



Premier of New South Wales

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LAC12/107.



2012/64730

8 NOV 2012

Ms Ronda Miller
Clerk of the Legislative Assembly
Parliament House
Macquarie Street
Sydney NSW 2000

Dear Ms Miller *Ronda,*

I write in response to your letter dated 23 May 2012 concerning Report 4/55 of the Public Accounts Committee – Report on the Follow-up of Repeat Recommendations from the Auditor – General's Financial Audits 2010.

I refer to Standing Order 303A of the Legislative Assembly which requires the Government to respond to Public Accounts Committee reports within six months of a report being tabled in Parliament.

I am pleased to provide Parliament with the attached NSW Government response to Report 4/55 of the Public Accounts Committee.

Yours sincerely

Barry O'Farrell MP
Premier

RECOMMENDATION	NSW GOVERNMENT POSITION
<p>Recommendation 1 – Minister for Aboriginal Affairs The Committee recommends that the Minister for Aboriginal Affairs and the NSW Aboriginal Land Rights Network implement agreed actions arising from the review of the sustainability of the NSW Aboriginal Land Rights Network and report to the Committee on the progress of implementation within six months</p>	<p>Accepted in part – The Minister for Aboriginal Affairs advises that he will respond to this recommendation once the review of the Aboriginal Land Rights Act 1983 (ALRA) is complete.</p> <p>The review of the sustainability of the NSW Aboriginal Land Rights Network has been undertaken by the five yearly review of the ALRA. The ALRA established the NSW Aboriginal Land Rights Network, or Aboriginal Land Rights Councils, and provides the mechanism through which Aboriginal people can be compensated for the loss of their land.</p> <p>The review was led by a working group, which represented the key stakeholders in the operation of the ALRA. The Review considered whether the policy objectives of the ALRA remain valid and whether the terms of the ALRA will achieve these objectives.</p>
<p>Recommendation 2 – Minister for Health The Committee recommends that the ANZAC Health and Medical Research Foundation formally advise the Auditor-General and the Committee when the loan is or was repaid</p>	<p>Accepted – The Minister for Health advises that the ANZAC Health and Medical Research Foundation loan was repaid in the 2011/12 financial year.</p>
<p>Recommendation 3 – Minister for Family and Community Services The Committee recommends that the Department of Family and Community Services develop and publish on its website an implementation plan for the transfer of Out of Home Care to non-government organisations</p>	<p>Accepted – The Minister for Family and Community Services advises that the Department of Family and Community Services has developed and published on its website an implementation plan for the transfer of Out of Home Care to non-government organisations.</p>
<p>Recommendation 4 – Minister for Health The Committee recommends that the Ministry for Health develop and publish a management plan to reduce the number of contractors it engages and report on this plan in its Annual Report</p>	<p>Accepted – The Minister for Health advises that a management plan has been prepared and is being approved prior to being published. The Ministry for Health has also developed and published on its Intranet a checklist on hiring of contractors and has provided guidelines to managers on use of the temporary staff contract.</p>

RECOMMENDATION	NSW GOVERNMENT POSITION
<p>Recommendation 5 – Minister for Health The Committee recommends that the Minister for Health ensure that the review for Special Purpose and Trust Funds be completed by the Ministry and all Local Health Districts as a matter of urgency</p>	<p>The Ministry has also developed other plans to reduce the number of contractors through progressive filling of the establishments approved positions following the Director-General's Governance Reforms, and the use of Section 27 appointments against established positions where temporary appointments are appropriate.</p> <p>Further comprehensive reforms to the hiring of contingent labour are in progress, which will enable much improved management and better reporting.</p> <p>The baseline data of June 2012 and performance against that baseline will be included in the Annual Report for 2012/2013. This will include the number of contractors and commentary on the contingent labour management plan.</p> <p>Accepted – The Minister for Health advises that since May 2009 the Ministry of Health, in conjunction with all Local Health Districts and the Sydney Children's Hospital Network, has undertaken a systematic review of source documentation available to support the purpose for which each Special Purpose and Trust Fund (SP&T) account is being held.</p> <p>By 31 October 2012, the Ministry of Health expects its controlled entities will have taken the following actions which will also serve to satisfy its stewardship responsibilities and protect the interests of donors –</p> <ul style="list-style-type: none"> • Identify SP&T accounts where source documentation cannot be located - prepare a schedule for submission to the Ministry which identifies each SP&T account where source documentation cannot be located; any attempts made to contact donors to establish purposes to which funds can now be applied; the proposed use of the funds; and the expected time when the funds will be utilised. • Advise the Ministry of any dormant SP & T accounts - all Health entities to advise the Ministry of any accounts that have been dormant for two years or more where it is believed that funds cannot be used in accordance with the terms of the donation.

RECOMMENDATION	NSW GOVERNMENT POSITION
<p>Recommendation 6 – Minister for Health The Committee recommends that Health Support Services publish its monthly Strategic Key Performance Indicators reports on its website.</p>	<p>Similarly, advice is required of any attempts made to contact donors with a view to seeking an alternative purpose and where contact has been made with the donor/s each Health entity is required to advise its intended use of the funds and the time frame for utilising such monies.</p> <ul style="list-style-type: none"> • Prepare a schedule of all SP&T fund accounts with a value in excess of \$5,000 - all Health entities are also required to list all other accounts over \$5,000 showing the purpose of the account, whether funds can be applied in accordance with the terms of donations and the expected time frame to utilise the monies available, thereby demonstrating the planning undertaken at each Health entity to respond to donor wishes and utilise the monies within a reasonable time. • Document a strategy to utilise SP&T funds over the budget year and forward estimates - Health entities are required to advise on actions taken to ensure that donated monies can be utilised in the current budget year and the forward estimate years to ensure that donated funds are expended in an appropriate and timely manner consistent with the conditions (if any) attached to them. <p>The Ministry of Health is working with NSW Treasury to prepare a scoping document for the development of an electronic commitments register for the management of SP&T funds.</p> <p>Accepted – the Minister for Health advises that a dedicated customer dashboard is currently under construction and will be completed in the last quarter of 2012. This will contain a range of performance measures and will be updated regularly and will be available on the Health Support Services (HSS) website.</p> <p>In order to keep customers informed while this work progresses, HSS has uploaded existing monthly KPI reports in PDF format onto its website and will continue to publish these on a monthly basis at: http://www.hss.health.nsw.gov.au/resources/performance</p> <p>KPI reports are currently available for the six months from December 2011 to May 2012.</p>

RECOMMENDATION	NSW GOVERNMENT POSITION
<p>Recommendation 7 – Minister for Finance and Services The Committee recommends that the Department of Finance and Services develop a mechanism for monitoring changes of ownership that occur through legislation</p>	<p>Accepted in part – the Minister for Finance and Services advises that as part of the 2012 Government Property Register reconciliation now underway, the Department will require agencies to advise of any properties they have acquired or disposed of in the last twelve months where a transfer of ownership has not been lodged for registration. The Department will build this into the standard annual reconciliation process and ask agencies to advise of this in future as it happens. The Director-General has the power to do this under section 17 the <i>Annual Reports (Departments) Act 1985</i> and section 14 of the <i>Annual Reports (Statutory Bodies) Act 1984</i>.</p>
<p>Recommendation 8 – Minister for Finance and Services. The Committee recommends that the Department of Finance and Services follow up any agencies that have yet to respond to its request to reconcile their property assets with the Government Property Register</p>	<p>Accepted – the Minister for Finance and Services advises that for the 2011 reconciliation the Department of Finance and Services followed up agencies which had not responded to its request to reconcile their property assets with the Government Property Register. The majority of the non-responding agencies did not own any property. Information that was received represented 97% of properties held in the GPR. In addition, the Department of Finance and Services has a schedule in place to increase compliance in the 2012 and future reconciliation processes.</p>
<p>Recommendation 9 – Minister for Finance and Services The Committee recommends that the Department of Finance and Services seek enhanced resources to enable it to expedite work to improve the accuracy and completeness of the Government Property Register</p>	<p>In 2011/2012 the Department has invested capital funds into Government Property Register (GPR) enhancements to address data accuracy and completeness and has allocated capital funds to continue this work in 2012/13. The Department has dedicated additional resources to the GPR, resourced from other divisions within Land Property and Information to assist in data cleansing and quality activities identified from the reconciliation results. Progress made on planned improvements to the accuracy and completeness of the GPR which were reported to the Public Accounts Committee on 1 December 2011, are at Tab 1.</p>

RECOMMENDATION	NSW GOVERNMENT POSITION
<p>Recommendation 10 – Minister for Roads and Ports The Committee recommends that the RTA review its two per cent pavement rebuilding target</p>	<p>Accepted – Transport for NSW, Roads and Maritime Services has recently reviewed its long term two percent pavement rebuilding target and found it a credible and appropriate long term target based on:</p> <ul style="list-style-type: none"> - A comparison with current age profile. - A comparison with recent pavement rebuilding rates. - An analysis of strength data to estimate structural remaining life. <p>Further information is at Tab 2.</p>
<p>Recommendation 11 – Minister for Primary Industries The Committee recommends that the Department of Primary Industries publish data on the number of land claims processed, average processing times, and the number of claims still to be processed each year in its Annual Report</p>	<p>Accepted - the Minister for Primary Industries will publish this data in the Department of Primary Industries Annual Report.</p>
<p>Recommendation 12 - Minister for Primary Industries The Committee recommends that the Department of Primary Industries conduct an urgent evaluation of its trial approach to the processing of Aboriginal land claims with a view to developing a plan to dramatically reduce the number of unprocessed claims by the end of 2012.</p>	<p>Accepted - the Minister for Primary Industries advises that its trial approach to the processing of Aboriginal land claims has been delayed to allow the local Aboriginal land council prepare for their involvement in the trial approach. The Minister advises that this trial approach will be evaluated 6 months from its commencement.</p> <p>Whilst this work is being undertaken the Department of Primary Industries is focussing on assessing claims less likely to be appealed to the Land and Environmental Court, to maximise the number claims resolved with the current resources available.</p>

Recommendation 9

The committee recommends that the Department of Finance and Services seek enhanced resources to enable it to expedite work to improve the accuracy and completeness of the Government Property Register.

In 2011/2012 the Department has invested capital funds into GPR enhancements to address data accuracy and completeness and has allocated capital funds to continue this work in 2012/13. The Department has dedicated additional resources to the GPR, resourced from other divisions within Land Property and Information (LPI), to assist in data cleansing and quality activities identified from the reconciliation results.

The following progress has been made on planned improvements to the accuracy and completeness of the GPR which were reported to the Public Accounts Committee on 1 December 2011:

Activity/Action	Completion Date
<p>GPR Valuation Data Following investigation LPI has decided to provide update Valuation data to GPR through a web service. On track for completion.</p>	<p>July 2012 Completed</p>
<p>Lease Back Capture The automated capture of a registered lease details from the Integrated Tiling System (ITS) was introduced in 2007, however no back capture of lease information was undertaken at the time. Back capture of lease information has now commenced. Post 2007 lease information is also being reviewed to ensure the capture of all registered leases in the GPR.</p> <p>As at 30 June 2012 LPI has added 2,600 pre 2004 leases to the GPR. Leases affecting 8,000 titles, registered between 2004 and 2007 have been cleansed, formatted and added to the GPR.</p>	<p>July 2012 Completed</p>
<p>GPR System Robustness Since 1 December 2011, LPI has investigated the issues identified which relate to system robustness and has:</p> <ul style="list-style-type: none"> • Improved the capture of Crown land data • Increased the functionality supporting the reconciliation process, allowing agencies to download property information in the format required for reconciliation purposes • Improved search capabilities, including the ability by agencies to search on lease information when they are a party to a lease • Strengthened the Interface between the textual and the spatial component of the Register with improved links between the DCDB and textual register and • Improved the high level reporting functions available in the GPR Dashboard function including displaying current data. 	<p>July 2012 Completed</p>

<p>GPR Data Integrity Since December 2011 LPI has resolved the following issues affecting the completeness and accuracy of the register:</p> <ul style="list-style-type: none"> • Capture of Country Rail Infrastructure land – 20,000 parcels added to the Register • Automatic capture of additional dealing types from ITS transactions to ensure GPR is aligned to ITS transactions • Improved facility for the bulk movement of data to a new responsible agency • The facility for agencies to view their leases over private lands and • Updated 2900 properties to show latest Notice of Sale data. 	<p>July 2012 Completed</p>
<p>Spatial enablement of non-Digitised Railcorp, Country Rail Infrastructure and Roads and Maritime properties Investigation of the possibility of using agency supplied data to spatially-enable land parcels that are not represented as separate identities in the cadastre is currently underway and a positive outcome is expected.</p> <p>The investigation was completed by February 2012 and completion of the spatial enablement was targeted for July 2012.</p> <p>LPI has negotiated a fresh supply of spatial data from Railcorp and Roads and Maritime Services (RMS). LPI has received data from RMS early July and is awaiting data from Railcorp.</p> <p>As this is a new initiative for GPR RMS' spatial data is being reviewed for compatibility by a business analyst and this review will determine how to process the data. This review will also determine how other agencies' data will be added, such as Railcorp. This review of RMS data is expected by early September.</p> <p>As at 31 August 2012 Railcorp has yet to supply data, thus impacting the LPI completion date. LPI has followed up with Railcorp and Railcorp has advised they are unable to provide their data to LPI as this stage.</p> <p>Upon receipt of this new data the spatial enablement will proceed, however, the delay in receipt of this information has impacted LPI's July 2012 target date for completion of this action.</p>	<p>July 2012 In progress (completion subject to receipt of data)</p>

<p>Address data for Geo-coded Urban and Rural Addressing System (GURAS) GPR address information is to be sourced from GURAS to ensure the current official address is stored for each property.</p> <p>LPI is also developing the Comprehensive Property Addressing System (CPAS) which will simplify and streamline the creation and maintenance of addressing across the state and provide a single source truth for all property addresses. The system allows for the capture of alias addresses to be held against a property together with the official address. An interface between CPAS and GPR will be developed when available. Implementation is dependent upon CPAS development.</p> <p>In June 2012, a programmer modified an existing web service to retrieve addressing data from GURAS. Not all properties have a corresponding GURAS address, such as National Parks, Railways, and roads.</p>	<p>July 2012 Completed</p>
<p>Reconciliation of GPR properties against the DCDB The GPR comprises two applications, the register that holds the textual attributes of properties and a spatial viewer that links the textual data to the NSW cadastre (lot boundaries) and land imagery. A mismatch of 76,000 properties that appear in the GPR but do not have a corresponding spatial identity has been identified. The mismatch is in part caused by the DCDB showing rail and road corridors as single entities whereas the GPR holds the individual properties that collectively form these corridors. The remaining properties require investigation.</p> <p>As at June 2012, investigation of anomalies had commenced, however, due to the complexity of the results, the target date for completion may not be achieved.</p> <p>Progress to date includes:</p> <ul style="list-style-type: none"> • 500 property IDs added to DCDB • 600 GPR updates identified • 820 parcels identified as stratum subdivisions or road parcels (not shown in DCDB) 	<p>December 2012</p>

LPI has commenced a project to enhance its training guides for GPR users to include online learning packages available via the GPR internet landing page. This will assist agencies to fulfill their GPR reporting obligations and reduce the reliance on the GPR team to provide personal training.

The Office of Finance, also in the Department of Finance and Services, is also examining opportunities to improve the quality of asset data held in the GPR. The Office of Finance will target two pilot areas, Gosford and areas surrounding the Northwest Rail Link as trial cases. The aim is to articulate the benefits of having the GPR as the central property register with relevant property information for a whole of government approach to asset management.

Response to Recommendation 10 of Report No. 4/55 of the Public Accounts Committee, *Report on the Follow-up of Repeat Recommendations from the Auditor General's Financial Audit 2010*.

RMS has recently reviewed its two per cent pavement rebuilding target and found that this target remains a credible and appropriate long-term target based on:

- A comparison with current age profile.
- A comparison with recent pavement rebuilding rates.
- An analysis of strength data to estimate structural remaining life.

A two per cent target produces, on average, pavements that reach the end of the service life after 50 years. Given that 10.3 per cent of pavements are currently older than 50 years (Figure 1) a two per cent pavement rebuilding target would produce a slightly better result than the current age profile.

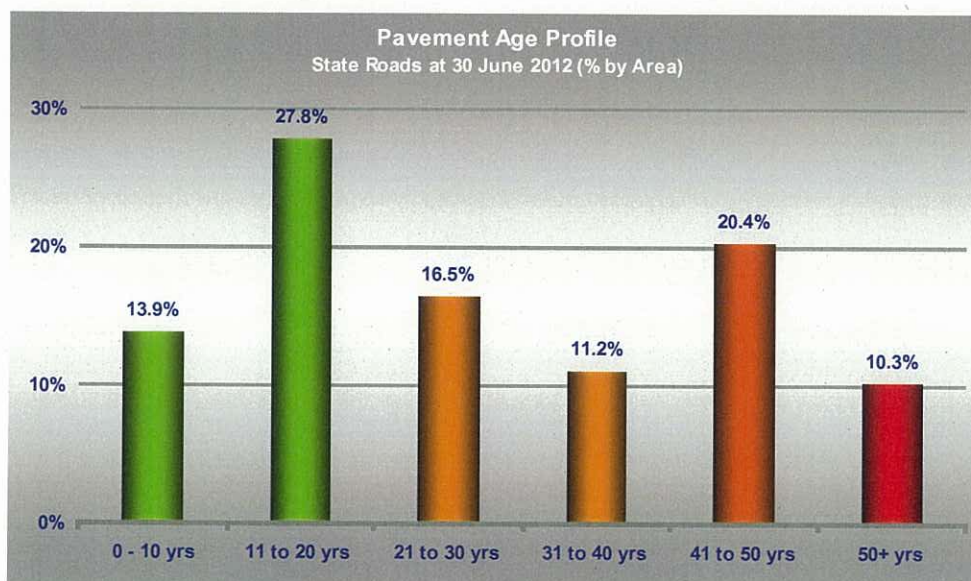


Figure 1 Pavement Age Profile

It is important to also acknowledge that in-service road pavements will need to accommodate increases in heavy vehicle axle loads and a doubling of the freight task in the next two decades. This age-based analysis provides some confidence that a two per cent pavement rebuilding target is appropriate.

RMS continues to review its pavement rebuilding target and will adjust its target based on improved network information and enhanced modelling capability.

Leasing Meeting – dated 5 November 2012

David Auert, Frank Danek, Derya Sekmen

Comments from Previous Lease Meeting

- **The Entrance** – Currently awaiting the draft Variation of Lease document from the Lessors solicitor.
- **Balmain** – David has called Lessor on numerous occasions to resolve rental issue. David advised will try to call again.
- **Fairfield** – David waiting to hear from Man Agent regarding the increased rental. Currently no agreement on rental continues.
- **Toongabbie** – Variation of lease received from Lessors solicitor. All requested amendments have been made. Forwarded to Frank to instruct Crown Solicitors accordingly.
- **Oxley** – Derya to write memo to Clerk for approval to proceed with the lease renewal of the office.
- **Upper Hunter** – Negotiations progressing.
- **Hawkesbury** – Negotiations progressing.
- **Sydney** – Awaiting registered lease.
- **Wakehurst** – Email sent to be sent to Managing Agent regarding providing the estimated outgoings for the current financial year. Email sent to Managing Agent for an update.

Issues raised 06 November 2012

- **Granville** – Frank sent instructions to Crown Solicitors on 6/11/12 regarding the car parking licence to be redone. Licence negotiations underway. Lessor to be given an update on the progress.
- **Coogee** – Office relocation is subject to Kiama fit out moving along. David to hold off for another week or two. Lease expires on 31 December 2012.
- **Cabramatta** – Chase up registered lease for expired term. Derya to write memo to Clerk requesting her approval to proceed to renew the lease.
- **Shellharbour** – Draft lease from Managing Agent still outstanding. Send reminder to Managing Agent.
- **Tamworth** – Currently waiting on Crown Solicitors advice regarding the lease renewal.
- **Northern Tablelands** – Negotiations progressing.
- **Baulkham Hills** – Lessors valuation received; rental figures differ from our valuation results. David to liaise and discuss with Lessor.
- **Wagga Wagga** – Information from SPA given to Wendy (Accounts). Lease form filled by David and sent giving SPA or request for lease. David to sort out accounts.
- **Murrumbidgee** – Information from SPA given to Wendy (Accounts).
- **MOU's** – David advised he is working on these.
- **Kiama** – Current lease option to renew not exercised. Suitable premises have been located currently waiting on valuation results for two (2) different potential offices.
- **Castle Hill** – Disabled access still not completed. David advised the works will commence on 20 November 2012 (to be completed by Lessor). Once completed we should receive our Permanent Occupancy certificate of Council. Rental subsidies need to be worked out between the City Rail and Parliament such as (i) the amount, (ii) process of payment and (iii) term of payment. All copies of invoices collected and given to David for processing.
- All other leases are progressing along with no major issues to report.

Update on current Fit-Out works

- **Marrickville** – David to inspect premises with Ingrid on 7 November 2012. Tenders opening next week. Planned relocation date is 14 December 2012. Termination letter sent to Lessor on 26 October 2012.
- **Vaucluse** – Fit out of office currently in progress. Planned relocation date is 23 November 2012. Termination letter sent to Lessor on 26 October 2012.
- **South Coast** – Office relocated on 19 October 2012.
- **Charlestown** –Fit-out has been approved. Fit out of office currently in progress. Termination letter sent to Lessor on 26 October 2012.

Rentals that have not been resolved

Smithfield – Discussions need to be made with Lessor/Agent once again.

Balmain - (see above for comments)

Baulkham Hills – (see above for comments)

Fairfield - (see above for comments)

Derya Sekmen
9 November 2012