



STATE PROPERTY AUTHORITY

Letter of submission

The Hon John Watkins MP
Deputy Premier,
Minister for Transport and
Minister for Finance
Level 30
Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Minister

I am pleased to submit the Annual Report for the State Property Authority for the ten months ended 30 June 2007 for presentation to Parliament.

The report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984*, the *Public Finance and Audit Act 1983* and the regulations under those Acts.

Yours sincerely



M A Skewes
Chief Executive Officer

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Statement by the Chief Executive Officer

The State Property Authority was established in September 2006 and this is its first annual report, for the ten months of operation to June 2007.

As a new entity, the Authority in its first year was focused on setting in place the operational arrangements to best support the Authority's pivotal role as a corporate real estate service provider to government agencies. Considerable resources were oriented towards building the new organisation and its structure, and providing essential property services such as portfolio management, regional and agency specific property reviews, and assisting with acquisitions, divestments and development infrastructure. Plans were also advanced in preparation for the transfer of the Crown Property Portfolio to the Authority on 1 July 2007.

The principal objective of the State Property Authority is to improve operational efficiencies in the use of government properties, focusing particularly on generic assets such as office accommodation, with a view to better supporting the service delivery achievements and outcomes of agencies.

Already significant progress has been made in building cooperative relationships with agencies to more effectively support their property needs. This will continue to be a major focus in 2007-08 as the Authority delivers a professional, effective and coordinated approach to the management of the government's property assets.



M A Skewes
Chief Executive Officer
State Property Authority

SYDNEY
23 October 2007

About the State Property Authority

The State Property Authority is a statutory corporation, established on 1 September 2006 by the State Property Authority Act 2006.

The Authority's principal objectives are to:

- Improve operational efficiencies in the use of properties, particularly generic properties, by government agencies;
- Manage properties of government agencies in ways that support the delivery of government services by agencies;
- Advise government on property matters; and
- Operate at least as efficiently as any comparable business.

The Authority is subject to the control and direction of the Minister for Finance in the exercise of its functions. The Authority is also required to report to the Treasurer on matters relating to the properties of government agencies.

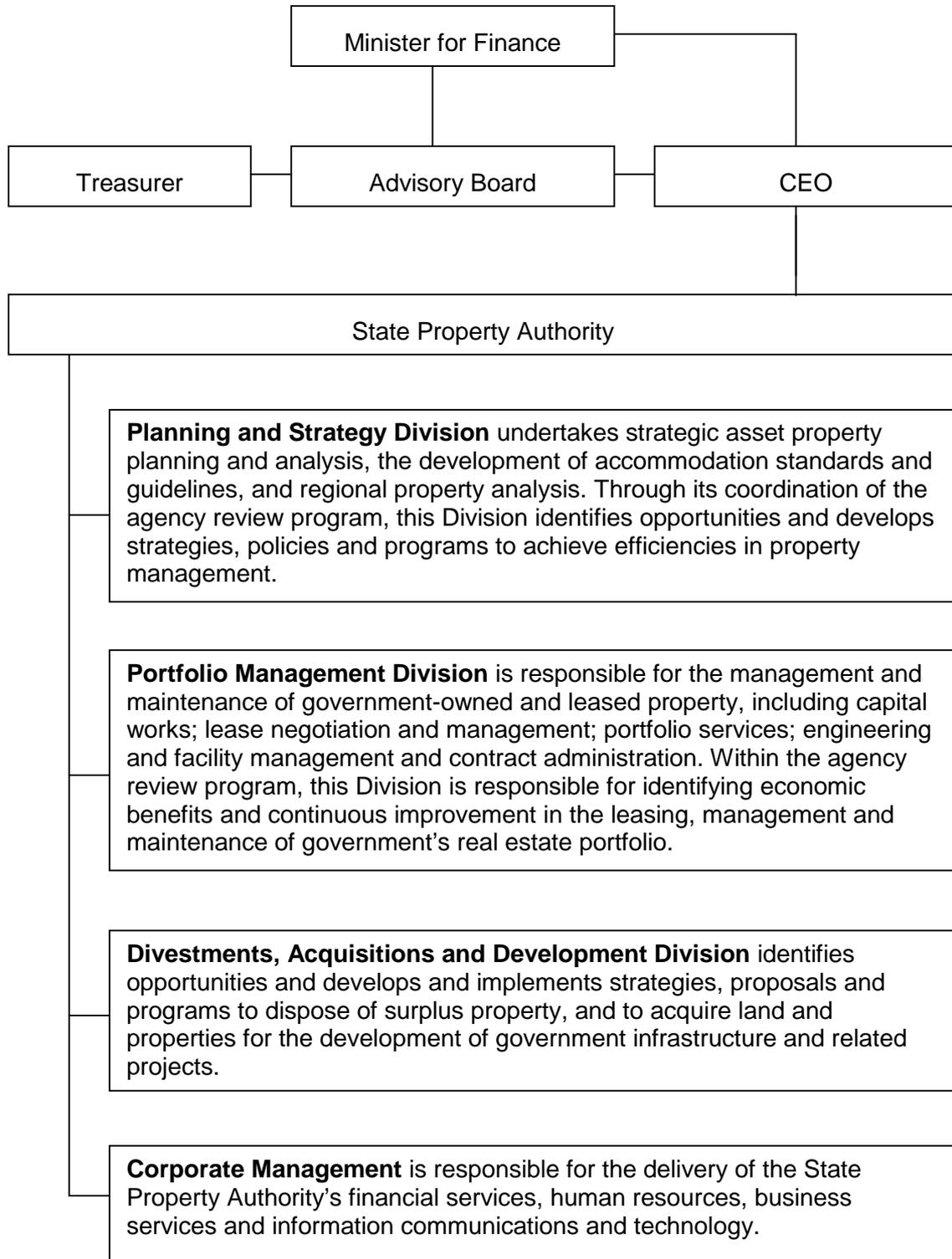
A major strategy for achieving the Authority's objectives is to review, in cooperation with individual government agencies, the alignment of an agency's property holdings with its service delivery needs.

The Office of the State Property Authority was established on 1 September 2006 as a Department of the Public Service responsible to the Minister for Finance, by the Public Sector Employment and Management (State Property Authority) Order 2006. The Office of the State Property Authority employs staff, and provides their services to the State Property Authority, in order that the Authority can carry out its statutory functions. This arrangement is formalised in a Memorandum of Understanding between the two entities.

The Order also transferred certain staff from the Department of Commerce and the Ministry for Police to the Office of the State Property Authority.

Under a Memorandum of Understanding, the Office of the State Property Authority provides personnel to the State Property Authority. Except where otherwise indicated, this annual report consolidates the activities of both entities.

Organisation Structure at 30 June 2007



History of Government Property Management in New South Wales

During the 1960s, government built and occupied the State Office Block. The Public Works Department (Building Services Branch) planned the building's occupancy and managed the building's services.

In 1981, government established the Office Accommodation Bureau within the Public Service Board, to manage office leases for government agencies, in designated metropolitan areas and regional towns. The Bureau also implemented and managed office accommodation policies, strategy and fitouts across government.

The role of the Building Services Branch of the Public Works Department grew to include managing a number of smaller government owned buildings around the state. By 1985, it managed and maintained some 84 government owned buildings occupied by multiple agencies. Soon after, its scope was reduced and it was re-named the City Office Services Branch, with responsibility for regional buildings transferred to Public Works Department regional offices.

In 1988, government established the Department of Administrative Services. The Office Accommodation Bureau and the City Office Services Branch were merged within the new Department, together with the Property Management Unit from Premier's Department and the Public Servant Housing Authority from the Department of Housing.

The Department of Administrative Services managed government owned whole buildings occupied by multiple agencies. Property management was mostly confined to building management and maintenance services.

During 1988, government undertook a detailed review of its office accommodation strategies. In 1989, responsibility for property management was transferred to the newly established Property Services Group. At the same time, responsibility was devolved to individual government agencies to make their own arrangements about office accommodation. However, agencies were required to follow the standards and guidelines set by the Property Services Group, including agencies paying office accommodation rents at market rates.

The Crown Property Portfolio emerged as the vehicle for holding those properties that could not be devolved to individual agencies, including premises leased for multiple agencies. In 1991, building management of the office accommodation held in the Crown Property Portfolio was outsourced to private property management firms.

In 1992, government introduced a Total Asset Management policy, to manage the government property portfolio, involving shifting the emphasis from inputs (maintenance services and rent costs) to outputs (how and where government services are delivered, and the property assets needed to support service delivery).

In 1995, responsibility for property management was transferred from the Property Services Group to the Department of Public Works and Services.

In 1998, the Government Asset Management Committee was established to assist with monitoring the alignment of office accommodation resources with government's service delivery priorities.

In 2002, the Government Leasing Service was created, to negotiate leases in the property markets to which government was most exposed. In addition, the scope of the Crown Property Portfolio was expanded to include the management of leases in privately owned buildings occupied by multiple government agencies.

In 2003, government established the Department of Commerce, which included the former Department of Public Works and Services.

The State Property Authority was formed in 2006 as the single government agency responsible for property management and the improvement of property management outcomes. Ownership of the Crown Property Portfolio will be vested in the State Property Authority on 1 July 2007.

Review of Operations

The State Property Authority, in its first ten months, concentrated on developing its business plan, establishing itself as a new corporate entity and providing property services to government agencies.

The main services are: property advice to government; portfolio management; and divestments, acquisitions and development projects.

Property Advice to Government

Throughout 2006-07, the State Property Authority continued to provide advice to central government and government agencies on various property related matters.

This role included:

- the annual review of agency office accommodation strategies;
- the development of regional asset strategies and monitoring their implementation;
- participating in whole-of-government committees;
- considering and determining proposals for new or renewed leases for office accommodation;
- facilitating cluster planning groups; and
- maintaining the office accommodation and surplus property databases.

Office Accommodation Strategies

The State Property Authority assisted government with its office accommodation strategy for 2007-2010. The State Property Authority also reviewed and reported on office accommodation strategies being submitted to government.

Regional Studies

The Authority develops regional asset strategies in accordance with priorities determined by the government.

Regional asset strategies have primarily focussed on government's office accommodation in particular centres. They consider the location of government agencies within the centre and how location affects service delivery; the alignment of

location with the local council's defined precincts and the suitability and availability of accommodation both for the immediate and longer term.

The strategies examine opportunities to improve the alignment of property assets with the service delivery requirements of agencies. In the future, the Authority will expand its regional strategies to include all generic property assets.

During 2006-07 regional strategies were completed for Blacktown, Bega, Bateman's Bay and Wagga Wagga. In addition, the Authority monitored the implementation of strategies that led to construction of new government office buildings in Queanbeyan and Penrith.

Leasing Coordination

During 2006-07 the Authority considered and determined over 100 requests from government agencies to either take out new leases or renew existing ones. This activity required the Authority to ensure the achievement of government space use targets and to complete negotiations where required.

Cluster Planning

During 2006-07 the Authority chaired a Natural Resources Cluster Planning Group with representatives from the Department of Commerce, the Roads and Traffic Authority, the Department of Primary Industries, the Department of Natural Resources and the Department of Environment and Conservation.

Following the creation of the Department of Water and Energy and the Department of Environment and Climate Change, the Authority has convened a Natural Resources Steering Committee to assist the affected agencies in working through the rationalisation of their property assets.

Databases

The Authority maintains the Government Office Accommodation Database and the Government Surplus Property Database and uses these to provide strategic information to Government and its agencies. Both databases are updated by an annual survey.

Agency Reviews

During the year the Authority was engaged in the review of a number of property portfolios. These reviews are intended to assess portfolio assets and their alignment with service delivery needs. A continuing program of reviews will be undertaken during 2007-08.

Portfolio Management

Lease Management

The State Property Authority undertakes lease negotiations to support the provisions of Premier's Memorandum 2002/09. Government policy requires government agencies to engage the Authority to negotiate leases within the Sydney CBD and fringe, Lower North Shore, Parramatta, and any other part of the state where the leased premises are greater than 1,000 square metres in area.

The Authority also undertook lease negotiations on behalf of the Crown Property Portfolio, and is generally available to assist agencies if required.

The Authority handled over 100 lease negotiations during the 2006-07 financial year, with an annual rental value of approximately \$50 million. Rental savings, together with the negotiation of improved additional lease terms, are estimated to have contributed at least \$50 million in economic benefit to government. These include terms relating to make good, carpet replacement, incentives and legal costs.

The principal office leasing markets in New South Wales have tightened significantly in the past twelve months. This is expected to continue for at least the next three years. The action of the Authority in leasing management strategies and negotiations will be critical to mitigating the impact of these market conditions.

Research and Development

The Authority has researched current international trends in the management of public sector property assets. This research has concentrated on the USA and UK central governments. These governments are considered to be at the forefront of asset management reform, and the development of practices that maximise the effectiveness and efficiency of public property assets.

The findings of this research show that the NSW Government is adopting similar approaches to reforming management of its property assets, particularly through the initiatives of the Authority.

Close liaisons have been established with these leading agencies, principally through the Authority's membership of *The Workplace Network*, a leading international forum on public sector property management.

This research has expanded the Authority's knowledge base and assisted it to develop policies and practices to progress the NSW government's asset management reform program.

Portfolio Management Services

The Authority is responsible for the management of a number of portfolios including the Crown Property Portfolio (CPP), the Department of Housing city-based leased portfolio, the Department of Commerce portfolio and certain properties administered by the Centennial Park and Moore Park Trust, and the Royal Botanic Gardens and Domain Trust.

The Authority also administers the facilities management contracts for the New South Wales Police Property Portfolio and the Parramatta Justice Precinct.

The CPP is the most significant of the portfolios under management and is one of the largest accommodation portfolios in Australia, comprising:

- 86 properties, 36 of which are owned;
- 365,000 square metres; and
- annual rentals of around \$150 million.

The property management and facility management functions of the office component of the CPP are outsourced to an external service provider, Five D Holdings Ltd.

The principal activity of the CPP is the efficient, cost-effective management of multi-occupancy office accommodation buildings and tenancies owned and leased by the NSW Government. These properties must be of an acceptable standard to provide office accommodation for tenant agencies to support their service delivery requirements in the Sydney CBD, metropolitan, regional and NSW country centres. The CPP is managed on a Corporate Real Estate model geared to meet the service objectives of tenant agencies.

Properties falling within the CPP are mandated in terms of Premier's Memorandum 2002/09, which includes the following two key areas of activity:

- where multiple leases exist in the same building in the Sydney CBD and fringe, Parramatta, Lower North Shore, or where the total space occupied by multiple agencies in a building in other locations exceeds 4,000 square metres;
- in single leases in the CBD and fringe, Parramatta, Lower North Shore, or where a tenancy exceeds 1,000 square metres in other locations.

In terms of performance the portfolio has:

- achieved a 3.5 star Australian Building Greenhouse Rating weighted average which has exceeded the government's 3 star target;
- maintained vacancy levels below 1 per cent; and
- achieved significant savings through coordinated and effective lease negotiations.

The CPP has an asset strategy aligned with the government's total asset management framework. This enables the Authority to align the management of Crown office accommodation with the service delivery plans of agencies.

Performance benchmarks and metrics in the form of critical minimum standards and key performance indicators, aligned to the scope of services, were prepared and agreed with the CPP service provider.

The ownership of the CPP will be vested in the Authority on 1 July 2007.

The Authority will enhance its asset knowledge base and its ability to provide asset management advice to agencies through the review of individual agency's property portfolios. This will result in a set of whole-of-government key performance indices across agency portfolios.

Divestments, Acquisitions and Development

Divestments

The Authority offers a comprehensive range of services for agencies that wish to sell or adaptively re-use property assets.

This assists in ensuring that all legislative and statutory requirements and procedures are satisfied.

The Authority provides a service to client agencies, advising on value adding strategies that may be appropriate in particular circumstances, to optimise the financial and economic returns from the sale of the property.

The Authority also identifies the best and most expeditious method of selling the property by considering and assessing:

- the potential target markets for the sale, including local, national, international and institutional markets;
- the current market demand for the asset, whether the type of property is currently well sought after or whether the market is currently well supplied; and
- the budget for the sale of the property.

The Authority is able to arrange tendering for, assessment, appointment and management of all consultants including legal practitioners, and valuation and marketing agents as part of the sale process.

Acquisitions

The Authority manages land requirements for state and local government infrastructure projects, including acquisitions of land and interests in land, such as licences, easements and rights of way.

Land may be acquired by market purchase or under the *Land Acquisition (Just Terms Compensation) Act 1991*.

The Authority has the capacity to provide a range of services, including:

- investigating land status;
- arranging pre-construction site access, including negotiating occupation agreements, and arranging entry under relevant statutes or by compulsory processes;
- acquiring land by agreement or by compulsory processes under the *Land Acquisition (Just Terms Compensation) Act 1991*; and
- client access via the Internet to the LandSpeed database.

The divestment and acquisition achievements of the Authority in 2006-07 included some 150 property purchases and sales on behalf of agencies, in the vicinity of \$150 million - \$180 million. These achievements are undertaken in cooperation with service delivery agencies to meet targets and programs approved by government.

Assets Acquired

The Authority acquired from the Regional Land Management Corporation:

- the Newcastle site of the former BHP main steel works,
- Kooragang Island's waste emplacement site, and
- some other parcels of land around Newcastle.

These sites were held by the Authority, for the purpose of management and remediation by the Regional Land Management Corporation.

Development Projects

The Authority manages the development of major government projects from concept, planning and site acquisition, to the provision of buildings or infrastructure, and disposal of any surplus project assets.

The major objective is to ensure that such projects are completed within time and budget, and to a standard that meets the social and economic objectives of the NSW Government and its agencies.

Recently completed and current projects include:

- managing the development agreement for the \$750 million development of the Walsh Bay Precinct for the NSW Maritime Authority and Ministry for the Arts;
- developing the Western Sydney International Drag Way for the Department of Sport and Recreation, and the rezoning and sale of surplus government land to fund the project;
- successfully managing a new 30,000 square metre office tower in Parramatta, completed for the NSW Police Force, built and owned by Multiplex and leased to the government;
- the Parramatta Justice Precinct project is providing a new community care facility, six new children's courts, nine new trial courts, and 20,000 square metres of new office accommodation for the NSW Attorney General's Department, in an integrated whole of government development;
- Queanbeyan Government Service Centre project will provide government agencies with approximately 6,200 square metres of new office accommodation. Construction of the project has commenced and is now due for completion in mid 2008;
- Penrith Government Office Accommodation project will provide a development of some 8,000 square metres, which will include the headquarters of the Sydney Catchment Authority and other agencies; and
- for the Royal Botanical Gardens and Domain Trust, the Authority is managing an approach to private sector developers for bids to redevelop and lease the Domain Car Parking station.

The Organisation and Corporate Governance

The State Property Authority is managed by a Chief Executive Officer, reporting to the Minister for Finance. In addition, a State Property Authority Advisory Board has been established, comprising the Secretary of Treasury (Chair), the Director-General of the Department of Premier and Cabinet and the Director-General of the Department of Education and Training.

The purpose of the Board is to provide strategic direction and advice to the Chief Executive Officer in delivering the government's property reform program. The Board's first meeting was held in June 2007.

The Treasurer also has a role, with the Authority required by the *State Property Authority Act 2006* to report to the Treasurer on matters relating to the properties of government agencies, including advice on their efficient utilisation and relevant budgetary measures.

Senior Executive Service

The State Property Authority is constituted as a statutory corporation under Section 4 of the *State Property Authority Act 2006 (NSW)*.

The Office of the State Property Authority employs staff under the *Public Sector Management and Employment Act, 2002* to enable the Authority to exercise its functions.

During the reporting period, the senior executive consisted of the following:

1. Chief Executive Officer (SES Level 5)

Mr Andrew Bailey, Interim CEO, 4 September 2006 to 30 November 2006. Mr Bailey was a senior external consultant to the NSW Treasury.

Mr Alastair Hunter (SES Level 5). Interim CEO, 4 December 2006 to 4 May 2007. Mr Hunter was the Chief Financial Officer at the NSW Department of Commerce.

Ms Susan Power (SES Level 2). Interim CEO, from 7 May 2007. Ms Power is Director, Property and Venues at NSW Treasury.

2. The senior executive structure also consisted of the following new positions:

General Manager, Planning and Strategy (SES Level 3).

General Manager, Divestments, Acquisitions and Development (SES Level 3).

General Manager, Portfolio Management (SES Level 3).

The above positions were occupied by officers in acting arrangements, pending permanent appointments being made.

Employees: Workforce Statistics at 30 June 2007

Number of full-time equivalent staff (FTE) at 30 June 2007 (includes 3 secondments and 2 temporary full-time staff)	
Senior Executive Service	1 (Acting CEO)
Office of the Chief Executive	2.0
Corporate Management	11.0
Property Management Services	53.8
Total	67.8

Employment basis (FTE)	
Permanent Full-time	61.0
Permanent Part-time	0.8
Temporary Full-time	2.0
Temporary Part-time	0.0
Secondments	3.0
Contract (SES)	1.0
Total	67.8

Total staff by salary level (includes 3 secondments and 2 temporary full-time staff)				
Grade	Level	Men	Women	Total
General Scale	< \$33,910			
General Scale	\$33,910 - \$42,214			
1 /2 Clerk	\$44,538 - \$45,848			
3 /4 Clerk	\$49,792 - \$54,520	3.0	4.0	7.0
5 /6 Clerk	\$58,777 - \$64,854	4.0	1.0	5.0
7 /8 Clerk	\$66,796 - \$73,938	2.0	4.8	6.8
9/10 Clerk	\$76,142 - \$83,907	16.0	4.0	20.0
11/12 Clerk	\$88,066 - \$101,849	17.0	2.0	19.0
	> \$101,849 (Non SES)	9.0	0.0	9.0
	> \$101,849 (SES)		1.0	1.0
Total		51.0	16.8	67.8

Committees

Significant committees on which the Authority was represented included:

- Government Asset Management Committee, on which the Acting Chief Executive Officer represented the Authority;
- Police Property Steering Committee, on which the Acting Chief Executive Officer and a senior officer represented the Authority; and
- Perisher Taskforce, on which an acting General Manager represented the Authority.

Significant committees established during the period included the State Property Authority Advisory Board.

Occupational Health and Safety

Achievements since the establishment of the State Property Authority on 1 September 2006 include:

- during the period under review, the occupational health and safety (OH&S) and workplace injury management functions continued to be undertaken by the NSW Department of Commerce in consultation with the Authority;
- the Authority arranged the training and accreditation of six (6) staff as first aid officers; and
- the Authority engaged FMA Psychology Pty Ltd as the provider of an employee assistance program as a duty of care and commitment to the welfare of all employees.

Initiatives planned for 2007-08 include:

- establishing and implementing workplace OH&S policy and procedures to reflect the new business environment of the State Property Authority;
- establishing an OH&S workplace committee with employee representatives to monitor systems of work and working environments that are safe and without risks to health;
- incorporating OH&S initiatives and strategies into staff performance agreements; and
- establishing and implementing workplace injury management policies and processes to pro-actively address work environment risks, minimise incidents and accidents and mitigate injuries.

Equal Employment Opportunity

Achievements since the establishment of the State Property Authority on 1 September 2006 include:

- to support an ethical and non-discriminatory workplace, information and training was arranged and provided to Authority staff by the Department of Commerce on the "code of conduct" and good working relations;
- equal employment opportunity continues to be built into all position descriptions, recruitment, selection and staff employment and deployment practices. This includes equal opportunity to apply for available jobs, training and development, and higher duties;
- all position descriptions are free from gender bias;
- reasonable adjustment practices for the disabled are included in capital construction, fit out and building refurbishments. Accessible toilet facilities were provided in Government Office Buildings at Dubbo, Orange and the McKell Building, Sydney; and

- lifts were installed in the Inverell and Moree Government Office Buildings to improve access to working areas and agency services.

Initiatives for 2007-08 include:

- developing a framework and policy for attracting, recruiting and retaining women employees;
- devising and implementing targeted training and development programs to improve effective workplace communications, minimise conflict and prevent harassment and discrimination;
- introducing a workplace charter of dignity and respect where employees have the right to fair process to deal with work-related complaints and grievances;
- developing and implementing a competency-based performance management policy and procedure including EEO objectives, strategies and performance indicators for all occupations;
- increasing the workforce representation of women from 24.5 per cent to 27.0 per cent; and
- developing a strategic human resources management plan aligned to the Authority's corporate and business plans.

Ethnic Affairs and Cultural Diversity

Achievements since the establishment of the State Property Authority on 1 September 2006 include:

- during the period under review, the Authority continued to meet key objectives as set out in the Community Relations Plan of Action 2012, in the areas of "community harmony", and "access and equity";
- undertaking community consultation with ethnic and disability groups on proposed developments, re-developments and acquisition projects; and
- installing international symbols and signs, Braille and other tactile indicators, wherever government-occupied buildings are upgraded or refurbished.

Initiatives for 2007-08 include:

- training new and existing staff in multicultural awareness.

Energy Management

Within the Authority's owned portfolio of office buildings, there is a strategy of energy use monitoring, auditing and implementation of projects designed to reduce energy consumption. The weighted average Australian Building Greenhouse Rating (ABGR) for Authority owned buildings is 3.5 stars. The Authority has set a target to achieve 4.0 star ABGR by 30 June 2009.

Waste Minimisation and Recycling

The Authority is developing its procedures in relation to waste minimization and recycling.

From October 2007 it will be possible to quantify the volume of waste recycled from the Authority's offices.

In 2007-08 the Authority will implement a number of initiatives in Authority managed properties to increase recycling activities. These include rollouts of paper, plastic, cardboard, glass and toner cartridge recycling, where not already implemented. The Authority will implement an awareness program for tenants via a quarterly newsletter and regular tenant meetings.

Electronic Service Delivery

The Authority did not deliver services electronically.

Freedom of Information

The State Property Authority's operations commenced in September 2006. No Freedom of Information (FOI) applications were received in the period September 2006 to June 2007.

FOI - Statement of Affairs

The Freedom of Information Act 1989 (the FOI Act) is an Act to require information concerning documents held by the government to be made available to the public, to enable a member of the public to obtain access to documents held by the government and to enable a member of the public to ensure that records held by the government concerning his or her personal affairs are not incomplete, incorrect, out of date or misleading.

Under the FOI Act the Authority is required to publish an annual Statement of Affairs. The Statement of Affairs must include information on the structure and functions of the Authority, how these functions affect the public, the kinds of documents the Authority holds, and how members of the public may access and amend the Authority's documents.

Structure and Functions

The *State Property Authority Act 2006* established SPA as a statutory body with functions relating to the acquisition, management and disposal of property vested in the Crown and government agencies, and to provide for the transfer of certain property to the Authority.

The Act outlines the Authority's objectives, namely to:

- improve operational efficiencies in the use of properties of government agencies, particularly generic properties (such as offices, warehouses, depots and car parks);

- manage properties of government agencies in a way that supports the service delivery functions of those agencies;
- provide advice and support within government on property matters; and
- operate at least as efficiently as any comparable business, consistently with the principles of ecologically sustainable development and social responsibility for the community (including the indigenous community).

The Act further describes the Authority's main functions, namely to:

- hold, manage, maintain, acquire or dispose of property for the government and government agencies;
- carry out, manage, co-ordinate or participate in the development of the property of government agencies (including property of the Authority);
- arrange, where appropriate, for the sharing of facilities and premises by government agencies to reduce operational expenses;
- provide services or do other things for the management, maintenance or improvement of property of government agencies (including property of the Authority);
- provide advice to the Treasurer in relation to properties of government agencies and, in particular, as to whether those properties are being efficiently utilised;
- provide advice to the Treasurer on the transfer of properties to the Authority and on budgetary measures relating to the properties of government agencies; and
- provide advice to the Treasurer on such matters relating to the properties of government agencies (including the property of the Authority) as the Treasurer directs.

Details on programs and activities being undertaken by the State Property Authority are provided elsewhere in this Annual Report. Information on the Authority will also be available on its website, once it is developed.

Documents Held

The Authority holds the following categories of documents:

- correspondence;
- documents on internal administration; and
- minutes of committees.

Under the *Privacy and Personal Information Protection Act 1998*, the Authority holds certain classes of information.

Accessing the Authority's Documents

If a member of the public has questions or concerns about particular projects, activities or functions being undertaken by the Authority, they are welcome to write to the Chief Executive Officer at Level 9, Bligh House, 4 – 6 Bligh Street, Sydney, 2000.

Any enquiries concerning access to documents held by the State Property Authority and subject to the *Freedom of Information Act* should be directed to the Freedom of Information Co-ordinator at the same address.

Telephone enquiries are welcome between the hours of 9:00am and 5:00pm, Monday to Friday.

Telephone: (02) 9338 7014

Facsimile: (02) 9338 7111

Email: anne.thomas@spa.nsw.gov.au

Applications for access to documents must be in writing, accompanied by a \$30 application fee, and directed to the Freedom of Information Co-ordinator at the above address.

Charges for Access

Nature of Application	Application Fee	Processing
Access to records by natural person about their personal affairs	\$30.00	\$30.00 per hour after the first 20 hours
All other requests	\$30.00	\$30.00 per hour
Internal review (all circumstances)	\$40.00	Nil
Amendment of records	Nil	Nil

Fee reductions will be applied in cases of financial hardship as set out in the FOI Procedures Manual published by the Department of Premier and Cabinet and the NSW Ombudsman.

How an FOI Application is Processed

The FOI Coordinator will acknowledge the request. Decisions on access to information are usually made within 21 days. The applicant may be required to clarify the request and sometimes a request may be referred to another government agency if the request is more closely aligned to the role and responsibilities of that agency.

Processing time may be extended if the State Property Authority needs to consult with a client or another agency. If this is the case, the FOI Coordinator will keep the applicant informed on progress of their application.

A request may be refused if the document is held to be exempt under Schedule 1, Part 1 of the FOI Act. The applicant has rights of appeal and may apply for an internal review of the decision. Reviews by the Ombudsman and further appeals to the Administrative Decisions Tribunal can also be made under the FOI Act.

Privacy Management

The Authority will develop its Privacy Management Plan in 2007-08.

Financial Performance

The Authority commenced operations on 1 September 2006 following the enactment of the *State Property Authority Act 2006*. The operating result for the ten months ended 30 June 2007 was a surplus of \$3.5 million. Details on the operating results and financial position of the Authority are provided in the audited Financial Report (see page 23).

In 2007-08, the operations of the Authority will change significantly, following the transfer to the Authority of the functions, commercial operations and associated assets and liabilities of the former Crown Property Portfolio on 1 July 2007.

Outline of 2007-08 Budget

Recurrent Budget

In 2007-08, the Authority's total revenues of \$262.7 million will be dominated by rental income of \$153.5 million received from owned and leased government office accommodation properties and state government contributions of \$95.8 million, which will be used to fund approved capital works, programmed maintenance and whole-of-government services provided by the Authority.

Revenue will also be received from interest earned on funds held for land remediation purposes and from fees derived from specialist property related services provided to other government agencies.

The budgeted operating surplus for 2007-08 is \$115.5 million. This surplus will result from total revenues of \$262.7 million less total expenses (including losses) of \$147.2 million. The full amount of this surplus will be applied towards the Authority's 2007-08 capital works program and, as the Authority is classified as a government business enterprise, also towards a dividend distribution to the government.

Total expenses of \$147.1 million are budgeted in 2007-08. Of this amount, \$132.6 million relates to rental and other property related expenses on government occupied office accommodation and Authority-owned land. Also included is \$14.5 million for staff and corporate operating costs of the Authority.

Capital Expenditure

In 2007-08, the Authority has a capital expenditure allocation of \$89.9 million. Budget funding is via a state government capital grant received from the Crown Finance Entity.

The Authority's capital works program mainly comprises the construction of new government office buildings and the upgrading of existing buildings.

Capital funding has been allocated for the completion of the Parramatta Justice Precinct office building (\$23.2 million), construction of the Queanbeyan and Penrith government office buildings (\$29.6 million and \$28.5 million respectively), and a total of \$8.6 million for programmed refurbishment of existing government office buildings.

Controlled Entities

The State Property Authority controls the Office of the State Property Authority, which provides personnel services to the State Property Authority.

Payment of Accounts

During the period September 2006 to June 2007, the Department of Commerce processed all accounts payable, on behalf of the Authority. From 1 July 2007 the State Property Authority will be responsible for processing payment of all accounts, using its own financial system.

The total number and value of invoices to be paid during 2007-08 will increase substantially, due the vesting of all properties from the Crown Property Portfolio to the State Property Authority on 1 July 2007. The Authority has implemented more robust systems and procedures to improve the performance of on time payment.

Account Payment Performance for the Period 1 September 2006 - 30 June 2007					
Value of Invoices Paid	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Paid before due date	652	2,251	10,001	6,092	18,996
<30 days overdue	91	562	492	450	1,595
>30<60 days overdue	11	275	275	141	702
>60<90 days overdue	1	37	21	7	66
>90 days overdue	3	14	5	34	56
Total Value of Invoices Paid	758	3,139	10,794	6,724	21,415
Number of Invoices Paid	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
Number paid	227	632	550	474	1,883
Number paid on time	164	381	326	322	1,193
Percentage Paid on Time	72%	60%	59%	68%	63%

Note: 1st Quarter is one month only (September 2006).

Consultants

During 2006-07, the Authority engaged one consultant, Elton Consulting, to develop the Authority's inaugural Business Plan, at a total cost of \$91,000. The engagement proceeded under the guidance of NSW Treasury, in conjunction with the commencement of the Authority in September 2006.

Social Programs

The Authority did not receive funding for, nor provide, any social programs.

Grants

The Authority did not make any grants to non-government community groups during the period.

Risk Management and Insurance

The State Property Authority was insured with the Treasury Managed Fund, managed by the NSW Self Insurance Corporation, with effect from 1 September 2006. Risk management planning has been undertaken for properties in the Crown Property Portfolio. The Authority will develop its corporate risk planning in 2007-08.

Credit Cards

In accordance with Treasurer's Direction 205.01, it is certified that credit card usage by officers of the Authority was in accordance with relevant government policy, Premier's Memoranda and Treasurer's Directions.

The Authority has in place a corporate credit card policy that meets NSW Treasury guidelines.