



Premier & Cabinet

2011/48421

Mr Jonathon O'Dea MP
Chair
Public Accounts Committee
Parliament House
Macquarie Street
SYDNEY NSW 2000

26 JUL 2011

Dear Mr O'Dea

I write in response to your letter of 6 July 2011 in regard to the Auditor General's Report on Severance Payments to Special Temporary Employees.

The Auditor General's report made a number of recommendations. The majority of those recommendations were accepted and the actions required to be undertaken have been completed.

The Department of Premier and Cabinet's response to those recommendations is outlined in the attached table.

If you require any further information in regard to this matter please contact Mr Trevor Barnes on (02) 9228 5584 or email at trevor.barnes@dpc.nsw.gov.au.

Yours sincerely



Chris Eccles

Director General

**PERFORMANCE AUDIT – Severance Payments to Special Temporary Employees
IMPLEMENTATION OF RECOMMENDATIONS**

	Recommendation	Accepted or rejected	Actions to be taken	Due Date	Status Comment (completed, on-track, delayed)	Responsibility
1	Set salary bands for all STE levels and publish these on the DPC website	Accepted	Completed	26 March 2011	Completed	Department of Premier and Cabinet
2	Record in writing: <ul style="list-style-type: none"> the reason for termination under the Public Sector Employment and Management Act 2002 whether or not the job has been abolished 	Accepted	Completed	26 March 2011	Completed	Department of Premier and Cabinet
3	Only pay STEs severance in accordance with the guidelines	As Director General, I will retain the right, consistent with my statutory powers, to make exemptions to the guidelines when appropriate. As evidenced by the Audit Report, this occurs very rarely, but I intend to retain this flexibility. If these powers are exercised the Director General will document the reasons.	Completed	N/A	Completed	Department of Premier and Cabinet
4	Obtain taxation advice on whether STE severance pay should be treated as a redundancy for tax purposes	Accepted	Completed	26 March 2011	Completed	Department of Premier and Cabinet
5	Review the NSW severance guidelines before the next general election in March 2011 and consider: <ul style="list-style-type: none"> the effect, if any, of the taxation advice adopting different levels of severance pay depending on the reasons for termination 	Accepted	Completed	26 March 2011	Completed	Department of Premier and Cabinet