EXAMINATION OF AUDITOR-GENERAL'S PERFORMANCE AUDIT REPORTS AUGUST 2018 - JANUARY 2019

Organisation: Department of Planning, Industry and Environment

Date Received: 14 January 2020

Planning,
Industry &
Environment

Office of the Secretary

NSW
GOVERNMENT

PAG19/00025-018

Mr Greg Piper MP
Chair
Public Accounts Committee
Legislative Assembly
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

Dear Mr Piper

Thank you for your correspondence about the Auditor General's performance audit report –
Property Asset Utilisation tabled on 18 November 2019. Attachment A contains the
Department of Planning, Industry and Environment's (DPIE) submission outlining the
Department's response.

The action plan in response to the Auditor General's recommendations has been carefully
considered and developed to align with the strategic priorities of the Government and DPIE.
Significant progress has been made in relation to a number of the recommendations
(Attachment A).

Some highlights of the key achievements delivered to date include:

- the development of a strategy and plan to repurpose or recycle underutilised
  properties applying a whole of government lens. The formation of the Housing and
  Property (HAP) Group in DPIE aligns strongly with this key Audit Office
  recommendation. HAP has facilitated the development of a strategy to leverage
  opportunities to optimise land use outcomes across all government assets in contrast
  to the historic focus of PNSW principally on office accommodation;
- ongoing cluster property portfolio reviews with a heightened focus on key strategic
  precincts. The focus will turn to completion of all reviews by June 2020;
- PNSW currently working with Treasury's Asset and Liability Committee, INSW and
  iCare to develop a business case for an enhanced Government property asset
  register, which will be submitted by the Treasurer for Government approval in March
  2020;
- commencement of a project to upgrade the ValMap system and have integrated and
  up to date valuations data from ValNet to GPR completed by March 2020, including
  to GPX (delayed from original plan due to funding approval); and
- the PNSW leased accommodation request digital system is being enhanced to
  provide increased transparency for PNSW customers on the key decision criteria that
  applies to leasing transactions. The work is expected to be completed by end March
  2020.

As you will appreciate, NSW machinery of government changes in 2019 have presented
additional challenges in progressing all audit recommendations to completion.
Notwithstanding this, good progress has been made to date and continues to be progressed
as a priority. PNSW recognises the importance and value of this process and is committed to
closing out all recommendations as quickly as possible.

If you have any more questions, please contact ███████████████████████████
██

Yours sincerely

Jim Betts

Jim Betts
Secretary

1 4 JAN 2020

Attachment A – Departmental response to the Public Accounts Committee

IMPLEMENTATION OF RECOMMENDATIONS

Department of Planning, Industry and Environment

Property Asset Utilisation

	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	Combine the results of property portfolio reviews to produce a whole-of-government picture of the NSW Government property portfolio	Partially Accepted	a) Complete portfolio reviews for the Government's Housing Affordability Strategy, Crown Lands, NSW Health assets, Department of Education assets and Transport for NSW assets.	June 2020	**On track** • Housing Affordability Portfolio Review: Complete • Crown Lands Portfolio Review: Complete • NSW Health Portfolio Review: 50 per cent complete as at December 2019 • Education Portfolio Review: In progress • Transport Portfolio Review: Commenced	Strategy and Portfolio Management, Housing and Property Group
			b) Approval of a new Property Framework	November 2019	**Completed** The Housing and Property Group has led the development of a strategy, which will assist Property NSW (PNSW) in collecting data across the NSW Government's real property portfolio. The remit of the senior governance forums under the approved framework includes land and property data to elevate the requirement for agencies to provide data on their respective portfolios to PNSW. PNSW will play an ongoing role implementing the new framework through portfolio and precinct reviews which will result in further data collection across the portfolio.	Strategy and Portfolio Management, Housing and Property Group

			c) Approval of a Strategic Business Case for an enhanced property asset register	March 2020	**On track** The proposed enhanced property register will supplement data collection from portfolio and precinct reviews. The NSW Government will be asked to consider proceeding with the register in March 2020.	Strategy and Portfolio Management, Housing and Property Group
2	Devise a strategy and plan to recycle or repurpose under-utilised properties using a whole-of-government picture of the NSW Government property portfolio	Partially accepted	Approval of a new Property Framework	November 2019	**Completed** The framework will be the primary mechanism to identify underutilised NSW Government real property assets and make decisions to recycle or repurpose consistent with Government objectives. The framework establishes a new governance structure comprising of a new Property Board of Secretaries and a Deputy Secretary level Property Strategy Collaboration Committee to oversee all strategic land and property matters. The framework also includes a new evaluation methodology to assess alternate uses on underutilised land and property including public value (social, economic, environmental and inter-generational), feasibility and stakeholder alignment. This high-level oversight will ensure transparency and accountability which, together with the new evaluation methodology, will improve advice to the Government on the best use of its real property assets.	Strategy and Portfolio Management, Housing and Property Group
3	Develop and report on indicators for progress in reducing the number and value of under-utilised properties at the whole-of-government level, referencing progress against an	Accepted in Principle	a) Develop reporting mechanisms	March 2020	**On track** Under the framework, PNSW will support the Property Strategy Collaboration Committee in regular reporting to Government on progress in the identification and transfer or divestment of underutilised land and property. It is expected that this reporting will formally commence from March 2020.	Strategy and Portfolio Management, Housing and Property Group

			b) An enhanced property asset register	March 2020	**On track** The enhanced property asset register will provide an accurate baseline of properties at the whole-of-government level	Strategy and Portfolio Management, Housing and Property Group

					PNSW also reports the number and value of real property assets divested by Cluster on its website (https://www.property.nsw.gov.au/accessing-gpnsw-information-0).	
	accurate baseline stocktake.					
4	Improve the data held on government owned and leased properties by combining and automating data feeds to construct a single, consolidated and accurate whole-of-government property data set.	Accepted in Principle	PNSW has recently commenced a funded project GPR2020 which will: • integrate valuations data from ValNet to GPR – complete by Feb 2020. • Expand data sharing and integration functionality including to Government Property Exchange (GPX), March 2020. • Provide enhanced agency data validation tools where the agency can validate and query their own data and portfolio - June 2020. Provide data quality and reporting tools - June 2020.	May 2020	Commenced - delayed due to late start of GPR2020 project. Funding for this project, a prerequisite to implementing the remedies, was delayed to September 2019. This delay impacted the original planned delivery date, 31/12/19. GPR is an accurate and up to date record of all government property, including over 288,000 properties where agencies own a legal or beneficial interest which have been registered and recorded on the Land Registry Services titling system	GPR product team
5	Document and communicate to stakeholders how its assessment criteria inform key decisions including agency relocations, lease renewals and rectifying under-utilisation	Accepted	PMG identified that an upgrade to the digital LAR system will address this AO recommendation. The system should include a summary screen that checks boxes on the key rationale relevant in the decision to proceed with the transaction.	March 2020	ED PMG has met with ICT team to discuss scope of work required. Project brief and scope is to be prepared for approval. Work likely to be scheduled for Q1 2020.	PMG, Strategy and ICT
6	Include customer satisfaction measures in its annual reports	Accepted	Incorporate customer satisfaction results in Property NSW's annual reports	September 2019	**Completed**	Strategy and Portfolio Management,

	and reviews, in accordance with the requirements set out in the Premier's Memorandum M2012-20				PNSW has implemented this recommendation and incorporated customer satisfaction results into its annual reports, starting from the 2018/19 financial year.	Housing and Property Group
7	improve record-keeping and compliance with the State Records Act 1998 and the Department of Finance, Services and Innovation Records Management Policy.	Accepted	a) Roll out electronic workflow for briefing notes to enhance ease of capture of decisions into TRIM-CM9.	Completed	ICT implemented workflow for briefing notes (BNs).	ICT
			b) Review and update PNSW records business classification schemes with sensitivity labels	Completed	Review completed. Update system with records business classification scheme when business has reviewed and approved by the scheme.	ICT
			c) ICT to work with the business to lift capability to manage information & records through training business units on 1) recordkeeping obligations; 2) methodology to develop local business rules for recordkeeping; and 3) use of information systems to support their local recordkeeping & information business	Ongoing	Underway and ongoing. ICT Information Management working with business to improve capture of information into recordkeeping systems, finalise the business classification scheme and develop local recordkeeping business rules.	ICT
			d) Business units to develop and embed local business rules for recordkeeping	TBC	In progress. Leadership to drive the development of local recordkeeping business rules, and for adopting TRIM workflow for submit-review-approve for briefing notes in their areas of operation	PMG and D&T
			e) Awareness of DPIE policies, code of ethics & conduct, standards and procedures for records management	TBC	Policy compliance need has changed with MoG, and now awaiting DPIE direction on policy, code of ethics and standards for records management. A policy harmonisation project to review all policies and to make them available on the intranet.	Digital Information Office