

**EXAMINATION OF THE AUDITOR-GENERAL'S  
PERFORMANCE AUDIT REPORTS JULY 2015 –  
JANUARY 2016**

**Organisation:** NSW Police Force  
**Name:** D W Hudson APM  
**Position:** Deputy Commissioner  
**Date Received:** 2 September 2016



**NSW Police Force**  
www.police.nsw.gov.au

**DEPUTY COMMISSIONER  
CORPORATE SERVICES**

Mr Bruce Notley-Smith MP  
Chair  
Legislative Assembly  
Public Accounts Committee  
Parliament of New South Wales  
Macquarie Street  
SYDNEY NSW 2000

Via email: [bjarne.nordin@parliament.nsw.gov.au](mailto:bjarne.nordin@parliament.nsw.gov.au)

Our ref: D/2016/397904  
Your ref: D16/23636

Dear Mr Notley-Smith,

I refer to your correspondence, seeking a submission from the NSW Police Force on the Auditor-General's report *Identifying productivity in the public sector* (the Report). The Commissioner has requested that I respond on his behalf.

As requested, I have enclosed the completed response template. I can advise that recommendations three and four have been finalised. In response to your request for feedback on the effectiveness of the audit process and its benefit to our agency, I refer to the feedback that the NSW Police Force provided to the Acting Auditor General in July 2015. I have enclosed a copy of this correspondence for your information.

Should you have any further enquiries relating to this matter, please contact Mr Aidan Hughes, Director, Finance and Business Services by email: [hugh1aid@police.nsw.gov.au](mailto:hugh1aid@police.nsw.gov.au) or on (02) 8263 6201.

Yours sincerely,

**D W Hudson APM** 19.  
**Deputy Commissioner**

## IMPLEMENTATION OF RECOMMENDATIONS

### NSW Police Force

#### Identifying productivity in the public sector

	RECOMMENDATION	ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (Section of agency responsible for implementation)
1	By December 2015 NSWPF should set productivity and efficiency objectives	See "actions to be taken"	Consistent with the NSWPF response included in the original report work is ongoing in the FMT related program reporting and evaluation process to apply from 1 July, 2016. NSWPF is working with the Justice Cluster and NSW Treasury FMT teams to develop budget allocations to 17 programs against which financial and non-financial KPIs will be reported.  This work and other structural and organisational reviews of the NSWPF will inform long-term development of relevant productivity based KPIs. This work follows on from and is dependent upon the finalisation of recommendation one.	Dependant on NSW Treasury guidelines and requirements being issued	Delayed	Corporate Services
2	By December 2015 NSWPF should set a framework which outlines metrics and methodologies to track productivity trends	See "actions to be taken"			As above	Corporate Services
3	By December 2015 NSWPF should report on productivity trends to Parliament	Accepted	The Australian Government Productivity Commission Report on Government Services provides an annual overview of the justice sector, presenting both contextual information and high-level performance information concerning the Police Forces of each state.  NSWPF commenced reporting on productivity trends using this information in the 2014/15 annual report and will continue to publish this data in the 2015/16 annual report.		Finalised	Complete
4	By December 2015 NSWPF should report efficiency trends to Parliament	Accepted	The Australian Government Productivity Commission Report on Government Services provides an annual overview of the justice sector, presenting both contextual information and high-level performance information concerning the Police Forces of each state.  NSWPF commenced reporting on productivity and efficiency trends using this information in the 2014/15 annual report and will publish this data in the 2015/16 annual report.		Finalised	Complete





**NSW Police Force**

15 July, 2015

D/2015/304180

Mr A T Whitfield PSM  
Acting Auditor General  
Audit Office of New South Wales  
GPO Box 12  
Sydney NSW 2001

Dear Mr Whitfield,

Thank you for the opportunity to comment on your final report *Performance Audit – identifying productivity in the public sector*. I note your recommendations and recognise that they reflect the outcome of a number of workshop discussions with officers from the Financial Services and Performance Improvement and Planning Commands.

Given that your report seeks to address productivity measurement across the public sector, I do wish to draw to your attention specific comments made by A/Commissioner Burn in response to your draft report (letter to Ms Katharina Lo, Assistant Auditor General on 14 January 2015) that the productivity and efficiency measures used do not properly acknowledge the basis on which the NSW Police Force is funded nor always what the NSW Police Force is expected to do. In response you have noted in your report "the uniqueness of services provided by the Force" and the significant commitment of staff to the NSW Police Force cost base.

It should be noted that NSW Police Force funding and authorised strength levels are determined in accordance with Government priorities and movement in both metrics may, as a result, be beyond the control of NSW Police Force Executive Management. The measurement of productivity using police numbers and population changes (adjusted for quality) is a raw indicator that may show adverse results as Government funds new policing initiatives over time.

Like many agencies across the public sector, the NSW Police Force is working with the NSW Treasury Resource Management Information (RMI) Project Team, under the NSW Government Financial Management Transformation (FMT) Program to develop revised program structures to be used in funding allocations from the 2017-18 budget year. The RMI Project activity will see an alignment of the NSW Police Force organisational structure with 11 key services groups (or programs) summarising outputs provided to the NSW community.

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Police Executive Offices Locked Bag 5102 Parramatta NSW 2124  
T 02 8263 6483 EN 45483 F 02 8263 6411 EN 45411 W [www.police.nsw.gov.au](http://www.police.nsw.gov.au)  
TTY 02 9211 3776 for the hearing and speech impaired ABN 43 408 613 180

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In the recent State Budget the NSW Government indicated that a "comprehensive independent review to examine all opportunities to achieve savings and consideration of operational and structural reforms in Police" would be conducted. It is expected that this review will be completed within the 2015-16 financial year. The outcomes of this review will inform the development of future financial, operational and performance metrics for the NSW Police Force.

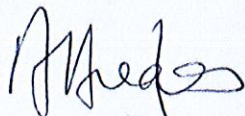
With specific reference to your recommendations:

- The establishment of **productivity and efficiency targets**; and
- The **investigation of better ways to measure the output of policing activities including proactive policing activities**

will be considered in the progress of work in support of the RMI Project and the Government initiated review of NSW Police Force operations. It is not possible to put a completion date on these tasks at this time.

The NSW Police Force currently reports on a range of productivity, effectiveness and quality indicators in the annual publication "The Report on Government Services (RoGS)". To address your recommendations with regard to reporting **productivity and efficiency trends to Parliament** the NSW Police Force will include relevant material in an Appendix to the NSW Police Force Annual Report, which is tabled in Parliament. The 2014-15 Annual Report will include material in the RoGS format and results derived under the Audit Office methodology.

Yours sincerely,



**Aidan Hughes**  
**Director, Finance & Business Services**  
**New South Wales Police**