

Public Accounts Committee



LEGISLATIVE
ASSEMBLY

Examination of selected Auditor-General's Financial Audit Reports 2020



Report 8/57 – May 2022

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

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Membership

Chair	Mr Greg Piper MP, Member for Lake Macquarie
Deputy Chair	Mrs Tanya Davies MP, Member for Mulgoa (until 22 December 2021) Mr Dave Layzell MP, Member for Upper Hunter (from 24 February 2022)
Members	Mr Justin Clancy MP, Member for Albury (until 22 December 2021) Mr Lee Evans MP, Member for Heathcote Ms Melanie Gibbons MP, Member for Holsworthy (from 24 February 2022) Mr Ryan Park MP, Member for Keira Mr Ray Williams MP, Member for Castle Hill (from 24 February 2022) Ms Felicity Wilson MP, Member for North Shore (until 9 June 2021) Mr Gurmesh Singh MP, Member for Coffs Harbour (from 22 June 2021, until 22 December 2021)
Contact details	Public Accounts Committee Parliament of New South Wales Macquarie Street SYDNEY NSW 2000
Telephone	(02) 9230 2843
E-mail	pac@parliament.nsw.gov.au
Website	www.parliament.nsw.gov.au/publicaccounts

Chair's foreword

Financial audits provide an independent opinion on the financial statements of NSW government entities, universities and councils. They identify whether agencies comply with accounting standards and relevant laws, regulations and government directions.

This is the first report of the Public Accounts Committee's financial audit review program to be tabled in the 57th Parliament. It complements the Committee's routine examination of Auditor-General's performance audit reports laid before the Legislative Assembly.

The Committee resolved to follow up high priority repeat recommendations contained in the Auditor-General's 2020 financial audits and thereby provide a strengthened accountability mechanism for action taken on the recommendations made. As part of this follow up, the Committee sought further information from relevant agencies to ensure that ongoing issues had been addressed by the agencies concerned, leading to concrete outcomes.

This Committee examined recommendations directed to eight instrumentalities, set out in detail in the report. After having received written responses to requests for further information, representatives from the Department of Planning, Industry and Environment and the Transport Asset Holding Entity were invited to give additional evidence at a public hearing conducted in September 2021.

The report makes 10 recommendations to improve accountability and governance in the identified areas of responsibility for the following agencies: NSW Health cross-border agreements and reconciliations; the Lord Howe Island Board Business Continuity Plan; the unresolved loan repayment with Greyhound Racing NSW and the Wentworth Park Sporting Complex Crown Land Manager; Transport for NSW's contract management framework; the Transport Asset Holding operating model; the Department of Planning, Industry and Environment cybersecurity strategy, governance arrangements for land negotiations, and statutory reporting framework for Crown Land Managers; and the data integrity of the Victims Services system administered by the Department of Communities and Justice.

I am pleased to present this report as a further assurance mechanism to provide accountability for the use of public funds. It further emphasises the importance of transparency in government reporting and reinforces the role of the Committee as a custodian of good governance.

I would also like to record my appreciation for the assistance provided by the Auditor-General and Audit Office staff, and particularly Ms Candy Lee for her invaluable contribution. In addition, I would like to thank all Committee Members and secretariat staff for their assistance in the inquiry process and the preparation of this report.

Greg Piper MP
Chair

List of Findings and Recommendations

Recommendation 1 _____ 12

The Committee recommends that the NSW Ministry of Health provides a progress report to the Committee 12 months after the Committee's report is tabled, detailing progress on the status of NSW cross-border agreements and cross-border reconciliations.

Recommendation 2 _____ 15

The Committee recommends that the Lord Howe Island Board ensures that the Business Continuity Plan is comprehensively distributed and promoted via all communication channels to ensure that its provisions and intent are widely understood.

Recommendation 3 _____ 15

The Committee recommends that the Lord Howe Island Board establishes clear guidelines to review and test the Business Continuity Plan, including:

- a six monthly checklist assessment to determine whether the objectives are being met and to update the Plan as needed;
- an annually staged emergency drill to evaluate realistic employee responses to the emergency;
- a biennial desktop review with leadership and stakeholders to update business objectives and address gaps; and
- a triennial full end-to-end recovery simulation test to measure the effectiveness of the Business Continuity Plan.

Recommendation 4 _____ 19

The Committee recommends that by 30 June 2022, the Department of Planning, Industry and Environment, as the lead agency, negotiates a solution to the unresolved loan repayment with Greyhound Racing NSW and the Wentworth Park Sporting Complex Crown Land Manager.

Recommendation 5 _____ 26

The Committee recommends that the Transport for New South Wales:

- reviews its contract management framework and assesses it against the Contract Management Guide developed by the Department of Finance;
- ensures an ongoing process is in place to collate all the contracts information from each agency within the Transport cluster; and
- centrally monitors and reports on contract compliance.

Recommendation 6 _____ 32

The Committee recommends that the Transport Asset Holding Entity of New South Wales aims to achieve long-term sustainable returns for the shareholders by monitoring the annual access and licence charges to various public rail operators, and seeks additional commercial opportunities to enhance the return on investments.

Recommendation 7 _____ 44

The Committee recommends that the Department of Planning, Industry and Environment develops a cybersecurity strategy, focusing on strengthening the security controls of the CrownTracker system. These controls should include:

- key detection security controls, such as implementing network and host based monitoring;
- documenting and maintaining a security risk assessment and any security breach to the system; and
- ensuring cybersecurity risk is reported and discussed in executive and audit risk committee meetings.

Recommendation 8 _____ 44

The Committee recommends that the Department of Planning, Industry and Environment reviews the governance arrangements for the implementation of the Land Negotiation Program to ensure effective communication between the Department and various agencies involved in Aboriginal land claims.

Recommendation 9 _____ 45

The Committee recommends that the Department of Planning, Industry and Environment provides a progress report to the Committee 12 months after the Committee's report is tabled, detailing progress on the development of the appropriate statutory reporting framework for Crown Land Managers. The progress report should contain details on the outstanding financial statements subject to audit, outstanding annual report submissions, as well as the uptake of the Crown Land Managers Governance Development Program.

Recommendation 10 _____ 48

The Committee recommends that the Department of Communities and Justice includes ongoing data integrity checks, mandated as part of the business process to ensure that the data in the Victims Services system is accurate and complete.

Chapter One – Introduction

- 1.1 This is the Public Accounts Committee's first systematic examination of the Auditor-General's financial audit reports in the 57th Parliament.
- 1.2 At the Committee meeting on 13 May 2021, the Committee resolved to follow up high priority repeat recommendations contained in the Auditor-General's 2020 financial audit reports. The Committee further resolved to write to the relevant agencies, seeking a submission outlining their response to the Auditor-General's repeat recommendations in the reports tabled on 10 December 2020.
- 1.3 On 14 May 2021, the Committee wrote to the following agencies to request a submission:
- NSW Health;
 - Lord Howe Island Board;
 - Wentworth Park Sporting Complex Land Manager;
 - Local Land Services;
 - Transport for NSW;
 - Transport Asset Holding Entity;
 - Department of Planning Industry and Environment; and
 - Department of Communities and Justice.
- 1.4 Submissions were received from all relevant agencies, which are published on the [Committee's website](#).
- 1.5 Once received, the submissions were forwarded to the Auditor-General for additional input. The Auditor-General wrote to the Committee on 16 July 2021, providing detailed comments.
- 1.6 After reviewing the submissions and the response from the Auditor-General, the Committee resolved to conduct a public hearing and seek evidence from the following agencies:
- Department of Planning, Industry and Environment (DPIE), and
 - Transport Asset Holding Entity (TAHE).
- 1.7 A public hearing was held on 17 September 2021, at which representatives from each agency gave evidence. Details of the witnesses who attended are provided at Appendix Two and the transcript from the hearing is published on the [Committee's website](#).

- 1.8 Following the public hearing, the Committee forwarded supplementary questions and questions on notice to the Department of Planning, Industry and Environment and the Transport Asset Holding Entity, seeking further information. The responses to these questions are also published on the [Committee's website](#).

Chapter Two – NSW Health

Introduction

- 2.1 The NSW Ministry of Health (NSW Health) is the principal department in the health cluster, responsible for the provision of health services across New South Wales. It controls various entities, including: Local Health Districts; the Sydney Children's Hospital Network; the Justice Health and Forensic Mental Health Network; and State-wide Health Services including NSW Ambulance, NSW Health Pathology and Health Protection NSW.¹
- 2.2 Since March 2020, the COVID-19 pandemic has significantly impacted service delivery across the NSW health system, resulting in reduced activity levels in NSW Health entities, driven by the suspensions of elective surgery and reduced emergency department presentations. This has been accompanied by an increase in viral testing performed by NSW Pathology.²

The financial audit

- 2.3 The Auditor-General audited the NSW Ministry of Health in 2020, as part of the annual financial audit program. Unqualified audit opinions were issued for all health entities' financial statements for 30 June 2020. The Auditor-General's report, 'Financial Audits on Health 2020' was tabled on 10 December 2020.

Auditor-General's recommendation

- 2.4 The Auditor-General made the following recommendation to NSW Health, relating to cross border transactions and related agreements:
- NSW Health management should engage with other States and Territories and ensure signed agreements are in place.³

Background to the Auditor-General's recommendation

- 2.5 As outlined in the Addendum to the National Health Reform Agreement (NHRA) 2020-2025, a cross-border agreement stipulates the cost of service of hospital treatments, costs of medical transfers and payment flows associated with cross-border treatment of New South Wales residents while they are interstate, and interstate residents receiving treatment while they are in New South Wales.⁴

¹ NSW Health, *NSW Health Organisation Chart* [Website], <https://www.health.nsw.gov.au/about/nswhealth/Pages/chart.aspx>, (accessed on 25 August 2021).

² New South Wales Auditor-General's Report, *Financial Audits on Health 2020*, 10 December 2020, <https://www.audit.nsw.gov.au/our-work/reports/health-2020>, p 8, (accessed on 26 August 2021).

³ New South Wales Auditor-General's Report, *Financial Audits on Health 2020*, 10 December 2020, <https://www.audit.nsw.gov.au/our-work/reports/health-2020>, p 33, (accessed on 26 August 2021).

⁴ Council on Federal Financial Relations, *Addendum to National Health Reform Agreement 2020-2025*, https://federalfinancialrelations.gov.au/sites/federalfinancialrelations.gov.au/files/2021-07/NHRA_2020-25_Addendum_consolidated.pdf, A110, p 30, (accessed on 26 August 2021).

- 2.6 The Addendum requires that the States and Territories review the national cross-border agreement template for endorsement by the Australian Health Ministers' Advisory Council (AHMAC) before April 2021.⁵
- 2.7 It also states that the States and Territories should share estimated cross-border activities' levels by 31 May 2021 for the coming financial year, to provide capacity for both parties to contribute to service delivery planning.⁶
- 2.8 In its examination, the Audit Office found that the cross-border agreements between New South Wales and other high flow jurisdictions, including Queensland, Victoria, South Australia and the ACT for both 2019-20 and 2018-19, had not been finalised. It also noted that NSW Health has long standing receivables and payables with the other States.⁷

The Committee's examination

- 2.9 As part of its follow up of the Auditor-General's 2020 Financial Audits, the Committee wrote to NSW Health, requesting a submission outlining its response to the Auditor-General's recommendation.
- 2.10 Ms Elizabeth Koff, Secretary of NSW Health, wrote to the Committee on 6 June 2021 detailing NSW Health's response. This submission was forwarded to the Audit Office of NSW and the Auditor-General provided comments on 16 July 2021.
- 2.11 NSW Health informed the Committee that in March 2021, the Health Chief Executives Forum endorsed a new cross-border agreement template for 2020-21 to 2024-25. NSW Health pursued new cross-border agreements with jurisdictions using this template, tailoring the template to ensure the agreement met the unique needs of cross-border communities. This applied specifically to the high flow jurisdictions of Queensland, Victoria, South Australia and the ACT.⁸
- 2.12 Furthermore, NSW Health has agreed terms for reconciliation with jurisdictions and made substantial progress in reconciling cross-border liabilities. NSW Health has also continued to make provisional payments to all high-flow jurisdictions including ACT, Victoria and Queensland irrespective of the status of the agreements and reconciliation to ensure there are no impacts to service delivery.⁹
- 2.13 The Committee also sent a request for a progress update in relation to the new cross-border agreements and reconciliation on 19 August 2021, and

⁵ Council on Federal Financial Relations, *Addendum to National Health Reform Agreement 2020-2025*, https://federalfinancialrelations.gov.au/sites/federalfinancialrelations.gov.au/files/2021-07/NHRA_2020-25_Addendum_consolidated.pdf, A115, p 31, (accessed on 26 August 2021).

⁶ Council on Federal Financial Relations, *Addendum to National Health Reform Agreement 2020-2025*, https://federalfinancialrelations.gov.au/sites/federalfinancialrelations.gov.au/files/2021-07/NHRA_2020-25_Addendum_consolidated.pdf, A116, p 31, (accessed on 26 August 2021).

⁷ New South Wales Auditor-General's Report, *Financial Audits on Health 2020*, 10 December 2020, <https://www.audit.nsw.gov.au/our-work/reports/health-2020>, p 33, (accessed on 26 August 2021).

⁸ Submission 1, *NSW Health*, p 1.

⁹ Submission 1, *NSW Health*, p 1.

received a response on 12 November 2021. Based on NSW Health's response, there has been no change to the status of NSW cross-border agreements and NSW cross-border reconciliation¹⁰.

Committee comment

- 2.14 The Committee is pleased to see that substantial progress has been made in the negotiation and reconciliation of the cross-border arrangements. However, the Committee notes with concern that cross-border reconciliations with Victoria have been incomplete since 2014-15. Considering that significant funding is being exchanged between the high-flow jurisdictions, the Committee considers it important for NSW to promptly finalise the cross-border reconciliations, particularly for the high-flow States.

Recommendation 1

The Committee recommends that the NSW Ministry of Health provides a progress report to the Committee 12 months after the Committee's report is tabled, detailing progress on the status of NSW cross-border agreements and cross-border reconciliations.

¹⁰ Submission 1, *NSW Health*, p 3-4.

Chapter Three – Lord Howe Island Board

Introduction

- 3.1 The Lord Howe Island Board is a statutory body established by provisions in the *Lord Howe Island Act 1953*. The Board comprises four Lord Howe Island residents elected by the local community and three members appointed by the Minister for Energy and Environment. It is responsible for the care, control and management of Lord Howe Island and the trade and affairs of the Island.¹¹
- 3.2 The Lord Howe Island Board is part of the NSW Department of Planning, Industry and Environment (DPIE) cluster, which is the lead government agency supporting the growth and development of New South Wales through effective and sustainable planning and development of industry.¹²

The financial audit

- 3.3 As part of the annual financial audit program, the Auditor-General audited the Lord Howe Island Board in 2020. This resulted in an unqualified Independent Auditor's Report. The Auditor-General's report, 'Financial Audits on Planning, Industry and Environment 2020' was tabled on 10 December 2020.

Auditor-General's recommendation

- 3.4 The Auditor-General made the following finding relating to the Business Continuity Plan of the Lord Howe Island Board:
- ...the Lord Howe Island Board's (LHIB) business continuity plan has not been reviewed since its introduction in 1998. Whilst LHIB advised the COVID-19 pandemic and recent weather emergency did not require activation of its business continuity plan, these events have highlighted the need to have up-to-date business continuity arrangements in place to minimise interruption.¹³
- 3.5 Consequently, the Audit report recommended that internal control weaknesses should be actioned promptly, with a focus on addressing high risk and repeat issues.

¹¹ Lord Howe Island Board, *Welcome to the Lord Howe Island Board* [Website], <https://www.lhib.nsw.gov.au/#:~:text=Welcome%20to%20the%20Lord%20Howe%20Island%20Board&text=The%20Board%20is%20responsible%20to,and%20trade%20of%20the%20Island,> (accessed on 27 August 2021).

¹² Lord Howe Island Board, *Welcome to the Lord Howe Island Board* [Website], <https://www.lhib.nsw.gov.au/#:~:text=Welcome%20to%20the%20Lord%20Howe%20Island%20Board&text=The%20Board%20is%20responsible%20to,and%20trade%20of%20the%20Island,> (accessed on 27 August 2021).

¹³ New South Wales Auditor-General's Report, *Financial Audits on Planning, Industry and Environment 2020*, 10 December 2020, <https://www.audit.nsw.gov.au/our-work/reports/planning-industry-and-environment-2020>, p 26, (accessed on 27 August 2021).

Background to the Auditor-General's recommendation

- 3.6 The first Lord Howe Island Board was first appointed in 1913 to take charge of the Island's affairs. The then Board consisted of three senior public servants based in Sydney, with a local committee of residents appointed as advisers to the Board.¹⁴
- 3.7 The Board operated in this manner for 40 years until 1954, when the NSW Government enacted the *Lord Howe Island Act 1953*.¹⁵
- 3.8 According to the Business Continuity Management Policy published by DPIE, a Business Continuity Plan (BCP) is defined as documented procedures guiding the response and recovery to a pre-defined level of operation following disruptions. The Plan is described in the following terms:
- A holistic management process that identifies potential threats to an organisation and the impacts to business operations those threats, if realised, might cause, and which provides a framework for building organisational resilience with the capability of an effective response that safeguards the interests of its people, stakeholders, office infrastructure, technology, critical activities and reputation.¹⁶

The Committee's examination

- 3.9 As part of its follow up of the Auditor-General's 2020 Financial Audits, the Committee wrote to the Lord Howe Island Board, requesting a submission outlining its response to the Auditor-General's recommendation.
- 3.10 Mr John Van Gaalen, Manager Business & Corporate Services, wrote to the Committee on 3 June 2021 outlining the Board's response. This submission was forwarded to the Audit Office of NSW and the Auditor-General provided comments on 16 July 2021.
- 3.11 The Lord Howe Island Board informed the Committee that it had been working with the Department of Planning, Industry and Environment to complete an updated Business Continuity Plan. Various meetings had been held between the Board's Senior Management Team and DPIE's Business Continuity Management Team, which continued to drive the final stages for completion of the updated BCP.¹⁷

¹⁴ Lord Howe Island Board, *Plain Language Guide to the Lord Howe Island Act – Information Sheet 1: History of the Lord Howe Island Act 1953*, <https://www.lhib.nsw.gov.au/sites/lordhowe/files/public/images/documents/lhib/Publications/Information%20Sheet%201%20-%20History%20of%20the%20Lord%20Howe%20Island%20Act%201953.pdf>, (accessed on 27 August 2021).

¹⁵ Lord Howe Island Board, *Plain Language Guide to the Lord Howe Island Act – Information Sheet 1: History of the Lord Howe Island Act 1953*, <https://www.lhib.nsw.gov.au/sites/lordhowe/files/public/images/documents/lhib/Publications/Information%20Sheet%201%20-%20History%20of%20the%20Lord%20Howe%20Island%20Act%201953.pdf>, (accessed on 27 August 2021).

¹⁶ Department of Planning, Industry and Environment, *Business Continuity Management Policy March 2020*, https://www.dpie.nsw.gov.au/data/assets/pdf_file/0008/382949/Business-Continuity-Management-Policy.pdf, (accessed on 27 August 2021).

¹⁷ Submission 2, *Lord Howe Island Board*, p 2.

- 3.12 In July 2021, the Audit Office commented that the Business Continuity Plan was yet to be finalised and subject to further consideration and endorsement. In addition, recent departures of both the Chief Executive and the Finance Manager of the Lord Howe Island Board may hinder the finalisation of the updated Plan.
- 3.13 Ms Angie Stringer, Acting Chief Executive Officer, wrote to the Committee on 3 September 2021 providing the updated BCP for the Lord Howe Island Board¹⁸.
- 3.14 The Plan contains comprehensive details about how the Lord Howe Island Board will continue operating during an unplanned disruption to service. This includes contingencies for business processes, IT management, assets, emergency and utility services, human resources and key contacts for various business partners.

Committee comment

- 3.15 The Committee is pleased to learn that the Lord Howe Island Board has accepted the recommendation made by the Auditor-General and made progress towards the completion of the updated Business Continuity Plan.
- 3.16 The Committee notes that there have been some delays in the response due to unforeseen departures of management staff. Despite this, the Board has worked closely with the Department of Planning, Industry and Environment to finalise the Plan.

Recommendation 2

The Committee recommends that the Lord Howe Island Board ensures that the Business Continuity Plan is comprehensively distributed and promoted via all communication channels to ensure that its provisions and intent are widely understood.

Recommendation 3

The Committee recommends that the Lord Howe Island Board establishes clear guidelines to review and test the Business Continuity Plan, including:

- **a six monthly checklist assessment to determine whether the objectives are being met and to update the Plan as needed;**
- **an annually staged emergency drill to evaluate realistic employee responses to the emergency;**
- **a biennial desktop review with leadership and stakeholders to update business objectives and address gaps; and**
- **a triennial full end-to-end recovery simulation test to measure the effectiveness of the Business Continuity Plan.**

¹⁸ Submission 2, Lord Howe Island Board, p 2-3.

Chapter Four – Wentworth Park Sporting Complex Land Manager

Introduction

- 4.1 Wentworth Park Sporting Complex (WPSC) is located in the suburbs of Glebe and Ultimo in Sydney. The Complex is a multi-purpose facility for a range of sporting activities and includes sporting pitches, cricket nets and a number of fitness installations.¹⁹
- 4.2 The Wentworth Park Sporting Complex Land Manager is responsible for the care, control and management of the Crown land reserve. This is done in the best interests of users, including lessees, licensees, sporting groups and the general community. The Land Manager ensures the Complex is a viable entity, in a manner also consistent with government policies and initiatives.²⁰
- 4.3 The Wentworth Park Sporting Complex Land Manager is governed under the *Crown Land Management Act 2016*. The Act authorises the Minister to establish and appoint a Land Manager to manage specified Crown land reserves and prepare annual reports.²¹

The financial audit

- 4.4 As part of the annual financial audit program, the Auditor-General audited the Wentworth Park Sporting Complex Land Manager in 2020. This resulted in an unqualified Independent Auditor's Report. The Auditor-General's report, 'Financial Audits on Planning, Industry and Environment 2020' was tabled on 10 December 2020.

Auditor-General's recommendation

- 4.5 The Auditor-General made the following finding relating to the Wentworth Park Sporting Complex Land Manager's loan with Greyhound Racing NSW (GRNSW):

The Wentworth Park Sporting Complex Land Manager (Land Manager) has a \$6.5 million loan with Greyhound Racing NSW (GRNSW). GRNSW requested the Land Manager to repay the loan. However, the Land Manager requested GRNSW to convert the status of the loan to a grant. Should the loan become payable, the Land Manager would not be able to continue as a going concern without financial

¹⁹ Wentworth Park Sporting Complex, *Fundamental Principles* [Website], <http://wentworthparksport.com.au/fundamental-principles/>, (accessed on 30 August 2021).

²⁰ Wentworth Park Sporting Complex, *Fundamental Principles* [Website], <http://wentworthparksport.com.au/fundamental-principles/>, (accessed on 30 August 2021).

²¹ *Crown Land Management Act 2016* (NSW), Pt 3 Div 3.5, <https://legislation.nsw.gov.au/view/html/inforce/current/act-2016-058>, (accessed on 30 August 2021).

support. This matter has been raised as a repeat issue for many years and remains unresolved.²²

- 4.6 Consequently, the Audit report recommended that internal control weaknesses should be actioned promptly, with a focus on addressing high risk and repeat issues.

Background to the Auditor-General's recommendation

- 4.7 The \$6.5 million loan with Greyhound Racing NSW applies to expenditure from the Racecourse Development Fund in 1987, intended to pay for the construction of the main grandstand in Wentworth Park. At that time, grants status was not attached to the loan. The loan was transferred to GRNSW after privatisation of the TAB and winding up of the Fund.²³
- 4.8 The Land Manager advised that it did not have the capacity to repay the loan. The issue has been communicated to Greyhound Racing NSW on a number of occasions and the Land Manager requested that GRNSW convert the status of the loan to a grant.²⁴
- 4.9 In its examination of 2020, the Audit found that the Wentworth Park Sporting Complex had been working with various Ministers and the NSW Department of Planning, Industry and Environment (DPIE) for a number of years to resolve the issue, without success.²⁵

The Committee's examination

- 4.10 As part of its follow up of the Auditor-General's 2020 Financial Audits, the Committee wrote to the Wentworth Park Sporting Complex, requesting a submission outlining action taken to address the Auditor-General's recommendation.
- 4.11 Mr Rod Gilmour, Administrator, wrote to the Committee on 4 June 2021 outlining the Wentworth Park Sporting Complex Land Manager's response. This submission was forwarded to the Audit Office of NSW and the Auditor-General provided comments on 16 July 2021.
- 4.12 The Administrator informed the Committee that the Land Manager received a letter from the Deputy Secretary of Crown Lands in June 2021. It stated that Crown Lands is working closely with Greyhound Racing NSW and the Wentworth Park Sporting Complex Crown Land Manager (WPSCLM) to

²² New South Wales Auditor-General's Report, *Financial Audits on Planning, Industry and Environment 2020*, 10 December 2020, <https://www.audit.nsw.gov.au/our-work/reports/planning-industry-and-environment-2020>, p 26, (accessed on 30 August 2021).

²³ New South Wales Auditor-General's Report, *Financial Audits on Planning, Industry and Environment 2020*, 10 December 2020, <https://www.audit.nsw.gov.au/our-work/reports/planning-industry-and-environment-2020>, p 26, (accessed on 30 August 2021).

²⁴ Submission 3, *Wentworth Park Sporting Complex Land Manager*, p 1.

²⁵ Submission 3, *Wentworth Park Sporting Complex Land Manager*, p 1.

resolve this matter as part of DPIE's broader consideration of future greyhound racing in Wentworth Park.²⁶

4.13 The Committee also wrote to Greyhound Racing NSW, seeking its assessment of the condition of the loan with the Wentworth Park Sporting Complex, should the loan be called in at some future stage.

4.14 Mr Tony Mestrov, Chief Executive Officer, wrote to the Committee on 20 July 2021 outlining its assessment of the Wentworth Park Sporting Complex Land Manager loan of \$6.5 million.²⁷ The response from Greyhound Racing NSW is as follows:

In assessing the accounting treatment of the loan receivable, GRNSW has sought the assistance of its legal counsel to gather evidence to support the view that the loan is a debt instrument within the relevant laws and regulations that affect GRNSW and the WPSCLM. There is no reason for GRNSW to take a different position as regards the treatment of the loan receivable.

Based on the fact that the loan is recorded in various government documents, including the NSW Gazette No. 100 26 June 1998, as being a 'repayable loan', the Board of Directors of GRNSW have exercised their judgment and determined for financial reporting purposes that the loan is contractual in nature it has been treated as a financial asset in accordance with Australian Accounting Standard Board (AASB) 9 at amortised cost.

Whilst GRNSW has determined, at this stage, not to call on the loan within the next 12 months or until cessation of racing at Wentworth Park, whichever occurs first, it reserves its right to do so.

GRNSW have also assessed the expected credit loss (ECL) of the loan receivable and based on the creditworthiness of the counterparty they consider the ECL to be nil.²⁸

4.15 The Audit Office commented that the Land Manager recorded the balance as a non-current liability, while denying the intention and responsibility to repay this loan, even though greyhound racing has ceased at this venue. Greyhound Racing NSW continues to demand payment for the loan.

4.16 The Audit Office will continue to raise this issue with a high-risk management letter, because the Land Manager does not have the capacity to repay the loan.

4.17 The Committee wrote to the then Minister of Planning and Public Spaces, the Hon. Rob Stokes MP, on 19 August 2021, seeking further information concerning the disputed loan of \$6.5 million between the Wentworth Park Sporting Complex Land Manager and Greyhound Racing NSW.

4.18 The Minister wrote to the Committee on 15 October 2021, reporting that he had been advised by the Department of Planning, Industry and Environment

²⁶ Submission 3, *Wentworth Park Sporting Complex Land Manager*, p 2.

²⁷ Submission 4, *Greyhound Racing NSW*, p 1.

²⁸ Submission 4, *Greyhound Racing NSW*, p 1.

that DPIE was not a party to any loan agreement and did not have any loan documentation.²⁹

- 4.19 Furthermore, the Office of Racing was not able to provide any existing loan documents between the WPSC and Greyhound Racing NSW. Greyhound Racing NSW is required to provide evidence of the purported loan.

Committee Comment

- 4.20 The Committee notes that the Land Manager has in recent years made repeated attempts to resolve the loan, and notes its attempts to address the Auditor-General's repeat recommendation. The Committee recognises that the loan has been a legacy issue since 1987 and the Land Manager will not be able to continue as a viable entity when the loan is called.
- 4.21 The Committee notes, with concern, the length of time with which the Land Manager has attempted to resolve the loan issue and notes that the Auditor-General will continue to raise the loan issue as high risk until it is resolved.
- 4.22 The Committee also notes, with concern, that the Department of Planning, Industry and Environment, the Wentworth Park Sporting Complex Crown Land Manager and Greyhound Racing NSW could not provide any evidence of the loan documentation.

Recommendation 4

The Committee recommends that by 30 June 2022, the Department of Planning, Industry and Environment, as the lead agency, negotiates a solution to the unresolved loan repayment with Greyhound Racing NSW and the Wentworth Park Sporting Complex Crown Land Manager.

²⁹ Submission 10, *Minister of Planning and Public Space*, p 1.

Chapter Five – Local Land Services

Introduction

- 5.1 Local Land Services (LLS) is a regional-focused NSW government agency delivering customer services to farmers, landholders and the wider community. The agency connects landholders and the community with knowledge, advice, information, training and networking opportunities to improve agricultural productivity and better management of natural resources for Rural and Regional NSW.³⁰
- 5.2 The agency also assists farming productivity by offering certification of livestock and livestock products that are free from disease and residues.³¹
- 5.3 Local Land Services manages the Travelling Stock Reserves (TSR), used by the grazing industry for moving or grazing stock around the State. It is responsible for the care, control and management of about 500,000 hectares of TSR land, concentrated mainly in the central and eastern divisions. In addition, LLS also manages the TSR asset improvements including fencing, water tanks and solar bore pumps.³²

The financial audit

- 5.4 As part of the annual financial audit program, the Auditor-General audited the Local Land Services in 2020. This resulted in an unqualified Independent Auditor's Report. The Auditor-General's report, 'Financial Audits on Regional NSW 2020' was tabled on 10 December 2020.

Auditor-General's recommendation

- 5.5 The Auditor-General made the following finding relating to the annual fair value assessment of asset improvements by the Local Land Services on land reserves used for moving stocks:

LLS did not complete its valuation of asset improvements on land reserves used for moving livestock for year ended 30 June 2020. The improvements were last revalued early 2006, which is outside of the maximum five years required by TPP14-01 'Accounting Policy: Valuation of Physical Non-Current Assets at Fair Value'. In 2019–20, Department of Planning, Industry and Environment (DPIE) engaged an independent valuer to perform a comprehensive revaluation of its Crown land including TSR however this exercise did not include TRS improvements.³³

³⁰ Local Land Services, *What we do* [Website], <https://www.lls.nsw.gov.au/what-we-do>, (accessed on 1 September 2021).

³¹ Local Land Services, *What we do* [Website], <https://www.lls.nsw.gov.au/what-we-do>, (accessed on 1 September 2021).

³² Department of Planning, Industry and Environment, *Crown land in New South Wales* [Website], <https://www.industry.nsw.gov.au/lands/access/travelling-stock>, (accessed on 1 September 2021).

³³ New South Wales Auditor-General's Report, *Financial Audits on Regional NSW 2020*, 10 December 2020, <https://www.audit.nsw.gov.au/our-work/reports/regional-nsw-2020>, p 17, (accessed on 1 September 2021).

- 5.6 Consequently, the Audit report recommended that internal control weaknesses should be actioned promptly, with a focus on addressing high risk and repeat issues.

Background to the Auditor-General's recommendation

- 5.7 The grazing industry uses a network of parcels of Crown land called Travelling Stock Reserves for grazing or moving stock around the State. In addition, the TSR network also contributes to biodiversity conservation, Indigenous and European culture and recreation.³⁴
- 5.8 There are more than 6,500 TSRs on Crown land in NSW, covering an area of around 2 million hectares. Local Land Services manages about 500,000 hectares of TSR land, located mainly in the central and eastern divisions.³⁵
- 5.9 The eastern and central divisions of TSRs can be used by graziers during times of emergency, including drought, bushfires and floods, as supplementary grazing areas and for apiary sites. The TSRs can also be used by the general public for recreation between sunrise and sunset and for other functions related to culture and conservation.³⁶
- 5.10 In its examination of 2020, the Audit Office found that Local Land Services did not complete its valuation of asset improvements on Travelling Stock Reserves for moving livestock for the year ended 30 June 2020.³⁷ The asset improvements were last revalued in early 2006. It is, therefore, in breach of the NSW Treasury TPP14-01, 'Accounting Policy: Valuation of Physical Non-Current Assets at Fair Value', which requires the agency to conduct a comprehensive revaluation of the asset improvements at least every five years.³⁸
- 5.11 According to the Auditor-General's review, LLS engaged an external valuer to perform the comprehensive revaluation of its Crown land including TSRs in 2019-20, but the revaluation did not include the TSRs asset improvements.

The Committee's examination

- 5.12 As part of its follow up of the Auditor-General's 2020 Financial Audits, the Committee wrote to Local Land Services, requesting a submission outlining its response to the Auditor-General's recommendation.

³⁴ Local Land Services, *Travelling Stock Reserves – TSRS* [Website], <https://www.lls.nsw.gov.au/help-and-advice/growing,-grazing-and-land/travelling-stock-reserves>, (accessed on 1 September 2021).

³⁵ Local Land Services, *Travelling Stock Reserves – TSRS* [Website], <https://www.lls.nsw.gov.au/help-and-advice/growing,-grazing-and-land/travelling-stock-reserves>, (accessed on 1 September 2021).

³⁶ Local Land Services, *Travelling Stock Reserves – TSRS* [Website], <https://www.lls.nsw.gov.au/help-and-advice/growing,-grazing-and-land/travelling-stock-reserves>, (accessed on 1 September 2021).

³⁷ New South Wales Auditor-General's Report, *Financial Audits on Regional NSW 2020*, 10 December 2020, <https://www.audit.nsw.gov.au/our-work/reports/regional-nsw-2020>, p 17, (accessed on 1 September 2021).

³⁸ NSW Treasury, *TPP14-01 Accounting Policy: Valuation of Physical Non-Current Assets at Fair Value* [Website], https://arp.nsw.gov.au/assets/ars/154eedfa01/TPP14-01_Accounting_Policy_Valuation_of_Physical_Non-Current_Assets_at_Fair_Value_revised_June_2014_dnd.pdf, p 36, (accessed on 1 September 2021).

- 5.13 Ms Allison Harker, Acting Chair, wrote to the Committee on 3 June 2021 outlining Local Land Services' actions. This submission was forwarded to the Audit Office of NSW and the Auditor-General provided comments on 16 July 2021.
- 5.14 The Acting Chair informed the Committee that a project is currently being finalised to identify and revalue asset improvements on the TSRs, along with the certification of the valuation process. The process is expected to be completed as part of the 2021 Local Land Services financial statements preparation.³⁹
- 5.15 The Audit Office noted that while the valuation of asset improvements was not completed as part of early close procedures, management has advised that the 30 June 2021 financial statements will contain appropriate adjustments to reflect the complete asset register and related fair value adjustments.

Committee comment

- 5.16 The Committee commends Local Land Services for its continuing work to complete the revaluation of asset improvements. By properly accounting for all asset improvements on the Travelling Stocks Reserves land, the agency will provide a more accurate indication of the net value of the property, plant and equipment.
- 5.17 The Committee supports the work done by Local Land Services and encourages LLS to implement a schedule to ensure that a revaluation of each asset class is completed according to the NSW Treasury accounting policy.

³⁹ Submission 5, *Local Land Services*, p 1.

Chapter Six – Transport for NSW

Introduction

- 6.1 Transport for NSW is the lead agency for the NSW Transport cluster, which was established in November 2011. The cluster includes the following statutory bodies:
- Transport for NSW
 - Sydney Trains
 - NSW TrainLink
 - Sydney Metro
 - State Transit Authority of New South Wales
 - Rail Corporation New South Wales (RailCorp)
 - Sydney Ferries
 - Residual Transport Corporation of New South Wales.⁴⁰
- 6.2 657.4 million passenger journeys were made by buses, trains, ferries, metro trains and light rail in 2020. This represented a 18.1 per cent decrease from the previous year, mainly due to the impact of the COVID-19 pandemic.⁴¹
- 6.3 In response to the COVID-19 pandemic, Transport for NSW received \$129 million in stimulus funding from the NSW Treasury to support:
- the additional hours of cleaning on public transport and transport hubs;
 - the additional cleaning staff employed to carry out the cleaning and sanitising work;
 - the bus layover cleaning at 16 interchanges across NSW;
 - in-transit cleaning;
 - deep cleaning of three transport interchanges and precincts; and

⁴⁰ Transport for NSW, *Annual Report Volume 1 2019-20*, <https://www.transport.nsw.gov.au/system/files/media/documents/2020/TfNSW%20Annual%20Report%202019-20%20Volume%201.PDF>, p 15, (accessed on 2 September 2021).

⁴¹ New South Wales Auditor-General's Report, *Financial Audits on Transport 2020*, 10 December 2020, <https://www.audit.nsw.gov.au/our-work/reports/transport-2020>, p 13, (accessed on 2 September 2021).

- deep cleaning of coaches used to transfer more than 29,000 passengers to mandatory hotel quarantine.⁴²

The financial audit

6.4 As part of the annual financial audit program, the Auditor-General audited all transport agencies, including the Department of Transport and Transport for NSW in 2020. This resulted in an unqualified Independent Auditor's Report. The Auditor-General's report, 'Financial Audits on Transport 2020' was tabled on 10 December 2020.

Auditor-General's recommendation

6.5 The Auditor-General made the following recommendation relating to contracts registers of the Transport cluster:

- transport agencies should continue to implement a process to centrally capture all contracts and agreements entered into. This will ensure:
 - agencies are fully aware of contractual and other obligations;
 - appropriate assessments of financial reporting implications; and
 - ongoing assessments of accounting standards, in particular AASB 16 'Leases', AASB15 'Revenue from Contract with Customers', AASB 1058 'Income of Not-for-Profit Entities' and new accounting standard AASB 1059 'Service Concession Arrangements: Grantors' are accurate and complete.⁴³

Background to the Auditor-General's recommendation

6.6 Contracting is an integral part of transport agency business practice. The Transport cluster has significant contracts and agreements with government agencies and private sector companies for the provision of goods and services. In order to ensure accountability, the Transport cluster must have robust and properly scaled contract management processes.

6.7 Keeping a comprehensive contracts register is fundamental for better contract management, as it empowers agencies to more readily meet their contractual responsibilities and financial reporting obligations. It also assists in monitoring various types of contracts, contract extensions and new procurement in a timely manner.

6.8 In its report of 2019, the Audit Office found that across the Transport cluster, contracts and agreements are maintained in disparate registers by individual agencies.⁴⁴

⁴² Transport for NSW, *Annual Report Volume 1 2019-20*, <https://www.transport.nsw.gov.au/news-and-events/reports-and-publications/transport-for-nsw-annual-reports>, p 56, (accessed on 2 September 2021).

⁴³ New South Wales Auditor-General's Report, *Financial Audits on Transport 2020*, 10 December 2020, <https://www.audit.nsw.gov.au/our-work/reports/transport-2020>, p 6, (accessed on 2 September 2021).

⁴⁴ New South Wales Auditor-General's Report, *Financial Audits on Transport 2019*, 28 November 2019, <https://www.audit.nsw.gov.au/our-work/reports/transport-2019>, p 33, (accessed on 2 September 2021).

- 6.9 In 2020, the Auditor-General found that the use of disparate registers persists and in some cases, key details of contracts and agreements on the registers were missing.⁴⁵
- 6.10 Although the transport cluster implemented three new accounting standards for their 2019-20 financial statements, it is crucial for agencies to perform detailed assessments of their contracts and agreements to comply with the new accounting standards.
- 6.11 The lack of a complete register of all contracts and agreements increases the risk that agencies may not be able to fully comply with the new accounting standards. Moreover, financial statements may be misstated if the financial impacts of certain contracts and agreements are not taken into account.⁴⁶

The Committee's examination

- 6.12 As part of its follow up of the Auditor-General's 2020 Financial Audits, the Committee wrote to Transport for NSW, requesting a submission outlining its response to the Auditor-General's recommendation.
- 6.13 Mr Rob Sharp, Secretary of Transport of NSW, wrote to the Committee on 2 June 2021 outlining action taken by Transport for NSW on the Auditor-General's recommendation. The submission was forwarded to the Audit Office of NSW and the Auditor-General provided comments on 16 July 2021.
- 6.14 The Secretary informed the Committee that Transport for NSW was currently undertaking work to combine the three procurement systems containing contracts and agreements relating to goods and services and construction projects.⁴⁷
- 6.15 A working group had also been formed and is currently exploring the use of an appropriate records management platform to capture various contracts and agreements across the Transport cluster, including revenue, leasing, customers and grants. The expected completion date is 30 November 2021.⁴⁸
- 6.16 The Audit Office commented that the resolution of this issue will be considered as part of the 2021-22 financial statements audit.

Committee comment

- 6.17 The Committee notes the continuing importance of implementing a process to centrally capture all contracts and agreements in the transport sector. It is crucial that these records are accessible for transparency, efficiency and to comply with relevant legislation. Therefore, the Committee is pleased to see

⁴⁵ New South Wales Auditor-General's Report, *Financial Audits on Transport 2020*, 10 December 2020, <https://www.audit.nsw.gov.au/our-work/reports/transport-2020>, p 26, (accessed on 2 September 2021).

⁴⁶ New South Wales Auditor-General's Report, *Financial Audits on Transport 2020*, 10 December 2020, <https://www.audit.nsw.gov.au/our-work/reports/transport-2020>, p 27, (accessed on 2 September 2021).

⁴⁷ Submission 6, *Transport for NSW*, p 2.

⁴⁸ Submission 6, *Transport for NSW*, p 2.

that the Transport cluster is working towards a single records management platform to capture their contracts and agreements.

- 6.18 The Committee welcomes that resources have been allocated to Transport for NSW to implement the single records management platform. However, the Committee notes that, due to the large amount of contracts and agreements to be reviewed across the Transport cluster, the expected completion date was not until 30 November 2021.

Recommendation 5

The Committee recommends that the Transport for New South Wales:

- **reviews its contract management framework and assesses it against the Contract Management Guide developed by the Department of Finance;**
- **ensures an ongoing process is in place to collate all the contracts information from each agency within the Transport cluster; and**
- **centrally monitors and reports on contract compliance.**

Chapter Seven – Transport Asset Holding Entity

Introduction

- 7.1 The Rail Corporation New South Wales (RailCorp) has been converted to a for-profit statutory State-Owned Corporation pursuant to the *Transport Administration Act 1988* and the *State Owned Corporations Act 1989*. It was renamed the Transport Asset Holding Entity of New South Wales (TAHE) on 1 July 2020.⁴⁹
- 7.2 TAHE manages over \$40 billion of railway assets, including property, stations, rolling stock and rail within the Sydney metropolitan area, the Country Rail Network and other limited country locations across New South Wales. TAHE's total assets include:
- land and earthworks of \$11.1 billion;
 - stations and facilities of \$10.1 billion;
 - rail infrastructure (including track) of \$9.6 billion;
 - electrified network of \$3.1 billion;
 - rolling stock of \$2.6 billion; and
 - rail signalling systems of \$2.0 billion.⁵⁰

The financial audit

- 7.3 As part of the annual financial audit program, the Auditor-General audited the previously named Rail Corporation of New South Wales (now Transport Asset Holding Entity of New South Wales) in 2020. This resulted in an unqualified Independent Auditor's Report. The Auditor-General's report, 'Financial Audits on Transport 2020' was tabled on 10 December 2020.

Auditor-General's recommendation

- 7.4 The Auditor-General made the following recommendation relating to the operating model of the Transport Asset Holding Entity of New South Wales (TAHE) and its commercial arrangements with public rail operators:

⁴⁹ Transport for NSW, *Transport Asset Holding Entity of New South Wales* [Website], <https://www.transport.nsw.gov.au/about-us/who-we-are/transport-asset-holding-entity-of-new-south-wales-00>, (accessed 6 September 2021).

⁵⁰ Transport Asset Holding Entity of NSW, *Statement of Corporate Intent, Version 1, 2020-21* [Website], <https://www.parliament.nsw.gov.au/tp/files/79148/Statement%20of%20Corporate%20Intent%20of%20Transport%20Asset%20Holding%20Entity%20of%20NSW%20for%20year%20ending%2030%20June%202021%20.pdf>, (accessed 6 September 2021).

TAHE management should:

- establish an operating model in line with the original intent of a commercial return;
- finalise commercial agreements with the public rail operators;
- confirm forecast financial information to assess valuation of TAHE infrastructure; and
- finalise asset and safety management plans.

Resolution of the above matters are critical as they may significantly impact the financial reporting arrangements for TAHE in 2020–21, particularly for accounting policies and measurement principles of its significant infrastructure asset base.⁵¹

Background to the Auditor-General's recommendation

- 7.5 The NSW Government announced the establishment of the Transport Asset Holding Entity in the 2015–16 State Budget. An initial four-year plan (from 1 July 2015 to 1 July 2019) was established by NSW Treasury to transition from RailCorp to TAHE.
- 7.6 The draft legislation, operating model and the Statement of Corporate Intent (SCI) were not finalised by the anticipated date of 1 July 2019. As a result, the establishment of TAHE was postponed by 12 months to 1 July 2020.
- 7.7 Until September 2021, only the draft Statement of Corporate Intent for TAHE for the year ending 30 June 2021 was finalised and published on the TAHE website. The commercial arrangements with the public rail operators, Sydney Trains and NSW Trains, for the provision of the rail network and heavy rail assets, have yet to be established.⁵²
- 7.8 In its report of 2020, the Audit Office found that while the current legacy arrangements from RailCorp have transitioned to TAHE, no network access fees are being paid by the rail operators, including Sydney Trains and NSW Trains. In addition, the absence of commercial arrangements with the public rail operators will result in difficulty demonstrating TAHE's ability to create a commercial long term return to shareholders.⁵³
- 7.9 The Auditor-General stated that the finalisation of the operating model and the commercial arrangements, the accounting for further cash injections,

⁵¹ New South Wales Auditor-General's Report, *Financial Audits on Transport 2020*, 10 December 2020, <https://www.audit.nsw.gov.au/our-work/reports/transport-2020>, p 26, (accessed on 14 September 2021).

⁵² Transport for NSW, *Transport Asset Holding Entity of New South Wales* [Website], <https://tahensw.com.au/>, (accessed on 14 September 2021).

⁵³ New South Wales Auditor-General's Report, *Financial Audits on Transport 2020*, 10 December 2020, <https://www.audit.nsw.gov.au/our-work/reports/transport-2020>, p 25, (accessed on 14 September 2021).

and the fair value of TAHE assets, will be key focus areas for the 2020-21 audit.⁵⁴

The Committee's examination

- 7.10 As part of its follow up of the Auditor-General's 2020 Financial Audits, the Committee wrote to the Transport Asset Holding Entity of New South Wales (TAHE), requesting a submission outlining its response to the Auditor-General's recommendation.
- 7.11 Mr David Jurd, Chief Executive Officer, Transport Asset Holding Entity of New South Wales, wrote to the Committee on 3 June 2021 outlining TAHE's response. This submission was forwarded to the Audit Office of NSW and the Auditor-General provided comments on 28 June 2021.
- 7.12 In order to further test the evidence, the Committee conducted a public hearing on 17 September 2021. The following witnesses appeared:
- Ms Benedicte Colin, Chief Executive Officer, Transport Asset Holding Entity of New South Wales; and
 - Mr Peter Crimp, Executive General Manager, Finance and Business Performance, Transport Asset Holding Entity of New South Wales.

Actions taken to finalise the operating model and commercial arrangements with public rail operators

- 7.13 Following recommendations made by the Auditor-General, the Transport Asset Holding Entity has continued to work on its operating model and commercial agreements. In its submission, TAHE stated that it had made substantial progress in updating the operating model and Statement of Corporate Intent, negotiating the new suite of rail operating arrangements and developing the Asset Management and Assurance Framework.⁵⁵
- 7.14 TAHE further advised that the new operating model will no longer permit it to carry out railway operations or maintenance of transport assets. The new License, Agency and Maintenance Deed sets out the details relating to the maintenance obligations of the parties and discharge of obligations.⁵⁶
- 7.15 In an opening statement at the public hearing, Ms Benedicte Colin, Chief Executive Officer, stated that TAHE has made positive progress in responding to each of the recommendations:
- First, we finalised our operating model, which is underpinned by an operating licence issued by the transport Minister and a statement of expectations. Further, we are in the process of finalising our statement of corporate intent and a business plan. Secondly, we have concluded legal arrangements with Transport for NSW, Sydney Trains, NSW Trains and track operators. These agreements provide certainty

⁵⁴ New South Wales Auditor-General's Report, *Financial Audits on Transport 2020*, 10 December 2020, <https://www.audit.nsw.gov.au/our-work/reports/transport-2020>, p 26, (accessed on 14 September 2021).

⁵⁵ Submission 7, *Transport Asset Holding Entity*, p 3-4.

⁵⁶ Submission 7, *Transport Asset Holding Entity*, p 3-4.

regarding each party's respective obligations as well as TAHE's future funding. Thirdly, we have developed an asset management and safety assurance framework supported by robust competence.⁵⁷

- 7.16 In further evidence, Ms Colin explained that the new TAHE operating model is in alignment with the Australian Bureau of Statistics (ABS) Public Non-Financial Corporation (PNCF) sector classification and the model intended for its purpose:

TAHE is authorised to establish, finance, acquire, construct and develop transport assets to be owned by TAHE. The operating licence ensures that TAHE must have regards to safety integrity and must comply with Transport for NSW's assets requirement, but TAHE is specifically precluded from carrying operations and maintenance activities. By the way, we also have to comply with working with delivery of the list of ongoing projects. So that is our operating licence.⁵⁸

In addition we have a statement of expectations, which is also issued by the transport Minister, under which we have to comply with safety obligations, report on safety and also report on our five key objectives under legislation. One of them is to be a commercially successful entity. Finally, as I mentioned in my opening statement, there is a suite of legal arrangements which provide visibility for TAHE in terms of how the operations and maintenance of the networks will be delivered, providing access to tracks and with TAHE receiving funding for access work to these tracks, as well as agreements in relation to the property developments.⁵⁹

- 7.17 In addition, Mr Peter Crimp, Executive General Manager, Finance and Business Performance, TAHE confirmed that the ABS made a public statement in early June, in response to media commentary, reaffirming that the PNFC classification of TAHE was appropriate. Furthermore, nothing had come to their attention since then which would raise questions around that classification.⁶⁰
- 7.18 The Committee asked TAHE whether the valuation of the rail assets would change following the transfer of all assets from RailCorp on 30 June 2020.
- 7.19 In response, Ms Colin stated that the value of the infrastructure assets will change due to the new operating agreement entered into by TAHE since its inception. She further explained that the valuation approach is likely to be changed to an income basis, reflecting that TAHE is operated as a State Owned Corporation.⁶¹

⁵⁷ Ms Benedicte Colin, Chief Executive Officer, Transport Asset Holding Entity, Transcript of Evidence, 17 September 2021, p 9-10.

⁵⁸ Ms Benedicte Colin, Chief Executive Officer, Transport Asset Holding Entity, Transcript of Evidence, 17 September 2021, p 10.

⁵⁹ Ms Benedicte Colin, Chief Executive Officer, Transport Asset Holding Entity, Transcript of Evidence, 17 September 2021, p 10.

⁶⁰ Mr Crimp, Executive General Manager, Finance and Business Performance, Transport Asset Holding Entity, 17 September 2021, p 10.

⁶¹ Ms Benedicte Colin, Chief Executive Officer, Transport Asset Holding Entity, Transcript of Evidence, 17 September 2021, p 9.

7.20 The Committee further asked if TAHE has a plan to oversee the safety aspects of the rail transport network for customers and constituents.

7.21 In evidence, Ms Colin provided a brief summary of transport safety arrangements deployed on the network:

First, we have established the board subcommittee, which is specifically dedicated on safety asset management and environment. That subcommittee is led by one of our independent board members, Trevor Bourne, who comes with a highly credentialed experience of chairing safety committees in hazardous and highly regulated organisations. The safety committee has also appointed an independent member with technical expertise in heavy rail asset management and safety.

We have also adopted our asset management and assurance framework, and it is being implemented. We have adopted an asset safety audit plan and appointed an independent specialist, which is WSP. So, we are carrying out with an audit plan. As part of our audit and assurance framework, we are going to develop our strategic asset management and asset management plan together with Transport for NSW (TfNSW). That will be informed by the asset management plan of Sydney Trains and NSW Trains. Finally, in terms of our organisation, we have embedded safety, with safety being one of our core non-financial key performance indicators and with a commitment to zero material safety incidents.⁶²

Committee Comment

7.22 The Committee was pleased to receive the following documentation from TAHE on 27 October 2021, relating to its operating model and commercial arrangements with public rail operators:

- TAHE Operating Model;
- Statement of Corporate Intent;
- Corporate Service Agreement between Transport Asset Holding Entity of New South Wales, Transport for NSW and Sydney Trains;
- Licence, Agency and Maintenance Deed between Transport Asset Holding Entity of New South Wales, Transport for NSW, Sydney Trains and NSW Trains;
- Track Access Agreement between Transport Asset Holding Entity of New South Wales and Sydney Trains;
- Track Access Agreement between Transport Asset Holding Entity of New South Wales and NSW Trains;
- Project and Property Development Deed between Transport Asset Holding Entity of New South Wales and Transport for NSW; and
- TAHE Asset Management Assurance Framework.

⁶² Ms Benedicte Colin, Chief Executive Officer, Transport Asset Holding Entity, Transcript of Evidence, 17 September 2021, p 10.

- 7.23 The Committee examined the documents provided and acknowledges that the commercial agreements and related deeds were signed on 30 June 2021, delayed by one year from the establishment of the Transport Asset Holding Entity of New South Wales on 1 July 2020.
- 7.24 The Committee notes that the draft financial statements are currently being audited by the Audit Office. The Committee will be keen to note the Auditor-General's observations in the upcoming financial audit report, particularly on the valuation of the rail assets managed by TAHE.

Recommendation 6

The Committee recommends that the Transport Asset Holding Entity of New South Wales aims to achieve long-term sustainable returns for the shareholders by monitoring the annual access and licence charges to various public rail operators, and seeks additional commercial opportunities to enhance the return on investments.

Chapter Eight – Department of Planning, Industry and Environment

Introduction

- 8.1 The Administrative Order effective from 1 July 2019, abolished the former Department of Planning and Environment and the former Department of Industry to create a new Department of Planning, Industry and Environment (DPIE). It also transferred functions and staff, as well as the associated assets and liabilities from the former departments to the new Department.⁶³
- 8.2 The Department of Planning, Industry and Environment is responsible for the effective and sustainable planning and development of industry to support growth in New South Wales. The Department brings together specialists in urban and regional planning, water, government property and social housing, environment, energy and science, and Aboriginal heritage and land use.⁶⁴
- 8.3 The Department makes plans for the State's cities and regions, working with the community, business and local government to create places for people to live, work and leisure, while ensuring good transport networks and other facilities, including shops and restaurants.

The Financial Audit

- 8.4 As part of the annual financial audit program, the Auditor-General audited the Department of Planning, Industry and Environment in 2020. This resulted in an unqualified Independent Auditor's Report. The Auditor-General's report, 'Financial Audits on Planning, Industry and Environment 2020' was tabled on 10 December 2020.

Auditor-General's recommendations

- 8.5 The Auditor-General made the following recommendations relating to the Department of Planning, Industry and Environment's management of Crown land:

As previously recommended, the Department of Planning, Industry and Environment should prioritise action to ensure the Crown land database is complete and accurate. This allows State agencies and local councils to be better informed about the Crown land they control.

The Department of Planning, Industry and Environment should take action to address the increasing number of unprocessed Aboriginal land claims. This

⁶³ *Administrative Arrangements (Administrative Changes – Public Service Agencies) Order 2019* (NSW), s8 and s9, <https://legislation.nsw.gov.au/view/pdf/asmade/sl-2019-159>, (accessed on 15 September 2021).

⁶⁴ Department of Planning, Industry and Environment, *Our work* [Website], <https://www.planning.nsw.gov.au/About-Us/Our-Work>, (accessed on 15 September 2021).

recommendation has been included in Auditor-General's reports to Parliament since 2007.

The Department of Planning, Industry and Environment will need to provide additional support and guidance to help Crown Land Managers (CLMs) meet their financial reporting obligations. The Department should:

- in consultation with NSW Treasury, develop an appropriate statutory reporting framework for CLMs, and
- ensure sufficient resources are available to help CLMs meeting their reporting obligations.⁶⁵

Background to the Auditor-General's recommendations

Recognition of Crown land

- 8.6 The Department of Planning, Industry and Environment is responsible for oversight of the management of NSW Crown land, which covers approximately 34 million hectares or 42 per cent of the State. Crown land includes parks, reserves, roads and cemeteries. Numerous public and private sector organisations manage and control parcels of Crown land, including corporations, statutory bodies and local government.
- 8.7 The Department maintains the Crown Land Information Database (CLID) which records the State's Crown land details.
- 8.8 In 2018, the Auditor-General reported that the Department should address system limitations and control weaknesses to ensure complete and accurate reporting for Crown land.⁶⁶
- 8.9 The matter was still outstanding in 2019, and the Auditor-General found that there continued to be significant deficiencies in Crown land records. The Audit further recommended that the Department should confirm the completeness and accuracy of the Crown Land Information Database with other organisations that manage and control Crown land in order to improve the reliability of its own records.⁶⁷
- 8.10 In 2020, the Auditor-General found that some progress has been made. The Department advised that a new case management system, known as CrownTracker, was implemented in November 2018. The Department further explained that the new system will remove current deficiencies in workflow management within CLID. Expected improvements include:

⁶⁵ New South Wales Auditor-General's Report, *Financial Audits on Planning, Industry and Environment 2020*, 10 December 2020, <https://www.audit.nsw.gov.au/our-work/reports/planning-industry-and-environment-2020>, p 6-7, (accessed on 15 September 2021).

⁶⁶ New South Wales Auditor-General's Report, *Financial Audits on Industry 2018*, 11 December 2018, <https://www.audit.nsw.gov.au/our-work/reports/industry-2018>, p 10, (accessed on 15 September 2021).

⁶⁷ New South Wales Auditor-General's Report, *Financial Audits on Planning, Industry and Environment 2019*, 11 December 2019, <https://www.audit.nsw.gov.au/our-work/reports/planning-industry-and-environment-2019>, p 27, (accessed on 15 September 2021).

- spatial information, which was previously imported and reconciled with CLID, to be recorded in CrownTracker;
- a modern case management module to help reduce the time required to update changes;
- integration with SAP and reporting tools to support financial reporting; and
- an external portal for non-council Crown Land Managers to lodge financial reports.⁶⁸

8.11 The Department had spent \$5.7 million on CrownTracker as at 30 June 2020. The expected project cost is \$9.7 million, due to the expansion of its scope to completely replace CLID with CrownTracker, which is \$2.7 million more than the original projected cost.⁶⁹

Aboriginal land claims

8.12 The *Aboriginal Land Rights Act 1983 (NSW)* (ALR Act) provides the legislative basis for the land rights of Aboriginal people in NSW. The ALR Act stipulates that the New South Wales Aboriginal Land Council and Local Aboriginal Land Councils may make claims to claimable Crown lands.⁷⁰

8.13 Claims are lodged with the Registrar appointed under the *Aboriginal Land Rights Act 1983*, responsible for maintaining a register of Aboriginal land claims. These claims are forward to the Department of Planning, Industry and Environment for assessment and determination.

8.14 In its examination of 2020, the Audit Office found that DPIE had not been able to reduce the number of unprocessed Aboriginal land claims over Crown land since 2007. The Department's unaudited data showed it had 36,769 unprocessed Aboriginal land claims for assessment and determination as at 30 June 2020, an increase of 914 claims from 30 June 2019.⁷¹

8.15 In the Auditor-General's report, the Department advised that the backlog of claims continues to grow because:

- there are no restrictions on Aboriginal land claims. The lodgement of land claims is a right of Local Aboriginal Land Council (LALC), which

⁶⁸ New South Wales Auditor-General's Report, *Financial Audits on Planning, Industry and Environment 2020*, 10 December 2020, <https://www.audit.nsw.gov.au/our-work/reports/planning-industry-and-environment-2020>, p 35, (accessed on 15 September 2021).

⁶⁹ New South Wales Auditor-General's Report, *Financial Audits on Planning, Industry and Environment 2020*, 10 December 2020, <https://www.audit.nsw.gov.au/our-work/reports/planning-industry-and-environment-2020>, p 35, (accessed on 15 September 2021).

⁷⁰ NSW Department of Planning, Industry and Environment, *Crown land in New South Wales* [Website], <https://www.industry.nsw.gov.au/lands/what-we-do/our-work/aboriginal-land-claims>, (accessed 20 September 2021).

⁷¹ New South Wales Auditor-General's Report, *Financial Audits on Planning, Industry and Environment 2020*, 10 December 2020, <https://www.audit.nsw.gov.au/our-work/reports/planning-industry-and-environment-2020>, p 22, (accessed on 15 September 2021).

cannot be restricted and often results in multiple claims over the same property;

- the complexity of the assessment process and the reliance on information provided by other organisations involved in the land claims; and
- departmental resourcing to process and manage claims.

Crown Land Managers (CLMs)

8.16 The *Government Sector Finance Act 2018* requires State-owned Crown Land Managers (CLMs) to prepare annual financial statements. As at 30 June 2020, 637 State-owned CLMs did not prepare financial statements and submit them for audit.⁷²

8.17 NSW Treasury established the reporting exemption criteria for the CLMs, as outlined in the *Government Sector Finance Regulation 2018*. Of the 637 CLMs:

- 347 have not submitted an annual report for the 2018-19 financial year. Therefore, the Department could not complete the reporting exemption assessment for these CLMs; and
- 290 have submitted an annual report for 2018-19. The Department advised it had completed a desktop review and determined that 31 did not meet the exemption requirements and will be required to submit annual financial statements.

8.18 In the Auditor-General's report of 2020, the Department advised that the majority of the CLMs are administered by volunteers and will require significant support from the Department to enable financially compliant reporting.

8.19 The Auditor-General noted that the Department has set up a compliance reporting project which aims to:

- assist non-exempt CLMs meet their statutory reporting obligations;
- develop a standard statutory reporting framework and support CLMs by providing cloud-based accounting solutions for reporting purposes;
- provide training and support for CLMs to meet their annual reporting obligations; and

⁷² New South Wales Auditor-General's Report, *Financial Audits on Planning, Industry and Environment 2020*, 10 December 2020, <https://www.audit.nsw.gov.au/our-work/reports/planning-industry-and-environment-2020>, p 23, (accessed on 15 September 2021).

- support non-exempt CLMs to maintain appropriate accounting records to meet their compliance requirements.⁷³

8.20 A further extension was granted from NSW Treasury in September 2020. The extension allowed the 31 CLMs not meeting reporting exemption criteria to submit their 2019-20 financial statements. It also enabled the Department to complete the reporting exemption assessment of the remaining 347 CLMs which had not submitted in the 2018-19 annual report.⁷⁴

The Committee's examination

8.21 As part of the Auditor-General's 2020 Financial Audits, the Committee wrote to the Department of Planning, Industry and Environment, requesting a submission outlining its response to the Auditor-General's recommendations.

8.22 Mr Michael Wright, Group Deputy Secretary, Department of Planning, Industry and Environment wrote to the Committee on 4 June 2021 outlining action taken on the Auditor-General's recommendations. This submission was forwarded to the Audit Office of NSW and the Auditor-General provided comments on 16 July 2021.

8.23 The Committee conducted a public hearing on 17 September 2021. The following witnesses gave evidence at the hearing:

- Ms Melanie Hawyes, Deputy Secretary, Crown Lands, Department of Planning, Industry and Environment (DPIE);
- Mr James Hebron, Deputy Secretary, Legal Services, Department of Planning, Industry and Environment (DPIE); and
- Ms Dianne Henderson, Organisational Change Lead, Crown Lands, Department of Planning, Industry and Environment (DPIE).

Actions taken to improve the Crown land database

8.24 Following recommendations made by the Auditor-General and the Public Accounts Committee, DPIE has continued to work on the Crown land database. In its submission to the Committee, the Department highlighted processes and initiatives to ensure the accuracy and completeness of Crown land data, as follows:

- business process owners are responsible for ensuring all transactional information (leasing, licencing, acquisitions, vesting, etc.) is entered in

⁷³ New South Wales Auditor-General's Report, *Financial Audits on Planning, Industry and Environment 2020*, 10 December 2020, <https://www.audit.nsw.gov.au/our-work/reports/planning-industry-and-environment-2020>, p 24, (accessed on 15 September 2021).

⁷⁴ New South Wales Auditor-General's Report, *Financial Audits on Planning, Industry and Environment 2020*, 10 December 2020, <https://www.audit.nsw.gov.au/our-work/reports/planning-industry-and-environment-2020>, p 24, (accessed on 15 September 2021).

CLID in a timely manner and in line with approved policies and procedures;

- delegate approvals under the *Crown Land Management Act 2016* are recorded in CLID and audited annually to ensure the appropriate level of approval has been applied;
- publishing of gazettals are managed centrally, providing a quality assurance check that all information is accurate and entered into CLID in a timely manner; and
- compliance reports are sent to managers monthly to review and action incomplete workflows in CLID.⁷⁵

8.25 In addition, the Department implemented the spatially enabled workflow system controls in the CrownTracker to help ensure the Crown land data is accurate and complete, including:

- all business-critical workflows that affect Crown Accounts (tenures, reserve, Aboriginal Land Claims, etc.) require at least two levels of approval: Group Leader and Delegate Approval;
- spatial enablement of functions within CrownTracker means end users will be able to view and confirm the reasonableness of spatial boundaries of tenures, reserves etc. Previously, the disjointed nature of the two legacy applications, CLID and CrownView, prevented this seamless quality assurance; and
- testing during the migration of all CLID data to CrownTracker during cutover will be undertaken to ensure completeness and accuracy of migration.⁷⁶

8.26 Similarly, in evidence to the Committee, Ms Melanie Hawyes, Deputy Secretary, Crown Lands, Department of Planning, Industry and Environment (DPIE) noted that:

The key thing at the moment in terms of the challenges has been to try to provide data cleansing and data improvements as we go, given, as I outlined, the sheer volume of sometimes very old records that we have...

We have progressively over many years sought to upgrade our information holdings—as you would appreciate, some of the old surveys were inaccurate; it is an ongoing challenge for us to have everything completely accurate—and that will be continued as we move to this new system. The old system is called the Crown Land Information Database and it is a manual legacy system. It is 30 years old. We are moving to CrownTracker, which is a contemporary cloud-based system, which will provide a single source of truth and is enabled to integrate with other technology going forward. You can imagine, geospatial systems... are far more powerful.

⁷⁵ Submission 8, Department of Planning, Industry and Environment, p 4.

⁷⁶ Submission 8, *Department of Planning, Industry and Environment*, p 5.

You can drill down to a parcel of land. You can see inaccuracies very readily and fix them as you go. So the capability that we are bringing into the business necessarily provides for a far more accurate sense of record keeping and data management going forward.⁷⁷

- 8.27 Action was also taken to improve the response rate in resolving disputes of the Crown land information recorded in the CrownTracker system, in particular, disputes between the Department and individual claims outstanding over 30 years. Ms Hawyes acknowledged that there have been ongoing issues with Crown land disputes mainly due to manual and cumbersome processes. In addition, establishing the absolute precision of Crown land ownership based on very old documents had proven to be difficult.⁷⁸
- 8.28 In response, Ms Hawyes pointed out that DPIE brought in the new technology to improve the clarity of decision making, based on absolute precision about ownership and occupation and the history of parcels of land across the State. The new technology should greatly speed up the claim process, and the establishment of business improvement teams to reduce backlogs in the claim system should see improvements within the next 12 months.⁷⁹
- 8.29 To address the cybersecurity issues in the CrownTracker system, the Department engaged a specialist external consultant to review cybersecurity provisions for CrownTracker Release 1 (April 2020). This included a review of cybersecurity risks associated with the design, user access management, external portal and testing to determine whether the application was robust and secure.
- 8.30 The Department also stated that the CrownTracker system implementation was subject to the DPIE Enterprise Architecture Governance Board for security compliance checks, to ensure all the releases meet DPIE-wide security requirements.
- 8.31 The Committee was also interested to learn about the phases involved in the CrownTracker replacement project. The Program has three releases which oversees the migration of Crown Lands' business functionality from the legacy platform to the cloud based business management and geo-spatial system⁸⁰.

⁷⁷ Ms Melanie Hawyes, Deputy Secretary, Crown Lands, Department of Planning, Industry and Environment, Transcript of Evidence, 17 September 2021, p 4-5.

⁷⁸ Ms Melanie Hawyes, Deputy Secretary, Crown Lands, Department of Planning, Industry and Environment, Transcript of Evidence, 17 September 2021, p 6.

⁷⁹ Ms Melanie Hawyes, Deputy Secretary, Crown Lands, Department of Planning, Industry and Environment, Transcript of Evidence, 17 September 2021, p 7.

⁸⁰ Answer to Supplementary Questions, Department of Planning, Industry and Environment, 26 November 2021, p 1-2.

8.32 In response, the Department provided detailed information for each phase of the CrownTracker system replacement project. These details are set out in the table below.

Table 1: CrownTracker replacement project phasing⁸¹

Release 1 – delivered in April 2020		
No	Main Business Functionality delivered	Technical build completed
1	Crown reserve & dedication administration	Design and build the IT infrastructure
2	Crown reserve governance	Migrate spatial environment and information
3	Client creation and management	Integrate records management
4	Aboriginal Land Claims	Synchronise CrownTracker with CLID (the legacy system)
5	Internal and external land/ documentation (Land Status) searches	Data migration
Release 2 – expected completion in the first half of 2022		
No	Main Business Functionality to be delivered	Technical build required
1	Licence administration	Data migration
2	Landowners consent administration	Synchronisation with CLID
3	Licence rent determination and redetermination	
4	Specific concession administration (waivers and rebates)	
Release 3 – to be determined once Release 2 is completed		
No	Main Business Functionality to be delivered	Technical build required
1	Acquisitions and land divestment	Data migration
2	Land Registry Services (LRS) request fulfilment	Financial data migration to SAP
3	LRS dealing administration and lodgement	Data archive
4	Processing and disbursement of CRIF Program grants and loans	Decommission CLID & CrownView

Actions taken to improve the backlog of Aboriginal land claims

8.33 In its submission to the Committee, the Department outlined actions that had been taken to address the Auditor-General's repeat recommendations.

⁸¹ Answer to Supplementary Questions, Department of Planning, Industry and Environment, 26 November 2021, p 1-2.

The Department indicated that process improvements had been implemented to speed up the assessment process and further opportunities continue to be explored to improve the integrity of Crown land data.

8.34 One new area being explored by the Department is macro data analysis, whereby data is extracted from the Crown land systems in the initial stages to determine the likelihood of the identified land being subject to future Aboriginal land claims. The Department will group these claims into bundles for detailed assessment and determination.⁸²

8.35 The Department provided an example called the Future Public Requirement (FPR) project:

This project analysed extracted data to identify land reserved for future public requirements with no tenures over the land. This is an early indication that the land could be claimable Crown land. From this analysis, some 2,250 parcels of land have been referenced out to external stakeholders. This referencing is now flowing back and the claims are being grouped into determination briefs.⁸³

8.36 The Department works regularly with the New South Wales Aboriginal Land Council (NSWALC) to explore various ways to improve Aboriginal land claims, including circumstances where multiple claims have been placed over the same parcel of Crown land. For example, one of the new strategies is developed via the LALC20 project:

Crown Lands has invited LALCs [Local Aboriginal Land Councils] to identify around 20 priority claims for assessment. This practice assists Crown Lands to target its resources toward resolving claims that are aligned with the outcomes desired by LALCs. Through the LALC20 Project, LALCs have access to DPIE cluster advice including planning, biodiversity conservation and native title to assist with decision making.

Aboriginal Land Agreements are also an avenue available to LALCs to resolve a number of undetermined Aboriginal land claims by negotiation. Crown Lands is in the process of co-designing a program to support Aboriginal Land Agreements with Aboriginal stakeholders.⁸⁴

8.37 The Department also stated that significant engagement is occurring between the New South Wales Aboriginal Land Council (NSWALC), Local Aboriginal Land Council (LALC), Aboriginal Affairs and the Registrar of the Aboriginal Land Rights Act. This was designed to further develop relationships and support better outcomes for Aboriginal land claims. In addition, the Registrar of the Aboriginal Land Rights Act will be able to access the land titling information, allowing the Registrar to conduct checks of land claim applications, further assisting in clearing the backlog of Aboriginal land claims.⁸⁵

⁸² Submission 8, *Department of Planning, Industry and Environment*, p 3.

⁸³ Submission 8, *Department of Planning, Industry and Environment*, p 3.

⁸⁴ Submission 8, *Department of Planning, Industry and Environment*, p 3.

⁸⁵ Submission 8, *Department of Planning, Industry and Environment*, p 3.

- 8.38 At the public hearing, Ms Hawyes highlighted that the CrownTracker system has spatially enabled technology which is far more accurate in providing information about claimable lands and multiple claims on the same parcel of land. The accuracy of Crown land ownership and tenure will assist NSWALC to achieve the objectives of the *Aboriginal Land Right Act*.⁸⁶
- 8.39 In future, the Department will develop online capability for NSWALC to log into the CrownTracker system through a portal, which will assist the land councils to assess Crown land applications.⁸⁷
- 8.40 The Auditor-General referred to the commencement of a performance audit to assess whether the relevant agencies are effectively facilitating and administering Aboriginal land claim processes. Key areas of focus for this audit include information sharing, coordination and governance around the Aboriginal land claim process. The performance report is expected to be tabled in the first half of 2022.

Actions taken to support the financial reporting of Crown land managers (CLMs)

- 8.41 The submission from the Department, developed in consultation with NSW Treasury, established a clear definition of a reporting exemption criterion for non-council Crown Land Managers (CLMs). Financial thresholds were defined and resulted in two project streams:

Stream 1: Non-exempt from auditing – Crown Land Managers (CLMs) are required to prepare the General Purpose Financial Statements (GPFS) for auditing if the CLM meets one or more of the following thresholds:

- a) the assets, liabilities, income, expenses, commitments and contingent liabilities of the Department or statutory body are each less than \$5,000,000;
- b) the total cash or cash equivalents held by the Department or statutory body is less than \$2,500,000; and
- c) the income of the Department or statutory body, derived from sources other than money paid out of the Consolidated Fund or money provided by other relevant agencies, is less than \$100,000.

Stream 2: Exempt from auditing – Crown Land Managers (CLMs) are required to prepare the annual report.⁸⁸

- 8.42 At the time of the submission, the Department identified 34 non-exempt CLMs which were required to submit General Purpose Financial Statements (GPFS) to the NSW Audit Office for auditing. Of the total 230 identified exempt Statutory Land Managers (SLMs): 84 submitted their annual report

⁸⁶ Ms Melanie Hawyes, Deputy Secretary, Crown Lands, Department of Planning, Industry and Environment, Transcript of Evidence, 17 September 2021, p 5

⁸⁷ Ms Melanie Hawyes, Deputy Secretary, Crown Lands, Department of Planning, Industry and Environment, Transcript of Evidence, 17 September 2021, p 5.

⁸⁸ Submission 8, *Department of Planning, Industry and Environment*, p 6.

prior to February 2021; 80 submitted in May 2021; and 66 were yet to complete their annual report.⁸⁹

8.43 Some of the challenges faced by the Department in developing the statutory reporting framework for CLMs include:

- lack of capacity and capability, as most of the CLMs are community-based groups staffed by volunteers who may have limited computer literacy and/or accounting skills;
- limited understanding of the annual reporting requirements;
- CLM board members are motivated by a desire to volunteer and provide community service, and may not have the necessary business and/or accounting skills or access to computers, computer literacy or online capability; and
- lack of succession, due to the ageing CLM volunteer base.⁹⁰

8.44 In response to the challenges, while the Department has increased the online training opportunities for CLMs, the diverse and remote locations of Crown land reserves limit face to face interactions with CLM boards to facilitate training and education.⁹¹

8.45 Furthermore, the experience of recent years of drought, bushfires, floods and the COVID-19 pandemic have cumulatively impacted volunteers' capacity to readily participate in their appointed CLM functions.⁹²

8.46 The Department has taken the following actions to support CLMs to meet their reporting requirements:

- external accounting firm Deloitte has been funded to support the identified 31 non-exempt CLMs and their accounting agents in producing General Purpose Financial Statement (GPFS) for audit submission;
- a dedicated team has been established to liaise directly with CLMs on reporting requirements;
- the Compliance Reporting Project team has been tasked with developing a business as usual (BAU) framework;
- a fit for purpose accounting resource is being scoped; and
- CLM education through CLM Governance Development Program has increased.⁹³

⁸⁹ Submission 8, *Department of Planning, Industry and Environment*, p 6.

⁹⁰ Submission 8, *Department of Planning, Industry and Environment*, p 6.

⁹¹ Submission 8, *Department of Planning, Industry and Environment*, p 7.

⁹² Submission 8, *Department of Planning, Industry and Environment*, p 7.

⁹³ Submission 8, *Department of Planning, Industry and Environment*, p 7.

Committee comment

- 8.47 The Committee is pleased to see that resources have been allocated to replace the legacy Crown Land Information Database (CLID). However, the full potential of the new Crown land database, CrownTracker, is yet to be realised. Therefore, the Committee is keen to see further improvements to the accessibility and capability of CrownTracker for council and non-council Crown Land Managers.
- 8.48 In addition, the Committee looks forward to seeing the spatially enabled technology in CrownTracker become accessible to NSW Aboriginal Land Council via the Department's online portal, This should significantly improve the Aboriginal land claims process.

Recommendation 7

The Committee recommends that the Department of Planning, Industry and Environment develops a cybersecurity strategy, focusing on strengthening the security controls of the CrownTracker system. These controls should include:

- **key detection security controls, such as implementing network and host based monitoring;**
 - **documenting and maintaining a security risk assessment and any security breach to the system; and**
 - **ensuring cybersecurity risk is reported and discussed in executive and audit risk committee meetings.**
- 8.49 The Committee is also pleased to see that resources have been allocated to clear the backlog of Aboriginal land claims. However, the Committee notes with concern the lack of communication between the Department of Planning, Industry and Environment, the NSW Aboriginal Land Council, Local Aboriginal Land Councils, Aboriginal affairs and the Registrar of the Aboriginal Land Rights Act.
- 8.50 Considering the significant amount of unprocessed Aboriginal land claims over Crown land, the Committee considers that the Department should review the governance arrangements for the implementation of the Land Negotiation Program. This will assist in ensuring effective communication between the Department and various agencies involved in Aboriginal land claims.

Recommendation 8

The Committee recommends that the Department of Planning, Industry and Environment reviews the governance arrangements for the implementation of the Land Negotiation Program to ensure effective communication between the Department and various agencies involved in Aboriginal land claims.

- 8.51 The Committee notes the continuing importance of a statutory reporting framework for Crown Land Managers. It is crucial that the Department

continues to provide pivotal support and guidance to the CLMs to ensure that they meet annual financial reporting requirements.

Recommendation 9

The Committee recommends that the Department of Planning, Industry and Environment provides a progress report to the Committee 12 months after the Committee's report is tabled, detailing progress on the development of the appropriate statutory reporting framework for Crown Land Managers. The progress report should contain details on the outstanding financial statements subject to audit, outstanding annual report submissions, as well as the uptake of the Crown Land Managers Governance Development Program.

Chapter Nine – Department of Communities and Justice

Introduction

- 9.1 The Administrative Order effective from 1 July 2019, abolished the former Department of Justice and the former Department of Family and Community Services and created the new Department of Communities and Justice. It also transferred the functions and staff, associated assets and liabilities from the former departments to the new Department.⁹⁴
- 9.2 The Department of Communities and Justice is responsible for providing services and support to the most disadvantaged individuals, families and communities and the administration and development of an equitable and fair legal system of courts, tribunals, laws and other mechanisms to enhance the principles of justice within the State of New South Wales. It also provides various services to vulnerable individuals in the community, including children and young people, people who are homeless or with disability, their carers, women and older people.⁹⁵

The Financial Audit

- 9.3 As part of the annual financial audit program, the Auditor-General audited the Department of Communities and Justice in 2020. This resulted in an unqualified Independent Auditor's Report. The Auditor-General's report, 'Financial Audits on Stronger Communities 2020' was tabled on 10 December 2020.

Auditor-General's recommendations

- 9.4 The Auditor-General made the following recommendation to the Department of Communities and Justice in relation to Victims Services system:
- the Department of Communities and Justice should resolve the data quality issues in the Victim Services (VS) Connect System before 31 March 2021.

Background to the Auditor-General's recommendation

- 9.5 The Victims Services division within the Department of Communities and Justice administers the *Victims Rights and Support Act 2013*. The division provides information, counselling services, support, referrals and financial

⁹⁴ *Administrative Arrangements (Administrative Changes – Public Service Agencies) Order 2019* (NSW), s10 and s11, <https://legislation.nsw.gov.au/view/pdf/asmade/sl-2019-159>, (accessed on 15 September 2021).

⁹⁵ Department of Communities and Justice, *Overview* [Website], <https://www.dcj.nsw.gov.au/about-us/about-us>, (accessed on 5 October 2021).

support to victims of violent crime in NSW under the Victims Support Scheme.⁹⁶

- 9.6 The Department implemented the new VS Connect system, thereby replacing the legacy CARES system, in November 2018. The system is used by the Department to manage its Victims Support Services (VSS) and for financial reporting purposes.
- 9.7 The data migration process caused significant data quality issues in the newly implemented VS Connect system. The Auditor-General reported that the actuary's valuation of Victim Support Scheme claims liabilities, as at 30 June 2019, was impacted by the data quality issues in the VS Connect system, including:
- missing claim payments made prior to November 2018;
 - payment transactions with no payment date and amount; and
 - cancelled payment transactions with no amount populated.⁹⁷
- 9.8 In 2020, the Department continued to address the data quality issues. Some of the actions taken in 2019-20 included:
- establishing a steering committee and project group to remediate the system;
 - engaging an external firm to help the Department resolve system functionality and data migration issues; and
 - engaging an independent actuary to perform data analysis and reconciliations over the system's data for financial reporting purposes.⁹⁸
- 9.9 The Auditor-General stated that the Department should resolve the data quality issues by 31 March 2021, for the purpose of supporting the preparation of the financial statements for 2020-21.⁹⁹

The Committee's examination

- 9.10 As part of its follow up of the Auditor-General's 2020 Financial Audits, the Committee wrote to the Department of Communities and Justice, requesting a submission outlining the Department's response to the Auditor-General's recommendation.

⁹⁶ Department of Communities and Justice, *Overview* [Website], <https://www.dci.nsw.gov.au/about-us/about-us>, (accessed on 5 October 2021).

⁹⁷ New South Wales Auditor-General's Report, *Financial Audits on Stronger Communities 2019*, 5 December 2019, <https://www.audit.nsw.gov.au/our-work/reports/stronger-communities-2019>, p 21, (accessed on 5 October 2021).

⁹⁸ New South Wales Auditor-General's Report, *Financial Audits on Stronger Communities 2020*, 10 December 2020, <https://www.audit.nsw.gov.au/our-work/reports/stronger-communities-2020>, p 18, (accessed on 5 October 2021).

⁹⁹ New South Wales Auditor-General's Report, *Financial Audits on Stronger Communities 2020*, 10 December 2020, <https://www.audit.nsw.gov.au/our-work/reports/stronger-communities-2020>, p 18, (accessed on 5 October 2021).

- 9.11 Mr Michael Coutts-Trotter, the Secretary, Department of Communities and Justice, wrote to the Committee on 23 June 2021 outlining action taken on the Auditor-General's recommendation. This submission was forwarded to the Audit Office of NSW and the Auditor-General provided comments on 16 July 2021.
- 9.12 The submission from the Department stated that it had resolved the data quality issues raised by the independent actuary to a satisfactory level, and the data in the VS Connect system was readily used to prepare the financial statements in 2020-21.¹⁰⁰
- 9.13 The Victims Services System replacement project had a final cost of \$16 million, exceeding the original budget of \$9.8 million. The Department explained that the budget blowout was due to system design complexities identified in the detailed design phase, which required a more extensive remediation compared to the initial design. Furthermore, the complexities of the underlying data model design and data migration to the VS Connect system also required additional resources, resulting in adjustments to the delivery model.¹⁰¹
- 9.14 The Audit Office engaged an independent actuary to review the Department's valuation methodology and assumptions of the Victims Support Scheme (VSS) claims liabilities estimation. This review was conducted in response to the data quality issues raised in the 2019 and 2020 Auditor-General reports. The review found the Department has resolved several of the data quality issues and concluded that appropriate and sufficient data inputs had been used in the Department's valuation of the scheme's liability.

Committee comment

- 9.15 The Committee recognises the significant work being done by the Department to implement the new Victims Services system. Given the potential financial implications of the data contained in the VS Connect system, it is encouraging to find that steps are being taken to improve data quality.
- 9.16 Ongoing data integrity checks should be mandated as part of the business process, to ensure that the system data is accurate and complete.

Recommendation 10

The Committee recommends that the Department of Communities and Justice includes ongoing data integrity checks, mandated as part of the business process to ensure that the data in the Victims Services system is accurate and complete.

¹⁰⁰ Submission 9, *Department of Communities and Justice*, p 1.

¹⁰¹ Submission 9, *Department of Communities and Justice*, p 2.

Appendix One – Terms of reference

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

On 13 May 2021, the Committee resolved the following terms of reference for the inquiry:

That the Committee inquiries into and reports on the following selected financial reports of the Auditor-General which the Committee considers ought to be brought to the notice of the Legislative Assembly: Examination of selected Auditor-General's Financial Audit Reports 2020

- NSW Health (Ministry of Health)
- Department of Planning, Industry and Environment (Lord Howe Island Board)
- Department of Planning, Industry and Environment (Wentworth Park Sporting Complex)
- Department of Planning, Industry and Environment (Aboriginal Land Claims)
- Department of Planning, Industry and Environment (Recognition of Crown Land)
- Department of Planning, Industry and Environment (Crown Land Managers)
- Department of Regional NSW (Local Land Services)
- Department of Transport NSW (Transport for NSW)
- Transport Asset Holding Entity of NSW
- Department of Communities and Justice (Victim Support Services)

Appendix Two – List of submissions

1	NSW Health
2	Lord Howe Island Board
3	Wentworth Park Sporting Complex Land Manager
4	Greyhound Racing NSW
5	Local Land Services
6	Transport for NSW
7	Transport Asset Holding Entity
8	Department of Planning, Industry and Environment
9	Department of Communities and Justice
10	Minister of Planning and Public Space

Appendix Three – Witnesses

17 September 2021, via Video Conference, Sydney

Witness	Organisation
Ms Melanie Hawyes Deputy Secretary, Crown Lands	Department of Planning, Industry and Environment
Mr James Hebron Deputy Secretary, Legal Services	Department of Planning, Industry and Environment
Ms Dianne Henderson Organisational Change Lead, Crown Lands	Department of Planning, Industry and Environment
Ms Benedicte Colin Chief Executive Officer	Transport Asset Holding Entity of New South Wales
Mr Peter Crimp Chief Financial Officer	Transport Asset Holding Entity of New South Wales

Appendix Four – Extract from Minutes

MINUTES OF MEETING No. 24

Thursday 13 May 2021

9.45am, 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

Officers in attendance:

Bjarne Nordin, Cheryl Samuels, Candy Lee, Ze Nan Ma

1. Apologies

Nil.

2. Minutes of Meeting No. 23

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

That the draft minutes of deliberative meeting No. 23 of 10 May 2021 be agreed to.

3. ***

4. ***

5. Consideration of Financial Audit Reports

The Committee deliberated on the treatment of financial audit reports tabled by the Auditor-General:

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

- That the Committee commences an examination of selected Auditor-General's Financial Audit Reports 2020.
- That the Committee writes to the agencies identified in the summarised table provided, requesting responses to information about the current status and action taken on the issues identified.
- Based on answers provided, the Committee requests representatives of identified agencies to provide further information at a public hearing at a time and date to be determined.

6. ***

7. Next meeting

The Committee adjourned at 10.25 am until 9.45 am on Thursday 24 June 2021 in the Macquarie Room.

MINUTES OF MEETING No. 26

Thursday 30 June 2021

10.05am via Webex

Members present:

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

Officers in attendance:

Bjarne Nordin, Cheryl Samuels, Candy Lee, Ze Nan Ma, Derya Sekman

1. Membership

The Chair welcomed Mr Gurmesh Singh to the Committee, in place of Ms Felicity Wilson who has resigned to take up a position as a Parliamentary Secretary.

2. Minutes of Meeting No. 25

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

That the draft minutes of meeting No. 25 of 21 June 2021 be agreed to.

3. Correspondence

3.1 ***

3.2 The Committee noted the following correspondence:

Financial Audit Responses

- Response from Transport for NSW to the Transport 2020 financial audit, dated 3 June 2021
- Response from Transport Asset Holding Entity (TAHE) to the Transport 2020 financial audit, dated 3 June 2021
- Response from Local Land Services to the Regional NSW 2020 financial audit, dated 3 June 2021
- Response from Lord Howe Island Board to the Planning Industry and Environment 2020 financial audit, dated 3 June 2021
- Response from Wentworth Park Sporting Complex to the Planning Industry and Environment 2020 financial audit, dated 4 June 2021
- Response from Crown Lands to the Department of Planning Industry and Environment 2020 financial audit, dated 4 June 2021
- Response from NSW Health to the NSW Health 2020 financial audit, dated 7 June 2021.

Mrs Davies raised the high number of unprocessed Aboriginal land claims identified in the response from Crown Lands to the Department of Planning Industry and Environment 2000 financial audit.

Mr Clancy raised matters relating to the response from Wentworth Park Sporting Complex to the Planning Industry and Environment 2020 financial audit and the response from NSW Health to the NSW Health 2020 financial audit, regarding cross border issues.

These matters will be considered as part of the Committee's Examination of Financial Audit Reports.

4. Examination of Financial Audit Reports

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

That the Committee conducts a public hearing on selected financial audits at a time and date to be determined.

5. ***

6. ***

7. ***

8. Next meeting

The Committee adjourned at 11.10 am until 9.45 am on Thursday 12 August 2021 in the Macquarie Room.

MINUTES OF MEETING No. 27

Thursday 12 August 2021

9.46am via Webex

Members present:

Mr Greg Piper (Chair), Mr Justin Clancy, Mr Lee Evans, Mr Ryan Park, Mr Gurmesh Singh

Officers in attendance:

Bjarne Nordin, Candy Lee, Ze Nan Ma, Nicolle Gill, Cheryl Samuels, Derya Sekman

1. Apologies

Mrs Tanya Davies (Deputy Chair)

2. Minutes of Meeting No. 26

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

That the draft minutes of deliberative meeting No. 26 of 30 June 2021 be agreed to.

3. ***

4. ***

5. Examination of Financial Audit Reports

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

That the Committee adopts the recommendations in the financial audit table and invites representatives of identified agencies to give evidence at a public hearing on a date and time to be determined.

6. ***

7. ***

8. ***

9. Next meeting

The Committee adjourned at 10.40 am until 9.45 am on Thursday 16 September 2021, in the Macquarie Room.

MINUTES OF MEETING No. 28

Thursday 16 September 2021

9.47am via Webex

Members present:

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

Officers in attendance:

Bjarne Nordin, Nicolle Gill, Leon Last, Candy Lee, Ze Nan Ma, Cheryl Samuels

1. Apologies

Mr Lee Evans, Mr Gurmeh Singh

2. Minutes of Meeting No. 27

Resolved, on the motion of Mr Clancy, seconded by Ms Davies, that the draft minutes of deliberative meeting No. 27 of 12 August 2021 be agreed to.

3. Correspondence**3.1 The Committee noted the following correspondence:**

- Response from Lord Howe Island Board providing Business Continuity Plan, dated 3rd September 2021

4. Follow-up Review of Financial Audit Report**4.1 Publication of submissions**

Resolved, on the motion of Ms Davies, seconded by Mr Clancy, that the submissions from the Ministry of Health, Lord Howe Island Board, Wentworth Park Sporting Complex, Local Land Services, Transport for NSW, Transport Asset Holding Entity of NSW, Department of Planning, Industry and Environment, Department of Communities and Justice, and Greyhound Racing NSW, be received and authorised for publication.

4.2 Conduct of Public hearing, 17 September 2021

Resolved, on the motion of Mrs Davies, seconded by Mr Clancy, that the Committee authorises the audio-visual recording and broadcasting of the public hearing on 17 September 2021 in accordance with the NSW Legislative Assembly's guidelines for coverage of proceedings for parliamentary committees administered by the Legislative Assembly.

Resolved, on the motion of Mrs Davies, seconded by Mr Clancy, that the corrected transcript of evidence given on 17 September 2021 be authorised for publication and uploaded on the Committee's website.

Resolved, on the motion of Mrs Davies, seconded by Mr Clancy, that witnesses be requested to return answers to questions taken on notice within 14 days of the date on which the questions are forwarded, and that once received, answers be published on the Committee's website.

5. ***

6. ***

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9. **Next meeting**

The Committee adjourned at 10.17 am until 9.30 am on Friday 17 September 2021, via video conference.

MINUTES OF MEETING No. 29

Friday 17 September 2021

9.30am via Webex video conference

Members present:

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

Officers in attendance:

Bjarne Nordin, Nicolle Gill, Leon Last, Candy Lee, Ze Nan Ma, Cheryl Samuels

1. Public Hearing: Examination of Selected Auditor-General's Financial Audit Reports 2020

The public were admitted via the Parliament's webcast.

The public hearing commenced at 9.35 am and the Chair made a short opening statement.

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

Ms Melanie Hawyes, Deputy Secretary, Crown Lands, affirmed and examined.

Mr James Hebron, Deputy Secretary Legal Services, affirmed and examined.

Evidence concluded, the witnesses withdrew.

The following witnesses representing the Transport Asset Holding Entity of New South Wales were admitted:

Ms Benedicte Colin, Chief Executive Officer, affirmed and examined.

Mr Peter Crimp, Chief Financial Officer, sworn and examined.

Ms Colin made an opening statement.

Evidence concluded, the witnesses withdrew.

The Chair thanked the witnesses, Committee Members and the Secretariat

2. Next meeting

The Committee adjourned at 10.37am until 9.45am on Thursday 21 October 2021 in the Macquarie Room.

MINUTES OF MEETING No. 30

21 October 2021

9.45 am, via Webex video conference

Members Present:

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

Officers in attendance:

Leon Last, Bjarne Nordin, Candy Lee, Ze Nan Ma, Cheryl Samuels, Anna Tran

1. Apologies

Mr Justin Clancy, Mr Gurmeh Singh

2. Minutes of Meeting No. 29

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

That the draft minutes of deliberative meeting No. 29 of 17 September 2021 be agreed to.

3. Correspondence

3.1 ***

- Response from Local Land Services LLS providing update on the Auditor-General's Financial Audit Report Follow-up - Regional NSW 2020, dated 13 October 2021.

4. ***

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6. ***

7. Next meeting

The Committee adjourned at 10.15 am until 9.30 am on Thursday 18 November 2021 in the Macquarie Room.

MINUTES OF MEETING No. 31

18 November 2021

9.30 am, Macquarie Room and via Webex videoconference

Members Present:

Mr Greg Piper (Chair), Mrs Tanya Davies (Deputy Chair), Mr Lee Evans, Mr Gurmesh Singh, Mr Ryan Park (by videoconference)

Officers in attendance:

Bjarne Nordin, Candy Lee, Cheryl Samuels, Anna Tran, Ze Nan Ma, Nicolle Gill

AGENDA**1. Apologies**

Mr Justin Clancy

2. Minutes of Meeting No. 30

Resolved, on the motion of Mrs Davies, seconded by Mr Evans: That the draft minutes of deliberative meeting No. 30 on 21 October 2021 be agreed to.

3. Correspondence**3.1. *******3.2. The Committee noted the following correspondence:**

- Response from DPIE providing update on the Auditor-General's 2020 review of DPIE - Examination of selected Auditor-General's Financial Reports 2020, dated 5 November 2021.
- Response from Minister Stokes – Minister for Minister of Planning and Public Space - WPSC loan/ providing update on the Examination of the Auditor-General's Performance Audit Reports February 2019 – July 2019, dated 15 October 2021.
- Response from TAHE - Response to Questions on Notice and Supplementary Questions - Examination of selected Auditor-General's Financial Audit Reports 2020 dated 27th October 2021.

4. *****5. *******6. *******7. *******8. *******9. Next meeting**

The Committee adjourned at 10.14 am until the Public Hearing at 9.00 am on Monday 22 November in the Jubilee Room and via Webex videoconference.

MINUTES OF MEETING No. 3331st March 2022

9.35 am, Meeting Room 1254 + WebEx

Members Present:

Mr Greg Piper (Chair), Mr Lee Evans, Ms Melanie Gibbons (via teleconference), Mr Dave Layzell, Mr Ryan Park (via Webex), Mr Ray Williams

Officers in attendance:

Clara Hawker, Bjarne Nordin, Anna Tran, Amy Pond, Nicolle Gill

AGENDA**1. Apologies**

Nil

2. Committee Membership

The Chair announced the appointment of Melanie Gibbons, Dave Layzell and Ray Williams as members of the Committee, in place of Justin Clancy, Tanya Davies, and Gurmesh Singh.

The Committee recorded its appreciation to Mr Clancy, Mrs Davies and Mr Singh for their service on the Committee.

3. Election of Deputy Chair

The Chair called for nominations for Deputy Chair of the Committee.

Resolved, on the motion of Mr Williams, seconded by Ms Gibbons:
That Mr Layzell be elected Deputy Chair of the Committee.

4. Correspondence**4.1. *******4.2. The Committee noted the following correspondence:**

- Response from DPIE to Supplementary Questions in relation to *Auditor-General's Financial Audit Report on Planning, Industry and Environment 2020*, dated 26 November 2021
- Response from NSW Health providing further information on Cross Border Agreements & Reconciliations in relation to *Auditor-General's Financial Audit Report on Health 2020*, dated 10 November 2021

5. Minutes of Meeting No. 32

Resolved, on the motion of Mr Evans, seconded by Mr Park: That the draft minutes of deliberative meeting No. 32 on 18 November 2021 be agreed to.

6. Examination of Selected Auditor-General's Financial Audit Reports 2020

The Committee considered the Chair's draft report on the Examination of Selected Auditor-General's Financial Audit Reports 2020.

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

- That the Committee adopts Chapters 1 to 9 of the Chair's Draft Report.
- That the Committee adopt the recommendations of the Chair's Draft Report.
- That the Committee adopts the draft report 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.

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10. ***

11. Next meeting

The Committee adjourned at 10.45 am until the Deliberative Meeting at 9.30 am on Thursday, 19 May 2022.