



Public Accounts Committee

Report 6/57 – March 2021

Examination of Auditor-General's performance audit reports February 2019 - July 2019



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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 – Biosecurity Risk Management	14
Chapter Four – Governance of Local Health Districts	20
Chapter Five – Managing growth in the NSW prison population	27
Chapter Six – Managing Native Vegetation	34
Appendix One – Terms of reference	41
Appendix Two – Submissions	42
Appendix Three – Witnesses	43
Appendix Four – Extracts from Minutes	44

Membership

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Chair's foreword

This is the fourth 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 February to July 2019, conducted into: workforce reform in three amalgamated councils; governance of Local Health Districts; managing growth in the NSW prison population; wellbeing of secondary school students; domestic waste management in Campbelltown City Council and Fairfield City Council; biosecurity risk management; development assessment: pre-lodgement and lodgement in Camden Council and Randwick City Council; contracting non-government organisations; managing native vegetation; and ensuring contract management capability in government - Department of Education.

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. All agencies are to be commended, given the disruption and additional challenges resulting from last year's bushfire emergency and the COVID pandemic.

The Committee has made a total of four recommendations to NSW Government agencies to address the pressures of long term growth in the NSW prison population in the context of criminal justice reform, the public release of native vegetation maps to assist landholders in the management of our ecosystem, and general improvements to reporting systems.

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 _____ **33**

The Committee recommends that Corrective Services NSW continues with the progressive installation of Audio-Visual Link suites across correctional centres in NSW and monitors and reports on their usage as part of a full evaluation of their effectiveness.

Recommendation 2 _____ **33**

The Committee recommends that the Department of Communities and Justice provides a comprehensive response to the Audit recommendation addressing its strategic objectives for accommodating long-term growth in the prison populations in the context of broader criminal justice reforms, and investing in the delivery of these objectives.

Recommendation 3 _____ **40**

The Committee recommends that the Department of Planning, Industry and Environment provides a progress report on the independent evaluation of the draft Native Vegetation Regulation maps. The report should detail a timeline for when the draft maps, Category 1 – Exempt and Category 2 – Regulated land are expected to receive Government approval and be released to landholders and the public.

Recommendation 4 _____ **40**

The Committee recommends that the Department of Planning, Industry and Environment provides more information on the planned 2021 changes to assist staff in recording and tracking investigations and manage workflows, including how the planned changes will improve case management and reporting systems.

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 February to July 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 22 October 2020 to commence an examination of the Auditor-General's performance audits from February to July 2019. The full terms of reference are included on page 41.
- 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 sixteen 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 six performance audits, namely:
- *Workforce reform in three amalgamated councils;*
 - *Well-being of secondary school students;*
 - *Domestic waste management in Campbelltown City Council and Fairfield City Council;*
 - *Development assessment: pre-lodgement and lodgement in Camden City Council and Randwick City Council;*

- *Contracting non-government organisations; and*
- *Ensuring contract management capability in Government – Department of Education.*

- 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 four 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 20 November 2020, seeking further information. The performance audits examined at the public hearing were:
- *Governance of Local Health Districts;*
 - *Managing growth in NSW prison populations;*
 - *Biosecurity risk management; and*
 - *Managing native vegetation.*
- 1.9 The Audit Office provided written feedback on the submissions made by agencies. The Auditor-General, Ms Margaret Crawford, Deputy Auditor-General, Mr Ian Goodwin and Assistant Auditor-General, Ms 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 Three.
- 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 February to July 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 six audits and to take formal evidence at a public hearing on the remaining four.
- 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 316 – Workforce reform in three amalgamated councils

- 2.5 As part of a continuous process of improving the efficiency and effectiveness of local councils, on 12 May 2016 the NSW Government announced the amalgamation of 42 existing councils into 19 new councils. A special unit within the Department of Premier and Cabinet (DPC) was established to support councils through the amalgamations process.
- 2.6 The Audit assessed whether three selected councils (Inner West Council, Queanbeyan-Palerang Regional Council and Snowy Monaro Regional Council), were effectively reforming their organisational structures to achieve efficiency benefits from amalgamation and to manage any impacts on staff.
- 2.7 The Audit report concluded that the three councils have all made progress in achieving efficient organisational structures following the amalgamation of their former council areas. It found that they are now operating with a single workforce and have largely achieved the milestones set for the first stage of their amalgamations. However, the councils had not yet finished reviewing and aligning services across their former council areas, or integrated their ICT systems, both essential for implementing an optimal structure.

2.8 The Audit recommended that the councils and the Department of Planning and Industry take action to:

- establish future service offerings and service levels and ensure that organisational structures are aligned with service levels and integrated ICT systems;
- ensure that Inner West Council and Snowy Monaro Regional Council report against target efficiency and savings outcomes associated with workforce reform and actively monitor progress against milestones; and
- that the Department of Planning and Industry should develop a suite of efficiency and economy indicators and start reporting performance against these indicators to assist with benchmarking.

2.9 The recommendations were accepted by all three councils and the Department. While most recommended actions were stated to have either been implemented or on track, some were delayed for a variety of reasons, including the following: transition processes are time intensive and efficiencies only evident longer term; financial benefits can only be realised when infrastructure backlogs are reduced; employment contract provisions have to be renewed; extensive community consultation must take place; and COVID-19 had impacted on available resources.

2.10 While the Audit Office was satisfied that progress towards implementing all recommendations was on track, several outstanding issues were identified as needing further elaboration, namely:

- whether Inner West Council has a financial plan to achieve the \$60 million in efficiencies and savings over ten years committed to in October 2017;
- Snowy-Monaro Regional Council's plans to align specific services such as waste collection services, childcare and parks and gardens maintenance, noting that any decisions of this nature must be approved by the elected councils;
- how Queanbeyan-Palerang Regional Council's net savings target of \$13 million will be achieved; and
- whether all three councils have the organisational capacity to set, measure and report on savings targets and benefits.

2.11 The Committee resolved to pursue these issues by requesting additional details about the recommendations in writing. In their responses to the Committee's request for further information, the councils elaborated on further steps taken to affect their implementation.

2.12 In response to the Committee's additional questions, dated 23 November 2020, Inner West Council detailed its anticipated efficiency savings as being incorporated into its Long Term Financial Plan. This includes management and staff restructuring and the rationalisation of service and contractual arrangements no longer required. These measures are documented in a formal Quarterly Budget Review Process.

- 2.13 Snowy-Monaro Council, in its response of 17 December 2020, stated that it has commenced the implementation of a business excellence framework designed to document and map the level of services currently provided. This work will form the basis for further community consultations about levels of service and the funding required to meet perceived need.
- 2.14 In relation to tracking the financial benefits from the merger, Snowy-Monaro Council provided spreadsheet information predicting net savings of \$1.175M over a ten year period. This is despite savings and efficiencies in the initial period being outweighed by increased costs in IT and workforce restructuring. The shortfall is compensated by a new council implementation grant.
- 2.15 The response by Queanbeyan-Palerang Regional Council, provided on 12 November 2020, documented its plan to achieve a net savings target of \$13 million from a series of targeted strategies. These highlight the benefits of the merger, legacy restrictions, organisational impacts, resource and service reprioritisation, and an organisational transformation framework to improve overall effectiveness and efficiency.
- 2.16 Detailed written responses by all councils can be found on the Committee's website.

Audit Report 319 - Wellbeing of secondary school students

- 2.17 The Department of Education aims to prepare young people for rewarding lives as engaged citizens in a complex and dynamic society. As part of its commitment to creating quality learning opportunities for children and young people, the Department promotes student wellbeing, which is seen as directly linked to positive learning outcomes.
- 2.18 Wellbeing is defined broadly by the Department as "the quality of a person's life...more than the absence of physical or psychological illness". Student wellbeing can be supported by everything a school does to enhance a student's learning—from curriculum to teacher quality to targeted policies and programs to whole-school approaches to wellbeing¹.
- 2.19 Several recent reforms have aimed to support student wellbeing. In 2016, the 'Supported Students, Successful Students' initiative provided \$167 million over four years to support this aim. From 2018, the 'Every Student is Known, Valued and Cared For' initiative provides a principal led mentoring program, and a website with policies, procedures and resources to support student wellbeing.
- 2.20 The Audit assessed how well the Department of Education supported secondary schools to promote the wellbeing of students and found that the Department had implemented a range of programs and reforms to support this goal. The Auditor-General found that the Department's wellbeing initiatives, while well researched, were difficult to assess as outcomes had not been reported.
- 2.21 The Audit revealed that: reporting measures of wellbeing were found to be of variable quality; the implementation of the 2015 Wellbeing Framework in schools

¹ NSW Auditor-General, Performance Audit Report, Wellbeing of secondary school students, 10 August 2018, p1.

was incomplete; and the Department had not effectively consolidated tools, systems and reporting for wellbeing.

2.22 The Audit made eight recommendations, directing the Department to:

- integrate the Wellbeing Framework with the School Excellence Framework consistent with wellbeing policies and define service and resourcing models to deliver coordinated wellbeing activities;
- define a service model and commensurate resourcing models to coordinate delivery of wellbeing activities;
- implement measures to support the targeting of wellbeing resources by matching staffing and workforce resources to meet enrolment needs;
- consolidate new policy initiatives into established evidence-based programs such as whole-school approaches or flexible funding for wellbeing;
- integrate new requirements to monitor wellbeing activities and outcomes within current systems;
- assist schools to design and use quantifiable wellbeing improvement measures for targets and benchmarks;
- include key operational indicators such as student attendance, suspensions and staffing activity measures in performance dashboards to inform school improvement and oversight by Directors Educational Leadership; and
- publicly report on the wellbeing key performance indicator 'Increased proportion of students reporting a sense of belonging, expectations for success and advocacy at school', including its design and 2018 performance as a baseline for measuring progress in wellbeing.

2.23 The Department supported all recommendations, with the qualification that it would report on wellbeing indicators in its 2019 Annual Report to be published in May 2020. Furthermore, the recommendation regarding the alignment of wellbeing policies was noted as being delayed due to further stakeholder consultations taking place and expected it to be completed in 2021. The recommendation regarding addressing allocation cut-offs in the formula of allocating school counsellors and psychologists was noted as partially complete with new school counselling positions being allocated over 2020-2023.

2.24 After considering the agency response to the Audit, the Committee considered that more information was needed about the implementation of its recommendations. This included:

- more information on what proportion of schools are explicitly using the Wellbeing Framework for Schools;
- an update on the 'Suspension Data Review' and how it has improved its Service Model;

Committee's consideration of performance audits not subject to public hearings

- an update on supply and demand projections for school psychologists and counsellors, particularly in rural and regional areas;
- support for schools to navigate the wide variety of programs and providers available and monitoring of wellbeing activities;
- reporting of wellbeing improvement data and the use of suspension reports and data on Child Wellbeing Unit contact rates;
- online activity measures; and
- the proportion of schools that have opted into the 2020 wellbeing target.

2.25 On 23 October 2020, the Committee wrote to the Department seeking further elaboration on the additional issues identified. The response, provided on 19 November 2020, provided additional clarification. In his covering letter, the Secretary of the Department of Education indicated that the NSW Government had made significant investment in mental health and wellbeing in public schools since 2015. This has included more than \$290M in wellbeing supports.

2.26 As well as developing professional learning resources to build staff capacity in both using the Wellbeing Framework and developing wellbeing approaches and programs, Mr Scott highlighted the additional employment of 350 student support officers over four years to ensure a placement in every high school.

2.27 A comprehensive response to the Committee's questions can be found on the Committee's website.

Audit Report 320 - Domestic waste management in Campbelltown City Council and Fairfield City Council

2.28 The NSW Government aims to increase the municipal solid waste recycling rate to 70% by 2020-22. In order to achieve this, some councils deliver residual waste to alternative waste treatment facilities for processing (composting and recovery of resources, including plastics and metals, which can be recycled).

2.29 The Audit assessed how effectively and economically Campbelltown City Council (CCC) and Fairfield City Council (FCC) are managing domestic kerbside waste collection, transportation and processing. In making this assessment, the Audit examined whether: the councils' activities lead to residents putting recyclable materials into the correct recycling bins; councils have effective arrangements to collect, transport and process domestic kerbside waste to maximise recycling rates and minimise costs; and if councils are increasing the domestic kerbside recycling rate and meeting their targets.

2.30 The Audit concluded that both councils have undertaken activities recommended by the Environment Protection Authority (EPA) to encourage residents to put recyclable materials into correct recycling bins. The Audit Office noted that both councils had adequate waste management facilities and education, with some areas of concern.

- 2.31 Although CCC provided financial incentives for residents and educated residents about how to sort waste, the council could not demonstrate that its educational strategies were effective. The Audit found that both councils had their recycling and diversion rates from landfill lagging behind the State's targets, mainly because the red-bin waste was not processed.
- 2.32 The Audit Office recommended that CCC and FCC should:
- better measure, monitor and evaluate the effectiveness of their activities in improving residents' waste-sorting habits, in order to make adjustments as needed;
 - ensure all new buildings have adequate and appropriate waste storage facilities, to make it easy for residents to sort their waste properly; and
 - obtain more information on the costs of other viable options for waste collection, transportation, processing and disposal, in order to determine if there is a need to change existing arrangements.
- 2.33 Both Campbelltown City Council and Fairfield City Council accepted the first recommendation, but rejected the other two. In response to the second recommendation, FCC noted that Local Environmental Plans (LEPs) did not provide for detailed development controls and guidelines. It further noted that the Department of Planning would be the appropriate agency to determine whether the provision proposed is appropriate for an LEP.
- 2.34 The Committee considered that further information should be sought about how each respective council would implement the first recommendation. Furthermore, additional details were required concerning how CCC would better monitor and evaluate improvements to residents' waste sorting habits when the Development Control Plan is finalised. Both councils have stated that they would not consider the issues raised in the final recommendation until current contracts for waste collection and processing expire in 2024 (CCC) and 2025 (FCC) respectively.
- 2.35 On 23 October 2020, the Committee wrote to both councils, seeking further elaboration on the additional issues identified. The responses, provided on 19 and 24 November 2020, provided further clarification from each respective council.
- 2.36 In its response, Fairfield City Council provided detailed descriptions of the educational strategies deployed to correct and improve residential recycling methods, delivered in a range of languages to meet community needs. In addition, the council has a program of inspections to determine waste production and contamination rates based on property and occupancy typology.
- 2.37 These activities are monitored, evaluated and audited leading to modifications of educational interventions and targeting of resources. More recently, Fairfield City Council has partnered with Monash University to deliver a behavioural change campaign through social media and field trials.
- 2.38 Under the Fairfield City Wide Development Control Plan, council officers assess the appropriateness, adequacy and suitability of waste storage facilities in buildings. Inspections are conducted prior to the issuing of occupancy certificates and the

council employs a full time waste contamination management officer for residential flat buildings.

- 2.39 The response from Campbelltown City Council noted the inability to apply financial penalties for contamination in the recycling stream as a limitation in improving residential waste sorting. A bin inspector program to monitor contamination levels in organic bins was discontinued as being ineffective and a poor use of council resources.
- 2.40 Campbelltown City Council uses its Development Control Plan to determine the adequacy of waste and recycling arrangements in medium and high density developments and to guide developers. Finally, as earlier noted, both councils will await the expiry of current contracts before determining future arrangements for achieving State government targets in waste reduction and recycling.
- 2.41 Detailed responses from both councils can be found on the Committee's website.

Audit Report 322 - Development assessment: pre-lodgement and lodgement in Camden Council and Randwick City Council

- 2.42 In March 2017, the then Department of Planning and Environment (DPE) (now Department of Planning, Infrastructure and Environment (DPIE)) released the 'Development Assessment Best Practice Guide' aimed at assisting councils to assess Development Applications (DAs) in a timelier manner and to improve the experience for applicants.
- 2.43 This Audit assessed the extent to which Camden and Randwick City Councils 'pre-lodgement' and 'lodgement' stages aligned with DPE's Guide, along with the ICAC's 'Development Assessment Internal Audit Tool 2010'. These two instruments together constitute what is termed 'the Guidance'.
- 2.44 DPE identified Camden as one of the top five local government areas (LGAs) for Sydney Housing Supply, with 12,350 homes expected to be built over the next five years. Randwick City Council is a well-established LGA with more modest projections of 2,150 homes to be built by 2021.
- 2.45 The Audit concluded that Camden Council's (CC) pre-lodgement and lodgement processes and procedures partially align with the Guidance, without demonstrating that its lodgement stage is timely, or that its pre-lodgement practices were effective. The Audit further concluded that Randwick City Council's (RCC) pre-lodgement and lodgement practices closely align with the Guidance, but unable to demonstrate the effectiveness of its pre-lodgement practices.
- 2.46 The Audit Office recommended that:
- both councils should: a) publish DA policies; b) hold pre-lodgement meetings for as many complex proposals as possible; c) improve monitoring of the pre-lodgement and lodgement stages; and d) improve DA assessment data quality assurance practices;
 - Camden Council should: a) evaluate a clearing house process for DAs that fall outside the fast track processing stream; b) improve its systems for DA

retention, tracking and monitoring; and c) work with DPE to improve online lodgement system.

- 2.47 Camden Council accepted both recommendations in full, responding that: it had published a DA policy; established KPIs with stipulated time frames, tracked and reported on in the Council's Property and Rating System (Authority); solicited an independent review of council's use of Authority; implemented fortnightly Clearing House meetings; developed KPIs and reporting requirements; and integrated its Authority with DPE's portal.
- 2.48 Randwick City Council rejected the first recommendation, on the grounds that it has already developed a comprehensive DA Guide and a Pre DA Guide. Furthermore, RCC responded that: it is currently considering ways to encourage attendance at pre-lodgement meetings; analysing the effectiveness of pre-lodgement meetings in the DA process; and will liaise with DPE for clarifications, prepare guidance for preparation of DA statistics and require senior management review of all statistics.
- 2.49 The Audit Office commented that CC fulfilled the intent of all its recommendations, but at the time of the Audit, RCC had not yet developed its DA and Pre DA Guides. While these are now published online, concerns were raised about the implementation status of other recommendations by RCC.
- 2.50 In order to clarify the current status of the recommendations and their implementation by Randwick City Council, the Committee sought further written information. In a letter dated 17 November 2020, the General manager of RCC provided a detailed response, outlining the Council's initiatives to improve the Development Application process along with relevant performance monitoring measures.
- 2.51 The improvements made satisfy the requirements of the Audit. The RCC response to the Committee's questions can be accessed on the Committee's website.

Audit Report 323 - Contracting non-government organisations

- 2.52 Government agencies are increasingly contracting non-government organisations (NGOs) to deliver human services in New South Wales. Agencies are responsible for ensuring that expected outcomes from this process include individual and community benefits, and to look for ways to use contestability to raise standards.
- 2.53 In 2017-18, the Department of Family and Community Services (FACS), now Department of Communities and Justice (DCJ) entered into 230 contracts for out-of-home care services. Of these, 49 were for the Permanency Support Program, (\$322 million) and 157 contracts for the delivery of Specialist Homelessness Services (\$170 million).
- 2.54 The Audit report reviewed how effectively and efficiently FACS contracted NGOs to deliver community services in these two areas.
- 2.55 The Audit identified deficiencies in the contracting process due to: inconsistent use of the open tender process, perpetuation of existing arrangements and limiting

contestability for new service providers to enter the market; and failure to collect adequate performance data, limiting opportunities for improvement.

- 2.56 The Audit Office recommended that FACS should:
- conduct full program level market analysis of services provided by NGOs in order to identify potential new service providers and to ensure that NGO performance is equivalent to that of the market;
 - provide clear guidance for FACS contract management staff on the oversight of NGO performance and quality;
 - develop a process for reporting NGO performance and quality issues to Central Office;
 - escalate the implementation of outcomes-based contracts with NGOs; and
 - improve the accuracy and completeness of client and NGO performance data.
- 2.57 While accepting the second, fourth and fifth recommendations in full, the Department of Communities and Justice only partly accepted recommendations 1 and 3.
- 2.58 In response to the recommendations, DCJ reported that it:
- regularly conducts market analysis in order to determine the market's ability to respond to its needs and that its structure is decentralised purposely in order to retain local knowledge and relationships;
 - reviewed all training and support materials for managers, noting that the implementation of the new contract management system has been delayed due to funding;
 - had completed a review of the ability for all programs to move to outcomes based contracts, noting that implementation of this has been delayed due to the pandemic; and
 - is progressively developing contract management dashboards, which will support communication between contract managers and NGOs, report on NGO performance and provide data for public reporting.
- 2.59 The Audit Office noted that while recommendation 1 has been partially accepted and completed, it is good practice to introduce greater contestability to the sector by way of an open tender process.
- 2.60 Based on the initial response to the Audit, the Committee could not be satisfied that the Department had satisfactorily responded to all recommendations. The Committee therefore wrote to the Department seeking more information.
- 2.61 The response to the Committees further request, provided on 2 December 2020, sets out in greater detail the additional steps taken to complete the

implementation of all recommendations. The Department provided more information on a data remediation project to enable benchmarking and allow better informed future decisions regarding changes of contracted levels of placements to ensure contestability within the provider market.

- 2.62 The response also provided an update on other steps taken to meet the requirements of the Audit and can be accessed on the Committee's website.

Audit Report 325 - Ensuring contract management capability in government - Department of Education

- 2.63 The Department of Education delivers, funds and regulates education services for NSW students from early childhood to secondary school. In 2017-18, the Department managed high-value (over \$250,000) goods and services contracts, worth \$3.08 billion.

- 2.64 The Audit examined whether the Department has the required capability to effectively manage such contracts, assessed against the following criteria: whether the Department's policies and procedures support effective contract management and are consistent with relevant frameworks, policies and guidelines; and whether the Department has capable personnel to effectively conduct the monitoring activities throughout the life of the contract. The Audit did not include infrastructure, construction or information communication and technology contracts.

- 2.65 The Audit concluded that the Department has up-to-date policies and procedures that are consistent with the relevant guidelines. The Department also communicates changes to procurement related policies, monitors compliance with policies and conducts regular reviews to identify non-compliance.

- 2.66 However, the Audit also found that none of the 645 contracts associated with the Assisted Schools Travel Program (valued at \$182 million in 2018-19) had contract management plans. This was contrary to the Department's policies and increased the risk that contract managers were not effectively reviewing performance and resolving disputes.

- 2.67 The Audit Office recommended that the Department should, by December 2019:
- implement contract management plans for all contracts in the Assisted Schools Travel Program (ASTP), consistent with the Department's policies;
 - develop a risk-based framework for validating performance information to assist contact managers to select and justify appropriate validation methods for performance information; and
 - make the most of the lessons learned from the "Government purchasing power – telecommunications" performance audit.

- 2.68 The Department of Education supported all recommendations by implementing a range of measures. These included: presenting a briefing to the ATSP Governance Committee; conducting a gap assessment of current ATSP and overlapping analysis

between agencies; and developing a risk-based framework for validating performance information.

- 2.69 While the Audit Office noted that the Department of Education was on track, with the establishment of contract management plans by October 2021, the Committee considered that further information was required about how the Department was ensuring providers are meeting the terms of their contracts in the interim.
- 2.70 The Committee also wished to ascertain how the implementation of the risk-based framework for validating performance has been applied to new contracts. Consequently, the Committee wrote to the Department seeking additional information about the issues identified.
- 2.71 In its written response of 21 December 2020, the Department detailed a range of requirements to satisfy contractual obligations prior to full implementation of ASTP contract compliance on 31 October 2021. The Department also advised that the Contract and Vendor Management Guide has been altered to reflect and better prescribe the processes required to address risk and performance validation methods aligned to the Department's Contract Management Plan template changes.
- 2.72 In addition, the Department noted that the majority of the emergency procurements carried out as a consequence of COVID19 were completed prior to the implementation of the new Contract and Vendor Management Guide. Furthermore, when undertaking emergency procurements, limited KPI and contract management conditions are included in contracts due to their emergency nature.
- 2.73 Finally, with any new procurement processes being undertaken by the Department of Education for Goods and Services, the requirements of the Contract and Vendor Management Guide are being included within the resulting contract, thereby becoming an in-contract requirement.
- 2.74 The full Departmental response can be accessed on the Committee's website.

Chapter Three – Biosecurity Risk Management

Introduction

- 3.1 Biosecurity deals with the protection of the economy, environment, and community from the negative impacts of pests, diseases, weeds and contaminants.
- 3.2 All levels of government have discrete responsibilities for the management of biosecurity, with Commonwealth and State governments having separately defined roles and responsibilities. While the Commonwealth Government is responsible for biosecurity at the international border, it also works closely with New South Wales and other States to set the legislative framework and policy direction for managing national biosecurity risks.
- 3.3 At the time of the performance audit, the Department of Primary Industries (DPI), previously within the Department of Industry, was the lead agency for biosecurity in NSW. From July 2019, the newly created Department of Planning, Industry and Environment (DPIE) assumed responsibility for biosecurity activities in NSW. In April 2020, the Department of Regional NSW (DRNSW) took on the responsibility for biosecurity activities.

The Audit

- 3.4 The Auditor-General's 2019 Audit reviewed the effectiveness and economy of the biosecurity emergency response and prevention activities of the Department of Primary Industries (DPI), including its emergency response practice and compliance program.

Major Audit Findings

- 3.5 The Audit found that while DPI conducted regular biosecurity compliance activities and reviewed its program annually, the review was based on limited data and consultation with key stakeholders. The Audit also concluded that DPI had not built formal partnerships with State agencies to share data and information on biosecurity and thus did not have a comprehensive picture of biosecurity compliance.
- 3.6 Moreover, the Audit revealed that DPI's biosecurity activities focused on risks to the economy but did not directly address emerging risks to the environment and community amenity, such as outbreaks of red imported fire ants or yellow crazy ants. The Audit found that DPI had not developed compliance policies for industries such as tourism and construction, as two areas of emerging risk.
- 3.7 Lastly, the Audit report identified gaps in emergency response practice in risk assessment and cost benefit analysis due to a lack of financial data. DPI did not analyse data that would help assess whether it set appropriate budgets, thus limiting the ability to conduct budget forecasting or demonstrating that its response to biosecurity threats was economical.

Auditor-General's Recommendations

- 3.8 The Audit report made six recommendations to the Department to be completed by December 2019. The recommendations are set out in the table below:

Table 1 - Recommendations made by the Auditor General in Biosecurity risk management report²

No.	Recommendation
1	Implement formal agreements with partner agencies that it relies on to deliver effective biosecurity compliance activities and emergency responses
2	Analyse and report cost, resource and activity data at a project level, incorporating data from partner agencies
3	Apply the full suite of emergency response practices, particularly cost benefit analyses and after-action reviews
4	Establish a data collection and reporting system that enables data sharing with LLSs and LCAs that allows them to better target their biosecurity compliance activities
5	Publish annual data on performance targets and outcomes for its biosecurity compliance and emergency response activities
6	Revise its compliance procedures and emergency response practices to address risks to the environment and the community in consultation with partner agencies

Agency Response

- 3.9 As the responsible agency for the management of biosecurity risk since April 2020, the Department of Regional NSW provided the response to the Audit recommendations. The Department supported all six recommendations and reported that four had been implemented. Of the two remaining, recommendation 4 was reported as being on track to be completed by July 2021 and recommendation 5 as having been delayed. This was due to the redirection of specialist technical resources responding to the 2019/20 bushfires.
- 3.10 The Department reported recommendation 1 as having been completed with the commencement of a July 2019 Memorandum of Understanding (MOU) with Agriculture Victoria and DPI on Cross Border Biosecurity, Animal Welfare and Emergency Management Arrangements.
- 3.11 Further to this, the Department signed an MOU in July 2019 with Local Land Services (LLS) to formalise its working relationship with the agency.³

² NSW Auditor-General's Performance Audit Report, Biosecurity risk management, 18 June 2019.

³ Submission 10, Department of Regional NSW, p.2.

- 3.12 At the Committee's public hearing, the Director General, Department of Regional NSW gave evidence that a formal agreement was established with LLS because the agency was essentially its 'eyes on the ground....and our legs on the ground when it comes to responding to [biosecurity] incidents.'⁴
- 3.13 The Director General further advised that the Department was member of the State Emergency Operations Committee, which comprises other agencies and Departments. The Committee is governed by its own formal MOU and agreements between the participating agencies in relation to biosecurity, thus negating the immediate need to establish its own formal agreements.⁵
- 3.14 The Director General also noted that the Department was working towards formalising agreements, in the form of MOUs with key agencies as its next step, and more specifically:
- ...over the course of the next 12 months, being 2021, we would be looking to actually get down and document, especially in the areas around environmental biosecurity, roles, responsibilities and action.⁶
- 3.15 In response to recommendation 2, the Department referred to its investigation into automating the capture and reporting of overtime during an emergency, noting that it was not feasible due to the limitations of its current HR management system:
- MyHQ (HR management system) is based on a branch rather than an event organisational cost centre code structure. [Instead] NSW DPI has operational guidance available to support the manual identification of relevant emergency managements costs, including overtime and administrative processes to action financial journals, where appropriate. NSW DPI has established an ongoing emergency resource to monitor and manage emergency expenses.⁷
- 3.16 In its submission, the Department highlighted a number of actions it has taken to address the recommendation, notably: the development of the Emergency Management Operations Reporting Framework; the creation of the Emergency Management Incidents and Response activities register and the Emergency Management Exercises register (biosecurity and food safety hazards; and the creation of a new position within the Department, Emergency Management Business Officer whose key functions are to report emergency activity cost, resource and activity data across DPI.⁸
- 3.17 In response to recommendation 3, the Department reported a range of actions it had developed and implemented, as set out in the table below:

⁴ Mr Scott Hansen, Director-General, Department of Regional New South Wales, Transcript of evidence, 20 November 2020, p.11.

⁵ Mr Scott Hansen, Director-General, Department of Regional New South Wales, Transcript of evidence, 20 November 2020, p.12.

⁶ Mr Scott Hansen, Director-General, Department of Regional New South Wales, Transcript of evidence, 20 November 2020, p.12.

⁷ Submission 10, Department of Regional NSW, p.3.

⁸ Submission 10, Department of Regional NSW, p.3.

Table 2 - Department of Regional NSW response to Audit report Recommendation 3

Name/Description	Action	Date
Process for determining a response following a suspect or confirmed detection and diagnosis of a potential threat	Implemented Jan 2019	Jan 2020
Emergency management response/incident phases and structures	Reviewed, documented and implemented	Jan 2020
Biosecurity and Food Safety hazard owner's role statements and individual hazard owner checklists	Developed and implemented	Jan 2020
Centre for International Economics rapid cost-benefit analysis framework (Cost Benefit Analysis Framework)	Draft report trialled and Executive endorsement received	June 2020
Toolkit to support Cost Benefit Analysis Framework	Under development	Expected July/early August 2020
Emergency Management Lessons Management Framework	Developed, trialled in 2019 North East Bushfires and progressively implemented across NSW DPI	From May 2020

3.18 In answers to supplementary questions, DRNSW referenced the establishment of a Lessons Management Committee with representatives from DPI and LLS. The Department noted that the Committee recently conducted an analysis of over 300 recommendations received from after-action reviews, with findings to be applied to 'wider biosecurity emergencies.'⁹

3.19 The Department accepted recommendation 4 and reported that it plans to develop and fully implement a Biosecurity Case Management System by July 2021.¹⁰

3.20 The Director, Compliance and Integrity Systems, Department of Regional NSW advised that DRNSW is on track to deliver the Biosecurity Case Management System by the end of the current financial year. Special emphasis was placed on the importance of working with other jurisdictions to ensure compatibility:

We have aligned ourselves with the system that is being used by Victoria, South Australia, Western Australia, Northern Territory and Queensland. The benefit of that is that it opens the door to national coordination and national collation and sharing of data. That will enable us not only to share data within New South Wales with Local

⁹ Answers to supplementary questions, Department of Regional NSW, 23 December 2020, pp.3-4.

¹⁰ Submission 10, Department of Regional NSW, p.6.

Land Services, local control authorities, councils for weed control, but also more importantly through the national rangers for biosecurity incursions.¹¹

- 3.21 The Department acknowledged the delay implementing recommendation 4 in full, and noted the impact of the pandemic on available resources, which were redirected to other priority areas in 2020.¹²
- 3.22 In response to recommendation 5, the Department reported that it has enacted a number of responses to fulfil the intent of the recommendation, including: revising and implementing performance measures for biosecurity and food safety response activities; establishing performance targets in the Emergency Management Schedule of the MOU with LLS to improve response and recovery activities; and implementing an Animal Biosecurity and Welfare Action Plan for 2020/21 which identifies high risk activities and targets.¹³
- 3.23 At the public hearing, the Director General referred to a forthcoming review, in the form of an internal alignment of the Department's emergency management functions structure:
- We broke that emergency management team into four function areas to better coordinate the roles and responsibilities. There is a very big focus on logistics, learning and education and response and on planning.¹⁴
- 3.24 The Director General advised that the review had been delayed due to the significant resource deployment in response to the bushfires and should be finalised by the end of December 2020.¹⁵
- 3.25 In response to recommendation 6, the Department noted the following programs had been implemented: work instructions to support the management of non-indigenous animals' incursions; work instruction to support the management of pest animals; and guidelines for the management of weeds (cut flowers) and support for public facing communication campaign.
- 3.26 Additionally, the NSW Environmental Biosecurity Action Plan had been developed and internally launched in February 2020.¹⁶

Auditor-General's Comments

- 3.27 The Audit Office initially noted that more information was required from the Department, as follows:

¹¹ Mr Peter Day, Director, Compliance and Integrity Systems, Department of Regional NSW, Transcript of evidence, 20 November 2020, p.13.

¹² Answers to supplementary questions, Department of Regional NSW, 23 December 2020, p.4.

¹³ Submission 10, Department of Regional NSW, p. 7.

¹⁴ Mr Scott Hansen, Director-General, Department of Regional New South Wales, Transcript of evidence, 20 November 2020, p.14.

¹⁵ Mr Scott Hansen, Director-General, Department of Regional New South Wales, Transcript of evidence, 20 November 2020, p.14.

¹⁶ Submission 10, Department of Regional NSW, p 7.

- progress and plans for the expansion of DPI’s formal agreements with partner agencies;
- progress updates on reporting activities and improving budget forecasting for emergency response and compliance activities;
- DPI's management framework and resulting engagement with State agency partners and its emergency response practices;
- progress update on the Biosecurity Case Management system pilot and further implementation of this system;
- review of the structure of its emergency management functions and how it will improve biosecurity compliance reporting and emergency response activities;
- status of Department publication of performance data in-line with the report recommendations; and
- progress of reported activities that directly address emerging environmental and community activities and infrastructure risks.

3.28 The Department addressed the issues outlined above at both the Committee's public hearing and in answers to supplementary questions following the hearing. The Auditor-General indicated that the additional information satisfied the intent of the Audit recommendations.

Committee Comments

3.29 The Committee commends the Department of Regional NSW for its notable efforts in a difficult year. With unprecedented bushfires drawing specialist technical resources away from plans and projects and the devastating impact of the global pandemic, the Committee appreciates the additional pressures on the Department's operational environment.

3.30 The Committee also notes that during times of emergency such as those posed by the bushfires and the pandemic, it is particularly important to have strong working relationships with other key departments. This is essential to enable effective communication and resource sharing, with transparent and accountable processes in place.

3.31 The Committee acknowledges and welcomes the Department’s comprehensive response to the Audit report recommendations. In particular, the Committee looks forward to keeping a watching brief on the review of the emergency management functions structure, the implementation of the Biosecurity Case Management System and the establishment of formal agreements with key stakeholder agencies.

Chapter Four – Governance of Local Health Districts

Introduction

4.1 New South Wales has 15 Local Health Districts (LHDs), responsible for providing public hospital and related health services across the State. The LHDs are constituted as follows:

- established as statutory corporations under the Health Services Act 1997 to manage public hospitals and provide health services within defined geographical areas;
- governed by boards of between six and 13 people appointed by the Minister for Health;
- managed by a chief executive who is appointed by the board with the concurrence of the Secretary of NSW Health; and
- accountable for meeting commitments made in annual service agreements with the NSW Ministry of Health.

4.2 The NSW Ministry of Health (the Ministry), as the policy agency for the NSW public health system, provides regulatory functions and public health policy, as well as managing the health system. This includes monitoring the performance of hospitals and health services.

The Performance Audit

4.3 A series of reforms to the structure and governance of the health system was instigated in 2011. This affected the roles and responsibilities of LHDs and the Ministry, along with other agencies in NSW Health. The reforms were intended to deliver greater local decision making, including better engagement with clinicians, consumers, local communities, and other stakeholders in the primary care (such as general practitioners) and non-government sectors.

4.4 These changes empowered LHDs by devolving some management and accountability from the Ministry for the delivery of health services in their area. Districts were made accountable for meeting annual obligations under service agreements.

4.5 The Audit assessed the efficiency and effectiveness of the governance arrangements for LHDs by examining whether:

- there were clear roles, responsibilities and relationships between the Ministry of Health and LHDs and within LHDs, and
- the NSW Health Performance Framework establishes and maintains accountability, oversight and strategic guidance for LHDs.

Major Audit Findings

4.6 The Audit concluded that:

- roles, responsibilities and relationships between LHDs, their boards, and the Ministry of Health are clear and understood, although there was opportunity to achieve further maturity in the system of governance for LHDs, and
- accountability and oversight mechanisms, including the Health Performance Framework and Service Agreements, have been effective in establishing accountability, oversight and strategic guidance for LHDs. Areas where accountability and oversight can be improved include:
 - continued progress in moving toward patient experience, outcome, and quality and safety measures;
 - improving the Health Performance Framework document to ensure it is comprehensive, clear and specifies decision makers;
 - greater clarity in the nexus between underperformance and escalation decisions;
 - including governance-related performance measures;
 - more rigour in accountability for non-service activity functions, including consumer and community engagement; and
 - ensuring that performance monitoring and intervention is consistent with the intent of devolution.¹⁷

Auditor-General's Recommendations

4.7 The Auditor-General made three recommendations addressed to the Ministry of Health and LHD boards supported by the Ministry of Health. These recommendations are set out in the table below.

¹⁷ NSW Auditor-General, Performance Audit Report, Governance of Local Health Districts, 18 April 2019, p.1.

Table 3 – Recommendations made by the Auditor-General in the Governance of Local Health Districts report ¹⁸

No.	Recommendations
The Ministry of Health should, by December 2019	
1	<ul style="list-style-type: none"> a) work with LHDs to identify and overcome the barriers that are limiting the appropriate engagement of clinicians in decision making in LHDs b) develop a statement of principles to guide decision making in a devolved system c) provide clarity on the relationship of the Agency for Clinical Innovation and the Clinical Excellence Commission to the roles and responsibilities of LHDs.
LHD boards should, by June 2020	
2	<p>address the findings of this performance audit to ensure that local practices and processes support good governance, including:</p> <ul style="list-style-type: none"> a) providing timely and consistent induction; training; and reviews of boards, members and charters b) ensuring that each board's governance and oversight of service agreements is consistent with their legislative functions c) improving the use of performance information to support decision making by boards and executive managers.
The Ministry of Health should, by December 2019	
3	<p>improve accountability and oversight mechanisms by:</p> <ul style="list-style-type: none"> a) revising the Health Performance Framework to ensure it is cohesive, clear and comprehensive b) clarifying processes and decision making for managing performance concerns c) developing a mechanism to adequately hold LHDs accountable for non-service activity functions, and d) reconciling performance monitoring and intervention with the policy intent of devolution.

¹⁸ NSW Auditor-General, Performance Audit Report, Governance of Local Health Districts, 18 April 2019, p.4.

Agency Response

4.8 In its response, the Ministry accepted all three recommendations, noting that NSW Health operates within a complex governance and performance framework, established through layers of legislation, policy and practice.

4.9 The Audit recommendations reflected the evolving nature of that governance framework and acknowledged that a significant amount of work had been completed over 12 months to further enhance performance in the specified areas, including,

- delivery of the Tuning Governance and Accountability Project, which sought to build on the different perspectives and capabilities within the NSW Health System to enhance the governance model;
- implementation of a comprehensive reporting dashboard for the Local Health District Boards, providing greater transparency on the performance and priorities of the Districts; and
- commencement of reviews of the NSW Health Performance Framework and accompanying Recovery Framework designed to provide further clarity on the roles and accountabilities of the Ministry of Health, Local Health Districts and Boards.¹⁹

4.10 Recommendation 1a called on the Ministry of Health to work with LHDs to identify and overcome the barriers limiting the appropriate engagement of clinicians in decision making. In its response, NSW Health replied that,

The Ministry of Health is currently implementing the Tuning Government and Accountability Project, with the objective of engaging Local Health Districts and other NSW Health Organisation in identifying core areas of governance. The topic of effective engagement with clinicians is highlighted in the project as the next topic area for delivery.²⁰

4.11 At the public hearing, the Committee questioned how the Ministry planned to evaluate these initiatives and what challenges had been identified in the implementation of the project to date. The Deputy Secretary, People, Culture and Governance, Department of Health, replied that the regular normal implementation of the Tuning Accountability and Governance project had been fundamentally disrupted by the pandemic.

4.12 Additionally, the Ministry had initiated engagement in a format and manner with clinical staff which had not been achieved before, emphasising that progress with the clinical council's framework had also been very strong.

We obviously have a fundamental learning to get that power of clinician engagement and see it operate very quickly to reach some difficult decisions about models of care, how they should shift and how they should change because of what we were experiencing. It demonstrates the power that is implied by trying to get that engagement. Sometimes it takes a crisis for people to get to the point of the most

¹⁹ Submission No. 5, NSW Health, p.1.

²⁰ Submission No. 5, NSW Health, p.2.

fundamental aspects of what they are working on. Our challenge will be how we sustain that, how we keep that level of commitment and engagement occurring.²¹

- 4.13 Recommendation 1b called on the Ministry of Health to develop a statement of principles to guide decision making in a devolved system. In its written response, the Ministry stated that:

... the Tuning Governance and Accountability Project will also be seeking to define a core set of governance principles for application across the NSW Health System, completing existing resources currently available to all NSW Health Organisations.²²

- 4.14 At the public hearing, the Department was asked for a progress report on the Tuning Governance and Accountability Project and whether that experience suggested that a renewed principles-based approach could be a worthwhile project.

- 4.15 In response, the Committee was told that the complexity of Health as a dynamic system prevents the future proofing of every aspect of that system.

What we have done with that project and the principles we enunciated in the project report, which I believe the Committee has a copy of, is the idea that we need to establish what domain we are working in in a particular aspect of health service delivery. We refer to the idea that there are three essential types of governance arrangements that we need to deploy. The first would be that the matter is of such critical importance that we need to have a system-wide, totally consistent approach to the process to achieve the critical outcome that we need.²³

- 4.16 Furthermore, the point was made that this was a very Ministry-led response, but not a Ministry-dictated response. NSW Health would seek to work with the district chief executives, the pillars and the other organisations in Health to ensure that what they are deploying is actually workable across the whole system.²⁴

- 4.17 The Committee was also interested to learn about professional development for boards, and whether the nomination and selection process made sure that there was diversity of representation.

- 4.18 The Department responded that an expression of interest process was run to identify people who would like to be considered for board selection. Board chairs were also actively involved in considering whether members with expiring terms should be recommended for extension.

- 4.19 The induction program had also been revised following the Audit. Sixty-eight members attended the 2019 program, which was positively evaluated by attendees. The Ministry was now in the process of working out how to deploy the induction program through a virtual framework. The Council of Board Chairs had

²¹ Mr Phil Minns, Deputy Secretary for People, Culture and Governance, Department of Health, Transcript of Evidence, 20 November 2020, p.3.

²² Submission No. 5, NSW Health, p.2.

²³ Mr Phil Minns, Deputy Secretary for People, Culture and Governance, Department of Health, Transcript of Evidence, 20 November 2020, p.3.

²⁴ Mr Phil Minns, Deputy Secretary for People, Culture and Governance, Department of Health, Transcript of Evidence, 20 November 2020, p.3.

also convened a working group to look at issues related to board capability operation and succession.

They are reflecting on the issue of board size and whether or not committees may provide them with an opportunity to bring talent in without necessarily increasing the size of the board, so looking at expert committees and drawing some members into those committees who are not otherwise board members.²⁵

- 4.20 The Committee also asked how best practice was shared to optimise learning across LHDs. In response, the Committee was told that the Clinical Excellence Commission was the driver for safety and quality across the whole networked system. In circumstances where success or failure had been identified, programs and education strategies were tailored to maximise optimal outcomes.
- 4.21 The Agency for Clinical Innovation was also playing a similar role in models of care and clinical practice by looking at evidence and data, and determining better clinical practice. As clinicians, they also advocate to their peer groups.
- 4.22 This was augmented by monthly meetings of the senior executive forum and an adverse events process, whereby patient experience and system performance alert the entire system to an event that has led to a poor health outcome.²⁶
- 4.23 The Committee explored the issue of differences in health needs across communities and a seeming gap in community engagement with LHD boards to determine how to improve critical engagement between the community and LHDs.
- 4.24 While the Audit report identified an opportunity for the boards to have a greater engagement in the service agreement process, the Department noted that NSW Health needed to work on it at all levels to support each district achieve a better outcome.²⁷

Auditor-General's Comments

- 4.25 The Auditor-General, Ms Margaret Crawford, Acting Deputy Auditor-General, Mr Ian Goodwin, and Assistant Auditor-General, Performance Audit, Ms Claudia Migotto attended the public hearing and supplemented evidence given by NSW Health.
- 4.26 In initial comments on the agency response, the Auditor-General said that the Ministry appeared to have made good progress in addressing Recommendation 1, particularly in the context of COVID-19, and that the reported activity fulfilled the intent of Recommendation 2. The work to date also fulfilled the intent of recommendation 3(a), 3(b) and 3(d).
- 4.27 Recommendation 3 (c) called for the development of a mechanism to hold LHDs accountable for non-service activity functions. Service agreements with the

²⁵ Mr Phil Minns, Deputy Secretary for People, Culture and Governance, Department of Health, Transcript of Evidence, 20 November 2020, p.4.

²⁶ Mr Phil Minns, Deputy Secretary for People, Culture and Governance, Department of Health, Transcript of Evidence, 20 November 2020, p.5.

²⁷ Mr Phil Minns, Deputy Secretary for People, Culture and Governance, Department of Health, Transcript of Evidence, 20 November 2020, p.5.

Ministry of Health contain a section related to non-service activity such as community and stakeholder engagement and innovation. The Audit found, however, that performance agreements and related policy documents were silent on how LHDs should be held accountable for these activities.

- 4.28 While the Audit highlighted that there were further opportunities which could be identified and incorporated into the service agreements to improve monitoring of LHD performance, the Auditor-General acknowledged that the health system is large and complex and the whole notion of tuning governance remains a work in progress requiring continuous effort.²⁸

Committee Comments

- 4.29 The Committee supports the efforts by NSW Health to address the issues identified by the performance audit, particularly during the challenges presented by the COVID-19 pandemic.
- 4.30 The Committee is satisfied that the NSW Health has addressed the intent of the recommendations made in the Audit report.

²⁸ Ms Margaret Crawford, Auditor-General for NSW, Transcript of Evidence, 20 November 2020, p.5.

Chapter Five – Managing growth in the NSW prison population

Introduction

- 5.1 Between 2012 and 2016, the prison population in NSW grew by approximately 40 per cent. The rate of growth was higher than experienced prior to 2012 and forecast to continue to grow over both the short and longer-term.
- 5.2 While the Department of Justice was responsible for delivering corrections services in NSW at the time of the Audit, the Department of Communities and Justice (DCJ) assumed responsibility for these functions in July 2019. Within DCJ, Corrective Services NSW is responsible for administering sentences and legal orders through custodial and community-based management of adult offenders.

The Performance Audit

- 5.3 The Auditor-General's 2019 Audit examined the efficiency and effectiveness of prison population growth management in the NSW correctional system. As previously outlined, this is currently managed by the Department of Communities and Justice (DCJ) through Corrective Services NSW.
- 5.4 The Audit assessed how efficiently and effectively the Department is responding to current, medium and long-term projected growth in the NSW prison population.

Major Audit Findings

- 5.5 The Audit found that between 2012 and 2015, the Department relied heavily on temporary responses to accommodate growth in the NSW prison population. This included doubling or tripling the number of beds in cells, reopening closed facilities and using obsolete facilities.
- 5.6 The Audit Office found reliance on these temporary responses to be insufficient in the medium to long term, creating risks to prisoner and staff safety and preventing timely access to prisoner support services.
- 5.7 The Audit noted that, despite Departmental advice from 2013 on the impact of rising prisoner numbers, significant funding to address population growth was not delivered until 2015-16. The funding consisted of a one-off \$3.8 billion package allocated to capital works and the operation of new infrastructure to address prison capacity issues. Additionally, the Government funded the procurement of a new prison, the Clarence Correctional Centre, delivered by way of a public private partnership.
- 5.8 The report also noted that while this expenditure to address the growing prison population was sufficient in the medium term, it would not be adequate in the long term due to projected growth, demand for metropolitan beds exceeding capacity and limited options to expand existing facilities.

5.9 Finally, the Audit found that the Department had developed a yet to be funded strategy to respond to long-term projected growth in the prison population.

Auditor-General's Recommendations

5.10 The Audit report made seven recommendations, of which the first six were to be completed by June 2020 by the Department of Family and Community Services and Justice (now Department of Communities and Justice).

5.11 The Audit also highlighted the advice regarding the risk to the NSW prison system of not being able to accommodate the projected inmate population in the medium to long-term. In this context, recommendation 7 gave a timeline for completion by June 2020.

Table 4 - Recommendations made by the Auditor General in Managing growth in the NSW prison population report²⁹

No.	Recommendation
1	Advise the NSW Government on options to meet the urgent need for additional prison bed capacity within the metropolitan Sydney area, to meet its projected shortfall in fit-for-purpose beds from 2022
2	Reassess and advise the NSW Government on whether the prison system has enough fit-for-purpose capacity to manage temporary fluctuations in the inmate population
3	Investigate and implement deliberate strategies that reduce the number and costs of inmate movements, for example through greater use of technology to alleviate inmate movements where possible and appropriate
4	Continue to use Justice Impact Assessments to advise the NSW Government of the impacts of policy changes on immediate and longer-term demand for prison beds and prisoner support services, including for specific inmate cohorts
5	Use findings from the DOJ assessment management review to develop a benchmark for maintenance expenditure and include this in budget submissions
6	Continue to monitor and report on benefits as set out in the Prison Bed Capacity Program Benefits Realisation Management Plan including after the program ends in 2021
7	Settle its strategic objectives for accommodating long-term growth in the prison populations in the context of broader criminal justice reforms, and invest in the delivery of these objectives accordingly

²⁹ NSW Auditor-General's Performance Audit Report, Managing growth in the NSW prison population, 24 May 2019.

Agency Response

- 5.12 As the responsible agency for the management of prison population growth since July 2019, the Department of Communities and Justice provided the response to the Audit recommendations. DCJ supported six recommendations and reported that all six had been implemented, with the exception of the second part of recommendation six, which was on track to be completed by June 2021.
- 5.13 In response to the first recommendation, the Department reported that it was working with the Department of Planning, Industry and Environment (DPIE) and other stakeholders to develop existing metropolitan prison sites and identify suitable sites for future correctional facilities.³⁰
- 5.14 At the public hearing conducted on 20 November 2020, the Committee received evidence from the NSW Commissioner of Corrective Services. The Commissioner noted the strategic nature of identifying sites for new or expanded correctional facilities. He advised that simply expanding prison capacity where it is most expedient without accounting for geographic need can 'actually incur additional costs, which is quite avoidable,' noting Junee as an example:
- We have so much land there, we can literally build thousands of beds. It is ideal, and the community wants us. We did not do that, because we do not have a need to have thousands of beds in Junee.³¹
- 5.15 The Commissioner advised that distance is the key issue when considering appropriate sites for correctional facilities:
- We need to have access to the courts and to specialist services, particularly medical services. As you would understand, a distance of greater than two hours would make it not feasible from a workplace health and safety perspective and also from an economic perspective.³²
- 5.16 The Department also noted its ongoing communication with the NSW Bureau of Crime Statistics and Research (BOCSAR) to stay apprised of future correctional capacity forecasts in the Sydney metropolitan region. These forecasts will inform any options it presents to the Government.³³
- 5.17 The Department accepted the second recommendation and advised the Committee of its ongoing monitoring of fit-for-purpose prison capacity. Departmental evidence also referenced activation/trigger points when the prison population reaches 95% of the Network Operational capacity:

³⁰ Answers to Supplementary Questions, Department of Communities and Justice, 14 December 2020, p.1.

³¹ Mr Peter Severin, Commissioner, Corrective Services NSW, Department of Communities and Justice, Transcript of evidence, 20 November 2020, p.8.

³² Mr Peter Severin, Commissioner, Corrective Services NSW, Department of Communities and Justice, Transcript of evidence, 20 November 2020, p.9.

³³ Submission 6, Department of Communities and Justice, p 2.

The Prison Bed Capacity Program installed around 1,000 fit-for-purpose 'surge' beds throughout the system in excess of the operational capacity of correctional centres to provide emergency short term capacity relief if needed.³⁴

5.18 Additionally, Corrective Services has commenced a program of works to decommission ageing and operationally obsolete infrastructure, while simultaneously assessing current and planned infrastructure needs.³⁵

5.19 The Commissioner reassured the Committee of the minimal impact on metropolitan capacity of decommissioning correctional centres. He referred specifically to the decommissioning of Grafton, Ivanhoe Brewarrina and Berrima Correctional Centres and Illawarra Reintegration Centre (IRC):

Ivanhoe, Brewarrina and IRC were very small regional centres with a total of 146 beds. Inmates from these centres were transferred to expanded regional centres. Inmates from Grafton Correctional Centre were transferred to Clarence Correction Centre. 248 additional prison beds for women have been commissioned at the Dillwynia Correctional Centre at South Windsor replacing bed capacity for women following the Berrima closure.³⁶

5.20 In response to Recommendation 3, Corrective Services reported that it had installed 107 new Audio-Visual Link (AVL) suites in correctional facilities across the State in September 2019. This new capability had resulted in a 67 per cent increased capacity for interviews (medical, educational, et cetera) and 65 per cent additional capacity for inmate appearances before the State Parole Authority.³⁷

5.21 The Department noted in its evidence that in July 2020, Corrective Services facilitated 360 medical appointments for inmates via AVL, a 339 per cent increase compared to 106 AVL appointments in July 2019.³⁸ The Department also noted, however, that

Whilst there has been a significant increase in the number of medical appointments facilitated via AVL in the last 12 months, we are not able to estimate any consequent reduction in the rate of the inmate transfers to health facilities as this is entirely a matter for the health service providers.³⁹

5.22 At the public hearing, the Commissioner referred to uses for AVL in addition to medical appointments and links to court. Notably, correctional centres used network devices for educational purposes, with an approximately 150 per cent increase in use.⁴⁰ Since the onset of the pandemic and the subsequent lockdown of correctional centres to outside visitors, AVL suites have been used to facilitate 45,000 family visits via videoconference.⁴¹

³⁴ Answers to Supplementary Questions, Department of Communities and Justice, 14 December 2020, p.2.

³⁵ Submission 6, Department of Communities and Justice, p.3.

³⁶ Answers to Supplementary Questions, Department of Communities and Justice, 14 December 2020, p.2.

³⁷ Submission 6, Department of Communities and Justice, p.4.

³⁸ Answers to Supplementary Questions, Department of Communities and Justice, 14 December 2020, p.3.

³⁹ Answers to Supplementary Questions, Department of Communities and Justice, 14 December 2020, p.3.

⁴⁰ Mr Peter Severin, Commissioner, Corrective Services NSW, Department of Communities and Justice, Transcript of evidence, 20 November 2020, p 8.

⁴¹ Submission 6, Department of Communities and Justice, p.4.

5.23 The Department also reported implementing a number of strategies utilising digital technology to support prisoner rehabilitation and reduce the number and costs of inmate movements, set out below:

Table 5 - Corrective Services NSW digital technology apps and services⁴²

Strategy/Program	Description
Therapeutic Access Portal	Assists offenders to better engage in therapeutic programs and access resources during and after program completion. Allows families access to information on how to support the offender's positive behaviour change and ongoing use of new skills
Smartphone App (TAP App)	Allows offenders in community to monitor their behaviour as well as access resources to maintain positive behaviour
Live Virtual Therapeutic platform	Delivery of therapeutic group programs and psychology services to remote NSW using online video conferencing
Self-service digital technology	Improves access to interventions and improves connections to family and social supports (currently being piloted at two correctional centres through delivery of content to inmates via tablets)

5.24 In response to Recommendation 4, the Department reported that CSNSW continues to use Justice Impact Statements to advise the Government of the impacts of policy changes on immediate and longer-term demand for prison beds.⁴³

5.25 In supplementary evidence provided to the Committee, Corrective Services advised that it is working with BOCSAR, which is responsible for administering Justice Impact Statements, to further develop the long term population projections to inform the next version of the Corrective Service Infrastructure Strategy. This includes looking at inmate cohorts with specific service needs and incorporating the impact of COVID into prison population forecasts.⁴⁴

5.26 The Department supported recommendations 5 and 6, and advised their implementation as having been completed. Specifically, the Department's

⁴² Answers to Supplementary Questions, Department of Communities and Justice, 14 December 2020, p 3.

⁴³ Submission 6, Department of Communities and Justice, p 4.

⁴⁴ Answers to Supplementary Questions, Department of Communities and Justice, 14 December 2020, p.4.

management review findings were used to develop a benchmark for maintenance expenditure and included in budget submissions.⁴⁵

- 5.27 Additionally, CSNSW advised the Committee that quarterly benefits realisation monitoring and reporting were undertaken regularly and submitted to the Prison Bed Capacity Program Realisation Management Plan (PBCP) Advisory Board. Following the completion of the PBCP program in June 2021, ongoing benefits realisation reporting will be transitioned to the CSNSW Government and Continuous Improvement Branch.⁴⁶

Auditor-General's Comments

- 5.28 The Audit Office noted that the Department's responses fulfilled the intent of its recommendations. Of particular interest were the Department's consistent reporting efforts, informing the Government of any changes in forecasted prison population. The use of AVL equipment in reducing the rate of prisoner transfers was also acknowledged.⁴⁷
- 5.29 At the public hearing, the Auditor-General noted that the Audit Office is set to commence another performance audit specifically targeting Justice Health, which will touch on some of the issues in the current performance audit.⁴⁸

Committee Comments

- 5.30 The Committee commends the Department of Communities and Justice, as well as Corrective Services NSW in particular, for their work in responding to the growth in the prisoner population since 2012.
- 5.31 The Committee also notes the Department's decision to decommission some correctional centres, and supports its evidence-based approach. The Committee looks forward to keeping a watching brief in this area.
- 5.32 The Committee welcomes the Department's foresight in installing AVL suites across a number of its correctional centres. This decision is instrumental in keeping prisoners and their friends and family connected throughout the pandemic, as well as keeping the rate of COVID transmission to a minimum.
- 5.33 In order to build on this policy, the Committee recommends that CSNSW continues to progressively install AVL suites across all NSW correctional centres. These should be subject to monitoring and reporting on usage for the purposes of offender meetings, appearances in court and before the State Parole Authority, educational classes and groups, family and friends' visits and health appointments.
- 5.34 The Committee notes the Government's lack of response to the final Audit Office recommendation, which urges the NSW Government to:

⁴⁵ Submission 6, Department of Communities and Justice, p.4.

⁴⁶ Submission 6, Department of Communities and Justice, p.4.

⁴⁷ Ms Margaret Crawford, NSW Auditor-General, letter to the Public Accounts Committee Chair, 1 September 2020, pp.6-7.

⁴⁸ Ms Margaret Crawford, Auditor-General, Office of the NSW Auditor-General, Transcript of evidence, 20 November 2020, p.10.

Settle its strategic objectives for accommodating long-term growth in the prison populations in the context of broader criminal justice reforms, and invest in the delivery of these objectives accordingly.⁴⁹

- 5.35 The need for adequate long term forecasting of population growth as part of a broader criminal justice strategy constitutes good governance in this important policy area. For this reason, the Committee recommends that the NSW Government provides a response to this recommendation as soon as possible.

Recommendation 1

The Committee recommends that Corrective Services NSW continues with the progressive installation of Audio-Visual Link suites across correctional centres in NSW and monitors and reports on their usage as part of a full evaluation of their effectiveness.

Recommendation 2

The Committee recommends that the Department of Communities and Justice provides a comprehensive response to the Audit recommendation addressing its strategic objectives for accommodating long-term growth in the prison populations in the context of broader criminal justice reforms, and investing in the delivery of these objectives.

⁴⁹ Audit Office of NSW, Managing growth in the NSW prison population, 24 May 2019, p.4.

Chapter Six – Managing Native Vegetation

Introduction

- 6.1 Following a 2014 expert panel review and report into biodiversity legislation in NSW, the NSW Government undertook major policy reforms, including the repeal of the *Native Vegetation Act 2003*.
- 6.2 Under the legislative reforms, the introduction of the *Biodiversity Conservation Act 2016* and *Local Land Services Amendment Act 2016* aimed to ensure a balanced approach to land management and biodiversity conservation in NSW.
- 6.3 On 25 August 2017, the Land Management (Native Vegetation) Code (the Code) was also enacted as part of the transition to a new management framework.
- 6.4 The overall objectives of the reforms were to:
- arrest and ultimately reverse the current decline in the State's biodiversity while facilitating ecologically sustainable development, in particular efficient and sustainable agricultural development; and
 - enable landholders to improve the efficiency of their agricultural systems and take a more active role in providing incentive and supporting landholders to improve the condition and function of their ecological systems.⁵⁰
- 6.5 At the time of the Audit, the roles and responsibilities for regulating and managing native vegetation were allocated as follows:
- Local Land Services: responsible for administering the land management framework, including processing notifications and issuing certificates;
 - Department of Planning, Industry and Environment (formerly, the Office of Environment and Heritage): responsible for compliance enforcement in relation to unlawful clearing. Also responsible for producing the Native Vegetation Regulatory (NVR) map; and
 - Biodiversity Conservation Trust: responsible for encouraging landholders to enter into co-operative arrangements for the management and protection of the natural environment.

The Performance Audit

- 6.6 The Audit assessed whether the clearing of vegetation in rural areas was effectively regulated and managed. In addition, the Audit reviewed progress by the Biodiversity Conservation Trust in implementing the Biodiversity Conservation Investment Strategy as a counterbalance to rural land clearing.

⁵⁰ NSW Auditor-General, Performance Audit Report, Managing Native Vegetation, 27 June 2019, p1.

- 6.7 At the time of the Audit, the Office of Environment and Heritage (OEH) was responsible for preparing the Native Vegetation Regulatory map and compliance enforcement in relation to unlawful land clearing. However, after machinery of government changes on 1 July 2019, OEH was abolished and activities relevant to this Audit were transferred to the Department of Planning, Industry and Environment. (DPIE)

Major Audit Findings

- 6.8 The overall conclusions reached by the Audit Office were that the clearing of native vegetation on rural land was not effectively regulated and processes supporting the regulatory framework were inadequate.
- 6.9 On the basis of the evidence obtained, the Audit Office found that:
- (a) The clearing of native vegetation on rural land had a weak regulatory framework and a lack of evidence-based assurance for the approval of land clearing, with limited follow-up to ensure approvals are being complied with.
 - (b) There was a slow response rate to incidents of unlawful land clearing, with few tangible outcomes. There were significant delays in identifying unlawful clearing, with few penalties imposed.
 - (c) The delayed release of the two largest categories of the Native Vegetation Regulatory (NVR) map had limited the ability of landowners to determine if plans of land clearing were lawful.
 - (d) Local Land Services (LLS) had limited oversight of notifications for land clearing and whether requirements of approvals were being met.
 - (e) Land clearing and private land conservation investment had increased.
- 6.10 The Native Vegetation Regulatory (NVR) Map shows landholders where land clearing can occur without approval, where approval is required and where it is not permitted.

Auditor-General's Recommendations

- 6.11 The Audit Office made 11 recommendations, directed to Local Land Services (the Department of Regional NSW), the Department of Planning, Industry and Environment (formerly Office of Environment and Heritage) and the Biodiversity Conservation Trust (BCT).
- 6.12 The report emphasised the need to: improve the administration of clearing of native vegetation; review the Code to address the issues identified in the Audit; and to provide all field staff with specific training in the identification of plant and threatened ecological communities.

6.13 The report also stressed the need to: effectively monitor the establishment and management of set asides⁵¹; provide support to land holders to achieve the required restoration outcomes; improve the monitoring and regulation of land clearing; and ensure that the BCT's methodology reflects the selection processes for conservation tenders and aligns with the BCT's investment priorities.

Table 6 – Recommendations made by the Auditor General in the Managing Native Vegetation performance audit report⁵²

No.	Recommendation
Local Land Services should by December 2019, improve the administration of the clearing of native vegetation by:	
1	<ul style="list-style-type: none"> • Ensuring notification forms include all relevant conditions of the Code to ensure these conditions are adequately communicated to landholders • enhancing the recording of areas authorised for thinning and clearing and set asides by capturing recent satellite images and on-ground photographs of these areas • progressing ICT system improvements to ensure notifications and certificates, and associated spatial data, can be delivered to OEHL in a timely manner • ensuring landholders are required to resubmit notifications that do not comply with the Code • ensuring assessments of compromised groundcover are calculated at a time of year when the proportion of the native groundcover is likely to be at its maximum in compliance with the Code • establishing guidelines for: <ul style="list-style-type: none"> • the extent of clearing allowed under the allowable activity of sustainable grazing • treatment methods that result in nil and minimal ground disturbance, especially in relation to invasive native species and thinning other native vegetation • selection of set-aside areas that seek to maximise environmental benefits from these areas

⁵¹ Land on the property that must be actively managed to offset the impacts of clearing under a statutory requirement for landholders 'to make reasonable efforts to manage the set aside area in a manner expected to promote vegetation integrity in the set aside area', Land Management (Native Vegetation) Code 2018, s18.

⁵²NSW Auditor-General, Performance Audit Report, Managing Native Vegetation, 27 June 2019, p1.

	<ul style="list-style-type: none"> defining and reporting on measures to determine the impact of the Code on agricultural productivity, and the management of environmental risks.
2	<p>By June 2020, review the Code to address issues identified in this audit, including:</p> <ul style="list-style-type: none"> the inability of LLS to reject a notification or proposal for a certificate on the basis it would likely result in poor environmental outcome the lack of oversight of authorisations for the clearing of compromised native groundcover the absence of the requirement to demonstrate that a species is invading a landscape prior to approving its clearing as an invasive native species discounts (i.e. reductions) in the area of land required in set asides when they contain threatened ecological communities or are of strategic landscape importance.
3	<p>By December 2019, ensure all field staff receive specific training in the identification of plant community types and threatened ecological communities, with regular refresher courses.</p>
4	<p>By June 2020, effectively monitor the establishment and management of set asides and provide support to landholders to achieve required restoration outcomes.</p>
<p>By December 2019, the Office of Environment and Heritage should improve the monitoring and regulation of land clearing by:</p>	
5	<p>Implementing a staged release of draft maps Category 1 - Exempt and Category 2 - Regulated land to landholders and the public, allowing sufficient time for landholder review and input.</p>
6	<p>Ensuring adequate resources are in place, during the release of the last two map categories, to process category explanation reports and NVR map reviews, and to update the NVR map.</p>
7	<p>Ensuring staff have sufficient systems and resources to adequately investigate unlawful land clearing and to gauge compliance with the Code, including accurate spatial data on all land clearing approvals.</p>
8	<p>Continuing to improve systems and processes for monitoring the rate of clearing of woody and non-woody native vegetation.</p>
9	<p>Publishing data on the rate of land clearing, including woody and non-woody vegetation, on an annual basis.</p>
<p>By September 2019, the Biodiversity Conservation Trust (BCT) should ensure:</p>	

10	The published selection processes for conservation tenders, fixed rate offers, and land purchases accurately reflects the selection methodologies.
11	The methodology used for tender selection aligns with BCT’s investment priorities.

Agency Responses

6.14 As the recommendations were directed at two different agencies, with the Department of Regional NSW accountable for recommendations 1 to 4 and the Department of Planning, Industry and Environment for recommendations 5 to 11, each agency responded to their respective recommendations.

6.15 In its response, the Department of Regional NSW (RNSW) accepted all recommendations, noting that Recommendation 3 had been implemented and that the partial implementation of recommendations 1, 2 and 4 was due to delays in the LLS updates to its IT systems. The Department also reported that it was developing its approach to monitoring management and restoration activities for landholders.

6.16 The Department of Planning, Industry and Environment (DPIE) reported that it had implemented recommendation 7. Delays to the implementation of recommendation 5 concerning the release of unpublished map categories and subsequent delays to recommendation 6, were dependent on the release of the maps to determine resourcing needs.

6.17 At the public hearing, the Chief Executive Officer of Local Land Services informed the Committee that the LLS has encouraged direct engagement with landholders.

I might just take the opportunity to go back, while I am speaking, to that very first question in relation to why paddock tree notification forms were taken down from our website. That was done deliberately to manage the risk in association with that. The notification pathway for this has got some complexity about it in that it requires mapping, specific calculations, and because of that we believe it is probably beyond the remit of most landholders. So we have deliberately taken that down to drive their direct engagement with our staff, who are specialists in this area, who can then walk them through that, undertake that. So it is really just to minimise the risk to landholders and, therefore, the environment in relation to that.⁵³

6.18 In addition, the Chief Executive Officer, Biodiversity Conservation Trust of NSW noted that the collaboration between the Biodiversity Conservation Trust and the LLS had provided assistance to landholders with the fire management protocols.

First of all, we offered ecological support from our ecologists and landholder support staff to help people with technical advice around how to assist recovery. We also modified our conservation partners grants so that people could apply for fire recovery focused grants, including retrospectively where they may have had to do works urgently... we have actually coordinated at a regional scale specialist contractors to

⁵³ Mr David Witherdin, Chief Executive Officer of Local Land Services, Transcript of evidence, 20 November 2020, p 19.

come in and assist with weed and pest control because that can, obviously, be exacerbated post-fire. So we have been very active in supporting the landholders that were impacted, absolutely.⁵⁴

Auditor-General's Comments

- 6.19 In its written response, the Audit Office made extensive comments in relation to the implementation of the recommendations and noted the need for more information in several areas.
- 6.20 Specifically, it was considered that more information should be sought in relation to improving the administration of the clearing of native vegetation; the support required for landholders to effectively achieve the required restoration outcomes; whether the LLS intends to review to Code in relation to its oversight of authorisations for the clearing of comprising native groundcover; and how the current BCT investments across each region aligns with the value for money scores and other investment priorities.
- 6.21 In addition, comment was made concerning the lack of timelines or milestones in relation to improving access to update satellite imagery; when the Code will be likely reviewed; and the implementation of sustainable grazing allowable activity or revised internal set-aside management guidelines.
- 6.22 The Audit Office noted that the two largest NVR map categories are yet to receive Government approval. The report stated that the decision not to release the two largest categories would make it more difficult for land holders to determine if they can clear native vegetation.⁵⁵

Committee Comments

- 6.23 The Committee sought further clarification of unresolved issues at the public hearing and was pleased with the progress made in the following areas:
- Improvements to the satellite imagery and the LLS going through the final stages of the "My LLS mapping platform" which should enable site photos for all certificate assessments.⁵⁶
 - The real-time sharing of documentation, notifications and certifications with a real-time live link. The My LLS land management system has enabled an automated data-sharing process which will be in place during 2021. There is also a mobile application for officers to access and collect data out in the field.⁵⁷
 - Ongoing training initiatives for all staff to identify plant and threatened communities including field based training with NSW Environment, Energy and Science, fuel-based training in the Hunter and North Coast and

⁵⁴ Mr Paul Elton, Chief Executive Officer, Biodiversity Conservation Trust of NSW, Transcript of evidence, 20 November 2020, p 19.

⁵⁵ NSW Auditor-General, Performance Audit Report, Managing Native Vegetation, 27 June 2019, p 2.

⁵⁶ Mr David Witherdin, Chief Executive Officer of Local Land Services, Transcript of evidence, 20 November 2020, pp16-17.

⁵⁷ Mr David Witherdin, Chief Executive Officer of Local Land Services, Transcript of evidence, 20 November 2020, p17.

matching up less experienced staff with mentors or more experienced staff.⁵⁸

- The continued improvements to assist the monitoring and land clearing for staff to adequately investigate unlawful land clearing.

- 6.24 The Committee is also encouraged by the proactive nature of the LLS in directly engaging with landholders to assist compliance with clearing native vegetation. In addition, the Committee commends the collaboration between the BCT and the LLS to assist with fire management protocols.
- 6.25 The Committee notes the Department's support in implementing recommendations 5 and 6 relating to improving the monitoring and regulation of land clearing by implementing a staged release of draft maps, Category 1 – Exempt and Category 2 – Regulated land to landholders and the public. However, the Committee is concerned that the Department is still to receive Government approval for releasing the unpublished map categories.
- 6.26 The Department noted that the Native Vegetation Regulatory (NVR) maps are undergoing an independent evaluation commencing in November 2020 and a report would be provided to Government in March 2021.⁵⁹
- 6.27 It is constructive that the Department also mentions further improvements to the case management and reporting systems planned for 2021.⁶⁰ However, the Committee considers that more information should be provided about these planned improvements.

Recommendation 3

The Committee recommends that the Department of Planning, Industry and Environment provides a progress report on the independent evaluation of the draft Native Vegetation Regulation maps. The report should detail a timeline for when the draft maps, Category 1 – Exempt and Category 2 – Regulated land are expected to receive Government approval and be released to landholders and the public.

Recommendation 4

The Committee recommends that the Department of Planning, Industry and Environment provides more information on the planned 2021 changes to assist staff in recording and tracking investigations and manage workflows, including how the planned changes will improve case management and reporting systems.

⁵⁸ Mr David Witherdin, Chief Executive Officer of Local Land Services, Transcript of evidence, 20 November 2020, p17.

⁵⁹ Answers to Questions on Notice and Supplementary Questions, Department of Planning, Industry and Environment, p2.

⁶⁰ Answers to Questions on Notice and Supplementary Questions, Department of Planning, Industry and Environment, p3.

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 22 October 2020, the Committee adopted the following terms of reference:

That the Committee inquiries into and reports 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:

- Report 316** Workforce reform in three amalgamated councils
- Report 317** Governance of Local Health Districts
- Report 318** Managing growth in NSW prison populations
- Report 319** Well-being of secondary school students
- Report 320** Domestic waste management in Campbelltown City Council and Fairfield City Council
- Report 321** Biosecurity risk management
- Report 322** Development assessment: pre-lodgement and lodgement in Camden City Council and Randwick City Council
- Report 323** Contracting non-government organisations
- Report 324** Managing native vegetation
- Report 325** Ensuring contract management capability in Government – Department of Education

Appendix Two – Submissions

No. 1	Department of Planning, Industry and Environment
No. 2	Inner West Council
No. 3	Snowy Monaro Regional Council
No. 4	Queanbeyan-Palerang Regional Council
No. 5	Department of Health
No. 6	Department of Communities and Justice
No. 7	Department of Education
No. 8	Campbelltown City Council
No. 9	Fairfield City Council
No. 10	Department of Regional NSW
No. 11	Randwick City Council
No. 12	Camden Council
No. 13	Department of Communities and Justice
No. 14	Department of Regional NSW
No. 15	Department of Planning, Industry and Environment
No. 16	NSW Department of Education

Appendix Three – Witnesses

- Mr Phil Minns Deputy Secretary, People, Culture and Governance, Department of Health
- Mr Peter Severin Commissioner , Department of Communities and Justice
- Mr Leon Taylor Assistant Commissioner – Corrections Industry and Capacity , Department of Communities and Justice
- Mr Michael Airton Director, Governance & Strategy, Corrections Industry & Capacity, Department of Communities and Justice
- Mr Scott Hansen Director General, Department of Planning, Industry and Environment
- Mr John Tracey Deputy Director General, Biosecurity and Food Safety, Department of Planning, Industry and Environment
- Mr Peter Day Compliance and Integrity Systems, Department of Planning, Industry and Environment
- Mr David Witherdin Chief Executive Officer, Local Land Services
- Mr Paul Elton Chief Executive Officer, Biodiversity Conservation Trust
- Mr Jeremy Black Director Remote Sensing and Landscape Science, Department of Planning, Industry and Environment
- Ms Sonya Errington Director Compliance and Licencing, Department of Planning, Industry and Environment
- Ms Margaret Crawford, Auditor-General, Audit Office of New South Wales
- Mr Ian Goodwin, Deputy Auditor-General, Audit Office of New South Wales
- Ms Claudia Migotto, Assistant Auditor-General, Performance Audit, Audit Office of New South Wales

Appendix Four – Extracts from Minutes

MINUTES OF MEETING No. 16

22 October 2020

9:32am, Macquarie Room

Members Present:

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

Officers in attendance:

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

1. Apologies

Ms Felicity Wilson

2. Minutes of Meeting No. 15

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

That the draft minutes of deliberative meeting No. 15 of 24 September 2020 be confirmed.

3. Examination of the Auditor-General's Performance Audit Reports — February 2019 — July 2019

3.1. Summary and recommendations for follow-up of agencies

Resolved, on the motion of Mr Clancy, seconded by Mr Evans:

That the Committee adopts the action proposed for performance audits 316-325

3.2. Public hearing

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

- o That the Committee adopts the draft Terms of Reference for an Examination of the Auditor-General's Performance Audit Reports February 2019 — July 2019.
- o That the Committee confirms that the public hearing will be conducted at Parliament House on 20 November 2020.
- o That the Committee invites representatives of identified organisations to appear as witnesses at the public hearing.
- o 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.

4. ***

5. ***

6. ***

7. Next meeting

The Committee adjourned at 10.02 am until 19 November 2020 at 9.30am.

MINUTES OF MEETING No. 17

19 November 2020

9:31am, Macquarie Room

Members Present:

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

Officers in attendance:

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

3. Apologies

None

4. Minutes of Meeting No. 16

Resolved, on the motion of Mr Park, seconded by Mr Evans:

That the draft minutes of deliberative meeting No. 16 of 22 October 2020 be confirmed.

5. ***

6. Examination of the Auditor-General's Performance Audit Reports – February 2019 – July 2019

Conduct of hearing

Resolved, on the motion of Mr Clancy, seconded by Mr Park:

- That the Committee authorises the audio-visual recording, photography and broadcasting of the public hearing on 20 November 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 20 November 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.

5. ***

6. ***

7. Next meeting

The Committee adjourned at 10.06am, until the public hearing on 20 November 2020 at 9.30 in the Jubilee Room.

MINUTES OF MEETING No. 18

20 November 2020

9:00am, Jubilee Room

Members Present:

Mr Greg Piper (Chair), Mrs Tanya Davies (Deputy Chair), Mr Justin Clancy, Mr Lee Evans, Mr Ryan Park, Ms Felicity Wilson (via Webex teleconference)

Officers in attendance:

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

1. Apologies

None

2. Public Hearing: Examination of the Auditor-General's Performance Audit Reports February 2019 – July 2019

The public and press were admitted.

The public hearing commenced at 9:00am. The Chair welcomed witnesses and the public gallery.

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

- Ms Margaret Crawford, Auditor-General, affirmed and examined.
- Mr Ian Goodwin, Deputy Auditor-General, sworn and examined.
- Ms Claudia Migotto, Assistant Auditor-General, Performance Audit, affirmed and examined.

The following witness representing the Department of Health was admitted:

- Mr Phil Minns, Deputy Secretary, People, Culture and Governance, sworn and examined.

Evidence concluded, the witness withdrew.

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

- Mr Peter Severin, Commissioner, sworn and examined.
- Mr Leon Taylor, Assistant Commissioner, Corrections Industry and Capacity, sworn and examined.
- Mr Michael Airton, Director, Governance and Strategy, Corrections Industry and Capacity, sworn and examined.

Evidence concluded, the witnesses withdrew.

The following witnesses representing the Department of Primary Industry were admitted:

- Mr Scott Hansen, Director General, sworn and examined.
- Dr John Tracey, Deputy Director General, Biosecurity and Food Safety, affirmed and examined.
- Mr Peter Day, Compliance and Integrity Systems, affirmed and examined.

Evidence concluded, the witnesses withdrew.

The following witnesses representing Local Land Services, Biodiversity Conservation Trust and the Department of Planning, Industry and Environment were admitted:

- Mr David Witherdin, Chief Executive Officer, Local Land Services, affirmed and examined.

- Mr Paul Elton, Chief Executive Officer, Biodiversity Conservation Trust, affirmed and examined.
- Mr Jeremy Black, Director, Remote Sensing and Landscape Science, Department of Planning, Industry and Environment, affirmed and examined.
- Ms Sonya Errington, Director Compliance and Licencing, Department of Planning, Industry and Environment, affirmed and examined.

Evidence concluded, the witnesses withdrew.

The Chair thanked the witnesses, Committee Members and the secretariat.

The public hearing concluded at 11:22am.

3. Next meeting

The Committee adjourned at 11.22am until Thursday, 18 February 2021 at 9.30 in Room 1254.

MINUTES OF MEETING No. 19

18 February 2021

9:30am, Macquarie Room

Members Present:

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

Officers in attendance:

Bjarne Nordin, Jacqueline Linnane, Cheryl Samuels, Derya Sekmen, Ze Nan Ma (by videoconference),

1. Apologies

Nil

2. Minutes of Meetings Nos. 17 and 18

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

That the draft minutes of deliberative meeting No. 17 of 19 November 2020 and public hearing No. 18 of 20 November 2020 be agreed to.

3. ****

4. Examination of Auditor-General's Performance Audit Reports February – July 2019 – Consideration of Chair's Draft Report

Resolved, on the motion of Mr Clancy, 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.

5. ****

6. ****

7. ****

8. **Next meeting**

The Committee adjourned at 10:25 am until 9:30 am, 25 March 2021 in Room 1254.