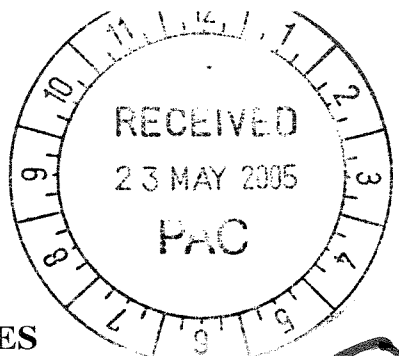




NEW SOUTH WALES



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MF05/485  
MP105/1151

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**MINISTER FOR PRIMARY INDUSTRIES**

Mr Matt Brown MP  
Chairman  
Legislative Assembly Public Accounts Committee  
Parliament of New South Wales  
Macquarie St, Sydney NSW 2000

19 MAY 2005

Dear Mr Brown *Matt*

Thank you for the opportunity to make a submission to the Public Accounts Committee's inquiry into Risk Management in the NSW Public Sector.

On 1 July 2004, NSW Agriculture, NSW Fisheries, State Forests of NSW and the Department of Mineral Resources were integrated into the NSW Department of Primary Industries (DPI). The new Department is currently in the process of developing a comprehensive risk management strategy integrated with its strategic planning process and overall corporate governance framework.

Contact has been made with the Committee's Manager, Vicki Buchbach to discuss the fact that at this stage DPI's response to your questionnaire would not provide sufficient information on the department's risk management activities. It was agreed that it would be better if DPI provided a submission on the development of the department's risk management strategy.

Hence, the attached submission provides an overview of progress towards the development of the DPI's risk management strategy in accordance with the requirements of the Australian/New Zealand Standard AS/NZ 4360:2004, Risk Management.

If you require any further information on this matter the DPI contact is Ms Alka Khopkar, Director, Corporate Planning and Risk Management, on 8437 4945.

Yours sincerely

**IAN MACDONALD MLC**  
**NSW MINISTER FOR PRIMARY INDUSTRIES**



**NSW DEPARTMENT OF  
PRIMARY INDUSTRIES**

**ATTACHMENT A**

**SUBMISSION FROM NSW DEPARTMENT OF PRIMARY INDUSTRIES**

**GENERAL COMMENT**

The NSW Department of Primary Industries (DPI) was formed in July 2004 bringing together the NSW Department of Mineral Resources, State Forests of NSW, NSW Fisheries and NSW Agriculture as one Department.

The new agency is currently working towards an integrated and comprehensive risk management strategy. Given the recent amalgamation of the four agencies, the DPI is not sufficiently progressed in its strategy to complete the Inquiry's questionnaire.

The following information, however, is provided to update the Inquiry on progress within the DPI towards the development of sound risk management practice.

**SPECIFIC COMMENT**

**Former agencies' risk management approach**

As part of the DPI risk management process, a desktop review of the four constituent agencies' risk management systems was carried out. The review included comparing activities with the requirements of the Auditor General's performance report on Managing Risk in the NSW Public Sector and the Australian/New Zealand Standard AS/NZS 4360:2004 on Risk Management.

The DPI's risk approach is building on a range of strengths within the former agencies in areas of risk management. In summary:

- The former Department of Mineral Resources had a comprehensive process to manage mine safety and a risk management framework for ecologically sustainable development (ESD)
- NSW Fisheries developed a corporate level framework including amelioration plans for those evaluated as the higher corporate risks. The risk amelioration plans were overseen by the Executive.
- State Forests of NSW demonstrated significant expertise in risk management in operational areas
- NSW Agriculture had a comprehensive risk register with implementation overseen by a high level risk management committee.

**Risk management in the new DPI**

A key step in establishing the DPI is the development of structures and processes that foster and adhere to principles of good governance. The DPI is developing a corporate governance framework based on Australian Standard

8000-2003 Good Governance Principles. Establishing internal control mechanisms such as internal reviews and reporting, internal audit and a risk management program is an integral part of the DPI governance framework.

### **Link to strategic planning and systems management**

The focus of DPI corporate projects to date has been the strategic planning process which is building a link from the DPI Corporate Plan to Divisional and Branch planning. A key step in the DPI risk process will be for each Division to identify likely impediments to the achievement of the DPI's corporate outcomes.

Risk management is being carried out through the integration of corporate systems, and targeted systems reviews will be ongoing to facilitate further performance improvement.

### **Progressing the DPI risk management process**

The DPI is now using the risk systems within the four former agencies as a basis for developing an integrated risk management process for the new organisation. The strategy will be based on the Australian Standard for risk taking account of the Audit Office report on managing risk in the public sector.

The Director, Corporate Planning and Risk Management is overseeing a systematic approach to the development of the risk strategy in consultation with the Departmental Risk Management Committee.

Over the next few months, the DPI will be carrying out a Department wide process to:

- Identify major Divisional and corporate risks
- Document existing risk amelioration strategies
- Generate a Divisional and corporate consequence/likelihood matrix
- Evaluate the identified risks including the setting of treatment priorities
- Prepare risk management plans at the Divisional and Corporate level
- Establish a monitoring and reporting structure for the Executive, Risk Management Committee and staff.

Key outcomes of the process will include the embedding of a risk aware culture and clearly articulated line management responsibilities for risk management.