



Premier of New South Wales



2012-140034

Ms R Miller
Clerk of the Legislative Assembly
Parliament House
Macquarie Street
Sydney NSW 2000

Dear Ms Miller

I write in response to your letter dated 26 September 2012 concerning Report 5/55 of the Public Accounts Committee – *Follow up of the Auditor-General's Performance Audits September 2010 - February 2011*.

Standing Order 303A of the Legislative Assembly requires the Government to respond to Public Accounts Committee reports within six months of a report being tabled in Parliament. Therefore I am pleased to provide Parliament with the attached NSW Government response to Report 5/55 of the Public Accounts Committee.

Yours sincerely

Barry O'Farrell MP
Premier

NSW GOVERNMENT RESPONSE TO REPORT 5/55 OF THE PUBLIC ACCOUNTS COMMITTEE – FOLLOW UP OF THE AUDITOR-GENERAL'S PERFORMANCE AUDITS SEPTEMBER 2010 - FEBRUARY 2011

RECOMMENDATION		NSW GOVERNMENT RESPONSE
<p>Recommendation 1</p> <p>The Committee recommends that Corrective Services NSW undertakes a review of the effectiveness of monitoring anklets worn by home detainees.</p>	<p><i>Referred to the Minister for Justice and Attorney General</i></p> <p>POSITION: Support in-principle.</p> <p>Corrective Services NSW (CSNSW) continually monitors the operation of all equipment used in the electronic monitoring of home detainees and rectifies any equipment issues. Periodically, CSNSW goes to the market in a tender process seeking to source the most appropriate equipment for electronic monitoring of offenders, including home detainees. The contract period in respect of the current electronic monitoring equipment is nearing completion (December 2013), and a new tender process will be conducted. The tender process will commence in the first quarter of 2013. Part of this tender process will review the electronic monitoring equipment available on the market and assess its effectiveness. As CSNSW is going out to tender for electronic monitoring equipment in the first quarter of 2013, and as a review/evaluation of this tender process will be conducted, an additional review of current electronic monitoring equipment is not considered necessary at this time.</p>	
<p>Recommendation 2</p> <p>The Committee recommends that the Department of Premier and Cabinet ensure that the new electronic information security governance arrangements outline reasonable minimum standards, policies, and rules to be established with which all NSW public sector</p>	<p><i>Referred to the Premier – redirected to Minister for Finance and Services</i></p> <p>POSITION: Support.</p> <p>A new whole-of-government Digital Information Security Policy has been developed. The policy has been endorsed by the ICT Leadership Group, the ICT Advisory Panel, and by the ICT Board. A Premier's Memorandum has been issued and implementation commenced.</p> <p>This new policy commits government to a risk-based approach to information security. The policy requires agencies to have an Information Security Management System (ISMS), which takes account of relevant standards including the AS/NZS ISO/IEC 27001 Information Technology – Security Techniques – ISMS requirements.</p>	

<p>agencies must comply.</p>	<p>The policy applies to all Government agencies and is recommended for adoption by State Owned Corporations.</p>
<p>Recommendation 3</p> <p>The Committee recommends that the Department of Premier and Cabinet's new electronic information security policy provides for a centralised mechanism to scrutinise implementation of electronic security measures by NSW Government agencies and ensure that the policy is implemented in an effective and consistent manner.</p>	<p><i>Referred to the Premier – redirected to Minister for Finance and Services</i></p> <p>POSITION: Support.</p> <p>The proposed Digital Information Security Policy includes a number of mechanisms to ensure effective implementation and oversight of a consistent whole of government approach to improving information security in NSW. Key elements include:</p> <ul style="list-style-type: none"> • Mandatory implementation progress reports to the ICT Board; • Annual attestation by agencies to the adequacy of their information security management system. They must meet the core requirements of the policy and have specified minimum controls in place; • The establishment of a NSW Government Community of Practice for information security, to be organised by the Department of Finance and Services. This group will comprise a Senior Responsible Officer from each agency to ensure consistent and effective implementation across Government.
<p>Recommendation 4</p> <p>The Committee recommends that NSW Health review the effectiveness of the State-wide Management Reporting Tool in providing reliable information on the size and profile of the mental health workforce by the end of 2013.</p>	<p><i>Referred to the Minister Mental Health</i></p> <p>POSITION: Support</p> <p>The Statewide Management Reporting Tool (SMRT) is a centralised, web based system that is effective at consolidating financial and workforce data across the state to deliver consistent and uniform reporting.</p> <p>SMRT covers the number of full time equivalents and overall profile of the NSW Health workforce, by the Local Health Districts, by health facility, and clinical grouping including mental health.</p> <p>SMRT is being introduced to pilot sites during January/February 2013 with state-wide rollout to commence from March/April 2013.</p>

	<p>SMRT is the only source of FTE reporting.</p> <p>NSW Health will evaluate/assess the rollout of SMRT FTE as at the end of 2013, but the actual evaluation/assessment would be completed in February 2014.</p>
<p>Recommendation 5</p> <p>The Committee recommends that, by the end of 2013, NSW Health conduct a review of Local Health Districts to assess whether and to what extent the Ministerial Direction for the Local Health Districts to use mental health funds as intended has been implemented.</p>	<p><i>Referred to the Minister Health</i></p> <p>POSITION: Support</p> <p>On 6 September 2012 the Minister of Health, Deputy Chief Financial Officer wrote to all Local Health Districts (LHDs):</p> <ul style="list-style-type: none"> • Outlining the requirement that the mental health program be reported separately from other health services; • Providing advice on budget and expenditure structure in the LHD financial management system; • Requesting a cost centre map of all LHD mental health program budgets; and • Requesting a wrap-up of 2011/12 LHD mental health budget and expenditure. <p>On 30 November 2012 the Ministry of Health, Chief financial Officer, wrote to all LHDs:</p> <ul style="list-style-type: none"> • Advising the recommendations from the Public accounts Committee in relations to mental health funds; • Restating the requirements outlined in the letter of 6 September; • Advising that, to ensure the PAC's requirements are met, an additional survey of mental health budget and expenditure will be conducted in February 2013.
<p>Recommendation 6</p> <p>The Committee recommends that by 1 July 2013 the Department of Trade and Investment, Regional Infrastructure and Services develop and implement a policy of continuous</p>	<p><i>Referred to the Minister for Trade and Investment and Minister for Regional Infrastructure and Services</i></p> <p>POSITION: See recommendation 7 below.</p>

<p>improvement of its systems and procedures to ensure accurate and current information on royalty payments is in place.</p>	
<p>Recommendation 7</p> <p>The Committee recommends that NSW Treasury publicly release a statement, following the working party's assessment of the merits of transferring the administration of royalties to the Office of State Revenue, detailing the outcome of the review by the end of 2012.</p>	<p><i>Referred to the Treasurer</i></p> <p>POSITION: Support in-principle</p> <p>Treasury has reviewed this proposal in conjunction with the Department of Trade and Investment, Regional Infrastructure and Services, the Department of Premier and Cabinet and the Office of State Revenue.</p> <p>The Government is continuing to assess the possible transfer of the administration of royalties to the Office of State Revenue.</p>
<p>Recommendation 8</p> <p>The Committee recommends that by 1 July 2013, the Environment Protection Authority implements central reporting and analysis of the risk profiles of pollution incident reports to ensure that each incident is assessed for risk and that a consistent approach is being applied across the Department.</p>	<p><i>Referred to the Premier – redirected to the Minister for the Environment</i></p> <p>POSITION: Support</p> <p>All pollution incident reports received by the Environment Protection Authority (EPA) are recorded centrally in the Environment Line database. Following recent enhancements to the system, risk assessments undertaken for each incident are recorded, together with the EPA's regulatory response.</p> <p>The EPA will undertake central reporting and analysis of risk profiles and regulatory responses to ensure that a consistent approach is being applied across the EPA.</p>

<p>Recommendation 9</p> <p>The Committee recommends that by 1 July 2013, the Environment Protection Authority implements a policy to aggregate or centrally analyse the use of licence variations to ensure the consistent application of variations and to provide an indicator for determining the effectiveness of the Department's regulatory actions in reducing environmental harm.</p>	<p><i>Referred to the Premier – redirected to the Minister for the Environment</i></p> <p>POSITION: Support</p> <p>The details of all licence variations are recorded centrally in the EPA's Permit and Licensing Management System.</p> <p>The EPA will investigate options to facilitate central analysis and reporting of the use of licence variations – particularly where licence variations are directly aimed at reducing environmental harm. This may require enhancements to the Permit and Licensing Management System.</p> <p>The EPA also centrally records details of regulatory actions taken along with details of the level of compliance with licence conditions. This information assists the EPA to determine the effectiveness of its regulatory actions in reducing environmental harm.</p>
<p>Recommendation 10</p> <p>The Committee recommends that by 1 July 2013, the Environment Protection Authority implements an appropriate reporting mechanism for other authorities to which it refers pollution incidents in order to ensure that information about management of pollution incidents is received and analysed by the EPA.</p>	<p><i>Referred to the Premier – redirected to the Minister for the Environment</i></p> <p>POSITION: Support in principle</p> <p>Pollution incidents received by the EPA that are subsequently referred to other regulatory authorities for action are centrally recorded in the EPA's Environment Line database.</p> <p>By 1 July 2013, the EPA will investigate options to also capture details about how authorities have managed pollution incidents referred to them. Implementation of this recommendation is expected to require significant enhancements to the current Environment Line System, in order to limit impacts to the EPA and other regulatory authorities (primarily local councils) in undertaking this additional function.</p>