

REPORT ON PROCEEDINGS BEFORE

PUBLIC ACCOUNTS COMMITTEE (PAC)

**EXAMINATION OF AUDITOR-GENERAL'S PERFORMANCE AUDIT
REPORTS MAY 2017 - DECEMBER 2017**

At Jubilee Room, Parliament House, Sydney on Monday 23 September 2019

The Committee met at 9:30 am

PRESENT

Mr Greg Piper (Chair)

Mr Adam Crouch

Mr Lee Evans

Mr Ryan Park

Ms Felicity Wilson

The CHAIR: I welcome everybody to the Jubilee Room. I advise everyone here today that there has been a procedural motion moved by the Committee that allows for the recording of images and taking of photographs for the proceedings. If anyone has any concerns about that, please be mindful of it and bring it to our attention. If not, we will proceed and I shall declare the Public Accounts Committee open. I welcome everybody here. I am not sure why so many are here but the more people taking an interest in the proceedings of this House and this Committee the happier we are.

Good morning and thank you for attending this public hearing, which is being held as part of the Public Accounts Committee follow-up of the Auditor-General's Performance Audits. We will be taking evidence relating to selected performance audits from May to December 2017. As the Auditor-General brought to my attention, this review has been a long time coming. Therefore we anticipate that there will be some variation to the scope of the recommendations and the responses. My name is Greg Piper and I am the Committee Chair and member for Lake Macquarie. With me today are my colleagues Mr Adam Crouch, member for Terrigal; Mr Lee Evans, member for Heathcote; Mr Ryan Park, member for Keira; and Ms Felicity Wilson, member for North Shore.

Before we commence, I acknowledge the Gadigal people, who are the traditional custodians of the land on which we meet here at Parliament. I also pay my respects to elders past and present of the Eora nation and extend that respect to other Aboriginal and Torres Strait people who are present or viewing the proceedings on the internet. I ask everyone to switch off their mobile phones as they can interfere with the Hansard recording equipment.

I now declare the hearing open and welcome the Auditor-General, Ms Margaret Crawford, Mr Ian Goodwin, the Deputy Auditor-General, and Ms Claudia Migotto, Assistant Auditor-General, from the Audit Office of New South Wales, who will be with us for the entire hearing to provide additional information as required. I welcome also our first witness from NSW Health, Mr Daniel Hunter, who will now be sworn in.

MS MARGARET CRAWFORD, Auditor-General, Audit Office of New South Wales, affirmed and examined

MR IAN GOODWIN, Deputy Auditor-General, Audit Office of New South Wales, sworn and examined

MS CLAUDIA MIGOTTO, Assistant Auditor-General, Performance Audits, Audit Office of New South Wales, affirmed and examined

MR DANIEL HUNTER, Deputy Secretary, Financial Services and Asset Management and Chief Financial Officer, NSW Health, sworn and examined

The CHAIR: Mr Hunter, thank you for appearing before the Public Accounts Committee today to give evidence. Can you please confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

Mr HUNTER: Yes, I can confirm that.

The CHAIR: Do you have any questions about that information?

Mr HUNTER: No.

The CHAIR: Would you like to make a brief opening statement before the commencement of questions?

Mr HUNTER: Probably just as an opening statement I will say that medical management remains a very important aspect for NSW Health. Our implementation is being conducted by NSW Health and, in particular, health infrastructure and addressing the findings of the Auditor-General's report of 2017. As part of that we are implementing a system called Asset and Facilities Management [AFM] online, which is now live across the State of New South Wales in every health entity. On top of that, we are in the process of implementing good asset management practices in general: the two go hand-in-hand; it is about process and practice, as well as our system.

The CHAIR: Thank you, Mr Hunter. As we proceed through with questions I am sure many of them may well have been somewhat, if not entirely answered in some way. It may well be that those questions are still asked, so forgive that—this is to assist for the record and so I would appreciate that.

The Audit Office of New South Wales recommended that by June 2018, NSW Health should review all services provided by local health districts, which use high-value medical equipment—being those with establishment costs that exceed \$3 million—to determine whether State-level coordination service benchmarking and equipment usage reporting is warranted. It was not clear from NSW Health's response whether NSW Health has or plans to conduct a similar review into other high-value medical equipment. The question is: Have reviews of all high-value medical equipment been conducted or scheduled? That is question one, I will follow up.

Mr HUNTER: Sure. I think that process is an ongoing process. We did conduct a statewide audit of computerized tomography [CT] and MRI high-value equipment. As you may appreciate, there is a lot of equipment that comes in and gets commissioned on an ongoing basis. We conducted that review to understand the capability and capacity of the New South Wales public health system and that report was used for future service planning. It is ongoing because across our system—within our AFM online system, for example, we have 126,000 pieces of equipment loaded into that and every day more are being commissioned.

That first audit and report told us that we have some opportunities. One opportunity we looked at is a managed equipment service, which we have just piloted in Nepean Blue Mountains and Illawarra Shoalhaven, where we have engaged a vendor to provide the scanning services as an ongoing service and it provides, maintains and replaces the equipment at the appropriate time. That has gone very well for us and is something we are looking at as a statewide approach and that action came specifically out of that first audit of equipment.

The CHAIR: Thank you for that. In following up, how will the reviews inform future planning of local health district services using high-value medical equipment? For example, planning for when equipment will be replaced, whether the equipment should be purchased, leased or shared and the funding model used?

Mr HUNTER: I think what we do as a system under our devolved system is every year we complete strategic asset plans for each local health district and specialty network and that helps us to inform what is coming up. Now having better information in our systems, we can look at statewide opportunities for those things. We are looking at statewide procurement opportunities for certain types of scanning and imaging equipment, for example. The actual capture of the data and the planning aspect is done via our asset strategic plans and then we look for those opportunities as a State. We often lead those opportunities through our statewide procurement services and also through our statewide information and communications technology [ICT] provider at eHealth NSW. I think where medical equipment is really going in the health space is moving from being in hospital and locally made

decisions to real technology pieces of equipment and ICT led projects. That is where it is an evolving space and that is where the opportunity lies.

The CHAIR: If I can just follow up directly on that, could you give some indication as to what the rate of change or the value might be in technology? The field is changing so quickly, I imagine—there is a lot of emergent technology, there is a pressure for it. Are we monitoring closely the rate of the buy-in to new technology?

Mr HUNTER: That is a difficult question to answer around the buy-in. Our ICT central capital program through eHealth NSW is around \$100 million a year—I can get the exact number for you on that. It is a rapidly evolving field and answering the question on whether we are monitoring the amount of changes is a difficult thing to answer. I can take it on notice, if you would like?

The CHAIR: I would appreciate that. It can be dealt with later on, as additional information.

Mr HUNTER: Okay. I will take it on notice.

The CHAIR: I would like to have an understanding of just how rapidly those things are changing and what pressure that is bringing to bear on the health budget.

Mr HUNTER: It is certainly an evolving space. What I could say is that if we go into a lot of the new builds and the new hospitals, the technology is so advanced and it is really changing the way in which we do things and it is high-end, technical equipment now. It is both a medical and an ICT project, in that same space.

Mr RYAN PARK: Mr Hunter, can I ask about PET scan and CT scan waiting lists? Does not NSW Health have available to it waiting lists through the various local health districts [LHDs] where those devices are located?

Mr HUNTER: Waiting lists for the devices?

Mr RYAN PARK: How long it will take people to get access to it.

Mr HUNTER: Patient waiting lists?

Mr RYAN PARK: Yes.

Mr HUNTER: Under our devolved system we issued that instruction to the LHDs and specialty health networks to maintain that information. The timely access to services is always based on clinical need in New South Wales and prioritised by the treating clinician at the time. I would have to take on notice the specific waiting periods by LHD and go and look for that information. I do not have that individual information because it is held locally as part of the local health district management of each region.

Mr RYAN PARK: Chair, could I get that on notice—for each of the LHDs where those devices are?

The CHAIR: Yes.

Mr RYAN PARK: I understand it was a non-binding directive that NSW Health issued around the waiting list for that. Is there any reason why they would not be required to do it?

Mr HUNTER: I am not entirely sure of that. I would have to take that on notice as to whether it was binding or non-binding. We do not often issue non-binding directives as system manager but I can take that on notice.

Mr RYAN PARK: That is what I thought. It seemed a little bit unusual. I know from my own electorate many people utilise those things and need them. I wanted to see why more of the LHDs are not required to do it because I would have thought that it would have been data that NSW Health would want to know usage from.

Mr LEE EVANS: In one of my LHDs we have one MRI machine in Health and there are ones that are privately run. I understand the cost of transporting patients is outstripping—as far as money is spent per year—the actual putting it into the hospitals that we are missing out on. The other issue which the LHD has is that they only get three spots a day in this adjoining hospital for their patients. The waiting lists—and it is an ageing population, as we know—are increasing. Because of the need for that clinical imaging, patients' health is being degraded because of the waiting list and also the transportation of some of those critically ill patients in the back of an ambulance. They then have to be booked into that local hospital that has the MRI, so they are shuffling patients from one hospital to another to get MRI services. Is there an answer—other than putting an MRI in every corner—where we could improve that system? I understand that MRI machines are now available up until midnight, every day, seven days a week. So it is not getting better, it is getting worse. Is there an appetite to increase the number of MRI machines in LHDs?

Mr HUNTER: I do not know the specific details, obviously, of that specific hospital. A couple of things I might put to that question: Each LHD can put together an annual asset strategic plan, which is a strategic asset plan for that LHD, where they list their needs and bid for capital funding. NSW Health has quite good capital funding. It will depend on the situation and the business case and the numbers behind it. The commissioning of scanning services needs to be looked at on a whole-of-geographical region basis, which I think is what you are alluding to. Whether it is provided by that local hospital or the one next door does not matter so much as long as the people are getting the right level of service.

The patient transport aspect, providing it is low distance, can sometimes be part of the solution. We have a patient transport model in NSW Health that does, depending on the area, involve non-ambulance resources. It transports patients to and from appointments and between hospitals without using an ambulance and is a lot more efficient and effective at doing that and does not take ambulances off the road from emergency situations. That can be part of the solution sometimes. In answer to your question, yes, there is always appetite to increase the scanners in the hospitals and there is a clear pathway that the local health districts can follow to pursue those. I would be happy to take the details of that and look into that specific case if you would like me to.

Mr LEE EVANS: I appreciate that.

The CHAIR: If you can provide that?

Mr LEE EVANS: I will do that, offline if that is all right?

Mr HUNTER: Yes, sure.

Mr ADAM CROUCH: Following up on your opening statement about the 126,000-plus pieces of equipment, the Audit Office of New South Wales made a recommendation in 2019 that New South Wales public hospitals should review the internal business rules and processes for biomedical equipment management across the State. NSW Health advised that it has developed the draft asset management policy that includes a requirement for health agencies to implement that Audit Office recommendation of the asset management of the 126,000 pieces of equipment. When does NSW Health expect to finalise that asset management policy?

Mr HUNTER: We have an asset management policy in place at the moment. It is an ongoing piece of work though. What we are finding is with all asset management, in particular medical asset management, is that the system and process also needs to change in line with the technology. What we have done is we have sponsored the establishment of a biomedical asset management working group which sits right across the State. That is led by Health Infrastructure, who have a person dedicated to lead that group and it has representation from every LHD and specialty health network right across the system. What we find when we are actually going to implement these sorts of things is it needs input from the ground up as well and the practicality of the system and process. We are working on the development and the local implementation of statewide initiatives and asset management policy and part of that is going to be developing a medical asset management framework.

That will form the foundation for standardised practice and leading practice and guiding towards a management system that includes the technology aspects and includes the process and reporting for medical equipment across the State. It is an evolving process because of the sheer volume of equipment and also because of the changing nature, which we have alluded to earlier, of the technology involved in that equipment. We are defining the roles and responsibilities. Where we will end up with that is a comprehensive, standardised suite of processes, of statewide performance indicators and reporting on medical assets, their maintenance and replacement and that will be right across the State. Then those reports will be able to come back up to the chief executive. It is a matter of really honing in on process and utilising the technology.

Mr ADAM CROUCH: It is an ongoing development that will continue based on the needs across New South Wales changing so regularly, effectively? Would that be a fair assessment?

Mr HUNTER: Yes, I think that is right. I think the key learning for us out of this whole audit—and I thank the Audit Office for this because it really has triggered something that is going to be valuable—was we were implementing an asset management system and AFM [asset facilities management] on line, which is a good system, but the system is not the solution in and of itself. The system needs to be implemented and processed, and policy and assurance needs to follow that system. That is what we are currently doing.

Mr ADAM CROUCH: You mentioned the AFM, the number of LHDs who have already been working with NSW Health to roll out and work through the AFM program.

Mr HUNTER: Yes.

Mr ADAM CROUCH: There are a very large number of LHDs across New South Wales, and a number of them are taking part in the trial. Can you explain or clarify how the LHDs are progressing against each of the

data collection and reporting sub-parts of the recommendation put forward by the auditor? How are the LHDs performing, and also how much longer will it take to roll out across the other LHDs, the asset facilities management?

Mr HUNTER: It is live across the State. The AFM online has been rolled out across the State.

Mr ADAM CROUCH: All LHDs are now taking part in that?

Mr HUNTER: Yes. That is across the State. That was an \$11 million capital investment that we made. I guess to give you a sense of the scale of this, it is a single repository for all buildings, property and equipment. It is designed for us to manage that better and standardised practice and reporting across that. The biomedical equipment items are a sub-part of that and the data loads involved in that are simply huge. That number of 126,000 is just biomedical equipment items. We recently ran a piece of assurance work led by the Ministry of Health and Health Infrastructure with each LHD and we asked them to report back on where they are at with the implementation and how they are managing the biomedical equipment and medical equipment management. All are progressing well. Most of the actions are complete and the ones that are not are in partial completion and there are clear action plans in place to close that gap. With the volume that we have and with the need to change that process and the way we manage things as well as the system, that is taking some time. I would expect us to be very mature in that space within the next 12 months.

Mr ADAM CROUCH: Thank you very much for that.

Ms FELICITY WILSON: Mr Hunter, my question is about the procurement and maintenance of medical equipment and biomedical equipment from third parties. We have organisations that will fundraise and source equipment. One that comes to mind is the Humpty Dumpty Foundation. They raise a lot of money and buy a lot of very expensive equipment for our hospitals. How does the system in NSW Health work to ascertain the need for those devices and work to maintain them over time, considering that funding and decision-making is occurring outside of NSW Health, if that is something you can comment on?

Mr HUNTER: Yes, I can speak to that broadly. You are right, we have a number of partners that work with us to fundraise and provide much-needed and important equipment right across the health system. That foundation that you mentioned is one of those, particularly in the children's hospitals, and indeed a lot of our hospitals have local fundraising initiatives. The need, to answer that part of your question first, is led locally by the local health district. Again, it is part of their asset planning process. They identify a need. They often identify a piece of emerging technology or a new technology that they see as a game changer. They identify that need locally. It is done as part of a strategic asset management planning process. The ongoing maintenance and upkeep of those machines can be done one of two ways. It is often done through NSW Health recurrent funding or it can also be funded via recurrent donations and charitable contributions. It is always planned out and we still, with those assets that are gifted via those funds, they are still tracked and managed via our internal systems in NSW Health. We make sure that they are managed in the same way, but that funding is always kept up to date.

Ms FELICITY WILSON: Thank you, Mr Hunter.

The CHAIR: We have largely covered most of our questions but we will be asking for some follow-up.

Ms CRAWFORD: I thought that was a really good coverage of the key topics that came out of our audit. One of the key areas of focus was very much the relationship between system-wide stewardship and the devolved model of health. Mr Hunter's answers around the need for standardised processes and systems and good data collection are absolutely key to get that system in balance in a very complex area. I thought we covered most areas the audit canvassed.

The CHAIR: Thank you for appearing before the Committee today. The Committee may wish to send you some additional questions in writing, the replies to which will form part of your evidence and be made public. Would you be happy to provide a written reply within five days to any further questions?

Mr HUNTER: Some of the time frames, if we are gathering data via LHDs and we have to go back to the system, may take slightly longer than five days.

The CHAIR: We are very flexible on that, Mr Hunter.

Mr HUNTER: We are definitely happy to provide the additional information.

The CHAIR: Let us aim for something reasonably timely.

Mr HUNTER: Yes.

The CHAIR: Not five months.

Mr HUNTER: No, definitely not.

The CHAIR: That would be appreciated. I also note that you have undertaken to communicate with Mr Evans. You can deal with that separately.

Mr HUNTER: Yes, certainly.

Mr HUNTER: I am happy to look at that local issue.

The CHAIR: If you wish to have it incorporated then we can do it that way. Thank you.

(Mr Hunter withdrew.)

MR JOHN THOMAS HARDWICK, Executive Director Sydney, Transport for NSW, sworn and examined

The CHAIR: I note that the next item is Sydney regional road maintenance contracts. With us this morning is Mr John Hardwick, Executive Director Sydney, Transport for NSW, as well as a number of Transport for NSW staff. Welcome, Mr Hardwick. I am sure you understand the nature of the hearing this morning. We also have representatives of the Auditor-General's office present, including the Auditor-General, Margaret Crawford, Ian Goodwin and Claudia Migotto, to assist us. Thank you for appearing before the Public Accounts Committee to answer questions as a follow-up to a previous 2017 Auditor General's audit. Can you please confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses.

Mr HARDWICK: I can confirm I have received them.

The CHAIR: Do you have any questions about that information?

Mr HARDWICK: No questions.

The CHAIR: Would you like to make a brief opening statement before the commencement of questions?

Mr HARDWICK: I would.

The CHAIR: Please proceed.

Mr HARDWICK: Thank you for the time and opportunity to discuss this important issue. The Sydney Maintenance Contracts [SMC] were introduced with the aim of delivering better value for money and improved services for customers. The contracts use Transport for NSW determined outcomes that allow the providers to drive the program and make decisions around maximising possible efficiencies. It recognises the need for collaboration and commercially focused outcomes while promoting efficiencies and innovation. The Auditor-General's report highlighted a number of benefits from the contracts with areas for improvement and I can report the recommendations have been implemented. In addition to the findings it is important to highlight the benefits achieved from these contracts. We have made significant improvements to road worker health and safety outcomes. Prior to the introduction of the maintenance contracts we had lost-time injury rates in the double digits, when the industry average is around four. I am pleased to report the average of our contracts is now approximately two—a substantial improvement.

Likewise efficiencies driven by the contracts have seen savings of over 5 per cent. Importantly, as part of the contracts we continue to either directly or indirectly employ over 2,000 people, delivering jobs for the community. The overall customer satisfaction with the road network has remained around 85 per cent for private vehicles during the term of the contracts which is a great outcome. Since the audit we have also made a number of changes with a focus on improving accountability, governance and reporting. On accountability, we reviewed the contract management framework and have reworked the accountability matrix, ensuring everyone involved knows what they are responsible for. This was an outcome of a reorganisation of what was, at the time, RMS. Another positive outcome of the audit was improvements in our governance. This has ensured a framework exists to measure service levels, outputs and outcomes that are required to deliver the objectives of both Transport for NSW and the contractors.

As a result of the updated governance framework, we have also improved our reporting procedures, requiring Transport for NSW and the contractors to use a common reporting template which was not in place initially. We consistently capture data that is timely and relevant, allowing us to improve benchmarking but also drive our interactions and help deliver innovation and consistency. We have also had our maintenance contracts' governance framework independently audited and they have received a fit-for-purpose ranking. The existing maintenance contracts are coming to an end in June 2021. We are in the process of reviewing the current arrangements to determine the best approach for the future. We have carried out substantial research, consulting on best practice both in Australia and across the world. Based on this, we are seeking to implement a holistic network based approach. This will see increasingly integrated maintenance programs and contracts across the transport cluster to support an improved whole-of-network operations approach. By integrating services and providing greater certainty for our industry partners, we will be able to drive even greater innovation, improved efficiency and better customer and community outcomes.

The CHAIR: Thank you, Mr Hardwick. I stated with the previous witness that the Auditor-General has in conversation with me pointed out that these audits were carried out quite some time ago. They were handed down in 2017. A lot of water has gone under the bridge since then and many of the recommendations have either been fully implemented or the circumstances might have evolved since then. I appreciate from your opening

statement it is quite clear that is the case. As we go through the questions here today, some questions you may feel you have already answered. For the purpose of the record, it may still be important for them to be asked.

The Audit Office recommended that Roads and Maritime Services [RMS]—that is something that has changed—should consider whether to incorporate stronger sanctions in the Stewardship Maintenance Contract if the contractor provides incorrect performance or financial data to RMS. This would apply when negotiating the commercial reset for the next works period with the Sydney region south and west zone contracts, as due in July 2018, and when finalising a new SMC contract for the Sydney region north zone, due to commence in October 2018. The RMS response to the first part of the recommendation was rejected on the basis that an internal review had concluded that the current contractual terms were sufficient and would be carried forward as part of the commercial reset process. While I acknowledge so much has changed from what you said, could you provide the Committee with the reasons the internal review determined that the current sanctions were adequate, especially given the findings of the performance audit report?

Mr HARDWICK: The original contracts that were set up for the SMC contracts, which were the Sydney maintenance contracts, they had what we call a pain-gain sharing arrangement within them. So if things happened and they were more expensive or they took longer than was expected, there was a 50-50 sharing of the pain and also a 50-50 sharing of the gain if it actually came in under. So there were already components within the contracts that they were losing 50 per cent of whatever the overruns were and they were also potentially benefiting from driving the efficiency gains. We had a strong focus on encouraging rather than using the big stick. We were using an encouragement to get them to innovate and try new things and look at different ways of doing it. So that pain-gain sharing was a very big component of it.

The other option available to us if they were not performing was to terminate. So we still had the ability to terminate if they are not up to the standard we believe. There was also pain-gain shares of a number of those. So during each year each contract would go through a review process, looking at the benefits and otherwise that they are achieving and whether they were delivering the outcomes as expected. We found that approach seemed to be working quite well with the contractor. To put in any more financial burdens would have potentially caused problems with the balance of the overall contract. We still did look at it deeply and we have considered it and we are looking at it again in light of the new contracts to make sure and maybe changing that pain-gain share to increase the pain on the other side as a higher percentage and less on our side. But also on the gain side, they would expect to see more of the gain if that was the case within a contractual term. So that is at the heart of why we were delivering that outcome.

The CHAIR: Thank you. The performance audit noted that there were inherent risks associated with self-reporting by service providers. How have you or your organisation strengthened sanctions for incorrect performance information or inaccurate financial data?

Mr HARDWICK: As part of the outcome of the audit, we did quite a big review of the accountability matrix and also the governance and the reporting components. As part of that governance, we instigated a new reporting regime. Within that we set the same report and the same requirements both on financial safety and all of the community outcome side of things. We set that across all of the businesses the same, which was not the way it was—they were reporting themselves before the audit was done. This framework has helped us get quite good benchmarking information and be able to compare the contractors on their current performances and see the outcomes. But that governance framework, we made sure we did it in concert with the contractors. So we worked with them, explained the reasons behind what we wanted to do and got their buy-in before we instigated the contracts. That is why it took a little longer to implement because we wanted to get their buy-in as well.

Mr RYAN PARK: You talked about the option to terminate a contract if they are not doing it. Has that happened yet?

Mr HARDWICK: No. We have not removed anyone from these contracts. We have had periods of underperformance in some of these contracts at times. The Dispute Avoidance Board is the first step we would use and that has been successful in bringing performance back on track within these contracts. Our preference is to help the market improve its performance. There are some incidences, especially around safety for one of the contractors; they had to do a full stop and reset. They actually stopped work for over a week on that site and they had to rebuild their capability until we were confident that they could continue to deliver the outcome. It is quite delicate to make sure that you drive the right behaviour without being a big stick all the time.

Mr RYAN PARK: If you were to terminate what would happen?

Mr HARDWICK: In terminating a contract, the existing SMC contracts, we would have had to go back to the market to get it. But with the new ones we are looking at having the option to bring in one of the other contractors. So we could bring in one of the contractors from the other contracts to fulfil that role. So they will all

know that. One of the advantages last time, as it was highlighted, we have the two SMC contracts and we have one prescribed Sydney maintenance contract. That one was set a lot earlier and that type of contract was quite different. We are working quite hard to bringing all together those three contracts plus the two intelligent transport systems contracts dealing with the traffic signals and all the electronics. We extended that other contract in 2018 just until 2021. We did that on purpose so that all of this could go to the market at once, making sure we could fully integrate. We are looking to integrate this across the new Three Cities model and have three contracts that are fully integrated, allowing the contractor to take that whole community and customer outcome accountability with us rather than having it shared across multiple contracts. That is a bit of the learning we have had.

Mr RYAN PARK: Can you explain to me or do you think that the outsourcing of maintenance from Roads and Maritime Services [RMS] works better than doing the work through RMS workers maintenance crews?

Mr HARDWICK: I cannot comment because at the time I was not here when the contracts were first put out. What I do know for certain is that we have had more than 5 per cent improvement in the financial outcomes from an RMS perspective. But also I have seen a really good work relationship between the two sides commercially, trying to work together for the best outcome. I think the type of contract we have picked—which is very much a stewardship contract so they feel that they have the risk of the community looking over their shoulder and trying to work in the best interest of the community and not just financials—has really given the right balance. I think driving the safety into there has also been quite beneficial to us. So I have found that quite useful.

Mr RYAN PARK: I just wondered if you do not think you could do those things in-house still? An improvement of 5 per cent is decent but it is not a huge amount and I am sure there are additional costs and things like that. You just wonder whether we could get a better outcome if we did it in-house using some of the things you have learned in reforms et cetera to drive the maintenance, that is all.

Mr HARDWICK: I think one of the key components of this is as Sydney continues to grow and evolve it is really important for us to have flexibility.

Mr RYAN PARK: Sure.

Mr HARDWICK: Western Sydney is a good example. We are looking at working very closely with local government and with the new contracts we are potentially having some new options in there for those contracts to also be doing other work. That is a huge benefit to us where the market can pick up that capability.

Mr ADAM CROUCH: Just a follow-up to Mr Park's question. You can take this on notice. That 5 per cent saving you mentioned, Mr Hardwick, can you confirm in dollar terms how much that 5 per cent saving would equate to for the people of New South Wales? Obviously you may not have it at hand at the moment. Could you come back to the Committee and outline what that 5 per cent saving actually represents as a dollar value?

Mr HARDWICK: We could do that. I do not have the exact number, you are correct. I think it is important to understand that is not a one-off 5 per cent. That is year on year. We are finding that is starting to grow now as the efficiencies keep being driven in.

Mr ADAM CROUCH: Yes. So if you can come back to us with what those efficiencies are, that would be great.

Mr HARDWICK: The exact number I do not have on me.

Mr ADAM CROUCH: I note in recommendation 3 that the audit review recommended that the RMS identify any benefits including savings not yet attained and develop strategies to address any shortfalls and establish a tool to track the ongoing realisation of those benefits. Has the RMS executive endorsed that benefits realisation framework?

Mr HARDWICK: We have a new benefits realisation framework that is used now consistently across those contracts. That took us a bit of time to put together but it has been a very useful tool. That benefits realisation is not just about financial benefits, it is also looking at the performance, at the community outcomes that they get and the customer outcomes. A lot of these contracts are interacting with the community every single day. We have hundreds of crews that are out working every night. A lot of the work these days on the Sydney road network is out of hours. These contractors are dealing with works usually somewhere around midnight, a lot of the time. They are set up after the evening peak and they work through the night and they shut down in the morning. A lot of that work, obviously if they were not managing the community expectations and giving them very good information about that, so the benefits realisation also has a lot to do with how they are performing related to the community as well, not just the financial and safety benefits.

Mr ADAM CROUCH: If you do not mind me following up on this, effectively it is a performance measure, it is how it affects the community but also how it affects the overall network as well. All of those things are taken into account as part of that framework, is that correct?

Mr HARDWICK: It is very extensive. The reason I have tried to be a little vague about it is because it is such a deep piece of work, it is probably two pages of key performance indicators that are tested on a regular basis, and the monthly meetings is where they are evaluating their ongoing performance, and we trend that month on month. All of those things you have stated are included.

Mr ADAM CROUCH: And they are regularly reassessed and assessed monthly, is that right?

Mr HARDWICK: Monthly, correct. Monthly there is a reporting framework, the new framework we put in place after the audit. That framework now, we compare the contractors to each other and that benefits realisation is tracked. There is usually on a quarterly basis, we do a deeper dive into areas where there have been movements. Monthly it is business as usual type reporting, and on a quarterly basis there will be a deep dive.

Mr ADAM CROUCH: This is a direct result of the recommendations from the audit?

Mr HARDWICK: Correct.

Ms FELICITY WILSON: In your opening statement you spoke about lost time injury frequency rates. I cannot recall the exact figure but it was a significant reduction. Could you restate for us the reduction and just for my benefit, talk through the types of injuries that would have occurred previously and even though it was a significant reduction, whether there is a target that you have in place or measures that you are putting in place to get as close to zero as possible?

Mr HARDWICK: To start with the first part of that question, at the time in 2012-13 we were seeing injuries on—the internal staff that were doing a lot of these works was quite high. They were not major injuries a lot of the time, they were minor injuries but they were still at a point where it was way above the industry average. The industry average was four at the time and we were running in double digits. Depending on where you were across the network, it was anywhere between 10 and 20. That was really significantly not in the right place it needed to be. The contracts had a key focus on the safety component within the new works, but we need to make sure the contractors owned the safety outcome. As part of that contracting work they have to have their own safety management system, they have to work within their own safety management system.

Our role in that is to assure ourselves that they are delivering the appropriate safety outcomes, and that is our monitoring process. As I said, with one of the incidents where there were two incidents that looked too similar for our liking, we made an inquiry of them a couple of times and they then chose to stop work and they did a full reset of their safety performance. We look to try to see that our contractors beat the industry average, which was around four. It is dropping down to between four and two now. We continue to monitor that. From my perspective, we do not want any injuries. Our preference is that there are none and we are trying to work the industry into the position where we actually get to the point where we are not having injuries in the workplace.

Ms FELICITY WILSON: You spoke earlier in your opening statement and in response to Mr Park's question I think you touched on this a little bit, about when the contracts come to an end in June 2021 looking at broader integrated service. You spoke about working with council. Do you have any reflections on this audit and what learnings you have had from this audit that you will be applying going forward in introducing those new contracts and the new systems that you will have to underpin those?

Mr HARDWICK: Yes, I shall.

Ms FELICITY WILSON: So we can have confidence that you are taking that on board.

Mr HARDWICK: The first thing we are doing, we have started very early. I have just left—we had an information session for just over 100 of the market people today, that is talking through the new contracts. It does not start until June 2021. The research piece we did, I took into account a lot of the findings with the questions I asked the industry and the way in which I approached looking at that outcome. What we have found is starting early, getting a lot of commitment and buy-in from the market as well. We are explaining to them what we are proposing to do. We are getting their feedback and trying to evolve that into our contracts. We are intending to go out in the New Year with the first part of the process for the new contracts.

That process has brought in a clear definition of what are the accountabilities we are expecting and what are the benefits realisation frameworks. We are also looking at giving more accountability to them where they will be bearing more of the pain of the outcomes if they do not achieve their own targets. Around Christmas 2020 or January 2021 we are hoping to establish who will be the new contractors within those new contracts and we have got a six-month period where the contract managers on both sides will be fully trained on the intent of the

contracts and that will be then done in a sense where they will be trained together and brought together so that both sides understand, not just the written work but the intent.

Then the intention is that if any of the contract managers change on either side, we would go through the same process with anyone new. Sometimes when you read a contract—the written word—and as you get longer away from when it was written, you may have evolved the relationship to get better outcomes on both sides. We want to make sure that that is continued and established through it. Also, we are looking for greater commitment on their side to take on the asset management function and look at the outcome. We want to look at the outcome that they are delivering and allow them to innovate and determine some of the outcomes within our standards. So quite a lot of the new contractors have evolved as an outcome of that audit.

Mr LEE EVANS: Recommendation 3, other measures were noted to take longer to develop and test, including cost effectiveness, customer focus, transparency and accountability, and safety and environment. Can you provide a progress report on how the next steps have been progressed?

Mr HARDWICK: On each of those, when we built the benefits realisation program we looked at each of those areas and we internally did a piece of work to look at what we thought they should be. Then we went and tested each of those areas with the contractors, each of them individually, not together. Then we took that feedback and we slightly modified that a bit. Then we went back to all of them together and had a conversation about the things we wanted to do in the current contracts. What we did do in the 2018 contract, we also instigated, even though it is not the same type of contract as the other two, we instigated all of the same framework around reporting and the other components of this and the benefits realisation we were trying to find, so that all of the contracts had the same look and feel from the outside. It was really important for us to get everybody across that. If I look at it in a financial sense, we now have much clearer reporting around it. The benefits from innovation; we have encouraged a lot more innovation in recent times and it is also internally driving some changes to the way in which our contract managers manage the contracts. We have had to do quite a bit of change there as well and we have changed a couple of the contract managers.

The CHAIR: As we are coming to the end of the formal part of the questions I think it is important, because so many things have changed, that I turn to the Auditor-General for some comments and follow-up.

Ms CRAWFORD: I think that this audit did acknowledge right up-front that the nature of these contracts was quite innovative. That was acknowledged. The problem really that we were focused on was ongoing management of those contracts to ensure that the benefits are delivered. Mr Hardwick has responded reasonably well and clearly there is a lot of thinking about the partnership and how to get the benefits. Perhaps if we have any concerns it would just be on data quality and how Transport for NSW is assuring itself that the data that the whole thing is structured around is being assured.

Mr HARDWICK: I would like to answer that. There was quite a solid acknowledgement on both sides that the data was not good at the time. We instigated a project called Project Kansas, which brought all of the data that our contractors had—which was actually our data as well—into our own system. We are now starting to work with that data to give ourselves that assurance. But also for the new contracts that data will become available to the whole market as well. The data that came from them, we have done some cleansing checks on it to make sure of its accuracy and we have found very few problems at all which was really pleasing because they had it in their own systems and they were using it to drive their own businesses. Now that we have that data in our system we are able to truly do that deeper dive into their data and the way in which we are looking at our own internal roles to make sure we have much better analytic tools and analytic skills to be able to analyse the data in a different way.

Ms CRAWFORD: It sounds like an opportunity for another audit.

Mr HARDWICK: Thanks for that.

The CHAIR: Mr Hardwick, obviously the network we are talking about here that is being administered is critical to the social and economic wellbeing of the State. Certainly in higher density areas it has the potential for catastrophic failure if we do not maintain it properly so I am very pleased to hear some of the innovative methodologies that you have been talking about to make sure that does not happen and we continue to keep on top of those very important maintenance contracts. Mr Hardwick, in closing, thank you for appearing before the Committee today. The Committee may wish to send you some additional questions in writing, the replies to which will form part of your evidence and be made public. Would you be happy to provide a written reply within five days to any further questions? Once again, we are a bit flexible on that. We do not jail anyone for exceeding the five day limit—these days!

Mr HARDWICK: Depending on the type of question, we will get it back as quickly as we possibly can.

The CHAIR: Mr Hardwick, I thank you for your attendance and providing your evidence today.

(Mr Hardwick withdrew.)

(Short adjournment)

ELIZABETH KINKADE, Executive Director, Land Use Strategy, Department of Planning, Industry and Environment, affirmed and examined

LIZ PARKER, Senior Manager, Strategy and Major Programs, Department of Planning, Industry and Environment, affirmed and examined

STEPHEN DEWICK, Acting Director, Office of Strategic Lands, Department of Planning, Industry and Environment, affirmed and examined

The CHAIR: I formally welcome witnesses from the Department of Planning, Industries and Environment and Office of Strategic Lands. Thank you for appearing before the Public Accounts Committee today. We also have representatives of the Auditor-General's office, including the Auditor-General, Margaret Crawford, Ian Goodwin and Claudia Migotto to assist the inquiry. Can you please confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

Ms KINKADE: Yes.

Ms PARKER: Yes.

Mr DEWICK: We have.

The CHAIR: Do you have any questions about this information?

Ms KINKADE: No.

Ms PARKER: No.

Mr DEWICK: No.

The CHAIR: Would one of you like to make a short opening statement as part of your evidence?

Ms KINKADE: What we probably might like to do is outline how we have progressed the actions based on the recommendations from the audit report 2017. I will hand over to Mr Dewick and Ms Parker, who will provide that.

The CHAIR: We are talking about a brief statement but, in speaking to the witnesses earlier, I indicated that the members are probably slightly interested in what changes in responsibilities might have occurred in recent times. We understand some of them but I understand some of these responsibilities might have shifted from other agencies. Could you quite briefly do that?

Ms KINKADE: Yes, I am happy to do that. As you know, the creation of the Department of Planning, Industry and Environment has provided a platform to better align the New South Wales Government's property and land development activities. The Housing and Property group was created to maximise both economic and community benefit through more efficient use of government land and property in the delivery of diverse housing, economic activities and public spaces. This group brings together Property NSW, Crown Lands, the Aboriginal Housing Office, Land and Housing Corporation, Sydney Olympic Park Authority, the Valuer General, the Office of Strategic Lands, which is the group that we are from, Cemeteries and Crematoria NSW, Hunter and Central Coast Development Corporation and Landcom. In essence, the new structure will empower the New South Wales Government to deliver improved development outcomes through a collaborative model.

The operational model will provide a strategic approach, a centre of excellence and improved efficiencies across the State. Work is well underway to deliver across agencies a strategic and collaborative approach the use of government-owned land and property. This approach will maximise community benefit in the delivery of housing in public spaces. The Office of Strategic Lands is an important element of this new arrangement and the cluster within the Department of Planning, Industry and Environment. If you would like further information around different responsibilities and how the Office of Strategic Lands will work with those different parts of the cluster, we are able to take that on notice and provide that to you.

The CHAIR: Thank you for that. With that we will commence the formal inquiry part of the process. My understanding is that you are under Ms Melinda Pavey's ministry or is it split?

Ms KINKADE: No, it is under Minister Stokes.

Mr DEWICK: Minister Stokes.

The CHAIR: The Office of Strategic Lands released its ten-year strategic business plan. Once again, I will go back. We are acknowledging that the Auditor-General's reports that we are referring to are quite dated

now. We acknowledge that a lot of things have changed in the meantime. Please bear with us. If need be, we will have some updates or further comments coming from the Auditor-General to try to guide us there. The OSL released its 10-year strategic business plan for the Planning Minister's Corporation in November 2017. The Audit Office believes while the plan begins to address the recommendation, the Office of Strategic Lands clarified that the document, for its long-term purpose, role and goals, further work is required. How is the Planning Minister's Corporation constituted? Does it have members or is it a corporation sole?

Ms PARKER: It is a corporation. It used to be a corporation sole but following the review of the Environmental Planning and Assessment Act, it is now a corporation with all the functions approved by the secretary, but then the Minister can change that decision. It is now a corporation.

The CHAIR: Thank you for that. What is the time frame for developing performance measures and targets to track achievement against the 10-year strategic plan?

Ms PARKER: We have provided a report and I will go through briefly the key recommendations that the performance audit outlined. The Office of Strategic Lands has achieved and completed most of the recommendations that were given. I will start with a few that are outstanding. Basically, the key ones that are still in progress are that we committed to expand our functions to the region. That is still in progress. We are still reviewing the matter and trying to work out the best way to do that. We are working with the relevant authorities, both locally and especially within the region, to try to find out the best way to progress that.

In terms of other recommendations, there was another one that is ongoing in terms of improving our communication. We are developing several resources that are helping us to promote our functions and our achievements to date and also how we can work with other government agencies to better end up with the outcomes. So we are working one more with other government agencies, trying to find out the best way we can support their planned outcomes. But also more and more we are working with the councils that contribute to the fund that we use for our funding for our functions. We have provided information on our website in terms of what we have achieved and what we are looking to do in terms of our forward program. The other recommendations have already been completed. We have published our strategic business plan that outlines our key goals in terms of what we are looking to do within the next 10 years. Also we have reviewed our funding to try to find out the best way to remain sustainable in the long term.

The CHAIR: Thank you. In relation to further questions, I think you have touched on some of those. But please forgive me if we repeat or I repeat or ask a question where you believe you have already answered it. For the record it is helpful; it also might mean that I did not quite understand the full detail of your answer. The agency response to the audit states that expansion of OSL functions to New South Wales regions is under investigation. I think this has been touched on: Has the investigation into options to establish an expanded regional development fund been completed? If so, what is the outcome? I understand that it has—or largely—so could you please answer them?

Ms KINKADE: The review into expanding the fund is still in progress, so we are unable to report on the outcome of that review. We do have in the regions in place the Coastal Lands Protection Scheme program. I might get Mr Dewick to talk briefly about that program, which he is operating in certain parts of regional New South Wales.

Mr DEWICK: The Coastal Lands Protection Scheme is where we are working in conjunction with the planning policy unit of the department. We are their delivery unit, if you like, to acquire land along the coast. They work with some private landowners, identify which land the Government would like to purchase. Then OSL is the acquisition entity where we then purchase and work with the landowner to buy their land, obviously complete the transaction and then look to which is the best entity—once the land is acquired, who should be the ongoing manager. Normally it is councils, but also national parks because most of the coastal land is environmental protection—headlands and the like—so it is normally environmental land. But that is our main role, OSL, in the regions at the moment.

Mr LEE EVANS: You have touched on this earlier. OSL's response indicated to recommendation 3 that the commercial model for greater transparency and engagement has been developed. This includes communication strategies and online resources to support engagement with the stakeholders, including councils and general community. The Audit Office commented that it is unknown whether this will sufficiently overcome poor communications with council. What are the strategies that you now have put in place to improve communications with councils?

Mr DEWICK: I can answer that one. What we have done since the audit is we have got our own part of Planning's website, our OSL webpage. We put our strategic business plan up on that webpage, so it is a transparent document. We also have put in some case studies that we have been working on the last two years that

anyone can log on and see, as well as media releases. What we have also done in the last two years is—because we have our ongoing land transfer program with councils, in the last two years OSL has met with 21 local councils within Greater Sydney and we have also spoken to a number of the regional councils. During these meetings, OSL has had an opportunity to report on its activities and engage with councils on what we do. So we have probably been taking the active step of actually meeting with the councils and talking to them more directly.

Mr LEE EVANS: What mechanisms are in place to monitor the satisfaction levels of the stakeholders? Are they coming back to you as happy as a pig in mud, or are they just taking your information?

Mr DEWICK: They are taking the information at the moment. We have not asked for any feedback from them, but what we could do is obviously in due course—we have previously put out surveys and asked for their views. I think it is something that we can look at is a follow-up survey to see the difference since this audit has taken place.

Mr LEE EVANS: It is evident that you are trying to do the right thing, but I think you need a little bit of marketing just to get that communications opening, because they are your main stakeholders, I presume—or a large number of them are councils.

Mr DEWICK: Yes, that is correct.

Mr RYAN PARK: I am not sure who is best to answer this question. How much money is in the regional development fund at the moment?

Mr DEWICK: The Sydney Region Development Fund—within the fund at the moment we have about \$30 million cash at hand. We obviously have access to borrowings and we have surplus land that has not been realised yet. But in terms of actual money at call, we have about \$30 million we can call on.

Mr RYAN PARK: And the Sydney Region Development Fund?

Mr DEWICK: At the moment we only administer and run one fund.

Mr RYAN PARK: Has that fund been—over the last three or four years, how has that figure changed, if at all?

Mr DEWICK: Probably the figure has not changed. What obviously happens over time is that some of our acquisitions reflect price rises generally, but equally our surplus land holdings are probably going up at a similar amount. We have recently taken on more borrowings, which reflects the decision for a \$150 million open space fund. So the main change in the last couple of years has been an increase in our borrowing limit.

Mr RYAN PARK: Do you have approaches or frequent approaches from NGOs about the use of land—just going back in my former life in transport. Often Transport acquires land for corridors—completely what it should do; reasonable, acceptable. But those corridors are not going to be built on for some time. Certainly NGOs I have spoken to in various spaces said that to utilise that land, whether it is through modular housing or shelters or things like that, would be useful. Is that something you guys look at or focus on? What I would call dormant land—so it is important land and it will be used one day; may not be used in the next decade, so its realisation might not come for some time. Obviously you would not want to let go of it, as the owner, but in order to get a better utilisation of the land while it is essentially dormant?

Mr DEWICK: We have a few things. We have obviously some residential houses. The houses were part of a wider parcel that is for open space, so we do have some residential tenancies. We do have a history of, for example, agistment leases—so having someone on the land running horses. We do have some NGOs, so some peppercorn rental arrangements where we find that with some of our corridors it is useful to have people there using the land and eyes on the land, so to speak, because it is quite a broad portfolio. So we so have a number of NGOs who do use our land in the interim, but they acknowledge that one day the original planning purpose may be required. One of the biggest challenges for us with our land is that most of it is open space, so it is zoned recreation and that limits what you can do under that land use. We do look at some fairly soft interim uses.

Mr RYAN PARK: Can I just ask about the issues with council. Why has it got to the stage where they thought that there was a negative perception about strategic land use in terms of its value for money or its return or its understanding from the council. Why has it got to that stage before you guys have improved your communication?

Ms KINKADE: That is a very general question. I do not know if there are specific councils. I think one of the things that happens is that the land might be identified then we will acquire the land over time, so there can be a bit of delay between when the land is identified for open space or for the corridor that it has been reserved for and then we acquire all the land that we need from that parcel to then be used for that future purpose. That is one of the issues we are looking at managing more carefully—how we make sure that the information is made

available for councils about what the plan is for the area and the land and where we are up to in terms of acquiring the parcels and the program in making sure that the land is then moved onto its ultimate or end use that was identified in the planning instrument. We are happy to take on board any feedback if there are specific issues or councils that have concerns.

Mr RYAN PARK: No, it is just that the audit found that local councils in Sydney were not satisfied with engagement and communication. It is unusual, given that is essentially your largest stakeholder.

Ms KINKADE: Yes, it is a good point. For the past couple of years the team have made a concerted effort to establish a good working relationship with councils. In that space there is still more work for us to do and we are committed to continuing to build on that.

Mr RYAN PARK: Which council contributes most to the fund?

Ms KINKADE: Can we answer that or do we need to—

Mr RYAN PARK: You can take it on notice, if you like.

Ms KINKADE: Yes, we might need to take that on notice. We can definitely find that out.

Ms FELICITY WILSON: You have referenced the open spaces fund and the work to increase open space. One of the issues identified was around proactively looking at strategic land use planning and acquisitions. I know Ms Kinkade is aware, particularly in my community, there is a very strong view about increasing public open space. It is incredibly challenging to find those locations and they can be quite expensive to acquire. In the intervening period between when the audit was undertaken—obviously now there are some policy directives behind increasing open space—has that proactivity changed? What are you doing to work and identify additional options for acquiring new land for acquisitions and how are you tracking on that goal?

Ms KINKADE: It is a really good question and a good point. The department has organised—and I am happy to provide detailed information on this if I can take them on notice—a team that has been set up specifically under Alex O'Mara to lead the strategic work around how we ensure we consider all of the land uses, particularly the public spaces and the open space opportunities, as we plan for areas across Sydney. We will work with them and take advice from that team, in terms of how we direct resources and the efforts of the Office of Strategic Lands [OSL] to deliver on the outcomes from that detailed planning work.

Ms FELICITY WILSON: Do you think that demonstrates a change following the audit? Is there a difference in the way in which you are working with other government agencies? Has there been a change in the way OSL would work with other government agencies? If you could just identify for us what is really different—you have referenced that there is now a body internally?

Ms KINKADE: Yes, internally we have that new area established in the department. We are also actively working with other State agencies and Ms Parker can provide some detail around how we are also looking externally across government, so that we can be more coordinated and work towards achieving consistent goals. Within the department there is also the establishment of the cluster, with all of the housing and property group and all of the different landowners—NSW Crown Lands, Property NSW—together, which provides the opportunity for us to think about and explore how we can be more strategic using government assets. I will ask Ms Parker to talk about how we are actively working with the other agencies.

Ms PARKER: Since the performance audit, the structure of the Office of Strategic Lands has been realigned and a new team has been set up to specifically look at how we can improve our engagement with other government agencies to try to find better ways of enabling their planned outcomes. That team tries to find opportunities for engaging with other government agencies at the planning stage, where they are considering how they can better deliver the planned outcomes, which includes open space. For example, the Office of Strategic Lands is engaging with a project run by the Greater Sydney Commission to try to work with all the different councils to see how they can deliver infrastructure and other services in western Sydney.

The Office of Strategic Lands is actively involved in that and part of it is to try to look at how they can better improve or provide land that is needed to deliver those outcomes. We also try to work with other government agencies to find out how they want to deliver their outcomes and how we can better enable that, but also increasing the way we are working with other areas within the department to try to work out what planned outcomes have been set aside in terms of how we can deliver open space and other outcomes and how OSL can enable that—maybe through land acquisition.

Ms FELICITY WILSON: When are we likely to see the fruits of this labour in the acquisition of all of this wonderful public open space?

Ms KINKADE: Some recent examples that the team can go through is the eight parks that have been announced as the embellishment of eight additional parks across Sydney. That is a recent initiative. In terms of the additional \$100 million allocated towards open space acquisition, the program around how the sites will be identified for that allocation is currently underway. We are expecting that information to be available in the near future.

Ms FELICITY WILSON: Thank you.

Ms KINKADE: Would you like us to give you some updates on the embellishment program for the eight parks?

The CHAIR: No. I would be very happy if it was be provided as additional information, later on.

Ms KINKADE: We can do that.

Mr DEWICK: I could add that the first site has been purchased under that program, which was Newport. That was about three weeks ago and it is us in conjunction with Northern Beaches Council. The first one has now occurred so we think there will be more forthcoming. I also add that with acquisitions, it has changed over the past two years because of changes to "just terms". That legislation change has meant that acquisitions take a bit longer. At the time of the audit, the processes were a little bit different. All that is saying is that because of the changes to just terms, it takes longer today than what it did a couple of years ago.

The CHAIR: We all love just terms. We used it up my way recently.

Mr ADAM CROUCH: As a regional member, you obviously mentioned the Hunter and Central Coast Development Corporation as one of the bodies that works inside OSL, to some degree, as one of the stakeholders. That was in your opening statement. The Government is the biggest single landowner on the Central Coast and part of the issue has always been the silos around which government department owns which piece of land on the Central Coast. I believe there are more than 3,000 parcels of land owned by the Government. Is it your job to work inter-agency? Say, for instance, Family and Community Services owns a block of land in Gosford, is it your job to sit down with the Hunter & Central Coast Development Corporation to work out how the value of that land can be better released and also do the negotiations between inter-agency departments? One of the things we have found in the past was because each department had been siloed, no-one really knew who owned which pieces of land. Is OSL's job effectively to break down those silos, work with organisations like the Hunter & Central Coast Development Corporation to release the best value and outcome for that land, for instance? Sorry, it is a long question.

Ms KINKADE: It is a good question. The housing and property group within the department is charged with that responsibility. They will be looking at all the Government-owned land and looking at how decisions about the use of that land is coordinated and made more strategically. The Office of Strategic Lands, we are one part within that group and there is opportunity for the Office of Strategic Lands to be involved in realising on opportunities that might arise in certain areas, including the identification of land for future reservation and then acquisition for a public purpose. The main role in terms of coordinating and looking strategically at government land is the housing and property group, which sits under Alison Frame. We are one part of that bigger group.

Mr ADAM CROUCH: The largest private landowner on the Central Coast is the Darkinjung Local Aboriginal Land Council, who have just recently been given their own State Environmental Planning Policies [SEPP] to speed up the development process, effectively, on the Central Coast. Would OSL also be meeting with organisations like the Darkinjung to sit down with them and the Hunter & Central Coast Development Corporation to work out again best release value for both their land and also the Government's requirements? Is there an overriding framework where you would sit down with them as the biggest private landowner and work through that process with them to explain what the Government structure is and how they would best work with the Government?

Ms KINKADE: The Office of Strategic Lands would not take on that role. That would be a role of another area within the department and working with Darkinjung and through the SEPP that has just been recently announced. There will be opportunities for the regional team and for areas within the department to continue the conversation with that local Aboriginal land council.

Mr ADAM CROUCH: When you say "the regional team" who do you mean?

Ms KINKADE: In the Department of Planning, Industry and Environment there are teams that are located across the region.

Mr ADAM CROUCH: They would be using the Local Land Services office in Gosford to talk to and go to them?

Ms KINKADE: Either in Gosford or the office that is in Newcastle.

The CHAIR: If there are no further questions from the panel I will defer to the Auditor-General to see if there is any follow-up or insights she would like to present to the Committee.

Ms MIGOTTO: I would just add that I think at the core of this report are some questions about what was then the Office of Strategic Lands' long term financial sustainability. The report specifically noted at page 3 that it had valued the land that it needed to purchase on behalf of the Government at \$1.2 billion, however its budget for purchasing land is only between \$40 million and \$50 million, and it was spending around \$30 million on land purchases per year. In responding to the recommendation about developing the strategic business plan, we were anticipating some further detail about how that sustainability issue would be addressed.

Mr DEWICK: Since the audit report, we had the business plan and then we also undertook a 10-year financial model to try to assist us with how we were going to fund some of the commitments. When we say we have got \$1.2 billion, and it is more than that now, prices have gone up, what we do need to recognise is that not all of those landowners necessarily are going to ask us to purchase their land. One or two of them are rather large organisations with ongoing businesses. We know that the call on our funds is not going to be as large as what that—we are not going to have in the next five years \$1 billion in terms of value of requests. Since that time our acquisitions have gone up to around about \$45 million a year. We are looking at other ways to bring other forms of money to help us purchase land besides just surplus land. That is particularly by biobanking opportunities and also using State Infrastructure Contribution [SIC] funds. There is an element in the SIC funds for say, open space acquisition, which is our major remit. It is still going to be challenging in the next 10 years but definitely in the short term we can cover the requests that are coming in.

Ms CRAWFORD: I might conclude by saying that the Office of Strategic Lands is a very small unit and we did comment in our audit that in the actual management of land and the dealings that you did, you were really, really quite effective. The problem was really one of visibility and clarity of future strategy. I am, I guess, optimistic about the new arrangements within the cluster that bring together the key land management parties and, I suppose, that is another opportunity for a future audit, to see if that improves the effectiveness of overarching planning on the use of surplus land.

The CHAIR: I thank the Auditor-General for her comments. As there are no further questions from the panel I thank you for appearing before the Committee today and note that the Committee may wish to send you some additional questions in writing, the replies to which will form part of your evidence and be made public. Would you be happy to provide a written reply within a reasonable period of time?

Ms KINKADE: Yes.

Mr DEWICK: Yes.

The CHAIR: Rather than saying five days, we note that might be difficult. The answer to that question was yes and I think there was some additional information that you have volunteered to provide as well which might help inform the Committee. I appreciate that. I thank you for your attendance.

(Ms Kinkade, Mr Dewick and Ms Parker withdrew.)

NIGEL LYONS, Deputy Secretary, Health System Strategy and Planning, NSW Health, sworn and examined

The CHAIR: The next item of the inquiry is Planning and Evaluating Palliative Care Services in New South Wales. Appearing before the inquiry is Dr Nigel Lyons, Deputy Secretary, Health System Strategy and Planning, NSW Health. Welcome, Dr Lyons.

Dr LYONS: Thank you, Chair.

The CHAIR: I am sure you are well aware that we have representatives of the Auditor-General's office, including the Auditor-General, Margaret Crawford, Ian Goodwin and Claudia Migotto. They will assist the panel with any follow-up questions or anything that we may miss through the inquiry. It is noted that the audit that we are inquiring into or following up is quite dated and this is a very dynamic area for some agencies in particular, and all agencies that have appeared here have had significant change in that period of time. I imagine there have been quite a few in this particular subject area. As a matter of fact, members are aware of some of those, including some budgetary changes. Dr Lyons, I welcome you as a representative of NSW Health. Thank you for appearing before the Public Accounts Committee. Can you please confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

Dr LYONS: I have.

The CHAIR: Do you have any questions about this information?

Dr LYONS: No.

The CHAIR: Would you like to make a brief opening statement before the commencement of questions?

Dr LYONS: Thank you, Chair, I would. Firstly, I begin by acknowledging the traditional owners of the land, the Gadigal people of the Eora nation, and I also acknowledge elders past, present and emerging and pay my respects to First Nation people present today. I really appreciate the opportunity, and thank you for it, to appear before the Committee today to provide an update on the NSW Health response to the Audit Office report Planning and Evaluating Palliative Care Services in NSW. The Ministry of Health supported all the recommendations in the Audit Office report and has worked over the last two years to develop and now implement a systematic policy approach to end of life and palliative care in New South Wales.

The provision of care for people at the end of life, including palliative care for those who need it, is complex. Within NSW Health, local health districts and specialty networks provide care that is according to need. Care is also provided in a range of settings, including people's homes, specialist palliative care units, residential aged care facilities, community-based facilities and acute care facilities. Care is delivered by a range of staff including NSW Health staff, private practitioners and non-government sector providers including medical officers and volunteers in addition to the vital, important role of carers and families. Our aim is to support people to have a good death, and this means their choices and preferences are respected and they receive the care and treatment they need at the end of life. We are committed to the ongoing work that is needed to achieve these goals.

In 2017 the Audit Office report recommended the development of an integrated palliative care and end of life policy framework. I am pleased to inform the Committee that the Ministry of Health released the NSW Health End of Life and Palliative Care Framework in February of this year. The framework was the product of extensive community and stakeholder consultation; it sets the priorities for the health system to ensure a number of things, and I will run through what those are: The care is person-centred; there is recognition and support for carers and families; health practitioners in all settings are skilled and competent; care is well coordinated and integrated; and there is equitable access to care. The framework brings together end of life and palliative care and articulates the role of generalists and specialist clinicians and the health system broadly in delivery of that care.

A focus of our work has been to implement the New South Wales Government's funding enhancements, and I think you alluded to those in your opening comments, which are supporting improved access and choice in palliative care. Since 2017 an additional \$145 million has been announced in the preceding two budgets. A significant amount of this funding is available for workforce enhancements, including nurses, medical specialists, social workers and psychologists and Aboriginal health workers. These new positions will help to ensure patients can access the care they need in their preferred setting. The funding also, importantly, provides scholarships and on-the-job training for nurses and allied health staff, refurbishment of palliative care facilities, telehealth and digital health technology projects to link people in rural areas to specialist palliative care, and a community pharmacy project to improve access to medications in the community.

We are also working closely with community stakeholders, such as Palliative Care NSW, across a range of initiatives to ensure we hear and can respond to the views and needs of patients, of their family and carers, and

to work together to strengthen the information and supports available in the community. A new governance structure, which was part of the recommendations also, has been established to oversee and provide strategic advice on end of life and palliative care across the State. This committee is co-chaired by South Western Sydney Local Health District Chief Executive, Amanda Larkin, and myself. It has senior executive representation from across NSW Health and representation of key stakeholder groups including consumers, Aboriginal health and primary health networks. This committee supports key pieces of work on statewide approaches to workforce, stakeholder and consumer engagement and data monitoring and reporting, evaluation and clinical principles and models of care.

A key initiative underway to address recommendations two and three of the review is a project to build palliative care functionality within the electronic medical record. The design of the electronic record incorporates the palliative care outcomes collaboration measures, which will support easier quality monitoring and benchmarking of services. This new functionality will support continuity of care between hospital-based care providers, specialist and community health services through increased visibility of patient records and information. We anticipate improved access will lead to more informed and better patient care decisions.

Finally, we are proud that the care provided by our staff and health services in New South Wales are among the best in the world and with the release of the framework we are working to make it even better with the rollout of new initiatives, including building the capacity of our workforce so that we can continue to meet the expectations of people with life-limiting illness, their carers and families at the end of life. Thank you.

The CHAIR: Thank you, Dr Lyons. You have covered, very succinctly, many of the key issues that were in there and certainly some of the questions that I had around the End of Life and Palliative Care Framework and also the End of Life Care Design Working Group. While you have talked about the significant milestone events in improvements in palliative care delivery, complemented, of course, by significant additional investment—I think the last big one was the \$100 million—could you talk to the engagement with the community? This is a very emotionally charged area but there is a lot of advocacy in that space—the Cancer Council and other organisations. Could you talk a little about the engagement that health have had with those external players, whether they are individuals or not-for-profit organisations such as the Cancer Council?

Dr LYONS: Thank you, Chair. It has been an extensive consultation. As you have said, we have been very fortunate that the Government has chosen to invest significant additional resources into this particular area. There was \$100 million that was allocated in the 2017-18 budget and then another \$45 million that was announced in the 2019-20 budget to be allocated out to support enhancements in this particular space. As part of the process the Minister was very keen to ensure that we actually had conversations with families, carers and with non-government organisations [NGOs] involved in the space.

There was a series of roundtables that were held right across the State where there was an opportunity to actually have conversations, listen and hear directly from people about the sort of support and care that they needed. We actually had those in a range of different settings to ensure that we got a range of different views, because what is required in the city is not always what is required in rural and regional areas. That was a really important process of ensuring that we listened and heard about what the needs were and, with the investments that have been made, about ensuring that we actually do make sure we respond to needs by making sure that those resources that we have been very generously allocated are applied to the areas where the community has said to us they would like to see the improvements in care and the services.

That has been one really extensive process which has really helped us and informed how we allocated the resources that were available to us. However, there is ongoing communication both at the local health district [LHD] level through organisations like the Agency for Clinical and Innovation which has a palliative care network, which includes consumers, carers and clinicians working in the space. We will be continuing to use the opportunities at the new committee that we have established at the ministry to ensure that we are connecting with consumers and ensuring that we respond to the needs of individuals as we make these investments, as we have policies, as we plan for services into the future.

The CHAIR: Dr Lyons, one of the big challenges in any service delivery—including obviously health care and palliative care services—is in remote rural and regional areas. I was wondering if there has been any specific look at the demands there for the local health district in being able to service the desire of people living in those areas to have reasonable access to palliative care services?

Dr LYONS: I think this is a really important point. The distribution of particularly specialist services has been a challenge for us across the State, where attracting people who have got the skills to work in rural environments is particularly difficult. There has been a real focus on how we actually provide support to enable people who live in rural and regional areas to gain the same access to care. Our focus has been around the investment of additional positions into those environments. When we made the allocation of the medical specialist

positions in the first tranche of the additional \$100 million that came, the medical specialist positions were actually allocated to rural and regional services. We are allocated a couple of positions as relief positions to provide support for people who would be on leave and there might have been gaps in services. Those positions have been difficult to recruit to but we have made substantial progress in recruiting to those roles.

We also heard from staff working in rural and regional services that there was a need for additional investment in nursing. I think over the last round of investments 100 additional nurses have gone in across the system out of the \$45 million that was announced in the last budget; 64 of those positions have been directly allocated to rural and regional health services. There has been a recognition of the need to enhance, particularly in those services, the specialist skills available. We are continuing to support through the application of digital and tele-health initiatives—those sorts of supports that enable a connection between those rural services and specialist services that might provide advice and support. It will be an ongoing investment. Allied Health have gone in there—the scholarships have been particularly targeted to the rural and regional as well, to enable people in those environments to gain greater skills and capability to provide care in their settings.

I am just having a look at the numbers of the scholarships. There was a significant number—600 training places per year—across the State for all of the LHDs. I think there have been two rounds of those that have been fully subscribed so far across the State. That is a great indication of the commitment, support and the ongoing resourcing that we are providing into those environments. Can I just add a couple of notes I have got around the resources we are actually providing for the organisations that are involved in providing care and supports as well? In the 2018-19 money there were three grants of \$80,000 that went to NGOs for carer resources: to Palliative Care NSW, to the Cancer Council NSW and to Carers NSW to support carers in those environments as well.

The CHAIR: Thank you for that.

Ms FELICITY WILSON: Dr Lyons, I am particularly interested, on the LHD breakdowns, in understanding how you have worked on data collection and how you are applying that decision-making, particularly around allocation of resources. My area is Northern Sydney Local Health District. One of the areas of palliative care that is raised with me fairly regularly is out-of-hospital palliative care—so in-home aged care facilities and retirement villages, which is actually undertaken by contract by one specific organisation in my region—and whether or not the resources are being allocated adequately to those providers. How do you get the right data and information to ensure that you are putting those resources—particularly when they are going through a contract—into the right areas? We have an ageing population everywhere. In my own area we have a lot of people who will stay in-home or in an aged-care facility or retirement village towards the end of their life. How are we making sure that those resources are meeting the needs of people who are in the community and not just in hospitals?

Dr LYONS: This is an ongoing process of monitoring by all of the local health districts across the State. I make the comment that issues around residential aged care in particular are a cross-government responsibility with the Commonwealth as well as the State responsible for how we provide those supports and resources. I know there are conversations going on at the moment between the Commonwealth and the State about how we can enhance services into residential aged care. Where people are certainly needing access to specialist care—whether they reside in a residential aged care facility, in a retirement village or in their own home—they have the same access to care as anyone resident anywhere else in the local health district. Of course the challenge for us is that, with the ageing population and with increasing demand on services, how do we ensure that we continue to meet those needs.

That is why the additional investment that has been allocated has been very welcomed. While we spend around \$210 million a year on palliative care services across the State, the addition of a \$100 million enhancement over four years in the first additional allocation and another \$45 million allows us to significantly enhance what we do. There is a need for us to continue to look at what we can do to resource and support additional services. We are very keen to look at models where we can actually provide support for primary care. There is a particular role in the early phases—and I think this is a focus we are trying to have as well as a system as to how we support appropriate access to end-of-life choices but also palliative care when that is required as part of end-of-life care through a combination of primary care, which is delivered in partnership with the Commonwealth through general practitioners, with our community services and often through non-government organisations that are working in the space.

How do we ensure that we link that with the specialist palliative care services for those particular people who have got complex care needs? That assessment is ongoing. The districts will continue to review demand for services and will continue to work with us to look at the best place to provide care to get better care as much as possible in the community—that is where we would like to provide as much care as we possibly can—and recognising that there are still many people who are dying in hospitals with palliative care where there could be actually care provided in the home and support people having an end-of-life experience at home. We recognise

that they would like to do that, because surveys have indicated more people would like to have the opportunity to die at home if that is a choice that is available to them. We are continuing to support those investments, monitoring the data and making those moves into those environments. The challenges for us, of course, are the resources, the demand and how we ensure that we have the appropriate allocation of resources to do all the things that we need to do across the system.

Ms FELICITY WILSON: Dr Lyons, you have said that the local health districts [LHDs] are, if I may summarise, essentially responsible for making those decisions about allocations of resources themselves but as far as this audit goes, there was discussion around data collection, benchmarking and evaluation. What has been done to address that to make sure that we are actually making the right decisions?

Dr LYONS: We are committed to those recommendations and we are building into our Electronic Medical Record [eMR] not only both the data that will be collected to look at service utilisation in the community settings and in the in-patient setting but also, very importantly, connecting that to palliative care outcomes. I think there is already a very well-utilised Palliative Care Outcomes Collaboration. Thirty-seven of our facilities contribute data into that outcomes collaborative at the moment. We want to see all of our services providing outcome data as well. Why we are investing in the eMR to do this is to ensure that there is not an additional data burden on our clinicians.

As you would probably appreciate, our clinicians work very hard in providing face-to-face clinical care. We want to support them in doing that. We do not want to take them away from clinical care and add to the burden of data collection. We want to build it into the Electronic Medical Record in a way that helps them do the things that they want to do for their patients—to provide that clinical care. Collecting the information allows us to assess service utilisation in different settings and connect that over time to outcomes and make sure that we are getting the best outcomes and we are getting the care delivered in the way that gives us the best chance for those outcomes to be achieved. It gives us a chance to benchmark services across settings and between different services and it allows us to make the right investments over time to get the best value for the resources that we have in achieving those outcomes.

That is where we are going. What we want to do is to build that and incorporate that into the eMR. It is taking a little bit longer to do that but we are committed to doing it. We are resourcing up to do that. That will ensure that as we collect the data, it is not seen as an additional burden by the clinical staff. We know that if we do not do it in this way and build it into the workflows for our clinicians and teams, ultimately we will not get the data we need. We will have gaps in it and it will be a burden for our staff, which we want to make sure we do not create.

Mr RYAN PARK: Dr Lyons, from your experience what is the best practice model that you have seen for end-of-life care on an international perspective? Obviously, you will say NSW Health is very good and I accept that. But who do you think is where you would like to start to see this issue? This is an issue that is obviously extremely sensitive within our respective communities.

Dr LYONS: Yes.

Mr RYAN PARK: We have seen debates about end of life here and we will see more over this term of Parliament, I am sure. Where do you think legislators should be looking or pivoting towards in terms of a model that is very good?

Dr LYONS: I think health systems and governments around the world are challenged by this, about getting the balance right between individual decision-making—the autonomy of decision-making—and the systems supporting appropriate decisions in a way that the community find acceptable and reasonable. I think the balance needs to be around ensuring that we have enough information for people to make choices and around recognising that sometimes—we talked about advanced care directives and those sorts of tools being available—people can change in their views as they get closer to different end points and—

Mr RYAN PARK: Stages.

Dr LYONS: —stages in their disease processes. We need to have flexibility to be able to change what we are doing depending on individual needs and circumstances. I think the key thing is for us to have a system that allows that flexibility. It builds in to how care is delivered, particularly for chronic conditions. I will give you the example of what we are doing around end-stage renal disease, which I think is world class. It is about creating a conservative care pathway for people, particularly old with multiple comorbidities. Rather than going on to renal replacement therapy, it is about having a pathway that is built on palliative care principles to say, "We can actually support you with symptom control but not actively treat your renal failure."

Mr RYAN PARK: Disease, sure.

Dr LYONS: Giving the people the option around that is actually creating different conversations between clinicians, patients and families. It is giving clinicians confidence that if they do not offer renal dialysis, there is actually something that they can offer. It is improving the quality of life of people who are living with end-stage renal disease. These examples are ones that we are building in New South Wales. We are now thinking about how we can extend that to other chronic conditions, particularly heart failure and respiratory failure. We are building in these principles of palliative care into other specialty areas and conditions that people are living with, which might ultimately end their life.

Mr ADAM CROUCH: Thank you very much, Dr Lyons. I start by acknowledging the work that you have done with our local area health district on the Central Coast. It is an excellent roundtable organisation which has then led to a working group inside the local area health district. This is a health district that had not tackled palliative care in any substantive way. We are seeing dramatic changes. With regards to the consumer engagement, we had a very good starting point. We had a very widespread community engagement with our roundtable—ageing population of the Central Coast.

What is the standard and what will be the next step? Will there be a re-engagement to explain to the population what the outcomes have been from these roundtable processes? Is that something that is in the pipeline because you have done some great work in the beginning. I know the local area health district is working with the key stakeholders, but how will the public—because they are effectively a key stakeholder—be engaged. I assume that is part of the consumer engagement working group, which you sit on. How will you then move to the next step and re-engage with the public to explain where we are going with it?

Dr LYONS: I think there is ongoing engagement, as you say, with the working groups. The question is about how do we communicate to the broader community about the advancement that have been made, the additional services that are available, what has changed as a result of all the contributions that people have made. I think that is going to be an ongoing piece of work, which will work very closely with the local health districts. Those announcements are best made by the local service providers as they make those changes. They are the people who have the relationships with the communities. We will continue to support that through access to information on the Ministry of Health website, about the changes we are making, what improvements we are making, and what policies, frameworks, planning decisions we are making.

We are very keen to ensure that there is, I think, ongoing communication with communities locally, particularly as improvements are made and where there is a benefit out of a local investment or a resource decision, the community have made aware about what additional services are now available to them in their own communities. That is the really important point that you have made. We will continue to work with the local health district about an appropriate point in time. Usually the best time is when there is a new service that comes online or decision has been made around a capital change. Those opportunities are the ones that we will highlight and leverage to ensure that we get the messages out.

Mr ADAM CROUCH: It is a very good answer. One of the things you mentioned was the difficulty about implementation of palliative care in regional areas, the Central Coast being mine. How many regional LHDs sit on the consumer engagement working group that you co-chair effectively. How many of those regional LHDs are part of that or are they all basically Sydney-based?

Dr LYONS: We always make sure that when we are having consultations around services, we do not just talk to one group. If there is a need for decisions to be relayed around decisions, we will ensure that we have rural and regional representation as well as metro. We are completely committed to that. We do not make decisions on a statewide basis without ensuring that we have voices being heard from different points of view because the environments are different, the context and services delivery is very different, the starting point is often very different. It is really important that we acknowledge that in here and about what is the appropriate way to make change.

The CHAIR: Thank you, Mr Crouch. I think the panel have finalised their questions. I will once again defer to the Auditor-General to see if there are any follow-up comments or questions from them.

Ms CRAWFORD: Thank you, Chair. I do not think we have any further matters to add. It is good to see such a good focus on this important issue.

Dr LYONS: Thank you.

The CHAIR: Thank you for that. Dr Lyons, thank you for appearing before the Committee today. The Committee may wish to send you some additional questions in writing, the replies to which will form part of your evidence and be made public. Would you be happy to provide a written reply within five days to any further questions? It is a liberal five days. Have a cup of coffee.

Mr RYAN PARK: Small-1.

Dr LYONS: Yes, I will.

The CHAIR: Small-1 liberal. Thank you for your attendance, Dr Lyons. I will close this session.

(Dr Lyons withdrew.)

MS CHLOE READ, Executive Director, Learning and Business Systems, Department of Education, affirmed and examined.

MS GEORGINA HARRISSON, Deputy Secretary Educational Services, Department of Education, affirmed and examined.

The CHAIR: The Committee will now deal with Sharing School and Community Facilities. I welcome Ms Read and Ms Harrisson. Also present are representatives of the Auditor-General's office, including the Auditor General, Margaret Crawford, Ian Goodwin and Claudia Migotto who are here to assist the inquiry. Would one of you like to make a brief introductory statement?

Ms HARRISSON: Yes, thank you. The Department of Education encourages members of the community and education groups to use school facilities when they are available, strengthening both the partnership between school and their local community. Schools are valuable public facilities and are a community resource. This is particularly the case in our rural and regional areas where the school is often a central part of the community. The Audit Office conducted a performance review into sharing school and community facilities during 2017. The final report comprised four recommendations, identifying the need for the department to review and enhance its approach to sharing school and community facilities. The department accepted all of those recommendations and has now completed the implementation of all four of those recommendations.

I would just draw the Committee's attention to one particular area where we have improved the support available for our schools and our communication to schools. That is around the community joint youth framework, which includes policy and practice notes and key examples and guidelines for our schools, to enable them to implement the shared use policy more effectively. It targets significant major infrastructure upgrades and community access to facilities at schools and a number of major projects have begun to implement a variety of new facilities as our increasing infrastructure build gets underway, including sporting centres, sports fields and some performing arts centres. We are really focused on making sure that investment in our new infrastructure is being felt and that the whole community benefits from the investment.

The CHAIR: That is a brief statement. I appreciate that. Not everybody does that.

Ms HARRISSON: You asked for brief. I had pages.

The CHAIR: Excellent. Can I just ask the Auditor-General to note the way in which that was done? That was excellent. We shall move on. As we have said with each of those appearing before us today, we note that the audit that is being followed up here was some time ago. The particular audit here was tabled on 1 November 2017—so prepared before then—although it did take some time for the department to respond, I note the 18 December 2018. So there was a lag there. But we are dealing with an issue that we do know there has been some discussion in the community and within the agency about, and in the Ministry indeed.

So there has been change since that audit was undertaken. Please understand then that as we ask questions, you may well have answered them. So for the record, just humour us a little bit. In response to the audit, the department produced this community joint use framework to support the existing shared use policy and implemented a range of projects. A policy review was due to be completed at the end of 2018. What is the current status of the review of the community use of school facilities? What were the main findings and has the methodology for calculating fees for use of school facilities changed as a result of the review?

Ms HARRISSON: We have reviewed the methodology for calculating fees for facilities to ensure that shared use does not result in a financial burden to schools. The department's current fees and charges for shared use were published on 28 September 2017. The fee structure encourages community use of school facilities and does not result in a financial burden to schools or the department. In December 2018 our School Infrastructure NSW area of the department provided input into the review of the community use of school facilities policy in order to make sure that we were capturing the right fees and schedules for schools.

The CHAIR: Thank you for that. The Audit Office report drew attention to a backlog of 701 joint use facilities proposals awaiting approval valued at \$56 million. This represents funds raised by schools which cannot be used to provide improved facilities until the approval process is complete. Some proposals had been waiting for approval from more than 12 months at that stage. Has the backlog of school-initiated infrastructure proposals been reduced?

Ms HARRISSON: Through our asset management program we have implemented a number of additional projects and established a new team to concentrate on school and community-funded projects and assist our local asset management units in the delivery of those projects. A new initiative has also been implemented that enables school communities to self-deliver a range of commonly requested and low-risk works. We have also

developed a service level agreement that is currently being socialised with our key stakeholders and engaged in a consultation process with them around that, which covers the implementation of school-funded work, which has been an area of concern for schools, given the sometimes protracted time frames. The new service level agreement will ensure timely assessment approvals and delivery of school-funded works as well as ensuring that expectations around timing and delivery are communicated clearly, both to the community and to the schools. We are currently engaged in significant work across the system to reduce those time frames for all those school-funded works.

Mr RYAN PARK: This is an area of policy I am very interested in. We developed a policy in Opposition about incentivising schools to do this, because some of the barriers are that principals have traditionally not liked it, they think it will add to the burden of managing, it is another job for them, insurance, security risk. Is there anything in the system to financially incentivise schools who do this well? One of the things we were looking at was those schools who I believe—because they are community-owned assets, they are not school-owned assets—are doing the right thing and ensuring that they are getting use of their asset, should be able to draw on a fund to help improve their general maintenance. Is that something the department has looked at all?

Ms HARRISSON: We have not looked at that particular issue in detail. I think the things that are important to remember are the varying and competing priorities on assets, depending on the diversity of programs offered at any given school and the different decisions schools make around where certain services are provided. We are at the moment through the before-and after-school care program looking to incentivise more providers to provide services on school sites through a rental subsidy. But obviously we need to balance that in some locations with how some of the common areas of the schools, such as a school hall, might be used to be supporting educational programs in the school. Many of our schools have active band programs, dance programs, those kinds of things.

We have to make sure we provide the balance and support and that we are also supporting our principals in their legal obligations around being the site manager for a school property through the work health and safety legislation. We have to have that complexity in mind when we are thinking about how we will enable and better support schools to open up their gates more. We have learnt a lot through the open schools program in the school holidays where we have provided some additional funding to schools and some additional provision of security to incentivise schools to open their grounds during the school holidays. That has been successful but we have also learnt that for some schools the support we provided is not actually what they needed. They did not all need a security guard. The community is the best security guard those communities have—

Mr RYAN PARK: That is right.

Ms HARRISSON: —and the use of the asset is the thing that protects it best.

Mr RYAN PARK: Passive surveillance.

Ms HARRISSON: We need to make sure, again, that we have flexibility in those settings. What we do not want to do is incentivise principals to use their sites for things that do not benefit their students first. Any conversation about incentives needs to bear that in mind.

Mr RYAN PARK: Do you think in speaking to the principals would they say it is easier now for them, given what the department has done in terms of support, to open up their facilities to the community than it was, say, five, 10 years ago?

Ms HARRISSON: I would hope so, but certainly we do not think our job is done yet. We now have a new school website service and through that service we can provide greater support to schools in terms of tools that are available to them. We are starting to push out the kind of online booking, access to contracts and the like from a central perspective to make that much easier for schools. We also hope that the provision of funding we have provided to schools to support administration across schools—through the School Leadership Strategy we invested \$50 million worth of flexible funding for school principals to get additional administrative support. Many of them chose a business manager and we would expect that role where those schools have selected a business manager as the use of those funds to really play an active role in that kind of community use element of the school.

Mr RYAN PARK: Do school directors have a conversation about this with principals in their regular meetings, do you know?

Ms HARRISSON: School directors would cover a wide variety of topics. Certainly, this would come up where there was significant community engagement and concern around the issue, where it was a keen thing that was coming to the director's attention from the community.

Ms FELICITY WILSON: You referred to the Share Our Space initiative, which has been taking place during school holidays. Only one of my local schools participated, and they have continued to do so over a number of school holidays. They are obviously enjoying the program, but other schools have not taken on the initiative.

Is that reflective of how schools across Sydney or the State are responding? Are you seeing a greater uptake? If not, what needs to be done to, not just incentivise, but encourage schools to take part in that initiative?

Ms HARRISSON: We have seen growth in uptake and we did purposely start small and want to build the school's and community's confidence in that approach. It was important for us to have in those first holidays principals reporting back to their colleagues that this had gone well for them and their community. We are expecting more than 300 schools to open their grounds over this coming holiday and we continue to work with schools to try to grow that number, building on those positive stories. Some schools lend themselves to this approach more than others. Those where we have gates that require locking and opening more formally, we have a work issue and it depends on someone with the keys being available to go and open or close it, and for some schools that has been the barrier when the staff are on holiday at the same time. We are working through those issues with schools. We will continue to encourage schools to open their facilities to the community. We will continue to look for new ways to support them in doing so.

Ms FELICITY WILSON: My second question is about before-and after-school care policy, which is obvious that the Government is seeking to expand for every child. In my community we have very limited access to land, so we do not get to share ovals and the like, because we do not really have ovals. When it comes to before-and after-school care I would observe from feedback in the community that there is a tension between the restrictions on capacity for formal before-and after-school care and provision of music, fitness, exercise, creative courses, the kind of adjunct activities that are facilitated by private providers on or off the school grounds, that they do not face the same restrictions as a formal before-and after-school care program. To what extent do you work with, I think it is the Federal Government that outlines those restrictions, on the, I say conflicts just because there are two different thresholds that are applied, in trying to best utilise school facilities and maximise the appropriate use of those facilities for before-and after-school care, noting in my community and many we have a paucity of spaces and lengthy waiting lists for students?

Ms HARRISSON: Ms Read might want to comment on the space regulations in particular, but as an overview we are involved actively with the Commonwealth Government around the restrictions that are placed on before-and after-school care. The before-and after-school care sector is regulated under the same regulations as a long day care setting for much younger students, and therefore faces some constraints to it. We are working currently on a review of those regulations and one of the areas we want to look at for New South Wales, and we have been clear in the scope, is to look at how those regulations apply to before-and after-school care. The reason they apply is they are linked to the childcare subsidy that many parents benefit from that subsidises the provision and access to before-and after-school care. But we have been very clearly identifying where those barriers hit first and most acutely for school communities, particularly in areas like yours, and Ms Read will be able to give you a bit more information on that.

Ms READ: One of the things that we have done with the before and after school care program is look to remove some of those regulatory barriers that essentially, as you have outlined, cause an uneven playing field for providers. The regulator has recently announced a policy position on granting waivers for the indoor space requirement when they are on school sites, as they are facilities that are purpose-built for children and are subject to the educational facilities standard guide, which has a different space requirement to the national law. That will help address that circumstance.

Ms FELICITY WILSON: Is there any consideration given to—and I am not suggesting this is a good approach—in places where there is constrained access for before and after school care limiting the external use of those school facilities until post 6.00 p.m. or just on weekends, for instance? So removing that conflict of use between external users and—you could have an external provider of before and after school care but not before and after school care uses. Is there any consideration given to structuring the use of the assets in that way?

Ms READ: Yes. The policy already has a kind of prioritisation of how the use should be applied. In terms of the before and after school care conversation, that is certainly something that we would be exploring with schools, understanding that there is a role for the school community to tell us which use they would prioritise in a space where there might be contention.

Mr ADAM CROUCH: You mentioned there are 300 schools taking part these coming school holidays, which is wonderful. Do you monitor the quality of measures such as the user satisfaction? So if people are coming into the schools over the holidays, is there a follow-up mechanism on behalf of the department to say, "We've had X hundred people go to Kincumber Public School over the holiday break, and their satisfaction level was X per cent," or also looking for their feedback about what could be done better with regards to the program itself?

Ms HARRISSON: We do not have any specific way of collecting that data. We get anecdotal feedback through schools and communities and that has been unquestionably positive on this program, certainly from the

community side. We would want to make sure we continue to get that sense. I think it is an interesting question for us to consider how we might more regularly and structurally collect feedback on that type of issue.

Mr ADAM CROUCH: For instance, if there was an app where people know which schools are open, at the same time they can give feedback as to what their experience was as a consumer or user.

The CHAIR: There are no further questions from the panel. Once again I will refer over to the Auditor-General to see if there is any areas they wish to further comment on.

Ms CRAWFORD: Not for me.

Ms MIGOTTO: Mr Chair, I was just interested, following on your question, whether we got a specific answer around the actual number of backlog proposals for school-initiated infrastructure projects.

Ms HARRISSON: I do not have that specific number with me, but I am very happy to provide it to the Committee in writing following.

The CHAIR: That is true. I think it was spoken to, but not a specific number.

Ms CRAWFORD: We are auditors.

The CHAIR: I know. No comment. If it was not for you, we would not be here. Ms Crawford, you are satisfied with the answers?

Ms CRAWFORD: Yes.

The CHAIR: With that, I thank you for appearing before the Committee today. The Committee may wish to send you some additional questions in writing—including that one—the replies to which will form part of your evidence and be made public. Would you be happy to provide a written reply within, say, five days—we are going to fix that—to any further questions?

Ms READ: Yes.

Ms HARRISSON: Yes, of course.

The CHAIR: Thank you for that. I will allow you to now depart.

The CHAIR: That concludes the public hearing on selected performance audit reports. Again I place on record my thanks to all witnesses who appeared here today. I also thank my colleagues, members of this Committee. I acknowledge Hansard for their work. I certainly acknowledge the members of the Auditor-General's team. Particular thanks goes to the Committee staff—obviously Mr Nordin and all those staff who do the preparation for this. There is a lot of work in it. I place on record my thanks and, I am sure, those of the Committee. I declare these hearings closed.

(The witnesses withdrew.)

The Committee adjourned at 12:35.