



LEGISLATIVE ASSEMBLY OF NEW SOUTH WALES

# PUBLIC ACCOUNTS COMMITTEE

REPORT 3/55 – FEBRUARY 2012

## REPORT ON THE EXAMINATION OF THE AUDITOR-GENERAL'S PERFORMANCE AUDITS OCTOBER 2009 - JUNE 2010

REPORTS  
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The motto of the coat of arms for the state of New South Wales is "Orta recens quam pura nites". It is written in Latin and means "newly risen, how brightly you shine".

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# Membership

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# Terms of Reference

## **Public Finance and Audit Act 1983**

### 57 Functions of Committee

(1) The functions of the Committee are:

...

- (c1) to examine any report of the Auditor-General laid before the Legislative Assembly,
- (d) to report to the Legislative Assembly from time to time upon any item in, or any circumstances connected with, those financial reports, reports or documents which the Committee considers ought to be brought to the notice of the Legislative Assembly...

## Chair's Foreword

It is my privilege to present the Report on the Examination of the Auditor-General's Performance Audits. This is the first report of the Public Account Committee's audit review program to be tabled in the 55<sup>th</sup> Parliament.

The audit review process is designed to test action taken by agencies in response to performance audits conducted by the Audit Office of NSW. The Committee questions agencies about the measures they have taken in responding to the Auditor-General's recommendations and if required conducts public hearings to examine witnesses. The Committee examination has proven to be a very effective means of comprehensively testing action taken on all performance audits and maintaining a high level of scrutiny of the agencies under review. It adds weight to the audit process and gives further impetus to the overall scrutiny of public expenditure. The tangible outcomes of this process have demonstrated the value of following up the Auditor-General's report recommendations. It is important that appropriate operational changes are instituted and that this is done in an open and transparent way.

The current report provides an examination of ten audits conducted into: the Handback of the M4 Tollway; Government Advertising; Managing Forensic Analysis: Fingerprints and DNA; Working With Children Check; Improving the Performance of Metropolitan Bus Services; Injury Management in the NSW Public Sector; Improving Road Safety: School Zones; Access to Overnight Centre-based Disability Respite Care; Severance Payments to Special Temporary Employees; and Knowing the Collections: Australian Museum. With some noted exceptions, the Committee is generally satisfied that the responsible agencies are now meeting their obligations and implementing the Auditor's recommendations. This has been partly due to the work and diligence of the Committee in pursuing the agencies concerned to elicit further responses on issues of concern.

Finally, I record my appreciation for the assistance provided by the Auditor-General and the Audit Office staff. I also thank all Committee Members and the secretariat staff for their assistance in the process and preparation of this report.

**Jonathan O'Dea MP**  
Chair

# List of Recommendations

- RECOMMENDATION 1 : \_\_\_\_\_ 7  
 The Committee recommends that the Roads and Traffic Authority publish the findings of its review of the M4 handback process.
- RECOMMENDATION 2 : \_\_\_\_\_ 14  
 The Committee recommends that the Department of Premier and Cabinet continue to monitor compliance with the NSW Government Advertising Guidelines to ensure that publicly funded government advertising campaigns are consistent with the Guidelines and are free of political party bias and are not excessive or gratuitous.
- RECOMMENDATION 3 : \_\_\_\_\_ 14  
 The Committee recommends that the Department of Premier and Cabinet publish quarterly monitoring reports on [www.advertising.nsw.gov.au](http://www.advertising.nsw.gov.au).
- RECOMMENDATION 4 : \_\_\_\_\_ 19  
 The Committee recommends that NSW Police continue to actively monitor the backlog of DNA samples and review the effectiveness of current strategies to reduce waiting times for processing.
- RECOMMENDATION 5 : \_\_\_\_\_ 27  
 The Committee recommends that the Minister for Citizenship and Communities introduce legislative amendments to allow the NSW Commission for Children and Young People to fully implement the recommendations of the Auditor-General to ensure the Working With Children Check is able to reliably identify those who may pose a risk to children.
- RECOMMENDATION 6 : \_\_\_\_\_ 44  
 The Committee recommends that Transport for NSW ensure that the forthcoming Metropolitan Bus Service Contracts include comprehensive performance benchmarking with a focus on outcomes for bus users as per the Auditor-General's recommendations.
- RECOMMENDATION 7 : \_\_\_\_\_ 44  
 The Committee recommends that Transport for NSW publicly and regularly report operator performance by route and by region on its website.
- RECOMMENDATION 8 : \_\_\_\_\_ 44  
 The Committee recommends that Transport for NSW publish findings of Mystery Shopper surveys on its website.
- RECOMMENDATION 9 : \_\_\_\_\_ 50  
 The Committee recommends that the Government regularly monitor the implementation of *Working Together: Public Sector Workplace Health and Safety and Injury Management Strategy 2010-2012*, and the compliance of all government agencies with its objectives.
- RECOMMENDATION 10: \_\_\_\_\_ 58



The Committee recommends that ADHC publish the results of its current stocktake of centre-based respite provided by non-government organisations.

**RECOMMENDATION 11 :** \_\_\_\_\_ **58**

The Committee recommends that ADHC publish data derived from its Centre-based Respite Performance Indicators.

**RECOMMENDATION 12 :** \_\_\_\_\_ **64**

The Committee recommends that the Department of Premier and Cabinet continue to monitor severance payments to Special Temporary Employees, to ensure the payments adhere to the guidelines and are correctly processed for taxation purposes. Additionally, the reasoning for the termination of an employee's services should be fully documented.

**RECOMMENDATION 13 :** \_\_\_\_\_ **71**

The Committee recommends that the Australian Museum continue to progress work on the implementation of the Auditor-General's Performance Audit recommendations and seek additional funding and resources to assist in this project.

# Chapter One – Introduction

## OVERVIEW

- 1.1 This is the Public Accounts Committee's first report of its systematic examination of the Auditor-General's performance audits, commencing with audits tabled from October 2009 and continuing through until June 2010.
- 1.2 In examining these audits, the Committee has looked into what the responsible agencies have done in response to the recommendations made by the Auditor-General, and sought feedback on the recommendations and the audit process generally. The Committee was pleased to find that all agencies gave positive feedback on the audit process.
- 1.3 The Committee found that significant work has been done to address the issues raised in the audits. It is apparent that agencies have taken the audits seriously and instigated processes to implement those recommendations that were accepted.
- 1.4 Some of the recommendations will take time to implement, or are being addressed through the implementation of larger projects. The Committee encourages agencies to follow through on the work started to date and commitments made, so that the potential benefits of the audits will be fully realised.

## INQUIRY PROCESS

- 1.5 Following the appointment of the Public Accounts Committee of the 55th Parliament in June 2011, the Committee commenced an inquiry into the ten performance audits completed between October 2009 and 2010. The Committee adopted a similar process to that used in the 54th Parliament, of examining responsible agencies' responses to each of the Auditor-General's performance audits twelve months after the tabling of the audit.
- 1.6 The process for these examinations includes:
  - inviting a submission from responsible agencies twelve months after the tabling of the audit;
  - referring agencies' submissions to the Auditor-General for comment; and
  - where the Committee determines that further information is required, inviting agency CEOs and the Auditor-General to a hearing to respond to questions from the Committee.
- 1.7 The Committee examined ten audits. There were eight audits for which the Committee sought submissions but did not proceed to public hearings. These were:
  - Handback of the M4 Tollway;
  - Government Advertising;

- Managing Forensic Analysis: Fingerprints and DNA;
- Working With Children Check;
- Injury Management in the NSW Public Sector;
- Improving Road Safety: School Zones;
- Severance Payments to Special Temporary Employees; and,
- Knowing the Collections: Australian Museum.

1.8 There were another two audits for which the Committee proceeded to more detailed examination. A public hearing on the Metropolitan Bus Services was held on 14 October 2011, while a public hearing on the audit of Centre-based Disability Respite Care was held on 1 December. Details of the witnesses who appeared at the hearings are included in Appendix Two.

# Chapter Two – Handback of the M4 tollway

## Introduction

- 2.1 The M4 Western Motorway is a 40 kilometre motorway which runs from Strathfield in Sydney's inner west to Lapstone, at the foot of the Blue Mountains. The road was built progressively during the 1970s and 80s. In 1989, the Roads and Traffic Authority entered into a Public-Private Partnership (PPP) with Statewide Roads (SWR), to complete the final section of the road.
- 2.2 Under the terms of the contract, Statewide Roads was to own and operate the road until 2010. The company charged motorists a toll for use of the privately built section of the road, with the NSW Audit Office estimating that motorists paid \$970 million in tolls between 1989 and 2009.<sup>1</sup> Upon completion of the contract, ownership of the road reverted to the Roads and Traffic Authority (RTA). The 'handback' took place at midnight on 15 February 2010 and the toll was subsequently removed.

## The Performance Audit

- 2.3 The Audit Office of NSW conducted a Performance Audit of the RTA's management of the handback. The audit was completed in 2009, before the handback took effect. The aim of the audit was not to assess the benefits or otherwise of the partnership but rather to ascertain whether the RTA's management of the handback process was adequate to ensure that the road would be returned in satisfactory condition, and that the impact of the toll removal on motorists would be limited.<sup>2</sup>

## Audit Conclusions

- 2.4 The Auditor-General found that the deed that governed the arrangement between the RTA and South West Roads was inadequate to ensure that the road would be handed back in a satisfactory condition.<sup>3</sup> The deed failed to specify a method for determining what repairs may be needed, did not require that maintenance methods or standards be updated to meet changes in best practice, and did not establish a method to cover the cost of necessary repairs that the SWR may have failed to make.<sup>4</sup>
- 2.5 Despite the inadequacies of the deed, the Auditor-General found that the road was likely to be returned in a satisfactory condition. This outcome was attributed to the good working relationship between the RTA and SWR, rather than to contractual requirements placed on SWR through the deed.<sup>5</sup>
- 2.6 These conclusions have significant implications for any future PPPs that the RTA may enter into, especially where the working relationship between the partners is not as positive. The Performance Audit thus provides an important source of learning for future agreements.

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<sup>1</sup> NSW Auditor-General, Performance Audit: *Handback of the M4 Tollway*, October 2009, p. 2.

<sup>2</sup> As above.

<sup>3</sup> As above.

<sup>4</sup> As above.

<sup>5</sup> As above.

- 2.7 The Auditor-General also found that the RTA was taking steps to cushion the effect of the toll removal on motorists. Removal of the toll was projected to increase demand in the M4 corridor by approximately 2,000 vehicles per hour, resulting in increases in queuing and travel times.<sup>6</sup> These figures were based on modelling developed by the RTA. The measures taken by the RTA to minimise the impact included changes to lane configurations, additional capacity on some off-ramps, changes at key intersections, changes to traffic management systems, and a public education campaign.<sup>7</sup>
- 2.8 However, the Auditor-General found that the RTA was focused on infrastructure solutions rather than providing information to road users. For example, the RTA was unable to provide key information about the likely impact of the toll removal on travel times, particularly getting to or from the M4 to the city.<sup>8</sup>

### Auditor-General's Recommendations

- 2.9 The Auditor-General made a total of eight recommendations, in relation to the conduct of future PPPs, and limiting the impact of removing the M4 toll.<sup>9</sup> These recommendations are detailed below:

Recommendation	
	<b>To ensure that future Public Private Partnerships deal adequately with handback</b>
1.	Ensure deeds spell out an appropriate inspection and testing program to determine repairs required to bring roads up to a satisfactory condition at handback.
2.	Ensure deeds link condition standards and maintenance approaches to changing industry standards and approaches over the life of the PPP.
3.	Consider including in deeds a requirement that operators provide a performance bond or similar security over the cost of handback repairs.
	<b>To ensure that existing PPPs deal adequately with handback</b>
4.	Review the lessons learnt from the M4 tollway handback and determine whether it should seek to negotiate changes to existing tollway deeds to better deal with handback, by June 2010.
	<b>To limit the impact of removing the M4 toll</b>
5.	Complete planned M4 road works on time, and no later than 31 March 2010.
6.	Implement planned traffic management system changes on time, and no later than 31 March 2010.
7.	Communicate to motorists the likely effect of the toll removal on congestion and travel time by the end of 2009.
8.	Determine the effect of the toll removal on motorists travelling between the city and Parramatta during peak periods, and advise motorists before handback.

<sup>6</sup> As above, p. 3.

<sup>7</sup> As above, p. 3.

<sup>8</sup> As above, p. 3.

<sup>9</sup> As above, p. 4.

## The Committee's Examination

- 2.10 As part of the Committee's follow-up of the Auditor-General's Performance Audits, on 5 July 2011 the Chair wrote to the RTA, seeking details of its response to the Performance Audit. The RTA provided a submission on 2 August 2011. The RTA's submission detailed action taken in response to each recommendation.
- 2.11 The RTA supported all of the Auditor-General's recommendations and noted that some had already been implemented. In its submission, the RTA provided a report on its progress in responding to the Auditor-General's recommendations and noted that implementation was complete. Mr Michael Bushby, Chief Executive Officer, RTA, noted that, 'a key benefit of the audit is to raise awareness within the organisation of the need for the lifecycle management of infrastructure'.<sup>10</sup>
- 2.12 Recommendation 1, that the RTA ensure that deeds spell out an appropriate inspection and testing program to determine repairs required to bring roads up to a satisfactory condition at handback, has been fully implemented. While the number of PPP deeds entered into by the RTA is small, the RTA states that this recommendation was addressed during the drafting of all post-M4 project deeds.<sup>11</sup>
- 2.13 Similarly, in its submission the RTA states that all post-M4 project deeds have incorporated Recommendation 2 - that the RTA ensure that deeds link condition standards and maintenance approaches to changing industry standards and approaches over the life of the PPP.<sup>12</sup>
- 2.14 Recommendation 3, that the RTA consider including in deeds a requirement that operators provide a performance bond or similar security over the cost of handback repairs, was implemented through the procurement of a new Operations and Maintenance services contractor for the M5 East Freeway. The contract for this agreement expired on 9 December 2011. The RTA states that this contract was structured to ensure that the condition of the road was assured throughout the life of the contract.<sup>13</sup> However, arrangements to ensure that this recommendation continues to be implemented in future project deeds are unclear.
- 2.15 Recommendation 4, that the RTA review the lessons learned from the M4 Tollway handback and determine whether it should seek to negotiate changes to existing tollway deeds to better deal with handback by June 2010, was designed to ensure that lessons from the M4 handback be applied to other PPP arrangements.<sup>14</sup> The RTA stated that project deeds subsequent to the M4 have already benefited from progressive improvements and that it would also conduct a review of the M4 handback process. In its subsequent 2011 report the RTA noted that this review had been completed.<sup>15</sup> However, it was not a written review and no report was available.

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<sup>10</sup> Submission 4, Mr Michael Bushby, Chief Executive Officer, Roads & Traffic Authority, p. 2.

<sup>11</sup> As above, p. 3.

<sup>12</sup> As above.

<sup>13</sup> As above.

<sup>14</sup> As above, p. 4.

<sup>15</sup> Submission 4, p. 4.

The RTA also noted that it would review existing project deeds in the 2010/11 year but did not provide information as to whether this review was completed.<sup>16</sup>

- 2.16 Recommendation 5, that the RTA complete planned M4 road works on time and no later than 31 March 2010, has been completed.<sup>17</sup> The RTA did not provide information regarding the exact date that these works were completed. However, in its initial response to the Auditor-General's report, the RTA noted that work on the conversion of the T2 transit lane near Cumberland Highway commenced in October 2009, and that work on the James Ruse Drive off ramp was at an advanced state.<sup>18</sup>
- 2.17 Recommendation 6, that the RTA implement planned changes to traffic management systems on time and no later than 31 March 2010, was similarly completed.<sup>19</sup>
- 2.18 Recommendation 7, that the RTA communicate to motorists the likely effect of toll removal on traffic congestion and travel time by the end of 2009, was completed. The RTA conducted a media campaign in early 2010.<sup>20</sup> Though the Auditor-General had recommended that this be completed by December 2009, the RTA took the view that the campaign would be more effective if implemented closer to the date of the handover.<sup>21</sup>
- 2.19 Recommendation 8, that the RTA determine the effect of toll removal on motorists travelling between the city and Parramatta during peak periods and advise motorists before the handback, was likewise accepted.<sup>22</sup> The Auditor-General found that the RTA had not considered the impact of the toll removal on the entire journey to or from the city. The RTA reported that it anticipated that there would be increased traffic on the motorway and no decrease in congestion, though no methodology was provided to support this view. This information was included in the media campaign conducted in early 2010. The Auditor-General reported his satisfaction with the RTA's implementation of the recommendation.<sup>23</sup>

### Committee Comment:

- 2.20 The Committee was pleased to note that the RTA accepted all of the recommendations from the Performance Audit and commends the RTA on its successful handling of the M4 handback process. However, the Committee considers that it would have been preferable for the RTA to publish the outcomes of its review of the M4 handback process. This would have provided the Committee with greater confidence that lessons from the M4 handback will be applied to future Public Private Partnerships.

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<sup>16</sup> As above.

<sup>17</sup> As above.

<sup>18</sup> NSW Auditor-General, p. 6.

<sup>19</sup> Submission 4, p. 4.

<sup>20</sup> As above.

<sup>21</sup> As above.

<sup>22</sup> Submission 4, p. 5.

<sup>23</sup> Submission 16, NSW Audit Office, p. 4.

**RECOMMENDATION 1:**

**The Committee recommends that the Roads and Traffic Authority publish the findings of its review of the M4 handback process.**



# Chapter Three – Government Advertising

## Introduction

- 3.1 Government advertising is an important tool to inform the public of their obligations, rights and entitlements and to provide information on policies, programs and services. Key areas for NSW Government advertising include community safety education and information; promotion of behaviours to improve public health outcomes; water, energy and other environmental issues; and the promotion of NSW tourism and government services. In 2008-09, the NSW Government spent \$101.7 million on government advertising.<sup>24</sup> As advertising is expensive, it is important that government funds are used for the benefit of the public.
- 3.2 The Auditor-General conducted the first Performance Audit of government advertising in 1995 and found there was insufficient guidance to prevent agencies from using public funds for party political purposes.<sup>25</sup>
- 3.3 In 2007 the Auditor-General conducted a second Performance Audit in order to determine whether expenditure on government advertising was sufficiently transparent and whether campaign advertising guidelines adequately discouraged the use of public funds for party political purposes.<sup>26</sup> Following this audit, the Auditor-General made several recommendations to improve guidance to agencies when developing advertising campaigns and strengthen the approval process to ensure adherence to more transparent NSW Government Advertising Guidelines (the Guidelines). The Auditor-General also indicated at that time that a review would be undertaken at a later date to test compliance with the revised Guidelines. The Guidelines apply to all publicly funded advertising campaigns, including those for recruitment. The only exception is that public awareness campaigns with a budget of less than \$50,000 do not require Cabinet approval.<sup>27</sup>
- 3.4 In 2009 the Auditor-General conducted a Performance Audit of four government advertising campaigns – two conducted by NSW Health and two by the Department of Premier and Cabinet – to test compliance with the revised Guidelines.<sup>28</sup>
- 3.5 The Auditor-General found the revised Guidelines were a positive development toward reducing the risk of the inappropriate use of publicly funded advertising campaigns. However, it was also noted that the Audit highlighted parts of the Guidelines required amending as the risk of publicly funded campaigns being used for party political purposes remained.<sup>29</sup>
- 3.6 To further strengthen the Guidelines and prevent the inappropriate use of publicly funded advertising campaigns, the Auditor-General made a series of recommendations to the Department of Premier and Cabinet, and to the Department of Services,

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<sup>24</sup> NSW Auditor-General, Performance Audit: *Government Advertising*, December 2009, p. 2.

<sup>25</sup> As above.

<sup>26</sup> As above, p. 12.

<sup>27</sup> As above, p. 13.

<sup>28</sup> As above, p. 12.

<sup>29</sup> As above, p. 2.

Technology and Administration, which are responsible for monitoring and coordinating government advertising in accordance with the Guidelines.<sup>30</sup>

## The Performance Audit

### Audit Objectives

3.7 The audit reviewed four government advertising campaigns. Two campaigns were run by the Department of Premier and Cabinet and two by NSW Health:

- Department of Premier and Cabinet
  - NSW Public Sector Cadetship (NSW Cadetship) campaign
  - Investing in a Better Future (Better Future) campaign
- NSW Health
  - Winter 2009 (Influenza)
  - Tobacco legislation change (Smoking in Cars with Kids).

3.8 The audit examined whether:

- the campaigns followed the required approval processes and were appropriate; and,
- the statements made in the Better Future campaign were substantiated.<sup>31</sup>

## Audit Conclusions

3.9 The Auditor-General found that both NSW Health campaigns were appropriate and their approval and implementation process were documented and adhered to the Guidelines.<sup>32</sup> Concern was expressed about aspects of the Department of Premier and Cabinet campaigns and the way these were designed and implemented. The Auditor-General referred to the campaigns as demonstrating that the Guidelines remained open to subjective interpretation and the potential risk of government advertising campaigns being regarded by the public as serving party political interests.<sup>33</sup>

3.10 In regard to the Better Future campaign the Auditor-General found only verbal approval had been given by the chief executive of the Department for the campaign submitted to Cabinet. The Auditor-General noted that the Commonwealth requires written certification of compliance with its guidelines and considers that NSW should also adopt this requirement as best practice.<sup>34</sup>

3.11 The Guidelines state that it is inappropriate for publicly funded advertising to name, depict or otherwise promote members of the NSW Government that a reasonable person would regard as excessive or gratuitous.<sup>35</sup> The Auditor-General noted that the

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<sup>30</sup> As above, p. 5.

<sup>31</sup> As above, p. 2.

<sup>32</sup> As above, pp. 13-14.

<sup>33</sup> As above.

<sup>34</sup> As above, p. 13.

<sup>35</sup> Department of Premier and Cabinet, NSW Government Advertising Guidelines, October 2011, pp. 3-5.

use of a photograph of the Premier and the inclusion of a quote from the Premier in the NSW Cadetship campaign could be regarded as gratuitous, and potentially lead members of the public to conclude that the campaign was a party political rather than a government information campaign. The photograph of the Premier was only used in the advertisements during the first weeks of the campaign before being removed. The Auditor-General was advised by the Department of Services, Technology and Administration, which designed the Guidelines and monitors compliance, that there had been confusion about whether the Guidelines applied to recruitment campaigns such as the NSW Cadetship campaign.<sup>36</sup>

- 3.12 The role of Ministers and their staff in the design and implementation of advertising campaigns was also raised as an issue. The original design of the NSW Cadetship campaign did not include the use of the Premier's photograph and a quote from the Premier. Their inclusion was at the request of a member of the Premier's staff. The Auditor-General noted that the Guidelines do not make any reference to the role of Ministers and their staff in the design and implementation of advertising campaigns.<sup>37</sup>
- 3.13 Acknowledging that Ministers and their staff have a legitimate role to play in the development of advertising campaigns, the Auditor-General noted that the request by the Premier's staff for the Premier's photograph to be included in the NSW Cadetship campaign could be regarded by a reasonable person as gratuitous.<sup>38</sup>
- 3.14 In the case of the Better Future campaign, it was found that a member of the Premier's staff was involved in key design and implementation decisions and that this level of involvement by a member of the Premier's staff was not appropriate. In contrast, the Commonwealth's advertising guidelines state that campaigns should be independent of Ministerial direction.<sup>39</sup>
- 3.15 The Better Future campaign also highlighted a conflict of interest for the Department of Services, Technology and Administration. The Department's Strategic Communication and Government Advertising Group is the branch responsible for monitoring and coordinating government advertising to ensure it adheres to the Guidelines; however, being involved in the design of advertising campaigns for small agencies, such as the Department of Premier and Cabinet which do not have their own in-house advertising expertise, brings this type of activity into conflict with the Group's advisory role.<sup>40</sup>
- 3.16 Both the NSW Health and Department of Premier and Cabinet campaigns had similar target audiences. The budget for the Department of Premier and Cabinet's Better Future campaign was \$1.90 million compared to a budget of less than \$500,000 for each of the NSW Health campaigns.<sup>41</sup> The NSW Health campaigns did not use television media as the target audience for each campaign could be reached through the use of cheaper media. For the Better Future campaign television was the preferred media which was more expensive to use. The Guidelines state that campaigns over

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<sup>36</sup> NSW Auditor-General, Government Advertising, p. 15.

<sup>37</sup> As above, p. 15.

<sup>38</sup> As above.

<sup>39</sup> As above.

<sup>40</sup> As above, p. 16.

<sup>41</sup> As above.

\$50,000 must demonstrate value for money but they do not specify how this assessment should be made to ensure the cost of campaigns can be justified.<sup>42</sup>

- 3.17 Using the Better Future campaign as an example, the Auditor-General also highlighted weaknesses in the peer review process of advertising campaigns. Peer reviewers of the Better Future campaign noted that the campaign was not ready to proceed. There were concerns regarding information provided to support the need for the campaign, strategy and management, and further supporting information should have been included in the submission to Cabinet.<sup>43</sup>
- 3.18 While advice provided to the Auditor-General by the Department of Services, Technology and Administration noted that additional information to support the need for the campaign was unnecessary, and due to the timeframes involved there was insufficient time to undertake further research, the Auditor-General was concerned that the Cabinet submission did not reflect the considerations of the peer review panel and the Department of Services, Technology and Administration.<sup>44</sup>
- 3.19 To ensure that campaigns like the Better Future campaign, which have a whole of government focus, are less likely to be regarded as party political, the Auditor-General recommended that the review process be improved by including an independent member as part of the review panel.<sup>45</sup> The independent reviewer would be a community representative from a non-advertising background, be independent of the public sector and represent the views of the community. As part of the peer review panel, their role would be to help prevent advertising campaigns from being seen as party political and excessive.<sup>46</sup>
- 3.20 Government guidelines generally set out the standard of performance and process to be followed and are not legally binding. Therefore, any breach would not attract a penalty. However, the Auditor-General notes that there is a link between the NSW Government Advertising Guidelines and the *Public Finance and Audit Act 1983* and that inappropriate use of publicly funded advertising campaigns could be subject to a penalty under the Act.<sup>47</sup>
- 3.21 The Auditor-General also noted that the statements of the Better Future campaign about the NSW Government investing \$62.9 billion over four years and supporting up to 160,000 jobs each year, while substantiated by the NSW Treasury model, were misleading.<sup>48</sup> The Auditor-General was concerned that the advertisements may have misled the public by implying that all 160,000 jobs were located in New South Wales rather than Australia-wide.<sup>49</sup>

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<sup>42</sup> As above.

<sup>43</sup> As above, p. 17.

<sup>44</sup> As above.

<sup>45</sup> As above.

<sup>46</sup> As above, p. 18.

<sup>47</sup> As above, p. 14.

<sup>48</sup> As above, pp. 20-21.

<sup>49</sup> As above, p. 21.

## Auditor-General's Recommendations

3.22 The Auditor-General made five recommendations to improve the accountability, accuracy and transparency of the Guidelines and to prevent any future conflicts of interest.

Recommendation	<b>The Department of Premier and Cabinet, and the Department of Services, Technology and Administration</b>
1.	<p>Improve the accountability for publicly funded advertising by revising the Guidelines by 31 January 2010 to:</p> <ul style="list-style-type: none"> <li>a. define the roles and responsibilities of the Cabinet, Minister, ministerial staff and chief executives in government advertising.</li> <li>b. require chief executives to certify in writing that: <ul style="list-style-type: none"> <li>i. the proposed campaign complies with the Guidelines and relevant government policies;</li> <li>i. the purpose and need for the campaign has been supported by departmental analysis and appropriate research;</li> </ul> </li> <li>c. include in the chief executive's certification, confirmation that the campaign proposal reflects their views which are independent of any Ministerial direction on campaign design and implementation; and</li> <li>d. require agencies to complete an economic appraisal on campaigns with a budget of \$1 million or more and include the results in the submission to Cabinet.</li> </ul>
2.	<p>Better manage the risk of publicly funded advertising being used inappropriately it was recommended that, from 31 January 2010:</p> <ul style="list-style-type: none"> <li>a. all publicly funded campaigns over \$50,000 be subject to peer review, except statutory and regulatory notices (such as changes in public transport timetables and road closures);</li> <li>b. the peer review panel include a member independent of government for public awareness campaigns covering whole of Government initiatives. The peer review panel should specifically attest that the campaign would not be seen as party political and is not excessive; and</li> <li>c. peer review working papers be maintained as part of the campaign file to form an audit trail.</li> </ul>
3.	<p>To ensure the accuracy of statements made in publicly funded advertisements, the Auditor-General recommended that, from January 2010, agencies include evidence that substantiates claims made in advertising in its submission to Cabinet.</p>
	<b>The Department of Services, Technology and Administration</b>
4.	<p>Improve transparency by reporting monthly on its website, starting from January 2010, each government advertising campaign and its cost once complete.</p>
5.	<p>Prevent future conflicts of interest by not allowing the Government Advertising Group in the Department of Services, Technology and Administration, to design and implement campaigns on behalf of other agencies or the Government.</p>

## The Committee's Examination

- 3.23 As part of its follow-up of the Auditor-General's Performance Audits, the Committee wrote to the NSW Treasury, the Department of Premier and Cabinet and to the Department of Finance and Services on 6 July 2011, to invite a submission detailing the actions they have taken in response to the Performance Audit recommendations. Submissions, dated 8 August 2011, were received and forwarded to the Auditor-General for comment, and the Auditor-General responded on 23 September 2011.
- 3.24 In its submission to the Committee, the Department of Premier and Cabinet confirmed that all of the Auditor-General's recommendations have been implemented.<sup>50</sup>
- 3.25 The Department of Premier and Cabinet advised that the Guidelines have been updated and now include advice that:
- all advertising campaigns over \$50,000 are now subject to peer review and Cabinet approval. The exception to this requirement is Public Notices;
  - as part of the peer review process, the Guidelines now advise that the peer review panel should include a member who is independent of the public sector, and that the peer review panel report any concerns regarding compliance with the Guidelines;
  - a record of the peer review panel's correspondence and other working papers are held on file by the Strategic Communications and Government Advertising agency to ensure an audit trail is maintained;
  - all advertising campaigns contain information that is accurate and substantiated and has been approved by the relevant agency's Director-General or Chief Executive;
  - media costs for all advertising are published on the Strategic Communications and Government Advertising agency website; and,
  - the Strategic Communications and Government Advertising agency does not develop advertising campaigns on behalf of the Government or any other agency.<sup>51</sup>
- 3.26 The Committee was pleased to note that the Auditor-General's recommendations were positively received.
- 3.27 The Committee is satisfied that the Guidelines have now been strengthened to provide agencies with a better understanding of how publicly funded government advertising campaigns are to be designed and implemented. However, continued monitoring is necessary to ensure that agencies comply with the Guidelines.
- 3.28 In his submission to the Committee, the Auditor-General made suggestions about additional enhancements that could be made to the Guidelines:

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<sup>50</sup> Department of Premier and Cabinet, Submission 1, pp. 1-2.

<sup>51</sup> As above.

- update the advertising submission template to include reference to the requirement to undertake an appropriate economic appraisal of advertising campaigns with a total budget of \$1 million or more, which would make it consistent with the Cabinet Minute template;
- update the Peer Review Guide to include a section for identifying issues of compliance to the NSW Government Advertising Guidelines, which make it consistent with the Peer Review Report; and,
- query why no quarterly reports are currently listed on the Strategic Communications and Government advertising website.<sup>52</sup>

### Committee Comment:

- 3.29 The Committee notes with concern that there are no quarterly reports published on the NSW Government Strategic Communications website.
- 3.30 Recognising the importance of government advertising, and that this is an area of strong public interest, the Committee was pleased to note the Auditor-General's commitment to continue examining publicly funded advertising campaigns as part of a future audit program.

### RECOMMENDATION 2

**The Committee recommends that the Department of Premier and Cabinet continue to monitor compliance with the NSW Government Advertising Guidelines to ensure that publicly funded government advertising campaigns are consistent with the Guidelines and are free of political party bias and are not excessive or gratuitous.**

### RECOMMENDATION 3

**The Committee recommends that the Department of Premier and Cabinet publish quarterly monitoring reports on [www.advertising.nsw.gov.au](http://www.advertising.nsw.gov.au).**

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<sup>52</sup> Audit Office of NSW, Submission 1, pp. 1-2.

# Chapter Four – Managing Forensic Analysis Fingerprints and DNA

## Introduction

- 4.1 Fingerprints and DNA are the key forms of forensic evidence used to solve crime. While fingerprints have been used for over 100 years, DNA analysis has been available in NSW since 1989. Demand for DNA analysis has risen steadily, growing by nearly 40 per cent over the last five years.<sup>53</sup>
- 4.2 In NSW, fingerprints are analysed by the Police Forensic Services Group (FSG). Most DNA evidence is analysed at the NSW Health Division of Analytical Laboratories (DAL), with a small proportion of samples being analysed by an outsourced provider. While demand for fingerprint analysis has remained generally stable, requests for DNA analysis continue to grow. This has led to a backlog of requests and delays in processing – similar delays have been experienced in a number of other jurisdictions that use DNA analysis.

## The Performance Audit

- 4.3 The Auditor-General's Performance Audit 'Managing Forensic Analysis Fingerprints and DNA' was completed in February 2010. Its aim was to assess how well fingerprint and DNA evidence was managed. The Audit did not attempt to assess the quality of testing or results, focusing instead on two key questions:
- whether NSW Police effectively screens, prioritises and manages fingerprint evidence, and,
  - whether NSW Police and DAL effectively screen, prioritise and manage DNA evidence.<sup>54</sup>

## Audit Conclusions

- 4.4 The Auditor-General found that police effectively prioritise fingerprint evidence, but that there was room for improvement in the screening analysis of both fingerprint and DNA evidence. There were a number of issues identified in the Audit, which are outlined below.
- 4.5 The Division of Analytical Laboratories (DAL) has capacity to process only a limited number of DNA samples. Demand exceeds supply, resulting in a backlog which is growing.<sup>55</sup> Police had used a number of strategies to resolve this problem, including limiting the number of requests for DNA analysis, providing temporary funding to DAL to increase its capacity, and outsourcing DNA analysis to other providers.

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<sup>53</sup> NSW Auditor-General, Performance Audit: *Managing Forensic Analysis Fingerprints and DNA*, February 2010, p. 2.

<sup>54</sup> As above.

<sup>55</sup> As above, p. 3.



- 4.6 Attempts to limit the number of requests submitted had been ineffective, while outsourcing and the provision of increased funding to DAL – though both effective strategies – were unduly expensive.<sup>56</sup>
- 4.7 The Auditor-General found that police did not effectively prioritise fingerprint and DNA evidence, meaning that more samples may be submitted than is necessary for an investigation. For example, police failed to identify samples which were no longer needed and these continue to be processed.
- 4.8 The Auditor-General found that the monitoring and prioritisation of samples could be improved, and that this would result in reduced turnaround times for samples, even in the absence of increased funding to DAL.<sup>57</sup>

### Auditor-General's Recommendations

The Auditor-General made recommendations in seven key areas, with most involving more than one specific strategy to improve performance.<sup>58</sup> These recommendations are listed below:

Recommendation	
1.	That the NSW Police Force and NSW Health sign a Service Level Agreement for DNA analysis by June 2010 that includes: <ul style="list-style-type: none"> <li>a) a user pays framework to be piloted over 12 months and reviewed in June 2011; and,</li> <li>b) detailed service standards including performance measures and turnaround times.</li> </ul>
2.	That by June 2010, NSW Police: <ul style="list-style-type: none"> <li>a) find out what's the best evidence in a case and analyse that first;</li> <li>b) set a limit on the number of fingerprint images sent for analysis for each volume crime case and monitor compliance; and,</li> <li>c) improve compliance with DNA submission limits.</li> </ul>
3.	That by December 2011 NSW Police assess DNA evidence from the most recent cases first in less serious property crimes.
4.	That by June 2010, NSW Police: <ul style="list-style-type: none"> <li>a) review the cost effectiveness of its DNA outsourcing arrangements; and,</li> <li>b) assess and monitor the unit cost of fingerprint analysis.</li> </ul>
5.	That by June 2010 NSW Police: <ul style="list-style-type: none"> <li>a) remove items when DNA analysis is no longer needed (for example, where the offender has been convicted); and,</li> <li>b) review the criteria used to determine whether DNA analysis is still required.</li> </ul>
6.	By December 2010, NSW Police: <ul style="list-style-type: none"> <li>a) measure, report and set targets for the time taken to analyse fingerprint evidence; and,</li> <li>b) review the sub-sampling project to assess its effect on both the cost</li> </ul>

<sup>56</sup> NSW Auditor-General, p. 3.

<sup>57</sup> As above, p. 2.

<sup>58</sup> As above, p. 4.

	and timeliness of DNA analysis.
7.	That NSW Police report the time taken to analyse fingerprint and DNA evidence for different crime types in its annual reports commencing with its 2010-2011 report.

### The Response from NSW Police

- 4.9 In its initial response, NSW Police supported all of the Auditor-General's recommendations, though some were supported with qualifications.
- 4.10 For instance, NSW Police supported Recommendation 1 (regarding development of a service level agreement with DAL) but acknowledged that co-operation from DAL was needed to implement this measure. NSW Police noted that issues relating to capacity and backlogs in sample processing had been the subject of ongoing negotiations between the two agencies.<sup>59</sup>
- 4.11 Similarly, NSW Police indicated that Recommendation 4 (a review of the cost effectiveness of DNA outsourcing arrangements) may not be necessary as these arrangements were due to come to an end.<sup>60</sup>
- 4.12 NSW Police explained that the factors which determine priorities for the processing of samples are extensive and varied and that this is appropriate in the context of policing, where significant incidents may require sudden re-allocation of resources.<sup>61</sup>
- 4.13 Police also emphasised that it had previously identified that its corporate systems were insufficient to effectively monitor performance in forensic services and was planning to introduce a Forensic Information Management System (FIMS) which would address several of the recommendations made by the Auditor-General.<sup>62</sup>

### The Committee's Examination

- 4.14 As part of the Committee's follow-up of the Auditor-General's Performance Audits, the Chair wrote to both the Commissioner of Police and the Director-General of NSW Health, seeking details of their response to the Performance Audit on 5 July 2011. The Hon Michael Gallacher MLC, Minister for Police and Emergency Services, provided a submission on 16 September 2011, while Dr Mary Foley, Director-General, NSW Health provided a submission on 1 August. The Committee forwarded submissions from NSW Police and NSW Health to the Auditor-General for comment.
- 4.15 Recommendation 1, that NSW Police and DAL sign a service level agreement, has been implemented. NSW Police and DAL entered into a service level agreement for a three year period from 19 July 2011, and a copy of the agreement was provided to the Committee. Though the original recommendation was that this agreement be in place from 30 June 2010, the Auditor-General found this response satisfactory. In its

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<sup>59</sup> NSW Auditor-General, p. 9.

<sup>60</sup> As above.

<sup>61</sup> As above, p. 7.

<sup>62</sup> As above.

response, NSW Health noted that the agreement includes an indicative cost per item, which is based on available funding and capacity; this would appear to address Recommendation 1a). Further, both agencies indicated that they are working on a new service delivery framework which is intended to improve performance measures and turnaround times; this is designed to address Recommendation 2b). NSW Health noted in its submission that turnaround times for DNA samples from high volume crimes have been reduced to an average of ten days.<sup>63</sup>

- 4.16 Recommendation 2a), that NSW Police identify the best evidence in a case and process it first, has been implemented. In its response, NSW Police stated that it has established a Forensic Services DNA Evidence Review Team to provide oversight. This measure is intended to ensure that only the best evidence is submitted and unnecessary testing does not occur.<sup>64</sup> NSW Police has also implemented standard operating procedures to limit the number of fingerprint samples submitted for testing, addressing Recommendation 2b).<sup>65</sup>
- 4.17 NSW Police stated that its planned Exhibits Forensic Information Miscellaneous Property System (EFIMS) has now been rolled out, though its forensic component was not expected to be operational until December 2011. According to NSW Police, the EFIMS software will provide users with capacity to record and track items for analysis, and therefore monitor compliance with submission limits as per Recommendation 2c).<sup>66</sup>
- 4.18 Recommendation 3, that NSW Police assess DNA evidence from the most recent cases first, has been implemented. NSW Police stated that DAL has implemented a policy to process the most recent, simple 'volume' crimes first. This measure is intended to prevent crime by ensuring that evidence from the most recent property crimes is investigated promptly, thus increasing the likelihood that crimes will be solved. Similarly, NSW Police also states that it has implemented an initiative called 'FastTrack' to process fingerprint samples collected from the most recent volume crime scenes first.<sup>67</sup>
- 4.19 Recommendation 4a), that NSW Police review the cost effectiveness of its DNA outsourcing arrangements, was not implemented. NSW Police notes that this outsourcing arrangement was temporary pending the upgrading of robotics equipment at DAL; because outsourcing has since ended, no action was necessary in relation to this Recommendation.<sup>68</sup> In regard to Recommendation 4b), NSW Police states that it engaged a consultant to assess the unit cost of fingerprint identification. However, no action was taken because the EFIMS and FastTrack initiatives have improved management of demand for fingerprint analysis.<sup>69</sup>
- 4.20 Recommendation 5a), which relates to the removal of items when DNA analysis is no longer required, has been implemented. In its submission, NSW Police states that it

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<sup>63</sup> NSW Health, Submission 1, p. 4.

<sup>64</sup> The Hon Michael Gallacher MLC, Minister for Police and Emergency Services, Submission 14, p. 3.

<sup>65</sup> As above.

<sup>66</sup> As above, p. 4.

<sup>67</sup> As above, p. 5.

<sup>68</sup> As above.

<sup>69</sup> As above.

has conducted a series of audits to remove requests for analysis that are no longer required. NSW Police has also incorporated business rules within the EFIMS system that can flag items for destruction. This measure is intended to address Recommendation 5b), and ensure that there is a continuing mechanism for the identification and removal of unnecessary requests.<sup>70</sup>

- 4.21 Similarly, Recommendation 6a), that NSW Police measure, report and set targets for the time taken to analyse fingerprint evidence, will be addressed by implementation of the EFIMS system. NSW Police stated that formal performance targets will be established following the implementation of the EFIMS system.<sup>71</sup> While the Auditor-General recommended that this be implemented by December 2010; the forensic component of EFIMS was not expected to be operational until December 2011. Nonetheless, the Auditor-General viewed this response as satisfactory.
- 4.22 Recommendation 6b), that NSW Police review the sub-sampling project to assess its effect on both the cost and timeliness of DNA analysis, has also been implemented. NSW Police stated that it has produced a summary report on sub-sampling and is planning to implement a new Forensic Evidence Management Model. Under this new model, items will be submitted to DAL in a simplified state for easier processing.<sup>72</sup>
- 4.23 Finally, Recommendation 7, that NSW Police report the length of time taken to analyse fingerprint and DNA evidence in its Annual Report, is also reliant upon the introduction of the EFIMS system. NSW Police noted that the EFIMS system will provide them with the capacity to produce this information.<sup>73</sup>
- 4.24 The Auditor-General wrote to the Committee on 23 September 2011, advising that the responses from NSW Health and NSW Police were in his view satisfactory.

#### Committee Comment:

- 4.25 The Committee noted the measures taken by NSW Police in response to the Auditor-General's recommendations to improve the management of fingerprint and DNA samples and looks forward to full implementation of the planned EFIMS system. The Committee encourages NSW Health and NSW Police to actively monitor the backlog of DNA and fingerprint samples and review the effectiveness of strategies to manage demand for processing of samples.

#### RECOMMENDATION 4:

**The Committee recommends that NSW Police continue to actively monitor the backlog of DNA samples and review the effectiveness of current strategies to reduce waiting times for processing.**

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<sup>70</sup> Submission 14, p. 6.

<sup>71</sup> As above.

<sup>72</sup> As above.

<sup>73</sup> As above, p. 7.

# Chapter Five – Working With Children Check

## INTRODUCTION

- 5.1 The purpose of the Working With Children Check is to ensure those working in child-related employment are not prohibited persons and do not pose a risk of abusing the children in their care. The NSW Commission for Children and Young People (the Commission) is responsible for the Working With Children Check.<sup>74</sup>
- 5.2 Prohibited persons are those with convictions for serious sexual offences or child-related violence. Those who may not be prohibited persons but still pose a risk to children are also identified as part of the Working With Children Check.<sup>75</sup>
- 5.3 The Auditor-General found that the Working With Children Check and the role of the Commission in monitoring the checking process required strengthening to reduce the possibility of children being exposed to the risk of abuse.<sup>76</sup> The Auditor-General made a series of recommendations to ensure that the guidelines used by agencies involved in the screening process are clearly understood and used in a consistent manner and that processes are strengthened to ensure information provided by applicants is accurate and up to date.<sup>77</sup>
- 5.4 While the Commission is responsible for the Working With Children Check, the checking and screening of applicants is shared between the Commission and other agencies. The screening agencies are matched to the sectors of employment e.g. the Department of Education, the Department of Health, the Catholic Commission for Employment Relations (which conducts checks for all Catholic services), or the Department of Arts, Sport and Recreation, which conducts checks for people employed in sporting activities. The Commission has responsibility for all other services.<sup>78</sup> However, the Commission is responsible for the development of the screening guidelines and performing audits of the screening agencies to ensure they are adhering to the guidelines.<sup>79</sup>
- 5.5 As part of the Working With Children Check, employers are required to undertake a pre-employment check for previous criminal history, including charges and convictions; child-related incidents in the workplace; and apprehended violence orders that involve children.<sup>80</sup>
- 5.6 People who are self-employed obtain a certificate to indicate they are not a prohibited person under the *Commission for Children and Young People Act 1998*

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<sup>74</sup> NSW Auditor-General, Performance Audit: *Working With Children Check*, February 2010, p. 2.

<sup>75</sup> As above, p. 8.

<sup>76</sup> As above, pp. 2-3.

<sup>77</sup> As above, p.4.

<sup>78</sup> As above, p. 9.

<sup>79</sup> As above, p. 2.

<sup>80</sup> As above, p. 8.

(the Act). Volunteers working in a child-related environment must sign a declaration stating that they are not a prohibited person.<sup>81</sup>

## The Performance Audit

### Audit Objectives

- 5.7 The Auditor-General assessed the reliability of the Working With Children Check in identifying individuals who may pose a risk to children. Specifically, the Auditor-General examined whether the Commission:
- ensures that required employers are requesting checks and that employers check everyone they should;
  - ensures that information on applicants is reliable and complete and that background checks by screening agencies are consistent; and,
  - monitors employees who may pose a significant risk and manages subsequent offences.<sup>82</sup>

### Audit Conclusions

- 5.8 The Auditor-General found that the Commission did not have sufficient and reliable processes in place to identify all individuals who may pose a risk to children. Additionally, the Auditor-General found the Commission was not monitoring the compliance of employers, the self-employed and volunteer organisations with their obligations, and the Commission had no plan in place to promote or increase awareness of the Working With Children Check.<sup>83</sup>
- 5.9 The Auditor-General also noted that the Commission has multiple roles which are often conflicting. For this reason, it may be appropriate for the government to consider separating these roles to improve the effectiveness of the Commission.<sup>84</sup> In particular, the Auditor-General made reference to the Commission's role as the regulator of the Working With Children Check, acting as a screening agency for approximately 40 per cent of employers as well as regulating the work of the other screening agencies.<sup>85</sup>
- 5.10 The Auditor-General noted that there are over 200,000 Working With Children Checks performed by the screening agencies each year, 21,000 employers registered with the screening agencies and over 1.3 million volunteers working with children in New South Wales.<sup>86</sup> However, the Auditor-General also noted that the Commission is unable to verify whether all relevant people are being checked. The reason for this is that the Commission does not promote or monitor the compliance of employers with the Working With Children Check.<sup>87</sup>

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<sup>81</sup> As above, p. 2.

<sup>82</sup> As above.

<sup>83</sup> As above, pp. 10-11.

<sup>84</sup> As above, p.4.

<sup>85</sup> As above.

<sup>86</sup> As above, p. 10.

<sup>87</sup> As above.

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- 5.11 This lack of promotion and monitoring resulted in a lack of awareness and there are many employers who have been operating for a number of years without ever registering for Working With Children Check. Additionally, the Auditor-General noted that the Commission has never fined an employer or volunteer organisation for non-compliance.<sup>88</sup>
- 5.12 Additionally, employers are often confused about which employees should be checked and how often they should be checked. For example, school cleaners, working outside of school hours, do not need to be checked. The Auditor-General noted that a 2005 review of a sample of Working With Children Check applications indicated that more than 22 per cent of the applications were unnecessary as they were for staff in positions that were not child-related.<sup>89</sup>
- 5.13 Other employees were subject to an excess of checking due to the casual or short term nature of their employment, i.e. casual teachers and sports coaches are checked for each period of their employment. The Auditor-General found that a 2007 amendment to the Act, allowing such staff to be checked only once every 12 months, was not yet fully implemented.<sup>90</sup>
- 5.14 The Auditor-General noted that the monitoring of volunteers working with children in a broad range of areas such as health, sport and education is also an area of concern, with many volunteer organisations expressing concern that they may be targeted by potential perpetrators.<sup>91</sup> Volunteers are required to complete a Prohibited Employment Declaration and have their identity confirmed by the volunteer organisation. However, the Commission is unable to confirm if all volunteer organisations require the completion of a Declaration. And when the Declarations are provided to the Commission, the Commission does not routinely check them for accuracy.<sup>92</sup>
- 5.15 To address this issue the Commission undertook a three year project, starting in 2009, to verify a sample of 144 Prohibited Employment Declarations.<sup>93</sup> In response, the Commission is revising the Prohibited Employment Declaration to ensure the information provided by applicants is verified against personal identification documents such as a driver's licence. It is also anticipated that some volunteers will be subject to more thorough background checks.<sup>94</sup>
- 5.16 The Commission has, from May 2010, made it compulsory for self-employed people working with children (e.g. music tutors and sports coaches), to have a Certificate for Self Employed People in Child Related Employment which will have a verification number.<sup>95</sup> Parents will be able to check this verification number on the Commission's website to see if the Certificate is current. The Auditor-General noted that the

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<sup>88</sup> As above, p. 11.

<sup>89</sup> As above.

<sup>90</sup> As above, p. 12.

<sup>91</sup> As above.

<sup>92</sup> As above.

<sup>93</sup> As above.

<sup>94</sup> As above, pp. 12-13.

<sup>95</sup> As above, p. 13.

Commission expected to issue around 10,000 certificates each year, however, over the course of the first six months only 1,600 certificates were issued.<sup>96</sup>

- 5.17 Being able to rely on accurate and up to date information is central to ensuring the reliability of the Working With Children Check.<sup>97</sup> The Commission holds records regarding apprehended violence orders and relevant employment proceedings, and relies on this information when assessing whether a person may pose a risk to children. The Auditor-General found that this data was unreliable when assessing risk: some of the employment proceedings data and conclusions reached by employers were incorrect, and the data regarding apprehended violence orders involving children was also unreliable as the orders, while naming children, did not list their ages, making it difficult to assess whether an incident was serious or child-related.<sup>98</sup>
- 5.18 The Auditor-General also found that when the screening process identifies a risk, the process of establishing the level of risk posed by that person is inconsistent as the guidelines are not always followed correctly by the screening agencies.<sup>99</sup> Screening agencies use a risk assessment model developed by the Commission called 'A Workplace and Applicant Risk Estimate' (AWARE). Under this model, an Individual Risk Assessment (IRE) score of one to three is given, with a score of IRE 3 posing a significant risk, IRE 2 some risk and IRE 1 posing no greater risk than any other employee, based on the details of the incident.<sup>100</sup>
- 5.19 Following an audit two screening agencies' use of the AWARE model, the Auditor-General found 19 out 21 case files reviewed were not in full compliance with AWARE guidelines, and there was a possibility that people who posed a risk to children were not identified.<sup>101</sup>
- 5.20 The Auditor-General noted that in New South Wales it is the employer rather than the Commission which makes the final decision about whether to employ a person of risk.<sup>102</sup> In other jurisdictions it is the agency undertaking the check that makes the decision and advises the employer accordingly. In New South Wales, the Commission can recommend to an employer how they should manage the situation to limit the risk but the Commission is unable to enforce its recommendation.<sup>103</sup>
- 5.21 In regard to any subsequent offences that may be committed by a person, once they have commenced working with children, only those who are self-employed are checked by the Commission. The Auditor-General notes that there is no guaranteed mechanism to check whether paid employees or volunteers have committed new offences following the commencement of their employment.<sup>104</sup>

## Auditor-General's Recommendations

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<sup>96</sup> As above, p. 14.

<sup>97</sup> As above.

<sup>98</sup> As above, pp. 14-15.

<sup>99</sup> As above, p. 16.

<sup>100</sup> As above, p. 17.

<sup>101</sup> As above, p. 18.

<sup>102</sup> As above, p. 19.

<sup>103</sup> As above, pp. 19-20.

<sup>104</sup> As above, pp. 20-21.



5.22 The Auditor-General made five recommendations to reduce the risk of prohibited people working with children, improve compliance with the Working With Children Check and improve the risk management process.

Recommendation	
1.	<p>To reduce the risk of prohibited people working with children it is recommended that the Commission by December 2010:</p> <ul style="list-style-type: none"> <li>a. have all volunteer organisations register with the Commission;</li> <li>b. move to direct electronic lodgement to the Commission of the Prohibited Employment Declaration by volunteers;</li> <li>c. undertake regular audits to check that volunteers are completing Prohibited Employment Declarations and are not prohibited persons; and,</li> <li>d. make sure that organisations and parents check that self-employed people have current certificates.</li> </ul>
2.	<p>To improve compliance with the Working With Children Check it is recommended that the Commission by December 2010:</p> <ul style="list-style-type: none"> <li>a. undertake regular audits to ensure all employers who are required to request the check are in fact doing so;</li> <li>b. implement provisions to only check certain short term employees once every 12 months; and,</li> <li>c. screen applications and only process checks for child-related employment.</li> </ul>
3.	<p>To improve risk assessment outcomes the Auditor-General recommended the Commission:</p> <ul style="list-style-type: none"> <li>a. ensure consistent practices amongst screening agencies by December 2010; and,</li> <li>b. complete the evaluation of AWARE as planned.</li> </ul>
4.	<p>To manage risks following employment the Audit-General recommended the Commission by June 2010:</p> <ul style="list-style-type: none"> <li>a. ensure employers of significant risk employees implement Child Safe Child Friendly strategies; and,</li> <li>b. identify people that have committed a prohibited offence while in child-related employment and advise Police.</li> </ul>
5.	<p>To improve the reliability of checks the Auditor-General recommended that the Commission by December 2010 review its approach to collecting and analysing relevant employment information and review the usefulness of apprehended violence orders.</p>

### The Committee's Examination

5.23 As part of the its follow-up of the Auditor-General's Performance Audits, the Committee wrote to the NSW Commissioner for Children and Young People on 6 July 2001, inviting the Commission to provide a submission detailing their response to the Performance Audit. The Commissioner responded on 5 September 2011. The response was forwarded to the Auditor-General for comment, and the Auditor-General in turn responded on 15 September 2011.

5.24 In its submission to the Committee the Commission advised that:

- in response to Recommendation 1, the Commission has, to the extent possible under the current terms of the Act, registered volunteer organisations with the Commission and taken steps to enable the electronic lodgement of the Prohibited Employment Declaration. The Commission has taken measures to ensure that people completing the Prohibited Employment Declaration are not prohibited persons, and that parents and organisations are aware how they can check the current certificate status of self-employed people.
- in response to Recommendation 2, to improve compliance with the Working With Children Check, the Commission has undertaken audits to ensure that employers who are required to request a Working With Children Check are doing so and that applications are screened correctly for child-related employment.
- as outlined in Recommendation 3, the Commission is working with all screening agencies to ensure that screening practices are consistent across all agencies, and is also progressing work in relation to its evaluation of AWARE.
- the Commission is also assisting employers with risk management practices following the employment of people identified as posing a risk by ensuring that employers implement Child Safe Child Friendly strategies.
- in response to Recommendation 5 the Commission is also working on the way it collects and analyses data so as to improve the reliability of the checking process.<sup>105</sup>

5.25 The Committee was pleased to note that the Commission accepted all five of the Auditor-General's recommendations.

5.26 The Committee was also pleased to note that the Commission has made good progress in implementing the Auditor-General's recommendations.

5.27 The Committee noted that the recommendations cannot be fully implemented until relevant changes are made to the Act to give the Commission the powers it needs, including the proposal to establish a single agency check as a means of ensuring consistent screening practices. The Committee noted that the Commission has submitted the required changes to the Government for consideration and is waiting on the Government's response.<sup>106</sup>

5.28 In particular, the Committee noted that the following actions required legislative changes to the Act before being fully implemented:

- Recommendation 1 – parts (a) and (b)
- Recommendation 2 – parts (b) and (c)
- Recommendation 3 – part (a)

<sup>105</sup> NSW Commission for Children and Young People, Submission 1, pp. 1-3.

<sup>106</sup> As above.

- Recommendation 4 – part (b)
- Recommendation 5.<sup>107</sup>

5.29 The Committee was also pleased to receive the Auditor-General's suggestion that the Committee could obtain further information from the Commission regarding the details of the campaigns the Commission is undertaking to promote awareness among parents and organisations about checking the validity of the certificates obtained by the self-employed, the Commission's review and evaluation of AWARE, how the Commission has assisted employers in managing employees deemed to pose a risk, and what it has done to improve the reliability of its data collection process and analysis.<sup>108</sup>

5.30 The Committee also noted that, on Friday 3 September 2010, the previous Committee on Children and Young People conducted a public hearing in relation to the 2008/09 Annual Report of the Commission for Children and Young People and the 2008 Annual report of the Child Death Review Team.<sup>109</sup> The Public Accounts Committee was pleased to note that during the hearing the Commission advised that it would continue to work on improving the Working With Children Check and has:

undertaken new activities to increase its auditing and monitoring functions around employer compliance with the Working With Children Check in line with the recommendations by the New South Wales Auditor-General's report made earlier this year.<sup>110</sup>

5.31 The Commissioner also informed the Committee that the Commission would continue with its implementation of the Auditor-General's recommendations to:

better regulate the check, and child safe organisations and we will continue to do that, regardless of what decision the Government makes on the future of the Working With Children Check system.<sup>111</sup>

5.32 The Committee also noted that in August 2011 the Minister for Citizenship and Communities, the Hon. Victor Dominello MP, tabled in Parliament the *Report on the Review of the Commission for Children and Young People Act 1998*. The Report recommends a new model for the Working With Children Check which will include, amongst other key features:

- the Working With Children Check will allow any child related work for a set period, instead of rechecking an individual for each new child-related job;
- people with certain records (barring records) will be automatically refused a Working With Children Clearance;

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<sup>107</sup> As above.

<sup>108</sup> Auditor-General, Submission 6, pp. 1-3.

<sup>109</sup> Committee on Children and Young People, *Review of the 2008-2009 Annual Report of the Commission for Children and Young People and the 2008 Annual Report of the Child Death Review Team*, Report No. 7/54, October 2010, p. 1.

<sup>110</sup> As above, pp. 2-3.

<sup>111</sup> As above, p. 3.

- people whose barring records were juvenile offences will be subject to risk assessment rather than an automatic refusal;
- a person's full criminal record will be available to the Check Agency when it conducts the Working With Children Check;
- continuous alerts of new relevant records will be provided for people with a Working With Children Clearance; new risks identified will be assessed and the Clearance withdrawn if necessary;
- Apprehended Violence Orders will be clearly defined to capture serious conduct;
- Relevant Employment Proceedings will be clearly defined to capture serious conduct in workplaces;
- volunteers, paid workers, self employed people and other workers currently subject to aspects of the Working With Children Check will all be subject to the Check; and,
- there will be a user fee for paid workers, as in other states' Working With Children Checks.<sup>112</sup>

5.33 The Committee was pleased to note the recommended improvements to the Working With Children Check. The Committee was also pleased to note the recommendation that an interagency committee be established to oversee the implementation of the new Working With Children Check.<sup>113</sup> The Committee welcomed the Report's recommendation that the legislation to implement the changes be introduced 'as soon as possible'.<sup>114</sup>

### Recommendation 5:

**The Committee recommends that the Minister for Citizenship and Communities introduce legislative amendments to allow the NSW Commission for Children and Young People to fully implement the recommendations of the Auditor-General to ensure the Working With Children Check is able to reliably identify those who may pose a risk to children.**

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<sup>112</sup> NSW Government, Report on the Review of the NSW Commission for Children and Young People Act 1998, June 2011, p. 11.

<sup>113</sup> As above.

<sup>114</sup> As above.

## Chapter Six – Improving Road Safety – School Zones

### Introduction

- 6.1 The Roads and Traffic Authority (RTA), in conjunction with NSW Police and the Department of Education and Training, has introduced a number of initiatives designed to improve the safety of children around schools, such as reduced speed limits, road markings and education programs in schools.
- 6.2 In 2001 the NSW Minister for Roads announced that 40km/h speed limits would be introduced in all school zones across New South Wales. By 2003, these speed limits had been implemented in 10,000 school zones around 3,154 schools.

### The Performance Audit

- 6.3 The objective of the Performance Audit was to assess whether school zone initiatives have made a difference to road safety in school areas. In conducting the Performance Audit, the Auditor-General focused on two key questions:
- are there practical approaches to address road safety issues around schools?
  - have these approaches contributed to improved road safety around schools?
- 6.4 The Auditor-General's Performance Audit was completed in February 2010.

### Audit Conclusions

- 6.5 The Auditor-General concluded that available data indicates a significant decrease in road crash casualties between 1998 and 2008. The number of casualties from road crashes in school zones in NSW is small, with approximately 60 casualties in school zones each year compared with approximately 2,000 casualties among school age children in the road system as a whole.<sup>115</sup>
- 6.6 Nonetheless, the Auditor-General found that motorists continue to exceed speed limits in school zones. One NRMA survey found that only half of motorists obeyed speed limits in school zones.<sup>116</sup> Thus, enforcement of speed limits in school zones is crucial to their effectiveness.
- 6.7 The Auditor-General found that issues with signage may contribute to this problem, with some signs poorly located or in poor condition, and some inconsistencies in school zones speeds and times. Flashing lights have been installed in some school zones to improve driver awareness, as well as fixed speed cameras. Enforcement of

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<sup>115</sup> NSW Auditor-General, Performance Audit: *Improving Safety School Zones*, March 2010, p. 2.

<sup>116</sup> As above.

speed limits in school zones is almost entirely dependent on speed cameras, which account for 93% of infringements issued.<sup>117</sup>

### Auditor-General's Recommendations

- The Auditor-General made the following recommendations:

Recommendation	
1.	The RTA should retain existing school zone facilities.
2.	To improve awareness, the RTA should: <ul style="list-style-type: none"> <li>a) Ensure that school road safety programs encourage safe behaviour on roads;</li> <li>b) Improve the visibility of school zones by increasing use of flashing lights;</li> <li>c) Make school zones available to GPS users;</li> <li>d) Ensure that all school zone signs are correctly installed, of appropriate visibility and in serviceable condition; and,</li> <li>e) Publicise the number of infringements in school zones.</li> </ul>
3.	To improve compliance, the RTA should: <ul style="list-style-type: none"> <li>a) Fit flashing lights at all school zones with non-standard operating hours; and,</li> <li>b) Consider introducing higher fines for speeding infringements in school zones with flashing lights.</li> </ul>
4.	To ensure effectiveness, the RTA should: <ul style="list-style-type: none"> <li>a) Demonstrate that future investment in road safety initiatives is based on transparent assessment of risk;</li> <li>b) Inform the public of the effectiveness of its school zone initiatives; and,</li> <li>c) Ensure that school zone speed limits are applied consistently to all schools.</li> </ul>
5.	The RTA should determine and publish progress on the commitment made by the Minister for Roads in 2006 as to the amount of revenue raised by school zone speed cameras and how much of it is reinvested in road safety projects.
6.	The RTA should determine and publish how many of the mobile speed cameras promised in 2006 have been acquired for school zone purposes and how often they have been deployed.
7.	All organisations, Government and non-Government, private and public, should cooperate to ensure that: <ul style="list-style-type: none"> <li>a) New schools are built on roads where the risk of conflict with motor vehicles is minimal; and,</li> <li>b) School operating hours are standardised wherever possible.</li> </ul>

6.8 The Auditor-General also stated that the RTA should be able to demonstrate progress against the first six recommendations within 12 months.

### Response from the Roads and Traffic Authority

<sup>117</sup> NSW Auditor-General, p. 3.

- 6.9 The RTA provided a detailed response to the Auditor-General's report, emphasising that it is 'strongly committed to increasing safety for children across the road network and especially during school travel times'.<sup>118</sup> The RTA did not formally accept or reject the Auditor-General's recommendations in its initial response, but it did provide comments on each recommendation. In some cases these comments indicate the RTA's intention to accept or reject the relevant recommendation. For example, in relation to Recommendation 3b), that it consider introducing higher fines for speeding infringements in school zones with flashing lights, the RTA said that it 'does not support the introduction of higher fines for speeding infringements in school zones'.<sup>119</sup>
- 6.10 In its initial response, the RTA stated that it would provide a detailed report on the status of actions undertaken to address the Auditor-General's recommendations within 12 months.<sup>120</sup>

### The Committee's Examination

- 6.11 As part of its follow-up of the Auditor-General's Performance Audits, the Committee wrote to the RTA on 6 July 2011, to invite a submission detailing actions taken by the RTA in response to the Recommendations. The RTA provided a submission on 1 August 2011. The RTA submission was forwarded to the Audit Office of NSW for comment, and the Auditor-General provided a submission to the Committee on 21 September 2011.
- 6.12 In its submission, the RTA responded to each of the Auditor-General's recommendations.
- 6.13 Recommendation 1, that the RTA retain existing school zone facilities, was accepted. The RTA notes that adjustments may be made to existing school zones in line with current criteria and changes to schools. The RTA also notes that eight speed cameras located in school zones were identified as not providing any road safety gains and have been removed.<sup>121</sup>
- 6.14 Recommendation 2a), that the RTA ensure that school road safety programs encourage safe behaviour on roads, was accepted by the RTA. The RTA notes that it already delivers a comprehensive road safety program in NSW schools.<sup>122</sup> The Auditor-General notes that this constitutes no new action, and that the RTA has provided no information about how the effectiveness of these road safety programs is monitored or evaluated.<sup>123</sup>
- 6.15 Implementation of Recommendation 2b), that the RTA improve the visibility of school zones by increasing the use of flashing lights, appears to be on track. At the time of the audit, there were 366 school zones with flashing lights.<sup>124</sup> By the end of June 2011,

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<sup>118</sup> NSW Auditor-General, p. 5.

<sup>119</sup> As above, p. 7.

<sup>120</sup> As above, p. 8.

<sup>121</sup> Roads and Traffic Authority, Submission 3, p. 3.

<sup>122</sup> As above.

<sup>123</sup> NSW Audit Office, Submission 20, p. 3.

<sup>124</sup> NSW Auditor-General, p. 13.

there were 689, covering 826 schools.<sup>125</sup> The Government has made a commitment to increase the number of school zones fitted with flashing lights to 50% by June 2015. The Auditor-General notes that the RTA has provided no information about how it aims to meet this target.<sup>126</sup>

- 6.16 Recommendation 2c), that the RTA make school zone locations available to GPS users, was accepted. The RTA states that the implementation of this recommendation is also on track, as a school zone mapping system is being developed. Data collection for this system is now complete and the RTA is in the process of validating the data; it is anticipated that this process will be complete by the end of 2011.<sup>127</sup> The RTA then plans to distribute the speed zone maps and ensure that an updated system is in place, though no information was provided about the anticipated timing of this implementation.<sup>128</sup>
- 6.17 Recommendation 2d), that the RTA ensure that all school zone signs are correctly installed, of appropriate visibility and in serviceable condition, was accepted. The RTA states that implementation of this recommendation is ongoing, and that it is progressively replacing old, damaged or missing school zone signs with new high visibility signage. By the end of June 2011, the RTA had installed over 6,500 new high visibility fluorescent signs.<sup>129</sup> "Dragon's teeth" pavement markings have also been installed at all schools.<sup>130</sup> The Auditor-General notes that no information was provided about how the RTA plans to ensure maintenance of these signs in the future,<sup>131</sup> though the RTA states that it is in the process of drafting a new sign maintenance strategy.<sup>132</sup>
- 6.18 Recommendation 2e), that the RTA publicise the number of infringements in school zones, has been addressed through liaison with the State Debt Recovery Office (SDRO).<sup>133</sup> The SDRO publishes the number of infringements on its website. In his submission, the Auditor-General suggests that the RTA should provide a link to this information on its own website, which would make the information more accessible to motorists.<sup>134</sup>
- 6.19 Recommendation 3a), that the RTA fit flashing lights at all school zones with non-standard operating times, was accepted and appears to have been implemented. The RTA states that there are 26 schools with non-standard operating times around NSW: seven of these had lights installed between 2004 and 2009, while the remaining 16 had lights installed between April and June 2011.<sup>135</sup>
- 6.20 Recommendation 3b), that the RTA consider introducing higher fines for speeding in school zones with flashing lights, was rejected. The RTA states that increased fines and

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<sup>125</sup> Submission 3, p. 3.

<sup>126</sup> Submission 20, p. 3.

<sup>127</sup> Submission 3, p. 4.

<sup>128</sup> As above.

<sup>129</sup> As above.

<sup>130</sup> As above, p. 5.

<sup>131</sup> Submission 20, p. 4.

<sup>132</sup> Submission 3, p. 5.

<sup>133</sup> As above.

<sup>134</sup> Submission 20, p. 5.

<sup>135</sup> Submission 3, p. 6.



demerits for speeding infringements in school zones were introduced in 2007, and it does not support further increases.<sup>136</sup>

- 6.21 Recommendation 4a), that the RTA demonstrate that future investment in road safety initiatives is based on a transparent assessment of risk, was accepted. The RTA states that site selection for school zone safety measures is based on criteria known to increase the risk and severity of injuries or fatalities, such as traffic volumes, approach speed, and crash history.<sup>137</sup> The RTA states that its use of these criteria is ongoing and it is unclear whether it has taken any further action as a result of the Auditor-General's recommendation. The RTA states that it will 'seek to further demonstrate that future investment in road safety initiatives is based on a transparent assessment of risk'<sup>138</sup>, but, as the Auditor-General notes, no information was provided about how or when the RTA will do this.<sup>139</sup>
- 6.22 Recommendation 4b), that the RTA inform the public of the effectiveness of school zone safety initiatives, was accepted. In its submission, the RTA states that implementation of this recommendation is ongoing and is addressed as appropriate through correspondence and media responses. The RTA also presented a paper on the initial school zone data analysis at the Road Safety Conference in 2010.<sup>140</sup> The Auditor-General notes that such measures would convey information about the effectiveness of school zone safety initiatives only to a very narrow audience.<sup>141</sup>
- 6.23 Recommendation 4c), that the RTA ensure that school zone speed limits are applied consistently to all schools, was also accepted. However, the RTA has taken no action in relation to this recommendation, stating that since 2003 all school zones have had 40km/h speed limits in place.<sup>142</sup> In his comments, the Auditor-General notes that the recommendation was intended to address apparent inconsistencies that existed after 2003, and that the RTA's actions therefore do not address the findings of the Audit Report.<sup>143</sup>
- 6.24 Recommendation 5, that the RTA determine and publish information about progress made on the commitment made by the Minister for Roads in 2006 regarding the amount of revenue raised by school zone speed cameras and how much is reinvested in road safety projects, was accepted in principle. The RTA states that revenue from school zone fixed speed cameras has been used to support the program to introduce flashing lights in school zones (see Recommendation 3a). The RTA notes that, overall, the amount spent on road safety programs exceeds that raised in camera and speeding fine revenue, with \$822.6 million spent on safety programs over the five-year period to 2009-10, while \$616.3 million in fines was collected during the same period.<sup>144</sup> However, this information appears to refer to safety initiatives as a whole, rather than

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<sup>136</sup> Submission 3, p. 7.

<sup>137</sup> As above.

<sup>137</sup> As above.

<sup>138</sup> As above.

<sup>139</sup> NSW Audit Office, Submission 20, p. 6.

<sup>140</sup> Submission 3, p. 7.

<sup>141</sup> Submission 20, p. 6.

<sup>142</sup> Submission 3, p. 8.

<sup>143</sup> Submission 20, p. 6.

<sup>144</sup> Submission 3, p. 8.

specific school zone safety initiatives. The Auditor-General suggests that the RTA provide a breakdown of the expenditure on safety initiatives.<sup>145</sup> The Auditor-General also noted that the Minister's 2011 decision to remove 38 speed cameras will reduce revenue.<sup>146</sup>

- 6.25 Recommendation 6, that it determine and publish information about how many of the mobile speed cameras promised in 2006 have been acquired for school zone purposes, was rejected by the RTA. The RTA noted that the original commitment to deploy 25 fixed and 25 mobile speed cameras was revised, to a commitment to deploy only fixed cameras.<sup>147</sup> Thus the recommendation is technically otiose. Roll-out of 50 fixed cameras was completed in 2009.<sup>148</sup> However, in July 2010, mobile speed cameras were re-introduced in NSW. The Auditor-General suggested that the RTA may wish to re-consider the original recommendation in light of this change in policy.<sup>149</sup>
- 6.26 Recommendation 7a), that all organisations, Government and non-Government, private and public, should cooperate to ensure that new schools are built on roads where the risk of conflict with motor vehicles is minimal, and 7b), that school operating hours be standardised wherever possible, were not addressed in the RTA submission. The role of the RTA in implementing Recommendation 7a) is minor, and it has no role in implementing Recommendation 7b).

### Committee Comment:

- 6.27 The Committee commends the RTA's ongoing commitment to improving road safety around NSW schools, and the measures it has taken to introduce school zones, flashing lights, improving signage, and the introduction of "dragon's teeth" road markings.
- 6.28 However, the Committee was disappointed by the apparent lack of action taken by the RTA specifically in response to the Auditor-General's recommendations. The actions taken by the RTA in response to the Auditor-General's recommendations 2a), 2e), 4a), 4b), 4c) and 5 do not address the recommendations. Further, the RTA rejected Recommendations 3b) and 6.
- 6.29 The Committee notes that the Joint Standing Committee on Road Safety (Staysafe) is currently conducting an inquiry into NSW school zones, to determine whether current measures are effective and/or what else can be done to optimise safety for students and simplify school zones for motorists. The Committee therefore highlights the findings and recommendations from the Auditor-General's Performance Audit to that Inquiry.

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<sup>145</sup> Submission 20, p. 7.

<sup>146</sup> As above.

<sup>147</sup> Submission 3, p. 9.

<sup>148</sup> As above.

<sup>149</sup> Submission 20, p. 7.

# Chapter Seven – Improving the Performance of Metropolitan Bus Services

## Introduction

- 7.1 Scheduled bus services in the Sydney metropolitan area are provided through Metropolitan Bus Service contracts, which are managed by Transport for NSW (formerly NSW Transport and Infrastructure).<sup>150</sup> The State Transit Authority currently holds contracts to provide services in four regions within the metropolitan area, mostly in the inner suburbs, while private operators provide services in another eleven regions.
- 7.2 The Metropolitan Bus Service contracts were introduced in 2005, as part of a program to reform the delivery of bus services. These contracts were negotiated directly with bus service operators and not put out to competitive tender. The contracts run for a seven year period, and have a total value of \$5.6 billion over the period. The current contracts began to expire in December 2011 and the government has already entered negotiations with providers to renew contracts.<sup>151</sup>
- 7.3 The contracts are structured to allow Transport for NSW to determine services to be provided, as contractors are paid for the provision of specified services within their region. The contracts also include extensive reporting requirements, which enable Transport for NSW to undertake strategic planning and performance management.
- 7.4 In March 2010 the Auditor-General completed a Performance Audit assessing how well Transport for NSW manages the performance of bus service operators.

## The Performance Audit

- 7.5 In conducting the Performance Audit, the Audit Office focused on four key questions:
- whether Transport for NSW had set clear performance objectives in the bus service contracts;
  - whether the performance of operators was closely monitored;
  - the timeliness and accuracy of performance information; and,
  - actions taken to correct any deficiencies in performance.
- 7.6 The Auditor-General noted that there were wide variations in the level of bus services provided between regions, with those services provided in privately operated regions likely to be less frequent and less accessible than those provided by the State Transit Authority. Further, he noted that services are not always reliable. A survey conducted in 2009 by the Independent Transport Safety and Reliability Regulator (ITSRR) found

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<sup>150</sup> 'Transport for NSW', as the current name of the agency, is used throughout this report.

<sup>151</sup> J. Saulwick, 'Sydney buses in a performance lane of their own', *Sydney Morning Herald*, 29 August 2011.

that 24 per cent of bus users reported being left at the bus stop at least once a week. Transport for NSW also received 31,200 complaints from bus passengers during 2008-2009; some 53 per cent of these complaints related to reliability issues.<sup>152</sup>

## Audit Conclusions

- 7.7 The Auditor-General concluded that Transport for NSW had set few clear performance objectives in relation to bus services. This lack of clear objectives made it difficult to assess improvements in performance.
- 7.8 The Auditor-General determined that the performance of operators was closely monitored in relation to service delivery, budgets and payments. However, the lack of clear performance information meant that Transport for NSW was unable to undertake comprehensive analysis. Further, the Auditor-General expressed concerns that the existing performance indicators did not cover areas of most importance to bus users.
- 7.9 The Auditor-General noted that Transport for NSW was largely reliant on self-reporting from bus operators in order to assess operational and performance data. Self-reporting carries greater risks of unreliability.
- 7.10 The Auditor-General observed that while Transport for NSW had taken action to address known deficiencies in performance, the lack of clear performance information meant that Transport for NSW was unable to ensure that performance issues were reliably and consistently identified. The Auditor-General also noted that no penalties had been applied to bus operators for performance failures.

## Auditor-General's Recommendations

- 7.11 The Auditor-General made five recommendations to improve the performance of bus operators. These are listed below.

Recommendation	
1.	Specify a range of performance objectives for each contract region (e.g. cost per passenger kilometre, service quality and accessibility) with a clear focus on the needs of bus users.
2.	Comprehensively benchmark performance to hold bus operators accountable, with penalties for poor performance.
3.	Strengthen controls on operator self-reporting to ensure that performance information is accurate.
4.	Publicly report operator performance by route and by region.
5.	Conduct more frequent bus customer satisfaction and usage surveys, including the use of <i>Mystery Shoppers</i> .

## The Committee's Examination

<sup>152</sup> NSW Auditor-General, Performance Audit: Improving the Performance of Metropolitan Bus Services, March 2010, p. 2.

7.12 As part of its follow-up of the Auditor-General's Performance Audits, the Public Accounts Committee examined the Performance Audit and the response from Transport for NSW. On 6 July 2011 the Chair wrote to Transport for NSW seeking details of its response to the Performance Audit.

7.13 Transport for NSW and the Audit Office of NSW made submissions to the Committee's Inquiry, and representatives from both agencies gave evidence at a public hearing on 14 October 2011.

7.14 The Committee's examination of Transport for NSW's response to each recommendation is detailed below.

#### **Auditor-General's Recommendation 1: Specification of performance objectives**

7.15 In February 2010, Transport for NSW accepted the Auditor-General's recommendation that the Department specify a range of performance objectives with a clear focus on the needs of bus users. In its response to the Auditor-General's report, Transport for NSW stated that it was undertaking a Bus Contract Benchmark Exercise, which would assist in managing current bus operator performance as well as preparing for the contract renewal process.<sup>153</sup>

7.16 Transport for NSW also stated that the benchmarks in the Benchmarking Exercise included a mixture of cost and service quality Key Performance Indicators (KPIs) as follows:

- Total cost per service kilometre;
- Boardings per service kilometre;
- Early and late trips from departure;
- Early and late trips at mid-point;
- Complaints per 100,000 boardings;
- Customer satisfaction;
- Average number of Heavy Vehicle Inspection Scheme (HVIS) failures per bus per annum; and
- No management fraud detected during independent audits of sales and reconciliation processes.<sup>154</sup>

7.17 In its submission to the Committee in August 2011, the Department stated that it has been able to develop the following standard performance benchmarking Key Performance Indicators:

- Network cost efficiency;
- Network efficiency;
- Service reliability at Departure;
- Service Quality;
- Safety;

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<sup>153</sup> NSW Auditor-General, p. 4.

<sup>154</sup> NSW Auditor-General, p. 4.

- Management Fraud.<sup>155</sup>

7.18 The Key Performance Indicators referred to in the Transport for NSW's initial response to the Auditor-General's report and in its submission to the Committee were both available to the Auditor-General during the Performance Audit. To date, Transport for NSW does not appear to have developed further benchmarks in response to the Auditor-General's recommendations.

### Committee Comment:

7.19 The Committee is disappointed with the slow pace of development of further performance indicators since March 2010.

### **Auditor-General's Recommendation 2: Comprehensively benchmark performance to hold bus operators accountable, with penalties for poor performance**

7.20 Mr Wielinga explained that Transport for NSW is engaged in performance benchmarking at two levels:

We are doing it against each of the bus companies within the contract areas within Sydney. Secondly, we have set up a national bus performance benchmarking group with other States to work on the details of how we are going against other jurisdictions and to exchange information with those other jurisdictions.<sup>156</sup>

7.21 The National Bus Performance Benchmarking Group (NBPBG) is designed to provide a system of measures to compare data across jurisdictions. In its submission to the Committee, the Department says that the Group has engaged a consultancy firm to undertake data collection and provide a report.<sup>157</sup>

7.22 With regard to the implementation of performance measures or benchmarks in bus service contracts, Mr Wielinga explained that:

We are very much focused on key performance indicators that have two sorts of objectives. The first is that they are customer focussed. The second is we are trying to find things that are under the control of the bus companies themselves, things that they can make a difference about.<sup>158</sup>

7.23 As previously noted, Transport for NSW does not appear to have implemented new benchmarks or performance indicators in metropolitan bus contracts in response to the Auditor-General's recommendations. In his evidence to the Committee, Mr Wielinga explained that the current contracts focused on developing the capacity of bus service operators:

It needs an appreciation of where we used to be and where we are getting to now with the bus companies. Seven or eight years ago we had a group of

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<sup>155</sup> Department of Transport, Submission 9, p. 3.

<sup>156</sup> Mr Les Wielinga, Director-General, Department of Transport, Evidence, 14 October 2011, p. 1.

<sup>157</sup> Submission 9, p. 4.

<sup>158</sup> Mr Wielinga, Evidence, p. 2.

family-based companies generally, one or two big players, not very much sophistication in regard to bus route planning and a lot of other things. Their management structures were not geared up to focus on customer service in an appropriate way. The quality of the management generally, their ability to co-ordinate with others was not good. The first lot of contracts did a lot to advance that along the way.<sup>159</sup>

7.24 In its submission, Transport for NSW states that it is currently undertaking a comprehensive review of the Contracts Performance Criteria and is developing Performance Standards and Measures which will form part of the contract negotiations for the new bus service contracts.

7.25 Mr Wielinga explained that Transport for NSW is seeking to use the new contracts to improve the performance management of bus operators and implement new performance indicators:

We do want to improve the management regime and the performance framework with the performance based contract...what we wanted to focus on was under performance measures that were fully under the control of the operator. There are some circumstances where these buses are operating on a road network where they cannot control the congestions that are out there....We would like to see a right to terminate as a result of continual poor performance.<sup>160</sup>

7.26 Mr Wielinga also said that Transport for NSW was seeking to establish an 'efficiency regime' for bus operators. This regime will involve the application of financial penalties against bus operators for performance deficiencies.<sup>161</sup>

7.27 Mr Wielinga explained that Transport for NSW is seeking to work co-operatively with bus service operators to improve performance:

In a sense there is a little bit of a fear from the bus companies about that sort of exposure they get when you start working on appropriate performance indicators. We took the attitude that we wanted to work with the industry to get that right. I have been appreciative of their cooperation along the way. It is taking us a few months longer than we would have liked, but I think we are going to get a better result as a result of those performance indicators.<sup>162</sup>

7.28 Mr Wielinga explained that the new contracts for provision of bus services in the Sydney Metropolitan Area have a value of approximately \$660 million a year.<sup>163</sup> It is not clear whether tenders to deliver bus services will be sought. Mr Wielinga expressed the view that the decision to tender is a policy issue for Government.<sup>164</sup>

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<sup>159</sup> Mr Wielinga, Evidence, p. 4.

<sup>160</sup> Mr Wielinga, Evidence, p. 10.

<sup>161</sup> Mr Wielinga, Evidence, p. 10.

<sup>162</sup> Mr Wielinga, Evidence, p. 4.

<sup>163</sup> Mr Wielinga, Evidence, p. 8.

<sup>164</sup> Mr Wielinga, Evidence, p. 8.

- 7.29 Mr Peter Achterstraat, Auditor-General, emphasised the importance of improving performance management in the new contracts:

We are at a critical time now. The existing seven-year contracts are being wound down. They are finishing up. Over the next couple of months new contracts will be entered into. We need to have all hands on deck over the next couple of months to make sure that these new contracts are effective and efficient and they meet the needs of bus users, the taxpayer, the bus companies and the Government...If we can get it right in the new set of contracts, then hopefully there will be a better level of service and less customer complaints.<sup>165</sup>

### Committee Comment:

- 7.30 The Committee notes that on 24 October 2011 the *Sydney Morning Herald* reported that Transport for NSW is extending current metropolitan bus service contracts by a year in order to finalise its negotiating stance.<sup>166</sup>
- 7.31 The Committee commends Transport for NSW's positive engagement with bus service operators to improve performance. The Committee notes the extension of current contracts and looks forward in the next round of contracts to the implementation of comprehensive performance benchmarks with a focus on outcomes for bus users, in line with the recommendations made in the Auditor-General's Performance Audit.

### **Auditor-General's Recommendation 3: Strengthen controls on operator self-reporting to ensure that performance information is accurate**

- 7.32 The Auditor-General noted that Transport for NSW is largely reliant on self-reporting from bus service operators in order to assess performance, and noted the limitations of self-reporting. While the Department had control measures in place to verify this data, the Auditor-General felt that the value of these control measures was limited and recommended that the Department strengthen its audit program.<sup>167</sup>
- 7.33 Transport for NSW accepted the Auditor-General's recommendation to strengthen controls on operator self-reporting and stated that it is 'taking steps to implement a transparent reporting system that will in particular, enhance on time running information.'<sup>168</sup>
- 7.34 In its submission Transport for NSW stated that it had engaged an Independent Auditor to audit the Metropolitan Bus Service Contracts, and that this audit would be expanded to include the auditing of bus operator self reported performance data.<sup>169</sup>

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<sup>165</sup> Mr Peter Achterstraat, Auditor-General, Audit Office of NSW, Evidence, 14 October 2011, p. 11.

<sup>166</sup> J. Saulwick, 'Bus operators fail to hit targets but say it's not their fault', *Sydney Morning Herald*, 24 October 2011.

<sup>167</sup> NSW Auditor-General, p. 19.

<sup>168</sup> NSW Auditor-General, p. 4.

<sup>169</sup> Submission 9, p. 6.



7.35 In response to questions regarding the outcome of this audit, Mr Wielinga tabled On Time Running Results for February 2010 to August 2011 at the Committee hearing on 14 October 2011. Transport for NSW's submission states that On Time Running checks and reports are conducted on a monthly basis.<sup>170</sup> Contract staff are placed at key locations on the bus network to monitor bus performance.<sup>171</sup> This allows Transport for NSW to verify On Time Running as reported by bus operators.

7.36 Mr Wielinga noted that there had been some variations between data obtained by independent checks and that reported by bus operators. He emphasised that the Department seeks to resolve any issues identified in this process with operators:

We have had independent people out there measuring the on-time running at key points on all of the networks and checking that against the self-reporting stuff from the companies and working with those companies where there has been any variations, so that we have sorted out those issues with them.<sup>172</sup>

7.37 Mr Wielinga also noted that independent checks on On Time Running improve the quality of reporting:

Clearly there are some of those variations, but when they come up we confront them with the companies and deal with it. If you are saying to me: Is it better to do independent reporting? You bet it is.<sup>173</sup>

7.38 In order to verify data provided by bus operators, Transport for NSW contract managers meet with bus service operators on a monthly basis. These monthly meetings with bus operators have been conducted since 2009. In the Performance Audit, the Auditor-General expressed the view that there should be policy guidelines to direct these meetings, in order to ensure that the level of analysis is adequate, consistently applied, and findings shared.<sup>174</sup> However, this was not a formal recommendation and the Department has not supplied any information about the conduct of these meetings to the Committee.

7.39 The Department did not report any other action taken to strengthen controls on bus operator self-reporting.

**Auditor-General's Recommendation 4: Publicly report operator performance by route and region**

7.40 In its initial response to the Performance Audit, Transport for NSW noted that the NSW Government was planning to deliver an electronic ticketing system which would drive better performance as well as providing for improved customer information. The proposed electronic ticketing system has the potential to deliver significant benefits to customers, as well as to increase the data available to Transport for NSW. However,

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<sup>170</sup> As above.

<sup>171</sup> As above.

<sup>172</sup> Mr Wielinga, Evidence, p. 3.

<sup>173</sup> Mr Wielinga, Evidence, p. 3.

<sup>174</sup> NSW Auditor-General, p. 19.

this initiative does not appear to be directly related to the Auditor-General's recommendation, which is intended to encourage improved performance by making performance information available to the public.

- 7.41 In its submission to the Committee, the Department noted the Auditor-General's recommendation and stated that it is 'working on implementing appropriate measures and systems to address this in a timely manner'.<sup>175</sup>
- 7.42 Transport for NSW noted in its submission that it has developed a detailed and agreed process with all contract holders which results in On Time Running data being signed off by operators, and that these results are available for publication.
- 7.43 As already noted, Mr Wielinga tabled On Time Running Results for February 2010 to August 2011 at the Committee hearing on 14 October 2011, and said that these would be placed on the Department's website.<sup>176</sup> However, the On Time Running results do not include information about bus operator performance by route. The On Time Running results have not yet been published on the Transport for NSW website.<sup>177</sup>

#### **Committee Comment:**

- 7.44 The process for reporting information about bus operator performance to the public appears to be unclear. The Committee was disappointed at the lack of information available in relation to bus operator performance, and believes that this data should be more readily accessible to the public.

#### **Auditor-General's Recommendation 5: Conduct more frequent bus customer satisfaction and usage surveys, including the use of Mystery Shoppers.**

- 7.45 The Auditor-General noted that the Department did not conduct routine customer satisfaction surveys, though the current bus contracts require an independent survey of all contractors to be conducted every six months.<sup>178</sup>
- 7.46 Transport for NSW accepted the Auditor-General's recommendation that it conduct more frequent customer satisfaction and usage surveys, including the use of Mystery Shoppers. In its response to the Auditor-General, the Department noted that it had approached the Independent Transport Safety and Reliability Regulator (ITSSR) to undertake customer satisfaction surveys beginning in 2009.<sup>179</sup>
- 7.47 The Independent Transport Safety and Reliability Regulator conducted a Survey of Sydney Metropolitan Bus Users 2009, which was published in 2009. The survey samples over 2,000 bus users from all metropolitan regions, measuring their

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<sup>175</sup> Submission 9, p. 7.

<sup>176</sup> Mr Wielinga, Evidence, p. 3.

<sup>177</sup> See [www.bts.nsw.gov.au](http://www.bts.nsw.gov.au), Accessed 13.2.12.

<sup>178</sup> NSW Auditor-General, p. 20.

<sup>179</sup> NSW Auditor-General, p. 5.

experience and level of satisfaction with key aspects of services, such as delays, frequency and reliability of services, comfort, accessibility, and driver behaviour.<sup>180</sup>

7.48 The Independent Transport Safety and Reliability Regulator has since been re-structured and its reliability functions are now administered by Transport for NSW, which published the 2010 survey results. The 2011 survey will be conducted by the Bureau of Transport Statistics, which is an independent entity within Transport for NSW.<sup>181</sup> In its submission the Department states that it is envisaged that these customer satisfaction surveys will be conducted annually.<sup>182</sup> The Department is also planning to conduct surveys on board buses, rather than by telephone.<sup>183</sup>

7.49 Mr Wielinga explained that Transport for NSW also conducts Mystery Shopper surveys across the transport network:

We are now doing the mystery shopper-type surveys across all the networks, road, rail and buses, using a similar structure and a more comprehensive set of questions. That customer satisfaction number is going to be fairly important.<sup>184</sup>

7.50 No further information was provided in regard to the extent or results of Mystery Shopper surveys.

#### **Committee Comment:**

7.51 The Committee believes that results of Mystery Shopper surveys should be made available on the Transport for NSW website.

#### **Electronic ticketing system and GPS technology**

7.52 In its response to the Performance Audit, the Department emphasised that the introduction of new technologies such as GPS tracking and electronic ticketing will drive improvements in bus services:

The NSW Government is on track to sign a contract to deliver an electronic ticketing system with the successful entity in 2010. Together with GPS bus tracking technology provided by the Public Transport Information and Priority System (PTIPS) these projects will enable real time data without significant operator input. Real time data will allow NSWTI to drive better performance from contracted bus operators as well as providing for improved customer information.<sup>185</sup>

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<sup>180</sup> Independent Transport Safety and Reliability Regulator (2009) 'Survey of Sydney Metropolitan Bus Users'.

<sup>181</sup> <http://www.bts.nsw.gov.au/About-us/default.aspx>, Accessed 28 October 2011.

<sup>182</sup> Submission 9, Department of Transport, p. 8.

<sup>183</sup> As above.

<sup>184</sup> Mr Wielinga, Evidence, p. 5.

<sup>185</sup> NSW Auditor-General, p. 5.

- 7.53 Mr Wielinga explained that the introduction of electronic ticketing and GPS tracking of buses will provide the Department with improved information about bus operations and the performance of operators:

It will do two things for us. It will give us a broader span for chasing information with these GPS locators on all buses. It will give us that information database. The reality is that we can not only look at their performance over a period of time, but we can start solving problems live time while they are occurring during the peak period...The second thing that we are doing with PTIPS is that we are having a look at the reality of the bus timetables. We set them as they go through our road network. Are they a realistic timetable? Where are the problems occurring?<sup>186</sup>

- 7.54 In April 2010, the Government announced that a new contract to deliver the electronic ticketing system had been awarded to the Pearl consortium. This followed the failure of a previous plan to introduce an electronic ticketing system – the T-card – in 2007. Implementation of the scheme is being managed by the Public Transport Ticketing Corporation (which is part of Transport for NSW). The system, to be called 'Opal', is due to be implemented from 2012.<sup>187</sup>

- 7.55 In his report, the Auditor-General noted that the introduction of an electronic ticketing system has the potential to significantly improve bus services. However, he noted that 'it seems likely to be at least three to four years before the new electronic ticketing system is fully developed and operational'.<sup>188</sup>

- 7.56 However, Mr Wielinga insisted that the implementation of the electronic ticketing system remains on track:

The electronic ticketing system at the moment is on schedule as far as the contracts are concerned. At the moment some of you will be aware we are starting to put consoles into the private buses. That is happening. In addition we are putting some of the infrastructure facilities into some of the other transport modes, the ferry locations, the rail network...There is a lot of testing of equipment going on at the moment. Progress is going in accordance with the schedule...the intention is to roll out the ferry system next year.<sup>189</sup>

### Committee Comment:

- 7.57 The Committee commends Transport for NSW on its work in developing an electronic ticketing system and looks forward to timely implementation of the project.

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<sup>186</sup> Mr Wielinga, Evidence, p. 5.

<sup>187</sup> Hon. Gladys Berejiklian MP, Minister for Transport, Media Release, 13.09.11, [http://www.transport.nsw.gov.au/sites/default/files/releases/110913\\_media\\_release\\_minister\\_announces\\_name\\_of\\_ets\\_will\\_be\\_opal.pdf](http://www.transport.nsw.gov.au/sites/default/files/releases/110913_media_release_minister_announces_name_of_ets_will_be_opal.pdf)

<sup>188</sup> NSW Auditor-General, p. 14.

<sup>189</sup> Mr Wielinga, Evidence, p. 10.

**Recommendation 6:**

**The Committee recommends that Transport for NSW ensure that the forthcoming Metropolitan Bus Service Contracts include comprehensive performance benchmarking with a focus on outcomes for bus users and financial penalties for poor performance, as per the Auditor-General's recommendations.**

**Recommendation 7:**

**The Committee recommends that Transport for NSW publicly and regularly report operator performance by route and by region on its website.**

**Recommendation 8:**

**The Committee recommends that Transport for NSW publish findings of Mystery Shopper surveys on its website.**

# Chapter Eight – Injury Management in the NSW Public Sector

## INTRODUCTION

- 8.1 As one of the largest employers in New South Wales, the NSW Government, in 2005, sought to address the costs of increased workers' compensation claims and insurance premiums. The *Working Together: Public Sector OHS and Injury Management Strategy 2005-2008 (Working Strategy)* was part of the Government's commitment to reducing the cost of injury management in the public sector.<sup>190</sup>
- 8.2 *Working Together* set specific targets for government agencies to achieve a reduction in the number and cost of claims, and reductions in the length of time taken by injured workers to return to work.<sup>191</sup>
- 8.3 To assess the effectiveness of *Working Together*, the Auditor-General assessed eight agencies which were responsible for incurring the largest costs to the Government's workers' compensation premiums. The agencies assessed were: NSW Health, NSW Ambulance Service, Department of Education (excluding TAFE Colleges), NSW Fire Brigades, Department of Corrective Services, Department of Juvenile Justice, Roads and Traffic Authority, and RailCorp.<sup>192</sup>
- 8.4 The Auditor-General's Performance Audit showed that between 2005 and 2008 positive results and savings were achieved.<sup>193</sup> The rate of claims in the sample agencies was reduced and across the whole public sector there was an average reduction of 25 per cent in the cost of claims, with injured workers returning to work sooner.<sup>194</sup>
- 8.5 However, the Auditor-General did raise concerns that as positive as the results of *Working Together* had been, not all targets had been met with the expected reduction in the number of injuries not achieved and the cost of claims still higher when compared to the private sector.<sup>195</sup> The Auditor-General's main concern was that agencies appeared to have lost momentum since the end of *Working Together* in 2008. The Performance Audit of the sample agencies showed a rise in the number of claims and the cost of insurance premiums, which appears to be indicative of similar increases across the public sector.<sup>196</sup>

## The Performance Audit

### Audit Objectives

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<sup>190</sup> NSW Auditor-General, Performance Audit: *Injury Management in the NSW Public Sector*, March 2010, p. 2.

<sup>191</sup> As above, p. 10.

<sup>192</sup> As above, pp. 24-25.

<sup>193</sup> As above, p. 11.

<sup>194</sup> As above.

<sup>195</sup> As above.

<sup>196</sup> As above.

- 8.6 The Audit focused on workplace injuries and whether agencies were successful in reducing workplace injuries and their impact. The Auditor-General examined whether the agencies achieved savings and put in place procedures to improve their ongoing injury management practices.<sup>197</sup>

## Audit Conclusions

- 8.7 The Audit found that *Working Together* was successful in reducing the number of claims between 2005 and 2008.<sup>198</sup> The sample agencies included in the audit reported a 22 per cent reduction in the average cost of claims, going from \$22,349 to \$17,360. The number of claims in the sample agencies remained constant at approximately 15,000 throughout the period.<sup>199</sup>
- 8.8 The Auditor-General compared this to the public sector overall, where positive results were also achieved, with the average cost of claims reduced by 25 per cent from \$23,632 to \$17,801, and the number of claims remaining stable at 21,000 despite an increase in the number of public service employees.<sup>200</sup>
- 8.9 The Government set a target of a 15 per cent reduction in the average cost of claims, which equated to a target saving of \$138 million. WorkCover NSW estimated that *Working Together*, as part of other injury management initiatives, saved \$213 million in the cost of claims, exceeding the Government's target.<sup>201</sup>
- 8.10 Savings were also achieved with the insurance premiums the agencies paid into the Government's self insurance scheme, the Treasury Managed Fund. It was expected that *Working Together* would save \$66 million, however, better than expected savings, adjusted for CPI, actually lead to a saving of \$108 million.<sup>202</sup>
- 8.11 Time lost due to workplace injuries was also considerably reduced, with six of the agencies reporting a reduction of 70 per cent in time lost over the last five years. The Department of Education achieved a reduction of almost 80 per cent or 1.4 million hours.<sup>203</sup>
- 8.12 The incidence rate of claims was reduced in six of the sample agencies, with only the Department of Education and NSW Fire Brigades recording an increase.<sup>204</sup> In the case of NSW Fire Brigades, the increase was attributed to the introduction of the Death and Disability Award in 2003. Across all the sample agencies the incidence rate of claims declined by nine per cent and across all of government there was a reduction of 12 per cent.<sup>205</sup>
- 8.13 The Auditor-General notes that the savings achieved were from improved injury management practices, with more injuries reported earlier and agencies working to

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<sup>197</sup> As above. p. 2.

<sup>198</sup> As above.

<sup>199</sup> As above, p. 11.

<sup>200</sup> As above, p. 3.

<sup>201</sup> As above, p. 11.

<sup>202</sup> As above.

<sup>203</sup> As above, pp. 14-15.

<sup>204</sup> As above, p. 17.

<sup>205</sup> As above.

return injured workers to work sooner.<sup>206</sup> Three of the sample agencies, NSW Health, Roads and Traffic Authority and Corrective Services, achieved savings of more than \$8,000 in their average cost of claims. Across all the sample agencies the average cost of claims was reduced by 22 per cent from \$22,349 to \$17,360.<sup>207</sup>

- 8.14 While noting the achievements of *Working Together*, the Auditor-General also raised concerns about the strategy and expressed the view that it could have achieved even better results had all targets been met.<sup>208</sup>
- 8.15 Accepting that some targets may have been too ambitious for some public sector agencies to achieve, the Auditor-General noted that *Working Together* was expected to lead to 16,000 fewer injuries; however, the actual figure achieved was 5,041 fewer injuries.<sup>209</sup>
- 8.16 Differences between the public and private sector were also highlighted by the Auditor-General.<sup>210</sup> It was noted that the average cost of public sector claims was 19 per cent more than the average cost in the private sector. The incidence rate of claims was also more than a third higher than the private sector at 7.4 compared to 4.7 claims per 100 employees for the non-government employees. However, the Auditor-General goes on to note that this figure is indicative only, because the calculation of the number of employees differs between the public and private sectors.<sup>211</sup>
- 8.17 The Performance Audit also noted that psychological injuries were more costly than physical injuries.<sup>212</sup> The Auditor-General noted that as psychological injuries are twice as expensive as physical injuries, a focus on reducing psychological injuries would lead to significant savings. Across the whole of government the average cost of psychological claims was \$29,065 compared to \$14,141 for physical injuries.<sup>213</sup>
- 8.18 The Auditor-General identified a commitment by agency chief executives to improving injury management practices as vital to the success of *Working Together*.<sup>214</sup> Including injury management practices and targets in chief executives' performance agreements meant there was greater emphasis and motivation to achieve and sustain better injury management practices and financial savings. Only four of the sample agencies had injury management accountabilities as part of chief executive and senior executive performance agreements.<sup>215</sup>
- 8.19 The issue of greater concern to the Auditor-General was that the achievements of *Working Together* did not appear to have been sustained once the strategy came to an end in 2008.<sup>216</sup> It was noted that since 2008 there has been an increase not only in

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<sup>206</sup> As above, p. 16.

<sup>207</sup> As above, p. 12.

<sup>208</sup> As above, p. 3.

<sup>209</sup> As above, p. 5.

<sup>210</sup> As above, p. 13.

<sup>211</sup> As above, p. 18.

<sup>212</sup> As above, p. 13.

<sup>213</sup> As above.

<sup>214</sup> As above, p. 16.

<sup>215</sup> As above, pp. 3 and 20.

<sup>216</sup> As above, p. 3.



three of the sample agencies but right across the public sector. The number of claims increased by 15 per cent and the cost of insurance premiums by \$17 million.<sup>217</sup>

8.20 As a matter of priority, the Auditor-General called on the Government to establish new injury management targets and for chief executives and their ministers to be accountable for achieving the targets.<sup>218</sup>

8.21 The Auditor-General also raised concerns regarding the issue of fraudulent workers' compensation claims which are investigated by WorkCover NSW.<sup>219</sup> In 2007-08, WorkCover NSW investigated 309 alleged incidents of fraud, of which only four were from a government agency. The Auditor-General noted that this figure appeared to be low, as government employees accounted for 20 per cent of insurance claims during the same period.<sup>220</sup>

### Auditor-General's Recommendations

8.22 The Auditor-General made a series of five recommendations to the Department of Premier and Cabinet, NSW Treasury and WorkCover NSW, to ensure that agencies continued to progress improvements in injury management practices.

Recommendation	
1.	It is recommended that the Department of Premier and Cabinet, NSW Treasury and WorkCover NSW release the proposed new <i>Working Together Strategy 2009-2012</i> by April 2010.
2.	It is recommended that individual agencies set specific targets to reduce the: <ul style="list-style-type: none"> <li>- average cost of claims and incidence rate of claims in line with relevant industry benchmarks;</li> <li>- number of psychological injuries where appropriate; and,</li> <li>- cost of premiums.</li> </ul>
3.	It is recommended that the Department of Premier and Cabinet require <i>Working Together</i> targets to be included in chief executive performance agreements.
4.	It is recommended that commencing in 2009-10, NSW Treasury require public sector agencies to: <ul style="list-style-type: none"> <li>- refer all alleged frauds to WorkCover NSW; and,</li> <li>- report performance against the <i>Working Together</i> targets on their Annual Reports.</li> </ul>

### The Committee's Examination

8.23 As part of the Committee's follow-up of the Auditor-General's Performance Audits, on 6 July 2011 the Committee wrote to the NSW Treasury, the Department of Premier and Cabinet and to WorkCover NSW, seeking details of their responses to the

<sup>217</sup> As above, p. 3.

<sup>218</sup> As above, p. 20.

<sup>219</sup> As above.

<sup>220</sup> As above.

Performance Audits. Responses were received from WorkCover NSW on 8 August 2011 and from the Department of Premier and Cabinet on 12 August 2011, while Treasury responded on 11 October 2011. The Auditor-General provided comment on the submissions from WorkCover NSW and the Department of Premier and Cabinet on 23 September 2011.

- 8.24 The Committee was pleased to note that the new *Working Together: Public Sector Workplace Health and Safety and Injury Management Strategy 2010-2012* was released on 30 March 2010 followed by the Premiers' Memorandum 2010-07 *Working Together* issued on 1 June 2010.<sup>221</sup>
- 8.25 The new *Working Together Strategy 2010-2012* now includes targets regarding the incidence and average cost of claims (Recommendation 2). The new Strategy also tasks agencies with selecting at least two priority issues and develop a consultative risk management approach to focus on these injury related areas of greatest risk which can include psychological injuries.<sup>222</sup>
- 8.26 In response to Recommendation 3, the *Working Together Strategy 2010-2012* establishes that responsibility for workplace health and safety and injury management practices is included as part of the performance contracts for all senior executive staff and not just chief executives.<sup>223</sup>
- 8.27 The Committee also noted that WorkCover NSW accepted Recommendation 4 in full,<sup>224</sup> while NSW Treasury accepted part one and rejected part two of the recommendation.<sup>225</sup> Likewise, the Department of Premier and Cabinet gave in-principle support to part one and rejected part two. The Department of Premier and Cabinet advised that the reporting of performance against *Working Together* targets in annual reports would be contrary to a 2009 Cabinet decision, made in response to the Red Tape Review, to reduce the number of disclosures required under annual report regulations.<sup>226</sup>
- 8.28 The Committee was also pleased to read that *Working Together* was effective in improving injury management practices and that significant savings were made as a result.
- 8.29 In his submission to the Committee, the Auditor-General expressed satisfaction with the progress made by the Department of Premier and Cabinet and WorkCover NSW in implementing the recommendations of the Performance Audit.<sup>227</sup> The Committee also noted the Auditor-General's comments regarding the outcome of consultation between the Department of Premier and Cabinet and NSW Treasury and whether progress was made regarding the implementation of part one of Recommendation 4.

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<sup>221</sup> Department of Premier and Cabinet, Submission No. 1, p. 1.

<sup>222</sup> WorkCover NSW, Submission 1, p. 1.

<sup>223</sup> Department of Premier and Cabinet, Submission No. 1, p. 1.

<sup>224</sup> WorkCover NSW, Submission 1, p. 1.

<sup>225</sup> NSW Treasury, Submission 1, p. 2.

<sup>226</sup> Department of Premier and Cabinet, Submission No. 1, p. 1.

<sup>227</sup> Auditor-General, Submission No. 1, pp. 1-2.

Comments by the Auditor-General regarding annual reports and the reporting of performance against *Working Together* targets in the reports were also noted.<sup>228</sup>

- 8.30 The Committee was also pleased to note that most of the Auditor-General's recommendations were accepted and welcomed the introduction of *Working Together Strategy 2010-2012* as a sign of the Government's ongoing commitment to the safety of NSW public sector employees. The Committee looks forward to continued monitoring to ensure the effectiveness of the *Working Together Strategy 2010-2012*.

#### RECOMMENDATION 9:

**The Committee recommends that the Government regularly monitor the implementation of *Working Together: Public Sector Workplace Health and Safety and Injury Management Strategy 2010-2012*, and the compliance of all government agencies with its objectives.**

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<sup>228</sup> As above.

# Chapter Nine – Access to Overnight Centre-Based Disability Respite

## Introduction

- 9.1 Respite care helps families to maintain their role as primary carers of people with disabilities by providing them with a break. The NSW Government funds various respite services, including overnight, centre-based respite care for people with disabilities, which was the focus of the Auditor-General's Performance Audit. The Performance Audit was completed in May 2010.
- 9.2 The Department of Ageing, Disability and Home Care (ADHC) provides a range of services for people with disabilities, including centre-based respite care for people with intellectual disabilities aged seven to 64. In this form of care, people with disabilities stay at a centre for a specified period, which can vary from one night to several weeks. This is intended to provide a respite effect for carers, as well as providing people with disabilities with a positive experience. Around 40 per cent (3,400 people) of the people using respite services in New South Wales use this form of care. The cost of providing centre-based respite care varies, and is estimated at between \$8,800 and \$22,000 a year per client.<sup>229</sup>
- 9.3 ADHC also funds non-government organisations (NGOs) which provide various forms of respite care, including some overnight centre-based services, for people with both intellectual and physical disabilities.
- 9.4 Historically, the NSW Government has invested less in respite care than other Australian jurisdictions. Since 2006, however, the Stronger Together initiative has provided increases in funding. For instance, the number of people using centre-based respite care in NSW increased from 2,769 in 2006-07 to 3,326 in 2008-09.<sup>230</sup>

## The Performance Audit

- 9.5 The focus of the Auditor-General's Performance Audit was on centre-based disability respite. The Auditor-General asked three key questions:
- What is ADHC trying to achieve with respite and is it successful?
  - Is access to respite care based on need?
  - Is respite managed efficiently?<sup>231</sup>

## Audit Conclusions

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<sup>229</sup> NSW Auditor-General Performance Audit: *Access to Overnight Centre-based Disability Respite*, May 2010, p. 10.

<sup>230</sup> NSW Auditor-General, p. 3.

<sup>231</sup> NSW Auditor-General, p. 2.

9.6 The Auditor-General found that ADHC had increased the number of respite places available.<sup>232</sup> Feedback from NGOs and carer organisations also suggested that the management of respite care had improved.<sup>233</sup> However, the Auditor-General identified a number of problems with the way respite care is managed.

***What is ADHC trying to achieve?***

9.7 The Auditor-General found that the number of people receiving care is increasing. However, there is some uncertainty over the priorities of respite care: for example, is it more important to increase the number of people accessing respite care (and hence provide smaller amounts of care to larger numbers of people), or to provide services to those with the greatest need (and therefore provide more care to fewer people). The Auditor-General concluded that ADHC did not have a clear answer to this question.<sup>234</sup>

***Is access based on need?***

9.8 The Auditor-General found that there were no consistent criteria for distributing available respite care, and that the amount provided is not necessarily based on level of need. While both ADHC and NGOs base their eligibility criteria on disability as defined in the *Disability Services Act 1993*, services often have different rules in determining priority of access. In a context of high demand, this can result in inequities in access to services. This is exacerbated by the geographical distribution of respite care centres which, for historical reasons, are concentrated in particular areas of the state.

***Is respite managed efficiently?***

9.9 The Auditor-General expressed the view that management performance was mixed. ADHC's performance in some areas was good: for example, it had reduced the number of 'blocked' beds (blocked beds occur when a person is not picked up after the respite period – usually due to a carer's inability to continue providing care).<sup>235</sup>

9.10 However, the Auditor-General found that ADHC had failed to re-assess the needs of high respite users according to its own policy. 'High' or 'heavy' users of respite are likely to have other additional needs (such as a need for supported accommodation), and their use of respite also limits the availability of respite beds for others. ADHC therefore requires re-assessment of a client's need once they reach the threshold of 'heavy use', but only 55 per cent of such clients had actually been re-assessed.<sup>236</sup>

9.11 At the same time, the Auditor-General found that some respite beds were under-utilised. A few respite centres had less than half of their beds occupied at any given time.<sup>237</sup> Under-utilisation can be caused by a number of factors such as late cancellation of bookings; it may also occur when a client with challenging behaviours is

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<sup>232</sup> NSW Auditor-General, p. 2.

<sup>233</sup> As above, p. 2.

<sup>234</sup> As above, p. 3.

<sup>235</sup> As above, p. 3.

<sup>236</sup> As above, p. 4.

<sup>237</sup> NSW Auditor-General, p. 4.

staying in a centre, requiring additional staff resources which are then unavailable to other clients.

- 9.12 The Auditor-General also found problems in ADHC's management of the NGO services that it funds. ADHC does not hold centralised data on the level and type of respite care services provided by funded NGOs, or the utilisation of these services. Further, there appear to be variations in the level of funding provided to services, according to the kind of funding agreement in place rather than the nature of the service provided.<sup>238</sup>

### Auditor-General's Recommendations

- 9.13 The Auditor-General made recommendations in four key areas.

Recommendation	
1.	To better plan for and manage respite services, ADHC establish, and monitor against, respite performance targets by December 2011. These targets should direct ADHC's attention to supporting families in maintaining their caring role and could include the proportion of: <ul style="list-style-type: none"> <li>a) people with very complex medical needs receiving respite; and,</li> <li>b) people with very challenging behaviour receiving respite</li> </ul>
2.	To ensure people with the greatest need receive respite, ADHC expedite its current efforts to: <ul style="list-style-type: none"> <li>a) direct growth funding to the areas that need it most;</li> <li>b) establish consistent criteria and implement a common approach for prioritising and allocating respite according to need; and</li> <li>c) work collaboratively with NGOs to coordinate ADHC and NGO services.</li> </ul>
3.	To improve access to respite, ADHC: <ul style="list-style-type: none"> <li>a) strengthen its monitoring to ensure that the needs of high users of respite are being met;</li> <li>b) expedite the work underway to streamline the assessment process and the sharing of information with NGOs;</li> <li>c) set clear targets for occupancy rates of centre-based respite beds; and</li> <li>d) improve the design of facilities to assist the management of challenging behaviour.</li> </ul>
4.	To better understand what it is getting for its expenditure, by December 2011 ADHC: <ul style="list-style-type: none"> <li>a) undertake a stocktake and maintain a database of all respite beds; and,</li> <li>b) complete its review of centre-based respite outputs and funding including those provided under pre-2006 agreements.</li> </ul>

### Response from ADHC

- 9.14 ADHC's initial response to the Performance Audit in April 2010 was brief, welcoming the findings of the Audit and 'the confirmation that the improvement projects ADHC has in train are appropriate responses to the challenges it faces in delivering and

<sup>238</sup> As above, p. 4.

funding respite centres'.<sup>239</sup> ADHC undertook to implement each of the Auditor-General's recommendations.

### The Committee's Examination

- 9.15 As part of the Committee's follow-up of the Auditor-General's Performance Audits, on 6 July 2011 the Chair wrote to the Director-General, ADHC to seek a submission outlining the Department's response to the Performance Audit. ADHC provided a submission on 4 August, which was forwarded to the Audit Office of NSW for comment. The Auditor-General provided a submission on 8 September. On 8 September, the Chair also wrote to ADHC seeking further information regarding the Department's Key Performance Indicators, and this information was provided on 12 September 2011.
- 9.16 The Committee conducted a public hearing on 1 December 2011 to seek further information from ADHC about its implementation of recommendations from the Performance Audit. Representatives from both ADHC and the Audit Office of NSW gave evidence at the hearing.
- 9.17 Recommendation 1, regarding the implementation and monitoring of performance targets by December 2011, appears to have been largely implemented. In its submission to the Committee, ADHC states that performance indicators for centre-based respite were completed in May 2011.<sup>240</sup> These Performance Indicators do not set targets per se but are designed to measure equity, access to services, quality of services and efficiency.<sup>241</sup>
- 9.18 Recommendation 1a), that the targets could include the proportion of people with very complex medical needs receiving respite appears to have been largely implemented. The Performance Indicators include measures of the amount of Centre-Based Respite services delivered to high, medium and low needs clients.
- 9.19 Recommendation 1b), that the targets measure the proportion of people with very challenging behaviour receiving respite, appears to have been similarly addressed, through a Performance Indicator that measures the percentage of these clients accessing Centre Based Respite. At the hearing, Ms Ethel Mc Alpine, Deputy Director-General, ADHC, tabled documents that detail the proportion of clients with challenging behaviour accessing respite care over the last three years. The documents show that across NSW the proportion of clients with challenging behaviour is currently 32 per cent.<sup>242</sup>
- 9.20 Recommendation 2 is intended to ensure that people with the greatest need receive respite. In this regard, Recommendation 2a), that ADHC direct growth funding to the areas that need it most, appears to have been implemented. ADHC's submission states that new flexible respite funding made available through the Stronger Together 2

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<sup>239</sup> NSW Auditor-General, p. 6.

<sup>240</sup> Department of Family and Community Services, Submission 7, ADHC, p. 3.

<sup>241</sup> Department of Family and Community Services, Submission 7, ADHC, pp. 3-4.

<sup>242</sup> Ageing, Disability and Home Care, Disability 'Respite Program – Effectiveness - % of clients with challenging behaviour accessing ADHC Centre Base Respite', Document Tabled, 1 December 2011, p. 1.

initiative will be allocated in accordance with the Department's Resource Allocation Framework. However, this is likely to take some time to have an effect on the overall pattern of respite care service delivery across the state.

- 9.21 Recommendation 2b), that ADHC establish consistent criteria and implement a common approach for prioritising and allocating respite according to need is to be addressed through the implementation of a Respite Assessment and Booking System (RABS).<sup>243</sup> In its submission ADHC stated that phased implementation of this system will begin in early 2012.<sup>244</sup> In evidence to the Committee, Ms McAlpine stated that the RABS system had already been rolled out in one ADHC region (Southern Region), and is currently being implemented in the Hunter region. The system is expected to be implemented in the remaining four ADHC regions by early 2013.<sup>245</sup>
- 9.22 In evidence to the Committee, Ms McAlpine explained that the RABS system has two components, which are designed to assess both a client's support needs and the level of stress carers are under. Ms McAlpine explained that this assessment enabled ADHC to rate a client's overall level of need and allocate respite care accordingly:
- It is when these two come together that we get a final rating. We are ranking people as high support, medium support and low support. Then we have identified three bands of access to respite. For people with high support needs, 11 plus nights a quarter, so that would be 44 nights as a minimum in a year. For people in the moderate band, between six to 10 nights a quarter, and for people in the low needs band up to six nights a quarter.<sup>246</sup>
- 9.23 In relation to Recommendation 2c), that ADHC work collaboratively with NGOs to coordinate services, ADHC states that it is refining its framework for Respite Project Officers in each region to work in partnership with NGOs.<sup>247</sup>
- 9.24 Recommendation 3a, that ADHC strengthen its monitoring to ensure that the needs of high users of respite are being met, is also to be addressed through implementation of the RABS system.<sup>248</sup> This recommendation appears intended to address failures to re-assess the needs of high users of respite, an issue which the Auditor-General raised in the audit. In evidence, Ms McAlpine stated that all respite clients in the Southern Region, where the RABS system has already been implemented, had been assessed.<sup>249</sup>
- 9.25 Recommendation 3b), that ADHC streamline the assessment process and the sharing of information with NGOs, is also to be addressed through implementation of the RABS system. ADHC states that the RABS system will be extended to NGOs after it has been implemented within ADHC.<sup>250</sup>

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<sup>243</sup> Department of Family and Community Services, ADHC, Submission 7, p. 4

<sup>244</sup> As above.

<sup>245</sup> Ms Ethel McAlpine, Deputy Director-General, Ageing, Disability and Home Care, Evidence, 1 December 2011, p. 16.

<sup>246</sup> As above.

<sup>247</sup> Submission 7, p. 4.

<sup>248</sup> Submission 7, p. 5.

<sup>249</sup> Ms McAlpine, Evidence, p. 16.

<sup>250</sup> Submission 7, p. 5.



- 9.26 Given that RABS is not expected to be fully implemented within ADHC-operated services before early 2013, it seems unlikely that implementation within NGOs will begin before 2013. In evidence to the Committee, Ms McAlpine explained that ADHC has met with National Disability Services and major non-government respite care providers to brief them about the RABS system. She explained that, 'They [NGOs] have been supportive. They would like to see us operate it for a while first.'<sup>251</sup>
- 9.27 Recommendation 3c), that ADHC set clear targets for occupancy rates of centre based respite beds, is being addressed through the implementation of the Performance Indicators for centre-based respite.<sup>252</sup> The ADHC Centre Based Respite Performance Indicators include a measure of occupancy rate.<sup>253</sup> In evidence to the Committee, Ms McAlpine stated that the Department had set an occupancy rate of 90 per cent as a target for centre-based respite beds.<sup>254</sup>
- 9.28 Ms McAlpine also tabled documents detailing the occupancy rate of centre-based respite beds provided by ADHC during 2008-09, 2009-10 and 2010-11. These documents show that the occupancy rate across NSW rose from 68 per cent in 2008-09 to 81 per cent in 2010-11. However, there was considerable variation between ADHC regions, with occupancy rates as low as 48 per cent (in the Northern region in 2008-2009) and as high as 94 per cent (in the Metro North region in 2010-2011).<sup>255</sup> In fact, the Metro North Region, with a similar number of beds to the Metro Southern region, achieved consistently higher occupancy rates.<sup>256</sup>
- 9.29 Recommendation 3d) is intended to improve access to respite accommodation both for people with challenging behaviours and other clients by improving the design of facilities to assist in the management of these behaviours. ADHC states that it has started to upgrade group home and respite accommodation, including modifications to assist in the management of challenging behaviours.<sup>257</sup> The Auditor-General expressed the view that the Committee 'should expect to see an overview of completed and planned upgrades'.<sup>258</sup> However, no information was provided in relation to the kind of modifications being made, how these will assist in the management of challenging behaviours, or the progress of this work.
- 9.30 Recommendation 4 is designed to improve ADHC's management of respite care funded by ADHC and provided by NGOs by better understanding what ADHC is getting for its investment. ADHC also reported that implementation of Recommendation 4a), that ADHC undertake a stocktake and maintain a database of all respite beds, was in progress.<sup>259</sup>

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<sup>251</sup> Ms McAlpine, Evidence, p. 16.

<sup>252</sup> Submission 7, p. 5.

<sup>253</sup> Submission 17, p. 4.

<sup>254</sup> Ms McAlpine, Evidence, p. 17.

<sup>255</sup> Ageing, Disability and Home Care, Disability, 'Disability Respite Program – Efficiency – Percentage of Bed Nights Occupied For ADHC Centred Based Respite (Occupancy Rate)', Document Tabled, 1 December 2011, p. 1

<sup>256</sup> As above.

<sup>257</sup> Submission 7, p. 5.

<sup>258</sup> NSW Audit Office, Submission 12, p. 4.

<sup>259</sup> Submission 7, ADHC, p. 5.

- 9.31 In evidence, Ms McAlpine confirmed that this stocktake is in progress and was expected to be complete by mid-December 2011.<sup>260</sup> No further information was provided in relation to the information being collected, or the database to be used.
- 9.32 In its submission, ADHC stated that the implementation of Recommendation 4b), that it complete its review of centre-based respite outputs and funding including those provided under pre-2006 agreements, is complete. ADHC states that it will implement a new Funding Management System, including information on outputs for all non-government organisations.<sup>261</sup> It is not clear how, or whether, this review of outputs relates to the stocktake of respite beds. The Auditor-General suggests that the Committee should expect a summary of the review and its recommendations.<sup>262</sup>

### Flexible service delivery

- 9.33 Ms McAlpine also noted that in the future, ADHC plans to move toward provision of more flexible respite care services, rather than centre-based respite care. This is consistent with person-centred, flexible service delivery emphasised in Stronger Together 2. Ms McAlpine explained that consultations suggested that consumers prefer more flexible respite options:

In 2009-10 we did a respite process where we went to every region and met with 42 groups to hear what they wanted in the way of respite service development. By far the biggest requests were for flexible respite Teen Time—before and after school care. There were not many additional requests for centre-based respite...We have given an undertaking that come 2014 the disability system will be completely flexible in relation to what it is that people want to use. As people come into the system their needs will be assessed and they will be given a notional package of services...After 2014 it is their intention to attract parents with those service packages.<sup>263</sup>

### Committee Comment:

- 9.34 It is encouraging to see that Ageing, Disability and Home Care has agreed to implement the recommendations from the Auditor-General's Performance Audit, and its endorsement of the Audit process.
- 9.35 The Committee was pleased to see that ADHC has developed Centre Based Respite Performance Indicators (Recommendation 1) and initial data derived from these Indicators.
- 9.36 It is encouraging to see that ADHC is introducing a Respite Assessment and Booking System (RABS) and that this system will be extended to NGOs funded by the Department. It is hoped that the implementation of RABS will facilitate more efficient allocation of respite care places and provide the ADHC with improved data about the use of these services. However, the Committee received limited information about

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<sup>260</sup> Ms McAlpine, Evidence, p. 15.

<sup>261</sup> Submission 7, p. 5.

<sup>262</sup> Submission 12, p. 4.

<sup>263</sup> Ms McAlpine, Evidence, p. 17.

progress made in conducting re-assessments of the needs of high users of respite (Recommendation 3a). The Committee would also have liked to see more information about the assessment framework to be adopted in the RABS system.

9.37 Similarly, the Committee was pleased to see that ADHC has made progress in improving information about services provided by NGOs by conducting a stocktake of respite beds provided by these services. In evidence, Ms McAlpine stated that there are 223 centre-based respite beds available in the non-government sector.<sup>264</sup> The Committee looks forward to seeing the results of the stocktake.

9.38 The Committee was also pleased to see ADHC's work in developing more flexible service delivery options, and looks forward to further progress in implementing person-centred service delivery for people with disabilities and their carers.

#### **RECOMMENDATION 10:**

**The Committee recommends that ADHC publish the results of its current stocktake of centre-based respite provided by non-government organisations.**

#### **RECOMMENDATION 11:**

**The Committee recommends that ADHC publish data derived from its Centre-based Respite Performance Indicators.**

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<sup>264</sup> Ms McAlpine, Evidence, p. 14.

# Chapter Ten – Severance Payments to Special Temporary Employees

## Introduction

- 10.1 Special Temporary Employees are appointed to provide policy advice and support to the Premier, Ministers and the Leader of the Opposition.<sup>265</sup> Their recruitment is not governed by the normal public service recruitment process. The terms of their employment are governed by the *Public Sector Employment and Management Act 2002* and administrative guidelines drawn up by the Department of Premier and Cabinet.<sup>266</sup> Unlike the employment terms of permanent public service employees, Special Temporary Employees are employed for a period that does not exceed the term of the office holder's own appointment, unless the Director-General of the Department of Premier and Cabinet extends their employment.<sup>267</sup>
- 10.2 Special Temporary Employees lose their positions when the office holder loses office or dies; on the date of the appointed general election; if they resign; or their services are no longer required.<sup>268</sup> Special Temporary Employees are entitled to a severance payment when their employment ceases for any reason other than resignation, misconduct or poor performance. Severance payments are made in accordance with the guidelines issued by the Department of Premier and Cabinet.<sup>269</sup>
- 10.3 Under the guidelines, Special Temporary Employees are provided four weeks payment which is in lieu of notice regardless of the length of time served, or five weeks for those aged 45 years and over with five years or more of continuous service; and three weeks pay per year of continuous service up to a maximum of 39 weeks.<sup>270</sup> Recipients of severance pay are also required to repay some of their payment should they return to the public service within the period covered by the payment i.e. a Special Temporary Employee who received 25 weeks' severance pay but is then re-employed after 10 weeks has to repay 15 weeks of their severance pay.<sup>271</sup>
- 10.4 From 1 July 2006 to 31 December 2009, 257 Special Temporary Employees resigned or had their employment terminated. Severance payments worth approximately \$5.9 million were paid to 147 of these Special Temporary Employees.<sup>272</sup>
- 10.5 In his review of the severance payments made to Special Temporary Employees during this period, the Auditor-General noted that the majority of payments were made in accordance with the guidelines.<sup>273</sup> However, the Auditor-General raised concerns about two separate severance payments which did not adhere to the guidelines. The

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<sup>265</sup> NSW Auditor-General, Performance Audit: *Severance Payments to Special Temporary Employees*, June 2010, p. 8.

<sup>266</sup> As above, p. 2.

<sup>267</sup> As above, pp. 8-9.

<sup>268</sup> As above, p. 9.

<sup>269</sup> As above, p. 2.

<sup>270</sup> As above, p. 9.

<sup>271</sup> As above.

<sup>272</sup> As above.

<sup>273</sup> As above, p. 11.

Auditor-General expressed concern that these cases could set a precedent, potentially undermining the guidelines. Concern was also raised about the lack of clarity in detailing why severance payment entitlements have increased since 2006.<sup>274</sup>

- 10.6 The Auditor-General made a series of recommendations to the Department of Premier and Cabinet to improve the transparency and accountability of the severance payment guidelines.<sup>275</sup>

## The Performance Audit

### Audit Objectives

- 10.7 The Performance Audit examined the 257 Special Temporary Employees who had their employment terminated between 1 July 2006 and 31 December 2009 to determine whether the severance payments made during this period were in accordance with the guidelines or were excessive.<sup>276</sup>

### Audit Conclusions

- 10.8 The Auditor-General concluded that the severance payment guidelines were found to be clear and that all but two of the severance payments were made in accordance with the guidelines.<sup>277</sup>
- 10.9 The Auditor-General noted that these two payments were made following a stipulation in the respective employment contracts which guaranteed the employees a minimum of six months pay on termination, regardless of their length of service.<sup>278</sup> These payments were approved by the Director-General of the Department of Premier and Cabinet or a properly authorised officer of the Department. In this instance both employees had their employment terminated after less than a year and together they received \$235,000 in severance payments. This was \$177,880 more than the employees would have received had the payments been made in accordance with the guidelines.<sup>279</sup> One of these Special Temporary Employees ceased employment after 10 months and received 19 weeks more severance pay than they were entitled to under the guidelines. The other employee ceased employment after seven months and received 20 weeks more severance pay.<sup>280</sup>
- 10.10 While noting that the payments were properly authorised, as the Director-General has the statutory power to approve such payments, the Auditor-General was concerned that these two instances set a precedent for future payments to be made in excess of the guidelines.<sup>281</sup> In particular, the Auditor-General was concerned about the lack of transparency in the way the two individuals were able to negotiate severance

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<sup>274</sup> As above, pp. 2-3.

<sup>275</sup> As above, p. 2.

<sup>276</sup> As above.

<sup>277</sup> As above.

<sup>278</sup> As above, p. 2.

<sup>279</sup> As above, p. 11.

<sup>280</sup> As above, p. 13.

<sup>281</sup> As above, p. 3.

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arrangements that were outside the terms of the guidelines and this could lead to an expectation that future employees could negotiate special employment conditions.<sup>282</sup>

- 10.11 The Auditor-General also noted that the guidelines do not require the reason for terminating a Special Temporary Employee's employment to be recorded or whether their position has been abolished. To improve accountability and transparency the Auditor-General noted that the reasons for terminating employment should be recorded.<sup>283</sup> In a review of 49 files, the Auditor-General found that it was not always clear whether a Special Temporary Employee had their employment terminated because the office holder no longer held office, the employee's position had been abolished or their services were no longer required.<sup>284</sup>
- 10.12 The manner in which severance payments are taxed was also highlighted as an area of concern. The Auditor-General noted that since 1995 all Special Temporary Employee severance payments have been regarded as redundancies for tax purposes and subsequently taxed at a reduced rate.<sup>285</sup> Given that the usual practice was for a new person to be employed once a Special Temporary Employee had their employment terminated, some severance payments appeared to have been taxed at the incorrect rate.<sup>286</sup>
- 10.13 The Auditor-General noted the advice from the Department of Premier and Cabinet advising that the role and responsibilities of the new incoming Special Temporary Employees and their salaries would often change; however the Auditor-General also noted that it is not possible to know whether the departing Special Temporary Employees' terminations were genuine redundancies.<sup>287</sup>
- 10.14 Setting and publishing the salary bands for all levels of Special Temporary Employees would also create a more open and transparent system.<sup>288</sup> The Auditor-General noted that the Department of Premier and Cabinet had set and published the salary bands for the lower five levels only and not for the two most senior levels of Special Temporary Employees.<sup>289</sup>
- 10.15 The Auditor-General noted that since 2006 the number of weeks of severance pay per year of service received by Special Temporary Employees had increased and was equal to that received by public service officers.<sup>290</sup> Before 2006, Special Temporary Employee severance payments were less than public service officers but in 2006 the then Director-General of the Department of Premier and Cabinet increased the severance payments so that they aligned with the severance element of the voluntary redundancy scheme applied to public service officers.<sup>291</sup>

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<sup>282</sup> As above, p. 13.

<sup>283</sup> As above, p. 12.

<sup>284</sup> As above.

<sup>285</sup> As above, p. 13.

<sup>286</sup> As above, p. 12.

<sup>287</sup> As above, p. 3.

<sup>288</sup> As above, p. 12.

<sup>289</sup> As above.

<sup>290</sup> As above, p. 15.

<sup>291</sup> As above.

- 10.16 The Auditor-General expressed concern that the reasoning for the increase was not clearly explained, especially as Special Temporary Employees work under different conditions of employment i.e. term of employment is limited to the term of the office holder's appointment and Special Temporary Employees can also be hired and promoted without the requirement of the normal competitive selection process.<sup>292</sup>
- 10.17 A comparison was also made between New South Wales and other jurisdictions in regard to severance payments.<sup>293</sup> The Auditor-General noted that payments in New South Wales were generally higher than payments made to similar staff in other jurisdictions, noting that some jurisdictions provided larger payments in situations where a staff member had served 17 years or more.<sup>294</sup>
- 10.18 The Auditor-General went on to note that other jurisdictions, including the Commonwealth, offer different severance pay rates depending on the reason for terminating employment.<sup>295</sup> A lower rate of severance pay is given to staff whose employment ceases for reasons other than the office holder losing office, resigning or dying. The underlying principle of this system appears to be that when employment terminations are due to a change in office holder, the severance payments are closer to redundancy. However, they are not treated as a bona fide redundancy for taxation purposes. The Auditor-General suggests that New South Wales should consider adopting a two-tier payment system.<sup>296</sup>

### Auditor-General's Recommendations

- 10.19 The Auditor-General made a series of five recommendations to the Department of Premier and Cabinet to improve the operation and transparency of severance payments to Special Temporary Employees.

Recommendation	
1.	That the Department of Premier and Cabinet set salary bands for all Special Temporary Employee levels and publish these on the Department's website.
2.	That the Department record in writing: <ul style="list-style-type: none"> <li>• the reason for termination under the <i>Public Sector Employment and Management Act 2002</i>, and</li> <li>• whether or not the job has been abolished.</li> </ul>
3.	That the Department only pay Special Temporary Employees severance in accordance with the guidelines.
4.	That the Department obtain taxation advice on whether Special Temporary severance pay should be treated as a redundancy for tax purposes.
5.	That the Department review the NSW severance guidelines before the next general election in March 2011 and consider: <ul style="list-style-type: none"> <li>• the effect, if any, of the taxation advice; and,</li> </ul>

<sup>292</sup> As above, p. 14.

<sup>293</sup> As above, p. 16.

<sup>294</sup> As above, pp. 3 and 16.

<sup>295</sup> As above, p. 3.

<sup>296</sup> As above.

	<ul style="list-style-type: none"><li>• adopting different levels of severance pay depending on the reasons for termination.</li></ul>
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## The Committee's Examination

10.20 As part of its follow-up of the Auditor-General's Performance Audits, the Chair wrote to the Department of Premier and Cabinet on 6 July 2011, inviting the Department to provide a submission detailing the actions taken by the Department in response to the Performance Audit. The Department responded on 26 July 2011 and the response forwarded to the Auditor-General for comment. The Auditor-General responded on 8 September 2011.

10.21 The Committee was pleased to note that the Department of Premier and Cabinet accepted the majority of the Auditor-General's recommendations and had completed the actions required to implement the recommendations.<sup>297</sup>

10.22 The Committee noted that the Department of Premier and Cabinet now sets the salary bands for all Special Temporary Employee levels and publishes these on its website (Recommendation 1); records in writing the reason for the termination of a Special Temporary Employee's employment and whether or not the job has been abolished (Recommendation 2); obtained taxation advice on whether Special Temporary Employee severance payments should be treated as redundancy payments for taxation purposes (Recommendation 4); and reviewed the severance guidelines before the March 2011 general election (Recommendation 5).<sup>298</sup>

10.23 The Committee noted that in response to Recommendation 3 – only pay Special Temporary Employees in accordance with the guidelines – the Director-General of the Department of Premier and Cabinet advised that:

As Director General, I will retain the right, consistent with my statutory powers, to make exemptions to the guidelines when appropriate. As evidenced by the Audit Report, this occurs very rarely, but I intend to retain this flexibility. If these powers are exercised the Director General will document the reasons.<sup>299</sup>

10.24 The Committee also noted the Auditor-General expressed satisfaction with the Department of Premier and Cabinet's response to Recommendations 1, 2 and 3.<sup>300</sup>

10.25 In response to Recommendation 3 the Auditor-General noted that severance payments should be made in accordance with the guidelines but accepted that the Director-General of the Department of Premier and Cabinet would retain the right to approve severance payments that were outside of the guidelines.<sup>301</sup>

<sup>297</sup> Department of Premier and Cabinet, Submission 1, p. 1.

<sup>298</sup> As above.

<sup>299</sup> As above.

<sup>300</sup> Auditor-General, Submission 1, p. 1.

<sup>301</sup> As above.



- 10.26 The Committee also acknowledged and accepted the Director-General's right to retain the statutory power to make exemptions to the guidelines but all such exemptions should be fully documented and transparent.

**RECOMMENDATION 12:**

**The Committee recommends that the Department of Premier and Cabinet continue to monitor severance payments to Special Temporary Employees, to ensure the payments adhere to the guidelines and are correctly processed for taxation purposes. Additionally, the reasoning for the termination of an employee's services should be fully documented.**

# Chapter Eleven – Knowing the Collections: Australian Museum

## Introduction

- 11.1 The Australian Museum has a collection of biological, geological and cultural items from Australia and the Asia-Pacific region. The Museum's collection is made up of more than 18 million objects and is estimated to have a financial value of \$767 million which is in addition to its scientific and cultural value, with many items representing a unique scientific or cultural value.<sup>302</sup>
- 11.2 Under the terms of the *Australian Museum Trust Act 1973* the Museum has a responsibility and objective to propagate knowledge about Australia's natural environment and to increase that knowledge.<sup>303</sup>
- 11.3 A key part of that objective is being able to make the collections accessible to both the public and to the scientific community. However, in order to allow access to the collections, the Museum must first know what is in its collections by registering (accessioning) and cataloguing each item.<sup>304</sup>
- 11.4 Following the 2003 investigation by the Independent Commission Against Corruption (ICAC) into the theft of a large number of zoological specimens from the Museum between 1997 and 2002, it was found that the Museum did not have a complete inventory of its collections or adequate collection management practices. Therefore, without a full knowledge of the collections, the Museum was unable to reliably identify all of the items that had been stolen.<sup>305</sup>
- 11.5 In his Performance Audit, the Auditor-General noted that the Australian Museum, like other similar museums, faces a number of challenges in securing and documenting its collections, such as finite resources and a lack of historical documentation and record keeping. The Museum has made efforts to digitise its collection but a large part of the collection remains unregistered or insufficiently catalogued.<sup>306</sup>
- 11.6 The Auditor-General found that the Museum needed to develop stronger and more systematic methods and policies in regard to inventory control, and documenting and digitising the collections to create an accurate catalogue of the collections. This would help not only in making the collections more accessible, but would also allow the Museum to assess the condition of each item and identify items that may be at risk of damage and deterioration. It would also assist in reducing the risk of theft and assist in the recovery of any stolen items.<sup>307</sup>

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<sup>302</sup> NSW Auditor-General, Performance Audit: *Knowing the Collections: Australian Museum*, September 2010, p. 2.

<sup>303</sup> As above.

<sup>304</sup> As above.

<sup>305</sup> As above.

<sup>306</sup> As above.

<sup>307</sup> As above, pp. 2-3.

## The Performance Audit

### Audit Objectives

- 11.7 The Auditor-General examined how well the Australian Museum knows its collections such as the information it holds, its inventory controls and how well it can locate objects.<sup>308</sup>

### Audit Conclusions

- 11.8 The Auditor-General noted that the problems facing the Australian Museum are not new but are instead the result of the Museum's collection practices over its 140 year history.<sup>309</sup>
- 11.9 The audit found that the collections are organised by classification and origin. However, the Museum has not graded or recorded further information regarding the use or importance of the collections.<sup>310</sup> This lack of detailed information means that the Museum is unable to take a risk management approach when it comes to checking, storing and conserving the collections. This also results in the Museum's collection management resources not being utilised efficiently.<sup>311</sup>
- 11.10 Once the Museum acquires an item it is accessioned or registered, whereby the museum assumes the formal ownership and responsibility for the item. The item should then be catalogued. Cataloguing involves the creation of record containing specific information about the item, including a description and information about its significance, condition, conservation, history, and location history.<sup>312</sup>
- 11.11 The Auditor-General found that many of the items acquired by the Museum have not been registered while many others have been registered but no further action has been taken to catalogue them.<sup>313</sup> The Auditor-General notes the Museum has set a minimum information requirement for registering an item. However, there is no such minimum requirement when it comes to cataloguing collections, such as setting the maximum time allowed between the acquisition of an item and the completion of a full catalogue record.<sup>314</sup>
- 11.12 The Museum has a *Collection Management Policy* which states that an accession procedure is in place to document and track an item, that an accession number or field number be included and new items be registered within a 'reasonable' timeframe.<sup>315</sup> However, the Auditor-General notes that the Policy gives no further direction or expansion of these requirements. Between the collection managers, registration practices are varied, as managers have adopted different procedures and conventions

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<sup>308</sup> As above, p. 2.

<sup>309</sup> As above.

<sup>310</sup> As above, p. 10.

<sup>311</sup> As above, p. 12.

<sup>312</sup> As above.

<sup>313</sup> As above.

<sup>314</sup> As above.

<sup>315</sup> As above, p. 13.

which results in differing numbering systems and some items not being registered for several years.<sup>316</sup>

- 11.13 The Museum uses an electronic cataloguing system called 'EMu' which has been in place for more than seven years.<sup>317</sup> This system has the capacity to become a comprehensive database able to record an item's classification, accessions, location, movement history, valuation and condition. However, the volume of information stored in EMu varies across the collections.<sup>318</sup> The percentage of registered items in the EMu system varies from 10 percent in mineralogy to 100 percent in ornithology.<sup>319</sup> The number of manual records converted to electronic records is reported on each year by the Museum; however, it does not provide any report on the extent of the cataloguing backlog.<sup>320</sup>
- 11.14 Locating items within the Museum was also identified as being an issue of concern.<sup>321</sup> Collection records do not specify a precise location for most items: if a location is specified it is only to a particular area or gallery and not the item's exact location. The Auditor-General found that staff utilise a combination of electronic records, such as EMu, and paper records which pre-date the use of computers and electronic databases to search for items. As a result, only Museum staff can locate items.<sup>322</sup> The Auditor-General compared this situation to other Australian and international museums where there are policies in place to ensure there is a consistent approach to collection management and the safe-keeping of the collection.<sup>323</sup>
- 11.15 The Auditor-General noted that the Museum is required under the *State Records Act 1998* to maintain full and accurate records. It is also required to assign responsibility for the oversight of its records management program to a senior officer with the appropriate skills to manage this program.<sup>324</sup> An officer has been appointed to the position of Manager, Archives and Records by the Museum, but the Auditor-General found that this person is unable to exercise their role in regard to the collection records.<sup>325</sup>
- 11.16 In common with other natural history museums, the Australian Museum only has a very small part of its collections on public display. It is estimated that less than half of one per cent of the Museum's collection is on display.<sup>326</sup> As the primary purpose of the collections is for scientific research, it is important that the collections are easily accessible. Noting that the Museum has a large amount of non digital information resources, the Auditor-General noted that the Museum requires a specific policy and

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<sup>316</sup> As above.

<sup>317</sup> As above, p. 14.

<sup>318</sup> As above.

<sup>319</sup> As above, p. 15.

<sup>320</sup> As above.

<sup>321</sup> As above.

<sup>322</sup> As above.

<sup>323</sup> As above, p. 17.

<sup>324</sup> As above, pp. 15, 17.

<sup>325</sup> As above.

<sup>326</sup> As above, p. 17.

plans for retrospective documentation and digitisation. The creation of digital images and records would allow for greater access to the collections.<sup>327</sup>

- 11.17 In 2003 the ICAC recommended the Museum develop a detailed plan, including timeframes, resource allocations and accountabilities, with the aim of ensuring that all specimens are identified and recorded on a computer database; each specimen is assigned a dedicated and identifiable physical location; and that its location be recorded on the database.<sup>328</sup>
- 11.18 The Museum reported in 2005 that the ICAC recommendation had been 'implemented'. However, the Auditor-General found no specific management plans or policy for retrospective digitisation and documentation.<sup>329</sup> The Auditor-General noted that the Museum is seeking support and additional resources for the digitisation process as part of the Total Asset Management Plan.<sup>330</sup>
- 11.19 In 2008, the collections were assessed as having a financial value of \$767 million.<sup>331</sup> The Auditor-General found that while the collections are re-valued periodically for accounting and insurance purposes, the majority of the collections do not have a statement of value or significance, with less than one per cent of items having such a statement of value.<sup>332</sup> The Auditor-General found no consistent criteria used to assess the value, significance, and use of objects, which was required to ensure the collections are catalogued and conserved correctly.<sup>333</sup>
- 11.20 Having a comprehensive inventory control system was also identified as being important to confirming what items the Museum holds and the information it holds about them.<sup>334</sup> Such an inventory control system would allow the Museum to limit the risk of items being stolen and also allow the early detection of items that are lost or stolen.<sup>335</sup> An inventory control system should also take into account the need for different inventory control practices that reflect the degree of risk involved. However, the Museum must first undertake a retrospective inventory of the existing collection so that it can create a baseline for future inventory controls.<sup>336</sup>
- 11.21 The Museum is only able to check one in every thousand items each year and has reported a loss rate of around one per cent. However, as the Auditor-General has noted, it is possible that many of the items reported as missing have been misplaced due to administrative errors and poor practices and the relocation of collections over the years.<sup>337</sup>

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<sup>327</sup> As above, p. 18.

<sup>328</sup> As above.

<sup>329</sup> As above, p. 19.

<sup>330</sup> As above.

<sup>331</sup> As above.

<sup>332</sup> As above, p. 20.

<sup>333</sup> As above, p. 21.

<sup>334</sup> As above.

<sup>335</sup> As above.

<sup>336</sup> As above.

<sup>337</sup> As above, p. 23.

11.22 The Audit also found that most items in the collections do not have their condition recorded.<sup>338</sup> Monitoring of the environmental conditions of different storage areas is undertaken by a conservation unit. The Museum considers it more cost effective to manage the environmental conditions and pest monitoring for an entire storage area rather than individual sections.<sup>339</sup> The Auditor-General found there was no identification and assessment of items of high value or significance which were at risk from their surrounding environmental conditions, fire, flood, vandalism or the state of the building in which they are stored.<sup>340</sup>

### Auditor-General's Recommendations

11.23 To improve the management of the Museum's valuable collections and increase accessibility of the collections the Auditor-General made three recommendations.

Recommendation	
1.	The Museum needs to grade or otherwise prioritise its collections in terms of their use and importance, in order to better protect the collections and improve the use of its resources. It needs to adopt criteria for this purpose by March 2011.
2.	The Museum needs to tighten inventory control by December 2011 to reflect differing levels of collection risk by: <ol style="list-style-type: none"> <li>a. establishing an independent oversight and reporting role;</li> <li>b. clearly defining the control and checking requirements of objects in each collection;</li> <li>c. setting specific standards for timeliness and cataloguing content;</li> <li>d. identifying the location of all objects within collections, pin-pointing high risk objects;</li> <li>e. evaluating ways of making inventory checking more efficient; and</li> <li>f. conducting a baseline inventory to serve as a basis for future inventory control.</li> </ol>
3.	The Museum needs to develop by September 2011 specific management policy and plans for retrospective documentation and digitisation including: <ol style="list-style-type: none"> <li>a. its understanding of the backlogs it has;</li> <li>b. its timescales for reducing the backlogs;</li> <li>c. levels of resources allocated to the task;</li> <li>d. the number of objects/records to be addressed;</li> <li>e. the standard of documentation required; and</li> <li>f. progress reviews on a regular basis.</li> </ol>

### The Committee's Examination

11.24 As part of its follow-up of the Auditor-General's Performance Audits, the Committee wrote to the Australian Museum on 6 July 2010, to invite a submission outlining the Museum's response to the Performance Audit. The Museum provided a submission on

<sup>338</sup> As above, p. 25.

<sup>339</sup> As above.

<sup>340</sup> As above.

2 August 2011 which was forwarded to the Auditor-General for comment. The Auditor-General responded on 5 September 2011.

- 11.25 The Committee welcomed the Museum's broad acceptance of the Auditor-General's recommendations, with all except Recommendation 2(f) being accepted.
- 11.26 The Committee was pleased to note that in response to Recommendation 1 the Museum has established criteria for prioritising the collections based on a Canadian model, and that this has been included in the collections management database.<sup>341</sup>
- 11.27 In response to Recommendation 2, the Museum advised that in June 2011 the Museum Trust endorsed revised procedures for quarterly collection inventories and these are based on criteria for risk and importance.<sup>342</sup> Measures to prioritise the collections have also been taken with minimum requirements for the registration of objects to be defined and high risk items to be identified and their location recorded in the electronic database by December 2011.<sup>343</sup> The Museum is also piloting a system, developed by Museum Victoria, which will create a more efficient inventory control system for the checking of high risk items.<sup>344</sup>
- 11.28 In response to Recommendation 3, the Museum also advised that it is working on preparing a Digital Asset Management proposal. The Museum has undertaken digitisation projects using funding from both its own internal resources and also funding from the Commonwealth. The Museum is also working on funding proposals for 2011-12.<sup>345</sup> The Museum confirmed that part of its plan includes reporting to the Australian Museum Trust on its progress in documenting and digitising the collections.<sup>346</sup>
- 11.29 The Committee also noted the comments from the Auditor-General regarding the Museum's progress in implementing the recommendations. The Auditor-General commented that it would be beneficial to know more about some issues, such as knowing the Museum's program for applying its new grading system (Recommendation 1); setting standards for the timeliness and cataloguing of the collections and plans for identifying the location of all objects in the collection, and noting that it is a requirement of the *State Records Act 1998* that the Museum establish an independent oversight and reporting role (Recommendation 2).<sup>347</sup>
- 11.30 Recommendation 2(f), that it conduct a baseline inventory to serve as a basis for future inventory control was not accepted by the Museum. The Committee noted the Auditor-General's comment that without conducting a baseline inventory, the Museum is unable to establish if the items it has reported as being unable to locate were lost recently or during some other time over the past 140 years. As a

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<sup>341</sup> Australian Museum, Submission 1, p. 1.

<sup>342</sup> As above, p. 2.

<sup>343</sup> As above.

<sup>344</sup> As above.

<sup>345</sup> As above, pp. 3-4.

<sup>346</sup> As above, p. 4.

<sup>347</sup> Auditor-General, Submission 1, p. 1.

compromise, the Auditor-General suggested the Museum consider focusing on its priority items and establishing a baseline inventory for these items.<sup>348</sup>

- 11.31 In regard to Recommendation 3, the Auditor-General noted that more information from the Museum about the extent of its backlog and the timescales involved for reducing the backlog would be helpful.<sup>349</sup> The Committee also noted the Auditor-General's comments regarding the provision of further details by the Museum about its current digitisation and funding proposals, and more information regarding the Museum's progress review reports to the Museum Trust.<sup>350</sup>
- 11.32 The Committee noted that the work involved in implementing the Auditor-General's recommendations is substantial and appreciates that the work on implementing the recommendations is heavily reliant on the Museum being able to secure additional funding in order to complete the project. Given the size of the Museum's collections, the Committee also recognises that cataloguing and digitising the collections is a time-consuming process which has to be carried out in addition to the normal day-to-day activities of the Museum.
- 11.33 Noting the Auditor-General's comments about establishing a baseline inventory, the Committee encourages the Museum to give further consideration to the Auditor-General's suggestion that the Museum consider establishing a baseline inventory for its priority items.

#### **RECOMMENDATION 13:**

**The Committee recommends that the Australian Museum continue to progress work on the implementation of the Auditor-General's Performance Audit recommendations and seek additional funding and resources to assist in this project.**

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<sup>348</sup> As above.

<sup>349</sup> As above, p. 2.

<sup>350</sup> As above.



## Appendix One – List of Submissions

1.	NSW Department of Health
2.	Australian Museum of NSW
2a.	Australian Museum of NSW
3.	Roads and Traffic Authority
4.	Roads and Traffic Authority
5.	Department of Premier and Cabinet
6.	NSW Commission of Children and Young People
7.	Department of Family and Community Services, ADHC
8.	WorkCover NSW
9.	Department of Transport
10.	Department of Premier and Cabinet
11.	Department of Premier and Cabinet
12.	NSW Audit Office
13.	NSW Audit Office
14.	Minister for Police and Emergency Services
15.	NSW Audit Office
16.	NSW Audit Office
17.	Department of Family and Community Services
18.	18 To 23 – NSW Audit Office
24.	The Treasury
25.	NSW Audit Office

## Appendix Two – List of Witnesses

14 October 2011, Macquarie Room, Parliament House

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Witness

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### **Audit Office of NSW**

Mr Peter Achterstraat  
Auditor-General

Mr Christopher Yates  
Performance Audit Leader

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### **Department of Transport**

Mr Leslie Wielinga  
Director-General

Mr Craig Dunn  
Director of Bus and Ferry Services Contracts

Mr John Karaboulis  
Deputy Director-General

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1 December 2011, Waratah Room, Parliament House

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Witness

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**Audit Office of NSW**

Mr Peter Achterstraat  
Auditor-General

Mr John Viljoen  
Assistant Auditor-General

Mr Scott Stanton  
Assistant Auditor-General

Mr Michael Johnston  
Performance Audit Leader

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**Department of Family and Community Services**

Ms Ethel McAlpine  
Deputy Director General  
Ageing, Disability and Home Care

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## Appendix Three – Extract from Minutes

### MINUTES OF PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE (NO. 2)

3.30pm, Thursday, 23 June 2011

Room 1043, Parliament House

#### MEMBERS PRESENT

Mr Bassett, Dr Lee, Mr O'Dea, Mr Torbay and Mr Williams.

#### Apologies

An apology was received from Mr Daley.

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### 3. Auditor-General Performance Audit Reports

The Committee considered the list of Performance Audit reports from September 2009 to September 2010.

Resolved on the motion of Mr Torbay, seconded by Mr Bassett:

That the Committee writes to all agencies subject to performance audits from the period September 2009 to September 2010 seeking a written response addressing action taken on recommendations made in the audit reports.

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#### NEXT MEETING

The committee adjourned at 4.04 until 8.30 am on Friday, 5 August 2011.

## MINUTES OF PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE (NO. 3)

4.20pm, Wednesday, 10 August 2011  
Room 1043, Parliament House

### MEMBERS PRESENT

Mr Bassett, Mr Daley, Dr Lee, Mr O’Dea, Mr Torbay and Mr Williams.

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## 2. Confirmation of Minutes and matters arising

Resolved on the motion of Dr Lee, seconded by Mr Bassett: That the minutes of the meeting of 22 June 2011 be confirmed.

Resolved on the motion of Dr Lee, seconded by Mr Daley: That the minutes of the meeting of 23 June 2011 be confirmed.

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### NEXT MEETING

The committee adjourned at 5.07 until 9:00 am on Friday, 26 August 2011.

## MINUTES OF PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE (NO.4)

9.12 am, Friday, 26 August 2011  
Room 1043, Parliament House

### MEMBERS PRESENT

Mr Daley, Mr O'Dea, Mr Torbay and Mr Williams.

### APOLOGIES

Apologies were received from Mr Bassett and Dr Lee.

### 1. Confirmation of Minutes and matters arising

Resolved on the motion of Mr Torbay, seconded by Mr Williams:  
That the minutes of the meeting of 10 August 2011 be confirmed.

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### 2. Follow up of 10 Auditor-General Performance Audit Reports

The Committee considered the responses received in relation to the 10 Auditor-General's Performance Audits from relevant agencies.

Resolved on the motion of Mr Torbay, seconded by Mr Williams  
That the Chair write to

- i. The Auditor-General forwarding the responses received by the Committee and seeking his comments, particularly in regard to the responses from Transport NSW; Ageing, Disability and Home Care; and the Australian Museum
- ii. Ageing, Disability and Home Care requesting advice on the KPIs referred to in its response
- iii. The Australian Museum requesting further details of its quarterly inventory report including a copy if possible and
- iv. The remaining agencies acknowledging their responses and advising that further information is being sought from the Auditor-General

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### NEXT MEETING

The Committee adjourned at 9.38 am until 9.30 am on Wednesday, 7 September 2011.

## MINUTES OF PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE (NO. 6)

9.30 am, Wednesday, 14 September 2011  
Room 1043, Parliament House

### MEMBERS PRESENT

Mr O'Dea, Dr Lee, Mr Torbay, Mr Bassett, Mr Daley and Mr Williams.

### 1. Confirmation of Minutes and matters arising

Resolved on the motion of Dr Lee, seconded by Mr Williams: That the minutes of the meeting of 7 September 2011 be confirmed.

\*\*\*\*\*

### 3. Follow up of Performance Audits

Responses received from the Auditor-General regarding:

- i. Improving the Performance of Metropolitan Bus Services from Transport NSW.

Resolved on the motion of Dr Lee, seconded by Mr Bassett: That the Committee conduct a public hearing as part of its follow-up of the Auditor-General's Performance Audit Reports October 2009 to September 2010, and invite the Auditor-General and Transport NSW.

- ii. Knowing the Collections from the Australian Museum

Resolved, on the motion of Dr Lee, seconded by Mr Bassett: That the Chair write to the Auditor-General to advise that the Committee will wait for further information regarding implementation of the Auditor-General's recommendations before proceeding further.

- iii. Severance payments to special temporary employees from Department of Premier and Cabinet

Resolved on the motion of Dr Lee, seconded by Mr Bassett: That the Committee note the correspondence.

- i. Access to Overnight Centre-Based Disability Respite from Department of Family and Community Services

Resolved on the motion of Dr Lee, seconded by Mr Bassett: That the Committee note the correspondence.

- ii. Responses from agencies to follow-up audits considered at previous meeting, 26 August.

Resolved on the motion of Mr Bassett, seconded by Dr Lee, that submission from the audited agencies and the four responses from the Auditor-General received be published on the Committee's website.

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## **1. General Business – upcoming meetings/activities**

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The Committee deliberated on possible dates for the hearing on the follow-up of the Auditor-General's Performance Audit Reports October 2009 to September 2010.

Resolved, on the motion of Dr Lee, seconded by Mr Torbay: That the hearing on the follow-up of the Auditor-General's Performance Audit Reports October 2009 to September 2010 will be at 9.00 am on 14 October 2011.

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### **NEXT MEETING**

The Committee adjourned at 10.10 am until 9.30 am on Wednesday, 12 October 2011.



## MINUTES OF PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE (NO. 7)

9.30 am, Wednesday, 12 October 2011  
Room 1043, Parliament House

### MEMBERS PRESENT

Mr O’Dea, Dr Lee, Mr Torbay, Mr Bassett and Mr Williams.

### APOLOGIES:

An apology was received from Mr Daley.

## 1. CONFIRMATION OF MINUTES AND MATTERS ARISING

Resolved on the motion of Torbay, seconded by Mr Williams: That the minutes of the meeting of 14 September 2011 be confirmed.

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## FOLLOW-UP OF THE AUDITOR-GENERAL'S PERFORMANCE AUDITS

a) Responses received from the Auditor-General regarding:

- i. Handback of the M4 tollway – Roads and Traffic Authority
- ii. Working with Children Check
- iii. Improving Road Safety: School Zones
- iv. Injury Management in the NSW Public Sector
- v. Managing Forensic Analysis Fingerprints and DNA
- vi. Government Advertising

Resolved on the motion of Mr Williams, seconded by Dr Lee: That the Committee acknowledge the responses and publish the submissions on its website.

- b) Correspondence from the Department of Community Services providing additional information as requested by the Committee Access to overnight centre-based Disability Respite: Department of Human Services – Ageing Disability and Home Care dated 12 September 2011.

Resolved on the motion of Mr Bassett, seconded by Dr Lee: That the Committee acknowledge the response and publish it as a supplementary submission on its website.

- c) Correspondence of 12 September 2011 from NSW Police acknowledging Committee's request for information in relation to Managing Forensic Analysis

Resolved on the motion of Mr Torbay, seconded by Dr Lee: That the Committee note the response.

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**NEXT MEETING**

The Committee adjourned at 10.18 am until 9.00 am on Friday, 14 October 2011.

## MINUTES OF PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE (NO. 8)

9.15 am, Friday, 14 October 2011  
Macquarie Room, Parliament House

### MEMBERS PRESENT

Mr O'Dea, Mr Daley, Dr Lee, Mr Torbay, Mr Bassett and Mr Williams.

#### 1. Auditor-General's briefing to the Committee re: Performance Audit; Improving the Performance of Metropolitan Bus Services

Mr Peter Achterstraat, Auditor-General briefed the Committee on issues relating to his audit on Improving the Performance of Metropolitan Bus Services.

#### 2. Hearing on Performance Audit: Improving the Performance of Metropolitan Bus Services

The public and media were admitted at 9.30am.

The following witnesses were sworn and examined:

- Mr Peter Achterstraat, Auditor-General
- Mr Christopher John Yates, Performance Audit Leader, Audit Office of NSW,
- Mr Leslie Wielinga, Director-General, Transport for NSW
- Mr Craig Dunn, Director, Bus and Ferry Services Contracts, Transport for NSW
- Mr John Karaboulis, Deputy Director-General, Transport for NSW.

Mr Wielinga tabled a document regarding on-time running of buses called "Final MBSC OTR Results from February 2010".

Mr Wielinga also tabled three further commercial in confidence documents which he asked to be made available to the Auditor-General.

Evidence completed, the witnesses withdrew.

Resolved, on the motion of Mr Bassett, seconded by Dr Lee: That the Committee

- i. accept the documents tabled by Mr Wielinga and
- ii. publish the document called "Final MBSC OTR Results from February 2010" on its website and
- iii. maintain the confidentiality of the those documents marked 'commercial in confidence' except for making them available to the Auditor-General.

Resolved on the motion of Dr Lee, seconded by Mr Williams that the Committee publish the transcript of the hearing once witnesses have had the opportunity to correct it.

### **3. Next meeting**

The meeting adjourned at 10.30 am until 10.15 am on Wednesday 19 October 2011.

## MINUTES OF PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE (NO. 9)

10.18 am, Wednesday, 19 October 2011

Waratah Room, Parliament House

### MEMBERS PRESENT

Mr O'Dea, Dr Lee, Mr Torbay, Mr Bassett and Mr Williams.

### APOLOGIES:

An apology was received from Mr Daley.

#### 1. Confirmation of Minutes and matters arising

Resolved on the motion of Mr Williams, seconded by Dr Lee: That the minutes of the meeting of 12 October 2011 be confirmed.

Resolved on the motion of Mr Williams, seconded by Mr Bassett: That the minutes of the meeting of 14 October 2011 be confirmed.

\*\*\*\*\*

#### 2. Next meeting

The meeting adjourned at 10.49 am until 10.15 am on Wednesday 9 November 2011.

## MINUTES OF PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE (NO. 12)

10.00 am, Thursday, 1 December 2011

Waratah Room, Parliament House

### MEMBERS PRESENT

Mr O'Dea, Dr Lee, Mr Torbay, Mr Bassett and Mr Daley

### APOLOGIES:

Apologies were received from Mr Williams

#### 1. Confirmation of Minutes

Resolved on the motion of Dr Lee, seconded by Mr Torbay: That the minutes of the meeting of 23 November 2011 be confirmed subject to correction of typographical errors.

#### 2. Public hearing – Inquiry into follow up of Auditor-General's 2010 Financial Audit follow-ups

The public were admitted at 10.00am.

The following witnesses were sworn and examined:

- Mr Peter Achterstraat, Auditor-General
- Mr Scott Stanton, Assistant Auditor-General, Audit Office of NSW,
- Mr Des Mooney, General Manager, Land and Property Information, Department of Finance and Services

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The following witnesses were sworn and examined:

- Mr Michael Johnston, Audit Leader, Performance Audit, Audit Office of NSW
- Ms Ethel McAlpine, Deputy Director-General, Ageing, Disability and Home Care

Ms McAlpine tabled the following documents:

- Disability Respite Program – Effectiveness - % of clients with challenging behaviour accessing ADHC Centre Base Respite
- Disability Respite Program – Efficiency – Percentage of Bed Nights Occupied For ADHC Centred Based Respite (Occupancy Rate).

Ms McAlpine agreed to take questions on notice and provide answers by 23 December 2011.

Evidence completed, Ms McAlpine and Mr Johnston withdrew.

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Resolved, on the motion of Mr Torbay, seconded by Dr Lee: That the Committee

- i. accept the documents tabled by Mr Mooney and Ms McAlpine
- ii. publish the documents tabled on its website.

PUBLIC ACCOUNTS COMMITTEE  
EXTRACT FROM MINUTES

\*\*\*\*\*

**3. Next meeting**

The Committee adjourned at 12.45pm until 9.30am on Thursday 16 February 2012.

## MINUTES OF PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE (NO. 14)

9.30 am, Thursday, 16 February 2012

Room 1043, Parliament House

### MEMBERS PRESENT

Mr O'Dea, Mr Torbay, Mr Bassett, Mr Williams and Mr Daley

### APOLOGIES:

Apologies were received from Dr Lee

#### 1. Confirmation of Minutes

Resolved on the motion of Mr Bassett: That the minutes of the meeting of 25 January 2012 be confirmed.

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#### 8. Draft Performance Audit Report

Resolved, on the motion of Mr Bassett, seconded by Mr Torbay:

- That the draft Report on the examination of the Auditor-General's Performance Audits October 2009 – June 2010 be the report of the Committee and that it be signed by the Chair and presented to the House; and,
- That the Chair and Committee staff be permitted to correct stylistic, typographical and grammatical errors.

Resolved, on the motion of Mr Bassett, seconded by Mr Torbay: That the Chair write to agencies referred to in the Report and advise them that the Committee proposes to table the Report on Tuesday 21 February 2012.

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