

**SPECIAL MINISTER OF STATE
MINISTER FOR COMMERCE,
MINISTER FOR INDUSTRIAL RELATIONS AND
MINISTER FOR THE CENTRAL COAST**

DEPARTMENT OF COMMERCE

The Department of Commerce has been created to support a climate that makes doing business in New South Wales simple, accessible and fair for employees, consumers and industry. A number of government services have been brought under one umbrella. The Department comprises the Office of Fair Trading, Office of Industrial Relations, Office of Best Practice Information Technology and Corporate Services, and Policy Development and Risk Management Services. The Office of Government Procurement and the Office of Government Business are also within the Department of Commerce but will operate on a commercial basis without direct budget funding.

EXPENDITURE TRENDS AND RECENT DEVELOPMENTS

Total expenses for 2003-04 are estimated to be \$266.5 million. The restructure of Government agencies transferred the former Office of the Minister for Public Works and Services (OMPWS) to the Minister for Commerce (Policy Development and Risk Management Services) from 1 July 2003. The impact of the transfer is that the Office's 2002-03 revised numbers are reflected in the statements of the Minister for Public Works and Services, while budgeted amounts for 2003-04 are reflected within the statements of the Minister for Commerce. The transfer between the Ministers largely accounts for the increase in the Department of Commerce's total expenses in 2003-04.

Office of Fair Trading

Total expenses for 2003-04 (including the Consumer, Trader and Tenancy Tribunal) are estimated to be \$158.3 million compared to a revised 2002-03 figure of \$156.3 million. The increase in expenses is mainly due to the formation of the Home Building Service as a result of the Campbell Inquiry into building quality. This increase has been offset by a reduction from \$20 million to \$17.4 million in the grant paid to the Fair Trading Administration Corporation. The grant is provided to meet the deficit associated with the previous Statutory Insurance Scheme for residential building works that closed on 30 April 1997. Future liabilities of the scheme are expected to decline.

The decrease in recurrent grants to non-profit organisations in 2003-04 is due to the provision of a one-off Travel Compensation Fund donation to the Commonwealth Rescue Pack worth \$1.7 million in 2002-03.

Office of Industrial Relations

Total expenses for 2003-04 are \$21.1 million. This includes \$1.6 million for the continuation of the Office's efforts to improve efficiency and compliance with New South Wales industrial legislation in the clothing outworker industry.

Office of Best Practice Information Technology and Corporate Services

Total expenses for 2003-04 are expected to be \$62.4 million. This includes allocations for whole-of-government projects of \$5.6 million and \$10.3 million respectively for the Human Services Better Service Delivery project and the Online Business Licensing project. The Government Radio Network will receive an allocation of \$12.7 million, which is in addition to agency contributions for its operation. The Office will continue management of the NSW Government contributions to the Community Technology Centres program and the National Information Technology Centre of Excellence, in the amount of \$2.2 million and \$3 million respectively. Opportunities for efficiency and improvements in corporate services, especially through shared information technology, will be a priority for the Office.

Policy Development and Risk Management Services

Policy Development and Risk Management Services was funded under the Minister for Public Works and Services in 2002-03.

Total expenses for 2003-04 will be \$24.8 million. This is lower than the 2002-03 total expenses of \$30.2 million (see Budget Paper No. 3 Volume 2 19-21). The reductions are due to:

- ◆ the transfers of the asset and procurement policy functions to Treasury;
- ◆ a one-off increase in Parliament House maintenance expenditure in 2002-03; and
- ◆ the termination of seed funding for Parramatta Government Property Strategy.

STRATEGIC DIRECTIONS

Office of Fair Trading

The Office of Fair Trading works towards fairness in the marketplace. The Office will develop and maintain a policy framework which provides appropriate safeguards for consumers while minimising restrictions on business and traders. The Office encourages compliance with regulatory requirements through information and education for consumers and traders, compliance monitoring and enforcement, complaint handling and dispute resolution, and licensing registration and certification.

Office of Industrial Relations

The Office of Industrial Relations works towards productive workplace relations under New South Wales industrial laws. The Office seeks to ensure that employers and employees are informed of their rights and obligations.

The Office provides education and information to assist employers, especially those in small business, achieve compliance with industrial legislation and awards. It targets inspectorial services at industries where compliance may be low. Where necessary, the Office takes action through the courts, to either protect the rights of participants or to ensure the smooth operation of the industrial relations system.

Office of Best Practice Information Technology and Corporate Services

The Office of Best Practice Information Technology and Corporate Services has a focus on electronic government service delivery. It will also incorporate the Corporate Services Reform Unit to reflect a shared services focus on implementation of government-wide agendas for process improvement. The Office will continue its role in the assessment of business cases for government ICT projects and will be involved in monitoring the progress and implementation of large projects. The ultimate aim of e-government is to deliver accessible and secure electronic services that are supported by efficient and customer focused government business practices.

Policy Development and Risk Management Services

This area covers the development of operational policy and risk management for government to ensure the effective utilisation of resources and reduce government's risk exposure across its total procurement activities. The services include advice to agencies on procurement, risk management, total asset management, management of government-wide contracts and the provision of maintenance services for key heritage buildings.

2003-04 BUDGET

Total Expenses

Total expenses for 2003-04 are \$266.5 million which will be applied to:

- ◆ Office of Industrial Relations – continuation of the Office’s efforts to improve efficiency and compliance with NSW industrial legislation in the clothing outworker industry and targeted inspectorate activities as areas of major focus, the operation of Government and Related Employees Appeals Tribunal (GREAT) and Transport Appeals Board.
- ◆ Office of Fair Trading:
 - the operation of the Consumer, Trader and Tenancy Tribunal;
 - licensing of real estate agents, valuers, conveyancers and private employment agents and the registration of business names, co-operatives, associations and co-operative housing societies; and
 - operation of the new Home Building Service which will provide strategic direction for NSW builders and consumers on residential building matters;
- ◆ Office of Best Practice Information Technology and Corporate Services - targeted use of information technology to improve service delivery including funding for the Online Licensing Project and Human Services Better Services Delivery Project; and
- ◆ Policy Development and Risk Management Services - maintenance of significant government buildings and the provision to agencies of policy advice and procurement risk management services. Funding is also provided for stone work and heritage maintenance projects.

Asset Acquisitions

The 2003-04 asset acquisitions program is \$22.2 million. Major projects within this program are \$12.5 million to improve coverage and the mobile data network for the Government Radio Network, and \$3.2 million to amalgamate the Office of Fair Trading Call Centres into a single integrated, multi-channel contact centre.

OFFICE OF GOVERNMENT BUSINESS AND OFFICE OF GOVERNMENT PROCUREMENT

The Office of Government Business and Office of Government Procurement have been restructured from the former Department of Public Works and Services. Both offices operate on a commercial basis.

EXPENDITURE TRENDS AND RECENT DEVELOPMENTS

StateFleet

StateFleet, a business unit of the Office of Government Procurement, manages the NSW Government leased motor vehicle fleet on behalf of the Crown. A policy decision has been taken to begin to replace the private sector financed fleet of leased vehicles with government-owned vehicles.

The previous lease arrangements operated under three tranches. Effective 1 July 2003, no new leases will be entered into as leases expire for tranches one and two motor vehicles. StateFleet will arrange to purchase replacement vehicles instead.

The major objective of the Crown purchasing the vehicles is improved value-for-money in that:

- ◆ the private sector is now unable to provide a tax-based structure resulting in a below TCorp cost of funds;
- ◆ perceived difficulties in the private sector introducing major efficiencies or cost savings to New South Wales through improved lease/fleet management given the experience and sound operational track record of the existing centralised lease management by StateFleet; and
- ◆ the high cost of transferring residual risk to the private sector was not justifiable when New South Wales had demonstrated in the operation of the existing arrangements that residual risk could be managed over time across the large number of vehicles.

STRATEGIC DIRECTIONS

The revised structure realigns the commercial services provided by the Department of Commerce into two discrete entities that will improve accessibility for clients, customers and the community and provide real value to the Government.

The Office of Government Business brings together the primarily contestable commercial services provided on a fee-for-service basis, while the Office of Government Procurement brings together the procurement functions and services as well as other functions which are mandated across the NSW Public Service.

The Central Corporate Services Unit forms part of the Office of Government Business to better reflect its commercial focus and a state and regional service group has been formed to better deliver regionally based services.

2003-04 BUDGET

Total Expenses

Total expenses of the Office of Government Business and the Office of Government Procurement are budgeted at \$443.6 million in 2003-04. Key expenditure items and initiatives include:

- ◆ the ongoing roll out of smartbuy which is the Government's strategy to achieve better value for money in the procurement of goods and services;
- ◆ the rationalisation and review of operating and shared services costs; and
- ◆ a review of products and service delivery to improve value for clients and government.

Asset Acquisitions

The Offices will spend \$226.9 million in 2003-04, mostly on information technology projects and the purchase of motor vehicles to replace vehicles for which leases have expired. Major projects included are information technology infrastructure (\$8.3m), Central Corporate Services Unit's information systems (\$3.5 million) and smartbuy (\$2.3m) which is a computerised procurement system.