

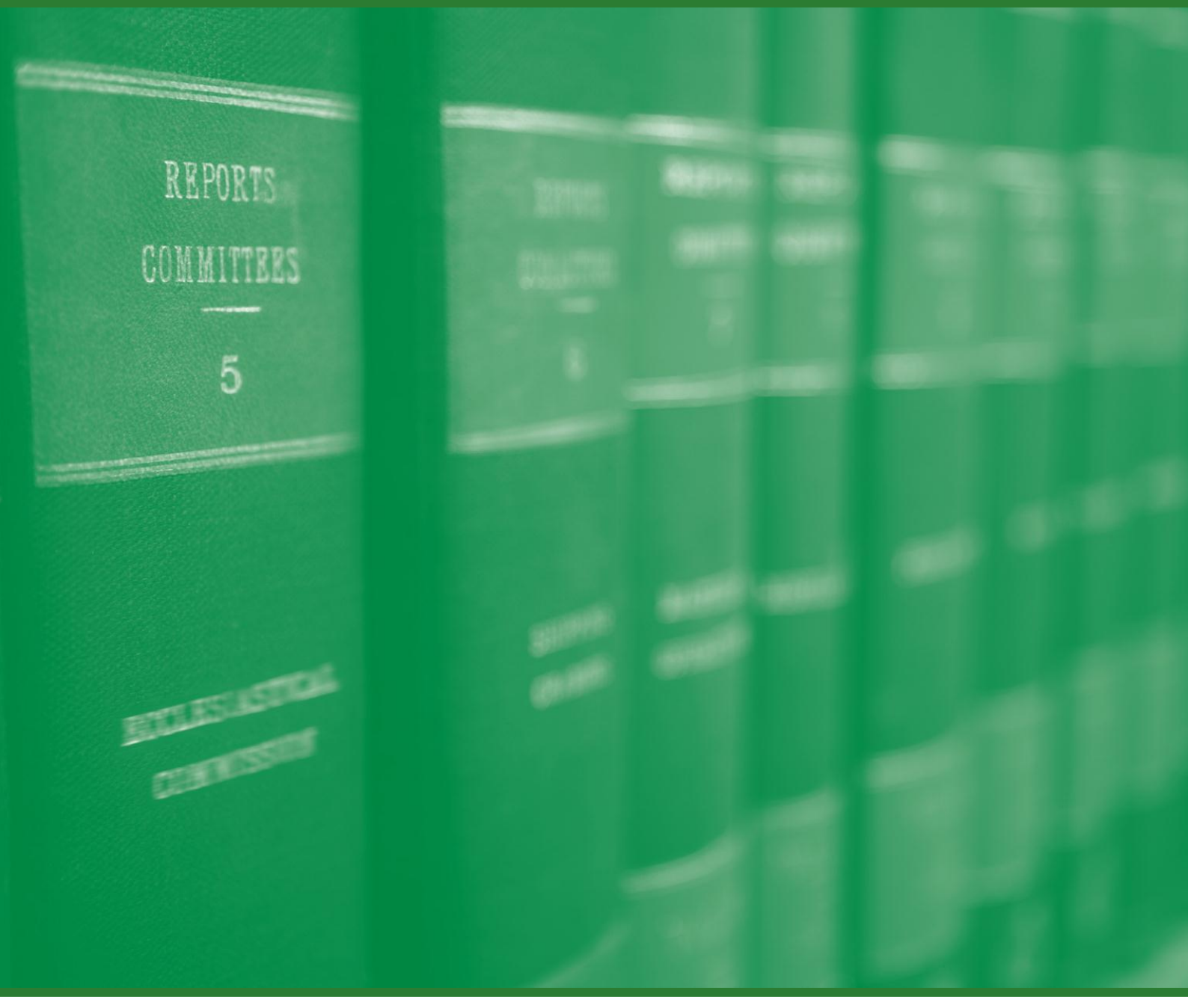


Public Accounts Committee

REPORT 9/55 – MAY 2013

EXAMINATION OF THE AUDITOR-GENERAL'S PERFORMANCE AUDITS

APRIL 2011 - SEPTEMBER 2011





LEGISLATIVE ASSEMBLY

PUBLIC ACCOUNTS COMMITTEE

EXAMINATION OF THE AUDITOR-GENERAL'S
PERFORMANCE AUDITS APRIL 2011-SEPTEMBER 2011

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

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Membership

CHAIR	Mr Jonathan O'Dea MP, Member for Davidson
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CONTACT DETAILS	Public Accounts Committee Parliament of New South Wales Macquarie Street Sydney NSW 2000
TELEPHONE	(02) 9230 2031
FACSIMILE	(02) 9230 3309
E-MAIL	pac@parliament.nsw.gov.au
URL	www.parliament.nsw.gov.au/publicaccounts

Terms of Reference

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...

Chair's Foreword

It is my privilege to present the Report on the Examination of the Auditor-General's Performance Audits April 2011 – September 2011. This report examines six audits conducted into: the effectiveness of cautioning for minor cannabis offences; government expenditure and transport planning in relation to implementing Barangaroo; Two Ways Together – NSW Aboriginal Affairs Plan; transport of dangerous goods; improving road safety: speed cameras; prequalification scheme: performance and management services.

The purpose of the Committee's reviews is to follow up on action taken by agencies in response to recommendations in the Audit Office performance audits. 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 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.

With some noted exceptions, the Committee is generally satisfied that agencies are meeting their obligations and implementing the Auditor General's recommendations. This has been partly due to the work and diligence of the Committee in pursuing the agencies concerned to elicit further responses on issues of concern.

The Committee has made ten recommendations to NSW Government agencies to address ongoing issues. A key theme from the reviews was the monitoring of effectiveness and the collection of data. The Committee found that in the Cannabis Cautioning Scheme, the Aboriginal Affairs Strategy, the use of Speed Cameras and the Pre-qualification Scheme warranted enhanced monitoring and reporting.

The Committee found that inadequate action was being taken in relation to the mandatory aspects of Cannabis Cautioning Scheme, when offenders are issued with a second caution and fail to contact the helpline. This review also recommended that all NSW Police Officers receive appropriate training on dealing with juvenile offenders.

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.

Mr Jonathan O'Dea MP
Chair

List of Recommendations

- RECOMMENDATION 1 _____ 13
 That the NSW Police Force make public the findings of their pilot program whereby offenders issued a caution are actively followed up by NSW Health, and that appropriate further action be taken when offenders issued with a second caution fail to contact the helpline.
- RECOMMENDATION 2 _____ 13
 That the NSW Police Force consider bringing forward the timeframe for completing the independent review of the Scheme from 2015.
- RECOMMENDATION 3 _____ 14
 That the NSW Police Force review how new training and guidelines issued to Youth Liaison Officers can be better disseminated to all NSW Police Officers.
- RECOMMENDATION 4 _____ 30
 That the Office of Communities, Aboriginal Affairs, better detail how the outcomes of the Aboriginal Affairs Strategy will be delivered and who is responsible for each outcome and stage of the program.
- RECOMMENDATION 5 _____ 46
 That Transport for NSW review the data collected in relation to causes of fatal accidents, particularly where the data has been used as, rationale for the location of a camera, and that all causes of a fatal accident, including speed, be collected and transparently reported on in greater detail.
- RECOMMENDATION 6 _____ 46
 That causes of fatal crashes be more precisely identified and include categories such as driving too fast for conditions and speed as a contributing factor (where another factor such as alcohol is the primary cause), rather than relying on 'exceed speed limit' as an all-encompassing speed-related factor.
- RECOMMENDATION 7 _____ 46
 That the Minister for Roads refer an inquiry into the appropriateness of current categories of causes of fatal crashes, with a view to developing more precisely defined categories referred to in Recommendation 6.
- RECOMMENDATION 8 _____ 47
 That the resolutions appointing the Joint Standing Committee on Road Safety (Staysafe) be amended to include an ongoing monitoring of speed cameras, in consultation with road user groups, police and other stakeholders.
- RECOMMENDATION 9 _____ 60
 That the Department of Finance and Services collect consistent and whole of sector data on the effectiveness of the Prequalification Scheme.

RECOMMENDATION 10 _____ 60

That the Department of Finance and Services monitor management of contract roll-overs and ensure guidelines are followed to encourage competitive processes.

Chapter One – Introduction

Overview

- 1.1 This is the Public Accounts Committee's third examination of the Auditor-General's performance audits tabled during the 55th Parliament, commencing with audits tabled from April 2011 and continuing through until September 2011.
- 1.2 In examining these audits, the Committee has looked into what the responsible agencies have done in response to the recommendations made by the Auditor-General. The Committee found that significant work has been done to address the issues raised in the audits. It is apparent that agencies have taken the audits seriously and instigated processes to implement those recommendations that were accepted.
- 1.3 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 responsibility outlined in section 57 of the *Public Finance and Audit Act 1983*, the Committee conducted an inquiry into six performance audits completed between April 2011 and September 2011. It used a similar process to that used in the previous inquiry and in the 54th Parliament by examining each responsible agency's response to the Auditor-General's performance audit twelve months after the audit 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 senior officials and the Auditor-General to a hearing and/or to provide additional information.
- 1.6 The Committee examined six reports.
- The Effectiveness of Cautioning for Minor Cannabis Offences
 - Transport of Dangerous Goods
 - Two Ways Together – NSW Aboriginal Affairs Plan
 - Government Expenditure and Transport Planning in relation to Implementing Barangaroo

- Improving Road Safety: Speed Cameras
- Pre-qualification Scheme: Performance and Management Services.

1.7 There were two audits for which the Committee sought a submission, but did not ask for additional information or proceed to a public hearing. These were the Auditor-General's reports on:

- The Two Ways Together – NSW Aboriginal Affairs Plan; and
- Government Expenditure and Transport Planning in relation to Implementing Barangaroo.

1.8 The Committee sought additional information in writing about two audits. These were:

- Improving Road Safety: Speed Cameras; and
- Transport of Dangerous Goods.

1.9 There were two audits for which the Committee proceeded to a more detailed examination. A public hearing was held on 18 March 2013 to seek further information about the remaining two audits. These were:

- Cannabis Cautioning Scheme
- Pre-qualification Scheme: Performance and Management Services

1.10 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.

Chapter Two – The Effectiveness of Cautioning for Minor Cannabis Offences

INTRODUCTION

- 2.1 In NSW, police can formally caution people caught with 15 grams or less of dried cannabis leaf, as a way to divert minor offenders from the criminal justice system and to break the cycle of drug usage.¹ A dependent cannabis user costs more than \$11,000 each year in health and crime costs, yet only a small number of offenders cautioned seek help.²
- 2.2 Cautions can only be issued if offenders meet specific criteria, which include admitting to possession, having no previous drug or violence offences and not facing court for any current offences.
- 2.3 The cautioning process differs for adults and young people. Under the government's Cannabis Cautioning Scheme adults are generally cautioned on the spot.³ First time offenders are encouraged to contact a drug helpline, operated by St Vincent's Health Local Area Network, but are not required to do so. On their second offence, an adult must contact the helpline for a compulsory education session.
- 2.4 Under the *Young Offenders Act 1997*, police can warn, caution or initiate a youth justice conference. Youth cautioning involves the police formally meeting with the offender and his/her parent or guardian. During the meeting officers present information on the side effects of cannabis and can refer young offenders to drug treatment services, but cannot compel them to attend.

THE PERFORMANCE AUDIT

- 2.5 The Auditor-General assessed the following two broad questions:
- does cautioning divert minor cannabis offenders from the courts?⁴
 - does cautioning help offenders consider the ramifications of cannabis use and seek help to reduce their drug use?⁵
- 2.6 Specifically, the Auditor-General examined whether:
- Police monitor whether offenders are diverted from courts
 - Cautioning guidelines are followed
 - Cautioning equipment and information are easily available

¹ NSW Auditor- General's Report Performance Audit – The Effectiveness of Cautioning for Minor Cannabis Offences, April 2011, p. 2

² The Effectiveness of Cautioning for Minor Cannabis Offences, p. 22

³ The Effectiveness of Cautioning for Minor Cannabis Offences, p. 2

⁴ The Effectiveness of Cautioning for Minor Cannabis Offences, p. 12

⁵ The Effectiveness of Cautioning for Minor Cannabis Offences, p. 18

- Staff monitor whether cautioning reduces an offender's cannabis use
- Cannabis offenders seek help for their cannabis use
- Data is collected on the profile of cautioned offenders
- A range of treatment options are available.

2.7 The audit assessed strategies to increase the number of adult offenders contacting the drug helpline, and evaluated whether cautioning reduced their use of cannabis.

2.8 The audit also reviewed the youth cautioning process to assess ways to increase the caution rate for young offenders. Guidelines and training provided was assessed in conjunction with developing new ways to assist young offenders to seek help for their cannabis use.

Audit Conclusions

2.9 The Audit found that, since 2001, the NSW Police Force has cautioned over 39,000 people for minor cannabis offences and saved an estimated \$20 million in court costs.⁶ The Audit found that under the current adult cautioning scheme only 0.2 per cent of first time offenders and 38 per cent of second-time offenders contact the drug helpline listed on the caution notice, despite it being mandatory.⁷ While this rate has increased over the last two years, it is still low given contacting the helpline is mandatory for a second offence.

2.10 The audit found that offenders that were cautioned were less likely to re-offend. Between 2000/01 and 2006/07 only five per cent of adults cautioned for minor cannabis offences appeared in court for similar offences within two years, compared to almost 14 per cent of offenders who had been managed by the courts.⁸

2.11 The rate of young offenders being charged has increased.⁹ NSW Police stated the increase in youth charges was due to an offender's failure to admit to the offence or having a criminal record involving drugs or violence. Both reasons make them ineligible for a caution.

2.12 The audit found that most police issue cautions appropriately and follow guidelines, but there is significant variation in the rates of cautioning between police commands.¹⁰ Police officers responsible for the issue of youth cautions receive compulsory training on the *Young Offenders Act 1997* and have guidelines on cautioning adult offenders, which are easily accessible on the Police intranet. However guidance provided to other police officers is less clear with more

⁶ NSW Auditor-General's Report Performance Audit – The Effectiveness of Cautioning for Minor Cannabis Offences, p. 12

⁷ The Effectiveness of Cautioning for Minor Cannabis Offences, p. 19

⁸ The Effectiveness of Cautioning for Minor Cannabis Offences, p. 15

⁹ The Effectiveness of Cautioning for Minor Cannabis Offences, p. 13

¹⁰ NSW Auditor- General's Report Performance Audit – The Effectiveness of Cautioning for Minor Cannabis Offences, p. 16, As above, p. 16

information given on requirements of the Act rather than the Police cautioning process.¹¹

- 2.13 Information on the legal and health consequences of cannabis is provided in brochures on drug usage given to young offenders and on the back of the caution notice issued to adults.
- 2.14 The current legislation does not allow police to attach conditions to ensure young offenders seek help. However, just under a quarter of surveyed police officers said they refer young offenders to drug treatment.¹² While Police Youth Liaison Officers and helpline counsellors collect basic information on offenders including their gender and age, they also try to identify an offender’s needs by discussing their drug use, work or home environment.¹³ However, there is no standard approach for capturing information on offenders by Police. The audit found that in relation to cannabis offences recorded by Police, only 20 per cent included comments about a young offender’s drug use.¹⁴
- 2.15 The audit found that a dependent cannabis user costs more than \$11,000 each year in health and crime costs. To assist these people reduce their drug use, NSW Health has set up six cannabis clinics across NSW for people aged 16 and older.¹⁵ An evaluation of the clinics conducted in 2007 found that 76 per cent of drug users had either stopped or reduced their drug use.¹⁶
- 2.16 The audit concluded that the Police should be encouraged to refer young offenders to these clinics if there is one in their area, although it was noted that there are few drug treatment services for people aged ten to fifteen years.¹⁷

Auditor-General's Recommendations

2.17 The Auditor-General made 10 recommendations:

Recommendations – Adult Offenders	
NSW Police, in consultation with NSW Health	
1	<p>By December 2012, implement strategies to increase the number of adult offenders contacting the drug helpline.</p> <p>These may include:</p> <ul style="list-style-type: none"> • Developing a handout or rewording the caution notice to point out that first time offenders can contact the helpline • Following up and penalising second caution offenders who do not contact the helpline for the mandatory education session

¹¹ The Effectiveness of Cautioning for Minor Cannabis Offences, p. 16
¹² The Effectiveness of Cautioning for Minor Cannabis Offences, p. 3
¹³ The Effectiveness of Cautioning for Minor Cannabis Offences, p. 21
¹⁴ The Effectiveness of Cautioning for Minor Cannabis Offences, p. 21
¹⁵ The Effectiveness of Cautioning for Minor Cannabis Offences, p. 22
¹⁶ The Effectiveness of Cautioning for Minor Cannabis Offences, p. 22
¹⁷ The Effectiveness of Cautioning for Minor Cannabis Offences, p. 22

	<ul style="list-style-type: none"> Setting targets for the number of first and second time adult offenders contacting the drug helpline.
2	By April 2013, evaluate whether cautioning reduces the drug use of adults cautioned for minor cannabis offences and recommend ways to improve its effectiveness. This may include making it mandatory for first caution offenders to seek help for their cannabis use.
NSW Police	
3	By December 2011, broaden the eligibility criteria to allow adult offenders with old convictions, [those capable of becoming spent convictions] to be cautioned for minor cannabis offences.
NSW Health, in consultation with NSW Police Force	
4	By December 2011, collect information on the profile of adult offenders who have contacted the drug helpline to assist future evaluations of cautioning and its impact on drug use.
5	By December 2012, develop new ways for adult offenders to contact the drug helpline and seek help for their cannabis use, such as an online education session.
Recommendations – Youth Offenders	
NSW Police Force	
6	By December 2012, help increase the cautioning rate for young offenders with minor cannabis offences by: <ul style="list-style-type: none"> Reviewing the youth cautioning process to resolve any issues that may prevent its use by police, including: <ul style="list-style-type: none"> processes for obtaining admission of guilt from young people how legal options under the Young Offenders Act 1997 should be discussed with young people. Developing guidelines and training police on the revised youth cautioning process.
7	By December 2011, update guidance on the <i>Young Offenders Act 1997</i> to inform police that warnings can be issued to young offenders for minor drug offences.
8	By December 2011, introduce a standard approach for recording the needs of young offenders such as drug use, peers, school and home environment.
NSW Police Force, in consultation with NSW Health	
9	By December 2012, develop ways to help young offenders seek help for their cannabis use. This may include showing a DVD on cannabis or inviting a drug counsellor to a caution meeting.

10	By April 2013, evaluate whether cautioning under the <i>Young Offenders Act 1997</i> reduces the drug use of young people cautioned for minor drug offences.
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THE COMMITTEE'S EXAMINATION

- 2.18 As part of the Committee's follow up of the Auditor-General's Performance Audits, the Chair wrote to the Commissioner of NSW Police and the Director General of NSW Health on 25 September 2012, inviting the agencies to provide a submission detailing actions taken in response to the Performance Audit. The NSW Police responded on 21 November 2012 and NSW Health on 25 November. The submissions were forwarded to the Auditor-General for comment, and he in turn responded on 4 February 2013.
- 2.19 In its submission NSW Health raised concerns that some of the recommendations were outside the scope of the scheme. NSW Police also identified resourcing issues and concerns about privacy.
- 2.20 On Monday 18 March 2013 the Committee held a public hearing to seek further information from NSW Health and NSW Police about their response to the audit. Mr David McGrath, Director, Mental Health Drug and Alcohol Office gave evidence for NSW Health and Superintendent Patrick Paroz, Commander of Drug and Alcohol Coordination gave evidence for NSW Police.
- 2.21 **Recommendation 1**, which focused on ways to increase the number of adult offenders contacting the drug helpline, was not supported by NSW Health although it was supported by NSW Police. In his evidence to the Committee, Mr McGrath stated that he believed that 'people who are pressured, forced or coerced into treatment arrangements may not necessarily get the best value for the community in terms of the use of the clinical resources being apportioned to them.'¹⁸
- 2.22 When asked by the Committee about the consequences of not contacting the helpline, Superintendent Paroz advised that in reality there were no consequences. He confirmed that at the first caution offenders are encouraged to contact the helpline. While contacting the helpline is mandatory at the second caution at the 'current moment there is no impact for people who do not follow up.'¹⁹
- 2.23 NSW Police advised the Committee that a pilot project involving active follow-ups of cautioned recipients by telephoning and/or texting has resulted in a modest improvement in call rates.²⁰ Superintendent Paroz advised that out of 111 cannabis cautions issued during the pilot period, 19 per cent contacted the helpline.²¹ Prior to the trial, the rate was only five per cent.

¹⁸ Mr David McGrath, Report of Proceedings before Public Accounts Committee, Monday 18 March 2013, p. 15

¹⁹ Superintendent Paroz, Report of Proceedings before Public Accounts Committee, Monday 18 March 2013, p. 19

²⁰ Submission 8, NSW Police, p. 2

²¹ Superintendent Paroz, Report of Proceedings before Public Account Committee, Monday 18 March 2013, p. 19

- 2.24 In its submission, NSW Health did not support introducing a penalty for failing to contact the helpline, on the basis that it is 'contradictory to the principles of the harm minimisation approach to drug and alcohol intervention'.²² NSW Health also commented that there were issues regarding identifying callers and providing health information to other agencies. Mr McGrath reiterated that in his view it is problematic to penalise offenders who did not seek treatment or contact the helpline as it places the 'intent of health-related services for people with problems with the intent of a criminal justice response'.²³ Mr McGrath reaffirmed that it was important for people to engage health services, with the 'premise that they are looking to change their health needs and not within the premise that they are looking to manage some sort of criminal justice response'.²⁴
- 2.25 Superintendent Paroz suggested that, rather than issuing a penalty notice for failing to contact the helpline after a second caution, the person could receive a follow-up call:
- ...should a person who does not do the second follow-up receive a penalty notice? Rather than issuing a penalty notice, why don't we ring them if they have not rung us, if it is about making sure we maximise the health benefit, without then going back into the justice side of things?²⁵
- 2.26 Mr McGrath agreed that, as long as it could be demonstrated there was a benefit, there was no particular reason for not contacting someone, although the costs associated with it should be considered.²⁶
- 2.27 **Recommendation 2** was rejected by NSW Health as being 'outside the scope of the scheme' but supported subject to funding by NSW Police.²⁷ The discussion around this recommendation included consideration of the purpose of the scheme. Mr McGrath told the Committee that NSW Health considers the primary purpose of the scheme to be diverting people from the criminal justice system into treatment.²⁸ It is not the purpose of the scheme to reduce a person's cannabis use *per se*.
- 2.28 The question of how to effectively measure the success of the scheme was also considered. Mr McGrath considered an effective measure of the scheme within a 'health framework' would be around the 'number of people who actually enter into a treatment program as a result of their diversion from the criminal justice system'.²⁹ On the other hand, Mr McGrath did not consider reduction in drug use to be a necessary outcome of the scheme. Rather, that is the responsibility of the treatment component of the system. Mr McGrath also suggested that the most effective way to assess the benefits of the program would be a 'point-in-time evaluation':

²² Submission 2, NSW Health, p. 3

²³ Mr David McGrath, Report of Proceedings before Public Accounts Committee, Monday 18 March 2013, p. 15

²⁴ Mr David McGrath, Report of Proceedings before Public Accounts Committee, Monday 18 March 2013, p. 15

²⁵ Superintendent Paroz, Report of Proceedings before Public Accounts Committee, Monday 18 March 2013, p. 23

²⁶ Mr David McGrath, Report of Proceedings before Public Accounts Committee, Monday 18 March 2013, p. 15

²⁷ Submission 8, NSW Police, p. 1

²⁸ Mr David McGrath, Report of Proceedings before Public Accounts Committee, Monday 18 March 2013, p. 13

²⁹ Mr David McGrath, Report of Proceedings before Public Accounts Committee, Monday 18 March 2013, p. 13

... a point-in-time evaluation is going to be crucially important for making a determination about whether the program has had an impact on individuals beyond whether they have contacted treatment services or not.³⁰

2.29 NSW Police advised that funds were identified to undertake an evaluation of the cautioning scheme in 2011/12, a roll out of which is currently being negotiated for 2012/13. A draft Request for Tender was developed and sent to five research institutions. The original completion date for the evaluation was September 2014, subject to obtaining approval for the funding.³¹ Superintendent Paroz updated the Committee at the hearing about the progress and the proposed time line for the review of the scheme, which is now expected to be completed in early 2015.

2.30 Mr McGrath informed the Committee that of those people who come into contact with the scheme, a large proportion still use drugs. The goal for NSW Health at this stage would be to get the 'person thinking about changing their behaviour rather than necessarily changing their behaviour.'³² He advised the Committee that it was unrealistic to think that one contact with the scheme would achieve a change in every individual:

On average it takes about six interventions to get someone who comes in with drug and alcohol problems to achieve behaviour change. It is unrealistic to think that one contact with a cannabis cautioning scheme is likely to achieve behaviour change in an individual.

We have to be focused on what are the best methods for getting that behaviour change in the long term and not on any individual mechanism along the way.³³

2.31 **Recommendation 3**, to broaden the eligibility criteria, was accepted by NSW Police, who advised that the implementation of this recommendation had been delayed due to the restructure of NSW Health and the suspension of the activities of the Senior Officers Committee on Drugs and Alcohol (SOCODA). NSW Police advised that they will implement this recommendation through the 'revision of policy, reference/resource materials and police training'.³⁴ Superintendent Paroz confirmed at the hearing that the recommendation had been implemented and new guidelines have been issued.³⁵

2.32 **Recommendation 4**, to collect information on the profile of adult offenders who have contacted the helpline, was accepted, but with qualification by NSW Health.³⁶ In its initial response to the Committee, NSW Health advised that significant changes would be required to change the existing database to enable the collection of the data. Consultation had commenced to determine the level of resources required, but the availability of these resources was uncertain.

³⁰ Mr David McGrath, Report of Proceedings before Public Accounts Committee, Monday 18 March 2013, p. 23

³¹ Submission 8, NSW Police, p. 1

³² Mr David McGrath, Report of Proceedings before Public Accounts Committee, Monday 18 March 2013, p. 13

³³ Mr David McGrath, Report of Proceedings before Public Accounts Committee, Monday 18 March 2013, p. 15

³⁴ Submission 8, NSW Police, p. 2

³⁵ Superintendent Paroz, Report of Proceedings before Public Accounts Committee, Monday 18 March 2013, p. 20

³⁶ Submission 2, NSW Health, p. 2

2.33 The Auditor-General commented that when conducting the audit the team had seen the data entry page for offenders and considered that only minor changes would be needed to capture this information.³⁷ In response, Mr McGrath advised the Committee that the issue was not about changing the database. Rather, it was about defining the fields that needed to be changed.³⁸ NSW Health has consulted the Alcohol and Drug Information Service (ADIS) which acknowledged that it is able to change the database, as long as the changes are consistent with the existing structure. The main issues for NSW Health were determining how much information is to be collected and the human resources costs that would be required:

If we are asking people to collect significant information about people's drug use history and record it there is clearly an assessment methodology required by the individual to collect that information effectively to get an appropriate profile.

If we are able to identify clearly what is needed within the evaluation, keep that contained within an appropriate scope, the cost of changing the database ought not to be prohibitive, and ADIS is prepared to provide us with a budget for what would be required in terms of human resources costs to achieve the collection of that particular data.³⁹

2.34 With respect to costs, the Auditor-General reminded the Committee of the savings that result from the Scheme:

...on average every cannabis cautioning saves \$500 to the Department of Attorney General and Justice through reduced court costs. On average the saving is about \$2.5 million a year through people being cautioned rather than going through the court system.⁴⁰

2.35 **Recommendation 5**, to develop new ways to encourage offenders to access the helpline, was accepted by NSW Health. NSW Health advised the Committee that two website addresses, 'Permanently Out of It' and 'Your Room', could be included on cannabis cautioning notices and that it was liaising with NSW Police to include these. Investigations into increasing accessibility of information through web based services and social marketing campaigns are ongoing.⁴¹

2.36 NSW Police initially did not support the recommendation. At the hearing Superintendent Paroz confirmed that this was because this type of initiative was the responsibility of NSW Health. He advised the Committee that NSW Police were interested in developing new strategies to increase access to information and education and would welcome the opportunity to be involved in developing a web-based program.⁴²

³⁷ NSW Audit Office response, Recommendation 4, NSW Health, p. 1

³⁸ Mr David McGrath, Report of Proceedings before Public Accounts Committee, Monday 18 March 2013, p. 17

³⁹ Mr David McGrath, Report of Proceedings before Public Accounts Committee, Monday 18 March 2013, p. 17

⁴⁰ NSW Auditor-General, Report of Proceedings before Public Accounts Committee, Monday 18 March 2013, p. 25

⁴¹ Submission 2, NSW Health, p. 2

⁴² Superintendent Paroz, Report of Proceedings before Public Accounts Committee, Monday 18 March 2013, p. 20

- 2.37 **Recommendation 6**, to help increase the cautioning rate for young offenders, was partially supported.⁴³ NSW Police agreed to review the current youth cautioning processes, keeping the intent set out in the *Young Offenders Act 1997* that 'police responses need to be proportionate to the offence.'⁴⁴ They advised that this commitment has been 'superseded by the NSW Attorney General and Justice Department's current review of the Young Offenders Act.'⁴⁵ Any resulting amendments to practice and process will be the subject of revised guidelines and training.
- 2.38 **Recommendation 7**, to update guidance on the issuing of cautions under the *Young Offenders Act* was accepted by NSW Police, but implementation has been delayed.⁴⁶ This information is currently contained in the 'Youth Induction Manual' and training is provided for Specialist Youth Officers and Youth Officers.⁴⁷ As with recommendation 6, NSW Police are awaiting the completion of the Attorney General's review.
- 2.39 The Auditor-General was encouraged to see that the Police have updated the Youth Liaison Officer training and guidance. However, he reported that it was also important for all officers to have clear guidelines and other diversion options, including warnings.⁴⁸
- 2.40 **Recommendation 8**, to introduce a standard approach for recording the needs of young offenders, was rejected by NSW Police.⁴⁹ They acknowledged that information like this would be discussed in a cautioning session, but advised that they 'do not believe it appropriate that the details of these discussions should be electronically captured in a police record.'⁵⁰
- 2.41 The audit had found that this information was already being captured by some police officers (generally in the 'notes' section of the young offender record). Twenty per cent of Youth Liaison Officers recorded comments on young offenders' drug use.⁵¹
- 2.42 Superintendent Paroz confirmed at the hearing that NSW Police 'do not believe it is appropriate or necessary to record that information on the computer operated police system (COPS)'.⁵² He commented that the information, if captured, is not used for any other purpose. No report or analysis is conducted, as it is not the police role 'in the first part of the intervention to gather and analyse that information.'⁵³

⁴³ Submission 8, NSW Police, p. 3

⁴⁴ Submission 8, NSW Police, p. 3

⁴⁵ Submission 8, NSW Police, p. 3

⁴⁶ Submission 8, NSW Police, p. 3

⁴⁷ Submission 8, NSW Police, p. 3

⁴⁸ NSW Audit Office response, Recommendation 4, NSW Police, p. 4

⁴⁹ Submission 8, NSW Police, p. 3

⁵⁰ Submission 8, NSW Police, p. 3

⁵¹ NSW Audit Office response, Recommendation 8, NSW Police, p. 5

⁵² Superintendent Paroz, Report of Proceedings before Public Accounts Committee, Monday 18 March 2013, p. 24

⁵³ Superintendent Paroz, Report of Proceedings before Public Accounts Committee, Monday 18 March 2013, p. 24

- 2.43 **Recommendation 9**, to develop ways to assist young offenders seek help for cannabis use, was accepted by NSW Police and NSW Health.⁵⁴ NSW Health stated that it supported the development of new ways to assist young offenders to seek help, but no examples were given. It did not support the attendance of a counsellor at caution meetings as NSW Health does not consider the scheme to be a treatment intervention scheme.⁵⁵ NSW Police were also unable to support the recommendation, due to the Attorney General's review (see recommendations 6 & 7).⁵⁶
- 2.44 The Auditor-General identified a conflict between Police Youth Liaison Officers permitting other people to attend a counselling meeting, and NSW Health, which maintains that it would not be appropriate to have counsellors attend the meetings.⁵⁷ The Auditor-General commented that a key part of the liaison officer's role is to link young offenders with key services available in the community and they use a resource list to help them. Published guidelines also permit them to invite people, such as counsellors, to cautioning meetings.⁵⁸
- 2.45 In his evidence to the Committee, Mr McGrath advised that this recommendation was not the 'best value for money'.⁵⁹ In the context of the aim of the scheme, which is to encourage young offenders to engage with the concept of treatment rather than actually enter into treatment, counselling resources are expensive. Mr McGrath did acknowledge that building a rapport with a counsellor may encourage young offenders to seek treatment. However, he suggested that this may not be achieved in the initial stages of counselling.
- 2.46 **Recommendation 10**, to evaluate whether cautioning of young offenders reduces cannabis use, was accepted by NSW Police, subject to funding, but rejected by NSW Health.⁶⁰ As with recommendation 2, NSW Health considered that this was outside the scope of the scheme. NSW Police advised that the evaluation would be delayed as it was dependent on funding being approved.⁶¹
- 2.47 When asked by the Committee how the effectiveness of the scheme was evaluated, Mr McGrath advised that it was difficult to follow up individuals as NSW Health did not have a unique patient identifier that enabled them to track an individual from one service location to another.⁶²
- 2.48 Mr McGrath confirmed that from NSW Health's perspective, a reasonable measure to evaluate the scheme would be how many people had progressed into treatment after being through the scheme. It was not a fair evaluation to make the scheme accountable for changes in drug use.⁶³

⁵⁴ Submission 2, NSW Health, p. 3

⁵⁵ Submission 2, NSW Health, p. 3

⁵⁶ Submission 8, NSW Police, p. 4

⁵⁷ NSW Audit Office response, Recommendation 9, NSW Police, p. 5

⁵⁸ NSW Audit Office response, Recommendation 10, NSW Police, p. 6

⁵⁹ Mr David McGrath, Report of Proceedings before Public Accounts Committee, Monday 18 March 2013, p. 18

⁶⁰ Submission 8, NSW Police, p. 4

⁶¹ Submission 8, NSW Police, p. 4

⁶² Mr David McGrath, Report of Proceedings before Public Accounts Committee, Monday 18 March 2013, p. 16

⁶³ Mr David McGrath, Report of Proceedings before Public Accounts Committee, Monday 18 March 2013, p. 17

- 2.49 Superintendent Paroz advised the Committee that there are approximately 5,000 first caution interventions under the scheme and 500 second cautions. He commented that from a police perspective, this was a 'good outcome in that ten per cent of those people are coming under notice again, but that means 90 per cent are not coming under notice.'⁶⁴

Committee Comment:

- 2.50 The Committee recognises that the Cannabis Cautioning Scheme can have a positive impact on an offender's drug use, and the efforts to date to reduce the number of offenders that have to attend court.
- 2.51 The Committee acknowledges that the scheme has to have elements of both health and criminal justice interventions. While the Committee is not advocating that a penalty notice should necessarily be issued to offenders who fail to contact the helpline after their second caution, we believe that some action should be taken as this is a mandatory requirement under the scheme. In some circumstances issuing a penalty notice may be an appropriate penalty. The pilot by NSW Police whereby offenders are contacted is encouraging, and may prove to be a useful model for future intervention.
- 2.52 It is not for our committee to recommend whether the law should be changed, or what the law should be. However, given that only 38 per cent of offenders comply with the mandatory requirement to seek counselling after the second caution, the committee is concerned that the law is being treated with disdain, which undermines respect for the legal system as a whole. Either the law should be changed, or it should be reasonably enforced.
- 2.53 The Committee believes the scheme has not been effectively evaluated, and welcomes the approach by NSW Police to commence an independent evaluation. However, we are concerned that the findings of the evaluation are not expected until 2015. The Committee believes that the timeframe should be revisited, with an objective to complete the evaluation sooner.
- 2.54 The Committee is pleased to note that NSW Police have updated the Youth Liaison Officer training and guidance. However, it is also important that all officers have clear guidelines and information about other diversion options, including warnings. The Committee believes that NSW Police should review how this information is disseminated to all NSW officers.

RECOMMENDATION 1

That the NSW Police Force make public the findings of their pilot program whereby offenders issued a caution are actively followed up by NSW Health, and that appropriate further action be taken when offenders issued with a second caution fail to contact the helpline.

RECOMMENDATION 2

That the NSW Police Force consider bringing forward the timeframe for completing the independent review of the Scheme from 2015.

⁶⁴ Superintendent Paroz, Report of Proceedings before Public Accounts Committee, Monday 18 March 2013, p. 22

RECOMMENDATION 3

That the NSW Police Force review how new training and guidelines issued to Youth Liaison Officers can be better disseminated to all NSW Police Officers.

Chapter Three – Government Expenditure and Transport Planning in relation to implementing Barangaroo

INTRODUCTION

- 3.1 Barangaroo is an area of Sydney located on the western edge of the Sydney CBD and at the southern end of the Sydney Harbour Bridge. It comprises 22 hectares of disused land formerly used for shipping and container wharves.⁶⁵ The land is owned by the State Government and managed by the Barangaroo Delivery Authority (the Authority).
- 3.2 The redevelopment comprises three areas:
- Headland Park, comprising six hectares of land with public open space, parkland, gardens, rock pools, look outs, cycle and walking paths;
 - Barangaroo South, which will be a precinct of commercial office buildings, residential apartments, shops, restaurants and cafes; and
 - Barangaroo Central, which sits between the Headland and Barangaroo South and is proposed to combine commercial development, low rise residential, educational buildings, public recreation facilities and be an area for cultural entertainment and events.
- 3.3 Construction commenced in 2012 and is expected to take 20 years to complete the buildings and infrastructure.⁶⁶

THE PERFORMANCE AUDIT

- 3.4 The audit examined two key issues in the planning and development of Barangaroo:
- whether the budget for government spending on the precinct was based on complete and well founded estimates of revenue and expenditure, and
 - whether the planned transport infrastructure is adequate to move the significant numbers of additional commuters in and out of the precinct.
- 3.5 The Auditor-General examined the Authority's 15 year financial forecast that was delivered in December 2009. Since the original forecast there have been amendments to the Project Development Agreement, approval of plans for Barangaroo South and the public domain and contract negotiations. The audit

⁶⁵ Barangaroo Delivery Authority Website, <http://www.barangaroo.com/discover-barangaroo/faqs.aspx>, viewed 25 January 2012.

⁶⁶ <http://www.barangaroo.com/discover-barangaroo/timeline.aspx>, viewed 29 January 2013.

reviewed the framework for the December 2009 forecast and revisions of individual estimates where possible.

- 3.6 The audit examined the effectiveness of budgeting for the public domain and infrastructure, the planned transport infrastructure and the effective co-ordination between the relevant agencies and relevant stakeholders to plan and implement transport initiatives.

Audit Conclusions

- 3.7 The key findings of the audit identified four major risks that may limit Barangaroo's success:

- developer contributions to government being different to those forecast,
- the cost of the public domain constructed by government being greater than estimated,
- planned, and necessary, transport solutions not started and not completed on time by government, and
- risks need to be managed effectively, to enable Barangaroo's success to be assured.⁶⁷

- 3.8 The Authority's operating and financial expenditure for the 2009/10 year ran consistently within estimates.⁶⁸ The majority of income received by the Authority is from developer contributions, both fixed and value sharing payments. Payments made by developers are modelled on the predicted premises' land value at Barangaroo South.⁶⁹ Approval of additional floor space taken up by Lend Lease, made in December 2010, will increase the fixed payments.⁷⁰ The audit identified that there are risks associated with this plan. The estimated income received from value sharing payments could change as they are based on the expected market value of the buildings in Barangaroo South in eight to ten years time.

- 3.9 The value sharing payments are based on market valuations of the last buildings to be constructed. The original forecast for value sharing payments was based on KPMG's evaluation of the proponent's baseline proposal of a gross floor area (GFL). The audit found that an increase in GFL in December 2010 may significantly increase value sharing payments.⁷¹

- 3.10 The estimated total cost for the temporary terminal at Barangaroo and the new terminal at White Bay was originally \$46 million.⁷² The Audit found that this cost has increased to \$62 million, which includes the cost of a temporary terminal further along the Barangaroo site, then relocating to a permanent location at White Bay in 2012. The revised cost includes the multi-purpose use of the new permanent terminal and a new access road. The increased cost is to be met by

⁶⁷ NSW Auditor-General's Report Performance Audit: Government Expenditure and Transport Planning in relation to implementing Barangaroo, June 2011, p. 18

⁶⁸ Government Expenditure and Transport Planning in relation to implementing Barangaroo, June 2011, p. 18

⁶⁹ Government Expenditure and Transport Planning in relation to implementing Barangaroo, June 2011, p. 14

⁷⁰ Government Expenditure and Transport Planning in relation to implementing Barangaroo, June 2011, p. 14

⁷¹ Government Expenditure and Transport Planning in relation to implementing Barangaroo, June 2011, p. 14

⁷² Government Expenditure and Transport Planning in relation to implementing Barangaroo, June 2011, p. 17

the Authority, with any further increase to be funded from the contingency reserve or by reduced spending on other projects of the public domain.⁷³

- 3.11 Planning for the public domain for Barangaroo Central is currently in the initial stages, with the Authority expecting development over a five year period, commencing in 2015. The Auditor-General found that there is a risk of limited funds resulting in its delivery being delayed.⁷⁴
- 3.12 There is also growing pressure on the cost of constructing the public domain. The Authority is open to large borrowing and interest payments to meet the 2015 deadline for building the domain and infrastructure. The audit found that the Authority needs to review its financial forecasting practices to make certain the monthly revisions currently undertaken for internal purposes can be incorporated into a continuous update for external parties such as Treasury.
- 3.13 Although the Authority is expected to cease operations in 2020, payments of interest are predicted to continue for several years after. At this point in time, the Audit found the estimate of the Authority's operating cost appears soundly based.⁷⁵
- 3.14 The ongoing maintenance costs for the Barangaroo precinct have not been included in the Authority's budget. These costs are to be funded via a future levy on lease holders in Barangaroo South. This levy, to be collected by the Barangaroo Management Company, has been estimated at approximately \$12 million a year.⁷⁶
- 3.15 The Authority is responsible for procuring, managing and securing transport services for the Barangaroo precinct.⁷⁷ Delivery of transport and accessibility projects is dependent on government agencies and plans. This primarily falls to Transport for NSW, who have legal authority to undertake transport planning, co-ordination, budgeting and oversight of major transport project delivery.⁷⁸ However, the Authority has limited ability to implement transport projects.
- 3.16 Transport planning for Barangaroo must provide for an increasing number of daily commuters, the majority of who will use trains. This increases the reliance on Wynyard station as the closest station to Barangaroo and emphasises the importance of increasing the station's capacity in the short term. The audit found that if transport infrastructure does not support the development, the success of Barangaroo may be limited.⁷⁹

⁷³ NSW Auditor-General's Report Performance Audit: Government Expenditure and Transport Planning in relation to implementing Barangaroo, June 2011, p. 17

⁷⁴ Government Expenditure and Transport Planning in relation to implementing Barangaroo, June 2011, p. 17

⁷⁵ Government Expenditure and Transport Planning in relation to implementing Barangaroo, June 2011, p. 18

⁷⁶ Government Expenditure and Transport Planning in relation to implementing Barangaroo, June 2011, p. 20

⁷⁷ Government Expenditure and Transport Planning in relation to implementing Barangaroo, June 2011, p. 25

⁷⁸ Government Expenditure and Transport Planning in relation to implementing Barangaroo, June 2011, p. 25

⁷⁹ Government Expenditure and Transport Planning in relation to implementing Barangaroo, June 2011, p. 20

Auditor-General's Recommendations

3.17 The Auditor-General made five recommendations:

1.	<p>Enhance monitoring and reporting of the financial forecast and actively manage costs</p> <p>As the project enters its construction stage, the Authority should improve its systems to enhance the rigour and monitoring of the project's financial forecast to ensure value for money and a potential surplus for government. This should include a rolling update of the financial forecast and more regular reporting to Treasury</p>
2.	<p>Disclosure of financial forecast figures</p> <p>The Authority should continue to ensure ongoing disclosure of financial information currently withheld for commercial reasons. This will enable the Authority to continue to comply with the provisions of the <i>Government Information (Public Access) Act 2009</i></p>
3.	<p>Greater consistency of project costing for major and high risk projects</p> <p>NSW Treasury should consider the wider application across the public sector of the P90 approach to calculating the cost of major and high risk construction projects. The P90 allowance is included in the project base cost and provides a 90 per cent chance that the forecast project cost will not be exceeded. In the case of these projects, a contingency can be added for uncertainties in the design, planning and delivery stages, which is revised during the procurement process</p>
4.	<p>Focus on implementing planned transport initiatives</p> <p>Co-ordinated action is required to ensure that transport plans are put in place in time to meet the needs of Barangaroo commuters. The Department of Transport needs to provide full and frank advice to Government on the implications of any delay or change of plan</p>
5.	<p>Full advice on the impact of changing transport priorities</p> <p>The Department of Transport's advice on how changing transport priorities may affect Barangaroo should include an assessment of options in terms of risks and consequences, including potential financial and economic impacts of decisions</p>

THE COMMITTEE'S EXAMINATION

3.18 As part of the Committee's follow up of the Auditor-General's Performance Audits, the Chair wrote to the Barangaroo Delivery Authority, NSW Treasury and Transport for NSW on 25 September 2012, inviting the agencies to provide a

submission detailing action taken in response to the Performance Audit. All agencies responded in November 2012.

- 3.19 A submission was also received from Mr Jamie Parker MP on 27 November 2012, which included concerns raised by the Australians for Sustainable Development Inc (AfSD), of which Mr Parker is a member. Mr Parker was advised that the Committee was conducting a follow-up audit of the implementation of recommendations made by the Auditor-General and not a general inquiry into the Barangaroo development.
- 3.20 The submissions were forwarded to the Auditor-General for comment, and he in turn responded on 4 February 2013. With regard to Mr Parker's submission, the Committee requested the Auditor-General respond only to the extent that it related to the performance audit report.
- 3.21 In their submissions, all agencies supported the recommendations made by the Auditor-General, the majority of which have been fully adopted or are in the process of being implemented.
- 3.22 **Recommendation 1** was accepted by the Authority and NSW Treasury.⁸⁰ The Authority advised that it 'regularly and rigorously reviews and monitors actual and forecast project revenues and expenditures'⁸¹ and meets regularly with NSW Treasury.
- 3.23 Independent reviews are also carried out including 'engagement of independent Valuers, Quantity Surveyors and other experts.'⁸² NSW Treasury stated that monthly meetings are held to discuss the 'Authority's financial position and any potential risks to ensure that any risks are mitigated before further development proceeds.'⁸³
- 3.24 The Auditor-General commented that the consultation process was particularly important now the project was in the construction phase:
- Changes to the plans for Barangaroo South are also occurring, and the case of proposed changes to the plans for the hotel, could result in revisions to the underlying financial arrangements between Land Lease and government.⁸⁴
- 3.25 **Recommendation 2** was accepted by the Authority and NSW Treasury.⁸⁵ The Authority stated that it was 'committed and continues to provide the community with maximum disclosure whilst maintaining its obligations to protect commercially sensitive and confidential information.'⁸⁶ This approach was endorsed by NSW Treasury, who commented that 'detailed, sensitive information particularly for specific projects should not be made publicly available until the

⁸⁰ Submission 3, Barangaroo Delivery Authority, p. 2 and Submission 5, NSW Treasury, p. 2

⁸¹ Submission 3, Barangaroo Delivery Authority, p. 2

⁸² ⁸² Submission 3, Barangaroo Delivery Authority, p. 2

⁸³ Submission 5, NSW Treasury, p. 2

⁸⁴ Audit Office response, Barangaroo Delivery Authority, p. 1

⁸⁵ Submission 3, Barangaroo Delivery Authority, p. 2 and Submission 5, NSW Treasury, p. 2

⁸⁶ Submission 3, Barangaroo Delivery Authority, p. 2

procurement process is completed'.⁸⁷ The Authority noted in its submission that after a recent review by the Information Commissioner, it was 'commended for proactively disclosing information on its website'.⁸⁸

3.26 **Recommendation 3** was accepted by the Authority.⁸⁹ The Authority stated that it 'has and continues to adopt the NSW Treasury methodology using a P90 contingency for major project business cases for NSW Treasury as carried out for Headland Park and the Cruise Passenger Terminal'.⁹⁰ NSW Treasury advised that it supports the wider application of the P90 approach and confirmed that 'any significant variances in project budgets are dealt with in the Budget Process and/or through the Expenditure Review Committee of Cabinet'.⁹¹

3.27 **Recommendation 4** had already been adopted by the Authority.⁹² The Authority is working closely with Transport for NSW (TfNSW) 'in progressing the actions outlined in the Barangaroo Integrated Transport Plan, released in August 2012'.⁹³ The Authority is also a key participant in the Wynyard Walk project, liaising with Lend Lease and TfNSW to ensure co-ordinated delivery with Barangaroo.

3.28 TfNSW provided an update on a number of projects that relate to the implementation of transport initiatives:⁹⁴

- implementation of Barangaroo Integrated Transport Plan – ongoing and on track
- deliver Wynyard Walk project – due date 2015, design and construct contract awarded to Theiss Pty Ltd in September 2012
- deliver short term rail efficiencies at Wynyard – on track, measures identified in Sydney's Rail Future and Long Term Transport Master Plan (LTTMP) including new timetables and platform decluttering
- deliver additional CBD rail capacity – long term project which will include a new harbour crossing and CBD rail line
- deliver Barangaroo ferry hub – this medium term project is currently in the planning stage
- deliver light rail to Barangaroo – this long term project is being considered through the Light Rail Strategic Plan.

3.29 In his submission, Mr Parker raised concerns about the proposed pedestrian link and the Wynyard upgrade, as 'an expensive token solution that will not

⁸⁷ Submission 5, NSW Treasury, p. 2

⁸⁸ Submission 3, Barangaroo Delivery Authority, p. 2

⁸⁹ Submission 3, Barangaroo Delivery Authority, p. 3

⁹⁰ Submission 3, Barangaroo Delivery Authority, p. 3

⁹¹ Submission 5, NSW Treasury, p. 3

⁹² Submission 3, Barangaroo Delivery Authority, p. 3

⁹³ Submission 3, Barangaroo Delivery Authority, p. 3

⁹⁴ Submission 6, Transport for NSW, pp. 2 - 3

accommodate even a reasonable fraction of the anticipated commuters to and from Barangaroo'.⁹⁵

3.30 The Auditor-General also commented about the proposed transport solutions:

There remain significant risks with the timing of the implementation of transport initiatives to meet the increasing number of commuters working at Barangaroo from 2015.⁹⁶

3.31 **Recommendation 5** was accepted by the Authority and TfNSW.⁹⁷ The Authority and TfNSW are working closely, with regular high level planning and implementation meetings. The Auditor-General noted that integrated transport solutions required close and ongoing working relationships between the Authority and Transport for NSW.⁹⁸

Committee Comment:

3.32 The Committee is pleased to note that the Barangaroo Delivery Authority, NSW Treasury and Transport for NSW accepted all five of the Auditor-General's recommendations, and makes no further recommendations.

⁹⁵ Submission 10, Mr Jamie Parker MP, p. 2

⁹⁶ Response from Audit Office, p. 1

⁹⁷ Submission 3, Barangaroo Delivery Authority, p. 4, Submission 6, Transport for NSW, p. 3

⁹⁸ Response from Audit Office, p. 2

PUBLIC ACCOUNTS COMMITTEE

GOVERNMENT EXPENDITURE AND TRANSPORT PLANNING IN RELATION TO IMPLEMENTING
BARANGAROO

Chapter Four – Two Ways Together - NSW Aboriginal Affairs Plan

INTRODUCTION

- 4.1 The Two Ways Together, NSW Aboriginal Affairs Plan 2003-2012 (the Two Ways Together plan) was released in response to evidence of the disadvantages experienced by the Aboriginal communities in NSW. The Plan aimed to:
- develop committed partnerships between Aboriginal people and the NSW Government; and
 - improve the social, economic, cultural and emotional wellbeing of Aboriginal people in NSW.⁹⁹
- 4.2 The Two Ways Together plan aimed to provide concrete and practical services to Aboriginal people using existing resources more effectively to deliver outcomes rather than obtaining new funding.¹⁰⁰ Priority areas of health, education, economic development, justice, families and young people, culture and heritage and infrastructure were developed during consultation with local communities.¹⁰¹
- 4.3 Lead agencies were assigned to each of the priorities with the NSW Department of Aboriginal Affairs (DAA) responsible for managing the contributions from Aboriginal communities and peak bodies. NSW Government Chief Executive Officers (CEOs) had their contracts amended to include performance targets associated with the plan. Cluster groups were also established. Each group created an action plan and performance indicators to assess the achievements of agency actions.¹⁰²
- 4.4 An evaluation in 2005 found that a number of cluster groups failed to work effectively due to senior officers failing to attend meetings, sending officers who lacked the authority to make decisions. The number of meetings proved to be a strain, and resulted in a lack of focus on achievements, lack of collaboration between agencies and a lack of efficient monitoring and reporting.¹⁰³
- 4.5 In 2007 the CEO Group on Aboriginal Affairs responsible for monitoring cluster and regional action plans was discontinued. This function is now undertaken by the Directors General Executive Committee which is required to report on Aboriginal and Torres Strait Islander issues on a quarterly basis.¹⁰⁴

⁹⁹ NSW Auditor-General's Report, Two Ways Together – NSW Aboriginal Affairs Plan, May 2011, p. 2

¹⁰⁰ Two Ways Together – NSW Aboriginal Affairs Plan, May 2011, p 11

¹⁰¹ Two Ways Together – NSW Aboriginal Affairs Plan, May 2011, p 10

¹⁰² Two Ways Together – NSW Aboriginal Affairs Plan, May 2011, p. 12

¹⁰³ Two Ways Together – NSW Aboriginal Affairs Plan, May 2011, p. 13

¹⁰⁴ Two Ways Together – NSW Aboriginal Affairs Plan, May 2011, p. 15.

THE PERFORMANCE AUDIT

- 4.6 The Auditor-General assessed the performance of the Two Ways Together plan and examined whether:
- indicators were set and targets and measures established and achieved; and
 - implementation was effective in terms of whether:
 - a state-wide coordinated approach was established and followed
 - a local coordinated approach was established and followed.
- 4.7 The audit concentrated on the following questions:
- was the initial state implementation effective?
 - was the subsequent regional implementation effective?
 - were indicators established, and targets and measures set and achieved?
 - was local implementation effective?
- 4.8 Aboriginal community members who were involved in the introduction of the Two Ways Together plan were consulted as part of the audit. They stated they felt the plan was a good idea but were disappointed that planned changes did not occur. They viewed it as a 'Sydney' plan developed by a Sydney based government with no genuine connection to regional Aboriginal people or agencies.¹⁰⁵

Audit Conclusions

- 4.9 The audit found that the most significant achievement of the plan at a state level was to elevate the issue of Aboriginal disadvantage within NSW government agencies. Although the Auditor-General acknowledged that dealing with systemic problems would be a challenge, the audit found that the implementation of the Two Ways Together plan within and across agencies and Aboriginal communities had not succeeded in closing the gap between outcomes for Aboriginal people and the wider community.¹⁰⁶
- 4.10 The audit identified lack of agency focus to identify Aboriginal needs and expectations, lack of effective communication between agencies and communities and unrealistic timeframes for consultation hampered the success of the whole of government approach in the plan.¹⁰⁷
- 4.11 The audit found that although the NSW Government had a strong commitment to working collaboratively, agencies had trouble determining who were the

¹⁰⁵ NSW Auditor-General's Report, Two Ways Together – NSW Aboriginal Affairs Plan, May 2011, p. 11

¹⁰⁶ Two Ways Together – NSW Aboriginal Affairs Plan, May 2011, p. 12

¹⁰⁷ Two Ways Together – NSW Aboriginal Affairs Plan, May 2011, p. 11

Aboriginal people they should be partnering with, resulting in poor connection and accountability between the agencies and local Aboriginal people.¹⁰⁸

- 4.12 The audit found there were no targets for the health, housing and infrastructure indicators even though these were identified by the Aboriginal community as priorities at the start of the plan.¹⁰⁹ The Aboriginal people consulted during the audit stated they wanted agencies to be held accountable for their performance and spending of funds to address disadvantage in the Aboriginal community.¹¹⁰ They commented that the impact of services delivered to their community did not match the resources that were spent.¹¹¹
- 4.13 The evaluation of the \$40 million budget found that allocated funds had been significantly underspent during the first three years of funding, with one agency returning unspent capital to NSW Treasury. The audit found it was difficult to determine whether funding was being properly allocated and spent or where the funding can be most effective.¹¹²
- 4.14 The audit found that the overarching frameworks developed to implement the Plan have not functioned according to plan since 2009.¹¹³ However, these overarching frameworks have set the groundwork for developing governance arrangements for the Two Ways Together Partnership Community Program for local Aboriginal Communities. This program aimed to partner Aboriginal communities and government agencies to plan and deliver services locally to improve outcomes for Aboriginal people.¹¹⁴ The audit concluded that the Partnership Community Program was the first focused attempt to develop a community engagement process.¹¹⁵
- 4.15 During the audit, members of the Community Program expressed their need for ongoing support.¹¹⁶ They felt the program showed genuine potential for their communities and any loss of momentum due to lack of government support would be a further setback for the Aboriginal community.¹¹⁷ The audit found that the Partnership Community Programs should continue and be encouraged. The audit also recognised that 55 per cent of the NSW Aboriginal population lives outside of Partnership Communities. While the Program has potential for further expansion into these areas, some communities may require alternative structures to suit their requirements.¹¹⁸

¹⁰⁸ NSW Auditor-General's Report, Two Ways Together – NSW Aboriginal Affairs Plan, May 2011, p. 11

¹⁰⁹ Two Ways Together – NSW Aboriginal Affairs Plan, May 2011, p. 15

¹¹⁰ Two Ways Together – NSW Aboriginal Affairs Plan, May 2011, p. 16

¹¹¹ Two Ways Together – NSW Aboriginal Affairs Plan, May 2011, p. 16

¹¹² Two Ways Together – NSW Aboriginal Affairs Plan, May 2011, p. 18

¹¹³ Two Ways Together – NSW Aboriginal Affairs Plan, May 2011, p. 20

¹¹⁴ Two Ways Together – NSW Aboriginal Affairs Plan, May 2011, p. 20

¹¹⁵ Two Ways Together – NSW Aboriginal Affairs Plan, May 2011, p. 20

¹¹⁶ Two Ways Together – NSW Aboriginal Affairs Plan, May 2011, p. 22

¹¹⁷ Two Ways Together – NSW Aboriginal Affairs Plan, May 2011, p. 22

¹¹⁸ Two Ways Together – NSW Aboriginal Affairs Plan, May 2011, p. 22

Auditor-General's Recommendations

4.16 The Auditor- General made nine recommendations:

Department of Premier and Cabinet, in consultation with Aboriginal Affairs NSW	
1	By January 2012, consider the appointment of an Independent Advisor or Advisors as a champion for Aboriginal people in NSW to be a strong and independent voice on issues that are fundamental to improving the lives of Aboriginal people.
2	By June 2012, improve government agency accountability by: <ul style="list-style-type: none"> • Appointing an independent auditor to undertake an annual program of reviews of government programs and services to Aboriginal people against specific outcomes, accountabilities and timelines. • Audit reports to be provided to the relevant Minister and made publicly available. <p>Using information obtained through the independent audit process to form an evidence base to determine which programs and services are making a difference and why.</p>
3	By June 2012, requiring every government agency funded to deliver programs and services to Aboriginal people to include in their annual report a breakdown of Aboriginal specific funds received, how they were spent and outcomes achieved.
4	By July 2011, ensure the compliance of NSW Government agency heads with the reporting requirements on Aboriginal targets as part of their performance agreement and develop a plan to regularly review compliance and results.
5	By January 2012, require all NSW Government agency heads and regional managers to undertake Aboriginal cultural competency training and support local Aboriginal community groups to provide an element in that training about the local Aboriginal environment.
Two Ways Together Partnership Community Program, Aboriginal Affairs NSW	
6	Continue to support existing and developing community governance bodies and by January 2012: <ul style="list-style-type: none"> • Provide ongoing training to the community governance bodies in order to give them the tools and practical skills needed to work with agencies, such as leadership skills, financial literacy and negotiation skills. • Develop a cadetship program for each community governance body. Under this program a scholarship and permanent employment position be developed with the successful candidate to study an appropriate management course and work with and support the community governance body.

Aboriginal Affairs NSW	
7	By January 2012, develop a process to monitor government agency compliance with the requirement to work with the community governance bodies in developing and delivering programs and services, including an annual report on achievement against each community governance body's priorities.
8	By January 2012, identify within existing resources, project staff to act as solution brokers to assist those communities not a part of the Partnership Community Program until the Program is rolled out across NSW.
9	By January 2012, review and streamline the indicators within the biennial Report on Indicators. This should be done with reference to: <ul style="list-style-type: none"> • What reporting is required in the interest of key stakeholders (the Aboriginal people of NSW and the wider NSW population) • Ensuring NSW is reporting on key activities and achievements towards overcoming disadvantage. • Strengthening the voice of local Aboriginal people within reporting.

THE COMMITTEE'S EXAMINATION

- 4.17 As part of the Committee's follow up of the Auditor-General's Performance Audits, the Chair wrote to the Department of Aboriginal Affairs and Department of Premier and Cabinet on 25 September 2012, inviting the agencies to provide a submission detailing action taken in response to the Performance Audit. The Department of Aboriginal Affairs responded on 26 November 2012, advising that it had prepared a joint response with the Department of Premier and Cabinet.
- 4.18 The submission was forwarded to the Auditor-General for comment, and he in turn responded on 4 February 2013.
- 4.19 The agency response did not set out progress made against each of the Auditor-General's recommendations, but included a progress report on the work of the Ministerial Taskforce on Aboriginal Affairs, established in 2012 in response to the Auditor-General's report. The Taskforce is responsible for producing a new Aboriginal Affairs Strategy.¹¹⁹
- 4.20 The progress report outlined a number of key areas, particularly strengthening accountability and the capacity of communities and service delivery. The Department of Aboriginal Affairs advised the Committee that 'the taskforce is currently considering the outcome of the community consultations on the initiatives discussed in the progress report and will shortly be making recommendations to Government.'¹²⁰

¹¹⁹ Submission 9, Department of Aboriginal Affairs, p. 1

¹²⁰ Submission 9, Department of Aboriginal Affairs, p. 1

- 4.21 The Auditor-General commented on the work of the Ministerial Taskforce, which he considered showed the NSW Government's commitment to consult with Aboriginal people:

While the new Aboriginal affairs strategy has not yet been released, the membership of the Taskforce, and the consultations undertaken across NSW, are important steps by government in engaging with Aboriginal people in NSW to understand the issues that are fundamental to improving their lives.¹²¹

- 4.22 The progress report highlighted the concerns of Aboriginal people that there were 'too many programs for too few results'¹²² and to get better results a new accountability approach needed to be implemented. The Auditor-General advised that the Audit Office would expect to see 'specific and practical recommendations for accountability addressed in a practical manner in the new Aboriginal affairs strategy'.¹²³ The audit also identified the 'need to embed Aboriginal culture and understanding in government and Non-Government Organisations'.¹²⁴
- 4.23 The NSW Government released the Opportunity, Choice, Healing, Responsibility, and Empowerment (OCHRE) Report (the report) on 5 April 2013. This new Aboriginal Affairs Strategy was reviewed by the Committee to assess how it addressed the recommendations made by the Auditor-General.
- 4.24 **Recommendation 1** has been completed. An independent Coordinator General has been appointed to chair an independent Aboriginal Council which will collaborate with NSW Government agencies regarding the delivery of Government plans that affect the Aboriginal communities. The Coordinator General for Aboriginal Affairs will also report periodically to the Minister on outcomes, activities and achievements of the Council.¹²⁵
- 4.25 **Recommendation 2**, to appoint an independent auditor to undertake an annual program of reviews of government services to Aboriginal people was not accepted. While the report refers to effective oversight of government agencies by the Ombudsman and Audit Office it does not commit to appointing an independent auditor. The report does states 'over time agencies will work with Treasury to link program evaluations within financial reporting to increase understanding of the effectiveness of Government investment'.¹²⁶
- 4.26 **Recommendation 3** is partly covered by the report. The report discusses government agencies, including the NSW Aboriginal Land Council and NSW Public Service Commission and their programs and services for the Aboriginal community, but does not include any reporting mechanisms. The proposed

¹²¹ Audit Office response, Recommendation 2, Aboriginal Affairs, p. 2

¹²² Ministerial Taskforce on Aboriginal Affairs, Progress Report 2012, p. 6

¹²³ Audit Office response, Recommendation 2, Aboriginal Affairs, p. 2

¹²⁴ Ministerial Taskforce on Aboriginal Affairs, Progress Report 2012, p. 3

¹²⁵ OCHRE, NSW Government Plan for Aboriginal affairs: education, employment & accountability, p. 28

¹²⁶ OCHRE, NSW Government Plan for Aboriginal affairs: education, employment & accountability, p 4

Aboriginal Local Decision Making model includes formal reporting to government but does not specify what is to be reported and what mechanism is to be used.¹²⁷

- 4.27 **Recommendation 4** has been completed. The report states that the performance agreements of Directors General of NSW Government departments will include initiatives of the OCHRE report along with a change in agency practices to incorporate a partnership approach with Aboriginal people.¹²⁸
- 4.28 **Recommendation 5** proposes all NSW Government agency heads and regional managers undertake training in Aboriginal cultural competency.¹²⁹ This has not been completed, although reference is made to the Public Service Commission's proposed Aboriginal employment strategy, to be released in 2014. While this is encouraging, further information detailing how this is to be addressed and implemented would be valuable.¹³⁰
- 4.29 **Recommendation 6** has been partially completed. The report refers to the Aboriginal Local Decision Making model providing effective local training programs and skills development for Aboriginal local management committees who represent their whole community. While the report does not mention a cadetship program, it refers to a recommendation made by the Taskforce to develop an 'Opportunity Hub' to assist young Aboriginal people with the transition from school into tertiary education, training and employment.¹³¹
- 4.30 **Recommendation 7** has been partially completed. The report advises that the NSW Government will establish an Independent Council that will monitor and report progress to NSW State Parliament.¹³² Progress will also be reported to a Senior Management Council, which is made up of Directors-General. The report has no detail on the process for monitoring and there is no reference to annual reporting.¹³³
- 4.31 **Recommendation 8** stated that staff working on the Partnership Community Program should act as solution brokers to assist communities outside of the program, using existing resources.¹³⁴ This recommendation was partially addressed by the report. The Ministerial taskforce recommended the implementation of an Aboriginal Local Decision Making model which comprises three communities: urban, regional and remote. The model (advisory, planning and implementation) aims to improve service delivery outcomes and accountability.¹³⁵
- 4.32 The Auditor-General commented that he expected to see specific and practical recommendations for accountability addressed in a practical manner in the new

¹²⁷ OCHRE, NSW Government Plan for Aboriginal affairs: education, employment & accountability, p. 23

¹²⁸ OCHRE, NSW Government Plan for Aboriginal affairs: education, employment & accountability, p. 28

¹²⁹ NSW Auditor-General's Report Performance Audit: Two Ways Together - NSW Aboriginal Affairs Plan, May 2011, p. 4

¹³⁰ OCHRE, NSW Government Plan for Aboriginal affairs: education, employment & accountability, p. 17

¹³¹ OCHRE, NSW Government Plan for Aboriginal affairs: education, employment & accountability, p. 15

¹³² OCHRE, NSW Government Plan for Aboriginal affairs: education, employment & accountability, p. 26

¹³³ OCHRE, NSW Government Plan for Aboriginal affairs: education, employment & accountability, p. 27

¹³⁴ Two Ways Together – NSW Aboriginal Affairs Plan, May 2011 p. 4

¹³⁵ OCHRE, NSW Government Plan for Aboriginal affairs: education, employment & accountability, p. 23.

Aboriginal affairs strategy.¹³⁶ The Ministerial Taskforce recommended a new 'Accountability Framework' that embeds a new partnership with Aboriginal people, ensuring the strategy is implemented successfully and improves the effectiveness of government expenditure on Aboriginal affairs.¹³⁷

- 4.33 **Recommendation 9** proposed a review and streamlining of indicators within the biennial public report on the performance of the Two Ways Together plan. The OCHRE report does state that stakeholders such as Aboriginal communities will design an evaluation methodology and evaluation process and recommends that the Minister for Aboriginal Affairs invite the Auditor-General to undertake regular performance audits.¹³⁸

Committee Comment:

- 4.34 The Committee recognises that since the publication of the Two Ways Together plan the Ministerial Taskforce on Aboriginal Affairs has published a new strategy, which the Committee is pleased to note addresses the majority of the Auditor-General's recommendations.
- 4.35 The Committee considers that the OCHRE plan is a positive step in making changes to address the needs of Aboriginal communities in NSW. While the outcomes are described, the Committee considers that more information is needed about how these outcomes will be delivered and who is responsible for each stage of the program.
- 4.36 The Committee is pleased to note the recommendation of the strategy to invite the Auditor-General to undertake regular performance audits and to provide the Aboriginal communities the opportunity to design an evaluation process.

RECOMMENDATION 4

That the Office of Communities, Aboriginal Affairs, better detail how the outcomes of the Aboriginal Affairs Strategy will be delivered and who is responsible for each outcome and stage of the program.

¹³⁶ Audit Office response, Recommendation 2, Aboriginal Affairs, p. 2

¹³⁷ Ministerial Taskforce on Aboriginal Affairs, Final Report, 2012, p. 5

¹³⁸ OCHRE, NSW Government Plan for Aboriginal affairs: education, employment & accountability, p. 29

Chapter Five – Transport of Dangerous Goods

INTRODUCTION

- 5.1 Dangerous goods are substances and articles that pose an acute risk to people, property and the environment due to their chemical and physical properties.¹³⁹ They may be radioactive materials, explosives, flammable, liquids, gases, oxidising substances and environmentally hazardous agents with the inherent capacity to ‘harm people, property and the environment.’¹⁴⁰
- 5.2 *The Dangerous Goods (Road and Rail Transport) Act 2008 and Regulation 2009* ‘aims to reduce as far as practicable the risks of personal injury, death, property damage and environmental harm arising from the transport of dangerous goods by land transport.’¹⁴¹ The transport of dangerous goods is a high risk activity involving heavy vehicles on public road and rail transport. It combines the risks associated with the use of heavy transport vehicles with the risks of explosions, release of toxic gas or volatile liquids, and fires.¹⁴²
- 5.3 The Office of Environment and Heritage (OEH) and WorkCover NSW as a ‘competent authority’ are responsible for regulating dangerous goods transportation in NSW. These agencies, in collaboration with other emergency departments, have developed an inter-agency program to ensure that dangerous goods are properly secured during transport in NSW.

THE PERFORMANCE AUDIT

- 5.4 In evaluating the performance of the inter-agency program, the Auditor-General considered in detail:
- whether the inter-agencies program was collecting enough relevant information regarding compliance of dangerous goods transport in NSW,
 - whether agencies were efficiently collecting and sharing information on transport of dangerous goods in NSW,
 - whether the agencies were efficiently monitoring and conducting safety checks in accordance with the regulation,
 - whether risks to public safety and the environment have been identified and minimised, and
 - whether the system of licencing drivers has reduced corruption in transporting dangerous goods in NSW.

¹³⁹ NSW Environment and Heritage “Transporting dangerous goods in NSW” <http://www.environment.nsw.gov.au/dangerousgoods/> accessed on 4 April 2013

¹⁴⁰ NSW Auditor-General’s Report Performance Audit: Transportation of Dangerous Goods, May 2011, p. 2

¹⁴¹ Transportation of Dangerous Goods, May 2011, p. 21

¹⁴² Transportation of Dangerous Goods, May 2011, p. 21

Audit Conclusions

- 5.5 The Auditor-General found that there is an information gap between the agencies tasked with compliance and monitoring of dangerous goods. However, he also found that there is no information on the kind of chemicals or the quantity of dangerous goods being transported by rail, or where hazards risks to the environment and the general public are greatest. This vital information would assist agencies such as the Office of Environment and Heritage (OEH) and WorkCover NSW, to 'determine causal factors so that tailored education, promotion and the enforcement strategies can be developed'.¹⁴³
- 5.6 In relation to inspection of safety standards, the Auditor-General found that OEH regulatory inspection coverage had improved steadily in the latter half of 2010 to include a state-wide campaign of road side inspections. However, the audit concluded that there was a need to improve coverage to include 'spot checks' on chemical products going through tunnels and metropolitan areas. The data included in the audit showed that over 85 per cent of containers which originated from or were bound for a destination within 40 kilometres of Port Botany had few inspection checks on them.¹⁴⁴
- 5.7 Using data from OEH's checks on truck operators, the Auditor-General noted that the number of vehicles found to be in breach of the dangerous goods transport regulation has gradually declined from 55 per cent in 2009 to 45 per cent in 2010.¹⁴⁵ This improvement was attributed to an increase in inspection, prohibition and penalties. However, the Auditor-General 'found no guidance to staff on the use of penalties as part of a graduated enforcement response, reflecting the risk that non-compliance poses'.¹⁴⁶
- 5.8 In relation to risk and security assessments, the Auditor-General found no 'documented risk assessments and no clear picture of where the risks to human life and the environment are greatest'.¹⁴⁷ The Auditor-General found that there is no obligation on operators to avoid bridges, busy or congested routes or routes passing through residential areas.¹⁴⁸
- 5.9 Dangerous goods drivers are required to obtain a special licence from OEH. The Auditor-General found that few checks are conducted by OEH during the licencing process.¹⁴⁹ The audit looked at alleged corrupt practices by drivers transporting dangerous goods in NSW and found that regulatory agencies are often exposed to risks associated with corruption and fraudulent behaviour. Furthermore, the audit noted that OEH does not have effective systems and processes in place to provide assurance that licences are only issued to suitable

¹⁴³ NSW Auditor-General's Report Performance Audit: Transportation of Dangerous Goods, May 2011, p. 16

¹⁴⁴ Transportation of Dangerous Goods, p. 16

¹⁴⁵ Transportation of Dangerous Goods, p. 18

¹⁴⁶ Transportation of Dangerous Goods, p. 18

¹⁴⁷ Transportation of Dangerous Goods, p. 22

¹⁴⁸ Transportation of Dangerous Goods, p. 21

¹⁴⁹ Transportation of Dangerous Goods, p. 24

applicants and not to drivers that are unskilled or unsuitable to transport dangerous goods.¹⁵⁰

Auditor-General's Recommendations

5.10 The Auditor-General made eight recommendations:

1	By June 2012, OEH and WorkCover need to establish mechanisms for gathering and sharing meaningful and reliable information on the transport of dangerous goods with key agencies, and with the road and rail transport industry.
2	By December 2011 OEH and WorkCover need to strengthen the inspection and compliance program by working closely together, focusing on the most dangerous situations and the most dangerous operators and the places where their inspections can be done most expeditiously and effectively.
3	By June 2012 OEH and WorkCover need to conduct awareness raising programs that target areas of high risk for the transport of dangerous goods. They need to talk to industry associations about how to most effectively accomplish this.
4	By December 2011 OEH needs to clearly identify with WorkCover the areas of high risk and ensure that risk assessments are consistently used to more effectively guide its regulatory efforts in transport of dangerous goods.
5	OEH and WorkCover need to continue to monitor developments in security risk assessment, and incorporate this into their overall risk assessment.
6	By December 2011 OEH needs to improve the controls on its licensing and training processes to ensure the risk of fraud and corrupt conduct occurring and remaining undetected is minimised.
7	By September 2011 OEH should examine the feasibility of having RTA issue dangerous goods licences on its behalf.
8	By June 2012 OEH and WorkCover need to establish safety goals and performance measures for the transport of dangerous goods regulatory program.

THE COMMITTEE'S EXAMINATION

5.11 As part of the Committee's follow up of the Auditor-General's Performance Audits, the Chair wrote to the WorkCover Authority of NSW and the NSW Environment Protection Authority (EPA) on 25 September 2012, inviting the agencies to provide a submission detailing action taken in response to the Performance Audit. The WorkCover Authority of NSW responded on 20 November 2012 and the EPA responded on 6 November 2012.

¹⁵⁰ NSW Auditor-General's Report Performance Audit: Transportation of Dangerous Goods, May 2011, p. 23

- 5.12 The submission was forwarded to the Auditor-General for comment, and he in turn responded on 4 February 2013.
- 5.13 All of the Auditor-General's recommendations contained in the report have been implemented by both agencies within the required timeframes.
- 5.14 **Recommendation 1** was accepted by both agencies.¹⁵¹ An interagency working group, including representatives from Independent Transport and Safety Regulator, NSW Health, Fire and Rescue NSW (F&R NSW), NSW Police and Roads and Maritime Services (RMS) was established to implement the recommendations made by the Auditor-General. As all of the recommendations have been implemented, the interagency working group has since been disbanded.¹⁵²
- 5.15 In its response to the Committee, the EPA commented that the focus of the group had been on 'making the best use of existing data systems, including implementing improved data collection.'¹⁵³ The need for accurate data and its collection will need to be balanced, in light of the limited resources available to agencies 'whose primary responsibility is delivery of front line services.'¹⁵⁴
- 5.16 The Auditor-General commented that he was pleased to see the level of interagency co-operation. However, having acknowledged that the available data is patchy, further work may be needed on the effectiveness of the EPA when requesting data from other agencies.¹⁵⁵
- 5.17 In response to questions on notice the EPA advised the Committee that it continues to liaise with industry to improve the release of information on the movement of dangerous goods in NSW.¹⁵⁶ The EPA also advised that it has taken part in regular forums involving industry representatives, including delivering presentations to the National Bulk Tankers Association and the Hazmat 2013 conference in Sydney.¹⁵⁷
- 5.18 The EPA advised the Committee that there had been problems in sharing information with RMS, resulting in a Memorandum of Understanding (MOU) being drafted.¹⁵⁸ Information is also shared in forums such as the Senior Liaison Group, which includes senior management from the EPA, WorkCover and NSW Health.¹⁵⁹

¹⁵¹ Submission 7, WorkCover Authority of NSW, p. 2, Submission 1, EPA, p. 2

¹⁵² Submission 1, EPA, p. 4 (Attachment B)

¹⁵³ Submission 1, EPA, p. 4 (Attachment B)

¹⁵⁴ Submission 1, EPA, p. 4 (Attachment B)

¹⁵⁵ Audit Office response, Recommendation 1, NSW Environment Protection Agency, p. 1

¹⁵⁶ Response to questions on notice, Mr Barry Buffier, Chief Executive Officer, Environment Protection Agency, 3 April 2013, p. 2

¹⁵⁷ Response to questions on notice, Mr Barry Buffier, Chief Executive Officer, Environment Protection Agency, 3 April 2013, p. 2

¹⁵⁸ Response to questions on notice, Mr Barry Buffier, Chief Executive Officer, Environment Protection Agency, 3 April 2013, p. 2

¹⁵⁹ Response to questions on notice, Mr Barry Buffier, Chief Executive Officer, Environment Protection Agency, 3 April 2013, p. 2

- 5.19 The EPA has introduced a new workflow management system to track and record compliance and enforcement activities and incident data. Using the Government Licensing System to record data about dangerous goods licenses, data from 2011-12 is available for analysis.
- 5.20 **Recommendation 2** was accepted by both agencies.¹⁶⁰ Joint inspections and compliance programs were conducted in 2011-12, using a risk assessment methodology to identify the most dangerous situations. Future compliance work will be coordinated through HIRG meetings. WorkCover advised that a 'program has been established to deal with operators identified as a high risk.'¹⁶¹
- 5.21 In response to questions on notice, the EPA advised the Committee that the Hazardous Materials and Radiation Section provides policy and technical expertise for the EPA. It also supports the *Dangerous Goods Regional Reference Group* which comprises of dangerous good specialists from each of the EPA's regional offices.¹⁶²
- 5.22 **Recommendation 3** was accepted by both agencies.¹⁶³ A number of initiatives have been undertaken:
- updating the EPA website to provide clearer guidance on dangerous goods issues and requirements
 - contacting specific companies identified in the 2010-11 compliance program as having systemic problems
 - raising awareness in high risk areas - for example the EPA delivered a presentation to the '2012 Clinical Waste Workshop' on dangerous goods
 - using first point of loading/distribution centre compliance campaigns to raise industry awareness, distributing hand outs and follow up letters
 - direct engagement with registered training organisations delivering dangerous good driver training, and
 - EPA sponsorship of the 2012 Hazmat Conference.¹⁶⁴
- 5.23 **Recommendation 4** was accepted by both agencies.¹⁶⁵ The EPA and WorkCover have established a risk assessment methodology which is applied to the dangerous goods regulatory framework.¹⁶⁶ The EPA assesses the risk against four criteria: substances, activities, individual or sector performance history or capability and environmental sensitivity. The introduction of the new workflow

¹⁶⁰ Submission 7, WorkCover Authority of NSW, p. 2, Submission 1, EPA, p. 2

¹⁶¹ Submission 7, WorkCover Authority of NSW, p. 3

¹⁶² Response to questions on notice, Mr Barry Buffier, Chief Executive Officer, Environment Protection Agency, 3 April 2013, p. 3

¹⁶³ Submission 7, WorkCover Authority of NSW, p. 3, Submission 1, EPA, p. 3

¹⁶⁴ Submission 1, EPA, p. 9 (Attachment B)

¹⁶⁵ Submission 7, WorkCover Authority of NSW, p. 3, Submission 1, EPA, p. 3

¹⁶⁶ Submission 7, WorkCover Authority of NSW, p. 3

management system, which includes a prioritisation module, now 'enables the risks to be associated with cases subject to both reactive and proactive compliance programs to be assessed.'¹⁶⁷

- 5.24 **Recommendation 5** was accepted by both agencies.¹⁶⁸ The EPA and WorkCover continue to be represented on the NSW Chemicals of Security Concern Advisory Group, which co-ordinates the NSW contribution to the National Chemical Security Framework.¹⁶⁹
- 5.25 The EPA advised the Committee that a new risk assessment methodology has been implemented and used to complete the annual compliance campaign program.¹⁷⁰ A risk assessment is used to determine the priorities of each project and identifies which other agencies need to be involved, the resources required, date for completion, and which is the lead agency.¹⁷¹
- 5.26 **Recommendation 6** was accepted by both agencies.¹⁷² The EPA advised that it had 'improved its controls on dangerous goods licensing in NSW and has been collaborating with other states and territories and working with the Australian Skills Quality Authority (AQSA) to implement better dangerous goods training procedures.'¹⁷³ Reforms are also under way at a national level with the implementation of a new nationally recognised 'Unit of Competency' for driver training.¹⁷⁴ A Memorandum of Understanding between the AQSA and the EPA has been finalised and signed on 26 November 2012.¹⁷⁵
- 5.27 The EPA advised that in 2011-12 it undertook a desktop audit of the Registered Training Organisations (RTOs) providing dangerous goods driver training in NSW. The audit found driver training was undertaken in accordance with regulatory requirements and no evidence of fraud or corruption was identified.¹⁷⁶
- 5.28 **Recommendation 7** was supported by both agencies.¹⁷⁷ This will see dangerous goods licences having the same level of security built into them as the current vehicle driving licence. Both the EPA and RMS investigated the viability of this recommendation and 'found it to be a feasible option.'¹⁷⁸ Specifications were prepared and a submission made to Treasury to obtain funding (\$1.6 million), but this was not successful.¹⁷⁹ Certain WorkCover licences, which include a photo

¹⁶⁷ Submission 1, EPA, p. 10 (Attachment B)

¹⁶⁸ Submission 7, WorkCover Authority of NSW, p. 3, Submission 1, EPA, p. 3

¹⁶⁹ Submission 1, EPA, p. 3

¹⁷⁰ Response to questions on notice, Mr Barry Buffier, Chief Executive Officer. Environment Protection Agency, 3 April 2013, p. 4

¹⁷¹ Response to questions on notice, Mr Barry Buffier, Chief Executive Officer. Environment Protection Agency, 3 April 2013, p. 4

¹⁷² Submission 1, EPA, p. 10 (Attachment B)

¹⁷³ Submission 7, WorkCover Authority of NSW, p. 4

¹⁷⁴ Submission 1, EPA, p. 10

¹⁷⁵ Response to questions on notice, Mr Barry Buffier, Chief Executive Officer, Environment Protection Agency, 3 April 2013, p. 4

¹⁷⁶ Submission 1, EPA, p. 10

¹⁷⁷ Submission 1, EPA, p. 11

¹⁷⁸ Submission 1, EPA, p. 12

¹⁷⁹ Submission 1, EPA, p. 12

licence card with inbuilt security features, are being investigated as an alternative approach.

- 5.29 The EPA updated the Committee on the reasons the submission to Treasury was unsuccessful. The submission proposed that RMS would commence issuing dangerous goods driver licenses. It was proposed that data would be exchanged between the Government Licensing Service and the RMS DRIVES database. The submission was rejected by Treasury as the business case did not include any 'cash saving, resulting in a negative net present value, despite the social and economic benefits to the community as a whole'.¹⁸⁰
- 5.30 **Recommendation 8** was accepted by both agencies.¹⁸¹ The regulatory program involves a number of different agencies: RMS and NSW Police provide the infrastructure and regulation of heavy vehicles, WorkCover and the EPA regulate the dangerous goods, and emergency services agencies manage incidents. All of these need to be taken into account when setting the goals and measures, along with the availability of data. WorkCover and the EPA advised that 'performance indicators have been developed by the implementation working group. The HIRG will be responsible for co-ordinating reporting against multi-agency indicators.'¹⁸²

Committee Comment:

- 5.31 The Committee is pleased that the agencies accepted all eight of the Auditor-General's recommendations, particularly in respect to effective inter-agency cooperation and information sharing. The Committee makes no further recommendations in relation to this performance audit.

¹⁸⁰ Response to questions on notice, Mr Barry Buffier, Chief Executive Officer, Environment Protection Agency, 3 April 2013, p. 5

¹⁸¹ Submission 1, EPA, p. 12

¹⁸² Submission 7, WorkCover Authority of NSW, p. 6, Submission 1, EPA, p. 12

PUBLIC ACCOUNTS COMMITTEE
TRANSPORT OF DANGEROUS GOODS

Chapter Six – Improving Road Safety: Speed Cameras

INTRODUCTION

- 6.1 Speed cameras aim to improve road safety by reducing speeding and, consequently, the number and severity of vehicle crashes.¹⁸³ The Roads and Traffic Authority (the RTA, now called Roads and Maritime Services) estimated that around 40 per cent of road deaths in NSW were caused by speed, resulting in more than 170 deaths each year from speeding.¹⁸⁴
- 6.2 People filmed by a camera driving over the speed limit are fined and accumulate demerit points on their drivers licence.¹⁸⁵ All fines for speeding offences captured by the RTA or NSW police cameras are issued by the State Debt Recovery Office (SDRO). Over 370,000 speeding fines were issued in the 2010-11 financial year, netting over \$58 million in revenue. According to the RTA, only the revenue generated from drivers speeding around school zones is allocated to specific road safety programs. The bulk of revenue collected is re-distributed through other government programs.

THE PERFORMANCE AUDIT

- 6.3 The audit assessed whether the speed cameras of the Road and Traffic Authority's (RTA) are located in places that reduce speeding and make NSW roads safer. Specifically, the audit assessed whether:
- speed cameras are located in areas identified by RTA as having the greatest road safety risk
 - comprehensive selection criteria have been developed by RTA to determine the location of cameras
 - the RTA analyses crash and speeding data to identify black spots before camera installation
 - speed cameras reduce speeding and road crashes
 - the RTA reviews potential high risk and existing sites for camera suitability
 - speed cameras have improved road safety in NSW
 - fine revenue from speed cameras reduce after installation
 - an evaluation framework is in place to assess camera effectiveness

¹⁸³ NSW Auditor-General's Office Performance Audit Report, Improving Road Safety: Speed Cameras, July 2011, p. 8

¹⁸⁴ Improving Road Safety: Speed Cameras, p. 8

¹⁸⁵ Improving Road Safety: Speed Cameras, p. 8

- information on the road safety impact of each camera is publicly available.¹⁸⁶
- 6.4 Due to community concerns about the usefulness of speed cameras, as part of the audit process, the public were invited to nominate fixed speed cameras that they were most concerned about and those they believed improved road safety. Over 1,700 people responded, with 69 per cent of respondents viewing cameras as revenue-raisers and only 15 per cent in support of them.¹⁸⁷
- 6.5 The Auditor-General engaged an independent road safety consultant to provide expert advice and guidance throughout the audit, in relation to comparative practices and approaches in other jurisdictions.
- 6.6 The Audit did not examine:
- signs or the accuracy of speed cameras
 - speed enforcement by police
 - the future roll out of cameras
 - other road safety measures such as road engineering and public education.¹⁸⁸

Audit Conclusions

- 6.7 The Auditor-General found that there was no overall criteria to determine the most appropriate camera type for roads classed as high risk. The audit found that camera type dictates site selection decisions, rather than the nature of the black spots,¹⁸⁹ and that there might be more appropriate cameras than the ones currently in place.¹⁹⁰ Roads and Maritime Services advised that it is shifting focus from fixed speed cameras at black spots to an increase in mobile cameras, aimed at reducing speeding across the network.¹⁹¹
- 6.8 The Auditor-General found that the RTA had developed different site selection criteria for the three different camera types used in NSW. The audit also noted that site selection criteria for fixed cameras were more comprehensive than for mobile speed cameras, and were in fact more comprehensive than in many other jurisdictions. However, the selection criteria for mobile cameras were not as comprehensive as in other jurisdictions with longer-established mobile camera programs. One criterion for locating a mobile camera is that it must have been a location used by the NSW Police Force in their mobile camera program. The Auditor-General found that 'by restricting sites to former Police locations, sites with greater road safety risk may not be given priority.'¹⁹²

¹⁸⁶ NSW Auditor-General's Performance Audit Report, Improving Road Safety: Speed Cameras, p. 25

¹⁸⁷ Improving Road Safety: Speed Cameras, p. 9

¹⁸⁸ Improving Road Safety: Speed Cameras, p. 10

¹⁸⁹ Improving Road Safety: Speed Cameras, p. 13

¹⁹⁰ Improving Road Safety: Speed Cameras, p. 13

¹⁹¹ Improving Road Safety: Speed Cameras, p. 13

¹⁹² Improving Road Safety: Speed Cameras, p. 12

- 6.9 The report also noted that RTA analysis of safety camera locations does not include vehicle speeds or the number of speed-related crashes.¹⁹³
- 6.10 In addition, the audit found that some mobile locations where there are high numbers of crashes have not yet had cameras deployed. More information and comprehensive monitoring is needed to determine the impact of speed cameras on speeding behaviours.¹⁹⁴ There may be locations for mobile cameras with greater road safety risk than the existing mobile camera positions that were formerly used by police. The RTA indicated during the audit that an arrangement was being made to expand the selection criteria to include locations outside those formerly used by the Police and increase the mobile speed cameras enforcement hours from 1,000 to over 12,000.¹⁹⁵
- 6.11 In relation to the question of whether speed is a cause of crashes and fatalities, the audit observed that the RTA only analysed crash data to identify potential sites for different camera types. Speeding data analysis from speed-related crashes was limited and there was no comprehensive examination by the RTA. Vehicle speeds were only reviewed for non-school zone fixed speed camera locations.¹⁹⁶
- 6.12 In relation to fine revenue generated by the cameras, the audit noted that the face value of fines from fixed speed cameras declines the longer they have been operating.¹⁹⁷ However, the Auditor-General did not find any evidence that potential revenue is a factor in decisions about where cameras are located. He concluded that site selection criteria for all camera types focused on road safety.¹⁹⁸ The report also concluded that, while there is information about fines and revenue per camera publicly available through State Debt Recovery Office's (SDRO) website, more effort is needed to provide information on the road safety impact of each speed camera to the public. Current information on the SDRO's website does not show trends since camera installation, which would make it easier for the public to see the impact of cameras on speeding and driver behaviour.¹⁹⁹
- 6.13 The Auditor-General found that the RTA evaluation framework, which includes speed surveys, crash and injury analysis, and the community attitude survey, helps to assess the impact of fixed speed cameras. However, the audit found that the RTA needs to include reduction in vehicle speed as a key performance measure.

¹⁹³ NSW Auditor-General's Performance Audit Report, Improving Road Safety: Speed Cameras, p. 14

¹⁹⁴ Improving Road Safety: Speed Cameras, p. 15

¹⁹⁵ Improving Road Safety: Speed Cameras, p. 15

¹⁹⁶ Improving Road Safety: Speed Cameras, p. 14

¹⁹⁷ Improving Road Safety: Speed Cameras, p. 23

¹⁹⁸ Improving Road Safety: Speed Cameras, p. 22

¹⁹⁹ Improving Road Safety: Speed Cameras, p. 25

Auditor-General's Recommendations

6.14 The Auditor-General made six recommendations:

1	<p>By March 2012, develop an overarching strategy for speed cameras incorporating all camera types, which:</p> <ul style="list-style-type: none"> • includes criteria to determine the appropriate camera type for each road with a high safety risk. • prioritises potential sites based on death or serious injury. • defines how the effectiveness of each camera type will be assessed, including the analysis timeframe, and key performance indicators on vehicle speed, infringements, and crash severity. • includes its new focus on reducing speeding across the road network, as well as at specific locations.
2	<p>Document the reasons for all future camera decisions where the location is inconsistent with site selection criteria.</p>
3	<p>By December 2011, annually review existing site locations to check if speed cameras are still appropriate.</p>
4	<p>By September 2011:</p> <ul style="list-style-type: none"> • assess the crash impact of existing fixed speed cameras for a minimum of five years post installation. • where there has been no significant impact, consider an alternative camera site and other road safety treatments for that site.
5	<p>By March 2012, annually monitor the effectiveness of individual speed cameras.</p>
6	<p>By June 2012, publicise trends in crashes, revenue, and speeding or infringement data, for each speed camera, and update this annually.</p>

THE COMMITTEE'S EXAMINATION

6.15 As part of the Committee's follow up of the Auditor-General's Performance Audits, the Chair wrote to Transport for NSW (TfNSW) on 25 September 2012, inviting the agency to provide a submission detailing action taken in response to the Performance Audit. TfNSW responded on 21 November 2012.

6.16 A submission was also received from Mr Michael Lane, in his capacity as a member of the public. He was advised that the Committee was conducting a follow-up audit of the implementation of recommendations made by the Auditor-General, and not a general inquiry into speed cameras.

- 6.17 The submissions were forwarded to the Auditor-General for comment, and he in turn responded on 5 February 2013. In relation to Mr Lane's submission, the Committee requested the Auditor-General respond only to the extent that it related to the performance report.
- 6.18 Questions on notice were sent to TfNSW on 13 March 2013, requesting additional information. They responded to the Committee on 16 April 2013.
- 6.19 All of the Auditor-General's recommendations have been accepted, with the majority already implemented.
- 6.20 **Recommendation 1** has been completed, with the strategy launched on 1 June 2012.²⁰⁰ The aims of the strategy are clearly outlined in the introductory section:
- This strategy aims to outline the current speeding problem, community attitudes to speeding and speed enforcement and clearly articulate the benefits of a comprehensive speed camera strategy for speed cameras in NSW. The strategy reassures the community that speed enforcement together with comprehensive public education campaigns and engineering treatments can save lives on our roads.²⁰¹
- 6.21 **Recommendation 2** was accepted and is currently ongoing.²⁰² TfNSW advised that the Centre for Road Safety (CRS) determines the location of cameras based on criteria for each type of camera as described in the NSW Speed Camera Strategy.²⁰³
- 6.22 In relation to mobile speed cameras, TfNSW identified three broad criteria used in selecting this type of camera location:
- i Assessing road safety risk through the review of crashes or identifying the road as high risk, based on crash types.
 - ii Consultation and nomination by the NSW Police Force through the joint '*Strategic Road Safety Coordination Group*'.
 - iii Community members nominating locations and the Centre for Road Safety assessing those locations for suitability.²⁰⁴
- 6.23 For red-light speed cameras, intersections are prioritised based on the frequency and severity of crashes and the proximity to other fixed enforcement cameras on the network.²⁰⁵ Fixed speed camera locations were selected based on a high frequency and severity of crashes over a length of roads no longer than 1000m. Also, fixed cameras were considered the best option for areas that are difficult to

²⁰⁰ http://www.rta.nsw.gov.au/roadsafety/downloads/nsw_speed_camera_strategy.pdf, viewed 22 March 2013.

²⁰¹ Transport for NSW, *NSW Speed Camera Strategy*, June 2012, p. 3

²⁰² Submission 12, Transport for NSW, p. 2

²⁰³ Submission 1, Transport for NSW, p. 2

²⁰⁴ Submission 1, Transport for NSW, p. 2

²⁰⁵ Submission 1, Transport for NSW, p. 2

enforce such as tunnels and school zones with high severity of crashes or locations that have a high risk of pedestrian crashes.²⁰⁶

- 6.24 Point-to-Point speed cameras are used for heavy vehicle speeding enforcement. Location information for this camera type was not provided. However, TfNSW advised the Committee that enforcement lengths were based on assessment of heavy vehicle crashes or speeding behaviour.²⁰⁷
- 6.25 **Recommendations 3, 5 and 6** have all been addressed as part of the annual review of speed camera programs.²⁰⁸ TfNSW also advised that Speed Camera Safety Reviews would be included as part of the safety treatment announcement in the coming months. The deployment of mobile speed cameras is overseen by Roads and Maritime Services, based on the CRS deployment strategy. Roads and Maritime Services conducts random surveillance activities, GPS monitoring and desktop review to ensure that the speed camera operator conducts enforcement as specified.²⁰⁹
- 6.26 The Hon Duncan Gay, Minister for Roads and Ports, announced on 16 April 2013 that as a result of the inaugural Speed Camera Performance Review, speed cameras were to be removed from two locations in NSW.²¹⁰ The review found that fixed cameras had 'reduced fatalities at their locations by a massive 87 per cent, but there was a handful of cameras where further investigations were necessary.'²¹¹
- 6.27 **Recommendation 4** was accepted and completed in March 2012.²¹² A five year analysis was completed in September 2011, followed by reviews of 38 individual fixed digital speed camera locations.²¹³ The first annual review, issued on 17 July 2012, identified five fixed cameras locations for review and a sixth location identified for further consultation with NRMA Motoring and Services.²¹⁴
- 6.28 In relation to maintenance of speed cameras, TfNSW confirmed that all speed measuring devices are tested for accuracy by both the manufacturer and RMS at least once per year. All instruments are tested to the base measurements of time (seconds), frequency (Hz) and length (Metre) and maintained with "certificate of traceability" under the appropriate regulation.²¹⁵
- 6.29 The Committee examined the need for speed cameras in NSW to have approval from the International Organisation of Legal Metrology (OIML).²¹⁶ TfNSW stated that there was no requirement for approval as the OIML did not approve speed

²⁰⁶ Submission 1, Transport for NSW, p. 2

²⁰⁷ Response to questions on notice, Mr Tim Reardon, Deputy Director General, Transport for NSW, p. 2

²⁰⁸ Response to questions on notice, Mr Tim Reardon, Deputy Director General, Transport for NSW, p. 2

²⁰⁹ Submission 1, Transport for NSW, p. 3

²¹⁰ The Hon Duncan Gay, Roads Minister, *Three Speed Cameras to be removed after review*, 16 April 2013

²¹¹ The Hon Duncan Gay, Roads Minister, *Three Speed Cameras to be removed after review*, 16 April 2013

²¹² Response to questions on notice, Mr Tim Reardon, Deputy Director General, Transport for NSW, p. 2

²¹³ Response to questions on notice, Mr Tim Reardon, Deputy Director General, Transport for NSW, p. 3

²¹⁴ Response to questions on notice, Mr Tim Reardon, Deputy Director General, Transport for NSW, p. 3

²¹⁵ Submission 1, Transport for NSW, p. 4

²¹⁶ Response to questions on notice, Mr Tim Reardon, Deputy Director General, Transport for NSW, p. 4

measuring devices. TfNSW also commented that the role of the OIML was to 'promote the global harmonisation of legal metrology procedures'.²¹⁷ Australia's National Measurement Institute (NMI) is a member of the OIML and oversees the implementation of metrology standards in Australia.

- 6.30 TfNSW confirmed that speed cameras in Australia are regulated through the *Road Transport (Safety and Traffic Management) Act 1999* and do not require approval from the NMI.²¹⁸
- 6.31 NSW figures currently state that 42 per cent of all fatal crashes are caused by speed. This is used as a key rationale for the use and placement of speed cameras in NSW. The Committee requested additional information about the data collected by TfNSW, citing statistics from the United Kingdom (UK) as a comparison. The UK figures show that only 13.9 per cent of fatal crashes have speed as a contributing factor with other causes reported on separately. TfNSW commented that when the figures for the United Kingdom include 'fatal crashes where travelling too fast for the conditions and where speeding was involved,' the figures would be much closer to the NSW figure.²¹⁹
- 6.32 TfNSW advised that the Centre for Road Safety collects data on a range of contributing factors involved in crashes such as drink driving, fatigue and seatbelt use. This results in the higher percentage of cases where speed may only be a contributing factor.
- 6.33 In a supplementary submission to the Committee, Mr Lane also raised concern about the crash statistics collected by TfNSW, commenting that adding 'speed related' crashes to 'exceed speed limit' crashes over inflates the figures:

NSW are inflating the 'speeding problem' by including crashes which do not involve speed in excess of the speed limit [to the category of crashes that include speed] as a contributing cause. As speed cameras can only detect vehicles that are exceeding the speed limit they are only an effective deterrent to a portion of these, e.g. drunks thieves, suicides etc. are unaffected.

The use of the grossly inflated figures achieved by adding "speed related" crashes to "Exceed speed limit" crashes distorts the input into policy framework. Additionally crashes involving over limit speed but where camera detection would have no effect should also be removed from the policy framework supporting cameras.

Given that the conditions in the UK are significantly worse than NSW it is abundantly clear that NSW figures are a gross exaggeration.²²⁰

Committee Comment:

- 6.34 It is encouraging that that TfNSW has accepted all six of the Auditor-General's recommendations, and that many of the Auditor-General's recommendations have been encompassed in the recent Speed Camera Strategy.

²¹⁷ Response to questions on notice, Mr Tim Reardon, Deputy Director General, Transport for NSW, p. 4

²¹⁸ Response to questions on notice, Mr Tim Reardon, Deputy Director General, Transport for NSW, p. 4

²¹⁹ Response to questions on notice, Mr Tim Reardon, Deputy Director General, Transport for NSW, p. 5

²²⁰ Submission 2, Mr Michael Lane, p. 3

- 6.35 One outstanding area remains regarding the data collected around fatal crashes. The Committee believes that TfNSW should review what data it collects, particularly where the data has been used as the rationale for the location of a camera.
- 6.36 The Committee believes that TfNSW should be more specific in its reporting on the statistics regarding fatal crashes. If speed is not the only reason for the crash then this should be captured. For example, if a drunk driver has a crash involving speed then both speed and alcohol should be reported as a cause of the crash. The Committee is concerned that incidents where speed is involved, but is not the main cause, are not reflected adequately in the statistics reported by TfNSW.

RECOMMENDATION 5

That Transport for NSW review the data collected in relation to causes of fatal accidents, particularly where the data has been used as, rationale for the location of a camera, and that all causes of a fatal accident, including speed, be collected and transparently reported on in greater detail.

RECOMMENDATION 6

That causes of fatal crashes be more precisely identified and include categories such as driving too fast for conditions and speed as a contributing factor (where another factor such as alcohol is the primary cause), rather than relying on 'exceed speed limit' as an all-encompassing speed-related factor.

- 6.37 The NSW Parliament's Joint Standing Committee on Road Safety (Staysafe) has a broad remit to monitor, investigate and report on road safety issues in New South Wales. This includes countermeasures aimed at reducing deaths and injuries. The Committee recommends that the Minister for Roads refer to the Staysafe Committee an inquiry into the appropriateness of the current categories of causes of fatal crashes, with a view to developing the more precisely defined categories referred to in Recommendation 6. In conducting the inquiry, the Committee should refer to best practice in other jurisdictions including the United Kingdom.

RECOMMENDATION 7

That the Minister for Roads refer an inquiry into the appropriateness of current categories of causes of fatal crashes, with a view to developing more precisely defined categories referred to in Recommendation 6.

- 6.38 The Performance Audit highlighted the importance of monitoring whether speed cameras are being appropriately used. The Committee is aware of public scepticism around speed cameras being revenue-raisers rather than having a primary road safety purpose. To address this scepticism, and help increase public confidence, the Committee recommends that the Staysafe Committee be given an ongoing role to monitor speed cameras, including their use and location. In undertaking this role, the Staysafe committee should engage with road user groups, police and other stakeholders.

RECOMMENDATION 8

That the resolutions appointing the Joint Standing Committee on Road Safety (Staysafe) be amended to include an ongoing monitoring of speed cameras, in consultation with road user groups, police and other stakeholders.

PUBLIC ACCOUNTS COMMITTEE
IMPROVING ROAD SAFETY: SPEED CAMERAS

Chapter Seven – Prequalification Scheme: Performance Management Services

INTRODUCTION

- 7.1 The *Prequalification Scheme: Performance and Management Services* was introduced by the Department of Premier and Cabinet (DPC) and the Department of Finance and Services (DFS) in 2008, to help improve procurement processes in the NSW public sector.
- 7.2 The *Prequalification Scheme* is designed to prequalify service providers, whether individuals or companies, based on their total resources and demonstrated capability and experience in their nominated area of expertise.²²¹ The Scheme does not guarantee any offer of work to prequalified services providers.²²² Any government agency that wishes to use the scheme can request a list of prequalified services providers from DFS, citing the work types and specialities required.²²³
- 7.3 The agencies must comply with the Scheme's terms and conditions, which include:
- inviting one quote for engagements estimated at less than or equal to \$150,000;
 - inviting at least three proposals for engagements estimated at over \$150,000;
 - the total value of the first and related flow on engagements not to exceed the lesser of three times the value of the initial engagement, or \$500,000;
 - using the Scheme standard agreement.²²⁴

THE PERFORMANCE AUDIT

- 7.4 The audit examined whether the Prequalification Scheme had achieved its objective of improving agencies' procurement processes and whether:
- the Scheme has been operated efficiently and used as intended
 - the Scheme is achieving its main objectives in relation to time and cost
 - the assessment of service providers is efficient and transparent
 - the rules for operating and using the Scheme are clear

²²¹ Auditor-General's Report, 'Performance Audit: Prequalification Scheme: Performance and management services', September 2011, p. 10

²²² Prequalification Scheme: Performance and management services', September 2011, p. 10

²²³ Prequalification Scheme: Performance and management services', September 2011, p. 11

²²⁴ Prequalification Scheme: Performance and management services', September 2011, p. 2

- the compliance is being monitored and managed
- the performance against targets is being monitored and reported on
- the value of the scheme reviewed before it was extended
- the rules for assessing services providers are clear to agencies
- the decisions and service providers' details are well documented and updated.²²⁵

Audit Conclusions

- 7.5 The Auditor-General found that the Scheme had achieved some but not all of its objectives. Data obtained during the audit showed that the Scheme has simplified procurement practices and allowed a faster engagement of service providers with proven credentials. However, it has not yet delivered the planned quality assurance processes to demonstrate effective management or value for money.²²⁶
- 7.6 The Auditor-General acknowledged that use of the Scheme by agencies since its introduction has steadily increased. However, the audit found that some agencies are not complying with the rules and that there are no provisions for monitoring compliance of agencies and services providers.²²⁷ Compliance and monitoring processes are administered by the Department of Finance and Services.
- 7.7 In relation to the assessment of the service providers, the Auditor-General found that after the initial assessment of service providers, little effort is made to monitor service performance and fee rates. The audit noted that the Scheme also lacked information about the ability of a prequalified service provider to engage a non-prequalified provider during the execution of the project.
- 7.8 The audit found that the rules of the Scheme were not clear to agencies. It concluded that there were insufficient details regarding classification, GST applications, the threshold and expenses. The audit also noted that agencies had not been advised about the recordkeeping requirements of the Scheme, leading to financial discrepancies between agencies and DFS.
- 7.9 The Auditor-General found gaps and inconsistencies in published information, with key documents referring to out-dated information and inactive website links, as well as different descriptions of the threshold.²²⁸ Agency staff were also confused and uninformed about where to obtain information and what kind of providers' information was available through the Department. There was also confusion about whether the thresholds for the Scheme were inclusive or

²²⁵ Auditor-General's Report, 'Performance Audit: Prequalification Scheme: Performance and management services', September 2011, p. 26

²²⁶ Prequalification Scheme: Performance and management services', September 2011, p. 2

²²⁷ Prequalification Scheme: Performance and management services', September 2011, p. 2

²²⁸ Prequalification Scheme: Performance and management services', September 2011, p. 12

exclusive of GST and expenses, which could impact on the number of proposals required.²²⁹

- 7.10 The Auditor-General noted that although the Scheme has delivered a structured third party process and a more streamlined tendering process,²³⁰ its key objective had not been met, due to agencies' failure to submit performance reports on the quality of engagement with service providers. The audit indicated that the Scheme had few or no performance indicators and lacked reliable information.²³¹
- 7.11 The Auditor-General also assessed whether the estimated financial value of engagements obtained through the DFS database was accurate and reliable. Using its own value of engagement methods, the Auditor-General concluded that:
- both methods used by the audit point to the unreliability of data from DFS,
 - usage of the Scheme is much higher than recorded by DFS,
 - usage of the Scheme is likely to be worth well over \$300 million and not \$146 million as recorded in the DFS database.²³²
- 7.12 The Auditor-General observed that a few service providers had been repeatedly invited to tender for projects, noting that such practices are contrary to *NSW Guidelines and Procurement Policy*. This could limit competition and lead to service providers exiting the Scheme because they see no benefits from their membership.²³³
- 7.13 The Auditor-General expressed the view that extending the operation of the Scheme for another two years without a comprehensive review would be a missed opportunity to address some of its weaknesses. He concluded that periodic, independent reviews would be beneficial to assess the progress of the Scheme.²³⁴ Furthermore, the Auditor-General noted that the Scheme 'does not have comprehensive procedures, covering the roles and responsibilities of DPC and DFS in order to strengthen accountability and improve the transparency of the process.'²³⁵

Auditor-General's Recommendations

- 7.14 The Auditor-General made the following six recommendations for the Department of Premier and Cabinet and the Department of Finance and Services:

²²⁹ Auditor-General's Report, 'Performance Audit: Prequalification Scheme: Performance and management services', September 2011, p. 3

²³⁰ Prequalification Scheme: Performance and management services', September 2011, p. 18

²³¹ Prequalification Scheme: Performance and management services', September 2011, p. 18

²³² Prequalification Scheme: Performance and management services', September 2011, p. 19

²³³ Prequalification Scheme: Performance and management services', September 2011, p. 20

²³⁴ Prequalification Scheme: Performance and management services', September 2011, p. 22

²³⁵ Prequalification Scheme: Performance and management services', September 2011, p. 26

1	To ensure the Scheme rules are used as intended
	<ul style="list-style-type: none"> • clarify to agencies the rules of using the scheme, particularly around the thresholds • address gaps and inconsistencies in information published on the rules, by December 2011 • develop and implement options that would ensure agencies obtain a minimum of three proposals for engagements over \$150,000, by December 2011 • include GST and estimated expenses in the value of the thresholds, by December 2011 • set a minimum standard for the due diligence checks required of agencies, by December 2011
2	To improve the governance of the scheme
	<ul style="list-style-type: none"> • develop compliance monitoring and reporting procedures, by December 2011 • specify to agencies the recordkeeping requirements for using the Scheme, by December 2011 • require agencies to establish a central point of reference for compliance monitoring and dissemination of information on the Scheme, by December 2011 • undertake risk-based compliance audits of agencies and service providers, by June 2012
3	To ensure the Scheme objectives are being met and to enhance its transparency
	<ul style="list-style-type: none"> • require agencies to report on the performance of all engagements irrespective of value, by December 2011 • monitor the tendering behaviour of agencies and service providers, by June 2012 • develop key performance indicators (KPIs) and set targets for the Scheme, by December 2011 • monitor performance against the KPIs and targets, by June 2012 • monitor the tendering behaviour of agencies and service providers, by June 2012 • introduce periodic independent reviews of the Scheme's operations

	<p>and performance, by June 2012</p> <ul style="list-style-type: none"> • implement a structured process for gathering regular feedback from agencies and service providers by June 2012, and monitor results over time • report publicly on the performance of the Scheme, by December 2012 • introduce, for agencies using the Scheme, an online system with effective search capability and functionality, by June 2013 • review the membership of prequalified service providers every three years
4	To ensure adequate levels of competition and achieve value for money
	<ul style="list-style-type: none"> • develop and implement options that would support greater levels of competition for high value engagements based on a review of engagement trends, by June 2012 • merge additional agency specific panels into the Scheme, where efficiency and value for money are justified, by December 2012
5	To improve the governance of the Scheme
	<ul style="list-style-type: none"> • clarify the assessment rules to service providers, by December 2011 • introduce an independent member on the Scheme Assessment Committee (SAC), by December 2011 • develop terms of reference for the SAC, by December 2011 • develop comprehensive procedures for the operation of the Scheme, by December 2011 • set a minimum standard for the due diligence checks required of agencies, by December 2011
6	To improve the transparency and efficiency of the assessment process
	<ul style="list-style-type: none"> • introduce time standards for finalising the assessment of compliant applications, by December 2011 • determine the resource requirements for the Scheme and implement, by June 2012 • introduce for prequalified service providers an online system that enables them to apply, update their details and view information provided to agencies about them, by June 2013

THE COMMITTEE'S EXAMINATION

- 7.15 As part of the Committee's follow up of the Auditor-General's Performance Audits, the Chair wrote to the Department of Premier and Cabinet (DPC) and the Department of Finance and Services on 28 September 2012, inviting them to provide submissions detailing action they had taken in response to the performance audit. The Department of Finance and Services (DFS) responded on 19 December 2012, acknowledging that both it and the Department of Premier and Cabinet (as the previous administrator of the Scheme) supported the 27 recommendations in principle; however the Departments accepted some of the recommendations with qualifications 'due to a number of inconsistencies with the Government's new procurement operating model.'²³⁶
- 7.16 Full responsibility for the Scheme transferred from the Department of Premier and Cabinet to the Department of Finance and Services in April 2012.
- 7.17 The Auditor-General made six high level recommendations, with a total of 27 recommendations under these headings. Of these, 15 have been completed, five are on track and seven are pending finalisation.
- 7.18 The submission was forwarded to the Auditor-General for comment, and he in turn responded on 5 February 2013.
- 7.19 On Monday 18 March 2013 the Committee held a public hearing to seek further information from NSW Procurement about their response to the audit. Mr Paul Dobing, Acting Executive Director, NSW Procurement, gave evidence for the Department of Finance and Services. Mr Peter Achterstraat, Auditor-General, also gave evidence.
- 7.20 In his opening remarks to the Committee, the Auditor-General commented that the reason for the audit was to make sure that while savings might be made up front by having a streamlined system, 'would it cause problems or costs further down the line'.²³⁷ The Auditor-General confirmed that the main area that was considered was whether the scheme was being monitored.
- 7.21 Mr Dobing emphasised that there had been 'significant progress made towards improving the quality in those areas of the scheme that had been subject of attention in the report.'²³⁸ He acknowledged that some recommendations were still in progress, particularly those that involved the automation of processes to 'support things like reporting and compliance.'²³⁹
- 7.22 Additional questions on notice that arose from the hearing were sent to DFS on 26 March 2013, and they in turn responded on 14 May 2013.
- 7.23 **Recommendation 1** was accepted with qualification.²⁴⁰ The Department confirmed that GST has been included and relevant documents have been

²³⁶ Submission 11, Department of Finance and Services, p. 1

²³⁷ NSW Auditor-General, Report of Proceedings before Public Accounts Committee, 18 March 2013, p. 2

²³⁸ Mr Paul Dobing, Report of Proceedings before Public Accounts Committee, 18 March 2013, p. 2

²³⁹ Mr Paul Dobing, Report of Proceedings before Public Accounts Committee, 18 March 2013, p. 2

²⁴⁰ Submission 11, Department of Finance and Services, p. 2

amended to reflect the change, but in relation to expenses, the Department rejected this recommendation.²⁴¹ The Department expressed the view that 'expenses cannot always be quantified prior to an engagement. Therefore there is no proposed action.'²⁴²

7.24 Mr Dobing confirmed at the hearing that the scheme's conditions had been changed to state that it was inclusive of GST.²⁴³

7.25 Mr Dobing also expressed the view that the introduction of a Procurement Board comprised of Directors-General was a positive step toward better governance and ensuring that the rules of the Scheme are adhered to:

...giving them (the Board) the accountability for ensuring the successful implementation of reform and the successful ongoing management of goods and services and construction related expenditure set the right tone in the first place.²⁴⁴

7.26 At the hearing, the Auditor-General also raised concerns regarding the roll-over of contracts:

In our report we highlighted an exceptional example where one quote came in and a small amount of work was done. It kept getting rolled over and rolled over and still on the basis of one quote, it ended up being a \$13 million job.²⁴⁵

7.27 At the public hearing, the issues raised in recommendation 1 were followed up:

Mr BASSETT: ...if an agency adopts somebody to do a service they could find during the process of that contract or that time that they may review it and say they have found something else that may end up being double or a significant increase over the \$150,000, not necessarily related to expenses.

Mr DOBING: ...there are guidelines within the Scheme specific to flow on engagements, so there is some advice to agencies about the basis on which a flow-on engagement may be applicable and then put some caps as to when it is they need to say 'We have gone up to the limit of both the original engagement and the flow-on engagement. If we want to continue a piece of work, we have to go to a competitive process'.²⁴⁶

7.28 In response to questions on notice regarding the requirement to obtain three quotes for contracts with a value exceeding \$150,000, NSW Procurement advised that, as agencies independently engage suppliers under the Scheme, this data is not captured in a central repository. However, the 'availability of the Scheme in the e-Quote system will progressively make this information available'.²⁴⁷

7.29 **Recommendation 2**, to improve the governance of the Scheme, was accepted and completed. The Department advised that an Agency Checklist was created

²⁴¹ Submission 11, Department of Finance and Services, p. 2

²⁴² Submission 11, Department of Finance and Services, p. 2

²⁴³ Mr Paul Dobing, Report of Proceedings before Public Accounts Committee, Monday 18 March 2013, p. 4

²⁴⁴ Mr Paul Dobing, Report of Proceedings before Public Accounts Committee, Monday 18 March 2013, p. 8

²⁴⁵ NSW Auditor-General, Report of Proceedings before Public Accounts Committee, 18 March 2013, p. 9

²⁴⁶ Mr Paul Dobing, Report of Proceedings before Public Accounts Committee, 18 March 2013, p. 9

²⁴⁷ Department of Finance and Services, Answers to questions on notice, 14 May 2013, p. 2

which references all compliance, monitoring and reporting requirements. The Department informed the Committee that record keeping requirements were amended and incorporated into the Scheme and Chief Procurement Officers have been asked to nominate a designated person to represent their agency. The Department also stated that 'the Scheme conditions require agencies to submit a performance report if the total value of the engagement exceeds \$150,000 (incl. GST) or where the services provided are unsatisfactory.'²⁴⁸

7.30 Mr Dobing confirmed that at present the scheme guidelines require only reporting on performance either in the case of unsatisfactory performance at any level or on the basis of over \$150,000 engagements. He advised that the Department will have 'capability within the system to capture additional performance reporting information at other levels'.²⁴⁹ However, Mr Dobing did indicate his view that there is a need to get the right balance between 'the administrative burden and overhead and requirements on agencies'.²⁵⁰

7.31 Mr Dobing acknowledged that he was unable to provide the Committee with 'consistent and whole of sector information' on the performance of the scheme.²⁵¹ Information is received on an ad hoc basis but not reported on a whole of government basis. Mr Dobing suggested that the mechanism established in the Agency Accreditation Scheme for agencies to be accredited for conducting procurement would enable a consistent approach.

7.32 Mr Dobing also advised that the implementation of the e-Quote tool would encourage compliance among agencies, as it provided them with an easy to use system that was available on line. He concluded that compliance would be improved by a combination of measures:

Some of it will be addressed by introducing simpler automated tools.....some will be addressed by education and awareness across the sector...but it will be a combination of many of those things over a reasonable period of time that will continue to improve the performance of this scheme and other schemes across the sector.²⁵²

7.33 The Department informed the Committee that risk-based compliance audits have been incorporated as part of the procurement reforms and agencies have been asked to test compliance against the Procurement Policy Framework on a regular basis.²⁵³ In order to gain accreditation under the *Agency Accreditation Scheme for Goods and Services*, an agency's audit and risk processes relating to procurement are assessed. Once accredited, agencies are required to report annually on the outcomes of internal audits regarding procurement. The Agency Accreditation Scheme also requires agencies to conduct risk based assessments on their supplier contracts.

²⁴⁸ Submission 11, Department of Finance and Services, p. 4

²⁴⁹ Mr Paul Dobing, Report of Proceedings before Public Accounts Committee, 18 March 2013, p. 7

²⁵⁰ Mr Paul Dobing, Report of Proceedings before Public Accounts Committee, 18 March 2013, p. 7

²⁵¹ Mr Paul Dobing, Report of Proceedings before Public Accounts Committee, 18 March 2013, p. 4

²⁵² Mr Paul Dobing, Report of Proceedings before Public Accounts Committee, 18 March 2013, p. 4

²⁵³ Submission 11, Department of Finance and Services, p. 4

- 7.34 **Recommendation 3**, that the Department ensure the Scheme's objectives are being met and to enhance its transparency, was accepted with qualification. The Department advised the Committee that 'performance reports will continue to be required for agencies on engagements with fees equal or more than \$150,000 or where performance is unsatisfactory. Further reporting currently would add significantly to both the red tape burden for agencies and industry and the cost of procurement when required for small engagements.'²⁵⁴
- 7.35 At the public hearing, Mr Dobing advised the Committee that it is currently the responsibility of the agencies to document and report on the bases on which they select suppliers.²⁵⁵
- 7.36 Revisions to the procurement policy framework and code of practice are in progress and key performance indicators have already been developed, with targets set and documentation updated.²⁵⁶ The monitoring of these indicators will be incorporated as part of the procurement reforms. A simple performance-based rating scheme for pre-qualification schemes, 'utilising the NSWBuy platform', has been developed in consultation with industry.²⁵⁷
- 7.37 Mr Dobing advised the Committee that the NSWBuy platform went live in November 2012. The e-Quote functionality is currently being developed and final migration from the existing system is due to take place in June 2013.²⁵⁸
- 7.38 According to the Department, a review of the Scheme was conducted to align it with the new Government procurement operating system, to introduce new categories and to reduce red tape.²⁵⁹ Incorporated as part of the procurement reforms, there will be 'co-ordination and co-operation among agencies to establish and maintain a central register of prequalification, standing offer and panel contracts across government.'²⁶⁰
- 7.39 **Recommendation 4**, to ensure an adequate level of competition and achieve value for money, was accepted by the Department. The recommendation to 'develop and implement options that would support greater levels of competition for high value engagements based on a review of engagement trends by June 2012', was accepted.²⁶¹ This recommendation is in progress as part of the NSW Government Procurement Review. Stage 1, the release of the Easy Access Registration List for supplier registration, has been completed. Stage 2 is the implementation of the e-Quote system, and is still being developed.
- 7.40 At the public hearing, Mr Dobing confirmed that the decision and the value for money assessment are made by agencies at the time that they complete the

²⁵⁴ Submission 11, Department of Finance and Services, p. 5

²⁵⁵ Mr Paul Dobing, Report of Proceedings before Public Accounts Committee, 18 March 2013, p. 3

²⁵⁶ Submission 11, Department of Finance and Services, p. 5

²⁵⁷ Submission 11, Department of Finance and Services, p. 5

²⁵⁸ Department of Finance and Services, Response to questions on notice, 14 May 2013, p. 3

²⁵⁹ Submission 11, Department of Finance and Services, p. 5

²⁶⁰ Submission 11, Department of Finance and Services, p. 5

²⁶¹ Submission 11, Department of Finance and Services, p. 3

engagement with a supplier. This assessment is made on the basis of a reasonable initial estimate:

I am sure, circumstances where there has been an initial estimate and a competitive process conducted on that basis and for a range of reasons at an agency level there may have then been further expenditures. Whether or not that would represent a concern about value for money would depend on the particular context of the procurement.

I accept the point that there will be some cases where an initial estimate has been made and then through either additional expenses or further flow-on engagements even within the guidelines of the Scheme, there is and should be a point whereby the agency makes a determination to say whether or not that now does represent value for money.

I could not advise at the moment whether that is occurring in every case. It is something that we would be able to start to collect some level of visibility [about] through the automated system.²⁶²

- 7.41 The recommendation that the Department merge additional agency specific panels into the Scheme where efficiency and value for money are justified was accepted.²⁶³ This recommendation is in progress and being incorporated as part of the NSW Government Reform of Procurement. The Department advised that it will complete an audit of agency services-based panels or agreements by June 2013, 'with a view to identifying those which can be added to the DFS pre-qualification platform for all agencies to use.'²⁶⁴
- 7.42 **Recommendation 5**, to improve the governance of the Scheme through the Scheme Assessment Committee (SAC), was accepted by the Department. Terms of reference for the SAC and procedures for the operation of the Scheme were completed in December 2011 and July 2012.
- 7.43 There was a delay in the implementation of the recommendation to introduce an independent member on the SAC. At the public hearing, Mr Dobing acknowledged this delay. In responding to questions from the Committee, the Department advised that an independent member has now been appointed and will commence in June 2013.²⁶⁵
- 7.44 In his evidence, Mr Dobing emphasised that the introduction of the Procurement Board made up of the Directors-General from all the principal departments is an important element of the procurement reforms.²⁶⁶ He also expressed the view that this measure will provide the right level of accountability at a 'central and directional level and responsibility within individual agencies for taking accountability for their performance and compliance with the Government's procurement framework.'²⁶⁷

²⁶² Mr Paul Dobing, Report of Proceedings before Public Accounts Committee, 18 March 2013, p. 9

²⁶³ Submission 11, Department of Finance and Services, p. 3

²⁶⁴ Submission 11, Department of Finance and Services, p. 3

²⁶⁵ Department of Finance and Services, Answers to questions on notice, 14 May 2013, p. 4

²⁶⁶ Mr Paul Dobing, Report of Proceedings before Public Accounts Committee, 18 March 2013, p. 2

²⁶⁷ Mr Paul Dobing, Report of Proceedings before Public Accounts Committee, 18 March 2013, p. 2

- 7.45 A procurement leadership group²⁶⁸ and an industry advisory group have also been established to support the Procurement Board.²⁶⁹
- 7.46 **Recommendation 6**, to improve the transparency and the efficiency of the assessment process, was accepted with qualification. The Department advised that the latest revisions to the Scheme were completed in July 2012.²⁷⁰ The recommendation to determine the resource requirements for the Scheme is in progress and being considered as part of NSW Procurement's organisational plan for 2012/13. The recommendation to introduce an online system was to be implemented as part the Dynamic Sourcing Tool, and was to be made available to agencies in December 2012.²⁷¹
- 7.47 Mr Dobing advised the Committee that the Dynamic Sourcing Tool, was now referred to as the e-Quote system. E-Quote is a new application that will enable agencies to use to issue quotes to registered suppliers.²⁷² Mr Dobing explained the application would allow agencies to view a listing of suppliers for a particular scheme, and enable them to 'select within different capabilities and get visibility to a range of services providers, potentially against their requirements.'²⁷³
- 7.48 Mr Dobing confirmed that the intention of the performance rating scheme is that supplier performance information will be available when an agency is seeking a quote:
- ...so they will get both information more generally about the profile of the supplier but they will also get access to information that suggests to them how suppliers performed in previous engagements and that is the intention of the rating system.²⁷⁴

Committee Comment:

- 7.49 The Committee is pleased to note the progress that has been made in implementing the Auditor-General's recommendations, primarily through the Government's reforms to procurement.
- 7.50 While the Committee acknowledges the progress being made in improving the transparency and accountability of agency decisions and supplier performance information via the e-Quote system, the lack of consistent and whole-of-sector data remains a concern.
- 7.51 The Committee shares the Auditor-General's concerns about the management of contract roll overs and believes that the Department of Finance and Services should monitor roll overs and ensure guidelines are followed to encourage competitive processes.

²⁶⁸ Submission 11, Department of Finance and Services, p. 5

²⁶⁹ Submission 11, Department of Finance and Services, p. 5

²⁷⁰ Submission 11, Department of Finance and Services, p. 6

²⁷¹ Submission 11, Department of Finance and Services, p. 6

²⁷² Mr Paul Dobing, Report of Proceedings before Public Accounts Committee, 18 March 2013, p. 6

²⁷³ Mr Paul Dobing, Report of Proceedings before Public Accounts Committee, 18 March 2013, p. 6

²⁷⁴ Mr Paul Dobing, Report of Proceedings before Public Accounts Committee, 18 March 2013, p. 6

RECOMMENDATION 9

That the Department of Finance and Services collect consistent and whole of sector data on the effectiveness of the Prequalification Scheme.

RECOMMENDATION 10

That the Department of Finance and Services monitor management of contract roll-overs and ensure guidelines are followed to encourage competitive processes.

Appendix One – List of Submissions

1	NSW Environment Protection Authority (EPA)
2	NSW Department of Health
3	Barangaroo Delivery Authority
4	Mr Michael Lane
5	NSW Treasury
6	Transport for NSW
7	WorkCover Authority of NSW
8	NSW Police Force
9	Department of Aboriginal Affairs
10	Mr Jamie Parker MP
11	The Department of Finance and Services
12	Transport for NSW
13	NSW Audit Office

Appendix Two – List of Witnesses

Monday 18 March, Jubilee Room, Parliament House

Witness	Position and Organisation
Mr Paul Dobing	Acting Executive Director, NSW Procurement <i>Department of Finance and Services</i>
Mr David McGrath	Director, Mental Health Drug and Alcohol Officer <i>NSW Health</i>
Superintendent Patrick Paroz	Commander of Drug and Alcohol Coordination <i>NSW Police</i>
Mr Peter Achterstraat	NSW Auditor-General <i>Audit Office of NSW</i>

Appendix Three – Extracts from Minutes

Minutes of Proceedings of the Public Accounts Committee (no. 34)

Thursday 20 September

9.45am

Room 1043, Parliament House

Members Present

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

Apology

An apology was received from Dr Lee

1. Confirmation of minutes of meeting of 13 September 2012

Resolved, on the motion of Mr Torbay, seconded by Mr Williams: That the minutes of the meeting of 13 September 2012 be confirmed.

4. Follow up of the Auditor General's Reports to Parliament, April 2011 – September 2011

i. List of Auditor-General’s reports to Parliament

Resolved, on the motion of Mr Daley, seconded by Mr Williams: That the Committee initiate a new inquiry to examine performance audits conducted between April 2011 – September 2011, and write to the agencies subject to the following performance audits to request a submission:

- The Effectiveness of Cautioning for Minor Cannabis Offences
- Transport of Dangerous Goods
- Two Ways Together – NSW Aboriginal Affairs Plan
- Government Expenditure and Transport Planning in Relation to Implementing Barangaroo
- Improving Road Safety: Speed Cameras
- Prequalification Scheme: Performance and Management Services.

8. Next meeting

The Committee adjourned at 10.07 am until 9.45am on 16 October 2012.

Minutes of Proceedings of the Public Accounts Committee (no. 35)

Thursday 16 October 2012

9.45am

Macquarie Room, Parliament House

Members Present

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

1. Confirmation of minutes of meeting of 20 September 2012

Resolved, on the motion of Dr Lee, seconded by Mr Torbay: That the minutes of the meeting of 20 September 2012 be confirmed.

2. Correspondence

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

Received:

vii. Letter from Mr R Johnson, Manager, Secretariat Office of the Commissioner of Police, acknowledging invitation to make submission on the performance audit on the Minor Cannabis Offences report, dated 4 October 2012.

Sent:

a. Letters to agencies subject to performance audit April 2011 – September 2011 requesting submission detailing action taken in response to audit recommendations, 25 September 2012.

b. Letters to Mr Jamie Parker, MP and Mr Michael Lane re: invitations to make a submission to the examination of the Auditor-General's performance audit on Barangaroo and Improving Road Safety, 28 September 2012.

3. Follow-up of the Audit-General's Performance Audits April 2011 – September 2011

Resolved, on the motion of Mr Bassett, seconded by Dr Lee: That the Committee note that invitations to make a submission have been sent to Mr Jamie Parker MP and Mr Michael Lane.

4. Next meeting

The Committee adjourned at 10.00 am until 9.45am on 25 October 2012.

Minutes of Proceedings of the Public Accounts Committee (no. 38)

Friday 15 November 2012
9.00am
Room 1043, Parliament House

Members Present

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

1. Confirmation of minutes of meetings of 25 October and 26 October

Resolved, on the motion of Dr Lee, seconded by Mr Williams: That the minutes of the meeting of Thursday 25 October 2012 be confirmed.

Resolved, on the motion of Mr Torbay, seconded by Mr O'Dea: That the minutes of the meeting of Friday 26 October 2012 be confirmed.

4. Follow up of the Auditor-General's Performance Audits April 2011 - September 2011

- i. Submission 1, Environment Protection Agency, received 6 November 2012.

Resolved, on the motion of Mr Williams, seconded by Dr Lee: That the Committee acknowledge the submission from the Environment Protection Agency and publish it on its website.

10. Next meeting

The Committee adjourned at 10.25am until 9.45am on 22 November 2012.

Minutes of Proceedings of the Public Accounts Committee (no. 39)

Thursday 22 November 2012

9.00am

Room 1043, Parliament House

Members Present

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

Apologies

Mr Williams, Dr Lee

2. Confirmation of minutes of meetings of 15 November 2012

Resolved, on the motion of Mr Bassett, seconded by Mr Torbay: That the minutes of the meeting of Thursday 15 November 2012 be confirmed.

5. Follow up of the Auditor-General's Performance Audits April 2011 - September 2011

- i. Submissions received:

Submission 2, NSW Ministry of Health, received 15 November 2012

Submission 3, Barangaroo Delivery Authority, received 16 November 2012

Submission 4, Mr Michael Lane, received 16 November 2012

Submission 5, Treasury, received 20 November 2012

Submission 6, Department of Transport, received 9 November 2012

Submission 7, WorkCover Authority of NSW, received 20 November 2012

Submission 8, NSW Police, received 21 November 2012

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

9. Adjournment

The Committee adjourned at 10.10am until 9.00am on 28 November 2012.

Minutes of Proceedings of the Public Accounts Committee (no. 40)

Wednesday 28 November 2012

08:45 am

Macquarie Room, Parliament House

Members Present

Mr O’Dea, Dr Lee, Mr Bassett, Mr Daley, Mr Torbay

Apologies

Mr Williams

1. Confirmation of minutes of meetings of 22 November 2012

Resolved, on the motion of Dr Lee, seconded by Mr Bassett: That the minutes of the meeting of Thursday 22 November 2012 be confirmed.

4. Follow up of the Auditor-General’s Performance Audits April 2011 - September 2011

ii. Submissions received:

Submission 8, NSW Police Force, received 21 November 2012

Submission 9, Department of Aboriginal Affairs, received 26 November 2012

Submission 10, Mr Jamie Parker MP, received 27 November 2012

Resolved, on the motion of Mr Torbay, seconded by Mr Bassett: That the Committee acknowledge the submissions and publish them on its website and to acknowledge and publish the two outstanding submissions from the Department of Finance and Services and the Roads and Maritime Services once received.

9. Adjournment

The Committee adjourned at 4.45 p.m. until 9.45 a.m. on Thursday 21 February 2013.

Minutes of Proceedings of the Public Accounts Committee (no. 41)

Thursday 21 February 2013
9.45am
Room 1043, Parliament House

Members Present

Mr O’Dea, Mr Bassett, Mr Daley, Mr Williams, Dr Lee

Apologies

Mr Torbay

1. Confirmation of minutes of meetings of 28 November

Resolved, on the motion of Mr Daley, seconded by Mr Bassett: That the minutes of the meeting of Thursday 28 November 2012 be confirmed.

3. Follow up of the Auditor-General’s Performance Audits April 2011 - September 2011

i. Submission 12, Transport for NSW, received 21 December 2012

Resolved, on the motion of Mr Lee, seconded by Mr Williams: That the Committee accept the submission and publish it on its website.

ii. Briefing note on agency responses to performance audit reports

Resolved, on the motion of Mr Daley, seconded by Mr Bassett: That the Committee hold a public hearing on a date to be determined and invite the Auditor-General, NSW Health, NSW Police and the Department of Finance and Services to give evidence. The Committee further resolved to write to the remaining agencies to seek further information.

iii. Audit Office response to submissions from Mr Jamie Parker MP and Mr Michael Lane.

Resolved, on the motion of Dr Lee, seconded by Mr Williams: That the Committee advise the Auditor-General to respond directly to queries from Mr Lane and Mr Parker MP.

iv. Additional questions to be raised with Transport for NSW

Resolved, on the motion of Mr Daley, seconded by Mr Bassett: That the Committee write to Transport for NSW inviting them to respond to questions regarding speed cameras, particularly in relation to:

- Collection and reporting of data regarding the causes of motor vehicle accidents, referring to the UK experience,

- Separation of those who supply speed cameras and those involved in enforcement, and
- Consistency between NSW and Commonwealth legislation regarding metrology.

11. Adjournment

The Committee adjourned at 10.40am until 9.45am on Thursday 28 February 2013.

Minutes of Proceedings of the Public Accounts Committee (no. 42)

Thursday 22 February 2013
9.45am
Room 1043, Parliament House

Members Present

Mr O’Dea, Mr Bassett, Mr Daley, Mr Williams

Apologies

Dr Lee, Mr Torbay

1. Confirmation of minutes of meetings of 21 February 2013

Resolved, on the motion of Mr Daley, seconded by Mr Williams: That the minutes of the meeting no 41 on Thursday 21 February be confirmed.

3. Follow up of the Auditor-General's Performance Audits April 2011 to September 2011

- i. Public hearing, Monday 18 March 2013

Resolved, on the motion of Mr Daley, seconded by Mr Bassett: That the Committee note the proposed schedule for the public hearing on Monday 18 March.

10. Adjournment

The meeting closed at 11.00am.

The next meeting will be on Thursday 14 March 2013, at 9.45am in Room 1043

Minutes of Proceedings of the Public Accounts Committee (no. 43)

Thursday 14 March 2013
9.45am
Room 1043, Parliament House

Members Present

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

1. Confirmation of minutes of meetings of 28 February 2013

Resolved, on the motion of Mr Bassett, seconded by Mr Williams: That the minutes of the meeting of Thursday 28 February 2013 be confirmed.

4. Follow up of the Auditor-General’s Performance Audits April 2011 - September 2011

- a) Letter from Mr Jason Ardler, General Manager Aboriginal Affairs, re: Update on the status of the work of Ministerial Taskforce on Aboriginal Affairs

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

- b) Final schedule for public hearing on 18 March 2013
c) Indicative questions

Resolved, on the motion of Dr Lee seconded by Mr Bassett: That the Committee conduct the hearing as set out in the schedule.

- d) Questions on notice to government agencies:
- Barangaroo Delivery Authority
 - Transport for NSW
 - NSW Treasury
 - NSW Environment Protection Authority (EPA)

Resolved, on the motion of Dr Lee seconded by Mr Daley: that the Chair finalise the questions with the secretariat and write to the agencies requesting a response by 5 April 2013.

9. Adjournment

The Committee adjourned at 10.17am until 10:30am on Monday 18 March 2013.

Minutes of Proceedings of the Public Accounts Committee (no. 44)

Monday 18 March 2013
10:30 am
Jubilee Room, Parliament House

Members Present

Mr O’Dea, Dr Lee, Mr Bassett, Mr Daley, Mr Williams

Apologies

Mr Torbay

1. **Public hearing: inquiry into procurement and management of ICT services and follow up of the Auditor-General's Performance Audits April 2011 - September 2011**

Resolved on the motion of Mr Bassett, seconded by Mr Daley: That the Committee authorised the admission of the media, including audio-visual recording, photography and broadcasting in accordance with the guidelines for coverage of proceedings for parliamentary committees.

Resolved on the motion of Mr Williams, seconded by Mr Daley: That the return date for answers to questions on notice be 14 days from the date questions are sent by the Committee secretariat.

Resolved on the motion of Mr Bassett, seconded by Mr Daley: That the Committee authorise the publication of transcript of hearing 18 March 2013 on its website once members and witnesses have had an opportunity to make corrections.

The Chair opened the public hearing. Witnesses and the public were admitted.

Mr Paul Dobing, Executive Director, NSW Procurement and Mr Peter Achterstraat, NSW Auditor-General were sworn and examined, as part of the Committee's follow-up of the Auditor-General's performance audits April 2011-September 2011.

Evidence concluded and witnesses withdrew.

Mr David McGrath, Director, Mental Health and Drug and Alcohol Office, NSW Health and Superintendent Patrick Paroz, Commander of Drug and Alcohol Co-Ordination, NSW Police were sworn in and examined, as part of the Committee's follow-up of the Auditor-General's performance audits April 2011-September 2011. Mr Peter Achterstraat, NSW Auditor-General was examined under his former oath.

Superintendent Paroz tendered a document entitled 'Cannabis Cautioning Scheme - Guidelines for Police'

Evidence concluded and the witnesses withdrew.

2. **Post hearing – Tendered documents**

Resolved on the motion of Dr Lee, seconded by Mr Bassett: That the Committee accept the document tendered by Superintendent Paroz, and that the document remains confidential.

3. **Adjournment**

The Committee adjourned at 14:20 p.m. until 9.45 a.m. on Thursday 21 March 2013.

Minutes of proceedings of the Public Accounts Committee (No. 47)

Thursday 2 May, 2013

9.45 am

Room 1043, Parliament House

Members present

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

Officers in attendance

Rachel Simpson, Pauline Painter, John Miller, Sasha Shevtsova, Jenny Gallagher

1. Confirmation of minutes

Resolved, on the motion of Mr Williams, seconded by Mr Piper: that the minutes of the meeting held on 27 March 2013 be confirmed.

2. Correspondence received

- ii. Letter from Mr Barry Buffier, Chair and CEO of the Environment Protection Authority (EPA) re: Response to follow-up questions relating to the implementation of recommendations in the Auditor-General’s Report on Transport of Dangerous Goods, dated 3 April 2013.

- iv. Letter from Ms Julie Newman, CEO of WorkCover NSW re: WorkCover’s response to additional questions on Auditor-General’s Report on the Transport of Dangerous Goods, dated 9 April 2013.

- viii. Letter from Mr Tim Reardon, Deputy Director General, Transport for NSW re: Further information on response to Auditor-General’s Report on Improving Road Safety: Speed Cameras, dated 16 April 2013.

- xi. CC of letters from the Audit Office to Mr Jamie Parker MP and Mr Michael Lane re their submissions to the Committee’s inquiry, ‘Follow-up of the Auditor-General’s Performance Audit April 2011 – September 2011’.

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

4. Follow up of the Auditor-General’s performance audits - April 2011 – September 2011

Committee staff provided an update on the progress of the inquiry.

The committee adjourned at 11.03 am until 9.45 am on Thursday, 9 May 2013.

Minutes of proceedings of the Public Accounts Committee (No. 48)

Thursday 9 May, 2013

9.45 am

Room 1043, Parliament House

Members present

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

Officers in attendance

Rachel Simpson, John Miller, Emma Wood, Jenny Gallagher

The Chair commenced the meeting at 9.45 am.

1. Confirmation of minutes

Resolved, on the motion of Mr Bassett, seconded by Mr Williams: that the minutes of the meeting held on 27 March 2013 be confirmed.

2. Correspondence received

Resolved, on the motion of Mr Williams, seconded Mr Bassett: that the Committee authorise the publication of the following items of correspondence, which were noted in the last deliberative meeting:

- i. Letter from Mr Barry Buffier, Chair and CEO of the Environment Protection Authority (EPA) re: Response to follow-up questions relating to the implementation of recommendations in the Auditor-General’s Report on Transport of Dangerous Goods, dated 3 April 2013.
- ii. Letter from Ms Julie Newman, CEO of WorkCover NSW re: WorkCover’s response to additional questions on Auditor-General’s Report on the Transport of Dangerous Goods, dated 9 April 2013.
- iii. Letter from Mr Tim Reardon, Deputy Director General, Transport for NSW re: Further information on response to Auditor-General’s Report on Improving Road Safety: Speed Cameras, dated 16 April 2013.

8. Next meeting

The committee adjourned at 10.27 am until 9.45 am on Thursday, 23 May 2013.

DRAFT MINUTES OF PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE (NO. 50)

Thursday 30 May 2013

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

Rachel Simpson, Pauline Painter, Emma Wood, Jenny Gallagher, Sasha Shevtsova

1. Confirmation of Minutes

Resolved, on the motion of Mr Piper, seconded by Dr Lee: That the minutes of meeting No 49 held on 23 May 2013 be confirmed.

5. Follow-up of the Auditor-General's performance audits April 2011-September 2011 – consideration of Chair's draft report

The Chair's draft report, having been previously circulated, was taken as read.

Resolved, on the motion of Mr Piper, seconded by Mr Bassett: That:

- the report be the report of the Committee and that it be signed by the Chair and tabled in the House
- the Chair and Secretariat be permitted to correct any stylistic, typographical and grammatical errors and make changes of a non-substantive nature
- once tabled, the report be published on the Committee's website.

The committee adjourned at 10.24am until 9.45am on Thursday 20 June 2013.