster recovery, which included the establishment of community recovery centres following major disasters.

OPWS coordinates the service and delivers it using the resources of all areas of Commerce.

Emergency deployment

A high level of responsiveness was required during 2008/09 as there were more major emergencies and events requiring a significant engineering response than in any previous year.

The key events were:

- mid north coast floods in February and subsequent recovery activities
- Bourke flooding in February
- failure of Hat Head sewerage system in February
- storm damage on Lord Howe Island in April
- north coast flood emergency in May and subsequent recovery activities
- flood in Tamworth in November 2008 and subsequent recovery activities.

Engineering also provided assistance to Police and NSW Fire Brigades in a number of smaller incidents around the state including building fires, damaged buildings, retaining wall collapses and storm damage:

- White Bay Hotel fire – September 2008
- Granville store fire – September 2008
- Castle Hill construction site crane topple – September 2008
- photocopier store fire at 88 Blaxland Rd Top Ryde – September 2008
- car crash into house at Twin Rd / Boyce St Ryde – December 2008
- chocolate factory fire at Marrickville – January 2009
- Bankstown residential flats scaffolding collapse – February 2009
- bomb blast at 9-11 Crystal Street Petersham – February 2009
- scaffolding collapse at Castlereagh Street Sydney – Feb to March 2009
- footwear warehouse fire at 17 Unwins Bridge Rd St Peters – March 2009
- apartment gas explosion in Bondi Junction – March 2009
- factory fire in Wilcox St Bankstown – March 2009
- factory fire at Seven Hills – March 2009
- apartment building fire at 111-115 Foveaux St Surry Hills – April 2009.

Other key activities:

- Botany Road retaining wall failure March 2008 – wall stabilisation was completed on 26 September
- participating in State Emergency Management Committee and other related activities
- participating in District Emergency Management Committee and other related activities throughout the state
- providing assistance to other agencies in their management of recovery from various natural disasters. This included the establishment and ongoing support to Community Recovery Centres following floods on the north coast
- administering Natural Disaster Relief and Recovery Arrangements for storm events particularly the North Coast floods and 2007 Newcastle-Central Coast storms
- team training was held to enable the engineering emergency management team to gain skills and practice emergency response
- preparing revised District Engineering Functional Area Plans for all districts
- participating in the development of the Natural Disaster Mitigation Program for NSW.

A range of State Emergency Management Committee-sponsored emergency response planning activities and exercises were also carried out, including natural disaster mitigation, terrorist attack, marine oil spill response, tsunami and snow.

Natural disaster relief and recovery arrangements

On behalf of NSW Treasury, Commerce (through OPWS) administers financial assistance to local government councils and certain authorities and bore water trusts under Natural Disaster Relief and Recovery Arrangements, a joint Commonwealth and States agreement. The financial assistance is available to assist in the restoration of assets damaged by declared natural disasters. Councils, authorities and trusts have up to two full financial years after the disaster to complete works and seek reimbursement.

During 2008/09, Commerce paid 32 claims amounting to \$18,260,162. Major disasters funded under the arrangements included \$17,125,185 for the June 2007 Hunter, Central Coast, Hawkesbury storms, \$605,532 for the December 2007 Sydney storms, and \$415,214 for the January 2008 Northern Rivers floods.

Safety in construction and maintenance

OPWS has established an effective safety management culture, underpinned by a safety management system that has been accredited under the NSW Government's OHS Management Systems Guidelines. Commerce works closely with WorkCover, clients, construction contractors, unions and employer associations to improve safety.

OPWS promotes and demonstrates its leadership of a safety culture throughout the Office, by regularly reviewing safety performance. An extensive audit and review program was implemented. A team of project safety advisors also provided support, guidance and training to staff.

This commitment to safety was reflected in OPWS's performance. Construction contractors who were engaged by Commerce, on behalf of its clients, including its Heritage and Building Services Group, achieved a Lost Time Injury Frequency Ratio of 3.4 injuries for each million hours worked, which compared very favourably with the NSW construction industry's performance of 16.7 injuries per million hours worked for 2006/07, the latest published figures.

In 2008/09, OPWS entered into a partnership agreement with WorkCover and Richard Crookes Construction for safety management for the South Coast Correctional Centre, Nowra. This tripartite agreement further reinforced the strong relationship OPWS has built with WorkCover and with the private sector in the construction industry and is the first of its kind for a major regional building project.

OPWS was responsible for the preparation and dismantling of infrastructure at Randwick Race Course, the venue for an open air Mass and Vigil during World Youth Day in 2008. Hundreds of workers were involved in the Randwick event and, to ensure their safety, a safety governance framework and agreements were negotiated ensuring the clear allocation of responsibilities.

The successful program of ten, free two-day OHS management training courses for construction contractors and local government continued in 2008/09. The training, held in regional centres, focused on improving safety management on water and sewerage projects. There were 235 participants, with 128 contractors, 89 local government supervisors, and 18 other participants. Seventy-five per cent of participants rated the course 'excellent', with 25 per cent of participants rating the course 'good'. Of 217 feedback survey respondents 215 'felt that the training met their needs'.

Awards

OPWS

Award	Projects	Comment
Engineers Australia, Newcastle Division, Excellence Award and GHD Award for Innovation and Sustainable Engineering Excellence	Wauchope Water Treatment Plant	Presented to Port Macquarie Hastings Council (principal entrant) in collaboration with Project Management, NSW Water Solutions and Government Architect's Office

Project Management

Award	Projects	Comment
Australian Institute of Project Management, Project Management Achievements Awards 2008, Regional Development	Wellington Correctional Centre	This project delivered on behalf of the Department of Corrective Services
Engineers Australia, Newcastle Division, Engineering Excellence Awards, RTA Infrastructure Excellence in Regional Communities Award	Kingscliff Waste Water Treatment Plant	This project was delivered on behalf of Tweed Shire Council

Project Management – in collaboration with NSW Water Solutions

Award	Project	Comments
Institution of Engineers, Newcastle Division, Energy Australia Engineering Excellence Award – Overall Winner	Clarence Valley/Coffs Harbour Regional Water Supply Strategy	Joint winners with Clarence Valley Council (principal entrant)
Institute of Public Works Engineering Australia, NSW Division, Award for Innovation in Water Supply & Wastewater	Shannon Creek Dam (as part of Clarence Valley/Coffs Harbour Regional Water Supply Strategy)	Joint winners with Clarence Valley Council and Coffs Harbour City Council (principal entrants)
Australian Water Association NSW Water Awards, NSW Water Construction Award	Clarence Valley/Coffs Harbour Regional Water Supply Strategy	Joint winners with Clarence Valley Council and Coffs Harbour City Council (principal entrants)

Government Architect's Office

Award	Project
Conservation Built Heritage for a Project over \$1 million– Corporate/Government – National Trust Energy Australia Awards 2009	Mariner's Church, 100 George St, The Rocks
Cathy Donnelly Award – National Trust Energy Australia Awards 2009	Significant contribution to Heritage & Conservation, and mentoring architects and allied professionals (Joy Singh)
Byera Hadley Travelling scholarship – NSW Architect's Registration Board	Staff Submission, "Good Deeds, Good Design: How can architects provide community service as part of their architectural practice?" (Callantha Brigham)
Bligh Voller Neild Prize in Architecture – Australian Institute of Architects	Top student in Master of Architecture degree from Sydney University (David Burdon)

2008/09 Performance indicators

Service Group	Indicator/Measure	07/08 Actual	08/09 Target	08/09 Actual	Comments	09/10 Target
Office of Public Works and Services	% of projects managed by Public Works and Services completed on time.	91.5%	85%	93%	Target achieved	85%
	% of projects managed by Public Works and Services completed within budget.	89.5%	85%	87%	Target achieved	85%
	% of client satisfaction with asset solutions developed on behalf of client agencies.	88.5%	80%	85.4	Target achieved	80%
	Lost Time Injury Frequency Ratio score to be 20% better than industry on Commerce managed projects.	20%	20% better than industry	20.4%	Commerce achieved a LTIFR of 3.4 injuries for each million hours worked, compared to industry average of 16.7.	20% better than industry

Service Group	Indicator/Measure	07/08 Actual	08/09 Target	08/09 Actual	Comments	09/10 Target
Facilities Management	Achieve a reduction in workers compensation costs in Government Cleaning Contract as evidenced by reductions in the WorkCover Industry Classification rate	11.27	11%	11%	One contractor has won the NSW WorkCover Safe Work Award in 2008	10%

Service Group	Indicator/Measure	07/08 Actual	08/09 Target	08/09 Actual	Comments	09/10 Target
Government Architect's Office	Cost savings in \$millions to Government and non-profit organisations using electricity contract C777	\$68M	\$11M	\$24.0M	Target exceeded	\$20M
	Water savings identified in Megalitres per day	1288ML	1450ML	659ML	Results lower than target as less contracts undertaken than predicted	1500ML
	Number of expert design reviews undertaken for government agencies.	60	20	83	Target exceeded. Increased number of agencies using this service eg. Sydney Metro	20
	Number of hits on the building Price Index (BPI) website.	4324	6600	6383	Number of visit to the website down but subscription remained stable. Downturn in financial markets from global financial crisis has caused a construction market slowdown and less enquiries on BPI.	6600

Service Group	Indicator/Measure	07/08 Actual	08/09 Target	08/09 Actual	Comments	09/10 Target
Project Management	% of business case outcomes accepted by client.	Nil undertaken this year	95 %	100%	Target achieved	100%
	% of business cases that pass through the Gateway and Budget Committee	Nil undertaken this year	95%	100%	Target achieved	100%
	% of DET asset costs compared to other jurisdictions.	19%	5%	N/A	Not undertaken	N/A
	% Objectives of Minister's stone program met.	100%	100 %	100%	Target achieved	100%

Service Group	Indicator/Measure	07/08 Actual	08/09 Target	08/09 Actual	Comments	09/10 Target
NSW Water Solutions	% of required environmental data successfully captured by MHL for state natural resource management agencies and for storm/flood/estuary events.	96%	90 %	94%	Based on the average of 98% flood / estuary, 99% ocean tide, and 85% wave data capture for 08/09	90%

Strategic Communications and Government Advertising

- Commerce Goal 1 – Maximise value for government agencies in delivering services to clients, customers and community
- Commerce Goal 2 – Simplify processes for dealing with government

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

Co-ordination of NSW Government advertising

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

New advertising campaigns with a total budget of \$50,000 or more are subject to a peer review process managed by Commerce, which provides agencies with an informed and independent assessment of the campaign's robustness. During the year, 35 campaigns were submitted for peer review, resulting in improved and more effective strategies.

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

NSW government advertising activity

Strategic Communications and Government Advertising assisted government agencies to plan and implement public information and awareness advertising projects for government. These included the continuation of the Roads and Traffic Authority's programs on road safety, speeding and drink driving, integrated anti-tobacco programs developed by the Cancer Institute NSW, other important public health initiatives to educate about responsible drinking and winter flu prevention and a program to raise awareness of problem gambling.

Recruitment advertising services

In 2008/09, Strategic Communications and Government Advertising handled 5,370 recruitment advertisements for more than 100 government agencies.

Media cost management

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

In 2008/09, \$101.7 million was processed through the Master Media and Placement Contracts, including \$29.2 million on non-campaign advertising (public notices and recruitment advertising).

By purchasing all media through one central contract, an estimated \$46 million in savings was achieved against the standard market rate.

Major advertising activity July 2008 – June 2009	Media cost
NSW Lotteries	\$18.5m
Road Safety and Traffic Information	\$13.6m
Quit Smoking / Anti-Tobacco	\$11.7m
Tourism and event promotions in NSW	\$9.0m
Breast and Cervical Cancer Awareness	\$2.2m
Other health awareness campaigns	\$3.2m
Energy Australia Electricity safety and retail advertising	\$2.4m
Water Conservation Education	\$1.4m
Rail safety and ticketing promotions	\$2.2m
Energy efficiency campaigns	\$1.1m
Melanoma Awareness	\$1.6m
NSW Infrastructure - Investing in a Better Future	\$0.6m
Sydney Harbour Foreshore Authority - Various events promotion	\$1.2m
Workcover	\$1.7m

Major advertising activity July 2008 – June 2009	Media cost
State Electoral Commission	\$0.7m
Landcom	\$1.1m
Connecting NSW	\$0.6m
Gambling Awareness	\$0.8m

NSW Digital

The NSW Digital team was formed to manage whole-of-government websites and to co-ordinate internal communications such as the Commerce Intranet.

In August 2008, in response to the NSW State Plan, NSW Digital launched an upgraded single web portal for the NSW Government as part of the "Connecting NSW" program. The upgraded site included a broader range of public information and enhanced search functionality to allow access to government information. Visits to the site have increased by an average of 30 per cent.

The website, which is updated daily, has been the subject of ongoing improvement throughout the year and now includes an interactive map featuring details of infrastructure investments plus details of jobs and tendering opportunities available across the state.

In January 2009, the Department of Premier and Cabinet commissioned NSW Digital to produce designs for a website for the Premier of NSW. In May 2009, following the Jobs Summit, NSW Digital also established a whole-of-government procurement website for NSW Treasury.

The responsibility for content for these websites remains with their respective owners, with NSW Digital's responsibilities extending to technical support and the uploading of supplied content.

2008/09 Performance indicators

Service	Indicator/Measure	07/08 Actual	08/09 Target	08/09 Actual	Comment	09/10 Target
Aggregation of media buy	Estimated \$ savings to government achieved through the Master Media and Placement contracts compared to market media rates	\$46M	\$46M	\$46M	\$ savings are realised through negotiated discounts off media rates and are directly related to the volume of activity	\$33M
jobs.nsw	Number of visits to jobs.nsw site	3.2M	3.0M	3.1M		1.8M*
	Number of on-line job applications lodged	71K	79k	45k*		n/a

*jobs.nsw was removed from service on 19 January following a security breach

Improved internal performance

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

People Workplace and Planning

People Workplace and Planning was formed in November 2008 by amalgamating the Business Infrastructure and People, Performance and Development units under a single senior executive position. A key benefit of this structure is the increased integration of corporate functions which have impact on Commerce staff, their physical workplace and employment conditions. People Workplace and Planning's activities include occupational health and safety, workforce planning, employment relations, learning and development, organisational development, corporate planning, information management, and workplace design and management.

Commerce property portfolio

During 2008/09, the management of Commerce's leased property portfolio achieved recurrent savings of \$900,000 a year. These savings were achieved by co-locating services and terminating leases without replacement, or by replacing expiring under-utilised leases with appropriately sized premises.

The former Motor Vehicle Repair Industry Authority site at 239 Great North Road, Five Dock was sold for \$2.2 million (plus GST) and settled in April 2009.

In accordance with Premier's Memorandum 2008-06 Commerce has vested thirty two properties in the State Property Authority, comprising 27 leased properties and five owned properties.

Commerce has a portfolio of miscellaneous assets and border railways lands, and has engaged State Property Authority to mitigate risks associated with these properties.

In order to provide a high performing work environment, improve environmental sustainability outcomes, and decrease accommodation costs, including the cost of employee turnover, Commerce has developed and tested new accommodation guidelines to achieve its workplace management principles:

- communicating Commerce's credibility – demonstrate Commerce's expertise and professionalism
- ensuring equity – prioritise functionality over hierarchy whilst allowing for personalisation
- flexibility – allow for expansion, contraction and change
- integration – design that facilitates teamwork and collaboration
- places where people want to work
- sustainability – incorporate recycling and energy efficiency into Commerce's practices.

Energy and environment

Energy management

In accordance with the NSW Government sustainability policy, Commerce has a corporate energy management plan and is committed to achieving savings in energy usage and to using sustainable energy management principles.

Commerce's energy management plan supports the purchasing of electricity in the contestable market, leading to lower costs and reduced greenhouse gas emissions through the purchase of renewable energy or 'green power'. Significant achievements in 2008/09 included:

- reducing Commerce's total energy consumption in 2008/09 by 5.7 percent

- using 903,228 kWh of 'green power' for Commerce occupied buildings as part of Commerce's total consumption of 71,537 gigajoules of energy in 2008/09, accounting for 5.4 per cent of the energy purchased by Commerce
- reducing greenhouse gas emissions for Commerce tenancies and buildings by 5.3 percent based on our total energy consumption equating to total emissions of 17,318 tonnes of CO₂
- reducing energy costs by two per cent to a total of \$1,867,621.*

Commerce is investigating a further expansion of the number of Commerce sites that purchase electricity in the contestable market. This would involve moving all appropriate smaller sites to the competitive contract for purchasing contestable electricity.

* The figures provided are based on billing information available at the time of the report. Some information was extrapolated from data received, or estimated over the full year. 2007/08 figures were revised and updated as more billing information became available.

Greenhouse gas emissions factors have been revised in accordance with the Department of Climate Change – National Greenhouse Accounts (NGA) Factors.

All figures exclude NSW Businesslink and State Records NSW.

In December 2008, the NSW Premier issued Memorandum 2008-28 titled 'Sustainability Policy for NSW Government', which sets out the policy and targets for all Government agencies to measure and improve the greenhouse performance of government office buildings.

Commerce supported this initiative by:

- obtaining an accredited assessment under the National Australian Built Environment Rating System (NABERS) for all of its tenancies greater than 1,000m²
- receiving a five star water rating and a five star energy rating from NABERS for the office at 120 Dalley Street, East Lismore
- receiving a 4.5 star water rating and four star energy rating from NABERS for the office at 110B King Street, Manly Vale
- increasing staff energy awareness by participating in the "Switch Off" campaign to promote reduced energy consumption and CO₂ emissions.

An improvement plan is being developed to meet the future targets set for all Government agencies.

Waste Reduction and Purchasing Plan

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

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

- Use of recycled paper increased from 93 per cent to 100 per cent in 2008/09
- General consumption of paper was reduced by a further 58 per cent * approximately due to adoption of paperless systems where ever possible. Several initiatives made a significant contribution:
 - i. Greater use of online purchasing that increased to 93 per cent in 2008/09 from less than 20 per cent in 2007/08.
 - ii. Greater acceptance of online applications and approvals for human resources (e.g. higher duty applications and leave applications)
 - iii. Continued use of double-sided (duplex) printing and copying as a default in all new multi-function devices throughout Commerce.
 - iv. Electronic tendering significantly reduced the general consumption of paper in Commerce in 2008/09. Four hundred and eighty nine tenders were closed with 3,225

responses submitted electronically by suppliers. These responses were estimated to be about 30 pages each, so electronic submission resulted in about 96,750 pages not being generated in hard copy.

- v. Consolidation of file records, when possible, and reducing hard copy files to electronic filing systems.
- vi. Improved on-line access to information in Fair Trading reduced by 55 per cent the amount of paper used to print consumer/trader fact sheets. In 2008/09 408,000 fact sheets were printed compared to 909,000 in 2007/08.
- vii. NSW Procurement's use of Support Point, an electronic repository for protocols and procedures, reduced the need for staff to print and keep procedure manuals on their desks. This also saves waste as procedure manuals are regularly updated with new policy and legislation.

Commerce initiated workplace prototypes and new workplace principles that:

- encouraged the use of recycled materials and green products in the fit out
- encouraged shared supplies of consumables
- better optimised available space by having flexible floor plans
- avoided walls to make the workplace more flexible for organisational changes
- used an open floor plan that used natural light, directly impacting energy usage.

A Functional Retention and Disposal Authority was developed outlining definitive retention periods for the majority of records. The document attempts to provide a balance between retaining records for a period of time corresponding to legislative and administrative requirements, whilst reducing the retention of redundant records.

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

Commerce continued to encourage use of public transport in lieu of motor vehicles/taxis where appropriate.

Commerce installed new bike racks and upgraded men's and women's lockers in a bid to encourage the use of bikes to commute to work. Since their introduction at the end of 2008 use of the racks has grown to nearly 100 per cent.

Recent bathroom/amenities upgrade program used water saving devices in a bid to save on overall water consumption.

The McKell building lighting upgrade program made it possible for Commerce to reduce energy consumption. Over the last two years a saving of 5.7 per cent in energy was achieved resulting in a 5.3 per cent reduction (920 tonnes) in CO₂ emissions across Commerce.

Where staff travel by plane, business unit managers receive a report on the amount of CO₂ emissions per flight. This creates awareness and encourages a reduction in travel and an increase in the use of alternate meeting arrangements, such as video conferencing.

Fleet vehicles

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

The Cleaner NSW Government Fleet initiative requires all general government sector agencies to establish a fleet improvement plan to meet specific targets for both noxious and greenhouse gas emission reductions. In 2006/07 State Fleet began reporting the use of ethanol/petrol blend and premium unleaded petrol to provide agencies with further data on their CO₂ emission levels.

Commerce developed a Fleet Improvement Plan to meet the targets set out for all government agencies. The Commerce baseline average “Green Score” for improvement over the next three years is 9.6/20.

Commerce’s Fleet Improvement Plan continued to guide its strategies for improving fleet management and supported the following achievements in 2008/09:

- the “Green Score” rating for Commerce’s fleet of passenger vehicles improved from 11.4/20 to 12.3/20 due to the selection of more fuel efficient vehicles, this has decreased the total emissions made by Commerce vehicles and has reduced fuel consumption
- overall, the “Green Score” rating for Commerce’s fleet improved from 10.6/20 to 11.4/20; however, the target of 12/20 was not achieved due to the ongoing business requirement for commercial vehicles and four wheel drives in regional and remote areas.

Other fleet improvement initiatives in 2008/09 included:

- reducing Commerce’s fleet from 549 vehicles to 520 vehicles, a 5.3 percent reduction in size, which contributed to an overall reduction in Commerce’s fleet size of 13.5 percent over the last three years
- containing running cost increases to 3.5 per cent, comprising 0.47 percent increase in total lease costs offset by 2.4 per cent reduction in fuel costs
- maintaining green/hybrid vehicles as two per cent of the Commerce fleet
- supporting the use of alternative fuels with all fleet users receiving a E10 fuel card and information about the alternative fuels contract, which resulted in the Commerce fleet using 30.8 per cent ethanol in its fleet vehicles, exceeding the NSW government target for ethanol usage of 20 per cent.

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

Information services

Information Services in People Workplace and Planning is responsible for providing information and records management services and for ensuring compliance with the *State Records Act 1988*.

Achievements in 2008/09 included:

- obtaining State Records approval for a new Functional Retention and Disposal Authority covering records for procurement and state fleet functions
- developing draft Functional Retention and Disposal Authorities for other Commerce offices
- developing a draft business classification scheme for records of all major business processes
- developing a draft Information Management Policy
- commencing a major project to list and box records for the Office of Public Works and Services for transfer to storage at the Government Records Repository.

The e-dock project is a major initiative to implement an Electronic Document and Records Management System (EDRMS) application across the Department. Key achievements on this project in 2008/09 included:

- obtaining Treasury support for the business case
- determining the business requirements for the e-dock application
- issuing the Request for Tender for the e-dock application
- developing change management strategies and plans and establishing a change management forum for the project.

Planned achievements in 2009/10 include:

- rolling out e-dock system across the Department

- finalising the Records Management Policy and developing information handling policies
- approving Functional Retention and Disposal Authorities for functions in the offices of Industrial Relations, Fair Trading, Public Works and Services and Government Chief Information Office.

Related topics, including privacy management, freedom of information and information security, are reported on elsewhere in the annual report.

Information technology

A range of technology-related improvements for ServiceFirst IT clients and business units were implemented during 2008/09

Prototype portal

A prototype portal was developed as the first step towards providing integrated web-based technology to support all client agencies. Phase two will incorporate the implementation of a range of tools which will allow secure and efficient knowledge sharing across client agencies with expected increases in productivity. Further savings are expected from use of a single platform technology.

Multi-function devices

Two hundred and forty seven multi function devices (MFDs) were rolled out in 2008/09, replacing 1300 single use devices. Imaging costs, averaged across black and white and colour, were reduced from 5.34 cents per page to less than three cents per page. Based on an estimate of approximately 42 million pages printed per year (the Commerce average in 2007), this means an estimated saving of approximately \$725,000 in 2009/10.

As well as cost savings per page, the reduction in the number of devices contributed to the reduction of each business unit's energy consumption. Standby power usage of an MFD is four watts, compared with 23 watts for an average laser printer, combined with the replacement of on average four single use devices with one MFD, this contributes to the reduction of each business unit's footprint. All toner cartridges and packaging used in the new MFDs are completely recycled with zero contribution to landfill.

The single use devices which were still usable were deployed to other business units or donated to non-profit organisations. The fleet management approach to imaging devices means that business units no longer need to own and manage depreciation of the devices as ownership and support of each device is now with ServiceFirst.

Network upgrades

Network performance was vastly increased throughout the McKell and Sussex St. offices, benefiting network users with an increase in data speed to the desktop, from 100Mb/s to 1Gb/s. This initiative replaced old and unserviceable equipment and provided for business needs into the future, as well as the planned implementation of cost saving voice telephony.

Identity management

The identity management project implemented a Commerce-wide staff directory in 2008/09. Development of the new directory involved complex integration between the various systems from which staff data is extracted, including the ERP and telephone systems. As well as providing name, phone and location details, the new staff directory provides additional information such as organisation charts. Enhancements planned for the future include photos (subject to approval), details for meeting rooms and other resources, as well as the inclusion of other business units such as State Records.

Data centre consolidation

The migration of servers from the existing data centres continued with 354 servers now migrated. Plans for 2009/10 include migration of servers from the GMT, Macquarie Tower and Bridge Street data centres, which will complete the data centre consolidation and realise the benefits of improved service, reliability and uptime, and reduced risk for business systems. In order to facilitate the consolidation process a high speed network (10 GBps) between McKell, Enterprise House and Data Centre 1 was successfully commissioned. This will be extended to GMT, Macquarie Tower and Bridge Street in 2009/10 allowing ServiceFirst to further consolidate and provide clients with faster and more reliable access to their business applications.

Scalable storage

In order to support constant access to vital business information, organic business growth and new business applications a new Enterprise Storage platform was introduced for primary storage with disaster recovery capabilities. This new platform can support up to one Petabyte of information: to put this in context Facebook has just over 1.5 petabytes of users' photos stored, translating into roughly 10 billion photos. Not only is this storage platform highly scalable but it is also extremely reliable providing non stop access to information for our clients.

Server virtualisation

Virtualisation is a method of running several independent virtual operating systems on a single physical server. As a result of virtualisation, an additional 132 physical servers were replaced with ten physical servers making a total of 263 virtual servers. The benefit to the business is through reduced costs (no longer purchasing or replacing physical servers), reduced data centre footprint (electricity and cooling), space savings and improved service levels through reduced downtime and faster provisioning of new servers when required.

Infrastructure monitoring

In 2008/09, enterprise system management tools were acquired with plans to implement them in 2009/10. These tools will provide monitoring, alerting, performance tracking and reporting on the hardware and systems in the ServiceFirst data centres. The functionality provided by these tools will enable ServiceFirst to proactively manage the entire infrastructure through capacity planning and the use of a configuration management database. Software development tools to assure increased security around web-based applications were also acquired in 2008/09 with plans to implement in 2009/10.

IT Capital Program

Effective delivery of the Commerce IT Capital Program resulted in the successful delivery of IT projects with a total value of \$16 million. Project delivery was supported by project management frameworks and work collaboration of all ServiceFirst IT teams.

Client specific applications:

- implemented and upgraded public facing websites for Department of Premier and Cabinet, nsw.gov (the NSW government portal), Government Chief Information Office, the offices of Fair Trading and Industrial Relations and World Youth Day
- completed the upgrade of spatial tools and databases associated with satellite imagery used to support key government initiatives in the management of NSW natural resources EDRMS was implemented for 13 regional catchment management authorities and the Growth Centres Commission.
- established IT infrastructure for the new Government Office Block in Penrith which hosts multiple agencies, the major new site at Norwest Business Park and the Nowra Gaol site.

Environmental initiatives

In 2008/09, ServiceFirst IT continued:

- its use of server virtualisation technology, reducing physical servers from 132 to ten. The benefit to the environment is through reduction of approximately 385440KW/h of energy
- the rollout of multi-function devices to decrease Commerce's carbon footprint through transition to environmentally friendly consumables and improved energy use of more modern devices
- to replace end-of-life server equipment and hardware to provide a modern and reliable technical environment for the department and clients.

Enterprise resource planning

A technical review of performance of the contracts functionality within the Commerce Enterprise Resource Planning (ERP) system (Contracts Technical Review Project) began in August 2008 and concluded in June 2009. The project delivered:

- performance improvement – Resolved performance issues being encountered in the Contracts Management module, specifically in relation to valuations and adjustments as a result of which ten business critical issues were resolved.
- functional changes – Resolved rounding issues arising during entry of contractor valuations and adjustments by implementing a new unit of measure and addressed issues with adjusting (down) the value of a contractor valuation after it had been processed.
- data integrity – Resolved issues that were preventing the finalisation of contracts and closed contracts that were affected by this issue.
- hardware – Introduced additional hardware to the production environment in order to assist the resolution of performance issues, as well as improve the level of capacity and redundancy in the production environment.
- training/organisational change – Adjusted all necessary training and organisational change management material to support the changes being implemented, primarily via the functional change stream of the project.

Commerce also began to develop a strategy to prepare the client ERP system for the migration of the ServiceFirst, Business Services clients currently using CHRIS and MasterPiece onto SAP. As a result, the implementation of Employee Self Service (ESS), Manager Self Service (MSS), Travel Management and Business Warehouse in the client ERP system commenced in April 2009 and is due for completion in November 2009. It is then proposed to migrate the ServiceFirst, CHRIS and Masterpiece clients onto the client ERP system between November 2009 and April 2010.

The long term strategy is to migrate to a single instance of SAP within Commerce by 2010/11 to significantly reduce the total cost of ownership of the ERP solution.

Information security

Commerce continued to work on implementing and deploying security management systems consistent with the International Standard on Information Security (ISO27001). A review of the scope of certification resulted in planning to broaden certification to cover ServiceFirst critical business processes by the time the certification is due for renewal in November 2010.

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

- integration of the former Department of Natural Resources network with the Commerce network
- upgrade of a compliance monitoring tool across the entire ServiceFirst environment to assist in ensuring consistent security configuration across all IT equipment
- ongoing training of operational security staff

- ongoing roll-out of new anti-virus software for the former Department of Natural Resources network to maintain consistency with the remainder of Commerce
- successful implementation of SPAM filtering for the former Department of Natural Resources users to conform to the rest of Commerce
- successful implementation of web content filtering for the former Department of Natural Resources users to conform to the rest of Commerce.

Additionally, the internal and independent audit program cycle continued within ServiceFirst to confirm continuing compliance with the requirements of AS/NZS 2700:2005 Specification for Information Security Management Systems.

Business continuity planning

During 2008/09 ServiceFirst IT developed and implemented processes to be activated during emergencies to ensure minimal disruption of its services to Commerce and its client agencies.

The following major processes were developed and approved, and are in accordance with the Business Continuity Institute's best practices:

- management of business continuity in ServiceFirst IT – Defines the strategy and management of responsibilities in relation to business continuity planning within ServiceFirst IT
- ServiceFirst IT's Business Continuity Procedures and Guidelines – Describes the processes ServiceFirst IT will follow in ensuring a compliant continuity plan is developed, implemented, and maintained to ensure the level of recovery required by Commerce and ServiceFirst IT's client agencies.
- ServiceFirst IT's Crisis Management Plan – Details the controls and steps to be undertaken to manage ServiceFirst IT's response to an emergency that may severely impact ServiceFirst IT in providing services.

ServiceFirst IT was instrumental in identifying the list of critical applications required to determine the direction/strategy of disaster recovery and the services it is required to provide to ensure minimal disruption (after a major crisis).

Disaster recovery planning

The Disaster Recovery Infrastructure Project commenced late in 2008 and by 30 June 2009 had upgraded the disaster recovery facility with improved infrastructure to provide a resilient technical environment for all clients. The next phase will focus on identifying and implementing the applications and data required for provision of disaster recovery.

Financial highlights

The Department of Commerce's Net Cost of Services for 2008/09 was \$59.1M compared to a budget of \$115.4M, an improvement of \$56.3M. However, this result is \$5.9M worse than the 2007-08 actual Net Cost of Services of \$53.2M.

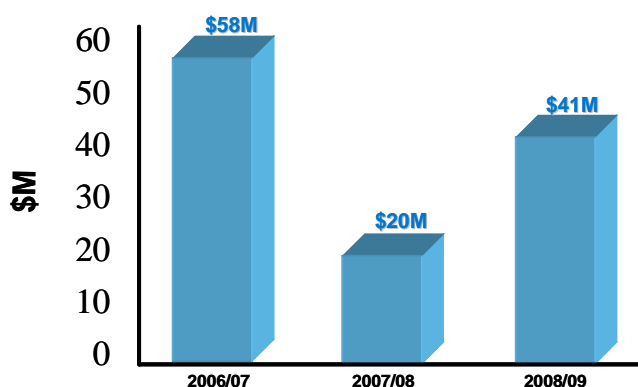
The better than budget results of \$56.3M includes approximately \$21.2M from superannuation actuarial adjustment relating to Business Link. Excluding this non-operating item, the Department's actual results were better than budget by \$35.1M and \$27.1M worse than the previous year results.

The improvement compared to budget is mainly attributed to increase in revenue from sale of goods and services of \$20M. Savings in employee related expenses of \$11M and Grants and Subsidies of \$10M also contributed to the positive variance. These savings were partly offset by a negative variance in other operating expenses by \$5M.

The unfavourable variance in Net Cost of Services compared to the previous year is attributed to increases in employee related expenses by \$23.2M and other operating expenses by \$6M. In addition, Retained Taxes, Fees and Fines decreased by \$12.5M and Investment Income decreased by \$5.2M. These unfavourable variances were partly offset by increase in revenue from sale of goods and services of \$19.3M.

Underlying net cost of services¹

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



This graph shows the underlying Net Cost of Services for the Department. The underlying Net Cost of Services has increased to \$41M in 2008-09 compared to \$20M in 2007/08². This increase excludes items outside the normal operations of the Department and indicates \$21M increase, a better result than the \$27.1M increase in the overall Net Cost of Services of the Department. The increase is mainly attributed to increase in employee related expenses, mainly due to 4% salary award increase during the year, and decreases in investment income and retained taxes, fees and fines revenue due to the recent economic slow down.

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

² Previous year figures have been revised to ensure consistency in underlying Net Cost of Services figures.

Net Assets

The Net Assets of the Department have decreased from \$576M in 2007-08 to \$423M in 2008/09. This is mainly due to superannuation actuarial valuation loss of \$169M and transfer of funds to Treasury and other agencies of \$91M, offset by operating surplus of the year of \$102M.