



## Public Accounts Committee

5/57 – October 2020

### Examination of Auditor-General's Performance Audit Reports August 2018 - January 2019



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

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

Examination of Auditor-General's performance audit reports August 2018 – January 2019 / Legislative Assembly, Public Accounts Committee. [Sydney, N.S.W.] : the Committee, 2020. 1 online resource (62 pages). (Report no. 5/57 Public Accounts Committee)

"October 2020"

ISBN: 978-1-921012-96-9

1. New South Wales. Audit Office.
2. Performance standards—New South Wales—Auditing.
3. Finance, Public—New South Wales—Auditing.
4. Auditors' reports—New South Wales.
- I. Piper, Greg.
- II. Title.
- III. Series: New South Wales. Parliament. Legislative Assembly. Public Accounts Committee. Report ; no. 5/57

657.45 (DDC22)

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

# Contents

Membership _____	ii
Chair's foreword _____	iii
Findings and recommendations _____	iv
Chapter One – Introduction _____	1
Chapter Two – Committee's consideration of performance audits not subject to public hearings _____	3
Chapter Three – Managing Anti-Social Behaviour in public housing _____	12
Chapter Four – Unsolicited Proposal Process for the lease of Ausgrid _____	19
Chapter Five – Newcastle Urban Transformation and Transport Program _____	26
Chapter Six – Property Asset Utilisation _____	33
Chapter Seven – Firearms Regulation _____	39
Appendix One – Terms of reference _____	47
Appendix Two – Submissions _____	48
Appendix Three – Witnesses _____	49
Appendix Four – Extracts from minutes _____	50

## Membership

<b>Chair</b>	Mr Greg Piper MP, Member for Lake Macquarie
<b>Deputy Chair</b>	Mrs Tanya Davies MP, Member for Mulgoa
<b>Members</b>	Mr Justin Clancy MP, Member for Albury (from 6 February 2020) Mr Adam Crouch MP, Member for Terrigal (until 20 December 2019) Mr Lee Evans MP, Member for Heathcote Mr Ryan Park MP, Member for Keira Ms Felicity Wilson MP, Member for North Shore
<b>Contact details</b>	Public Accounts Committee Parliament of New South Wales Macquarie Street SYDNEY NSW 2000
<b>Telephone</b>	(02) 9230 2843
<b>E-mail</b>	<a href="mailto:pac@parliament.nsw.gov.au">pac@parliament.nsw.gov.au</a>
<b>Website</b>	<a href="http://www.parliament.nsw.gov.au/publicaccounts">www.parliament.nsw.gov.au/publicaccounts</a>

## Chair's foreword

This is the third report of the Public Accounts Committee's performance audit review program to be tabled in the 57th Parliament.

In accordance with its established performance review process, the Committee examines performance audits conducted by the Auditor-General, in order to further investigate action taken by agencies in response to the Auditor-General's recommendations. As part of the follow up, the Committee questions agencies on measures they have taken and, if required, conducts public hearings to gather additional information from agency representatives.

The process has proven to be an effective means of testing action taken on performance audits and maintaining a high level of scrutiny of the agencies under review.

This report reviews ten performance audits covering the period from August 2018 to January 2019, conducted into: progress and measurement of the Premier's priorities; mobile speed cameras; Government advertising; supply of secondary teachers in STEM-related disciplines; transport access programs; managing anti-social behaviour in public housing; unsolicited proposal process for the lease of Ausgrid; the Newcastle urban transformation and transport program; property asset utilisation; and firearms regulation.

With some exceptions, the Committee is generally satisfied that the responsible agencies are implementing the Auditor-General's recommendations, while identifying areas where more action is required.

The Committee has made a total of six recommendations to NSW Government agencies to improve the transparency and auditing of unsolicited proposals, provide a further update on property asset utilisation and the Government Property Register, and enhance the security and integrity of the Firearms Registry.

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

**Greg Piper MP**  
Chair

## Findings and recommendations

### Recommendation 1 \_\_\_\_\_ 25

The Committee recommends that the Department of Premier and Cabinet provides more comprehensive details of the rationale used in making decisions about unsolicited proposals, in order to promote greater transparency in the application of the unsolicited proposal process.

### Recommendation 2 \_\_\_\_\_ 25

The Committee recommends that the Department of Premier and Cabinet requires agencies to engage independent probity advisors or auditors for all unsolicited proposals. This is to ensure the engagement will not create a real or perceived conflict of interest arising from this or other work being performed by the probity adviser or auditor.

### Recommendation 3 \_\_\_\_\_ 25

The Committee recommends that the Department of Premier and Cabinet provides a progress report and timeframe to the Committee of when the Unsolicited Proposals Guide will be updated to reflect the recommendations in the performance audit report, along with a list of changes made.

### Recommendation 4 \_\_\_\_\_ 38

The Committee recommends that the Department of Planning, Industry and Environment provides a progress report to the Committee on the following:

- a) How the new Property Framework, Housing Property Group and Property Strategy Collaboration Committee have leveraged opportunities to optimise land management outcomes;
- b) How the Property Framework has improved the identification and recycling of underutilised properties;
- c) A timeframe for how the Department will improve their record keeping practices and compliance. In particular, the integration of a single record keeping system within the Department and the development of policies, standards and procedures to ensure accurate record management.
- d) The integration of the Government Property Register and the Valnet system; and
- e) Timeframes for updating information on the value and number of underutilised assets and improvements to website functionality.

### Recommendation 5 \_\_\_\_\_ 46

The Committee recommends that the Minister for Police Services reviews the length of time an unlicensed person may be in possession of a firearm as a result of a deceased estate.

### Recommendation 6 \_\_\_\_\_ 46

The Committee recommends that the NSW Police Force ensures sufficient resources are available for the Digital Transformation Project to ensure its completion as matter of urgency,

to address identified shortcomings in the collection and storage of data in the Firearms Registry.



# Chapter One – Introduction

## Overview

- 1.1 The performance audits examined by the Committee for this inquiry were tabled by the Auditor-General in the period August 2018 to January 2019. The aim of the examination is to assess the required action taken by relevant agencies in response to the Auditor-General's recommendations. The Committee considered evidence provided by each agency and also sought advice from the Auditor-General.
- 1.2 The Committee found significant work has been undertaken to address issues raised in the audits. It is clear that the agencies have taken the audit review process seriously and instigated action to implement accepted recommendations. Some recommendations will take time to fully action or are being addressed through the implementation of larger projects.

## Inquiry Process

- 1.3 In accordance with its legislative responsibility outlined in section 57 of the *Public Finance and Audit Act 1983*, the Committee resolved at its meeting on 4 June 2020 to commence an examination of the Auditor-General's performance audits from August 2018 to January 2019. The full terms of reference are included on page 3.
- 1.4 The process for these examinations included:
- Inviting a submission from responsible agencies twelve months after the tabling of the audit.
  - Referring agencies' submissions to the Auditor-General for comment.
  - Where the Committee determined that further information was required, agency representatives and the Auditor-General were invited to a hearing to provide additional information.
- 1.5 The Committee examined ten performance audit reports and received eleven submissions in relation to its examination. A full list of submission authors can be found at Appendix One and copies of the submissions are available on the Committee's website at: [Submissions](#).
- 1.6 On the basis of submissions received, the Committee sought further written clarification of aspects of agency responses to five performance audits, namely:
- *Progress and measurement of the Premier's priorities*
  - *Mobile speed cameras*
  - *Government advertising*
  - *Supply of secondary teachers in STEM-related disciplines*
  - *Transport access programs*

- 1.7 Detailed agency responses to the Committee's further questions can be found on the Committee's website at: [Agency Responses](#).
- 1.8 The Committee was not satisfied that recommendations contained in five of the remaining performance audit reports had been adequately addressed. To conduct a more detailed examination of these reports, the Committee held a public hearing on 27 July 2020, seeking further information. The performance audits examined at the public hearing were:
- *Managing anti-social behaviour in public housing*
  - *Unsolicited proposal process for the lease of Ausgrid*
  - *Newcastle Urban Transformation and Transport Program*
  - *Property Asset Utilisation*
  - *Firearms regulation*
- 1.9 The Audit Office provided written feedback on the submissions made by agencies. The Auditor-General, Ms Margaret Crawford, and Assistant Auditor-General, Claudia Migotto also attended the public hearing and supplemented the evidence given.
- 1.10 A transcript of the hearing is located on the Committee's website at: [Transcripts](#). Witnesses who appeared at the hearing are listed at [Appendix Four](#).
- 1.11 Discussion of the audits examined is detailed in subsequent chapters of the report.

## Chapter Two – Committee's consideration of performance audits not subject to public hearings

### Background

- 2.1 As outlined in Chapter One, and in accordance with the Committee's established procedure of considering performance audit reports in consolidated groupings, this report deals with ten Audit Office reports for the period August 2018 to January 2019.
- 2.2 The Committee's practice in reviewing the reports is to make a determination, based on agency responses and Audit Office advice, about how to exercise its scrutiny functions in relation to each audit report's recommendations. The options available are to: accept the initial agency response, with no further action required; seek further written elaboration of steps taken to carry out the report's recommendations; or invite agency representatives to provide more detailed information by appearing at a public hearing.
- 2.3 As previously indicated, in the case of the performance audits under current review, the Committee resolved to seek additional written responses to five audits and to take formal evidence at a public hearing on the remaining five.
- 2.4 For the purposes of this Chapter, set out below is the Committee's consideration of the audit reports which were not deemed to require formal evidence to be taken at a public hearing. The performance audits subject to formal evidence are detailed in subsequent chapters. More comprehensive information about all audits can be found on the NSW Audit Office and Public Accounts Committee's websites.

### *Audit report 307 - Progress and measurement of the Premier's priorities*

- 2.5 The Premier's 12 Priorities, set out in 2015 following the State election, are monitored and supported by the Premier's Implementation Unit (PIU) of the Department of Premier and Cabinet. This Audit assessed how effectively the NSW Government is progressing and reporting on the Premier's Priorities. The audit report examined whether the PIU accurately reports relevant and timely information about progress and whether effective support is provided to agencies to advance the priorities.
- 2.6 The Audit concluded that the PIU is effective in assisting agencies to make progress against the Premier's Priorities and the progress reporting is regular. However, transparency to the public is weakened by the absence of information about specific measurement limitations and a lack of clarity about the relationship of the targets to broader government objectives.
- 2.7 The Audit Office recommended that the Department should:

- 1) provide information about limitations of reported data and performance and clarify the relationship between the Premier's Priorities performance targets and broader Government objectives;
- 2) ensure that processes to check and verify data are in place for all agency data sources;
- 3) encourage agencies to develop and implement additional supporting indicators to prevent and detect unintended consequences or misuse of data; and
- 4) require regular collection of feedback from an independent assessor on PIU performance and provide opportunity for agencies to give confidential feedback on PIU performance and support.

2.8 In its initial response, DPC supported all recommendations and noted that they had all been implemented. This included: updating the Premier's Priority website to include additional information about progress measurements of the priorities, including limitations; requirements for agencies to put processes in place to verify data and develop and implement supporting indicators; and an anonymous online survey seeking feedback from agencies on PIU performance, engagement and suggestions for improvement.

2.9 The Audit Office raised subsequent issues with three of the four recommendations, requiring further action to meet the intent of the recommendations. The additional issues highlighted were that: some measures are ambiguous and difficult to interpret; there is a lack of an internal review and quality testing of data provided by agencies; and the six monthly independent review does not provide independent quality assurance as it lacks opportunities for alternative approaches. Furthermore, regular feedback from agencies is required.

2.10 The Committee resolved to pursue these issues by requesting additional details about the recommendations in writing. In the response to the Committee's request for further information, provided on 29 July 2020, the Department of Premier and Cabinet elaborated on further steps taken to effect their implementation.

2.11 According to DPC, the PIU has worked closely with agencies to progress these recommendations by undertaking to: update the Premier's Priorities for 2019-23 and address data limitations by improving the new priority metrics, reflected on the Premier's Priorities website; improve consultation by assessing all aspects of data collection, including its original purpose, verification, monitoring and limitations; and conducting regular anonymous surveys to support continuous improvement of the PIU.

2.12 On the basis of the further information provided, the Committee is satisfied that the agency has fulfilled the intent of the audit recommendations. A more detailed description of the Department's activities to address the Committee's questions can be found on the [Committee's website](#).

*Audit report 308 – Mobile speed cameras*

- 2.13 The primary goal of speed cameras is to reduce speeding and improve road safety. A 2011 performance audit found that, in general, speed cameras change driver behaviour and have a positive impact on the road toll. The 2018 Audit assessed whether the mobile speed camera (MSC) program is effectively managed to maximise road safety benefits across the NSW road network.
- 2.14 The Audit concluded that the mobile speed camera program requires improvements to key aspects of its management to maximise road safety benefits and recommended that, by October 2019, Transport for NSW (TfNSW) should:
- 1) review the 2012 Speed Camera Strategy to ensure MSCs provide an effective general deterrence by reviewing research, hours of deployment, performance indicators, public information and signage; and
  - 2) provide enhanced management by assessing additional sites, crash vulnerability, contractor compliance with operations and oversighting the culling of infringement notices.
- 2.15 TfNSW rejected the recommendations to review deployment hours and signage requirements. The remaining recommendations were accepted and largely implemented, with an assurance that the Department would continue to monitor and implement improvements on an ongoing basis.
- 2.16 The Audit Office noted that TfNSW had undertaken to publish a review of research on better practice for MSCs in other jurisdictions. However, this had not yet been published on the Centre for Road Safety website.
- 2.17 The Audit Office also noted that TfNSW had rejected other reviews as being outside the scope of current Government policy, even though the Centre for Road Safety has a key role in researching road safety, developing the mobile speed camera program and advising the NSW Government on the NSW Speed Camera Strategy.
- 2.18 While acknowledging that TfNSW's response to the recommendation relating to public information campaigns partially addressed the intent of the recommendation, it did not address the specific "anytime, anywhere" intent of the mobile speed camera program. The Committee also considered that further information should be obtained to address the recommendations to review research and hours of deployment.
- 2.19 On that basis, the Committee requested written information from TfNSW, addressing the shortcomings in its initial response to the Audit Office recommendations. This was provided on 15 July 2020.
- 2.20 In its written reply, TfNSW stated that there has been no change to the 45 cameras currently in operation. The current 7,000 hours of mobile speed camera enforcement hours per month was announced at the same time as the launch of the Strategy in 2012.

- 2.21 As part of the 2018 Road Safety Plan, there was a policy decision to expand the Average Speed Camera program in metropolitan areas. The NSW Government has not announced any further moves to review the Strategy, the mobile camera program or the mobile speed camera enforcement hours. However, a report into better practice for mobile speed cameras in other jurisdictions has been commissioned and will be published in October 2020.
- 2.22 Transport for NSW further informed the Committee that it continues to conduct site assessments within existing mobile speed camera locations to ensure enforcement sites can be technically and safely enforced. Where a site is not feasible for enforcement due to factors such as changes in the road environment, the site is deactivated and a new site is identified. This is a current and ongoing practice and no changes to the site selection criteria have been required to date.
- 2.23 The Centre for Road Safety also undertakes annual reviews of all speed cameras to ensure they continue to have a positive effect on driver behaviour and help reduce crashes. The last such review was published in 2018, with a 2019 review anticipated to be published by the end of 2020.
- 2.24 Recognising that TfNSW is continuing to refine and improve its road safety program and that its mobile speed cameras are subject to further reviews to be completed by the end of the year, the Committee will look with interest at further developments in this policy area.
- 2.25 Therefore, the Committee is satisfied that the agency has fulfilled the intent of the audit recommendations. A more detailed description of the Department's activities to address the Committee's questions can be found on the Committee's website.

*Audit report 311 – Government advertising*

- 2.26 The Auditor-General is required, under the *Government Advertising Act 2011*, to conduct performance audits on one or more Government agency advertising campaigns each financial year.
- 2.27 This Audit examined two campaigns – the State Insurance Regulatory Authority (SIRA) 'Green slip refund' campaign and the TAFE NSW 'Student Recruitment Annual Campaign Program'. The Audit assessed whether Government advertising activities were carried out in an effective, economic and efficient manner and in compliance with the Act, regulations, and the Government Advertising Guidelines. The Act prohibits political advertising.
- 2.28 The Audit found that both campaigns complied broadly with the requirements of the Act, regulations and guidelines, including the prohibition on political advertising. The audit report noted, however, that the SIRA campaign contained inappropriate post-campaign evaluation questions, such as whether the public believed the Government was reducing the cost of living through reforms in a variety of areas not related to the green slip campaign or its stated objectives.
- 2.29 The audit report also found that neither agency could demonstrate that their campaigns were fully effective or economical.

- 2.30 The Department of Customer Service (DCS) responded to the Audit as the responsible agency for reviewing Government campaigns in accordance with the *Government Advertising Act 2011*. The Department acknowledged that the two campaigns complied with the requirements of the Act, regulations and guidelines. However, the agency response did not comment on the Audit finding that the campaigns did not demonstrate that they were economical, efficient or effective.
- 2.31 The Committee resolved to follow up the agency response by requesting further information in writing on this omission. The response by the Department of Customer Service, provided on 15 July 2020, stated that compliance with the framework and internal procurement policies was a matter for agency heads. It was therefore itself satisfied that the framework was sufficient to ensure that Government advertising was both effective and efficient.
- 2.32 In its response, the Department acknowledged its own important role in reviewing campaign objectives and performance as part of peer reviews for all campaigns in excess of \$250 000. Accordingly, DCS undertook to ensure that objectives are appropriately set by agencies, using the best available insights and benchmarks. In addition, the Department stated that it would require strong evidence of campaign effectiveness before approving subsequent phases of repeat campaigns.
- 2.33 While satisfied with the agency response at this time, the Committee will ensure that future examinations of subsequent Government advertising audits provide evidence to demonstrate that they are providing value for money and meet effectiveness and efficiency criteria.

*Audit report 313 - Supply of secondary teachers in STEM-related disciplines*

- 2.34 Australian teaching curriculums have a focus on improving outcomes in Science, Technology, Engineering and Mathematics (STEM) subjects. The current shortage of secondary STEM teachers is expected to worsen with population increases and an ageing workforce, thereby disadvantaging schools in rural and remote areas.
- 2.35 The audit report examined the effectiveness of the Department's workforce strategies to respond to the demand for secondary teachers in STEM-related disciplines. The Audit found that: the Department could not accurately track the supply and demand for STEM teachers; not all scholarships and sponsorship places were allocated; and the Department had little oversight of access to practicum placements for pre-service teachers in areas of need.
- 2.36 The Audit made three recommendations to be completed by December 2019, namely that the Department:
- 1) improve its workforce planning model to better understand and communicate supply and demand for teachers;
  - 2) implement changes to address the findings of the internal 2017 'Teacher Scholarship Realignment' report; and
  - 3) review its role in the practicum placement process of pre-service teachers.

- 2.37 The Department accepted all audit recommendations and documented the details of their implementation as follows:
- 1) the development of a Key Learning Areas (KLA) model to improve examinations of out-of-field teaching, projecting future KLA coverage, and disaggregating supply and demand by school networks. In addition, improvements are being considered for data quality of teacher location preferences and system update frequency;
  - 2) the targeting of new scholarship programs towards workplace demand for STEM areas, evaluation of scholarship offerings for competitiveness and attracting high performance students, and reviewing scholarship locations to align with new workforce planning data and opportunities for permanent positions: and
  - 3) support for priority practicum placements for STEM scholars through university partnerships. The Department is also improving contact with these students to better track practicum placements in 2020 and ensure universities are aware of Department scholars to better support these placements.
- 2.38 In its consideration of the agency response to the Audit, the Committee determined that additional written details were required in relation to all recommendations in the report. Specifically, for Recommendation 1 the Committee requested responses to the following: whether the extent of out-of-field teaching is reducing; whether teacher shortages are projected in certain STEM areas or locations; and whether reports on teacher supply and demand will be publicly available.
- 2.39 While the agency response to Recommendation 2 indicated better targeted scholarships for in-demand locations and disciplines, it was unclear if these changes were attracting more suitable applicants, or if key performance indicators had been established.
- 2.40 In relation to Recommendation 3, the Audit Office noted that universities had difficulties finding suitable practicum placement for students in high-needs disciplines and rural and remote areas. The Committee considered that further information was needed about whether the Department had made changes to its review of professional experience agreements with Universities.
- 2.41 The further written response to the Committee by the Department of Education, provided on 22 July 2020, detailed additional action taken on each recommendation.
- 2.42 For Recommendation 1, the Department stated that it had enhanced its workforce planning model to chart the demand and supply of teachers across the State and to provide a forecast of these figures out to 2030. Furthermore, the model would be used to support development of supply initiatives under the Long Term Teacher Supply strategy, aiming to support field teaching, continuity of education and support to offer the breadth of curriculum across the State.

- 2.43 In relation to Recommendation 2, a range of strengthened assessment measures had been incorporated into the application process for the Department's scholarships. This included a teacher suitability assessment measuring cognitive skills and emotional intelligence, and an online, on demand behavioural interview with questions more closely aligning to the Teacher Success Profile.
- 2.44 In order to address declining applications for scholarships, various financial and professional enhancements have been offered since 2019, including rural scholarships in STEM subjects. Additionally, the Department has initiated strategies to address teacher supply, with rapid, mid and long term approaches being developed. In response to trends in scholarship applications and commencements, further refinement of financial packages, within current budget constraints, will be implemented for the 2021 scholarship programs.
- 2.45 The Department's written response to Recommendation 3 indicated that changes have been made to its Professional Experience Agreements to support workforce need. The current Agreements, which cover 2019 - 2021, include a joint responsibility of the initial teacher education provider and the Department to give priority to the selection and matching of teacher education students for professional experience placements based on the Department's areas of workforce need.
- 2.46 In its further response, the Department also indicated that it will review its Professional Experience Agreements for the 2022 – 2025 cycle to support high quality professional experience placements in areas of workforce need.
- 2.47 On the basis of the additional information provided, the Committee is satisfied that the agency has fulfilled the intent of the Audit recommendations. A more detailed description of the Department's activities to address the Committee's questions can be found on the [Committee's website](#).

*Audit report 314 – Transport Access Program*

- 2.48 Under Australian legislation, Transport for NSW has an obligation to provide accessible services to people with disabilities in a non-discriminatory manner. In 2002, the Australian Government issued the Disability Standards for Accessible Public Transport (DSAPT), to assist public transport operators and providers to meet their statutory obligations. According to the DSAPT compliance schedule, transport services and infrastructure should be fully accessible by 2022, with trains not included until 2032.
- 2.49 The Audit assessed whether Transport for NSW has an effective process to select and prioritise DSAPT compliance projects as part of its Transport Access Program (TAP), with a specific focus on the third tranche of TAP funding (TAP 3), disability discrimination compliance. TAP is the largest TfNSW program focussing specifically on improving public transport accessibility for people with a disability.
- 2.50 The Audit found that the process for selecting and prioritising projects for TAP 3 balances DSAPT compliance goals with broader customer outcomes, which also consider demographics, deliverability and value for money. However, according to the audit report, TfNSW does not know the complete scope of work required for full DSAPT compliance, thus limiting its ability to demonstrate effectiveness.

- 2.51 The audit report recommended that TfNSW should:
- 1) publish a schedule of stations and wharves that it plans to upgrade as part of TAP 3;
  - 2) ensure decisions on how and why projects prioritised for funding are recorded and maintained, in compliance with the State Records Act 1998 (by March 2019);
  - 3) develop a plan for a comprehensive audit of Disability Standards for Accessible Public Transport 2002 compliance across all public transport networks (by June 2019);
  - 4) complete a comprehensive audit of Disability Standards for Accessible Public Transport 2002 compliance across all public transport networks, and publicly report this information (by June 2020); and
  - 5) improve how it measures, and publicly reports on, accessibility outcomes for people with disability.
- 2.52 The Transport Access Program is a key initiative under the Transport for NSW Disability Inclusion Action Plan 2018-2022. Since the Program began in 2011, more than 470 projects have been completed or are underway. This includes accessibility upgrades such as lifts and ramps, improved interchanges, and commuter car parks.
- 2.53 TfNSW stated it has completed the actions arising from the first three of the five audit recommendations. The remaining two relate to completing an audit of Disability Standards for Accessible Public Transport 2002 compliance across all public transport networks. Procurement documentation was being finalised, with the audit expected to be completed by October 2020. Transport for NSW acknowledged that it will not achieve the 2022 DSAPT compliance targets.
- 2.54 The Committee resolved that additional information was required to satisfy the requirements of the Audit. This included the provision of further details regarding: two funded wharves that do not currently have estimated times of construction published on the TfNSW website; reasons for the addition of four additional locations; a comprehensive DSAPT compliance audit to enable Transport for NSW to objectively measure and report on progress in achieving accessibility outcomes for its customers; and the completion of schedules for measuring accessibility and how it is publicly reported.
- 2.55 A written response to the Committee's request for additional information was provided by Transport for NSW on 15 July 2020. In the response, TfNSW indicated that its legal obligations under the DSAPT will be achieved through implementation of the TfNSW Disability Inclusion Action Plan 2018-2022. The Transport Access Program will progressively upgrade ferry wharves and train stations to improve the accessibility of the transport network.
- 2.56 While acknowledging that it will not meet compliance targets for the prescriptive requirements of the Disability Standards for Public Transport, TfNSW said that this was due to a range of technical and financial reasons across all modes, as

well as the complexity in trying to measure compliance. Furthermore, the delivery in accessibility improvements across the Transport cluster is done in a prioritised manner to consider the impacts of maintaining transport operations and resourcing requirements, as well as current market and industry capacity.

- 2.57 The audit of Disability Standards for Accessible Public Transport 2002 compliance across all public transport networks, initially expected to be concluded by October 2020, will now be completed in November 2020. TfNSW is currently undertaking audits across the ferry and train networks which will provide data on the current general accessibility of these locations.
- 2.58 According to TfNSW, the information, once gathered, will be used to provide customers with more accurate information on accessibility features and support improved journey planning. The information will also support better future planning for compliance upgrades across the network. Information regarding current and planned upgrades that are part of the Transport Access Program Tranche 3, are published on the Transport Access Program page on the TfNSW website.
- 2.59 The Committee is satisfied that the agency has fulfilled the intent of the audit recommendations. A more detailed description of activities to address the Committee's additional questions can be found on the Committee's website.

## Chapter Three – Managing Anti-Social Behaviour in public housing

### Introduction

- 3.1 Social housing provides long-term, subsidised rental housing to people experiencing extreme difficulty accessing the private housing market. Housing priority is given to people assessed as having urgent housing needs due to unstable housing circumstances, certain risk factors or living in accommodation with inappropriate basic housing requirements. For example, people experiencing homelessness, leaving domestic violence situations or who live with mental illness or disability.
- 3.2 At the time of the Audit, the Department of Family and Community Services (FACS) managed 'public housing' and was the main provider of social housing in New South Wales. In addition to managing supply and eligibility for public housing, the Department managed antisocial behaviour of public housing tenants.
- 3.3 In November 2015, new laws introduced the 'strikes' approach to managing antisocial behaviour in public housing. The 'strikes' approach aimed to eliminate illegal and disruptive antisocial behaviour of tenants and create safer communities, including for ageing and vulnerable tenants.
- 3.4 The new approach allowed the Department to have direct responsibility for managing and adjudicating minor and moderate antisocial behaviour, which were previously required to be settled by the NSW Civil and Administrative Tribunal ('the Tribunal'). Instead, antisocial behaviour was divided into three categories: minor and moderate antisocial behaviour; serious antisocial behaviour; and severe illegal behaviour. Department staff issued sanctions for each level, including terminating tenancies for the most serious behaviours.

### The Performance Audit

- 3.5 The Auditor-General's 2018 Audit focussed on public housing as formerly managed by FACS. Since 2019, the Department of Communities and Justice (DCJ) has been responsible for the management of public housing in New South Wales.
- 3.6 The audit report examined the efficiency of the strikes approach in managing antisocial behaviour in public housing environments and its effectiveness in creating safer communities for ageing and vulnerable tenants. In particular, the Audit assessed whether the strikes approach was being implemented as intended and leading to improved safety and security in social housing environments; whether the Department and its partner agencies have the capability and capacity to implement the approach; and whether there are effective mechanisms to monitor, report and progressively improve the approach.<sup>1</sup>

---

<sup>1</sup> NSW Auditor-General, Performance Audit Report, Managing antisocial behavior in public housing, 10 August 2018.

## Major Audit Findings

- 3.7 The Audit made five major findings relating to the effectiveness of the strikes approach to curtail antisocial behaviour in public housing.
- 3.8 Overall, the Audit Office concluded that FACS was not effectively monitoring and recording incidents of antisocial behaviour in public housing, thereby significantly limiting its ability to assess the impacts or outcomes of the strikes approach.
- 3.9 The Audit noted that the majority of frontline housing staff were unable to correctly record minor and moderate antisocial behaviour incidents in the information management system (HOMES-ASB) due to the difficulty in using the system. It was also noted that FACS recognised these issues and provided improved opportunities for staff training on the system.<sup>2</sup>
- 3.10 The report found that there was limited evidence of improved safety and security in public housing and insufficient support for tenants with complex needs and behaviours. This was due to a lack of relevant services, some support services lacking capacity, or tenants choosing not to attend the service.
- 3.11 Frontline housing staff also reported that workloads and competing work priorities impacted their ability to case manage vulnerable tenants. The Department did not provide guidelines or resources to assist frontline staff to take case management approaches.<sup>3</sup>
- 3.12 It was also found that most staff in remote crisis accommodation services and mental health services had limited knowledge and management of antisocial behaviour. The majority of staff in housing offices across NSW also had insufficient training to manage antisocial behaviour.
- 3.13 In 2017, FACS evaluated the strikes approach and took initial steps to improve the implementation of antisocial behaviour management by increasing staff training on HOMES-ASB and introducing a 'Certificate IV in Social Housing' for all Client Services Officers in 2018. Senior Client Service Officers were due to receive training in 2019.<sup>4</sup>
- 3.14 The Audit noted that FACS did not receive additional funds to implement the strikes approach and that all activity and training associated with the approach were sourced from existing funds and resources.<sup>5</sup>

---

<sup>2</sup> NSW Auditor-General, Performance Audit Report, Managing antisocial behavior in public housing, 10 August 2018, p. 2.

<sup>3</sup> NSW Auditor-General, Performance Audit Report, Managing antisocial behavior in public housing, 10 August 2018, p. 3.

<sup>4</sup> NSW Auditor-General, Performance Audit Report, Managing antisocial behavior in public housing, 10 August 2018, p. 4.

<sup>5</sup> NSW Auditor-General, Performance Audit Report, Managing antisocial behavior in public housing, 10 August 2018, p. 4.

**Auditor-General's Recommendations**

3.15 The Auditor-General made five recommendations addressed to the then Department of Family and Community Services (FACS). These recommendations have been set out in the table below:

**Table 1: Recommendations made by the Auditor-General in the Managing antisocial behaviour in public housing performance audit report**

No.	Recommendation
The Department of Family and Community Services should, by August 2019:	
1.	address the identified functional problems with the information management system HOMES-ASB and ensure that housing staff can use this system to record and manage antisocial behaviour
2.	improve the quality of data collection and reporting on antisocial behaviour to ensure oversight of: <ul style="list-style-type: none"> <li>• the extent of antisocial behaviour</li> <li>• the types of incidents occurring</li> <li>• increases or decreases in incidents over time</li> <li>• the outcomes of FACS interventions</li> </ul>
3.	work with relevant government agencies and non-government support services to coordinate case management approaches to support public housing tenants with complex needs
4.	work with NSW Police to develop formal, regular, information sharing arrangements that enable housing staff to proactively manage safety and security in public housing
5.	review staff capacity and capability to manage antisocial behaviour including: <ul style="list-style-type: none"> <li>• staffing allocations in remote and regional areas</li> <li>• antisocial behaviour specialist skills in housing offices</li> <li>• targeted training for frontline housing staff based on local requirements</li> <li>• enhanced opportunities for staff to share techniques for managing antisocial behaviour across FACS frontline housing offices and Districts</li> <li>• techniques and skill development in risk assessment and safety approaches.<sup>6</sup></li> </ul>

<sup>6</sup> NSW Auditor-General, Performance Audit Report, Managing antisocial behavior in public housing, 10 August 2018, p.5.

### Agency Response

- 3.16 As previously noted, the Department of Communities and Justice (DCJ) has been responsible for public housing since 2019 and therefore provided the response to the audit recommendations. DCJ supported all five recommendations and reported that they had been implemented in the 12 months since the Audit.<sup>7</sup>
- 3.17 In reporting on improvements to the information management system HOMES-ASB, DCJ noted that IT system changes were implemented in two phases (on 30 November 2018 and 28 February 2019).
- 3.18 Action taken included: removing the requirement for staff to wait 24 hours before issuing a warning letter or strike notice; providing face to face training on how to address the 'functionality gaps' and user error; providing State-wide staff training for keystroke training, troubleshooting, policy clarification and how to remedy common system errors; and implementing a revised User Guide for the HOMES-ASB system changes.
- 3.19 At the public hearing conducted on 27 July 2020, the Committee received additional evidence from the DCJ Director of Housing State-wide Services and the Deputy Secretary of Housing, Disability and District Services. DCJ advised that the functional problems with the HOMES-ASB system had been upgraded since the Audit, including removing the 'time out' function which now allows the investigation process to be speeded up:
- The antisocial behaviour modules of the HOMES system have been upgraded more than once since the audit. In particular, the timeout function which was the source of a great deal of frustration for our staff, has been removed completely. That function delayed the completion of an investigation by 24 hours. It was introduced because a number of stakeholders said they thought there needed to be a control so that our staff did not issue a strike notice in the heat of the moment. There was no evidence that our staff had ever done that and all it did was cause and a lot of frustration, both to people who were complaining and to our staff. We have removed that feature completely, which will assist in a speedier resolution of complaints.<sup>8</sup>
- 3.20 DCJ reported that all new staff now go through an induction process where antisocial behaviour is emphasised and the system updates guide explains the process in detail:
- It is a very detailed process; it enables staff to draw up reports where they can see what has been raised, where it is up to, what is due, what needs to be entered, who the next approving stage goes to. So it is very detailed and all the changes have been implemented and really well accepted by our staff as well.<sup>9</sup>
- 3.21 DCJ also reported that staff were now able to effectively use the HOMES-ASB system to record antisocial behaviour, and that a major focus since the Audit has

<sup>7</sup> Submission 1, Department of Communities and Justice, pp.2-3.

<sup>8</sup> Mr Paul Vevers, Deputy Secretary, Housing, Disability and District Services, Department of Communities and Justice, Transcript of evidence, 27 July 2020, p.2.

<sup>9</sup> Mrs Wilma Falcone, Director of Housing State-wide Services, Department of Communities and Justice, Transcript of evidence, 27 July 2020, p.3.

been on training staff in the system, as well as broader training on how to work with people with complex needs.<sup>10</sup>

- 3.22 Since 2018, DCJ began ensuring staff were trained to at least a Certificate IV level. This means that staff have undergone an assessment of 15 competency criteria, including dealing with antisocial behaviour and people with complex needs. Staff who did not successfully complete this assessment were placed on a mandatory training course until they passed, resulting in all permanent staff who joined more than two years ago having been certified to Certificate IV level.
- 3.23 In response to recommendations to improve the quality of data collection and incident reporting, DCJ reported that it publishes data on its website on the number of investigations, warnings and strikes issued on a six monthly basis.
- 3.24 DCJ noted that it was undertaking consultations with Corporate Governance and Reporting to 'establish a more meaningful representation of ASB data', which has resulted in the publishing of a new dashboard layout with comparative data over time. The Department also noted plans for supplementary staff training to be provided on using the HOMES-ASB system upgrades to improve the way information is captured and improved.
- 3.25 At the public hearing, DCJ reported that it collects data on minor and moderate levels of antisocial behaviour and publishes it on the publicly available dashboard every six months. Recent data trends indicate that there is an increasing number of severe illegal antisocial behaviour incidents that has led to action being taken by DCJ:
- In 2018-19 there were 120 of those, and in 2019-20 there were 140, so about a 13 to 14 per cent increase in severe illegal actions, but something of a small decrease in antisocial behaviour reports overall, and therefore a small decrease in the number of investigations. We do not think that the severe illegal number necessarily means there has been an increase in illegal behaviour in public housing; we think it is because, as we have done so much training of our staff, they have been better able to pick up these cases and pursue them.<sup>11</sup>
- 3.26 It is generally well understood by tenants that DCJ will take action on illegal behaviour, such as dealing in drugs or receiving stolen goods. Feedback from tenants has been positive about the reduction in illegal behaviour.<sup>12</sup>
- 3.27 In response to Recommendation 3, DCJ reported that it had completed a co-design ASB referral form with the Ministry of Health, and revised its ASB policy, referral letter and forms. DCJ reported it was participating in whole-of-government arrangements on an ongoing basis in the Housing and Mental Health District Implementation and Coordinating Committees, the District Homelessness Implementation groups, and the Safety Action Meetings led by NSW Police.

---

<sup>10</sup> Mr Paul Vevers, Deputy Secretary, Housing, Disability and District Services, Department of Communities and Justice, Transcript of evidence, 27 July 2020, p.2.

<sup>11</sup> Mr Paul Vevers, Deputy Secretary, Housing, Disability and District Services, Department of Communities and Justice, Transcript of evidence, 27 July 2020, p.6.

<sup>12</sup> Mr Paul Vevers, Deputy Secretary, Housing, Disability and District Services, Department of Communities and Justice, Transcript of evidence, 27 July 2020, p.3.

- 3.28 At the public hearing, DCJ noted a concern that it can take some time to progress through the strikes system and stated that they are trying to speed up the process, while also providing support services. In 2019 it introduced a new system to encourage tenants to seek support services within 14 days, to lessen their penalty from a warning to a strike. However, the majority of tenants would choose not to seek out support services, which would result in a 14 day wait before the case could be progressed through the system.<sup>13</sup>
- 3.29 A 2019 review found that there had been a 62 per cent decrease in the number of Warnings issued, and a 86 per cent increase in the number of Strike 1's issued. The review concluded that "the policy change had not resulted in improved outcomes for tenants, had no impact on support services, and had created additional administrative work for staff".<sup>14</sup> Consequently, the policy was reversed to remove the 14 day wait period.
- 3.30 Recent data has indicated that the current policy remains effective in changing antisocial behaviour of tenants, reducing minor and moderate antisocial behaviour, and sustaining tenancies where appropriate.<sup>15</sup>
- 3.31 There is no indication that support services were over-subscribed when the policy previously required tenants to seek support services upon receiving their first strike. Monthly referrals to Housing Accommodation and Support Initiative (HIS) and Community Living Supports (CLS) services has remained steady, at an average of 4 per cent. DCJ also reported that there had been no evidence of instances where NGO services had not accepted tenants with challenging behaviours or mental illness.<sup>16</sup>
- 3.32 The DCJ supported Recommendation 4 within the framework of the existing Memorandum of Understanding (MOU) with NSW Police. DCJ considered its existing MOU as sufficient for proactive information sharing between the two agencies as it allowed staff to seek information from NSW Police with approval, and use this information to issue warnings or seek action at the NSW Civil and Administrative Tribunal (NCAT). DCJ noted that it will only share information it holds where a client has provided consent or where it is legally permissible.<sup>17</sup>
- 3.33 The Department supported Recommendation 5 and noted a resource allocation review finding that regional areas were adequately resourced and staff appropriately trained. Districts that manage remote and regional locations can review their staff/property and ratios within their existing allocation to meet operational requirements. DCJ also reported that it had consulted frontline staff regarding working requirements and key responsibilities and that training of the HOMES user guide had been completed.<sup>18</sup>

---

<sup>13</sup> <sup>13</sup> Mr Paul Vevers, Deputy Secretary, Housing, Disability and District Services, Department of Communities and Justice, Transcript of evidence, 27 July 2020, p.4.

<sup>14</sup> Answers to Supplementary Questions, Department of Communities and Justice, 6 August 2020, p.2-3.

<sup>15</sup> Answers to Supplementary Questions, Department of Communities and Justice, 6 August 2020, p.2-3.

<sup>16</sup> Answers to Supplementary Questions, Department of Communities and Justice, 6 August 2020, p.3.

<sup>17</sup> Answers to Supplementary Questions, Department of Communities and Justice, 6 August 2020, p.3.

<sup>18</sup> Submission 1, Department of Communities and Justice, p.7.

- 3.34 At the public hearing, DCJ reported that it had changed its approach to antisocial behaviour training from being previously only assigned to specialist staff, to all staff now trained. The resource allocation review indicated that staffing in regional areas was equitable and staffed at a lower ratio of tenants to staff in regional areas. For example, regional areas had a staffing ratio of 250-300 tenants per officer compared to 400 tenants per officer in metropolitan areas.<sup>19</sup>

#### **Auditor General's Comments**

- 3.35 The shortcomings identified in the initial agency response were explored at the public hearings and the Auditor-General noted the fulsome evidence provided to satisfy the requirements of the Audit.<sup>20</sup>

#### **Committee Comments**

- 3.36 The Committee supports the efforts by DCJ to address the issues identified by the performance audit. In particular, taking action to improve the functionality of the information management system HOMES-ASB, updating staff training and State-wide resource allocation.
- 3.37 The Committee notes that DCJ has changed the qualification requirements for its staff and ensured that all permanent staff employed for more than two years have been assessed at Certification IV level or equivalent. However, it was not clear how many staff this includes or how many non-permanent staff were yet to receive the qualification assessment, or if there was a plan to roll it out to non-permanent staff.
- 3.38 The Committee acknowledges the resourcefulness of the existing MOU for obtaining and sharing information with the NSW Police. The Committee reiterates the comments of the Auditor-General that information sharing is permissible under various Acts, particularly the *Children and Young Persons (Care and Protection) Act* and such laws should be utilised to obtain or share information to support the functions of the DCJ where possible.
- 3.39 The Committee is satisfied that the Department of Communities and Justice has addressed the intent of the recommendations made in the audit report.

---

<sup>19</sup> Mr Paul Vevers, Deputy Secretary, Housing, Disability and District Services, Department of Communities and Justice, Transcript of evidence, 27 July 2020, p.5.

<sup>20</sup> Ms Margaret Crawford, Auditor-General, Audit Office of NSW, Transcript of evidence, 27 July 2020, p.6.

## Chapter Four – Unsolicited Proposal Process for the lease of Ausgrid

### Introduction

- 4.1 In New South Wales, the procurement of Government services and development of delivery of new Government infrastructure is normally achieved through competitive tendering, which is viewed as the best way to achieve value for money in a transparent and fair manner.
- 4.2 An alternative process in the provision of new infrastructure and services is by way of unsolicited proposals. The NSW Government has established a framework for dealing with unsolicited proposals, detailed in a document entitled "Unsolicited Proposals: Guide for Submission and Assessment."<sup>21</sup> The Guide sets out governance arrangements for the assessment of unsolicited proposals from the private sector.
- 4.3 Unsolicited proposals are inherently riskier than the more transparent and open competitive tendering process.<sup>22</sup> In the context of the unsolicited proposal for the lease of Ausgrid, the Government conducted two competitive tendering processes from November 2015 to August 2016, to enable a 99 year lease of 50.4% of the asset.
- 4.4 After having two bids from foreign investors rejected on national security grounds, the process was revised. On 31 August 2016, the Government received an unsolicited proposal from IFM Investors and AustralianSuper to acquire an interest in Ausgrid. The terms of the bid were the same as those proposed during the tendering process. In October 2016, the Government accepted the unsolicited proposal.

### The Performance Audit

- 4.5 The Audit examined whether the unsolicited proposal process was effectively conducted and complied with the Government's Unsolicited Proposals Guide (UPG).
- 4.6 In order to justify a departure from the regular tendering process, the Audit emphasised the need to demonstrate that the unsolicited proposal was unique and provided value for money.

### Major Audit Findings

- 4.7 The overall conclusion reached by the Audit Office did not support the determination of the Assessment Panel and Proposal Specific Steering Committee that the unsolicited proposal for the lease of Ausgrid was unique. The reasons advanced by the Panel and Committee for the determination were that the

---

<sup>21</sup> Department of Premier and Cabinet, Unsolicited Proposals – Guide for Submission and Assessment, August 2017.

<sup>22</sup> Audit Office of New South Wales, Managing unsolicited proposals in New South Wales, March 2016, p 6.

proponent did not require foreign investment approval from the Federal Treasurer and that the lease transaction would provide an earlier outcome than through another tender process.<sup>23</sup>

4.8 On the basis of the evidence obtained, the Audit Office found that the Department of Premier and Cabinet (DPC):

- Did not conclusively demonstrate that the unsolicited proposal was unique and that no other proponent could conclude the transaction in time to meet the Government's deadline. It was not considered appropriate that the speed of transaction compared to a regular tendering process would qualify as the sole justification for uniqueness.<sup>24</sup>
- Although the Government had obtained assurances that the proposal would deliver value for money,<sup>25</sup> DPC and NSW Treasury were not able to provide a documented reserve price, or a bargaining strategy which would have put the negotiations in context. It was also not evident that the Panel or Committee authorised, justified or endorsed negotiations in advance.<sup>26</sup>
- There were shortcomings in the negotiation process, documentation and segregation of duties.<sup>27</sup>
- Finally, the UPG states that a proposal to directly purchase or acquire a Government owned entity will generally not be unique. This applied to the Ausgrid proposal.

#### **Auditor-General's Recommendations**

- 4.9 The Audit Office made eight recommendations, directed to the Department of Premier and Cabinet. These were designed to ensure that future Assessment Panels and Steering Committees take account of specific criteria when considering a proposal to acquire a Government business or asset.
- 4.10 Specifically, when considering uniqueness, there should be strong evidence that the proposal was the only one that could meet the Government's objectives. Additionally, thorough consideration should be given to any reasonable counter-arguments.
- 4.11 The report also stressed the need: to document a minimum acceptable price and to have a negotiation strategy to maximise price before the negotiations begin;

---

<sup>23</sup> Audit Office of New South Wales, Unsolicited proposal process for the lease of Ausgrid, 11 December 2018, page 1.

<sup>24</sup> Audit Office of New South Wales, Unsolicited proposal process for the lease of Ausgrid, 11 December 2018, page 1.

<sup>25</sup> Audit Office of New South Wales, Unsolicited proposal process for the lease of Ausgrid, 11 December 2018, page 1.

<sup>26</sup> Audit Office of New South Wales, Unsolicited proposal process for the lease of Ausgrid, 11 December 2018, page 14.

<sup>27</sup> Audit Office of New South Wales, Unsolicited proposal process for the lease of Ausgrid, 11 December 2018, page 1.

not to communicate an acceptable price to the proponent prior to negotiations; and to keep an auditable trail of documentation during the negotiation process.

- 4.12 In addition, the Audit found that it was not appropriate to have a probity advisor, who had worked alongside the project team, providing assurance for the conduct of a probity audit. Separation of probity advice from a probity audit is a fundamental assurance principle.<sup>28</sup>

**Table 2 – Recommendations made by the Auditor General in the unsolicited proposal process for the lease of Ausgrid performance audit report<sup>29</sup>**

No.	Recommendation
	The Department of Premier and Cabinet should ensure future Assessment Panels and Steering Committees considering a proposal to acquire a government business or asset:
1	recognise that when considering uniqueness they should: <ul style="list-style-type: none"> <li>• require very strong evidence to decide that both the proponent and proposal are the only ones of their kind that could meet the government's objectives</li> <li>• give thorough consideration to any reasonable counter-arguments against uniqueness.</li> </ul>
2	rigorously consider all elements of the Unsolicited Proposals Guide when determining whether a proposal should be dealt with as an unsolicited proposal, and document these deliberations and all relevant evidence
3	do not use speed of transaction compared to a market process as justification for uniqueness
4	document a minimum acceptable price, and a negotiating strategy designed to maximise price, before commencing negotiations
5	do not communicate an acceptable price to the proponent, before the negotiation stage of the process, and then only as part of a documented bargaining strategy
6	maintain separation between negotiation, assessment and review in line with the Unsolicited Proposals Guide
7	keep an auditable trail of documentation relating to the negotiation process
8	maintain separation between any probity audit services engaged and the probity advisory and reporting services recommended in the current Guide.

<sup>28</sup> Audit Office of New South Wales, Unsolicited proposal process for the lease of Ausgrid, 11 December 2018, page 21.

<sup>29</sup> Audit Office of New South Wales, Unsolicited proposal process for the lease of Ausgrid, 11 December 2018.

## Agency Response

- 4.13 In its written response, DPC accepted six recommendations and noted one. The Department indicated that briefings and internal documents were given to Assessment Panels and Steering Committees to emphasise the following:
- The need for a strong evidence base and consideration of counter-arguments when considering a proposal to acquire a Government business or asset;
  - The need to rigorously consider all elements of the Unsolicited Proposals Guide when determining whether a proposal should be dealt with as an unsolicited proposal and to require that all activities and decisions be documented;
  - Where appropriate, to have a Negotiation Plan to document a minimum acceptable price and bargaining strategy for maximising price and other strategic benefits;
  - The importance of the Negotiation Plan in documenting a strategy for the timing of communication to the proponent relating to price and to document justifications when providing an early indication of price to a proponent; and
  - That all activities and decision-making be documented.<sup>30</sup>
- 4.14 DPC rejected recommendation 3, requiring not to use the speed of transaction compared to a market process as the sole justification for uniqueness. In its response, the Department agreed that the speed of transaction should not be used as the sole justification for uniqueness. However, it did not consider that the speed of transaction in combination with other factors could not create a 'unique' proposal.<sup>31</sup>
- 4.15 At the public hearing, Mr Simon Draper, Chief Executive of Instructure NSW and formerly Deputy Secretary, Economic Policy Group in the Department of Premier and Cabinet, provided context leading up to the unsolicited proposal.
- I think you have to start with the understanding that this unsolicited proposal arose out of the failure to complete a global competitive tender that had been taking place for Ausgrid up to that point. That had been running for about 18 months.
- That transaction did not complete because, as I am sure the Committee knows, it required approval by the Foreign Investment Review Board—actually, by the Federal Treasurer. The Treasurer declined to give that consent for the two parties that were there at the end that were bidding were both foreign entities.
- That created a degree of adverse environment to proceed with a competitive process any further. There was an increasingly adverse environment for any foreign owner to

<sup>30</sup> Submission No. 2, Department of Premier and Cabinet, pp2- 6.

<sup>31</sup> Submission No. 2, Department of Premier and Cabinet, p3.

have any level of control in Ausgrid. The scale of the transaction was another contributing factor.

The adverse position of the Commonwealth Government in permitting foreign buyers to own Ausgrid, the scale of the transaction and the worsening environment for that transaction to take place made it very clear to us that there was only really one option on the table.<sup>32</sup>

4.16 Mr Draper clarified that although the audit report indicated that the Australian Treasury was working on solutions to allow foreign investment, it was very unlikely that a foreign investor would accept the types of structures proposed for selling the asset.<sup>33</sup>

4.17 As previously mentioned, the Department agreed that the speed of the transaction should not be the sole justification for uniqueness, while reiterating that the proposal could be unique in combination with other factors.

It is actually a combination of factors that has led to uniqueness, including speed of transaction in the sense that there was quite a short window of time where that competitive tension was there before the market sort of started to really understand the restraints of the FIRB. Therefore, the competitive tension or the kind of value of the asset in the eyes of the market started to deteriorate, but then also the unlikelihood of getting a positive FIRB determination and a domestic player being able to carry the size of debt and equity that is required for this, so it was one that really did require a combination. That is often more difficult to put on paper and be articulated in a way that can never be objected to or debated with, but that was the case here.<sup>34</sup>

4.18 When questioned about the timing and communication of an acceptable price, the Department indicated that there is an emphasis on the importance of documenting the strategy. Furthermore, in communicating a price to proponent, this should align with the overall strategy to achieve value for money.<sup>35</sup>

4.19 In the instance of the Ausgrid proposal, the Department had a good understanding of the benchmark price of the asset, following two competitive tendering processes.

4.20 After being approached with an offer, the Department needed assurances that the proponent would be able to match the benchmark price. According to DPC, the only way to achieve this was to disclose the price.<sup>36</sup>

4.21 Mr Draper further explained the decision-making process.

In the end we had to make a judgement about whether the Commonwealth Government would ever approve a structure to allow any foreign investor, whether

---

<sup>32</sup> Mr Simon Draper, Chief Executive, Infrastructure NSW, Transcript of evidence, 27 July 2020, p. 7 – 8.

<sup>33</sup> Mr Simon Draper, Chief Executive, Infrastructure NSW, Transcript of evidence, 27 July 2020, p. 9.

<sup>34</sup> Ms Amy Brown, Deputy Secretary, Strategy and Delivery, Department of Premier and Cabinet, Transcript of evidence, 27 July 2020, p. 11.

<sup>35</sup> Ms Amy Brown, Deputy Secretary, Strategy and Delivery, Department of Premier and Cabinet, Transcript of evidence, 27 July 2020, p. 9.

<sup>36</sup> Mr Simon Draper, Chief Executive, Infrastructure NSW, Transcript of evidence, Transcript of evidence, 27 July 2020, p. 9.

they were from any country frankly—and that is what the trade Minister had been out there publicly saying; this is not to do with which country they come from, this is any foreign investor—we had to make a reasoned judgement on whether that was ever likely to happen and our judgement was that it was not.<sup>37</sup>

### **Auditor-General's Comments**

- 4.22 In its written response, the Audit Office noted that the Department of Premier and Cabinet had accepted six recommendations. The Department's reported actions primarily involved providing briefings to members of Assessment Panels and Steering Committees.
- 4.23 The Audit Office was unable to assess whether these actions adequately addressed the intent of the recommendations, as DPC had not made any changes to the Unsolicited Proposals Guide. The Auditor-General suggested that amendments to the UPG may have assisted in addressing the recommendations, even though this was not a specific Audit requirement.
- 4.24 The Audit Office noted the rejection of recommendation 3. Namely, that it is not an appropriate basis to use speed of transaction, compared to a market process, as the sole justification for uniqueness.
- 4.25 DPC agreed that while the speed of transaction should not be used as the sole justification for uniqueness, in combination with other factors it could be considered unique. However, the Audit Office concluded that the assessment of the combination of factors still did not present a compelling case for uniqueness.

### **Committee Comments**

- 4.26 The Committee notes the progress made in providing briefings and guidance to all Assessment Panels and Steering Committees. This is specifically to emphasise the need for a strong evidence base, and to give serious consideration to any reasonable counter-arguments. Additionally, such guidance should highlight all elements of the Unsolicited Proposals Guide and fully document activities and decision-making, including justifications for decisions taken.
- 4.27 While noting that there are subjective elements at play, the Committee is concerned about the lack of transparency and level of detail provided in the decision-making process. Further evidence to elucidate this was sought during the public hearing.
- 4.28 In addition, the Committee is concerned that there is a risk of self-review and weakened perception of independence, without a clear separation between probity advice and audit services. As the Department noted in its written response, the determination of whether a separate probity auditor is required would be on a case-by-case basis.<sup>38</sup>
- 4.29 However, this is in contrast to the NSW Government Policy Framework which requires agencies, when engaging probity advisors or auditors, to ensure the

<sup>37</sup> Mr Simon Draper, Chief Executive, Infrastructure NSW, Transcript of evidence, 27 July 2020, p. 11.

<sup>38</sup> Department of Premier and Cabinet, Response to Supplementary Questions – Unsolicited proposal process for the lease of Ausgrid, 10 August 2020, p 3.

engagement will not create a real or perceived conflict of interest arising from this or other work being performed by the probity advisor or auditor.<sup>39</sup>

- 4.30 The audit report also described a situation where the same party provides advisory and audit services on the same transaction as not being good practice. The Committee agrees with this assessment.
- 4.31 Finally, the Department reported that most of the recommendations had been implemented with controls in place, combined with briefings from DPC staff to Assessment Panels and Steering Committees.
- 4.32 While DPC stated that it was providing guidance to ensure that all the requirements of the Unsolicited Proposals Guide were adhered to<sup>40</sup>, the Committee notes that the audit recommendations have not been included in the current Unsolicited Proposals Guide.<sup>41</sup>

### **Recommendation 1**

**The Committee recommends that the Department of Premier and Cabinet provides more comprehensive details of the rationale used in making decisions about unsolicited proposals, in order to promote greater transparency in the application of the unsolicited proposal process.**

### **Recommendation 2**

**The Committee recommends that the Department of Premier and Cabinet requires agencies to engage independent probity advisors or auditors for all unsolicited proposals. This is to ensure the engagement will not create a real or perceived conflict of interest arising from this or other work being performed by the probity adviser or auditor.**

### **Recommendation 3**

**The Committee recommends that the Department of Premier and Cabinet provides a progress report and timeframe to the Committee of when the Unsolicited Proposals Guide will be updated to reflect the recommendations in the performance audit report, along with a list of changes made.**

---

<sup>39</sup> NSW Government Procurement Policy Framework, Probity and Fairness, p54.

<sup>40</sup> Department of Premier and Cabinet, Responses to supplementary questions, 10 August 2020, p 2-3.

<sup>41</sup> Ms Amy Brown, Deputy Secretary, Strategy and Delivery, Department of Premier and Cabinet, Transcript of evidence, 27 July 2020, p. 10.

# Chapter Five – Newcastle Urban Transformation and Transport Program

## Introduction

- 5.1 The Newcastle Urban Transformation and Transport Program (the Program) is an urban renewal and transport project in the Newcastle city centre, essentially replacing an existing train line with light rail.
- 5.2 The Hunter and Central Coast Development Corporation (HCCDC) has led the Program since 2017, replacing UrbanGrowth NSW, which had its carriage from 2014 until 2017. Transport for NSW (TfNSW) has been responsible for delivering the transport components of the Program since its commencement.<sup>42</sup>

## The Performance Audit

- 5.3 The Audit assessed two objectives, namely:
- 1) the economy of the approach chosen to achieve the objectives of the Program; and
  - 2) the effectiveness of the consultation and oversight process.<sup>43</sup>

## Major Audit Findings

- 5.4 The Audit concluded that:
- The urban renewal projects on the former railway land are well targeted to support the objectives of the Program. However, there was insufficient evidence that the cost of the light rail would be justified by its contribution to Program objectives.
  - The project was announced before the business case analysis had been undertaken, resulting in optimistic forecasts and underestimated costs which increased several times.
  - While consultation and oversight were mostly effective during the implementation stages of the Program, there were weaknesses in the planning stages.<sup>44</sup>

---

<sup>42</sup> Audit Office of NSW, Newcastle Urban Transformation and Transport Program, 12 December 2018, p. 1.

<sup>43</sup> Audit Office of NSW, Newcastle Urban Transformation and Transport Program, 12 December 2018, p. 1.

<sup>44</sup> Audit Office of NSW, Newcastle Urban Transformation and Transport Program, 12 December 2018, p. 1.

**Auditor-General's Recommendations**

- 5.5 The Auditor-General made 6 recommendations, the first four to be implemented by NSW Government agencies for future infrastructure programs and the last two targeting the Hunter and Central Coast Development Corporation.

**Table 3 – Recommendations made by the Auditor General in the Newcastle Urban Transformation and Transport Program Report<sup>45</sup>**

No	Recommendation
For future infrastructure programs, NSW Government agencies should:	
1	Support economical decision-making on infrastructure projects by: <ul style="list-style-type: none"> <li>a) providing balanced advice to decision makers on the benefits and risks of large infrastructure investments at all stages of the decision-making process</li> <li>b) providing scope and cost estimates that are as accurate and complete as possible when initial funding decisions are being made</li> <li>c) making business cases available to the public.</li> </ul>
2	Develop and implement a benefits management approach from the beginning of a program to ensure responsibility for defining benefits and measuring their achievement is clear.
3	Consult with a wide range of stakeholders before major decisions are made and announced, and report publicly on the results and outcomes of consultations.
4	Establish whole-of-government oversight early in the program to guide major decisions. This should include: <ul style="list-style-type: none"> <li>a) agreeing on objectives and ensuring all agencies understand these</li> <li>b) clearly defining roles and responsibilities for all agencies</li> <li>c) establishing whole-of-government coordination for the assessment and mitigation of the impact of major construction projects on businesses and the community.</li> </ul>

<sup>45</sup> Audit Office of NSW, Newcastle Urban Transformation and Transport Program, 12 December 2018, p. 3.

By March 2019, the Hunter and Central Coast Development Corporation should:	
5	Update and implement the Program Benefits Realisation Plan. This should include: <ul style="list-style-type: none"> <li>a) setting measurable targets for the desired benefits</li> <li>b) clearly allocating ownership for achieving the desired benefits</li> <li>c) monitoring progress toward achieving the desired benefits and reporting publicly on the results.</li> </ul>
6	Work with relevant stakeholders to explore options for increasing the focus on the heritage objective of the Program in projects on the former railway land. This could include projects that recognise the cultural and industrial heritage of Newcastle.

### Agency Responses

- 5.6 Transport for NSW agreed in principle with the relevant Auditor-General's recommendations under its jurisdiction.<sup>46</sup>
- 5.7 At the public hearing, TfNSW added that all major projects were delivered in accordance with the Treasury's NSW Gateway policy. In addition to updating the organisation's business case development guide, consultation processes have been improved prior to decision making, and whole-of-government oversight on major projects has been addressed through better communication.<sup>47</sup>
- 5.8 The Hunter and Central Coast Development Corporation (HCCDC) noted in its response that the Auditor-General's report had tasked HCCDC with two actions, both of which were completed in March 2019. An updated Program Benefits Realisation Plan (BRP) had been implemented and actions undertaken to work with relevant stakeholders to explore options for increasing the focus on the heritage objective of the Program in projects on former railway land.<sup>48</sup>
- 5.9 The Committee noted that the Audit also did not assess whether the urban renewal program had achieved its social and economic objectives, as none of the projects at the time had been completed. The Committee therefore sought an update from TfNSW and the HCCDC at the public hearing.
- 5.10 When asked whether the objectives of the original business case had been achieved, TfNSW replied that the overall objectives of the business case and the project in general were very much focused around urban amenity outcomes.
- 5.11 HCCDC added that creating an economically sustainable public domain and community assets were a specific objective of the project, together with

<sup>46</sup> Submission 5, NSW Department of Transport, p. 1.

<sup>47</sup> Mr Martin Oaten, Head of Investment, Economics and Assurance, Transport for NSW, Transcript of evidence, 27 July 2020, p 12.

<sup>48</sup> Submission 6, Hunter & Central Coast Development Corporation, pp 1 & 3.

preserving and enhancing heritage and culture. He noted that people had been brought back into the city centre with new jobs, the city had been connected to the waterfront, and new places had been linked to new transport.<sup>49</sup>

5.12 TfNSW also told the Committee that a lot had changed since the Audit:

One of the big features of our new guidance and policy is in a sense to look much more holistically at how transport and land use projects are assessed. There is quite a bit of guidance in the new documentation about place making and the value of place making, which previously probably was not covered as strongly. I suppose if a project like this came up again we would probably make a much stronger case for it than at the time that this project was done, even though, having said that, it did go through the normal external, independent review process and addressed the issues that arose at the time.<sup>50</sup>

5.13 The audit report recommended that for future infrastructure programs, New South Wales Government agencies should establish whole-of-government oversight early in the program to guide major decisions.

5.14 The Director, Hunter Region, Regional and Outer Metropolitan, Transport for NSW, told the Committee that one of the key parts of the role is to work with other stakeholders, such as local councils and the NSW Department of Planning, Industry and Environment and other community groups, to ensure that TfNSW had the right inputs for its business cases.

And we do a lot of scoping very early on in our processes to identify who those parties might be so that we get a really collaborative approach around how we work on projects, particularly recognising that transport projects are not just about transport. They are about the urban environment in which they operate and we need to ensure that all of those other parts of a project are brought together with an appropriate governance model to ensure that there is oversight to get the right objectives and to deliver on the outcomes we are trying to achieve.<sup>51</sup>

5.15 HCCDC added that having a clear governance structure and a clear multi-agency steering committee in the implementation phase made the management of the Program much easier.

I think there was much more collaboration between the various agencies to get a good outcome. There was also what is called the Newcastle Urban Transformation steering group, which also brought in Newcastle council, and over that implementation phase having that steering group with the council on board did really foster greater collaboration between our organisations, and I think our

---

<sup>49</sup> Ms Anna Zycki, Director, Hunter Regional, Regional and Outer Metropolitan, Transport for NSW and Mr Steve Aebi, Project Leader, Hunter and Central Coast Development Corporation, Transcript of evidence 27 July 2020, pp 12 & 13.

<sup>50</sup> Mr Martin Oaten, Head of Investment, Economics and Assurance, Transport for NSW, Transcript of evidence, 27 July 2020, pp. 16 & 17.

<sup>51</sup> Ms Anna Zycki, Director, Hunter Region, Regional and Outer Metropolitan, Transport for NSW, Transcript of evidence 27 July 2020, p. 13.

relationship at the end of the program was much stronger than it was towards the beginning of the program as a result of that.<sup>52</sup>

- 5.16 When asked whether their benefits realisation management policies had changed since the Audit was conducted. TfNSW replied:

The Transport Cluster's Benefits Realisation Management Framework and Guidelines were developed in 2016 and updated in June 2018, to align with the 2018 NSW Government Framework.

Transport had established a specialist Benefits Realisation Management team in mid-2017 with the sole aim of improving the application of BRM across the Cluster. Consistent application of BRM, particularly at business case stage for Transport projects has improved since the update of these guidelines.

Following the Audit in December 2018, Transport has developed a maturity strategy (March 2020) to help inform a review of the current Transport BRM Framework, and provide guidance on the inclusion on the BRM lifecycle, integration of BRM processes into the Cluster, and ensure alignment with related Government requirements such as NSW Treasury's Gateway Policy and Evaluation Guidelines.<sup>53</sup>

- 5.17 Recommendation 5 required HCCDC to update and implement a program benefits plan which included: setting measurable targets for the desired benefits; clearly allocating ownership for achieving the desired benefits; monitoring progress towards achieving desired benefits; and publicly reporting on the results.

- 5.18 The Committee was told that in March 2019, HCCDC implemented an updated benefits realisation plan in response to the Audit.

That involved reviewing any changes in the scope since the program inception. We analysed demographic and land use changes, recent development approvals and also changes in the property and land values. We also assessed changes in the economic outlook and investor confidence as evidenced by demographic, land use and property market. We also assessed the degree to which the outcomes and the benefits envisaged as part of the business cases for the program had been realised at that time and we prepared an updated benefits realisation plan, which captured the benefits and the outcomes that were not fully realised. The analysis was undertaken prior to the commencement of light rail services, so there were a number of findings and they were outlined in the response that we gave in March 2019, but there had been some changes to the scope and also some changes to the costs.<sup>54</sup>

- 5.19 HCCDC noted that there had been some changes to the scope and costs of the Project but that these were detailed in the audit report.<sup>55</sup>

---

<sup>52</sup> Mr Steve Aebi, Project Leader, Hunter and Central Coast Development Corporation, Transcript of evidence 27 July 2020, p. 13.

<sup>53</sup> Department of Transport, Responses to Supplementary Questions, 10 August 2020.

<sup>54</sup> Mr Steve Aebi, Project Leader, Hunter and Central Coast Development Corporation, Transcript of evidence 27 July 2020, p. 14.

<sup>55</sup> Ms Anna Zycki, Director, Hunter Region, Regional and Outer Metropolitan, Transport for NSW, Transcript of evidence 27 July 2020, p. 14.

5.20 The Assistant Auditor-General, responded that:

The initial announced cost was \$220 million but with the addition of the Light Rail that brought the total cost to \$693 million but that was at March 2017. We do not have an updated total project cost at this time because we have not continued to audit that total cost.<sup>56</sup>

5.21 In order to follow up additional details, the Committee wrote to Transport for NSW, which provided the following information:

- the Program is on budget;
- the NSW Government has invested more than \$650 million in Newcastle's city centre through the Revitalising Newcastle program;
- Newcastle Light Rail services commenced ahead of schedule on 18 February 2019;
- ongoing urban transformation initiatives will continue to deliver revitalisation benefits for Newcastle; and
- the forecast final cost remains at \$693 million, as reported in the audit report.<sup>57</sup>

#### **Auditor-General's Comments**

5.22 The Auditor-General, Ms Margaret Crawford, and the Assistant Auditor-General, Ms Claudia Migotto, attended the public hearing to provide additional information and assistance.

5.23 In initial comments on the agency response, the Auditor-General reiterated the report's finding that the program business case was prepared after the decision to build the light rail had been made. Concern was also expressed that advice provided to Government was overly optimistic, included benefits that cannot reasonably be attributed to light rail, and underestimated the cost of the project.<sup>58</sup>

5.24 At the public hearing, the Auditor-General noted that while the report acknowledged the urban renewal projects associated with the use of the former railway land, it was treated as a cost-benefit analysis. Consequently, the report questioned the investment of such a large amount of public money in the light rail component, without having clear evidence of the overall benefits.<sup>59</sup>

---

<sup>56</sup> Ms Claudia Migotto, Assistant Auditor-General, Transcript of evidence 27 July 2020, p. 15.

<sup>57</sup> Department of Transport, Responses to Supplementary Questions, 10 August 2020.

<sup>58</sup> Audit Office of NSW, Newcastle Urban Transformation and Transport Program, 12 December 2018, p. 2.

<sup>59</sup> Ms Margaret Crawford, Auditor-General, Audit Office of NSW, Transcript of evidence 27 July 2020, p. 17.

### **Committee Comments**

- 5.25 Much of the evidence of the success or otherwise of this project is anecdotal, due to the difficulty in making an objective assessment of its overall success or greater social benefits contribution.
- 5.26 The Committee notes that the forecast final cost of the project remains at \$693 million, as reported in the audit report. If looked at as a purely public transport exercise, the Newcastle Urban Transformation and Transport Program is extremely expensive and the money may have been better utilised.
- 5.27 However, the Committee accepts that it was intended as an integrated project, rather than a limited public transport initiative. The Committee is therefore satisfied that Transport for NSW and the Hunter and Central Coast Development Corporation have fulfilled the intent of the audit recommendations.

## Chapter Six – Property Asset Utilisation

### Introduction

- 6.1 As at 30 June 2018, the NSW Government owned \$160 billion worth of land and buildings. NSW Treasury predicts that this number will grow in the coming years.<sup>60</sup>
- 6.2 In September 2012, the Property Asset Utilisation Taskforce (the Taskforce) released a report on real property asset management across Government. The report concluded that the Government could not maintain or protect the properties accumulated over time.<sup>61</sup>
- 6.3 The Taskforce noted that a lack of centralised information had seriously inhibited any whole-of-government strategic asset planning. The key findings of the report included that:
- The Government should own property only as a means to deliver or enhance services; and
  - Many Government properties were under-utilised, poorly maintained and inappropriate to support service delivery.<sup>62</sup>
- 6.4 In response, the Government established Property NSW (PNSW) to improve the management of Government owned properties and land. As at 1 July 2019, PNSW was transferred to the Department of Planning, Industry and Environment (DPIE). PNSW is now part of the Housing and Property Group within DPIE.

### The Performance Audit

- 6.5 The Audit assessed whether Property NSW is effectively managing Government owned and leased commercial property. In order to make this assessment, the Audit Office examined the utilisation of Government leased commercial office space and whether the Government Property Register<sup>63</sup> (GPR) is accurate and up-to-date.

### Major Audit Findings

- 6.6 The overall conclusion reached by the Audit Office was that the effectiveness of Property NSW's management of Government owned and leased commercial property was limited in three areas, as follows:
- PNSW did not comprehensively review many agency property portfolios to help agencies identify assets, including commercial office properties, which could be better utilised or recycled;

---

<sup>60</sup> Audit Office of NSW, Real property asset management across Government, 18 December 2018, p1.

<sup>61</sup> Audit Office of NSW, Real property asset management across Government, 18 December 2018.

<sup>62</sup> Audit Office of NSW, Real property asset management across Government, 18 December 2018, p1.

<sup>63</sup> A register of all Government owned property.

- The Government Property Register was not being actively maintained and contained incomplete and inaccurate information. This has limited PNSW's ability to use the information to support strategic decisions about the use of Government property assets; and
- PNSW's decisions are not well documented and its processes to reach decisions are not transparent to stakeholders.<sup>64</sup>

6.7 However, the findings noted that property utilisation had improved by 14 per cent since 2012 and PNSW was actively moving properties out of the Sydney Central Business District (CBD) in line with the 'Decade of Decentralisation' policy.

#### Auditor General's Recommendations

- 6.8 The Audit Office made seven recommendations, specifically to: devise a strategy to recycle and repurpose under-utilised properties using a whole-of-government approach; improve the data held by combining the results of portfolio reviews; and develop and report on indicators for progress in reducing the number of under-utilised properties.
- 6.9 The report also recommended that Property NSW should document and inform stakeholders how its assessment criteria inform key decision-making. This includes agency relocations, lease renewals and under-utilisation rectification, as well as improving record keeping in compliance with the *State Records Act 1998*.

**Table 4 – Recommendations made by the Auditor General in the Property Asset Utilisation performance audit report<sup>65</sup>**

No.	Recommendation
By December 2019, Property NSW should	
1	combine the results of property portfolio reviews to produce a whole-of-government picture of the NSW Government property portfolio
2	devise a strategy and plan to recycle or repurpose under-utilised properties using a whole-of-government picture of the NSW Government property portfolio
3	develop and report on indicators for progress in reducing the number and value of under-utilised properties at the whole-of-government level, referencing progress against an accurate baseline stocktake
4	improve the data held on government owned and leased properties by combining and automating data feeds to construct a single, consolidated and accurate whole-of-government property data set

<sup>64</sup> Audit Office of NSW, Real property asset management across Government, 18 December 2018, p2.

<sup>65</sup> Audit Office of NSW, Real property asset management across Government, 18 December 2018, p3.

5	document and communicate to stakeholders how its assessment criteria inform key decisions including agency relocations, lease renewals and rectifying under-utilisation
6	include customer satisfaction measures in its annual reports and reviews, in accordance with the requirements set out in the Premier's Memorandum M2012-20
7	improve record-keeping and compliance with the State Records Act 1998 and the Department of Finance, Services and Innovation Records Management Policy.

### Agency Response

6.10 As previously detailed, Property NSW was transferred to the Department of Planning, Industry and Environment in a machinery of Government change, and is now part of the Housing and Property Group within DPIE.

6.11 In its written response, DPIE accepted three recommendations in full, accepted two recommendations in principle and partially accepted two recommendations.

6.12 DPIE elaborated on the two recommendations accepted in principle as follows:

- In developing and reporting on indicators for reducing the number and value of under-utilised properties, this recommendation was on-track, with reporting on the identification and transfer/divestment of under-utilised properties from the Property Strategy Collaboration Committee due to commence from March 2020.
- In improving the data held on Government owned and leased properties by its consolidation into an accurate whole-of-government property data set, this recommendation has had a delayed start.

6.13 DPIE also expanded on the two recommendations that were partially accepted:

- In combining the results of the property portfolio reviews to produce a whole-of-government picture of the NSW Government property portfolio, this recommendation had been completed with the development of a new Property Framework. However, some of the portfolio reviews were due to be completed and approval of the Strategic Business case for an enhanced property asset register was due to be considered in March 2020.
- In devising a strategy and plan to recycle or repurpose under-utilised properties using a whole-of-government picture of the property portfolio, the new Property Framework established a new governance structure, including an evaluation methodology to assess alternate uses on underutilised properties and land. The creation of a new Property Board comprising Secretaries and Deputy Secretary level members would provide oversight of all strategic land and property matters.

6.14 At the public hearing, the Department informed the Committee that the implementation of the new Property Framework was a shift from a transactional view of property to a strategic focus driven by the Government's imperatives and requirements:

In implementing that approach we work with agencies in a far more collaborative way and leveraging an imperative from the Government to consider all government-owned land in a place-based approach that is precinct driven and consider which land is being utilised, what different uses could be applied to government-owned land and really taking a whole-of-government lens that has not been facilitated by previous departmental and governance arrangements.<sup>66</sup>

6.15 In its subsequent written response, the Department noted that Government has several mechanisms to improve the recycling of underutilised properties. These mechanisms include:

- The role of the Property Strategy Collaboration Committee;
- The sharing of real property information on specific assets and pipelines between agencies;
- The development of utilisation proxies; and
- PNSW's ongoing role in conducting precinct reviews, providing all agencies with a 'whole-of-government picture of underutilised assets.'<sup>67</sup>

6.16 Furthermore, the Department explained the evaluation methodology used to assess underutilised land and its potential utility by reference to a series of criteria, including:

- Public value (social, economic, environmental and inter-generational);
- Operational capacity (costs, budget impact, utilisation, risks and timing);
- Support and alignment with the Government's strategic plans; and
- Stakeholder and community support.

6.17 The Department referred to the implementation of the Leased Accommodation Request System (LARS), which would work in conjunction with the customer relationship management system. The process would require the Department to submit an online form when they wished to enter a new lease or make a variation.

---

<sup>66</sup> Ms Alison Frame, Group Deputy Secretary, Housing and Property, Department of Planning, Industry and Environment, Transcript of evidence, 27 July 2020, pp 18 - 19.

<sup>67</sup> Department of Planning, Industry and Environment, Responses to questions on notice and supplementary questions, 11 August 2020.

- 6.18 The details on the form include the use of the space and the strategy behind the request. The request would be determined and approved by PNSW.<sup>68</sup>

#### **Auditor General's Comments**

- 6.19 In its written comments, the Audit Office noted that the Department had accepted the recommendations, with two agreed in principle and two partially agreed to.
- 6.20 The Audit Office noted that the agency response did not demonstrated any progress made towards a whole-of-government approach or a strategy and plan for dealing with under-utilised properties, as recommended in the Audit.
- 6.21 The Audit Office acknowledged that the development of the Government Property Register (GPR) would integrate more property data from external sources. However, there was no information addressing how the identified deficiencies in the GPR would be rectified.
- 6.22 The Audit also found evidence of widespread poor record keeping practices within PNSW and a significant amount of undocumented processes and procedures.

#### **Committee Comments**

- 6.23 The Committee welcomes the progress made on the development of the Property Framework. The efforts by the Housing Property Group and the Property Strategy Collaboration Committee to create a centralised, whole-of-government approach to the management of Government owned and leased commercial property is an encouraging development.
- 6.24 In addition, the Committee supports the implementation of the Leased Accommodation Request System to improve the exchange of information, but notes that the record keeping policies and procedures, and integration of the Government Property Register and website updates are works in progress.
- 6.25 The Committee was struck by the inadequate record keeping practices within PNSW and the significant number of undocumented processes and procedures. Poor record keeping practices create uncertainty in the reliability of the information provided. In addition, it may cause difficulty in determining which version of any documentation is most current and accurate.
- 6.26 The Department noted the challenges of implementing a system which is not integrated into the broader Department of Planning, Industry and Environment system and as such, the absence of a single records management system.
- 6.27 The Department advised that record keeping and compliance is an ongoing process and that it aims to integrate an existing platform to ensure there is one

---

<sup>68</sup> Ms Alison Frame, Group Deputy Secretary, Housing and Property, Department of Planning, Industry and Environment, Transcript of evidence, 27 July 2020, p 20.

consistent records management system across the whole of DPIE.<sup>69</sup> However, the Department did not provide further details about its progress.

- 6.28 In relation to the Property Register, the Department advised it is in the process of integrating the GPR with the Department's valuation system, to be operational by August 2020. In addition, the expansion of data-sharing and integration is scheduled to be implemented by September 2020.<sup>70</sup>
- 6.29 The Committee also notes that the website does not have up-to-date information about the number and value of under-utilised properties. Although the Department advised that they would have more up-to-date information available by September 2020, the functionality of the website would be limited in the short term, while aiming for better functionality in the future<sup>71</sup>.

#### **Recommendation 4**

**The Committee recommends that the Department of Planning, Industry and Environment provides a progress report to the Committee on the following:**

- a) How the new Property Framework, Housing Property Group and Property Strategy Collaboration Committee have leveraged opportunities to optimise land management outcomes;**
- b) How the Property Framework has improved the identification and recycling of underutilised properties;**
- c) A timeframe for how the Department will improve their record keeping practices and compliance. In particular, the integration of a single record keeping system within the Department and the development of policies, standards and procedures to ensure accurate record management.**
- d) The integration of the Government Property Register and the Valnet system; and**
- e) Timeframes for updating information on the value and number of underutilised assets and improvements to website functionality.**

---

<sup>69</sup> Ms Alison Frame, Group Deputy Secretary, Housing and Property, Department of Planning, Industry and Environment, Transcript of evidence, 27 July 2020, p 20.

<sup>70</sup> Ms Alison Frame, Group Deputy Secretary, Housing and Property, Department of Planning, Industry and Environment, Transcript of evidence, 27 July 2020, p 21.

<sup>71</sup> Ms Alison Frame, Group Deputy Secretary, Housing and Property, Department of Planning, Industry and Environment, Transcript of evidence, 27 July 2020, p 20.

## Chapter Seven – Firearms Regulation

### Introduction

- 7.1 As at October 2018, there were more than 237,500 firearm licence holders and just over one million registered firearms in NSW.
- 7.2 The use of firearms by the general public is regulated by the *Firearms Act 1996* (the Act) and the *Firearms Regulation 2017* (the Regulation). Together, these pieces of legislation reflect the New South Wales' component of the National Firearms Agreement, reached by all Australian jurisdictions in 1996, and reaffirmed in 2017.
- 7.3 The Firearms Registry (the Registry), a unit within the NSW Police Force, is responsible for operating the NSW firearms licensing and registration scheme and administering the *Firearms Act 1996*, the *Weapons Prohibition Act* (the Weapons Act) 1998, the *Firearms Regulation 2017* and associated statutes.

### The Performance Audit

- 7.4 This Audit assessed how well the Registry administers the requirements of the Act and the Regulation for existing firearms licence holders.
- 7.5 The Audit specifically considered whether the Registry had:
- A reliable database that supports the firearms licensing and registration scheme; and
  - Appropriate risk-based policies and procedures for the Registry's operation that are consistent with the Act and the Regulation.

### Major Audit Findings

- 7.6 The Audit found that while the Registry has some effective processes in place that monitor and apply changes to the Register, there remain areas for improvement.
- 7.7 For instance, there are gaps in the requirements for existing licence holders, lack of appropriate Registry policies and guidance for administrative decisions and sanctions, and limited self-monitoring of performance.
- 7.8 In particular, the following areas were flagged for improvement:
- Processes to ensure Registry accuracy, both at the time of information input and maintenance;
  - Processes to ensure sound and consistent decisions for licence suspensions for revocations;
  - Implementation of a risk based safe storage inspection program;

- Processes, guidance and policies in the following areas: retrieving firearms held by deceased estates; initiating enforcement action against licence holders for breaches and non-compliances; pistol clubs' obligations to confirm members' safe storage arrangements; and
- Performance monitoring and analysis.

7.9 These all reduce the Registry's ability to take an effective risk-based approach to regulating firearms ownership.

7.10 It is important to note that the audit report also revealed dissenting views between the Audit Office and the Police Commissioner regarding the regulator responsible for of the firearms licensing and registration scheme. While the Audit Office contends that the Commissioner, and through him the NSW Police Force (and Firearms Registry) is the responsible regulator, the Police Commissioner asserts that firearms clubs also hold responsibility, as the scheme operates on a co-regulatory model.

#### Auditor-General's Recommendations

7.11 The Audit made ten recommendations for the Registry, which are set out in the table below:

**Table 5 – Recommendations made by the Auditor General in the Firearms Regulation performance audit report<sup>72</sup>**

No.	Recommendation
To improve integrity of data in the register, NSW Police Force (Firearms Registry should urgently:	
1.	Address backlogs in identifying and updating incorrect data in the register
2.	Conduct computer access audits according to NSW Police Force Policy
By July 2019, to ensure consistency of administrative decisions, NSW Police Force (Firearms Registry) should:	
3.	Introduce updated delegations for all administrative functions that delegate functions to specific positions
4.	Introduce guidance for assessing discretionary reasons when considering a licence suspensions or revocation
5.	Introduce procedures to quality-review decisions about licence suspensions and revocation

<sup>72</sup> Audit Office of New South Wales, *Firearms Regulation*, 28 February 2019.

6.	Introduce guidance for assessing whether 'good' reasons provided by licence holders for acquiring firearms are satisfactory
7.	Introduce a policy and procedures for taking enforcement action
8.	Ensure pistol clubs actively confirm safe storage arrangements
By May 2019, to ensure safety to the public and police, NSW Police Force (Firearms Registry) should:	
9.	Restore the Firearms Registry initiated risk-based firearms safe storage inspection program
10.	Implement strategies for: <ul style="list-style-type: none"> <li>a) Timely reporting of address changes</li> <li>b) Prompt retrieval of firearms from deceased estates after expiry of the six-month statutory period.</li> </ul>

### Agency Response

- 7.12 The NSW Police Force, led by the Police Commissioner, accepted nine of the ten audit recommendations. At the time of his response to the Audit, the Commissioner reported that recommendations 4 and 10b were in progress, and recommendations 1-3, 5-7, and 9-10a had been completed.
- 7.13 The Commissioner rejected recommendation 8, which directed the Registry to ensure pistol clubs actively confirm safe storage requirements. He advised that the recommendation extended beyond the existing legislative arrangements, and that it was the responsibility of the clubs to confirm safe storage arrangements.
- 7.14 At a public hearing held on 27 July 2020, Deputy Commissioner David Hudson APM, Investigations and Counter Terrorism, NSW Police Force stated:
- The issues with [recommendation 8] is that while we may have challenged and not accepted the fact that it was our responsibility, we accepted the fact that it was an issue that needed to be resolved and we have taken action to address that.<sup>73</sup>
- 7.15 Assistant Commissioner Scott Cook APM, Commander, Police Prosecutions and Licensing Enforcement, NSW Police Force noted that the agency is currently undertaking a Digital Transformation Project, which will include development of new software that allows for the Registry to audit and conduct accountability measures for clubs around safe storage and other matters. Assistant

<sup>73</sup> Deputy Commissioner David Hudson, APM, Investigations and Counter Terrorism, NSW Police Force, Transcript of evidence, 27 July 2020, p.24.

Commissioner Cook noted, however, that the software is currently in planning stages, so 'we are not there yet.'<sup>74</sup>

- 7.16 Recommendation 1 of the audit report suggested the agency address backlogs in identifying and updating incorrect data in the Register. In response, Assistant Commissioner Cook advised that the agency is performing data cleansing at every transaction, new transaction and renewal transaction within the Register, including:

A weekly duplicate identity report, which seeks to make sure that we are not doubling up on identities, a weekly RTA [now Roads and Maritime Services] reject report where it does match with the RTA database, a daily address report to check addresses provided online processes are matching up with existing data, and a weekly reapplication error report to run and pick up errors on licences due for renewal....we are also investing heavily in the digital transformation project, which essentially is a replacement for the ILS [Integrated Licensing System] over time...<sup>75</sup>

- 7.17 Assistant Commissioner Cook did note, however, that 'the issue with the current system and the data errors in there have been extrapolated due to mistake upon mistake over a long period of time,' which the agency hopes to address through its Digital Transformation Project.<sup>76</sup>

- 7.18 In response to recommendation 2, concerning computer access audits of the Registry, the agency advised that such audits are an ongoing practice within the NSW Police Force. These audits, carried out through dip sampling, ensure that staff are not improperly accessing Registry information. While the agency aims to complete an audit of 100 per cent of the Police personnel, including Registry staff, over the course of a calendar year, Deputy Commissioner Hudson noted that approximately 120 per cent of Firearms Registry staff have undergone a computer access audit this year.<sup>77</sup>

- 7.19 In response to recommendations 3, 4 and 5, concerning consistency of administrative decisions, the agency advised in its submission that it had:

- Updated its Instrument of Delegations to reflect the Firearms new structure and restricting delegations to specific functions and appropriate grades based on the complexity of the transaction and identified risk;
- Implemented Decision Making Guidelines and Checklists (also referenced in response to recommendation 6); and,

---

<sup>74</sup> Assistant Commissioner, Scott Cook, Commander, Police Prosecutions and Licensing Enforcement, NSW Police Force, Transcript of evidence, 27 July 2020, p.24.

<sup>75</sup> Assistant Commissioner, Scott Cook, Commander, Police Prosecutions and Licensing Enforcement, NSW Police Force, Transcript of evidence, 27 July 2020, p.23.

<sup>76</sup> Assistant Commissioner, Scott Cook, Commander, Police Prosecutions and Licensing Enforcement, NSW Police Force, Transcript of evidence, 27 July 2020, p.23.

<sup>77</sup> Deputy Commissioner David Hudson, APM, Investigations and Counter Terrorism, NSW Police Force, Transcript of evidence, 27 July 2020, p.24.

- Developed and implemented a Quality Assurance Strategy to review any contemporary issues relating to administrative decisions.<sup>78</sup>

7.20 In response to recommendation 6, providing consistent guidelines to assist Registry staff to determine what constitutes 'good' reasons for acquiring a firearms licence, the agency advised that it developed the NSW Firearms Registry Decision Guidelines, which have been published on its website. Furthermore, it advised that the Guidelines were recently amended at page 5, to strike out the following advice, which the Audit Office noted following its report:

...these Guidelines do not deal with whether a person has a 'good reason' to acquire a firearm under section 21(2) (b) of the Firearms Act.<sup>79</sup>

7.21 This section was replaced to ensure that the 'good reason' an applicant supplied was in line with the 'genuine reason' they provided in their original application:

In relation to the 'good reason' to acquire a firearm under section 31(3)(c) of the Firearms Act, an adjudicator should consider the 'genuine reason' the licence holder relied upon in their application for a firearms licence. The adjudicator should ensure the 'good reason' accords with the applicant's 'genuine reason' for which they required a firearms licence.<sup>80</sup>

7.22 Assistant Commissioner Cook also noted a quality assurance strategy, which ensures a high-level panel is convened 'in order to make sure the decision-making is appropriate.' Additionally, risk-based profiling is practised, as well as a mandatory escalation model for high-risk categories, such as those suspected of terrorism.<sup>81</sup>

7.23 In response to recommendation 7, concerning the introduction of policy and procedures for taking enforcement action, the agency reported that it had completed an internal campaign about enforceable actions in regard to firearms.

7.24 In response to the Audit Office's suggestion that the Registry be responsible for issuing infringement notices and enforcement actions, Deputy Commissioner Hudson stated that the Registry did not have sufficient resources to take enforcement actions for those in breach of the Firearms Act or Regulation. He noted that the Registry was located in Murwillumbah and consisted of 83 staff, of which only six are sworn police officers with the power to take enforcement action:

There would not be a corner of the State of New South Wales that would not have a firearm that would need to be checked. If the Firearms Registry were to conduct all of that work it would take them away from their normal business...<sup>82</sup>

<sup>78</sup> Submission 11, NSW Police Force, pp. 2-3.

<sup>79</sup> Answers to Supplementary Questions, NSW Police Force, 10 August 2020, p1.

<sup>80</sup> Answers to Supplementary Questions, NSW Police Force, 10 August 2020, p1.

<sup>81</sup> Mr Scott Cook, Assistant Commissioner and Commander, Police Prosecutions and Licensing Enforcement, NSW Police Force, Transcript of evidence, 27 July 2020, p.23.

<sup>82</sup> Deputy Commissioner David Hudson, APM, Investigations and Counter Terrorism, NSW Police Force, Transcript of evidence, 27 July 2020, p.24.

- 7.25 In response to recommendation 9, concerning reinstating the risk-based firearms safe storage inspection program, the agency advised that Operation Guncheck recommenced following the Audit. Further to that, the agency reported that the State Intelligence Command was developing a risk-based analysis tool 'to assist the Firearms Registry to identify high-risk locations, to further direct Field Operations to targeted response locations.'<sup>83</sup>
- 7.26 In response to Part A of Recommendation 10, concerning timely reporting of address changes, the agency advised that it is working closely with the Department of Customer Service, Roads and Maritime Services and Service NSW to develop a system that will automatically push updated drivers' licence address details from Service NSW to the Registry.
- 7.27 In response to Part B of Recommendation 10, concerning retrieval of firearms from deceased estates, the agency advised that the Registry is not always notified when a person has become deceased. Deputy Commissioner Hudson noted that the NSW Police Force is currently working with Births, Deaths and Marriages and a range of other agencies to resolve this issue.<sup>84</sup>
- 7.28 Deputy Commissioner Hudson informed the Committee that an issue of greater concern to the Registry is that 'unlicensed people are in control of firearms for a period of up to six months without a great deal of regulation or control over that.' He did note, however, that the NSW Police Force is looking into legislative solutions to this issue.<sup>85</sup>

#### Auditor General's Comments

- 7.29 Responding to the NSW Police Force rejection of recommendation 8, the Auditor-General emphasised the 2003 amendment to the Act, stipulating that licence holders should not self-certify their safe storage arrangements for pistols. The Audit Office affirmed that this requirement extends to members of pistol clubs. As such, the Registry's advice to pistol clubs concerning verbal or written safe storage confirmation by members is inappropriate.<sup>86</sup>
- 7.30 At the public hearing, Ms Claudia Migotto, Assistant Auditor-General, Audit Office of NSW stated:
- We are essentially making the point that if pistol owners can self-attest to a pistol club that they have safe storage in place, then it is no different from a rifle owner being able to self-attest to that safe storage requirement.<sup>87</sup>
- 7.31 Additionally, the Audit Office found that the NSW Police Force's delegation of administrative functions to specific staff positions fulfilled the intention of the recommendation 3. Furthermore, the NSW Police Force's progress in developing

<sup>83</sup> Answers to Supplementary Questions, NSW Police Force, 10 August 2020, p2.

<sup>84</sup> Deputy Commissioner David Hudson, APM, Investigations and Counter Terrorism, NSW Police Force, Transcript of evidence, 27 July 2020, p.25.

<sup>85</sup> Deputy Commissioner David Hudson, APM, Investigations and Counter Terrorism, NSW Police Force, Transcript of evidence, 27 July 2020, p.25.

<sup>86</sup> Ms Margaret Crawford, Auditor-General for NSW, letter to Greg Piper, Chair, Public Accounts Committee, 28 April 2020, pp. 6-7.

<sup>87</sup> Ms Claudia Migotto, Assistant Auditor-General, Audit Office of NSW, Transcript of evidence, 27 July 2020, p.26.

decision-making guidelines and checklists, a quality assurance strategy and review procedures for administrative decisions fulfilled the intention of recommendations 4 and 5.<sup>88</sup>

- 7.32 While the Audit Office noted that recommendations 1, 2, 6, 7, 9 and 10 may require further elaboration, the evidence given at the public hearing provided reassurance that the intent of its recommendations was being addressed.

### Committee Comments

- 7.33 The Committee welcomes the actions the NSW Police Force and the Firearms Registry have taken to address the recommendations in the Auditor-General's report. In particular, the NSW Police Force's delivery of guidelines and strategies to ensure administrative decisions are consistent, monitored and regularly reviewed is to be commended.
- 7.34 The Committee recognises that there was a differing view between the NSW Police Force and the Audit Office in regard to recommendation 8, concerning whether pistol clubs have a regulatory responsibility for members' safe storage arrangements. However, the Committee is satisfied that, while the NSW Police Force maintains that the firearms licensing and registration scheme is a 'co-regulatory' model, it is also taking steps to address the intent of the Auditor-General's recommendation.
- 7.35 The Committee also notes the work the NSW Police Force is undertaking to improve its records of deceased firearms owners, so that officers are able to retrieve firearms in a timely manner following the six month statutory period. The Committee commends the NSW Police Force for its initiative in working with multiple agencies and organisations towards a solution for the timely notification of deaths.
- 7.36 The Committee also shares the NSW Police Force's concerns that unlicensed people may come into possession of a firearm for up to six months. For this reason, the Committee recommends that the Minister for Police and Emergency Services reviews the length of time an unlicensed person may be in possession of a firearm as a result of deceased estate, with the view to shortening the current period.
- 7.37 Finally, the Committee commends the NSW Police Force for its Digital Transformation Project that will address areas of backlog given, as the Auditor-General stated, the challenges presented by the 'legacy system.'
- 7.38 However, in view of the critical nature of this Project in consolidating and improving the identification and regulation of licence holders, the Committee urges NSW Police to treat its completion as a matter of priority. The digitisation of records should also assist with the tracking of firearms storage by pistol club members.

---

<sup>88</sup> Ms Margaret Crawford, Auditor-General for NSW, letter to Greg Piper, Chair, Public Accounts Committee, 28 April 2020, pp. 3-4.

### **Recommendation 5**

**The Committee recommends that the Minister for Police Services reviews the length of time an unlicensed person may be in possession of a firearm as a result of a deceased estate.**

### **Recommendation 6**

**The Committee recommends that the NSW Police Force ensures sufficient resources are available for the Digital Transformation Project to ensure its completion as matter of urgency, to address identified shortcomings in the collection and storage of data in the Firearms Registry.**

## Appendix One – Terms of reference

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

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

#### 57 Functions of the Committee

(1) The functions of the Committee are:

...

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

(d) to report to the Legislative Assembly from time to time upon any item, or any circumstances connected with, those financial reports, reports or documents which the Committee considers ought to be brought to the notice of the Legislative Assembly.

At its meeting on 4 June 2019, the Committee adopted the following terms of reference:

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

- Managing anti-social behaviour in public housing
- Progress and measurement of the Premier's priorities
- Mobile speed cameras
- Unsolicited proposal process for the lease of Ausgrid
- Newcastle Urban Transformation and Transport program
- Government Advertising 2017-2018
- Property Asset Utilisation
- Supply of secondary teachers in STEM-related disciplines
- Transport Access Program
- Firearms Regulation

## Appendix Two – Submissions

No 1	Department of Communities and Justice
No 2	Department of Premier and Cabinet
No 3	Transport for NSW
No 4	Department of Premier and Cabinet
No 5	Transport for NSW
No 6	Hunter & Central Coast Development Corporation
No 7	Department of Customer Service
No 8	Department of Planning, Industry and Environment
No 9	NSW Department of Education
No 10	Transport for NSW
No 11	NSW Police Force

## Appendix Three – Witnesses

- Mr Paul Vevers, Deputy Secretary, Housing, Disability and District Services, Department of Communities and Justice
- Mrs Wilma Falcone, Director of Housing Statewide Services, Department of Communities and Justice
- Mr Simon Draper, Chief Executive, Infrastructure NSW
- Ms Amy Brown, Deputy Secretary, Strategy and Delivery, Department of Premier and Cabinet
- Mr Martin Oaten, Head of Investment, Economics and Assurance, Transport for NSW
- Ms Anna Zycki, Director, Hunter Region, Regional and Outer Metropolitan, Transport for NSW
- Mr Steve Aebi, Project Leader, Hunter & Central Coast Development Corporation
- Ms Alison Frame, Group Deputy Secretary Housing and Property, Department of Planning, Industry and Environment
- Deputy Commissioner David Hudson APM, Deputy Commissioner Investigations and Counter Terrorism, NSW Police Force
- Assistant Commissioner Scott Cook APM, Assistant Commissioner and Commander, Police Prosecutions and Licensing Enforcement Command, NSW Police Force

## Appendix Four – Extracts from minutes

### **MINUTES OF MEETING No. 12**

4 June 2020

9:30am, Jubilee Room

#### **Members Present:**

Mr Greg Piper (Chair), Mrs Tanya Davies (Deputy Chair) Mr Justin Clancy, Mr Lee Evans, Mr Ryan Park

#### **Officers in attendance:**

Bjarne Nordin, Caroline Hopley, Cheryl Samuels, Jacqueline Linnane (by videoconference), Ze Nan Ma (by videoconference)

#### **1. Apologies**

Ms Felicity Wilson

#### **2. \*\*\***

#### **3. Minutes of Meetings No 11**

Resolved, on the motion of Mr Clancy, seconded by Ms Davies:

That the draft minutes of deliberative meeting No. 11 of 7 May 2020 be confirmed.

#### **4. \*\*\***

#### **5. Examination of Auditor-General's Performance Audit Reports – August 2018 - January 2019**

- a) The Committee considered recommendations relating to the treatment of performance audits 306-315

Resolved, on the motion of Mrs Davies, second by Mr Evans:

That the Committee adopts the action proposed for performance audits 306-315.

- b) The Committee considered the draft Terms of Reference for the conduct of a public hearing on 27 July 2020, as part of an Examination of the Auditor-General's Audit Reports 306 – 315.

Resolved on the motion of Mrs Davies, seconded by Mr Evans:

- That the Committee adopts the draft Terms of Reference for an Examination of the Auditor-General's Performance Audit Reports August 2018 – January 2019.
- That the Committee confirms that the public hearing will be conducted in person at Parliament House on 27 July 2020.
- That the Committee invites representatives of identified organisations on to appear as witnesses at the public hearing.

- That the Committee receives and authorises the publication of submissions received, with personal details redacted as appropriate, and orders that they be placed on the Parliament's website.

6. \*\*\*

**7. Next meeting**

The Committee adjourned at 10.15 am until 1.00 pm, 27 July 2020 at Parliament House.

**MINUTES OF MEETING No. 13**

27 July 2020

1:00pm, Macquarie Room

**Members present:**

Mr Greg Piper (Chair), Mrs Tanya Davies (Deputy Chair), Mr Justin Clancy (by telephone), Mr Lee Evans, Mr Ryan Park

**Officers in attendance:**

Bjarne Nordin, Jacqueline Linnane, Caroline Hopley, Cheryl Samuels, Ze Nan Ma

**1. Apologies**

Ms Felicity Wilson

**2. Conduct of hearing**

The Chair discussed the conduct of the hearing.

The Committee resolved, on the motion of Mrs Davies, seconded by Mr Evans:

- That the Committee authorises the audio-visual recording, photography and broadcasting of the public hearing on 27 July 2020 in accordance with the NSW Legislative Assembly's guidelines for coverage of proceedings for parliamentary committees administered by the Legislative Assembly.
- That the corrected transcript of evidence given on 27 July 2020 be authorised for publication and uploaded on the Committee's website.
- That witnesses be requested to return answers to questions taken on notice within five days of the date on which the questions are forwarded to the witness, and that once received, answers be published on the Committee's website.

**3. Next meeting**

The next meeting is scheduled at 9:30am, 6 August 2020 in Room 1254.

**Public Hearing: Examination of the Auditor-General's Performance Audit Reports August 2018 – January 2019**

The public and press were admitted.

The public hearing commenced at 1:10pm. The Chair welcomed witnesses and the gallery.

The following witnesses representing the Audit Office of NSW were admitted:

- Ms Margaret Crawford, Auditor-General, affirmed and examined.

- Ms Claudia Migotto, Assistant Auditor-General, Performance Audit, affirmed and examined.

The following witnesses representing the Department of Communities and Justice were admitted:

- Mr Paul Vevers, Deputy Secretary, Housing, Disability and District Services, sworn and examined.
- Mrs Wilma Falcone, Director of Housing Statewide Services, sworn and examined

Evidence concluded, the witnesses withdrew.

The following witnesses representing Infrastructure NSW were admitted:

- Mr Simon Draper, Deputy Secretary, Economic Policy Group, affirmed and examined.
- Ms Amy Brown, Deputy Secretary, Strategy and Delivery, Department of Premier and Cabinet, affirmed and examined.

Evidence concluded, the witnesses withdrew.

The following witnesses representing Transport for NSW were admitted:

- Mr Martin Oaten, Head of Investment, Economics and assurance, affirmed and examined.
- Ms Anna Zycki, Director, Hunter Region, Regional and Outer Metropolitan, affirmed and examined.
- Mr Steve Aebi, Project Leader, Hunter and Central Coast Development Corporation, affirmed and examined.

Evidence concluded, the witnesses withdrew.

The following witnesses representing the Department of Planning, Industry and Environment were admitted:

- Ms Alison Frame, Group Deputy Secretary Housing and Property, sworn and examined.

Evidence concluded, the witness withdrew.

The following witnesses representing the NSW Police Force were admitted:

- Deputy Commissioner David Hudson APM, Investigations and Counter Terrorism, sworn and examined.
- Assistant Commissioner and Commander Scott Cook APM, Police Prosecutions and Licencing Enforcement Command, sworn and examined.

Evidence concluded, the witnesses withdrew.

The Chair thanked the witnesses, committee members and the secretariat.

The public hearing adjourned at 4:02pm.

**MINUTES OF MEETING No. 15**

24 September 2020

9:31am, Macquarie Room

**Members Present:**

Mr Greg Piper (Chair), Mrs Tanya Davies (Deputy Chair) Mr Justin Clancy, Mr Ryan Park

**Officers in attendance:**

Bjarne Nordin, Jacqueline Linnane, Caroline Hopley, Cheryl Samuels, Ze Nan Ma

**1. Apologies**

Ms Felicity Wilson, Mr Lee Evans

**2. Minutes of Meetings Nos. 14**

Resolved, on the motion of Mr Clancy, seconded by Mrs Davies:

That the draft minutes of deliberative meetings No. 14 of 6 August 2020 be confirmed.

**3. \*\*\***

3.1 \*\*\*

3.2 \*\*\*

3.3 \*\*\*

**4. \*\*\***

**5. Examination of Auditor-General's Performance Audit Reports August 2018 – January 2019  
Consideration of Chair's Draft Report (previously circulated)**

The Committee considered the Chair's draft report on the Examination of Auditor-General's Performance Audit Reports August 2018 - January 2019.

Resolved, on the motion of Mr Park, seconded by Mrs Davies:

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

**6. \*\*\***

**7. \*\*\***

**8. Next meeting**

The Committee adjourned at 10:31am until 22 October 2020 at 9:30 in Room 1254.