

**Submission
No 3**

EXAMINATION OF THE AUDITOR-GENERAL'S PERFORMANCE AUDITS MAY 2013 – JULY 2013

Organisation: Office of Environment & Heritage
Name: Terry Bailey
Date Received: 8/08/2014



Office of
Environment
& Heritage

Your reference: LAC14/243
Our reference: ED14/411

Mr Jonathan O'Dea MP
Chair
Legislative Assembly Public Accounts Committee
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

- 8 AUG 2014

Dear Mr O'Dea

I refer to your correspondence of 7 July 2014 regarding the Auditor General's Report no. 231 on *Building energy use in NSW Public Hospitals*.

Please find enclosed a response to the eight recommendations made to the Office of Environment and Heritage (OEH) through the report.

If you have any further questions on this matter please contact me or have your officers contact [REDACTED], Director Metropolitan Branch, Regional Operations Group at OEH on [REDACTED].

Yours sincerely

[REDACTED]
TERRY BAILEY
Chief Executive

Enclosure

IMPLEMENTATION OF RECOMMENDATIONS

Office of Environment and Heritage

Auditor-General's Report on Building energy use in NSW Public Hospitals

| RECOMMENDATION | ACCEPTED OR REJECTED | ACTIONS TO BE TAKEN | DUE DATE | STATUS (completed, on track, delayed) and COMMENT | RESPONSIBILITY (Section of agency responsible for implementation) |
|---|-----------------------|--|---|---|---|
| To encourage greater investment in energy efficiency and benchmarking of performance, the Office of Environment and Heritage (OEH) should – by December 2013: | | | | | |
| 1 review, jointly with NSW Treasury, the administrative arrangements for the Treasury Loan Fund to secure its continuation (page 32) | ACCEPTED IN PRINCIPLE | <p>OEH Senior Executive to discuss with Treasury to identify an effective administrative framework.</p> <p>Potentially establish a cross-government working group to review and streamline access to funding based on the proposed framework developed by OEH.</p> | <p>December 2014 (revised – Auditor General report recommended December 2013)</p> | <p>CONFIDENTIAL</p> <p>Delayed</p> <p>OEH and NSW Treasury continue to cooperate on the effective administration of a finance facility. Progress has been delayed by changes in Ministerial responsibilities and the need to facilitate new briefings on this complex issue.</p> | <p>OEH, Regional Operations Group, Metro Branch, Statewide Programs (Business and Government) - in conjunction with NSW Treasury.</p> |

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|---|----------------------|---|--|--|--|
| 2 allocate resources to a seed funding program for projects which could be potentially funded from the Treasury Loan Fund (page 32) | PARTIALLY ACCEPTED | None | December 2013 | Completed A team of energy efficiency specialists was established in OEH to assist key agencies and budget allocated for a seed funding program as part of the Energy Efficiency Action Plan (EEAP). | OEH, Regional Operations Group, Metro Branch, Statewide Programs (Business and Government) |
| 3 review the administrative rules to enhance successful access to loans from the Treasury Loan Fund, including risk-based assessment and approval processes (page 32) | ACCEPTED | Establish new administrative framework for the finance facility. Obtain approval from key stakeholders for proposed rule changes to streamline application process and access. | December 2014 (revised – Auditor General report recommended December 2013) | CONFIDENTIAL Delayed OEH and NSW Treasury continue to cooperate on the effective administration of a finance facility. Progress has been delayed by changes in Ministerial responsibilities and the need to facilitate new briefings on this complex issue. | OEH, Regional Operations Group, Metro Branch, Statewide Programs (Business and Government) |
| 4 simplify key Treasury Loan Fund application documents and administrative processes (page 32) | ACCEPTED | Establish new administrative framework for the finance facility. Re-establish agency access to the finance facility. | December 2014 (revised – Auditor General report recommended December 2013) | CONFIDENTIAL Delayed Completion of this recommendation is dependent on the outcomes of Recommendations 1 and 3. | OEH, Regional Operations Group, Metro Branch, Statewide Programs (Business and Government) |

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|--|----------------------|--|--|--|--|
| 5 provide guidance and training on energy management (page 32) | PARTIALLY ACCEPTED | None | December 2013 | Completed OEH provide access to energy management training to business and government stakeholders through the Energy Saver Program as well as factoring energy management outcomes into the design of retrofit projects delivered through the Program. | OEH, Regional Operations Group, Metro Branch, Statewide Programs (Business and Government) |
| 6 establish, in consultation with the Department of Finance and Services, a permanent panel of prequalified energy performance contractors, including contractors with expertise in health settings (page 32) | ACCEPTED | Ongoing performance management and expansion of the panel | December 2013 | Completed Panel has been established with 15 foundation members, and is operational. | OEH, Regional Operations Group, Metro Branch, Statewide Programs (Business and Government) |
| 7 require agencies to apply for loans from the Treasury Loan Fund for energy savings projects at set regular intervals, and introduce time standards for finalising the assessment of compliant applications (page 32). | PARTIALLY ACCEPTED | Establish new administrative framework for the finance facility. | December 2014 (revised – Auditor General report recommended December 2013) | CONFIDENTIAL Delayed Completion of this recommendation is dependent on the outcomes of Recommendations 1 and 4. | OEH, Regional Operations Group, Metro Branch, Statewide Programs (Business and Government) |

| RECOMMENDATION | | ACCEPTED OR REJECTED | ACTIONS TO BE TAKEN | DUE DATE | STATUS (completed, on track, delayed) and COMMENT | RESPONSIBILITY (Section of agency responsible for implementation) |
|----------------|--|-------------------------|---------------------------------|-----------|--|---|
| by June 2014: | | | | | | |
| 8 | finalise the energy efficiency benchmarking tool for NSW hospitals (page 40). | ACCEPTED | None (OEH actions completed) | June 2014 | Completed OEH has finalised the benchmark tool, which is awaiting endorsement from the stakeholder reference group (encompassing Local Health Districts). The adoption of the tool and provision of access of performance information to Local Health Districts is the responsibility of NSW Health in line with the recommendations made in the Auditor General's report. OEH will continue to provide support to NSW Health throughout the next stages of the process. | n/a |