

6. Highlights 2011/12

6.1 Housing and Property Group

Housing and Property Group (HPG) is a newly formed division of the NSW Department of Finance and Services. It focuses on professional and economic asset management and utilisation, which allows other government departments to focus on core business delivery.

Following the Administrative orders of 3 April 2011, *Public Sector Employment and Management (Departments) Order 2011* and 6 June 2011, *Public Sector Employment and Management (Departments and Ministers) Amendment Order 2011*, HPG has successfully delivered the split and transfer of business activities, staff and separated the financials, including the development of new funding models and arrangements across various departments, in respect of the changes to housing asset management functions.

HPG's business divisions deliver services and outcomes in managing assets including:

- Property and asset management
- Procurement of construction services
- Commercial and residential property management
- Finance services
- Project management (e.g. construction projects, business service)
- Property design and technical services (e.g. surveyor, architect, town planners)
- Business management and support

HPG has around \$32 billion in assets, \$1.5 billion revenue and 750 employees, and administers the following key entities.

NSW Land and Housing Corporation

The NSW Land and Housing Corporation (LAHC) owns and/or manages the state's public, community and Aboriginal housing assets. Formerly part of Department of Family and Community Services – Housing, LAHC transferred to the sole administration of DFS in October 2011. LAHC owns and manages these assets with the aim of maximising financial and social outcomes within the agreed policy framework to provide homes for people who are some of the state's most vulnerable and cannot meet their own housing needs. The LAHC annual report commences on page 67.

State Property Authority

State Property Authority (SPA) focuses on the planning, acquisition and commercial management of the NSW Government's office accommodation portfolio, delivering significant whole of government cost savings and economic utilisation from the divestment, leasing and improved utilisation of the government's generic property assets. SPA's Portfolio Management Group (PMG) provides property management services for all SPA-managed buildings. This includes leasing services, asset management and capital works.

The State Property Authority's major focus is on the planning, acquisition and commercial management of the NSW Government's office accommodation portfolio, with the aim of achieving sustainable and efficient performance that meets agencies' service delivery needs.

It has generated \$33.92 million in savings, including \$5.06 million in recurrent savings and \$26.7 million in economic savings while managing and maintaining over 1.3 million square metres of space

in 126 owned and 660 leased office properties comprising over 1 million square metres and accommodating over 51,000 public sector employees. The State Property Authority's annual report is available at www.spa.nsw.gov.au.

Teacher Housing Authority

The Teacher Housing Authority (THA) support teachers by providing them with quality housing in areas where the private rental market does not meet their needs. THA services are primarily driven by client demand and are directed at isolated rural communities and areas of the state where there is an inadequate private rental market.

THA also undertakes the following objects: the initiation, promotion, commissioning and undertaking of surveys and investigations into the housing needs of teachers; the undertaking, promotion and encouragement of research into the design, construction and maintenance of housing suitable for teachers, the planning of the provision of a comprehensive and coordinated housing service for teachers throughout New South Wales, the provision, conduct, operation and maintenance of a housing service for teachers and the advising of, and the making of, reports and recommendations to the Minister for Education and Training in respect of matters relating to the housing of teachers.

THA owns and manages some 1,500 houses and villa units throughout the state.

THA delivers a focused approach to meet its objectives through the following key result areas: Asset Management, Tenancy Management, Financial Management and Operational Management. The Teacher Housing Authority annual report is available at www.services.nsw.gov.au.

Waste Assets Management Corporation

The Waste Assets Management Corporation (WAMC) owns and operates several landfill sites. WAMC is responsible for the management two operational landfills at Eastern Creek and Belrose Waste Management Centre, along with the rehabilitation and aftercare of several closed landfills across the Sydney metropolitan region.

WAMC focuses on reducing the environmental impacts of operational and closed landfills through initiatives such as the efficient collection of landfill gas with the potential for generating both renewable energy and green credits. WAMC facilities generate a total of 96,000 MW hours per annum of renewable electricity whilst significantly reducing climate impacting methane gas emissions. The WAMC annual report is available on page 55.

6.2 Office of Finance

The Office of Finance was established in November 2011 to provide strategic financial and economic input to discrete policy areas and to drive whole-of-government asset management and fiscal reform initiatives. The Office has a wide ranging brief which reflects the Department's diverse portfolio responsibilities.

Asset management

Until recently there had been no whole-of-government management strategy across the NSW Government's \$122 billion property portfolio. This resulted in unnecessary expenditure and a mismatch between asset holdings and demand for services in parts of NSW.

The Property Asset Utilisation Taskforce (PAUT) commenced under the Minister for Finance and Services in February 2012. The taskforce is chaired by Mr Geoff Levy AO and comprises an independent Ms Louise Byrne and senior NSW Government representatives. The taskforce has commenced an extensive stocktake of all NSW Government property assets and is developing a comprehensive strategy to encourage active management of real property assets, focusing on reducing waste and duplication whilst maximising functionality and public value. The improved focus

and management of the portfolio is expected to see asset management make a bigger contribution to economic growth by better utilising the government's finite asset base in meeting service delivery demands.

The Office of Finance provides financial, policy and secretariat support to the taskforce, and is ultimately accountable for the delivery and implementation of the report being produced and for associated asset divestment or utilisation opportunities. Through this role and other related projects, the Office of Finance seeks to: improve and coordinate government wide asset management strategies; through structured reform and alignment of interests, to move agencies from passive to active asset management; and to increase transparency and accountability.

Whole of government reform

Over 2011/12, the Office of Finance was directly engaged in a number of whole-of-government reform projects. These projects included reviews of a number of business units within the department, including the State Records Authority, NSW Public Works, Land and Property Information and State Fleet. This work specifically considered the efficiency, effectiveness and optimal delivery model for these business units.

The NSW Government is focussed on improving housing supply and affordability. The Office of Finance has worked in collaboration with the Department of Planning and Infrastructure, NSW Treasury and the Department of Premier and Cabinet on a number of planning and housing initiatives. These initiatives include social housing, assessing potential new housing development areas, growth infrastructure plans and developer and infrastructure contributions.

The Office of Finance also participated in a number of intergovernmental working groups focussing on reviews of agencies external to the DFS cluster. This work included reviews of Education, TAFE, Emergency Services, Health Expenditure and the Office of the Director of Public Prosecution.

State owned corporations

The Minister for Finance and Services has a key role, as either the Shareholding Minister or Portfolio Minister, for all 15 State Owned Corporations trading within NSW. These businesses are significant commercial, financial and service entities managing around \$60 billion in assets and delivering essential services such as water, electricity and cargo transport to NSW consumers.

The Office of Finance aims to enhance value to taxpayers by providing expert commercial analysis and performance benchmarking, and through improved engagement on business plans. It also provides advice on medium and longer term strategies to strengthen productivity and thereby the State's overall competitiveness. Together this work is expected to drive efficiencies and improved financial outcomes for the State, while reducing bill impacts on customers and ensuring high standards of service.

The Office also works with other departments in a steering capacity to guide priority State Owned Corporations transactions, reforms and divestments in line with the government's objectives. Examples of recent project participation include the long-term lease of the Sydney Desalination Plant, the Port Botany scoping study, the electricity generators sales process, electricity distributor reforms, and the Forests NSW corporatisation process.

Expenditure Review Committee

The Cabinet Standing Committee on Expenditure Review is responsible for scrutinising all significant expenditure and revenue proposals proposed by the NSW Government. The committee leads government efforts to meet a number of NSW 2021 Plan goals aimed at rebuilding the NSW economy. The committee seeks to meet these goals through prudent financial management to place the state's finances on a sustainable, long-term footing and protect NSW's AAA credit rating. Fiscal strength and sustainability will enable the NSW Government to grow the economy, create jobs, invest in

infrastructure and services and improve the standard of living and amenity enjoyed by the people of NSW.

The Office of Finance provides expert strategic advice to support the Minister for Finance and Services in his involvement as a member of the committee.

Superannuation

The Office of Finance works to support the Minister for Finance and Services with respect to his portfolio responsibilities for superannuation. A particular focus is given to regulatory and prudential responsibilities under the *Superannuation Administration Act 1996*, which serve to safeguard the estimated \$32 billion in retirement funds currently under management¹. The Office of Finance also works in conjunction with the NSW Treasury, State Super, First State Super and Pillar Administration to drive enhanced risk/return performance for beneficiaries, while improving risk management practices and the effectiveness of administrative arrangements related to the state's superannuation assets.

6.3 NSW Public Works

In 2011/12, NSW Public Works managed approximately \$1 billion worth of projects, achieving a very high client satisfaction rating of 83.5%, against an industry standard of 75%. It contributed to drive economic growth in regional areas by maintaining regional based management capability and working with agencies to deliver their regional maintenance and capital works programs.

Major projects and achievements include:

- Completion and hand over of 27 major capital works school projects to the Department of Education and Communities, providing new libraries, administration buildings, specialist high school classrooms, performance spaces valued at \$74 million
- Completion of Trade Training Centres capital works projects to the value of \$93 million
- TAFE major capital projects valued at \$37 million
- Project management of the design and construction of the \$98 million 250-bed maximum security facility, Cessnock Correctional Centre on behalf of Corrective Services NSW. The project achieved an Aboriginal participation in construction target of 10.69% against a contract requirement of 6%, and an aspirational target of 8%. The design of the facility allows for the reduction in staff and operating costs
- Engaged to deliver the Multi-Purpose Services (MPS) Program under the Rural Hospital & Health Services Program to the communities of Balranald, Eugowra and Coonamble. The MPS Program incorporated the redevelopment of three separate hospital sites across remote NSW. It included the provision of integrated facilities tailored to each community to support the delivery of improved primary and community care services centralised in one location under a single management
- Delivered the Elizabeth Macarthur Agricultural Institute (EMAI) bio security upgrade 12 months early and on budget for the client, the Department of Primary Industries (DPI). The project included design and construction of new laboratories to physical and quarantine containment standards PC2/QC2 and PC3/QC3, and refurbishment of six existing laboratories. It also required the set up of temporary laboratories to standard PC2/QC2 to enable the facility to remain operating at full capacity. The new building

¹ The figure of \$32 billion reflects funds under management at SAS Trustee Corporation as at 31 December 2011.

and refurbishment were completed simultaneously with a reduction in construction time of 12 months as well as budget savings of \$1 million.

NSW Water Solutions achievements included:

- A laser scan survey of the whole of Campbell's Cove for the Sydney Harbour Foreshore Authority. The survey covered the historic Campbell's stores and public foreshore area and produced a 3-dimensional CAD representation of the site to millimetric accuracy, overlaid by digital imaging. The information will be a fundamental input to the redesign of the area.
- A large scale precise monitoring survey of the Port Botany expansion areas, covering around 70 ha of reclaimed land, this survey is being used by the Sydney Ports Corporation to ensure the new structure is behaving as designed.
- Completed the detailed design and documentation for Wyangala Dam Stage 1A Flood Security Upgrading project, involving increasing the maximum opening of the spillway radial gates and provision of large disc gate brake locking mechanisms.
- Assisted NSW Health to develop guidelines for the preparation of Drinking Water Management Systems as detailed in the *Public Health Act 2010*.
- Completed the upgrading of Lithgow Sewage Treatment Plant on behalf of Greater Lithgow City Council. The upgrading works were designed to make best use of the existing trickling filters while achieving high levels of treatment and disinfection.
- Undertook remedial works on the Coffs Harbour Eastern Breakwater for the client the Department of Primary Industries (DPI) and as project manager for the replacement concrete armour units and rock armour is to be put along the length of the breakwater.

NSW Government Architect's Office achievements included:

- In association with Sydney Architect, Sam Marshall, completion of the redevelopment of the Museum of Contemporary Art Australia. The building increased the total size by almost 50% with an addition of 4,500m².
- Engaged by the Sydney Harbour Foreshore Authority to prepare designs for the West Circular Quay Public Domain Revitalisation Project, which when completed, will enhance the precinct which links to the Rocks, Circular Quay and the Opera House.
- Engaged by the Department of Education and Communities to maintain and augment the School Facilities Standards documents. These standards outline the technical, design and educational requirements for school buildings and their environments.

Emergency and disaster management

During the year, NSW experienced the geographically largest and longest flooding disaster on record. The engineering emergency management team provided expert personnel and engineering advice for the major flood events in Northern NSW and Queensland.

The work included assessment of over 20 town levees, protection of critical telecommunications infrastructure, establishment of three recovery centres and provision of advice to a number of local councils on the maintenance of essential services such as water and sewerage.

Assessments were made on the likelihood of a dam collapse, three structural collapses, a land slip at Middle Cove and road collapses in the Sydney CBD.

The team assisted Fire and Rescue NSW by providing structural advice to successfully fight a number of large fires in the Sydney Metropolitan Area, and in Fire and Rescue NSW efforts to gain United Nations accreditation for Urban Search and Rescue.

The team also administered the Natural Disaster Relief and Recovery Arrangements for NSW Treasury, providing financial assistance to local councils whose assets had been damaged by declared natural disasters. Thirty five grant offers to the value of \$15.04 million were recommended for approval in 2011/12, and 17 payments amounting to \$3.13 million were made under the program for disasters that occurred during the year or in previous years where works were still eligible for payments.

Key performance indicators

	2007/08 actual	2008/09 actual	2009/10 actual	2010/11 actual	2011/12 actual	Comment	2011/12 target
Projects managed on time	92%	93%	92%	85%	89%	Target exceeded	85
Projects managed on budget	90	87	92	85	92	Target exceeded	85
Lost time injury frequency ratio	1.9	3.4	2.4	2.86	2.7	Note 1	5.0

Note 1: Lost time injury frequency ratio of 2.7 (i.e. 2.7 injuries for each million hours worked) compared to construction industry annual average of 15.5 injuries for each million hours worked.

6.4 NSW Fair Trading

NSW Fair Trading works to promote a fair marketplace for consumers and traders. This is done through safeguarding consumer rights, ensuring that legislation and regulatory frameworks meet the requirements of today's commercial environment, and providing information and services which enable individuals and businesses to understand consumer protection laws and to function effectively in the marketplace.

Community access to information and services

Through a network of 24 Fair Trading Centres and the Fair Trading Information Call Centre, information is provided to consumers and traders on their rights and responsibilities under fair trading legislation. In 2011/12, NSW Fair Trading answered 1,034,090 telephone enquiries, 91.4% of which were answered within Fair Trading's Guarantee of Service standard. The Fair Trading website is a comprehensive source of information for consumers and traders, and use of the website continued to grow with 5,275,111 visits in 2011/12, an increase of 17% on the previous year.

During 2011/12, a total of 44,248 consumer complaints were received, of which 33,321 related to general fair trading matters, 8,586 concerned home building and 2,341 related to real estate issues. Of these, 85% were successfully resolved. During 2011/12, Fair Trading delivered 704 information sessions, talks and seminars attended by 20,697 people throughout the State.

During 2011/12, Fair Trading introduced the OneGov program providing a range of government services from each of the Fair Trading Centres. Under OneGov, members of the NSW public can obtain information, collect applications, lodge forms and pay transactions in relation to services provided by a number of NSW government bodies, including Births, Deaths and Marriages, National Parks and State Debt Recovery.

Services

NSW Fair Trading sets a high standard of quality customer service, including a guarantee of service which promises that fully completed new licence applications will be processed within 30 days of

receipt. This year the standard was met for 98% of the 12,414 new property and business licences issued, and for 100% of the 53,276 property and business licence renewals.

A total of 14,887 new home building licenses were issued, 97% within 30 days, exceeding the guarantee of service target of 85%. Of the 72,639 home building licence renewals, the target was achieved with 90% issued within two working days.

Consumer alliance

NSW Fair Trading entered an 18-month trial agreement with consumer group CHOICE to accept super-complaints. The first super-complaint was lodged by CHOICE on 8 March and focused on the operations of electricity switching sites. In responding to the super-complaint, Fair Trading worked with a range of agencies including other fair trading regulators, the Independent Pricing and Regulatory Tribunal, the Australian Competition and Consumer Commission, the Australian Energy Regulator and the Energy & Water Ombudsman NSW. The response has been published on the Fair Trading website.

Fair Trading concluded that further information and education programs are required to improve consumer understanding of the market and their ability to make effective choices. Fair Trading is also considering a number of claims made by electricity switching websites to determine whether those specific representations breach the provisions of the *Australian Consumer Law*.

Compliance with fair trading laws

NSW Fair Trading promotes a fair marketplace by maximising trader's compliance with regulatory requirements. In doing so, Fair Trading also seeks to educate and engage with both consumers and traders on relevant issues. In 2011/12, through targeted compliance programs in the property, retail, travel, motor vehicle, product safety and home building sectors, Fair Trading carried out a total of 4,097 inspections and 3,123 investigations across NSW.

In particular, Fair Trading investigators visited 942 home building sites and issued 443 penalty notices for various offences under the *Home Building Act 1989* and the *Electricity (Consumer Safety) Act 2004*.

Following the introduction of the *Australian Consumer Law* on 1 January 2011, Fair Trading has undertaken effective compliance and enforcement measures in collaboration with State, Territory and Commonwealth consumer protection regulators. NSW Fair Trading has led a multi-jurisdictional program to stamp out the criminal activities of travelling con men offering unlicensed building work. In 2011/12, 30 prosecutions have commenced against 28 individuals, 39 individuals have departed Australia and a further 20 individuals have Court attendance notices pending.

The Compliance and Dispute Resolution Advisory Committee is chaired by NSW Fair Trading and seeks to ensure that compliance and dispute resolution across Australia is coordinated, efficient, responsive and where appropriate, consistently applied under the *Australian Consumer Law*.

Key achievements in 2011/12 include:

- Negotiated outcomes for travellers following the grounding of Tiger Airways and Qantas, as well as for consumers affected by Air Australia being placed under administration
- Commenced work on the national 'Unfair Contract Terms' project, with the examination of the standard form consumer contracts used by 80 online businesses
- Responded to the developing online group buying markets
- Identified an increase in enquiries and complaints about participating suppliers via a coordinated approach to dispute resolution

Enforcement action

Offences against Fair Trading legislation are detected through inspections, intelligence gathering and as a consequence of formal investigations of complaints. During the year, 544 traders were issued with penalty notices in relation to 928 offences, resulting in financial penalties of \$789,050. Formal prosecutions, where 96% of cases were successful, resulted in \$627,222 in fines and penalties involving 102 defendants

During 2011/12, Fair Trading's prosecutions resulted in three people receiving custodial sentences, two of which are under appeal. William Barry Wilkinson received the longest sentence of 18 months full-time imprisonment from 10 February 2012, with a non-parole period of 8 months, for misappropriating trust funds of more than \$1 million.

NSW Self Insurance Corporation

Home warranty insurance is an important component of consumer protection for homeowners in NSW. The government created the Building Insurers' Guarantee Corporation (BIG Corp) to assist consumers who had been supplied with a Certificate of Home Warranty Insurance issued by HIH or FAI before 20 June 2001, and before 15 March 2001, in relation to work carried out by an owner builder. The corporation was the responsibility of NSW Fair Trading.

On 1 July 2010, the NSW Self Insurance Corporation (SI Corp) located within NSW Treasury, trading as the NSW Home Warranty Insurance Fund, took over as the sole provider of home warranty insurance in NSW. The *Allocation of the Administration of Acts (5 October 2011)* subsequently transferred the management and administration of BIG Corp to SI Corp on 5 October 2011.

The Home Warranty Insurance Scheme Board was established to oversee the operation of the Home Warranty Insurance Scheme in NSW. The board continues to monitor the operation of the scheme, including the current and the former (pre 1 July 2010) privately underwritten home warranty schemes. NSW Fair Trading continues to provide executive support to the board and manages Fair Trading's responsibilities under the *Home Building Act 1989* in relation to home warranty insurance.

NSW participation in national reform

The Council of Australian Governments is implementing 27 national reform projects to deliver a seamless national economy. Seven of these projects have direct impacts on the operations of NSW Fair Trading's activities. NSW Fair Trading has finalised its involvement in six of these initiatives.

On 30 January 2012 the national Personal Property Securities Register subsumed the NSW Register of Encumbered Vehicles (REVS). Insolvency and Trustee Services Australia became the Australian Government agency responsible for administering the register, and all data previously held on the register of encumbered vehicles has been transferred.

A new national business names registration service replaced the current State/Territory systems on 28 May 2012. Businesses now only need to register their name with a single, national register. The service is administered by the Australian Securities and Investments Commission and the existing 499,797 NSW business name registrations were automatically transferred into the new national register.

Both the new national Business Names Register and the Personal Property Securities Register were initiatives of the Council of Australian Governments designed to assist in the development of a seamless national economy.

Work on the final initiative, reforms for a national occupational licensing system will continue in 2012/13.

Key performance indicators

	2007/08 Actual	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Target	2011/12 Actual	Comment	2012/13 Target
Public knows where to get Fair Trading help	63%	62%	61%	56%	65%	53%	Note 1	65%
Consumers confident in fair operation of marketplace	79%	74%	75%	72%	74%	76%	Target achieved	74%
Complaints finalised within 30 days	96%	93%	92%	90%	85%	90%	Target achieved	85%
Telephone enquires answered within the guarantee of service	90%	99%	98%	90%	90%	91%	Target achieved	90%
Proportion of prosecutions successful	92%	96%	90%	86%	≥90%	96%	Target achieved	≥90%

Note 1: Fair Trading is currently reviewing the methodology for conducting this survey to better reflect changes in the community and use of new communications technology.

Annual reporting requirements (Fair Trading)

Provisions within the *Community Land Management Act 1989* and the *Strata Schemes Management Act 1996* require the Commissioner for Fair Trading, Department of Finance and Services (as the "Director-General" under those Acts) to prepare a report to parliament on the respective operations of the Commissioner under Part 5A of the *Community Land Management Act 1989*, and the *Strata Schemes Management Act 1996*. The Commissioner's actions or activities relating to these Acts are not conducted in isolation, but are fully integrated across all the operations of NSW Fair Trading.

Community Land Management Act 1989

The following information addresses section 109G of the *Community Land Management Act 1989* in connection with annual reporting of the operations of the Commissioner for Fair Trading in the areas of resolving complaints and disputes, investigating alleged breaches of the Act, taking legal action, providing information on community schemes and reporting on any other matter, including those referred to the Commissioner by the Minister for Fair Trading.

Resolving complaints and disputes

Community land management enquiries and dispute mediations are counted jointly with strata scheme enquiries and mediations - see next section on *Strata Schemes Management Act 1996*.

Legal action taken

	2007/08	2008/09	2009/10	2010/11	2011/12
Community land management prosecutions	0	0	0	0	0
Community land management penalty notices	0	0	0	0	0
Community land management civil litigation	0	0	0	0	0

Community Land Management information

Community land management information was available through the Fair Trading website at www.fairtrading.nsw.gov.au. Fair Trading also provides the following community scheme publications for proprietors, occupiers, associations, managing agents and members of the public.

- Living in a community scheme
- Strata and community disputes
- Strata and community mediation

Strata Schemes Management Act 1996

The following information addresses section 216 of the *Strata Schemes Management Act 1996* in connection with annual reporting of the operations of the Commissioner for Fair Trading in the areas of resolving complaints and disputes, investigating alleged breaches of the Act, taking legal action, providing information on strata schemes and reporting on any other matter referred to the Commissioner by the Minister for Fair Trading.

Resolving complaints and disputes

	2007/08	2008/09	2009/10	2010/11	2011/12
Strata scheme enquiries	33,955	33,766	36,865	39,273	37,689
Strata scheme dispute mediations	1,380	1,226	1,284	1,396	1,686

Legal action taken

	2007/08	2008/09	2009/10	2010/11	2011/12
Strata scheme prosecutions	0	0	0	0	0
Strata scheme penalty notices	0	0	0	0	0
Strata scheme civil litigation	0	0	0	0	1

Mediation

Mediation is a successful way for parties to settle strata and community scheme disputes. People can resolve their disputes without the need for formal adjudication and many side issues are resolved along with the main dispute. During 2011/12, 570 applications did not proceed as at least one party did not agree to mediation. 345 cases were successfully managed prior to mediation. Of the 771 applications referred to mediation, 66% were successfully mediated.

Strata schemes information

A range of strata schemes information was also available through the Fair Trading website at: http://www.fairtrading.nsw.gov.au/Tenants_and_home_owners/Strata_schemes.html. During the year, the following strata scheme publications were available for members of the public, owners, occupiers, owners' corporations, lessors of leasehold strata schemes and strata managing agents.

- Buying into a strata scheme
- Buying off the plan
- Strata and community disputes
- Strata and community mediation
- Strata living

- Sinking funds in a strata scheme
- Strata retirement villages

Strata review

A comprehensive review of the strata and community title laws is currently being carried out. This is a joint project with Land and Property Information that is examining all the laws regulating the development and management of strata and community schemes.

The review process began with an online consultation forum hosted by Global Access Partners (GAP) that closed on 29 February 2012. The forum received 19,138 visits from 13,558 individual visitors. Over 1,200 individual comments were received and close to 600 suggestions for procedural change or law reform were submitted.

A discussion paper is currently being prepared for the next round of public consultation.

6.5 NSW Industrial Relations

NSW Industrial Relations (NSW IR) works with employers and employees to achieve fair, equitable and productive workplaces. In partnership with the Commonwealth Government, NSW Industrial Relations is completing the transition to the national industrial relations system. NSW Industrial Relations' activities are designed to provide accessible information, help for employers and employees and promote compliance with industrial relations legislation.

Industrial Relations Act 1996 reforms

A number of amendments to the *Industrial Relations Act 1996* were either introduced or commenced during the reporting period. NSW IR provided support to the Minister on all of them.

- The *Industrial Relations Amendment (Non-Operative Awards) Act 2011*, commenced on 28 November 2011, enables the Industrial Relations Commission to rescind awards that have no current application to any employer or employee, and provides that all awards be declared 'non-operative' awards are taken to be rescinded by the Commission. This legislation recognises that many state awards became 'non-operative' when the national workplace relations system for the private sector commenced on 1 January 2010.
- The provisions in the *Industrial Relations Act 1996* that regulate the internal affairs of unions were considered insufficient to deal with serious internal issues arising in registered organisations. This became apparent after proceedings were commenced in the Federal Court in relation to the Health Services Union. It was not clear whether those proceedings could deal with the state registered branch of the union, so urgent legislation was introduced into the Parliament. The *Industrial Relations Amendment (Industrial Organisations) Act 2012* was introduced on 8 May 2012 and commenced on 11 May 2012. As a result, the Federal Court was able to make orders for the appointment of an administrator. NSW IR also provided support for the Minister's intervention in the proceedings.

Public Sector wages policy

NSW IR participated in Wages Policy Taskforce meetings throughout 2011/12. In addition, it undertook the Regulatory Impact Statement (RIS) for the *Industrial Relations (Public Sector Conditions of Employment) Regulation 2011*. The RIS was published on the NSW IR website and other media on 14 October 2011 for a period of public comment that closed on 18 November 2011. On 31 January 2012, the Minister wrote to the Chair of the Legislation Review Committee to confirm that the requirements of the *Subordinate Legislation Act 1989* had been satisfied.

Equal remuneration case

The long running case seeking equal remuneration for employees in the social and community services sector drew to a close in the reporting period, with Fair Work Australia handing down the final orders in the matter on 22 June 2012. NSW IR provided support to the Government in its submissions to Fair Work Australia throughout the matter. In doing so, NSW IR has worked closely with both the NSW Treasury and the Department of Family and Community Services.

Fair Work Act post-implementation review

When the Fair Work legislation was introduced into the Commonwealth Parliament in 2009, the Commonwealth Government committed to undertake a review of the Act two years after its implementation. A review commenced in January 2012. A NSW Government Position Statement was provided to the Review Panel on 4 April 2012. It is understood that the report of the Review Panel was provided to the federal Minister in June 2012.

Assisting small businesses and regional employers

NSW IR continued to deliver a comprehensive education program to assist NSW private sector businesses transitioning from the state award system to the national workplace relations system, workshops were held covering specific awards, as well as generic national system workshops to support business owners and managers. There were 87 workshops conducted in the Sydney metropolitan area with over 900 participants, and 84 in regional NSW with over 800 participants.

NSW IR in 2011/12 for the first time ran live webinars on the national workplace relations system called Fair Work Fundamentals. Eight webinars were held, attracting 93 participants. The webinar program will be expanded in 2012/13.

Inspecting NSW workplaces

NSW IR continues to participate in the national industrial relations system, working in partnership with the Fair Work Ombudsman in delivering a compliance program to workplaces in NSW. NSW IR delivered over 3,100 transitional education visits to employers in NSW to explain the national industrial relations system and highlight key changes impacting employers and employees.

In the same period NSW Industrial Relations also delivered, on behalf of the Fair Work Ombudsman, 277 workplace audits, ensuring compliance with national industrial relations laws. As a result of the audit program, NSW IR assisted in recovering over \$46,000 in back pay to employees.

In addition, NSW IR finalised over 1,800 industrial complaints on behalf of the Fair Work Ombudsman with over \$2.3 million recovered in back pay to employees in NSW. NSW IR also investigated over 330 industrial complaints involving alleged breaches of NSW industrial relations laws. Outcomes of these investigations have resulted in almost \$1 million in back pay to NSW employees.

Educating and supporting vulnerable workers

NSW Industrial Relations continued to assist vulnerable workers, including young workers and culturally and linguistically diverse communities to better understand their rights under the national system through improved access to the agency's resources and services. In total, 66 presentations were delivered to over 1,200 attendees. Eleven of the 66 presentations were delivered by video conferencing with the remaining 55 as face to face presentations. NSW IR's linguistically diverse section of the website recorded an increase in visits of 17% on the previous year while the young workers area of the website recorded a 4% increase.

Supporting Indigenous employers and workers

NSW Industrial Relations' Aboriginal and Torres Strait Islander support team has successfully delivered employer information and assistance to indigenous communities for over 12 years. It was identified that a lack of culturally appropriate help and support options in relation to the move to a

national workplace relations system would leave already vulnerable employees further disadvantaged so the team developed an Aboriginal and Torres Strait Islander Assistance Program.

In 2011/12 the team provided telephone support on employment issues, workshops and presentations and a range of culturally appropriate publications to provide information to assist Indigenous employers and their employees. This includes nine fact sheets on different aspects of the national workplace relations system aimed at Indigenous employers and employees. Fact sheets are located on NSW IR's website and were distributed to subscribers to the Unit's indigenous news letter "Two Rivers" and at Indigenous Job Markets and NAIDOC events.

During 2011/12 NSW IR's Indigenous People section of the website recorded an increase in visits of 61% on the previous year.

Maternity at Work

NSW IR produced the ninth edition of its popular publication Maternity at Work. The 30 page booklet comprehensively details employee and employer responsibilities around the whole spectrum of Maternity and the workplace. Some of the topics covered include, paid and unpaid parental leave, breastfeeding at work and flexible work arrangements,

Booklets are distributed to all major hospitals in NSW for use in their maternity wards and are also accessible via NSW IR's Website.

6.6 Government Services

Government Services comprises NSW Procurement, Corporate and Shared Services Reform, ServiceFirst, StateFleet and ICT Strategic Delivery and provides services to NSW Government Departments in the areas of procurement, fleet, information technology, human resources, finance and business services. The division supports whole-of-sector reforms in procurement, information technology and corporate and shared services.

Review of Government Procurement

The NSW Government is overhauling its system for purchasing goods and services to address overly complex procurement processes. This whole-of-sector reform is intended to make doing business with the NSW Government simpler, easier and more attractive.

The first steps in the reform process were taken in early 2012 with proposals for a new overarching governance structure and operating framework for procurement that:

- Allows for contemporary means of sourcing government goods and services
- Brings the form and content of government contracts in line with modern practice
- Expands the ways that small and medium enterprises can effectively gain opportunities to supply goods and services to the government
- Introduces greater innovation into government procurement to stimulate a more vibrant NSW economy

After significant stakeholder consultation, including a Ministerial forum bringing together over 150 senior private and public sector leaders, and the release of a discussion paper for public comment, legislation establishing the new operating model for procurement started on 1 July 2012. There will be fewer centralised contracts, which will only be for those goods and services where there are clear advantages for government to have them, for example, for energy and ICT purchases.

Departments are being given greater responsibility for their procurement within a single policy and regulatory framework. The NSW Procurement Board - established by amendments to the *Public*

Sector Employment and Management Act 2002 and comprised of Directors General - is charged with managing that framework. The board has responsibility for overseeing the government's procurement system, setting policy and ensuring compliance. The board is supported by a leadership group of senior procurement and business executives from across the public sector, and an industry advisory group of private sector representatives.

Other reforms implemented include the abolition of the 2.5% management fee previously levied on state contracts and the introduction of 30 day payment terms for small to medium enterprise suppliers. Significant improvements to major contracts have been introduced, including Easy Access Registration to streamline application and contracting processes for low value and low risk engagements.

Simplified contract and tender documents for goods and services have also been developed to reduce the red tape associated with becoming a supplier to government.

NSW Procurement

In 2011/12, NSW Procurement managed 61 state contracts and 55 client specific contracts. Total expenditure through state contracts in 2011/12 was \$3.87 billion.

NSW Procurement has a leading role in supporting the government's commitment to save \$1 billion in goods and services expenditure over four years through the identification of whole of government procurement savings opportunities. The target for the first year of \$72 million was achieved.

NSW Procurement implemented the Agency Accreditation Scheme in August 2011. The scheme supports the development of procurement capability in the NSW Government. NSW Procurement, NSW Health and NSW Police Force are the first organisations to have been accredited under the new scheme.

NSW Procurement has embarked on the implementation of a contract life cycle management system to deliver benefits across the sourcing, contract management and supplier performance management phases of the procurement process. A major development program has also commenced to build a new electronic NSW Government purchasing and supplier platform for launch in late 2012.

In 2011/12, the procurement system for construction enabled more than 55 NSW government departments to procure \$768 million in construction projects with \$74 million in savings for the government.

Corporate and Shared Services Reform Program

The whole-of-government corporate shared services program is to help departments more quickly consolidate, simplify and standardise their corporate support functions to reduce operating costs.

The central Corporate Shared Services Reform Program (CSSRP) began in 2010 to benchmark the efficiency of departments' corporate operations, develop standard administrative processes that departments could use to sustainably reduce the cost and complexity of their back office functions and oversee the delivery of the program across government.

In 2011/12, a set of government business process standards were released and a benchmarking project initiated for human resources, procurement and finance functions.

ServiceFirst

ServiceFirst's primary objective for 2011/2012 was to improve the customer experience. To this end, ServiceFirst maintained its focus on continuous improvement, streamlining the business and standardising processes. The revised account management framework, designed to facilitate robust communication and swift issue resolution, was integral to enhancing customer engagement. In addition, ServiceFirst substantially changed its Service Partnership Agreements, which now function as plain-English guides to the services offered.

ServiceFirst continued its commitment to quality improvement with investment in certifying several staff in Lean 6 Sigma and introduced a Management Assurance Framework (MAF). The MAF supports the assurance of internal audit and risk compliance requirements for ServiceFirst customers.

A customer satisfaction survey conducted in December 2011 provided valuable input into planning for service improvement in 2012/13. In the second half of 2011/12, ServiceFirst focussed on making significant changes to streamline and right-size the business to provide improved services and reduce the cost of service for clients.

Fleet efficiency review

In late 2011, following completion of a review on vehicle fleet efficiency, the Department of Finance and Services (DFS) was given the central role of co-ordinating whole of sector improvements to the operation and efficiency of the Government fleet.

The NSW Fleet Board, comprising senior government officials was established in April 2012, and is responsible for strategic management of the NSW Government Fleet.

The board is overseeing a number of initiatives to support the delivery of fleet efficiencies by departments including the development of a fleet and motor vehicle policy framework and the introduction of strategic fleet reviews. Savings arising from fleet efficiencies may be used by departments to contribute to their overall procurement savings allocations for 2012/13 and beyond.

StateFleet

StateFleet provides fleet acquisition, management and disposal services on a commercial fee-for-service basis, primarily to government departments. The NSW Government fleet has approximately 28,000 vehicles leased or owned by departments.

StateFleet has completed the first stage of a forecasting model to enable a more accurate forecasting of annual capital requirements for motor vehicle purchasing.

SmartPool, an online booking system has streamlined the process of booking a pool vehicle for many NSW Government Departments. As at 30 June 2012, 8,995 NSW Government vehicles were available for booking in SmartPool.

Government Licensing Service

The Government Licensing Service (GLS) makes it easier for people to access services at a time and place that suits them. New services implemented in 2012 include a registration scheme for regional health services for disabled people, real estate agent licensing and the completion of WorkCover licences.

Providing 'software-as-a-service' to most departments in NSW, the number of licence records held by the GLS grew 20% (4.8 million) in 2010/11 to over 6 million during the year. The increase in transaction value grew 20% from the 2010/11 figure of \$130 million to over \$160 million in 2012, with users increasing 22% to 3,629. Customer satisfaction surveys for online users conducted throughout the year also improved to 98% of customers 'satisfied' with the service (approximately 100,000 respondents).

Key performance indicators

	2007/08 Actual	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Target	2011/12 Actual
Savings identification from goods and services expenditure	-	-	-	-	\$72M	\$72M
Client satisfaction with IT Shared Services	86%	90%	90%	88%	80	87%
Transactions through State Contracts	\$3.64B	\$3.58B	\$3.67B	\$3.72B	\$3.90B	\$3.87B
Motor vehicle clearance rates at auction between 70% to 80%	85%	87%	83%	83%	80%	78.5%
Government Licences administered	1.16M	1.7M	2.1M	4.7M	5.1M	6M

6.7 Office of State Revenue

Revenue

In 2011/12, Office of State Revenue (OSR) collected over \$18 billion in revenue, including \$7.6 billion in payroll tax, \$5.5 billion in duties and \$2.3 billion in land tax, and also included is \$299 million in additional revenue identified through compliance activities. OSR compliance activities identified businesses with potential liabilities, those who might not have complied with their state revenue obligations and recipients of first home benefits who did not meet the eligibility requirements.

Debt management

2011/12 has been a significant year for OSR in its approach to debt management activities and resolution. OSR established a centralised debt recovery division to manage fines and tax debt, and created the new position of Chief Recovery Officer. OSR collected over \$750 million in overdue tax debt revenue and over \$210 million in overdue fines revenue.

In 2011/12, OSR engaged a panel of four external debt collection agencies to assist with the recovery of overdue fines debt. This is a NSW Government initiative to reduce the amount of money owing for unpaid fines.

The initiative commenced with a proof of concept pilot phase to evaluate the success of the program. OSR also piloted a debt management strategy for reducing the loss of payroll tax through phoenix activity, and through an outbound call centre campaign recovered over \$10 million in outstanding land tax.

Client satisfaction and service

In 2011/12, OSR had a range of initiatives to improve its services. OSR successfully published the first YouTube video for first home benefits. OSR also supported Fair Trading Centres to accept payments and assist clients to finalise fines.

A self service portal for fines was established to assist over 8,000 clients with payment arrangements online. OSR has introduced online fines court elections and an electronic nominations process for companies. Clients are also able to request a review of their fine, online.

OSR implemented Work and Development Orders Phase 1 which directly assists disadvantaged and vulnerable people with their outstanding fines debt.

OSR successfully implemented legislation, technical training and client education for the First Home—New Home Scheme, Payroll Tax Rebate Scheme (NSW Government Jobs Action Plan), Payroll Tax (Disability Employment) Rebate Scheme and the Regional Relocation Grant.

As part of our commitment to improving client service, OSR conducted a number of client satisfaction surveys across core services. The surveys are designed to measure client's ease of access to information, timely resolution to queries and the quality of OSR client service.

OSR's March 2012 Client Satisfaction Survey indicated that 86% of respondents were 'generally satisfied with the services OSR provides'.

The State Debt Recovery Office Commercial Client Survey conducted in November and December 2011 showed 90% of commercial client respondents were generally satisfied with the services OSR provides. Other results included 94% of respondents agreeing that OSR services provide value for money.

OSR also surveyed clients who use our advocate services. Overall, the survey indicated that the respondents were highly satisfied with OSR's services.

In particular, 91% of respondents were satisfied with their experience using the dedicated Advocate Hotline phone service and 95% of respondents were satisfied with the level of service they received when calling the hotline. Furthermore, 94% highlighted that the staff they dealt with when using OSR advocate services were courteous and professional.

Key performance indicators

	2011/12 Target	2011/12 Actual	2012/13 Target
Cost to collect \$100 tax	≤ \$0.53	\$0.52	≤ \$0.53
Cost to administer \$100 fines ¹	≤ \$13.12	\$12.22	≤ \$13.12
Percentage of payments received electronically (tax)	≥ 90%	91%	≥ 90%
Percentage of fines finalised within a year	≥ 80%	80%	≥ 80%
Percentage of returns received on time from monthly lodgers ²	≥ 90%	88%	Under review
Client satisfaction survey - Satisfied with OSR services	≥ 80%	88%	≥ 85%
Collectable debt as a percentage of revenue collected (tax) ³	≤ 1.5%	1.31%	Under review
Debt under management as a proportion of outstanding debt (fines) ³	≥ 50%	56%	Under review
Staff Satisfaction Survey - Proud to work in OSR	≥ 85%	94%	≥ 90%
Sick leave taken per Full Time Equivalent (FTE)	≤ 46 hours	53.71 hours	≤ 49 hours

1. This KPI has been revised for 2012/13 to reflect changing organisational structures. 2. The 2012/13 KPI definition is under review to better reflect corporate objectives. 3. The 2012/13 target is under review due to the creation of a new business unit.

	2010/11 actual	2011/12 target	2011/12 actual
Total overdue debt as a percentage of tax revenue	1.54%	1.50%	1.31%
Revenue collected to original budget	100%	98%	101%
Revenue identified through compliance activities	\$328M	\$300M	\$299M

6.8 Land and Property Information

Land and Property Information (LPI) division provides foundation land and property information for NSW. Authoritative land information is a vital tool that enables the community, business and government to derive maximum benefit from land and property to generate economic growth and prosperity. The division's integrated framework connects the people of NSW to a comprehensive package of land and property services including land title registration, property information, valuation, surveying and mapping.

Land title registration and information services

Land and Property Information provides land title registration services on behalf of the Registrar-General. These services include registration of plans and property transactions, issue of certificates of title and conversion of old system land to Torrens title.

The downturn in the property market continues to impact on the volume of plans and property transactions lodged for registration in the land titles system. While there was a slight increase (1.2%) in the lodgment of dealings recording property transactions, plan lodgments continued to decline. Deposited plan lodgments decreased by 7% and strata plan lodgments decreased 9% compared with 2010/11. In 2011/12 35,237 new lots were created; 22,696 from deposited plans and 12,541 from strata plans, a decrease of 6.3% overall on 2010/2011 results.

Land and Property Information has continued to improve access to property information through automating manual processes, converting hard copy records to electronic format and using integrated data, systems and processes to develop new electronic products and services. Key performance highlights for 2011/12 include:

- Collaborating with the jurisdiction land registries, conveyancing industry and National E-Conveyancing Development Limited (NECDL) to progress development of national electronic conveyancing
- Introducing a key workflow system to create a seamless e-business environment for land title plans from lodgment, validation, examination and registration through to storage and dissemination of digital plan data throughout LPI and to its customers
- Developing the Digital Plan Processing System, including new services to facilitate lodgment of plans in Land XML format and building an enterprise Survey Information Repository to be the point of truth for data about survey plans lodged with LPI
- Converting a further 9,506 Old System, Crown and manual Torrens Title land parcels to electronic titles held within the Integrated Titling system
- Implementing a new online system enabling LPI to validate Office of State Revenue assessment/transaction numbers related to payment of stamp duties when dealings evidencing transactions are lodged at LPI for registration
- Launch of the Electronic Product Information Catalogue (EPIC) which will facilitate 24/7 access for all products and services by first quarter 2012/13
- Continued enhancement of the Government Property Register to improve the accuracy and completion, including the release of a new faster viewer
- Facilitating the creation of two 'Memoranda' which can be adopted as a By-Law in new or existing strata schemes designed to provide a means to clearly identify what is common property within a strata scheme

Spatial data

One of the Land and Property Information's major roles is to develop, maintain and enhance spatial infrastructure to support other government agencies, emergency service organisations, industry and the community. In 2011/12, the division continued to support the spatial mapping requirements of government and the community used for navigation, emergency services and counter-terrorism activities. It also provided an accurate positioning infrastructure network that supports the surveying, transport, mining, construction and precision agriculture industries.

The division also continued work in collaboration with Local Government to develop the Comprehensive Property Addressing Program (CPAS), a single source of truth for addressing information in NSW.

Key performance highlights for 2011/12 include:

- Supported the imagery requirements of the State Emergency Service and local government in flood monitoring, risk management and recovery operations during the NSW floods by capturing and distributing timely images of flood waters
- Expanded its network of continuously operating reference stations (CORsnetNSW) to provide real time access to sub-metre accurate positioning data for 87% of the state
- Upgraded the spatial accuracy of digital property boundaries in fifteen local government areas to meet planning and infrastructure development needs
- Updated topographic points of interest data to support map production, navigation and spatial enquiry services.

Valuation services

Land and Property Information delivers valuation services to the community under a Service Level Agreement (SLA) with the Valuer-General. In 2011/12, Valuation Services continued to implement strategies aimed at improving the quality of land values determined in NSW. In 2011, LPI commenced a complex land value improvement program aimed at prioritising properties at greatest risk of valuation error due to property and valuation complexity. The program commits more resources to high risk properties to ensure quality assurance is optimised and to ensure more information and better technical guidance notes are available.

Key performance indicators

	2007/08 actual	2008/09 actual	2009/10 actual	2010/11 actual	2011/12 target	2011/12 actual	Comment	2012/13 target
Total Valuations Completed	2.410M	2.417M	2.429M	2.442M	2.472M	2.455M	Note 1	2.463M
Documents registered	799,000	730,000	781,000	719,000	775,000	722,243	Note 2	805,559
Plans registered	10,782	10,192	9,776	9,948	10,500	8,833	Note 3	10,000
Property information copies produced	4.495M	4.064M	4.169M	4.109M	4.450M	4.098M	Note 4	4.200M

Slight growth in rateable properties in line with projections. 2. Slight growth in documents registered. 3. Decrease in plans registered. 4. Volumes close to forecast.

6.9 Policy and Executive Services

The Policy and Executive Services (PES) division manages whole of government policy matters in the areas of information and communications technology (ICT), Metropolitan Water and procurement policy and supports the State Contracts Control Board. It also provides support and services to the department and its related entities in the following areas of legal counsel, audit, governance and risk management, corporate performance and planning, ministerial and executive services and public affairs and communications.

PES was established in March 2012 through the merger of Policy, Ministerial and Executive Services and General Counsel divisions. Throughout the year there have been a number of other changes to the division including the Corporate Planning and Performance team moved to the division from the Corporate Finance division, the remaining Strategic Communications team joined PES after the transfer of the larger Strategic Communications and Advertising group to the Department of Premier and Cabinet and the transfer of the Communication Solutions Group from the abolished Land and Property Management Authority (LPMA).

PES division's major achievements in 2011/12 are listed with further information provided on key projects below:

- The development of DFS strategic priorities as the precursor to the development of the DFS Corporate Plan expected in 2012 supporting the completion of the transition from Department of Services Technology and Administration (DSTA) to DFS. More information on the strategic priorities is available in the corporate performance section of this report
- A whole-of-government ICT Strategy 2012 was announced in May. More information is below and the full strategy document is available for download at www.services.nsw.gov.au/ict.
- Initiating the development of the Lower Hunter Water Plan to secure water supplies for this region. A report is provided below, and more information is available at www.services.nsw.gov.au/lhwp
- Ongoing monitoring and review of the 2010 Metropolitan Water Plan for greater Sydney. A report is provided below, and more information is available at www.waterforlife.nsw.gov.au
- Key activities undertaken in the governance area include the review of the Corporate Compliance Framework, ongoing review of business continuity planning and the ongoing development of an enterprise risk management framework for implementation across DFS. More information is outlined in the corporate governance section of this report and Appendix 9.23 Risk management, attestation and insurance activities.
- Reforms to procurement policy including reform to reduce red tape, improve competition and simplify access to government business for the supply community, especially small and medium enterprises and regional businesses. Refer to the State Contracts Control Board report in the DFS related entities reports and other reporting requirements section in this report.
- Legal contract simplification in the context of the reform of the procurement of goods and services undertaken in 2012, the DFS arranged for the drafting of new standard contracts to be used by government agencies. The new templates were required to reflect the broader range of sourcing approaches that will be used by NSW Government agencies including standing offer arrangements and prequalification schemes for goods and services. The templates were developed using simpler language and also terms

that are have a reasonable allocation of risk between suppliers and government agency customers.

- The Strategic Communications Unit is responsible for both corporate and divisional communications. This year the unit represented DFS on three whole-of-government working groups for development of social media guidelines, website guidelines and the Workplace Giving Program. In its corporate role, Strategic Communications been involved in the review and rationalisation of departmental websites and planning for compliance with Web Content Accessibility Guidelines 2.0. The unit provides communications services to NSW Public Works, Government Services, State Records and internal divisions.
- The Communication Solutions Group (CSG) completed the transition from LPMA to DFS including the handover of media management, external websites and intranets and digital communication and communication collateral and systems to the relevant business divisions. CSG is providing communication services to the Housing and Property Group, Land and Property Information, the Office of Finance and the NSW Telco Authority. It has also assisted with the development of stakeholder management plans for the ICT Strategy, Procurement Reform and the Property Asset Utilisation Taskforce. CSG set up and managed online consultation via the NSW Government Have Your Say website platform for the Review of NSW Government Procurement and Just Terms Compensation Legislation for internal business clients. CSG produced the DFS annual report and coordinated with DFS related entities on the production of their annual reports.
- The Ministerial and Media Unit provided valuable support to DFS divisions and related entities including the preparation and response to ministerial and briefing notes, notices of motion, speeches, media releases and announcements, media responses and enquiries.

Corporate Planning and Performance

An executive planning session was held in September 2011 to develop the set of corporate strategic priorities, with input from the Minister for Finance and Services and the Director-General of the Department of Premier and Cabinet.

The priorities were developed by considering the NSW Government's long-term plan, NSW 2021 together with a range of government commitments and priorities for the Finance and Services cluster.

It is expected the DFS Corporate Plan will be published in the first quarter of 2012/13 financial year.

Just Terms Compensation Legislation Review

At the end of April 2012, the Government appointed David Russell SC to undertake a review of the state's just terms compensation legislation, in particular as it applies to property rights. The Office of the General Counsel is providing support to Mr Russell during the review.

The compulsory acquisition of private land is an ongoing area of concern and as such it is appropriate that the Government examine the current regime to ensure it is clear and equitable. Mr Russell is examining the relevant legislation, including the *Land Acquisition (Just Terms Compensation) Act 1991* which prescribes the procedures a government agency must follow to acquire land, and a number of other Acts that specifically authorise State Authorities to acquire land compulsorily for particular purposes.

In May 2012, advertisements were placed in metropolitan and regional newspapers, calling for interested parties to nominate issues for consideration by the review. A consultation paper is also to be released to facilitate further public consultation. Interested parties will be able to make submissions

to the review as part of the process. A written report will be provided to the government at the conclusion of the review.

Whole of government ICT strategy

The NSW government Information Communications Strategy 2012 (NSW ICT Strategy) was endorsed by government on 10 April 2012, following extensive consultation across government and with the industry and research sectors.

The strategy outlines a new, whole of government approach to ICT, including infrastructure and managed services, ICT procurement, open government, open data, information management, information sharing between agencies, innovation, and building public sector ICT skills and capabilities.

Implementation of the strategy is being facilitated by the Department of Finance and Services. The ICT Board, the ICT Leadership Group and the independent ICT Advisory Panel provide ongoing oversight over implementation.

Metropolitan Water Directorate

After transferring from the NSW Office of Water to the Department of Finance and Services, the Metropolitan Water Directorate continued to coordinate, monitor and review the 2010 Metropolitan Water Plan for greater Sydney.

This work includes analysing changes to the planning environment, refining the planning framework, reviewing demand and supply projections and options, and contributing to climate change research. Working closely with Sydney Water, Sydney Catchment Authority and key government agencies, the directorate also initiated a project to assess options for possible new environmental flow releases from Warragamba Dam.

Significantly, the directorate started work on a new Lower Hunter Water Plan, using a whole of government approach. The lower Hunter is the sixth largest urban area in Australia and one of the state's major economic centres. The plan will identify a portfolio of water supply and demand measures to secure the region's water supply in drought and for future growth.

In June 2012, on behalf of the Minister for Finance and Services, the directorate established a seven-member Independent Water Advisory Panel. The panel will provide independent strategic and technical advice on urban water planning for the lower Hunter and greater Sydney regions.

The Metropolitan Water Directorate also contributed towards the successful refinancing of the Sydney Desalination Plant and helped to ensure the transaction was structured to protect the long term water security of Sydney, including a future expansion of the plant if required.

The directorate has carriage of the *Water Industry Competition Act 2006* (WIC Act), which aims to encourage competition in the supply of water and sewerage services. The Act was amended in November 2011 and the majority of the new provisions came into force on 30 January 2012. The amendments strengthened key elements of the Act, such as customer protection and addressed duplication in the regulation of recycling schemes in NSW.

The directorate also engaged with stakeholders to develop an issues paper to inform the five-year statutory review of the WIC Act and the concurrent review of recycling regulation under the *Local Government Act 1993*. The issues paper will be released in the second half of 2012.

On behalf of the state of NSW, the directorate led input into the joint government response to the five year review for the national Water Efficiency Labelling and Standards Scheme (WELS), including development of the 2012-15 WELS strategic plan and implementation of a new cost recovery model for the scheme.

Under the Water Recycling and Stormwater Harvesting Program, around \$3 million was provided in recycling grants, including funds to complete a stormwater harvesting scheme at Bondi Beach, Yarra

Bay and within a commercial precinct at Pennant Hills. A number of other schemes have commenced including at Koola Park (Ku-ring-gai Council), Kelso Park (Bankstown Council) and Penrith.

Under the Water for Life Education and Engagement program, the directorate delivered Advancing Sustainability Leaders – a program to support sustainability and leadership capacity across local councils undertaking water projects in greater Sydney and the catchments.

Under the program the directorate provided grants and resources to 14 local councils to deliver community engagement activities as part of their recycled water infrastructure projects. The directorate also partnered with the Australian Water Association and part funded the national curriculum project to coordinate school water education resources across the nation.

Key performance indicators

	2008/09 actual (billion litres)	2009/10 actual (billion litres)	2010/11 actual (billion litres)	2011/12 estimate ² (billion litres)	Comment
Amount of water saved through improved water efficiency in Sydney	76	104	108 ¹	114	See note 3
Total capacity for recycled water in Sydney	27	33	59	62	See note 4

1. The NSW Department of Finance and Services 2010/11 Annual Report showed savings from water efficiency of 121 billion litres, however this figure incorrectly counted 13 billion litres of drinking water savings which had been achieved through recycled water projects and included in the recycled water capacity figure.

2. The 2011/12 figures are estimates rather than actual as the data had not been validated prior to publishing.

3. The 2015 water savings target of 145 billion litres represented 24% of average annual drinking water demand when the target was set in 2006. Water consumption has fallen significantly in metropolitan Sydney since the target was set. Demand for drinking water is predicted to remain at the current reduced level of around 490 billion litres per year until 2015 (see Sydney Water's Submission to IPART 16 Sept 2011). Savings of 114 billion litres represent 23% of current annual drinking water demand.

4. Industry practice is to report system capacity in recycling rather than actual use, which may vary with business activity and climatic conditions. The 70 billion litres target was for system capacity – actual use each year cannot be accurately forecast.

Governance activities

DFS regularly reviews compliance with corporate governance policies and provides quarterly reports on the results of those reviews to the Executive, and Audit and Risk Committee. The Corporate Compliance Framework was formally reviewed in June 2012.

Further progress has been made on integrating enterprise risk management and corporate planning in line with ISO 31000:2009.

Key governance initiatives in 2011/12 were:

- Establishment of cluster wide audit and risk committees
- Establishment of cluster wide financial reporting
- Major review of governance requirements for the department's related entities

6.10 Corporate Services

Corporate Services provides strategic and advisory support across DFS in the areas of people and workplace, internal procurement, Information and Communications Technology and the corporate and shared services delivery and reform. Highlights for 2011/12 include:

Corporate Operating Model (COM) - Organisational Integration

During the past year Corporate Services has undertaken several initiatives to support organisational integration, including:

- The Corporate Services Reform Program extended the implementation of the outposting model for corporate services and supported the DFS Corporate Operating Model design project.
- Development and launch of whole of DFS intranet (FASTRAC)
- Harmonisation and development of key 'People' and 'Information and Communications Technology (ICT)' policies for deployment across DFS including the 'Using ICT' Policy.

People and Workplace

Recruitment Model

The department commenced a recruitment centre of excellence, resourced with recruitment experts and making use of the sector's Taleo recruitment system. The recruitment team partners with hiring managers to design targeted recruitment activities and implement them in a timely and efficient manner. The department expects to achieve benefits through reduced recruitment-cycle times, increased acceptance rates from candidates, and more successful matches against positions.

Conduct & Ethics Training

Commencing in April 2011, an organisation-wide program of ethical workplace behaviour training supported by a DFS Conduct Framework was delivered to targeted DFS divisions. This program, which concluded in August 2012, was tailored for each level of responsibility from the DFS Executive Team and senior managers, supervisors and employees of the department. 92% of senior management from participating divisions attended sessions specific to their role in 2011. A total of 2,560 people participated in this training, representing 95% of all available employees from the participating divisions.

DFS Accommodation Initiatives

The department has implemented physical workplace design that provides a variety of types of places for staff to conduct their work, including team zones, quiet work areas, project spaces and communal hubs. The physical workplace aligns with the department's strategy for its workforce to collaborate and communicate effectively. Based on the success of the installations the People and Accommodation Executive sub-committee approved the DFS Accommodation Manual which will be used for new fit outs across DFS.

The DFS Accommodation Strategy 2011–2016 focus on co-location and relocation actions to reduce its CBD footprint, improve its space utilisation and achieve recurrent savings from its occupancy costs. Underutilised assets have also been identified for disposal to unlock capital values and reduce the department's ongoing liabilities associated with these assets. Based on these strategies, the department has developed a roadmap to achieve accommodation savings target of \$15.6 million over four years (2011-2015).

Sustainability

DFS has developed and implemented a sustainability action plan for its main office at the McKell building to improve its waste management, water and energy consumption efficiencies. These initiatives have contributed to:

- Reduction of general waste from 95% to 54%
- Increase in recyclable waste from 5% to 30%
- Increase in organic waste from 0% to 16%
- 12.5% reduction in energy consumption
- 10.5% reduction in water consumption
- 9.5% reduction in CO₂ emission
- Improvement in McKells NABERS ratings – four stars for both water and energy

Building on the success of the sustainability initiative in the McKell building, similar initiatives are being considered for other key tenancies across DFS.

Information and Communications Technology (ICT)

The Procure to Pay Project

The Procure to Pay Project was an initiative within the department to review its procurement processes and implement process improvement which benefitted both suppliers and the department. These initiatives included:

Implementation of Electronic Data Interchange (EDI) for electronic invoice processing

A number of key suppliers to the departments are able to exchange purchase and invoice details with department via EDI. Implementation of EDI was successfully piloted in 2012/12, increasing the speed and efficiency of invoice processing.

Development and deployment of the Government's '30 days to pay' program

The NSW Government launched an initiative to support small business by introducing the '30 days to pay' program. The department took a lead position in developing the systems and processes to communicate this initiative to suppliers, allowing them to register as a small business and entitling them to penalty interest should payments be made late. The solutions developed by the department have been leveraged by other agencies.

Implementation of the Expense Management System

The department worked with NSW Treasury to reduce the processing costs of procurement in the public sector. A key initiative in 2011/12 was the implementation of the expense management system "iCMS" which has improved timeliness and efficiency in credit card acquittals. The system provides the platform for a more extensive deployment of procurement cards in the department.

Information Management

There were a number of important developments in information management during 2011/12.

Document and Records Management

As a result of amalgamations with other agencies, the department has divergent and poorly integrated document and records management systems with differing attributes and capabilities. A project was undertaken to consolidate existing systems to HP TRIM and extend the capabilities to the rest of the department. The standardisation of document management platform and practices as well as extending the use of automated processes has enhanced workflow and approval process.

Information Security

The need to manage restrictions on personal or proprietary information is a key tenet of the department's Information Security Management Framework. The Office of the Chief Information Officer (CIO) undertook extensive work in the development of on-line training in information security and the updating policies to ensure all staff were aware of their obligations and responsibilities around information security.

Integration of NSW Land and Housing Corporation (LAHC) systems

The NSW Land and Housing Corporation became part of the department in April 2011. LAHC receive Information and Communications Technology (ICT) services from BusinessLink, a NSW government shared services provider affiliated with LAHC's predecessor Department of Family and Community Services (FACS). The department integrated the systems of LAHC. The project established a separate SAP instance in BusinessLink to isolate LAHC from FACS and also integrate email services for LAHC with the department.

7. DFS related entities reports and other reporting requirements

Annual reports for related entities and other reporting requirements are included in this section:

7.1	State Contracts Control Board Report	49
7.2	Waste Assets Management Corporation Annual Report	55
7.3	NSW Government Telecommunications Authority (Telco) Annual Report	62
7.4	Australian Centre for Advanced Computing and Communication Pty Ltd (ac3) Annual Report	65
7.5	NSW Land and Housing Corporation Annual Report	67
7.6	Report of the Valuer-General	149
7.7	Surveyor-General's Report	155
7.8	Registrar-General's Report	156
7.9	Geographical Names Board of NSW Report	157

7.1 State Contracts Control Board Report

Legislation

The State Contracts Control Board was established under section 135 of the *Public Sector Employment and Management Act 2002*. Section 136 of the Act provided that the board has the functions conferred on it by the Act and the regulations made under the Act. The *Public Sector Employment and Management (Goods and Services) Regulation 2010* specified the board's functions. Clause 7 and 8 of the Regulation provided that the board is solely responsible for arranging the supply of goods and services necessary for the operation of the public sector service. The board was also responsible for the disposal of any goods by the public sector service that are either unserviceable or no longer required.

Section 142 of the Act specified that the board must, on or before 31 October in each year, prepare and present to the Minister a report of its work and activities for the year ending on the preceding 30 June. The report may be included in any annual report of the department for which the Minister is responsible.

The board, which started in 1923, ceased on 1 July 2012, with the commencement of amendments to the Act. The board is replaced by the NSW Procurement Board.

Membership

Over the reporting period, the board members were:

- Dr Kerry Schott (Chairperson until 1 February 2012)
- Mr Michael Coutts-Trotter, Director-General, Department of Finance and Services (Member until 1 February 2012, Chairperson thereafter)
- Ms Sally Barnes, Chief Executive, Office of Environment and Heritage
- Mr Stephen Brady, Deputy Secretary, The Treasury (2 November 2011 - 21 February 2012)
- Mr Barry Buffier, Chair and Chief Executive, Environment Protection Authority
- Ms Dianne Leeson, Assistant Director, Department of Premier and Cabinet

Meetings

The board scheduled eleven meetings per year, and in 2011/12 the board held eleven meetings. The board also considered matters out-of-session.

Administration

The board's administrative support and its costs were met by Department of Finance and Services.

Activities

Since its restructure in 2009, the board, in addition to fulfilling its administrative functions in government contracting, took a lead role in reforming government procurement of goods and service. The Board's State Contracts Control Board Business Plan 2010–2013 was the primary driver in this broader and more strategic role.

The board was pro-active in promoting better procurement across government. In April 2011, the Minister initiated the comprehensive review of the government's procurement of goods and services, including assessing the legislative and administrative arrangements for delivering procurement services. That review led to the release of the NSW Procurement Discussion Paper (January 2012), which outlined the government proposals for:

- New government procurement framework
- New means sourcing government goods and services
- New government contracts
- Better means of supporting small and medium enterprises through government procurement.
- Introducing greater innovation in procurement

The board has taken an active role in developing and supporting these activities. Mr Coutts-Trotter was the chairperson and Dr Schott was a member of the government's Procurement Reform Taskforce.

The implementation of the board's revised Agency Accreditation Scheme for Goods and Services Procurement has been a major success, with the following agencies accredited: NSW Procurement, Department of Finance and Services, NSW Ministry of Health and NSW Police Force. The scheme will form an essential element in the government's new procurement structure.

Major activities of the board in 2011/12 included:

- Advice on the abolition of the board's management fee applying its whole-of-government (state) contracts, commencing 1 July 2012
- Monthly overview and advice on the government on its 2011/12 savings target of \$72 million through procurement of goods and services
- Approval of the guidelines and key performance indicators for the board's Agency Accreditation Scheme for Goods and Service and detailed planning and preparation for agency assessments
- Accreditation of the Ministry for Health and NSW Police Force
- Initiatives to respond to the Independent Commission Against Corruption's report, Corruption Risks in NSW Public Sector Procurement: Recommendations to Government
- Response to Audit General's Report on the Prequalification Scheme: Performance and Management Services, September 2011
- Response to the Government Telecommunications Review, which principally examined potential savings through the board's government telecommunications agreements
- Implementation of procurement aspects of the government's Local Schools Local Decisions policy
- Amendments to the board's Prequalification Scheme: Performance & Management Services
- Management and approval of the board's Data Centre Agreement for the Lease and Services Deed (Arrangement) with Metronode (NSW) Pty Ltd
- Approval to conversion of Contract 2020 ICT Services to a prequalification scheme
- Advice on and approval of revised standard contract provisions for non-ICT goods and services
- Implementation of Contract 777 Retail Electricity Services And Risk Management Large Sites

Contracts awarded in 2011/12

In 2011/12, the board awarded the following contracts:

- Contract 352, Lubricating Oils and Greases
- Contract 409, Removal of Household Effects
- Contract 700720, Insurance, Liability and Advice Services of Construction Works for NSW Government Projects
- Additional intake of 18 products under Contract 1006 Workplace Supplies (Lot 8 - Office Furniture)
- Contract 292, Supply of Fire Fighting Equipment (C2921, 2922, 2923) excluding foam
- Additional intake of products for Contract 801, Food Services
- Contract 2390, Supply of Imaging Devices – Hardware
- Provision of data centre facility

Board contracts

In addition, the board's operating arm, NSW Procurement, Department of Finance and Services, assisted other government agencies with the awarding of these agency-specific board contracts or request for quotation (RFQ).

- Contract 7162, Airborne Remote Sensing System for Fire and Natural Disaster Mapping
- Contract 1100183, Manufacture, Supply and Laundering of Personal Protective Clothing
- Provision of Press Clip Services to NSW Government Departments, NSW Agencies and Third Parties
- Appointment of Registry Operator for the Application for and Operation of Multiple Generic Top Level Domains
- Contract 801995b, eProcurement Content Management Tool for smartbuy® Optimisation
- Contract 600880, Street Sweeping for Royal Botanic Gardens
- Contract 7115, Provision of General Consumable Stores for Fire and Rescue NSW
- Contract 801995a, Electronic Transaction Messaging Hub for smartbuy® Optimisation
- Contract 1000761, Drug and Alcohol Testing Services
- RFQ for Waste Removal Services for Royal Botanic Gardens, under State Contract 9698- Integrated Waste Management
- Contract 1102253, Printing of Local Government Ballot Papers
- Contract 1002676, Supply of Waste Audit Services
- Contract 0902207 Personal Protective Equipment for Fire and Rescue NSW (Boots Only)

Expenditure through state contracts

In 2011/12, expenditure by government agencies and other eligible customers through whole of government state contracts totalled \$3.87 billion. The table below sets out the expenditure through board contracts over the last six years:

Year	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Spend (\$B)	3,603	3,640	3,578	3,676	3,726	3,873

The top fifteen state contracts in terms of expenditure sum up to \$3.04 billion in 2011/12 representing 78.9% of the total expenditure of \$3.873 billion. The fifteen contracts are set out in the table below.

Rank	Contract No.	Contract Name	Expenditure (\$)
1	100	Contingent Workforce	492,252,434
2	653	Acquisition of Motor Vehicles	479,912,640
3	2360	Government Telecommunication Agreements	372,201,652
4	FM	Facilities Management Contract (Combined)	334,890,782
5	777	Retail Supply of Electricity	242,872,882
6	370	Card Fuel & Associated Services	235,032,737
7	2020	ICT Services Approved Supplier Panel	142,252,622
8	366	Fuel and Associated Products	127,646,094
9	902	Pharmaceuticals	127,175,400
10	1006	Workplace Supplies (Lot 1-9)	109,340,609
11	2007	PCs, Notebooks, Servers & Associated Services	92,072,068
12	1008	Travel Management	89,464,565
13	801	Food Services	87,533,525
14	776	Electricity - Small Sites	57,335,023
15	956	Electromedical Equipment & Accessories	50,288,162
Total			3,040,271,195

Complaints

The board dealt with complaints about NSW Government tenders and contracts. The board chairperson investigated complaints to determine whether processes were appropriate and in accordance with NSW government procurement policies and procedures and contract conditions.

During 2011/12, the board chairperson received one complaint in relation to the procurement within the Government. The complaint was investigated.

Statutory reporting requirements

The board has a statutory requirement to report:

- Details of investigations relating to competitive neutrality tendering complaints referred to it by the relevant minister
- Details of any directions given to the board by the Minister.

There are no matters to report in regard to these two areas.

Former State Contracts Control Board contracts

A reference in or in relation to a contract or agreement entered into by the State Contracts Control Board is to be read as a reference to the Director-General of the Department of Finance and Services, subject to the regulations.

Information

For information about any remaining State Contracts Control Board matters, please contact:

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