



Gladys Berejiklian MP
Premier of New South Wales

Ref: A2583179

Mr Bruce Notley-Smith MP
Chair
NSW Legislative Assembly Public Accounts Committee
Parliament House
SYDNEY NSW 2000

Dear Mr Notley-Smith,

I refer to correspondence of 19 June 2018 from the Clerk of the Legislative Assembly, regarding the Report No. 7/56 of the Public Accounts Committee – *Examination of the Auditor-General's Performance Audit Reports February 2016 – September 2016*.

Please find enclosed the NSW Government response to the recommendations made in the Committee's Report.

Yours faithfully,

Gladys Berejiklian MP
Premier

NSW GOVERNMENT RESPONSE TO REPORT NO. 7/56 OF THE PUBLIC ACCOUNTS COMMITTEE – EXAMINATION OF THE AUDITOR-GENERAL'S PERFORMANCE
AUDIT REPORTS FEBRUARY 2016 – SEPTEMBER 2016

Recommendation	Agency responsible	Response
<p>Recommendation 1</p> <p>The Committee recommends that the Department of Premier and Cabinet investigates possible models for establishing minimum financial thresholds when assessing unsolicited proposals.</p>	<p>Department of Premier and Cabinet</p>	<p>DPC is open to considering all innovative proposals, regardless of value. The merit of a proposal, including whether it is affordable to Government and represents value for money, is considered as part of the Assessment Criteria.</p>
<p>Recommendation 2</p> <p>The Committee recommends that the Department of Premier and Cabinet confers with the Auditor-General to develop a suitable methodology for quantifying and assessing unsolicited proposals.</p>	<p>Department of Premier and Cabinet</p>	<p>DPC has conferred with the Audit Office who has advised that it is limited from providing specific advice on the Committee's suggestion for a weighting formula so as to avoid any possible conflict in future audits.</p> <p>The Unsolicited Proposals Guide for Submission and Assessment includes extensive guidance on the factors that will be considered in assessing a proposal against the Assessment Criteria (pages 7-10). DPC has undertaken consultation regarding the existing assessment criteria and process which confirmed that these are sufficiently clear to both industry and Government.</p>
<p>Recommendation 3</p> <p>The Committee recommends that the Department of Premier and Cabinet provides advice to Local Government NSW about how to establish a framework of best practice for assessing unsolicited proposals at local government level.</p>	<p>Department of Premier and Cabinet</p>	<p>This has been actioned by DPC. Refer to Office of Local Government Circular to Councils, Circular No 18-12 / 30 April 2018 / A586188 - https://www.olg.nsw.gov.au/sites/default/files/18-12.pdf</p>
<p>Recommendation 4</p> <p>The Committee recommends that Corrective Services NSW provides an update</p>	<p>Corrective Services NSW</p>	<p>The benchmarking process at each correctional centre consists of a 3 month consultation phase, followed by a 12 month graduated transition phase. All centres across the system are scheduled to be operating under full benchmark operations by</p>

<p>to the Committee on the progress of its commissioning approach, including the rollout of the KPI framework, benchmarking process and service level agreements, by December 2018.</p>		<p>the end of 2019, including being subject to performance reporting processes.</p> <p>The Commissioner of Corrective Services has approved the benchmarks for the following 31 correctional centres: South Coast; Mid North Coast; Wellington; Macquarie; Broken Hill; Ivanhoe; St Heliers; Brewarrina; Illawarra; Mary Wade; Silverwater Women's; Kariong; Berrima; Cessnock; Shortland; Hunter; Tamworth; Cooma; Mannus; Grafton; Glen Innes; Outer Metropolitan Multi-Purpose Centre; Dillwynia; Dawn de Loas; Metropolitan Special Purpose Centre; Kirkconnell; Lithgow; Bathurst; Oberon; Special Purpose Centre (Long Bay); and Emu Plains.</p> <p>As at mid-December 2018, all 31 centres have either commenced or completed the transition to full benchmark operations.</p> <p>Long Bay Hospital, Goulburn Correctional Centre and the High Risk Management Correctional Centre have completed the consultation phase of benchmarking and are awaiting approval of their benchmarking proposal.</p> <p>The Metropolitan Remand and Reception Centre, the final centre to submit a benchmark proposal, is due to submit their local benchmark proposal in early 2019 following an extended consultation period, given the complexity of the centre and its operations. It is anticipated the centre will commence the transition to benchmark operations by mid 2019.</p> <p>Individualised KPIs, performance targets and thresholds were established for each centre during the benchmarking consultation phase. Internal performance reporting has commenced for centres that have completed their transition period and are operating under a benchmarked model.</p> <p>Upon approval of each centre's benchmarks, the Governor (or equivalent) enters into a Management Agreement which stipulates their responsibilities and that of the Assistant Commissioner. An associated Accountability Framework was also developed which identifies the 'consequences' for failure to achieve agreed performance targets and has been referenced in the Management Agreement. Both documents have been approved by the Commissioning and Contestability Advisory Board, the oversight body for the benchmarking project.</p> <p>Communication materials for Governors (or equivalent) regarding CSNSW's monitoring and reporting processes, including performance reporting and publication of a League Table which lists each centre's performance score against the KPIs and</p>
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		<p>draws comparisons against each centre, are being finalised.</p> <p>The roll-out of the KPI framework is aligned to the roll-out of benchmarking. As each centre achieves its benchmarks, it is also required to adhere to the KPIs. The first centre to be measured against the KPIs is Wellington Correctional Centre, which is being used as the pilot site for KPI reporting. All other centres will follow as they commence operations as a benchmarked centre.</p> <p>The League Table, which compares performance across all centres (both public and private) is due in 2021, once all centres have been benchmarked and are adhering to the KPI frameworks being measured. If possible, the commencement date for the League Table will be brought forward.</p> <p>Qualitative Assessment Review Protocols are currently being drafted for the Public Correctional Centre Standards which are associated with the new KPIs and Benchmarking process.</p> <p>Other activities under CSNSW's commissioning approach included finalising the Management Agreement with MTC/Broadspectrum for the management of the Parklea Correctional Centre, which includes outcome focused service specifications, KPIs and abatements. The Management Agreement was signed in November 2018 and MTC/Broadspectrum will commence operating Parklea Correctional Centre from 1 April 2019.</p> <p>The Deed of Amendment and Extension for the Management of the Junee Correctional Centre was finalised by CSNSW and the GEO Group Pty Ltd in late November 2018. The five-year extension period will include new outcome-focussed service specifications, KPIs and abatements that will replace the current Performance regime and will come into effect on the commencement of operations of the 480-bed maximum security expansion. The Deed of Amendment and Extension will commence on 1 April 2019.</p>
<p>Recommendation 5</p> <p>The Committee recommends that Corrective Services NSW publicly reports on the design capacity of each prison, while making clear any other relevant information that establishes precisely what is being</p>	<p>Corrective Services NSW</p>	<p>CSNSW does not report on design capacity of centres but rather on current Operational Capacity. The rationale for this is that many CSNSW centres have undergone significant infrastructure work by way of expansion and / or refurbishment and consequently, 'design capacity' becomes redundant. To maintain flexibility in managing this dynamic system, reporting on Operational Capacity has proved effective.</p>

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<p>Recommendation 6</p> <p>The Committee recommends that Juvenile Justice publicly releases the findings of its Case Management Policy review, after the June 2018 review has been completed.</p>	Juvenile Justice	<p>Juvenile Justice NSW (JJNSW) implemented an updated Case Management Policy in 2016. In July 2017, significant enhancements were made to the case management service delivery to young people in custody with the addition of 22 new JJNSW caseworker roles located across the state's six custodial facilities.</p> <p>To accompany these roles, a 'Caseworker in Custody Operating Manual' was developed and implemented. This document provided guidance and instruction above and beyond the 2016 Case Management Policy, with a focus on custodial case management, reintegration and transition.</p> <p>From July 2017 to June 2018, JJNSW conducted an Action Learning Project to refine the operating manual and clarify the function, role and purpose of new caseworkers. As a result, an updated manual was released with a revised title 'Collaborative Case Management of Young People in Custody'. This reflects the purpose of the document in clarifying responsibilities between JJNSW employees and delivering coordinated and effective case management.</p> <p>This manual is published as a resource on the JJNSW website.</p>
<p>Recommendation 7</p> <p>The Committee recommends that Juvenile Justice updates and maintains its publicly available data regarding reintegration outcomes by October 2018.</p>	Juvenile Justice	<p>JJNSW has refreshed its public website, including the statistics page. These publically available statistics now include the percentage of young offenders that re-offend within 12 and 24 months respectively.</p> <p>JJNSW also contributes data to the Australian Institute of Health and Welfare (AIHW) which publishes a national annual report on 'young people returning to sentenced supervision'.</p>
<p>Recommendation 8</p> <p>The Committee recommends that Juvenile Justice includes reintegration measures and outcomes in its 2019 annual report.</p>	Juvenile Justice	<p>Juvenile Justice delivers its annual report in accordance with Department of Justice guidelines.</p> <p>As mentioned above, JJNSW has renewed its publicly available statistics and data relating to re-offending and continues to contribute to the Australian Institute of Health and Welfare (AIHW) annual report on 'young people returning to sentenced supervision'.</p>
<p>Recommendation 9</p>	Juvenile Justice	JJNSW is clear that the aim of delivering vocational programs is to directly aid a

<p>The Committee recommends that Juvenile Justice formalises its work with relevant agencies in the provision of vocational training. This includes articulating what it wants to achieve from the training being offered in detention centres, and how agencies will engage to do this.</p>		<p>detainee’s positive community reintegration, through enhanced work readiness and employment pathways that are both of interest and accessible to them upon their transition to the community.</p> <p>JNSW has arrangements and processes in place with the NSW Department of Education regarding the provision of vocational courses within Juvenile Justice Centres.</p> <p>Detainees in JJNSW custody can access a wide range of vocational programs that include both certificate courses and certifications across a broad scope of employment pathways (e.g. WHS white card, first aid, construction, hospitality, brick and block laying, concreting, carpentry, vehicle restoration, digital graphics, agriculture).</p>
<p>Recommendation 10</p> <p>The Committee recommends that the Government expedites action to respond to the recommendations of the Greiner Review as a matter of urgency.</p>	<p>NSW Treasury</p>	<p>The Premier assigned responsibility for regulatory policy to the Treasurer in December 2017, in response to the Greiner Review.</p> <p>In February 2018, the Treasurer announced a Productivity Commission to drive micro-economic reform and tackle burdensome regulation in NSW.</p> <p>In May 2018, Mr Peter Achterstraat AM was appointed NSW’s inaugural Productivity Commissioner, with a mandate to drive microeconomic reform and oversee NSW’s regulatory framework, including implementation of the Government’s response to the Greiner Review.</p> <p>The Commissioner is conducting comprehensive consultations with clusters and key stakeholders to inform a robust implementation plan for the Government’s response to the Greiner Review.</p> <p>The draft implementation plan is expected to be submitted for Cabinet consideration.</p>