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DEPARTMENT OF PUBLIC WORKS AND SERVICES

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DPWS
NEW SOUTH WALES

DEPARTMENT OF PUBLIC WORKS AND SERVICES

A N N U A L R E P O R T 1 9 9 6 / 9 7

Better solutions for a changing world

OFFICE OF THE DIRECTOR-GENERAL

McKell Building
2-24 Rawson Place
Sydney NSW 2000



**NSW DEPARTMENT
OF PUBLIC WORKS
AND SERVICES**

Telephone: 02 9372 8700
Facsimile: 02 9372 8722

The Honourable Carl Scully, M.P.
Minister for Public Works and Services
Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Minister

I am pleased to submit the Annual Report of the Department of Public Works and Services for the year ended 30 June, 1997, for presentation to Parliament.

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

Yours sincerely

Dick Persson

Director-General

Better solutions for a changing world

Contents

Director-General's Message	4
The Year in Summary	6
Charter and Role	9
The Organisation	10
Vision Mission Values	12
Corporate Objectives	13
Objective 1	14
Objective 2	23
Objective 3	34
Objective 4	42
Objective 5	47
Objective 6	56
Performance Measures	69
Financial Statements	71
Appendices	113
Main Offices and Business Addresses	156
Index	157

Director-General's Message

The 1996/97 year was both challenging and rewarding for the Department in its quest to provide whole of government solutions and service delivery levels that meet the requirements and expectations of Government and our clients.

Over the past 12 months the Department gathered momentum, in terms of both its performance and future business directions.

A number of initiatives were introduced to move the Department towards achieving its five-year Strategic Plan, Vision 2001. They included implementation of the Department's 1996/97 Corporate Plan, the Best Practice Program, a range of corporate human resources strategies, Management by Projects, a new marketing framework and a divisional structural review.

The Corporate Plan was launched in August and I am pleased to report excellent progress was made in its implementation due to the commitment and involvement of staff across the organisation. By year end the Best Practice Program was well advanced with facilitators appointed and numerous staff seminars held around the State. The new Client Service structure was finalised, along with associated changes in a number of other divisions. Heralding an important milestone in the evolution of DPWS, the new arrangements will greatly improve the effectiveness and quality of our marketing and service delivery.

Notwithstanding the impact of these changes on day-to-day operations, the Department performed strongly throughout the year and had some notable achievements in information technology, property management, purchasing, construction industry reform and environmental management.

The release of the Government's Blueprint on information management and technology was the culmination of 18 months' work for the Department. The Blueprint establishes for the first time a complementary whole of Government policy framework to position the government at the forefront of using the technology to provide better services to the people of NSW.

It focuses on meeting community need, cutting through much of the existing red tape and boosting the State's economy.

As a part of its role as key strategic adviser and service provider to government on property matters, the Department successfully concluded the Eastern Creek Raceway project and progressed the \$400 million Walsh Bay redevelopment project. Development proposals commenced on other high profile and complex projects, including the upgrading of George Street South and Railway Square, Sydney Cove Waterfront Masterplan and Wharves 9/10 at Darling Harbour. A number of significant property sales were achieved for Government, including the Pacific Power Building (\$155 million) and the St. James Centre (\$48 million).

Contracts arranged and administered by DPWS on behalf of the State Contracts Control Board continued to realise savings across government in excess of \$300 million per annum, while the innovative schools facilities maintenance contracts introduced during the year are achieving their objective of more effective and efficient means of delivering school maintenance to the State's 2,200 public schools.

The suite of environmental policies developed last year and implemented this year have received recognition as being amongst the best of their kind. They reflect our commitment towards the protection and enhancement of the environment. The Department is also now recognised as a leader in life cycle assessment and ecologically sustainable development.

The development of coordinated and consistent government codes continued to instil greater confidence within the construction industry when dealing with government agencies. The release of the new codes and discussion papers, along with easily understood construction contracts and an accreditation scheme for contractors were all aimed at improving productivity and efficiencies in the industry.

One of the ongoing challenges for DPWS is to respond to the diverse and complex needs of Government and other stakeholders. This responsiveness was tested early in the year in establishing the Central Corporate Service Unit in Governor Macquarie Tower as a shared service centre. The unit integrated the existing corporate services areas of six separate government agencies located in the building. By year end this unit was not only meeting all expectations of Government as an independent service provider, but had expanded its client base to 23, many located away from Governor Macquarie Tower.

As an off-budget commercial entity our financial results for 1995/96 were most heartening, given the economic circumstances prevailing with many government agencies operating under reduced budgets. The Department achieved an operating surplus of \$18.5 million before payment of \$13 million to Treasury under the Government's Financial Distribution Policy. All targets set in the 1996/97 Statement of Financial Performance were met.

Finally, the strong results achieved across the organisation this year would not have been possible without the skills and dedication of staff. Their cooperation and enthusiasm have been fundamental to the Department's achievements and I thank each and all for their contributions.

To our valued clients and to our Minister, the Hon. Carl Scully I express the Department's appreciation for their continued support over the past year.



Dick Persson

Director-General

The Year in Summary

Following are highlights of the Department's activities over the past year. As a commercially-focused service delivery organisation within government our work is broad and diverse, ranging from providing leadership in developing and implementing whole of government policies to providing commercial business services that meets clients' needs.

The Department is developing a balanced and coordinated whole of government approach to information management and technology.

- Supporting the Government's commitment to seek new and innovative ways to deliver its services to the people of NSW, the Department released an IM&T Blueprint. The culmination of 18 months' work, the Blueprint provides nine strategies for more effective ways of using information technology to benefit communities.
- In order to achieve greater efficiencies and cost benefits across government the Department completed and released an IM&T Policies and Procedures Manual establishing standards to be adopted by all NSW government agencies when preparing their IM&T budgets each year.
- With the assistance of the Department, a Government Information Management Board was established to provide strategic advice to the Government on the use of and cost of IM&T within the NSW public sector.
- Easier access to government information and service is a high priority for the Government. DPWS developed and established a NSW Government home page on the Internet. Working with the Premier's Department, DPWS was closely involved in establishing seven Government Access Centres around the State. The centres are being trialed as a lead up to providing 'one-stop' shops delivering government services to rural communities. The Government Information Service responded to over 125,000 public telephone calls during the year.
- The Government Radio Network was further enhanced to cover 90,000 square kilometres of the State. Providing a 24 hour service to users, the network saved government an estimated \$8 million for the year, when compared to the cost of independent systems. The number of users now

exceeds 8,000 and the number of calls averaged approximately two million per month.

- Carrier agreements negotiated with Telstra and Optus resulted in savings and rebates to government of approximately \$30 million for the year.

The State Government is the largest single client of the construction industry and the Department assists to facilitate reform within the industry and ensures a whole of government approach.

During the year the Department:

- chaired the Construction Policy Steering Committee to develop and apply consistent building, consulting and contractual policies.
- developed a new Code of Practice and a Code of Tendering aimed at achieving a more stable and cooperative environment for the industry.
- implemented a contractor accreditation scheme to encourage best practice in the industry. By year end 22 companies had gained accreditation or had lodged applications under the scheme.
- continued to encourage training and skills by establishing skills centres on a number of projects. A training resource directory was released to assist employers, subcontractors and suppliers access training programs.
- trialed a 'two envelope' system for tenders to eliminate the perception of bias towards the lowest price. An advisory group found the system to have merit and DPWS has recommended its use for all consultants' engagements over \$150,000.
- increased the number of 'partnered' government projects valued in excess of \$5 million by 11, achieving the Government's target of 40 per cent in the capital works program.
- released for discussion two Green Papers on "Opportunities and Challenges" and "Security of Payment for Subcontractors" as part of an ongoing development program. The objective of both papers is to raise awareness, stimulate debate and initiate reforms. A meeting of all construction Ministers agreed to use the "Opportunities and Challenges" paper as a model for a national approach to the structure of the industry.
- developed and trialed a new general conditions

contract, titled C21, intended to cultivate relationships that are client-focused, non-adversarial and committed to best practice.

One of the Department's key roles is to provide quality professional advice to the Government and agencies on all matters related to the strategic management of property and built assets.

- A key target for Government is to reduce the present average office space in government buildings from 24 square metres per employee to 18 square metres per employee. The Department issued guidelines to assist agencies to develop their office accommodation management plans as part of their overall total asset management strategy.
- Developed a suite of office accommodation strategies as a planning framework for future rationalisation and management of accommodation in the NSW public sector. These policies will facilitate planning in accordance with agencies' total asset management plans.
- Sold a total of 24 properties with a combined value of \$300 million on behalf of Government and its agencies, including the Pacific Power building (\$155 million) and the St. James Centre (\$48 million) which realised top market prices.
- Evaluated 159 proposed office accommodation changes and achieved total annual reductions in rental costs of \$4.7 million for government clients, including reductions of almost \$500,000 per annum for one client and \$500,000 over five years for another.
- Finalised the Eastern Creek Raceway/Rean property agreement whereby the Government will receive a guaranteed base rent plus a growth rent each year.
- Developed proposals for Pier One redevelopment, Darling Harbour Wharves 9/10, Sydney Cove Waterfront, Railway Square/George Street upgrade and Strickland House at Vaucluse.
- Undertook conservation work to the value of \$4 million on some of the State's most important heritage buildings, including the Australian Museum, Government House and the Education Building.

NSW government agencies spend more than \$4 billion each year on purchasing goods and services. Of this, \$1.6 billion is spent on contracts negotiated by the Department.

- The Department is well advanced on developing a draft procurement policy to establish a whole of government framework which will provide greater savings to government through consolidated purchasing power.
- Contracts administered by NSW Supply saved the Government more than \$250 million over the year.
- Bulk electricity contracts negotiated with suppliers will realise future savings of up to 40 per cent for government agencies.
- The Government Advertising Agency placed over 35,000 advertisements at substantially reduced rates on behalf of government clients.
- A new schools maintenance contract was implemented resulting in overall cost reductions, improved service, regional employment and innovative work practices.

The Department is a pacesetter in environmental design and practices, and has identified environmental performance as a major priority with its activities.

- Environmental performance was implemented as a key criteria in the awarding of a number of goods and service contracts and will be applied more broadly in the coming year.
- A waste minimisation trial at Taronga Zoo was successfully completed with the cooperation of the contractor, leading to reduced costs, opportunities for recycling and less landfill.
- Environmental management plans were introduced for the construction and operation of water supply and sewerage schemes across the State.
- A compact and cost-effective sewage treatment plant was developed to solve public health and environmental problems in small communities.
- A draft Energy Management Policy was prepared on behalf of Government in conjunction with a number of government organisations. The Department's Energy Management Unit undertook 40 energy audits which identified annual savings of \$700,000 for clients.
- Manly Hydraulics Laboratory carried out 35 water

quality related projects and the Glebe Laboratory expanded into providing environmental testing of effluent.

- Designs were completed and construction commenced on Buxton Public School, a model for the next generation of environmentally responsible schools.

To ensure clients receive the level of service they expect and that our services meet our clients' needs, an integrated approach to planning our marketing activities is progressively being developed and introduced across the organisation.

- By year end, the development of a Corporate Strategic Marketing Plan was well underway, along with complementary client business development plans and product marketing plans.
- The roles of Client Executives and Product Executives were introduced and all positions filled. The new appointees will focus on client management, business development and strategic solution development.
- A new Marketing by Projects (MbP) framework under development will address the current lack of integration between business units and divisions so that more effective teamwork can occur.
- A Best Practice Program was implemented to develop best practice plans, to form up process review teams and to re-engineer selected key processes. By year end, 35 forums had been held around the State to help staff identify issues for consideration.
- A strategic review of regional offices was undertaken to assess their future role in client management, marketing and sales. A review team developed a range of business growth and resourcing strategies to meet clients' changing needs.

Management improvement plans aimed at enhancing the capability of the organisation to deliver quality services continued to have a strong focus.

- Training strategies focused on providing staff with enhanced skills in strategic planning, client service, computing and business practices.

- Equal employment opportunities continued to be directed towards fairness and equity. An employees handbook was produced to better inform staff of their rights and obligations and selection panels were modified to maximise diversity in the workforce and to remove bias.
- Corporate planning for the year also included the development of the 1997/98 Corporate Plan and a review of the Department's strategic plan for information technology. The 1996/97 EEO Management Plan focused on the four key areas of recruitment and selection, development and career planning, quality of working life and communications.

Delivery of Infrastructure Projects

- The Department let 307 major construction projects during the year and completed a range of infrastructure projects on behalf of government clients, including 52 major projects for the Department of School Education and 12 major projects for the TAFE Commission. New schools included Hampden Park (\$5.8 million), Glenmore Park (\$3.9 million) and Tumby Umbi High School (\$6.4 million). TAFE projects included Hornsby - Stage 6, Macquarie Fields - Stage 3, Nowra - Stage 3 and Randwick - Block A. All projects were completed on time and within clients' budgets.

Other major projects included:

- Metropolitan Remand and Reception Centre
- Olympic Public Domain Design at Homebush Bay
- Honeysuckle Redevelopment
- Hunter Sewerage Project
- Sydney Opera House Upgrade Program
- Australian Technology Park
- a range of educational, health, law and order, water supply and sewerage schemes.

Financial Performance

The Department's strong performance of last year was maintained with an operating surplus of \$18.5 million achieved before income tax, capital grants, abnormal items and dividends were paid. A total of \$13 million was paid to Treasury under the Government's Financial Distribution Policy.

'The Government's mandate for the organisation'

The Government created the Department to provide a sharper focus on service delivery, reduce waste and eliminate duplication. As a result, one of our strengths is the tremendous breadth and diversity of our work, ranging from developing and implementing whole of government policies to providing client focused commercial services.

Our charter involves using a combination of these skills and experience to harness this diversity to meet our clients' needs by developing creative solutions for a changing world. The main areas in which we will achieve our objectives are information technology and telecommunications, total asset management, procurement and supply of a wide range of goods and services, environmentally sensitive design, the strategic management of government property assets, and in the building and construction industry.

Service Provider

To provide strategically selected commercial and professional services to the New South Wales Government.

Impartial Adviser

To provide genuine impartial advice and innovative solutions to meet the needs of other public sector agencies.

Information Technology and Telecommunications

To provide leadership in using IT&T to transform the way services are delivered and reduce the cost of delivering services to clients.

Environment

To be a pacesetter in environmental design, energy efficiency and ecologically sustainable development.

Procurement

To provide expert procurement services and advice, harnessing the Government's purchasing power to benefit the people of New South Wales.

Industry/Government interface

To manage the commercial interface between industry and government agencies, especially those which do not have the relevant skills in-house.

Building and Construction Industry

To provide leadership by setting and maintaining standards focusing on probity, competitiveness, sound eco-management and use of technology.

Commercial focus

To strengthen the commercial focus of the organisation and its off-budget status while ensuring the provision of competitive services to clients.

Our Market

To maximise the benefits to Government by providing services to the public and private sectors in Australia and overseas.

The Organisation

Executive Team at 30 June 1997

D PERSSON, BA

Director-General

T COLLINS

Acting Director, Operations Division

R J EAGLE, BE, FIE Aust

Director, Commercial Business Division

A GRIFFIN, BSc (Civil Eng), Grad Dip Admin, MIE (Aust)

Director, Policy Division

M HANNON, BE, LGE, MIE (Aust)

Acting Director, Client Service Division

J LEEK, FACS

Director, Government Information Management Division

D LEWIS, BBus, MBA

Director, Finance and Management Services Division

A RENOUE, BArch, MAIM

Manager, Strategy Unit

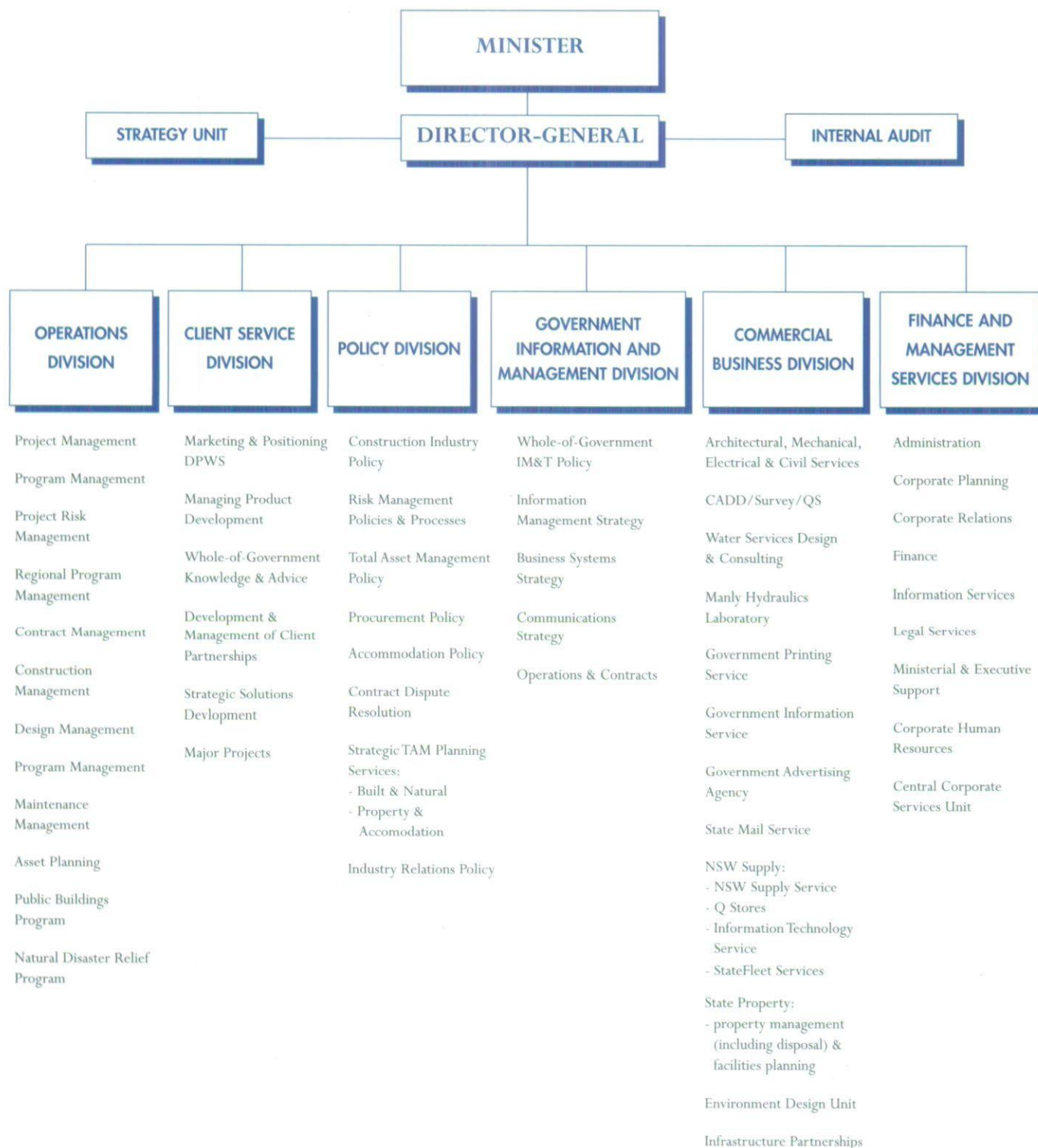
For Directors' performance summaries, refer to Appendix H.

Organisational Changes

Mr T Collins was appointed Acting Director, Operations Division on 12 August.

The Information Technology and Telecommunications Division was renamed Government Information Management Division in July.

A new Client Service Division structure was announced in February.



Vision Mission Values Objectives

Our Vision

‘What we will achieve within five years’

To establish New South Wales as the world leader in providing government services.

Our Mission

‘How we will get there’

By delivering maximum benefit to the community on behalf of the NSW Government through the provision of exceptional value added services in:

- Information technology and telecommunications
- Asset management, infrastructure and procurement
- Whole of government policy and service delivery.

Our Values

‘We Value...’

Staff - their creativity and commitment.

Teamwork - to ensure the best solutions for our clients.

Integrity - in all our dealings with our clients, colleagues and suppliers.

Client service - both internal and external.

Innovation - to ensure better solutions for a changing world.

Objective 1

Asset Management and Infrastructure

Effective and strategic management of the State's physical assets and infrastructure.

Objective 2

Information Technology and Telecommunications

Significantly better, faster, more comprehensive and cheaper services across the whole of Government.

Objective 3

Procurement

Maximum benefits using the Government's considerable purchasing power.

Objective 4

Environment

Establish the NSW Government as Australia's pacesetter in environmental design, energy efficiency and ecologically sustainable development.

Objective 5

Commercial Services

Competitive business services that satisfy client needs.

Objective 6

Organisation

Recognition as the best performing public sector organisation in New South Wales.

Objective 1

Asset Management and Infrastructure

Effective and strategic management of the State's physical assets and infrastructure

STRATEGIES

- *Develop a whole of government approach to total asset management policy, procedures and standards.*
- *Provide leadership in the reform of the building and construction industry.*
- *Develop strategic policies for government accommodation and facilities.*
- *Provide impartial advice and innovative solutions to meet the needs of other public sector agencies.*
- *Develop strategic partnerships with an expanded client base.*

TOTAL ASSET MANAGEMENT

During the year the Department continued to provide total asset management (TAM) services across government aimed at achieving improved asset planning and efficient asset management, along with coordinated infrastructure development.

Signalling an expanded TAM role for DPWS the Government issued a memorandum in February to all Ministers requiring their agencies to provide DPWS and Treasury with a Total Asset Management Strategy incorporating the existing requirements of:

- a Capital Investment Strategic Plan
- an Asset Maintenance Strategic Plan, and
- an Asset Disposal Strategic Plan

plus the new requirement for a Strategic Office Accommodation Plan. The latter requirement aims to improve the Government's management of its office accommodation and property, and link the performance of these assets with the service outcomes required of agencies.

The Department is to provide independent strategic advice to Treasury annually on budget sector agencies' proposals and will coordinate and review all future office accommodation within approved budget allocations.

In the short term one of the Government's key targets is to reduce the present average office space across the NSW public sector from the existing 24 square metres per employee to 18 square metres per employee.

In May 1997, the Department of Public Works and Services issued guidelines to assist agencies to develop their office accommodation management plans. These initiatives will enable a whole-of-government approach to the management of accommodation and disposal of property that is surplus to service delivery requirements. Revised procedures for the assessment of property for disposal will ensure a coordinated approach across government that will return the highest and best use value.

The Department is also developing a suite of office accommodation strategies to define the policy and planning framework for the future rationalisation and management of accommodation. This master plan will define key policies in relation to agency location, accommodation investment criteria, agency co-location, lease rationalisation, and workplace standards. These policies will facilitate medium to long term office accommodation planning in accordance with agencies' total asset management strategies.

The initiatives being taken will ensure a proactive approach to the management of government

accommodation based on long term service delivery requirements rather than the short term reactive approach that previously existed.

Work commenced on new sections and the updating of existing sections of the Total Asset Management Manual to guide agencies in these new processes. These included production of:

- Accommodation Planning Guidelines (completed)
- Maintenance Planning guidelines (completed)
- Disposal Planning Guidelines
- Planning Process for Developing an Asset Strategy
- Service Planning Principles

The revisions currently underway will ensure the manual remains relevant as a benchmark of best practice for the management of assets of governments throughout Australia.

The Department's **TAM Unit** continued to assist State and Local Government clients plan their asset strategies for infrastructure, with services provided to 30 local government councils and three Government agencies during the year: Roads and Traffic Authority, NSW Health and the Department of Land and Water Conservation. The Department's leadership role in TAM was also recognised internationally with overseas consultancy services provided to the Government of Mauritius and to the Ho Chi Minh City Government in Vietnam.

Strategic Services was transferred to the TAM Unit late in the year. During the year its range of activities undertaken included value management workshops; research; advice on policy and practice; risk management workshops; strategic planning workshops and design reviews. Clients included Roads and Traffic Authority, NSW Health, NSW Ambulance Service, Department of Land and Water Conservation and TAFE Commission. In the financial year 25 value management studies were carried out.

CONSTRUCTION INDUSTRY DEVELOPMENT

Code of Practice and Code of Tendering

A new Code of Practice for the construction industry was released in July, 1996 following a year of extensive consultation with the Labor Council, unions, industry associations and other stakeholders. The development of a new Code by the Construction Policy Steering Committee (chaired by DPWS) was required to align it with the Government's industrial relations policy. Over 3000 copies of the code were widely circulated within the industry following its release.

The Code of Practice and the accompanying Code of Tendering apply to all parties at all levels of a project. Roles and responsibilities are clearly defined for government agencies, service providers (such as contractors, subcontractors, consultants and suppliers), unions, employer and industry associations.

Service providers must comply with tendering requirements, fulfil industrial relations requirements and implement workplace reform; comply with the Government's policies on training, skill formation and equal employment opportunity; and ensure the highest occupational health, safety and rehabilitation and environmental management standards in the industry.

The new code aims to ensure the construction industry operates in a stable and cooperative industrial environment, whilst focusing on the needs and pre-eminent position of the industry's clients.

On 30 May, 1997, Commonwealth and State/Territory labour Ministers met and endorsed the industrial relations components of a National Code of Practice for the construction industry. The industrial elements of the NSW code are overall consistent with the provisions developed for the national code.

WORKPLACE REFORM

The Department continued during the year to provide leadership in the reform of the building and construction industry by implementing a range of initiatives on behalf of Government aimed at improving quality, productivity, innovation and competitiveness within the industry.

Encouraging Contractor Best Practice

The Department implemented a contractor accreditation scheme to encourage reform and best practice in the construction industry. Contractors tendering for contracts reserved under the scheme and valued over \$2 million must demonstrate a record of implementing best practice in workplace reform, including training and skill development.

The scheme is expected to generate improved project outcomes, including final price compared to tender price, due to DPWS dealing with those contractors who are:

- the most competent and client-focused, and who have demonstrated a proven commitment to quality management
- who are committed to cooperative contracting and partnering, and
- who have implemented the Government's policies on occupational health and safety and rehabilitation, workplace reform and environmental management.

In July, 1996 the Minister for Public Works and Services, the Hon. Carl Scully awarded certificates to the first eight companies to gain pre-qualification under the new scheme. In June 1997, DPWS held a contractor forum where a number of incentives were announced to attract more contractors to the scheme. By year end, 10 companies had gained accreditation, a further 12 had lodged applications and another 13 had requested application details.

Improving Skills through Training

A high priority was given to training and skill formation by the Government as the industry enters a boom period leading up to the year 2000 and beyond.

The introduction of project-based learning centres by DPWS on government projects such as the Liverpool Hospital redevelopment assisted in the enhancement of skills acquisition and career development of project employees. The Department continued to encourage and facilitate the establishment of these skills centres on other major projects, such as the Canterbury Hospital redevelopment project.

As outlined in the Government's five point plan announced in April 1996, the direction for NSW is to increase training of the total construction workforce. This will involve workers receiving optimal training opportunities and, on the Government's construction projects, contractors are now required to provide detailed training plans as a condition of their contract.

The Construction Policy Steering Committee (CPSC) is developing guidelines to help industry stakeholders formulate training plans. Development of the guidelines included a workshop in December 1996 attended by unions, employer associations and consultant groups. The aim is to develop a set of guidelines that reflect the needs of industry while also meeting the requirements of the Government's proposed training policy for government projects.

In addition, a Training Resource Directory for the Construction Industry in New South Wales was released in March 1997. The directory is a further step in the NSW Government's program for the development of a highly productive, efficient construction industry in NSW.

The directory was developed to assist employers, contractors, subcontractors, consultants and suppliers in accessing training programs to improve work processes and the skills and knowledge of the workforce. The directory lists courses matched to site functions and trades, and training providers and

organisations to contact for financial and practical assistance.

Input into the preparation of the directory was provided by the Department of Training and Education Co-ordination, the Construction Industry Training Board of NSW and a select group of contractors, subcontractors and consultants. The directory will be updated annually to ensure the information and details remain relevant.

For the first time, employers now have information which will assist them to achieve a better enterprise, a commitment to continuous learning and to developing a workforce that is well educated, competent, highly skilled and highly flexible. The benefits of good training are evidenced by improved competitiveness, quality, flexibility, capability and morale.

Consultant Management

During the year an advisory group was established to review the consultant selection procedures used by the Department. The group comprised representatives from the Royal Australian Institute of Architects, the Association of Consulting Architects, the Association of Consulting Engineers Australia, the Australian Institute of Quantity Surveyors and the Department of Public Works and Services. One of the group's recommendations was to develop and trial a consultant selection procedure known as the 'two-envelope system'.

The aim of the 'two envelope system' is to eliminate the perception in the industry that the consultant proposal with the lowest fee will always be accepted.

The 'two envelope system' involves splitting the assessment process to enable the non-price criteria to be assessed without knowledge of the price submitted by the consultant. This is achieved by submitting the proposal using two envelopes.

Both DPWS and the advisory group felt the separation of the price and non-price criteria achieved the objective of removing any subconscious bias towards the proposal with the lowest price.

The consultants who submitted proposals and their professional associations agreed it removed any perception that selection was unfairly influenced by low price.

The adoption of the 'two envelope system' has been recommended to the Minister for all consultants' proposals valued over \$150,000.

Partnering

The 'partnering' concept of adopting a non-adversarial approach to contractual relationships continued during the year on a range of government projects having a value in excess of \$5 million.

Last year, a comparison review was undertaken between the first 10 completed partnered projects and a similar number of non-partnered projects. The review highlighted the effectiveness and overall success of the partnering process and resulted in a revised strategy to increase the number of projects to be partnered in future from 20 per cent to 40 per cent within the Government's overall capital program.

The target was achieved this year with 11 new projects commenced using the partnering concept, bringing the total number to 45 since the Department pioneered the practice on NSW government projects in 1993.

A training course was developed for departmental staff in view of the expanded application of partnering and the course was under trial at year's end prior to being made available to all regional staff in the second half of 1997.

Acknowledging the success and overall acceptance of partnering within the industry the Master Builders' Association instituted a major award in 1993. Each year since, the Department has been successful in reaching the finals of the awards with a number of projects.

This year four of the 10 finalists in the MBA's 1996 Partnering Excellence Awards were DPWS managed projects: Forster Sewage Treatment Plant, Karangi Dam Raising, Maitland Hospital redevelopment and

Ocean Shores Sewage Treatment Plant. The Ocean Shores project was named the joint winner of the major award.

INDUSTRY FORECASTING

The productivity of the construction industry is one of the most volatile components of Gross Domestic Product (GDP). The industry experiences cyclic trends that see substantial movements in construction costs. A 10 per cent increase in industry productivity would result in a 2.5 per cent improvement in Australia's GDP and substantially boost the State economy as well.

To provide leadership, the State Government, in conjunction with the National Institute of Economic and Industry Research, has developed an economic model of the NSW construction industry. The Department participated in the development of the model.

This model provides greater insight into the problems that may arise in the years leading up to the year 2000 and beyond, and outlines strategies to address the situation.

STRATEGIC VISION FOR THE CONSTRUCTION INDUSTRY

In April 1997 a Government discussion paper 'A Perspective of the Construction Industry in NSW in 2005' was released which described some of the major shifts that must occur and invited a response back to the Department from individual industry members and their organisations.

The paper stimulated debate on the industry's future and gave members of the industry a sense of direction to help them plan where they will take their individual enterprises and their people into the next century.

The paper described the Government's view of what it considers constitutes a proficient and productive construction industry and challenged the industry to chart its future at an organisational level, within enterprises and at an individual level.

The paper described the new forms of relationships that needed to be established between industry members to serve their clients. The environment in which the industry will operate was described and different approaches were outlined that could be used to deliver services to the community.

INDUSTRY DISCUSSION PAPERS

The State Government spends some \$6 billion annually on construction and capital equipment. Public construction projects include not only new infrastructure such as schools, hospitals, roads and railways, but also the ongoing maintenance of these assets. In NSW, construction industry activity is projected to peak in 1998-99 at about \$19 billion for the year, a record high.

In its continuing development program, the Government (DPWS) released for public comment in October 1996 two Green Papers to assist in the management of the construction boom:

1. The Construction Industry in NSW: Opportunities and Challenges.
2. Security of Payment for Subcontractors, Consultants and Suppliers in the NSW Construction Industry.

These papers outline forecasts of strong demand for construction services over the next three years, with accompanying challenges in the form of rising costs; the high risk of financial failure of undercapitalised members of the industry (in particular subcontractors), many of which are small businesses; and increased risk in project financing. The objective of both papers is to raise awareness, stimulate debate, initiate reforms and encourage stakeholders to work together.

The Construction Industry in NSW Opportunities and Challenges paper looks into issues and offers opportunities and challenges on: the level of industry activity; industry development; training; building materials; workplace issues; and industry process improvement.

The Security of Payment paper was released to promote wide debate on an issue that causes considerable problems across the community and most significantly across small business enterprises.

A meeting of State, Federal and Territory ministers in October 1996 agreed to use the NSW Government's Opportunities and Challenges paper to develop a national approach to the structure of the industry. This action confirmed that the NSW Government is leading Australia in the reform of the construction industry.

IMPLEMENTATION OF RECOMMENDATIONS OF ROYAL COMMISSION INTO ABORIGINAL DEATHS IN CUSTODY

The Department of Public Works and Services gave consideration to Recommendations 307 and 326 of the Royal Commission as part of its review of government tendering policies. Recommendation 307 requires governments to give preference to those tenderers who can demonstrate they have adopted and implemented a policy of employing Aboriginal persons in their workforce. Recommendation 326 is targeted at construction projects in remote communities and seeks community participation in the award of the contract, employment of local labour, training of local persons, and the use of local tenderers.

Whole of government policies are being developed to incorporate these recommendations in the procurement of goods, services and construction projects. Policies will be consistent with anti-discrimination legislation and the NSW Government's Code of Practice for the construction industry. The construction policy development is being undertaken within the framework of the Government's Construction Policy Steering Committee chaired by DPWS.

In consultation with the NSW Police Service the Department developed Police codes and standards which minimise the potential of Aboriginal deaths in custody by improved design of cell accommodation, prisoner handling and observation.

PROPERTY MANAGEMENT

The Department continued to play a key role in the strategic management and disposal of government property assets by providing professional advice to the Government and agency clients.

The Department's **State Property** had a highly successful year in which activity increased significantly in each of the key areas of activity: acquisition and disposal; portfolio management for Treasury and government agencies; facility management; commercial leasing; and energy management.

The Department is now positioned to accommodate the present and planned property requirements of central government agencies to ensure they receive maximum attention to their needs.

Property Services and Disposals

During the year DPWS was responsible for the sale of 24 properties on behalf of Government and its agencies with a combined value of over \$300 million.

Major sales included the Pacific Power Building for \$155 million and the St James Centre for \$48 million. The Pacific Power Building was cited by the NSW Treasurer as a model of cooperation between DPWS, Pacific Power and the private sector selling agents. The sale was finalised seven weeks ahead of schedule and the final price far exceeded initial expectations.

Last year the St James Centre was placed on the market, but failed to attract an acceptable offer. This year, under a revised packaging arrangement, the sale was successful and produced a satisfactory result for all involved parties. The sale and lease-back package developed by DPWS realised a premium price and benefited the major government tenant by way of refurbishment works carried out at no cost.

Facility Management

The Government's current accommodation costs are approximately \$200 million per annum. By using strategic facility planning the Government's exposure to recurrent expenditure is being reduced while meeting agencies' present and future accommodation needs.

During the year 159 proposed office accommodation changes were evaluated by DPWS under delegation from the Premier's Department and new leases with a total annual rental of \$22.6 million were recommended.

Total annual reductions in rental costs per person of \$4.7 million per annum were achieved through improved space utilisation and more competitive lease negotiations.

One new lease managed by DPWS reduced the client's annual rent by almost \$500,000 and resulted in additional office improvements at no cost to the government tenant. In another instance, a new lease negotiated by DPWS achieved a 55 per cent reduction equating to \$500,000 savings over five years. In both cases, the major savings for Government were achieved by utilising DPWS' centralised lease coordination and negotiation skills and expertise.

Major leasing negotiations also included an extension of the lease on the existing headquarters of the NSW Police Service.

Ministerial Projects

During the year DPWS continued to provide a specialist service to government for a number of high profile, significant projects which were complex and/or politically sensitive.

The Eastern Creek Raceway and adjoining Reen property project was finalised in October. The resolution of this difficult project was enhanced under the negotiated agreement whereby the Government will receive a guaranteed base rent and will share in the growth and success of the facilities.

Following the selection last year of a preferred tenderer for the \$400 million Walsh Bay redevelopment, the Department continued the period of exclusive negotiation to resolve numerous planning and heritage related issues. An internationally acclaimed expert on adaptive re-use provided advice to the Government on the project and an agreement between the developer Walsh Bay Properties and Government is expected in late 1997.

Other key development proposals commenced during the year included Pier One lease extensions and redevelopment, Darling Harbour Wharves 9/10, the Sydney Cove Waterfront Strategy, the \$40 million upgrade of George Street South and Railway Square and moves to seek expressions of interest from companies wishing to operate a heritage-based hotel at Strickland House, Vaucluse.

Energy Management

The Department's energy management services were strengthened during the year though the merger of Pacific Power Energy Services with the Department's Energy Management Unit in April. The merger gives the Department a strong, integrated team providing strategic and professional consulting energy management services across government.

INFRASTRUCTURE PARTNERSHIPS

During the year DPWS continued to facilitate private sector involvement in public infrastructure projects and services. The number of strategic assessments and appraisals undertaken by Infrastructure Partnerships Services increased over last year. Projects included Bondi Police Station, the Residential College, Coffs Harbour Education Campus, closure of Cooma, Maitland and Parramatta Correctional Centres, the Hordern Pavilion - Hall of Industries and Centennial Parklands Equestrian Centre.

Increased opportunities arose in the strategic assessment of facilities requirements for local government councils by way of identifying commercial opportunities. Councils which sought assistance included Penrith City, Warringah and Ryde City.

The Department participated in the development of a document "Infrastructure through Private Resourcing - principles for delivering infrastructure using private sector resources" released by the National Public Works Council in October, 1996. The document is based on Australia-wide experience and presents the principles to achieve successful private sector participation project outcomes.

At the invitation of the Institution of Engineers Australia, a representative of DPWS attended a national meeting convened to consider the framework for the National Infrastructure Advisory Council.

Consultation with the peak water supply and sewerage industry groups, Environment Industry Development Network (EIDN) and Environment Management Industry Association of Australia (EMIAA) took place in November, 1996 to consider issues for private sector participation in the water management industry.

RESPONSE TO NATURAL DISASTERS AND EMERGENCIES

The Department continued to provide a central role in responding to emergencies through the State Emergency Management Committee and in implementing the Engineering Services State Disaster Plan.

In emergency situations representatives are drawn from various areas within the organisation to coordinate and assist with engineering services, telecommunications, supply and media management in emergency situations.

Under the Government's Natural Disaster Relief Program administered by DPWS, financial assistance totaling \$4.49 million was provided to 81 councils and authorities during 1996/97 for emergency and restoration works to public assets caused by eight declared natural disasters. A further \$4.5 million is expected to be paid in 1997/98 to local government in relation to these events following assessment of claims.

SAVING OUR HERITAGE

Public Buildings Stone Program

The Public Buildings Stone Program is a schedule of repairs to State-owned heritage stone buildings, intended to bring them to a condition where only minor regular maintenance is required. Work focused on prominent urban landmarks listed in the register of the National Estate and seen to be of prime cultural importance to local residents and to tourism.

Apart from the heritage aspects, the program is significant because of safety issues. A 'make-safe' service has been introduced to inspect and advise on remedial measures appropriate for any suspected unsafe stone elements of State-owned buildings.

During the year the program's budget of \$4 million was expended. Major projects included the former Museum of Applied Arts and Sciences Building in Ultimo, Government House, the Art Gallery, Australian Museum and the Education Building.

DPWS continued to explore several avenues for new sources of suitable quality yellowblock sandstone required in years to come for the program's schedule of works.

Sydney has a splendid legacy of public sandstone buildings which are a significant element of the city's character. This program will ensure public safety and the preservation of these buildings' historic elements.

Coffs Harbour Jetty

Following the State Government's approval to proceed with the Coffs Harbour Jetty conservation project in late 1995, DPWS entered into a partnering agreement that included the contractors, Coffs Harbour City Council and the Coffs Harbour and District Historical Society to carry out the work. The Department's representation included North Coast staff and the Heritage Group.

Conservation work on the project commenced in February 1996 and progressed on schedule during

the year with the demolition of the outer 91 metres of the structure and stripping of the deck completed. While a concerted effort was made to reuse as much of the original timber and material recovered from the demolished section, termite damage and fungi attack was greater than originally anticipated. In July, the State Government approved additional funds of \$790,000 to enable the jetty to be restored to its 1914 configuration as planned. The extra funding required brought the cost of the project to \$3.83 million.

The project is on schedule for completion in October 1997 at which time it will be re-opened for community use and handed over to Coffs Harbour City Council for its future care, control and maintenance.

DIRECTIONS FOR 1997/98

On behalf of the NSW Government, DPWS will continue its leadership role in the reform of the building and construction industry by setting new standards for industry performance.

A White Paper will be drafted providing a fully integrated, whole of government approach which marshalls actions of the State's major construction agencies in conjunction with the key agencies of Department of State and Regional Development, Department of Industrial Relations, Department of Technical and Education Coordination and Workcover.

The Best Practice Accreditation Scheme trials for construction companies will be assessed for broader application across the Department's projects and more companies will be encouraged to qualify for the scheme.

The Department will work closely with agencies to assist them in developing the mandatory office accommodation management plans as required by Treasury.

Specific agencies will be targeted in the coming year to assist them in focusing their asset management

strategies to a more service oriented model. The TAFE Commission will trial a maintenance strategy with a college and a complete total asset management plan with another college.

Further development of data capture will be undertaken for clients, building on the success of the Schools Data Capture Project.

The Department will expand its range of impartial advice on total asset management, offering strategic systems such as the ASSETWISE system to help infrastructure management.

Objective 2

Information Management and Technology

Significantly better, faster, more comprehensive and cheaper services across the whole of Government

STRATEGIES

- *Develop comprehensive, balanced and coordinated whole of government information management and technology (IM&T) policies and implementation strategies.*
- *Work in partnerships to minimise red tape and create clever service delivery solutions through the use of technology.*
- *Provide policy advice, planning and management of whole of government IM&T service delivery.*

SETTING THE PACE - KEY ROLE FOR DPWS

The Department's Government Information Management Division (formerly Information Technology & Telecommunications Division) was created in July 1996 to specifically focus on the Government's commitment to developing whole of government information management and technology (IM&T) strategies, standards and guidelines to establish NSW as the pacesetter in the application of computer and telecommunications technologies for the benefit of the community and the State.

Its goals are to assist government agencies:

- provide a better service for the people of NSW and make it easier to do business with the Government
- share information and improve services by streamlining the way government operates, and
- enhance the well-being of NSW.

IM&T BLUEPRINT FOR NSW LAUNCHED

The Information Management and Technology Blueprint - A Well-connected Future for NSW was launched by the Minister for Public Works and Services in February, 1997. The Blueprint was developed by the Department to support the Government's vision for information and technology.

The document was endorsed by Cabinet as the definitive strategy for all government agencies to manage their information and technology resources to optimise their overall benefit to the State.

The Cabinet decision was reinforced with the issue of a Premier's Memorandum requiring all agencies to work together to achieve the Blueprint's strategies and to comply with any policies, guidelines and strategies developed in support of the Blueprint.

The Blueprint outlines ways to create accessible and responsive government services and deliver them efficiently and cost effectively to the community by harnessing and taking advantage of the convergence of information, technology and telecommunications.

Importantly, the Blueprint is about using the opportunities created by the application of technology to improve government processes and provide better services to the community.

To achieve this, it sets a clear direction for the whole of government use of information and technology.

There are nine strategies for the implementation of the Blueprint:

- Promote a public sector-wide approach to IM&T

- Use IM&T to support overall Government outcomes
- Take advantage of the strategic value of information
- Support customer-focused services
- Use IM&T to broaden access to government information and services
- Make the Government a smart acquirer of IM&T
- Invest in relevant IM&T skills
- NSW Government to be a competent and confident user of IM&T
- Use IM&T to support the development of NSW.

Each strategy outlined an aggressive plan and timetable and all activities currently underway directly relate to this implementation plan.

SETTING THE GUIDELINES

The Department completed and released an IM&T Policies and Procedures Manual during the year. The document was launched by the Minister for Public Works and Services in August.

The policies and guidelines contained in the manual establish standards for the management of information, technology and telecommunications to be adopted by all NSW Government agencies. In order to achieve efficiencies and cost benefits, agencies will need to submit their IM&T budgets to the Department of Public Works and Services for consideration. The manual contains the following guidelines:

- Develop the Strategy
- Prepare the Tactical Plan
- Conceptual Framework
- Develop the Business Case
- Acquisition of Information Technology
- Acquisition of Corporate Application Systems
- Contracting Out
- Project Management
- Management of Change
- Risk Management
- Security of Information Systems
- NSW Government Internet Implementation and Style Guide.

GOVERNMENT INFORMATION MANAGEMENT BOARD

The Government Information Management Board (GIMB) was established by the Minister for Public Works and Services, the Hon. Carl Scully, in December 1996. It is an advisory committee to the Minister on the use of information management and technology, and the cost of that technology, in the New South Wales public sector. A Well-connected Future, the Information Management and Technology Blueprint released by the Minister in February 1997, states the Board will provide the framework for government-wide management of information and technology by:

- endorsing agency proposals for information management and technology expenditure over a specified threshold to ensure they reflect a whole of government approach, and
- encouraging agency participation in the development of sector-wide initiatives.

The Board's membership as at 30 June, 1997 was as follows:

Chair

Mr Michael Evers
Atanaskovic Hartnell

Central Agency Representatives

Mr Dick Persson
Director-General
Department of Public Works and Services

Dr Col Gellatly
Director-General
Premier's Department

Mr John Pierce
Secretary
NSW Treasury

Budget Sector Representative

Dr Diana Horvath
Chief Executive Officer
Central Sydney Area Health Service

Non-Budget Sector Representative

Vacant

Private Sector Representatives

Ms Beth Jackson

Vice President & Legal Counsel

SITA (Australasia & South Pacific Region)

Mr Peter Davies

Managing Director

JNA Telecommunications

Academic Appointment

Professor Gary Anido

Professor of Telecommunications Engineering

Wollongong University

The Secretariat for the Board is provided by the Department of Public Works and Services' Government Information Management Division (GIMD). The Board meets monthly. In the half-year to 30 June 1997 the Board, with GIMD's assistance, has been able to develop rapidly an appreciation of the way in which information technology is deployed in the New South Wales public sector and an understanding of the key issues which individual agencies, and the New South Wales Government as a whole, need to address in the near future.

Without doubt the use of Internet technology, and all the ramifications of that enormous technological change, constitute both the greatest opportunity and the greatest challenge for the New South Wales Government and its agencies. The way the Government deploys its own information technology is one aspect. In addition, the Government's community service obligation is to facilitate rapid change in business and communication structures throughout the State.

General Government IM&T Spending Proposals

The New South Wales public sector is estimated to spend about \$600 million on information technology each year. About a quarter of this amount is spent on acquisition and well over half on internal costs and maintenance.

General government agencies (those funded directly from the budget, as distinct from Government Trading Enterprises and State Owned Corporations)

are required to submit all proposals for capital expenditure on information technology over \$500,000 to DPWS for review as part of the input to the Government's annual budget process. Immediately after its establishment, the Board became involved in this process, reviewing the methodology used and taking the opportunity to discuss with a number of agencies their specific proposals and the context, in terms of the deployment of information technology in the agency, in which the proposals come forward. The Board has reported separately to the Minister on its participation in the process leading to the 1997/98 Budget.

There will be some changes to the process in the 1998/99 Budget round. The Board's role is not to rank projects from a resource allocation perspective, but to ensure that proposals are properly justified in terms of whole of government objectives for the development of information technology. Also, with the increasing involvement of the Board in reviewing IM&T strategies for public sector agencies in coming years, proposals for information technology expenditure will be assessed against more extensive background information on the information technology strategy and performance of the agencies concerned. Whole of government objectives, and consistency with those objectives for the use of Internet technology, will be particularly important.

Chief Executives' Role in Change

Information technology expenditure has a separate review process in the Government budgetary cycle; expenditure on (for example) motor vehicles does not. The reason is possibly that the senior management of public sector agencies, like the senior management of private companies, is often unfamiliar with the technology and its costs. Chief executives have usually had to rely on their IM&T staff to a much greater extent than usually applies to major expenditure decisions. Fortunately this is becoming less of a problem as familiarity with information technology becomes more widespread among managers. Also, at the user interface the

technology is becoming more and more accessible and more and more widely accessed.

The delivery of computer-based information to the desk or the handheld phone or screen is becoming as routine as delivery of voice data through telephone lines. Networks will obviously remain complicated, although off-the-shelf systems are now much better at linking desktop computers than they were only a few years ago. But network provision will not be the task of a team of in-house specialists. It will be a service bought from an outside provider, again like telephone services. As all types of information - voice, data, graphics, financial transactions - move towards using the same communications technologies, significant changes will occur in the IM&T shops of government agencies. Agency-owned networks will become virtual networks contracted to service providers, usually on a whole-of-government basis. The Government Radio Network, designed and operated by Telstra to the specification of DPWS and now used by a wide range of agencies including the State Emergency Service and the NSW Ambulance Service, is an example.

DPWS is playing a significant role in managing this transition, and the Board will use the process of review of capital spending proposals to ensure that individual agencies move in this direction.

But the change will not stop at technology. Agencies will need to redesign their business practices as customers expect anytime access through the Internet or the telephone - and expect common systems across government. Agency staff will have the same expectations about internal processes. The move to electronic commerce (e-commerce) and the adoption of Internet technology is a major agenda item for agencies and for the Government as a whole as well as for the business community.

Chief executives will play the key role in bringing these changes about. The Board will be exploring how that key role is defined and performed.

IM&T Strategic Plans

The New South Wales public sector contains a number of very large service agencies. Many of these have substantial investments in computer hardware, and often extensive software which has been specially developed for the agency. Stand-alone IM&T structures have been necessary in the past, but now the focus is shifting to connectivity and communication.

The Premier directed that every agency provide the Board with a copy of its IM&T strategic plan as at 30 June 1997. The Board's principal task in the coming year will be to ensure that in their IM&T strategic plans, agencies follow the strategic directions set in the Blueprint. This will involve increasing emphasis on electronic service delivery, on the use of virtual networks rather than physical network equipment owned by individual agencies, and the use of Internet technology to maximise connectivity.

Other Issues

A wide range of IM&T-related issues has come to the Board in its first six months, including:

Buy not build. With application software, as with communication technology, there is less and less need to develop special applications. Off-the-shelf applications are increasingly sophisticated and reliable. The Board has endorsed the long-standing buy not build approach to software development.

Centralising corporate services and

outsourcing. If agencies use the same system for corporate services applications such as personnel and financial processing, they could use the same service provider. However, different agencies customise their systems in different ways, so there is often considerable change to systems necessary before common service providers can be used. The Board will keep this complex question under review in the coming year, and consider the related question of outsourcing.

Costs and realisable benefits. The Board has encouraged agencies to distinguish between cost

savings and service benefits. IM&T projects are no different from other projects for capital expenditure - the outgoing is a lot easier to organise than the cost savings promised. In the Board's view it is important that agencies be required to prove, after a project has been implemented, that cost savings have actually been realised. The consequence of pressing this requirement will be that service benefits (in many cases, in line with community expectations) will be the principal justification for new expenditure. Realisation of cost savings will often include personnel redeployment and retraining.

The Year Ahead

Governments in Australia, like nearly all businesses, are formulating their responses to the rapid technological change in IM&T. New South Wales strengths include its existing whole of government networks, increasingly taking the form of virtual networks through supply contracts with service providers. New South Wales also has the advantage that the Olympic Games will require substantial innovation in electronic service delivery in the next few years. The role of DPWS will be critical in maximising the legacy from the Olympic Games in terms of know-how, robust systems and productive commercial relationships with suppliers.

In the coming year the Board expects to be increasingly involved in monitoring the development of e-commerce and encouraging adoption of whole of government objectives consistent with budget constraints.

CHIEF INFORMATION OFFICERS

A major strategy of the IM&T Blueprint requires that all NSW government agencies ensure that a member of the agency executive team be responsible for managing information. After extensive consultation with agencies, a guideline was developed to help agencies assign or establish the role of Chief Information Officer to be accountable for planning and managing an agency's information management resources. The guideline was the first to be endorsed

by the newly formed Government Information Management Board.

SCREENING OF IM&T PROJECTS

The annual budget process for capital funding provides for the Department of Public Works and Services to undertake an independent assessment of budget sector agency information and technology capital funding bids. The results of this assessment are then provided to Treasury for consideration by the Budget Committee of Cabinet.

The assessment process covers projects that are existing work-in-progress and new proposals with a total estimated cost in excess of \$500,000. This year 23 agencies submitted a total of 59 projects. Of these, 36 were new projects seeking \$72 million in funding, while 23 were work-in-progress projects seeking ongoing funding of \$54 million.

The assessment process this year was enhanced by the involvement of the recently established Government Information Management Board. The Board reviewed the assessment process adopted by the Department of Public Works and Services and sought presentations from chief executive officers from agencies to discuss significant new projects proposed by those agencies. This allowed the Board to confirm the process of assessment and to recommend areas for further consideration.

Each new capital bid was assessed against established criteria which graded the project's alignment with the agency's business activities, the quality of the supporting business case, the identification of benefits, and strategies for realising the benefits, and the adequacy of the proposed implementation.

Work-in-progress projects were assessed to determine whether they were proceeding as intended and the validity of the original business cases were tested.

The assessments provide comments and conclusions as to whether the projects should be supported for funding or rejected as unsuitable.

Of the 36 new projects assessed, 13 projects

requesting \$25.2 million for 1997/98 were unconditionally supported and 18 projects, requesting \$44.1 million, were conditionally supported, subject to the agency providing further justification or supporting information for their proposal. Five projects, with a total estimated capital cost of \$12.3 million, were rejected.

Of the 23 works-in-progress, 16 projects requesting on-going funds totalling \$33.4 million were unconditionally supported and one project requesting \$247,000 for 1997/98 was rejected. The remainder, requesting \$20.8 million in on-going funding for 1997/98, were conditionally supported.

After considerable consultation with many agencies, the majority of conditional projects were approved.

NSW GOVERNMENT INTERNET HOME PAGE

The Government's Internet site was launched at the same time as the Blueprint in February this year. It is the focal point of the NSW Government's corporate presence on the Internet. Access to around 50 government agencies who have a web site is available, as is the Government Directory. Also included is the Country Guide which provides information for rural and remote communities by putting them in direct contact with the relevant agency. The site is the foundation stone for many more information and service delivery initiatives as the Blueprint is progressively implemented. The Government's home page address is <http://www.nsw.gov.au>.

YEAR 2000 MILLENNIUM BUG

A Year 2000 Millennium Bug Strategy was approved by government in June this year. A Year 2000 Project Team was established to plan and conduct a rigorous program of awareness and compliancy for both the private and public sectors.

At the inaugural meeting of the Online Government Council in March 1997, the Minister for Public Works and Services undertook to build a web site to deal with year 2000 issues. The site is jointly funded

by the NSW and Federal Governments and was formally launched at the summit in June. This site is different to many others because it deals with Australian issues, provides case histories of Australian government departments, and lists the year 2000 compliance of many popular applications. Its address is <http://www.y2k.gov.au>.

The program commenced with a Year 2000 Summit held at the Sydney Opera House and hosted by the Minister for Public Works and Services. The summit was attended by approximately 600 leaders from both the public and private sectors.

The Department has developed guidelines for government agencies to assist them compile inventories of their existing systems, assess each system's capability and plan any corrective action. Through its Information Technology Service, the Department will shortly seek registration of approved private sector assessors and remedial experts able to assist government agencies.

GOVERNMENT INTERNET STRATEGY FOR NSW

During the year, the Department began work to formulate an online strategy for the State. An interdepartmental steering committee comprising representatives of DPWS, Premier's Department, Department of State and Regional Development, Department of School Education and the TAFE Commission was formed to direct the project.

One of the objectives is, over time, to transform the way government delivers services. The strategies being developed are as follows:

Strategy 1 - Integrated Government - Use on-line technologies and services to achieve synergies within agencies and between local government, NSW government agencies and Federal Government.

Strategy 2 - Electronic Government Service Delivery - Use online service delivery to deliver customer-focused government services and information throughout NSW.

Strategy 3 - Electronic Commerce - Exploit State and regional development opportunities by accelerating implementation of electronic commerce in government, the community and the private sector.

Strategy 4 - Electronic Communities - Enhance the quality of NSW regional, rural and metropolitan community life through the establishment of electronic communities.

The implementation of this initiative will represent a significant proportion of the 1997/98 activities for the Government Information Management Division.

GOVERNMENT ELECTRONIC MESSAGING SERVICE

Messaging between Agencies

Government IM&T policy is that all agencies should be able to communicate electronically with each other by March 1999. The interim solution is to use the Internet, and approximately 80 per cent of agencies are now using this medium, with over 90 per cent expected to be users by the end of 1997.

As suitable commercially-provided services become available inter-agency electronic messaging will move to an Intranet, the Government Electronic Messaging Service (GEMS).

GEMS will provide a fully managed and reliable service between "gateways" to member agencies where it will interface with their e-mail. Security will be important for privacy and the protection of agency systems. GEMS will also support a private Government "bulletin board" service where agencies can display information for use by other agencies.

GOVERNMENT NETWORK SERVICE STRATEGY

The Department has developed a Government Network Service (GNS) strategy that will enable NSW government agencies to achieve the following objectives in the telecommunications area:

- reduce the need for capital expenditure for equipment that soon become obsolescent
- reduce the recurrent cost of telecommunications services to agencies
- reduce the duplication of telecommunications infrastructure between locations
- increase the flexibility of agency telecommunications to cater for the rapidly changing environment and needs, such as increased bandwidth
- ensure full connectivity inside and between government agencies
- create equity of access to rural, remote and information deprived communities, and
- allow private and government partnering.

DPWS will achieve this by the development of an Internet Protocol Suite base, fully managed wide area network service that can provide for internal networking and electronic service delivery for agencies and their business partners. This service will be provided on a contestable basis by multiple service providers. This service is to be trialed in the latter part of 1997 and when operational will lead to a reduction in agency private data networks.

GOVERNMENT RADIO NETWORK EXPANSION

By year end, capacity on the Government Radio Network (GRN) had increased from 278 to 319 base stations (or channels). This helped to reduce the incidence of call delays as the number of agencies using the network has grown to 23 and the number of users increased from 7,362 to 8,191 compared to last year. The GRN now covers approximately 90,000 square kilometres of the State, providing continuous radio coverage of most of the greater areas of Sydney, Newcastle, Queanbeyan and Wollongong and across a large area of the central west to Dubbo. An additional zone controller has been provided as a back-up to the main site to protect against network failure and portable transmitter equipment is available for replacement or augmentation of network components during an emergency. The establishment of the GRN has resulted in estimated benefits of some \$8 million per annum over the alternative model of several independent agency wireless networks.

A trial of digital radio technology is currently being conducted on the network with its introduction likely in the near future once a comprehensive assessment is completed.

Comparative network statistics at the end of June 1997 were:

	1994/95	1995/96	1996/97
Client Service Agreements (registered agency users)	18	23	23
Operational Sites	31	36	45
Radios affiliated to the network	4655	7362	8191
Radios configured on the network	5060	10843	14061
Calls per month	0.9M	1.7M	2.2M

Sydney divisions of the Ambulance Service will shortly be connecting to the GRN, and initial tests reported satisfactory performance using it for all operations within their areas. NSW Fire Brigades are also in the final stages of migrating their Sydney operations to the network.

Special coverage has been developed for these emergency services to ensure radio communications throughout the Sydney Harbour Tunnel.

Building on the existing GRN, a State Wireless Strategy has been produced containing guidelines which facilitate early adoption of technology developments in the wireless arena in a coordinated fashion. The strategy has been approved by the Radio Advisory Committee and is in final draft form being prepared for submission to the Minister.

CARRIER AGREEMENTS

The NSW government has across-government agreements with Telstra and Optus. By treating the Government as one major customer, agencies receive the maximum available level of savings despite their size. Current pricing plans cover a broad range of services, including local and long distance telephone calls and data services. This resulted in savings and rebates in excess of \$25 million for the year and this level of saving is expected to continue annually.

As part of these arrangements, Telstra facilitated the seamless, no fuss conversion to Australia's new numbering plan. The largest conversion, the Sydney metropolitan area, was completed successfully, and the next phase of the numbering plan commences in August 1997 for country NSW. Through this relationship DPWS ensured that all NSW government agencies and sites received premium service and coordinated support from all relevant parties. The annual benefits anticipated to flow on to Government as a result of these initiatives is approximately \$5 million.

Under our joint agreement, Telstra now delivers its billing, service activation, fault reporting, mobile telephony and Internet services through a single government dedicated number - 131 NSW. All communication requirements are serviceable through this single contact number to all NSW government sites. Staged roll out of this unique "Government Only" service is currently in progress.

Since 1994, Optus Communications have been providing mobile telephone services to the

Government and in 1996, this was expanded to include long distance services. The mobile services component will terminate in January 1998. A range of other services are being trialed and introduced which will provide additional benefits and savings to NSW government agencies. Through these agreements, the rollout of digital business application services is continuing.

Strategic Partnerships

An Information Management and Technology (IM&T) strategy was developed during the year, as part of the Department's Corporate Plan and was submitted to the Executive Team for endorsement prior to implementation. Departmental staff have been advised that all new business proposals are to consider IM&T opportunities.

Initiatives have resulted in acceptance of IM&T in:

- Advice on Commonwealth Planning Legislation to the Department of State and Regional Development
- Advice on development application process through NSW legislation in order to reduce building application impact
- Sydney University IM&T strategies
- The Data Base Review for Tourism NSW, and
- The Justice Department (eg technology services in quality, completion of the Metropolitan Remand and Reception Centre, video conferencing cross-agency, Government IT kiosks in courthouses).

An electronic link between the TAFE Commission and DPWS was achieved in December 1996.

GOVERNMENT ACCESS CENTRE INFRASTRUCTURE SUPPORT PROJECT

The Government Access Centre (GAC) project is an initiative by Premier's Department to provide a one-stop shop delivering access to all available government services for small/remote rural communities. Access to government information using information technology via the Internet through the NSW Government homepage (<http://www.nsw.gov.au>) and other agency sites is

an essential aspect of this access.

Pilot centres have been established in Grenfell, Oberon and Gilgandra in western NSW, and Kyogle, Maclean, Nambucca Heads and Dorrigo in northern NSW.

DPWS was engaged by Premier's Department to arrange the supply and installation of information technology packages and Internet connections, as well as providing ongoing user support for eight centres. Two weeks was allowed from approval to installation. Despite the extremely tight deadline, the purchase, delivery, transportation and installation of all equipment was achieved.

Installation of subsequent GACs at weekly intervals after that time was also completed successfully and on time.

INFORMATION TECHNOLOGY SERVICE

The **Information Technology Service (ITS)**, with responsibility for the formation and administration of both period and specific purpose contracts for government, semi-government and non-profit agencies continued to increase its revenue stream resulting from these contracts.

Highlights of the year for ITS included the formation of a contract covering the provision of a leasing facility for personal computers for the Department of School Education, the continuing development of the Government Selected Application Systems (GSAS) program, aimed at standardising software used throughout government agencies and the extension of the period contract with Microsoft to enable agencies to pool resources in the acquisition of Microsoft products.

A major development in the services area covered by ITS has been the increasing demand for assistance in the formation and management of contracts concerned with the outsourcing of agency IM&T requirements. This is a growth area and a number of large agencies are expected to utilise the services of ITS in achieving significant savings through outsourcing over the coming year.

ELECTRONIC INFORMATION SYSTEMS GROUP

The **Electronic Information System Group** has developed a CD-ROM catalogue of goods (SupplyDisk) available under contracts established by NSW Supply Service and the Information Technology Service. SupplyDisk is designed to replace the microfiche version of the catalogue. It contains the same data as SupplyLine, but presents it using a modern Windows interface and includes more flexible searching options. The 'Beta test' of SupplyDisk commenced in June 1997 and the product should be in full production by the end of 1997.

Use of the Contract Administration and Management System (CAMS) increased substantially during the year and it now the primary method of tender preparation in NSW Supply Service. CAMS' flexibility was demonstrated when the Department was asked to provide an electronic tendering system for the School Facilities Maintenance project being undertaken on behalf of the Department of School Education. A modified version of the system developed specifically for the project was well received by companies invited to tender.

Feedback from this project indicates that the system can easily be modified to suit the majority of building and construction projects undertaken by the Department. Once implemented, it will provide substantial cost efficiencies for both the Department and tenderers.

During the first quarter of the financial year Treasury successfully negotiated the sale of National Electronic Interchange Services Pty Ltd.

As a condition of the sale Treasury agreed to the extension of the Electronic Purchasing Network Agreement which covers the provision of electronic commerce services to the Government. In order to facilitate the sale, the Minister for Public Works and Services gave a direction to the State Contracts Control Board under clause 10 of the Public Sector

Management (Goods and Services) Regulation 1995 to extend the Electronic Purchasing Network.

DIRECTIONS FOR 1997/98

The IM&T Blueprint detailed a number of actions to be undertaken to achieve the reforms in the Government's use of information management and technologies to provide efficient, affordable and accessible government services which are responsive to community needs. Key activities to be undertaken over the coming 12 months include:

- The Internet will be used extensively to communicate within government and to deliver services and information to the community.
- A government network service will be established to provide common inter-agency communications.
- Electronic Service Delivery will be adopted to supplement the delivery of government information and services and provide a single face to government.
- The Government Radio Network will be expanded to further areas of the State, particularly in the north and north-west, to provide greater level of inter-agency communication and community safety.
- A Government Intranet will be established, complete with electronic directories and bulletin boards, to enhance inter-agency communication and information dissemination.
- New contracts and strategic relationships will be established to provide a range of mobile telephony services and satellite services which are expected to improve communications in remote and rural areas.
- The Internet will be used to support further Government Access Centres and used to publish government publications electronically.
- The Government Selected Application Systems (GSAS) program will be extended to include library management systems and integrated management systems.

- The Department's Client Executives will be working closely with their individual agencies to promote a greater awareness of the Government's IM&T strategy.

Objective 3

Procurement

Maximise benefits using the Government's purchasing power

STRATEGIES

- *Consolidate the Government's purchasing power to maximise the benefits and cost savings to Government.*
- *Consolidate the Government's contracting to maximise the benefits of risk management expertise.*
- *Provide expert procurement advice and services*

CONSOLIDATING GOVERNMENT PROCUREMENT

Every year the NSW Government spends more than \$4 billion on purchasing goods and services.

Of this, \$1.2 billion is spent on common use contracts administered by the Department of Public Works and Services (through NSW Supply Service and Information Technology Service), which currently saves the Government more than \$250 million per annum.

The Department's role was set when the Treasurer announced in June 1995 that a purchasing review would be undertaken jointly by the Department of Public Works and Services and the Council on the Cost of Government to ensure the State received value for money in its purchases.

At the year end, the Department of Public Works and Services was well advanced in reviewing procurement policy to establish a whole-of-government procurement framework which will provide savings to government through consolidating purchasing power and the adoption of best practice by government agencies.

The framework will also ensure that procurement strategies and practices are consistent with broader

Government objectives, such as economic development, the environment and workforce development.

The review is applying a holistic approach, namely:

- Increasing accountability
- Buying less through the elimination of unnecessary spending
- Buying better through developing best practice in the process of procurement, and
- Buying smarter through a strategic approach to procurement and a service-based approach to purchasing.

Equally as important are savings to industry through standardising and streamlining processes which will produce more competitive industry and lower prices. This, coupled with procurement planning, will lead to increased responsibility and accountability within agencies for government purchasing.

The procurement policy will provide, for the first time, a comprehensive framework across government to enable purchasing and procurement to assist the Government in the delivery of services. It will incorporate the principles of efficiency and effectiveness, probity and equity, open and effective competition, enhancement of local business and industry, protection of the environment, and value for money in the delivery of government service outcomes.

A Green Paper will be produced and circulated during 1997/98 seeking comment from all stakeholders.

IMPROVING STANDARDS

New Contracts Developed

As the new millennium approaches, it has become increasingly apparent that the current forms of construction contract are dated and restrictive in their approach.

To address this, the Department is currently trialing a new General Conditions of Contract on building and engineering contracts valued at over \$500,000. The new General Conditions, titled C21, are intended to complement and reinforce the wider industry reform agenda, especially the area of cooperative contracting.

A key element of this initiative is a contract that reflects a relationship that is client focused, non-adversarial, committed to best practice and is geared to drive industry reform.

Over the next 12 months, industry will be actively encouraged to review the C21 document and to provide suggestions for improvement. To assist in this process, a group of significant construction industry representatives will advise the Department on improvements to be incorporated into the second edition which will be released by the end of 1997.

In conjunction with this initiative, the Department has introduced a minor works contract designed for easy understanding by small contractors. The contract demonstrates the Government's commitment to work with the contracting community in an open and collaborative way in the delivery of our projects.

The Department is also investigating the merits of contracting on the basis of sequential projects. This involves awarding a single contract for a number of discrete projects undertaken sequentially over an extended period. The contractor will be expected to meet specified performance criteria prior to proceeding with each successive project within the contract.

Finally, the Department is investigating the feasibility of engaging construction contractors at the start of

the project planning phase and maintaining their accountability over an extended maintenance period after project completion. This approach would focus on achieving significant cost efficiencies on a whole of life basis, while at the same time obtaining the contractor's input into the upfront planning processes, where major savings are potentially available.

Summary of tender and contracting performance activities

	1996/97	1995/96
Board of Advice and Reference		
- submissions received	229	201
Consultant Proposal Review Committee		
- submissions received	18	19
Tenders closed in Tenders Section		
- for works over \$250,000	146	304
Building Contractor Registration		
- for \$0.5 to \$3M	79	44
- for \$3M to \$6M	44	27
- for \$6M and above	30	19
Total Consultant Registration	725	632
Major Contracts Awarded		
- for works over \$250,000	307	307
Selection Committee		
- selective tenders	78	93
Consultant Selection Committee		
- panel selections	68	56
Contractor/Consultant Review		
- contractors/consultants on list	24	18

Code of Practice for Outworkers

The NSW Government is committed to protecting workers in the clothing industry. A significant contribution was the development of the Government's proposed Code of Practice on employment and outwork obligations for textile, clothing and footwear suppliers.

The aim of the draft code released in April 1997 for discussion and comment is to promote high standards of performance by textile, clothing and footwear suppliers, and encourage continuous improvement and best practice.

In particular, the code will assist women from non-English speaking backgrounds to obtain as a minimum their award rights. Chinese and Vietnamese language versions of the code have also been released. These two cultures have a number of women outworkers who would benefit from understanding the objectives of the code in their own language and increasing their awareness of their employment rights.

The code is scheduled to be released for implementation in the second half of 1997.

STATE CONTRACTS CONTROL BOARD

The role of the Board is set out in the Public Sector Management (Goods and Services) Regulation 1995 in terms of inviting tenders and quotations and accepting tenders. The Board is made up of senior representatives from major purchasing departments and authorities and provides a formal structure for user participation in the contracting system. The Board provides independent scrutiny and quality of major public service procurement decisions.

During the year the Board met 23 times on a fortnightly basis. Its senior executive level membership is drawn from major departmental and statutory authority users of the period contracts, as well as from the Department of State and Regional Development. The Board is chaired by the Director, Policy, Department of Public Works and Services and

is serviced by officers of the Department's NSW Supply.

The members at 30 June 1997 were:

- Mr A Griffin (Chair), Director, Policy, Department of Public Works and Services
- Mr R Tracey, Manager, Corporate Procurement, Sydney Water
- Dr P Paterson, Director, Development Services, Department of State and Regional Development
- Mr K Barker, General Manager, Finance and Assets Management, NSW Health Department
- Mr T Rogers, Deputy Director-General, Department of Local Government
- Mr W Hamilton, Director Administration, Department of School Education
- Mr F Willan, General Manager, NSW Supply, Department of Public Works and Services
- Mr K Quince, Executive Director, Corporate Services, NSW Police Service
- Mr G Johnson, Manager, Marketing Group, Delta Electricity
- Mr W Parsons, Director, Projects and Management Services Division, Premier's Department
- Mr E Schmatt, Chief Executive, Judicial Commission of NSW
- Mr G Schipp, Assistant Director-General, Corporate Services, TAFE Commission
- Mr R Bushrod, Director, Industrial Networks and Best Practice, Department of Training and Education Coordination.

During 1996/97 a number of significant contracts were let by the Board which resulted in innovative solutions being provided to its clients, as well as significant benefits accruing to industry. These contracts included:

- Supply of Motor Spirit and Petroleum Products
- Supply of Electricity to NSW Government Agencies
- Supply for Pharmaceuticals
- Extension of Contract for Cleaning Former Government Cleaning Service Sites
- Supply of Photocopiers

- Supply of Medical Gases
- Provision of an Operating Lease Facility - Department of School Education
- Provision of an Automated Library System for the NSW Parliamentary Library.

The State Contracts Control Board continues to operate an accreditation system, requiring tenderers for cleaning contracts to be accredited. Procedures whereby non-performing contractors have their accreditation withdrawn and are disallowed from tendering for any NSW Government cleaning contract for a period of two years were reviewed during the year.

MAINTAINING NSW SCHOOLS

Condition Surveys

As part of the establishment of the new Schools Facilities Maintenance contracts for the Department of School Education, it was necessary to undertake a representative survey of the condition of the State's schools. This required the survey of over 2,200 schools on a room by room basis.

The solution developed by DPWS was to load handheld computers with plans of the individual schools and to train prospective tenderers to undertake the survey.

The use of the pen-based handheld computer to carry out the condition assessments provided the assessors with a fast, easy to use tool which ensured the schools were surveyed on an equal basis against the determined standards.

Approximately 300 contract and DPWS staff were trained in the use of the handheld computers and the software developed by DPWS and the Department of School Education.

The handheld computer technology has enabled the transfer, storage and manipulation of data on a large scale across the State and to provide accurate details of the condition of each school property for future maintenance requirements.

Facilities Maintenance

To achieve a more effective and efficient means of delivering school maintenance and as a consequence of changes within the structure of the Department of School Education (DSE), DPWS and DSE developed a new method which will:

- provide whole of government cost reductions
- provide the school principal with a one-stop shop for maintenance issues
- reduce the number of contracts let and optimise private sector participation
- encourage innovation and provide incentives
- provide a quality service to the client and school principal.

The State has been divided into 20 geographically-based parcels. A reorganised DPWS Building Group will operate in six districts - five Sydney metropolitan and the Lake Macquarie district. Tenders were called from the private sector for the remaining districts.

Four tenderers were selected for each parcel in early November 1996. The shortlisted organisations were trained in the use of maintenance performance standards and the computerised condition assessment system. This stage was completed in March 1997. Following an aggregation and review of the data, replacement works were prioritised and tenders began to be called in February 1997. Tenders for 14 contract parcels have been received, including one from the DPWS Building Group.

Forums for school principals have been arranged to facilitate introduction of the new arrangements. An electronic invoicing system has also been developed to complement the new contracting method.

SPECIAL REVIEWS

Strategic relationships with clients

The Department is involved in delivering strategic procurement consultancy services. The Department focused on identifying savings through achieving greater efficiencies and effectiveness in organisation-wide common-use purchasing and procurement activities by:

- researching, proposing and implementing optimal purchasing outcomes for the client
- identifying and proposing options and implementation strategies for the reduction of inventory and overhead costs by extending/expanding best practice procurement procedures, such as electronic trading, and
- further improving the value for money of purchases of goods and services.

Clients included the TAFE Commission, Roads and Traffic Authority, Department of School Education and local councils.

The procurement consultancies provide client organisations with a unique opportunity to avail themselves of a professional low cost, low risk option to ensure best practices in its procurement activities.

In June 1996, the Department entered into a strategic partnership with TAFE Commission and Department of Training and Education Coordination involving a specialist consultancy on supply chain management and procurement.

The objective of the consultancy was to generate at least \$20 million savings over five years through the development and implementation of best practice strategies and systems and the maximisation of purchasing power benefits.

Two pilot projects in TAFE Commission's Northern Sydney and Hunter Institutes commenced in January 1997 for a period of six months. The results to date have been an outstanding success in terms of both achieving the cost savings objective and effective best practice reforms in TAFE's warehousing and distribution activities.

DPWS also agreed in April 1997 on a similar strategic partnership on procurement with the Department of School Education (DSE). The Department has been retained by DSE to assist with the implementation of recommended improvements.

NSW SUPPLY SERVICE/INFORMATION TECHNOLOGY SERVICE

The Department's NSW Supply Service and Information Technology Service arrange and administer contracts on behalf of the State Contracts Control Board. The services provide substantial cost savings, access to a wide range of goods, contract expertise and advice on purchasing from private sector businesses.

Benefits to agencies are also derived through improved performance standards, contract adherence to statutory obligations, and reduced inventory and warehousing costs.

NSW Supply Service continued to develop and expand its three-tiered contracting strategy to offer more purchasing choices. Options include Distribution Contracts, Specialised Contracts and Retail Convenience Contracts. These contracts offer a great deal of flexibility to meet the diverse needs of customers.

The benefits to private companies of doing business with government are considerable, especially as many are small to medium enterprises.

Advertising of tenders on the Internet commenced during the year to supplement regular press advertising. Initial reaction to this initiative has been very positive.

Together the two units of the Department administered over 500 contracts for goods and services during the year, as well as 200 government-wide period contracts on a rolling two or four year renewal cycle.

Savings to government amounted to \$250 million per annum.

Throughout the year NSW Supply Service continued to work closely with the NSW Health Peak Purchasing Council (HPPC) to deliver innovative contracting strategies, ensuring the most effective and efficient materials, management outcomes and offering optimum value for money to the public health sector.

Twenty-one health specific contracts were managed during 1996/97 on behalf of the public health sector with sales of approximately \$136 million.

Sales on health specific contracts increased by 24 per cent on last year (up 72 per cent from 1993/94). The increase in sales is indicative of the enhanced relationship which now exists between the public health sector and NSW Supply Service as a result of the strong Contract Management Committee process and the performance agreement with the NSW Health Peak Purchasing Council.

Strategic Procurement

A contract for the supply of replacement helicopters for the NSW Police Service was arranged during the year. The project was accorded a high priority and a tight timetable. The tendering schedule was met and a \$4.4 million contract was awarded in January, 1997.

In May 1996, the Australian Police Ministers Council resolved to introduce uniform firearm contracts Australia-wide. The Department's NSW Supply Service was engaged to handle the tender process for NSW, again under tight time constraints. Following a rigorous tender evaluation a contract is expected to be awarded in September, 1997, meeting the Government's committed deadline.

Another important project was to assist the State Transit Authority to purchase buses worth up to a total of \$200 million. At year end the project was nearing completion after 12 months' investigation and evaluation.

A new, improved government fuel contract was let in March, 1997, with the potential to realise savings to government of up to \$49 million over the next four years.

A trial program involving the disposal of used government vehicles by public auction was conducted in late 1996. Saturday vehicle auctions over three consecutive Saturdays were held to ascertain whether better sale prices could be achieved by making the auction more accessible to the general public. While no dramatic trend was evident, it is likely that Saturday auctions could be a regular occurrence in the near future.

Regular site inspections were carried out during the year to ensure contract cleaners selected by NSW Supply Service performed to expectations. Over 3000 random inspections were conducted and the average assessment rose from 84.1 per cent last year to 88.2 per cent this year.

The Air Travel contract expanded regional support from 14 to 16 rural-based agents, complementing the Sydney service. This contract continues to save agencies in excess of \$2.8 million per year through rebates and best fare of the day.

Q STORES

Q Stores supplies consumable products to government agencies, government-funded organisations, charitable and not-for-profit organisations providing significant savings in both the direct cost of products and indirect costs associated with procurement and inventory maintenance.

Its supply strategy aims at reducing total procurement costs through the adoption of more flexible and commercial approaches.

Suppliers are selected on their ability to provide quality, cost effective products and service delivery across broad industry categories, maximising business potential and hence minimising prices and purchasing costs which we are able to pass on to our customers.

Q Stores' strategy also incorporates a new product policy, a continuous review of product range with the vision of strengthening the benefits of its "one-stop-shop" approach to providing supply services. In this financial year, Q Stores expanded its range by over 9 per cent, increased sales by over 8 per cent,

reduced procurement costs by approximately 7 per cent and increased customers by 12 per cent. During the year over 115,000 orders were processed.

Because it offers high quality and service reliability, customers are relying more on Q Stores to be their warehouse, confident that short notice orders can be filled and delivered promptly. The warehouse has better than 99 per cent stock availability and the computer-based Quick Order System (QOS) has grown in use to over 25 per cent of orders since its introduction two years ago.

STATEFLEET SERVICES

StateFleet Services operates vehicle leasing arrangements and fleet management for government agencies.

Under an arrangement with the Macquarie and Commonwealth Banks, which provide funds for leases, StateFleet Services acts as the banks' agent to purchase, manage lease receivables and dispose of motor vehicles. StateFleet Services acquires on behalf of the banks the vehicles under the facilities for lease to government departments. This applies to commercial vehicles up to 7 tonne, buses, light commercials and passenger vehicles.

During the year, StateFleet Services was successful in winning the management of a motor vehicle leasing facility to cover the sale and lease back of the passenger and light commercial fleets of the Department of Health, National Parks and Wildlife Service and the Roads and Traffic Authority.

This facility will include over 9,000 vehicles and is expected to have a capital value of over \$250 million.

StateFleet Services was re-appointed for a further four years to manage the current motor vehicle leasing facility which commenced in June 1993. This leasing arrangement includes over 13,000 vehicles with a capital value in excess of \$330 million.

Lease rates generally increased over the last 12 months due to a continuing decline in the used car

market. Lower prices received on disposal of vehicles generates lower residual percentages and higher lease rates.

Lease rates for vehicles with a private use component also increased dramatically as the impact of the payment of sales tax flow through to lease calculations.

GOVERNMENT ADVERTISING AGENCY

The Government Advertising Agency (GAA) coordinates the placement, billing and monitoring of all NSW government advertising undertaken by departments and authorities. The GAA negotiates volume discount media rates with all media to achieve overall service wide savings to Government, as well as providing overall consistency in advertising policy and procedures.

The Agency also publishes the Public Service Notices on behalf of the Public Employment Office within the Premier's Department. The Notices is a weekly publication which details positions vacant within government departments, as well as appointments made to positions. It also carries display advertising for clients who meet the criteria for inclusion in the Notices.

During 1996/97 the GAA booked or coordinated the placement of approximately 26,000 display and classified advertisements in the press as well as \$1.2 million in radio advertisements. In addition, over 8,600 advertisements were directly booked by clients with suburban, regional and interstate newspapers and specialist publications. The combined value of this non-campaign advertising was \$20 million.

The GAA also monitored and approved \$52.5 million of campaign advertising through the operation of the master media contract. Combined government campaign and non-campaign advertising expenditure in 1996/97 was \$71.4 million. The GAA's operating profit was 6.3 per cent above budget. Operational savings of 11.6 per cent against budget were achieved.

The Government strengthened the role of the GAA by requiring departments and authorities to liaise with the GAA when developing briefs for tender for the selection of creative agencies. Selection panels are also required to comprise a GAA representative. The Agency assisted NSW Lotteries, NSW Health Department, Roads and Traffic Authority, NSW Treasury, Department of Fair Trading, and the Sustainable Energy Development Authority, with the selection of creative agencies during the year.

GAA facilitated the establishment of an independent ethnic advisory committee which assisted the Government in establishing a framework for the implementation and monitoring of its policy requiring departments to place 7.5 per cent of campaign press expenditure with the ethnic press. GAA reported monthly to the Advertising Sub-Committee of Cabinet which was established in November, 1996, on the performance of departments in relation to ethnic press expenditure.

Arrangements were negotiated for government advertisements in Fairfax and News Limited publications to appear on those organisations' Internet sites at no cost to Government. Fairfax has also established a direct link with the NSW Government's home page so that internet users visiting the Fairfax site can switch to the Government's page to access government information.

An "Introduction to Advertising" seminar was conducted for around 20 clients during the year. The seminar which provided information and advice to improve the effectiveness of advertising received very positive feedback. The Agency also facilitated a Fairfax Publication Awareness seminar for clients, which outlined the various characteristics and demographics of each major publication in the Group, providing clients with information to assist them in their media planning. A similar seminar for News Limited is planned for 1997/98.

Following a review, the contract for the weekly printing of 8,900 copies of the Public Service Notices was extended for a period of 12 months. The annual value of the contract is around \$160,000.

DIRECTIONS FOR 1997/98

A new Procurement Policy will be finalised. The policy will be fully developed in three documents, a Green Paper on NSW Government Procurement and Economic Development, a draft Policy Statement for NSW Government Procurement and a draft Code of Practice for NSW Government for NSW Government Procurement.

Based on the successful outcomes of the TAFE Commission and Department of School Education procurement reviews the Client Executives will be actively promoting their value across other government agencies.

The schools maintenance strategy will be monitored during the coming year. The concept will be refined and developed to promote to other agencies as an effective maintenance management strategy. Presentations are planned for TAFE Commission with a trial to be undertaken in one of the Institutes.

The Government Advertising Agency will provide the Public Service Notices in electronic form to government agencies. A working party will also examine options for the electronic receipt of material for inclusion in the Public Service Notices and the press.

A further two Government Selected Application System contracts will be developed and tendered for.

The Department will seek to ensure appropriate risk management principles apply across all its functions and will aim to gain Government re-endorsement of the Department's expertise.

In order to effectively offer the full range of DPWS services across the State, the Department will examine, develop and implement opportunities to deliver commercial services through regional offices.

Objective 4

Environment

Establish the NSW Government as Australia's pacesetter in environmental design, energy efficiency and ecologically sustainable development

STRATEGIES

- *Develop and implement policies to efficiently manage energy consumption in government buildings.*
- *Ensure that the best methods of water conservation and waste minimisation are incorporated in projects managed by the Department.*
- *Use the Government's purchasing power to ensure the conservation of environmentally sensitive materials and minimise adverse environmental impacts.*
- *Continue the development of environmental protection and enhancement measures in all projects and purchasing.*

The State Government has nominated the Department of Public Works and Services as a lead agency in introducing environmental best practice across government.

This is being achieved through a coordinated approach in environmental management to infrastructure, development of projects and the delivery of goods and services across the whole of government.

The Department, through its environmental policies and procedures, has been working to ensure all government activities achieve innovative environmental solutions based on ecologically sustainable development principles.

ENVIRONMENTAL POLICY PROGRAM

The Environment Design Unit facilitates the integration of ecologically sustainable development principles into services provided by the Department, including design, infrastructure and procurement.

The framework of environmental policies developed by the Unit last year are the most comprehensive of their kind. Their application through the year in the following areas reflected our commitment towards the protection and enhancement of the environment.

Life Cycle Assessment

Life Cycle Assessment (LCA) is a method used to assess and improve the environmental impact of any product, system or service from "cradle to grave". During the year the Department successfully established itself as a leader in the use of LCA and is now well placed to comment on the "whole of life" impact of any product or project. The Department was used extensively as a referral point in ecological sustainable development through established strategic partnerships and by making itself readily accessible to industry representatives.

Throughout the 1996/97 year, the Department continued to amass an environmental inventory of building materials. This inventory enables it to identify performance benchmarks for particular building systems. These benchmarks are currently being used to assess the environmental performance of a number of departmental projects and are expected in the future to become a prerequisite consideration in all building designs.

The Department's new Manly Hydraulics Laboratory building is being designed to showcase the adoption of environmentally sensitive and energy efficiency features and to provide a model for ongoing sustainable construction. Construction of the new facilities will commence in late 1997.

Energy Efficiency

A draft Government Energy Management Policy was prepared in conjunction with Premier's Department, The Cabinet Office, NSW Treasury, Sustainable Energy Development Authority and the Department of Energy. The policy comprises four main strategies:

- Long term framework with responsibilities and reporting clearly defined
- Voluntary programs to meet shorter term objectives
- Energy performance contracting and other avenues as a means of implementing energy efficiency initiatives
- Coordinated bulk purchasing of energy.

The draft policy has been submitted to the Minister for consideration by Cabinet.

DPWS is taking the lead in energy performance contracting as a major strategy to progress energy efficiency across the public sector. Energy performance contracting is an innovative procurement method guaranteed by outcomes (such as energy savings) and optional private sector finance. During the year the following initiatives were achieved:

- Panel of pre-qualified performance contractors established
- Model documents prepared for calling of proposals from, and executing agreements with, energy performance contractors
- Industry consulted in order to support the private sector in this new area of energy services.

In partnership with the Sustainable Energy Development Authority, the Energy Smart Buildings Program was developed and launched by the Premier in August 1996. DPWS has been appointed an

implementation manager, assisting Corrective Services, Police Service, DPWS, TAFE Commission and School Education in meeting their obligations under the program.

During the year the DPWS' Energy Management Unit also undertook 40 energy audits in government and private facilities identifying annual reductions of \$0.7 million energy costs and 5,000 tonnes greenhouse gas emissions.

Minimising waste

Following the successful completion of the waste minimisation trials during the construction of the gorilla exhibit at Taronga Park Zoo, additional trials are underway or planned for a range of construction sites, some in conjunction with the Building Research Centre, University of NSW.

- These projects include:
 - Maclean High School
 - Nepean Hospital Child Care Centre
 - Blue Haven Public School
 - Mudgee High School
 - Macksville Sewage Treatment Plant
 - Bathurst College of TAFE.

Environmental Performance in Procurement

New South Wales is the first State to introduce environmental performance as a key factor in the procurement of goods and services by the public sector.

The purchasing criteria is being introduced progressively to encourage industry to strive for better environmental practice.

Standard environmental clauses are being included in tender documents to reflect the Government's initiatives in this area.

During tender briefings and normal business interaction, suppliers and industry have been made aware of the Department's commitment to ensure improved environmental practices and performance will progressively become part of the criteria for selection of contract products and services.

As part of their proposals, potential suppliers have been asked to advise of initiatives being pursued by their organisations to reduce possible negative impacts on the environment and minimise possible damage that might be caused by their products or during the manufacturing process.

During the year contracts for gas, coal, resilient flooring and school maintenance included environmental performance in the selection criteria.

Draft environmental procurement guidelines were produced for issue to all government procurement offices.

Project Environmental Management Guidelines

Project Environmental Management Guidelines produced by the Construction Policy Steering Committee (CPSC) for consultation with industry prior to release for implementation.

The guidelines fulfil one of the initiatives outlined in the green paper "Opportunities and Challenges" which is to assist government agencies and the construction industry in developing and implementing environmental management systems in relation to the planning, procurement and construction of government projects.

STRATEGIC PARTNERSHIPS

The Department continued to work closely with a number of agencies and organisations to achieve positive environmental outcomes.

In response to Department of Land and Water Conservation requirements, environmental management plans for construction and operation of water supply and sewerage schemes were introduced to ensure that the requirements of the environmental impact assessment process were adhered to.

DPWS provided strategic advice to the Department of Corrective Services on ecologically sustainable development opportunities for the Metropolitan Remand and Reception Centre at Silverwater during the concept and design stages. Key items

implemented included an energy management system designed to reduce electricity consumption, water usage management, and the selection of building materials from renewable resources.

DPWS worked in close consultation with the Department of School Education during the year to foster further enhancements to DSE's approach to environmental inclusions into school buildings. Buxton Primary School was selected as a new school project to test and cost further environmental initiatives such as alternative wall linings, water and sewage disposal and to trial more environmentally friendly paints.

The design and construction of the \$310 million Hunter Sewerage Project is being undertaken by DPWS for the Hunter Water Corporation. The project commenced in 1986 and works valued at some \$267 million have been completed to date. Major works completed during 1996/97 included the Edgeworth Wastewater Treatment Works and the West Wallsend transportation system. Completion of these works has resulted in the cessation of all discharge of treated sewage into Lake Macquarie. Works carried out during the year included construction of vacuum reticulation systems for Dora Creek and Sandgate.

Works in progress include a major upgrade of the Belmont Wastewater Treatment Works which will enable treatment of sewage from the Nords Wharf area and the closure of the Windale Wastewater Treatment Works. Construction has commenced on a \$9 million program to sewer the Cooranbong area.

DPWS is construction managing the Benerembah Surface Drainage Scheme on behalf of DLWC which involves the construction of a network of surface drains and associated structures to drain rainfall and other excess surface water from the area in order to alleviate waterlogging and reduce accessions to the watertable. Expenditure to date on the Benerembah Surface Drainage Scheme totals \$4 million.

DPWS project managed the construction of the Deniliquin Levee for Deniliquin Council. It involved

the pre-construction, design and construction activities to protect the town from a 1 in 100 year flood. Expenditure to date on the project is \$1.5 million.

DPWS was engaged by Cadia Holdings to design an effluent reuse system to take Orange effluent 30 kilometres to the mine at Cadia. Following the design phase, Orange City Council engaged DPWS to project manage the delivery of this \$9 million project. Effluent from Blayney 30 kilometres to the south is also to be taken to the mine. DPWS also has involvement through Blayney Shire Council with these works.

The reuse of sewage effluent as process water provides benefit not only to the mining industry but to the community generally.

DPWS undertook numerous projects with local councils during the year related to water conservation and sewage issues aimed at achieving positive environmental outcomes:

- At Smiths Lake detailed environmental procedures were developed for use by contractors laying sewerage pipelines.
- In partnership with Bathurst City and Blayney Councils treatment procedures at their sewage treatment plants were initiated to control algal blooms and reduce chemicals in the treatment process.
- A number of western NSW councils sought advice and assistance investigating effluent reuse options for irrigation and other non-potable uses.
- On behalf of the Hunter Water Corporation action was taken to reduce the height of sewerage manholes installed along the shoreline of Lake Macquarie to improve visual amenity.

Albury Sewerage Project

Albury City Council initiated augmentation of its sewerage system in the late 1980s to cater for the city's growth and the upgraded requirements of the regulatory authorities for discharge of sewage effluent into the Murray River.

Throughout this whole period the Department of Public Works and Services has assisted Council with the provision of technical services such as civil, mechanical and electrical design, construction management and project management.

The scheme consists of the investigation, design and construction of:

- 8ML/day wastewater treatment plant in Nursery Valley
- pump stations and rising mains at Kremer Street and Horseshoe Lagoon
- wetlands and woodlots.

SPECIAL PROJECTS

- Under a new electricity supply contract negotiated by DPWS government agencies will realise significant savings up to 40 per cent. The contract will also be a major contributing factor towards reaching the Government's target for reducing greenhouse gas emissions. DPWS has specified suppliers must provide a minimum five per cent of the electricity from sustainable sources - wind, solar or stored water. Use of "green power" demonstrates DPWS' commitment to the Green Power Program and should deliver reductions in greenhouse gas emissions of up to half a million tonnes a year.
- The majority of Manly Hydraulics Laboratory's projects are orientated to providing enhanced environmental solutions for clients. Water quality monitoring has grown dramatically in the past three years. Currently 35 water quality data projects are ongoing. Environmental achievements were realised on a range of projects, including:
 - Lake Victoria protection of aboriginal burial sites
 - BHP environmental monitoring program
 - Statewide Coastal database for ocean and estuarine outfalls
 - Improved sewer flow gauging and infiltration studies
 - Gross pollutant trap performance monitoring
 - Coastal storm alert system for the Bureau of Meteorology.

- A compact intermittent decanted extended aeration sewage treatment module was developed jointly with AMEC Australia Ltd. The innovative plant was launched in Bathurst by the Minister in May 1997. The unit has the potential to solve public health and environmental problems in more than 300 unsewered small communities in NSW.
- Water saving audits were undertaken on behalf of numerous clients, including the Princess Margaret Children's Hospital and the King Edward Women's Hospital in Perth. Water usage benchmarking was also undertaken in a number of Corrective Services centres. Pilot water audits for TAFE colleges at Newcastle and North Sydney led to permanent monitoring systems being installed.
- During the year, the Materials Testing and Chemical Services Laboratory expanded into environmental testing of effluent samples under EPA licence for disposal and for re-use purposes. The laboratory was also selected to participate in a Cooperative Research Committee project.
- A new fuel contract commences in March 1997, offering significant environmental benefits to the State, as well as substantial cost savings. The principal supplier, Shell Australia, offered a safety package program of inspection and remedial action on fuel storage facilities around the State and on Lord Howe Island.
- More studies were conducted this year into the potential of compressed natural gas (CNG) vehicles to complement the government fleet. Negotiations are underway with Ford, which is likely to release a limited number of CNG vehicles onto the local market in late 1997, with a view to testing and trialing one or two vehicles in the government fleet. Further development of refuelling infrastructure needs to take place before large scale purchase of CNG vehicles is viable.
- A number of current policies and guidelines covering Legionella, indoor air quality, ventilation, were reviewed during the year.
- During the year, the Department commenced work on a departmental Environment Management System (EMS) to be integrated with

its organisational responsibilities, management practices, procedures, processes and resources. The EMS builds on the comprehensive suite of environmental policies now in place.

DIRECTIONS FOR 1997/98

During the year environmental procurement criteria for product tender will be documented and implemented.

The Department will work with clients to introduce energy management and waste minimisation programs aimed at reducing energy consumption by 25 per cent in agencies by 2005.

To increase environmental awareness and organisational competency within DPWS, a training program will be introduced and a corporate environmental management system will be implemented.

A whole of government policy to establish DPWS as a model agency in energy efficiency will be facilitated.

A water conservation and recycling policy will be finalised to promote methods for conserving water in new projects and existing facilities.

The feasibility of implementing Olympics environmental initiatives on all government projects will be investigated.

Objective 5

Commercial Services

Competitive business services that satisfy client needs

STRATEGIES

- *Provide centralised services and achieve whole of government economies of scale.*
- *Ensure commercial service costs are competitive with the best in the private sector.*
- *Increase our market share.*

The major focus for the year was the introduction of the new Management by Projects (MbP) framework throughout the Department.

Management by Projects is intended to move DPWS away from having a predominantly “functional organisational” structure to a “project based” structure, where the project remains the responsibility of a single project manager throughout its life.

In April 1996 an interdivisional workshop was held to address key issues affecting DPWS performance. In response to those issues it was determined that a new service delivery model was required for the whole organisation.

The Management by Projects approach will ensure the Department maintains maximum flexibility to meet the changing needs of its clients.

In order to develop strategic marketing plans and a resource model to implement MbP, the Client Service Division and the Operations Division were restructured during the year, with some roles strengthened and others transferred to other divisions.

The new **Client Service Division** structure was announced in February 1997. It includes a Director, seven Client Executives, who each manage a

portfolio of clients, and a support group of 10 Client Managers.

Seven Product Executives were appointed across the organisation to manage part-time their product portfolios, under the guidance of a Principal Product Executive reporting to the Director, Client Service.

These initiatives are intended to better align out service delivery by improving relationships with clients and ensuring their needs are identified and met.

Together the Client Executives and Product Executives will formulate strategic marketing plans to guide future business with our clients.

As the Government's manager of contracting risk for capital works over \$500,000, the Department continued to contribute to the Government's strategy of achieving whole of government benefits in the planning, coordinating and managing the capital works program.

During the year, the Department also provided a range of commercial and professional services to clients, using both departmental and external resources.

COST EFFECTIVE PLANNING OF SCHOOLS

The design, construction and maintenance of NSW public schools has moved into a new era as a result of initiatives jointly developed and implemented with the Department of School Education.

New school designs incorporate a significant number

of ecologically sustainable development (ESD) principles, such as solar design techniques, energy and waste management systems and the use of renewable energy. This is resulting in integrated educational facilities that combine ESD principles with the latest available technology.

Currently under construction, Buxton Public School has been chosen as a pilot study for the next generation of environmentally responsible schools. Its features include:

- an enviro-cycle aerated sewerage system, which will recycle grey water for use in irrigation
- rainwater tanks, which will provide water for toilet flushing via a photovoltaic power pump
- a dam for stormwater retention, which will provide a water supply to irrigate play areas
- materials selected for their low environmental impact
- waste minimisation practices on site.

In 1996/97 DPWS completed all 52 major construction projects on time and within budget for the Department of School Education, including six new/replacement schools under its \$98 million capital works program. The remainder of the projects were major upgrades and additions.

The new school facilities maintenance contract was implemented in November 1996, with a number of bulk service contracts let for various areas of the State. This new service delivery method takes advantage of advances in the building industry and will provide for greater benefits in maintaining the State's schools in good condition.

Benefits identified by using the innovative contract system include:

- whole of government cost reductions
- a "one-stop shop" for maintenance
- a reduction in the number of contracts prepared
- opportunities for local private sector involvement
- encouragement of innovative practices
- a quality service that meets the requirements of DSE and school principals.

All short listed tenderers were trained in the use of

maintenance performance standards and the computerised condition assessment system. This training was completed in March 1997.

As part of the establishment of the new contracts a survey was undertaken of over 2,200 schools on a room-by-room basis. The data has been captured for future maintenance requirements.

The Department also continued to provide support services to the education section through its State Mail Service, Q Stores, NSW Supply Service, Information Technology Service and the Government Printing Service.

The State Mail Service delivered examination papers under strictly controlled security arrangements. Q Stores warehousing services adequately met the needs of the State's schools, which utilised the normal ordering systems and, increasingly, the electronic system, Schooline. In 1996/97 business from schools accounted for over 60 per cent of Q Stores' turnover.

TAFE COLLEGES

During the year, the Department managed a capital works program of approximately \$68 million and 12 major projects were completed.

Coffs Harbour Education Campus is a unique partnership between Southern Cross University, NSW TAFE Commission and the Department of School Education. This comprehensive joint facility offers enrolment in articulated education for students ranging from year 11 to post graduate level. All the facilities are jointly owned and utilised as appropriate by the three partners.

DPWS is currently project managing the Stage 2 development project, valued at \$9 million, having completed the Stage 1 works in 1995.

The project consists of:

- A three storey multipurpose complex housing a lecture theatre, child studies area, hairdressing training centre, and innovative project learning, staff offices and general learning spaces

- A single storey engineering workshop housing fitting and machinery work areas with adjacent theory and computer rooms
- A two storey horticulture complex consisting of work laboratories, general learning spaces and practical work areas such as greenhouses and shade areas
- Improvements to student amenities through expansion of outdoor gathering spaces, provision of indoor recreation rooms, extension of student careers and provision of extra computing laboratories

The project's planning commenced in February 1996 with construction started in November of that year. The occupation of the buildings is on schedule for January 1998.

Stage 1, which was also project managed by DPWS, received a number of construction excellence awards during the year with the campus being recognised by the OECD and listed as one of 40 exemplary international education facilities.

The Department's NSW Supply Service operated an innovative support services contract for the campus, covering cleaning, security, grounds maintenance and garbage collection.

SPECIALISED SERVICES

The Department's comprehensive and diverse range of specialist services assists the Government to gain best value for money by ensuring the availability of highly focused, innovative services on a commercially competitive basis.

Increasingly, the high value of the services is being more widely recognised and the private sector is sought to use DPWS' skills and knowledge in their activities.

STATE PROJECTS BUILDINGS integrates the professional disciplines of architecture, engineering and quantity surveying to provide design and consultancy services for natural and built assets. The Government Architect provided high level strategic advice to government and represented the Minister on a number of bodies, such as the Central Sydney

Planning Committee, Heritage Council and the Olympics Design Review Panel.

During the year a range of services were provided by specialist units:

The **Health and High Technology Unit** was involved in hospitals and health care facilities, including high technology, electromedical and sterilising equipment. The Department continued to be recognised as the leading authority on hot and warm water systems and scald prevention.

The **Education Unit** continued to be involved in innovative approaches to school design, in particular the ongoing development and application of the innovative and cost-effective Component Design Range. Major projects included the joint Coffs Harbour Campus, Cecil Hills High School and Southern Cross High School. Environmental design features incorporated into the design of schools is maximising energy savings.

The **Special Projects Unit** commenced work on the Wollongong Entertainment Centre, Australian Technology Park, the redevelopment of Central Station and won a competitive tender for the refurbishment of St. Marys Cathedral.

The **Heritage Unit** provided services to the Minister's Stonework Program and was commissioned to prepare a number of conservation plans during the year, including a plan for the Choragic Monument of Lysicrates located in Sydney's Royal Botanic Gardens. The Unit was also involved in the conservation of the Coffs Harbour Jetty.

The **Landscape Design Group** provided master planning, urban design, landscape architecture and heritage conservation to a range of clients including the Olympic Coordination Authority and the National Parks and Wildlife Service. During the year the group was also involved with local government projects at Boat Harbour, Kiama and Caves Beach.

The **Interior Design Group** worked on a number of clients' buildings, including No.1 Oxford Street and the Crown Solicitors Office.

The **Quantity Surveying Section** provided a cost-focused link between client, funding, design team, contractor and occupier, using comprehensive budgeting procedures, costs and time analysis, planning and management during the pre-construction phase.

Asset valuations and condition audits were prepared for government agencies, local government and various semi-government clients.

The **Engineering Services Group** continued to provide mechanical, electrical and structural services as part of teams or specialists covering:

- heating, air-conditioning and ventilation, including unflued gas heaters
- electrical supply and emergency power, medium and high voltage reticulation
- building control and management systems, fire protection and specialist lighting
- hazardous substances, industry CFCs, artificial fibres and PCBs
- access and movement of people and materials.

Research and development activities included:

- preparation of the MicroStation CADD Manual on Intranet
- establishment of state-of-the-art 3D real-time visualisation/fly through expertise
- ongoing development of Police Codes in consultation with NSW Police Service
- continued input into the Department of Health's ongoing investigations/research into telemedicine in NSW.

STATE PROJECTS INFRASTRUCTURE provided consultancy services for community infrastructure with special expertise in water and wastewater systems, dams and river management covering:

- water cycle management and infrastructure
- general civic, mechanical and electrical infrastructure
- geomatics, geographic information and technology
- asset management and strategic services.

Dams and Civil provided a single investigation and design office and other specialised services to the water industry and for general civil infrastructure.

Dam engineering and dam safety management issues provided the major project work, followed by water supply infrastructure such as reservoirs, pipelines and treatment plants. Environmental engineering projects involving contaminated land and waterways increased substantially as did associated work such as drainage and stormwater engineering. The involvement in urban flood protection continued as flood levee protection for rural towns was upgraded. Projects undertaken included:

- construction advice and final design for Babagon Dam in Sabah, Malaysia
- remedial works for Hume Dam
- detail design completed for the Fattorini Dam at Kempsey
- feasibility study and concept design for the headworks of the Phuoc Hoa irrigation project in Vietnam
- dam safety reviews for Copeton (NSW) and Beetaloo (South Australia)
- Milton Water Treatment Plant together with some 25 water quality reports for NSW country towns
- Advice and design for fishways at Liverpool and Mildura weirs and at Tallowa Dam
- Construction advice for the Putra Jaya Wetland project near Kuala Lumpur
- Water quality modelling, design of sediment control devices and bushland regeneration for seven Blue Mountains catchments
- Upgrading of locomotive fuel facilities to provide environmentally sustainable operations
- Design of a safe storage for arsenic and DDT contaminated material.

Research and development projects centred on the development of risk management techniques for dam and water treatment projects to provide a basis for more rational and cost effective design standards, particularly for upgrading works and water reuse projects. The earthquake monitoring program continued with the installation of new

accelerographs and commencement of an earthquake microzonation project for the Botany-Randwick area.

Interstate and overseas work continued and additional emphasis was placed on cooperation with the private sector on design & construct projects.

Mechanical and Electrical Water consists of mechanical, electrical and telemetry specialists. The section provided investigation, concept development, design and construction assistance services to the water industry and others.

Significant projects undertaken during the year included:

- design management and successful commissioning of a 31 kilometre boosted water supply to North Parkes Mines
- overall mechanical design, detailed electrical control system design and the mechanical and electrical construction supervision for the new effluent reuse and wastewater treatment plant at Taronga Zoo
- development of new low cost switchboards for sewage pumping stations
- design management for the 27 kilometre effluent transfer system from Orange sewage treatment works to the Cadia gold mine
- developing new telemetry systems for six NSW local government councils
- assisting the Sydney Opera House Trust implement new computer controlled stage winch machinery systems and improving their operational safety
- various energy, condition and valuation asset management audits.

Water Environment provides expertise in sewage collection, treatment, water reclamation and water recycling. Services include: strategy development of schemes, concept development of scheme components, design and documentation, post design advice during construction, commissioning of infrastructure, operation and maintenance manuals and instructions.

A major initiative was the formation of a strategic partnership with AMEC Australia Ltd to develop a

compact IDEA sewage treatment module which provides high standard sewage treatment for small communities. The module developed was successfully trialed at Bathurst and launched by the Minister in May 1997. Another strategic partnership was formed with Workcover Authority of NSW to undertake occupational health and safety reviews.

Hydraulics and Water Saving provide a full range of engineering, investigative and advisory services to a broad range of clients including water saving audits, monitoring system to manage water usage. This work leads to improved water management techniques and helps clients reduce operational costs.

Water saving audits were undertaken on behalf of numerous clients in particular, the Princess Margaret Children's and King Edward Women's Hospitals in Perth. Water usage benchmarking of Corrective Service Centres in NSW and pilot water audits for TAFE at Newcastle and North Sydney. Development of a permanent monitoring system for assisting TAFE to manage water usage at Newcastle and North Sydney. This work leads to improved water management techniques and helps clients reduce operational costs.

The **Materials Testing and Chemical Services Laboratory** provides a testing service for a varied number of clients. A wide range of chemical and mechanical analysis were performed predominantly on water and soil samples.

During the year, the analytical service in wastewater monitoring expanded into environmental testing of effluent samples under EPA licence for disposal and for re-use purposes. The laboratory was selected to participate in a Cooperative Research Committee project proving the capability in water analysis and the unmatched quality of service and turnaround times.

New procedures have been developed to examine sediments for acid-sulphate potential and for determination of soil suitability for agricultural use.

The proficiency in mechanical testing was utilised for sandstone quality verification required for heritage restoration projects.

A cement testing program identified the cements suitable for sulphate resistance applications. The findings with the result data has been published in conjunction with CSIRO in "Concrete in Australia", January 1997 Journal. The information was also been presented at "Concrete 97" Annual Technology Conference in Adelaide, May 1997.

The **Geomatics Section** provides a comprehensive range of services in surveying, sewerage reticulation design, computer aided drafting and design, geographic information systems, customised mapping and the capture, presentation and management of spatial information.

During the year the section completed some 240 projects ranging from small detail surveys of development sites to the completion of asset data capture for all State schools in NSW. The section was well advanced in the creation of a graphics database of net lettable areas for State Property's Office Accommodation Portfolio. Notable projects/profiles completed include: deformation surveys for Government House and Mangrove Creek Dam, Blue Mountains degraded sites mapping, a program of hydrographic surveys for coast and estuary management and flood studies, surveys for country towns, water and sewerage schemes including Ganmain, Whitton and Smiths Lakes.

The **Technology Unit** provides world's best practice computer visualisation, multimedia and computer aided design development services. With the production of three-dimensional full coloured computer models clients are able to visualise the finished product in a fly-through effect allowing adjustment to plans before large costs are incurred.

A number of computer models were produced and incorporated into the planning phase of projects, the most notable being the new State Lotteries Headquarters and the public domain area at the Homebush Bay Olympic site.

Manly Hydraulics Laboratory

Manly Hydraulics Laboratory (MHL) provides consulting services in the fields of water, coastal and environmental solutions. Most of MHL's work is within NSW, but in recent years MHL has worked on projects throughout Australia and overseas. MHL operates on a fully commercial, fee-for-services basis for government, local government, industry and consultants.

With over 50 years' experience in a diverse range of environmental, beach, flood, harbour, water quality, dam and data collection studies, MHL provides clients with innovative concepts and value-added solutions to complex problems.

During 1996/97, MHL's turnover was \$5.7 million with 240 projects completed for clients. The projects ranged from comprehensive investigations of complex issues such as water quality modelling of effluent disposal through to data collection exercises associated with specific projects.

Projects completed in the year included:

- Review of ocean and estuary outfalls throughout New South Wales
- Sewer flow and infiltration monitoring for local councils at Cowra and Wellington in New South Wales and Christchurch, New Zealand
- Physical modelling work was undertaken for Warragamba and Dunbogan Dams, breakwaters and gully pit designs
- Numerical modelling for Berowra catchment and estuary
- Coastal Storm Alert System for the Bureau of Meteorology delivered via the Internet
- Water quality monitoring of the Smoothie Park gross pollutant trap on behalf of North Sydney Council, was both successful and innovative in the manner in which it was conducted, particularly in the use of underwater video to record stormwater events.

MHL's new building to be ready in 1998 will incorporate innovative energy efficient design components comprising a natural ventilation system,

with a building management control system, gas heating, sky-lighting, solar lights, double glazing and photovoltaic power cells.

The **NSW Government Information Service** (GIS) is the State Government's retail outlet for the sale of authorised legislation and also distributes a variety of public sector and commercial publications. The GIS is also the central contact point for public enquiries on government initiatives and services.

In addition to these responsibilities the GIS publishes the New South Wales Government Directory, administers various subscription and standing order services and coordinates involvement of government agencies at the annual Sydney Royal Easter Show.

During 1996/97 the GIS also accepted the responsibility for the administration and maintenance of the NSW Government's Internet Homepage (www.nsw.gov.au) and NSW Government Directory on the Internet.

Parlindex, the GIS teaching product on Government and the legal system, was totally updated with current information and was produced in an expanded variety of formats on CD, ie: Macintosh and Windows. This latest innovation will greatly increase the number of potential customers as previously the information was limited to Macintosh floppy disk format.

The telephone information service assisted more than 125,000 public enquiries during the year.

During 1996/97, the **State Mail Service** (SMS) concentrated efforts on conducting major mail reviews with key clients, ie TAFE Commission and Department of School Education. These reviews provided a better understanding and appreciation of the customers' needs and expectations and in turn have ensured the development of quality proposals. It is envisaged that these types of reviews will be continued during the forthcoming year.

Significant organisational and operational changes have taken place within SMS due to the changing market conditions and customer service expectations. In adapting to this different

environment, SMS continued to increase productivity without additional cost to customers e.g. evaluation of police night runs. In terms of organisational changes the Service overhauled its process of receiving customer enquiries/complaints with the introduction of Tracker Software coupled with the creation of positions within the Marketing Team, dealing with customer service, and in Inserting & Packaging.

In terms of meeting budgeted profit targets, State Mail Service progressively made ground in pursuing year to date targets. The introduction of fortnightly invoicing, ongoing evaluation of costs and an increasing revenue stream, all contributed to improving the financial performance for the year. The significance of this performance is highlighted by the fact that increased costs over the year were absorbed, and there was no increase in prices.

Throughout the year, the **Government Printing Service** (GPS) carried out a wide range of printing and publishing services for the government and its agencies.

There were 52 NSW Government Gazettes published during the year, plus a number of special editions. All gazettes were produced on time. Freedom of Information Gazettes were published in June and December.

Over 3,200 individual contracts and tenders were serviced during the year. These varied in size from a simple printing job to a highly technical multi-product project.

The Basic Skills Test project was brought in on time and on budget for the fourth year in a row. GPS also catered for the Catholic schools and the Department of Education, South Australia schools in the project. A new test was introduced this year called ELLA (English Language and Literacy Assessment) to test literacy in year 7 and 8 children, GPS handled the project from initial concept to the final distributed computer generated pupil reports in 39 community languages.

On the commercial side the Artwork and Design section prepared several hundred conceptual designs.

Many large complex publications were prepared and typeset all with very short lead times. Publishing staff also advised many customers on the computerised preparation of their work.

Using Adobe software, GPS have been able to commence an electronic proofing service. Sending the work via a PDF file, customers can now view proofs of their jobs without the delay and expense of producing hard proof copies. This service will be expanded next year.

The year saw a number of changes in relocation and closures of branches. The Parramatta and Hurstville branches closed, the North Sydney branch relocated to Clarence Street to service the Board of Studies, and the St. Leonards branch relocated with TAFE Commission to Oxford Street. A new branch opened in the Department's headquarters in the McKell Building.

All sales and customer service staff undertook training on computerised documentation preparation and electronic prepress techniques to enable them to advise both customers and contractors on the techniques of computer document preparation.

COUNTERPART RELATIONSHIPS

The **International Business Unit** draws on the support of all divisions of the Department, and coordinates the Department's overall international business effort. The major areas of focus include identifying, qualifying and developing project opportunities, building relationships and strategic alliances, and benchmarking with counterpart organisations and the private sector.

The Department provided strategic advice during the drafting of the Green Paper on the future direction of the National Department of Public Works, South Africa. In addition, the Department actively supported the Sister State agreement between New South Wales and the Seoul Metropolitan Government by providing ongoing advice on environmental issues. Several overseas delegations visited DPWS offices and projects facilitating the exchange of information and technologies.

In June 1997, DPWS formalised existing working relationships with Shriram Engineering Construction Company Ltd India (SHRENCO) to work together in the areas of water and wastewater treatment. While in Sydney, the opportunity was also taken to sign an agreement to provide project management services for a treatment project in Hyderabad.

Also in June 1997, DPWS and Kumho Construction and Engineering Incorporated (South Korea) signed a Memorandum of Agreement (MOU) to work together on sewage treatment projects in Korea. The signing of this MOU was a result of a long standing working relationship with Kumho. The first pilot sewage treatment plant in Korea is scheduled to be commissioned in August 1997. Approval by the Korea Institute of Science and Technology will lead to the commercial development of sewage treatment plants in Korea.

The visit from Mr Kanokorn Chatuchi from the Department of Public Works, Thailand (DPWT) to DPWS has reaffirmed the support given to the MOU signed between the two agencies, and gives DPWS opportunities to further develop links with the DPWT.

Significant overseas projects for 1996/97 included:

- dam in Malaysia
- the Putrajaya Wetlands Project in Malaysia
- trialing the Intermittently Decanted Extended Aeration sewage treatment process in Korea
- energy and water management project in Bahrain
- heritage study in Indonesia
- institutional strengthening of counterpart organisations in South Africa and Namibia, and
- training programs including commercialisation, asset management and infrastructure partnerships in South Africa, Vietnam, Indonesia and Mauritius.

The next financial year will see a continuing expansion into the international marketplace as well as the implementation of strategies to increase our market share of Federal projects within New South Wales and interstate.

DIRECTIONS FOR 1997/98

Client Executives will develop mechanisms to report on client satisfaction of services.

Client business development plans will be produced to assist in forming the basis for the overall strategic marketing framework of DPWS to key clients.

A key challenge will be to understand our clients better and provide effective and efficient services that satisfy their needs whilst remaining competitive in the marketplace.

DPWS services will be rationalised to ensure they are relevant and competitive.

Client Executives will review our current and desired product positioning and develop strategies to increase our market share in consultation with Product Executives.

The Department will continue to form strategic partnerships with clients to help in developing solutions early in clients' planning phases.

The Department will continue to seek opportunities to market its services nationally and internationally.

Objective 6

Organisation

Recognition as the best performing public sector organisation in New South Wales

STRATEGIES

- *Improve the capability of the organisation and its people to meet the diverse and changing needs of its clients.*
- *Maximise divisional cooperation and marketing to ensure effective service delivery and policy implementation.*
- *Develop our people to have the appropriate skills, flexibility and adaptability to meet our future challenges.*
- *Align the Department's skill base with current and emerging client needs to meet the demand for future services.*
- *Streamline procedures by identifying and reducing functional duplication and minimising bureaucracy.*
- *Develop a culture committed to continuous improvement.*

During the year senior management and staff continued to investigate further opportunities for continuous improvement in the way services are provided to both external and internal customers.

To integrate quality objectives with business goals and strategies, management also identified and mapped the key business processes. Work has taken place towards preparing a Client Service Best Practice Plan which will align divisional practices with the key objectives of the Corporate Best Practice Program and 'Vision 2001'.

A strong focus was given to defining current and future competency requirements, and providing appropriate training and development opportunities to enhance the skills of staff.

In October 1996 a number of proposed internal organisational changes were announced aimed at promoting the organisation as an integrated body when promoting ourselves to clients, developing business opportunities or delivering projects and services.

The changes also affected a number of existing divisional structures, which in their existing form restricted the delivery of projects and services by creating unnecessary duplication and disjointed areas of responsibility.

A number of initiatives were implemented aimed at developing long-term relationships with key clients. A group of senior client executives were appointed to liaise with clients on all relevant services DPWS can offer. To complement the new Client Executives a group of Product Executives were selected from across the organisation.

The Management by Projects approach announced during the year will ultimately provide staff with increased opportunities to work on a range of projects.

Management and leadership training critical to achieving best practice was undertaken and a 360 degree staff appraisal process to improve communication was trialed in a number of areas of the organisation.

BEST PRACTICE PROGRAM

In December 1996 the Best Practice Program was established. A Best Practice team was then formed and by March 1997 a charter was developed and endorsed by the Executive.

The charter encourages all staff to develop their responsiveness, flexibility and accountability to achieve organisational success. By May 45 staff were trained as facilitators to assist the team to implement the charter and to run forums across the State.

At the end of June, 35 forums had been held and as a result a database of the issues raised were logged to provide direction for process re-engineering and ongoing monitoring in the coming year.

STRENGTHENING THE EXECUTIVE TEAM

In June 1997 the members of the Executive team attended a residential workshop to discuss a range of issues including:

- Executive team performance
- Leadership skills within the organisation
- Translating the Department's vision into operational practices
- Development of a comprehensive Human Resource Management Plan.

The underlying theme for the workshop was aimed at maximising core competencies and creating an atmosphere which encouraged learning and personal growth among all staff.

DEVELOPING SKILLS

The Department continued to develop and implement strategies to equip staff with programs focused on:

- Asset Management
- Value Management
- Facilitation
- Recruitment
- Strategic Planning
- Computing

in order to deliver the best service to our clients.

PERFORMANCE APPRAISAL SYSTEMS

During the year the Department trialed an upward appraisal system in one division to evaluate its effectiveness in complementing the existing performance management system.

The upward appraisal system collects information on the supervisory and management behaviours of individual supervisors. It is intended to assist in identifying the training and development needs of staff to ensure the delivery of efficient and responsive services.

The existing performance management system is being altered to reflect the changing emphasis of the organisation. Ultimately each staff member will have a performance agreement and a performance assessment. It is planned to implement a full 360 degree appraisal system across the organisation once the pilot scheme has been fully evaluated.

This year also saw the development of a new SES Performance Management System which should be implemented early next year. The system is designed to measure priorities and outcomes against objectives in the Corporate Plan. SES staff devise performance agreements and necessary action with their immediate supervisors in order to meet these objectives. At the end of each financial year SES staff and their supervisors will review and assess performance in core competencies as indicated by the Staff Survey, the Corporate Plan and the Branch Plan. The system will also include a development plan to address any development requirements.

A committee was formed consisting of union representatives and DPWS management representatives, in accordance with the DPWS Enterprise Agreement, to review the former Staff Performance Management System and to discuss the implementation of a replacement system. This system became known as the Planning, Development and Review (PDR) system. The PDR system was introduced in the year with a view to having it fully implemented by late 1997. The unions have been strongly supportive with its introduction and

have promoted the benefits for both staff and the organisation in that the system clarifies performance expectations and performance feedback and addresses development needs. The PDR system will also provide broader benefits to the organisation by aligning the performance of individuals to organisational goals, providing a corporate focus on development and ensuring that there is a culture where management and staff communicate with regards to their work. These benefits will be more fully recognised as the system is implemented and used by managers and staff in all business units across the organisation.

ORGANISATIONAL DEVELOPMENT

As part of the commitment to sharing information and opening up communication, DPWS compiled an Employee Handbook which sets out the conditions, rights and responsibilities of staff members and the services available to them. The handbook is a companion for the enterprise agreement and provides a plain English explanation of employee entitlements, including health and safety, leave entitlements, flexible working practices, EEO, performance and development and communication. This handbook was distributed to all staff members and is readily available for reference.

A draft Staff Mobility Policy was produced to increase flexibility in staff work and projects across DPWS. This policy sets out guidelines and principles to promote and assist mobility across the organisation in order to assist managers to meet their client and business needs by facilitating access to staff resources across the whole Department. The policy also benefits staff by providing greater opportunities to develop the depth and breadth of their skills, knowledge and experience, along with improving job variety and advancement opportunities. The Staff Mobility Policy assists DPWS to take a best practice approach to staffing by having "the right person in the right job at the right time".

The Department's focus on ethnic affairs initiatives reflects its charter to provide services to other

government agencies. That is, having little direct interface with the community, the focus is primarily on effecting change within the Department.

However, through the quality of services we provide to client agencies, we enable them to better meet their community service objectives and thus we impact more broadly in the Government's key result areas of social justice, community harmony and economic and cultural opportunities.

In regard to these key result areas a number of direct achievements and planned initiatives follow:

- Under social justice, DPWS issued a code of practice for outworkers in the clothing industry. This code will be instrumental in improving conditions for the ethnic minorities who constitute the bulk of these workers. Within the Department we have provided vehicles through staff surveys and 'hotlines' for staff to report any incidences of discrimination or harassment, and to identify if these are based on ethnic differences. Any reported incidences are acted on swiftly. A further staff survey is scheduled for November 1997. All human resources policies have been reviewed to ensure they do not allow any direct or indirect discrimination against staff from EEO groups.
- Under community harmony, in addition to the internal policies and processes which promote open communication, DPWS has built consultative processes into the services it provides to other agencies, and these can involve people from different ethnic communities as is consistent with the Government's equality policies. The use of 'value mapping', a facilitated consultative process to identify the different requirements of community stakeholders in regard to construction projects, has been championed by this Department.
- Under economic and cultural opportunities, the Department has improved its recruitment processes and revised the preamble to its job advertisements. In the three month period following this change, the proportion of job applicants from non-English speaking backgrounds rose to 6.2 per cent (compared with 1.5 per cent

in the preceding three months). The Department also placed two workers through the Government's Migrant Work Experience Program, and has used the language and cultural skills of a number of staff in international marketing, thus providing broader experience and job enrichment for these staff. More broadly, DPWS has been instrumental in establishing Government Access Centres to provide communities with direct access to government information via the Internet.

- While the Department's Ethnic Affairs Priorities Statement is still to be finalised, it is anticipated it will include more quantifiable indicators for 1998.
- The review of staff training requirements within business needs was simplified by the widespread adoption of the DPWS Planning, Development and Review System throughout the Department which enabled more specific identification of individual training and development needs. After the review was conducted a specification was developed to find a suitable provider of training services in order to maintain consistent quality in the general training undertaken in DPWS. After considerable market testing, three preferred suppliers were selected. A contract management committee was established through NSW Supply Service to formulate a contract for general training for the NSW public sector. This contract should be in place by September 1997.

SPECIAL EMPLOYMENT PROGRAM

Each year a number of high achieving final year graduates are chosen by the Department from over 100 applicants to participate in a two year Graduate Development Scheme that prepares them for a career in Development Management. Participants are assigned to mentors who provide leadership in developing business skills and guidance in strategic thinking, building client relationships and career planning. This year four graduates were selected for placement within DPWS, bringing the total to eight participants currently placed across the organisation.

Employment opportunities were provided for three trainees under the Traineeship Program, which offers young people part-time-on-the-job training and part-

time study at a TAFE college, or equivalent college over a 12 month period.

A long term Aboriginal Employment Strategy for DPWS is being developed to increase employment opportunities for Aboriginal people in accordance with whole of government and organisational directions. Permanent positions to be advertised with Aboriginality as an essential criteria have been identified and are to be included in the EEO Management Plan. These positions may be identified because Aboriginality would be beneficial when liaising with clients and the public in some of our service areas. The EEO Management Plan 1996/97 made a commitment to review opportunities at local/community level for Aboriginal employment and in particular, the recruitment of young Aboriginal people. As a result, DPWS will recruit six Aboriginal apprentices for the new Building Group.

DPWS has been involved in the Migrant Work Experience Program established by the Office of the Director of Equal Opportunity in Public Employment (ODEOPE) as part of the Department's commitment to government policy on equal employment opportunity and recognition of linguistic and cultural assets as a valuable resource to maximise the development of the State. The Department has participated in this program by encouraging and supporting individual staff members to take part and by providing work experience opportunities to program participants. Furthermore, DPWS Heritage Group has employed two architects under the Skillmax Program in accordance with the Principles for a Culturally Diverse Society.

INTERNAL COMMUNICATION

Communication across the organisation continued to be given a priority. During the year the Director-General held two major addresses to staff in Sydney and major regional centres. Divisional Directors and Branch Managers also held regular meetings with staff to discuss issues and to hear their views. The Minister for Public Works and Services, the Hon

Carl Scully visited a number of offices during the year where he met and had discussions with staff.

The Department's official newsletter "Horizons" was produced monthly and made available to all staff. This publication was well received by staff who indicated their satisfaction with the timely and comprehensive information provided.

As indicated by the annual staff survey, internal communication has improved, indicating that measures taken by senior management have been successful.

OCCUPATIONAL HEALTH, SAFETY AND REHABILITATION

Lost time due to workplace injury continued to decline. During the year 0.137 per cent of average work time in DPWS was lost due to workplace injury compared to 0.21 per cent last year. Occupational Health and Safety committees contributed with their skills and experience in the promotion of general safety in DPWS.

INDUSTRIAL RELATIONS

The major industrial relations issue during the year continued to be enterprise bargaining, with emphasis on the continued participation of staff and their unions.

The Crown Employees (Department of Public Works and Services Wages Staff) Award 1996 was made during the year. This award covers all wages staff of the Department and continues the link between the achievement of productivity targets and wage increases first established in the Enterprise Agreement replaced by the award.

The Department of Public Works and Services Enterprise Agreement covering salaried staff reached its nominal expiry date in March 1997, but continues in force. Negotiations for a replacement agreement have to be conducted against a background of significant salary increases due under the recently made Crown Employees (Public Sector Salaries June 1997) Award.

The Wages staff unions and their members pursued a claim for an increase in their Fares and Travel Allowance during the year. The claimed increase was to compensate for changed taxation arrangements for the allowance introduced by the Federal Government in July 1996. The pursuit of the claim resulted in 24 hour strike action by 176 wages staff members in December 1996. Following a decision on the issue by the Australian Industrial Relations Commission in May 1997, the claim is now in abeyance.

EQUAL EMPLOYMENT OPPORTUNITY

The achievements in the area of Equal Employment Opportunity are directed towards fairer and more effective staff management within DPWS rather than having a specific external impact on the community and other government agencies. However, better internal practices will improve the overall service to clients. The following EEO initiatives are seen as the key issues impacting upon the general fairness and equity in DPWS:

- Reviewing practices and policies, staff representation and cultural change requirements to support and maintain diversity in the workplace. The most notable of these practices and policies is the promotion of flexible working practices through staff presentations, articles in Horizons, the publication of the Employee Handbook, which sets out conditions, and the Enterprise Agreement which provides arrangements more flexible hours of work and leave. Flexible working practices have been further promoted with the introduction of policies establishing guidelines for telecommuting (working from home) and providing access to childcare facilities through a contract with the Family Day Care Association.
- The improvement of selection and recruitment processes to eliminate bias and maximise the diversity of the workforce through the selection of the best possible people according to organisation needs. All selection panels in DPWS now include

a departmental female and all panel members are required to be trained in selection techniques.

- Reviewing development needs and staff progression to identify points for intervention and obtaining high level sponsorship for development activities. In particular, sponsorships have been provided for departmental women to attend external management development programs and to increase the representation of women on boards and committees.
- Undertaking research to identify any instances of harassment in the Department and establishing two "hotlines", one internal and one external, to deal with any issues as they arise.
- Promotion and sponsorship by the Director-General for the ongoing realignment of the DPWS Women's Network with the sector-wide Spokeswomen Group and their activities including a Women's Day Breakfast.
- The introduction of the Performance Development Review System has provided a chance for all staff to have the opportunity to discuss their work requirements and development needs with their managers/supervisors.

STAFF

Staff numbers increased from 2,423 to 2,511 during the year. This increase was largely due to the establishment of the Central Corporate Services Unit which was formed from staff members of central agencies in the Governor Macquarie Tower to provide finance and management services and support to 23 government agencies. Pacific Power energy services, a unit of Pacific Power, transferred to the DPWS Energy Management Unit in April 1997 under the mobility provisions of the Public Sector Management Act.

One hundred and ten staff members left DPWS under voluntary redundancy programs in the Operations, Commercial Business and Finance and Management Services Divisions.

Staff Numbers

Category	30 June 1997	30 June 1996
Public Sector Management Act/SES	2136	2009
Wages Staff	364	406
Other	11	8
TOTAL	2511	2423

Distribution of Staff

Category	30 June 1997	30 June 1996
Chief & Senior Executive Service	56	43
DPWS Salaried Staff Enterprise Agreement	1930	*1715
Wages Staff Enterprise Award	364	406
State Mail Enterprise Agreement	163	159
TOTAL	2511	2423

* listed as Staff, Professional and Technical

Chief Executive and Senior Executive Service

CES/SES Bands	30 June 1997	30 June 1996
4 Upper	-	-
4 Lower	1	1
3 Upper	1	1
3 Lower	4	4
2 Upper	4	4
2 Lower	23	19
1 Upper	10	11
1 Lower	13	14
TOTAL	56	54

SES Women (including staff acting in positions for more than 6 months) 4 3

Representation of EEO Target Groups Within Salary Levels

	Total Staff		Women		Racial, Ethnic, NESB Ethno-Religious Minority Groups	
	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96
< \$22,881	41	39	25	21	2	2
			61.0%	53.8%	4.9%	5.1%
\$22,881 - \$30,053	266	308	92	119	12	8
			34.6%	38.6%	4.5%	2.6%
\$30,054 - \$33,597	247	205	149	113	29	20
			60.3%	55.1%	11.7%	9.8%
\$33,598 - \$42,516	376	373	140	115	61	47
			37.2%	30.8%	16.2%	12.6%
\$42,517 - \$54,980	614	636	134	98	90	106
			21.8%	15.4%	14.7%	16.7%
\$54,981 - \$68,726	423	403	43	30	72	53
			10.2%	7.4%	17.0%	13.2%
> \$68,726 (non SES)	180	53	14	4	19	Nil
			7.8%	7.5%	10.6%	
TOTAL	2,147	2,017	597	500	285	236

Note:

- Figures exclude Wages staff
- The category of Non English Speaking Background which was reported on for 1995/96 differs marginally from the category of Racial Ethnic, Ethno-Religious Minority Groups which has been reported on for 1996/97.
- The figures provided for the Non English Speaking Background category for 1995/96 were obtained from annual survey questionnaires of which only 58% of staff replied to. The figures provided for the Racial Ethnic, Ethno-Religious Minority Groups for 1996/97 were obtained from annual survey questionnaires which were completed by only 46% of staff. Hence the comparative figures can fluctuate.

PLANNING FOR PEOPLE WITH DISABILITIES

This year saw the implementation of the DPWS Disability Strategic Plan 1996-99 which is now being progressed throughout the organisation and, in particular, the integration of strategies and actions in corporate and business plans. Physical access is a key result area that was identified in the plan and is considered an integral part of any premises review conducted by DPWS architects and the needs of people with a disability are recognised in all project designed for our clients. Another key result area was DPWS' ongoing commitment to issues such as "reasonable adjustment" in employment, recruitment and selection which amongst other things provides the opportunity for staff with disabilities to identify themselves and any adjustments needed in their workplaces. These strategies and actions enable the organisation to provide a more efficient and effective service to clients.

Representation and Recruitment of Aboriginal Employees and Employees with a Physical Disability

	Total Staff		Aboriginal Staff		People with Physical Disabilities	
	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96
Total employees	2147	2017	6	4	94	93
Percentage			0.3%	0.2%	4.4%	4.6%
Recruited in Year	238	145	Nil	1	1	Nil

Note:

- Figures exclude Wages staff
- The figures provided for the Aboriginal Staff and People with Physical Disabilities categories for 1995/96 were obtained from annual survey questionnaires which were completed by only 58% of staff. The figures provided for the Aboriginal Staff and People with Physical Disabilities categories for 1996/97 were obtained from annual survey questionnaires which were completed by only 46% of staff. Hence the comparative figures can fluctuate.

REVIEW AND IMPROVEMENT

Risk Management and Insurance

DPWS is committed to policies of risk management which will protect assets, earnings, liabilities, personnel and the public against loss incidents, in order to achieve maximum efficiency at minimum cost, in a safe and healthy environment.

Major risks for DPWS include Workers' Compensation and Motor Vehicle Accidents, Business Interruption, Common Law and Contractual Liability exposures.

A Risk Management Manual (insurable risks) which sets out the risk management policies and goals for which managers and employees are accountable has been issued and is upgraded regularly. Each Division's strategy for risk analysis and management reflects the Corporate Risk Management Policies and Guidelines. Risk management and loss control items which provide for consideration of issues such as identification of risks, preventative measures taken/needed, valuations for insurance purposes, losses which have occurred and contingency planning are included on the agendas for operational meetings.

Procedures are in place by which business and operational units report incidents that may give rise to claims and/or may demonstrate a need to review eg. security, work or management practices. Advice and support is available to these units through the Department's Corporate Risk Management structure. Reports analysing claims by risk type are prepared on a regular basis and issued to relevant areas within DPWS.

Contract Risk Management

Divisional managements review all construction, maintenance, consultant, contractor and staff contracts to ensure compliance with DPWS' requirements in relation to asset protection, common law liability exposure, indemnities, statutory responsibilities and insurance.

In its role as project manager and project risk manager for construction projects for clients, as well as its whole of government role for the development and management of information technology and related contracts, DPWS has exposures to contractors, clients and the general public for various liabilities, be they design fault, contractual, statutory or common law liability. Given an annual turnover in excess of \$1 billion per annum, the risk exposure is substantial. DPWS has risk minimisation strategies in place designed to monitor and control these risks as provided for in the Risk Management Manual. The majority of such risks are covered by insurance through the NSW Treasury Managed Fund.

Financial Risk Management Plan

DPWS has a strong financial position. There is no debt, superannuation liabilities are fully funded and as the client base is predominantly public sector, cash flow is regular and the incidence of bad debts is minimal. The main focus of the Financial Risk Management Plan is the risks impacting DPWS' ability to achieve its financial targets. All targets set out in the Financial Risk Management Plan are formally monitored and reported against on a quarterly basis, unless circumstances require more frequent updates.

The Financial Risk Management Plan includes the following strategies:

- Change in policy on the Capital Works Planning and Implementation process will impact on DPWS financial targets. Because DPWS' revenue stream is predominantly from the public sector, across the board changes to agencies' Capital and Current budgets will effect the Department's performance. To counter this reliance, DPWS has undergone a significant organisational restructure in the areas of projects and marketing and is in the process of identifying new markets.
- Unseasonal weather can have a major impact on project delivery and increases the cost of supervision which can, in turn, impact on the profitability of jobs. Amended work programs are implemented to minimise this impact.
- Unplanned increases in labour costs, eg. resulting from salary increases without offset productivity savings, are a major concern. While every effort is made to predict salary increases, any increase over the budgeted amount usually cannot be recovered as most revenues are based on fee arrangements at the commencement of an engagement.
- Recent salary increases for public sector salaried staff applying over a three year period will create pressure on future costs and revenues. In this respect, strategies are being formulated to either increase revenue or reduce costs in order to recover such cost increases.
- DPWS is exposed to the loss of key staff. The forecast impact of the building boom will increase competition for scarce resources. DPWS is limited in the financial rewards that can be offered to keep staff. Attempts are being made to provide a variety of work to enable them to gain a wider experience than is normally available in the private sector, as a means of key staff retention.

Insurance Costs and Claims Analyses

DPWS is committed to sound risk management principles to minimise risk exposures, losses, insurance premiums and claims costs. DPWS has full workers' compensation, motor vehicle, property, liability and miscellaneous cover provided through

the NSW Treasury Managed Fund. Premiums and Claims for the past five fiscal years for the risk exposures of Workers' Compensation and Motor Accidents are analysed in the following graphs:

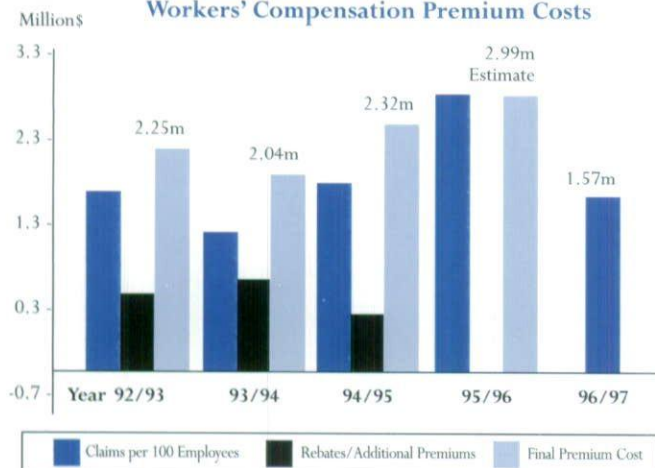
Workers' Compensation Premium Costs

All adjustments for the years up to and including 1994/95 have now been finalised. The Treasury Managed Fund's "Newstart" scheme took effect from 30 June, 1995. Hindsight adjustments for the ensuing years will be made three years on from the commencement of any fund year and will be based on claims estimates and costs as at the hindsight adjustment date.

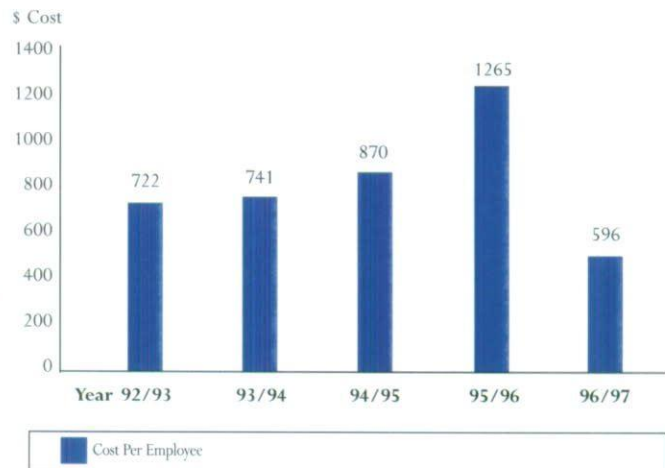
Whilst the Actuary for the Treasury Managed Fund stresses that any hindsight premium adjustment for the 1995/96 year will not be realised until June 1998, and will be subject to the demonstrated claims experience for the year of account as at that date, the current actuarial projection is that the fund is travelling in accordance with the benchmark predictions. This means that little volatility is likely and very little variation from deposit premiums paid can be expected.

The reduced deposit premium for 1996/97 is largely due to the creation of a separate policy isolating building trades activities from the general administrative functions of DPWS.

Workers' Compensation Premium Costs



Workers' Compensation Premiums - Cost Per Employee

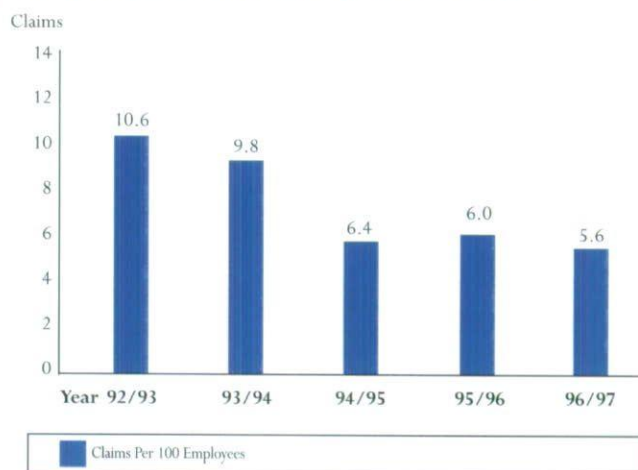


The premium cost per employee reduced to \$596 in 1996/97, a decrease of 48 per cent from 1995/96.

Workers' Compensation Claims Frequency

This year's result of 5.6 claims per 100 employees is an improvement over the 1995/96 claims frequency of 6.0 claims, based on claims lodged for those years as at 30 June, 1997.

Frequency of Workers' Compensation Claims

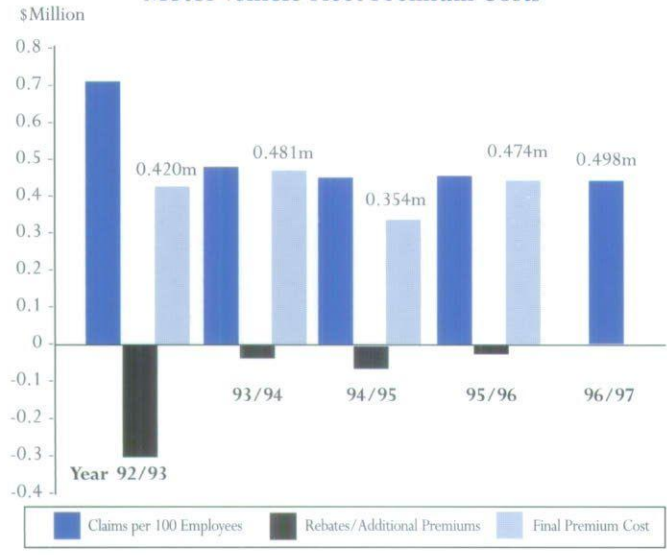


Motor Vehicle Fleet Premium Costs

The premium increase of 5.1 per cent reflects a higher accident rate combined with higher costs in repair of vehicles, notably in spare parts.

Motor vehicle premium adjustments for the years up to and including 1995/96 have been finalised. No major adjustment for 1996/97 is expected at this time.

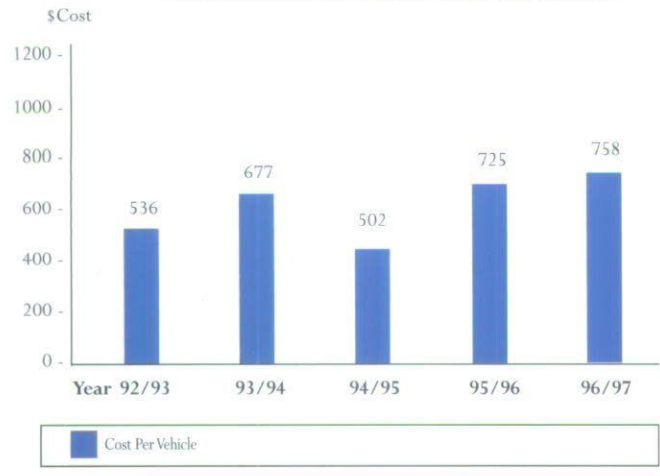
Motor Vehicle Fleet Premium Costs



Premium Cost Per Vehicle

The premium cost per vehicle rose by 4.6 per cent over 1995/96. The increase was due to a higher accident rate and the increased cost of spare parts in repairs.

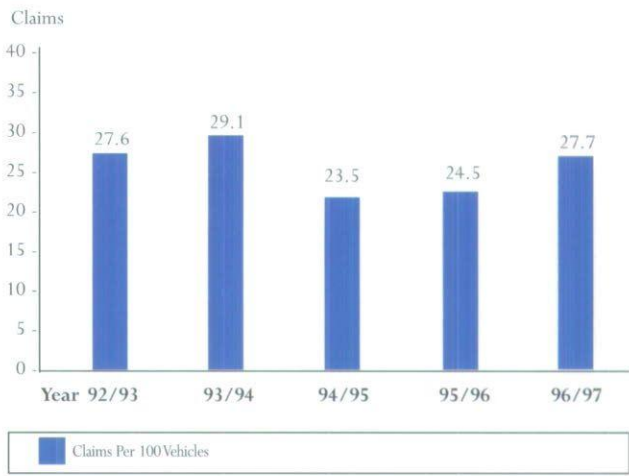
Motor Vehicle Premium Cost Per Vehicle



Motor Vehicle Fleet Claims Frequency

The frequency of claims in 1996/97 was 27.7 claims per 100 vehicles, based on claims known as at 30 June, 1997. This represents a deterioration of 13 per cent over 1995/96 and strategies are currently being determined to reverse this trend.

Motor Vehicle Accident Claims Frequency



Property

Property insurance rates continued to be stable in the 1996/97 year. DPWS' annual premium varies from year to year dependent on this rate and upon the replacement value of assets declared annually. The Property Premium for 1996/97 was \$747,695. The "Newstart" scheme does not include a hindsight premium adjustment for property.

Liability

Liability exposures, particularly contractual liabilities, have the potential to become a major cost due to increased litigation. However, the average loss experience has maintained some premium stability for the present. The 1996/97 premium was \$3,318,018 as against \$3,008,000 for 1995/96 and \$3,648,000 for 1994/95. "Newstart" does not include a hindsight premium adjustment for liability.

INTERNAL AUDIT

The Internal Audit Branch undertook 66 planned and special audits during the year. The special audits included investigations into possible fraud/corruption/probity issues, system performance evaluations, review of the implementation of new computer systems, the assessment of contractors claims, and supply fees.

In total, the Branch made 288 recommendations in audit reports and memos to improve internal controls, procedures, the efficiency and effectiveness of the Department, with 90 per cent of these recommendations being accepted.

A comparative analysis of the Internal Audit Branch and the Audit Committee against Best Practice, and a review of the Branch's strategic direction, effectiveness, and resourcing was undertaken by a major accounting firm during the year. The review presented a number of suggestions for improvement that are being considered by the Executive.

To broaden staff experience and knowledge and to benchmark a part of the Department's operations with that of the private sector, a number of assignments were contracted out to major accounting firms and to a management consultancy. This enabled the Branch to gain an understanding of the skills, expertise, approach and benchmarking information available in the private sector.

The activities of the Internal Audit Branch generated substantial benefits for the Department during the year, including:

- the successful completion of most of the Branch's audit program
- identification of uncollected supply fee revenue from a number of contract suppliers
- review from a probity perspective of the adequacy of procedures and controls for calling expressions of interest and tenders
- review of the electronic funds transfer (EFT) system to improve its efficiency and effectiveness
- continuing to implement the Department's fraud and corruption control strategy
- review of the implementation of a new human

resources management system into the Department

- review of the implementation of the Department's EEO management plan for the year
- review from a probity perspective of the adequacy of procedures and controls of two new computerised management systems
- review of the contract risk management service of the Department with a view to enhancing its business potential and opportunity
- review of the level of control and security of a selection of the Department's local area networks (LANs)
- continuing to be an active member of the NSW Public Sector Corruption Prevention Committee whose role is to provide forums and a network to facilitate the discussion of corruption prevention strategies initiated within the NSW public sector.

EXTERNAL AWARDS

Forbes Government Offices

Heritage Restoration

Forbes Shire Council Awards

Heritage Asset Management Guidelines

Colin Crisp Memorial Engineering Heritage Award

1996 Engineering Excellence Awards

Institution of Engineers

Certificate of Merit

Master Builders Association

Merrima Indigenous Design Group

Maintaining cultural heritage in architectural design

Aboriginal Reconciliation Council

Ocean Shores Sewage Treatment Plant

1996 Partnering Award

Master Builders Association

NSW Railway Institute

Excellence in Brickwork

1996 John Horbury Hunt Awards

Coffs Harbour Joint Education Campus

OECD Compendium of Exemplary Educational Facilities

Robyn Brewer - Bathurst Sewerage Augmentation

Linda Gosling - Auburn Public School

Anne Warr - Innovation Award (Heritage Asset Management Guidelines)

1997 National Association of Women in Construction Awards

Kirkbride Complex

Gold Award

1997 National Trust Heritage Awards

Merit Award

Royal Australian Institute of Architects

1995/96 DPWS Annual Report

Bronze Award

National Annual Report Awards

Environment Design Unit

1997 Banksia Environmental Award

Banksia Environmental Foundation Inc.

Wagga Wagga Technology High School

BHP Merit Award

Sydney Hospital and Sydney Eye Hospital

Lloyd Rees Award

Royal Australian Institute of Engineers

Glendore Public School

Gold Award

Dulux Colour Awards

DIRECTIONS FOR 1997/98

The Graduate Development Program will be reviewed with a view to recruiting at least two Aboriginal people to the graduate positions.

A review of all special employment programs will be undertaken to develop a coordinated practice approach to recruitment and development schemes.

Staff development will continue to be directed at achieving increased flexibility and new skills by ongoing development programs in key areas of client service, information management and technology, environmental awareness and strategic planning.

The Department's Corporate Plan will be implemented throughout the year. Actions and targets will be progressed by task force teams drawn from across the organisation.

Under the Best Practice Program, best practice plans will be drawn up, and process review teams will redesign selected processes at all levels within the organisation.

Management and leadership training will continue, with a series of senior management workshops planned for late 1997.

The organisation will strive to develop strong strategic client relationships and ensure suitable skills are available to meet their current and emerging needs.

An environmental scanning process will be implemented to continuously analyse our organisation's operational environment.

Communication and information sharing will be improved by identifying existing problems and implementing an overall corporate communications strategy.

The mobility policy will be actioned to achieve greater job rotation and staff development opportunities across the organisation.

A strategic human resources management plan will be prepared and implemented.

A revised performance management system for the Senior Executive Service will be introduced.

Existing quality systems will be examined with a view to rationalising any unnecessary duplications of systems and processes.

Performance Measures

PERFORMANCE MEASURES 1996/97

		1995/96	1996/97*	1996/97	1997/98*	1998/99*	99/2000*
Efficiency (1)							
Employment		2,423	NA	2511	NA	NA	NA
Total Expenditure (\$m)		298.3	306.7	313.2	343.6	363.1	377.2
Revenue Per Employee (\$'000)		131.7	133.3	132.1	137.5	147.4	153.5
Hours Lost To Industrial Disputes							
Per Employee		0	0	0	0	0	0
Total ('000)		0	0	0	0	0	0
Average Days Sick Leave/Employee:							
Salary Staff		6.0	5.5	5.9	5.4	4.9	4.4
Wages Staff		6.6	6.1	6.1	5.6	5.1	4.6
Total Staff		6.1	5.6	6.0	5.5	5.0	4.5
Employee Safety Measure (%)	(2)	0.213	NA	NA	NA	NA	NA
Effectiveness (1)							
No. of Contracts Let >\$0.25m		307	350	275	390	430	350
Total No. of Contracts Let		1,093	1,050	1231	1,000	1,000	850
Building Projects:	(3)						
Completed on Time (%)		97	96	96.2	97	97	97
Completed on Budget (%)		100	97	98.1	97	97	97
Completed on Time & on Budget (%)		97	96	96.6	97	97	97
Engineering Projects:	(4)						
Completed on Time (%)		98.35	98.5	98.1	98.5	98.5	98.5
Completed on Budget (%)		98.95	99.0	99.0	99.0	9.0	99.0
Completed on Time & on Budget (%)		97.35	98.0	98.2	98.0	98.0	98.0
Minor Works & Maintenance Projects:	(4)						
Completed on Time (%)		98.02	98.0	98.4	98.0	98.0	98.0
Completed on Budget (%)		98.73	99.0	99.0	99.0	99.0	99.0
Completed on Time and on Budget (%)		97.41	98.0	97.7	98.0	98.0	98.0
Value of Purchases through Goods							
and Services Period Contracts (\$m)		1275	1,301	1,243	1,327	1,350	NA
No. of Goods and Services Contracts		300	NA	437	NA	NA	NA
No. of Goods & Services Contract Line Items ¹		55,000	NA	NA	NA	NA	NA
No. of Vehicles Leased by Statefleet		12,004	12,300	13,047	20,000	21,000	21,500
Capital Assets Under Management (\$m)		384	400	309.4	320	330	330
Commercial Space Under Management (sqm)		316,603	338,000	358,000	358,000	358,000	358,000
No. of Commercial Properties/							
Buildings Under Management		125	167	160	160	160	160
Crown Property Sales (\$m)		87	46.5	126.9	9.6	18	0
Communications Carrier Rebates							
to NSW Government (\$m)	(5)	26	18	22.7	19	19	19
Communications Carrier Discounts							
to NSW Government (\$m)	(5)	30	26	25.3	27	28	28

(cont)		1995/96	1996/97*	1996/97	1997/98*	1998/99*	99/2000*
Financial Indicators (1)							
Government Funded Services (\$m)	(6)	32.1	30.3	32.3	30.4	29.7	29.7
Asset Sales (\$m)	(7)	137.9	6.1	2.3	3.0	3.1	3.3
Operating Result (\$m)	(8)	20.7	8.2	18.5	4.7	12.2	13.1
Return on Shareholders Funds (%)		11.6	4.4	7.3	1.8	4.6	4.8
Dividend/Tax Payments to Government (\$m)	(9)	153.5	5.7	13.0	3.3	8.5	9.2

NA Not available * Forecast

(1) All dollar amounts are reported in 1997 prices.

(2) Total time lost from work-related injuries in hours divided by total time worked, expressed as a percentage.

(3) Relates to all Public Works and Services projects over \$500,000.

(4) Relates to all Public Works and Services projects over \$100,000.

(5) Subject to agencies maintaining current arrangements.

(6) Services and activities performed for government which are not funded through fees from clients.

(7) The results for 1995/96 includes a sale of the department's motor vehicle fleet. The 1995/96 expenditure includes the written down value of motor vehicles (\$127.3M) from the sale and leaseback of StateFleet vehicles to the Macquarie Bank.

(8) Operating result before income tax, Government Capital Grants, abnormal items and dividends.

(9) The 1995/96 result includes a special dividend of \$138.9M from the sale and lease back of vehicles (\$102.9m) and a capital restructure (\$36m)

(10) Accounting policy for the treatment of disposal of assets has been amended to delete the written down value of assets from expenditure and offset against proceeds from disposal of assets.

ACCOUNTS PAYABLE PERFORMANCE

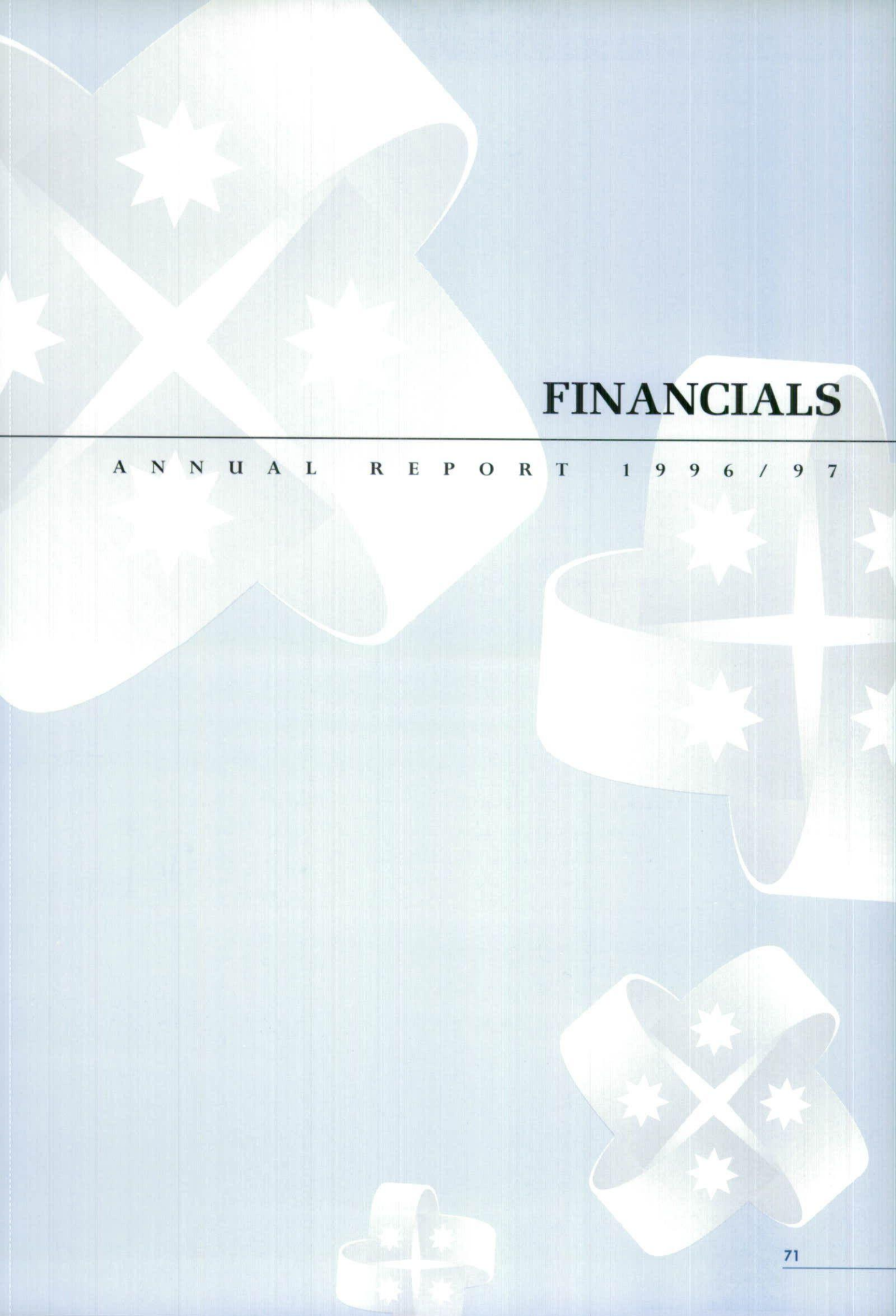
1. Aged analysis of accounts unpaid at the end of June quarter:

Aged Analysis	June Quarter 1997	
	\$'000	%
Current (ie within due date)	19,313	95.7
less than 30 days overdue	51	0.3
between 30 and 60 days overdue	374	1.8
between 60 and 90 days overdue	61	0.3
more than 90 days overdue	380	1.9
Total	20,179	100.0

2. Value of accounts paid within suppliers' terms.

Payments	June Quarter 1997
	\$'000
Total dollar amount of accounts paid on time	341,549
Total dollar amount of accounts paid	361,391
Number of accounts paid on time	98.7%

No late penalty interest has been sought by any supplier or paid by the Department of Public Works and Services under section 18 of the Public Finance and Audit Act (General) Regulations 1995.



FINANCIALS

A N N U A L R E P O R T 1 9 9 6 / 9 7

Contents

Department of Public Works and Services

Highlights	73
Independent Audit Report	75
Statement by the Director-General	76
Income and Expenditure Statement	77
Balance Sheet	78
Statement of Cash Flows	79
Notes to and forming part of the Financial Statements	79
Summary of Land Owned and Occupied	96

Office of the Minister for Public Works and Services

Independent Audit Report	97
Statement by the Director-General	98
Operating Statement	99
Statement of Financial Position	100
Cash Flow Statement	101
Program Statement - Expenses and Revenues	102
Summary of Compliance with Financial Directives	103
Notes to and forming part of the Financial Statements	104

HIGHLIGHTS

- An operating surplus of \$18.5M before income tax, capital grants, abnormal items and dividends.
- Total distribution of \$13.0M to Treasury under the Government's Financial Distribution Policy.
- Achievement of the financial targets set in the 1996/97 Statement of Financial Performance.

BUDGET COMPARISONS

	1996/97 Actual \$'000	1996/97 Budget \$'000	1997/98 Budget \$'000
Income			
Fees	185,239	175,471	194,856
Sales and services	125,035	122,300	146,568
Interest received	8,518	9,000	8,028
Profit on disposal of property, plant and equipment	117	1,813	3,600
Other income	5,261	844	522
Treasury funding	7,579	1,833	2,106
	331,749	311,261	355,680
Expenditure			
Salaries/wages and related expenses	163,284	144,973	159,428
Cost of sales - goods and services	90,566	88,970	110,126
Plant expenses	2,400	3,101	2,580
Occupancy	12,593	18,614	17,860
Travel	1,916	1,592	1,851
Other	42,467	45,407	59,094
	313,226	302,657	350,939
Operating Surplus	18,523	8,604	4,741
Capital grants	3,691	4,582	1,685
Abnormal superannuation adjustment	54,390	-	-
Other abnormal items	2,113	-	-
Income Tax Equivalent	(6,668)	(2,953)	(1,707)
Dividend	(6,298)	(2,789)	(1,612)
Net Surplus	65,751	7,444	3,107

INCOME FOR 1996/97

Income for 1996/97 was \$20.4M higher than the budget. The variance was mainly due to:

- Central Corporate Services Unit income of \$13.5M which was not included in the original budget.
- Increased income due to better than expected results in Q Stores and NSW Supply.
- Treasury funding of \$5.7M for voluntary redundancy which was not included in the original budget.

EXPENDITURE FOR 1996/97

Expenditure for 1996/97 was \$10.5M higher than the budget. The variance was mainly due :

- Central Corporate Services Unit expenditure of \$13.6M which was not included in the original budget.
- Salaries/wages and related expenditure includes voluntary redundancy expenditure of \$5.7M which was not included in the original budget.
- Occupancy costs lower than budget mainly due to a write back of excess provision for surplus leased premises by \$3.4M.
- Other expenditure is under budget as a result of savings on various overhead expense items.

1997/98 BUDGET

The 1997/98 budget has been prepared on the basis of expanding the Department's revenue base while minimising costs. Major issues which would impact the financial results include the 16% salary increase over 3 years, increased competition and reduction in government spending. A number of strategies have been adopted to improve performance including implementation of Management by Projects philosophy and an increased focus on marketing.

The 1997/98 Statement of Financial Performance has been agreed with the Treasury which will result in a distribution of taxation equivalent and dividend of \$3.3M to the Government.



BOX 12 GPO
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT DEPARTMENT OF PUBLIC WORKS AND SERVICES

To Members of the New South Wales Parliament and Director-General

Scope

I have audited the accounts of the Department of Public Works and Services for the year ended 30 June 1997. The preparation and presentation of the financial report consisting of the accompanying balance sheet, income and expenditure statement and statement of cash flows, together with the notes thereto and the information contained therein, is the responsibility of the Director-General. My responsibility is to express an opinion on the financial report to Members of the New South Wales Parliament and the Director-General based on my audit as required by sections 34 and 45F(1) of the Public Finance and Audit Act 1983.

My audit has been conducted in accordance with the provisions of the Act and Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates.

In addition, other legislative requirements which could have an impact on the Department of Public Works and Services' financial report have been reviewed on a cyclical basis. For this year, the requirements examined comprise: Chief Executive Service/Senior Executive Service remuneration; Payroll Tax on superannuation benefits; disaster recovery plans for computer installations and prompt payment of accounts.

These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with the requirements of the Public Finance and Audit Act 1983, Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) so as to present a view which is consistent with my understanding of the Department's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial report of the Department of Public Works and Services complies with section 45E and 41B of the Act and presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Department as at 30 June 1997 and the results of its operations and its cash flows for the year then ended.

P. CARR, FCPA

DIRECTOR OF AUDIT

(duly authorised by the Auditor-General of New South Wales
under section 45F(1A) of the Act)

SYDNEY

20 October 1997

DEPARTMENT OF PUBLIC WORKS AND SERVICES
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997
CERTIFICATE UNDER SECTION 41C (1B) & (1C) OF THE
PUBLIC FINANCE AND AUDIT ACT 1983

In my opinion the financial statements, consisting of the Income and Expenditure Statement, Balance Sheet, Statement of Cash Flows and Notes attached thereto for the financial year ended 30 June 1997 exhibit a true and fair view of the financial position and transactions of the Department of Public Works and Services.

The financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit (General) Regulation 1995, the Treasurer's Directions as they relate to the preparation of those Accounts and with the requirements of applicable Australian Accounting Standards and the Urgent Issues Group Consensus Views. Statement of Accounting Concepts are used as guidance in the absence of applicable Accounting Standards, Urgent Issues Group Consensus Views and legislative requirements.

I am not aware at this time of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Dick Persson
Director-General
Department of Public Works and Services

DEPARTMENT OF PUBLIC WORKS AND SERVICES

INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 1997

1996 \$'000		Notes	1997 \$'000
Income			
175,157	Fees	1(h)	185,239
127,232	Sales and services	3	125,035
10,739	Interest	4	8,518
-	Profit on disposal of property, plant and equipment	5	117
3,126	Other Income	6	5,261
2,796	Government funding	7	7,579
319,050			331,749
Expenditure			
122,762	Salaries and wages	8	131,028
7,931	Recreation leave	26(a)	8,101
3,985	Long service leave	1(f)	4,225
12,546	Superannuation	2	14,274
736	Voluntary Redundancy	9	5,656
85,279	Cost of sales - goods and services	10	90,566
3,292	Plant expenses		2,400
23,822	Occupancy	11	12,593
1,373	Travel	12	1,916
610	Provisions - other	26(e)	479
35,944	Other	13	41,988
298,280			313,226
OPERATING SURPLUS before Income Tax Equivalent			
20,770	Capital Grants and Abnormal Items		18,523
5,982	Capital grants	14	3,691
22,881	Abnormal items	15	56,503
49,633	OPERATING SURPLUS before Income Tax		78,717
7,477	Income Tax Equivalent	26(c)	6,668
42,156	OPERATING SURPLUS after Income Tax		72,049
282,223	Accumulated Funds 1 July		178,333
-	Add: Central Corporate Services Unit net assets	19	4,167
324,379	TOTAL AVAILABLE FOR APPROPRIATION		254,549
146,046	Dividend payable to State Government	26(d)	6,298
178,333	ACCUMULATED FUNDS 30 JUNE		248,251

The above Income and Expenditure Statement is to be read in conjunction with the accompanying notes

DEPARTMENT OF PUBLIC WORKS AND SERVICES

BALANCE SHEET AS AT 30 JUNE 1997

1996			1997
\$'000		Notes	\$'000
Current Assets			
65,160	Cash in hand and at bank	16	65,049
57,419	Receivables - trade	17	64,836
83,390	Sundry debtors and prepayments	18	142,443
106,758	Investments	4	112,965
9,528	Inventories	20	8,730
322,255			394,023
Non-Current Assets			
69,659	Property, plant and equipment	21	70,397
81	Leasehold improvements	22	652
40,129	Other	23	41,674
109,869			112,723
432,124	TOTAL ASSETS		506,746
Current Liabilities			
25,746	Trade creditors		24,436
94,650	Sundry creditors and accruals	24	107,003
43,563	Work in progress	25	38,337
30,002	Provisions	26	25,733
193,961			195,509
Non-Current Liabilities			
17,362	Provisions	26(b)	17,266
40,129	Other	27	41,674
57,491			58,940
251,452	TOTAL LIABILITIES		254,449
180,672	NET ASSETS		252,297
Retained Earnings			
178,333	Accumulated Funds		248,251
2,339	Reserves	28	4,046
180,672	TOTAL RETAINED EARNINGS		252,297

The above Balance Sheet is to be read in conjunction with the accompanying notes

DEPARTMENT OF PUBLIC WORKS AND SERVICES

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 1997

1996			1997
Inflows			Inflows
(Outflows)			(Outflows)
\$'000		Notes	\$'000
	Cash Flows from Operating Activities		
1,296,267	Receipts from operations	1(h)	1,305,114
(1,311,112)	Payments to suppliers and employees		(1,309,551)
14,590	Interest received		8,505
(13,380)	Income tax equivalent payments	26(c)	(6,707)
(13,635)	Net cash from/(used in) operating activities	37(b)	(2,639)
	Cash Flows from Investing Activities		
(48,782)	Purchase of property, plant and equipment		(11,802)
137,985	Proceeds from sale of property, plant and equipment	5	8,664
89,203	Net cash from/(used in) investing activities		(3,138)
	Cash Flows from Government Receipts-		
5,982	Government capital grants		3,691
2,796	Other Government funding	7	7,579
5,976	Provision of services to Government		5,552
(152,217)	Dividend paid to State Government	26(d)	(4,949)
(137,463)	Net cash from/(provided to) Government		11,873
(61,895)	Net increase/(decrease) in cash		6,096
233,813	Opening cash balance		171,918
171,918	CLOSING CASH BALANCE	37(a)	178,014

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes

DEPARTMENT OF PUBLIC WORKS AND SERVICES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

PRINCIPAL ACTIVITIES

The Department of Public Works and Services (DPWS) provides a range of services to Government, including advice on information technology and telecommunications, total asset management, procurement and supply of a wide range of goods and services, environmentally sensitive design and the strategic management of government property assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the accounts of DPWS are stated to assist in a general understanding of these accounts. Unless otherwise stated, these policies have been consistently applied throughout DPWS.

The financial report is a general purpose financial report prepared in accordance with applicable Australian Accounting Standards, Treasurer's Directions, the requirements of the Public Finance and Audit Act 1983 and Regulations, Urgent Issues Group Consensus Views, Industry practices and other mandatory professional reporting requirements.

(a) Basis of Accounting

These financial statements have been prepared in conformity with the financial reporting for Statutory Bodies as set out in Division 3 of Part 3 of the Public Finance and Audit Act 1983.

The accounts have been prepared on the basis of historical costs except for land and buildings which are at valuation. Plant and equipment, motor vehicles, office furniture and equipment and computers are carried at book value which in management's view approximate market value.

The Balance Sheet and Income and Expenditure Statement have been prepared on an accrual basis.

The Statement of Cash Flows has been prepared on a cash basis using the direct method, and includes all receipts and payments made during the year (refer Note 1(h) Recognition of Revenue).

Land and buildings surplus to requirements of the Department and awaiting disposal were classified as Investment Properties in the previous financial year. In view of the uncertainty of disposal these items are now classified as Property, plant and equipment (refer Note 21).

All amounts are expressed in Australian dollars rounded to the nearest one thousand dollars.

(b) Property, Plant and Equipment

Property, plant and equipment are revalued in accordance with Treasury Circular G1991/20 "Accounting Policies for Revaluation of Non-Current Assets".

Only property, plant and equipment with a cost greater than \$0.002M are capitalised. Property, plant and equipment are depreciated using the rates shown in Note 1(c).

The carrying amount of all property, plant and equipment has been reviewed as a whole to determine whether or not they are in excess of recoverable amount. If the carrying amount of property, plant and equipment exceeds the recoverable amount, the assets are written down to the lower value. In assessing recoverable amounts, the relevant cash flows have not been discounted to present value.

(c) Depreciation

Depreciation is provided on a straight line basis for all depreciable property, plant and equipment to allocate their cost over their estimated useful lives.

The following depreciation rates are used:

• Buildings	2.5%
• Motor Vehicles	20.0%
(with the exception of leased vehicles)	
• Mainframe Computers	20.0%
• Personal Computers	33.3%
• Photocopiers	33.3%
• Other Office Equipment	20.0%
• Furniture and Fittings	10.0%

Because of Treasury policy requiring passenger vehicles to be sold after two years or 40,000km and commercial vehicles to be sold after two years or 65,000km, the depreciable amount for motor vehicles owned and leased by StateFleet Services under AAS4 "Depreciation of non-current assets" is assessed as nil. Any profit or loss on disposal is reimbursed to or recovered from the lessee.

(d) Provision for major periodic maintenance

In order to maintain the service potential of buildings owned and occupied by DPWS, a 10 year program of long term building maintenance has been developed (refer Note 21).

(e) Leasehold Improvements

Leasehold Improvements are amortised over the period of the lease or the life of the asset whichever is shorter.

(f) Employee Entitlements**Long Service Leave**

The cost of employee entitlements for long service leave [other than those referred to in note 1(g)] is met by the payment of a contribution based on salaries and wages to the NSW Treasury. The payment is made into the "Non-Budget Sector Long Service Leave Pool Scheme" and leave taken is reimbursed from the Scheme.

In accordance with AAS30 "Accounting for Employee Entitlements" long service leave entitlements owing to employees at balance date have been recognised as current and non-current liabilities with the corresponding amounts reimbursable from the Crown Transactions Entity shown as current and non-current assets.

Annual Leave

The full liability for annual leave owing to employees has been accounted for and shown under Current Liabilities in the Balance Sheet.

Sick Leave

Sick leave is non-vesting and is expensed as incurred. Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave in the future will be greater than the entitlements accrued in the future.

(g) Acceptance by the Crown Transactions Entity of Employee Liabilities

For officers of NSW Supply and the Central Corporate Services Unit of the Department, the cost of entitlements for long service leave and superannuation are assumed by the Crown Transactions Entity resulting in non-monetary revenue. This revenue \$1.380M (1995/96 \$0.398M) is included within "Other Income".

(h) Recognition of Revenue

Revenue is recognised as follows:

Fees represent:

- Revenue through the sale of resources to clients. The main resources are employees who charge hours worked against activities on projects. Revenue is recognised when hours are charged to client projects within work in progress.
- Payments from clients for work completed on contracts which DPWS has managed on their behalf together with corresponding payments to contractors are omitted from the Income and Expenditure Statement as they are not considered departmental income and expenditure. These receipts and payments have however been included in the Statement of Cash Flows as they are accounted for in the Balance Sheet as Work in Progress.
- Supply fees, funding received from Treasury for Period Contract Administration and income from corporate services and are recognised as earned.
- Agency fees for management and sale of property for New South Wales Government Departments and Statutory Bodies. The agency fee from the sale of property is brought to account when all conditions of the sale have been satisfied.

"Sales and services" income is derived from the sale of products and services predominantly to New South Wales Government agencies (refer Note 3) and recognised when goods are delivered and services are provided. "Sales and services" income also includes Treasury funding received for printing the Government Gazette and for providing Government information services. Lease income from Motor Vehicle leasing is recognised as earned. The sales and services transactions with Macquarie Bank Limited and Commonwealth Bank of Australia [refer note 1 (i)] for motor vehicle leasing facilities do not impact departmental income and expenditure and have therefore been excluded from the Income and Expenditure Statement. The transactions have, however, been included in the Statement of Cash Flows as they do impact sundry debtors and sundry creditors.

Other income includes commission earned under a Strategic Relationship Agreement between the State Government and Telstra/Optus for the administration of expenditures by agencies on telecommunications. Revenue is recognised each month on a predetermined basis. Details of "Other Income" are provided in Note 6.

(i) Operating Leases

All lease arrangements entered into by DPWS are operating leases. Operating lease expenditure are expensed in the period in which the benefit is received.

In accordance with Abstract 1 of the Urgent Issues Group Consensus Views "Lessee accounting for surplus leased space under a non-cancellable operating lease", a provision is maintained to reflect the current surplus space in existing leases (refer Note 11).

DPWS through StateFleet Services leases passenger and commercial vehicles to Government agencies. Operating leases also apply to the lease of vehicles from the Government leasing facility with Macquarie Bank Limited and Commonwealth Bank of Australia. StateFleet Services acts as a manager in respect of the financiers, collecting the lease fees and acquiring and disposing of vehicles on their behalf in return for a monthly management fee.

(j) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at balance date using the average cost method. The adequacy of the provision for obsolescence is assessed and adjusted each year.

(k) Taxation

Under the New South Wales Government Tax Equivalent Regime for Government trading enterprises, agreement has been reached that the accounting profit model should be used by DPWS in the calculation of income tax equivalent. This model applies the current rate of company tax and does not require tax effect accounting. Accordingly the requirements of AAS3 "Accounting for Income Tax" are not applicable.

(l) Dividend

Dividends payable to the State Government have been calculated in accordance with the Government's Financial Distribution Policy.

(m) Comparatives

Where necessary previous year figures have been reclassified to facilitate comparison.

2. SUPERANNUATION

The Superannuation Schemes relating to employees of DPWS are:

- State Superannuation Fund (SSF);
- State Authorities Superannuation Scheme (SASS);
- State Authorities Non Contributors Scheme (SANCS);
- First State Super Scheme (FSS);
- Public Sector Executives Superannuation Scheme (PSESS).

For FSS and PSESS employee contributions are fully funded and vested to individual officers.

The assessed liability for the Department at 30 June 1997 and funds held in the reserve accounts at the Superannuation Administration Authority (including accrued interest) are:

	Reserve Balance		Assessed Liability		(Over)/Under Provided	
	1997	1996	1997	1996	1997	1996
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
SANCS	19,458	16,813	13,716	12,341	(5,742)	(4,472)
SASS	44,951	39,840	34,119	32,353	(10,832)	(7,487)
SSF	434,597	376,280	340,827	332,284	(93,770)	(43,996)
	499,006	432,933	388,662	376,978	(110,344)	(55,955)

Arising from the last Triennial Actuarial Review as at 30 June 1994 of the State Authorities Superannuation Board - Pooled Fund, it had been identified that uncertainty existed in relation to taxation allocations at the employer level in respect of virtually all of the individual employer reserve balances within the Pooled fund. This uncertainty has been satisfactorily resolved during the current financial year.

The 1997 assessment of SANCS, SASS and SSF is based on the full requirements of AAS25 "Financial Reporting by Superannuation Plans". This requires that a "market determined risk adjustment discount rate" be applied as the valuation interest rate in the calculation of the value of accrued benefits. A review of the interest rate assumption for the 1997 calculations has indicated an expected reduction in the longer term. In order to meet the requirements of AAS25, the assumptions which were applied at the last review have been replaced by the rates in the following table:

	1997	1998	1999	2000	Thereafter
	% pa	% pa	% pa	% pa	% pa
Investment Return	9.0	7.0	7.0	7.0	7.0
Salary Growth Rate	3.0	3.7	4.0	4.5	5.0
Consumer Price Index	4.0	2.1	2.5	3.0	3.5

The Superannuation Expense for the year has been determined as follows:

	1997	1996
	\$'000	\$'000
Contributions to funds	14,274	12,546
Movement in prepaid superannuation	(54,390)	(22,881)
	(40,116)	(10,335)

Because of the abnormal value of the adjustment to prepaid superannuation, this amount has been disclosed as an abnormal item in the Income and Expenditure Statement. The contribution to the funds has been shown as superannuation expense.

3. SALES AND SERVICES

	1997	1996
	\$'000	\$'000
QStores sale of stock	53,587	51,032
Mail services	24,582	23,504
Advertising billings	21,961	21,952
Printing sales	16,736	14,610
Motor Vehicle lease and commission income	4,341	11,952
Sale of legislation and publications	3,828	4,182
	125,035	127,232

4. INVESTMENTS AND INTEREST EARNED

DPWS has investment powers defined in Part 1 of Schedule 4 of the Public Authorities (Financial Arrangements) Act 1987. A maximum of 80% of the Department's funds, excluding client funds, may be withdrawn from the Treasury banking system. As in the previous year these funds have been deposited with NSW Treasury Corporation in short term cash deposits and the market value of these deposits is equal to their book value.

Interest on the bank balance has been calculated on the minimum daily cash balance, excluding any client funds, at the "Treasury Interest Rate" which is equivalent to the weighted average 11 am Treasury Corporation unofficial cash rate less 1%.

5. PROFIT/(LOSS) ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	1997	1996
	\$'000	\$'000
Proceeds on disposal of property, plant and equipment	8,664	137,985
Less: Written down value of property, plant and equipment disposed	8,547	137,988
	117	(3)

Note: Previous year's loss on disposal is included within the line item "other" expenditure.

6. OTHER INCOME

	1997	1996
	\$'000	\$'000
Strategic Relationship Agreement commission	2,102	1,071
Acceptance of employee liabilities by the Crown		
Transactions Entity	1,380	398
Other	1,779	1,657
	5,261	3,126

7. GOVERNMENT FUNDING

	1997	1996
	\$'000	\$'000
Voluntary Redundancy (refer Note 9)	5,656	736
Additional Staff Costs	1,833	2,060
Government Information Management Board	90	-
	7,579	2,796

8. SALARIES AND WAGES

	1997	1996
	\$'000	\$'000
Salaries and wages	119,718	109,619
Payroll tax	9,057	9,637
Workers' compensation insurance	2,253	3,506
	131,028	122,762

9. VOLUNTARY REDUNDANCY

During 1996/97, 110 employees (1995/96 19) accepted voluntary redundancy at a total cost of \$5.656M (1995/96 \$0.736M).

10. COST OF SALES - GOODS AND SERVICES

	1997	1996
	\$'000	\$'000
QStores purchases	36,493	34,805
Advertising	19,974	19,401
Mail services	17,039	15,983
Printing sub contractors	8,038	6,431
QStores facility management fees	6,784	6,519
Printing materials	2,238	2,140
	90,566	85,279

11. OCCUPANCY

	1997	1996
	\$'000	\$'000
Rent	14,900	13,574
Surplus leased premises [refer Note 1(i)]	(3,423)	8,044
Electricity and gas	563	569
Other occupancy related expenses	553	1,635
	12,593	23,822

12. TRAVEL

	1997	1996
	\$'000	\$'000
Motor vehicle costs	693	275
Travel and removal	1,223	1,098
	1,916	1,373

13. OTHER EXPENSES

	1997	1996
	\$'000	\$'000
Advertising, publicity and marketing	944	648
Audit fees (refer Note 33)	405	350
Bad and doubtful debts	2,553	853
Bank charges	199	159
Computer costs	3,890	3,276
Consultants	1,703	560
Depreciation and amortisation not directly charged	6,076	6,190
Insurance	2,894	3,202
Legal charges	64	139
Maintenance	2,187	1,081
Property, plant and equipment written off	129	583
Postage and telephone	3,999	2,143
Printing and stationery	3,474	2,048
Sales tax equivalent	793	1,002
Training and development	1,129	1,087
Other	11,549	12,623
	41,988	35,944

Note: Depreciation and amortisation expense for the year totalled \$8.359M (1995/96 \$9.344M) and has been apportioned amongst a number of operational activities and has been recovered by charging out to clients. The amount shown above represents the balance of unapportioned depreciation.

14. CAPITAL GRANTS

Capital funding of \$3.082M (1995/96 \$5.982M) was received from the State Government, \$0.557M (1995/96 Nil) from State Rail Authority and \$0.052M (1995/96 Nil) from State Emergency Service to progress work on the Government Radio Network.

15. ABNORMAL ITEMS

	1997	1996
	\$'000	\$'000
Accumulated losses of non operating units of the former Commercial Services Group reimbursed by the State Government	2,113	-
Prepaid superannuation adjustment	54,390	22,881
	56,503	22,881

16. CASH IN HAND AND AT BANK

	1997	1996
	\$'000	\$'000
Cash in hand	59	43
Operating bank accounts	64,990	65,117
	65,049	65,160

17. RECEIVABLES - TRADE

	1997	1996
	\$'000	\$'000
Trade Debtors	68,468	58,665
Less: Provision for doubtful debts	(3,632)	(1,246)
	64,836	57,419

During the year an amount of \$2.542M (1995/96 \$0.646M) was provided for doubtful debts, \$0.117M (1995/96 \$0.010M) was written off as uncollectable and \$0.038M was reversed from the provision account.

The Income and Expenditure charge included in "Other" expense comprised:

	1997	1996
	\$'000	\$'000
Provision for doubtful debts	2,542	646
Bad debts written off	11	207
	2,553	853

18. SUNDRY DEBTORS AND PREPAYMENTS

Sundry debtors and prepayments includes the following:

	1997	1996
	\$'000	\$'000
Prepaid superannuation (see Note 2)	110,344	55,955
Accrued interest	1,674	1,661
Reimbursement of motor vehicles purchased on behalf of Macquarie Bank Limited and Commonwealth Bank of Australia [see Note 1 (i)]	17,751	11,869
Long service leave reimbursable by the Crown Transactions Entity	2,435	1,650
Other debtors and prepayments	10,239	12,255
	142,443	83,390

19. CENTRAL CORPORATE SERVICES UNIT NET ASSETS TRANSFERRED

The Central Corporate Services Unit of the Department was formed to provide corporate services to agencies within the Governor Macquarie Tower and other agencies. Following the formation of the Unit net assets valued at \$4.167M were transferred free of charge to the Department from other agencies.

20. INVENTORIES

	1997	1996
	\$'000	\$'000
Printing materials	743	766
Legislation stock	623	759
QStores stock	7,374	8,003
Fuel and oil	34	43
Stores	107	79
Less: Provision for obsolescence	(151)	(122)
	8,730	9,528

21. PROPERTY, PLANT AND EQUIPMENT

Non Current Assets	Land	Buildings	Plant & Equip't	Motor Vehicles	Office Furniture & Equip't	Computers	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At Valuation							
Balance 1 July 1996	13,184	9,268	-	-	-	-	22,452
Additions	-	43	-	-	-	-	43
Revaluation increments/ (decrements)	1,129	578	-	-	-	-	1,707
Reclassifications, disposals/ write-offs	(289)	414	-	-	-	-	125
Balance 30 June 1997	14,024	10,303	-	-	-	-	24,327
Depreciation							
Balance 1 July 1996	-	(579)	-	-	-	-	(579)
Charge for the year	-	(200)	-	-	-	-	(200)
Revaluation increments/ (decrements)	-	196	-	-	-	-	196
Reclassifications, disposals/ write-offs	-	(65)	-	-	-	-	(65)
Balance 30 June 1997	-	(648)	-	-	-	-	(648)
Less:							
Provision for Periodic Maintenance	-	(265)	-	-	-	-	(265)
Net Book Value 30 June 1997	14,024	9,390	-	-	-	-	23,414
Net Book Value 30 June 1996	13,184	8,212	-	-	-	-	21,396
At Cost							
Balance 1 July 1996	-	405	30,312	23,626	7,629	19,120	81,092
Additions	-	-	8,288	769	711	5,798	15,566
Reclassifications, disposals/ write-offs	-	(405)	(2,898)	(9,018)	(654)	(1,706)	(14,681)
Balance 30 June 1997	-	0	35,702	15,377	7,686	23,212	81,977
Depreciation							
Balance 1 July 1996	-	(80)	(14,092)	(1,252)	(3,637)	(13,768)	(32,829)
Charge for the year	-	-	(2,629)	(296)	(1,027)	(4,158)	(8,110)
Reclassifications, disposals/ write-offs	-	80	1,972	877	502	2,514	5,945
Balance 30 June 1997	-	0	(14,749)	(671)	(4,162)	(15,412)	(34,994)
Net Book Value 30 June 1997	-	-	20,953	14,706	3,524	7,800	46,983
Net Book Value 30 June 1996	-	325	16,220	22,374	3,992	5,352	48,263

Total

Net Book Value 30 June 1997	14,024	9,390	20,953	14,706	3,524	7,800	70,397
Net Book Value 30 June 1996	13,184	8,537	16,220	22,374	3,992	5,352	69,659

Note: Land and Buildings include surplus land \$3.612M (1995/96 \$2.976M) and net book value of buildings \$0.037M (1995/96 \$0.328M).

Valuations

All Land and Buildings have been revalued in 1996/97. Valuations have been carried out during the year by the Valuer-General, the State Valuation Office and Jones Lang Wootton in accordance with the 1990 "Policy Guidelines for Valuation of Physical Non-Current Assets in NSW Public Sector".

Provision for Periodic Maintenance

	1997	1996
	\$'000	\$'000
Balance at beginning of the year	477	685
Maintenance expenditure during the year	(323)	(268)
Provision written back	(33)	(88)
Charge for the year	144	148
Balance at the end of the year	265	477

22. LEASEHOLD IMPROVEMENTS

	1997	1996
	\$'000	\$'000
Cost		
Balance at the beginning of the year	637	776
Additions	621	13
Disposals/write offs	(26)	(152)
Balance at the end of the year	1,232	637

Amortisation

Balance at the beginning of the year	(556)	(514)
Charge for the year	(49)	(122)
Disposals/write offs	25	80
Balance at the end of the year	(580)	(556)
Net Book Value 30 June	652	81

23. OTHER NON CURRENT ASSETS

	1997	1996
	\$'000	\$'000
Long service leave reimbursable by the Crown Transactions Entity	41,674	40,129

24. SUNDRY CREDITORS AND ACCRUALS

	1997	1996
	\$'000	\$'000
Amounts due to contractors for work in progress	68,133	58,199
Long service leave liability	2,435	1,650
Amounts owing under Strategic Relationship Agreement	8,600	7,206
Other sundry creditors and accruals	27,835	27,595
	107,003	94,650

25. WORK IN PROGRESS

DPWS acts as principal in the contract for construction works undertaken for clients. The role of DPWS includes the payment of contractors on the clients behalf.

Work in progress represents the cost of all works in progress less progress billings received from clients and is net of a provision for uncollectable work in progress of \$9.431M (1995/96 \$10.225M). At 30 June 1997, work in the ground was valued at \$68.133M (1995/96 \$58.199M) and this accrual is reflected in sundry creditors and accruals (see Note 24).

Under the General Conditions of Contract AS 2124, there are specific conditions relating to the payment of contractor claims for work completed. Penalties for failure to adhere to these conditions include payment of interest. To ensure contractual payment obligations are met, agreements have been made for major clients to pay according to a monthly cash flow determined on the basis of client funds being lodged in the DPWS bank account to facilitate the payment of contractors claims.

Where cash flow payments from clients exceed costs to date, AAS11 "Accounting for Construction Contracts" requires the net balance to be disclosed as a liability. The Standard also requires disclosure of "the gross amount of construction work in progress and, as a deduction therefrom, the related aggregate billings". Net work in progress has accordingly been shown in the Balance Sheet as a current liability. Gross work in progress and billings to date are:

	1997	1996
	\$'000	\$'000
Gross work in progress as at 30 June	5,788,505	5,002,251
Billings to date	(5,817,411)	(5,035,589)
Net work in progress	(28,906)	(33,338)
Provision for uncollectable work in progress	(9,431)	(10,225)
Net credit work in progress as per Balance Sheet	(38,337)	(43,563)

26. PROVISIONS

	1997	1996
	\$'000	\$'000
Current		
Provision for recreation leave (a)	10,626	9,665
Provision for surplus leased premises [1(i)]	3,617	8,044
Provision for Income Tax Equivalent (c)	5,192	5,231
Provision for Dividends (d)	6,298	7,062
	25,733	30,002

Non-current

Provision for Major Reworks (b)	17,266	17,362
--	---------------	---------------

The movements in provisions for the year were:

(a) Provision for Recreation Leave

	1997	1996
	\$'000	\$'000
Balance at the beginning of year	9,665	9,796
Provided during the year	8,101	7,931
Charges during the year	(7,140)	(8,062)
Balance at the end of the year	10,626	9,665

(b) Provision for Major Reworks

	1997	1996
	\$'000	\$'000
Balance at the beginning of year	17,362	18,176
Claims during the year	(96)	(814)
Balance at the end of the year	17,266	17,362

When DPWS is required to undertake urgent or unforeseen remedial work on major projects to ensure their optimum value to the community, this provision eliminates inappropriate charges against current working budgets and thus does not affect established programs. The level of this provision has been reviewed by independent experts and found to be in line with industry benchmarks.

(c) Provision for Income Tax Equivalent

	1997	1996
	\$'000	\$'000
Balance at the beginning of year	5,231	11,134
Provided during the year	6,668	7,477
Charges during the year	(6,707)	(13,380)
Balance at the end of the year	5,192	5,231

(d) Provision for Dividends

	1997	1996
	\$'000	\$'000
Balance at the beginning of year	7,062	13,233
Provided during the year	6,298	146,046
Payments made during the year	(4,949)	(152,217)
Receivable from State Government for abnormal loss offset against dividend (refer Note 15)	(2,113)	-
Balance at the end of the year	6,298	7,062

e) Income and Expenditure Statement Charge

The amount charged for provisions, other than recreation leave comprised:

	1997	1996
	\$'000	\$'000
Provision for uncollectable work in progress (refer Note 25)	335	462
Provision for periodic building maintenance (refer Note 21)	144	148
	479	610

27. OTHER NON-CURRENT LIABILITIES

	1997	1996
	\$'000	\$'000
Long service leave liability	41,674	40,129

28. RESERVES

	1997	1996
	\$'000	\$'000
Asset Revaluation Reserve		
Balance at the beginning of year	2,339	2,339
Revaluation increment	2,454	-
Revaluation decrement	(747)	-
Balance at the end of the year	4,046	2,339

29. CONTINGENT LIABILITIES

Claims made against DPWS in respect of compensation and litigation arising from its operations are fully covered by DPWS' insurance cover.

30. CAPITAL EXPENDITURE COMMITMENTS

	1997	1996
	\$'000	\$'000
Not later than one year	6,683	5,904
Later than one year but not later than two years	925	5,200
Later than two years but not later than three years	925	925
	8,533	12,029

Capital expenditure commitments disclosure is based on DPWS capital program included in the New South Wales Budget Papers.

31. CONSULTANTS

The total amount expended on consultants was \$1.703M (1995/96 \$0.560M).

32. LEASE COMMITMENTS

Operating	Properties		Motor Vehicles	
	1997	1996	1997	1996
	\$'000	\$'000	\$'000	\$'000
Payable no later than 1 year	14,139	12,074	1,235	865
Payable later than 1 year but no later than 2 years	14,446	10,170	539	587
Payable later than 2 years but no later than 5 years	35,560	25,984	89	122
Payable later than 5 years	55,279	33,971	-	-
	119,424	82,199	1,863	1,574

33. AUDIT FEES

Audit fees of \$0.405M (including additional audit fees of \$0.020M for 1995/96) are payable to the Audit Office of New South Wales. The auditor received no other benefit.

34. DIRECTORS' REMUNERATION (Management Advisory Boards)

Government Printing Service and Government Information Service each has a Management Advisory Board. Included in other expenses is an amount of \$0.030M (1995/96 \$0.020M) which represents amounts payable to non-executive members of the Boards. An amount of \$0.080M, which was reimbursed by NSW Treasury, was paid to non-executive members of the Government Information Management Board. This was its first year of operation.

35. MATERIAL ASSISTANCE PROVIDED AT NO OR NOMINAL COST

During the year no assistance was received from other New South Wales Government agencies at no or nominal cost.

36. STATEMENT OF OPERATIONS BY SEGMENT

(a) The Department of Public Works and Services provides a variety of services to NSW Government agencies.

These include:

(i) Project Management -

The Department manages the interface with the building and construction industries on behalf of government clients.

(ii) Warehousing Service of common use items -

DPWS sources, warehouses and supplies bulk discount common-use items to government agencies.

(iii) Mail Services -

DPWS is responsible for collection and delivery of mail for State Government organisations.

(iv) Advertising -

The Department provides advertising services and produces Public Service Notices for the NSW Government managing a master media agreement with Departments and Authorities to bulk purchase advertising space.

(v) Printing Services -

The Department provides printing, publishing and forms management services to the NSW Government. It creates artwork, typesetting and documents, and publishes the NSW Government Gazette.

(vi) Motor Vehicle Leasing -

DPWS provides motor vehicle leasing and fleet management services to NSW Government Departments and Authorities. It monitors the Government's motor vehicle purchase and replacement programme, arranges disposal of vehicles and arranges contracts through the State Contracts Control Board.

(vii) Sale of Legislation and Publications -

The Department provides Government legislation and other Government publications through two bookshops, by subscription or mail order. It also provides information on Government services and initiatives to the public through a telephone enquiry service.

(viii) Other Fees and Corporate Services -

Other services include supply and telecommunications services and the management of government-owned buildings and corporate services.

(b) The Department of Public Works and Services operates primarily in the State of New South Wales.

(c) Industry segment information is set out in the following table:

	Income		Expenditure		Operating Results		Segment Assets	
	1997	1996	1997	1996	1997	1996	1997	1996
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Project Management	145,577	156,332	130,233	152,219	15,344	4,113	202,936	202,624
Warehousing	53,587	51,032	48,585	45,164	5,002	5,868	34,243	34,282
Mail Service	24,582	23,504	22,874	22,395	1,708	1,109	9,015	8,369
Advertising	21,961	21,951	21,024	21,472	937	479	6,861	6,997
Printing	16,736	14,610	15,901	14,207	835	403	11,262	10,765
Motor Vehicle Leasing	4,341	11,952	2,607	4,266	1,734	7,686	58,146	57,482
Sale of Legislation & Publications	3,828	4,182	3,259	3,727	569	455	3,515	3,028
Other Fees and Corporate Services	61,137	35,487	68,743	34,830	(7,606)	657	180,768	108,577
	331,749	319,050	313,226	298,280	18,523	20,770	506,746	432,124

37. NOTE TO THE STATEMENT OF CASH FLOWS**(a) Reconciliation of Cash**

For the purpose of the statement of cash flows, the cash balance is considered to include cash in hand, cash at bank and cash deposits.

	1997	1996
	\$'000	\$'000
Cash at bank	64,990	65,117
Cash in hand	59	43
Cash deposited with NSW Treasury Corporation	112,830	106,758
Other cash deposits	135	-
	178,014	171,918

(b) Reconciliation of Net Cash from Operating Activities to Operating Result.

	1997 \$'000	1996 \$'000
Operating Surplus after income tax	72,049	42,156
Depreciation and amortisation	8,359	9,344
(Increase)/Decrease in prepayments	(59,053)	(15,754)
(Increase)/Decrease in receivables	(7,417)	(5,165)
(Increase)/Decrease in inventories	798	(2,030)
Increase/(Decrease) in payables	(1,310)	(11,709)
Increase/(Decrease) in sundry creditors and accruals	12,353	(11,035)
Increase/(Decrease) in work in progress	(5,226)	*13,775
Increase/(Decrease) in provisions	(4,269)	(19,049)
Government capital grants	(3,691)	(5,982)
Other Government funding	(13,131)	(8,772)
(Profit)/Loss on sale of property, plant and equipment	(117)	3
Refund of accumulated losses (refer Note 15)	(2,113)	-
Property, plant and equipment written off	129	583
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	(2,639)	(13,635)

*Includes expenditure on the Government Radio Network

END OF AUDITED FINANCIAL STATEMENTS

DEPARTMENT OF PUBLIC WORKS AND SERVICES

SUMMARY OF LAND OWNED AND OCCUPIED - 30 JUNE 1997

Area and Detail		Valuation \$	Date of Valuation	Valuer
Alexandria	QStores 47-49 Bourke Road	4,315,000	27.03.96	Valuer-General of NSW
Alexandria	92 Burrows Road	2,417,750	01.06.97	Jones Lang Wootton
Doonside	Richmond Road	1,050,000	05.03.97	Valuer-General of NSW
Coffs Harbour	259 High Street	325,000	28.10.96	Valuer-General of NSW
Bathurst	Residence - 38 Pellion Place	43,500	08.04.97	Valuer-General of NSW
Bathurst	Government Printing Service 138 William Street	40,000	20.06.97	State Valuation Office
Dubbo	White Street	185,000	29.04.97	Valuer-General of NSW
Hay	Residence - Church Street	16,000	29.04.97	Valuer-General of NSW
Kariong	Pacific Highway	85,000	17.02.97	Valuer-General of NSW
Lismore	Dalley Street	200,000	05.11.96	Valuer-General of NSW
Manly	Manly Hydraulics Laboratory 110A King Street	1,260,000	10.07.97	State Valuation Office
Newcastle	Hall Street	150,000	15.11.96	Valuer-General of NSW
Port Kembla	Horne Street	375,000	11.11.96	Valuer-General of NSW
Wagga Wagga	Coleman Street	135,000	16.05.97	State Valuation Office
Moree	Robinson Road	9,000	08.07.97	State Property
Inverell	Ashford Road	17,500	19.11.96	Valuer-General of NSW
Glebe	Former Government Motor Workshop	3,400,000	10.07.97	State Valuation Office
		14,023,750		



BOX 12 GPO
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

OFFICE OF THE MINISTER FOR PUBLIC WORKS AND SERVICES

To Members of the New South Wales Parliament and Director-General of the Department of Public Works and Services

Scope

I have audited the accounts of the Office of the Minister for Public Works and Services for the year ended 30 June 1997. The preparation and presentation of the financial statements, consisting of the accompanying statement of financial position, operating statement, statement of cash flows, program statement - expenses and revenues, and summary of compliance with financial directives, together with the notes thereto, and the information contained therein, is the responsibility of the Director-General. My responsibility is to express an opinion on these statements to Members of the New South Wales Parliament and the Director-General based on my audit as required by sections 34 and 45 (1) of the *Public Finance and Audit Act 1983*.

My audit has been conducted in accordance with the provisions of the Act and Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates.

These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with the requirements of the *Public Finance and Audit Act 1983*, Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) so as to present a view which is consistent with my understanding of the Office's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial report of the Office of the Minister for Public Works and Services complies with section 45E of the Act and presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Office as at 30 June 1997 and the results of its operations and its cash flows for the year then ended.

P. CARR, FCPA

DIRECTOR OF AUDIT

(duly authorised by the Auditor-General of New South Wales
under section 45(2) of the Act)

SYDNEY
26 September 1997

OFFICE OF THE MINISTER FOR PUBLIC WORKS AND SERVICES
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

STATEMENT BY AGENCY HEAD

Pursuant to Section 45F of the Public Finance and Audit Act 1983, I state that:

- a) The accompanying financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983, the Public Finance and Audit (General) Regulation, 1995, the Treasurer's Directions and the Financial Reporting Code for Budget Dependent Agencies.
- b) The financial statements exhibit a true and fair view of the financial position and transactions of the Office of the Minister for Public Works and Services.
- c) There are not any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Dick Persson
Director-General
Department of Public Works and Services

25 September 1997

OFFICE OF THE MINISTER FOR PUBLIC WORKS AND SERVICES

OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 1997

	Notes	Actual 1997 \$'000	Budget 1997 \$'000	Actual 1996 \$'000
Expenses				
Operating expenses -				
Employee related	2 (a)	865	770	705
Other operating expenses	2 (b)	392	475	412
Depreciation and amortisation	2 (c)	55	-	43
Grants and subsidies	2 (d)	7,313	9,313	16,121
Other expenses	2 (e),5	31,740	29,316	32,094
Total Expenses		40,365	39,874	49,375
Less:				
Retained Revenue				
Investment income	3(a)	320	155	600
Other revenue	3(b)	1,195	1,189	-
Total Retained Revenue		1,515	1,344	600
Net Cost of Services	20	38,850	38,530	48,775
Government Contributions				
Recurrent appropriation (net of transfer payments)	4	36,367	38,567	49,327
Acceptance by the Crown Transactions Entity of employee entitlements and other liabilities	6	57	56	29
Total Government Contributions		36,424	38,623	49,356
Surplus/(Deficit) for the year		(2,426)	93	581

The accompanying notes form part of these statements.

OFFICE OF THE MINISTER FOR PUBLIC WORKS AND SERVICES

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 1997

	Notes	Actual 1997 \$'000	Budget 1997 \$'000	Actual 1996 \$'000
Assets				
Current Assets				
Cash	19	1,749	4,435	4,279
Receivables	9	149	519	582
Inventories	10	650	-	-
Other	11	19,319	19,319	32,131
Total Current Assets		21,867	24,273	36,992
Non-Current Assets				
Property, plant and equipment	12	397	452	452
Total Non-Current Assets		397	452	452
Total Assets		22,264	24,725	37,444
Liabilities				
Current Liabilities				
Accounts payable	13	67	9	9
Borrowings	14	-	-	12,812
Total Current Liabilities		67	9	12,821
Total Liabilities		67	9	12,821
Net Assets		22,197	24,716	24,623
Equity				
Accumulated funds	15	22,197	24,716	24,623
Total Equity		22,197	24,716	24,623

The accompanying notes form part of these statements.

OFFICE OF THE MINISTER FOR PUBLIC WORKS AND SERVICES

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 1997

	Notes	Actual 1997 \$'000	Budget 1997 \$'000	Actual 1996 \$'000
Cash Flows from Operating Activities				
Payments				
Employee related		(808)	(714)	(675)
Grants and subsidies		(7,313)	(9,313)	(16,121)
Other		(32,718)	(29,791)	(32,912)
Total Payments		(40,839)	(39,818)	(49,708)
Receipts				
Interest received		484	218	502
Other		1,458	1,189	607
Total Receipts		1,942	1,407	1,109
Net Cash Flows from Operating Activities	20	(38,897)	(38,411)	(48,599)
Cash Flows from Investing Activities				
Purchase of property, plant and equipment		-	-	(51)
Other		-	-	(500)
Net Cash Flows from Investing Activities		-	-	(551)
Cash Flows from Government				
Recurrent appropriation		36,367	38,567	49,327
Net Cash Flows from Government		36,367	38,567	49,327
Net Increase/(Decrease) in Cash		(2,530)	156	177
Opening cash and cash equivalents		4,279	4,279	4,102
Closing Cash and Cash Equivalents	19	1,749	4,435	4,279

The accompanying notes form part of these statements.

PROGRAM STATEMENT - EXPENSES AND REVENUES FOR THE YEAR ENDED 30 JUNE 1997

	1997	Program 1*	Total	
	1997	1996	1997	1996
	\$'000	\$'000	\$'000	\$'000
Agency's Expenses and Revenues				
Expenses				
Operating expenses				
Employee related	865	705	865	705
Other operating expenses	392	412	392	412
Depreciation and amortisation	55	43	55	43
Grants and subsidies	7,313	16,121	7,313	16,121
Other expenses	31,740	32,094	31,740	32,094
Total Expenses	40,365	49,375	40,365	49,375
Retained Revenue				
Investment income	320	600	320	600
Other revenue	1,195	-	1,195	-
Total Retained Revenue	1,515	600	1,515	600
Net Cost of Services	38,850	48,775	38,850	48,775
Government contributions	36,424	49,356	36,424	49,356
Surplus/(Deficit) for the Year	(2,426)	581	(2,426)	581
Administered Expenses and Revenues				
Administered Expenses				
Transfer payments	12,626	-	12,626	-
Other	656	-	656	-
Total Administered Expenses	13,282	-	13,282	-
Administered Revenues				
Transfer receipts	12,626	-	12,626	-
Total Administered Revenues	12,626	-	12,626	-
Administered Revenues Less Expenses	(656)	-	(656)	-

*The name and purpose of the program is summarised in Note 8

SUMMARY OF COMPLIANCE WITH FINANCIAL DIRECTIVES

FOR THE YEAR ENDED 30 JUNE 1997

	Actual Appropriations		Estimated Expenditure**		Actual Appropriations		Estimated Expenditure**	
	Original		Revised		Original		Revised	
	1997	1997	1997	1997	1996	1996	1996	1996
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Recurrent appropriations								
Program 1*	52,911	48,993	48,993	56,549	49,327	49,327		
	52,911	48,993	48,993	56,549	49,327	49,327		
Capital appropriations								
Program 1*	-	-	-	-	-	-	-	-
Total appropriations (includes transfer payments)	52,911	48,993	48,993	56,549	49,327	49,327		

* The name and purpose of the Office's program is summarised in Note 8

** In New South Wales agencies are not required to separately record expenditures which are financed by the Consolidated Fund as distinct from expenditures financed by their own user charges. As a result, they are not able to determine accurately the exact amount of the expenditures related to the Consolidated Fund. However, the amount of revised expenditure should approximate the actual expenditure of Consolidated Fund monies by agencies.

The variance of \$3.918M between original appropriation and revised appropriation for 1997 is mainly due to:

	\$'000
• Supplementary allocation for purchase of Telecommunications Interface Equipment for budget sector agencies	1,513
• Supplementary allocation for additional cost of Coffs Harbour Jetty Restoration	400
• Supplementary allocation for Internet and Electronic Information	350
• Transfer of Minister's private office allocation to the Roads and Traffic Authority	(1,189)
• Royal Agricultural Showground - savings due to completion of program with funds carried forward from previous year	(2,000)
• Government Cleaning Service sick leave liability expenses - savings	(1,092)
• Voluntary Redundancy - under expenditure carried forward to 1997/98	(1,040)
• Purchase of Sandstone - under expenditure carried forward to 1997/98	(750)

THE OFFICE OF THE MINISTER FOR PUBLIC WORKS AND SERVICES

Notes to and Forming Part of the Financial Statements

1. Summary of Significant Accounting Policies**(a) Reporting Entity**

The Office of the Minister for Public Works and Services, as a reporting entity, comprises the operating activities of the Minister's Office and the appropriation of Consolidated Fund allocations for Risk Management and Policy Development for Government.

The private office of the Minister for Public Works and Services was transferred to Roads and Traffic Authority from 1 July 1997 following a determination by the Treasurer in terms of Section 24(1) of the Public Finance and Audit Act.

(b) Basis of Accounting

The Office's financial statements are a general purpose financial report which has been prepared on an accrual basis and in accordance with applicable Australian Accounting Standards and the Urgent Issues Group Consensus Views, the requirements of the Public Finance and Audit Act and Regulations, the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent Agencies or issued by the Treasurer under Section 9(2)(n) of the Act.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed. Statements of Accounting Concepts are used as guidance in the absence of applicable Accounting Standards, Urgent Issues Group Consensus Views and legislative requirements.

The financial statements are prepared in accordance with the historical cost convention. Property, plant and equipment are recorded at book values, and these approximate market values. All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

Adoption of the Financial Reporting Code for Budget Dependent Agencies has resulted in transfer payments and receipts (and other administered expenses), and administered assets and liabilities being excluded from the primary financial statements (ie the operating, financial position and cash flow statements). This has reduced the net cost of services by \$13.282M for the 1996/97 financial year. Administered assets were \$1.5M and administered liabilities were \$2.2M.

(c) Parliamentary Appropriations and Contributions from Other Bodies

Parliamentary appropriations and contributions from other bodies (including grants and donations) are recognised as revenues when the agency obtains control over the assets comprising the appropriations / contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

(d) Employee Entitlements**(i) Salaries, Annual Leave, Sick Leave and On-Costs**

Liabilities for salaries are recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. The Office's liability for annual leave is extinguished by the raising of an oncost on salaries payable to DPWS.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the entitlements accrued in the future. The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee entitlements to which they relate have been recognised.

(ii) Long Service Leave and Superannuation

The agency's liabilities for long service leave and superannuation are assumed by the Crown Transactions Entity. The agency accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Transactions Entity of Employee Entitlements and other Liabilities".

Long service leave is measured on a nominal basis. The nominal method is based on the remuneration rates at year end for all employees with five or more years of service. It is considered that this measurement technique produces results not materially different from the estimate determined by using the present value basis of measurement.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (ie Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme) the expense is calculated as a multiple of the employees' superannuation contributions.

(e) Insurance

The agency's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past experience.

(f) Acquisitions of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Office. Cost is determined as the fair value of the assets given as consideration plus the costs incidental to the acquisition. Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

(g) Plant and Equipment

Plant and equipment costing \$2,000 and above individually is capitalised.

(h) Depreciation of Non-Current Physical Assets

Depreciation is provided for on a straight line basis for all depreciable assets so as to write off the depreciable amount of each depreciable asset as it is consumed over its useful life to the entity. The depreciation rate on office equipment is 20% per annum and computer equipment is 33.3% per annum. The cost of leasehold improvements is amortised over the term of the lease.

(i) Inventories

Inventories comprises stocks of sandstone valued at cost.

(j) Comparatives

Where necessary previous year figures have been reclassified to facilitate comparison.

2. EXPENSES

	1997 \$'000	1996 \$'000
(a) Employee related expenses comprise the following items:		
Salaries and wages	699	586
Superannuation entitlements	51	29
Long service leave	2	-
Recreation leave	54	44
Workers compensation insurance	2	3
Payroll tax and fringe benefits tax	57	43
	865	705

	1997 \$'000	1996 \$'000
(b) Other operating expenses		
Rental expense	248	256
Travel and motor vehicles	61	55
Printing and stationery	20	28
Postage and telephones	21	23
Auditor's remuneration	14	13
Insurance	2	1
Other	26	36
	392	412
	1997 \$'000	1996 \$'000
(c) Depreciation and Amortisation expense:		
Depreciation		
Computer equipment	15	5
Office equipment	3	1
	18	6
Amortisation - Leasehold Improvements	37	37
	55	43
	1997 \$'000	1996 \$'000
(d) Grants and Subsidies		
Voluntary redundancies	-	736
Interim additional staff costs	-	2,060
Government cleaning sick leave liability	-	122
Capital Grants		
Royal Agricultural Showground safety and maintenance works	-	2,000
Stoneworks program	4,000	3,950
Coffs Harbour jetty restoration	1,715	835
Government house	498	435
Purchase of sandstone	100	-
State Mobile Radio Network	-	4,660
Governor Macquarie Tower PABX	-	1,296
City improvement program	1,000	-
Other	-	27
	7,313	16,121

	1997	1996
	\$'000	\$'000
(e) Other expenses		
Project Risk Management	9,281	9,257
Total Asset Management	689	719
Construction Industry Development	4,174	3,939
Investigations and Special Advice	5,225	5,132
Compliance with Regulations	1,007	986
Public Buildings	312	302
Period Contract Administration	2,300	3,763
Information Technology & Telecommunication Policy & Services	3,239	4,567
Information Services	2,202	2,155
Parliament House Maintenance	754	754
Government House Maintenance	520	520
First Government House Site - Distribution of funds (refer Note 5)	2,037	-
	31,740	32,094

3. REVENUES

	1997	1996
	\$'000	\$'000

(a) Investment income

Interest	320	600
----------	-----	-----

	1997	1996
	\$'000	\$'000

(b) Other revenue

Receipt from Roads and Traffic Authority	1,195	-
--	-------	---

4. APPROPRIATIONS

	1997	1996
	\$'000	\$'000

Total recurrent appropriations (per Summary of Compliance)	48,993	49,327
Less: Transfer payments	12,626	-
Recurrent appropriations (per Operating Statement)	36,367	49,327

5. ABNORMAL ITEM

	1997	1996
	\$'000	\$'000

First Government House Site - Distribution of funds	2,037	-
---	-------	---

This item, included within "Other Expenses", represents distribution of the balance of funds held in the First Government House Site Commemorative Facility account. The First Government House Site Project is expected to be completed in 1997/98 and will be transferred to the Minister administering the Heritage Act. An amount of \$1.4M has been retained to complete the work on the Young Street Terraces and the balance of funds were distributed to the original contributors to the fund.

Details of distribution are as follows:

	\$1997 \$'000
Sydney City Council	543
Minister administering the Heritage Act	612
NSW Treasury	882
	<u>2,037</u>

6. ACCEPTANCE BY THE CROWN TRANSACTIONS ENTITY OF EMPLOYEE ENTITLEMENTS AND OTHER LIABILITIES

The following liabilities and/or expenses have been assumed by the Crown Transactions Entity:

	1997 \$'000	1996 \$'000
Superannuation	51	29
Long service leave	2	-
Other operating expenses	4	-
	<u>57</u>	<u>29</u>

7. TRANSFER PAYMENTS

Transfer payments to the Department of Public Works and Services are detailed below:

	1997 \$'000	1996 \$'000
Voluntary Redundancies	5,000	-
Interim Additional Staff Costs	1,833	-
Government Cleaning Service Sick Leave Liability	108	-
State Mobile Radio Network	3,082	-
Period Contract Administration	1,000	-
Purchase of Telecommunications Interface Equipment for Budget Sector Agencies	1,513	-
Government Information Management Board	90	-
	<u>12,626</u>	<u>-</u>

8. PROGRAMS/ACTIVITIES OF THE OFFICE

Program 1 - Risk Management and Policy Development.

Program Objective: To provide risk management and policy services to the Minister and Government.

9. CURRENT ASSETS - Receivables

	1997 \$'000	1996 \$'000
Amounts owing from other government agencies	-	269
Accrued interest	149	313
	149	582

Amounts owing are considered recoverable and a provision for doubtful debts has not been established.

10. CURRENT ASSETS - Inventories

	1997 \$'000	1996 \$'000
Yellowblock Sandstone	650	-

Yellowblock sandstone was purchased during the 1996/97 financial year for ongoing restoration of heritage buildings. Inventory above represents unused sandstone which has been stockpiled for future use. (Refer Note 1(i)).

11. CURRENT ASSETS - Other

	1997 \$'000	1996 \$'000
Work in progress	19,319	19,319
Prepaid lease	-	12,812
	19,319	32,131

Work In Progress

Work in progress represents the expenditure to date on the Commemorative Museum at the First Government House Site. The Office of the Minister for Public Works and Services was allocated Special Deposit Funds in 1990 for the construction of the First Government House Site, and has held the asset in the accounts of the Minister during the project management and construction stage. The asset will be transferred to the Minister administering the Heritage Act upon completion of the project which is expected to be during the 1997/98 financial year.

Prepaid Lease

On 18 November 1992, Executive Council approval was granted for the then Minister for Public Works (MPW), on behalf of the State of NSW entering into arrangements with Kooragang Coal Loader Limited (KCL), Port Waratah Coal Services Limited, National Australia Bank Limited (NAB) and others involving the sale of future lease payments on the Kooragang Coal Loader site.

On 19 November 1992, the MPW borrowed a sum of \$49.94M from NAB on a limited recourse basis, secured against and repayable from the lease payments due under the current 1982 Lease Agreement between MPW and KCL. The lease payments are being paid directly to NAB. The proceeds of the loan were paid to Treasury.

12. NON-CURRENT ASSETS - Property, Plant and Equipment

	Leasehold Improvements \$'000	Computer Equipment \$'000	Office Equipment \$'000	Total \$'000
At cost				
Balance 1 July 1996	444	38	12	494
Balance 30 June 1997	444	38	12	494
Accumulated depreciation				
Balance 1 July 1996	37	4	1	42
Depreciation for the year	37	15	3	55
Balance 30 June 1997	74	19	4	97
Written Down Value*				
At 1 July 1996	407	34	11	452
At 30 June 1997	370	19	8	397

*The written down value is considered to be a fair approximation of market value.

13. CURRENT LIABILITIES - Accounts Payable

	1997 \$'000	1996 \$'000
Creditors	67	9

Creditors comprise amounts payable to the Department of Public Works and Services.

14. CURRENT LIABILITIES - Borrowings

	1997 \$'000	1996 \$'000
Borrowings	-	12,812
(Refer Note 11)		

15. CHANGES IN EQUITY

	1997 \$'000	1996 \$'000
Balance at the beginning of the financial year	24,623	24,160
Add: Assets transferred in on restructure of Ministerial responsibilities	-	444
Less: Assets transferred out on restructure of Ministerial responsibilities	-	(562)
Adjusted Opening Balance	-	24,042
Surplus/(Deficit) for the year	(2,426)	581
Balance at the end of the financial year	22,197	24,623

16. COMMITMENTS FOR EXPENDITURE

	1997 \$'000	1996 \$'000
Other Expenditure		
Aggregate capital expenditure contracted for at balance date but not provided for:		
Not later than one year	9,892	12,395
Later than one year but not later than two years	23,262	13,087
Later than two years but not later than five years	6,262	10,387
Later than five years	-	-
	39,416	35,869

The Office of the Minister for Public Works and Services receives appropriations from the Consolidated Fund which are used to engage the Department of Public Works and Services to manage construction programs for a number of the State's key assets. The above commitments represent Treasury's forward budget estimates at 30 June 1997 that will be appropriated to the Office of the Minister for Public Works and Services.

Transfer payment commitments to the Department of Public Works and Services are detailed below:

	1997 \$'000	1996 \$'000
Aggregate capital expenditure contracted for at balance date but not provided for:		
Not later than one year	1,685	-
Later than one year but not later than two years	925	-
Later than two years but not later than five years	925	-
Later than five years	-	-
	3,535	-

17. CONTINGENT LIABILITIES

Claims made against the Office in respect of compensation and litigation arising from its operations are fully covered by the Office's insurance cover. As at 30 June 1997 no claims were pending (Nil claims as at 30 June 1996).

18. BUDGET REVIEW**Net Cost of Services**

The actual net cost of services exceeds budget by \$0.320M primarily due to:

	\$'000
Supplementary allocation for additional cost of Coffs	
Harbour Jetty Restoration	400
Purchase of Sandstone - under expenditure carried forward to 97/98	(750)
Purchase of Sandstone - inventory for future use	(650)
Royal Agricultural Showground - savings due to completion of program with funds carried forward from previous year	(2,000)
Supplementary allocation for the upgrade of the southern end of George Street and the Railway Square transport interchange	1,000
Supplementary allocation for Internet and Electronic Information	350
Return of funds to original contributors to the First Government House Site construction project	2,037

Assets and Liabilities**Current Assets:**

Cash - The 1997 actual balance is less than budget by \$2.686M. The shortfall relates primarily to:

	\$'000
Use of Office funds to finance the City Improvement Project;	1,000
The return of funds to original contributors to the First Government	
House Site construction project	2,037

Inventories

The balance, \$0.65M, represents unused yellowblock sandstone which has been stockpiled for future use. The sandstone was purchased during the 1996/97 financial year for ongoing restoration of heritage buildings.

19. CASH AND CASH EQUIVALENTS

For the purposes of the Cash Flow Statement, cash comprises cash in bank. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

	1997	1996
	\$'000	\$'000
Cash	1,749	4,279
Closing Cash and Cash Equivalents (per Cash Flow Statement)	1,749	4,279

20. RECONCILIATION OF NET COST OF SERVICES TO NET CASH FLOWS FROM OPERATING ACTIVITIES

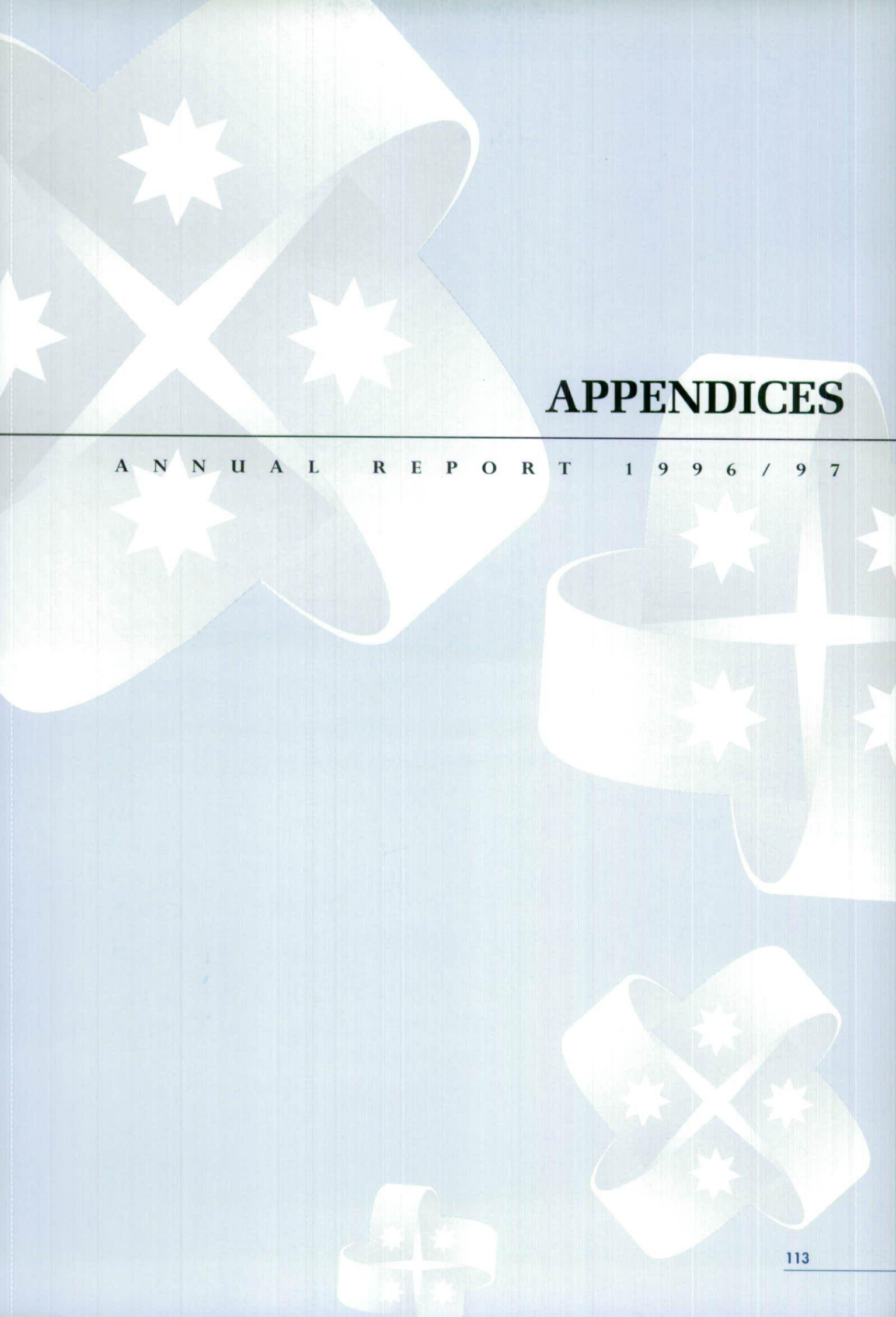
	1997	1996
	\$'000	\$'000
Net Cash used on operating activities	38,897	48,599
Depreciation and amortisation	55	43
Acceptance by the Crown Transactions Entity of		
employee entitlements and other liabilities	57	29
Increase/(decrease) in accounts payable	58	(136)
Decrease/(increase) in receivables	433	240
Decrease/(increase) in inventories	(650)	-
Net cost of services	38,850	48,775

21. ADMINISTERED ASSETS AND LIABILITIES

The following liabilities comprise amounts payable to the Department of Public Works and Services:

	1997	1996
	\$'000	\$'000
Administered Assets		
Cash	1,534	-
Administered Liabilities		
Accounts Payable	2,190	-

END OF AUDITED FINANCIAL STATEMENTS

The background is a solid light blue. Overlaid on this are several large, white, three-dimensional-looking shapes. These shapes are variations of a cross or star motif, where the arms of the cross are rounded and have a slight 3D effect with shadows. Each of these shapes contains four white, eight-pointed stars, one in each quadrant. The shapes are arranged in a way that they appear to be floating or layered. One large shape is in the upper left, another is in the middle right, and a smaller one is in the lower right. There are also some smaller, similar shapes in the bottom left and bottom right corners.

APPENDICES

A N N U A L R E P O R T 1 9 9 6 / 9 7

Contents

Appendix A	Freedom of Information Statement of Affairs 1997	115
Appendix B	Access Arrangements, Procedures and Points of Contact	123
Appendix C	Code of Contact and Ethics	125
Appendix D	Guarantee of Service	131
Appendix E	Contracting and Market Testing	134
Appendix F	Use of Consultants	135
Appendix G	Funds Granted to Non-Government Community Organisations	136
Appendix H	Performance Summaries SES Officers Level 5 and above	137
Appendix I	Boards and Committees with Departmental Representation	146
Appendix J	Overseas Visits	150
Appendix K	Major Assets	153
Appendix L	Disposal of Properties	153
Appendix M	Consumer Response	154
Appendix N	Statutory Reponsibilities	155

APPENDIX A

FREEDOM OF INFORMATION STATEMENT OF AFFAIRS 1997

Published as required under Section 14 of the Freedom of Information Act.

CORPORATE PHILOSOPHY

Client service is the organisation's highest priority, as is:

- Providing strategically selected commercial and professional services to the New South Wales Government
- Providing genuine impartial advice and innovative solutions to meet the needs of other public sector agencies
- Providing leadership in using information technology and telecommunications to transform the way services are delivered and reduce the cost of delivering services to clients
- Being a pacesetter in environmental design, energy efficiency and ecologically sustainable development
- Providing expert procurement services and advice, harnessing the government's purchasing power to benefit the people of New South Wales
- Managing the commercial interface between industry and government agencies, especially those which do not have the relevant skills in-house
- Providing leadership by setting and maintaining standards focusing on probity, competitiveness, sound eco-management and use of technology
- Strengthening the commercial focus of the organisation and its off-budget status while ensuring the provision of competitive services to clients
- Maximising the benefits to government by providing services to the public and private sectors in Australia and overseas.

ACTS ADMINISTERED

The principal Act administered is the Public Works Act, 1912, under which construction works and associated property acquisitions are carried out. DPWS also has specific responsibilities under other Acts, including the:

- Architects Act 1921 No. 8
- Bennelong Point (Parking Station) Act No. 189
- Border Railways Act 1922 No. 16
- Glen Davis Act 1939 No. 38, Part 4 (remainder, Minister for Local Government)
- Government Telecommunications Act 1991 No. 77
- Land Acquisition (Charitable Institutions) Act 1946 No. 55
- Land Acquisition (Just Terms Compensation) Act 1991 No. 22
- Public Sector Management Act 1988 No. 33 sections 102(2) (1), 102(5) and (6) (remainder Premier)
- Public Works Act 1912 No. 45 (except parts Minister for Land and Water Conservation)
- Snowy Mountains Engineering Corporation (New South Wales) Act 1972 No. 50
- Snowy Mountains Hydro-electric Agreements Act 1958 No. 20, sections 10 and 11 (remainder, Minister for Energy and Minister for Land and Water Conservation)
- State Brickworks Act 1946 No. 16.

In addition, DPWS has responsibilities under various other Acts and Regulations which have an impact on its activities.

CORPORATE STRUCTURE

DPWS is the New South Wales Government's key policy adviser on the development, management and conservation of natural and built assets including:

- Leadership and interaction with the building and construction industry
- Policies and advice regarding government programs entrusted to DPWS
- Asset planning.

Providing quality value added services to assist clients in the development, management, and

conservation of their assets is a top priority for DPWS, along with striving to be innovative in service and product delivery in its business units.

DPWS offers a comprehensive range of multi-disciplinary professional services including design, documentation, contract administration, project management, program management, and construction management.

The department's expertise is available for local and overseas commercial projects, either independently or as joint public and private sector ventures.

Project teams or individual advisers can be appointed for every stage ranging from asset strategic planning and project initiation to design and implementation.

DPWS offers specialised services in asset planning, development management, program management, project risk management, urban planning, feasibilities and commercial development.

Construction activities are managed by the Operations Division which also arranges most maintenance activities through its six regional offices across New South Wales.

PLANNING MECHANISMS

DPWS employs a number of planning, budgeting and review techniques to strengthen its management of public funds so that its clients, including the Government, receive value for money.

The techniques include business planning, strategic planning, annual operating planning, zero-based activity reviews, performance indicators and monitoring and program performance reviews. Benefits from these practices include:

- A clear direction for the department
- Development of a corporate identity
- Improved communication at all levels
- Clear accountability to the New South Wales Parliament and the public
- Effective management of limited resources (staff and finance)
- Effective management of change.

PERFORMANCE CRITERIA

- DPWS has the following broad categories of corporate indices:
 - Workload indicators
 - Output indicators
 - Level of service
 - Efficiency indicators
 - Effectiveness indicators
 - Cost effectiveness indicators
 - Assets utilisation.

RESOURCES EMPLOYED

- DPWS has net assets to the value of \$252.3 million.
- Wages and salary staff total 2511 and use is also made of contract staff to meet short term needs.
- Annual turnover is approximately \$1.3 billion.

DECISION-MAKING

The department's organisational structure and business direction is determined corporately. Accountability for operational and financial performance is expected at all levels in the organisation. Authority delegations place most decision-making at the divisional or business centre level.

PUBLIC PARTICIPATION

Whilst DPWS primarily provides a service to its various government and semi-government clients, many of its activities have an indirect affect on the community at large. DPWS is also required to prepare environmental impact statements on its major projects.

RECORDS

Each division, business unit and office maintains records relevant to its operations. There are two basic categories:

- Project files which deal with matters relevant to the delivery of that particular project
- Administrative files dealing with operational and policy matters.

These files include sub-categories such as:

- Administration/Management
- Departmental performance agreements
- Financial and budgetary
- Departmental status and progress reports
- Policy and planning
- Occupational health and rehabilitation
- Personnel and staff files
- Contracts and tendering
- Accommodation
- Ministerial enquiries and advisings
- Training
- Customer and client files
- Audit
- Register of consultants
- Departmental reviews
- Program performance evaluations.

Changes in policies are advised in procedural circulars issued by the responsible division and are incorporated ultimately in the relevant manual.

Access to all of the above documents is not granted automatically. The aim is to be as open as possible, however, for various reasons (for example, commercial confidentiality, personal privacy, protection of essential government interests) some of these documents may not be made available without a formal application under the Freedom of Information Act. All applications are assessed on their merits in accordance with the relevant sections of this Act.

DOCUMENTS AVAILABLE FOR INSPECTION

Procedural Guidelines and Manuals

- Accounts Administration Manual
- Accounting Policies - Procedures Manual
- Building Energy Manual
- Capital Project Procurement Manual
- Codes of Conduct: Departmental and Business Unit
- Contract Management Committee Guidelines
- Construction & Contractual Procedures Manuals and Guidelines
 - Construct Only Contracts (AS2124)
 - Construction Law Advising (2 volumes)
 - Consultant Management
 - Contracts Manual
 - Demolition Contracts (AS 2124)
 - Demolition Contracts (Minor Services and Works)
 - Design, Development, and Construct Contracts (DDC) and Design and Construct Contracts (DC)
 - Design, Novate, and Construct Contracts
 - General Conditions of Contract AS 2124-1986: Evaluation and Experiences
 - Guidelines for Preparation of Inspection and Test Plans
 - Minor Services or Works
 - Minor Services or Works-Government Agency Version
 - Procedures Manual for Construction Management by the Private Sector
 - Procurement Systems Manual
 - Quality Assurance Requirements for Contractors and Sub-contractors
- Guide to Period Contracts
- Guidenotes for Lead Auditors
- Heritage Asset Management Guidelines, second edition
- Occupational Health, Safety and Rehabilitation Guidelines
- Corporate and Divisional Quality Manuals
- Environmental Planning Guide Notes
- Legionnaire's Disease: Code of Practice for the control of Legionnaire's Disease and some other health hazards
- NSW Government's Code of Practice for the Construction Industry
- NSW Government's Code of Tendering for the Construction Industry
- NSW Government's Implementation Guidelines for Code of Practice and Code of Tendering for the Construction Industry
- Risk Management Guidelines
- Scalds Prevention Manual
- Service Guidelines for Public Buildings
- Total Asset Management Manual
- Value Management Manual
- Warm Water Ablutions systems incorporating Thermostatic Mixing Valves: Code of Practice.

CONFERENCE PAPERS

Papers were presented during the year on a range of issues in professional and other forums, including the following:

Conference	Author	Topic
AWWA Federal Convention, Melbourne, Victoria	R Chong	Performance of IDEA Treatment Plants in NSW
Enviro Australia's 2nd National Conference (November 1997)	Beth Clement	Community Involvement in Water Infrastructure
Institute of Municipal Engineers Association Conference (March 1997)	Beth Clement	Winning Partnership, Community Involvement in Water Infrastructure Planning
19th ICOLD Congress Florence 1997	B Cooper et al	Large Deformations due to Undrained Strain Weakening Slope Stability at Hume Dam No.1 Embankment. (Volume II Q73)
Building Science Forum	A Griffin	Claims and Disputes in NSW Building Industry
Singapore Purchasing Roundtable	A Griffin	Demolishing the "Functional Silos" in Organisations
Uni. Technology Sydney	A Griffin	The Public Sector Approach to Project Risk Management and Probity
RAIA Forum	Chris Johnson	Architects Act
Country Mayors' Association Meeting	Chris Johnson	Aspects of Library design: case study State Library
DTEC Board of Vocational Education & Training, Best Practice and Quality Systems National Seminar	Chris Johnson	Best Practice in DPWS Buildings Branch, Olympics Design & Planning Process
NSW Association of Occupational Therapists, State Library of NSW	Chris Johnson	Disabled Access to Existing Buildings - Social or Financial Cost?: Case Study State Library
University of Parahyangan, Bandung Indonesia	Chris Johnson	Opportunities for Investment through Culturally Based Urban Development in West Java
RAIA SA Chapter Professional Development Seminar, Adelaide	Chris Johnson	Reinventing the City: the Design Challenge
Olympia 2000+ Summit: Beyond 2000 - Visions for Sydney, University of Sydney	Chris Johnson	Role of the Government Architect: Sydney as Vibrant International City of the Future
Sydney Town Hall AA Asia Seminar	Chris Johnson	Sydney City Planning & Olympic Planning
Intelligent Buildings - Run by International Quality and Production Centre	Rod Kemp	Australian facility in the International Spotlight Case Study - The New Children's Hospital

Hydropower '97 Conference, Trondheim, Norway,	L McDonald	Status of Risk Assessment for Dams in Australia
Institute of Municipal Engineering NSW Division -6th Annual Conference Winning Partnerships	Glenn Monckton	Developing Partnerships with the Private Sector
Aust. Earthquake Engineering Society Seminar on the Australian Earthquake Loading Standard - 3 years on - How is it Working and What we have Learned, 18 (1-5), 1996	M Neville et al (TD Jones, M Neville, G Scott & C Sinadinovski)	Earthquake Microzonation and the Development of the Australian Earthquake Loading Standard
6th Annual NSW Coastal Conference, Ulladulla, NSW	A Roizenblit & DC van Senden	Shoalhaven River - Tallowa Dam Environmental Flow Releases
Building Science Forum	T Smithies	Future Directions in Procurement
Australian Society of CPAs	T Smithies	Industry Trends in the NSW Construction Industry
Society of Paediatric Imaging Sydney	Willy Van Den Berg	Project Management in the Acquisition of PACS
Health Infomatics Conference	Willy Van Den Berg	The First Filmless Children's Hospital in the World
Engineering and the Physical Sciences in Medicine and Health	Willy Van Den Berg	The First Year Experience with a Filmless Hospital - The New Children's Hospital at Westmead

Reports

Manly Hydraulics Laboratory: 7th Annual Tide Prediction Charts for NSW

Brochures, Manuals and Factsheets

(Free of Charge)

These give information either on specific projects or general matters of interest. The range produced includes:

- Albury TAFE College Stage 4
- Auburn Public School: Upgrade
- Blue Mountains College of TAFE: Stage 1
- Broulee Public School: Stage 2
- Capabilities brochure
- Electromedical-Innovative Solutions in Health Care
- Cleaning Services
- Coffs Harbour Education Campus
- Communications
- Como West Public School: Reconstruction
- Contract schedules
- Dubbo Public School: New school
- Eastwood Public School: Upgrade
- Eden High School: Additions
- Electromedical Equipment-Innovative solutions in health care
- Energy Management-The Benefits of Efficient Energy Use
- Epping Boys High School: Upgrade
- Fairfield Public School: Replacement school
- Government Information Technology Conditions (GITC)
- Guarantee of Service - Corporate
- Hinchinbrook Public School: New school
- Homebush Bay Public Domain Strategy
- Ingleburn Public School: Upgrade stage 1
- Inverell Public School: Upgrade
- Interior Design-Nineteenth to the Twenty-First Century
- IT Tender Advisory Service
- Katoomba High School: Special Education Unit
- Kingscliff High School: Additions
- Lidcombe College of TAFE.: Stage 4
- Mackellar Girls High School: Multi-Purpose Centre
- Moruya High School: Multi-Purpose Centre
- Mount Terry Public School: New school
- Mudgee High School: Upgrade
- Mullaway Public School: New school
- Narara Valley High School: New school
- National Landcare Program
- Nemingha Public School Handover Manual
- Nimbin Central School: Replacement school
- Port Macquarie College of TAFE.: Stage 3
- Prestons Public School: Upgrade
- Quality Management Brochure (1995-1998)
- Richmond College of TAFE: Stage 2
- Rouse Hill Public School: Upgrade
- Security-Improving Business Performance by Minimising Risk
- Site Contamination Profiles-Assessment and Remediation Services
- Sterilising Engineering-Minimising Risk and Improving Health Care for Patients
- Strathfield South Public School: Upgrade
- Tacking Point Public School: New school
- Telemetry Systems: Information for effective management
- The Oaks Public School: Stage 2
- The Responsible Workplace-Innovative Solutions for a Healthy and Productive Workplace
- The Use of Steel Roofing in Indonesia and Malaysia
- Wagga Wagga Technology High School: Upgrade
- Werrington College of TAFE: Stage 4
- Wollongbar College of TAFE: Stage 2
- Your Guide to Tendering.

DOCUMENTS AVAILABLE FOR PURCHASE

History Series

- Historic Court Houses of New South Wales \$20
- James Barnett, Colonial Architect \$20
- Landmarks in Public Works \$20
- Significant Sites \$20
- The Greatest Public Work \$20

- The Unreasonable Man \$20
- Between Wind & Water \$25

Construction

- Capital Project Procurement Manual \$100
- Construct Only Contracts (AS2124) \$200 or disk copy \$150
- Construction Law Advising (2 volumes) \$250
- Consultant Management \$200 or disk copy \$150
- Contracts Manual \$970 (hard copy only) update \$200 p.a.
- Demolition Contracts (AS2124) \$200 or disk copy \$150
- Demolition Contracts (Minor Services or Works) \$200 or disk copy \$150
- Design, Novate & Construct \$200 or disk copy \$150
- Design, Development and Construct Contracts (DDC) and Design and Construct Contracts (DC) \$200
- General Conditions Contract AS2124-1986: Evaluation and Experiences \$100
- Heritage Asset Management Guidelines, second edition \$25
- Minor Services or Works \$200 or disk copy \$150
- Minor Services or Works-Government Agency Version \$200 or disk copy \$150
- Procurement Systems Manual \$100
- Total Asset Management Manual \$300
- Value Management Manual \$25
- Combined Set: Capital Project Procurement Manual and Total Asset Management Manual \$350

Miscellaneous

- Code of Practice for Legionella & Other Health Diseases \$50
- Measurement of Life Costs \$15
- OHS&R Management Systems Guidelines \$25
- Scalds Prevention Manual \$40

Updates

- Documentation manuals and guidelines \$50 per manual
- Contracts Manual per annum \$200 (hard copy only)

BUSINESS UNITS

Documents available free of charge or purchase where indicated.

StateFleet Services-Guidelines

- Commitment to Service
- StateFleet Management
- StateFleet Leasing
- New South Wales Government Motor Vehicle Operating Lease Arrangement User Guide

Q Stores-Brochures

- Corporate Brochure
- Q Stores Commitment to Service

Government Advertising Agency-Publications and Guidelines

- Commitment to Service

Government Advertising Agency-Publications available for purchase

- Public Service Notices (\$100 per annum)

Government Information Service-Brochures and Guidelines

- Government Information Service (GIS)
- Parlidex Brochure
- GIS Commitment to Service

Government Information Service-Documents Available for Purchase

- New South Wales Government Directory, 1996 (\$55 hardcopy or disk)
- NSW Legislation (hardcopy various prices, disk base price \$18)
- Legislation in Force (\$25)
- Status of Statutory Rules (\$20)

Government Printing Service- Catalogues, Guidelines and Newsletter

- Statement of Service
- Terms and Conditions of Contract
- Terms and Conditions of Tender
- Terms and Conditions of Trading
- Terms and Conditions of Trading-GPS Fastforms

Government Printing Service- Documents Available for Purchase

- New South Wales Government Gazette-\$7 per copy or \$400 annual subscription

State Mail Service-Brochures and Guidelines

- Best Practice Brochures (2)
- Commitment to Service

NSW Supply Service & Information Technology Service-Brochures and Guidelines

- Commitment to Service
- NSW Supply Code of Conduct and Ethics
- Your Guide to Tendering
- Contract Management Committee Guidelines
- Government Information Technology Guidelines

NSW Supply Service & Information Technology Service -Documents Available for Purchase

- New South Wales Government Information Technology Contacts Directory-\$65 or \$72 including postage

Statement of Affairs

The most recent Statement of Affairs is published in the 1996/97 Annual Report. Copies are available at a cost of \$3.00 from the Freedom of Information Co-ordinator.

APPENDIX B

ACCESS ARRANGEMENTS, PROCEDURES AND POINTS OF CONTACT

ACCESS TO PUBLISHED DOCUMENTS

All published documents which are available free of charge may be obtained by contacting the FOI Co-ordinator, Level 22, McKell Building, 2-24 Rawson Place, Sydney, between the hours of 9am and 5pm.

STAFF ACCESS TO DOCUMENTS CONCERNING THE INDUSTRIAL RELATIONS AFFAIRS OF STAFF

Staff do not need to apply under the FOI Act to access their personal files. A request to access one's personal file can be directed to the Corporate Human Resources Branch.

AMENDMENT OF DOCUMENTS ABOUT PERSONAL AFFAIRS

An applicant may request the correction of any personal information held by the Department of Public Works and Services concerning them, where the applicant considers this information to be inaccurate, incomplete, or gives a misleading impression. In most cases, a written application will be required in terms of the FOI Act. Proof of the amendments being requested will also be required, but as the form it takes may vary from case to case, it should be discussed with the FOI Co-ordinator.

ACCESS TO ALL OTHER DEPARTMENTAL DOCUMENTS

To access all other files or records it is necessary to apply, in writing, under the FOI Act to:

The FOI Co-ordinator
Level 22
McKell Building
2-24 Rawson Place
SYDNEY NSW 2000

Enquiries relating to Freedom of Information may be made by telephone **(02) 9372 8743** between 9am and 5pm, Monday to Friday.

Fees:

All applications: \$30 plus processing charge

Processing charge: \$30 per hour

STATISTICAL INFORMATION

There were 16 new applications. Three applications were carried forward from the previous year.

The results of the applications were:

Completed	19
Granted in full	5
Granted in part	6
No documents found	3
Refused	4
Deferred	0
Did not proceed	1
Ministerial Certificates	0
Number of requests requiring formal consultations	11
Transferred	0

Result of Amendment Request

Result Agreed	0
Result Refused	0
Number of requests for notation	0

Basis of Disallowing or Restricting Access

Section 19 (application incomplete, wrongly directed)	0
Section 22 (deposit not paid)	0
Section 22 (diversion of resources)	0
Section 25(1)(a) (exempt)	9
Section 25(1)(b), (c), (d) (otherwise available)	0
Section 25 (1) (e) (documents over 5 years old)	0
Deemed refused-21 day time limit expired	0
All completed requests-FOI fees	\$570

Fee discount	0
Correction of records	0

Elapsed Time

Applications where period extended under Section 59B	8
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Processing days

0-21 days	10
22-35 days	8
over 36 days	0

Processing hours

0-10 hours	2
11-20 hours	14
21-40 hours	1
Over 40 hours	1

Reviews Processed

Internal reviews finalised	1
Initial determination upheld	0
Internal reviews varied	1
Ombudsman's reviews finalised	0
District Court actions finalised	0
Ombudsman's reviews pending	0

GENERAL COMMENTS

Applicants generally focused on seeking access to their competitors' tender documents. The applicants sought to obtain information which may be seen as affecting the commercial affairs of companies with which DPWS could have regular dealings and have far reaching effects upon the way in which the organisation conducts future business with these and other prospective contractors.

Some of the issues had an impact upon the department's compliance with the requirements of the Freedom of Information Act.

APPENDIX C

CODE OF CONDUCT AND ETHICS

The public has a right to expect the Department of Public Works and Services to conduct its business with efficiency, impartiality and integrity. This requires staff perform their duties at a high standard and that there not be, nor seem to be, any conflict between private interests and responsibilities to the public.

This Code of Conduct and Ethics has been designed to assist staff in the proper performance of their duties and incorporates statutory requirements of the ICAC Act 1988.

The Code is based on the principles that staff should:

- Perform their duties professionally, objectively and with integrity
- Efficiently and effectively serve the Government
- Maintain the confidentiality of information received in the course of their duties
- Observe fairness and equity in all official dealings with the public and with other public sector employees
- Avoid real or apparent conflicts of interest
- Report suspected instances of corrupt conduct, and
- Respect the rights of public sector employees under the common law and within the provisions of legislation.

In addition, the Code is based on the principle that all staff must adhere to it and are accountable for the acts and omissions of themselves and of those they may supervise. Managers and Supervisors are responsible for ensuring appropriate practices are in place to support the Code and that it is able to be accessed and understood by all staff. If not clear as to what is expected, staff should seek clarification from their Manager or Supervisor.

All staff should be familiar with the contents of this Code and should observe its provisions at all times. In view of the importance of this Code, any departure from the provisions may be grounds for

disciplinary action under the Public Sector Management Act 1988.

Values Underlying The Code

This Code of Conduct rests upon the assumption of a number of values which require staff of DPWS behave with:

- Integrity
- Honesty
- Loyalty to the public interest and fairness
- Conscientiousness, and
- Compassion.

PERFORMANCE OF DUTIES

In accordance with the principle of personal accountability staff should, when on duty, give their whole time and attention to ensuring that work is carried out efficiently, economically and effectively.

Staff must give effect to the policies of the Government and DPWS irrespective of whether they personally endorse these policies. Should a situation arise in which a policy, or the steps contemplated to give effect to it, is so at variance with a person's own views that he or she cannot conscientiously give effect to them, the matter must be immediately brought to the attention of their senior officers and/or Divisional Director with a view to resolving the situation.

When on duty staff must refrain from any form of conduct likely to cause unwarranted offence or embarrassment. They shall not make allegations which are unseemly or derogatory or which are intended to vilify, insult or injure the reputation of any other person, to make personal reflections on, or impute improper motives to any other staff member, harass or discriminate against other staff, clients of DPWS or members of the public on the grounds of sex, marital status, pregnancy, age, race, colour, nationality, ethnic or national origin, physical or intellectual impairment, sexual preference or religious or political conviction.

Staff must conduct their duties in a fair and equitable manner at all times and apply the principles of Equal Employment Opportunity.

LAWFUL ORDERS

Staff shall not willfully disobey or disregard any lawful order given by any person having the authority to make or give the order.

Staff who dispute the propriety of any such order may appeal to their Divisional Director against being required to carry out the order, but shall, as far as possible, comply with the order until the appeal is decided.

STANDARDS OF HONESTY AND INTEGRITY

Staff should observe the strictest practices of honesty and integrity, and avoid conduct which could suggest any departure from them. This includes a duty to bring to notice dishonesty, inefficiency, malpractice or suspected corrupt conduct on the part of another staff member.

PRIVATE EMPLOYMENT

Staff should not engage in private employment without the prior approval of the Director-General. DPWS policy on private employment has been issued as a Departmental Circular.

They should also ensure that there is no conflict or incompatibility between personal interests and the impartial fulfillment of public or professional duty.

They must also not engage in private work with or for any person or body with an interest in a proposed or current contract with DPWS without first making disclosure to the Director-General. In this respect, it does not matter whether advantage is in fact obtained, as any appearance that private dealings could conflict with performance of public duties must be scrupulously avoided.

USE OF OFFICIAL INFORMATION: CONFLICT OF INTEREST

Staff should always act in the interests of the Crown and the general public interest and not in their own interest or those of any other individual. They should also be able to show they have done so. In

particular, official information must not be used so as to violate any confidentiality or privilege, or to gain improperly any kind of benefit or advantage personally or for any other person.

Staff should disclose in writing to DPWS any pecuniary or other definite interest held, immediately they become aware that a potential conflict between personal interest and official duty, whether real or apparent, has arisen or is likely to arise.

Those who exercise a statutory, regulatory, inspectorial, or other discretionary function in relation to members of the public must make disclosure when dealing with relatives and close friends and, wherever possible, disqualify themselves from dealing with them. A relative is defined as:

- Parents, grandparents, brothers, sisters, uncles, aunts, nephews, nieces, natural or adopted children or grandchildren, of the person or the person's spouse or de facto partner, and
- A spouse or de facto partner of the staff member, or of any of the relatives listed above.

POLITICAL PARTICIPATION

Staff of DPWS need to ensure that their participation in political matters does not bring them into conflict with their primary duty as public servants to serve the government of the day in a politically neutral manner. This is important in order to maintain Ministerial and public confidence in the impartiality of the advice given, and actions taken, by public servants.

Determining what is appropriate in any particular case will depend on the extent of the participation of the individual, the nature of the issue, and the position held by the individual.

If a staff member becomes aware that a potential conflict, whether real or apparent, has arisen or is likely to arise, they should immediately inform the Director-General.

If a conflict of interest does arise, the staff member may have to refrain from participating in the political

activity or withdraw from areas of his or her duties giving rise to the conflict of interest.

REWARDS AND GRATUITIES

Staff shall not directly or indirectly (eg through another staff member, a spouse, relative or friend) demand or receive from any person or organisation any present, hospitality, gratuity or remuneration of any kind, in respect of services performed, or to be performed, whether during working hours or not, in connection with their position in DPWS.

The acceptance of gifts or benefits requires selective and sound judgment. They may well be perceived as putting that person in a position in which he/she may, or may appear to be, compromised by their acceptance.

The following DPWS policy applies:

- Gifts of a token nature, or acts of hospitality such as the provision of moderate meals during genuine business meetings, may be accepted. These must be seen to be inconsequential or trivial and where there is any doubt, the officer should seek guidance from their senior officers and/or Divisional Director.

As further guidance, an example of a token gift might be where an officer receives calendars as part of an industry or community-wide mailing which is obviously not targeted specifically at the business of DPWS or the person concerned. On the other hand, leather bound diaries or other obviously expensive items which are likely to have been specifically targeted are without doubt substantial gifts.

- Substantial gifts, offers or suggestions of offers of free travel, substantial hospitality and accommodation must be rejected. In the event of such offers being made, or the suggestion of an offer made, either directly or indirectly, they must be reported at the first opportunity to the Branch Manager or Divisional Director.
- Staff should avoid situations which may create the appearance that any person or body, through the provision of hospitality or benefits of any kind, is

securing or attempting to receive influence or favour.

- Staff should take all reasonable steps to ensure other staff members and relatives (as defined earlier) are not the recipients of benefits which could give the appearance of an indirect attempt to receive influence or favour from DPWS.

Any substantial gift received unexpectedly should be returned with an appropriate letter. The Manager, Corporate Human Resources or the Manager, Corporate Relations, can advise on the wording of any response.

INFLUENCE TO SECURE ADVANTAGE

Staff shall not seek the exercise of improper influence of any person in order to obtain promotion, or other advantage, in relation to their employment or because of their status as employees of the Crown.

DUTY TO REPORT SUSPECTED CORRUPT CONDUCT

Section 11 of the Independent Commission Against Corruption Act 1988 requires the Director-General to report suspected cases of corrupt conduct to the Independent Commission Against Corruption and we should assist the Director-General to fulfil this requirement.

What is “corrupt conduct”?

“Corrupt conduct” includes any dishonest or improper use of position by a public official and specifically includes misuse of information or material acquired in the course of official duties (even if the information or material is misused when the person is no longer a public official). “Corrupt conduct” also includes conduct by anyone which might lead directly or indirectly to the dishonest or improper use of position by a public official or conduct which involves a breach of public trust, and includes conduct by anyone which might directly or indirectly interfere with the carrying out by a public official of his or her functions.

Further points to note about “corrupt conduct” are:

- “Corrupt conduct” includes a conspiracy or an attempt to engage in “corrupt conduct”
- It does not matter that a person or persons who were public official(s) at the time of the “corrupt conduct” are no longer public official(s), and
- It may not matter that the conduct occurs outside New South Wales or Australia.

Conduct is not “corrupt conduct” unless it could be, or involves:

- A criminal offence under New South Wales law or any other law which could apply in the particular circumstances
- A disciplinary offence which could lead to disciplinary action under any law including regulations, or
- Reasonable grounds to dismiss or terminate the services of a public official.

Regardless of the passage of time or changed circumstances such as resignation, staff and former staff may still be charged with a criminal offence, disciplined or dismissed.

By law all staff must assist the Director-General in meeting the obligation to report suspected corrupt conduct by reporting any matter we suspect on reasonable grounds involves, or may involve, corrupt conduct.

Because reporting suspected corrupt conduct is a statutory responsibility, reports made in good faith are protected from defamation action even if they are proved to be groundless.

Supervisors, Divisional Directors and others who receive complaints of suspected corrupt conduct must maintain the confidentiality of the complainant and the contents of the complaint and take immediate action in informing the Director, Internal Audit, the Manager, Executive Support or the Director-General.

PROTECTED DISCLOSURES ACT 1994

The Act offers protection for public officials who make disclosures which concern:

- Corrupt conduct, as defined in the Independent Commission Against Corruption Act 1988
- Maladministration, defined for the purposes of the Act as conduct which involves action or inaction of a serious nature that is:
 - Contrary to law, or
 - Unreasonable, unjust, oppressive or improperly discriminatory, or
 - Based wholly or partly on improper motives, and
 - Serious and substantial waste of public money.

Under the Protected Disclosures Act it is an offence to take detrimental action in reprisal against a person who makes a protected disclosure. Further, the Public Sector Management Act 1988 makes it a breach of discipline to take detrimental action or disciplinary action in such circumstances.

When does protection exist?

A staff member has the full protection of the Act when reporting to a nominated DPWS officer or an “investigating authority” defined as the Independent Commission Against Corruption, the NSW Ombudsman or the Auditor-General.

A staff member is also protected under the Act when making a disclosure to a Member of Parliament or to a journalist subject to specific circumstances having been met, ie:

- Substantially the same disclosures must have already been made to a nominated DPWS officer or to one of the investigating authorities set out above.
- The investigating authority or DPWS must have:
 - decided not to investigate the matter, or
 - decided to investigate the matter but not completed the investigation within six months of the original disclosure being made, or
 - investigated the matter but not recommended the taking of any action in respect of the matter, or

- failed to notify the person making the disclosure, within six months of the disclosure being made, of whether or not the matter is to be investigated.

In addition, a staff member making a disclosure to a Member of Parliament or to a journalist “must have reasonable grounds for believing that the disclosure is substantially true” and “the disclosure must be substantially true”, otherwise the disclosure may not be subject to protection under the Act.

Forms of disclosure not protected

Protection is not available for disclosures which are:

- Frivolous or vexatious
- Primarily question the merits of government policy, or
- Made in an attempt to avoid dismissal or disciplinary action.

It is an offence to willfully make a false or misleading statement when making a disclosure.

What protection is available?

The Protected Disclosures Act makes it a criminal offence to take “detrimental action” in reprisal against a person who makes a protected disclosure. Detrimental action means action causing, comprising or involving any of the following:

- Injury, damage or loss
- Intimidation or harassment
- Discrimination, disadvantage or adverse treatment in relation to employment
- Dismissal from, or prejudice in, employment
- Disciplinary proceedings.

The Protected Disclosures Act also protects a person against liability for action which may otherwise be available against the person making the disclosure, eg defamation, breach of secrecy or confidentiality.

REPORTING CORRUPT CONDUCT AND MATTERS COVERED BY THE PROTECTED DISCLOSURES ACT

The Director, Internal Audit and the Manager, Executive Support are the DPWS officers to whom reports should be made.

If this is not considered appropriate the matter should be reported to the Director-General or to an investigating authority, ie the Independent Commission Against Corruption, the Auditor-General or the Ombudsman, as appropriate.

Matters should be reported as quickly as possible, in writing. As well, in order to assist the investigation, reports should not be anonymous. Whilst anonymous complaints will be treated with all seriousness, anonymity hinders full pursuit of the matter.

Matters suspected on reasonable grounds involving, or maybe involving, corrupt or other incorrect conduct, must be reported through the appropriate channels in spite of any duty of secrecy or other restrictions on discourse.

In respect of each internal report, the Director-General will ensure the complainant is informed of the outcome of the investigation.

PUBLIC COMMENT AND DISCLOSURE OF OFFICIAL INFORMATION

Other than where authorised in the course of duty or when called to give evidence in court, staff should not comment on matters relating to official business or government policies. This is particularly so where:

- A new Government policy is proposed or a policy is under Government review
- A comment is made as a public servant rather than as a private citizen
- It might be inferred that a comment made is made by a person purporting to have specialised direct or official knowledge or authority in relation to the matter which is the subject of the comment.

Staff are, however, not prohibited from commenting on information which is either the subject of public knowledge or would be given to any member of the public seeking disclosure of that information.

USE OF DEPARTMENTAL FACILITIES AND EQUIPMENT

Staff should all ensure that resources, funds, staff or equipment entrusted to us are used effectively and economically in the course of their duties.

Unless permission has been granted by a duly authorised person or in accordance with stated policy, staff must not use the services of other officers and employees or official facilities or equipment for private purposes.

Arrangements for the private use of equipment and facilities such as facsimile machines, photocopiers and long distance phone calls with associated staff charges are covered by Circular 1993/38S.

PERSONAL BEHAVIOUR

Staff should refrain from any form of conduct, in relation to other staff or the public, likely to cause the Crown, DPWS or any person offence or embarrassment. Staff are required to notify the Director-General if they become bankrupt or are charged or convicted of a serious offence. A serious offence is where the courts can impose a custodial sentence of 12 months or more.

CONDUCT ON RESIGNATION OR RETIREMENTS

Upon retirement or resignation staff members have an ethical and moral obligation not to misuse information or material gained in the course of their employment or to otherwise engage in activities detrimental to the standing of the public sector, DPWS or, importantly, fellow staff members. In some circumstances it may be necessary to obtain approval to use information from DPWS.

FURTHER INFORMATION

This Code is not designed or intended to unnecessarily restrict private activities. It does however, include lawful requirements applicable in NSW. It is also a framework which reinforces and provides for professional and personal integrity. If further advice or information is required concerning this Code of Conduct contact the Manager, Corporate Human Resources on telephone (02) 9372-7112.

Advice on the application of the Protected Disclosures Act is available from appropriate DPWS officers, especially the Director, Internal Audit and the Manager, Executive Support. The NSW Ombudsman, telephone (02) 9286 1000 or 008 451 524 will advise if required.

The Independent Commission Against Corruption has issued detailed "Guidelines for Reporting by Public Authorities of Possible Corrupt Conduct to the Commission." This document is available from Branch Managers, the Manager, Corporate Human Resources and the Manager, Legal Services.

Amended July 1995

APPENDIX D

GUARANTEE OF SERVICE

The Department of Public Works and Services' primary focus is to provide leadership and help to other departments and agencies to assist them in delivering better services to the wider community. The Department is:

- The Government's impartial adviser, especially in providing a client service on key resource issues such as a sensible total asset management approach to clients' assets
- A pacesetter in establishing a whole of government approach - in the application of information technology and telecommunications, in procurement and supply of a wide range of goods and services, in the strategic management and disposal of government property assets; and building and construction industry policy
- A pacesetter in environmentally sensitive design.

The Department aims to achieve a prominent position as the service provider of choice, through differentiation, recognised innovation and service excellence.

Our Guarantee of Service is to provide clients with quality, accessible advice, information and services in an equitable, timely, professional and courteous manner. In particular:

- All staff take responsibility for ensuring a high level of client satisfaction
- We strive for best practice in meeting and exceeding clients' expectations and needs
- We maintain highest quality standards in all our operations
- We listen to clients and understand their needs
- We work with our clients in responding to and fulfilling their needs
- We work with our suppliers to ensure our clients benefit from the use of best practices at all times
- We are professional in all that we do
- We strive for value for money for our clients
- We encourage innovation, both in providing our clients with solutions, and internally in reforming

operations

- We encourage efficiency and effectiveness in all our operations
- We deal fairly with both clients and suppliers
- We deliver our project services in a timely and cost effective manner
- We regularly monitor client satisfaction with our services and ensure all steps are taken to improve satisfaction.

The standards of service outlined overleaf help ensure that these guarantees are achieved.

STANDARDS OF SERVICE

The Department is committed to providing its clients, including the communities they represent, with quality services, delivered in a reliable and responsible fashion. Our clients are our top priority in all that we do. Our organisation is based around a client focused structure encompassing Client Service Teams and/or Client Executives for each client.

OUR CLIENTS

Our clients include:

- NSW Government
- NSW Government Agencies
- NSW Authorities
- NSW Local Government
- Federal Government Agencies and Authorities
- Interstate Governments
- Overseas Governments
- NSW businesses requiring our assistance and expertise on interstate and overseas projects
- Many non-profit government funded organisations including:
 - Schools
 - Hospitals
 - Universities and Colleges
 - Church Groups and Societies.

ACCESS

The first thing clients notice is how easy it is to access our services. Our Head Office is located near Sydney Central Railway in the centre of Sydney and is supported by six regional offices throughout the

State. Commercial business units are strategically located in the Sydney and Parramatta CBDs and metropolitan Sydney. Wherever our clients are, we are on hand to help. In addition:

- Newsletters and service information brochures are readily available containing information on the services that we provide and how they can be accessed
- We realise that it is important for clients to reach the appropriate person within DPWS for expert advice or assistance swiftly and easily. All staff have access to an "Internal Directory of Services" to assist them in helping clients reach the most appropriate person
- We provide equal access to our services without discrimination
- Telephone calls to our main switchboards are answered on average in less than 15 seconds.

QUALITY

Clients' dealings with DPWS will meet the highest possible standards. This is assured through:

- The introduction of Quality Assurance systems meeting the AS/NZS ISO 9001:94 Standard throughout the Department, covering both our internal procedures and our dealings with third parties
- Our contractors and consultants being required to follow equally stringent Quality Assurance procedures to ensure, as far as possible, the clients' needs are protected.

COMMUNICATIONS

We believe that open and frequent communications are essential to understanding and fulfilling clients' needs and expectations. We want to know what is important to clients, and how we can improve our range and delivery of services. The following steps have been initiated to improved communications at every level:

- We contact clients at regular intervals to ensure that they are happy with our service to date and listen to suggestions

- Client Service Teams and/or Client Executives are established for each client. In this way, clients have access to someone who has an in-depth knowledge of their business and individual requirements at all times.

Several other client service mechanisms allow easy access to DPWS management, such as Steering Committees on all major projects.

RESOLUTION OF PROBLEMS

We understand that the swift resolution of problems is essential for a harmonious relationship.

We have introduced formal procedures for dealing with complaints - procedures that make it easier for our clients to be totally frank with us and that allow us to respond swiftly and effectively while continuously improving our services. A DPWS staff member is appointed to each client to act as first port of call for concerns. If a client's concern is not resolved swiftly it will be passed on to an appropriate Director who will attend to the matter personally.

All complaints will be responded to promptly and at the outside within a week.

Where we are assisting a client to negotiate with a third party, we keep the client informed of progress at all times.

INTEGRITY

We are honest and have integrity in all our dealings. This involves:

- Respecting clients' privacy and confidentiality of any sensitive dealings
- Being fair and honest with our suppliers and clients
- Adhering to standards of conduct and ethics which maintain public confidence and trust in us.

COMPETENCE

We are professional in all that we do. We encourage professionalism and the highest level of competence through:

- Ensuring that staff are appropriately trained and qualified to deliver top quality services
- Encouraging staff to undertake training in multiple disciplines, both to fulfil their individual potentials and to improve the quality of services offered
- Including staff development and training as an essential component of our staff performance development and review system.

RELIABILITY

We strive to be reliable in all our dealings. This entails being consistent with our responses and doing what we say we will do. In the delivery of project services this translates into the following service standards:

- Project services will be delivered in a timely fashion - with a minimum of 95 per cent of projects delivered on time
- Project services will be delivered in a cost effective manner - with a minimum of 95 per cent of projects delivered on budget.

RESPONSIVENESS

We aim to be responsive to clients' needs and desires. Responsiveness is enhanced by:

- Responding promptly to correspondence, and providing information that is accurate and up-to-date.

COURTESY

Our staff are polite and considerate at all times. Staff members are accountable for their dealings with clients and treat all clients with equal respect. A contact name and telephone number is provided in all correspondence and telephone enquiries.

APPENDIX E

CONTRACTING AND MARKET TESTING

The Department continued to be an extensive user of private sector contractors to assist in the provision of services for our clients. Traditionally, these have been technical contractors for preconstruction aspects of our business, such as concept design and documentation work. The use of technical contractors supplements existing staff and reduces the need to appoint permanent staff.

In association with the use of technical contractors, DPWS is continuously reviewing its operations and uses contractors for the provision of services to its internal and external customers.

Some of the areas where contracting out was used during the year, included:

- Sale of government property
- Facilities management
- Fleet management
- Printing
- Human resource policy development
- Training provisions.

A review of information technology services is in progress.

APPENDIX F

USE OF CONSULTANTS

Consultant	Project Description	Expenditure
Engagements Over \$30,000		
Sherry Property Management Pty Ltd	Implement Crown Property Portfolio Plan	\$38,591
Deloitte Touche Consulting	GSAS Library Management System	\$106,000
	GSAS Integrated Management System	\$95,000
Admiral Computing	Security Analysis	\$49,805
Axis Technology	Information Needs Analysis	\$65,600
Price Waterhouse	IT Strategy Development	\$55,626
Compass Analysis	Benchmarking	\$35,000
C & H Business Solutions	Establish Best Practice (BP) Program	\$37,700
	BP Team Training & Develop Charter	\$34,900
	BP Forums & Facilitation Training	\$39,100
Tooler Gale and Associates	Documentation of State Fleet management information system	\$34,289
Leicester Business Service Pty Ltd	Review of marketing and business opportunities	\$94,946
Indus Consulting Pty Ltd	Client/Contractor survey comparison	\$54,067
Byte Wares	Computer support and advice	\$73,038
P-Con	Commercial / retail development	\$51,490
Aptech	Quality Assurance System and Support	\$41,253
		\$906,405
Engagements Under \$30,000		
Number 110		\$796,936
TOTAL		\$1,703,341

APPENDIX G

FUNDS GRANTED TO NON- GOVERNMENT COMMUNITY ORGANISATIONS

The Department's Energy Management Unit contributed \$5,000 to the International Energy Association for its Photovoltaic Power Systems Program and \$500 for its Daylighting Program to progress sustainable energy solutions in government buildings.

Following discussions with the Premier's Office, the Minister for Public Works and Services approved a grant of \$20,835 towards the temporary employment of an outworkers' education officer for the Textile, Clothing and Footwear Union of Australia. The cost of the grant was met from NSW Supply's budget due to the linkages through the period contract system covering footwear and apparel.

APPENDIX H

PERFORMANCE SUMMARIES SES OFFICERS GRADE 5 AND ABOVE

Name	Richard Mark PERSSON
Position	Director-General, SES Band 4, Lower.
Period in Position	From 4 December 1995 to 30 June 1997.

RESULTS

Stakeholder Management	Represented DPWS at industry forums and committees including Chief Executive Committees, Government Information Management Board and Australian Procurement and Construction Council.
Asset Management & Infrastructure	Vision statement for reform of construction industry developed. New C21 form of contract developed. Accommodation management strategy and guidelines for preparing accommodation management plans developed.
Information Technology & Telecommunications	Government Information Management Board established. NSW Government IM & T Blueprint launched. NSW Government IM & T policy and procedures manual developed. Performance and coverage of Government Radio Network improved. NSW Government Internet web site established. Year 2000 Internet web site established on behalf of all Australian governments.
Procurement	NSW Government Purchasing Policy being developed. \$1.6 billion worth of purchases by clients through goods and services contracts. Purchasing reviews for two major clients completed and a third commenced.
Environmental Design	Bulk Energy Purchase contracts established. Environmental requirements progressively being introduced into all major procurement contracts.
Competitive Business Services	New strategic marketing framework developed. New Facilities Maintenance contracts for Department of School Education developed.
Organisational Development	Corporate Best Practice program implemented. Number of senior women increased from 3 to 7. Annual Staff Survey introduced. Upward Appraisal system piloted. Guided Self Assessment completed.
Organisational Management	Agreed dividend and profit targets for Statement of Financial Performance exceeded.
Leadership	Presentations made to all staff on regular basis. Leadership Program developed.

Name	Tony COLLINS
Position	Director, Operations Division, SES Band 3, Lower.
Period in Position	From 12 August 1996 to 30 June 1997 as Acting Director Operations.

RESULTS

Commercial Practices	All business and finance targets achieved.
Asset Management & Infrastructure	Provision of Total Asset Management advice and services to government agencies expanded.
Procurement	Conducted presentations to clients and staff on governments procurement policy. Customer service officers now operate in regions to ensure government agencies have greater awareness of Government contract purchasing opportunities.
Environmental Design	Specific energy management seminars convened for regional clients. All major contracts include clauses for conservation of environmental sensitive materials.
Program Delivery & Management	Met the objectives of the Minister's Programs in relation to Stonework and Public Buildings Maintenance. Achieved 95% target for client capital and maintenance programs. Led the development and implementation of the new Facilities Maintenance Contracts which will improve the performance of the \$100M school maintenance program in partnership with the Dept. of School Education.
Risk Management	Project Risk Management (PRM) services provided to clients. Client surveys undertaken to determine clients level of satisfaction with PRM services provided. Staff training on risk management continued.
Resource Management & People	Implemented management by projects processes. Open communications between staff and management on issues affecting the Division's operations. Staff survey results indicate improved communication and teamwork.
Quality Management	Surveillance audits completed by NATA confirm that the Divisions Quality System continues to comply with ISO 9001. Assessed the Division's progress towards best practice through the use of the Guided Self Assessment process.
Information Technology & Telecommunications	Implemented strategies of the Information Management Strategic Plan 1996/97 including Internet connection and improved IT access to project and satellite offices.
Emergency Services Management	Continued as member of State Emergency Management Committee and provided oversight of the Natural Disaster Relief Program which provided financial assistance to 81 councils as a result of declared natural disasters. Financial assistance exceeded \$4.49M.

Name	Ronald EAGLE
Position	Director, Commercial Business Division, SES Band 3, Upper.
Period in Position	From 1 April 1996 to 30 June 1997.

RESULTS

Financial Performance & Commercial Practice	All targets achieved. Better than budgeted net profit achieved.
Marketing Strategy	Marketing and sales opportunities identified and new services offered in purchasing and property, particularly in electricity contract for all Departments and Government Trading Enterprises, property sales on behalf of Treasury. Continued structured quarterly presentations to client groups. Advisory Boards continued for Government Printing Service and Government Information Service. Recognition of environmental achievements continues to grow, especially in the area of Life Cycle Analysis.
International	Continue to develop relationships with key participants and to grow the level of international project work. Construction commenced on a pilot sewage treatment plant in Korea.
Quality Management	Business Units retain full compliance with AS3901/ISO9001. TQM and continuous improvement programs continue to be embraced. Approach to Best Practice has been formalised.
People Management	Continued specific training programs for young staff and others with leadership potential and supported corporate-wide expansion. Training Courses continued for purchasing officers in country locations. Staff survey and follow-up activities are in full swing.
National Profile	Continued as a member of the Australian Marine Industries and Sciences Council. Invited to join the Marine Sector Advisory Committee of the CSIRO.

Name	Alan GRIFFIN
Position	Director, Policy Division, SES Band 3, Lower.
Period in Position	From 13 December 1995 to 30 June 1997.

RESULTS

Commercial Practices	Corporate action targets for 1996/97 met or substantially progressed.
Total Asset Management	Developed accommodation management strategy and issued guidelines for preparing accommodation management plans. Updated and issued Private Sector Participation and Heritage guidelines. Released a new Code of Practice and accompanying Code of Tendering for the Construction Industry. Released two Green Papers: • <i>Security of Payment for Subcontractors, Consultants and Suppliers in the New South Wales Construction Industry;</i> • <i>The Construction Industry in New South Wales.</i> Released a discussion paper A Perspective of the Construction Industry in NSW in 2005 describing major shifts that must occur and invited industry response. Released a <i>Training Resource Directory for the Construction Industry in New South Wales.</i>
Government Purchasing Power	Chair of the State Contracts Control Board which is responsible for arranging the supply of all goods and services necessary for the operation of the Public Service; the Construction Policy Steering Committee which is responsible for the implementation of the government's reform program for the construction industry and is a member representing NSW on the National Supply Group which is responsible for the implementation of the terms of the Government Procurement Agreement. Currently trialing a new General Conditions of Contract (C21) to encourage cooperative contracting on building and engineering contracts valued at over \$500,000. Implementing a contractor accreditation scheme to encourage reform and best practice in the construction industry. Released Draft Code of Practice on employment and outwork obligations for textile, clothing and footwear suppliers. Reviewing procurement policy to establish a whole-of-government procurement framework which will provide savings to government through consolidating purchasing power and the adoption of best practice by government agencies.

Environment

The Construction Policy Steering Committee has developed *Project Environmental Management Guidelines* to assist government agencies and the construction industry in developing and implementing environmental management systems in relation to the planning, procurement and construction of government projects.

Client Satisfaction

Positive feedback received for the division's training program for project management, contract administration, quality assurance, total asset management and occupational health safety and rehabilitation.

A survey was undertaken in order to develop a communication strategy which will ensure that clients "buy in" to the process.

Provided risk management and dispute resolution processes for client construction contracts through ongoing management of tendering and contractor/consultant qualification systems and negotiation and settlement of contractual claims.

People Management

Staff focus groups have been used to identify and address human resource, staff development and business issues as part of the Business Planning process.

Staff performance targets have been linked with Corporate and Divisional business planning actions.

A best practice communication team was established to develop a strategy to address staff and management issues.

Name	Michael HANNON
Position	Director, Division, SES Band 3, Lower.
Period in Position	25 March 1996 to 30 June 1997 as Acting Director Client Service, appointed 15 December 1995 as Director Operations.

RESULTS

Client Service	Regular client surveys and post project reviews conducted have indicated high levels of client satisfaction for the reporting period.
Marketing and Service Delivery	Led implementation of a "Marketing and Service Delivery" management initiative. This involved the integration of a diverse product portfolio to ensure that service delivery is market driven, rather than capability driven.
Information Technology & Telecommunications	Developed strategy to identify Information Management & Technology solutions that have resulted in data base reviews, use of video conferencing, provision of IT kiosks and the establishment of electronic links with clients.
Resource Management	Dedicated Resource Manager assigned and appropriate resource allocation process supported.
Quality Assurance & Best Practice	Commenced realignment of divisional quality system to new marketing and strategic advice role. Divisional Best Practice Committee established and continuous process improvement initiatives progressed.
Program Delivery & Management	Defined comparative advantages of doing business with DPWS and the private sector through market testing and cost comparisons. Implemented DPWS environmental policy through project management briefs and encouraged agencies to include clear environmental requirements. Clients have benefited from noise sensitivity, sandstone extraction, heritage conservation, water conservation and recycling, contamination management, life cycle analysis and the development of project specific environmental guidelines.
People Management	Initiated and contributed to inter-divisional workshops to determine new roles and responsibilities for staff to implement the new "Marketing and Service Delivery" approach. Developed a staff placement policy in consultation with staff and union representatives that supports this new approach. Initiated greater consultation with the Spokeswomen's network for all recruitment activities. Increased the opportunities for women to participate in the division, including transfers and secondments at a senior management level.

Organisational Structure	Superintended the restructure of the Client Service Division to reflect its new role. This resulted in staff numbers reducing from 220 to 50, and the management of associated staff relocation and recruitment as necessary.
Market Share	Developed case studies to demonstrate the value of DPWS services. Increased market share through strategic networking and development of more effective client relationships.
Strategic Partnerships	Initiated Asset Strategic Planning services with several clients and achieved "key adviser" status on issues such as; strategic plans, preparing and presenting capital works bids to Treasury, innovative planning studies, environmental flow policy and alternative funding scenarios.

Name	John David LEEK
Position	Director, Government Information Management Division, SES Band 3, Lower.
Period in Position	From 20 May 1996 to 30 June 1996.

RESULTS

Financial Performance	Objectives, outcomes and budgets achieved.
Client Satisfaction	Provided leadership and liaised extensively with both government agency clients and industry in the development of whole of government policies and strategies for information management and technology. Introduced regular information forums and newsletters for government CEOs and information management and technology personnel. Positive feedback provided from agencies, other governments and industry to the publication of the whole of government information management and technology strategies, policies and guidelines.
People Management	Government Information Management Division established as a matrix team based organisation. Staff performance linked to Corporate and Divisional business plans. Development undertaken for all staff in areas relevant to the responsibilities of the Division including strategic and business planning and presentation skills. Regular staff and management involvement in communication and business planning including divisional presentations and staff meetings.
Policy Development & Implementation	Developed the Information Management and Technology Blueprint - A Well-connected Future - to provide a whole of government strategy with implementation of identified activities well underway. Whole of government policies and guidelines developed for use by agencies and published as both a manual and on the Internet. Involved agencies in the development of whole of government strategies and policies for information management and technology. Assisted in the establishment of the Government Information Management Board and its activities.
Public Sector Information Management & Technology	All major targets from the corporate and whole of government information management and technology strategies including: Encapsulated the Government's vision for IM&T in <i>The IM&T Blueprint - A Well-connected Future</i>, to establish a strategic and managerial whole of government information management and technology framework.

Established procedures to assess agency IM&T investments and projects and introduced benefits realisation strategies.

Established strategies for agency use of the Internet for more efficient and effective communication and delivery of government services and information.

The NSW Government Internet web site was established with links to other agency web sites.

Extended the range of products and usage of the Government Selected Application Systems (GSAS) program to standardise corporate software use within agencies.

Introduced strategies to manage to impact of the Year 2000 Millennium Bug on agencies. A Year 2000 Internet Web Site was developed on behalf of all Australian governments as an information service to government, business and the community.

Improved the performance and coverage of the Government Radio Network.

Extended the use of common telecommunications across government to re-inforce buy not build policies.

Surveys of government information management and technology environments produced and provided for use by agencies and industry.

APPENDIX I

BOARDS AND COMMITTEES WITH DEPARTMENTAL REPRESENTATION

BOARDS AND COMMITTEES WITH DEPARTMENTAL REPRESENTATION

Significant Boards and Committees

Archives Authority of NSW (Archives Act, 1960)

J D Leek, Director, Government Information Management Division

Australian Marine Industries and Sciences Council

R J Eagle, Director, Commercial Business Division

Board of Architects (Architects Act, 1921)

C Johnson, Government Architect

Board of Directors for Major Mail Users

J Carnegie, General Manager, State Mail Service

Central Sydney Planning Committee (Sydney City Council)

C Johnson, Government Architect

Cobar Water Board (Water Supply Authorities Act, 1989)

D Barrett, Regional Manager, MetNorth West Region (President)

Construction Policy Steering Committee

A Griffin, Director, Policy Division

E Smithies, Deputy Director, Policy Division

Dams Safety Committee (Dams Safety Act, 1978)

L A McDonald, Assistant Principal Engineer, Dams and Civil

Government Information Service Management Advisory Board

R J Eagle, Director, Commercial Business Division

C Moore, General Manager, Government Information and Advertising

Government Printing Service Management Advisory Board

R J Eagle, Director, Commercial Business Division

R Milligan, General Manager, Government Printing Service

Government Radio Network Joint Management Board

R W Wheeler, Manager, Operations and Contracts

Heritage Council of New South Wales (Heritage Act, 1977)

C Johnson, Government Architect

A Warr, Manager, Heritage Group (Alternate Member)

Mines Subsidence Board

P Carter, Manager, Dams and Civil

NSW Telecommunication Authority Board (TELCO)

(Government Telecommunications Act, 1991)

J D Leek, Director, Government Information Management Division

Australian Procurement Construction Council

D Persson, Director-General

Olympic Coordination Authority Design Review Panel

C Johnson, Government Architect

State Contracts Control Board

(Public Sector Management [Goods and Services] Regulation 1995)

Alan Griffin, Director, Policy Division

F Willan, General Manager, NSW Supply

C Moore, General Manager, Government Information and Advertising (Deputy Member)

State Emergency Management Committee

A Collins, A/Director, Operations Division

J Carnegie, General Manager, State Mail Service

R W Wheeler, Manager, Operations and Contracts

Survey and Mapping Advisory Committee

G V Smith, Manager and Principal Surveyor, Geomatics

Sydney Cove Redevelopment Authority

(Sydney Cove Redevelopment Authority Act, 1968)

C Johnson, Government Architect

OTHER DEPARTMENTAL COMMITTEES AND PROFESSIONAL BODIES

- Accessible Buildings Steering Committee (Ageing & Disability Department)
- Advertising Sub-Committee of Cabinet
- Advisory Committee to the Fire Code Reform Committee
- Asia Pacific Smartcard Forum
- Austel Technical Committees - Working Groups Producing Technical Standards
- Australia Day Decorations Committee
- Australian Government Printers Association
- Australian Institute of Valuers and Land Economists Professional Board
- Bankstown City Council CBD Taskforce
- Building and Construction Council
- Building Energy Code of Australia Advisory Panel
- Building Regulations Advisory Committee
- Building Science Forum of Australia
- Charmichael Committee on Vocational Training and Competency Achievements in Industry
- Chief Executive Officers' Conference on Common Service Provision
- Commonwealth State Consultative Committee - Telecommunications
- Construction Industry Consultation Committee
- Contract Management Committee
- Cooperative Research Centre for Waste Management and Pollution Control Board

- Department of Juvenile Justice Capital Works Steering Committee
- Department of School Education Facilities Standards Committee
- Department of School Education/Department of Public Works and Services Steering Committee
- DISPLAN - Disaster Planning Committee
- Emergency Management Aust. Communications Working Party
- Energy Efficiency Network
- Environmental Managers' Association
- Facilities Management Association of Australia, NSW Branch Executive Board
- Government Energy Management Working Group
- Government House Reference Group
- Government Information Technology Conditions (GITIC) Forum
- Government Technology & Telecommunications Council
- Government Selected Applications Systems Contract Management Committee
- IMEA Water Conference
- Information Industries Advisory Board
- Institute of Municipal Engineers Association (IMEA)
- Institute of Public Administration Australia (IPAA)
- Lake Macquarie Council Technical Advisory Panel
- Land Economy Board
- Lead Standards Interdepartmental Committee
- Lead Interagency Group
- LGSA Water Conference
- Ministry of the Arts Public Art Forum
- National Competency Standards Building Industry Committee
- National Communications and Information Systems Advisory Group (Emergency Management Australia)
- National Printing Industry Training Council (Australia)
- National Printing Training Council (NSW Division)
- National Public Works Council - Asset Services Steering Group
- National Public Works Council - Export Initiative Strategy Group
- National Public Works Council - Strategy Group
- National Supply Group
- NSW Health Heritage Steering Committee (NSW Health Department)
- NSW Health Industry Forum
- NSW Health Peak Purchasing Council
- NSW Health Steering Committee
- NSW Government Infrastructure Roundtable
- NSW Government TAM Steering Committee
- NSW Recycled Water Coordination Committee
- NSW-Seoul Metropolitan Government - Sister State Relationship
- Online Council
- Olympic Security Working Committee Communications
- Olympic Water Expert Panel
- Property Council of Australia, NSW Research Committee
- Property Council of Australia Infrastructure Committee

- Radio Advisory Committee
- Radio Consultative Council
- RAIA Advocacy and Sponsorship Committee
- RAIA SED Committee
- South Sydney Development Corporation
- South West Tablelands Water Supply Advisory Committee
- Standards Australia Committee IT/16 - Private Telecommunications Networking
- Standards Australia Energy Saving Lighting Committee (SAA LG1/6)
- Standards Australia Energy Auditing Committee (SAAEN/1)
- Standards Australia It/5/7 Stored Value card Applications
- Standards Australia Committee IT4 - Geographic Information
- Supplier Development Committee for NSW
- South West Tablelands Water Supply Management Board
- Sydney Cove Waterfront Strategy Project Control Group
- TAFE NSW/Department of Public Works and Services Steering Committee
- Treasury/DPWS Asset Management Steering Committee
- WorkCover Construction Industry Consultative Committee
- WorkCover OHS Induction Training Working Party

APPENDIX J

OVERSEAS VISITS

During 1996/97, a number of DPWS officers made overseas visits. The majority of visits was to represent the interests of its clients. Other visits were made to attend major international conferences and seminars to present papers demonstrating the skills base and the level of leadership achieved by the organisation. A number of other officers received grant funds to travel.

1.0 WHERE THE VISIT WAS AT COST TO THE DEPARTMENT

1.1 Attendance at International Conferences, Seminars and Presentation of Papers

A number of international conferences were held in the United States and Canada during the year and **John Leek**, Director, Government Information Management, attended a workshop (Washington) and electronic service delivery sites in Chicago, Ottawa and Toronto before visiting sites in Singapore. **Ted Smithies**, Deputy Director, Policy attend the Construction Project Improvement Conference in Sacramento as well as visits to San Jose, Austin, Washington, Alexandria, Toronto and Ottawa to investigate partnering, benchmarking and cost efficiency with the construction industry as well as other procurement related matters. **Tony Stack**, Planning Manager, Infrastructure and Property Development, represented the NSW Government and DPWS at the World Workplace '96 annual Conference of the International Facilities Management Association in Salt lake City. **Bob Furnell**, Acting Manager, Information Services, and **Stephen Boyd**, Project Manager EISG, NSW Supply Service, attended Lotusphere 97' held in Orlando, Florida. **Adrian Renouf**, Manager, Strategy Unit, visited York, Memphis, New York, San Diego, Sunnyvale, Gettysburg and Washington DC as part of a benchmarking study tour group as well as

attending a related international conference.

Beverley Cox, Policy Officer, I.T. Projects, Procurement Branch, visited Paris, London and Ottawa to research I.T. applications for the NSW construction industry and to hold discussions with key firms. Whilst in Paris she attended the International Project Management Association Conference. **Joy Singh**, Architect, Heritage Buildings Branch, attended the 8th International Congress on Deterioration and Conservation of Stone in Berlin. **Brian Cooper**, Architect, Heritage Buildings Branch, and **Leonard McDonald**, Assistant Principal Engineer, Dams and Civil visited Trondheim, Norway, to attend the International Workshop on Risk-Based Dam Safety Evaluation and Hydropower 97 Conference. **Ron Eagle**, Director, Commercial Business and **Carl Ginger**, Manager, International Business, travelled to Mauritius to attend a seminar and to Pretoria (South Africa) to participate in a workshop held to investigate a broad range of current issues associated with the transformation process for the National Department of Public Works South Africa.

Alan Griffin, Director, Policy, travelled to Singapore to attend the Second Annual International Executive Purchasing Roundtable convened to investigate purchasing leverage, horizontal contracting, strategic alliances and benchmarking. **Guy Boncardo**, Manager, Water Environment, attended the Pan-Asian Water and Sewerage 96 Conference and made representations to the Malaysian Department of the Environment project partners (Hazen Trading Co Ltd) relating to IDEA sewage treatment system in Kuala Lumpur.

1.2 Strategic Alliances

Dick Persson, Director-General, visited Pretoria and Johannesburg, to represent Minister Scully and to participate in the launch of the Green Paper associated with the transformation process for the National Department of Public Works South Africa. Accompanying the Director-General was **Carl Ginger**, Manager, International Business.

Guy Boncardo, Manager, Water Environment, travelled to Kuala Lumpur to promote the IDEA Sewerage Treatment process to the Malaysian based Indah Water and to market the process to potential partners. **Glenn Monckton**, Manager, Infrastructure Partnerships Services, participated in a workshop at Cirebon and Bandung with West Java Public Works, Indonesia. **Carl Ginger**, Manager, International Business, represented DPWS at a presentation to the Governor of Jakarta on DPWS capabilities and to establish DPWS' role in the sewerage and sanitation projects.

Chris Johnson, Manager, Buildings Branch and Government Architect, visited Jakarta, Bandung and Cirebon as a member of the Reference Group for the Merdeka Fellowship and to participate in a workshop at Cirebon with West Java Public Works.

1.3 Strategic Business

Edward Shestovsky, Policy Manager, Procurement Development, travelled to Singapore and Malaysia to investigate best practice initiatives regarding the selection of contractors tendering for government projects, measures used to secure payment to subcontractors as well as other procurement related matters. **Geoff Chenhall**, Senior Development Manager, Water and Environmental Services, and John Eslake, Manager, Water Technology, undertook a site inspection for tender preparation and sub-consultancy arrangements in Fiji.

2.0 WHERE THE VISIT WAS AT NO COST TO THE DEPARTMENT

2.1 Expert Advice on Behalf of Clients

John Gan, Project Engineer, travelled to Malaysia to conduct training courses in specialist engineering software packages on behalf of Willing and Partners. On two occasions **Phil Carter**, Principal Engineer, Dams and Civil, travelled to Vietnam Engineering to undertake consultancy work for the ASEAN Development Bank and the Department of Land and Water Conservation. **John Young**, Senior

Geologist, visited Kota Kinabalu and Sabah to provide consultancy services for John Holland (Malaysia). As well **Phil Carter**, Principal Engineer, Dams and Civil, also travelled to Kuala Lumpur and Kota Kinabalu to undertake engineering consultancy work for John Holland (Malaysia). On three occasions **John Gan**, Project Engineer, travelled to Kuala Lumpur, Malaysia, to carry out site inspections and to provide presentations to the Malaysian consortium, Marimas MPC Mesra Hijau JV, as part of the Putra Jaya Constructed Wetlands project. **Jae-Ryong Ryu**, Development Manager and Korea Liaison Officer, visited Souel to coordinate the detailed design and construction of the IDEA Pilot Project the Korean company of Kumho Construction. **Robert Chong**, Manager, Sewerage Technology, travelled to China to prepare bid documentation for consulting work on behalf of Minproc Engineering Pty Ltd regarding the design of treatment plants in Tianjin. **Nick van Exter**, Manager, Education Branch, visited London, Paris and Berlin to represent Australia at the OECD program on Education Building Steering Committee meeting and as part of an associated study tour of education facilities on behalf of NSW TAFE. **Doug Anderson**, Client Executive travelled to Norway, Germany, England and the USA to view best practice in conservatorium design, management, function and operation on behalf of the Department of Training and Education Co-ordination. **Chris Johnson**, Government Architect and Manager, Buildings Branch, visited Los Angeles' Olympic facilities as well as the Atlanta 1996 Olympic facilities on behalf of the Olympic Coordination Authority. **Greg Ward**, Project Development Manager, Major Buildings Projects Group, travelled to attend the American Correctional Association International Relations Committee meeting (as part of the Association's Congress of Correction, Nashville, Tennessee) and to carry out an inspection of Air Teq Door manufacturing facility in Portland, Oregon on behalf of the Department of Corrective Services. **Russell Thurling**, Technical Specialist, Sterilising Group, travelled to Israel to evaluate sterilising equipment for compliance to Australian standards

and for functional performance for use in Australian hospitals, at Tuttnauner Co Ltd's manufacturing premises in Jerusalem.

2.2 Strategic Alliances

James Lawler, Chief Diving Supervisor, Manly Hydraulics Laboratory, travelled to Malaysia on behalf of Water Research Laboratory UNSW to assist in oceanographic data collection. **Chris Johnson**, Government Architect and Manager, Buildings Branch, visited Jakarta, Bandung, Cirebon and Depok to attend the Reference Group meeting for the Merdeka Fellowship and to hold a seminar on future joint projects with West Java Public Works and associated contractors SMEC International Pty Ltd.

2.3 Grant Funds

Bill Georgiou, General Manager, Commercial Support and Development Unit, travelled to Hong Kong and Shenzhen (China) as part of an Austrade delegation to present a paper to an IT Awareness Symposium. **Carl David Watkins**, Manager, Total Asset Management Services, and **Glenn Monckton**, Manager, Infrastructure Partnerships Services, travelled to Vietnam to provide training consultancy services for the Ho Chi Minh City Department of Construction, under an AustAid grant. **Carl Ginger**, Manager, International Business, travelled to Vietnam, to conduct a training program for the Ministry of Construction and to visit Senior Members in Infrastructure Procurements and Asset Management in Indonesia and Malaysia, under an AustAid grant. **Nazha Saad**, Strategic Analyst, Strategy Unit, undertook a study tour to San Francisco, Vancouver, Edmonton, Ottawa, Toronto and Fredericton on a Premier's Department 1996 Executive Development Program Scholarship, to look at best practice and trends in change management. **Barry Borham**, Consultant, Business Strategy, visited Vancouver and New Brunswick on a State Government Employees Travelling Fellowship to examine electronic service delivery of public sector services to the community. The visit was also funded under the North Coast

Electronic Service Delivery project. **Ken Bullock**, Manager, Information Strategy, Information Services, received grant funds from Standards Australia and ANZLIC to travel to Paris to attend the 4th Meeting of the Working Group #2 of the International Standards Organisation. **Frank Willan**, Manager, State Projects Infrastructure, and **David Wilkins**, Manager, Total Asset Management, travelled on Mauritian Government and United Nations grant funds, to Mauritius to provide consultancy services to the government of Mauritius on physical asset management and to conduct a sensitisation workshop.

APPENDIX K

MAJOR ASSETS

(Other than land holdings)

Details of Department of Public Works and Services assets are contained in Note 21 of the Financial Statements.

During the year acquisitions valued at over \$50,000 were:

Computer Equipment - Messaging Server	\$ 82,268
Three two colour offset printing presses	\$ 197,000
Government Radio Network Towers and associated assets	\$ 4,113,044
Total	\$ 4,392,312

APPENDIX L

DISPOSAL OF PROPERTIES

The following properties, owned by the Department of Public Works and Services which were no longer required, were sold during the year.

- B C & M Depot at Lot 35 Hope Street, Walgett for \$70,000
- Inverell Water Supply Staff House at 55 Auburn Vale Road, Inverell for \$107,000.

APPENDIX M

CONSUMER RESPONSE

Corporate compliments and complaints statistics

One of the important indicators for the success of the Department is to achieve and maintain a high level of customer satisfaction. Throughout DPWS there are a range of strategies focusing on our customers to reach this outcome.

For several years, one of the approaches for developing a more customer focused organisation has been through the recording of formal complaints and compliments received by DPWS. This approach continued during the year, with a complaints and compliments register being corporately maintained. All complaints were acted on immediately with the objective of resolving issues satisfactorily with the complainant.

This is one of the mechanisms which allows DPWS to understand what our customers feel we do well and where we need to improve. This input is important so that we can respond to our customers' needs, improve our products where necessary to remain competitive, offer value for money and most importantly develop innovative solutions and products which set the benchmark for others to follow. The complaints and compliments data assists in our vision for continuous improvement.

DPWS formally recorded 207 external compliments and 47 external complaints during the year.

Many of our customers and community members have expressed their appreciation to us during the year for the wide range of services and products which we provided. We value this input from our customers in letting us know about the things they liked about what we do.

Significant areas of compliments received during the year relate to improving the infrastructure within the community and allowing many other state public sector agencies to concentrate on their core activities.

A selection of some of the comments received were - "...environmental sensitivities of such a visionary project has been nothing less than outstanding, "very high standard of Disabled Access Reports", "excellent communication and extremely sensitive to the needs of the families involved" and "thank you for your incredible support".

We regard complaints with equal value, and see them as an important improvement tool to provide valuable information on whether we are meeting our customers' needs. We seek to respond to complaints in a positive way and recognise that through our complaint system we need to resolve our customers' concerns and at the same time rectify the root cause of the problem. Of the 47 external complaints received, four remain unresolved.

Root causes associated with the problems which caused the complaint have been investigated, resulting in a number of improvements to our processes and to the way we perform.

Some significant projects commenced during the year with customer service as the focus for change. The Department's Management by Projects initiative is a framework to provide an integrated approach to planning, which will result in customers receiving better levels of service and enhanced relationships. DPWS is also embarking on a best practice program with customer satisfaction as a key driver to change. The aim of the program is to continually be looking at the best way of producing our products and services. The bottom line from these major initiatives will be a major cultural shift, which results in improved services for all stakeholders, especially our customers.

APPENDIX N

STATUTORY RESPONSIBILITIES

Major Litigation

On 2 August 1995, BT Australasia P/L commenced proceedings in the Federal Court against the State of NSW and Telstra Corporation Ltd. The Department of Public Works and Services has responsibility for the conduct of the litigation on behalf of the NSW Government.

The litigation arises out of an agreement BT Australasia had with the State Government for the design, implementation and operation of a telephone and data network for NSW government agencies. The Agreement was signed in November 1992 with a ten year term, and was administered within the Government's then Commercial Services Group which in April 1995 became part of the new Department of Public Works and Services.

In view of the BT Australasia's court action and purported termination of the Agreement, the Government formally terminated the Agreement on 10 August 1995.

BT Australasia makes a number of claims against the State and Telstra alleging breaches of the Trade Practices Act and the NSW Fair Trading Act. It also alleges that the State breached the Agreement. Claims for damages remained unquantified as at the end of June 1997.

The State's defence was filed on 29 November 1995 and essentially denies all BT Australasia's claims.

On 2 April 1996 the State filed a cross-claim joining BT Australasia's ultimate holding company British Telecommunications Plc in the proceedings and in turn claiming damages for breach of contract and breaches of the Trade Practices Act and Fair Trading Act.

British Telecommunications PLC has also cross claimed against the State in the second quarter of 1997. At the end of June 1997, parties were proceeding with discovery, inspection of documents and associated interlocutory matters.

Main Offices and Business Addresses

HEAD OFFICE

McKell Building 2-24 Rawson Place, Sydney NSW 2000
Internet address: <http://www.dpws.nsw.gov.au>

Tel: (02) 9372 8877

Fax: (02) 9372 7070

METROPOLITAN REGIONAL OFFICES

MetNorth West Region

236 Richmond Road, Doonside NSW 2767

Tel: (02) 9672 5111

Fax: (02) 9672 5255

MetSouth Region

Level 7 Civic Tower, 66-72 Rickard Road, Bankstown NSW 2200

Tel: (02) 9795 0777

Fax: (02) 9795 0888

COUNTRY REGIONAL OFFICES

North Coast Region

Dalley Street, Lismore NSW 2480

Tel: (066) 20 1600

Fax: (066) 20 1666

Hunter New England Region

117 Bull Street, Newcastle West NSW 2302

Tel: (049) 26 9920

Fax: (049) 26 9954

South Coast Region

84 Crown Street, Wollongong NSW 2500

Tel: (042) 26 811

Fax: (042) 26 8534

Riverina/Western Region

140 William Street, Bathurst NSW 2795

Tel: (063) 33 4290

Fax: (063) 33 4279

BUSINESS UNIT ADDRESSES

Government Advertising Agency

Level 1, 1 Francis Street, Darlinghurst NSW 2010

Tel: (02) 9339 7539

Fax: (02) 9339 7170

Material Testing and Chemical Services Laboratory

2 Cowper Street, Glebe NSW 2037

Tel: (02) 9660 6833

Fax: (02) 9692 0043

Government Information Service

Unit 10, Block V, 391 Park Road, Regents Park NSW 2143

Tel: (02) 9752 1111

Fax: (02) 9743 7124

Statefleet Services

Level 13, 1 Francis Street, Darlinghurst NSW 2010

Tel: (02) 9339 7426

Fax: (02) 9339 7186

Government Printing Service

Units 4 & 5, Block V, 391 Park Road, Regents Park NSW 2143

Tel: (02) 9743 8777

Fax: (02) 9743 8588

State Mail Service

15 Everley Road, Chester Hill NSW 2162

Tel: (02) 9752 1700

Fax: (02) 9743 8475

Information Technology Service

Level 10, 1 Francis Street, Darlinghurst NSW 2010

Tel: (02) 9339 7675

Fax: (02) 9332 2640

NSW Supply Service

Level 9, 1 Francis Street, Darlinghurst NSW 2010

Tel: (02) 9339 7338

Fax: (02) 9339 7583

Manly Hydraulics Laboratory

110B King Street, Manly Vale NSW 2093

Tel: (02) 9949 0200

Fax: (02) 9948 6185

Q Stores

4-6 Huntley Street, Alexandria NSW 2015

Tel: (02) 9318 7888

Fax: (02) 9318 7886

Business Office Hours: 8.30am to 5.30pm Monday to Friday



INDEX

A N N U A L R E P O R T 1 9 9 6 - 1 9 9 7

Index

Aboriginal Deaths in Custody Report	19
Access to Information	123
Accounts Payable Performance	70
Acts Administered	115
Appendices	113
Awards	67
Best Practice Program	57
Boards and Committees	146
Brochures	120
Building Industry (see Construction Industry)	
Charter and Role	9
Client Service Division	47
Code of Conduct and Ethics	125
Code of Practice and Tendering	15
Consumer Response	154
Conference Papers	118
Construction Industry	15, 35
Construction Policy Steering Committee	16
Consultants	17, 135
Contracting and Market Testing	134
Corporate Objectives	13
Corporate Objective 1	14
Corporate Objective 2	23
Corporate Objective 3	34
Corporate Objective 4	42
Corporate Objective 5	47
Corporate Objective 6	56
Director-General's Message	4
Disability Plans	63
Disposal of Properties	153
EEO Management Plan	59, 67
Employment Programs	59
Energy Management	20
Energy Management Unit	20
Environment Design Unit	42
Environmental Policies	42
Equal Employment Opportunity	60
Ethnic Affairs Priorities Statement and Agreement	58, 59
Executive Team	10
Financial Statements	71
Freedom of Information	115
Funds Granted to Non-Government Community Organisations	136

Government Advertising Agency	.40
Government Information Management Board	.24
Government Information Service	.53
Government Printing Service	.53
Government Procurement	.34
Government Radio Network	.30
Guarantee of Service	.131
Heritage	.49
Industrial Relations	.60
Information Management and Technology	.23
Information Management and Technology Blueprint	.23
Information Technology Service	.31
Infrastructure Partnerships	.20
Internal Audit Branch	.67
Internal Communication	.59
International Business Unit	.54
Internet	.28
IM&T Strategic Plan	.26
Letter to the Minister	.2
Life Cycle Assessment	.42
Main Offices and Business Addresses	.156
Major Assets	.153
Manly Hydraulics Laboratory	.52
Mission Statement	.12
Natural Disaster Relief Program	.21
NSW Supply Service	.38
Occupational Health, Safety and Rehabilitation	.60
Offices	.156
Organisation, The	.10, 11
Organisational Changes	.10
Organisational Business and Development	.58
Overseas Visits	.150
Partnering	.17
Performance Measures	.69
Procurement Policy	.34
Property Management	.19
Publications	.117
Q Stores	.39
Risk Management and Insurance	.63
School Maintenance Contracts	.37

SES Performance Summaries	137
Staff	61
State Contracts Control Board	36
State Mail Service	53
State Projects Buildings	49
State Projects Infrastructure	50
State Property	19
StateFleet Services	40
Statutory Responsibilities	155
Strategic Partnerships	44
Strategic Services	15
Total Asset Management	14
Total Asset Management Unit	15
Values	12
Vision Statement	12
Workers' Compensation	65
Year in Summary	6

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