



LEGISLATIVE ASSEMBLY

PUBLIC ACCOUNTS COMMITTEE

**REPORT ON THE FOLLOW-UP OF REPEAT RECOMMENDATIONS
FROM THE AUDITOR-GENERAL'S FINANCIAL AUDITS 2010**

REPORT 4/55 – MAY 2012

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Membership

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Terms of Reference

The Public Finance and Audit Act 1983

Section 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 this Report on the follow-up of Repeat Recommendations from the Auditor-General's Financial Audits from 2010. This is the first report of the Public Accounts Committee to follow up financial audit reports in detail.

The audit review process is designed to test action taken by agencies in response to audits conducted by the Audit Office of NSW. Following the appointment of the current Public Accounts Committee in June 2011, I spoke with the Auditor-General, Mr Peter Achterstraat, about how the Public Accounts Committee might appropriately pursue recommendations from financial audit reports. Mr Achterstraat then wrote to the Committee on 20 July 2011, detailing 74 repeat recommendations from the Auditor-General's 2010 Financial Audit Reports.

The Committee met with the Auditor-General on 5 August 2011, and discussed the repeat recommendations. The Committee shared the Auditor-General's concern that some of the recommendations contained in his financial audit reports had not been addressed. These recommendations concerned issues that the Auditor-General had highlighted repeatedly, in some cases over several years.

The Committee subsequently resolved to follow-up 19 repeat recommendations which it considered to be of high priority, and wrote to the relevant agencies seeking a submission detailing action taken to address the Auditor-General's recommendations. The Committee was disappointed by the tardiness with which some agencies responded to our request, resulting in delays in the production of this report.

This report provides an examination of recommendations relating to Treasury, the NSW Aboriginal Land Council, the ANZAC Research Institute, the Australian Museum, the Department of Family and Community Services, RailCorp, the Ministry of Health, Health Support Services, Transport for NSW, the Department of Finance and Services, the Roads and Traffic Authority, and the Department of Primary Industries.

As part of its examination, the Committee conducted a public hearing and heard evidence from three of these agencies. This is the first time that the Public Accounts Committee has conducted a public hearing as part of its follow-up of financial audits. It proved a valuable opportunity for the Committee to meet with agencies to discuss the work that they are doing to address the Auditor-General's concerns and improve their efficiency.

The Committee would like to acknowledge the work that agencies are doing to implement these recommendations. Similarly, I acknowledge the assistance provided by the Auditor-General and the Audit Office staff in pursuing these recommendations.

Finally, I would also like to thank 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** _____ **9**
The Committee recommends that the Minister for Aboriginal Affairs and the NSW Aboriginal Land Rights Network implement agreed actions arising from the review on the sustainability of the NSW Aboriginal Land Rights Network and report to the Committee on the progress of the implementation within six months.
- RECOMMENDATION 2** _____ **11**
The Committee recommends that the ANZAC Health and Medical Research Foundation formally advise the Auditor-General and the Committee when the loan is or was repaid.
- RECOMMENDATION 3** _____ **17**
The Committee recommends that the Department of Family and Community Services develop and publish on its website an implementation plan for the transfer of Out-of-Home Care to non-government organisations.
- RECOMMENDATION 4** _____ **28**
The Committee recommends that the Ministry of Health develop and publish a management plan to reduce the number of contractors it engages and report on this plan in its Annual Report.
- RECOMMENDATION 5** _____ **28**
The Committee recommends that the Minister for Health ensures that the review of Special Purpose and Trust Funds be completed by the Ministry and all Local Health Districts as a matter of urgency.
- RECOMMENDATION 6** _____ **34**
The Committee recommends that Health Support Services publish its monthly Strategic Key Performance Indicators reports on its website.
- RECOMMENDATION 7** _____ **40**
The Committee recommends that the Department of Finance and Services develop a mechanism for monitoring changes of ownership that occur through legislation.
- RECOMMENDATION 8** _____ **40**
The Committee recommends that the Department of Finance and Services follow up any agencies that have yet to respond to its request to reconcile their property assets with the Government Property Register.
- RECOMMENDATION 9** _____ **40**
The Committee recommends that the Department of Finance and Services seek enhanced resources to enable it to expedite work to improve the accuracy and completeness of the Government Property Register.

RECOMMENDATION 10 _____ **46**

The Committee recommends that the RTA review its two per cent pavement rebuilding target to assess whether this target remains appropriate.

RECOMMENDATION 11 _____ **53**

The Committee recommends that the Department of Primary Industries publish data on the number of land claims processed, average processing times, and the number of claims still to be processed each year in its Annual Report.

RECOMMENDATION 12 _____ **53**

The Committee recommends that the Department of Primary Industries conduct an urgent evaluation of its trial approach to the processing of Aboriginal land claims with a view to developing a plan to dramatically reduce the number of unprocessed claims by the end of 2012.

Chapter One – Introduction

- 1.1 This is the Public Accounts Committee's first report of its systematic examination of the Auditor-General's financial audit reports.
- 1.2 Following the appointment of the Public Accounts Committee of the 55th Parliament in June 2011, the Chair, Mr Jonathan O'Dea, spoke with the Auditor-General, Mr Peter Achterstraat, about how to appropriately pursue repeat recommendations from the Auditor-General's financial audit reports. Mr Achterstraat subsequently wrote to the Committee on 20 July 2011, detailing 74 repeat recommendations.
- 1.3 The Committee met with the Auditor-General on 5 August 2011, and discussed the repeat recommendations. Mr Achterstraat wrote to the Committee again on 16 August 2011, detailing the outstanding repeat recommendations in order of priority. The Auditor-General identified 20 recommendations as being of high priority.
- 1.4 At its meeting on 26 August 2011, the Committee resolved to follow up 19 of the 20 high priority recommendations, with the remaining recommendation having been overtaken by events. The Committee resolved to write to the relevant agencies seeking a submission outlining their response to the Auditor-General's repeat recommendations which were considered high priority.
- 1.5 On 6 September 2011, the Committee wrote to the following agencies to request a submission:
- Treasury;
 - NSW Aboriginal Land Council;
 - ANZAC Research Institute;
 - Australian Museum;
 - Department of Family and Community Services;
 - Rail Corporation of New South Wales (RailCorp);
 - Department of Transport;
 - Department of Health;
 - Health Support Services;
 - Department of Finance and Services;
 - Roads and Traffic Authority of New South Wales; and
 - Department of Primary Industries.
- 1.6 The Committee received submissions from all of the relevant agencies. However, submissions from three agencies were received late, which delayed the production of the report. These were submissions from:
- the Department of Transport (received 31 October 2011);
 - the Department of Health (received 7 November 2011); and,
 - Health Support Services (received 13 April 2012).

PUBLIC ACCOUNTS COMMITTEE

INTRODUCTION

- 1.7 Once received, the submissions were forwarded to the Auditor-General for his consideration and comment. The Auditor-General wrote to the Committee on 4 November 2011, providing comments on the submissions from agencies.
- 1.8 At its meeting on 9 November 2011, the Committee resolved to conduct a public hearing and seek evidence from the following agencies:
- Department of Primary Industries;
 - Department of Finance and Services; and,
 - Roads and Traffic Authority.
- 1.9 A public hearing was held on 1 December 2011, and representatives from the Audit Office of NSW and from each of these agencies gave evidence. Details of the witnesses who attended are included at Appendix Two.
- 1.10 At its meeting on 9 November 2011, the Committee also resolved to write to the following agencies and seek further information regarding their submission:
- Treasury;
 - NSW Aboriginal Land Council;
 - Australian Museum; and,
 - ANZAC Health and Medical Research Foundation.
- 1.11 NSW Treasury, the NSW Aboriginal Land Council, and the Australian Museum all replied to the Committee's letter, while the ANZAC Health and Medical Research Foundation was asked to advise the Committee when it took a particular action. The replies received were published on the Committee's website.

Chapter Two – Treasury

Introduction

- 2.1 The *Public Finance and Audit Act 1983* requires the Treasurer to prepare consolidated financial statements for the New South Wales General Government and Total State Sector Accounts and submit them to the Auditor-General each year. The Auditor-General then presents his audit report to Parliament by 31 October each year.
- 2.2 In his 2010 audit of the Total State Sector Accounts, the Auditor-General provided a qualified audit report. The qualification related to the identification and valuing of Crown Reserve land, discussed in Chapter Twelve of this report. The Auditor-General also raised an emphasis of matter (an issue of particular importance), and a number of issues considered significant, including:
- NSW's AAA credit rating;
 - NSW Lotteries;
 - Sydney Water Corporation – leasing arrangements for water filtration plants;
 - Sydney Metro Authority;
 - Lifetime Care and Support Scheme;
 - Uncertainty regarding the effect of electricity industry reforms and carbon reduction scheme; and,
 - Amendments to the *Public Authorities (Financial Arrangements) Act 1987*.
- 2.3 The final issue, relating to amendments to the *Public Authorities (Financial Arrangements) Act 1987*, was identified as a repeat issue and is the subject of this Chapter.

Auditor-General's Recommendation

- 2.4 The Auditor-General made a specific recommendation in relation to amending the *Public Authorities (Financial Arrangements) Act 1987*, being:

I recommend that the Treasurer present amendments to the *Public Authorities (Financial Arrangements) Act 1987* (PAFA Act) to Parliament at its next sitting.

Background to the Auditor-General's Recommendation

- 2.5 In his report, the Auditor-General noted that he had informed Treasury in 2006 that the advice in its Treasury Circular TC06/17 Consequences of New Employment

Arrangements – Other Taxation, Administrative and Operational Issues is inconsistent with the provisions of the *Public Authorities (Financial Arrangements) Act 1987*.¹

2.6 The Treasury Circular in question, TC06/17, addresses taxation and operational issues facing statutory corporations and Divisions created by the *Public Sector Employment Legislation Amendment Act 2006*. The Circular covers the following issues:

- Agency returns to Treasury – registration for GST and GST grouping;
- Management Agreements – Memorandum of Understanding needed for Divisions supplying staff to statutory corporations;
- Income tax compliance – Transfer of Employee Tax File Number Declarations;
- Revised Treasurer's Direction to statutory corporations regarding employment related costs incurred by Divisions;
- Bank Accounts – authority to open and transact on accounts;
- Payroll tax – treatment of any fees paid to Board members and payments to contractors as per the *Payroll Tax Act 2007*;
- Leave entitlements – Transfer of Sick and Long Service Leave liabilities;
- Superannuation – Transfer of liabilities; and
- Authorisation for expenditure – amendment to the *Public Finance and Audit Act 1983*.

2.7 The Auditor-General was concerned that agencies which follow the advice contained in TC06/17 may inadvertently breach the *Public Authorities (Financial Arrangements) Act 1987*, because they are relying on advice which is incorrect.²

2.8 The Auditor-General explained that Treasury had advised in 2006 that it would seek amendments to the *Public Authorities (Financial Arrangements) Act 1987* to address his concerns.³ However, these amendments have not been made.

The Committee's Examination

2.9 As part of its follow-up of the Auditor-General's 2010 Financial Audits, on 6 September 2011 the Committee wrote to NSW Treasury requesting a submission outlining its response to the Auditor-General's repeat issue.

2.10 Mr Mark Ronsisvalle, Deputy Secretary, Treasury, wrote to the Committee on 7 October 2011, outlining Treasury's response to the Auditor-General's recommendation. This submission was forwarded to the Audit Office of NSW, and the Auditor-General provided comments on 4 November 2011.

¹ New South Wales Auditor-General's Report, 'Financial Audits Volume Three 2010', p. 10.

² As above.

³ As above.

- 2.11 In its submission, Treasury explained that the issue has been the subject of legal advice on a number of occasions. Treasury stated that it had received advice from the Crown Solicitor that where EFT, Cheque Cashing Authority and Tape Transaction Facilities do not involve the potential to incur a liability, no approval under the *Public Authorities (Financial Arrangements) Act 1987* is required. EFT, Cheque Cashing Authority and Tape Transaction facilities under the Treasury Banking System do not give rise to instances of financial accommodation as defined in the Act and therefore no approval is necessary.⁴ Agencies only need PAFA approval if these facilities incorporate some type of borrowing arrangement, as this additional arrangement is the mechanism that provides financial accommodation.
- 2.12 Treasury also advised that it conducts regular reviews of activity under the *Public Authorities (Financial Arrangements) Act 1987* which should ensure that no instances of unapproved financial accommodation occur. Treasury pointed out that the Auditor-General had reported no specific instances of unapproved financial accommodation in relation to EFT, Cheque Cashing Authority or Tape Transaction facilities.⁵
- 2.13 In its submission, Treasury advised that in view of the Crown-Solicitor's advice, it considers amendments to the *Public Authorities (Financial Arrangements) Act 1987* to be unnecessary. However, Treasury advised that it would write to all agencies reminding them that instances of financial accommodation associated with EFT, Cheque Cashing Authority or Tape Transaction facilities require approval from Treasury.⁶
- 2.14 On 22 November 2011, the Committee again wrote to Treasury to ask whether it had written to public sector agencies to remind them that instances of financial accommodation associated with EFT, Cheque Cashing Authority and Tape Transaction facilities must be approved by Treasury.
- 2.15 Mr Ronsisvalle replied to the Committee's letter on 19 December 2011, stating that Treasury had since written to all NSW government agencies asking them to review their use of EFT, Cheque Cashing Authority or Tape Transaction facilities, establish whether there is any financial accommodation attached to their use and seek the Treasurer's approval if there are any instances of financial accommodation which had not already been approved. Mr Ronsisvalle attached a copy of the letter sent to all agencies, as well as a copy of the Crown Solicitor's advice regarding 'Certain Banking Facilities and PAFA Act Approvals', which was also sent to NSW government agencies.⁷

Committee Comment:

- 2.16 The Committee notes the action taken by Treasury to address the issue identified by the Auditor-General. The Committee is satisfied that the Crown-Solicitor's advice is sound and that the action taken by Treasury is appropriate to address the Auditor-General's concerns.

⁴ Submission 2, The Treasury, p. 2.

⁵ As above.

⁶ As above.

⁷ Mr Mark Ronsisvalle, Deputy Secretary, Treasury, Correspondence to Chair, 19 December 2011.

Chapter Three – NSW Aboriginal Land Council

Introduction

- 3.1 The NSW Aboriginal Land Council is the peak Aboriginal representative body in New South Wales. The Council was formally constituted as a statutory corporation under the *Aboriginal Land Rights Act (1983)* and has powers to administer the NSW Aboriginal Land Council Account and the Mining Royalties Account, acquire and vest land on behalf of Local Aboriginal Land Councils (LALCs), and provide funding for LALCs.
- 3.2 The NSW Aboriginal Land Council is governed by a Council elected by the 119 Local Area Land Councils. The secretariat is based in Parramatta and has regional offices in Dubbo, Queanbeyan and Coffs Harbour.

The Financial Audit

- 3.3 As part of its regular financial audit program, the Auditor-General audited the NSW Aboriginal Land Council in 2010. This resulted in an unqualified Independent Auditor's Report. The Auditor-General's Report 'Financial Audits Volume Six 2010: focusing on Human Services and Technology' was published in November 2010.

Auditor-General's Recommendation

- 3.4 The Auditor-General recommended that the Council consider dissolving the remaining Local Aboriginal Land Councils that are underperforming, particularly those under administration. This was identified in the report as a repeat issue.

Background to the Auditor-General's Recommendation

- 3.5 The Council places funds with various fund managers to obtain capital growth and provide funds for its operations. The Auditor-General reported that the value of the Council's investments is currently \$541 million, an increase in value of \$27.6 million from 2009.⁸ This represented an improved result over the two previous years, during which the value of the Council's investments had fallen by \$181 million.
- 3.6 The Council draws down funds from its investments each year to fund its operations. In 2009-2010, it drew down \$38.5 million.⁹
- 3.7 The Council funds Local Area Land Councils, which are separate entities for reporting purposes. In 2009, the Auditor-General noted that debt among the LALCs had increased by \$3.5 million to \$23.1 million during 2008-09 and expressed concern about the high

⁸ Auditor-General's Report, 'Financial Audits Volume Six 2010: focusing on Human Services and Technology', p. 5.

⁹ As above, p. 12.

levels of debt.¹⁰ The Auditor-General recommended that the Council stop funding underperforming LALCs.¹¹

- 3.8 In his 2010 report, the Auditor-General noted that two LALCs under administration had been dissolved by the Minister, and their net assets transferred to the Council. This allowed the Council to extinguish debts of \$9.2 million.

The Committee's Examination

- 3.9 As part of its follow-up of the Auditor-General's 2010 Financial Audits, the Committee wrote to the NSW Aboriginal Land Council, requesting a submission outlining its response to the Auditor-General's repeat recommendation.
- 3.10 Mr Geoff Scott, Chief Executive Officer, NSW Aboriginal Land Council, wrote to the Committee on 14 October 2011, outlining the Council's response to the Auditor-General's recommendation. This submission was forwarded to the Audit Office of NSW, and the Auditor-General provided comments on 4 November 2011.
- 3.11 The Committee wrote to the NSW Aboriginal Land Council again on 22 November 2011, seeking further information. Mr Scott replied on 13 January 2012.
- 3.12 In its initial submission on 14 October, Mr Scott noted that the Auditor-General's recommendation was 'not in fact a repeat recommendation as the recommendation to dissolve underperforming Local Aboriginal land councils is the first time that this has been made'.¹² The Auditor-General's report lists this matter as a repeat issue rather than a repeat recommendation.¹³
- 3.13 The Council also pointed out that any decision to dissolve or amalgamate Local Aboriginal Land Councils is the responsibility of the Minister rather than the Council.¹⁴ This is specified in Part 5, Division 7, Section 87 of the *Aboriginal Land Rights Act 1983*. The Council noted that Ministers have, on occasion, been reluctant to take advice to dissolve LALCs, and expressed its intention to raise the issue of triggers for Ministerial action in the current review of the Act.¹⁵
- 3.14 Nonetheless, in its submission the Council did in fact detail a number of initiatives that it has taken to improve the sustainability of the LALC network, and improve the governance and performance of LALCs. These measures include: implementing a new Funding and Financial Obligations Policy, a new Debtor Management Policy, making better use of the Council's quality assurance database, and distributing a Discussion Paper on the sustainability of the NSW Aboriginal Land Rights Network.¹⁶

¹⁰ Auditor-General's Report, 'Financial Audits Volume Six 2009: focusing on Human Services and Technology', p. 8.

¹¹ As above.

¹² Submission 6, NSW Aboriginal Land Council, p. 2.

¹³ Auditor-General's Report, 'Financial Audits Volume Six 2010: focusing on Human Services and Technology', p. 5.

¹⁴ Submission 6, NSW Aboriginal Land Council, p. 2.

¹⁵ As above.

¹⁶ As above, p. 3.

- 3.15 In his report, the Auditor-General noted that there was a high level of unsatisfactory financial reporting among LALCs. However, the number of LALCs which did not submit financial statements or submitted unsatisfactory information was declining. The Auditor-General attributed this to the Council's development of a LALC Management Support System.¹⁷ The introduction of a new Debtors Management Policy is also intended to assist LALCs with financial reporting. However, in his comments on the Council's submission, the Auditor-General noted that there are a number of LALCs that continue to underperform.¹⁸
- 3.16 The Council's Discussion Paper 'The Sustainability of the NSW Aboriginal Land Rights Network' was distributed in January 2011 and made the following recommendations:
- that a comprehensive review of funding allocations to LALCs be undertaken;
 - that the Council dispose of non-performing assets to raise funds;
 - that the Network make government aware of the costs of extra demands it places on the Network;
 - that the Council encourage sharing of resources between LALCs;
 - that the Council provide incentives for voluntary amalgamations between LALCs;
 - that the Council only approve benefit schemes that are supported by professionally prepared business plans; and
 - that the Council link benefits to membership to encourage people to become members.¹⁹
- 3.17 On 22 November 2011 the Committee wrote to the NSW Aboriginal Land Council to request further information regarding responses to the Discussion Paper, and the Council's plans to implement the recommendations made in the Discussion Paper and an outline of its plans to progress this work. In his response on 13 January 2012, Mr Geoff Scott, Chief Executive Officer, NSW Aboriginal Land Council, explained that the Council is 'working through the issues in relation to the recommendations in the discussion paper'.²⁰
- 3.18 In his letter, Mr Scott also drew the Committee's attention to actions that the Council will be participating in over the next twelve months in relation to the sustainability of the Network. These include: participating in the Review of the *Aboriginal Land Rights Act 1983*, participating in the Ministerial Taskforce on Aboriginal Affairs, conducting workshops with LALCs on the sustainability of the Network and the Review of the Act, and continuing discussion in relation the sustainability, governance and performance of

¹⁷ Auditor-General's Report, 'Financial Audits Volume Six 2010: focusing on Human Services and Technology', p. 6.

¹⁸ Submission 12, NSW Audit Office, p. 8.

¹⁹ New South Wales Aboriginal Land Council (2010) 'The Sustainability of the Aboriginal Land Rights Network: A Discussion Paper', p. 21.

²⁰ Mr Geoff Scott, Chief Executive Officer, New South Wales Aboriginal Land Council, correspondence to Chair, 13 January 2012.

the Council and LALCs.²¹ Mr Scott expressed the view that 'the various reviews, meetings and ongoing discussions will ensure that the sustainability of the Aboriginal Land Rights Network will occur.'²²

Committee Comment:

- 3.19 The Committee acknowledges the Council's point that the Auditor-General's 2010 recommendation is not actually a repeat recommendation. However, the recommendation does go to a repeat issue regarding underperforming LALCs and the sustainability of the Network as a whole.
- 3.20 The Committee commends the NSW Aboriginal Land Council's continuing work to improve governance and performance in the Aboriginal Land Rights Network and its efforts to promote awareness of sustainability issues. However, the Committee is concerned that the Council does not appear to have specific plans to progress the recommendations made in the Council's Discussion Paper on the Sustainability of the Aboriginal Land Rights Network.
- 3.21 The Committee notes the recommendation of the 2011 Auditor-General's Financial Audit Report, that the Council and the Minister for Aboriginal Affairs should implement agreed actions arising from the review on sustainability of the NSW Aboriginal Land Rights Network, and looks forward to receiving more information about the implementation of recommendations contained in the Council's Discussion Paper.²³

RECOMMENDATION 1

The Committee recommends that the Minister for Aboriginal Affairs and the NSW Aboriginal Land Rights Network implement agreed actions arising from the review on the sustainability of the NSW Aboriginal Land Rights Network and report to the Committee on the progress of the implementation within six months.

²¹ As above.

²² As above.

²³ New South Wales Auditor-General's Report, 'Financial Audits Volume Nine 2011: focusing on Education and Communities' p. 16.

Chapter Four – ANZAC Research Institute

Introduction

- 4.1 The ANZAC Research Institute is a medical research facility established by the ANZAC Health and Medical Research Foundation. Based at Concord Hospital, it is a controlled entity of the Sydney South West Area Health Service.

The Financial Audit

- 4.2 As part of its regular financial audit program, the Auditor-General audited the Health Group in 2010. The Health Group covers the Department of Health, including the Area Health Services and the various entities controlled by the Department, including the ANZAC Research Institute. The Auditor-General's Report 'Financial Audits Volume Eleven 2010: focusing on Health and Ports' was published in December 2010.
- 4.3 The Auditor-General's audit opinion on the South West Sydney Area Health Service was unqualified, except for the ANZAC Medical Research Trust Fund.²⁴ In regard to the Trust Fund, the Auditor-General noted that audit evidence available for revenue received from donations and fundraising was limited. The Auditor-General noted that this is a common issue for entities which rely on discretionary revenue streams, and did not represent a shortcoming by the management of the Trust Fund.²⁵

Auditor-General's Recommendation

- 4.4 The Auditor-General made one recommendation in relation to the ANZAC Health and Medical Research Foundation:

I again recommend the Foundation obtain approval for a loan entered into in 2009.

Background to the Auditor-General's Recommendation

- 4.5 With regard to the Trust Fund, the Auditor-General noted that the Foundation had entered into a long-term leasing arrangement for facilities within the new Bernie Banton Centre during 2008-2009. In order to secure the leasing arrangement, the Foundation contributed to the construction of the Centre and this contribution was funded in part through a loan.²⁶
- 4.6 As a controlled entity of NSW Health, the Trust Fund is required to seek approval to borrow funds under the *Public Authorities (Financial Arrangements) Act 1987*. However,

²⁴ Auditor-General's Report, 'Financial Audits Volume Eleven 2010: focusing on Health and Ports', p. 129.

²⁵ As above.

²⁶ As above, p. 139.

in this case it had failed to do so. In his 2009 Audit Report, the Auditor-General recommended that the Foundation seek approval for the loan.²⁷

The Committee's Examination

4.7 As part of its follow-up of the Auditor-General's 2010 Financial Audits reports, the Committee wrote to the ANZAC Research Institute on 7 September 2011, requesting a submission outlining its response to the Auditor-General's recommendation.

4.8 Mr David Handelsman, Executive Director, ANZAC Research Institute, wrote to the Committee on 10 October 2011, outlining the Institute's response to the Auditor-General's recommendation. In his letter, Mr Handelsman stated that the matter had already been dealt with in a Management Letter following the 2008-2009 Audit:

The Foundation is somewhat surprised at the re-emergence of this matter, as the AHMRF believes it had been resolved with the NSW Audit Office when it arose. When this issue was raised during our audit by that Office at the end of financial year 2008-9, we provided verbal and written explanation in the Management Letter response. The subsequent audit of 2009-10 raised no issues and consequently no Management Letter was required.²⁸

4.9 As previously noted, the Auditor-General did in fact repeat the recommendation in his 2010 Audit. In his report, the Auditor-General noted that the Institute had failed to implement the recommendation made in 2009.²⁹

4.10 However, Mr Handelsman also noted that the Foundation has since received Commonwealth funds to repay the loan and was intending to do so by the end of 2011. Repayment of the loan would effectively make the Auditor-General's recommendation redundant.

4.11 On 22 November 2011 the Committee wrote to the Foundation requesting that it advise the Committee when the loan is repaid. However, no such advice has been received to date.

Committee Comment:

4.12 The Committee is satisfied with the action that the ANZAC Health and Medical Research Foundation has taken in response to the Auditor-General's recommendation.

RECOMMENDATION 2

The Committee recommends that the ANZAC Health and Medical Research Foundation formally advise the Auditor-General and the Committee when the loan is or was repaid.

²⁷ Auditor-General's Report, 'Financial Audits Volume Eleven 2009: focusing on Health', p. 91.

²⁸ Submission 3, ANZAC Health and Medical Research Foundation, p. 2.

²⁹ Auditor-General's Report, 'Financial Audits Volume Eleven 2010: focusing on Health and Ports', p. 139.

Chapter Five – Australian Museum

Introduction

- 5.1 The Australian Museum is a statutory body established under the *Australian Museum Trust Act 1975*. Under the terms of the Act, the Museum has a responsibility and objective to propagate knowledge about Australia's natural environment. The objective is to make the collections accessible to the public and the scientific community.
- 5.2 In order to access its collections, the Museum needs to catalogue and register all of the individual objects held. The Museum's collection is made up of more than 18 million objects. However, at 30 June 2010 the number recorded in the Museum's electronic collections database was only approximately 1.6 million (8.9 per cent of the collection).³⁰
- 5.3 In his Financial Audit, the Auditor-General noted that the Australian Museum added another 48,000 items to its collection database in 2009-10. In 2010-11, the Museum added approximately 60,000 records to its collections database. The Auditor-General estimates that, at this rate, it will take the Museum another 341 years to record its current collection.³¹

The Financial Audit

- 5.4 As part of its regular financial audit program, the Auditor-General audited the Australian Museum Trust in 2010. This resulted in an unqualified Independent Auditor's Report. The Auditor-General's Report 'Financial Audits Volume Ten 2010: Focusing on Education and Communities' was published in December 2010.

Auditor-General's Recommendations

- 5.5 The Auditor-General made three recommendations, of which one was identified as a repeat issue:

I have previously recommended the Museum complete its program of recording its collections on an electronic database as soon as possible.

The Committee's Examination

- 5.6 As part of its follow-up of the Auditor-General's Financial Audits, the Committee wrote to the Museum on 7 September 2011, to invite a submission outlining the Museum's response to the Auditor-General's report. Mr Steven Alderton, Acting Director, Australian Museum, provided a submission on 4 October 2011. The Museum's submission was forwarded to the Auditor-General for comment, and the Auditor-General responded on 4 November 2011.

³⁰ NSW Auditor-General's Report, 'Financial Audits Volume Ten 2010: Focusing on Education and Communities', p. 10.

³¹ As above.

- 5.7 On 22nd November 2011, the Committee wrote to the Museum seeking a completion date for recording its collections on an electronic database. The Museum provided a response on 12 December 2011.
- 5.8 The Committee noted the Auditor-General's concern that the absence of an appropriate database affects the Museum's ability to discharge its stewardship responsibilities over its collections.³² The Committee noted that the Auditor-General also conducted a performance audit to assess the information that the Museum holds about its collections, how well it can locate objects in its collections, and the inventory controls it has in place. The Auditor-General's Performance Audit, '*Knowing the Collections: the Australian Museum*', was released in September 2010.³³ In his performance audit, the Auditor-General found that a lack of information on its collections limits the Museum's ability to fully achieve its stated objectives.³⁴
- 5.9 Despite efforts to digitise its information, much of the collection remains unregistered or poorly catalogued. Much of the information is still held on paper, cards, slides and old photographs.³⁵ Currently, the Museum has 1.6 million digitised records. Based on existing resources and procedures, which generate 25,000 – 30,000 records per year, the Museum has estimated that it will take between 77 and 99 years to record the current collections in the database.³⁶
- 5.10 In its submission, the Museum explained that in order to progress the task of digitising the collections, it has re-deployed existing resources and developed innovative approaches using volunteers, as well as seeking additional funding from external sources. The Museum provided a summary of funding applications and projects to support accelerated digitisation of collection records that it has undertaken since 1999.
- 5.11 The Museum explained that in 2009 it participated, along with other NSW cultural institutions, in a substantial application for funds from Treasury to digitise the collection. This application was noted by the Auditor-General in his report.³⁷ The application was unsuccessful and the Museum stated that it was working on a new application.³⁸
- 5.12 In his letter to the Committee on 12 December 2011, Mr Frank Howarth, Director, Australian Museum, explained that the Museum submitted business cases for funding to digitise its collections to Treasury in 2000, 2002 and 2003, and that none of these submissions were successful. The Museum submitted an application for funding for a collaborative project in 2009 which was also unsuccessful. Mr Howarth noted that the Museum had submitted a new proposal to Treasury for seed funding to develop a collaborative digitisation project with other cultural institutions.³⁹

³² As above.

³³ Auditor-General's Report, Performance Audit, '*Knowing the Collections: Australian Museum, September 2010*'.

³⁴ As above, p. 2.

³⁵ NSW Auditor-General's Report, '*Financial Audits Volume Ten 2010: focusing on Education and Communities*', p. 10.

³⁶ Mr Frank Howarth, Director, Australian Museum, Correspondence to Chair, 12 December 2011.

³⁷ NSW Auditor-General's Report, '*Financial Audits Volume Ten 2010: focusing on Education and Communities*', p. 10.

³⁸ Submission 5, Australian Museum, p. 2.

³⁹ Mr Frank Howarth, Director, Australian Museum, Correspondence to Chair, 12 December 2011.

Committee Comment:

- 5.13 The Committee notes that to implement the Auditor-General's recommendation regarding digitising of the collections the Museum would require a substantial investment of resources. The Museum is aware of this problem and has sought additional funding to complete the project on repeated occasions, without success.
- 5.14 In its follow-up of the Auditor-General's Performance Audit, '*Knowing the Collections: the Australian Museum*', the Committee recommended that the Museum seek additional funding and resources to assist in this project.⁴⁰ The Committee encourages the Museum to continue in its efforts to progress this important project.

⁴⁰ Public Accounts Committee, 'Report on the examination of the Auditor-General's Performance Audits October 2009-2010', Report 3/55, February 2012, p. vi.

Chapter Six – Department of Family and Community Services

Introduction

- 6.1 Community Services works to promote the safety and well-being of children and young people and to build stronger families and communities in NSW. The Department has statutory responsibilities for child protection under the *Children and Young Persons (Care and Protection) Act 1998*. The Out-of-Home Care (OOHC) program is administered by the Department and seeks to provide children and young people with a safe, stable, culturally appropriate environment when they cannot live at home.
- 6.2 The Department of Community Services was abolished in July 2009, and its functions incorporated into Community Services within the Department of Human Services NSW. In April 2011, the Department of Human Services was re-structured and became the Department of Family and Community Services. Community Services is referred to here as 'the Department'.

The Financial Audit

- 6.3 As part of its regular financial audit program, the Auditor-General audited Community Services in 2010. This resulted in an unqualified Independent Auditor's Report. The Auditor-General's Report 'Financial Audits Volume Six 2010: focusing on Human Services and Technology' was published in November 2010.
- 6.4 The Auditor-General made a number of recommendations to:
- Reduce caseworker workload;
 - Conduct Out-of-Home Care placement reviews;
 - Strengthen grants acquittals processes;
 - Implement project governance structures for major IT projects; and
 - Address Repeat Management Letter issues.

Auditor-General's Recommendation

- 6.5 The Auditor-General identified one repeat recommendation in relation to Out-of-Home Care Community Services:

That the Department of Human Services adhere to statutory requirements by ensuring Community Services placement reviews for children and young persons in Out-of-Home Care are undertaken at appropriate intervals.

The Committee's Examination

- 6.6 As part of its follow-up of the Auditor-General's 2010 Financial Audit reports, the Committee wrote to the Department of Family and Community Services on 7 September 2011, requesting a submission outlining its response to the Auditor-General's repeat recommendation.
- 6.7 Mr Jim Moore, Acting Director-General, Department of Family and Community Services, wrote to the Committee on 26 October 2011, outlining the Department's response to the Auditor-General's recommendation. This submission was forwarded to the Audit Office of NSW, and the Auditor-General provided comments on 18 November 2011.
- 6.8 In his letter to the Committee, the Department acknowledged that Community Services has been challenged by the increasing volume of child protection reports and increasing numbers of children requiring Out-of-Home Care over many years.⁴¹ In 2010 the Department received 256,088 child protection reports,⁴² while 17,400 children and young people were in Out-Of-Home-Care.⁴³
- 6.9 Section 150 of the *Children and Young Persons (Care and Protection) Act* 1998 requires that permanent out-of-home-care placements be reviewed every twelve months, and temporary placements be reviewed every three months. However, the Department has repeatedly failed to meet this requirement.
- 6.10 In its submission, the Department explained that it faces a significant challenge in meeting accreditation standards for Out-Of-Home-Care providers set by the Office of the Children's Guardian. It currently has interim accreditation which was achieved in 2003. The Department stated that it has provided the Office of the Children's Guardian with indirect evidence for all accreditation standards and is participating in a program of case file audits and onsite assessments to provide direct evidence.⁴⁴
- 6.11 The Department explained that Community Services operates with significantly higher caseloads than accredited providers. Further, caseworker resources may need to be increased by up to 40 per cent if the Department was to achieve an accreditable standard of casework practice.⁴⁵
- 6.12 The Department further explained that it is planning to resolve these issues through the current OOHHC Reform Program, which is designed to address the recommendations of the Special Commission of Inquiry into Child Protection Services in NSW (the Wood Commission) in 2008.⁴⁶ One of the recommendations of the Wood Commission was that responsibility for providing Out-of-Home Care should be transferred to the non-government (NGO) sector, and the Government is now committed to this approach.
- 6.13 The Department emphasised that this strategy will lead to timely reviews of Out-of-Home-Care placements:

⁴¹ Submission 9, Mr Jim Moore, Department of Family & Community Services, p. 3.

⁴² Auditor-General's Report, 'Financial Audits Volume Six 2010: focusing on Human Services and Technology', p. 58

⁴³ As above, p. 60.

⁴⁴ Submission 9, p. 3.

⁴⁵ Submission 9, p. 4.

⁴⁶ As above.

As more OOHC provision transitions to the NGOs, Community Services' caseload ratios will reduce. This will increase the capacity to allocate cases and of caseworkers to undertake quality casework for those children who remain case managed by Community Services and to meet statutory requirements and accreditation standards. Timely placement reviews for all OOHC cases will not be resolved until a greater percentage of OOHC is transferred to the NGO sector.⁴⁷

6.14 In his comments on the Department's submission, the Auditor-General wrote that:

I would agree that as more OOHC cases are transferred to the Non Government Organisation (NGO) Sector it will allow Community Services to manage its caseload and meet their statutory requirements.⁴⁸

Committee Comment:

6.15 The Committee notes that the Auditor-General has raised the issue of timely conduct of placement reviews over several years. Timely conduct of these reviews is a statutory requirement which is designed to ensure the safety and well-being of children and young people placed in Out-Of-Home Care.

6.16 The Committee is disappointed that the Department has taken so long to address this issue. As there will be changed arrangements regarding the provision of Out-Of-Home Care from 2012, the Committee would expect that performance in respect of the conduct of assessments to improve.

RECOMMENDATION 3

The Committee recommends that the Department of Family and Community Services develop and publish on its website an implementation plan for the transfer of Out-of-Home Care to non-government organisations.

⁴⁷ Submission 9, p. 4.

⁴⁸ Submission 13, Audit Office of NSW, p. 3.

Chapter Seven – Rail Corporation New South Wales

Introduction

- 7.1 Rail Corporation New South Wales (RailCorp) is a New South Wales Government agency, forming part of the Transport NSW portfolio, which delivers public transport services in NSW and interstate passenger services. RailCorp is administered by the NSW Minister for Transport under the *Transport Administration Act 1988 (the Act)*.
- 7.2 In his Financial Audits Volume Nine 2010, the Auditor-General noted that RailCorp engages contractors in a range of business units to fill vacant positions, working on projects or completing short term work assignments.
- 7.3 At 30 June 2010, RailCorp engaged about 590 contractors. The number of contractors engaged had declined from about 690 in October 2009. However, more than a quarter of the contractors engaged cost over \$1,000 per day.⁴⁹

The Financial Audit

- 7.4 As part of its regular financial audit program, the Auditor-General audited RailCorp in 2010. This resulted in an unqualified Independent Auditor's Report. The report 'Financial Audits Volume Nine 2010: focusing on Transport, Planning and Industry' was published in December 2010.

Auditor-General's Recommendations

- 7.5 The Auditor-General made a number of recommendations in relation to:
- Improving RailCorp's new procurement system;
 - Implementation of the recommendations from the ICAC report on Operation Monto;
 - Performance reporting using independent benchmarks;
 - Use of contractors;
 - Management of an ageing workforce; and
 - Managing excessive annual leave balances.

⁴⁹ Auditor-General's Report, 'Financial Audits Volume Nine 2010: focusing on Transport, Planning and Industry', p. 158.

7.6 Of these recommendations, two – those relating to the use of contractors and excessive annual leave balances - were identified as repeat issues. The Auditor General prioritised his recommendation in relation to the use of contractors:

I recommend RailCorp improve its contractor register and continue to periodically review the roles and responsibilities of all its contractors to ensure:

- its reliance on contractors is not excessive;
- using contractors instead of permanent employees is appropriate;
- contractors do not become de facto employees by virtue of being with RailCorp for an extended period of time; and
- using a contractor continues to represent good value for money.

7.7 The Auditor-General expressed concern that extensive reliance on contractors could result in higher employment costs with less ownership and commitment towards organisational goals and objectives.⁵⁰

7.8 The Auditor-General found that although RailCorp implemented a centralised contractors' register in 2008-09, the information was incomplete and the department is still finding it difficult to maintain this register in a timely and consistent manner.⁵¹

The Committee's Examination

7.9 As part of its follow-up of the Auditor-General's 2010 Financial Audits, on 7 September 2011 the Committee wrote to RailCorp, requesting a submission outlining its response to the Auditor-General's repeat recommendation in relation to the use of contractors.

7.10 Mr Rob Mason, Chief Executive, RailCorp, provided a submission on 6 October 2011. RailCorp's submission was forwarded to the Auditor-General, who responded on 4 November 2011.

7.11 In its submission, RailCorp stated that its human resources information system is updated on a regular basis. The system generates an Establishment Summary Report which has been enhanced to show the number of contractors filling established positions and 'project' positions. This information is published on the RailCorp intranet and provided to management to enable effective monitoring of contractor numbers.⁵²

7.12 RailCorp also explained that all requests for contractors must be supported by a written business case and approved by a delegated officer. Contracts which are extended beyond their original term must be reviewed, with extensions based on business requirements and criticality to service. Long term and more expensive contracts are reviewed on a regular basis to determine whether the contractor can be converted to a

⁵⁰ As above.

⁵¹ As above.

⁵² Submission 1, NSW Transport RailCorp, p. 1.

temporary employee. RailCorp stated that over the last two financial years it had converted almost 200 contractors to temporary or permanent employees.⁵³

7.13 RailCorp also noted that it has a White Collar Contract Labour Unit which engages in regular market benchmarking and negotiates supplier agreements to ensure that contractor rates are competitive and represent value for money.⁵⁴

7.14 In his submission, the Auditor-General expressed the view that the actions taken by RailCorp are appropriate to address the recommendation.⁵⁵

Committee Comment:

7.15 The Committee was pleased to note the progress that RailCorp has made in addressing the Auditor-General's recommendation, and looks forward to continued reductions in the number of contractors engaged by RailCorp.

⁵³ As above, p. 2.

⁵⁴ As above.

⁵⁵ Submission 12, NSW Audit Office, p. 3.

Chapter Eight – Transport

Introduction

- 8.1 Transport New South Wales (TNSW), a budget sector agency, and ten Government entities provide, facilitate and regulate the State's transport services, including the State Transit Authority. The State Transit Authority (State Transit) is a statutory authority which provides bus services, including Sydney Buses, Western Sydney Buses, and Newcastle Buses and Ferries. The *Transport Legislation Amendment Act 2011* established Transport for NSW.

The Financial Audit

- 8.2 As part of its regular financial audit program, the Auditor-General audited Transport Services NSW (TNSW) in 2010. The Auditor-General provided an unqualified Independent Auditor's Report. This report was published in December 2010, as the Auditor-General's Report 'Financial Audits Volume Nine 2010: focusing on Transport, Planning and Industry'.

Auditor-General's Recommendation

- 8.3 In addition to a number of other recommendations, the Auditor-General made a recommendation relating to employment arrangements for State Transit, which was identified as a repeat issue:

I recommend TNSW reconsider the appropriateness of employment arrangements for State Transit to avoid further losses of Commonwealth Government grants.⁵⁶

Background to the Auditor-General's Recommendation

- 8.4 Under current arrangements, staff are employed by Government departments, known as Employment Divisions, rather than directly by State Transit. This results in State Transit losing an entitlement to Commonwealth Government training grants.
- 8.5 This arrangement arose as a result of the former government's response to Commonwealth 'Workchoices' legislation. In 2006, the Auditor General reported how the NSW Government's response to the then Australian Government's 'Workchoices' workplace relations reforms created approximately 60 special purpose entities, referred to as Employment Divisions. This resulted in employees of statutory authorities being transferred to the newly created Divisions.
- 8.6 In its 2008-09 budget, the Australian Government announced a change to the Australian Apprenticeships Incentive Program (AAIP). Where an employer is a department of State, a department of Parliament, or an agency within the State of Territory executive arm of government, they cease to be eligible for employer incentives under the AAIP. Where

⁵⁶ Auditor-General's Report, 'Financial Audits Volume Nine 2010: focusing on Transport, Planning and Industry', p. 25.

the employer is a statutory authority, statutory body or body corporate, it will continue to be eligible for employer incentives. This change was effective after 1 July 2008.

- 8.7 Following passage of the Commonwealth *Fair Work Act 2009*, the Auditor General recommended that Transport NSW consider whether the employee Divisions created in 2006 are still relevant.

The Committee's Examination

- 8.8 As part of its follow-up of the Auditor-General's 2010 Financial Audits, on 6 September 2011 the Committee wrote to Transport NSW, requesting a submission outlining TNSW's response to the Auditor-General's repeat recommendations.

- 8.9 Mr Les Wielinga, Director General, Transport NSW wrote to the Committee on 19 October 2011, outlining the Transport NSW's response to the Auditor-General's recommendation. This submission was forwarded to the Auditor-General for comment.

- 8.10 In his submission to the Committee, Mr Wielinga explained that the matter is a policy issue which is the province of the Department of Premier and Cabinet:

the decision to employ staff under employment Divisions, rather than directly by State Transit, was a policy decision made by the previous Government and was co-ordinated centrally within government. While there is a specific issue in State Transit concerning the access to training grants from the Commonwealth Government, the broader policy issue of continuing the arrangements to employ the staff of some Statutory Authorities in employment divisions is a matter of policy that is within the accountability of the Department of Premier and Cabinet. Accordingly, I am raising this matter with the Director General of the Department of Premier and Cabinet.⁵⁷

- 8.11 In his response to this submission, the Auditor-General, Mr Peter Achterstraat acknowledged that Transport for NSW had dealt with the issue to the extent possible.⁵⁸

Committee Comment:

- 8.12 The Committee notes that the existing employment arrangements used by Transport for NSW are a matter of government policy and the issue is therefore outside the Committee's area of responsibility. However, it is of concern that the current arrangements can lead to a loss of training assistance funds from the Commonwealth.

- 8.13 The Committee welcomes the upcoming consultations between Transport for NSW and the Department of Premier and Cabinet to reconsider the appropriateness of employment arrangements for State Transit.

⁵⁷ Submission 10, Transport NSW, p. 2.

⁵⁸ Submission 15, NSW Audit Office, p. 2.

Chapter Nine – Health

Introduction

- 9.1 NSW Department of Health is the major provider of health services to the NSW public and comprises about 27% of the NSW General Government Sector, with total expenses of \$14.5 billion during 2009-2010.⁵⁹ The Department includes the Area Health Services and a number of controlled entities such as Justice Health, the Health Administration Corporation and the Clinical Excellence Commission.
- 9.2 In October 2011, the Department became the NSW Ministry of Health. Area Health Services have also become Local Health Districts. However, Health is referred to as 'the Department' in this report.

The Financial Audit

- 9.3 As part of its regular financial audit program, the Auditor-General audited the Health Group in 2010. The audits of the Department and its controlled entities resulted in unqualified Independent Auditor's Reports. These were published in December 2010 as 'Financial Audits Volume Eleven 2010: focusing on Health and Ports'.

Auditor-General's Recommendations

- 9.4 The Auditor-General's report on the Health Group made numerous recommendations. However, the Auditor-General identified three which were repeat issues of high priority. These recommendations are listed below.
- I again recommend the Department ensures Area Health Services pay creditors within agreed payment terms. Area Health Services need to improve cash flow management, ensure purchases are supported by authorised orders, and follow up disputed invoices in a timely manner.⁶⁰
 - I recommend the Department develop a system to monitor the number of contractors who provide personal or professional services and the length of time they have done so. The review should identify contractors whose services are no longer required. Internal controls over the use of contractors need to be strengthened. A similar exercise should be performed at AHS [Area Health Services] for non-medical contractors.⁶¹

⁵⁹ NSW Department of Health 'Annual Report 2009-10', p. 113.

⁶⁰ New South Wales Auditor-General's Report, 'Financial Audits Volume Eleven 2010: focusing on Health and Ports', p. 24.

⁶¹ New South Wales Auditor-General's Report, 'Financial Audits Volume Eleven 2010: focusing on Health and Ports', p. 26.

- I recommend the Department, in conjunction with the Area Health Service, finalise the review of all special purpose and trust funds to confirm the nature and intended purpose of each fund. Where appropriate, approvals should be sought to move funds into the Public Contributions Trust Fund account, to assist in the delivery of health services.⁶²

The Committee's Examination

- 9.5 As part of its follow-up of the Auditor-General's 2010 Financial Audits, on 6 September 2011 the Committee wrote to the NSW Department of Health, requesting a submission outlining the Department's response to the Auditor-General's repeat recommendations.
- 9.6 Dr Mary Foley, Director-General, NSW Ministry of Health, wrote to the Committee on 7 November 2011, outlining the Department's response to the Auditor-General's recommendations. This submission was forwarded to the Auditor-General for comment.
- 9.7 In her response to the Committee, Dr Foley offered her apologies for the late arrival of the Department's submission.⁶³ Dr Foley also explained that the number of audits undertaken in Health had doubled in the 2010-2011 financial year, following significant restructuring of the Health portfolio. The Department is planning to streamline its audit processes for the 2011-2012 year.
- 9.8 The Committee's examination of the Department's response to the Auditor-General's first recommendation is detailed below.

That the Department ensures Area Health Services pay creditors within agreed payment terms. Area Health Services need to improve cash flow management, ensure purchases are supported by authorised orders, and follow up disputed invoices in a timely manner.

- 9.9 In his report, the Auditor-General noted that total creditors amounted to \$406 million at 30 June 2010. This represented a 9.2 per cent decrease from the previous year.⁶⁴
- 9.10 In its submission, the Department advised that it has a benchmark of 45 days for payment of invoices which are ready for payment. Payment of trade creditors (which do not include liabilities to visiting medical officers or certain government agencies) within this period is a key performance indicator that is regularly monitored.⁶⁵ The Department explained that in order to be 'ready for payment', a creditor must have issued a GST-compliant tax invoice for goods or services that have been received in good order, in the

⁶² New South Wales Auditor-General's Report, 'Financial Audits Volume Eleven 2010, focusing on Health and Ports', p. 27.

⁶³ Submission 11, NSW Health, p. 2.

⁶⁴ New South Wales Auditor-General's Report, 'Financial Audits Volume Eleven 2010: focusing on health and ports', p. 24.

⁶⁵ Submission 11, NSW Health, p. 2.

correct quantity, at the agreed price and at the correct location. An approved purchase order is also required where appropriate.⁶⁶

9.11 The Department reported that all Area Health Services met this benchmark in 2009-2010.⁶⁷ This is an improvement on the previous two years, in both of which six Area Health Services failed to meet the benchmark.

9.12 The Auditor-General pointed out that the benchmark does not include creditors who are on hold or payments that are in dispute. The value of disputed or 'on hold' creditors was \$61.6 million, which was a significant proportion of the total value of creditors. For example, the South East Sydney and Illawarra Health Service had the largest proportion of creditors on hold or in dispute, with \$14.1 million or 27 per cent of its total creditors.⁶⁸

9.13 The Auditor-General reported that more than 40 per cent of invoices were on hold because purchase orders were not raised for the invoices. He noted that in 2008-09 the Department reminded Area Health Services that purchases should be supported by a valid purchase order, and also wrote to major suppliers to advise them that goods and services should not be supplied to Area Health Services without a purchase order. As the Auditor-General noted, the effect of these actions appears to be limited.⁶⁹

9.14 In its submission, the Department explained that:

NSW Health is working with suppliers to improve invoice procedures including electronic purchase orders and invoicing (B2B) and ensure goods and services are not supplied without an approved purchase order in place. Suppliers are also being asked to forward their invoices directly to Health Support Services (NSW Health's shared corporate services provider) for processing.⁷⁰

9.15 In his comments on the NSW Health submission, the Auditor-General, Mr Peter Achterstraat, agreed that the use of purchase orders is increasing across the health sector and that this should result in fewer disputed invoices.⁷¹ However, the Auditor-General's Report for 2010-2011 notes that at 30 June 2011, \$34.7 million worth of invoices were owing for more than 45 days. This amount actually represents an increase on the previous year, when there were \$28.7 million of invoices outstanding for more than 45 days.⁷²

9.16 The Committee's examination of the Auditor-General's second recommendation is detailed below.

That the Department develop a system to monitor the number of contractors who provide personal or professional services and the length of time they have done so.

⁶⁶ As above, p. 3.

⁶⁷ As above.

⁶⁸ New South Wales Auditor-General's Report, 'Financial Audits Volume Eleven 2010: focusing on health and ports', p. 25.

⁶⁹ As above.

⁷⁰ Submission 11, NSW Health, p. 2.

⁷¹ Submission 15, NSW Audit Office, p. 4.

⁷² New South Wales Auditor-General's Report, 'Financial Audit Volume Ten 2011: focusing on health', p. 12.

The review should identify contractors whose services are no longer required. Internal controls over the use of contractors need to be strengthened. A similar exercise should be performed at AHS [Area Health Services] for non-medical contractors.

- 9.17 In his report, the Auditor-General expressed concern that the Department was unable to provide information about the number of contractors it engaged compared to established positions, or how long contractors were engaged for.⁷³
- 9.18 In its submission, the Department noted that the Auditor-General requested a detailed analysis of the hours worked by contractors as part of his 2009-2010 audit. The Department explained that this information is not routinely aggregated and a review of invoices was conducted by manually compiling information from accounts payable systems.
- 9.19 The Department noted that contractor management software would have been helpful in completing the project but explained that future accounting system upgrades will need to be considered in the context of available funds.⁷⁴ In his comments on the Department's submission, the Auditor-General, Mr Peter Achterstraat, advised that 'elsewhere in the public sector, some agencies have developed a spreadsheet register to monitor the use of contractors.'⁷⁵
- 9.20 In his report, the Auditor-General explained that he was unable to analyse results from the review conducted by the Department, as it was not provided in time to be included in his report. The Auditor-General expressed concern that 'without such information being monitored periodically, it is unclear how the Department is able to effectively manage its contract staff'.⁷⁶
- 9.21 The Department did not provide any information in its submission about the outcomes of its review of contractor hours, or about its plans to improve management of contractors. However, it did emphasise that it has processes to ensure that contractors are managed effectively, saying that:
- control and review processes for the engagement of contingency labour are in place in the Ministry through senior management on the broader issue of governance, oversight and centralised assessment of contractor requests through Corporate Personnel Services.⁷⁷
- 9.22 The Auditor-General also noted that the Department undertook a number of internal audits of contract staff in various branches at its head office during 2009-2010. Interim findings from these internal audits revealed instances of problems in the engagement and management of contractors, such as a lack of evidence to support payments or inappropriate approval of contractors.⁷⁸

⁷³ New South Wales Auditor-General's Report, 'Financial Audits Volume Eleven 2010: focusing on health and ports', p. 26.

⁷⁴ Submission 11, NSW Health, p. 3.

⁷⁵ Submission 15, NSW Audit Office, p. 3.

⁷⁶ New South Wales Auditor-General's Report, 'Financial Audits Volume Eleven 2010: focusing on health and ports', p. 26.

⁷⁷ As above.

⁷⁸ As above.

9.23 The Auditor-General noted that the Department had advised him that it was considering the findings of these internal audits. The Department did not provide any information in its submission about these internal audits or action that it was planning to take.

9.24 The Committee's examination of the Department's response to the Auditor-General's third recommendation is detailed below.

That the Department, in conjunction with the Area Health Service, finalise the review of all special purpose and trust funds to confirm the nature and intended purpose of each fund. Where appropriate, approvals should be sought to move funds into the Public Contributions Trust Fund account, to assist in the delivery of health services.

9.25 At 30 June 2010, the value of Special Purpose and Trust Funds held by Area Health Services was \$508 million.

9.26 The Auditor-General noted that he first recommended that the Department, in conjunction with Area Health Services, review all special purpose and trust funds to confirm their nature and intended purpose, in 2008.⁷⁹

9.27 The Auditor-General noted that the Department requested each Area Health Service to provide a report detailing its special purpose and trust funds, with information such as whether the funds were being used in accordance with the original purpose and conditions attached, accounts were not overdrawn, interest was property apportioned, and so on. This information was first requested in May 2009, and a follow up request was made in May 2010.⁸⁰

9.28 The Auditor-General noted that by 30 June 2010, seven Area Health Services had provided the information while four were still in the process of performing the review.⁸¹ Analysis of the information suggested mixed results among the Area Health Services which provided information, with some funds being overdrawn and one Area Health Service unable to locate source documents for a number of its trust funds.⁸²

9.29 In its submission to the Committee, the Department noted that the management of Special Purpose and Trust accounts is the responsibility of Area Health Services (now Local Health Districts).⁸³ The Department explained that it had issued further instructions to Area Health Services on 17 March 2011, advising them of the need to resolve any outstanding documentation issues in relation to Special Purpose and Trust funds for the audit of 2010-2011.⁸⁴

9.30 The Department did not provide any further information about the outcomes of the review of Special Purpose and Trust fund information.

9.31 The Auditor-General raised the issue of Special Purpose and Trust Funds again in his 2011 Financial Audit Report, noting that not all of the Local Health Districts had

⁷⁹ As above, p. 27.

⁸⁰ As above.

⁸¹ As above.

⁸² As above.

⁸³ Submission 11, NSW Health, p. 3.

⁸⁴ As above.

completed this review by 30 June 2011 and recommending that they do so as a matter of urgency.⁸⁵

Committee Comment:

- 9.32 In regard to the Auditor-General's recommendation in relation to the timely payment of creditors, the Committee is pleased to note that the number of invoices which are disputed or on hold appears to have reduced since the Auditor-General's 2010 Report. However, the Committee would have liked to see more detailed information from the Ministry of Health about the specific actions it is undertaking to reduce the number of invoices which are on hold or in dispute.
- 9.33 The Committee is disappointed with the lack of action taken by the Ministry of Health to address the Auditor-General's recommendation in relation to the management of contractors. The Ministry of Health appears to be unable to provide key information about the contractors it engages. Further, despite the Auditor-General's repeated recommendations, the Ministry appears to have no plans to address the issue.
- 9.34 The Committee is extremely disappointed by the Ministry of Health's failure to address the Auditor-General's recommendation in relation to information about Special Purpose and Trust Funds. These funds hold significant assets which must be properly documented and accounted for. While the Committee acknowledges that the Ministry has undergone significant re-structuring, the Auditor-General's recommendation pre-dates this re-structuring by at least two years. The Ministry of Health appears unable to provide this information.

RECOMMENDATION 4

The Committee recommends that the Ministry of Health develop and publish a management plan to reduce the number of contractors it engages and report on this plan in its Annual Report.

RECOMMENDATION 5

The Committee recommends that the Minister for Health ensures that the review of Special Purpose and Trust Funds be completed by the Ministry and all Local Health Districts as a matter of urgency.

⁸⁵ New South Wales Auditor-General's Report, 'Financial Audit Volume Ten 2011: focusing on health', p. 15.

Chapter Ten – Health Support Services

Introduction

- 10.1 Health Support Services (HSS) was established in 2007 as a division of the Health Administration Corporation. The Health Administration Corporation administers Health Infrastructure, the Ambulance Service of NSW, and the Clinical Education and Training Institute as well as Health Support Services.
- 10.2 Health Support Services provides common corporate, technology and disability services to NSW Health agencies, including the Area Health Services (now Local Health Districts). It employs 5,700 people and provides information technology, recruitment, payroll and accounts payable functions, as well as supporting patient care through the provision of catering and linen services.

The Financial Audit

- 10.3 As part of its regular financial audit program, the Auditor-General audited the Health Administration Corporation in 2010. The audits of the Corporation and its controlled entity resulted in unqualified Independent Auditor's Reports. These were published in December 2010 as 'Financial Audits Volume Eleven 2010: focusing on Health and Ports'.

Auditor-General's Recommendations

- 10.4 The Auditor-General made six recommendations in relation to the Health Administration Corporation. Of these, three related to Health Support Services and were identified as repeat issues. Another related to repeat management letter issues (issues raised with the agency in a formal letter to management). In its examination, the Committee prioritised two repeat issues and the repeat management letter issues. These are listed below:
- I again recommend HSS further develop its Key Performance Indicators (KPIs) for its service centres to ensure they include more qualitative indicators as well as quantitative indicators, and to measure these indicators against appropriate targets.⁸⁶
 - I again recommend HSS finalise the Service Partnership Agreements (SPAs) with its customers under its newly established framework as soon as possible.⁸⁷

⁸⁶ New South Wales Auditor-General's Report, 'Financial Audits Volume Eleven 2010: focusing on health and ports', p. 160.

⁸⁷ As above, p. 161.

- I recommend the following control deficiencies I have reported to the Corporation for the past two years, which have not been addressed, be actioned as a matter of priority.

The following control weaknesses have been identified either at one or all of the HSS service centres for at least the past two years:

- Insufficient control to ensure all customer transactions are processed
- The validity of signatures authorising purchases, approving payments to suppliers and approving manual timesheets are not checked
- Payroll master file changes are not reviewed on a regular basis and when reviewed they are not always reviewed by an independent officer
- Final termination payments are not being made in a timely manner to terminated customer employees.⁸⁸

The Committee's Examination

10.5 As part of its follow-up of the Auditor-General's 2010 Financial Audits, on 6 September 2011 the Committee wrote to Health Support Services, requesting a submission outlining its response to the Auditor-General's repeat recommendations.

10.6 The Committee wrote to Mr Mike Rillstone, Chief Executive, Health Support Services, again on 4 April 2012, expressing its disappointment that no response had been received and requesting a response by 13 April 2012. Mr Rillstone wrote to the Chair, Mr Jonathan O'Dea MP, on 5 April 2012 to formally apologise for Health Support Services' failure to provide a submission. On 13 April 2012 Mr Rillstone wrote again to provide a submission, which was forwarded to the Auditor-General for comment.

10.7 The Committee's examination of Health Support Services' response to the first repeat recommendation is outlined below.

I again recommend HSS further develop its Key Performance Indicators (KPIs) for its service centres to ensure they include more qualitative indicators as well as quantitative indicators, and to measure these indicators against appropriate targets.

10.8 In his report, the Auditor-General acknowledged that HSS had developed some quality control measures in response to his previous recommendations, but expressed the view that its performance indicators were still inadequate:

the majority of indicators for its service centre operations still focus on processes, and none are measured against appropriate targets. HSS needs to develop targets that it believes are realistic and achievable. It is important that HSS develop and report on KPIs that measure outcomes and quality of service.⁸⁹

10.9 In its submission, Health Support Services explained that its key performance indicators track the following services:

⁸⁸ As above.

⁸⁹ As above.

- Accounts payable,
- Sundry debtors,
- Procurement and logistics,
- Payroll,
- Recruitment,
- Food,
- Linen, and
- Statewide service desk for ICT support.⁹⁰

10.10 Health Support Services explained that 'incremental improvements' have been made to its key performance indicators, and that indicators now include targets, trends and responsibility for particular functions.⁹¹ Health Support Services attached a copy of its 'Strategic Key Performance Indicators Report' for February 2012 to its submission, and the report includes a number of key performance indicators relating to the functions listed above. Some of these indicators do include targets, such as the example included below.

7 State Wide Service Desk (SWSD)

7.1 All Calls Answered (<=40 Seconds)

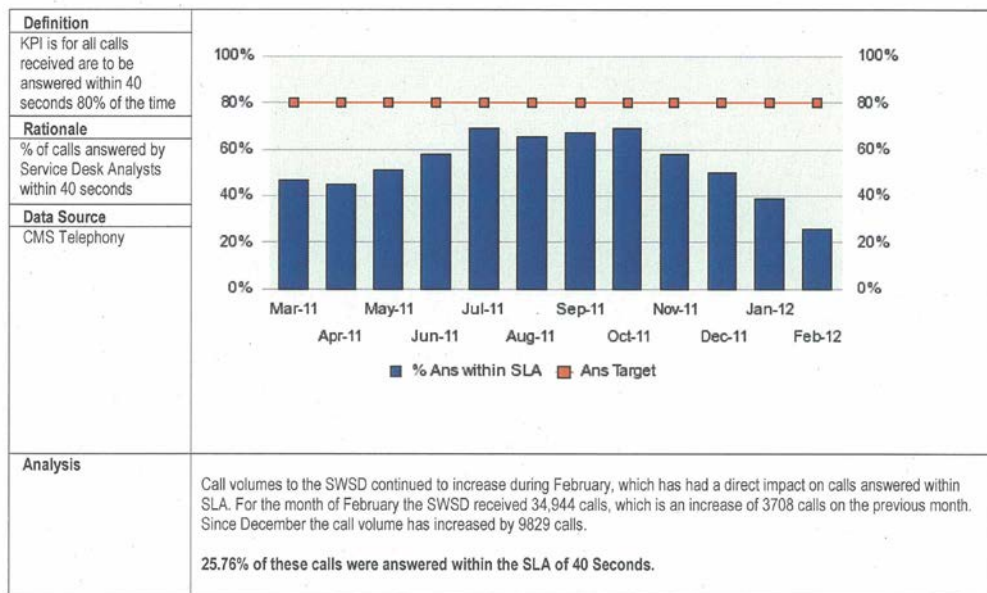


Figure 1: Sample report from Health Support Services 'Strategic Key Performance Indicators Report', February 2012

10.11 In his 2011 Financial Audit Report, the Auditor-General also confirmed that Health Support Services had made improvements to its key performance indicators.⁹²

⁹⁰ Submission 14, Health Support Services, p. 2.

⁹¹ As above.

⁹² New South Wales Auditor-General's Report, 'Financial Audit Volume Ten 2011: focusing on health', p. 46.

- 10.12 Health Support Services also noted that it has introduced a Finance Creditors' Dashboard which provides key performance indicators relating to invoice processing and vendor payments.⁹³
- 10.13 However, in its submission HSS expressed that view that it currently has too many performance indicators, with over 200 currently being measured. This creates onerous reporting requirements and HSS is working to refine its reporting suite. HSS indicated that it is developing an automated reporting 'dashboard' which will provide information about daily and monthly operational targets. The 'dashboard' will include an executive scorecard, a customer service dashboard and an operational dashboard. It is due for completion in July 2012.⁹⁴
- 10.14 Health Support Services explained that it has also established a performance management unit; this unit reports to the Director, Customer Service and Corporate Governance.⁹⁵
- 10.15 The Committee's examination of Health Support Services' response to the second repeat recommendation is outlined below.

I again recommend HSS finalise the Service Partnership Agreements (SPAs) with its customers under its newly established framework as soon as possible.

- 10.16 In his report, the Auditor-General noted that Service Partnership Agreements with HSS customers had not been finalised. The Auditor-General noted this issue over three years.⁹⁶
- 10.17 In its submission provided in April 2012, Health Support Services explained that Master Service Agreements for the 2010-2011 year have been finalised and that discussions regarding agreements for the 2012-2013 year have commenced.⁹⁷ However, in his 2011 report, the Auditor-General noted that only four of 23 service level agreements for the 2011-2012 year were finalised.⁹⁸
- 10.18 HSS explained that it is developing a simplified agreement for use in future years, and also working on a standardised service catalogue which will obviate the need for detailed service schedules in each agreement. In his comments on the HSS submission, the Auditor-General noted that this standardised service catalogue is now complete.⁹⁹ Agreements between HSS and its customers will align with agreements between the Ministry of Health and the Local Health Districts.¹⁰⁰
- 10.19 The Committee's examination of Health Support Services' response to the repeat management letter issues is outlined below.

⁹³ As above, p. 3.

⁹⁴ As above, pp. 2-3.

⁹⁵ As above, p. 2.

⁹⁶ New South Wales Auditor-General's Report, 'Financial Audits Volume Eleven 2010: focusing on health and ports', p. 161.

⁹⁷ Submission 14, Health Support Services, p. 3.

⁹⁸ New South Wales Auditor-General's Report, 'Financial Audits Volume Ten 2011: focusing on health', p. 46.

⁹⁹ Submission 15, NSW Audit Office, p. 4.

¹⁰⁰ Submission 14, Health Support Services, p. 3.

The following control weaknesses have been identified either at one or all of the HSS service centres for at least the past two years:

- **Insufficient control to ensure all customer transactions are processed**
- **The validity of signatures authorising purchases, approving payments to suppliers and approving manual timesheets are not checked**
- **Payroll master file changes are not reviewed on a regular basis and when reviewed they are not always reviewed by an independent officer**
- **Final termination payments are not being made in a timely manner to terminated customer employees.**

10.20 In its submission, HSS explained that it processes over 8.5 million invoice lines to a value of over \$9 billion on behalf of the NSW public health system each year, and it is working to improve the control measures in a number of ways.¹⁰¹ HSS requires invoices to be sent to its service centres rather than to Local Health Districts or with goods delivered. HSS conducted a 'risk and control analysis' in December 2010, which resulted in a number of process changes designed to reduce the risk of payments being made without proper authorisation.¹⁰²

10.21 HSS explained that it is continuing to work with Local Health Districts to encourage the use of electronic requisition in ordering goods and services. HSS is also implementing an electronic Business to Business (B2B) procurement system; this implementation began in 2009.¹⁰³ The B2B has the advantage of reducing transaction costs and expediting the processing of invoices. However, not all suppliers have the B2B platform as yet. HSS is conducting a pilot project to allow larger suppliers who do not yet have the B2B platform to electronically submit invoices at agreed intervals.¹⁰⁴

10.22 HSS advised that it has also conducted a pilot project to introduce electronic scanning of invoices.¹⁰⁵ Electronic invoice scanning is being rolled out progressively to Local Health District customers and implementation will continue through 2012.¹⁰⁶

10.23 HSS explained that it now requires a two-step sign-off process for all requisitions, regardless of the delegation held by the officer making the requisition, and conducts statement reconciliations both routinely and in situations where no invoice is available.¹⁰⁷ It has also adopted a process of randomly checking authorised signatories.¹⁰⁸

10.24 In relation to payroll controls, HSS advised that it is working to eliminate manual timesheets, which requires the cooperation of Local Health Districts. HSS also conducted

¹⁰¹ As above, p. 4.

¹⁰² Submission 14, NSW Audit Office, p. 5.

¹⁰³ As above, p. 5.

¹⁰⁴ As above.

¹⁰⁵ As above.

¹⁰⁶ As above, p. 6.

¹⁰⁷ As above.

¹⁰⁸ As above, p. 6.

an internal audit of Customer Payroll Operations in August 2011.¹⁰⁹ This audit confirmed that HSS service centres conduct independent checks of any updates to the payroll master file (i.e. after changes to Awards or tax rates).¹¹⁰ An electronic form has been developed within HSS recruitment software to track changes to the master file, while employees are now able to update their own master file details.¹¹¹

10.25 In relation to the processing of termination payments, HSS explained that its internal audit had found that some Local Health Districts had not entered termination dates, which delayed the processing of termination payments.¹¹² HSS has been working to rectify this problem. HSS also produces weekly reports of outstanding workloads and monitors these.¹¹³ However, the report provided by HSS to the Committee did not include information about processing of termination payments. It was therefore not possible to assess whether the timeliness of these payments has improved.

Committee Comment:

10.26 The Committee notes Health Support Services continued work to increase the utility of its key performance indicators. The Committee appreciates that the development of meaningful performance indicators is a complex task and commends Health Support Services for its efforts in this regard.

10.27 The Committee is disappointed by the slow implementation of Service Partnership Agreements with Local Health Districts.

RECOMMENDATION 6

The Committee recommends that Health Support Services publish its monthly Strategic Key Performance Indicators reports on its website.

¹⁰⁹ As above, p. 6.

¹¹⁰ As above.

¹¹¹ As above, p. 7.

¹¹² As above, p. 8.

¹¹³ As above.

Chapter Eleven – Department of Finance and Services

Introduction

- 11.1 Until 2011, responsibility for the management of the Government Property Register (GPR) rested with the Land and Property Management Authority. The Land and Property Management Authority was abolished as part of the re-structure of government announced in April 2011 and management of the Government Property Register is now the responsibility of the Land and Property Information Division within the Department of Finance and Services.
- 11.2 The Government Property Register contains records of properties owned, occupied or controlled by NSW government agencies, including State owned corporations. It is the most comprehensive record of NSW government property interests, containing 272,709 properties comprising 292,921 lots owned or leased by 122 government agencies.¹¹⁴

The Financial Audit

- 11.3 As part of its regular financial audit program, the Auditor-General audited the Land and Property Management Authority in 2010. The Auditor-General provided a qualified Independent Auditor's Report of the Land and Property Management Authority. This report was published in December 2010, as the Auditor-General's Report 'Financial Audits Volume Nine 2010: focusing on Transport, Planning and Industry'. The qualification related to the value of Crown reserve land (see 'Department of Primary Industries').

Auditor-General's Recommendations

- 11.4 The Auditor-General made three recommendations, all relating to the Government Property Register, which was identified as a repeat issue:
- I recommend the Authority develop a strategic framework to guide the future maintenance, development and use of the Government Property Register.
 - I also recommend the limitations identified in the Government Property Register be resolved so that it becomes a complete and reliable record of all New South Wales Government property assets.
 - I recommend the Authority continues to work with agencies experiencing difficulty finalising 2010 annual reconciliations of the GPR

¹¹⁴ Submission 7, Department of Finance and Services, p. 2.

with agency records, to ensure a complete reconciliation is achieved as soon as possible.¹¹⁵

The Committee's Examination

- 11.5 As part of its follow-up of the Auditor-General's 2010 Financial Audits, on 6 September 2011 the Committee wrote to the Department of Finance and Services, requesting a submission outlining the Department's response to the Auditor-General's repeat recommendations.
- 11.6 Mr Michael Coutts-Trotter, Director-General, Department of Finance and Services, wrote to the Committee on 17 October 2011, outlining the Department's response to the Auditor-General's recommendation. This submission was forwarded to the Audit Office of NSW and the Auditor-General provided comments on 4 November 2011.
- 11.7 The Committee conducted a public hearing on 1 December 2011. Mr Peter Achterstraat, Auditor-General, Mr Scott Stanton, Assistant Auditor-General, Audit Office of NSW, and Mr Des Mooney, General Manager, Land and Property Information, Department of Finance and Services, gave evidence at the hearing.
- 11.8 The Committee's examination of the Department's response to the first two specific recommendations is detailed below.

I recommend the Authority develop a strategic framework to guide the future maintenance, development and use of the Government Property Register.

I also recommend the limitations identified in the Government Property Register be resolved so that it becomes a complete and reliable record of all New South Wales Government property assets.

- 11.9 In its submission the Department of Finance and Services Industries stated that it is commencing a redevelopment of the Government Property Register to improve its capacity, and has formed an Executive Steering Committee to guide this work. The Department is also restructuring the team that manages the Register to work directly with agencies that use it to improve its utility.
- 11.10 In evidence, Mr Des Mooney, Manager, Land and Property Information, Department of Finance and Services, told the Committee that the first stage of re-development would be completed by December 2011. This involves transferring the Register into new software.¹¹⁶
- 11.11 Mr Mooney explained that the Department is planning to work with other agencies to enhance the Register:

What we need to do now is sit down with all the central agencies, the Audit Office and others and the major contributors to this and work out how we get those other supplementary bits of information which are very useful for

¹¹⁵ Auditor-General's Report, 'Financial Audits Volume Nine 2010: focusing on Transport, Planning and Industry,' pp. 34-35.

¹¹⁶ Mr Des Mooney, Manager, Land and Property Information, Department of Finance and Services, Evidence, 1 December 2011, p. 2.

other parts of government ... We want to work with them to see how we can improve the system in that way.¹¹⁷

11.12 In his report, the Auditor-General expressed concerns about the accuracy and completeness of the information contained in the Register and identified the following limitations:

- Changes in control or ownership of land are not always recorded;
- For historical reasons, much of the land held by RailCorp has no title;
- Some Crown Land is still unidentified;
- Some agencies are excluded from the legal requirements to provide information for the register (e.g. State owned corporations); and,
- Many agencies have unique property identifiers which may relate to a part of, one or many lots of land.¹¹⁸

11.13 In relation to recording changes in control or ownership of land, the Department stated that it monitors Government Gazettes to record changes that are gazetted rather than registered. However, the Department does not have a mechanism for monitoring changes of ownership that occur through legislation and relies on affected agencies to advise it.

11.14 RailCorp holds some 14,000 'railway takings' which are not recognised by the land titling system. The Department states that converting these parcels to title would require significant resources to implement. The Register has been enhanced to record non-titled land, and 11,000 parcels of RailCorp land have been added to date, with another 3,000 awaiting further investigation.¹¹⁹

11.15 There appears to be a significant amount of Crown land still to be identified. The Department is undertaking Title Conversion Programs, which identify parcels of land without title and convert them to electronic title. In evidence, Mr Mooney explained that this is a very big task:

We moved into a conversion of all old system land a couple of years ago. We estimated that there are 25,000 – we are now up to 42,000, so it is difficult to identify – but we believe there are only about 5,000 left. We are progressively moving on that, and that is clearing up a lot of anomalies because a lot of the government land was old system land. So we think there might be about 5,000 [parcels remaining to be identified and converted to electronic title].¹²⁰

¹¹⁷ As above, p. 4.

¹¹⁸ Auditor-General's Report, 'Financial Audits Volume Nine 2010: focusing on Transport, Planning and Industry,' pp. 34.

¹¹⁹ Submission 7, Department of Finance and Services, p. 4.

¹²⁰ Mr Des Mooney, General Manager, Land and Property Information, Department of Finance and Services, Evidence, 1 December 2011, p. 4.

11.16 The Department is also working with the Crown Lands Division of the Department of Primary Industries on a project to convert Crown Lands in the Western Division to title. This project identified 3,500 parcels of Crown Land between November 2010 and June 2011.¹²¹ Mr Mooney explained that this project is expected to take up to two years to complete.¹²² The Department also plans to undertake a similar project to identify and convert titles to state forests and national parks, stating that this project is scheduled to commence in January 2012 and be completed by December 2014.¹²³ However, the Department also stated that this project is dependent on the passage of enabling legislation.¹²⁴

11.17 State Owned Corporations are not required to provide information to the Government Property Register. In its submission, the Department stated that 6,600 properties held by State Owned Corporations had been added to the Register in the last twelve months, and that all such properties are now recorded.¹²⁵ However, in his evidence to the Committee, Mr Mooney said that the recording of property held by State Owned Corporations was still under way:

I am satisfied that the issue is addressed satisfactorily and by the middle of next year I am sure that we will have all of their properties in there. They are progressively putting them in, but they are all on board and they are all agreeing to put it in now.¹²⁶

11.18 In regard to the issue of property identifiers which may refer to more than one parcel of land, the Department stated in its submission that changes have been made to the Register and that it now caters for 'all these instances with one to many and many to one property - lot relationships.'¹²⁷

11.19 The Committee's examination of the Department's response to the third specific recommendation is detailed below.

I recommend the Authority continues to work with agencies experiencing difficulty finalising 2010 annual reconciliations of the Government Property Register with agency records, to ensure a complete reconciliation is achieved as soon as possible.

11.20 In his report, the Auditor-General noted that in March 2010 the Chief Executive of the former Land and Property Management Authority wrote to 193 New South Wales public sector agencies requesting agencies to reconcile their property assets with the Government Property Register.¹²⁸ Of the 193 agencies contacted, 135 responded; 119 had successfully reconciled their property assets with the Register while the Department

¹²¹ Submission 7, Department of Finance and Services, p. 4.

¹²² As above.

¹²³ Mr Des Mooney, General Manager, Land and Property Information, Department of Finance and Services, Answers to questions taken in evidence, 1 December 2011, p. 2.

¹²⁴ As above.

¹²⁵ Submission 7, Department of Finance and Services, p. 4.

¹²⁶ Mr Des Mooney, General Manager, Land and Property Information, Department of Finance and Services, Evidence, 1 December 2011, p. 2.

¹²⁷ Submission 7, Department of Finance and Services, p. 4.

¹²⁸ Auditor-General's Report, 'Financial Audits Volume Nine 2010: focusing on Transport, Planning and Industry,' p. 35.

was working with the remaining 16 agencies to complete the process. Another 58 agencies did not respond to the request, though 32 of these had no property assets to record in the Register.¹²⁹

11.21 In its submission, the Department states that it was continuing to work with agencies to resolve issues identified through the reconciliation process, which occurs annually. The Department has twice yearly meetings with central agencies and agencies with large numbers of property holdings. The Department also distributes email updates and provides training for agency staff.¹³⁰

11.22 In answers to questions on notice, the Department provided a timetable of planned activity to be undertaken over the following months.¹³¹ Key targets identified include:

Action	Completion date
Resolve identified issues with GPR system robustness	July 2012
Resolve 22 identified issues with GPR data integrity	July 2012
Reconciliation of GPR properties against the Digitised Cadastral Data Base	December 2012
"Back Capture" of Lease detail information	May 2012
Annual reconciliation of agency data with GPR	Target 50% by May 2012
Spatial enablement of non-DCDB Railcorp, Country Rail Infrastructure and Roads and Maritime Properties	Investigations complete by February 2012. Spatial enablement by July 2012.
Access address data for GURAS (Geo-coded Urban and Rural Addressing System)	July 2012
Refresh of GPR property valuation data	April 2012

¹²⁹ As above.

¹³⁰ Submission 7, Department of Finance and Services, pp. 4-5.

¹³¹ Mr Des Mooney, General Manager, Land and Property Information, Department of Finance and Services, Answers to questions taken in evidence, 1 December 2011, pp. 3-4.

Committee Comment:

- 11.23 The Committee commends the continuing work of Land and Property Information within the Department of Finance and Services to improve the accuracy and completeness of the Government Property Register. The Committee looks forward to the Department's implementation of its workplan for 2012.
- 11.24 However, the Committee is concerned that, despite significant progress, there remains no comprehensive record of all government property assets in New South Wales. The Auditor-General raised this concern as far back as 1988.¹³²
- 11.25 The Committee also shares the Auditor-General's concern that there appears to be no strategic framework to support the future development and maintenance of the Government Property Register. The Government's failure to develop a comprehensive record of all government property assets, despite being aware of this issue for many years, demonstrates the importance of sound strategic planning.

RECOMMENDATION 7

The Committee recommends that the Department of Finance and Services develop a mechanism for monitoring changes of ownership that occur through legislation.

RECOMMENDATION 8

The Committee recommends that the Department of Finance and Services follow up any agencies that have yet to respond to its request to reconcile their property assets with the Government Property Register.

RECOMMENDATION 9

The Committee recommends that the Department of Finance and Services seek enhanced resources to enable it to expedite work to improve the accuracy and completeness of the Government Property Register.

¹³² Auditor-General's Report, 'Financial Audits Volume Nine 2010: focusing on Transport, Planning and Industry,' p. 34.

Chapter Twelve – Roads and Traffic Authority of New South Wales

Introduction

- 12.1 The Roads and Traffic Authority of New South Wales (RTA) was a statutory authority established under the *Transport Administration Act 1988*. It operated within the portfolio of transport. In 2011 the RTA was incorporated into Roads and Maritime Services within Transport for NSW, but is referred to as the RTA throughout this report.
- 12.2 In 2010 the primary responsibilities of the RTA were to manage the road network and travel times; to provide road capacity and maintenance; test and license drivers; register and inspect vehicles; and improve road safety. According to its Annual Report, the RTA holds road, bridge and traffic infrastructure with a value of over \$59 billion, as well as property plant and equipment worth over \$4 billion.
- 12.3 The RTA's revenue comes from the Australian Government, allocations from the NSW Government, motor vehicle taxes and its own revenue. According to its 2010-2011 Annual Report, total RTA revenue exceeded \$4.2 billion in 2010, and the agency employs 7,523 full-time staff.¹³³

The Financial Audit

- 12.4 As part of its regular financial audit program, the Auditor-General audited the RTA and its controlled entity in 2010. This resulted in unqualified Independent Auditor's Reports. The Auditor-General's Report 'Financial Audits Volume Nine 2010: focusing on Transport, Planning and Industry' was published in December 2010.

Auditor-General's Recommendations

- 12.5 The Auditor-General made seven recommendations. Of these, four were identified as repeat issues and two of these were identified as being high priorities:
- I have previously recommended the Authority develop strategies to achieve its annual target of two per cent rebuilding of road pavements to ensure the long term sustainability of its roads.
 - I recommend the Authority review its application of skill hire practices to ensure it complies with its established policies, the *Income Tax Act* and other industrial relations matters.

¹³³ Transport Roads & Traffic Authority '2010-11 Annual Report', p. 4.

The Committee's Examination

- 12.6 As part of its follow-up of the Auditor-General's 2010 Financial Audits, the Committee wrote to the RTA on 7 September 2011, requesting a submission outlining its response to the two high priority recommendations.
- 12.7 Mr Michael Bushby, Chief Executive, Roads and Traffic Authority, wrote to the Committee on 17 October 2011, outlining the RTA's response to the Auditor-General's recommendations. This submission was forwarded to the Audit Office of NSW, and the Auditor-General provided comments on 4 November 2011.
- 12.8 The Committee conducted a public hearing on 1 December 2011. Mr Peter Achterstraat, Auditor-General, and Mr John Viljoen, Assistant Auditor-General, Audit Office of NSW, gave evidence for the Audit Office of NSW. The following witnesses appeared on behalf of the RTA:
- Ms Ann King, Acting Chief Executive,
 - Mr Michael Veysey, Director, Network Services,
 - Mr Peter Wells, Director, Regulatory Services, and
 - Mr Paul Hesford, Director of Finance and Corporate Services.
- 12.9 The Committee's examination of the RTA's response to the first recommendation is detailed below.

That the Authority develop strategies to achieve its annual target of two per cent rebuilding of road pavements to ensure the long term sustainability of its roads.

- 12.10 The 'pavement rebuilding rate' refers to the percentage of the total area of road surface which is repaired for structural damage each year. Progressive rebuilding of pavements ensures that the road network as a whole is maintained over the long term.
- 12.11 The Auditor-General notes that the RTA sets its own targets for maintenance, and has set an annual target of a 2.0 per cent pavement rebuilding rate.¹³⁴ However, the RTA has been unable to meet this target for several years. In 2006, the pavement rebuilding rate was 1 per cent, and 1.1 per cent in 2007 and 2008. In 2009 and 2010, the rate reached 1.2 per cent – still well short of the target of 2.0 per cent.¹³⁵
- 12.12 The RTA has a Strategic Asset Management Plan. In his report the Auditor-General noted that this ten-year plan was originally submitted to Treasury in 2007 and included proposals to meet the 2.0 per cent pavement rebuilding target. Funding needs identified in the plan were updated in 2009 and 2010.¹³⁶

¹³⁴ Auditor-General's Report, 'Financial Audits Volume Nine 2010: focusing on Transport, Planning and Industry,' p. 109.

¹³⁵ As above.

¹³⁶ Auditor-General's Report, 'Financial Audits Volume Nine 2010: focusing on Transport, Planning and Industry,' p. 109.

- 12.13 In its submission, the RTA explained that decisions relating to strategic asset planning are balanced across its different service outcomes. These outcomes relate to the safety, efficiency and reliability of the road network, as well as managing road users and vehicles and the impact of road services on the environment.¹³⁷ The RTA explained that in making decisions about asset management:

A risk based assessment process is undertaken for each asset class to assess needs based on current asset knowledge. Tension therefore exists with the desire to target rebuilding networks within the limits of resources available.¹³⁸

- 12.14 The RTA therefore attributes its failure to meet the two per cent pavement to a lack of resources. It notes that it allocated an additional \$100 million to road network maintenance over 2007-08 and 2008-09 in response to the Strategic Asset Management Plan and the Auditor-General's report but that since 2008-09 its ability to allocate further funds has been constrained by commitments to match Commonwealth funds on network development works.¹³⁹

- 12.15 The RTA also suggested that it is unlikely to meet the target in the near future, stating that, 'under available funding for the next three years, pavement rebuilding rates are likely to remain at current levels'.¹⁴⁰

- 12.16 In his evidence to the Committee, Mr Michael Veysey, Director, Network Services, explained that the RTA's efforts to increase the pavement rebuilding rate have also been restricted by flooding, which was not mentioned in the RTA's submission. Mr Veysey explained that:

Two per cent was set as a target because it is an appropriate target, given the expected life of a new road pavement. However, in the past few years, unusually, we have had a couple of bad years of flood damage to council roads ... Last year an amount of \$20 million was allocated to look after more than \$200 million worth of damage. Consequently other maintenance works were deferred and the target has gone backwards slightly.¹⁴¹

- 12.17 Mr Veysey explained that the extensive damage caused by flooding had resulted in a reduction of the pavement rebuilding rate, despite increased investment in road maintenance:

In 2007-08 and 2008-09, when we were given \$100 million more per year per annum for road maintenance, that level was intending to be the first of two steps towards a \$200 million increase. The next \$100 million could not be afforded in 2008-09, which would have been 2009-10, so we have done the best we can. It is a bit of a double whammy. In addition to not being able to find the other \$100 million we had two years of very bad wet weather. Instead of a gradual increase ... it went down in 2010-11 for two reasons.

¹³⁷ Submission 4, Transport RTA, p. 2.

¹³⁸ As above.

¹³⁹ As above.

¹⁴⁰ As above.

¹⁴¹ Mr Michael Veysey, Director, Network Services, Roads and Maritime Services, Evidence, 1 December 2011, p. 21.

First, money had to be diverted to fund flood-damaged roads, including in local council areas. Second, the significant amount of wet weather meant that the road network was not available all the time to be repaired. Unfortunately that situation is being repeated. We know that we will have a significant rebuilding task that we will be looking at over the next few years.¹⁴²

- 12.18 Mr Veysey noted that 'the Government makes the decision' in relation to the level of funding provided to the RTA.¹⁴³ However, he informed the Committee that the RTA is seeking independent advice on possible savings and different funding models that the RTA may pursue:

We are trying to give an evidence base to any government decision. There have been a lot of claims about what savings can be made. We have independent people looking at various examples and the various ways of doing it ... The Government needs to be given the best advice and we are trying to do that so that the Government can make a policy decision on this issue.¹⁴⁴

- 12.19 In his evidence, the Auditor-General, Mr Peter Achterstraat agreed that levels of government funding are a policy issue but pointed out:

From an accounting point of view, the word "given" is awkward. We prefer to say that the Government is investing money in capital ... The concept "we are given money" gives a different connotation to "the Government invested in it" ... It is up to the government of the day to determine, from a policy view, the level of funding. It is up to the Roads and Traffic Authority to prove that it is spending it wisely.¹⁴⁵

- 12.20 The Committee's examination of the RTA's response to the second recommendation is detailed below.

That the Authority review its application of skill hire practices to ensure it complies with its established policies, the Income Tax Act and other industrial relations matters.

- 12.21 In his report, the Auditor-General noted that contractors comprised 8.9 per cent of the workforce of the Roads and Traffic Authority in 2008-09. This figure declined to 8.4 per cent in 2009-10. Some contractors had been engaged for extended periods, of up to eight years. The Auditor-General pointed out that use of contractors for extended periods can be unduly costly to the organisation, and also pose risks in terms of retaining corporate knowledge.¹⁴⁶

¹⁴² As above, p. 23.

¹⁴³ As above.

¹⁴⁴ As above, p. 24.

¹⁴⁵ Mr Peter Achterstraat, Auditor-General, Evidence, 1 December 2011, pp. 25-26.

¹⁴⁶ Auditor-General's Report, 'Financial Audits Volume Nine 2010: focusing on Transport, Planning and Industry,' p. 112.

12.22 In its submission, the RTA stated that the number of contractors engaged in June 2010 was 698, but that this had declined to 448 by June 2011.¹⁴⁷ In answers to questions on notice, the RTA stated that by December 2011 this figure had declined further to 430.¹⁴⁸

12.23 The RTA also stated that it has a 'rigorous monitoring and approval process for the commencement and extension of skill hire employees'. A business case must be prepared and approved by the relevant Director and General Manager, Human Resources, for the engagement of each skill hire contractor.¹⁴⁹ The RTA also stated that its practices comply with all RTA policies, the Income Tax Act and other industrial relations matters.¹⁵⁰

12.24 In evidence, Mr Veysey explained that many of the contractors engaged by the RTA are engaged on a seasonal basis:

We do not work on roads all year around because we tend not to lay bitumen during winter so there is a bit of seasonal variation. But most of the people in that activity are either full-time employees, work for council, or are subcontractors. A number are Skill Hire employees, which is of the order of 10 per cent of our total workforce at certain times of the year.¹⁵¹

12.25 The Auditor-General, Mr Peter Achterstraat, pointed out that the RTA's rationale for using contractors on a seasonal basis for road works does not justify its engagement of large numbers of long-serving contractors.¹⁵² 'When contractors have been there for four, five, six, seven, eight or nine years,' he said, 'we start to ask the question, "Would it be more effective to have these as employees?"'¹⁵³

12.26 Ms Ann King, Acting Chief Executive, Roads and Traffic Authority, explained that the RTA has made efforts to reduce the number of IT contractors that it engages:

The area of Skill Hire that we are looking at predominantly relates to technology. We have made a concerted effort to convert people within our technology streams to permanent employees.¹⁵⁴

Committee Comment:

12.27 The Committee recognises that the RTA is responsible for maintaining a vast network of road infrastructure and that significant road reconstruction work has been required in recent years. In times of budgetary restraint, the RTA is competing with other portfolios for funding. The Committee also recognises that while the pavement rebuilding target is appropriate to ensure the sustainability of the road network in the long term, it appears that it is not possible for the RTA to meet this target with existing budget allocations.

¹⁴⁷ Submission 4, Transport RTA, p. 6.

¹⁴⁸ Mr Michael Veysey, Director, Network Services, Roads and Maritime Services, Answers to questions on notice taken in evidence, 1 December 2011, p. 1.

¹⁴⁹ Submission 4, Transport RTA, p. 6.

¹⁵⁰ As above.

¹⁵¹ Mr Michael Veysey, Director, Network Services, Roads and Maritime Services, Evidence, 1 December 2011, p. 25.

¹⁵² Mr Peter Achterstraat, Auditor-General, Evidence, 1 December 2011, p. 25.

¹⁵³ As above.

¹⁵⁴ Ms Ann King, Acting Chief Executive, Roads and Traffic Authority, Evidence, 1 December 2011, p. 25.

The Committee therefore encourages the RTA to re-assess whether this target remains appropriate.

- 12.28 The Committee commends the RTA for its efforts in addressing the Auditor-General's recommendation to reduce the number of contractors engaged, and encourages the RTA to set an appropriate target to reduce this number further.

RECOMMENDATION 10

The Committee recommends that the RTA review its two per cent pavement rebuilding target to assess whether this target remains appropriate.

Chapter Thirteen – Department of Primary Industries

Introduction

- 13.1 Until 2011, responsibility for the management of Crown Lands rested with the Land and Property Management Authority. The Land and Property Management Authority was abolished as part of the re-structure of government announced in April 2011. Its functions were transferred to other departments, including the Department of Finance and Services and the Crown Lands Division of the Department of Primary Industries.
- 13.2 The Department of Primary Industries supports the development of profitable and sustainable primary industries in NSW. The Department includes the Crown Lands Division, which is responsible for the management of state-owned Crown land. Crown lands comprise nearly half of all land in NSW, with an estimated value of \$6.1 billion. This includes 35,000 reserves, 17 state parks, 25 coastal harbours and 70,000 leases and licences.¹⁵⁵
- 13.3 The Department of Primary Industries became part of Industry and Investment NSW in 2009, and in 2011 it became part of the Department of Trade and Investment, Regional Infrastructure and Services.

The Financial Audit

- 13.4 As part of its regular financial audit program, the Auditor-General audited the Land and Property Management Authority in 2010.
- 13.5 The Auditor-General provided a qualified Independent Auditor's Report of the Land and Property Management Authority. This report was published in December 2010, as the Auditor-General's Report 'Financial Audits Volume Nine 2010: focusing on Transport, Planning and Industry'.
- 13.6 The Auditor-General made the following qualification to his Report:

I was unable to obtain all the information required to form an opinion on the value of Crown reserve land, the buildings and infrastructure on those reserves, or coastal infrastructure that should be recorded in the Authority's accounts.

More information is required to identify these assets, determine who controls them, and then to value them before they can be recognised in the Authority's financial statements.

¹⁵⁵ NSW Department of Trade, Investment, Regional Infrastructure and Services, 'Annual Report 2010 – 2011', p. 48.

The preliminary estimate of the total value of Crown reserves controlled by the Authority, but not currently recognised in the Authority's accounts, is between \$3.0 billion and \$5.0 billion. In addition, the preliminary estimate of the value of buildings and infrastructure on Crown reserves is between \$4.0 billion and \$5.5 billion.

The value of Coastal Infrastructure assets under the Authority's control is difficult to estimate as some of the land may be subject to tenure arrangements. Approximately \$2.8 million was spent by the Authority on maintaining these coastal infrastructure assets during 2009-2010.¹⁵⁶

Auditor-General's Recommendations

13.7 The Auditor-General made eight recommendations, of which three were identified as repeat issues. Two of these repeat issues are now the responsibility of the Crown Lands Division of the Department of Primary Industries:

- I recommend that the Authority establish an appropriate centralised record of all Crown land in New South Wales to meet its responsibilities under the Crown Lands Act 1989.¹⁵⁷
- Since 2007, I have been recommending that the Authority significantly reduces the time taken to process Aboriginal Land Claims and transfer legal title to successful claimants. I have also been recommending that legal title over land granted to successful Aboriginal land claimants be issued as soon as practicable.¹⁵⁸

The Committee's Examination

13.8 As part of its follow-up of the Auditor-General's 2010 Financial Audits, on 6 September 2011 the Committee wrote to the Department of Primary Industries, which has assumed responsibility for many of the functions formerly performed by the Land and Property Management Authority. The Committee requested a submission outlining the Department's response to the Auditor-General's repeat recommendations.

13.9 Dr Richard Sheldrake, Director General, Department of Primary Industries, wrote to the Committee on 17 October 2011, outlining the Department's response to the Auditor-General's recommendation. This submission was forwarded to the Audit Office of NSW, and the Auditor-General provided comments on 4 November 2011.

13.10 The Committee conducted a public hearing on 1 December 2011. Mr Peter Achterstraat, Auditor-General, Mr Scott Stanton, Assistant Auditor-General, Audit Office of NSW, Dr Sheldrake, and Ms Renata Brooks, Deputy Director General, Catchment and Land, Department of Primary Industries, gave evidence at the hearing.

13.11 The Committee's examination of the Department's response to the first Recommendation is detailed below.

¹⁵⁶ New South Wales Auditor-General's Report, 'Financial Audits Volume Nine 2010: focusing on Transport, Planning and Industry', p. 33.

¹⁵⁷ As above, p. 34.

¹⁵⁸ As above, p. 36.

That the Authority establish an appropriate centralised record of all Crown land in New South Wales to meet its responsibilities under the *Crown Lands Act 1989*.

- 13.12 In its submission the Department of Primary Industries stated that it has completed a Crown Land Conversion, Valuation and Asset Data Management Program, and that 98 per cent of the Crown reserves within the scope of this program have been converted to title and entered into the Crown Lands Information Database.¹⁵⁹ In evidence to the Committee, Dr Sheldrake noted that the Crown Land Conversion, Valuation and Asset Data Management Program cost \$32 million over the years 2006-07 to 2010-11, and that \$17 million of this cost was provided by the agency while NSW Treasury funded the remainder.
- 13.13 The Department's submission noted that the following categories of Crown land were not included in this project: jetties, western division reserves, national parks and state forests, enclosure permits, Crown roads and waterways.¹⁶⁰
- 13.14 The Department explained that these categories of Crown land were excluded from the project because the asset was already captured in other reported land holdings (national parks within the National Parks Estate, for example), or the value of the land was considered insignificant. The Department has also commenced a pilot project to determine the resources required to convert Crown land in the Western Division into title.¹⁶¹
- 13.15 The Department also stated that it has reduced the backlog in processing updates for tenures (leases, licences and enclosure permits) from 40,000 updates in 2010 to 19,500 in September 2011.¹⁶²
- 13.16 In evidence to the Committee, Ms Brooks explained that while the Project provided a record of Crown Land, the valuation of infrastructure on Crown land was incomplete:
- the next step which is to be able to update the valuation of the infrastructure assets on an annual basis in terms of the audited financial reports. That is a significant undertaking, to get from the point we are at now where we have been able to estimate the value of the infrastructure assets to that further step.¹⁶³
- 13.17 Ms Brooks explained that valuation of these assets is a complex process because some assets are managed under reserve trust arrangements, and control of these assets is not uniform.¹⁶⁴ The Department is currently investigating options to resolve this problem and has convened a working group comprising representatives from relevant agencies.¹⁶⁵ Dr Sheldrake explained that:

¹⁵⁹ Submission 8, Department of Primary Industries, p. 2.

¹⁶⁰ As above.

¹⁶¹ As above.

¹⁶² As above, p. 3.

¹⁶³ Ms Renata Brooks, Deputy Director General, Catchment and Land, Department of Primary Industries, Evidence, 1 December 2011, pp. 9 – 10.

¹⁶⁴ As above, p. 10.

¹⁶⁵ As above.

What we would like to do is get a working group which focuses on the issues raised by the Auditor-General but tries to identify a way forward which is ... pragmatic ... What we would hope to do is have that working group identify a pathway that addresses the concerns of the Auditor-General but does it in a way that is cost effective to government.¹⁶⁶

13.18 In answers to questions on notice forwarded to the Committee on 19 December 2011, Dr Sheldrake provided further information regarding the value of Crown land and the control of assets not directly managed by the Department. Dr Sheldrake states that \$6 billion in land is directly managed and recorded by the Department, and that this includes leased and licensed land. Another \$5 billion is managed by reserve trusts or other government agencies.¹⁶⁷ These figures represent 98 per cent of Crown land within the Eastern and Central Regions, with work on the Western Division in progress.¹⁶⁸

13.19 Dr Sheldrake further explained that the qualification made by the Auditor-General in his Audit Report relates in part to whether the \$5 billion in land managed by reserve trusts or government agencies should be recorded in the State's accounts or in the accounts of Crown Reserve trusts.¹⁶⁹ He expressed the view that 'until there is resolution and clarity of the accounting policy surrounding this issue of 'control', and how the reserved land is to be treated, further significant progress is not possible.¹⁷⁰

13.20 Dr Sheldrake added that a working group comprising representatives from the Audit Office, NSW Treasury, and the Department of Trade, Investment and Regional Infrastructure and Services has been established to progress work on the issue. Dr Sheldrake supplied draft Terms of Reference and an indicative work program for the Working Party. This work program plans to:

- Expedite Treasury and Audit advice on accounting policy regarding treatment of reserve trust land;
- Review work undertaken to collect values for infrastructure assets under the care and control of reserve trusts;
- Provide recommendations to government by May 2012;
- Consider cost effective approaches for collecting and reporting infrastructure asset data by May 2012; and
- Prepare an implementation plan to recognise and account for the \$5 billion in reserve trust land by 30 June 2012.¹⁷¹

13.21 The Committee's examination of the Department's response to the second Recommendation is detailed below.

¹⁶⁶ Dr Richard Sheldrake, Director General, Department of Primary Industries, Evidence, 1 December 2011, p. 10.

¹⁶⁷ Dr Richard Sheldrake, Director General, Department of Primary Industries, Answers to questions taken on notice, 1 December 2011, p. 2.

¹⁶⁸ As above.

¹⁶⁹ As above.

¹⁷⁰ As above.

¹⁷¹ As above.

That the Authority significantly reduce the time taken to process Aboriginal Land Claims and transfer legal title to successful claimants. Also, that legal title over land granted to successful Aboriginal land claimants be issued as soon as practicable.

- 13.22 In its submission, the Department noted that the number of Aboriginal land claims being determined has increased threefold since 2007. However, the number of land claims being lodged has increased even further, with approximately 20,000 claims lodged in the last three years.¹⁷² Dr Sheldrake stated that 2,000 claims were lodged in 2008-09, with a further 8,788 lodged in 2009-10, and another 8,600 in 2010-2011.¹⁷³
- 13.23 The processing of individual claims is slow. In answers to questions on notice, the Department stated that the average time to make a decision on a land claim is 2.5 years, and 4.4 years to grant a claim. Those claims that are only partially successful take even longer to resolve, with an average of 7.1 years. The longest time taken to decide a claim was 24 years.¹⁷⁴ Mr Achterstraat also commented that 'we still have quite a number over 10 years old.'¹⁷⁵
- 13.24 There are also delays in granting title to successful claims. At present there are 194 claims granted which require survey before title can be transferred.¹⁷⁶ Ms Brooks explained that delay can be attributed in part to the need to survey land which may be remote.¹⁷⁷
- 13.25 Ms Renata Brooks, Deputy Director-General, Catchment and Land, Department of Primary Industries, explained that government had conducted 'various investigations' to try and expedite the resolution of claims, but without success.¹⁷⁸
- 13.26 Together these factors have resulted in an enormous backlog of claims. Dr Sheldrake acknowledged that the Department was unable to process the backlog of claims in a timely manner with current resources, saying, 'Unless we change the way we do business, we cannot manage.'¹⁷⁹ In answers to questions on notice, Dr Sheldrake estimated that with the Department's current level of resources the backlog of claims may take ten to 20 years to resolve.¹⁸⁰ Mr Achterstraat also expressed the view that, 'we cannot just keep doing things the same way.'¹⁸¹
- 13.27 Dr Sheldrake explained that the relationships between agencies involved in the land claim process have been less than ideal, saying that:

¹⁷² Submission 8, Department of Primary Industries, p. 3.

¹⁷³ Dr Richard Sheldrake, Director General, Department of Primary Industries, Evidence, 1 December 2011, p. 8.

¹⁷⁴ Dr Richard Sheldrake, Director General, Department of Primary Industries, Answers to questions taken on notice, 1 December 2011, p. 3.

¹⁷⁵ Mr Peter Achterstraat, Auditor-General, Evidence, 1 December 2011, p. 12.

¹⁷⁶ Dr Richard Sheldrake, Director General, Department of Primary Industries, Evidence, 1 December 2011, p. 11.

¹⁷⁷ As above, p. 11.

¹⁷⁸ Ms Renata Brooks, Deputy Director-General, Catchment and Land, Department of Primary Industries, Evidence, 1 December 2011, p. 12.

¹⁷⁹ As above.

¹⁸⁰ Dr Richard Sheldrake, Director-General, Department of Primary Industries, Answers to questions taken on notice, 1 December 2011, p. 1.

¹⁸¹ Mr Peter Achterstraat, Auditor-General, Evidence, 1 December 2011, p. 12.

There is a gap that has developed between government – the former Land and Property Management Authority and the former Department of Aboriginal Affairs – and the NSW Aboriginal Land Council.¹⁸²

- 13.28 Dr Sheldrake also expressed the view that delays in the processing of claims may be contributing to the actual number of claims lodged:

I think part of what we are seeing...is that the number of claims in the past few years has escalated. That is reflecting the breakdown that has occurred in developing a process under the existing legislation to deal with it. Some of the claims are probably being made to make the point and to encourage the Government to try to deal with this.¹⁸³

- 13.29 Dr Sheldrake explained that the Department of Primary Industries has assumed responsibility for the management of Aboriginal land claims only recently, as prior to April 2011 it rested with the Land and Property Management Authority. The Department of Primary Industries is seeking ways to resolve the problem. 'We are looking at a new model and a new methodology to address the significant problem that exists,' he said. Dr Sheldrake also explained that the Department is currently developing a pilot project to trial a different approach to determining claims.¹⁸⁴ Dr Sheldrake said:

If we can get a good working relationship and show willingness on behalf of government to change the approach and to be less legalistic we might then be able to reduce and we might be able to negotiate that a number of the 26,000 applications that are actually there can be removed from the list. That is where I would like to get to.¹⁸⁵

- 13.30 In answers to questions on notice, Dr Sheldrake supplied a timetable for the pilot project, including liaison with the NSW Aboriginal Land Council and the Office of Aboriginal Affairs.¹⁸⁶

- 13.31 In further correspondence to the Committee on 7 May 2012, Dr Sheldrake advised that at 4 May 2012 there were 25,998 incomplete land claims. Some 395 land claims were processed during 2010-2011, with another 395 processed between 1 July 2011 and 4 May 2012.¹⁸⁷

- 13.32 Dr Sheldrake also explained that the Working Group appointed to undertake a statutory review of the *Aboriginal Land Rights Act 1983* had met twice and was due to meet again on 24-25 May 2012, with land claims processing expected to be a focus of its discussions.¹⁸⁸

¹⁸² Dr Richard Sheldrake, Director-General, Department of Primary Industries, Evidence, 1 December 2011, p. 8.

¹⁸³ As above.

¹⁸⁴ As above.

¹⁸⁵ Dr Richard Sheldrake, Director-General, Department of Primary Industries, Evidence, 1 December 2011, p. 11.

¹⁸⁶ Dr Richard Sheldrake, Director-General, Department of Primary Industries, Answers to questions taken on notice, 1 December 2011, p. 1.

¹⁸⁷ Dr Richard Sheldrake, Director-General, Department of Primary Industries, Correspondence to Chair, 7 May 2012, p. 1.

¹⁸⁸ As above.

Committee Comment:

- 13.33 The Committee shares the view of the Auditor-General and the Department of Primary Industries that the current backlog of Aboriginal land claims and lengthy delays in the processing of claims is unacceptable. These delays create uncertainty both for Aboriginal communities and other potential users of land subject to claim.
- 13.34 The Committee commends the Department of Primary Industries for its recently constructive approach in seeking remedies to the delays and looks forward to implementation of the Department's workplan.
- 13.35 The Committee notes that a statutory review of the *Aboriginal Land Rights Act 1983* is currently under way. The Terms of Reference for this review include consideration of whether the administrative and operational provisions within the Act require any change to facilitate and improve the efficacy of the Act. The Committee looks forward to positive outcomes from this review to help reduce unacceptable delays in the processing of Aboriginal land claims.

RECOMMENDATION 11

The Committee recommends that the Department of Primary Industries publish data on the number of land claims processed, average processing times, and the number of claims still to be processed each year in its Annual Report.

RECOMMENDATION 12

The Committee recommends that the Department of Primary Industries conduct an urgent evaluation of its trial approach to the processing of Aboriginal land claims with a view to developing a plan to dramatically reduce the number of unprocessed claims by the end of 2012.

Appendix One – List of Submissions

1.	NSW Transport RailCorp
2.	The Treasury
3.	ANZAC Health and Medical Research Foundation
4.	Transport RTA
5.	Australian Museum
6.	NSW Aboriginal Land Council
7.	Finance and Services
8.	Department of Primary Industries
9.	Department of Family and Community Services
10.	NSW Transport
11.	NSW Health
12.	NSW Audit Office (4 November 2011)
13.	NSW Audit Office (18 November 2011)
14.	Health Support Services
15.	NSW Audit Office (24 April 2012)

Appendix Two – List of Witnesses

1 December 2011, Waratah Room, Parliament House

Witness

Audit Office of NSW

Mr Peter Achterstraat
Auditor-General

Mr John Viljoen
Assistant Auditor-General Financial Audit

Mr Scott Stanton
Assistant Auditor-General Financial Audit

Department of Finance and Services

Mr Des Mooney
General Manager, Land and Property Information

Department of Primary Industries

Dr Richard Sheldrake
Director-General

Ms Renata Brooks
Deputy Director-General, Catchment and Land

Roads and Maritime Services

Ms Ann King
A/Chief Executive

Mr Paul Hesford
Director, Finance and Corporate Services

Mr Mike Veysey
Director, Network Services

Appendix Three – Extracts from Minutes

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.

4. Follow up of repeat recommendations from Auditor-General Financial Audit Reports

The Committee considered the Auditor-General’s correspondence identifying the relative priority of 74 repeat issues from financial audit reports.

Resolved on the motion of Mr Daley, seconded by Mr Williams:

That the Chair write seeking comments from relevant agencies for 19 of the issues identified by the Audit Office as being of high priority.

7. 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. 5)

9.40 am, Wednesday, 7 September 2011
Room 1043, Parliament House

MEMBERS PRESENT

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

APOLOGIES

Apologies were received from Mr Bassett and Mr Daley.

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

Resolved on the motion of Mr Williams, seconded by Mr Torbay: That the minutes of the meeting of 26 August 2011 be confirmed with minor changes.

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.

2. 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.

3. Follow-up of the Auditor General's Financial Audits submissions from:

- i. RailCorp Transport dated 6 October 2011
- ii. Australian Museum dated 6 October 2011
- iii. The Treasury received 10 October 2011
- iv. ANZAC Health & Medical Research Foundation received 11 October 2011
- v. Transport RTA dated 11 October 2011
- vi. Aboriginal Land Council dated 14 October 2011
- vii. Finance and Services dated 17 October 2011

Resolved on the motion of Dr Lee, seconded by Mr Torbay: That the Committee acknowledge the submissions, publish them on its website and forward them to the Auditor-General for his advice.

Resolved on the motion of Mr Torbay, seconded by Dr Lee: That the remaining requested submissions be forwarded to the Auditor-General for his advice once they are received.

4. 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. 10)

9.30 am, Wednesday, 9 November 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 Dr Lee, seconded by Mr Torbay: That the minutes of the meeting of 19 October 2011 be confirmed.

2. **Follow-up of the Auditor General's Financial Audits submissions from:**
 - viii. Department of Primary Industries dated 17 October 2011
 - ix. Department of Family and Community Services dated 25 October 2011
 - x. NSW Transport dated 31 October 2011
 - xi. Auditor-General's Examination of 2010 financial audit reports' recommendations and repeat recommendations dated 4 November 2011

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

Resolved, on the motion of Dr Lee, seconded by Mr Torbay: That the Committee note the Auditor-General's examination of the 2010 financial audit reports' recommendations and repeat recommendations.

Resolved, on the motion of Dr Lee, seconded by Mr Torbay, that the Committee note Submission 1 (NSW Transport RailCorp), and acknowledge and respond to:

- Submission 2 (NSW Treasury),
- Submission 3 (ANZAC Health and Medical Research Foundation),
- Submission 5 (Australian Museum), and
- Submission 6 (NSW Aboriginal Land Council).

The Committee further resolved to conduct a public hearing on 1 December 2011 and invite the following agencies to give evidence:

- NSW Transport - Roads and Traffic Authority (Submission 4)
- Department of Finance and Services (Submission 7)
- Department of Primary Industries (Submission 8)
- Department of Family and Community Services – Ageing, Disability and Home Care (Performance Audit Submission 7)
- Audit Office of NSW.

10. Next meeting

The meeting adjourned at 11.05 am until 9.30 am on Wednesday 23 November 2011.

MINUTES OF PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE (NO. 11)

9.45 am, Wednesday, 23 November 2011

Room 814-815, Parliament House

MEMBERS PRESENT

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

APOLOGIES:

Apologies were received from Mr Bassett and Mr Daley.

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 9 November 2011 be confirmed.

2. Auditor-General's 2010 Financial Audit follow-ups - Submission from NSW Health dated 7 November 2011 (previously circulated)

The Clerk tabled a further submission from Mr Peter Achterstraat, Auditor-General, regarding Examination of Auditor-General's 2010 Financial Audit Reports Recommendations and Repeat Recommendations, dated 18 November 2011.

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

5. Next meeting

The meeting adjourned at 11.05 am until 10.00 am on Thursday 1 December 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

Mr Mooney tabled the following documents:

- Department of Finance and Services, Land and Property Information – Government Property Register
- NSW Government Property Register.

Mr Mooney agreed to take questions on notice and provide answers by 23 December 2011.

Evidence completed, Mr Mooney withdrew.

- Dr Richard Sheldrake, Director-General, Department of Primary Industries
- Ms Renata Brooks, Deputy Director-General, Catchment and Land, Department of Primary Industries

Dr Sheldrake and Ms Brooks agreed to take questions on notice and provide answers by 23 December 2011.

Evidence completed, Dr Sheldrake, Mr Stanton and Ms Brooks withdrew.

The following witnesses were sworn and examined:

- Ms Ann King, A/Chief Executive, Roads and Maritime Services
- Mr Paul Hesford, Director, Finance and Corporate Services, Roads and Maritime Services
- Mr Peter Wells, Director, Regulatory Services, Roads and Maritime Services
- Mr Mike Veysey, Director, Network Services, Roads and Maritime Services
- Mr John Viljoen, Assistant Auditor-General, Audit Office of NSW.

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

Evidence completed, all the witnesses withdrew.

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.

6. 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. 13)**

3:02pm, Wednesday, 25 January 2012
Room 1043, Parliament House

MEMBERS PRESENT IN ROOM 1043

Mr O'Dea

MEMBERS PRESENT VIA TELECONFERENCE

Dr Lee, Mr Bassett and Mr Daley

APOLOGIES:

Apologies were received from Mr Torbay, and Mr Williams.

1. Confirmation of Minutes and matters arising

Resolved on the motion of Mr Daley, seconded by Dr Lee: That the revised minutes of the meeting of 1 December 2011 be confirmed.

7. Follow up of Auditor-General's financial and performance audit reports - publication of public hearing transcripts

Resolved on the motion of Dr Lee, seconded by Mr Daley: That the Committee authorises the publication of evidence taken at the public hearing on 1 December 2011 and orders that the corrected transcripts be published on the Parliament's website.

8. Next meeting

The meeting adjourned at 3.12 pm until 9.30 am 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.

2. Auditor-General's follow-up reports

- Response from the Australian Museum re: Follow up of the Auditor-General's 2010 Financial Audit, dated 12 December 2011.
- Response from Dr Richard Sheldrake, Director-General, Department of Primary Industries re: questions on notice taken at the PAC hearing on 1 December 2011, dated 19 December 2011.
- Response from Mr Mark Ronsisvalle, Deputy Secretary, NSW Treasury, re: Auditor-General's 2010 Financial Report, dated 19 December 2011.
- Response from Mr Des Mooney, Department of Finance and Services re: questions on notice taken at the PAC hearing on 1 December 2011, dated 20 December 2011.
- Response from Ms Ethel McAlpine, Deputy Director-General, Family and Community Services re: questions taken on notice at the PAC hearing on 1 December 2011, dated 21 December 2011.
- Response from Mr Geoff Scott, Chief Executive Officer, NSW Aboriginal Land Council, re: Auditor-General's 2010 Financial Report, dated 13 January 2012.
- Response from Mr Peter Duncan, Chief Executive, Roads and Maritime Services, re: questions taken on notice at the PAC hearing on 1 December 2011, dated 6 February 2012.

Resolved, on the motion of Mr Torbay, seconded by Mr Bassett: That the Committee authorise the publication of these responses on its website.

3. Next meeting

The Committee adjourned at 10.29 am until 7.30 am on Friday, 17 February 2012.

MINUTES OF PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE (NO. 20)

Wednesday 4 April 2012

9:45am

Jubilee Room, Parliament House

MEMBERS PRESENT

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

The Chair opened the meeting, noting the change of meeting time from 9.30am to 9.45am. The time was changed at the request of Mr Daley and Committee meetings will commence at 9.45am in future.

1. Confirmation of minutes of meeting of 29 March 2012

Resolved, on the motion of Mr Torbay, seconded by Dr Lee: That the minutes of the meeting of 29 March 2012 be confirmed.

6. Other business

ii. Follow-up of Auditor-General's 2010 financial audit reports

Resolved, on the motion of Dr Lee, seconded by Mr Daley: That the Committee write to Health Support Services noting that agency's failure to respond to the Committee's request for a submission detailing its response to repeat recommendations from the Auditor-General's 2010 Financial Audit Report. The Committee will conduct a public hearing on this matter if no response is provided by 13 April 2012.

The Chair requested staff to distribute the draft report on the Follow-up of Auditor-General's 2010 financial audit reports to members before the next Committee meeting on 3 May 2012.

7. Next meeting

The Committee adjourned at 10.30am until 9.45am on Thursday 3 May 2012.

MINUTES OF PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE (NO. 21)

Wednesday 2 May 2012
10.05am
Room 1254, Parliament House

MEMBERS PRESENT

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

APOLOGY:

An apology was received from Dr Lee.

The Chair opened the meeting, noting that he had requested a change in the date and time of the meeting from 9.45am on Thursday 3 May 2012 to 10.00am on Wednesday 2 May, and thanked the other members for accommodating his request.

4. Follow-up of repeat recommendations from the 2010 Auditor-General's Financial Audits

- i. Letter received from Mr Mike Rillstone, Chief Executive, Health Support Services re: delay in response to the Committee, dated 10 April 2012.
- ii. Submission 14, Health Support Services, dated 13 April 2012.
- iii. Letter sent to Dr Richard Sheldrake, Director-General, Department of Primary Industries, re: request for further information, dated 20 April 2012.
- iv. Submission 15, NSW Audit Office re Auditor General's 2010 Financial Audit Reports dated 24 April 2012.

Resolved, on the motion of Mr Torbay, seconded by Mr Williams: That the Committee note the correspondence received from Mr Rillstone and the correspondence sent to Dr Sheldrake, accept Submissions 14 and 15 and publish them on its website.

i) Draft report on the follow-up of repeat recommendations from the Auditor-General's 2010 Financial Audits (previously circulated)

The Committee agreed to consider the report in globo.

Resolved, on the motion of Mr Torbay, seconded by Mr Williams: That the draft Report on the follow-up of repeat recommendations from the Auditor-General's 2010 Financial Audits be the report of the Committee and it be presented to the House; that the Chair and Committee staff be permitted to correct any stylistic, typographical and grammatical errors contained in the report, and that the Chair and Committee staff be permitted to amend the report to include updated information regarding the number of unprocessed Aboriginal land claims if this information is received from the Department of Primary Industries, provided that no changes are made to the Recommendations contained in the report and the members are advised of the proposed amendments.

PUBLIC ACCOUNTS COMMITTEE
EXTRACTS FROM MINUTES

5. Next meeting

The Committee adjourned at 10.35am until 9.45am on Thursday 10 May 2012.