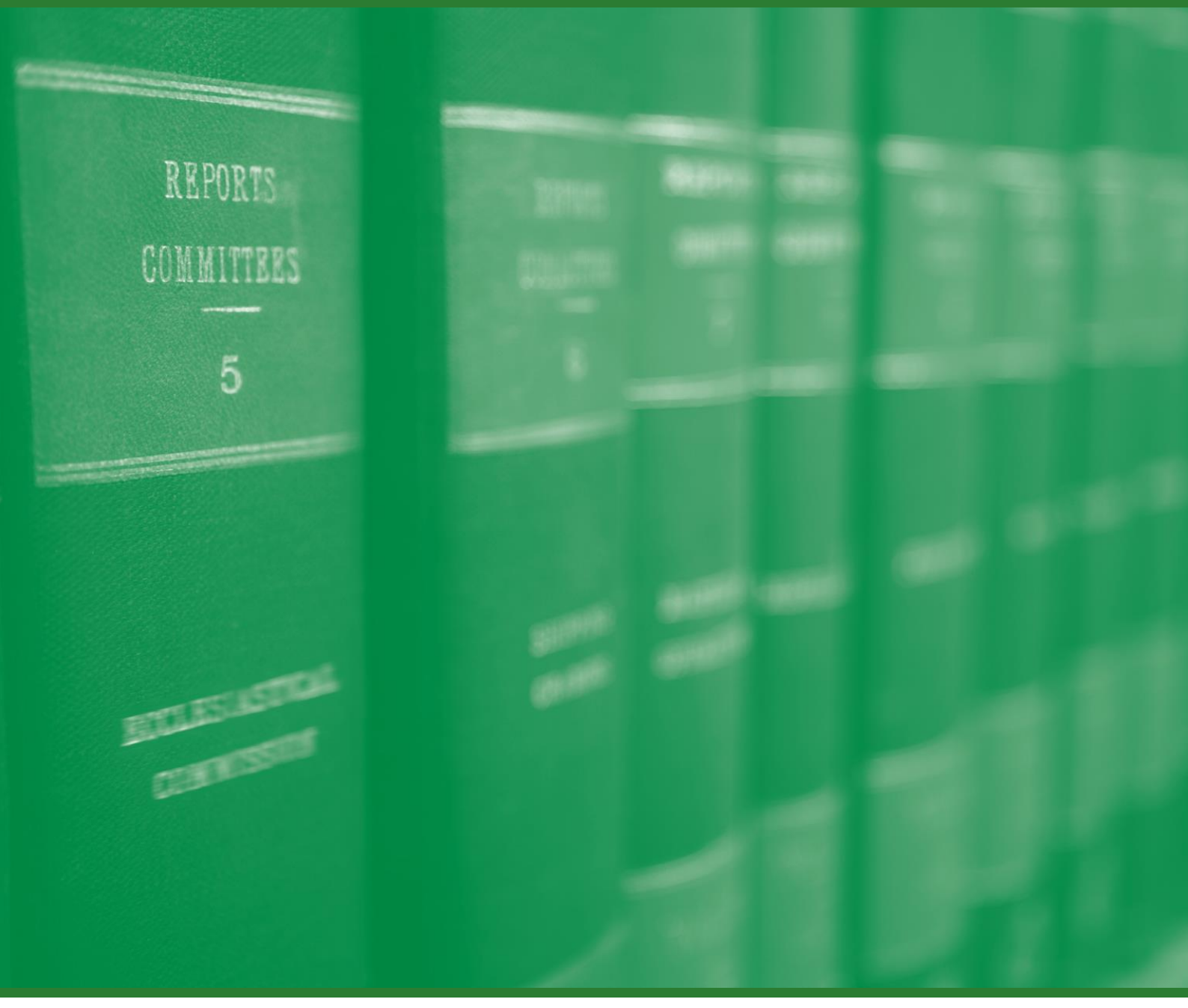




Public Accounts Committee

REPORT 2/56 – MARCH 2016

EXAMINATION OF THE AUDITOR-GENERAL'S PERFORMANCE AUDIT REPORTS SEPTEMBER 2013 - JULY 2014





LEGISLATIVE ASSEMBLY

PUBLIC ACCOUNTS COMMITTEE

EXAMINATION OF THE AUDITOR-GENERAL'S PERFORMANCE
AUDIT REPORTS SEPTEMBER 2013-JULY 2014

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

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Membership

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Terms of Reference

Under section 57 of the *Public Finance and Audit Act 1983*, the functions of the Committee include the examination of any report of the Auditor-General laid before the Legislative Assembly and any circumstances connected with those reports.

Public Finance and Audit Act 1983

57 Functions of the Committee

(1) The functions of the Committee are:

...

(c1) to examine any reports of the Auditor-General laid before the Legislative Assembly,

(d) to report to the Legislative Assembly from time to time upon any item, 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.

At its meeting on 22 October 2015, the Committee adopted the following terms of reference:

That the Committee inquire into and report on any circumstances connected with the following reports of the Auditor-General which the Committee considers ought to be brought to the notice of the Legislative Assembly:

- *Managing Contaminated Sites*
- *Making the Most of Government Purchasing Power – Telecommunications*
- *Use of Purchasing Cards and Electronic Payment Methods*
- *Effectiveness of the New Death and Disability Scheme*
- *Regional Road Funding – Block Grant and REPAIR Programs*
- *NSW State Emergency Service Management of Volunteers*
- *Fitness of Firefighters*
- *Improving Legal and Safe Driving Among Aboriginal People*
- *Management of Casual Teachers*
- *Government Advertising 2012-13*
- *Cost of Alcohol Abuse to the NSW Government.*

Chair's Foreword

This is the first report of the Public Accounts Committee's performance audit review program to be tabled in the 56th Parliament.

The Committee has a well-established process of reviewing performance audits conducted by the Auditor-General, in order to follow up on action taken by agencies in response to the Auditor-General's recommendations. As part of this follow up, the Committee questions agencies on measures they have taken and, if required, conducts public hearings to gather additional information by examining agency representatives. The process has proven to be an effective means of testing action taken on performance audits and maintaining a high level of scrutiny of the agencies under review.

This report reviews eleven performance audits conducted into: Managing Contaminated Sites; Making the Most of Government Purchasing Power – Telecommunications; Use of Purchasing Cards and Electronic Payment Methods; Effectiveness of the New Death and Disability Scheme; Regional Road Funding – Block Grant and REPAIR Programs; NSW State Emergency Service Management of Volunteers; Fitness of Firefighters; Improving Legal and Safe Driving Among Aboriginal People; Management of Casual Teachers; Government Advertising 2012-13; and Cost of Alcohol Abuse to the NSW Government. With some noted exceptions, the Committee is generally satisfied that the responsible agencies are now implementing the Auditor-General's recommendations.

The Committee has made four recommendations to NSW Government agencies to address the following: improving the ability of the Department of Education and Communities to identify and respond to casual teachers with performance issues; and whole of Government measures to improve legal and safe driving among Aboriginal people.

I am pleased to present this Report and thank the Auditor-General and Audit Office staff for their assistance in this inquiry. I also wish to thank my Committee colleagues and Committee staff for their contributions and support.

Bruce Notley-Smith MP
Chair

List of Findings and Recommendations

RECOMMENDATION 1 _____ 7

The Committee recommends that, by the end of 2016, the Department of Education and Communities completes implementation of the Auditor-General’s recommendation to encourage schools to provide feedback on the performance of casual teachers.

RECOMMENDATION 2 _____ 7

The Committee recommends that, by the end of 2016, the Department of Education and Communities improves the way it identifies and responds to all casual teachers with performance issues.

RECOMMENDATION 3 _____ 15

The Committee recommends that Transport for NSW and the Department of Justice, as a matter of priority, complete implementation of the Auditor-General’s recommendations relating to the inter-agency group focussing on increasing the number of Aboriginal people with an unrestricted driver licence.

RECOMMENDATION 4 _____ 16

The Committee recommends that the inter-agency group focussing on increasing the number of Aboriginal people with an unrestricted driver licence completes its schedule of works by the end of 2016.

Glossary

DTIRIS	Department of Trade and Investment, Regional Infrastructure and Services
EPA	NSW Environment Protection Authority
FRNSW	Fire & Rescue NSW
NSWPF	NSW Police Force
OSR	NSW Office of State Revenue
PAC	Public Accounts Committee
REPAIR	REPair and Improvement of Regional Roads
RMS	Roads and Maritime Services
SES	NSW State Emergency Service
RCC	Regional Consultative Committee
TfNSW	Transport for NSW
WDO	Work and Development Order

Chapter One – Introduction

Background

- 1.1 The Public Accounts Committee has a well-established process of examining all performance audits tabled by the Auditor-General. In practice, the review of performance audits by the Committee is conducted twelve months after the release of each audit report, to enable the relevant agency to implement the report's recommendations in a timely fashion.
- 1.2 Due to the calling of the 2015 general election, all committees ceased to operate until their re-establishment in the 56th Parliament. This report, therefore, considers performance audits from the previous Parliament, not yet reported on.

Overview

- 1.3 The performance audits examined by the Committee during this inquiry were those tabled by the Auditor-General between September 2013 and July 2014. The aim of the examination was to assess action taken by relevant agencies in responding to the Auditor-General's recommendations. In this process, the Committee considered evidence received from each agency as well as advice from the Auditor-General.
- 1.4 The Committee found that significant work has been undertaken to address issues raised in the audits. It is clear that agencies have taken the audits seriously and instigated processes to implement recommendations that were accepted. Some of the recommendations will take time to implement or are being addressed through the implementation of larger projects. The Committee encourages agencies to follow through on the work already started and commitments made, so that the potential benefits of the audits are fully realised.

Inquiry Process

- 1.5 As per its legislative responsibility outlined in section 57 of the *Public Finance and Audit Act 1983*, the Committee resolved at its meeting on 22 October 2015 to commence an examination of the Auditor-General's performance audits from September 2013 to July 2014. The full terms of reference are included on page iv.
- 1.6 The process for these examinations included:
- inviting a submission from responsible agencies twelve months after the tabling of the audit
 - referring agencies' submissions to the Auditor-General for comment
 - where the Committee determined that further information was required, inviting agency representatives and the Auditor-General to a hearing and/or to provide additional information

- 1.7 The Committee examined eleven performance audit reports and received 20 submissions in relation to its examination. A full list of submission authors can be found at Appendix One and copies of the submissions are available on the Committee's website at: www.parliament.nsw.gov.au/publicaccounts.
- 1.8 The Committee determined that, on the basis of submissions received, seven performance audits had been satisfactorily completed, with the agencies concerned meeting the requirement to fully implement the Auditor-General's recommendations. These were as follows:
- *Cost of Alcohol Abuse to the NSW Government*
 - *Government Advertising 2012-13*
 - *Fitness of Firefighters*
 - *NSW State Emergency Service Management of Volunteers*
 - *Effectiveness of the New Death and Disability Scheme*
 - *The Use of Purchasing Cards and Electronic Payment Methods*
 - *Making the Most of Government Purchasing Power - Telecommunications*
- 1.9 Details concerning these performance audits can be found on the website of the NSW Auditor-General at: www.audit.nsw.gov.au.
- 1.10 Where the Committee was not satisfied that recommendations contained in the performance audit reports had been met, it conducted a more detailed examination of these audits, conducting a public hearing on 9 November 2015 to seek further information. The audits examined were:
- *Management of Casual Teachers*
 - *Improving Legal and Safe Driving Among Aboriginal People*
 - *Regional Road Funding – Block Grant and REPAIR Programs*
 - *Managing Contaminated Sites.*
- 1.11 Details of witnesses who appeared at the hearing are included at Appendix 2.

Chapter Two – Management of Casual Teachers

Introduction

- 2.1 Casual teachers comprise approximately half of the 98,000 teachers approved to teach in NSW Government schools and perform an essential role in ensuring continuity of education and supervision of children. Casual teachers cover absences of less than four weeks full-time or up to two terms part-time. Schools must engage teachers on a temporary basis to cover longer vacancies. While schools have traditionally engaged casual teachers with minimal assistance from the Department of Education and Communities (the Department), concerns have been raised regarding hard-to-staff schools and the effect that uncovered teacher absences have on learning.
- 2.2 The Department established the Casual Teacher Plan in 2002 to minimise the time that classes are without teachers. The Plan introduced a number of strategies, including a teacher advertising service, better management of leave by principals and a casual teacher recruitment program. It also introduced two programs for hard-to-staff schools: Casual.Direct – a call centre model that allows locally-based teachers to fill short term vacancies; and Temporary Teacher Programs – to engage suitable teachers to cover temporary vacancies of four weeks or more.¹

The performance audit

- 2.3 The Auditor-General assessed whether the Department manages the supply, availability and performance of casual teachers effectively. The audit was informed by a survey of 263 schools, which were selected on the basis of their location and type. Departmental data and internal reviews were also used.²

Audit conclusions

- 2.4 The Auditor-General concluded that the Department manages the supply and availability of casual teachers in a way that enables most schools to cover teacher absences. However, strategies to provide suitable casual teachers to hard-to-staff rural schools and systems to collect feedback on teacher performance could be improved. The Auditor-General noted that the Department had systems to collect feedback on casual teacher performance, but schools did not routinely use them.³

Auditor-General's recommendations

- 2.5 The Auditor-General made six recommendations to the Department of Education and Communities. These recommendations are detailed in the following table:

¹ NSW Auditor-General's Performance Audit Report; Management of Casual Teachers, October 2013, p2.

² NSW Auditor-General's Performance Audit Report; Management of Casual Teachers, October 2013, p2.

³ NSW Auditor-General's Performance Audit Report; Management of Casual Teachers, October 2013, p2.

Table 1 - Recommendations made by the Auditor-General in Report No. 237: Management of Casual Teachers⁴

No.	Recommendation
The Department should for the 2015 school year:	
1	improve information about teachers willing to teach casually by: <ul style="list-style-type: none"> - requiring those who have not taught in the last year to indicate whether they want to remain active on Casual.Direct's register. This should be done each year - making it easier for casuals to update their details
2	improve its monitoring of a school's ability to access casual teachers to determine whether additional assistance is required
3	encourage schools to provide feedback on the performance of casual teachers
4	improve the way it identifies and responds to casual teachers with performance issues
5	assist schools to improve their induction practices for casual teachers
The Department should:	
6	when updating its human resources systems, review how to make more use of a teacher's performance history when deciding which casual teacher to assign

The response of the Department of Education and Communities

2.6 The Department acknowledged the Auditor-General's conclusion that the supply and quality of casual teachers was generally acceptable. However, the Department contended that the audit report did not adequately acknowledge:

- that the primary responsibility for engaging casual teachers resides with school principals and that the Department has put in place strategies to enhance the ability of schools to provide relief for absent teachers
- under the Government's *Local Schools, Local Decisions* reform, some services currently centrally provided by the Department, such as the teacher relief scheme, will no longer be required.

2.7 The Department also considered that, in its view, the survey methodology used in the audit report was more an attitudinal survey, with no apparent validation of the data collated.⁵

The Committee's examination

2.8 As part of the Committee's follow up of the performance audit, the previous Chair of the Public Accounts Committee, Mr Jonathan O'Dea MP, wrote to the Department on 19 November 2014 inviting them to provide submissions detailing action taken in response to the Auditor-General's recommendations. The Department provided a submission on 16 January 2015. The submission was forwarded to the Auditor-General, who commented on 20 August 2015.

2.9 The Committee conducted a public hearing on 9 November 2015, taking evidence from Mr Peter Riordan, Deputy Secretary, Corporate Services,

⁴ NSW Auditor-General's Performance Audit Report; Management of Casual Teachers, October 2013, p5.

⁵ NSW Auditor-General's Performance Audit Report; Management of Casual Teachers, October 2013, pp6-7.

Department of Education and Communities. A question taken on notice was subsequently sent to Mr Riordan following the hearing. A full transcript of the hearing and Mr Riordan's response are available on the Committee's website.

Implementation of recommendations

- 2.10 **Recommendation 1**, that the Department should improve information about teachers willing to teach casually by requiring those who have not taught in the last year to indicate whether they want to remain active on Casual.Direct's register, and make it easier for casuals to update their details. The Department submitted that it accepted and had completed implementation of this recommendation by contacting casual teachers who had not worked in the previous three years, to advise they would be removed from the Casual.Direct register unless they wish to remain on it.
- 2.11 The Department has introduced an online form to enable teachers to update their details on the Casual.Direct service.⁶
- 2.12 **Recommendation 2**, that the Department should improve its monitoring of a school's ability to access casual teachers to determine whether additional assistance is required. The Department submitted that the Casual.Direct service had been improved by developing monthly reports identifying schools with low success rates.⁷
- 2.13 **Recommendation 3**, that the Department should encourage schools to provide feedback on the performance of casual teachers. The Department submitted that it would undertake to identify a sample of schools during the 2015 school year and would work with those schools to refine and improve processes for providing performance feedback on casual teachers.⁸ However the Committee heard that implementation of recommendation 3 had not yet commenced.
- 2.14 Mr Peter Riordan, Deputy Secretary, Corporate Services, informed the Committee that the Department was 'about to identify a sample of a number of schools to work directly with to ascertain how they believe we can best monitor the performance of casuals'.⁹ The Committee further heard that when the Department had taken a 'snapshot' of schools, only 318 schools out of 6,300 casual engagements had completed the feedback form provided by the Department.¹⁰
- 2.15 **Recommendation 4**, that the Department should improve the way it identifies and responds to casual teachers with performance issues. The Department submitted that it developed a process to deal with the poor performance of casual teachers employed on temporary blocks for a minimum of one term. The

⁶ Submission No. 14, Department of Education and Communities, p3.

⁷ Submission No. 14, Department of Education and Communities, p4.

⁸ Submission No. 14, Department of Education and Communities, p4.

⁹ Mr Peter Riordan, Deputy Secretary, Corporate Services, Department of Education and Communities, Transcript of Evidence, 9 November 2015, p3.

¹⁰ Mr Peter Riordan, Transcript of Evidence, 9 November 2015, p3.

process, *Managing Temporary Teacher Engagements* is available on the Department's intranet.¹¹

- 2.16 The Committee asked the Department how many of the 147 casual teachers reported by the Auditor-General as being excluded from schools in 2012 were employed on temporary blocks for a minimum of one term and, therefore, subject to the Department's new performance management review process.¹²
- 2.17 The Department informed the Committee that 16 casual teachers notified by schools to the Casual Direct service as being 'least preferred' in 2012 were subsequently employed on temporary blocks for a minimum of one term. However, the Department did not articulate whether these teachers had been subject to the Department's new performance management process.¹³
- 2.18 **Recommendation 5**, that the Department should assist schools to improve their induction practices for casual teachers. A new induction resource, the *Strong start, Great teachers* guide, was developed and is available on the intranet as a resource for new teachers and schools.¹⁴
- 2.19 **Recommendation 6**, that the Department should, when updating its human resources systems, review how to make more use of a teacher's performance history when deciding which casual teacher to assign. The Department accepted this recommendation in principle and noted that implementation of the recommendation was dependent on, and would be considered in the design of, a new SAP HR/Payroll system.¹⁵

Committee comment

- 2.20 The Committee is satisfied that the Department of Education and Communities has completed implementation of three of the Auditor-General's six recommendations to improve the management of casual teachers. The Committee notes that the Department will implement the Auditor-General's recommendation to review how to make more use of a teacher's performance history as part of the design of a new SAP HR/Payroll system.
- 2.21 The Committee is concerned that the Department has not completed implementation of the two recommendations regarding the performance of casual teachers: that the Department should encourage schools to provide feedback on the performance of casual teachers; and that the Department should improve the way it identifies and responds to casual teachers with performance issues.
- 2.22 The Committee notes that the Department has developed a process for dealing with casual teachers employed to teach on temporary blocks for a minimum of one term. However, the Committee is concerned that this review process does

¹¹ Submission No. 14, Department of Education and Communities, p4.

¹² Mr Bruce Notley-Smith, Chair, Public Accounts Committee, Transcript of Evidence, 9 November 2015, p4.

¹³ Mr Peter Riordan, Response to question on notice, 17 November 2015.

¹⁴ Submission No. 14, Department of Education and Communities, p4.

¹⁵ Submission No. 14, Department of Education and Communities, p4.

not apply to the great number of casual teachers who teach in a particular school for blocks of less than one term duration.

RECOMMENDATION 1

The Committee recommends that, by the end of 2016, the Department of Education and Communities completes implementation of the Auditor-General's recommendation to encourage schools to provide feedback on the performance of casual teachers.

RECOMMENDATION 2

The Committee recommends that, by the end of 2016, the Department of Education and Communities improves the way it identifies and responds to all casual teachers with performance issues.

Chapter Three – Improving Legal and Safe Driving Among Aboriginal People

Introduction

- 3.1 Driver licences are important to many NSW residents; improving their mobility and access to employment, services and recreational activities. In 2011, 74 per cent of people who travelled to work used a car, increasing to 87 per cent in regional and remote areas.
- 3.2 Drivers obtain a licence through the Graduated Licensing Scheme, which involves passing multiple tests and completing supervised driving hours. The Graduated Licensing Scheme has been a contributing factor to improved road safety outcomes. However, passing these tests can be difficult for people who have lower levels of literacy and are unable to access a vehicle or another licensed driver for supervised driving hours.
- 3.3 Retaining a driver licence has also become more difficult following the introduction of licence suspensions for fine default, Habitual Traffic Offender declarations and minimum disqualification periods.
- 3.4 In 2011, Aboriginal drivers were underrepresented in NSW, comprising only 0.4 per cent of all driver licence holders, despite being 1.9 per cent of the eligible driving population. In addition, 201 Aboriginal people were imprisoned for driver licence offences.¹⁶

The performance audit

- 3.5 The Auditor-General's performance audit examined how well government responses to improve legal and safe driving among Aboriginal people had worked. Specifically, it sought to identify barriers within the licensing and vehicle registration process, the fines enforcement process and the justice system and whether actions to address these barriers were effective.¹⁷

Audit findings and conclusions

- 3.6 The Auditor-General found that unlicensed driving among Aboriginal people is a complex problem. The underlying socio-economic factors and disadvantage among Aboriginal people is a contributing factor and barriers exist across a range of government portfolios.¹⁸
- 3.7 Barriers identified within the licensing process that prevent Aboriginal people getting a driver licence include; a critical shortage of supervising drivers, lower

¹⁶ NSW Auditor-General's Performance Audit Report; Improving Legal and Safe Driving Among Aboriginal People, December 2013, p2.

¹⁷ NSW Auditor-General's Performance Audit Report; Improving Legal and Safe Driving Among Aboriginal People, December 2013, p2.

¹⁸ Submission No. 17, Audit Office of NSW, p4.

driver knowledge test pass rates, a lack of birth certificates as proof of identity, and the location and hours of motor registries.¹⁹

- 3.8 Barriers identified within the fines enforcement process, despite initiatives like Work and Development Orders which allow people to work off their fines, include; relying on the financially vulnerable to self-identify, limited coverage of Work and Development sponsors; and insufficient administrative support.²⁰
- 3.9 Barriers identified in the justice system that prevent Aboriginal people from breaking the cycle of reoffending which leads to imprisonment include; minimum, automatic and cumulative disqualification periods which limit a magistrate's discretion and options for sentencing; and Aboriginal people being unable to utilise driver licence programs while in prison due to disqualification periods imposed before imprisonment.²¹
- 3.10 The Auditor-General concluded that existing government responses to improve legal and safe driving for Aboriginal people had little overall impact. The inherent barriers within the licensing registration process, fines enforcement process and justice system were acknowledged and well understood by all agencies. However, without sustained and coordinated action from the NSW Government as a whole, the barriers that prevent Aboriginal people getting and retaining a driver licence will continue to exist.²²

Auditor-General's recommendations

- 3.11 The Auditor-General made three recommendations to the NSW Government. These recommendations are detailed in the following table:

Table 2 - Recommendations made by the Auditor-General in Report No. 238: Improving Legal and Safe Driving Among Aboriginal People²³

No.	Recommendation
Support Aboriginal people in getting their driver licence	
1	The NSW Government should support Aboriginal people to get a driver licence by: <ul style="list-style-type: none"> a) improving access to a birth certificate b) assisting Aboriginal people pass the driver knowledge test c) assisting Aboriginal people complete supervised driving hours d) improving the access and quality of driver licensing programs
Support Aboriginal drivers to retain or regain their driving licence	
2	The NSW Government should support Aboriginal people to retain or regain a driver

¹⁹ NSW Auditor-General's Performance Audit Report; Improving Legal and Safe Driving Among Aboriginal People, December 2013, p3.

²⁰ NSW Auditor-General's Performance Audit Report; Improving Legal and Safe Driving Among Aboriginal People, December 2013, pp3-4.

²¹ NSW Auditor-General's Performance Audit Report; Improving Legal and Safe Driving Among Aboriginal People, December 2013, p4.

²² NSW Auditor-General's Performance Audit Report; Improving Legal and Safe Driving Among Aboriginal People, December 2013, p3.

²³ NSW Auditor-General's Performance Audit Report; Improving Legal and Safe Driving Among Aboriginal People, December 2013, p5.

No.	Recommendation
	licence by: a) expanding and promoting Work and Development Orders b) developing and promoting diversionary and sentencing options for 'driver licence' offenders
	Develop a whole-of-government response
3	The NSW Government should develop a coherent and consistent whole-of-government response with each agency cooperating to deliver its part of the solution

The Committee's examination

- 3.12 As part of its examination of performance audits, the previous Chair of the Public Accounts Committee, Mr Jonathan O'Dea MP, wrote to Transport for NSW, the Department of Attorney General and Justice, Roads and Maritime Services, the Department of Finance and Services, the NSW Police Force and the Department of Education and Communities on 19 November 2014 to request a submission.
- 3.13 The NSW Police Force provided a submission on 8 January 2015, TAFE NSW on 21 January 2015, Transport for NSW (on behalf of the Transport cluster) on 2 March 2015 and the Minister for Finance and Services on 4 March 2015. These submissions were forwarded to the Auditor-General, and he replied with comments on 20 August 2015. The Chair wrote to the Department of Attorney General and Justice a second time, and received a submission on 28 October 2015. This was forwarded to the Auditor-General, who provided his comments on 3 November 2015.
- 3.14 The Committee conducted a public hearing on 9 November 2015, and took evidence from:
- Mr Bernard Carlon, Acting Executive Director, Centre for Road Safety, Transport for NSW
 - Ms Kelly Miller, Principal Manager, Driver and Vehicle Policy, Transport for NSW
 - Ms Edwina Crawford, Director, Aboriginal Services, Department of Justice
 - Ms Julianne Evans, Deputy Director, Fines Enforcement, State Debt Recovery, NSW Office of State Revenue
 - Ms Trina McConnell, Deputy Director, Technical Advisor Services, NSW Office of State Revenue
 - Acting Deputy Commissioner Geoffrey McKechnie APM, Corporate Sponsor for Aboriginal Issues, NSW Police Force
 - Ms Janet Elms-Smith, Director, Education Employment Preparation, Pathways and Equity, TAFE NSW.
- 3.15 A question taken on notice was subsequently sent to Ms Crawford following the hearing. A full transcript of this hearing and Ms Crawford's response is available on the Committee's website.

Implementation of recommendation one

- 3.16 **Recommendation 1**, that the NSW Government should support Aboriginal people in getting their driver licence.
- 3.17 **Recommendation 1a**, that the NSW Government support Aboriginal people to get a driver licence by improving access to a birth certificate. The Department of Justice submitted that NSW Registry of Births, Deaths and Marriages was working closely with the Department's Aboriginal liaison officers to assist with birth registration and providing advice on birth certificates, proof of identity and how to protect identity documents. The Department is also working with non-government organisations to help Aboriginal people obtain birth certificates through discounted rates.²⁴
- 3.18 **Recommendation 1b**, that the NSW Government support Aboriginal people to get a driver licence by assisting them to pass the driver knowledge test. Transport for NSW submitted that it had reviewed the driver knowledge test and identified those questions which had a high failure rate and could be amended or removed from the test.²⁵
- 3.19 Roads and Maritime Services (RMS) submitted that it will review its current community based driver knowledge test programs in remote and regional areas and develop a strategy that will enable greater flexibility with testing facilities and processes.²⁶
- 3.20 Transport for NSW submitted that all Department of Education and Communities high schools in New South Wales have been informed that the driver knowledge test online educational video 'Yarnbusters: No Gammin' is available on the RMS website.²⁷
- 3.21 **Recommendation 1c**, that the NSW Government support Aboriginal people to get a driver licence by assisting them to complete supervised driving hours. Transport for NSW submitted that it had reviewed its guidelines for community-based learner driver mentor programs and the Centre for Road Safety was now assessing policy options in response to that review. Continuing evaluation of the Safer Drivers Course for Young Learner Drivers, the Driving Change Program, which funds local Driver Licensing Champions, and the P1 Restricted Licence Pilot, which enables learner drivers to apply for a restricted P1 licence after completing 50 hours of supervised driving instead of the usual 120 hours, will also inform the development of future Aboriginal learner driver on-road experience programs.²⁸
- 3.22 Transport for NSW gave evidence that since the report's release, 3,100 supervised driving hours had been provided to people of Aboriginal descent and more than 400 had completed the Safer Drivers Course for Young Learner Drivers. Transport for NSW will also be offering up to 1,000 places in this course

²⁴ Submission No. 19, Department of Justice, p3.

²⁵ Submission No. 11, Transport for NSW, p4.

²⁶ Submission No. 11, Transport for NSW, p5.

²⁷ Submission No. 11 Transport for NSW, p2.

²⁸ Submission No. 11, Transport for NSW, pp6-7.

for the financially disadvantaged. Additionally, a tender process was completed in July 2015 which authorised 18 service providers to offer mentoring services for young Aboriginal people who do not have access to a vehicle or supervising drivers.²⁹

- 3.23 **Recommendation 1d**, that the NSW Government support Aboriginal people to get a driver licence by improving the access and quality of driver licence programs. TAFE NSW submitted that it had increased the availability of the Course in Foundation Skills for Learner Drivers and similar programs for Aboriginal people. Course material and supporting resources have been distributed to TAFE NSW institutes and the institutes are working with key stakeholders, including communities, to deliver these programs.³⁰ TAFE NSW gave evidence that six institutes were delivering the program in 2015. It was noted that one of the challenges of the program was eligibility. While Aboriginal learners are eligible for a fee-free program, eligibility requirements do not allow school students to participate in the program.³¹
- 3.24 Transport for NSW submitted that it had implemented a communications plan on how best to engage with Aboriginal communities regarding licensing issues. This will in turn guide delivery of the newly developed NSW Aboriginal Road Safety Action Plan which aims to improve access for Aboriginal people to information on the licensing system. Part of this plan includes targeted advertising and Transport for NSW has developed a number of road safety education resources tailored to the Aboriginal community. These include brochures, posters and radio advertisements that address complex road safety issues from an Aboriginal perspective.³²

Implementation of recommendation two

- 3.25 **Recommendation 2**, that the NSW Government should support Aboriginal drivers to retain or regain a driving licence.
- 3.26 **Recommendation 2a**, that the NSW Government support Aboriginal people to retain or regain a driver licence by expanding and promoting Work and Development Orders. The Minister for Finance and Services submitted that the Office of State Revenue (OSR) has two full-time Aboriginal client advisory officers who engage in outreach throughout NSW. They assist with fine management and, where outstanding fines can be managed by a payment plan, can arrange for licence and registration suspensions to be lifted. The officers attend Legal Aid outreach programs that target vulnerable Aboriginal people in remote areas of NSW and promote the Work and Development Order (WDO) scheme. They also educate service providers on the advantages of registering on the OSR's Advocacy Hotline and becoming a WDO sponsor.³³

²⁹ Mr Bernard Carlon, Acting Executive Director, Centre for Road Safety, Transport for NSW, Transcript of evidence, 9 November 2015, p8.

³⁰ Submission No. 12, TAFE NSW, p1.

³¹ Ms Janet Elms-Smith, Director, Education Employment Preparation, Pathways and Equity, TAFE NSW, Transcript of evidence, 9 November 2014, p15.

³² Submission No. 11, Transport for NSW, pp1-4.

³³ Submission No. 10, Minister for Finance and Services, p1.

- 3.27 The OSR gave evidence that one of the challenges it faces in expanding WDOs is identifying people who are eligible for the scheme. The only way for the OSR to identify if a person is financially vulnerable is if that person acknowledges they cannot pay the fine.³⁴ In addition, recording of Aboriginality on a driver's licence is voluntary and police and other agencies do not collect this information when imposing a fine.³⁵ To address this, the OSR is currently working with State and Commonwealth agencies on how to exchange data that will assist in the identification of vulnerable clients while not breaching privacy laws.³⁶ The OSR also gave evidence that WDOs can be satisfied by participation in a driver education program. This enables clients to work off their fines as they complete a driving course.³⁷
- 3.28 The Department of Justice submitted that WDOs are available to all Aboriginal inmates in NSW correctional centres. In April 2015, the exchange of information between Corrective Services NSW and the OSR about who is in custody and their levels of fine-related debt was facilitated by changes to the *Crimes (Administration of Sentences) Act 1999*. This saw a rise in the number of completed WDOs. The Department is reviewing its policies and procedures to maximise access to and completion of WDOs in all correctional centres.³⁸
- 3.29 TAFE NSW submitted that it had encouraged its institutes to become WDO sponsors. The Western Sydney and North Coast institutes have done so and other institutes are investigating becoming sponsors.³⁹
- 3.30 **Recommendation 2d**, that the NSW Government support Aboriginal people to retain or regain a driver licence by developing and promoting diversionary and sentencing options for 'driver licence' offenders. The Department of Justice gave evidence that its Aboriginal Services Branch has an Aboriginal driver's licence offence program operating in 14 courts across NSW. Aboriginal people who attend court for driving offences and are willing to participate in the program have their situation assessed by a support officer who can develop a referral plan to services like the Police Citizens Youth Club and TAFE NSW. Over the previous two years 1,634 people had participated in the program.⁴⁰
- 3.31 The Minister for Finance and Services submitted that, along with its well-established program of permitting instalment payments, the OSR now allows part payments of penalty notices prior to enforcement action taking place. This results in the avoidance of an enforcement order and further fees.⁴¹

³⁴ Ms Julianne Evans, Deputy Director, Fines Enforcement, State Debt Recovery, NSW Office of State Revenue, Transcript of evidence, 9 November 2015, p11.

³⁵ Ms Trina McConnell, Deputy Director, Technical Advisor Services, NSW Office of State Revenue, Transcript of evidence, 9 November 2015, pp10-11.

³⁶ Ms Julianne Evans, Transcript of evidence, 9 November 2015, p11.

³⁷ Ms Julianne Evans, Transcript of evidence, 9 November 2015, p15.

³⁸ Submission No. 19, Department of Justice, p1.

³⁹ Submission No. 12 TAFE NSW, p3.

⁴⁰ Ms Edwina Crawford, Acting Director, Aboriginal Services Branch, Department of Justice, Transcript of evidence, 9 November 2015, p9.

⁴¹ Submission No. 10, Minister for Finance and Services, p2.

- 3.32 The Department of Justice noted that while magistrates have the power to dismiss a charge with licence conditions, this is not usually done as mandatory disqualification periods apply. However, based on recommendations from the Committee on Law and Safety's Driver Licence Disqualification Reform report, Cabinet has approved a proposal to allow people who have served out a certain length of disqualification period 'offence free' to be able to apply to have the court lift the disqualification. Further development in this area will be progressed by the inter-agency group established in response to Recommendation 3.⁴²
- 3.33 In his comments on agency responses, the Auditor-General suggested that the NSW Police Force can play an important role in diverting driver licence offenders from the justice system. Where road safety is not compromised, or an offense is less serious but may lead to licence disqualification if the offender is not diverted, an officer could use his or her discretion and refer the offender to a safe driving course or program.⁴³
- 3.34 Mr Geoffrey McKechnie, Acting Deputy Commissioner, Field Operations, NSW Police Force, gave evidence that as part of their training police officers are given advice and information regarding ethics and integrity around the use of discretion. However, he noted that discretion is a difficult issue. While encouraging officers to be fair, some officers will view certain things more seriously than others and a myriad of circumstances influence a decision to use discretion. That is why local knowledge is important. The NSW Police Aboriginal Strategic Direction plan encourages a high level of engagement with Aboriginal communities. When police know the offender and his or her family and background they can apply their discretion based on that information.⁴⁴

Implementation of recommendation three

- 3.35 **Recommendation 3**, that the NSW Government should develop a coherent and consistent whole-of-government response with each agency cooperating to deliver its part of the solution.
- 3.36 One example given to the Committee of cooperation between agencies was that Transport for NSW had established a significant partnership with the Aboriginal Health and Medical Research Council of NSW in assisting families fit child restraints in their cars. There had been 17 community workshops conducted and more than 846 child restraints had been supplied and properly fitted in those communities.⁴⁵
- 3.37 Key to the implementation of recommendation three involved establishing an inter-agency group of key government stakeholders which reports to Cabinet. The Auditor-General's report recommended that Transport for NSW and the Department of Attorney General and Justice should lead this inter-agency group and, by June 2014 have developed: terms of reference; an accountability and

⁴² Submission No. 19, Department of Justice, pp3-4.

⁴³ Submission No. 17, Audit Office of NSW, p7.

⁴⁴ Mr Geoffrey McKechnie, Corporate Sponsor for Aboriginal Issues, NSW Police Force, Transcript of Evidence, 9 November 2015, pp12-13.

⁴⁵ Mr Bernard Carlon, Transcript of evidence, 9 November 2015, p8.

reporting structure; a performance-based contracting model; a program of evaluation for pilots; and a process to identify gaps in service provision.⁴⁶

- 3.38 The Department of Justice gave evidence that an inter-agency group had been established, had met twice and had developed draft terms of reference but was behind schedule. The Committee was informed that the group was due to meet again in December 2015 to draft a schedule of works around a number of recommendations in the Auditor-General's report.⁴⁷
- 3.39 However, in his final comments at the public hearing, Mr Tony Whitfield, Acting Auditor-General, Audit Office of New South Wales, expressed his disappointment that two years after tabling the report the inter-agency group had only met twice and was still sorting out its terms of reference.⁴⁸

Committee comment

- 3.40 The Auditor-General has identified a number of barriers that prevent Aboriginal people from getting and retaining a driver licence. These barriers span a number of government portfolios. Therefore, as the Auditor-General noted in his report, only a sustained and coordinated inter-agency response will remove the barriers presently in place.
- 3.41 The Committee commends each agency for working individually to meet the Auditor-General's recommendations. However, as emphasised in the report, this is a complex issue that requires a whole-of-government response. In that regard, the Committee shares the Auditor-General's disappointment that the inter-agency group is behind schedule and has only met twice in the two years since the report was tabled.
- 3.42 The Committee therefore recommends that Transport for NSW and the Department of Justice, as a matter of priority, complete implementation of the Auditor-General's recommendations relating to the inter-agency group focused on increasing the number of Aboriginal people with an unrestricted driver licence.
- 3.43 The Committee also recommends that the inter-agency group focussing on increasing the number of Aboriginal people with an unrestricted driver licence complete its schedule of works by the end of 2016.

RECOMMENDATION 3

The Committee recommends that Transport for NSW and the Department of Justice, as a matter of priority, complete implementation of the Auditor-General's recommendations relating to the inter-agency group focussing on increasing the number of Aboriginal people with an unrestricted driver licence.

⁴⁶ NSW Auditor-General's Performance Audit Report; Improving Legal and Safe Driving Among Aboriginal People, December 2013, p57.

⁴⁷ Ms Edwina Crawford, Transcript of evidence, 9 November 2015, p7.

⁴⁸ Mr Tony Whitfield, Acting Attorney-General, Audit Office of New South Wales, Transcript of evidence. 9 November 2015, p15.

RECOMMENDATION 4

The Committee recommends that the inter-agency group focussing on increasing the number of Aboriginal people with an unrestricted driver licence completes its schedule of works by the end of 2016.

Chapter Four – Regional Road Funding – Block Grant and REPAIR Programs

Introduction

- 4.1 The NSW Government provides funding for the maintenance and repair of 18,250km of regional roads across NSW. Regional roads connect smaller towns to the State Roads network and are administered by local councils, who derive financial assistance from two programs administered by Roads and Maritime Services (RMS), namely:
- *The Block Grant program*: this program was introduced in 1989 and, in 2012-13, provided local councils with \$142.2 million in grants for use on regional roads projects, at the councils' discretion.
 - *The REPAIR program*: this program was introduced in 1995 to provide assistance to councils undertaking larger rehabilitation and development works, minimising the whole-of-life costs of regional roads through a 50 per cent government contribution, totalling \$29 million in 2013-14.
- 4.2 NSW local councils rely heavily on NSW Government funding for regional road works. In 2011-12, councils spent a total of \$254.5 million on regional roads, including \$163.1 million funded from these two programs.⁴⁹

The performance audit

- 4.3 The Auditor-General's performance audit examined whether the Block Grant and REPAIR programs were effective in promoting value for money outcomes. The Auditor-General assessed whether the RMS funding allocation to councils through these programs was efficient, effective and well spent.⁵⁰

Audit conclusions

- 4.4 The audit report found that, while the Block Grant program is administratively simple and provides autonomy to councils in determining their own priorities, it does have a number of shortcomings, namely that:
- rural councils are disadvantaged by an allocation formula that does not account for the disproportionate damage caused by heavy vehicles
 - the traffic data on which allocations are based is unreliable
 - RMS has little assurance that grants are well spent.⁵¹
- 4.5 In relation to the REPAIR program, the Auditor-General concluded that it is well designed to promote the efficient and effective use of funds provided by RMS. However, some improvements could be made.⁵²

⁴⁹ NSW Auditor-General's Performance Audit Report; Regional Road Funding – Block Grant and REPAIR Programs, May 2014, p2.

⁵⁰ NSW Auditor-General's Performance Audit Report; Regional Road Funding – Block Grant and REPAIR Programs, May 2014, p2.

⁵¹ NSW Auditor-General's Performance Audit Report; Regional Road Funding – Block Grant and REPAIR Programs, May 2014, p2.

Auditor-General’s recommendations

- 4.6 The Auditor-General made 13 recommendations, addressed to RMS. These recommendations are detailed in the following table:

Table 3 - Recommendations made by the Auditor-General in Report No. 241: Regional Road Funding - Block Grant and REPAIR Programs⁵³

No.	Recommendation
Roads and Maritime Services should:	
1	require councils to certify that they spend Block Grant funds in line with priorities established through the Integrated Planning and Reporting framework, with some risk-based, desk-top assurance of this certification
2	publish benchmarking information on regional road maintenance costs and outputs
3	improve the integrity and reliability of the traffic information it uses to allocate Block Grants to councils
4	work with Transport NSW and local councils to account for the impact of heavy vehicles in allocating Block Grants to rural councils
5	consider incorporating the Block Grant funds currently distributed on the basis of the discontinued 3X3 road funding program into the Block Grant roads component
6	evaluate the Regional Roads Block Grant program in the next two years, and then every five years in line with good practice in grants administration
7	ensure all RMS regions and the RCCs comply with the REPAIR program objective that project selection is carried out on a merit basis from a regional perspective
8	apply the revised allocation method for distribution of REPAIR, following any amendment to the Block Grant allocation method flowing from RMS’ review
9	ensure that RCCs give adequate weight to whole-of-life costs and economic benefits when selecting REPAIR projects and the model scoring system in the REPAIR program guidelines gives adequate weight to whole-of-life costs and economic benefits when selecting REPAIR projects
10	do more to encourage joint council funding applications and require all RCCs and regions to adopt four year rolling programs
11	ensure that REPAIR project works use technical standards which comply with the RTA manual “Arrangements with Councils for Road Management”
12	evaluate the REPAIR program in the next two years, and then every five years in line with good practice in grants administration
13	consider continuing its 2013-14 approach of indexing the previous year’s allocations for a further year to allow the necessary analysis and consultation

The Committee’s examination

- 4.7 The Chair of the Public Accounts Committee wrote to RMS on 6 August 2015, requesting a submission. This was provided on 16 September 2015 and forwarded to the Auditor-General, who replied with comments on 9 October 2015.
- 4.8 The Committee conducted a public hearing on 9 November 2015, and took evidence from Mr Ken Kanofski, Acting Chief Executive Officer, Roads and Maritime Services and Mr Rami Affan, Acting Executive Director, Capital

⁵² NSW Auditor-General’s Performance Audit Report; Regional Road Funding – Block Grant and REPAIR Programs, May 2014, p3.

⁵³ NSW Auditor-General’s Performance Audit Report; Regional Road Funding – Block Grant and REPAIR Programs, May 2014, pp17-33.

Investments, Transport for NSW. A full transcript of this hearing is available on the Committee's website.

Implementation of recommendations

- 4.9 RMS submitted that a working group was established in May 2014 to review the Auditor General's recommendations. The group included representatives from the Office of Local Government, Local Government NSW, the Institute of Public Works Engineering Australasia (NSW Division) and three local councils.⁵⁴
- 4.10 **Recommendation 1**, that RMS should require councils to certify that they spend Block Grant funds in line with priorities established through the Integrated Planning and Reporting framework, with some risk-based, desk-top assurance of this certification. RMS submitted that this recommendation was partially accepted and an update to the 2015-16 Block Grant Agreement had been implemented including requirements that local councils certify funds are spent in line with Integrated Planning and Reporting plans.⁵⁵
- 4.11 When asked why the recommendation was only partially accepted, Mr Kenneth Kanofski, Acting Chief Executive, Roads and Maritime Services, explained that RMS implemented the recommendation from the point of view that as local councils are subject to audit through local government accountability a second set of accountability was unnecessary. He said that it was the job of local council, as the regional roads authority, to allocate block grant funding within its own road priorities, spend it accordingly and certify that they have done so.⁵⁶
- 4.12 **Recommendation 2**, that RMS should publish benchmarking information on regional road maintenance costs and outputs. RMS submitted that this recommendation required further consideration and consultation in the context of the local government reforms expected in September 2016.⁵⁷
- 4.13 When asked why RMS needed to wait for these reforms, Mr Kanofski explained that benchmarking is only as good as the data on which it is based. Historically the quality of data available in this area has been poor. Improved data is starting to flow from the Integrated Planning and Reporting framework and the issue now is whether that data is good enough to publish a benchmark.⁵⁸
- 4.14 **Recommendation 3**, that RMS should improve the integrity and reliability of the traffic information it uses to allocate Block Grants to councils. RMS submitted that while the working group had proposed methods to improve the program's integrity and reliability, the implementation of this recommendation required further consideration in the context of local government reforms.⁵⁹

⁵⁴ Submission No. 6, Roads and Maritime Services, p2.

⁵⁵ Submission No. 6, Roads and Maritime Services, p3.

⁵⁶ Mr Kenneth Kanofski, Acting Chief Executive, Roads and Maritime Services, Transcript of evidence, 9 November 2015, pp17-19.

⁵⁷ Submission No. 6, Roads and Maritime Services, p5.

⁵⁸ Mr Kenneth Kanofski, Transcript of evidence, November 2015, p20.

⁵⁹ Submission No. 6, Roads and Maritime Services, p5.

- 4.15 **Recommendation 4**, that RMS should work with Transport NSW and local councils to account for the impact of heavy vehicles in allocating Block Grants to rural councils. RMS gave evidence that current data was not appropriate for the calculation of Block Grant allocations as it does not distinguish between heavy and light vehicles. The availability of reliable data that could be applied to the funding formula would be a significant step forward.⁶⁰
- 4.16 **Recommendation 5**, that RMS should consider incorporating the Block Grant funds currently distributed on the basis of the discontinued 3X3 road funding program into the Block Grants roads component. RMS submitted that this recommendation was under consideration, noting that any proposal to change the funding model for regional roads agreed to by Local Government would require the concurrence of the Minister for Roads, Maritime and Freight.⁶¹
- 4.17 **Recommendation 6**, that RMS should evaluate the Regional Roads Block Grant program in the next two years, and then every five years in line with good practice in grants administration. RMS submitted that the working group considered an independent review should take place after June 2016 in the context of local government reform. This would allow the review to harness improvements created by these reforms.⁶²
- 4.18 **Recommendation 7**, that RMS should ensure that all RMS regions and Regional Consultative Committees (RCC) comply with the REPAIR program objective that project selection is carried out on a merit basis from a regional perspective. RMS submitted that this recommendation was in progress. Local Government Program Coordinators had been established in most regions and the continued rollout of local government reforms would provide greater information about regional priorities.⁶³
- 4.19 **Recommendation 8**, that RMS should apply the revised allocation method for distribution of REPAIR, following any amendment to the Block Grant allocation method flowing from RMS' review. RMS submitted that this recommendation was in progress but is dependent on the outcomes of preceding recommendations. Once preceding recommendations are finalised, the practicalities of implementation of this recommendation will be considered.⁶⁴
- 4.20 **Recommendation 9**, that RMS should ensure that RCCs give adequate weight to whole-of-life costs and economic benefits when selecting REPAIR projects and the model scoring system in the REPAIR program guidelines gives adequate weight to whole-of-life costs and economic benefits when selecting REPAIR projects. RMS submitted that this recommendation was partially accepted. The working group considered it a more appropriate option to require councils to

⁶⁰ Mr Kenneth Kanofski, Transcript of evidence, 9 November 2015, p21.

⁶¹ Submission No. 6, Roads and Maritime Services, p5.

⁶² Submission No. 6, Roads and Maritime Services, p5.

⁶³ Submission No. 6, Roads and Maritime Services, p3.

⁶⁴ Submission No. 6, Roads and Maritime Services, p5.

certify that REPAIR projects are selected in line with Integrated Planning and Reporting priorities.⁶⁵

- 4.21 **Recommendation 10**, that RMS should do more to encourage joint council funding applications and require all RCCs and regions to adopt four year rolling programs. RMS submitted that this recommendation was partially accepted. How to encourage joint council applications will be considered as part of the next program review, however a four year rolling program was not considered feasible in the current environment.⁶⁶
- 4.22 **Recommendation 11**, that RMS should ensure that REPAIR project works use technical standards which comply with the RTA manual "Arrangements with Councils for Road Management". RMS submitted that the working group recommended that local councils, as the road authority for regional roads, should be required to certify projects are undertaken to a standard they deemed appropriate.⁶⁷ When asked why minimum standards should not be mandated by RMS, Mr Kanofski explained that RMS already encourages local councils to comply with Austroads standards and does not want to implement another set of standards. As the roads authority, local councils are entitled to maintain regional roads to the standard they set and to be held accountable for that standard.⁶⁸
- 4.23 **Recommendation 12**, that RMS should evaluate the REPAIR program in the next two years, and then every five years in line with good practice in grants administration. RMS submitted that this recommendation was in progress. An independent program review will take place after June 2016 in the context of local government reform. This will allow the review to harness improvement opportunities created by the reforms.⁶⁹
- 4.24 **Recommendation 13**, that RMS should consider continuing its 2013-14 approach of indexing the previous year's allocations for a further year to allow the necessary analysis and consultation. RMS submitted that this recommendation had been completed.⁷⁰

Committee comment

- 4.25 The Committee commends RMS for establishing a working group to review the recommendations made in the Auditor-General's performance audit. The Committee notes that while the working group advised proposals for implementing the recommendations, RMS has not actively begun to implement all recommendations.
- 4.26 The initial response by RMS to the Auditor-General's report considered the timeframe of completing implementation of the recommendations by June 2015 was realistic. However, the Committee understands that the current NSW

⁶⁵ Submission No. 6, Roads and Maritime Services, p4.

⁶⁶ Submission No. 6, Roads and Maritime Services, p4.

⁶⁷ Submission No. 6, Roads and Maritime Services, p6.

⁶⁸ Mr Kenneth Kanofski, Transcript of evidence, 9 November 2015, p22.

⁶⁹ Submission No. 6, Roads and Maritime Services, p6.

⁷⁰ Submission No. 6, Roads and Maritime Services, p4.

Government reform of local government will impact on the ability of RMS to implement all recommendations. The Committee strongly encourages RMS to finalise implementation of all recommendations at the conclusion of the Fit for the Future local government reform program.

Chapter Five – Managing Contaminated Sites

Introduction

- 5.1 Industrial and waste management practices of past decades have resulted in over 30,000 sites in New South Wales becoming contaminated with toxic chemicals and other hazardous materials. Contamination of land can have a number of consequences, including the degradation of soil and groundwater and the potential for exposure of people and animals to dangerous materials.⁷¹
- 5.2 The Environmental Protection Authority (EPA), the primary environmental regulator for New South Wales, is empowered under the *Contaminated Land Management Act 1997* (CLM Act) to investigate and remediate significantly contaminated land. The EPA has reported that there are more than 30,000 contaminated sites in New South Wales with more than 1,600 of those sites being significantly contaminated.⁷²

The performance audit

- 5.3 The Auditor-General assessed how well the risks associated with contaminated sites are being managed by examining:
- the identification and management of contaminated sites by government agencies on their land
 - the effectiveness of notification and assessment processes in determining the extent of contamination
 - the EPA's monitoring and management of contaminated sites.
- 5.4 The Auditor-General's examination focussed on the EPA and the Department of Trade and Investment, Regional Infrastructure and Services (DTIRIS), the largest landholder government agency with extensive involvement in the management of contaminated sites. The examination was further supplemented by a survey of over 30 other large landholding government agencies.⁷³

Audit conclusions

- 5.5 The Auditor-General found that:
- procedures for managing contaminated sites varied widely across the major landholding government agencies and that this could be improved
 - not all landholding government agencies had fulfilled their obligations to formally notify the EPA of contaminated sites
 - the largest landholder government agency, the DTIRIS, had not developed a long term strategy for management of its

⁷¹ NSW Auditor-General's Performance Audit Report; Managing Contaminated Sites, July 2014, p10.

⁷² NSW Auditor-General's Performance Audit Report; Managing Contaminated Sites, July 2014, p10.

⁷³ NSW Auditor-General's Performance Audit Report; Managing Contaminated Sites, July 2014, p2.

- contaminated sites and had not recognised a liability for contamination in its financial reporting
- the EPA’s inadequate prioritisation and assessment processes had led to long delays in determining the extent of contamination on sites
 - while the EPA had overseen the remediation and regulation of a large number of contaminated sites since the introduction of the CLM Act, it lacked the management controls to ensure that all significantly contaminated sites were actively monitored and key milestones for remediation were met.⁷⁴

Auditor-General’s recommendations

5.6 The Auditor-General made eight recommendations to DTIRIS (now known as the Department of Industry, Skills and Regional Development) and 13 recommendations to the EPA. These recommendations are detailed in the following table:

Table 4 - Recommendations made by the Auditor-General in Report No. 245: Managing Contaminated Sites⁷⁵

No.	Recommendation
DTIRIS should:	
1	by December 2014, develop policies and procedures to minimise the risks and liabilities associated with contaminated land during the purchasing, selling, leasing or transferring of Crown land. These could include: <ul style="list-style-type: none"> • having the owner of land carrying out environmental baseline investigations prior to DTIRIS purchasing land • having DTIRIS carry out environmental baseline investigations prior to selling land • having the previous lessee carry out environmental baseline investigations prior to DTIRIS leasing land (based upon risk and land value) • special contract clauses disclosing the condition of land at transaction point • securing a bond / financial assurance for potentially contaminating activities conducted on leased Crown land • environmental management lessee conditions and ongoing monitoring.
2	by December 2015, develop a comprehensive plan for ongoing investigation, assessment and management of its known and suspected contaminated sites, including prioritisation processes, timeframes and resources to achieve this.
3	by September 2014, assess its sites ranked as high risk, as a matter of urgency, and notify those that meet the reporting requirements under s.60 of the CLM Act.
4	by December 2014, ensure that the impact of contamination is considered in the valuation of Crown land and a provision made for remediation for contaminated land, particularly for those sites that have been investigated such as Coffs Harbour Slipway and the former antimony processing plant in Urunga.
5	by June 2015, implement the recommendations from its internal review of Derelict Mines Program targeted at improving program performance and integrity.
6	by June 2015, review the currency of the cattle dip site program including: <ul style="list-style-type: none"> • the risks associated with cattle dip sites due to changing factors, including urban encroachment and changes of land use

⁷⁴ NSW Auditor-General’s Performance Audit Report; Managing Contaminated Sites, July 2014, pp2-3.

⁷⁵ NSW Auditor-General’s Performance Audit Report; Managing Contaminated Sites, July 2014, p4.

No.	Recommendation
	<ul style="list-style-type: none"> • revisiting its methodology for selecting sites for decommissioning • updating its information on the status of dip sites.
7	by September 2014, confirm with relevant local Councils that former cattle tick dip sites are recorded on the s149 certificate issued under <i>the Environmental Planning and Assessment Act 1979</i> for affected parcels of land.
8	by December 2014, develop processes for ensuring timely communication plans for individual or classes of contamination that are tailored according to the contamination case.
The EPA should:	
1	by September 2015, in consultation with key landholding agencies, develop a set of model procedures for the identification and management of contaminated sites.
2	by December 2014, review its process for dealing with sites brought to its attention without a notification form being completed and its means of recording the details, including how each lead is acquitted.
3	by June 2015, develop and implement key performance indicators to measure its success, including target timeframes for acknowledging notified sites, conducting s.12 assessments, issuing declarations, finalising voluntary management proposals and management orders, and monitor its performance through its newly developed database.
4	by December 2014, implement a streamlined process for prioritising and assessing sites notified under the CLM Act.
5	by March 2015, develop a program, including timeframes, to eliminate the backlog of notified sites that are yet to be assessed. This should include the issuing of preliminary investigation orders for those sites that fail to provide the necessary information in a timely manner.
6	by March 2015, revisit the status of sites characterised by significant contamination that have been classified as being managed through the planning process (that is, management class F sites).
7	<p>by March 2015, implement a more standardised approach to the declaration of contaminated sites including:</p> <ul style="list-style-type: none"> • declaring all sites where the contamination meets criteria set out in the Duty to Report guidelines that classify the contamination significant enough to warrant regulation (or establish and communicate clear rules around whether a significantly contaminated site should be declared and when it can be managed under some other regulation or instrument) • reviewing the need for draft declarations and timeframes for response.
8	<p>improve and clarify public information on contaminated sites such that:</p> <ul style="list-style-type: none"> • management classes are revised to minimise confusion (by December 2014) • progress on notified and regulated sites is clearer and more accessible (by June 2015) • geographical information on the location of notified and regulated sites is available (by June 2015).
9	<p>by June 2015, should implement the combined database, currently being developed, to better manage the:</p> <ul style="list-style-type: none"> • prioritising and s.12 assessments of potentially contaminated sites • monitoring of progress against agreed actions and milestones for declared sites • storage and analysis of information needed to: <ul style="list-style-type: none"> ○ measure the EPA's performance against established timeframe targets ○ enable the EPA to construct accurate and complete record of its interventions • public reporting including improved availability of information on the status of sites • process for dealing with sites brought to its attention without a notification form being completed, which is not kept in the current system.

No.	Recommendation
10	by June 2015, revisit the oversight of cattle dip sites and derelict mines to satisfy itself that these sites are being well managed.
11	by December 2015: <ul style="list-style-type: none"> • gain a better understanding of its costs and develop procedures that support the recovery of costs • begin recovering costs for those sites that require additional administrative work because of their complexity or the non-cooperation of owners/ polluters.
12	by December 2015, implement a clear escalation policy that covers the issuing of warning letters, management orders and/or penalty notices on sites for failures to meet certain conditions (that is, proportional to the severity of those failures).
13	by March 2015, develop plans, guidelines and tools to ensure a more structured approach to communication with key stakeholders and the public during the assessment and remediation of sites.

The Committee's examination

- 5.7 As part of its follow-up of the Auditor-General's performance audit, the Committee wrote to the EPA and to the Department of Industry, Skills and Regional Development inviting them to provide submissions detailing action taken in response to the performance audit. The EPA provided a submission on 31 August 2015, and the Department of Industry, Skills and Regional Development on 4 September 2015. The submissions were forwarded to the Auditor-General, who responded on 9 October 2015.
- 5.8 The Committee conducted a public hearing on 9 November 2015 to seek further information from the EPA and the Department of Industry, Skills and Regional Development about their responses to the audit.
- 5.9 A full transcript of the hearing is available on the Committee's website. A supplementary question was subsequently sent to Mr Hansen, Director General, Department of Primary Industries, following the hearing.

Implementation of recommendations by the Department of Industry, Skills and Regional Development

- 5.10 **Recommendation 1**, that DTIRIS develop policies and procedures to minimise the risks and liabilities associated with contaminated land during the purchasing, selling, leasing or transferring of Crown land by December 2014. The Department submitted that by December 2014 it had developed new sale and leasing policy procedures with specific provisions to minimise risks and liabilities associated with contaminated lands.⁷⁶
- 5.11 In terms of existing contracts, the Department commented that the complexity of the differing transaction types governing the 580,000 parcels of land which made up the Crown estate meant contract provisions were not in place for all transaction types until November 2015.⁷⁷

⁷⁶ Submission No. 2, Department of Industry, p2.

⁷⁷ Mr Scott Hansen, Director General, Department of Primary Industries, Transcript of Evidence, 9 November 2015, p26.

- 5.12 **Recommendation 2**, that DTIRIS develop a comprehensive plan for ongoing investigation, assessment and management of its known and suspected contaminated sites. The Department accepted this recommendation and undertook to develop a Crown Lands Contaminated Land Management 2015-18 Project Plan, to guide the ongoing investigation, assessment and management of contaminated sites. As of September 2015, the Department reported that they were progressing and on track to complete their response to this recommendation.⁷⁸
- 5.13 **Recommendation 3**, that DTIRIS assess its sites ranked as high risk, as a matter of urgency, and notify those that meet the reporting requirements under s60 of the CLM Act by September 2014. The Department accepted this recommendation, with the qualification that June 2015 was a more realistic timeframe for completion.
- 5.14 As of September 2015, the Department reported completing the recommendation by conducting a preliminary risk assessment of high risk sites, completing a portfolio risk assessment to identify high risk land use categories and preparing project plans for three high risk category sites.⁷⁹ However, the Auditor-General queried whether the Department had met its reporting obligations under s60 of the CLM Act, noting that among 38 high risk sites, seven large scale derelict mines were potentially a high risk to the environment and public health.⁸⁰
- 5.15 In response to a further question from the Committee on this matter, the Department of Primary Industries informed the Committee that the seven derelict mines did not require notification to the EPA. The Department advised the Committee that derelict mines are managed under the Derelict Mines Program and the EPA was satisfied that the Derelict Mines Program was the most appropriate approach to manage the sites.⁸¹
- 5.16 **Recommendation 4**, that the DTIRIS ensure that the impact of contamination is considered in the valuation of Crown land and a provision made for remediation for contaminated land. The Department accepted this recommendation. The Committee heard that Crown land estates considered high risk were individually assessed against the potential value of the asset and the contingent liability on the asset. The high risk lands are now dealt with separately on the Department's balance sheet and financial records have been adjusted to take into consideration potential future contingent liabilities for remediation of the land.⁸²
- 5.17 **Recommendation 5**, that the DTIRIS implement the recommendations from its internal review of Derelict Mines Program targeted at improving program performance and integrity. The Department submitted that this recommendation had been addressed through the implementation of the

⁷⁸ Submission No. 2, Department of Industry, p3.

⁷⁹ Submission No. 2, Department of Industry, p3.

⁸⁰ Submission No. 18, Audit Office of New South Wales, p8.

⁸¹ Mr Scott Hansen, Response to supplementary question, 10 November 2015.

⁸² Mr Scott Hansen, Transcript of Evidence, 9 November 2015, p27.

Derelict Mines Program. Further, the Department held a meeting with the EPA in April 2015 to discuss synergies between the two departments. As a result, a draft memorandum of understanding was under consideration by the EPA.⁸³

- 5.18 **Recommendation 6**, that the DTIRIS review the currency of the cattle dip site program. The Department accepted this recommendation and undertook to conduct a review of the cattle dip site program in 2014-15. The Committee heard that there was now a detailed management and close out program for the 214 former cattle dip sites located on Crown land and significant progress had been made in remediating the sites.⁸⁴
- 5.19 **Recommendation 7**, that the DTIRIS confirm with relevant local Councils that former cattle tick dip sites are recorded on the s149 certificate issued under the *Environmental Planning and Assessment Act 1979* for affected parcels of land. The Department undertook to advise relevant councils and have since received confirmation that Cattle Dip Site notifications are included on s149 certificates by these councils.⁸⁵
- 5.20 **Recommendation 8**, that the DTIRIS develop processes for ensuring timely communication plans for individual or classes of contamination, tailored according to the contamination case. The Department accepted this recommendation and undertook to develop communication plans. As of September 2015, Communication Plans for Urunga and Coffs Harbour Slipway were under preparation.⁸⁶

Implementation of recommendations by the NSW Environment Protection Authority

- 5.21 **Recommendation 1**, that the EPA, in consultation with key landholding agencies, develop a set of model procedures for the identification and management of contaminated sites. In terms of consultation with key landholding agencies, the EPA submitted that discussions had been held with the Public Land Managers Forum (a forum for government agencies with substantial land assets) to develop guidelines for internal use.⁸⁷ The EPA confirmed at the public hearing that a set of model procedures for the identification and management of contaminated sites had been developed and were now available on the EPA website.⁸⁸
- 5.22 **Recommendation 2**, that the EPA review its process for dealing with sites brought to its attention without a notification form being completed and its means of recording the details, including how each lead is acquitted. The EPA accepted this recommendation and confirmed that the EPA had revised its procedures and incorporated the revisions in a significant upgrade of the contaminated sites procedures manual. The new contaminated sites database

⁸³ Submission No. 2, Department of Industry, p5.

⁸⁴ Mr Scott Hansen, Transcript of Evidence, 9 November 2015, p28.

⁸⁵ Submission No. 2, Department of Industry, p6.

⁸⁶ Submission No. 2, Department of Industry, p6.

⁸⁷ Submission No. 1, NSW Environment Protection Authority, p2.

⁸⁸ Mr Barry Buffier, Chair and Executive Officer, EPA, Transcript of Evidence, 9 November 2015, p24.

was able to track and identify sites brought to the EPA's attention without completion of a notification form.⁸⁹

- 5.23 **Recommendation 3**, that the EPA develop and implement key performance indicators to measure its success, including target timeframes for acknowledging notified sites, conducting s12 assessments, issuing declarations, finalising voluntary management proposals and management orders, and monitor its performance through its newly developed database. The EPA submitted that the completion of the contaminated sites database project allowed for monitoring and reporting of site progress, with specific key performance indicator requirements included.⁹⁰
- 5.24 **Recommendation 4**, that the EPA implement a streamlined process for prioritising and assessing sites notified under the CLM Act. The EPA accepted this recommendation and submitted that streamlined site assessment tools had been incorporated in the contaminated sites database.⁹¹ The EPA informed the Committee that while the assessment and prioritisation process for contaminated sites had been streamlined, the remediation of contaminated sites was not something that could be streamlined, due to the extent of the contamination.⁹²
- 5.25 **Recommendation 5**, that the EPA develop a program, including timeframes, to eliminate the backlog of notified sites that are yet to be assessed. The EPA informed the Committee that, as a result of the performance audit, they had received supplementation of \$1.4 million to deal with the backlog. The EPA expressed confidence that the supplementation and development of the contaminated sites database would allow them to clear the backlog.⁹³
- 5.26 **Recommendation 6**, that the EPA revisit the status of sites characterised by significant contamination that have been classified as being managed through the planning process. The EPA submitted that it had completed a review of formerly significantly contaminated sites being managed through the planning process in March 2015.⁹⁴
- 5.27 **Recommendation 7**, that the EPA implement a more standardised approach to the declaration of contaminated sites. The EPA submitted that by March 2015 declaration processes had been revised and incorporated into internal procedures.⁹⁵
- 5.28 **Recommendation 8**, that the EPA improve and clarify public information on contaminated sites. The EPA informed the Committee that the public could now

⁸⁹ Mr Barry Buffier, Transcript of Evidence, 9 November 2015, p24.

⁹⁰ Submission No. 1, NSW Environment Protection Authority, p12.

⁹¹ Submission No. 1, NSW Environment Protection Authority, p12.

⁹² Mr Barry Buffier, Transcript of Evidence, 9 November 2015, p27.

⁹³ Mr Barry Buffier, Transcript of Evidence, 9 November 2015, p27.

⁹⁴ Submission No. 1, NSW Environment Protection Authority, p11.

⁹⁵ Submission No. 1, NSW Environment Protection Authority, p5.

track the progress of contaminated sites on the EPA website. The website also included geographical information on contaminated site locations.⁹⁶

- 5.29 **Recommendation 9**, that the EPA implement the combined database, currently being developed, to better manage contaminated sites. The EPA informed the Committee that the development of four separate databases into a combined contaminated sites database was completed in March 2015.
- 5.30 The contaminated sites database drew together relevant information to track the registering and remediation of contaminated sites and make improved information available to the community.⁹⁷ The EPA confirmed at the public hearing that the contaminated sites database had improved management of contaminated sites. The database also allowed the EPA to track a contaminated site and record all decisions made in relation to that site, including land use changes. Flags in the database assisted the EPA to determine whether they had enough information to initiate the regulatory process, to record all actions taken in the regulatory process and whether action was required urgently.⁹⁸
- 5.31 **Recommendation 10**, that the EPA revisit the oversight of cattle dip sites and derelict mines to satisfy itself that these sites are being well managed. The EPA informed the Committee that it had reviewed the current oversight of both cattle dip and derelict mine sites and was satisfied with the management of those sites, within available funding and resource limitations.⁹⁹
- 5.32 **Recommendation 11**, that the EPA gain a better understanding of its costs and develop procedures that support the recovery of costs; and that the EPA begin recovering costs for those sites requiring additional administrative work due to their complexity or the non-cooperation of owners/polluters. The EPA submitted that analysis and procedures to support cost recovery had been implemented and that legislative amendments had been passed to allow the EPA to retain recovered funds for complex sites.¹⁰⁰
- 5.33 **Recommendation 12**, that the EPA implement a clear escalation policy that covers the issuing of warning letters, management orders and/or penalty notices on sites for failures to meet certain conditions (that is, proportional to the severity of those failures). The EPA submitted that operational guidance on an escalation approach had been developed. The Compliance Policy and Prosecution Guidelines were being used to guide regulatory decisions.¹⁰¹
- 5.34 **Recommendation 13**, that the EPA develop plans, guidelines and tools to ensure a more structured approach to communication with key stakeholders and the public during the assessment and remediation of sites. The EPA

⁹⁶ Mr Craig Lamberton, Director, Hazardous Incidents and Environmental Health, NSW EPA, Transcript of Evidence, 9 November 2015, p28.

⁹⁷ Submission No. 1, NSW Environment Protection Authority, p6.

⁹⁸ Mr Matthew James, Head of Regulation, Non-Metropolitan Contaminated Sites, NSW EPA, Transcript of Evidence, 9 November 2015, pp28-29.

⁹⁹ Submission No. 1, NSW Environment Protection Authority, p8.

¹⁰⁰ Submission No. 1, NSW Environment Protection Authority, p9.

¹⁰¹ Submission No. 1, NSW Environment Protection Authority, p10.

informed the Committee that a stakeholder communications and engagement strategy had been prepared and implemented by March 2015.¹⁰²

Committee comment

- 5.35 The Committee is pleased to note that the Department of Industry, Skills and Regional Development (formerly DTIRIS), as the largest landholding government agency, has accepted all eight of the Auditor-General's recommendations. The Committee commends the Department for its work in developing a comprehensive plan for ongoing investigation, assessment and management of known and suspected contaminated sites.
- 5.36 The EPA manages the registering, monitoring and remediation of more than 30,000 contaminated sites in New South Wales, with a budget for contaminated sites of \$1.8 million. The Committee notes that the EPA's new contaminated sites database will provide significant improvements in terms of the EPA's ability to monitor and regulate contaminated sites long term. Additional funds have allowed the EPA to clear a backlog of sites that it had been notified of but not registered on its database.
- 5.37 The EPA's work in response to the Auditor-General's recommendations for developing or improving internal procedures should mean a more standardised and efficient approach for numerous activities, including the declaration of contaminated sites and escalating regulation at problem sites.
- 5.38 The Committee acknowledges the efforts of the EPA in implementing all thirteen of the Auditor-General's recommendations.

¹⁰² Submission No. 1, NSW Environment Protection Authority, p10.

Appendix One – List of Submissions

- 1 NSW Environment Protection Authority
- 2 Department of Industry, Skills and Regional Development
- 3 Department of Finance, Services and Innovation
- 4 Department of Finance, Services and Innovation
- 5 NSW Police Force
- 6 Roads and Maritime Services
- 7 NSW State Emergency Service
- 8 NSW Rural Fire Service
- 9 Fire & Rescue NSW
- 10 Minister for Finance and Services
- 11 Transport for NSW
- 12 TAFE NSW
- 13 NSW Police Force
- 14 Department of Education and Communities
- 15 Department of Premier and Cabinet
- 16 Department of Premier and Cabinet
- 17 Audit Office of NSW
- 18 Audit Office of NSW
- 19 Department of Justice
- 20 Audit Office of NSW

Appendix Two – List of Witnesses

- Mr Peter Riordan, Deputy Secretary, Corporate Services, Department of Education and Communities
- Mr Bernard Carlon, Acting Executive Director, Centre for Road Safety, Transport for NSW
- Ms Kelly Miller, Principal Manager, Driver and Vehicle Policy, Transport for NSW
- Ms Edwina Crawford, Director, Aboriginal Services, Department of Justice
- Ms Julianne Evans, Deputy Director, Fines Enforcement, State Debt Recovery, NSW Office of State Revenue
- Ms Trina McConnell, Deputy Director, Technical Advisor Services, NSW Office of State Revenue
- Acting Deputy Commissioner Geoffrey McKechnie APM, Corporate Sponsor for Aboriginal Issues, NSW Police Force
- Ms Janet Elms-Smith, Director, Education Employment Preparation, Pathways and Equity, TAFE NSW
- Mr Ken Kanofski, Acting Chief Executive Officer, Roads and Maritime Services
- Mr Rami Affan, Acting Executive Director, Capital Investments, Transport for NSW
- Mr Barry Buffier, Chair and Chief Executive Officer, NSW Environment Protection Authority
- Mr Craig Lamberton, Director Hazardous Incidents and Environmental Health, NSW Environment Protection Authority
- Mr Scott Hansen, Director General, Department of Primary Industries
- Mr Steven Wills, Group Director, Infrastructure and Land Management, Department of Primary Industries
- Mr Tony Whitfield PSM, Acting Auditor-General, Audit Office of NSW
- Ms Kathrina Lo, Assistant Auditor-General – Performance Audit, Audit Office of NSW

Appendix Three – Extracts from Minutes

MINUTES OF MEETING No 6

22 October 2015

9.14am

Room 1043, Parliament House

Members Present

Mr Bruce Notley-Smith (Chair), Mr Mark Taylor (Deputy Chair), Mr Stephen Bromhead, Mr Michael Daley, Mr Lee Evans, Mr Greg Piper.

Officers in Attendance

Bjarne Nordin, James Newton.

1. ...

2. ...

3. ...

4. Examination of the Auditor-General's Performance Audit Reports September 2013-

July 2014

The Committee considered draft Terms of Reference, the conduct of a public hearing and a proposed witness list, as part of an Examination of the Auditor-General's Performance Audit Reports September 2013-July 2014.

Resolved, on the motion of Mr Evans, seconded by Mr Bromhead: That the Committee adopts the draft Terms of Reference for an Examination of the Auditor-General's Performance Audit Reports September 2013-July 2014.

Resolved, on the motion of Mr Piper, seconded by Mr Evans: That a public hearing be conducted at Parliament House on 9 November 2015.

Resolved, on the motion of Mr Bromhead, seconded by Mr Evans: That the Committee invites selected organisations on the proposed witness list to appear as witnesses at the public hearing on 9 November 2015, with the addition of witnesses to speak to Report No. 241 - *Regional Road Funding – Block Grant and REPAIR Programs*.

Resolved, on the motion of Mr Taylor, seconded by Mr Bromhead: That the Committee receives and authorises the publication of submissions received, with personal details redacted as appropriate, and orders that they be placed on the Parliament's website.

5. ...

6. Next Meeting

The Committee adjourned at 9.33am until Monday, 9 November 2015 at 9.00am in the Jubilee Room at Parliament House.

MINUTES OF MEETING No 7

Monday, 9 November 2015

9.02am

Jubilee Room, Parliament House

Members Present

Mr Bruce Notley-Smith (Chair), Mr Mark Taylor (Deputy Chair), Mr Stephen Bromhead, Mr Lee Evans, Mr Greg Piper.

Apologies

Mr Michael Daley.

Officers in Attendance

Bjarne Nordin, James Newton, Derya Sekmen.

1. ...

2. ...

3. Examination of the Auditor-General's Performance Audit Reports September 2013-July 2014

Admission of media:

Resolved, on the motion of Mr Taylor, seconded Mr Bromhead: That the Committee authorises the audio-visual recording, photography and broadcasting of the public hearing on 9 November 2015 in accordance with the Legislative Assembly's guidelines for the coverage of proceedings for parliamentary committees.

Publication order:

Resolved, on the motion of Mr Evans, seconded Mr Bromhead: That the corrected transcript of evidence given today [and any tendered documents, which are not confidential] be authorised for publication and uploaded on the Committee's website.

Briefing from Auditor-General:

The Committee invited the Auditor-General, Mr Tony Whitfield PSM, and the Assistant Auditor-General Performance Audit, Ms Kathrina Lo, to join the meeting. Mr Whitfield and Ms Lo briefed the Committee on the internal selection process and prioritisation of performance audits as part of the audit cycle.

4. ...

5. Public hearing

The Committee commenced its hearing at 9.30am.

The press and public were admitted.

The following witnesses representing the **Department of Education and Communities** and the **Audit Office of NSW** were called and examined together:

- Mr Peter Riordan, Deputy Secretary, Corporate Services, Department of Education and Communities and Mr Tony Whitfield, Acting Auditor-General, Audit Office of NSW were sworn and examined
- Ms Kathrina Lo, Assistant Auditor-General, Performance Audit, Audit Office of NSW was affirmed and examined.

Evidence concluded, the witnesses withdrew.

The following witnesses representing **Transport for NSW, Department of Justice, NSW Office of State Revenue, NSW Police Force, TAFE NSW** and the **Audit Office of NSW** were called and examined together:

- Mr Tony Whitfield, Acting Auditor-General, Audit Office of NSW and Ms Kathrina Lo, Assistant Auditor-General, Performance Audit, Audit Office of NSW, formerly sworn.
- Ms Kelly Miller, Principal Manager, Driver and Vehicle Policy, Transport for NSW was affirmed and examined.
- Mr Bernard Carlon, Acting Executive Director, Centre for Road Safety, Transport for NSW; Ms Edwina Crawford, Director, Aboriginal Services, Department of Justice; Ms Julianne Evans, Deputy Director, Fines Enforcement, NSW Office of State Revenue; Ms Trina McConnell, Deputy Director, Technical Advisor Services, NSW Office of State Revenue; Acting Deputy Commissioner Geoffrey McKechnie, Corporate Sponsor for Aboriginal Issues, NSW Police Force and Ms Janet Elms-Smith, Director, Education Employment Preparation, Pathways and Equity, TAFE NSW were sworn and examined.

Evidence concluded, the witnesses withdrew.

The following witnesses representing **Roads and Maritime Services, Transport for NSW** and the **Audit Office of NSW** were called and examined together:

- Mr Tony Whitfield, Acting Auditor-General, Audit Office of NSW and Ms Kathrina Lo, Assistant Auditor-General, Performance Audit, Audit Office of NSW, formerly sworn.
- Mr Ken Kanofski, Acting Chief Executive Officer, Roads and Maritime Services and Mr Rami Affan, Acting Executive Director, Capital Investments, Transport for NSW were affirmed and examined.

Evidence concluded, the witnesses withdrew.

The following witnesses representing the **NSW Environment Protection Authority, Department of Primary Industries** and the **Audit Office of NSW** were called and examined together:

- Mr Tony Whitfield, Acting Auditor-General, Audit Office of NSW and Ms Kathrina Lo, Assistant Auditor-General, Performance Audit, Audit Office of NSW, formerly sworn.
- Mr Barry Buffier, Chair and Chief Executive Officer, NSW Environment Protection Authority; Mr Craig Lamberton, Director, Hazardous Incidents and Environmental Health, NSW Environment Protection Authority; Mr Scott Hansen, Director General,

Department of Primary Industries and Mr Steven Wills, Group Director, Infrastructure and Land Management, Department of Primary Industries were sworn and examined.

- Mr Matthew James, Head of Regulation, Non-Metropolitan Contaminated Sites, NSW Environment Protection Authority was affirmed and examined.

Evidence concluded, the witnesses withdrew.

6. Next Meeting

The Committee adjourned at 12.18pm until Thursday, 19 November 2015 at 9.30am at Parliament House.

MINUTES OF MEETING No 10

Thursday, 10 March 2016

9.17am

Room 1254, Parliament House

Members Present

Mr Bruce Notley-Smith (Chair), Mr Mark Taylor (Deputy Chair), Mr Stephen Bromhead, Mr Lee Evans, Mr Greg Piper.

Apology

Mr Michael Daley

Staff in attendance: Bjarne Nordin, Jenny Whight, Christopher Herbert, Derya Sekmen.

1.

2. Consideration of Chair's draft report on Examination of the Auditor-General's performance audit reports September 2013 – July 2014

The Committee considered the draft report, previously circulated.

Resolved, on the motion of Mr Piper, seconded Mr Bromhead: That the Committee adopt recommendations one, two, three and four of the draft report.

Resolved, on the motion of Mr Evans, seconded Mr Bromhead:

- That the Committee adopt the draft report to be signed by the Chair for presentation to the House, and that Committee staff be authorised to make appropriate final editing and stylistic changes as required
- That, once tabled, the report be published on the Committee's webpage

3.

4. Next meeting

The Committee adjourned at 9.26am until 9.15am on Thursday 5 May 2016.