



Department of
Infrastructure, Planning and Natural Resources

Office of the Director General

Ms Tanya Bosch
Director, Budget Estimates
General Purpose Standing Committee No. 4
Legislative Council
Parliament of NSW
Macquarie Street
Sydney NSW 2000

DGC05/329

Dear Ms Bosch

I refer to your correspondence of 16 February 2005 concerning questions taken on notice during the Budget Estimates Supplementary Hearing of General Purpose Standing Committee No. 4 on 9 February 2005.

Enclosed please find responses to the questions taken on notice during the Hearing.

Yours sincerely

SHaddad

Sam Haddad
A/Director General

22.3.2005

QUESTION ON NOTICE 1: PROVISION OF REPORT

On 9 February 2005 the Hon John Ryan MLC asked a question of the Director General of Infrastructure, Planning and Natural Resources, during the Budget Estimates Supplementary Hearing which was taken on notice—

Question:

The Hon. JOHN RYAN: First I will deal with questions from the notice paper the last time we met. I refer to a discussion I had with Ms Westacott relating to a review of the internal audit report done by Deloitte. I note that notwithstanding the fact that Ms Westacott said she did not have a problem with tabling the report, and she was asked to table the report, the Committee does not have it. Are you able to table the report? Is there some reason why you have not tabled it so far?

Ms WESTACOTT: In the questions on notice, in the way the information was requested from the department, the report was not requested I am happy to provide the Committee with the report.

Answer:

A copy of the internal audit report was provided to the Committee on 17 February 2005.

QUESTION ON NOTICE 2: BUDGET FOR DELOITTES

On 9 February 2005 the Hon John Ryan MLC asked a question of the Director General of Infrastructure, Planning and Natural Resources, during the Budget Estimates Supplementary Hearing which was taken on notice—

Question:

The Hon. JOHN RYAN: What is your annual budget for Deloitte's doing work under that contract?

Ms WESTACOTT: I will take that on notice but I have it here. The annual audit program has a budget of \$176,000 of which the fees of Deloitte's are part of that budget. I am happy to, on notice, provide you with a detailed breakdown of the specific fees of Deloitte's.

The Hon. JOHN RYAN: Why can you not provide that detail now?

Ms WESTACOTT: Because I do not have it with me.

The Hon. JOHN RYAN: Are any of your officers able to provide it more quickly?

Ms WESTACOTT: I am sorry, \$176,000 is for Deloitte's.

The Hon. JOHN RYAN: That is all for Deloitte's?

Ms WESTACOTT: Yes.

Answer:

The budget for Deloitte's annual audit program was \$176,324 in 2003/04 and \$200,000 in 2004/05.

QUESTIONS ON NOTICE 3, 4a AND 4b: PAYMENTS TO DELOITTE

On 9 February 2005 the Hon John Ryan MLC asked a number of questions of the Director General and the Chief Financial Officer, Department of Infrastructure, Planning and Natural Resources, during the Budget Estimates Supplementary Hearing which were taken on notice—

Question:

The Hon. JOHN RYAN: The Opposition has material available to it in which there are line items shown against accounts rendered to Deloittes which indicate amounts deducted and paid to Deloittes of \$2,640, \$6, 660 and \$15,015, all of which are noted in this document as being for internal annual support professional service, internal audit 25 hours and professional services April 2004 internal audit review. They appear to be specific amounts paid to Deloittes specifically for the review of this internal audit. On two instances the line item actually indicates that. That material seems to be at odds with the advice you have already given to this Committee. Will you confirm to the Committee that no payments were made to Deloittes for the review of the internal audit? If not, what were these line items for?

Ms WESTACOTT: I have made it clear that the payments that were made to Deloittes for this particular audit were \$11,000. I do not have the document to which you are referring. I am happy to take it on notice. The advice I have is that the cost of that audit was \$11,000 and that was part of its annual audit contract for which they regularly invoice us.

The Hon. JOHN RYAN: Can anybody at the table tell the Committee why Deloittes was paid amounts relating to an internal audit review on 18 May, 25 May and 23 July? Was that for this particular project or something else?

Mr LUCAS: Mr Ryan, Deloittes are a part of the internal audit process. Deloittes, together with the internal audit branch, provide internal audit services to the organisation. Whilst the Director-General has said she will take on notice the specific invoices and pull those out, I would believe that those were part of that internal audit service as part of the internal audit, and not necessarily part of the internal audit review.

The Hon. JOHN RYAN: What is the difference? What other audits has Deloittes done for the department during this time that could be described as "review of internal audits"?

..... and

The Hon. JOHN RYAN: To clarify the question, I am asking questions about material that was dealt with in the previous estimates hearing when the Committee was told that there was no additional cost for a review of an internal audit. I have referred to three payments made to Deloittes for items that appear to be described as a "review

of an internal audit". Are there any other jobs that Deloitte does that could be described as a "review of an internal audit"?

The Hon. JAN BURNSWOODS: That is why I asked how many financial years are being referred to.

The Hon. JOHN RYAN: There are two, but two of the items are certainly listed within 2003-04.

Ms WESTACOTT: As I said, I will take it on notice. Mr Lucas might provide some more detail. Deloitte is part of the internal audit program and I imagine that it would invoice the department for services to that program.

The Hon. JOHN RYAN: It would.

Ms WESTACOTT: There are a number of things that it audits. Mr Lucas can provide some more detail. As I said, I am happy to take it on notice. The advice I have is that the cost of the audit was \$11,000, that was within its contract and that is what I meant by no additional cost to the department.

Mr LUCAS: Additionally, Director-General, the nature of the work Deloitte does and the necessity of our accounting system to reduce a description down to 40 characters means that often people will refer to the work by Deloitte as "internal audit review" or "internal audit work". Without actually looking at those particular invoices we cannot tell exactly what that requires. The nature of other things that it would do as characterised as internal audit work or review would be the normal parts of an internal audit program that had been agreed between the internal audit branch, the audit committee and Deloitte as the allocation of the work between those two. They may cover things such as fleet, information technology, payroll type work and accounts payable payments.

Answer:

The cost of the review of BSR Solutions appointments undertaken by Deloitte was \$11,880.

The Internal Audit plan for 2004/05 allocates time to a variety of internal audit areas including Investigations, Contracts Review and Ethics/Governance. The review of BSR Solutions appointments undertaken by Deloitte was a normal part of that Internal Audit Plan, and as such was included within the total cost of the Internal Audit function.

The identified invoices were for internal audit reviews other than BSR Solutions appointment and included internal audit reviews of the implementation of water sharing plans, Water Licensing and the Water Management Act

QUESTIONS ON NOTICE 5: DIPNR ALLOWANCE CLAIMS

On 9 February 2005 the Hon John Ryan MLC asked a question of the Executive Director, Corporate Services, Department of Infrastructure, Planning and Natural Resources, during the Budget Estimates Supplementary Hearing which was taken on notice—

Question:

Mr SMITH: The living-away-from-home allowance that was claimed by Ms Francis was actually lower than her entitlement. That was the understanding from the human resources branch that reports to me. I asked the human resources branch to look at that to ensure that the claims that Ms Francis was making were appropriate in terms of the award provisions. Whether she claimed more or less than she was entitled to, it is important to apply the award as set by the Industrial Commission. Human resources has had a look at that. There were no discrepancies in terms of the allowance that was paid to her.

The Hon. JOHN RYAN: So your concern was that she might not have been paid in full, which was the reason it was drawn to your attention?

Mr SMITH: No. The claims were not made by Helen Francis in terms of the award. I understand from memory that they were very similar to the amounts that she would have been entitled to under the award. Nevertheless, her claims were a little different. I cannot recall the detail, but the human resources team that reports to me reviewed her claims while she was a member of our staff and indicated to me that both the amounts claimed and the way she claimed them were appropriate.

The Hon. JOHN RYAN: I was asking whether you recall why they were drawn to your attention.

Mr SMITH: My recollection is that they were drawn to my attention because she claimed the allowance in a way that was different from other employees.

The Hon. JOHN RYAN: Would you like to explain what you mean by "different"?

Mr SMITH: I cannot recall the detail, I am sorry. I would have to take that on notice.

The Hon. JOHN RYAN: So you would be prepared to give that detail to the Committee on notice?

Answer:

In October 2004, the ICAC, forwarded to the department a copy of an anonymous complaint relating to travel allowances paid to Ms Helen Francis, a member of staff. The matter was forwarded by the Commission for the department's information and no action was required.

The Department considered it appropriate however, to undertake a review of the travel allowance claims made by Ms Francis and this was conducted by the Human Resources Branch in November 2004. This review found that the allowances paid to Ms Francis did not exceed her entitlements under relevant award provisions.

QUESTIONS ON NOTICE 6a AND 6b: CLOSURE OF RESIDENTIAL PARKS

On 9 February 2005 Ms Sylvia Hale MLC asked a number of questions of the Director General of Infrastructure, Planning and Natural Resources, during the Budget Estimates Supplementary Hearing which was taken on notice—

Question:

Ms SYLVIA HALE: Ms Westacott, as Director-General you would be aware that a number of residential parks have either closed or are under threat of closure. Given the significant decline in this sort of housing, which is affordable and has easy entry and exit, what role is the Department of Infrastructure, Planning and Natural Resources playing in relation to this matter?

Ms WESTACOTT: Do you mean residential caravan parks as in permanent resident caravan parks?

Ms SYLVIA HALE: Yes.

Ms WESTACOTT: I will take that on notice. We did do some work on caravan park regulation. As part of our strategies for the North Coast, the Illawarra, the Hunter and the Central Coast we are looking at the role residential parks play in both a tourism role and an affordable housing role to ensure that that accommodation is available to low-income earners, not just for permanent residents but for affordable holiday accommodation. So I will take that on notice. It is something that I have raised with my planning teams on the Central Coast because I am aware of one or two residential parks that have come under some pressure for redevelopment. As you say, they provide an important role for affordable housing, particularly for affordable purchasable housing for low-income people. We want to see that mix of housing maintained in our strategies, particularly in places like the North Coast, which as you know is under a lot of population pressure, and in places like the Central Coast, where there are obvious affordability and access issues.

Ms SYLVIA HALE: But you are also aware that it is a problem in Sydney?

Ms WESTACOTT: Yes, I am aware of the particular park that you are talking about, and I am happy to take that on notice and give you some more details.

Ms SYLVIA HALE: But also the closure of parks, for example, at Parklea.

Ms WESTACOTT: Yes. I will take that particular one on notice and give you some proper details.

Answer:

The management of residential accommodation in caravan parks is complex – it involves tenancy and property rights, land management considerations and checking of compliance with health, safety and amenity standards. Administration of the relevant legislation is shared between a number of State agencies and local government.

While caravan park residents in NSW do not have “permanent tenure”, the Residential Parks Act (administered by the Department of Commerce) provides strong tenancy protection, including provisions on eviction, termination and compensation.

Planning controls can not prevent private businesses from making commercial decisions to convert long-stay sites to short-stay or to close parks. However, Councils can seek to ensure there is enough suitably located land zoned for caravan parks.

Councils can also insert provisions in their local environmental plans that require certain matters, such as the availability of suitable alternative affordable housing within the local area, to be considered when determining whether or not to grant consent to development applications for the redevelopment of caravan parks for other land uses.

As part of the NSW Planning Reforms, local councils will be encouraged to undertake better and more comprehensive strategic planning and to prepare local strategies to investigate the social, economic and environmental issues within their local areas before preparing new local environmental plans. Councils can use these mechanisms to investigate and provide for the housing needs of their areas, and consideration can be given to whether residential caravan parks and other forms of affordable housing are required.

QUESTION ON NOTICE 7: NON RENEWAL OF STAFF MEMBER

On 9 February 2005, the Hon David Oldfield MLC asked a question of the Director General of Infrastructure Planning and Natural Resources, during the Budget Estimates Supplementary Hearing which was taken on Notice-

Question:

The Hon DAVID OLDFIELD: Is it a different driver or do you just not have a driver any more?

Ms WESTACOTT: The person who was in that position was in a temporary position. I have made a commitment to the PSA that as part of the reduction in staffing in our department we would target initially temporary staff. He was one of those non-essential temporary staff and when his contract was finished – when his time finished – he was not renewed.

The Hon DAVID OLDFIELD: Were there any costs involved in his non-renewal?

Ms WESTACOTT: In what sense?

The Hon DAVID OLDFIELD: In the sense of redundancy pay or any such thing

Ms WESTACOTT: He was a temporary section 27, or former section 38, employee. I doubt that there were any, other than the normal leave entitlements or payments provided.

The Hon DAVID OLDFIELD: You doubt it; you are not sure.

Ms WESTACOTT: I am happy to take it on notice, but I doubt it. He was a section 38 employee.

The Hon DAVID OLDFIELD: Okay. If you could take it on notice and tell us if there was anything other than that which would be normal under the circumstances

Answer:

The occupant of the position of Driver/Support Officer was not paid any redundancy or severance payments upon his termination.

**QUESTION ON NOTICE 8: COSTS INVOLVED WITH GARAGING
THE DIRECTOR GENERAL'S CAR**

On 9 February 2005, the Hon Jennifer Gardiner MLC (Chair) asked a question of the Director General of Infrastructure Planning and Natural Resources, during the Budget Estimates Supplementary Hearing which was taken on notice—

Question:

CHAIR: Ms Westacott, can you assist the Committee in terms of what sort of cost might be involved in terms of garaging? Is it anything out of the ordinary?

MS WESTACOTT: Not to my knowledge. I will take it on notice. I do not know what the cost is.

Answer:

The policy for determining the costs for garaging vehicles for all Executive staff is determined by Premier's Department.

The current policy is that Executive staff meet the cost of parking as specified under the *Parking Space Levy Act 1992*.

The Director General meets the cost of car parking for her Business/Private Salary packaged vehicle in accordance with that policy.

QUESTION ON NOTICE 9: EMPLOYMENT OF KERRY KEOGH

On 9 February 2005, the Hon John Ryan MLC asked a question of the Director General of Infrastructure Planning and Natural Resources, during the Budget Estimates Supplementary Hearing which was taken on notice.

Question:

The Hon JOHN RYAN: Ms Westacott, Mr Kerry Keogh, who was the former general manager of Strathfield Council, and as I understand he has been mentioned in the current ICAC inquiries into Strathfield Council, is now, I understand, in charge of the Parramatta Road Corridor. Can you inform the Committee as to how he was employed, who were his referees and are you confident that he is not involved in what appears to be any serious corruption associated with the new development opportunities in Strathfield or in the new portfolio that your department has given?

Ms WESTACOTT: First of all, he was not responsible for Parramatta Road. He was the project officer reporting to the chair, David Richmond, on Parramatta Road. He was selected under a competitive process. I do not know who his referees were. I am happy to take that on notice. He has resigned from that position.

The Hon JOHN RYAN: Can you inform the Committee when that resignation occurred? Is it recent, within days?

.....

Ms WESTACOTT: If my memory serves me correctly, it was on 2 February.

Answer:

Mr Kerry Keogh resigned as a contractor on 2 February 2005. Mr Keogh was engaged through a process which involved 3 suitable candidates. Mr Keogh did not provide any referees.

QUESTION ON NOTICE 10: METROPOLITAN STRATEGY BUDGET

On 9 February 2005 the Hon John Ryan MLC asked a question of the Director General of Infrastructure, Planning and Natural Resources, during the Budget Estimates Supplementary Hearing which was taken on notice—

Question:

The Hon. JOHN RYAN: You indicated that the metropolitan strategy was due to be completed, at least in draft form, by the end of 2004. That date has apparently now been carried across to March 2005. I understand that there will now be a series of announcements during 2005. How much has the strategy been budgeted to cost? What is the revised cost as a result of the additional time it has taken to prepare?

Ms WESTACOTT: I think we answered one of the honourable member's questions on notice about the cost of the metropolitan strategy, and that has not changed. What was the second part of the question?

The Hon. JOHN RYAN: When will it be finished?

Ms WESTACOTT: We have always been very clear that we would not produce a single document, that we would ensure that we implemented it as we went and that we would undertake a number of projects—those I have mentioned today—and we have not changed from that position. One of the major platforms of the metropolitan strategy was completed by 2004. That was the major land release that I referred to today.

The Hon. JOHN RYAN: Is the strategy finished or does it still require work?

Ms WESTACOTT: As is the case in every other State, the strategy is ongoing. We have always said that we would not produce one document and that that would be the end of the strategy. There is enormous work to be done on something like a metropolitan strategy. One does not simply write a document and leave it to everyone else to get on with.

The Hon. JOHN RYAN: Has the budget you referred to in response to the question on notice been extended or is it an ongoing cost?

Ms WESTACOTT: I will take that question on notice because it will refer to different financial years.

Answer:

The Metropolitan Strategy is a rolling series of actions that began in 2004 and will continue in 2005 that focus on implementation arrangements and are linked to budget decisions which together form an ongoing Metropolitan Strategy.

The initial budget for the Metropolitan Strategy for the 2004-2005 financial year is \$3.7 million.

The budget is being reviewed to take into account the implementation of the Metropolitan Strategy and the ongoing development of its related plans.

QUESTION ON NOTICE 11: FEE PAID TO MR HARLEY

On 9 February 2005, the Hon John Ryan MLC asked a question of the Director General of Infrastructure Planning and Natural Resources, during the Budget Estimates Supplementary Hearing which was taken on notice—

Question:

The Hon JOHN RYAN: Has Mr David Harley, the former Chairman of the Environment Protection Authority, been engaged as a consultant to work on this project?

Ms WESTACOTT: Mr Harley has provided some advice on the State Infrastructure Strategic Plan. He provided a one-off piece of advice.

.....

The Hon JOHN RYAN: Would you provide on notice details of the fee paid to Mr Harley for his advice?

Ms WESTACOTT: Certainly.

Answer:

Mr David Harley was provided with fees totalling \$11,400 + GST.

**QUESTIONS ON NOTICE 12A AND 12B: AUDIT OF RTA COMPLIANCE
WITH AIR QUALITY CONDITIONS, M5 EAST**

On 9 February 2005 Ms Sylvia Hale MLC asked a number of questions of the Deputy Director General, Office of Sustainable Development, Assessments and Approvals, Department of Infrastructure, Planning and Natural Resources, during the Budget Estimates Supplementary Hearing which were taken on notice—

Question:

Ms SYLVIA HALE: Before I ask questions about planning reforms, in relation to the M5 East, I believe that 12 months ago Mr Haddad announced that the DIPNR was undertaking an audit of the Roads and Traffic Authority's [RTA] compliance with air quality conditions. It is my understanding that a draft of that audit was sent to the RTA in October and the audit was completed in November. Has the RTA received the audit? Has it responded as yet to that audit?

Mr HADDAD: Yes, I can confirm that we have, as per normal practice during an auditing process, forwarded a draft report of a preliminary audit to the RTA. We have not received a formal response yet from the RTA but we have received verbal comments which required us to ask them to do some further modelling. We want to make sure that the outcome of the audit is credible, and answer in the long-term the issues of concern raised.

Ms SYLVIA HALE: In June 2002 the Director of Major Infrastructure Assessments noted the need for an audit. In 2005 you say that you are still requiring further information from the RTA or are they requiring it from the DIPNR?

Mr HADDAD: I am not sure about the dates. I need to check the dates. The audit happened when we received reports of emissions from the portals. I think that occurred, and I need to double check that, early last year rather than in 2002. That is what triggered the audits. The conditions of approval specified certain circumstances when portal emissions are to occur, and the criteria to be met. That is what triggered the audits. I will have to check the actual 2002 statements.

Ms SYLVIA HALE: When do you anticipate that audit to be publicly available?

Mr HADDAD: Just to give you a credible answer, I would expect within the next three to four months we would have completed the audit. I need, if possible, to come back with a more accurate answer, which I will. As I said, the main thing obviously is to provide a credible response to the incidents that have happened.

Answer:

The Director of Major Infrastructure Assessment, Mr Mark Hather, in a memo to Mr Haddad dated 3 June 2002, raised concerns about the frequency of occurrences of in-tunnel air quality goals and the "poor response" to high carbon monoxide levels in the tunnel. The Director commented in the memo that the Department should consider asking

the RTA for an independent audit of the tunnel "as built" against the design specifications. Such an audit would not have evaluated compliance with conditions of approval and was not requested. However considerable correspondence and meetings occurred with the RTA following this to address the Department's concerns about in-tunnel air quality exceedances.

The Department's compliance audit was instigated in the context of reports in late 2003 of tunnel emissions occurring from the portals in possible contravention with the conditions of approval.

The audit evaluated the RTA's compliance with the Motorway's conditions of approval relating to operational air quality.

The RTA was notified of the intended audit in March 2004 and the audit formally commenced with an "opening meeting" with the RTA in May 2004.

Preliminary findings were presented to the RTA at an audit "closing meeting" in October 2004.

Legal issues involving interpretation of conditions and compliance are currently being considered by the Department.

The timing for completion will depend on: when it is considered appropriate to provide a draft to the RTA having regard to the above legal issues; the time taken for the RTA to provide comments; and the time required for the Department to properly consider any comments received and finalise the report. Whilst it must be recognised that it is difficult to predict exact timing for the above activities, the Department's best estimate is that the audit could be completed in three to four months, following which copies of the final audit report would be made available to the public upon request.