
Appendix one – Response from Destination NSW



Ms Margaret Crawford
Auditor-General for New South Wales
GPO Box 12
SYDNEY NSW 2001

Dear Ms Crawford,

Thank you for your report. I am pleased that your report highlighted the overall effectiveness of Destination NSW support for major events. In particular, I note your findings include that:

1. Destination NSW's processes for assessing event applications and evaluating its support for major events are mostly effective
2. Destination NSW's internal systems allow it to know whether its decisions are achieving value for money
3. Destination NSW conducts an evaluation of each major event it supports
4. Destination NSW articulates expected outcomes in contracts with event organisers and uses a sound methodology to evaluate events
5. Internal reporting to its key decision-makers, including the CEO, the Board and the Minister is appropriate
6. Destination NSW uses a consistent methodology for its detailed assessments of applications for funding of major events
7. Clear information is provided to event organisers seeking funding, and Destination NSW has a comprehensive methodology for conducting detailed event assessments

In relation to your findings, we appreciate the opportunity to provide some comments.

Audit Office observation:

Documentation of reasons for progressing from initial assessment to detailed assessment is insufficient.

Destination NSW comment:

- a. The initial assessment is not actually an 'assessment' per se but a vetting process to determine eligibility
- b. *Destination NSW* staff are selected for their extensive skill and expertise in managing event funding applications
- c. *Destination NSW* staff do provide commentary and justification for investment looking at pros and cons of potential event investment.



Audit Office observation:

Destination NSW's public reporting does not provide enough information about its activities and their outcomes, although it is consistent with that of equivalent organisations in other Australian jurisdictions.

Destination NSW comment:

- a. Destination NSW complies with its legislative obligations
- b. The Destination NSW corporate website has extensive information regarding its strategies, plans, research statistics, engagement opportunities and information about media releases and announcements.

Audit Office observation:

Destination NSW only includes high-level summaries of this information in its public reporting

Destination NSW comment:

Destination NSW provides the following information to the public via its annual report:

- a. Key Performance Indicators;
 - i. Growth in total NSW visitor nights (million)
 - ii. Growth in total NSW overnight expenditure (\$billion)
 - iii. Media Exposure
 - iv. Consumer Response to Marketing Activity
 - v. List of events acquired
 - vi. Intrastate overnight visitors
 - vii. Interstate overnight visitors
 - viii. International overnight visitors
 - ix. No of events evaluated
 - x. Visitor Expenditure
 - xi. Business events secured, delivered and expenditure
 - xii. Trade famils and missions activity
 - xiii. Partnership programs
 - xiv. Tourism Performance
 - xv. Financial statements audited by the Audit Office of NSW
- b. As noted in the report certain information is commercial-in-confidence and would impact negatively on event acquisition and partner commitments if Destination NSW's domestic and international competitors had access to sensitive information
- c. Destination NSW enters into contracts with confidentiality provisions with organisers; disclosure may trigger a breach of contract.

Audit Office observation:

Destination NSW has a framework for disclosure and monitoring staff conflicts of interest. However, its forms for staff to disclose conflicts of interest on specific events they are working on are ambiguous.

Destination NSW comment:

- a. Destination NSW's framework for disclosure and monitoring staff conflicts of interest is as follows:
 - i. Annual declaration by all staff and senior executives
 - ii. Ongoing declaration by all staff and senior executives
 - iii. Inclusion in Destination NSW Code of Conduct
 - iv. Dedicated Conflicts of Interest policy
 - v. Fortnightly declaration by Events team to Legal and Procurement Unit
 - vi. Training on Conflicts of interest.

- b. The submission document has been amended to reflect this recommendation. The reference to ambiguity appears to reference that the submission document had a low, medium and high rating dealing with conflicts of interests. The submission document has been changed to a 'yes' or 'no' statement.

Audit Office observation:

Destination NSW's management of gifts and benefits broadly complies with the minimum standards set by the Public Service Commission, but there are some gaps in its implementation of these.

Destination NSW comment:

- a. Destination NSW has a gifts and benefits policy, maintains a gifts and benefits register, and provides training and guidance to employees
- b. Noting the size of the agency, review of approval or non approval of gifts and benefits was decided by the former Destination NSW CEO who knew the employee and business unit that the employee was part of providing context for decisions
- c. Since January 2020, Destination NSW has made changes to the gifts and benefits form to meet the minimum standards set by the Public Service Commission and this recommendation.

Audit Office observation:

Ministerial briefings seeking approval or endorsement to fund events comply with delegations, but do not always provide comprehensive and balanced information.

Destination NSW comment:

- a. As noted in the report: Destination NSW's decisions to provide funding to events were approved in line with its financial delegation policy
- b. As per the Destination NSW Act 2011, section 6 – titled Ministerial Control - Destination NSW is subject to the control and direction of the Minister in the exercise of its functions.

Additionally I note that:

- a. Events may receive funding to meet broader Destination NSW strategic objectives i.e. to be the creative hub of Asia Pacific or meet NSW Government policy
- b. Destination NSW notes Ministerial Directions are evidenced in briefing notes and email correspondence. Destination NSW agrees to document verbal directions in writing in the future.

Audit Office observation:

Destination NSW's event risk management is effective, but there are gaps in its management of internal independence risks.

Destination NSW comment:

The Audit Office notes that:

- a. External event risks associated with the event organiser are managed well;
- b. Destination NSW consistently applies its process for assessing the financial and legal status of event organisers that are seeking funding;

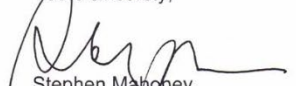
Below is a table showing the recommendations in the audit report and a Destination NSW status and action on those recommendations.

Recommendations

By 1 July 2020, Destination NSW should:

Finding	Destination NSW status and action
1. Improve the documentation of initial event assessment decisions by: <ul style="list-style-type: none"> a. providing more detailed guidance for staff on how to make assessments against Destination NSW 's funding criteria. b. documenting the reasons for initial assessments against funding criteria in more detail. c. documenting Ministerial Directions relating to funding events. 	1a - Destination NSW will enhance documentation on the existing comprehensive assessment process. 1b – Destination NSW will enhance its documentation for initial vetting for eligibility. 1c - agree to document verbal Ministerial Directions in writing.
2. Consider using a streamlined approach to assess and evaluate major events that receive small amounts of funding.	Agree but need to ensure consistency of methodology used.
3. Improve the application of policies for managing staff independence risks by: <ul style="list-style-type: none"> a. clarifying conflict of interest declarations forms for staff. b. clarifying the treatment of industry rates under its Gifts and Benefits policy. c. revising its Gifts and Benefits register to comply with the Public Service Commission's recommended minimum standards. 	3a – submission form to be revised. 3b - Gifts and Benefits policy has been amended to deal with industry rates. 3c - Gifts and Benefits register has been amended to comply with the Public Service Commission's recommended minimum standards. The gifts and benefit form has also been changed.
4. Increase transparency by including more detail about the major events it funds and the outcomes of these events in its public reporting.	Destination NSW agrees with the Audit Office of NSW recommendation to provide more detailed information without disclosing commercially sensitive information. This includes publishing the number of events, amount funded and estimated outcomes by event category, and report in more detail on its performance against its major event-related KPIs, whilst protecting commercial-in-confidence information.

Yours sincerely,



Stephen Mahoney
Acting Chief Executive Officer
Destination NSW