

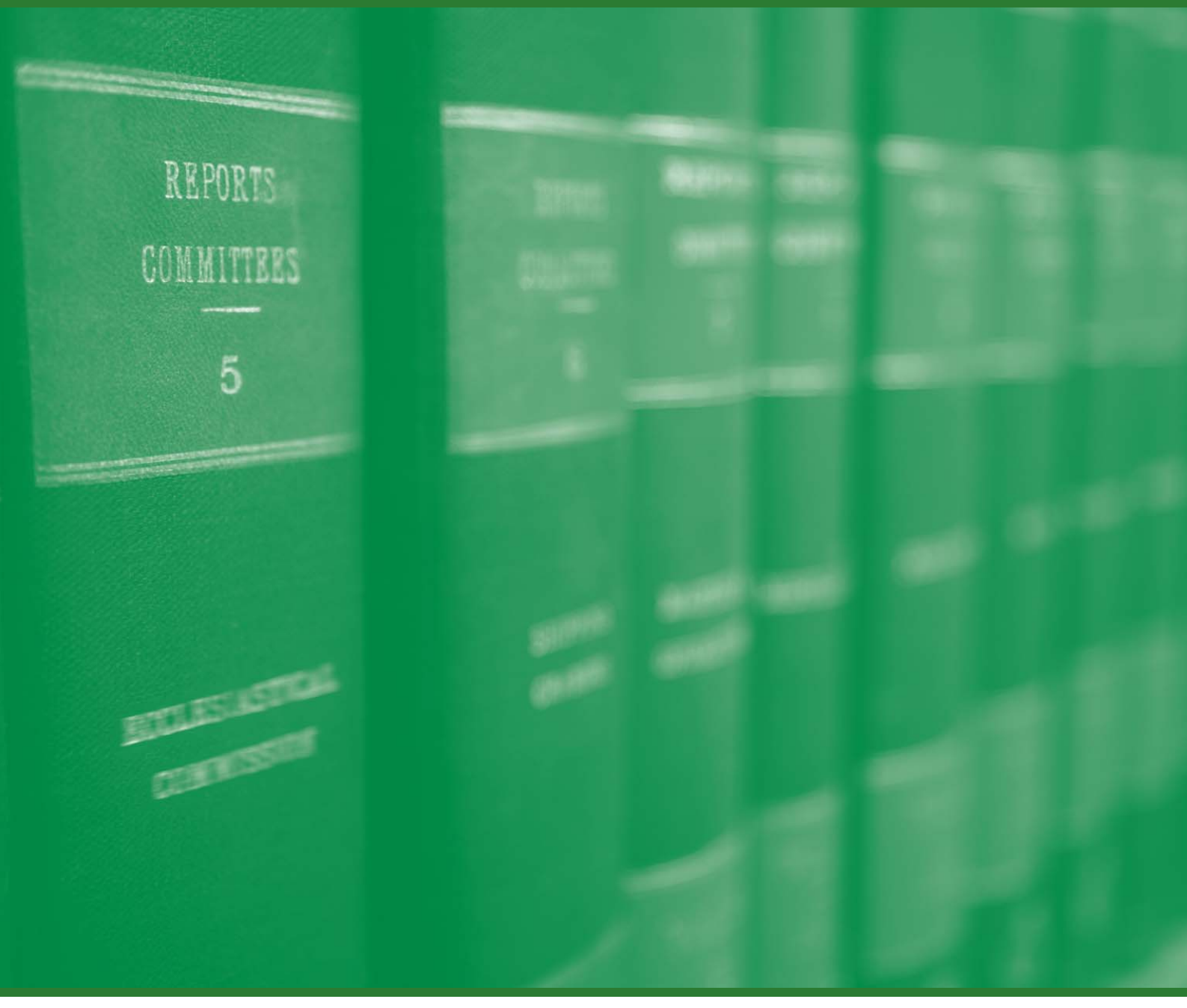


LEGISLATIVE ASSEMBLY OF NEW SOUTH WALES

Public Accounts Committee

REPORT 17/55 – AUGUST 2014

EXAMINATION OF THE AUDITOR-GENERAL'S PERFORMANCE AUDIT REPORTS SEPTEMBER 2012 – MARCH 2013





LEGISLATIVE ASSEMBLY

PUBLIC ACCOUNTS COMMITTEE

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New South Wales Parliamentary Library cataloguing-in-publication data:

New South Wales. Parliament. Legislative Assembly. Public Accounts Committee.

Examination of the Auditor-General's performance audit reports, September 2012 – March 2013 / Legislative Assembly, Public Accounts Committee. [Sydney, N.S.W.] : the Committee, 2014. 57 pages ; 30 cm. (Report no. 17/55 Public Accounts Committee)

"August 2013".

Chair: Jonathan O'Dea, MP.

ISBN 978-1-921012-00-6

1. New South Wales. Audit Office.
2. Performance standards—New South Wales—Auditing.
3. Finance, Public—New South Wales—Auditing.
4. Auditors' reports—New South Wales.
 - I. O'Dea, Jonathan.
 - II. Title.
 - III. Series: New South Wales. Parliament. Legislative Assembly. Public Accounts Committee. Report ; no. 17/55

657.45 (DDC22)

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 in, or any circumstances connected with, those financial reports, reports or documents which the Committee considers ought to be brought to the notice of the Legislative Assembly.

At its meeting on 5 March 2014, 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:

- Monitoring Local Government
- Managing Drug Exhibits and Other High Profile Goods
- The Impact of the Raised School Leaving Age
- Managing Gifts and Benefits.

Chair's Foreword

It is my privilege to present this report on the Examination of the Auditor-General's Performance Audits October 2012 – March 2013. This is the seventeenth report of the Public Accounts Committee in this fifty-fifth Parliament, and continues its vital role of following up performance audit reports tabled by the New South Wales Auditor-General.

The purpose of the Committee's performance audit reviews is to follow up on action taken by agencies in response to recommendations made by the Auditor-General. As part of the follow up, the Committee questions agencies about their response to the recommendations and, if required, conducts public hearings to examine witnesses. The Auditor-General also provides comments on submissions made by agencies.

The Committee's examination is designed to test action taken on all performance audits in order to maintain a high level of scrutiny of the agencies under review. Concrete outcomes of this process have demonstrated the value of following up the Auditor-General's report recommendations.

This report follows up four of the Auditor-General's audit reports: Monitoring Local Government, Managing Drug Exhibits and Other High Profile Goods, The Impact of the Raised School Leaving Age, and Managing Gifts and Benefits. Overall, the Committee was fairly satisfied with the response of agencies to these performance audits. It is clear to the Committee that agencies have taken the Auditor-General's findings seriously, with most recommendations being accepted.

This report makes nine recommendations designed to improve the performance of government agencies. Most of these recommendations go to matters already highlighted by the Auditor-General. The Committee would like to see the action taken by agencies be more timely in some areas, but we also recognise that some recommendations need to be addressed in the context of other reforms. For example, the Committee is aware of the Government's planned reforms to local government which have affected implementation of the Auditor-General's recommendations in relation to Monitoring Local Government.

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

Jonathan O'Dea MP
Chair

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The Committee recommends that the Office of Local Government implement its proposed Performance Measurement Framework for local councils by June 2015.	
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The Committee recommends that, following the introduction of any new drug exhibit bags, the NSW Police Force work with the Environment Protection Authority to identify appropriate facilities for the local destruction of drug exhibits.	
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The Committee recommends that, by December 2014, the Department of Education and Communities publish the report from its data collection on the destinations of 2012 school leavers.	
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The Committee recommends that the Department of Education and Communities publish results from its planned destinations survey, once these become available.	
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The Committee recommends that, by June 2015, the Department of Education and Communities conduct an evaluation of the quality and appropriateness of career advice provided in schools.	
RECOMMENDATION 8 _____	26
The Committee recommends that by December 2014, the Department of Education and Communities amend the guidelines of the Links to Learning Program to reflect the changed school leaving age.	
RECOMMENDATION 9 _____	33
The Committee recommends that the Public Service Commission finalise and release the package <i>Ethics resources for government sector employees</i> including the guideline <i>Managing Gifts and Benefits: Minimum standards for departments and agencies</i> by 31 August 2014.	

Chapter One – Introduction

Overview

- 1.1 The performance audits examined by the Committee during this inquiry are those tabled by the Auditor-General between October 2012 and March 2013.
- 1.2 In examining these audits, the Committee has considered what the responsible agencies have done in response to the recommendations made by the Auditor-General. The Committee found that some work has been undertaken to address the issues raised in the audits. It is apparent that agencies have taken the audits seriously and instigated processes to implement those recommendations that were accepted.
- 1.3 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

- 1.4 As per its legislative mandate outlined in section 57 of the *Public Finance and Audit Act 1983*, the Committee conducted an inquiry into four performance audits completed between October 2012 and March 2013. The inquiry process was the same as that used in previous examinations of the Auditor-General's performance audits, examining each responsible agency's response to the performance audit twelve months after the report was tabled.
- 1.5 The process for these examinations includes:
- inviting a submission from responsible agencies twelve months after the tabling of the audit;
 - referring agencies' submissions to the Auditor-General for comment; and
 - where the Committee determines that further information is required, inviting agency representatives and the Auditor-General to a hearing and/or to provide additional information.
- 1.6 The Committee examined four performance audit reports:
- *Monitoring Local Government*
 - *Managing Drug Exhibits and Other High Profile Goods*
 - *The Impact of the Raised School Leaving Age*
 - *Managing Gifts and Benefits.*
- 1.7 The Committee received ten submissions: one from each of the agencies which were the subject of recommendations made in one of the relevant audit reports,

and two from the Audit Office of NSW. These submissions were published on the Committee's website at: <http://www.parliament.nsw.gov.au/publicaccounts>.

- 1.8 The Committee resolved to conduct a more detailed examination of two audits, and a public hearing was held on 23 June 2014 to seek further information about *Monitoring Local Government and Managing Drug Exhibits and Other High Profile Goods*. The Committee also sent the questions taken on notice during the hearing to the relevant agencies. Details of the witnesses who appeared at the hearing are included in Appendix Two.
- 1.9 The Committee chose to seek further information in writing regarding the other two audits, *The Impact of the Raised School Leaving Age* and *Managing Gifts and Benefits*. The Committee's examination of these audit reports was based on the initial submissions and answers provided by the relevant agencies in response to further questions from the Committee.

Chapter Two – Monitoring local government

Introduction

- 2.1 NSW has 152 local councils, which are responsible for the provision of infrastructure, community facilities and services in their local government areas. Together, these 152 local councils manage over \$117 billion in public assets and employ more than 50,000 people.
- 2.2 The operation of local councils is regulated by state legislation. In NSW this is the *Local Government Act 1993*, which was administered by the Division of Local Government within the Department of Premier and Cabinet. In 2014 the Division of Local Government became the Office of Local Government and was re-located to the Department of Planning and Environment.
- 2.3 The current State Government has initiated significant reform of the local government sector, announcing a review of the *Local Government Act* and establishing the NSW Independent Local Government Review Panel, with the goal of improving the strength and effectiveness of local government in NSW.

The performance audit

- 2.4 The Audit Office of NSW conducted a performance audit of the Division of Local Government, which aimed to assess how well the Division of Local Government (DLG) monitors the performance of local councils and how well it intervenes to address performance issues.¹ The Auditor-General's report was tabled in September 2012.

Audit conclusions

- 2.5 The Auditor-General found that the Division of Local Government is meeting its statutory obligations in relation to monitoring of local councils. However, he considered that DLG does not have adequate information to monitor important aspects of council performance such as service delivery, as councils are not required to provide this information. The Auditor-General also found that, though DLG does respond to instances of financial stress or misconduct within councils, it lacks clear thresholds for deciding when to escalate its interventions. Further, DLG does not have powers to direct councils or to impose sanctions.

Auditor-General's recommendations

- 2.6 The Auditor-General made a total of eight recommendations directed to the Division of Local Government, including four recommendations to seek legislative changes to increase its powers. These recommendations are detailed in the table below.

¹ New South Wales Auditor-General's Report, Performance Audit; Monitoring Local Government, September 2012, p2.

Table 1: Auditor-General's recommendations – Monitoring Local Government

No.	Recommendation
That by September 2013 the Division of Local Government should propose amendments to the Local Government Act 1993, or consider other initiatives that:	
1.	Clarify who monitors councils to ensure compliance with the Act
2.	Strengthen public reporting on the financial viability of councils and the efficiency and effectiveness of council performance
3.	Empower DLG to make directions such as requiring councils to have an Audit and Risk Committee, an internal audit function and fraud control procedures
4.	Include a suite of penalties and sanctions for non-compliance with legislative requirements and DLG directives
The Division of Local Government complete its work to establish:	
5.	A risk-based framework for assessing council performance and determining how to respond to performance issues by February 2013
6.	Improved measures to identify councils at financial risk by July 2013
7.	Non-financial performance indicators for councils so it can monitor how well they are delivering services by July 2013
8.	Systems to better use the data it has to identify sector wide trends and risks by July 2013.

The Committee's examination

2.7 As part of its examination of performance audits, the Chair of the Public Accounts Committee wrote to the Division of Local Government on 11 March 2014 to request a submission. The Department of Planning and Environment provided a submission on 30 May 2014. This submission was forwarded to the Auditor-General for comment, and he in turn replied on 17 June 2014.

2.8 The Committee conducted a public hearing on 23 June 2014, and took evidence from Mr Ross Woodward, Chief Executive Officer of the Office of Local Government. A full transcript of this hearing is available on the Committee's website. Questions on notice were subsequently sent to Mr Woodward following the hearing.

Agency response

2.9 In its initial response to the Auditor-General's report in September 2012, the Division of Local Government accepted all of the Auditor-General's recommendations, noting that it already had a number of initiatives under way which would address the recommendations.

2.10 In its submission to the Committee in May 2014, the Office of Local Government re-iterated that it accepted the recommendations. The Office drew the Committee's attention to a number of actions it had completed in response to the recommendations. The *Local Government Amendment (Early Intervention) Act 2013* was also passed.

Implementation of recommendations

2.11 **Recommendation 1**, that by September 2013 the Division of Local Government should propose amendments to the *Local Government Act 1993* to clarify who monitors councils to ensure compliance with the Act, was accepted. However, it has not been actioned to date. The Office of Local Government explained that the recommendation is being considered as part of the review of the *Local Government Act*.² In its submission, the Office said that:

a number of the 'Monitoring Local Government' report recommendations involve amendments to the *Local Government Act 1993*. Rather than amend the existing Act it is proposed that these amendments will also be considered as part of a new Local Government Act. It is expected that this work will be finalised during 2015/16.³

2.12 The Office noted that the final reports of the Review Taskforce and the Independent Local Government Review Panel have been completed and are being considered by the Government. As the Government has yet to determine its response, the recommendation has yet to be implemented. At the public hearing on 23 June, Mr Ross Woodward, Chief Executive Officer, Office of Local Government, was unable to provide any information as to when this process might be completed, saying that, 'It is really up to the Government to decide.'⁴

2.13 The Government's response to the Review Taskforce and the Independent Local Government Review Panel Recommendations **2**, **3**, and **6** were also being considered in the context of these reports.

2.14 **Recommendation 2**, that the Division of Local Government propose amendments or other initiatives that strengthen public reporting on the financial viability, efficiency and effectiveness of councils, was also accepted. In its submission, the Office noted that possible legislative amendments were being considered but also pointed to other actions that it has undertaken. The Office is developing a suite of performance indicators to provide a more complete picture of council performance. Also, TCorp has conducted financial assessments of all councils and these have been published on the Office's website.

2.15 At the public hearing, the Committee questioned Mr Woodward about the financial audits of councils conducted by TCorp, particularly in relation to the projected costs of infrastructure and the difficulties involved in identifying where a backlog in infrastructure exists. For example, Mr Greg Piper MP observed that, 'There are a lot of aspirations out there as to what councils want, but how would you examine that? What do you consider to be a backlog for inclusion in there?'⁵

2.16 Mr Woodward acknowledged the difficulties of measuring a 'backlog' in infrastructure:

Councils are required to provide what is called Special Schedule 7 details around what their backlog is, but it depends on who does it and on what basis they are

² Submission 8, NSW Planning and Environment, p3.

³ Submission 8, NSW Planning and Environment, p2.

⁴ Mr Ross Woodward, Chief Executive Officer, Office of Local Government, Transcript of evidence, 23 June 2014, p14.

⁵ Mr Greg Piper MP, Member, Public Accounts Committee, Transcript of evidence, 23 June 2014, p15.

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doing it as to what the outcome is ... We have always had an issue with that, so what we did with the infrastructure audit is that it links to the integrated planning and reporting reforms that we introduced in 2009 whereby councils are required to do long-term financial plans and asset management plans.⁶

2.17 Mr Grant Hehir, Auditor-General, expressed some concern about the quality of the data collected by TCorp, saying that, 'there has been a lot of talk about infrastructure backlogs and the quality of data related to that. I think the concept of audit has been loosely thrown around in that context.'⁷

2.18 However, Mr Woodward indicated that though the data had not been audited in a formal sense, the Office of Local Government is confident that it is reliable:

TCorp did a lot of extensive work with each individual council. They then went back to the council to verify the data. They did everything possible, other than the final audit, I guess. Our view is that it is pretty accurate information, as we understand it.⁸

2.19 At the public hearing on 23 June, Mr Woodward also explained more about the Office's project to develop performance indicators for councils:

For many years, as you know, we have had our comparatives publication, which really identifies a number of the areas within councils on which we would provide data, but it has never been really in any way what you would call performance indicators or benchmarks ...

As part of this process of the panel's recommendations and as part of the Audit Office's review, we have started working on that. We have looked at what other states are doing and we have set up a group of people within the sector to work with us on establishing some benchmarks.⁹

2.20 In its submission, the Office of Local Government indicated that this project would be completed in 2014/2015. At the public hearing, Mr Woodward explained that consultation is an important part of the process of developing benchmarks:

This is a very important piece of work but it does take time to do. As I said, we are working with the sector to develop that right now. We have council representatives, IPART and other players on that process as well. My view is that we need to do that collaboratively. We cannot just suddenly produce a whole bunch of new reporting requirements for councils without them understanding why we are doing it.¹⁰

2.21 In its submission, the Audit Office urged the Office of Local Government to complete this project, saying that:

⁶ Mr Ross Woodward, Chief Executive Officer, Office of Local Government, Transcript of evidence, 23 June 2014, p15.

⁷ Mr Grant Hehir, Auditor-General, Audit Office of NSW, Transcript of evidence, 23 June 2014, p20.

⁸ Mr Ross Woodward, Chief Executive Officer, Office of Local Government, Transcript of evidence, 23 June 2014, p15.

⁹ Mr Ross Woodward, Chief Executive Officer, Office of Local Government, Transcript of evidence, 23 June 2014, p14.

¹⁰ Mr Ross Woodward, Chief Executive Officer, Office of Local Government, Transcript of evidence, 23 June 2014, p14.

We recognise that effective consultation takes time and needs to take into account the diversity of councils. However, it is important that these initiatives be progressed to ensure greater accountability, as NSW councils continue to be subject to less public scrutiny than other councils in Australia.¹¹

2.22 **Recommendation 3**, that the Division of Local Government propose amendments to other initiatives that empower it to make directions to councils, is also being considered in the context of the Local Government Act Review and the Taskforce on Local Government.

2.23 **Recommendation 4**, that by September 2013 the Division of Local Government should propose amendments or consider other initiatives that include a suite of penalties for non-compliance with legislative requirements, has been implemented. In February 2013 the Government introduced the Local Government Amendment (Early Intervention) Bill and this bill received assent in June 2013. The amendments provide the Minister for Local Government with powers to issue performance improvement orders to councils, suspend councillors and appoint an interim administrator.

2.24 At the public hearing, Mr Woodward explained that, even though the Office has rarely used its new powers, these amendments have had a positive effect on the local government sector:

The sector has been keen on this, they like the fact that we can intervene earlier. Nobody wants to see the sector brought down by one poor performing council. They support having this ability for us to intervene and having a wider range or suite of intervention options. It has been successful. Even the fact that it sits there in itself changes behaviour because councils know that we do have the ability to step in at various times. It is on our website. We have provided a framework of our interventions. It is a hierarchy of when we intervene, why we intervene and the process. It is all transparent and clear. We have not had to use the powers terribly much.¹²

2.25 **Recommendation 5**, that the Division of Local Government develop a risk-based framework for assessing council performance and determining how to respond to performance issues, was accepted. In its submission the Office of Local Government explained that it has developed an Improvement and Intervention Framework which is available on its website.

2.26 **Recommendation 6**, that by July 2013 the Division of Local Government establish improved measures to identify councils at financial risk, was also accepted. However, it has yet to be implemented. In its submission the Office of Local Government said that its Financial Risk Matrix will be reviewed following finalisation of the Performance Measurement Framework (scheduled for June 2015) and a new Financial Sustainability Program.¹³ According to the Office, roll-

¹¹ Submission 8, Audit Office of NSW, p1b.

¹² Mr Ross Woodward, Chief Executive Officer, Office of Local Government, Transcript of evidence, 23 June 2014, p17.

¹³ Submission 8, NSW Planning and Environment, p5.

out of this Financial Sustainability Program is subject to the Government's consideration of the Panel and Taskforce reports.¹⁴

2.27 At the public hearing on 23 June 2014, Mr Woodward explained that the Financial Sustainability Program is 'still in the early stages of development'.¹⁵ He described the program in the following terms:

we have promoted better practice reviews where we go council by council—we do about 12 every year—and look at a whole range of indicators within the council. What we have found as we have gone through that over many many years is that more and more we need to be looking at finances. Part of this is looking at how we can morph what we have done so far with promoting better practice review. That is a generalised look at the local government arrangements and the work that happens in detail within councils and focusing on financial sustainability. It is really taking the work that TCorp has done ... It is really around honing in on whether a council understands its finances, does it know where it is going and does it have the right strategies in place to get there.¹⁶

2.28 Mr Woodward did not provide a timeframe for the introduction of the Financial Sustainability Program. As review of the Financial Risk matrix is dependent on finalisation of this program, implementation of the Auditor-General's recommendation appears some distance away. However, Mr Woodward did emphasise that the Office also has an internal group which monitors councils:

We have an internal monitoring group. We review all correspondence, complaints, media issues and a whole range of things to get the intelligence and the surveillance across the sector. We get inundated with information about councils and by councils, so there is no shortage of information. We have an internal committee which monitors that and reports to me on a weekly basis around the councils where things are emerging ... I then brief the Minister each week on any councils that we are keeping an eye on for a particular reason that week.¹⁷

2.29 At the public hearing, the Chair of the Public Accounts Committee, Mr Jonathan O'Dea MP, asked Mr Woodward whether it would be useful for the Auditor-General to have additional powers, to conduct financial and performance audits of local councils. Mr Woodward responded by saying that he would support such a proposal:

Certainly in my view it would be a useful exercise. Because one of the issues we have found, as an example in Central Darling, was that there was sometimes a lack of accountability within councils around where the money actually ended up. That is an area that we do not have the capacity or the power to do—to follow the money trail. I think there would be an added value in having the ability to do that.¹⁸

¹⁴ Submission 8, NSW Planning and Environment, p5.

¹⁵ Mr Ross Woodward, Chief Executive Officer, Office of Local Government, Transcript of evidence, 23 June 2014, p17.

¹⁶ Mr Ross Woodward, Chief Executive Officer, Office of Local Government, Transcript of evidence, 23 June 2014, p16.

¹⁷ Mr Ross Woodward, Chief Executive Officer, Office of Local Government, Transcript of evidence, 23 June 2014, p17.

¹⁸ Mr Ross Woodward, Chief Executive Officer, Office of Local Government, Transcript of evidence, 23 June 2014, p19.

2.30 Mr Woodward also noted that the NSW Independent Local Government Review Panel recommended that auditing of local councils be placed under the aegis of the Auditor-General.¹⁹ Mr Woodward expressed the view that such a measure would be supported by councils:

I can say that the sector, in its responses to the panel's recommendations, has broadly supported that approach. So there has not been any reaction against it other than potential additional costs, which would probably need to be sorted through. But overall, there was an acceptance that this could add value.²⁰

2.31 **Recommendation 7**, that by July 2013, the Division of Local Government complete its work to establish non-financial performance indicators for councils, was also accepted. It has also yet to be implemented. Evidence provided by the Office of Local Government in relation to Recommendations 2 and 6 is relevant here. In its submission, the Office stated that its Performance Measurement Framework is currently in development and will include indicators for community leadership, financial performance, asset management and service delivery.

2.32 At the public hearing, Mr Woodward gave evidence that the development of this performance improvement framework is also in its early stages. He said that, 'we are working out with the councils what that would look like. The next step is to have a discussion paper and then to pilot. We are a way off piloting.'²¹ However, in answers to questions on notice, Mr Woodward advised that the Office has released a discussion paper on a proposed model for a future performance measurement framework.²² Mr Woodward noted that the next step is a 'working paper' on the proposed operation of the framework, and added that 'by mid-2015 the framework will be largely in place'.²³

2.33 **Recommendation 8**, that by July 2013 the Division of Local Government establish systems to better use data to identify sector wide trends, was accepted. In its submission, the Office indicated that this recommendation had been implemented and pointed to the overhaul of its 'Comparative Information on NSW Local Government Councils' publication, which is produced annually.²⁴ In his submission, the Auditor-General expressed the view that the revised publication is a 'marked improvement' on previous editions.²⁵ The Office also pointed toward its internal monitoring group, which uses complaints data and media monitoring to identify trends and risks among local councils.²⁶

¹⁹ See: 'Revitalising Local Government: Final Report of the NSW Independent Local Government Review Panel', October 2013, p16.

²⁰ Mr Ross Woodward, Chief Executive Officer, Office of Local Government, Transcript of evidence, 23 June 2014, p19.

²¹ Mr Ross Woodward, Chief Executive Officer, Office of Local Government, Transcript of evidence, 23 June 2014, p18.

²² Mr Ross Woodward, Chief Executive Officer, Office of Local Government, Answers to questions on notice, 18 July 2014, p1.

²³ Mr Ross Woodward, Chief Executive Officer, Office of Local Government, Answers to questions on notice, 18 July 2014, p1.

²⁴ Submission 8, NSW Planning and Environment, p6.

²⁵ Submission 9, Audit Office of NSW, p6b.

²⁶ Submission 8, NSW Planning and Environment, p6.

Committee comment

- 2.34 The Committee is cognisant that the Auditor-General's performance audit report on Monitoring Local Government coincided with other significant initiatives in local government, including the review of the *Local Government Act* and the work of the NSW Independent Local Government Review Panel. The Office of Local Government has advised that several of the Auditor-General's recommendations are being considered in the light of these other initiatives, which is appropriate.
- 2.35 However, the Committee commends the actions of the NSW Government in passing the *Local Government Amendment (Early Intervention) Act 2013*. Providing the Office of Local Government with improved powers to intervene to assist councils facing difficulties will reduce risk and drive performance improvements in local government. The Committee received evidence that this measure is already having a positive effect.
- 2.36 Further to this, the Committee considers that providing the Auditor-General with powers to conduct financial and performance audits of local government would also reduce risk and notes that this proposal is supported by the Office of Local Government. The Committee has previously made recommendations in relation to performance auditing of services provided by local government, and notes that the Government has advised that it is considering its response to this recommendation. The Committee also supports the NSW Independent Local Government Review Panel's recommendation that auditing of local government be placed under the aegis of the Auditor-General (although not necessarily conducted by the Audit Office).
- 2.37 The Committee heard evidence that the Office of Local Government is developing performance indicators and a Financial Sustainability Program for local government. The Office of Local Government advised that it is consulting with stakeholders on these initiatives. The Committee looks forward to full implementation of these initiatives in 2015.

RECOMMENDATION 1

The Committee recommends that the Office of Local Government implement its proposed Performance Measurement Framework for local councils by June 2015.

RECOMMENDATION 2

The Committee recommends that the Office of Local Government implement its Financial Sustainability Program for local councils by June 2015.

Chapter Three – Managing drug exhibits and other high profile goods

Introduction

- 3.1 As part of any investigation into an offence the NSW Police Force (NSW Police) can collect, receive, record, analyse, store and dispose of a variety of exhibits. Other goods can also be collected and held for safety reasons, such as firearms, or goods handed in as lost property.²⁷
- 3.2 In 2011-12, NSW Police collected over 313,000 exhibits and other goods. Of these, 58,000 were goods described as high profile. High profile goods include those that:
- present a significant risk to officers' health or safety;
 - generate significant public interest if mishandled, lost, stolen, damaged or misplaced; or
 - generate significant costs for NSW Police if not efficiently managed.²⁸
- 3.3 Specific examples of high profile goods collected by the NSW Police are: drug exhibits, including precursors (substances which can be used to make illicit drugs); firearms and ammunition; and motor vehicles and vessels.
- 3.4 Due to the dangers involved with the potential theft or damage of these goods and also health and safety concerns, particularly involving deteriorating or unstable drug exhibits, it is essential that these exhibits are properly managed.

The performance audit

- 3.5 The Auditor-General conducted a performance audit examining how well NSW Police store and keep track of drug exhibits and other high profile goods. The audit looked at the Police's methods of recording exhibits, how they are stored, and their eventual disposal.

Audit conclusions

- 3.6 Overall, the Auditor-General found that the 'NSW Police manages the recording, storage and tracking of drug exhibits and other high profile goods well'.²⁹ Items are kept securely and are routinely audited, with only a few instances of goods going missing or being damaged.

²⁷ NSW Auditor-General's Report, Performance Audit: Managing drug exhibits and other high profile goods, February 2013, p2.

²⁸ NSW Auditor-General's Report, Performance Audit: Managing drug exhibits and other high profile goods, February 2013, p2.

²⁹ NSW Auditor-General's Report, Performance Audit: Managing drug exhibits and other high profile goods, February 2013, p2.

3.7 However, the Auditor-General did identify certain areas where there was scope for improvement to increase safety and efficiency. These primarily related to the timely disposal of goods, particularly drug exhibits, and also the transportation of exhibits around the State which currently consumes significant Police resources. The Auditor-General noted that NSW Police has proposed legislative changes to facilitate the destruction of drug exhibits but considered that there were additional measures that NSW Police could undertake. While drug and firearm exhibits were well managed, the Auditor-General found some deficiencies in the management of vessels and the recording of vehicles in the NSW Police's electronic tracking system, EFIMS [Exhibits Forensics Information and Miscellaneous Property System].³⁰

Auditor-General's recommendations

3.8 The Auditor-General made 12 recommendations relating to the management of drug exhibits, firearms and ammunition, and vehicles and vessels. These are as follows:

Table 2: Auditor-General's recommendations – Managing drug exhibits and other high profile goods

No	Recommendation
1	In regard to all drug exhibits and other high profile goods, the NSW Police Force should, by December 2013, review all drug exhibits and other high profile goods held for more than two years and dispose of any no longer required.
In regard to drug exhibits, the NSW Police Force should:	
By June 2013	
2	Introduce a risk based approach to determining the frequency of drug exhibit audits and check if drug exhibits should be disposed of as part of the audit
3	Review the procedure for storing bulk drug exhibits based on the capacity and security at each storage location
4	Consult with the Forensic and Analytical Science Service to amend the sampling procedure for drug exhibits to ensure there is no residual of the sample that needs to be returned to NSW Police
5	In consultation with the Environment Protection Authority, identify appropriate facilities across the State for the disposal of drug exhibits.
6	By December 2013, improve the quality of information recorded in EFIMS for drug exhibits.
In regard to firearms and ammunition, the NSW Police Force should:	
By June 2013:	
7	Complete its review of practices for storing and transporting firearms and ammunition to ensure compliance with the Firearms Act 1996.
8	Ensure firearms and ammunition audits are conducted as required.
9	By December 2013, consider introducing a way to identify any firearms and ammunition exhibits that must be retained indefinitely.

³⁰ NSW Auditor-General's Report, Performance Audit: Managing drug exhibits and other high profile goods, February 2013, p3.

In regard to vehicles and vessels, the NSW Police Force should:	
By June 2013:	
10	Incorporate management of vessels in corporate standard operating procedures
11	Ensure all vehicles and vessels, whether exhibits or miscellaneous property, are recorded in EFIMS
12	Ensure that contract holding yards are inspected and monitored according to risk.

The Government response

- 3.9 Commissioner Andrew Scipione APM, of the NSW Police, provided a response to the performance audit which was included in the Auditor-General's report. In his response, the Commissioner stated that the 'recommendations are generally supported'.³¹ He noted that 'the NSW Police Force was cognisant of many of the items canvassed and is currently in the process of negotiating and undertaking restorative actions'.³²
- 3.10 The response highlighted that the implementation of some recommendations was subject to legislative amendments which may lead to them being delayed.³³

The Committee's examination

- 3.11 As part of the Committee's examination of performance audits, the Chair wrote to the NSW Police Force on 10 March 2014 to request a submission.
- 3.12 The then Minister for Police and Emergency Services, the Hon Michael Gallacher MLC responded on 24 April 2014, providing a submission. This response was forwarded to the Auditor-General for comment and he, in turn, responded on 17 June.
- 3.13 The Committee conducted a public hearing on 23 June 2014, and took evidence from representatives from NSW Police. Details of the witnesses who gave evidence are included at Appendix Two, and a transcript of the hearing is available on the Committee's website. Questions on notice were subsequently sent to witnesses following the hearing, and a response to these questions was received on 18 July 2014.

Implementation of recommendations

- 3.14 **Recommendation 1**, that the NSW Police review all drug exhibits and high profile goods currently held for more than two years and dispose of any no longer required, has been completed. NSW Police indicated that an annual report on the exhibits in question has been prepared and will be provided to the Deputy Commissioner of Police, Field Operations. The Deputy Commissioner of Police,

³¹ NSW Auditor-General's Report, Performance Audit: Managing drug exhibits and other high profile goods, February 2013, p7.

³² NSW Auditor-General's Report, Performance Audit: Managing drug exhibits and other high profile goods, February 2013, p7.

³³ NSW Auditor-General's Report, Performance Audit: Managing drug exhibits and other high profile goods, February 2013, p9.

Field Operations also issued a directive to all Commanders to review and dispose of relevant exhibits, which was completed by December 2013.³⁴

3.15 **Recommendation 2**, concerning the introduction of a risk based approach to determining the frequency of drug exhibit audits and checking whether the exhibits can be disposed of as part of the audit, was dealt with separately by the NSW Police. In relation to the frequency of drug exhibit audits, the NSW Police reviewed their current practice and found that, with the appropriate risk assessments and storage facilities, audits could now be performed quarterly rather than monthly. The Police's Command Management Framework and the Police Handbook were changed accordingly and all commands were notified of this change.³⁵

3.16 With regards to whether drug exhibits could be disposed of, NSW Police indicated that it had considered this matter and had submitted a proposal to facilitate the disposal of drug exhibits. This proposal sought to avoid problems associated with the long term retention of drug exhibits and a model based on the proposal is being developed by an interagency working party.³⁶

3.17 When questioned about the progress of this proposed model at the public hearing, representatives from NSW Police told the Committee that relevant legislative changes were being drafted. However, the representatives were unable to estimate a timeline for the passage of the legislation as this would be a matter for Parliament.³⁷

3.18 Superintendent Tony Crandell, Commander, Surry Hills Exhibit Centre indicated that NSW Police were eager to see these changes made because the sooner drug exhibits are properly disposed of, the less risk there will be for officers who are dealing with them:

... the proposed legislative change ... which I anticipate will change the environment dramatically because it will allow us to then remove drug exhibits early, not wait or keep them on hand and then wait for them to deteriorate. The longer they are held the more dangerous they become.³⁸

3.19 The proposed legislative changes were also referenced in the response to **Recommendation 3**, that the procedure for storing bulk drug exhibits be reviewed based on the capacity and security at each storage location. Currently, all bulk drug exhibits greater than trafficable quantities are stored at the Surry Hills Exhibit Centre which has ample capacity and high security.³⁹ Additionally,

³⁴ Submission 7, NSW Police Force, p2.

³⁵ Submission 7, NSW Police Force, p2 & 3.

³⁶ Submission 7, NSW Police Force, p3.

³⁷ Superintendent Tony Crandell, Commander, Surry Hills Exhibit Centre, Transcript of evidence, 23 June 2014, pp8-9.

³⁸ Superintendent Tony Crandell, Commander, Surry Hills Exhibit Centre, Transcript of evidence, 23 June 2014, p4.

³⁹ Submission 7, NSW Police Force, p3.

under the Drug Misuse and Trafficking Regulation 2011, any exhibits greater than trafficable quantities must be given to an analyst within fourteen days.⁴⁰

3.20 Along with simplifying the destruction process for drug exhibits, the new legislation will also seek to remove this fourteen day timeline.⁴¹ As a result of this, NSW Police indicated that it is developing criteria to assess the storage capabilities of every potential location.

3.21 At the public hearing, Superintendent Crandell explained that NSW Police is still working towards ensuring that all commands have suitable standards in place in preparation for the changes caused by the proposed legislation:

... it really needs some criteria to be developed so that we can say what is a secure site and what is not—and if it is not then how do we get it up and running. That is really critical to us getting ready for the legislation to come in, because we are talking about local retention.

...

I want that to be completed well prior to the legislation coming in. For example, if we had a country command that did not meet that standard then we may need to put in place interim arrangements until it comes up to scratch. It is on my mind. But I really need to sit down with the police properties group and say, "What does 'secure' mean to you and what do you say is a 'secure' arrangement?" so that we corporately can look at that and say that we are comfortable there are sufficient security arrangements in place for local destructions and retention.⁴²

3.22 NSW Police has also begun running an exhibits managers' course, which will give accreditation to officers handling and managing exhibits and ensure that exhibits are being properly managed across commands.⁴³

3.23 **Recommendation 4**, that NSW Police consult with the Forensic and Analytical Science Service to amend the sampling procedure and ensure that no residue needs to be returned to NSW Police, was supported but implementation has been delayed.

3.24 The current process requires an analyst to take three times the required amount for a sample of the drug exhibit to be analysed. Any residue that is remaining after the analysis is completed must then be collected by police officers for proper disposal.⁴⁴ In the NSW Police's original response to the Auditor-General, it indicated that this matter was being examined by the Strategic Drug Exhibit Project with a target completion date of June 2013. The submission noted that

⁴⁰ Superintendent Tony Crandell, Commander, Surry Hills Exhibit Centre, Transcript of evidence, 23 June 2014, p8.

⁴¹ Superintendent Tony Crandell, Commander, Surry Hills Exhibit Centre, Transcript of evidence, 23 June 2014, p8.

⁴² Superintendent Tony Crandell, Commander, Surry Hills Exhibit Centre, Transcript of evidence, 23 June 2014, p10.

⁴³ Superintendent Tony Crandell, Commander, Surry Hills Exhibit Centre, Transcript of evidence, 23 June 2014, p10.

⁴⁴ Superintendent Tony Crandell, Commander, Surry Hills Exhibit Centre, Transcript of evidence, 23 June 2014, p6.

should the proposed legislative model be adopted, the recommendation would be 'redundant'. Should the process change, a review of the Police's electronic management system will also have to be undertaken to reflect the changes.⁴⁵

3.25 In its submission, NSW Police stated that a new procedure which did not require any residues to be returned to them after sampling was being considered as part of the proposed legislative model referenced earlier.⁴⁶

3.26 **Recommendation 5**, that NSW Police consult with the Environment Protection Authority (EPA) to identify appropriate facilities across the state for the disposal of drugs, was supported and implementation is progressing.

3.27 There is only one location within NSW that has been authorised as an appropriate destruction facility and instructions are in place to ensure that destructions take place there.⁴⁷ However, NSW Police explained that because this facility is in Silverwater and therefore can involve significant travel for regional commands, work is being done to aid more local destructions.⁴⁸

3.28 One issue is that the current exhibit bags are made from PVC and when these are burnt, they can release chemicals in breach of the *Protection of the Environment Operations Act 1997*. Therefore, NSW Police has commissioned the University of Technology to conduct research into the bags currently used to store drug exhibits and to identify alternatives. This research was conducted in the first half of 2014 and recommendations were made to the NSW Police. This led to a trial of polyethylene bags commencing at the end of June 2014.⁴⁹

3.29 Superintendent Crandell told the Committee that should these alternative bags prove to be suitable, NSW Police intends to introduce them across the state to facilitate more localised destruction:

We are going to trial them in some of the city local area commands and get some feedback from the police. To be honest, the police feedback will be more form than substance because the substance has arisen from the testing that we have put all these bags through over the last six months. So the University of Technology, Sydney, is giving us encouraging signs to say that not only should we go to polyethylene over polypropylene but also that PVC really does not perform to their level at all. On that basis, there will be some changes. I would hope that there are changes before the legislation comes in, simply because we really need to promote local destructions rather than bringing all police to the capital city.⁵⁰

3.30 In addition, NSW Police are still consulting with the EPA about their obligations under the *Protection of the Environment Operations Act 1997* and identifying

⁴⁵ NSW Auditor-General's Report, Performance Audit: Managing drug exhibits and other high profile goods, February 2013, p3.

⁴⁶ Submission 7, NSW Police Force, p4.

⁴⁷ Submission 7, NSW Police Force, p4.

⁴⁸ Superintendent Tony Crandell, Commander, Surry Hills Exhibit Centre, Transcript of evidence, 23 June 2014, p11.

⁴⁹ Superintendent Tony Crandell, Commander, Surry Hills Exhibit Centre, Transcript of evidence, 23 June 2014, p6-7 & p10.

⁵⁰ Superintendent Tony Crandell, Commander, Surry Hills Exhibit Centre, Transcript of evidence, 23 June 2014, p10.

additional facilities where drug exhibits can be safely and legally destroyed. In the initial response to the performance audit, NSW Police indicated that it aimed to complete these discussions by June 2013.⁵¹ However, in its submission and through evidence given at the public hearing, NSW Police indicated that discussions are ongoing. These discussions will now include identifying appropriate destruction facilities should new polyethylene exhibit bags be used.⁵²

- 3.31 **Recommendation 6**, that the quality of information recorded in Exhibits Forensics Information and Miscellaneous Property System [EFIMS] for drug exhibits be improved, has been completed. NSW Police submitted that it has made improvements to the Drug Seal Number tracking through the EFIMS. It has also introduced a requirement for duty officers to sample EFIMS entries and for supervisors or exhibit officers to review all EFIMS entries for quality assurance and completeness.⁵³
- 3.32 **Recommendation 7**, that NSW Police review practices for storing and transporting firearms and ammunition to ensure compliance with relevant legislation, was supported in principle and progress has been made.
- 3.33 The performance audit found that 'firearms and ammunition were not always kept separate as required by the Firearms Act 1996'. It also reported that as a result of the audit, NSW Police had 'revised practices to ensure that all firearms and ammunition are separated for transport'.⁵⁴
- 3.34 In the initial response to the audit, published in the Auditor-General's report, the NSW Police highlighted that police officers cannot be found guilty of an offence under the *Firearms Act* or the *Weapon Prohibition Act 1998*. Nevertheless, NSW Police has in place 'various SOPs [Standard Operating Procedures], policies and directives ... for dealing with firearms, weapons and ammunition'. NSW Police also stated that to address the issues raised by the Auditor-General, a state-wide email was sent 'reiterating the need to adhere to the relevant legislation and SOPs'.⁵⁵
- 3.35 In its submission, NSW Police reported that it has reviewed the legislative requirements and policies governing the storage and transportation of firearms and ammunition. This review has led to a ballistics expert being appointed to update a range of policies and procedures, with an initial draft due in June 2014.⁵⁶ At the public hearing, representatives of NSW Police indicated that a document had been drafted and the process was 'fairly close to being finalised'.⁵⁷

⁵¹ NSW Auditor-General's Report, Performance Audit: Managing drug exhibits and other high profile goods, February 2013, p10.

⁵² Superintendent Tony Crandell, Commander, Surry Hills Exhibit Centre, Transcript of evidence, 23 June 2014, p11.

⁵³ Submission 7, NSW Police Force, p4.

⁵⁴ NSW Auditor-General's Report, Performance Audit: Managing drug exhibits and other high profile goods, February 2013, p26.

⁵⁵ NSW Auditor-General's Report, Performance Audit: Managing drug exhibits and other high profile goods, February 2013, p4 & 5.

⁵⁶ Submission 7, NSW Police Force, p6.

⁵⁷ Detective Superintendent Paul Glinn, Forensics Services Group, Transcript of evidence, 23 June 2014, p11.

- 3.36 **Recommendation 8**, that the NSW Police conduct audits of firearms and ammunition, was supported and NSW Police explained that all exhibits are audited annually.⁵⁸
- 3.37 **Recommendation 9**, that consideration be given to introducing a way to identify firearms and ammunition exhibits which must be retained indefinitely, has also been implemented. NSW Police has now built an audit/report function into the EFIMS which will allow any Local Area Command to determine the number and location of exhibit items stored at any time.⁵⁹
- 3.38 **Recommendation 10**, that the management of marine vessels be incorporated into corporate standard operating procedures [SOPs], was supported in principle.
- 3.39 In the initial response to the Auditor-General, NSW Police indicated that ‘SOPs will not be required’ but that it would make changes to the police handbook to properly deal with marine vessels. The management of vessels would be conducted through the EFIMS.⁶⁰
- 3.40 In its submission, NSW Police explained that its Marine Area Command had entered into discussions with Strategic Procurement to identify and implement contracts for the storage of large vessels. This has delayed the amendment of the handbook until these details are completed.⁶¹
- 3.41 **Recommendation 11**, that all vehicles and vessels whether exhibits or miscellaneous property, be recorded in the EFIMS, was supported and has been implemented, though implementation was delayed.
- 3.42 Initially NSW Police told the Auditor-General that it intended to complete work on this recommendation by June 2013.⁶² However, in the submission to this Committee the completion date was given as April 2014⁶³ and at the public hearing, the Committee heard that this action was completed on 20 May.⁶⁴
- 3.43 At the public hearing, NSW Police explained the reason for this delay. There was some internal discussion about whether to include all vehicles and vessels in the EFIMS. Some vehicles that come into the possession of the Police are not related to criminal activity, for example those that have been towed following a traffic incident, and a decision had to be reached whether to include such vehicles. The decision was made that all vehicles and vessels would be included, regardless of

⁵⁸ Submission 7, NSW Police Force, p4.

⁵⁹ Submission 7, NSW Police Force, p6.

⁶⁰ NSW Auditor-General’s Report, Performance Audit: Managing drug exhibits and other high profile goods, February 2013, p5.

⁶¹ Submission 7, NSW Police Force, p6.

⁶² NSW Auditor-General’s Report, Performance Audit: Managing drug exhibits and other high profile goods, February 2013, p6.

⁶³ Submission 7, NSW Police Force, p7.

⁶⁴ Superintendent Tony Crandell, Commander, Surry Hills Exhibit Centre, Transcript of evidence, 23 June 2014, p9.

how they came into the Police's possession. As a result, changes needed to be made to the EFIMS, which also took time.⁶⁵

- 3.44 **Recommendation 12**, that contract holding yards are inspected and monitored according to risk, has been completed. NSW Police submitted that SOPs have been updated by Traffic & Highway Patrol Command to include the suitability of locations to store vehicles taken into custody and to inspect these facilities. Following this update, all facilities throughout the State were inspected and their inspection will continue to be managed through internal processes.⁶⁶

Committee comment

- 3.45 The Committee was pleased to see that the NSW Police supported recommendations made by the Auditor-General. It also recognises that solutions have been offered to remedy the deficiencies identified by the Auditor-General. The Committee therefore commends the work done by NSW Police to implement the recommendations.
- 3.46 The Committee notes that the implementation of a number of recommendations has suffered some delay. The bulk of the delays are related to the timely and safe destruction of drug exhibits, which was one of the main areas of concern highlighted in the performance audit. The Committee heard that NSW Police has put a proposal to the Government on the best way to address this issue and it is expected that legislation will soon be introduced.
- 3.47 Given the potential improvements in safety and efficiency in handling and disposing of drug exhibits, the Committee supports the introduction of this legislation. However, this legislation will take some time to pass through both Houses of Parliament and the Police will also need to make changes to their practices. The Committee therefore recommends that it be introduced as soon as possible.
- 3.48 Another area which requires further attention is the identification of additional facilities where drug exhibits can be destroyed. Although progress has been made in identifying alternative materials for drug exhibit bags, there still appears to be some uncertainty on whether drug exhibits can be destroyed according to rules set out by the EPA and relevant legislation. Facilitating local destruction of drug exhibits will lead to further efficiencies and NSW Police should work towards identifying more facilities for safe drug destruction.

RECOMMENDATION 3

The Committee recommends that the Minister for Police and Emergency Services introduce legislation to facilitate the destruction of drugs and improve drug sampling and analysis procedures.

⁶⁵ Superintendent Tony Crandell, Commander, Surry Hills Exhibit Centre, Transcript of evidence, 23 June 2014, p9.

⁶⁶ Submission 7, NSW Police Force, p7.

RECOMMENDATION 4

The Committee recommends that, following the introduction of any new drug exhibit bags, the NSW Police Force work with the Environment Protection Authority to identify appropriate facilities for the local destruction of drug exhibits.

Chapter Four – The impact of the raised school leaving age

Introduction

- 4.1 In 2010 the school leaving age in NSW was raised from 15 to 17. Students must now remain in full-time education until they either complete Year 10 or turn 17 – whichever comes first. Students who complete Year 10 before they turn 17 must either remain at school or enter into approved training or paid work (or a combination of these things) until they turn 17.

The performance audit

- 4.2 The Auditor-General's performance audit examined how well the Department of Education and Communities monitors and supports young people at school or on an approved alternative pathway until they turn 17. The Auditor-General's report was tabled on 1 November 2012.

Audit conclusions

- 4.3 The Auditor-General concluded that the Department monitors the attendance of students who are enrolled at government schools. However, it does not monitor what happens to students who are not enrolled. There is no monitoring of students who complete Year 10 before turning 17 and leave school, and therefore no way of knowing whether those students are in fact participating in vocational training or paid employment.⁶⁷
- 4.4 The Auditor-General also found evidence that some students who remain at school until the age of 17 are disengaged, with higher levels of absenteeism and suspension. The Auditor-General concluded that the Department needs to do more to engage these students.⁶⁸

Auditor-General's recommendations

- 4.5 The Auditor-General made a total of eight recommendations directed to the Department of Education and Communities. These recommendations are detailed in the table below.

Table 3: Auditor-General's recommendations – The impact of the raised school leaving age

No.	Recommendation
The Department should:	
1.	By December 2013, collect data from school principals on student destinations after Year 10 and report annually on the alternate pathways chosen, such as full-time paid employment and/or vocational education and training programs

⁶⁷ New South Wales Auditor-General's Report, Performance Audit; The impact of the raised school leaving age, November 2012, p3.

⁶⁸ New South Wales Auditor-General's Report, Performance Audit; The impact of the raised school leaving age, November 2012, p6.

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2.	By December 2013, revise the School Attendance Policy to provide guidance to schools about what constitutes poor patterns of attendance which would normally trigger a response by the school
3.	By June 2013, collect data on referrals of 15 to 17 year olds to Home School Liaison Officers (HSLOs) for poor attendance and examine the outcome for students to inform planning and identify training needs of HSLOs and school attendance personnel
4.	By June 2013, review the enrolments of 15 to 17 year olds in TAFE courses in those regions where there has been a decline to determine if there are any practices that discourage enrolment
5.	By April 2014, update and publish further case studies of good practice that demonstrate innovative and flexible approaches taken by schools to engage students affected by the raised school leaving age
6.	By December 2013, further report on actions taken to develop and implement appropriate alternative education programs
7.	By June 2013, in regard to career advice for 15 to 17 year old students, examine: <ul style="list-style-type: none"> • Student access to advice • The quality and appropriateness of advice, information and materials provided
8.	By June 2013, collect data on referrals of 15 to 17 year olds to targeted support programs and identify and develop strategies to respond to unmet demand.

The Committee's examination

4.6 As part of the Committee's examination of performance audits, the Chair wrote to the Department of Education and Communities on 11 March 2014 to request a submission. The Department provided a submission on 10 April 2014. This submission was forwarded to the Auditor-General for comment, and he in turn replied on 18 June 2014.

4.7 The Committee considered the Department's submission and the Auditor-General's comments and forwarded further questions to the Department on 26 June.

Agency response

4.8 In her initial response to the Auditor-General's report, the Director General of the Department of Education and Communities, Dr Michele Bruniges, indicated that the Auditor-General's recommendations would be considered in the context of policy reforms such as Local Schools, Local Decisions. Dr Bruniges also noted that 'the Department has no responsibility under the *Education Act (1990)* to monitor students on all approved pathways'.⁶⁹

Implementation of recommendations

4.9 **Recommendation 1**, that by December 2013 the Department collect data from school principals on student destinations after Year 10 and report annually on the

⁶⁹ New South Wales Auditor-General's Report, Performance Audit; The impact of the raised school leaving age, November 2012, p6.

alternate pathways chosen by students, was not accepted by the Department. In answers to questions on notice, the Department advised that it:

has not formally accepted this recommendation as it has no responsibility under the requirements of the Education Act 1990 to monitor students on all approved pathways...there is no power for a principal to monitor students who are no longer enrolled at their school.⁷⁰

- 4.10 Instead, the Department referred the recommendation to its Project Control Group for consideration.⁷¹ The Department advised that in 2013 it gathered data about post-school destinations from a large scale sample of school leavers who were enrolled in 2012 but not in 2013. The Department's Centre for Education Statistics and Evaluation is developing a destinations survey for annual use. The Department also investigated apparent retention rates for Year 7 to Year 12 for 2008-2013.⁷²
- 4.11 The Department did not provide any information about the results of this data collection or of its investigation of retention rates. In answers to questions on notice, the Department advised that 'the report on the study has been considered by the NSW Skills Board and presented at a policy forum of education, training and industry stakeholders' and is due to be published later this year.⁷³
- 4.12 **Recommendation 2**, that the Department revise the School Attendance Policy to provide guidance about what constitutes poor attendance, was accepted and has been implemented. In its submission the Department stated that in 2013 it reviewed the School Attendance Policy and related procedures and prepared a draft policy for consultation with stakeholders.⁷⁴ In answers to questions on notice, the Department advised that it anticipates the revised policy will be available to schools in Term 4 of 2014, for implementation in the 2015 school year.⁷⁵
- 4.13 **Recommendation 3**, that the Department should collect data on referrals of 15 to 17 year olds to Home School Liaison Officers, was accepted and has been implemented. In its submission, the Department explained that in 2013 it collected data relating to referrals to the Home School Liaison program. In 2013 the Home School Liaison program had a caseload of more than 5,000 cases; 15 year olds accounted for over 18 per cent of referrals and 16 year olds just under 10 per cent.⁷⁶ The Department advised that it is now working on professional learning initiatives for HSLOs and ASLOs [Aboriginal School Liaison Officers] to

⁷⁰ Dr Michele Bruniges, Secretary, Department of Education and Communities, Answers to further questions, 22 July 2014, p1.

⁷¹ Submission 4, Department of Education and Communities, p2.

⁷² Submission 4, Department of Education and Communities, p2.

⁷³ Dr Michele Bruniges, Secretary, Department of Education and Communities, Answers to further questions, 22 July 2014, p2.

⁷⁴ Submission 4, Department of Education and Communities, p2.

⁷⁵ Dr Michele Bruniges, Secretary, Department of Education and Communities, Answers to further questions, 22 July 2014, p2.

⁷⁶ Dr Michele Bruniges, Secretary, Department of Education and Communities, Answers to further questions, 22 July 2014, pp2-3.

assist them in responding to the specific needs of the 15 to 17 year old age group.⁷⁷

- 4.14 **Recommendation 4**, that the Department review enrolments of 15 to 17 year olds in TAFE courses to determine whether there are any practices that discourage enrolment, was accepted. In its submission the Department explained the actions it has taken to implement this recommendation, saying that the Managing Director of TAFE reviewed enrolments of 15 to 17 year olds as part of Institute Performance Reviews, to determine whether there were such practices. TAFE Institutes also provided written advice about the strategies they have in place to encourage improved outcomes for school aged students, and the Managing Director is satisfied that there are no practices which discourage enrolment.⁷⁸
- 4.15 **Recommendation 5**, that the Department publish case studies of good practice in relation to engaging students affected by the raised school leaving age, was accepted. In its submission the Department indicated that it was 'on track' to implement this recommendation, having already published some and contacting six Links to Learning projects to seek their involvement in developing additional case studies.⁷⁹ The Department has also engaged a researcher to conduct research into best practice in this area to develop further case studies.⁸⁰
- 4.16 **Recommendation 6**, that the Department should by December 2013 report on actions taken to develop and implement alternative education programs, was accepted with modifications. In its submission the Department advised that its Project Control Group decided to interpret 'programs' to mean 'educational pathways and programs to broaden a school's curriculum'.⁸¹ The Department stated that it had investigated 'current alternative education programs and pathways which were supported by BOSTES [Board of Studies, Teaching and Educational Standards]' and was using this information to develop alternative pathways including a virtual secondary school and a distance education program.⁸²
- 4.17 The Department advised that it is also investigating alternative education programs in the context of the Links to Learning program, which is targeted toward young people at risk. However, this program is currently under review.⁸³ In answers to questions on notice, the Department advised that the review of Links to Learning will be completed in October 2014.⁸⁴
- 4.18 **Recommendation 7**, that the Department examine student access to career advice and the quality and appropriateness of advice and information provided,

⁷⁷ Submission 4, Department of Education and Communities, p2.

⁷⁸ Submission 4, Department of Education and Communities, p3.

⁷⁹ Submission 4, Department of Education and Communities, p4.

⁸⁰ Submission 4, Department of Education and Communities, p4.

⁸¹ Submission 4, Department of Education and Communities, p4.

⁸² Submission 4, Department of Education and Communities, p4.

⁸³ Submission 4, Department of Education and Communities, p4.

⁸⁴ Dr Michele Bruniges, Secretary, Department of Education and Communities, Answers to further questions, 22 July 2014, p5.

was accepted. In its submission the Department advised of a number of actions that it had either taken or were in progress to implement this recommendation. It has added questions to its annual School to Work reporting template which is completed by schools, and is conducting an evaluation of the data collected from the School to Work report, with the aim of using this data to inform its Careers Adviser Induction program.⁸⁵ These questions assess students' access to different types of career advice but not the quality or appropriateness of advice provided.⁸⁶

- 4.19 The Department further advised that it reviewed existing programs which support the professional learning of school career and transition advisors. However, no information was provided about the outcomes of this review or any action taken as a result. Lastly, the Department advised that it is developing a survey to examine careers advice in schools, with a completion date of June 2015.⁸⁷
- 4.20 **Recommendation 8**, that the Department collect data on referrals of 15 to 17 year olds to targeted support programs and develop strategies to respond to unmet demand, was referred to the Department's Project Control Group for consideration. In its submission the Department advised that actions taken in response to this recommendation were complete, as it collected data from schools which refer students to the Links to Learning program.⁸⁸ In answers to questions on notice, the Department advised that this data collection indicated that there is unmet demand for the Links to Learning program. The Department also explained that the program guidelines need to be updated to reflect the raised school leaving age, and also made more flexible to better reflect the needs of schools in rural and remote communities.⁸⁹

Committee comment

- 4.21 The Committee noted the Auditor-General's concern that young people who leave school before the age of 17 may now 'fall through the cracks' if they do not undertake another approved activity, as the Department of Education and Communities has no legal responsibility to monitor young people who are not enrolled in government schools. It is therefore crucial that the Department effectively engage young people in this age group, and the Committee notes that the Government allocated funds to support this.
- 4.22 The Committee was pleased to find that the Department gathered data from 2012 school leavers and recommends that this data, and also data from future studies, be published. The Committee also commends the Department for its work in implementing the Auditor-General's recommendations in regard to revising its school attendance policy and liaising with TAFE NSW to determine whether there are any barriers to students enrolling in TAFE.

⁸⁵ Submission 4, Department of Education and Communities, p4.

⁸⁶ Dr Michele Bruniges, Secretary, Department of Education and Communities, Answers to further questions, 22 July 2014, p5.

⁸⁷ Submission 4, Department of Education and Communities, p4.

⁸⁸ Submission 4, Department of Education and Communities, p4.

⁸⁹ Dr Michele Bruniges, Secretary, Department of Education and Communities, Answers to further questions, 22 July 2014, p5.

- 4.23 The Committee commends the Department for its work in assessing students' access to career advice, and in supporting the professional learning of career advisors. However, it was disappointed to find that despite accepting the Auditor-General's recommendation, the Department does not appear to have attempted to evaluate the quality of career advice. The Committee therefore recommends that the Department conduct an evaluation of the quality and appropriateness of career advice provided in schools, as per the Auditor-General's original recommendation.
- 4.24 The Committee was pleased to learn of the Department's work in developing alternative education pathways for students affected by the raised school leaving age but notes that to date much of this work appears to focus on students in rural and remote areas. The Committee looks forward to similar measures being introduced in metropolitan areas where appropriate.
- 4.25 The Committee also noted that the Department has collected data on referrals of 15 to 17 year olds to the Links to Learning program. Given that this is a key mechanism to support young people at risk of disengaging from education, the Committee was disappointed to find that the Department appears to have no plans to respond to unmet demand for it. Further, the guidelines for the program have yet to be updated to reflect the changed school leaving age, four years after the change was implemented. The Committee therefore recommends that these guidelines be revised as a matter of priority.

RECOMMENDATION 5

The Committee recommends that, by December 2014, the Department of Education and Communities publish the report from its data collection on the destinations of 2012 school leavers.

RECOMMENDATION 6

The Committee recommends that the Department of Education and Communities publish results from its planned destinations survey, once these become available.

RECOMMENDATION 7

The Committee recommends that, by June 2015, the Department of Education and Communities conduct an evaluation of the quality and appropriateness of career advice provided in schools.

RECOMMENDATION 8

The Committee recommends that by December 2014, the Department of Education and Communities amend the guidelines of the Links to Learning Program to reflect the changed school leaving age.

Chapter Five – Managing gifts and benefits

Introduction

- 5.1 It is essential in the public service that officers act with honesty, impartiality, integrity, respect for the law and due process. Public servants must not put their own interests above their public duty, or be perceived to be doing so, or they will lose the trust of the public.
- 5.2 While it is not uncommon for public servants to be offered gifts in the course of their work as part of a normal business relationship, it can be difficult to decide whether a gift should be accepted or not. It is important that these gifts do not influence decisions and lead to outcomes that are not in an agency's best interest. Even if this is not the case, a public servant should ensure that there can be no opportunity for misunderstanding on the part of the public.⁹⁰
- 5.3 An important tool to manage these issues is an effective policy for managing gifts and benefits.

The performance audit

- 5.4 The Auditor-General conducted a performance audit examining five public sector entities to ascertain whether they were effectively managing gifts and benefits. The entities examined were: the Department of Planning and Infrastructure; the Sydney Harbour Foreshore Authority; the Environment Protection Authority; Transport for NSW; and the WorkCover Authority. The Auditor-General considered whether the entities:
- had sound, well communicated gifts and benefits policies; and
 - effectively recorded the details of gifts and benefits and made appropriate decisions in relation to their acceptance, or otherwise, and treatment.⁹¹

Audit conclusions

- 5.5 The Auditor-General found that while all five entities had gifts and benefits policies in place, none of these policies addressed all the attributes of a sound policy. Similarly, while all the agencies had existing gifts and benefits registers, the information recorded differed in each and 'none of the registers included sufficient information for us to gauge whether the decisions regarding the treatment of each gift and benefit were appropriate'.⁹²

⁹⁰ New South Wales Auditor-General's Report, Performance Audit: Managing Gifts and Benefits, February 2013, p2.

⁹¹ New South Wales Auditor-General's Report, Performance Audit: Managing Gifts and Benefits, February 2013, p2.

⁹² New South Wales Auditor-General's Report, Performance Audit: Managing Gifts and Benefits, February 2013, p2.

5.6 The Auditor-General identified a lack of official guidance on gifts and benefits for NSW Government agencies, such as minimum standards, which could be used to underpin the effective management of gifts and benefits.

Auditor-General's recommendations

5.7 The Auditor-General made two broad recommendations to improve the management of gifts and benefits across the public sector. In the course of auditing the individual agencies, he also identified a number of specific improvements needed to address the shortcomings of each agency's gifts and benefits policies.

5.8 Agencies addressed the Auditor-General's recommendations in their submissions. Agency-specific recommendations were addressed as part of the response to Recommendation 2. As part of its follow-up of Recommendation 2, the Committee also examined how each agency has responded to these specific recommendations. The Auditor-General's two broader recommendations are as follows:

Table 4: Auditor-General's recommendations – Managing gifts and benefits

No	Recommendation
1	The Public Service Commission, by December 2013, develop a set of minimum standards for gifts and benefits policies and registers which are to be followed by all NSW public sector agencies.
2	The Department of Planning and Infrastructure (including Sydney Harbour Foreshore Authority); the Environment Protection Authority; Transport for NSW and the WorkCover Authority, by August 2013, review their policies and registers and make the improvements identified in this report.

The Government response

5.9 The Department of Planning and Infrastructure (including Sydney Harbour Foreshore Authority), the Environment Protection Authority, Transport for NSW, the Safety, Return to Work and Support Division (including WorkCover), and the Public Service Commission all responded to the performance audit. These responses were included in the Auditor-General's report.

5.10 The agencies were supportive of the Auditor-General's recommendations. All five agencies indicated that they had begun working towards or would begin working towards implementing the recommendations.

5.11 The Public Service Commission also supported the recommendations made in the performance audit. The Public Service Commissioner, Graeme Head, stated that:

I intend to take a principles-based approach to developing minimum standards for gifts and benefits policies and registers. This will allow NSW public sector agencies some flexibility to decide how best to meet their obligations.⁹³

⁹³ New South Wales Auditor-General's Report, Performance Audit: Managing Gifts and Benefits, February 2013, p12.

The Committee's examination

- 5.12 As part of the Committee's examination of performance audits, the Chair wrote to the Department of Planning and Infrastructure, the Environment Protection Authority, Transport for NSW, WorkCover NSW, and the Public Service Commission on 7 March 2014 to request a submission.
- 5.13 The Public Service Commission responded on 30 March; the Safety, Return to Work and Support (on behalf of WorkCover) responded on 31 March; the Environment Protection Authority responded on 2 April; the Department of Planning and Infrastructure responded on 15 April; and Transport for NSW responded on 17 April. These responses were forwarded to the Auditor-General for comment and he, in turn, responded on 18 June.

Implementation of recommendation 1

- 5.14 As was noted in the initial response by the public sector agencies, there was broad support for the Auditor-General's recommendations with actions being taken to implement them.
- 5.15 **Recommendation 1** was accepted by the Public Service Commission which has developed a guideline for use by all government sector agencies entitled: *Managing Gifts and Benefits: Minimum standards for departments and agencies*.⁹⁴ It is intended that this be published along with a suite of other resources as part of a package to assist all government sector employees to meet their ethical obligations under legislation – *Ethics resources for government sector employees*.⁹⁵
- 5.16 However, implementation of this recommendation has been delayed. While the performance audit recommended that action be completed by December 2013, the Public Service Commission indicated that they aimed to publish the ethics resources 'before 30 June 2014'.⁹⁶ In further correspondence, it was explained that 'the Public Service Commission now expects to publish minimum standards for agencies' gifts and benefits policies in August 2014'.⁹⁷
- 5.17 The Audit Office considered the initial delay to be reasonable as it would make up part of the broader suite of ethics resources, but noted that the 'key issue will be [the] content of the relevant section of that package'.⁹⁸

Implementation of recommendation 2

- 5.18 **Recommendation 2** was aimed at a number of agencies with the overall intention of improving all of their gifts and benefits policies and registers. For each agency, the Auditor-General made a number of recommendations concerning the guidelines or code of conduct relating to gifts and benefits, the relevant policies and the agency's gifts and benefits register.

⁹⁴ Submission 1, Public Service Commission, p1.

⁹⁵ Submission 1, Public Service Commission, p1.

⁹⁶ Submission 1, Public Service Commission, p1.

⁹⁷ Mr Peter McIlwain, Executive Director, Public Sector Values, Public Service Commission, Correspondence to the Committee dated 25 June 2014.

⁹⁸ Submission 10, Audit Office of New South Wales, p1.

5.19 The response of each agency to these recommendations is examined below.

Safety, Return to Work and Support

- 5.20 The recommendations made to WorkCover addressed areas such as: when to decline gifts; properly training staff and ensuring they are aware of the consequences of breaching the code of conduct; and including more information in the register.⁹⁹
- 5.21 Safety, Return to Work and Support (SRWS), of which WorkCover is an agency, told the Committee that all the recommendations were 'agreed to and adopted across SRWS'.¹⁰⁰
- 5.22 In December 2013, SRWS released its Gifts, Bribes and Benefits Policy which incorporated recommendations of the Auditor-General including clarifying when gifts should be declined, setting a nominal value for gifts which can be accepted and providing guidance on the proper disposal those gifts which cannot be accepted.¹⁰¹
- 5.23 SRWS also improved its training regime to ensure that all new staff receive training on the code of conduct and refresher training is conducted for all employees every two years. In addition SRWS amended its Gift and/or Benefit Declaration and Register, for example, to include fields to identify the relationship between the gift giver and the recipient.¹⁰²
- 5.24 In January 2014, SRWS collected data on gifts accepted and declined by its employees which it intends to collect each year to analyse any change in the ratio of gifts accepted.¹⁰³

Environment Protection Authority

- 5.25 The recommendations made to the Environment Protection Authority included: prohibiting certain types of gifts; properly training staff and ensuring they were aware of the consequences of breaching the code of conduct; and including more information in the register.¹⁰⁴
- 5.26 The Environment Protection Authority (EPA) accepted all the recommendations and identified a number of actions to implement them. The majority of these actions have already been completed. Since the EPA operates under a Service Agreement with the Office of Environment and Heritage (OEH), it has adopted the OEH's Gifts and Benefits policy. This policy has been revised following the performance audit recommendations.¹⁰⁵

⁹⁹ New South Wales Auditor-General's Report, Performance Audit: Managing Gifts and Benefits, February 2013, p29 & 30.

¹⁰⁰ Submission 2, Safety, Return to Work & Support Division, p1.

¹⁰¹ Submission 2, Safety, Return to Work & Support Division, p2.

¹⁰² Submission 2, Safety, Return to Work & Support Division, p3 & Attachments B & C.

¹⁰³ Submission 2, Safety, Return to Work & Support Division, p3.

¹⁰⁴ New South Wales Auditor-General's Report, Performance Audit: Managing Gifts and Benefits, February 2013, p24 & 25.

¹⁰⁵ Submission 3, Environment Protection Authority, p2.

- 5.27 In February 2013, an addendum was made to the policy to clarify that gift vouchers, shares and other monetary equivalents are defined as gifts and are prohibited from being accepted.¹⁰⁶
- 5.28 In March 2013, reminder emails were sent to staff prior to Easter regarding the gifts and benefits policy, with a similar email planned for the Christmas period, including advice on declining to attend stakeholder Christmas parties. These emails will now be sent before all future holiday periods.¹⁰⁷
- 5.29 EPA staff will also attend training sessions conducted by the Independent Commission Against Corruption in August 2014 to ensure they properly understand their responsibilities.¹⁰⁸
- 5.30 The finalisation of the revisions made to the EPA and the OEH's Gifts and Benefits policy has been postponed by the delay of the guidelines to be published by the Public Service Commission. The OEH wants to 'ensure that the revised draft ... policy is consistent with the [Public Service Commission] package'.¹⁰⁹

Department of Planning and Infrastructure

- 5.31 The recommendations directed to the Department of Planning and Infrastructure included: clarifying the proper procedures for accepting and declining gifts; properly training staff and ensuring they are aware of the gifts and benefits policy; and including more information in the register.¹¹⁰
- 5.32 The Department of Planning and Infrastructure (DPI) accepted all of the Auditor-General's recommendations and has completed most of the work required to implement them.
- 5.33 In July 2013, DPI incorporated all of the Auditor-General's recommendations concerning its code of conduct into its Gifts and Benefits Policy. This included requirements such as: declining gifts offered to family members; applying a nominal value to cumulative gifts; and declining offers of hospitality which extend beyond courtesy.¹¹¹
- 5.34 DPI has included training on its Gifts and Benefits Policy for all new staff and intends to include this training as part of new modules to be introduced in 2014.¹¹²
- 5.35 DPI has also updated its gifts and benefits register to include information about the relationship of the gift-giver to the recipient, the disclosure of any conflict of

¹⁰⁶ Submission 3, Environment Protection Authority, p3.

¹⁰⁷ Submission 3, Environment Protection Authority, p4.

¹⁰⁸ Submission 3, Environment Protection Authority, p4 & 5.

¹⁰⁹ Submission 3, Environment Protection Authority, p2.

¹¹⁰ New South Wales Auditor-General's Report, Performance Audit: Managing Gifts and Benefits, February 2013, p20 & 21.

¹¹¹ Submission 5, Department of Planning and Infrastructure, p2 & 3.

¹¹² Submission 5, Department of Planning and Infrastructure, p3 & 5.

interest and the reason for the offer of the gift, as recommended by the Auditor-General.¹¹³

- 5.36 The recommended review of awareness and compliance with the policy has been delayed until the implementation of the aforementioned training modules.¹¹⁴

Sydney Harbour Foreshore Authority

- 5.37 The recommendations made to the Sydney Harbour Foreshore Authority included: ensuring that the nominal value for gifts to be accepted was appropriate; properly training staff and ensuring they were aware of the consequences of breaching the code of conduct; and including more information in the register.¹¹⁵
- 5.38 The Sydney Harbour Foreshore Authority (SHFA) accepted all of the Auditor-General's recommendations and has completed the actions required to implement them.
- 5.39 In July 2013, SHFA incorporated all of the Auditor-General's recommendations into its code of conduct. This included: prohibiting the acceptance of gift vouchers and other monetary equivalents; setting a maximum nominal value of \$25 for gifts which can be accepted; and requiring that gifts or benefits which are declined are recorded.¹¹⁶
- 5.40 SHFA has developed a new online training module on the relevant sections of the code of conduct which was deployed to all new and existing staff.¹¹⁷
- 5.41 The gifts and benefits register was enhanced according to the Auditor-General's recommendations, for example, by recording a decision and the decision maker for each gift offered. A FAQ document on gifts and benefits was also prepared to guide staff on recording an offer of a gift or benefit.¹¹⁸

Transport for NSW

- 5.42 Recommendations directed to Transport for NSW included: expanding the types of gifts that should be declined; creating consistency between the agency's code of conduct and its conflict of interest policy; and including more information in the register.¹¹⁹
- 5.43 Transport for NSW accepted all of the Auditor-General's recommendations and has completed all the actions needed to implement them.

¹¹³ Submission 5, Department of Planning and Infrastructure, p5.

¹¹⁴ Submission 5, Department of Planning and Infrastructure, p5.

¹¹⁵ New South Wales Auditor-General's Report, Performance Audit: Managing Gifts and Benefits, February 2013, p20 & 21.

¹¹⁶ Submission 5, Department of Planning and Infrastructure, p6 & 7.

¹¹⁷ Submission 5, Department of Planning and Infrastructure, p7.

¹¹⁸ Submission 5, Department of Planning and Infrastructure, p8.

¹¹⁹ New South Wales Auditor-General's Report, Performance Audit: Managing Gifts and Benefits, February 2013, p26, 27 & 28.

- 5.44 To incorporate the recommendations, Transport for NSW has made a number of additions to its Conflict of Interest Policy. For example, it is now clear that gift vouchers or other monetary equivalents should not be accepted, and that any officer who receives two or more gifts over a twelve month period must declare these as a cumulative gift.¹²⁰
- 5.45 To further ensure that there is consistency within Transport for NSW, the Auditor-General's recommendations have also been considered during the development of a new Code of Conduct for Transport for NSW. This Code of Conduct is due for completion in July 2014.¹²¹
- 5.46 Transport for NSW has also updated its Gifts and Benefits Declaration Form, following the Auditor-General's recommendations to include the date a gift was offered, the relationship between the gift-giver and the recipient and to identify the decision maker and any conflicts of interest.¹²²

Committee comment

- 5.47 Robust gifts and benefits policies are important to ensure that public sector employees act ethically and transparently. The Committee is pleased that all the relevant agencies accepted the recommendations made by the Auditor-General and have made significant progress in improving their gifts and benefits policies and registers. The Committee encourages these entities to continue to monitor these policies and the gifts offered to employees. It is also important to ensure that staff receive adequate training and updates on the policies.
- 5.48 The Committee recognises the important work being done by the Public Service Commission and considers that the development of minimum standards for gifts and benefits will assist all public sector agencies and departments to create vigorous policies. It will also promote consistency across the public sector to further strengthen ethical values.
- 5.49 The Committee is concerned by the delay in the release of the package of ethics resources by the Public Service Commission following the initial recommendation of the Auditor-General that it be released by December 2013. Given the importance of this package and the fact that it is leading to further delays for other agencies such as the Environment Protection Authority, the Committee encourages the Commission to release it as soon as possible.

RECOMMENDATION 9

The Committee recommends that the Public Service Commission finalise and release the package *Ethics resources for government sector employees* including the guideline *Managing Gifts and Benefits: Minimum standards for departments and agencies* by 31 August 2014.

¹²⁰ Submission 6, Transport for NSW, p2.

¹²¹ Submission 6, Transport for NSW, pp2-4.

¹²² Submission 6, Transport for NSW, p5.

Appendix One – List of Submissions

1	Public Service Commission
2	Safety, Return to Work and Support
3	Environment Protection Authority
4	Department of Education and Communities
5	Department of Planning and Infrastructure
6	Transport for NSW
7	NSW Police Force
8	Department of Planning and Infrastructure
9	Audit Office of NSW
10	Audit Office of NSW

Appendix Two – List of Witnesses

23 June 2014, Macquarie Room, Parliament House

Witness	Organisation
Mr Grant Hehir Auditor-General	Audit Office of NSW
Mr Rob Mathie Assistant Auditor-General, Performance Audit	Audit Office of NSW
Mr Tony Whitfield Deputy Auditor-General, Financial Audit	Audit Office of NSW
Superintendent Tony Crandell Commander, Surry Hills Exhibit Centre	NSW Police Force
Superintendent Ian Dickson Police Prosecutions Command	NSW Police Force
Detective Superintendent Paul Glinn Forensic Services Group	NSW Police Force
Mr Ross Woodward Chief Executive Officer	Division of Local Government

Appendix Three – Extracts from Minutes

MINUTES OF PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE (NO. 70)

Thursday 27 February 2014
9:15am
Room 1043, Parliament House

Members present

Mr O’Dea (Chair), Dr Lee, Mr Bassett, Mr Daley, Mr Piper, Mr Williams

Officers in attendance

Elaine Schofield, Abigail Groves, Leon Last, Meike Bowyer

1. Confirmation of previous minutes

Confirmation of draft minutes no 67 held on 13 February 2014, no 68 held on 17 February 2014, and no 69 held on 18 February 2014.

Resolved, on the motion of Mr Piper, seconded by Dr Lee: That the minutes of meeting no. 67 held on 13 February be confirmed.

Resolved, on the motion of Mr Bassett: That the minutes of meetings nos. 68, held on 17 February, and 69, held on 18 February, be confirmed.

2. ***

3. ***

4. ***

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9. Follow up of the Auditor-General’s Performance Audits September 2012 – March 2013

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

- Monitoring Local Government
- The Impact of the raised School Leaving Age
- Managing Drug Exhibits and Other High Profile Goods
- Managing Gifts and Benefits.

10. ***

11. ***

12. Next meeting

The meeting adjourned at 10.30am until Thursday, 6 March 2014 at 9.45am in Room 1043.

MINUTES OF MEETING 72

Thursday 20 March 2014
9:45am
Room 1043, Parliament House

Members present

Mr O’Dea (Chair), Dr Lee, Mr Daley, Mr Piper

Officers in attendance

Elaine Schofield, Abigail Groves, Leon Last, Meike Bowyer

1. Apologies

Apologies were received from Mr Williams, Mr Bassett,

2. Confirmation of previous minutes

Resolved, on the motion of Dr Lee, seconded by Mr Piper: That the minutes of meeting no. 71 held on 6 March 2014 be confirmed.

3. Correspondence

The Committee noted the following items of correspondence sent:

- 7 March 2014 to Ms Michele Bruniges, Director General, Department of Education and Communities, asking her to provide a submission outlining a response to the Auditor-General’s Report on The Impact of the Raised School Leaving Age.
- 7 March 2014 to Mr Graeme Head, Chief Executive Officer, NSW Public Service Commission asking him to provide a submission outlining a response to the Auditor-General’s Report on Managing Gifts and Benefits.
- 7 March 2014 to Ms Julie Newman, Chief Executive Officer, Work Cover NSW asking her to provide a submission outlining a response to the Auditor-General’s Report on Managing Gifts and Benefits.
- 7 March 2014 to Mr Barry Buffier, Chief Executive Officer, Environment Protection Authority, asking him to provide a submission outlining a response to the Auditor-General’s Report on Managing Gifts and Benefits.
- 7 March 2014 to Mr Chris Eccles, Director General, Department of Premier and Cabinet, asking him to provide a submission outlining a response to the Auditor-General’s Report on Monitoring Local Government.

- 7 March 2014 to the Premier, advising him that correspondence has been sent to the Public Service Commission, to request a submission outlining its response to the Auditor-General's Report on Managing Gifts and Benefits.
- 7 March 2014 to the Premier, advising him that correspondence has been sent to the Department of Premier and Cabinet to request a submission outlining its response to the Auditor-General's Report on Monitoring Local Government.
- 7 March 2014 to the Minister for Local Government, advising him that correspondence has been sent to the Department of Premier and Cabinet, to request a submission outlining its response to the Auditor-General's Report on Monitoring Local Government.
- 7 March 2014 to the Minister for Planning and Infrastructure, advising him that correspondence has been sent to the Department of Planning and Infrastructure, to request a submission outlining its response to the Auditor-General's Report on Managing Gifts and Benefits.
- 7 March 2014 to the Minister for Transport, advising her that correspondence has been sent to Transport for NSW, to request a submission outlining its response to the Auditor-General's Report on Managing Gifts and Benefits.
- 7 March 2014 to the Minister for the Environment advising her that correspondence has been sent to the Environment Protection Authority, requesting a submission outlining its response to the Auditor-General's Report on Managing Gifts and Benefits.
- 7 March 2014 to the Minister for Finance and Services, advising him that correspondence has been sent to the Department of Finance and Services to request a submission outlining its response to the Auditor-General's Report on Managing Gifts and Benefits.
- 7 March 2014 to Minister for Police, advising him that correspondence has been sent to the NSW Police Force, to request a submission outlining its response to the Auditor-General's Report on Managing Drug Exhibits and Other High Profile Goods.
- 7 March 2014 to Minister for Education advising him that correspondence has been sent to the Department of Education and Communities, to request a submission outlining its response to the Auditor-General's Report on The Impact of the Raised School Leaving Age.

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- 11 March 2014 to Mr Sam Haddad the Director General of Department of Planning and Infrastructure requesting a submission outlining its response to the Auditor-General's Report on Managing Gifts and Benefits.
- 11 March 2014 to Mr David Stewart, Director General, Transport for NSW, requesting a submission outlining a response to the Auditor-General's Report on Managing Gifts and Benefits.
- 10 March 2014 to Mr Andrew Scipione, Commissioner, NSW Police Force, requesting a submission outlining a response to the Auditor-General's Report on Managing Drug Exhibits and Other High Profile Goods.

4. ***

5. ***

6. **Next meeting**

The meeting adjourned at 10.02am until Thursday, 29 March 2014 at 9.45am in Room 1043.

MINUTES OF MEETING 74

Thursday 8 May 2014

9:49am

Room 1043, Parliament House

Members present

Mr O’Dea (Chair), Mr Bassett, Mr Daley, Dr Lee, Mr Piper, Mr Williams

Officers in attendance

Elaine Schofield, David Hale, Leon Last, Meike Bowyer

1. Confirmation of previous minutes

Resolved, on the motion of Mr Piper, seconded by Mr Bassett: That the minutes of meeting no. 73 held on 27 March 2014 be confirmed.

2. ***

3. ***

4. ***

5. Follow up of Performance Audits September 2012 – March 2013

5.1 Correspondence

The Committee noted correspondence received from the Hon Robyn Parker, then Minister for the Environment, thanking the Chair for his letter, dated 18 March 2014.

5.2 Submissions

Resolved, on the motion of Mr Piper, seconded by Mr Daley: That the Committee accept the following submissions and publish them on its website:

- Submission 1, Public Service Commission
- Submission 2, Safety, Return to Work and Support Division, WorkCover
- Submission 3, Environment Protection Authority
- Submission 4, Department of Education and Communities
- Submission 5, Department of Planning and Infrastructure
- Submission 6, Transport for NSW
- Submission 7, NSW Police Force

6. ***

7. ***

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8. ***

9. ***

10. **Next meeting**

The meeting adjourned at 11.11am. Next meeting will be on Thursday, 15 May 2014 at 9.45am in Room 1043.

MINUTES OF MEETING 76

Thursday 29 May 2014

9.45am

Room 1043, Parliament House

Members present

Mr O’Dea (Chair), Mr Bassett, Mr Daley, Mr Piper, Mr Williams

Officers in attendance

Elaine Schofield, Abigail Groves, David Hale, Leon Last, Meike Bowyer

1. Confirmation of minutes

Resolved, on the motion of Mr Williams, seconded by Mr Bassett: That the minutes of meeting no. 75 held on 15 May 2014 be confirmed.

2. ***

3. ***

4. Follow up of Performance Audits September 2012 – March 2013

Resolved, on the motion of Mr Bassett, seconded by Mr Williams: That submissions received for the follow up of Performance Audits September 2012 – March 2013 be forwarded to the Auditor-General for comment. The Committee further resolved to conduct a public hearing on the morning of Monday 23 June and invite witnesses from the Audit Office, the Division of Local Government and the NSW Police Force to give evidence in relation to the reports ‘Monitoring Local Government’ and ‘Managing Drug Exhibits and Other High Profile Goods’.

5. ***

6. ***

7. ***

8. Next meeting

Meeting adjourned at 10.45am. The next meeting will be on Thursday, 19 June 2014 at 9.45am in Room 1043.

MINUTES OF MEETING 77

Thursday 19 June 2014
9.45am
Room 1043, Parliament House

Members present

Mr O’Dea (Chair), Mr Bassett, Mr Daley, Mr Piper, Mr Williams

Officers in attendance

Abigail Groves, Leon Last, Meike Bowyer

1. Confirmation of minutes

Resolved, on the motion of Mr Piper, seconded by Mr Williams: That the minutes of meeting no. 76 held on 29 May 2014 be confirmed.

2. ***

3. ***

4. Follow up of Performance Audits September 2012 – March 2013

4.1 Submissions received

Resolved, on the motion of Mr Williams, seconded by Mr Bassett: That Submissions 8 and 9 be published and uploaded to the Committee’s website.

4.2 Public hearing – 23 June 2014

The Committee noted the notice of hearing. Mr Williams advised that he will be able to attend by teleconference. Mr Daley will also be able to attend part of the hearing by teleconference.

5. ***

6. ***

7. Next meeting

The meeting adjourned at 10.30am. The next meeting will be on Monday 23 June at 9.30am in the Macquarie Room.

MINUTES OF MEETING 78

Monday 23 June 2014

9.30am

Macquarie Room, Parliament House

Members present

Mr O’Dea (Chair), Dr Lee, Mr Bassett, Mr Piper.
Mr Daley and Mr Williams attended by teleconference.

Officers in attendance

Abigail Groves, Leon Last, Meike Bowyer

1. Confirmation of minutes

Resolved, on the motion of Mr Piper, seconded by Mr Bassett: That the minutes of meeting no. 77 held on 19 June 2014 be confirmed.

2. ***

3. Follow up of Performance Audits September 2012 – March 2013

3.1 *Submission*

Resolved, on the motion of Mr Piper, seconded by Mr Bassett: That Submission no. 10 from the Audit Office of NSW be published and uploaded to the Committee’s website.

3.2 *Media orders*

Resolved, on the motion of Dr Lee, seconded by Mr Bassett: That the Committee authorises the audio-visual recording, photography and broadcasting of the public hearing on 23 June 2014 in accordance with the NSW Legislative Assembly’s guidelines for coverage of proceedings for parliamentary committees administered by the Legislative Assembly.

3.2 *Answers to questions on notice*

Resolved, on the motion of Dr Lee, seconded by Mr Bassett: That witnesses be requested to return answers to questions taken on notice and supplementary questions within 21 days of the date on which the questions are sent to the witness.

3.3 *Public hearing*

The Chair opened the public hearing at 10.25am.

Witnesses and the public were admitted.

The following witnesses affirmed and examined:

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- Superintendent Tony Crandell, Commander, Surry Hills Exhibit Centre, NSW Police Force
- Superintendent Ian Dickson, Police Prosecutions Command, NSW Police Force
- Detective Superintendent Paul Glinn, Forensic Services Group, NSW Police Force
- Mr Grant Hehir, Auditor-General, Audit Office of NSW
- Mr Rob Mathie, Assistant Auditor-General, Performance Audit, Audit Office of NSW.

Mr Tony Whitfield, Deputy Auditor-General, Financial Audit, Audit Office of NSW, was sworn and examined.

Evidence concluded, Superintendent Crandell, Superintendent Dickson, and Detective Superintendent Glinn withdrew.

Mr Ross Woodward, Chief Executive Officer, Office of Local Government, was sworn and examined.

Evidence concluded, the witnesses withdrew.

The public hearing concluded at 12.17pm.

4. ***

5. Adjournment

Meeting adjourned at 12.30pm. The next meeting will be on Thursday 7 August 9.45am in Room 1043.

MINUTES OF MEETING 79

Wednesday 2 July 2014
10.05am
Macquarie Room, Parliament House

Members present

Mr O’Dea (Chair), Dr Lee, Mr Bassett, Mr Piper

Officers in attendance

Abigail Groves, David Hale, Leon Last, Abigail Javier

1. Apologies

Apologies were received from Mr Daley and Mr Williams.

2. Confirmation of minutes

Resolved, on the motion of Mr Piper, seconded by Mr Bassett: That the minutes of meeting no. 78 held on 23 June 2014 be confirmed.

3. ***

4. Follow up of Performance Audits September 2012 – March 2013

4.1 *Transcript of public hearing 23 June 2014*

Resolved, on the motion of Mr Bassett, seconded by Mr Piper: That the corrected transcript of the public hearing held on 23 June 2014 be published and uploaded to the Committee’s website.

5. ***

6. ***

7. ***

8. ***

9. Adjournment

The meeting adjourned at 10.20am. Next meeting will be on 7 August 2014 at 9.45am in Room 1043.

MINUTES OF MEETING 80

Thursday 7 August 2014
9.50am
Room 1043, Parliament House

Members present

Mr O’Dea (Chair), Dr Lee, Mr Bassett, Mr Piper, Mr Daley, Mr Williams

Officers in attendance

Elaine Schofield, Abigail Groves, David Hale, Leon Last

1. Confirmation of minutes

Resolved, on the motion of Mr Bassett, seconded by Dr Lee: That the minutes of meeting no. 79 held on 2 July 2014 be confirmed.

2. ***

3. Follow up of Performance Audits September 2012 – March 2013

3.1 Correspondence

Resolved, on the motion of Mr Williams, seconded by Dr Lee: That the Committee note the following items of correspondence received, and accept the proposed correction from Superintendent Crandell and amend the answers to questions on notice accordingly:

- Email from Mr Peter McIlwain, Public Service Commission, providing further information on the proposed minimum standards for gifts and benefits policies, dated 3 July 2014,
- Email from Superintendent Tony Crandell, NSW Police Force correcting evidence provided in answers to questions on notice following the public hearing on 23 June 2014, dated 21 July 2014.

3.2 Answers to questions on notice

Resolved, on the motion of Mr Bassett, seconded by Dr Lee: That the Committee accept the following answers to questions on notice and publish them on its website:

- Superintendent Tony Crandell, NSW Police Force, dated 17 July 2014, as amended,
- Mr Ross Woodward, Office of Local Government, dated 18 July 2014, and
- Dr Michelle Bruniges, Department of Education & Communities, dated 22 July 2014.

3.3 Draft report

Resolved, on the motion of Mr Piper, seconded by Dr Lee: That the Committee adopt the draft report as the report of the Committee, to be signed by the Chair and presented to the House; that the Chair and the secretariat be permitted to correct stylistic, typographical and grammatical errors; and that, once tabled, the report be published on the Committee's website.

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9. Adjournment

The meeting adjourned at 10.33am. The next meeting will be on Thursday 14 August 2014 at 9.45am in Room 1043.