



PERFORMANCE AUDIT

17 FEBRUARY 2022

# Local government business and service continuity arrangements for natural disasters

NEW SOUTH WALES AUDITOR-GENERAL'S REPORT

# THE ROLE OF THE AUDITOR-GENERAL

The roles and responsibilities of the Auditor-General, and hence the Audit Office, are set out in the *Government Sector Audit Act 1983* and the *Local Government Act 1993*.

We conduct financial or 'attest' audits of state public sector and local government entities' financial statements. We also audit the Consolidated State Financial Statements, a consolidation of all state public sector agencies' financial statements.

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GPO Box 12  
Sydney NSW 2001

The Legislative Assembly  
Parliament House  
Sydney NSW 2000

The Legislative Council  
Parliament House  
Sydney NSW 2000

In accordance with section 421D of the *Local Government Act 1993*, I present a report titled '**Local government business and service continuity arrangements for natural disasters**'.

A handwritten signature in black ink, appearing to read 'Margaret Crawford'.

**Margaret Crawford**  
Auditor-General for New South Wales  
17 February 2022

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## RECONCILIATION COMMITMENT STATEMENT

The Audit Office of New South Wales pay our respect and recognise Aboriginal people as the traditional custodians of the land in NSW.

We recognise that Aboriginal people, as custodians, have a spiritual, social and cultural connection with their lands and waters, and have made and continue to make a rich, unique and lasting contribution to the State. We are committed to continue learning about Aboriginal and Torres Strait Islander peoples' history and culture.

We honour and thank the traditional owners of the land on which our office is located, the Gadigal people of the Eora nation, and the traditional owners of the lands on which our staff live and work. We pay our respects to their Elders past and present, and to the next generation of leaders.

# contents

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## **Local government business and service continuity arrangements for natural disasters**

### **Section one – Local government business and service continuity arrangements for natural disasters**

Executive summary	1
Introduction	5
Bega Valley Shire Council	12
Snowy Valleys Council	24

### **Section two – Appendices**

Appendix one – Responses from councils and the Department of Planning and Environment	36
Appendix two – Emergency management arrangements for local councils	49
Appendix three – About the audit	50
Appendix four – Performance auditing	53

## **Section one**

Local government business  
and service continuity  
arrangements for natural  
disasters

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# Executive summary

Natural disaster events, including bushfires and floods, have directly impacted some local councils in New South Wales over recent years. Given their important role in delivering essential services to their communities, it is important for local councils to effectively plan so that they can continue operations through natural disasters and other disruptions.

Business continuity plans are a widespread mechanism used by governments and private sector organisations to ensure they are prepared to respond effectively to disruptions. In New South Wales, business continuity plans are widely used by local councils to help ensure continuity of service delivery, safety and availability of staff, availability of information technology systems and other systems, financial management and governance. There are no current sector-wide requirements or policies for business continuity management issued by the Department of Planning and Environment (DPE)<sup>1</sup> for NSW councils. As such, councils can develop their own business continuity management frameworks.

Our Report on Local Government 2020 considered the financial and governance impacts from recent natural disaster events on local councils in New South Wales. It also considered sector-wide trends in business continuity planning, including how many councils enacted or updated their business continuity plans in 2019–20.

The report found that all councils were impacted by emergency events, and that some councils changed their governance, policies, systems, and processes to respond to the emergency events. Sixty-five per cent of councils updated their business continuity plan as a response to recent emergency events, and 43 per cent of councils updated their disaster recovery plan.

This audit follows on from the Report on Local Government 2020 with a detailed examination of the effectiveness of business and service continuity arrangements for natural disasters in two councils.

The selected councils for this audit were Bega Valley Shire Council and Snowy Valleys Council. They were selected because they had been heavily impacted by the 2019–20 bushfires and other natural disaster events, such as storms and floods between December 2018 to December 2020.

The objective of this performance audit was to assess the effectiveness of the councils' approaches to business and service continuity arrangements for natural disasters. In making this assessment, we considered whether the selected councils:

- had documented approaches for identifying, mitigating, and responding to disaster-related risks to business and service continuity
- effectively implemented strategies to prepare for identified disaster-related impacts
- responses during selected disasters were effective in managing business and service continuity.

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<sup>1</sup> At the time of this audit, the Department of Planning and Environment is responsible for supporting and regulating local councils in New South Wales through the Office of Local Government. Prior to 21 December 2021, the Department of Planning and Environment was named the Department of Planning, Industry and Environment.

## Conclusion - Bega Valley Shire Council

**Bega Valley Shire Council has a documented approach to planning for business and service continuity that provides for clear decision-making processes and accountability. Since 2018, the Council has prepared for identified natural disaster risks to business and service continuity, but can do more to monitor how it has implemented controls responding to these risks.**

**Bega Valley Shire Council did not follow all aspects of its business continuity plan in responding to the 2019–20 bushfires.**

**The Council can do more to ensure its business continuity management approach is regularly reviewed and updated, and that staff are regularly trained in its implementation.**

Bega Valley Shire Council has a documented approach to business continuity management that is integrated with its broader approach to enterprise risk management and is supported by clear decision-making processes and accountability. This includes a business continuity plan (BCP), BCP subplans, and a business impact analysis (BIA). The Council made changes to its BIA in 2019 following the 2018 Tathra bushfires within its local government area (LGA), but its BCP and BCP subplans have not been updated since 2016 and key information is out of date.

Bega Valley Shire Council has identified high-level controls and strategies to mitigate disaster-related risks and undertakes post incident reviews to capture lessons following a disaster, but many high-risk actions resulting from those reviews remain outstanding.

Bega Valley Shire Council identified risks, controls, and actions to prepare for natural disaster impacts between 2018 to 2020. However, the Council has not effectively monitored implementation of the identified controls. Bega Valley Shire Council has only partially implemented the actions and recommendations from internal reviews that identified gaps in its business continuity management approach.

Bega Valley Shire Council did not follow all aspects of its business continuity plan in responding to the 2019–20 bushfires, instead relying on the local knowledge of its staff. The Council has not provided BCP scenario training since 2015 and has not monitored completion rates of its online business continuity management training for staff.

Bega Valley Shire Council did not keep records of its decision of whether to enact its BCP during the 2019–20 bushfires, but advised its ability to follow the BCP was not possible due to the scale and impact of the bushfires surpassing the expectations included in its BCP and BCP subplans.

The Council advised that essential council-led services were largely maintained during the disaster, sometimes with adaptation of services, and sometimes with support from other councils, NSW Government and Australian Government agencies.

As Bega Valley Shire Council did not maintain formal records of service disruptions for most services, did not follow all aspects of its BCP during the 2019–20 bushfires, and because it requested and received support from other agencies, we are unable to assess the impact of its planning and preparation activities on the continuity of services.

Bega Valley Shire Council took actions during the 2019–20 bushfires to communicate key service changes to staff, residents, and stakeholders, and regularly sought feedback on residents' experiences.

Bega Valley Shire Council could improve the effectiveness of its business continuity management approach by undertaking regular staff training (including scenario training) and ensuring that its business continuity management framework is routinely updated to reflect current practice and current staff.

## Conclusion - Snowy Valleys Council

**Snowy Valleys Council did not have a finalised approach to ensure business and service continuity until October 2020. Now in place, this approach identifies governance, assigns roles and responsibilities and includes procedures to retain or resume services. That said, the Council has not adequately documented key elements of its business continuity management approach.**

**Snowy Valleys Council's risk register identifies that natural disasters may impact its ability to deliver services, but the Council has not identified controls to respond to these risks.**

**During the 2019–20 bushfires, in the absence of a business continuity plan (BCP) or BCP subplans, the Council relied on the local knowledge of its staff to manage service continuity in line with directions from the Local Emergency Operations Controller and the combat agency (the Rural Fire Service).**

Snowy Valleys Council did not have a finalised BCP, BCP subplans, or BIA until after the 2019–20 bushfires. The Council finalised most of its business continuity management framework in late 2020 and this framework now establishes governance, including assigning roles and responsibilities, and identifies contingencies and procedures to retain or resume critical services.

There are gaps in how Snowy Valleys Council has documented key elements of its business continuity management approach. The Council advised it has completed a BIA, but has not retained the completed version of this document as it was not managed under Snowy Valleys Council's record management procedures. Some of the Council's BCP subplans have gaps in process information and contact details which means BCP subplan owners and other potential users may not have access to accurate, up to date information when responding to a disruption event.

The Council advised it provided BCP scenario training in 2016, 2018, and 2021, but was unable to provide any evidence of the 2018 training. As the current BCP and BCP subplans were only finalised in 2021, the 2016 and 2018 training were based on the previous BCP framework, developed under the former Tumut Shire Council. Additionally, the Council advised it has developed BCP awareness training for staff as part of induction training, but has not provided a clear timeframe for implementing this training.

The Council undertakes post incident reviews after most service disruption events, but has not undertaken a post incident review of the 2019–20 bushfires, despite its significant impact within the Snowy Valleys Council LGA.

Snowy Valleys Council advised that it identifies and mitigates or controls for disaster related risks within broader enterprise-wide risk assessments. Snowy Valleys Council's strategic risk register identifies the risk of natural disasters to service delivery, but does not identify preventative controls or resilience strategies to mitigate these risks. The Council monitors and improves the resilience of some assets as part of its regular operations of maintaining assets but does not clearly link such actions to how they contribute to reducing the risk of natural disaster related impacts. Snowy Valleys Council advises it works with other agencies, such as the Rural Fire Service and the local Bush Fire Management Committee, to plan for bushfire risks.

In the absence of a BCP or BCP subplans, Snowy Valleys Council relied on individual team members to manage service continuity during the 2019–20 bushfires based on directions by the local Emergency Operations Controller, and the Rural Fire Service. The Council advised that the delivery of essential council-led services was largely maintained during the 2019–20 bushfires, sometimes with adaptation and support from other NSW Government and Australian Government agencies. Snowy Valleys Council took actions during the 2019–20 bushfires to communicate key service changes to staff, residents, and stakeholders, and regularly sought feedback on residents' experiences.

As Snowy Valleys Council did not maintain formal records of any service disruptions and did not have a finalised business continuity management approach in place to guide its response during the 2019–20 bushfires, we are unable to assess the impact of its planning and preparation activities on the continuity of services.



## 1. Recommendations

### **By August 2022, Bega Valley Shire Council should:**

1. complete the update of its business continuity plans and subplans, applying lessons learned from the experiences of the recent natural disasters and other disruptions
2. ensure its BCP and BCP subplans are regularly reviewed and updated and contact details are current
3. improve how it monitors risks, controls and actions, including those for natural disaster impacts and from post incident reviews, and capture that monitoring within its centralised information management system (PULSE)
4. implement a schedule to provide regular business continuity scenario training to all staff and implement a system to monitor staff completion of existing online BCP training
5. ensure its recordkeeping relating to service delivery during natural disaster events is adequate to inform post-action reviews, provide an audit trail of key decisions and inform future reviews of the business continuity management framework by:
  - a) keeping formal minutes of all key meetings, especially of key decisions made, including around enacting the BCP
  - b) keeping formal records of service delivery and disruptions, including during natural disasters involving a multi-agency response.

### **By August 2022, Snowy Valleys Council should:**

1. ensure it documents and monitors all disruption-related risks to service continuity, including the risks of natural disasters impacts, and related controls
2. ensure its BCP subplans are regularly reviewed and updated, and processes and contact details are complete
3. progress planned actions to increase staff awareness of business continuity plans and responses including by:
  - a) implementing BCP awareness as part of induction training
  - b) monitoring staff completion of BCP scenario training
  - c) tracking staff participation in previous disruption events
4. ensure processes of continuous review and improvement are completed after every disruption event to capture and formalise lessons learned
5. ensure its recordkeeping relating to service delivery during natural disaster events is adequate to inform post incident reviews, provide an audit trail of key decisions, and inform future reviews of the business continuity management framework by:
  - a) ensuring risks, actions, issues and decisions (RAID) logs are used to inform post incident reviews, and lessons learned after disruption events
  - b) keeping formal records of service disruptions and service delivery decisions made by council or communicated to council, including those made during natural disasters involving a multi-agency response.

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# 1. Introduction

## 1.1 Background

### Recent natural disasters in New South Wales

New South Wales experienced multiple natural disaster events between December 2018 to 2021.<sup>2</sup> These natural disaster events have included bushfires, severe storms, and floods.

The most severe of these disasters by size and intensity were the 2019–20 bushfires, which saw destructive bushfires occur across the State. The NSW Bushfire Inquiry described the 2019–20 bushfires as unprecedented due to the extremely large scale of the area that was burnt; the intensity of the fire in some areas, and the rapid and at times unpredictable way that fires spread; and the large number of fires burning simultaneously across New South Wales over a long fire season.

Across New South Wales, the 2019–20 bushfire season ran for eight months from 1 July 2019 to 31 March 2020, with the last fires extinguished on 2 March 2020 after 240 consecutive days of burning. Over five million hectares of land was burnt, equivalent to nearly seven per cent of the State, and nearly 2,500 homes were destroyed. The extent of the burnt area is significantly larger than in previous recorded bush fires seasons in New South Wales.

In the State's south, the Bega Valley Shire Council and Snowy Valleys Council local government areas (LGAs) were among the most heavily impacted LGAs by the bushfires in terms of both total area burnt and the impact on their local economy:

- Snowy Valleys Council has reported that 45 per cent of its LGA was burnt with more than 225 dwellings and more than 600 other structures damaged or destroyed.
- Bega Valley Shire has reported that 60 per cent of its LGA was burnt with more than 600 dwellings and more than 1000 other structures damaged or destroyed.

Efforts to respond to the 2019–20 bushfires required substantial numbers of firefighters (local, and interstate and international), Australian Defence Force (ADF) personnel,<sup>3</sup> as well as the provision of additional supplies including water, food, fuel, construction materials, and machinery. This placed considerable strain on available resources across both emergency services and local councils.

Following the 2019–20 bushfires, a series of further disaster events impacted councils across New South Wales:

- from 15 January 2020, storms and floods impacted multiple councils, including both audited councils
- on 25 July 2020 and 5 August 2020, storms and floods impacted multiple councils, including Bega Valley Shire Council
- from 20 October 2020, storms and floods impacted multiple councils, including both audited councils.

The COVID-19 pandemic emerged in early 2020, following the 2019–20 bushfires and subsequent floods and storms, as an additional event that impacted councils across NSW. Both audited councils were impacted by the public health orders which required social distancing, closure of some in-person services and other restrictions.

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<sup>2</sup> The Rural Assistance Authority has declared multiple natural disasters across almost all NSW LGAs in the period since December 2018.

<sup>3</sup> Australian Defence Force personnel were provided at the request of the NSW Government under the Defence Assistance to the Civic Community (DACC) initiative with the Australian Government.

This audit has not focused on COVID-19 as a disaster or area of focus for business continuity management.

## **Future threats of natural disasters**

Increasing variability in climatic conditions is expected to bring more heatwaves, storms, droughts, floods and bushfires. The Commonwealth Scientific and Industrial Research Organisation (CSIRO) and the Bureau of Meteorology (BoM) have reported that extreme weather across Australia is more frequent and intense, and there have been longer-term changes to weather patterns. They also report sea levels are rising around Australia increasing the risk of inundation and damage to coastal infrastructure and communities.

According to the Department of Planning and Environment (DPE), in New South Wales the impacts of a changing climate, and the risks associated with it, will be felt differently across regions, populations and economic sectors. The department's climate projections indicate the number of hot days will increase, rainfall will vary across the state, and the number of severe fire days will increase.

## **1.2 Local councils' roles during and after natural disasters**

### **Services provided by NSW councils**

NSW councils provide a range of services and infrastructure to residents. These services differ from council to council and vary depending on local factors including the council's location and size. Generally, councils' service functions can include:

- provision of community services, including children's services and aged care
- environmental protection
- waste removal and disposal
- land and property, industry and tourism development and assistance
- regulatory functions – including enforcement of local regulations, such as granting approvals, making inspections and issuing certificates
- water supply, sewerage, and stormwater drainage works and facilities
- infrastructure delivery, such as provision of roads, bridges and footpaths.

This audit focuses on local councils' provision of 'essential council-led services' such as water, waste, sewerage, road maintenance and community services.

This audit selected 'essential council-led services' for review based on the need for councils to provide them as part of business as usual service delivery, and should they become unavailable, resident safety or health may be compromised.

## The role of local councils during and after natural disasters

During and after natural disasters, local councils respond to the disasters and, under certain circumstances, support other emergency management agencies such as the Rural Fire Service, State Emergency Service and NSW Police (Exhibit 1).

### Exhibit 1: Overview of councils' role during and after natural disasters

Emergency management phase	Council role	Council's role in supporting emergency response agencies
Prevention	<ul style="list-style-type: none"> <li>Enterprise risk assessment and management</li> <li>Service provision under business as usual</li> <li>Implement risk controls to treat or mitigate the risk of disruptions (including from natural disasters)</li> </ul>	<ul style="list-style-type: none"> <li>Participation in Local Bushfire Management Committees and Local Emergency Management Committees (LEMCs)</li> <li>Participation in local emergency management training exercises</li> </ul>
Preparation	<ul style="list-style-type: none"> <li>Business continuity planning</li> <li>Monitor and improve asset resilience</li> </ul>	<ul style="list-style-type: none"> <li>Carry out preparation activities directed by the combat agency</li> </ul>
Response	<ul style="list-style-type: none"> <li>Enact a BCP where relevant to guide decisions to maintain or suspend services</li> <li>Regular communication to residents, staff, stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Executive support to the EOC</li> <li>Incident management</li> <li>Carry out directed emergency management activities from emergency controllers (e.g. evacuations)</li> <li>Direct support to first responders</li> <li>Where requested, supply of plant, equipment for LEMCs</li> <li>Communications on behalf of EOC</li> </ul>
Recovery	<ul style="list-style-type: none"> <li>Chair or coordinate recovery committees</li> <li>Coordinate or pass on state or federal support or recovery grants</li> </ul>	<ul style="list-style-type: none"> <li>Participation in recovery committees</li> <li>Participation in lessons learned exercises</li> </ul>

Source: Audit Office Research, 2021.

Under the *State Emergency and Rescue Management Act 1989*, the *Rural Fires Act 1997* and the *State Emergency Service Act 1989* in a declared State of Emergency, councils may be required to follow directions of the combat agency<sup>4</sup> and/or relevant Local, Regional or State Emergency Operations Controller.

Under the *State Emergency and Rescue Management Act 1989* local councils are responsible for providing executive support to Local Emergency Management Committees (LEMC) and Emergency Operations Centres (EOC) where agencies and the Local Emergency Operations Controller coordinate to combat a natural disaster. The General Manager or Chief Executive Officer chairs the LEMC, which is responsible for the preparation and review of emergency management plans to prevent, prepare for, respond to and recover from emergencies within the LGA for which it is constituted.

Given their closeness to their communities, local councils play a key role in responding to local emergencies. Council employees may provide direct support to first responders during fires and floods and assist in the recovery phase.

<sup>4</sup> The combat agency is identified in the State Emergency Management Plan as the agency primarily responsible for controlling the response to a particular emergency. The Rural Fire Service is the combat agency for fires within a rural fire district.



In regional and rural councils, especially those near bushland and national parks, council staff may hold secondary roles such as volunteer firefighters or local emergency management officers. In addition to staff that act in volunteer roles, some council employees may be formally or informally seconded to other emergency agencies to provide direct support, especially in specific skilled roles that are in demand, for example machinery operators.

After the initial danger of a natural disaster has passed, councils repair or rebuild damaged council infrastructure and assets, clean up waste and debris, and assist impacted residents. In recent years, in part due to more severe and long-lasting natural disasters, councils have begun their recovery phase before the response phase has ended. Recovery and rebuilding may be costly and can take months or years to complete.

Appendix two sets out emergency management arrangements for local councils, including how a Council supports the Local Emergency Management Committee and Combat Agency in an Emergency Operations Centre.

## **Additional demands on service delivery during and after disasters**

In addition to the direct impacts of natural disasters, councils experience flow-on effects to their operations and resourcing, which may reduce their capacity to perform business and service continuity activities. For example, efforts to maintain services may be impacted by:

- reduced resources (including available staff, access to contractors, and available supplies such as water, food, fuel, construction materials, and machinery)
- the need to collaborate with, and in some cases directly support, other agencies and local and regional emergency operations controllers
- incomplete information available and time pressures.

As such, councils can be required to prioritise which services are maintained. For example, a council may dedicate resources to securing the operations and infrastructure needed to provide clean drinking water while closing local libraries and swimming pools.

## **1.3 Business and service continuity management for local councils**

### **Business continuity management**

Business continuity management is the development, implementation and maintenance of policies, frameworks and programs to assist an organisation to manage business disruptions.

Business continuity management is an important element of good governance. It forms part of an entity's overall approach to effective risk management, and can support the entity's capability to prevent, prepare for, respond to and manage recovery from the impacts of a disruption.

There are no legislative requirements for councils to undertake business continuity management or have business continuity plans in place under the *Local Government Act 1993* and Local Government (General) Regulations 2005. There are also no relevant policy statements or circulars for business continuity management issued for local government by DPE, the agency responsible for regulating and providing support to local councils in New South Wales. As there are no sector-wide legislative requirements or policies for business continuity management in Local Government, councils can develop their own business continuity management frameworks.

Councils can use a number of standards or frameworks to guide their business continuity management system. Some resources may be provided by third parties; for example, insurance and assurance suppliers may provide member councils with BCP guidance and templates.

In the absence of sector-wide policy or guidance issued for councils by the NSW Government, we have considered the ISO (International Organisation for Standardisation) standard ISO 22301:2019 – Security and resilience — Business continuity management systems — Requirements, which is used by some NSW local councils, as a guide for leading-practice. We note that this is only one of the standards for business continuity management available to be used within NSW local councils.

The ISO Standard defines business continuity as ‘the capability of an organisation to continue the delivery of products and services within acceptable time frames at pre-defined capacity during a disruption’.

The ISO Standard establishes key requirements for a management system to achieve business continuity, such as risk assessment and mitigation, business impact analysis, service prioritisation, planning, staff training and review.

Exhibit 2 defines some key terms used within business continuity management standards and this report.

## Exhibit 2: Key terms used in business continuity management

Term	Definition
Business continuity	Capability of an organisation to continue the delivery of products or services at predefined levels following a business disruption event.
Business continuity management	The development, implementation and maintenance of policies, frameworks and programs to assist an entity to manage a business disruption, as well as build entity resilience.
Business impact analysis	The process of analysing functions, activities, and processes that deliver products or services and the effect that a disruption might have upon them.
Business continuity plan	Documented information that guides an entity to respond, recover, resume, and restore to a predefined level of operation following a business disruption event.
Disruption	Occurrence or change of circumstances that negatively impacts a service or function.
Resilience	The ability to absorb and adapt in a changing environment.

Source: Audit Office Research, 2021 from ISO Standard 22301:2019 and other business continuity standards.

Under the ISO Standard, and other leading professional standards, an effective business continuity management approach involves:

- understanding and documenting the business continuity aims and needs within the context of the organisation
- clearly documented and controlled policies and procedures
- having a business continuity management system that is underpinned by a business impact analysis to identify critical resources, facilities, equipment, data and infrastructure, including any interdependent processes
- having a business continuity plan and procedures in place and endorsed
- having business continuity strategies and solutions such as BCP subplans that set out contingencies and instructions to retain or resume critical services
- clearly assigned roles and responsibilities
- leadership commitment to business continuity management, demonstrated by:
  - alignment with risk management and strategic priorities
  - committing resources and promoting awareness
  - undertaking continuous improvement
- conducting training and building awareness of business continuity risks and response
- regularly monitoring or reviewing (i.e. audit or review) the business continuity management framework.

## 1.4 Audited councils and in scope natural disaster events

### Audited councils

Two councils were selected for this audit: Bega Valley Shire Council and Snowy Valleys Council. These councils were selected as they had been heavily impacted by the 2019–20 bushfires, had experienced multiple disasters in the period December 2018 to December 2020. Relevant characteristics of each of the audited councils are summarised in Exhibit 3.

**Exhibit 3: Characteristics of audited councils**

Characteristics	Bega Valley Shire Council	Snowy Valleys Council
Population	34,746	14,395
Area (km <sup>2</sup> )	6,279	8,959
Council FTE	343	224
In-scope services	<ul style="list-style-type: none"><li>Waste services</li><li>Water and sewerage services</li><li>Road maintenance services</li><li>Community services, including ageing (brokered), disability, families at risk, and children</li></ul>	<ul style="list-style-type: none"><li>Waste services</li><li>Water and sewerage services</li><li>Road maintenance services</li><li>Community services, including ageing, children, and community transport</li></ul>

Source: Bega Valley Shire Council, 2020 and Snowy Valleys Council 2020.

The specific in-scope services subject to this audit were selected based on services listed within the *Local Government Act 1993*, further review of each council's service functions as listed within their long-term financial plans, resourcing plans, and discussions with council staff and management.

### Natural disaster events in scope

Exhibit 4 summarises the natural disasters considered within the audit period of review.

**Exhibit 4: In scope natural disaster events**

Disaster event	Description
<b>2019–20 bushfires</b>	<p>The 2019–20 bushfire season ran for eight months from July 2019 to March 2020. Bega Valley Shire Council and Snowy Valleys Council were both heavily impacted by various fires during this period.</p> <ul style="list-style-type: none"><li>The Dunns Road fire in Snowy Valleys Council burned from 28 December 2019 to 15 February 2020.</li><li>In Bega Valley Shire Council, the Werri Berri fire burned from 29 December 2019 to 25 January 2020, when it amalgamated with another fire, and the Border Fire burned from 31 December 2019 to 4 March 2020.</li></ul>
<b>January 2020 storms and floods</b>	<p>From 15 January 2021, storms and floods impacted multiple councils, including both audited councils.</p>
<b>July and August 2020 storms and floods</b>	<p>On 25 July 2020 and 5 August 2020, storms and floods impacted multiple councils, including Bega Valley Shire Council.</p>
<b>October 2020 storms and floods</b>	<p>From 20 October 2020, storms and floods impacted multiple councils, including both audited councils.</p>

Source: Audit Office research, 2021.

The 2019–20 bushfires exceeded the other listed disasters in size, duration, and damage caused and was the only disaster in which both audited councils advised they were required to activate their business continuity plan.

## Other enquiries and investigations of the 2019–20 bushfires

The loss of life, the destruction of property and the scale of the 2019–20 bushfires and other recent natural disasters has meant that several important investigations have already taken place, including the NSW Bushfire Inquiry, the Royal Commission into Natural Disaster Arrangements and the Senate Finance and Public Administration References Committee Inquiry. These reviews have focussed on large scale themes, including emergency services coordination, operational systems and processes, and the role of the Australian Government across emergencies and natural disasters.

In late 2021 through to 2022, the State Coroner is conducting a series of coronial inquests and inquiries into the 2019–20 NSW Bushfires. These are considering deaths, property damage, and destruction arising from the 2019–20 bushfire season.

### 1.5 About the audit

This audit assessed the effectiveness of the councils' approaches to business and service continuity arrangements for natural disasters. This audit has also considered broad mitigation and preparation strategies for natural disaster events, such as bushfire or floodplain mitigation, or strategies to mitigate the impact of risk events, such as enhancing infrastructure resilience.

This included an assessment of whether:

- councils had documented approaches for identifying, mitigating and responding to disaster-related risks to business and service continuity
- councils provided relevant training to staff to ensure they were aware of the council's business and service continuity approach under various scenarios
- councils had mechanisms in place for regular and post-event review and update of business and service continuity approaches
- councils took actions to prepare for natural disaster impacts, such as implementation of identified proactive risk controls, bushfire and flood mitigation projects, and activities to increase the resilience of relevant council infrastructure across the period from 2018 to 2020
- during the 2019–20 bushfires and 2020 storms and flood:
  - councils took appropriate actions to manage business and service continuity
  - councils effectively updated residents on service changes and issues
  - councils' residents experienced minimal disruption to essential services.

More information about this audit is provided in Appendix three.



## 2. Bega Valley Shire Council




### 2.1 Planning for disaster-related risks to business and service continuity

**Bega Valley Shire Council has a documented approach to business and service continuity planning that provides for clear decision-making processes, roles and responsibilities and instructions to maintain, resume or recover critical services**

Bega Valley Shire Council's business continuity management framework comprises a high-level business impact analysis (BIA) which is linked to each critical service or function's business continuity subplan (BCP subplans) that sit under a broader council-wide business continuity plan (BCP).

Bega Valley Shire Council's BCP and BCP subplans mostly align with elements of leading professional standards for business continuity management (Exhibit 5).

**Exhibit 5: Summary of Bega Valley Shire Council's business continuity management framework alignment with key elements of leading professional standards**

Leading professional standard element	Bega Valley Shire Council's business continuity management framework
Understand and document business continuity aims and needs within the context of the organisation	✓
Leadership commitment to business continuity management, demonstrated by alignment with risk management and strategic priorities, resourcing committed, and continuous improvement, promoting awareness	—
Clearly documented and controlled policies, procedures	✓
Roles and responsibilities clearly assigned	✓
Business continuity plans and procedures	✓
Business continuity strategies and solutions (i.e. BCP Subplans, contingencies and instructions to retain or resume critical services)	✓
Business continuity management system is underpinned by a business impact analysis	✓
Training and support, including competence and awareness of staff	—
Regular review and continuous improvement	—
<b>Key</b>	 <b>Fully addressed</b>  <b>Partially addressed</b>  <b>Not addressed</b>

Source: Audit Office 2021.

Bega Valley Shire Council's business continuity management framework includes clear identification of governance, including roles and responsibilities, contingencies for service continuity, and instructions for decision-making and to retain or resume critical services. The Council's BCP and BCP subplans respond to the risks identified in its BIA.

Bega Valley Shire Council's approach to business continuity management is outlined in, and integrated with, its Enterprise Risk Management Framework. This integration ensures this approach is consistent with the Council's broader approach to managing organisation-wide risks (i.e. enterprise or strategic risks), which can reduce complexity and benefit from larger organisation-wide initiatives.

### **Bega Valley Shire Council's business continuity plan and subplans have not been formally reviewed since 2016 and some key information is out of date**

It is important that the information in a BCP or BCP subplan is up to date so that in the event of a business disruption, all staff can refer to the plan, know how to respond, and identify key persons to guide the response to suspend, maintain or recover services.

Bega Valley Shire Council commenced a review of its BCP and BCP subplans in 2019, but advised that this review was not completed due to other priorities, including its response to the 2019–20 bushfires. Without regular review, outdated guidance in the subplans may lead to incorrect actions being taken including by new staff unfamiliar with any approach not documented, unclear lines of accountability and decisions being made under incorrect assumptions.

As most of Bega Valley Shire Council's BCP and BCP subplans have not been reviewed since 2016, some key information is out of date. For example:

- some key processes within the BCP and BCP subplans are no longer current, and do not reflect lessons learned during the multiple disasters the Council has experienced since 2016
- positions and contact details – including for decision-makers – listed in the Council's BCP subplans have not been updated since the BCP subplans were drafted and some do not match current employees or positions.

Bega Valley Shire Council advised that it intends to remove contact information from the BCP and BCP subplans and only include roles. The Council advised that, going forward, it will keep its corporate contact list up to date so staff can access this list to obtain current contact information for the appropriate role holder. However, some of the contact lists examined as part of this audit did not contain job titles and as such would be of limited use to obtain current contact information for specific roles.

Going forward, the BCP and BCP subplans would be improved by ensuring key processes are current, and by establishing a formal process for regular and timely review to ensure the subplans are current and reflect Bega Valley Shire Council's agreed response to a business disruption.

### **Bega Valley Shire Council's business impact analysis outlines the risks of the impact of natural disasters on its functions and services**

Bega Valley Shire Council's BIA has been updated to include the risks of bushfires and pandemics following the 2018 bushfires in Tathra, the 2019–20 bushfires and COVID-19 pandemic.

The Council's BIA was developed prior to the natural disaster events of 2019 and 2020 in collaboration with the relevant teams identified in the BIA as managing critical functions or services. Bega Valley Shire Council's BIA identifies critical functions and services and outlines the risks to them, including:

- possible causes including natural disasters
- potential impact to operations
- maximum acceptable outage times.

Identifying critical functions and services means that business continuity and risk management strategies based on the BIA will include preventative actions and controls to reduce impacts to those critical functions and services. Linking these critical functions and services to the risk of natural disasters means Bega Valley Shire Council understands the potential impacts and can implement dedicated controls and mitigations. For example, in the Council's BIA, natural disasters are listed as a likely cause of service disruption, and impact to residents is listed as a consequence of service disruption.

### **Bega Valley Shire Council has identified dedicated controls to prepare for natural disaster risks to its services**

Bega Valley Shire Council has identified controls and strategies to mitigate natural disaster-related risks to its services and functions within its risk register, and more recently finalised a climate resilience strategy that, among other things, identifies current and emerging risks to services from severe weather events such as fire and floods.

Some of these controls and strategies are listed in Bega Valley Shire Council's floodplain risk management plans and bushfire risk mitigation plans.

**Bega Valley Shire Council has not effectively monitored identified actions and controls for natural disaster-related risks**

Bega Valley Shire Council has mechanisms to monitor and report on risks, controls, actions, and recommendations, including those relating to natural disaster related risks, to senior management and to the Audit Risk and Improvement Committee.

Bega Valley Shire Council uses a centralised information management system called PULSE to capture and monitor risks, including risks identified in its risk register. However, the Council has not effectively monitored actions and controls within PULSE.

Within PULSE, the Council's strategies and controls to mitigate disaster-related risks (including for business continuity) are not sufficiently detailed. For example, the Council includes the control 'BCP exercises held at least once every two years' but has not provided a detailed description or an assessment of the control's effectiveness.

Gaps in the way Bega Valley Shire Council uses PULSE make it unclear what controls or actions have been implemented or completed. For example, within PULSE:

- some proactive controls and preparation strategies are behind schedule or overdue
- none of the listed actions have due dates
- the identified controls for business continuity risk are listed as not started or zero per cent effective
- natural disasters are not listed as likely causes of service disruption, despite being identified within the BIA.

The Council advised that the PULSE system was recently introduced and is still being established, so its current configuration and user conventions may contribute to basic controls being listed within PULSE without details while detailed controls are listed elsewhere. Controls listed in some of the Council's other risk management documentation – for example, its floodplain risk management plans and bush fire risk mitigation plans – are sufficiently detailed.

Bega Valley Shire Council could improve the comprehensiveness of information retained within the PULSE system by ensuring it reflects the most up to date information available to council, and ensuring staff are trained to update PULSE regularly as part of standard operations. This would reduce the risk that its records are unreliable and improve monitoring to ensure decision-makers and risk owners are aware of and understand progress against key actions and controls.

Bega Valley Shire Council has taken some recent steps to correct these gaps and to improve its documentation of the progress of actions and controls within PULSE. The status for several controls for natural disaster-related and business continuity risks have been updated to either 'progressing' or 'completed', to reflect progress that had been made since the natural disaster events.

**Bega Valley Shire Council has not delivered BCP scenario training since 2015 and does not monitor completion rates for online BCP training modules**

Leading professional standards for business continuity management outline that BCP training, including scenario training, contributes to an effective business continuity management approach by:

- ensuring that staff are aware of the importance of business continuity management
- ensuring staff understand their roles and responsibilities, including those assigned under key BCP documents
- ensuring plans are regularly tested and exercised under simulated or live situations
- revealing any gaps in implementing a BCP or BCP subplan
- building organisational disaster readiness.

Bega Valley Shire Council has developed online self-paced training for business continuity planning, but this training is not mandatory, and the Council does not monitor which team members have completed the training. The number of views of the online training module indicate that take-up is low. This means the Council does not reliably know if its staff required to respond to service disruptions or implement actions from BCP subplans have completed training on what actions to take.

Scenario training is important in validating BCPs and upskilling staff by simulating a real business disruption event. Councils have a critical role in responding to a range of disasters or other disruptions, and so it is important they understand how their BCP and BCP subplans for essential council-led services operate under varying conditions. Scenario training offers councils an opportunity to test BCP arrangements and simulate how the plans do or do not work to support service continuity, including across a variety of possible service disruptions.

Bega Valley Shire Council has identified that running BCP exercises at least every two years helps to mitigate business continuity risks. Despite this, the Council has not provided scenario training to staff since 2015. Without providing regular training, some key staff are unlikely to be aware of Bega Valley Shire Council's preferred approach to responding to a business disruption – including a natural disaster event – or how to consistently apply the BCP.

Bega Valley Shire Council advised that despite the absence of formal scenario training, its staff have first-hand experience as a result of responding to several natural disasters before and during the review period. In that context, the Council advised that it believed that the need to provide additional scenario training was reduced. However, relying on past experiences, and consequently actions driven by individual team members, instead of training may lead to reinforcement of incorrect actions, which could be corrected through training. It also introduces 'key person risk', which a well-developed, tested and understood BCP would mitigate.

Bega Valley Shire Council plans to update BCP training as part of its next update of the BIA and BCP, including making completion mandatory. It has not established a clear timeframe to implement these changes, and it should do so as a priority.

**Some Bega Valley Shire Council staff were aware of the BCP and BCP subplans, but were unaware of how service continuity decisions or approaches aligned with such plans**

Some Bega Valley Shire Council staff consulted as part of this audit were aware of the existence and purpose of the BCP and BCP subplans. Some staff advised that they were involved in developing and implementing the relevant BCP subplans for critical services.

Bega Valley Shire Council staff advised there is local knowledge of team member capabilities and of what actions must be taken to maintain services. However, some staff were unable to demonstrate how service continuity decisions or approaches aligned with the formal guidance included in the BCP or BCP subplans.

Relying on staff knowledge and experience instead of formalised guidance such as the BCP or BCP subplans increases the risk of inconsistent decision-making, 'key person risk' and gaps in the identification and management of critical functions. Formalising and documenting such knowledge reduces these risks and reduces reliance on key staff, who may be unavailable.

**Bega Valley Shire Council undertakes post incident reviews following natural disaster events but many high-risk actions resulting from those reviews remain outstanding**

Bega Valley Shire Council undertakes post incident reviews<sup>5</sup> after a council project, undertaking, or event, including after natural disaster events. These reviews focus on identifying lessons learned. Any actions and lessons learned arising from the reviews are recorded in a risk register in PULSE along with associated actions, who those actions are assigned to, and the progress of those actions. For example, the Council undertook a formal debrief process to capture lessons from the 2019–20 bushfires shortly after the bushfires.

<sup>5</sup> We have used the standardised term 'post incident reviews' throughout the report for clarity. Bega Valley Shire Council refers to such reviews as 'after action reports'.



Bega Valley Shire Council has a 'natural disasters outstanding actions list' from its experiences during natural disasters since 2018. All 22 actions on this list that are rated high or very high risk (out of 52 in total) remain outstanding as per their status within PULSE, although six of those actions have comments noting they should be removed or that they are partially complete. Additionally, the risk rating on one action has been reduced from high risk to low risk after it was completed instead of being marked as a completed high risk action.

As such, it is difficult to reliably determine how many actions have been completed and how many are outstanding. Some other actions, including earlier lessons learned documents, do not have milestones or due dates for actions or have not been assigned to staff. This increases the risk of actions not being effectively prioritised, implemented and monitored.

The Council advised it has partially completed some of these actions but has not yet updated the list to show progress.

**Bega Valley Shire Council has not addressed all actions and recommendations from internal reviews in 2015 and 2020 that identified gaps in its business continuity management approach**

Bega Valley Shire Council undertook a management review of its business continuity management approach in 2015. The Council has addressed many, but not all, recommendations and actions from that review. Our audit has found that some of the gaps identified in the 2015 report are still present, including gaps in staff awareness and training. Recently, a 2020 internal audit on service delivery further suggested that the Council should strengthen its BCP review process.

Bega Valley Shire Council has experienced multiple natural disaster events and performed multiple post incident reviews since the last update in 2015. The lessons learned from these have yet to be incorporated into the BCP and BCP subplans.

## 2.2 Preparing for identified disaster-related risks to business and service continuity

**Bega Valley Shire Council has developed several plans to respond to identified natural disaster risks, and has implemented actions under the plans**

Since 2015, Bega Valley Shire Council has commissioned and implemented several flood studies and floodplain risk management studies and plans within its LGA. Such initiatives are ongoing and are in line with some of the actions listed in its Climate Resilience Strategy 2050. The studies and plans assist with emergency management planning and aim to reduce the risk of major impact from flooding events.

In 2018, Bega Valley Shire Council participated in the development of a Bega Valley bushfire risk management plan in collaboration with other agencies. Between 2019 to 2020, Bega Valley Shire Council developed its Climate Resilience Strategy 2050 which identifies risks to business and service continuity including from fire, weather and storms.

Prior to the Climate Resilience Strategy 2050, Bega Valley Shire Council's actions to identify and respond to identified natural disaster risks were guided by, among other things, its 2013–17 Climate Change Strategy, which included actions to review the vulnerability of critical Council infrastructure in line with Asset Management Plans. The Council advised that some of the actions from the 2013–17 Climate Change Strategy have been implemented, and the remaining actions were carried forward in to the Climate Resilience Strategy 2050. The Council plans to review implementation of the Strategy on an annual basis as part of its Integrated Planning and Reporting Framework.

### **Bega Valley Shire Council undertakes activities to increase the resilience of council infrastructure required for service delivery**

Bega Valley Shire Council has identified a need to improve asset resilience to prepare for natural disasters through lessons learned processes such as its formal Emergency Operations Centre (EOC) and operational debrief sessions. Some of the hazard reduction actions the Council has implemented that aim to improve asset resilience include slashing, scrubbing, and mulching in asset protection zones (which was undertaken prior to the 2019–20 bushfires) and widening asset protection zones around certain council infrastructure, for example one of its preschools.

Bega Valley Shire Council advised it has also undertaken infrastructure projects to improve asset resilience, such as:

- connection of the central waste facility to the piped water system, which provides reliable access to water for firefighting on premises
- the construction of a temporary water treatment plant which can be used to filter water if a permanent water treatment plant is compromised
- the installation of permanent diesel generators in underground tanks at its Brogo water treatment plant so that the Rural Fire Service is not required to escort staff when they need to refuel the generators.

However, the Council advised the projects were not completed until after the 2019–20 bushfires due to a lack of available funding for proactive projects.

### **Bega Valley Shire Council can improve its monitoring of actions taken to increase asset resilience**

Bega Valley Shire Council can improve its monitoring of actions taken to increase asset resilience within PULSE, as some resilience actions are not present, or listed as zero per cent complete in the application. The Council advised that this partially reflects actions not being implemented because of a lack of resources and the impacts of the 2019 and 2020 natural disaster events, and that some actions have been implemented but not tracked in PULSE due to the system being new.

Bega Valley Shire Council advised that additional asset resilience work is underway or planned for the near future, such as the development of a Bega and Brogo Rivers flood warning system and studies into the feasibility of utilising solar power and batteries for remote infrastructure such as the Brogo water treatment plant.

Recently, Bega Valley Shire Council has taken steps to improve its documentation of the progress of actions and controls within PULSE. The status for several actions and controls for business continuity risks have now been updated to either 'progressing' or 'completed', to reflect progress that had been made since the natural disaster events. However, none of the updated actions or controls relate to asset resilience.

### **Bega Valley Shire Council relies mostly on grants to fund its asset resilience work**

Bega Valley Shire Council advised that funding for its asset resilience work must be prioritised in context of other council business. For example, the Council advised that it prioritises asset resilience funded by capital expenditure in line with its long-term financial plan.

In the context of these competing demands on limited resources, Bega Valley Shire Council has largely relied on grants to fund asset resilience work. Since the 2019–20 bushfires, Bega Valley Shire Council has applied for funding from a range of grants to fund asset resilience work.

Bega Valley Shire Council advised that it faces challenges associated with relying on grants to fund asset resilience work, for example:

- many grants are provided after a natural disaster event, rather than proactively – for example, many resilience grants were only made available in response to the 2019–20 bushfires
- some grants only fund repair of damaged assets to pre-damaged state, instead of new and more resilient condition.

The Council advised that in the absence of grant funding, preventative work that is not part of its long-term financial plan needs to be funded through other means. The Council advised that it maintains four major funds that are used to cover shortfalls in resilience work where possible and appropriate:

- general fund, from council rates revenue
- water fund, from water charges revenue
- sewer fund, from sewer charges revenue
- waste fund, from domestic waste management charges revenue.

Where no other funding sources are available or suitable, the Council advised it could apply for a loan, for example from the NSW Government central financing authority TCorp.

Bega Valley Shire Council advised while it has planned for future proactive capital expenditure as part of its Climate Change Risk Assessment and Climate Resilience Strategy 2050 and a pilot program in collaboration with the CSIRO, the Council does not have the budget for capital expenditure on asset resilience outside of those initiatives.

Consequently, Bega Valley Shire Council's approach to funding future asset resilience work remains reliant on grant funding.

## 2.3 Responding to business and service continuity risks and impacts during the 2019–20 bushfires

### **Bega Valley Shire Council's BCP and BCP subplans formed the basis for some initial high-level decisions made by its Executive during the 2019–20 bushfires**

Bega Valley Shire Council staff advised that the BCP and BCP subplans provided the basis for some initial high-level decisions made by its Executive during the 2019–20 bushfires. Bega Valley Shire Council advised that following these initial decisions, the scale and impact of the bushfires it experienced was not sufficiently covered by the existing provisions of its BCP or BCP subplans.

In the early days of the disaster, the Council's leadership executive group met daily, and as the disaster progressed it met less frequently as it determined that the immediate risk was reduced. The Council split its leadership group into dedicated groups to manage decisions and actions across both business as usual and recovery.

Bega Valley Shire Council advised that it plans to update its business continuity management framework to prepare for larger natural disasters, to reflect the council's experience of the current framework not being sufficient to deal with the 2019–20 bushfires.

### **Bega Valley Shire Council did not follow its BCP and BCP subplans in prioritising services during the 2019–20 bushfires**

Bega Valley Shire Council advised that it did not follow its BCP in prioritising services because its BCP and BCP subplans did not account for a disaster of this scale, and it did not have a natural disaster BCP subplan or EOC BCP subplan in place. As a result, the Council considered that the BCP and BCP subplans were less effective than local staff knowledge in informing decisions and reacting to changing circumstances.

Consequently, day-to-day responses and prioritisation of services by operational staff were guided by their own local knowledge, experience from previous events, and guidance from combat agencies. Relying on staff knowledge, instead of clear consistent guidance, risks a reduction in reliability and standardised approaches in line with approved plans, and introduces the risk of 'key person reliance'.

Bega Valley Shire Council's actions to maintain or suspend services were also guided by input from the EOC. For example, early during the 2019–20 bushfires, the Council prioritised some of its services under 'bushfire event action plans' that brought together actions from the EOC, actions to carry on business as usual and actions for recovery. Such action plans did not directly link to or reflect response actions under the Council's BCM framework, and focused on immediate impacts.

### **Bega Valley Shire Council did not keep a formal record of its decision to not follow its BCP but kept records of decisions to maintain or suspend services**

Bega Valley Shire Council advised that it did not make a formal decision to not follow its BCP during the 2019–20 bushfires. However, the Council did not keep a formal record of whether it enacted its BCP approach.

Bega Valley Shire Council kept records of the alternate approach it used to respond to the emergency including its decisions to maintain or suspend services. The Council kept informal records of high-level decisions, actions and outcomes from the leadership executive group meetings held during the first two weeks of the bushfires and distributed these by email to the group as a written record. From 15 January 2020, the Council formally captured its decisions to maintain or suspend services through meeting minutes and clear tracking of actions and outcomes through to completion.

Going forward, and during its response to COVID-19, Bega Valley Shire Council has implemented a briefing template that aims to succinctly capture key decisions, such as whether to enact its BCP in response to a given disruption.

### **Bega Valley Shire Council advised that essential services largely remained operational, with some adaptation as required**

Bega Valley Shire Council staff advised that essential services were delivered during the natural disaster events, sometimes with adaptation; for example, through the provision of alternative waste sites due to main sites being affected by the fires.

Where necessary, Bega Valley Shire Council also requested and received support and resources from other councils, NSW Government agencies and Australian Government agencies, including the Australian Defence Force. Such support and resources assisted with service delivery in a wide range of areas, including in the supply of water, environmental and structural assessment, human resources, communications, and clearing roads. The Council also provided executive support to the EOC, and supported actions to respond to the emergency, with over 130 staff working across various EOC roles and operational response.

Some of the Council's communities experienced interruptions to water supply due to the impacts of the bushfires and subsequent rain events (Exhibit 6). Throughout the 2019–20 bushfires, and immediately after, Bega Valley Shire Council monitored water quality, regularly updated the community and other stakeholders through multiple communications channels including social media (and by providing boil water notices), and worked with other agencies to resume service delivery.



## **Exhibit 6: Supplying water during the 2019–20 bushfires in Ben Boyd Dam and Brogo River Dam Catchment**

### **What are Bega Valley Shire Council's responsibilities for water supply management?**

Bega Valley Shire Council is a local water utility and provides reticulated water to 19 towns and villages in the LGA, and two villages within Eurobodalla Shire Council LGA. It has responsibilities under legislation, regulations, and standards for water supplied to be safe, reliable, affordable and of good quality.

The Council's LGA covers an area of approximately 6,279 square kilometres. There are four water supply systems that provide water services within this area, namely: Tantawanglo-Kiah; Bega-Tathra; Brogo-Bermagui; and Bemboka. Water for these systems is sourced from catchments located within the LGA.

### **Water supply requirements in Bega Valley Shire Council's BCP subplan**

Bega Valley Shire Council's water supply services BCP subplan focuses heavily on the risk of a power failure to its water treatment plants. Under the BCP subplan, the Council aims to supply a reliable provision of drinking water that conforms to drinking water guidelines. The maximum acceptable outage is 12 hours.

The possible impacts of a critical function failure in provision of water supply are:

- a localised loss of water supply to a small number of properties in urban areas, resulting in an inability for customer to carry out their day to day activities
- widespread loss of water supply to properties
- human health impacts.

### **Response phases and responsibilities**

Under its planned 'immediate response', Bega Valley Shire Council is required to promptly assess the extent of service loss, arrange for critical staff to be perpetually available while the disruption is being managed, arrange for emergency power supply as required, and to commence interim repairs as required.

Under its planned 'continuity response' Bega Valley Shire Council is required to carry out permanent repairs, continue emergency power supply, and continue emergency staffing arrangements.

Under its planned 'resumption response', Bega Valley Shire Council is required to assess the ongoing effectiveness of permanent repairs on an ongoing basis, continue emergency power supply as needed on an ongoing basis and return to normal staffing arrangements as appropriate.

### **What happened?**

During the 2019–20 bushfires, Bega Valley Shire Council experienced multiple disruptions to its water supply systems:

- Brogo-Bermagui and Bemboka water supply experienced disruptions due to loss of power caused by fire and treatment issues that followed.
- Eden water supply was interrupted due to a firefighting helicopter crashing into Ben Boyd Dam water storage in early January 2020.
- Challenges with pump stations and telemetry issues in the network.

### **Ben Boyd Dam incident**

A helicopter crashed into Ben Boyd Dam water storage on 9 January 2020. This incident triggered a need to coordinate with multiple agencies, including with the ADF to remove the helicopter, with Public Works Advisory to ensure council assets were not materially affected, and with the NSW Environmental Protection Agency and NSW Health to demonstrate that the water supply from the dam was safe and remained potable. The dam was affected from 9 January 2020 to 13 January 2020 and the incident was formally resolved on 15 January 2020.

While the dam was not operational, Bega Valley Shire Council moved to supply water to Eden from the Kiah Bore Field. Boil water notices were issued through local media, the Council and by social media. Further notices were issued when the notices were lifted.

Following inspection, Bega Valley Shire Council determined that the impact of the crash did not affect any aspect of the dam's safety. While some riprap had been removed from the dam's left abutment to facilitate removal of the damaged helicopter, it would be restored, and there was no impact on the routine operation of the dam.

Bega Valley Shire Council reports on the incident indicated that dam monitoring data prior to, at the time of, and after the crash event were unaffected. Readings remained steady and consistent throughout – and the embankment continued to perform normally and as expected with no apparent adverse effects.

Bega Valley Shire Council reported that the removal of the helicopter was protracted but well-coordinated and was managed and executed by ADF personnel. The helicopter was buoyed by inflatable balloons, floated to the ramp adjacent to the spillway, enclosed with a floating scum boom, righted by Navy divers, then moved upon its skids to a stable location on the dam wall.

Following remediation and water quality testing, Bega Valley Shire Council undertook independent profiling of the water body and further testing to satisfy the Council, regulators and residents that the water was once again fit for human consumption and could be considered a water source, post disinfection.

### **Brogo River and Dam catchment disruptions**

Between December 2019 and March 2020, Bega Valley Shire Council's Brogo River and Dam Catchment experienced multiple disruptions to the water quality and therefore interruptions to the potable water supply to northern communities within the LGA.

During early January 2020, the water treatment plant that is used to purify water downstream of the catchment was affected by loss of power and fire-related damage to the disinfection infrastructure and surrounding trees, grasses, and other vegetation.

Ash, sediment and other debris washed into the Brogo River following significant rain events in February 2020 following the destruction within the catchment of vegetation and other trees that would stabilise inflows or runoff into the catchment. This rapid increase in water level – including the refilling of the dam from ten per cent capacity to overflowing within one day – combined with the runoff caused turbidity levels to exceed more than 100 times critical control levels making the supply non-potable.

Across both incidents, Bega Valley Shire Council put in place several emergency and interim measures to respond to the disruptions it experienced. It placed affected towns on 'boiled water notices and advice warnings'; requested and delivered packaged bottled water to affected towns while supplies and emergency solutions were severely impacted; carted in water to the affected water supply (including under a state-supported arrangement) at a rate of up to one million litres per day; introduced level four water restrictions to restrict all non-essential outdoor water use; and recommissioned a weir from a creek not used for 20 years.

The Council also requested and received direct support from the ADF including:

- delivery and installation of a diesel generator to run the pumps and associated treatment equipment
- assistance for Council employees to be aerially inserted into the catchment to confirm the status of dam catchment and water quality while roads were being assessed and cleared
- assistance to distribute bottled water to affected towns
- access to a portable water treatment plant and a one megalitre reservoir.

Prior to the bushfires, Bega Valley Shire Council's dams were heavily affected by the drought conditions. The Council had undertaken some work to increase the resilience of the water supply treatment infrastructure at the Brogo catchment, and had been approved to build a water treatment plant under the NSW Government Safe and Secure Water Program in 2018. However, the planned water treatment plant was being prepared for tender when the 2019–20 bushfires and subsequent storms and floods hit the Brogo water supply. The Council did not finalise its interim arrangements until 14 March 2020. Until such time, it issued multiple requests to the ADF to extend their access to the temporary treatment plant. The ADF reported that at its conclusion the arrangement had provided Bega Valley Shire Council with 6.1 million litres of water.

### **Implications**

In both incidents, the outage of services lasted longer than the 12 hours maximum acceptable outage time under Bega Valley Shire Council's BCP Subplan for water supply services. In this way, it necessitated a continuity response. However, the Council's water supply BCP does not adequately plan for intrusions into the water supply, nor severe fire related damage to water infrastructure, and instead is directed at maintaining power to the water treatment plant. The examples demonstrate actions the Council took outside the BCP approach that enabled it to respond to a disruption and recover services, including through actions to source assistance from external agencies including the Australian Defence Force.

Source: Bega Valley Shire Council 2021.

Bega Valley Shire Council advised that the bushfires occurred during a time when several business as usual services were already closed, and some staff were on leave due to the annual Christmas/New Year council shutdown.

Bega Valley Shire Council further advised that some services, which the Council had deemed non-essential or the combat agency had deemed endangered by the approaching fire front, were put on hold (for example children's services and library services) or not re-opened based on information from the combat agency.

We reviewed all enquiries, including complaints and compliments, received by the Council during the period 1 January 2018 to 31 December 2020. Our review did not demonstrate a significant quantitative or thematic change between enquiries received during the natural disaster events, and the same period the year before. While this analysis does not provide assurance that services were delivered during the natural disaster events, it does not indicate an increase in service disruption.

### **Bega Valley Shire Council kept records of service status for waste and water services but did not keep formal evidence of other service disruptions**

Bega Valley Shire Council kept centralised formal records of service status through two real-time service-monitoring systems that were in use during the 2019–20 bushfires:

- the Council's Supervisory Control and Data Acquisition (SCADA) system which monitored and recorded changes to the Council's water and waste systems in real time
- a system in the Council's central waste facility which automatically records the weights of trucks depositing waste.

These records indicate that these services were operating during the 2019–20 bushfires. However, the Council did not keep formal records (electronic or manual) for other services of monitoring or recording of when services were disrupted, for how long, and the impact on residents, staff, and stakeholders.

Bega Valley Shire Council advised that it provided formal updates on service status – such as a media release – only when a service was disrupted, and considers that where there is no evidence of interruption, it can be assumed the service was operational.

Activity logs from the EOC, to which the Council provided executive support, outline impacts to some council services including waste and water and EOC and Council's actions to respond to these impacts. These activity logs are in line with service status as advised by the Council and boil water notices issued by NSW Health.

Bega Valley Shire Council staff were able to consistently recount which services were operational or closed, and their decisions and approach to responding to the events of the 2019–20 bushfires. The Council's staff advised that knowledge of which services were operating or disrupted was communicated by the operational teams to the leadership team, and then shared verbally downwards by the leadership team.

As Bega Valley Shire Council did not maintain formal records of service disruptions for all services and did not follow its BCP during the 2019–20 bushfires, we are unable to assess the impact of its planning and preparation activities on the continuity of services.

### **Bega Valley Shire Council supported its staff to manage their changing roles and responsibilities during the 2019–20 bushfires**

Many of Bega Valley Shire Council's staff took on multiple roles and responsibilities during the 2019–20 bushfires, including assisting the EOC and other agencies, which impacted their substantive duties.

Bega Valley Shire Council advised it does not maintain a register of council staff that hold volunteer roles (for example in the Rural Fire Service or State Emergency Service). However, the Council also advised that the Regional Emergency Management Officer maintains a list of LEMOs, Local Emergency Operations Controller (LEOCON), and key agency staff, which is available to LEMOs.

Under Bega Valley Shire Council's conditions of employment, staff that hold volunteer roles are provided with five days of paid leave per year to attend major emergency events, and up to ten days for large scale events within the LGA specifically. Those staff are required to inform the Council of their intentions and allow for consideration of WHS issues.

Bega Valley Shire Council supported its staff to manage their changing roles and responsibilities by preparing an action plan for responding to the bushfires, including how the Council would work with the EOC to assess the impact of the fire on its assets, undertake communications to staff, councillors and the community, and rostering the EOC (for example providing a Local Emergency Management Officer (LEMO) and executive support) and recovery committee.

Bega Valley Shire Council also monitored how staff may have been directly affected by the bushfires, and whether they were available and willing to return to work from leave. The Council clearly communicated with staff, by issuing emails early on and throughout January 2020 to advise of worsening conditions and the likelihood of changes to staff responsibilities.

### **Bega Valley Shire Council took actions to communicate key service changes and issues to staff, stakeholders, and impacted residents**

Bega Valley Shire Council used multiple methods and channels to communicate immediate service changes to residents, staff, and stakeholders, including, for example, mobile application alerts and phone calls to users of services where contact details were available.

Bega Valley Shire Council used social media with the aim of reaching a wider audience than it would have through other communication methods, including during times where other communication tools were compromised by the disasters, both during the response and recovery phase. The Council also communicated key messages on behalf of other entities that it was assisting at the time of the disasters, for example, the EOC.

Bega Valley Shire Council advised that it set up a dedicated response and recovery service line during the 2019–20 bushfires, separate from its business as usual line. This ensured a level of resourcing for immediate response and short and long-term recovery, while allowing business as usual teams to focus on day-to-day delivery of essential services.

The Council advised it received enquiries through several phone lines, social media, the EOC's call centre, and other agencies such as the Rural Fire Service. The Council's communications team responded to basic enquiries, sought guidance on responses from operational staff, or redirected residents to an appropriate channel depending on the enquiry.

The Council developed key message bulletins for staff to respond to enquiries about the response to the 2019–20 bushfires, including updates for impacted residents regarding services that were suspended or under different delivery arrangements – such as water, childcare services and waste services.

### **Bega Valley Shire Council used in-person and digital community meetings during and after the 2019–20 bushfires to obtain resident feedback**

Bega Valley Shire Council used in-person and digital community meetings between early January and April 2020 to provide information to residents and obtain their feedback. These meetings included agencies such as the Rural Fire Service, NSW Police, and the State Emergency Service and were recorded and streamed on the Council's social media and published on its website.

Bega Valley Shire Council keeps logs of all enquiries made by residents and stakeholders through communication channels such as the council contact email address and the dedicated response and recovery phone line. Bega Valley Shire Council has not undertaken its own analysis of enquiries, compliments, and complaints received during the disasters.

## 3. Snowy Valleys Council

### 3.1 Planning for disaster-related risks to business and service continuity




#### Snowy Valleys Council did not have a documented approach to managing business and service continuity until 2020

Snowy Valleys Council did not have a documented business continuity management framework in place until October 2020. The Council's finalised framework is comprised of a finalised business continuity plan (BCP) that is endorsed by Council; a business impact analysis; and BCP subplans for the identified critical services in the business impact analysis. The BCP is due for review in 2024.

#### Snowy Valleys Council has a documented approach to business continuity management that outlines roles and responsibilities, contingencies for service continuity and how to maintain, suspend or recover critical services

Snowy Valleys Council has a documented BCM approach that mostly aligns with key elements described under leading professional standards for business continuity management (Exhibit 7).

#### Exhibit 7: Summary of Snowy Valleys Council's business continuity management framework alignment with key elements of leading professional standards

Leading professional standards element	Snowy Valleys Council's business continuity management framework
Understand and document business continuity aims and, needs within the context of the organisation	✓
Leadership commitment to business continuity management, demonstrated by alignment with risk management and strategic priorities, resourcing committed, and continuous improvement, promoting awareness	—
Clearly documented and controlled policies, procedures	—
Roles and responsibilities clearly assigned	✓
Business continuity plans and procedures	✓
Business continuity strategies and solutions (i.e. BCP Subplans, contingencies and instructions to retain or resume critical services)	✓
Business continuity management system is underpinned by a business impact analysis	✓
Training and support, including competence and awareness of staff	—
Regular review and continuous improvement	NA
<b>Key</b>	 <b>Fully addressed</b>  <b>Partially addressed</b>  <b>Not addressed</b>

Source: Audit Office 2021.

Snowy Valleys Council's BCM framework is integrated with its broader approach to enterprise risk management. The Council's BCP and BCP subplans are linked to the critical services and critical functions identified in the Council's BIA, and the critical people required to maintain or recover services in the event of a business disruption.



The Council's BCP and BCP subplans include clear identification of governance, roles and responsibilities, contingencies for service continuity, and instructions to retain or resume critical services in the event of a disruption.

Snowy Valleys Council uses a centralised information management system called PULSE to capture risks, including business continuity management risks. Actions are monitored in action reports presented to council managers, executives and the Safety, Risk and Quality Committee (SRQ).

**Snowy Valleys Council advises it has completed a business impact analysis but has not retained the completed version of this document**

Snowy Valleys Council developed a BIA to inform its BCP and BCP subplans in 2020. However, the Council was unable to provide a complete and documented BIA as it was not managed under Snowy Valleys Council's record management procedures. This means that the BIA is not readily available to risk owners who are responsible for updating the BCP subplans, or governance committees responsible for overseeing the BCM framework.

That said, Council has documented some short form and working examples of the BIA. For example, following initial drafts, the Council reviewed the BIA to inform its approach to responding to the COVID-19 pandemic in March 2020, and this was documented in short-form. The Council advised that the BIA is undergoing a process of continuous improvement, and this is informed by emerging risks, such as those identified in post-incident reviews.

Snowy Valleys Council could do more to ensure its BIA is documented and readily available for reference in future iterations of the BCP.

**Seven of Snowy Valleys Council's nine BCP subplans are incomplete which means council staff may not have all relevant information available to respond to a disruption**

Seven of Snowy Valleys Council's nine BCP subplans are missing key contact information for internal and external stakeholders, and two are missing details within one or more of the critical categories relating to communications, information systems, assets and persons across the documents.

As Snowy Valleys Council's BCP subplans are incomplete, BCP subplan owners and other potential users may not have accurate, up-to-date information available when responding to a disruption event. Having up-to-date information on key persons within the BCP subplans would provide greater confidence that the service is able to be maintained or recovered within acceptable timeframes.

Snowy Valleys Council advised that BCP subplans are owned by the relevant operational manager and can be updated by them at any time, after a post incident review or audit, or on a periodic basis. The Council advised that updated BCP subplans are stored on a restricted drive by the risk and governance team, while a copy is kept by the relevant operational manager.

Going forward, the BCP subplans would be improved by ensuring contact details and key processes are complete, and by establishing a regular review process to confirm whether the plan is current and reflects the Council's agreed approach to responding to a business disruption.

**Snowy Valleys Council is finalising further BCP subplans for identified critical services and functions**

In 2021, Snowy Valleys Council undertook a review of its BCM framework, including testing its BCP subplans for criticality, currency and completeness. From that review, the Council is prioritising finalising additional critical BCP subplans relating to IT disaster recovery, crisis communications and emergency plans within 2021–22.

However, Snowy Valleys Council does not yet have a BCP subplan for some of the council-run aged care and disability support services provided by its multi service outlet, which include domestic assistance and respite and social support. While some contingencies for the operation of the multi service outlet are covered by the Council's BCP subplan for community transport this BCP subplan does not cover specific risks to the aged care and disability support services.

### **Snowy Valleys Council's BCP and BCP subplans do not identify staff who may be required to directly support an Emergency Operations Centre or combat agency during disasters**

Snowy Valleys Council advised that its staff are often required to provide support to an Emergency Operations Centre (EOC) or combat agency during disasters, under a range of legislative and volunteer arrangements.

Snowy Valleys Council has an emergency management staff contact list which includes names, locations, contact details, and emergency management experience. Additionally, eight of the Council's nine BCP subplans include an alternate role holder. However, the Council's BCP and BCP subplans do not formally identify the individuals that may be required to be seconded, act in a combat agency or EOC roles, or volunteer during disasters, nor are such individuals formally noted within a centralised contact list. Including this information in these plans could assist the Council to better plan for replacements or alternates and so maintain or recover services promptly.

### **Snowy Valleys Council has delivered BCP training to staff, but has not kept adequate records of such training**

Leading professional standards for continuity management outline that BCP training, including scenario training supports effective BCM by:

- ensuring that staff are aware of the importance of business continuity management
- ensuring staff understand their roles and responsibilities, including those assigned under key BCP documents
- ensuring that plans are regularly tested and exercised under simulated or live situations
- revealing any gaps in implementing a BCP or BCP subplan
- building organisational disaster readiness.

Prior to the 2019–20 bushfires, Snowy Valleys Council's last documented BCP scenario training was in 2016. As the current BCP and BCP subplans were only finalised in 2020, this training was based on the former BCP framework developed under the former Tumut Shire Council.

Since the 2019–20 bushfires, the Council has delivered scenario training to key BCP role holders. This scenario training was delivered in June 2021, after the BCP was completed in October 2020.

Snowy Valleys Council has not kept adequate records of BCP training it has delivered. For example, while the Council has developed risk management, resilience, and BCP training presentations, it does not know how many staff have received this training. Further, the Council advised it delivered BCP scenario training in 2018 but was unable to provide any evidence of this training being delivered. This means that the Council management does not systematically know that its staff understand their BCP roles or how to respond in the event of a disruption.

Snowy Valleys Council advised that it plans to implement a system to include BCP awareness as part of its employee induction training and monitor completion of this training. However, the Council has not established a clear timeframe for the system's implementation.

### **Snowy Valleys Council has not yet undertaken a formal post incident review of the 2019–20 bushfires, despite the event's significant impact on its LGA**

Snowy Valleys Council undertakes post incident reviews following business disruption events where its BCP is activated and other, less detailed, incident reviews where a disruption occurs but the BCP is not activated. The council has undertaken five such post incident reviews:

- a post incident review for a communications outage
- two post incident reviews during the COVID-19 pandemic
- a post incident review as part of a business continuity training session in 2021
- a post incident review for a flooding event within its LGA in 2020.<sup>6</sup>

<sup>6</sup> The Council advised the BCP was not enacted for the flooding event.

The post incident reviews describe the context and factors leading up to the event, Snowy Valleys Council's response, lessons learned, actions and recommendations.

Snowy Valleys Council's post incident reviews for the COVID-19 pandemic and 2021 scenario training identified gaps in the Council's BCP subplans which align with the findings of this audit, such as some containing incomplete contact information and some not identifying contingencies.

Despite the significant impact to its LGA, Snowy Valleys Council has not performed a post incident review that considers business and service continuity during the 2019–20 bushfires. The Council advised that while not documented in a post incident review, lessons learned have been captured and incorporated in to its current BCM framework.

## 3.2 Preparing for identified disaster-related risks to business and service continuity

### **Snowy Valleys Council has identified the risk of natural disaster impacts within its strategic risk register, but has not identified specific controls for these risks**

Snowy Valleys Council advised that its BCP and BCP subplans focus on the impacts of service disruptions rather than the risk or cause. The Council advised that it identifies and mitigates or controls for disaster related risks within broader enterprise-wide risk assessments.

Snowy Valleys Council has identified 'severe weather' and 'climate change' as risk elements within these broader enterprise-wide risks listed in its strategic risk register. However, the descriptions of each enterprise risk are brief and controls or treatments have not been identified for these risks.

Without identifying controls to prevent or mitigate natural disaster risks, Snowy Valleys Council cannot demonstrate that it has adequately prepared its assets or approaches with appropriate controls or mitigations.

Snowy Valleys Council has taken some broader high-level steps to consider actions to respond to natural disaster risks, for example:

- The Council commissioned a Climate Change Risk Assessment, detailing risks to services, business and council functions, which was delivered in February 2020.
- The Council's Local Strategic Planning Statement published in March 2020 identifies some actions related to adapting to the impacts of hazards and climate change. These are focused on understanding current gaps to enable better flood risk management and undertaking a climate risk assessment rather than risk reduction or preparation projects. There is no explicit reference to bushfire risks in identified actions or monitoring.

### **Snowy Valleys Council has not clearly linked actions taken to monitor and improve asset resilience to how they contribute to reducing the risk of natural disaster impacts**

Snowy Valleys Council monitors and improves the resilience of some assets as part of its regular operations of maintaining assets but does not clearly link such actions to how they contribute to reducing the risk of natural disaster related impacts.

The Council advised that it improves the resilience of its assets through regular reviews of asset management and asset conditions, and business as usual activities such as cutting grass before and during bushfire season, but does not document these actions as part of its asset resilience work.

The Council advised that most bushfire resilience and planning it completes is undertaken on behalf of, and funded by, the Rural Fire Service as the agency responsible for managing the risk of bushfires. For example, the Council undertakes annual asset hazard protection zone maintenance work in collaboration with the Rural Fire Service, and is represented on the local Bush Fire Management Committee. This activity is not linked to its strategic risk management documentation and is not listed within the strategic risk register in response to the risk of bushfire impacts. Snowy Valleys Council uses service management plans to set out the required actions taken to manage its assets. These actions are primarily to maintain the status of the Council's assets, but in some cases also improve their resilience. Snowy Valleys Council's service management plans include actions to:

- establish performance objectives for asset maintenance
- assess the current condition of assets and forecast future requirements
- prioritise asset maintenance and upgrade projects.

In addition to reviewing asset condition through the service management plans, Snowy Valleys Council advised that critical assets are also reviewed as part of the council's BIA, BCP subplans, and post incident reviews.

**Snowy Valleys Council advised that it was unaware of suitable grant funding for asset resilience work prior to the 2019–20 bushfires, and instead used funding from a range of other sources**

Snowy Valleys Council advised that costs for asset resilience are planned under service level agreements and the strategic asset management plan for those assets – that is, as part of its standard practice of maintaining assets. The strategic asset management plan details life cycle costs for council assets, including maintenance costs, and flows through to the Council's long-term financial plan. Under this process individual subject matter experts and project officers are responsible for identifying suitable grants to fund infrastructure and events for projects they oversee.

Snowy Valleys Council advised that it was unaware of any suitable grants for bushfire resilience prior to the 2019–20 bushfires. For example, it advised that it had sought funding before the bushfires for projects such as the Tumut Evacuation Centre, but was only able to secure funding when grants were made available after the 2019–20 bushfires. The Council advised that while grants and other funding sources fund the initial development costs, they do not include ongoing costs such as maintenance, depreciation, and ongoing work like asset resilience.

The Council advised that it plans to improve its processes for seeking grant funding, including through standing up a dedicated project management committee and tracking grant funding applications in PULSE, but has not set a timeframe for implementing these improvements. Snowy Valleys Council advised that some recovery and resilience projects have been funded through sources other than grants. These include through council asset insurance payouts, state emergency funding, non-grant funding from relevant agencies such as Transport for NSW and Infrastructure NSW, and as part of the funding provided when the former Tumut and Tumbarumba local councils amalgamated in 2016. Additionally, the Council advised that resilience work for some assets are jointly funded. For example, asset resilience that improves firefighting capacity for its aerodrome is jointly funded by the Council and Rural Fire Service.

Since the bushfires, the Council has been successful with several grant applications to the Bushfire Local Economic Recovery Fund. Some of these grant applications include funding for asset resilience.

### 3.3 Responding to business and service continuity risks and impacts during the 2019–20 bushfires

#### **Snowy Valleys Council did not have a BCP or BCP subplans in place during the 2019–20 bushfires and so relied on the local knowledge and prior experience of staff**

Snowy Valleys Council had not finalised its BCP, BCP subplans, or BIA prior to the 2019–20 bushfires. Consequently, rather than being guided by a finalised BCP, Snowy Valleys Council advised that its response to the 2019–20 bushfires was guided by the local knowledge and prior experience of staff.

Relying on staff knowledge, instead of clear consistent guidance, risks Snowy Valleys Council staff not applying standardised and effective approaches in line with approved plans to respond to a disruption. Formalising and documenting Snowy Valleys Council staff's local knowledge, for example through a BIA, and in the BCP subplan(s), may reduce key person reliance and ensure that critical response steps are at hand for a staff member responding to a disruption, particularly if they are a team member replacing the BCP subplan owner or critical staff.

#### **Snowy Valleys Council's response to the 2019–20 bushfires was impacted by its support for, participation in, and directions from the Local Emergency Operations Centre and the Rural Fire Service**

Under the *State Emergency and Rescue Management Act 1989*<sup>7</sup> the LEOCON, who manages the EOC, may direct agencies – including local councils – under their coordinating role of overseeing a response to or combating a natural disaster within the LGA. Similarly, under the *Rural Fires Act 1997*<sup>8</sup>, the Commissioner of the Rural Fire Service or delegates may issue directions to agencies, including local councils, in connection to the prevention, control or suppression of bushfires.

The Council advised that during the 2019–20 bushfires, tasks to maintain services and protect or reinforce assets were delegated by the EOC and Rural Fire Service to member and other support agencies under such arrangements, including the Council, State Emergency Service (SES), Australian Defence Force (ADF), and others.

Activity logs from the EOC demonstrate communications and requests to Snowy Valleys Council (and other agencies) relating to decisions to continue or discontinue services, including:

- provision of emergency or alternate waste services, maintenance of existing waste collection services and closure of waste services, including tips
- provision of generators to maintain water treatment plants and evacuation centres
- maintenance of water service levels in line with power outages and water supply
- managing road closures and openings, including assessment of closed roads prior to reopening, and developing access plans to closed off areas
- sourcing arborists for assessment and, where relevant, removal of trees along the roadside
- creation and remediation of fire breaks
- providing executive support to, and communications on behalf of the EOC.

Snowy Valleys Council advised that in supporting the EOC and the Rural Fire Service, and carrying out response and recovery work, it did not have sufficient resources to operate all council services. Council advised that as the 2019–20 bushfires started during the Council's shutdown period, during which non-essential council services do not operate, the Council made decisions to stand up services based on need for the service and available resources instead of the usual shutdown period schedule.

<sup>7</sup> Section 31(2) of the *State Emergency and Rescue Management Act 1989* confers functions on the LEOCON to issue directions to the agencies.

<sup>8</sup> Sections 44, 45 and 45A confer functions on the Commissioner of the Rural Fire Service to take charge of a response to a bushfire, and to delegate to issue directions to agencies involved in the bushfire response.



This audit has not assessed the effectiveness of the LEOCON or the EOC's approach to responding to the 2019–20 bushfire emergency.

**Snowy Valleys Council advised that during the 2019–20 bushfires, essential services largely remained operational with some adaptation as required**

Snowy Valleys Council advised that during the 2019–20 bushfires, most essential services delivered by the Council – such as waste, water, sewerage – largely remained operational, sometimes with adaptation (for example, through the provision of alternative waste sites), and that the community was updated on any changes or issues.

Snowy Valleys Council advised that some services were not delivered, including services that were in lower demand due to the bushfires and evacuations – such as children's services and administrative services – and other services that the Council advised are typically closed during its shutdown period.

Snowy Valleys Council advised that the resources saved from not delivering these services were diverted to other priorities such as meal delivery and evacuations.

Snowy Valleys Council's Multi Service Outlet (MSO), which houses council-run services such as community transport, home care packages, and meals on wheels, was closed during the 2019 Christmas shutdown period. This is standard for the end of year shutdown period in Council, but the MSO remained closed longer than the usual shutdown period by several weeks (i.e. until 20 January) due to clients and staff evacuating from the bushfires. Snowy Valleys Council advised that while services (including in-home services) were suspended during this period, the service interruption did not impact clients, as they had been evacuated from the premises. The Council also advised that there was no service disruption during the 2020 floods.

Some Snowy Valleys Council communities experienced interruptions to water supply as a result of the bushfires, and subsequent loss of power to water supply plants. In these cases, the Council monitored water quality, regularly updated the community and other stakeholders through multiple communications channels including social media (and by providing boil water notices), and worked with other agencies to resume service delivery, including by obtaining generators or delivering potable water (Exhibit 8).

## Exhibit 8: Snowy Valleys Council's response to the Batlow Water Treatment Plant incident

### What are Snowy Valleys Council's responsibilities for water supply management?

Snowy Valleys Council is a local water utility and has responsibilities under legislation, regulations, and standards for water supply to provide safe, reliable, affordable and good quality water.

The Council's LGA covers an area of approximately 8,959 square kilometres and draws water from multiple catchments, including the Tumut River, which forms part of the Snowy Scheme.<sup>9</sup> Each of the six towns in the LGA has its own water treatment and supply infrastructure.

### Water supply requirements in Snowy Valleys Council's BCP subplan

Snowy Valleys Council did not have a finalised BCP subplan for water supply during the 2019–20 bushfires. The former water supply BCP subplan that would have applied during the 2019–20 bushfires outlines contingencies that focus heavily on the risk of a power failure to its water treatment plants and pump stations. The former subplan does not set a maximum acceptable outage timeframe to respond to a disruption to the water supply. However, it indicates that a contingent amount of water could continue to be supplied over a few days (i.e. up to 3–4 days) depending on seasonal conditions and water in store at the time of a disruption.

Since the 2019–20 bushfires, Snowy Valleys Council revised its BCP subplan for water supply. Under the current subplan, the Council aims to supply a reliable provision of drinking water that conforms to drinking water guidelines. The maximum acceptable outage for impacted water quality is zero hours – requiring an immediate response.

### Batlow water treatment plant incident

On 3 January 2020, the town of Batlow in the Snowy Valleys Council LGA was evacuated due to the approaching bushfires. This included abandoning the Batlow water treatment plant, which the bushfires were anticipated to reach and potentially damage or destroy.

While the water treatment plant is automated, damage or critical faults could have stopped the continuous supply of water. As the town and water treatment plant were evacuated, untreated (raw) water was supplied through the Batlow water supply system to maintain the necessary water pressure and volume for firefighting. A boil water advisory notice was issued to residents in advance, to inform them of the potential switch to raw water. The Department of Planning, Industry and Environment (DPIE) and NSW Health were also notified in advance of the switch.

After the danger of the fire front had passed, the Council inspected the water treatment plant with the support of NSW Environmental Protection Authority (EPA) officers on 5 January 2020. The assessment determined that the water treatment plant was not damaged by the bushfires.

On 7 January 2020 a recovery operation commenced, and treatment of the water supply recommenced. This involved treating the water, flushing the system with potable water, and testing the quality of water in the system, and was undertaken in collaboration with DPE, NSW Health, and NSW EPA. After recovery had completed and potable water was restored, the boil water advisory notice was lifted on 22 January 2020.

### Implications

This was a planned outage and implemented with the knowledge of DPIE and NSW Health. The water supply security for Batlow is currently under investigation by DPIE and being considered further by the Council.

Snowy Valleys Council's former and current water supply BCP subplans do not include a contingency for switching to raw water, and generally relate to loss of power at water treatment plants and pump stations. This example demonstrates an action the Council took, despite the absence of a BCP approach, to respond to the bushfires and ensure the availability of water for firefighting while taking actions to still provide its residents with potable water.

Source: Snowy Valleys Council 2021.

<sup>9</sup> A hydroelectric system of power stations, dams, aqueducts, and tunnels in the south of NSW.

Snowy Valleys Council was unable to provide formal records of service disruptions to essential services during the 2019–20 bushfires. The Council advised that, within the Council, information on service status was passed from team leaders to the communications and engagement team, who then informed the community.

EMOS records kept by the EOC provide evidence of some council services that were disrupted or at risk of disruption and the subsequent directions or decisions of the EOC. However, EMOS logs are not intended to, and do not, specifically track the status of council services during the bushfires.

We reviewed all enquiries, including complaints and compliments, received by Snowy Valleys Council during the period 1 January 2018 to 31 June 2021. Our review did not demonstrate a significant quantitative or thematic change between enquiries received during the natural disaster events, and the same period the year before. This analysis does not indicate an increase in service disruption during the bushfires.

However, as Snowy Valleys Council did not maintain formal records of any service disruptions and did not have a BCP and BCP subplans in place to guide its response during the 2019–20 bushfires, we are unable to assess the impact of its planning and preparation activities on the continuity of services.

### **Snowy Valleys Council did not keep records of its decisions to suspend, maintain or resume services, including those directed by the EOC**

Snowy Valleys Councils did not keep records of its decisions to suspend, maintain or resume services during the 2019–20 bushfires. The Council advised that during emergencies where no EOC is established, decisions to maintain or discontinue services would be made by the Council's operational team managers.

Snowy Valleys Council advised that while it did not keep records of service delivery, records were kept by the EOC in the form of EMOS records, and that the Council has access to these records through its LEMOs. Additionally, the Council advised that keeping its own records of service delivery in addition to EMOS records would constitute double handling and take resources away from other critical tasks.

Relying on EMOS records from the EOC does not provide Snowy Valleys Council with a permanent record for the purposes of post-incident review and legislated administrative recordkeeping requirements,<sup>10</sup> as the Council does not control or maintain the EMOS logs.

Since the bushfires, Snowy Valleys Council has taken steps to correct these gaps and to improve its documentation, finalise key documents, and improve its record keeping of key decisions made during a natural disaster event. For example, during its response to COVID-19, in line with its finalised BCP requirements, Snowy Valleys Council implemented a 'RAID' log approach – an event log which captures risks, actions, issues and decisions. This approach has improved the transparency of the Council's actions to maintain service continuity during a business interruption event, and enabled the Council to document lessons learned and retain an audit trail to inform future approaches to responding to business disruptions.

### **Snowy Valleys Council took actions to communicate key service changes and issues to staff, stakeholders, and impacted residents**

Snowy Valleys Council has processes to update staff and stakeholders and impacted residents in the event of service disruption, including its website, media releases, social media and community bulletins. During the 2019–20 bushfires, Snowy Valleys Council used social media to communicate to staff and community regularly. It met internal requirements that guide how it updates staff and stakeholders and residents.

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<sup>10</sup> As required under the *State Records Act 1998*.

Snowy Valleys Council used multiple methods and multiple channels to communicate immediate service changes to residents, staff and stakeholders. The Council used its social media channels to ensure staff could be reached despite outages in the cellular network. Such methods, including those that went beyond Snowy Valleys Council's policies and procedures, demonstrated its commitment to clear and consistent communication. For example, Snowy Valleys Council advised that when its multi service outlet (which provides aged care and disability care services) was closed the council contacted all clients that had not contacted the outlet already, to ensure their safety.

Snowy Valleys Council also communicated key messages and conveyed communications on behalf of other agencies that it assisted during the bushfires including the Rural Fire Service and the EOC. The Council effectively communicated ongoing updates about its recovery effort and resumption of services through a weekly recovery bulletin.

### **Snowy Valleys Council monitored residents' experiences of service delivery through community meetings and analysis of social media interactions**

Snowy Valleys Council monitored residents' experiences of service delivery through community recovery workshops and community meetings, directly contacting residents via phone or videoconference, and analysing social media interactions during and after the bushfires.

Snowy Valleys Council keeps customer records management logs of all enquiries made by residents and stakeholders through communication channels such as the council contact email address and service phone line. Snowy Valleys Council has not undertaken its own analysis of enquiries, compliments, and complaints received during the disasters. The Council advised that during the 2019–20 bushfires its focus was on monitoring resident safety and risk, rather than their experience of any disruption of services.

## **Section two**

### Appendices

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# Appendix one – Responses from councils and the Department of Planning and Environment

This appendix includes the formal responses from audited councils to the findings in this report. It also includes a formal response from the Department of Planning and Environment.

Snowy Valleys Council advises that documented business continuity systems were in place for both former councils amalgamated into Snowy Valleys, and that a consolidated business continuity plan was in draft prior to the 2019–20 bushfires. As noted in this report, Snowy Valleys Council did not have a finalised business continuity plan in place during the 2019–20 bushfires (page 29). The referenced business continuity plans of the former councils were not provided to the Audit Office.

Snowy Valleys Council has asserted that a theme from this report is 'a lack of adequate state funding for asset maintenance or resilience work'. This is an opinion of the Council. The report does not comment on the adequacy of State funding arrangements. No NSW Government agencies were subject to this performance audit and the audit does not conclude that there is a lack of adequate state funding for asset maintenance or resilience work.

The Audit Office has carefully considered the Council's concerns and we have concluded that, based on objective facts and evidence provided, the scope of this audit was relevant and the findings remain balanced, accurate and complete as relevant to the scope.



## Response from the Department of Planning and Environment



### Office of the Secretary

Your ref: D2127678/PA6687

Our ref: A806819

10/02/2022

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

Via email: [mail@audit.nsw.gov.au](mailto:mail@audit.nsw.gov.au)

Dear Ms Crawford

Thank you for your letter of 23 December 2021 about the *Performance Audit Report on Local Government business and service continuity arrangements for natural disasters*. I appreciate you providing me with a copy.

The Office of Local Government (OLG) would like to acknowledge the Audit Office's work in undertaking this review and appreciates the opportunity to respond. OLG notes the findings and recommendations that have been made to the Bega Valley Shire Council and Snowy Valleys Council in the performance audit.

Following the release of the performance audit report, OLG will offer its support and assistance to the two councils to implement the recommendations contained in the report.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Mick Cassel'.

**Mick Cassel**  
**Secretary**

# Response from Bega Valley Shire Council



PO Box 492, Bega NSW 2550  
P. (02) 6499 2222  
F. (02) 6499 2200  
E. [council@begavalley.nsw.gov.au](mailto:council@begavalley.nsw.gov.au)  
ABN. 26 987 935 332  
DX. 4904 Bega

Ref: D22/7155

3 February 2022

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

Dear Ms Crawford

***Performance Audit – Local government business and service continuity arrangements for natural disasters. Written response from Bega Valley Shire Council (BVSC)***

Thank you for your letter dated 23 December 2021 and the opportunity to respond to the Audit Office's report on Local Government business and service continuity arrangements for natural disasters. Council would like to recognise the effort and positive support made by your audit team in conducting this review. We appreciate the opportunity to provide additional context to the outcomes of the report.

Council acknowledges the five recommendations detailed in the report and agrees that our business continuity framework needs to be updated. Specifically, BVSC will improve how we review and instruct our staff in all aspects of business continuity management. We hope that our community never faces the traumatic events of the 2020 Black Summer fires and future plans will go beyond just those interruptions to Council service delivery from external threats.

To provide context, in the last five years the Bega Valley has been significantly impacted by a series of natural disasters. These have included an east coast low, which caused widespread damage along our coastline, extensive flooding and most devastating of all multiple bushfires (e.g., Tathra, Yankees Gap and the Black Summer fires). We experienced unprecedented damage to the built and natural environment, community wide fatigue, economic impacts, mental health challenges and sadly the tragic loss of cherished community members. The combined effects of these natural disasters have impacted our ability to get back to pre-disaster capacity, now further complicated by the pressures of the COVID-19 pandemic. Despite these challenges, Council has continued to improve our systems and processes to ensure a stable and responsive role in the community as a service provider. BVSC demonstrates a continuous improvement culture that saw us learn lessons from how we responded in the face of multiple natural disasters and used this for our response to the COVID pandemic. These factors were outside of the scope of the audit and have not been reflected.

When speaking to the findings and keeping these experiences in mind BVSC takes the opportunity to stress the need for additional funding and support from the State and Federal Governments in assisting Local Councils in NSW enhance business continuity requirements and emergency management more broadly.

As stated above, the natural disasters we experienced have been frequent. During the 2019/20 bushfires, Council's limited resources were considerably depleted as we not only continued service delivery of core functions to the local community (with minimal interruption), but also supported other agencies with personnel, equipment, and expertise. It is important that I acknowledge the support that we in turn received from other Council's, State Government Agencies, Federal

Government, Not for Profit Organisations and individuals as we responded to and recovered from these events. We feel strongly that the report does not reflect the vital role that Council plays in response and recovery, concurrently. We note that during natural disasters this is particularly important when we try to balance our own service delivery, with a legal obligation to support other lead agencies.

Prior to notification that we were the subject of this performance audit, Council was already implementing lessons learned from our response when facing natural disasters. We are pleased that we have supporting evidence that demonstrates we have been managing the pandemic and, as a result, many of the recommendations detailed in the report have already been implemented. We have attached these accomplishments to this letter.

Once again, I would like to thank the Audit Office for undertaking this audit and trust that it will contribute to the sector by providing guidance on administrative practices that may assist other Councils in undertaking their own assessments. We are pleased that our business continuity management system has been tested and hope that the identification of internal controls will assist others to improve their ability to respond when faced with unexpected business interruptions.

As a final note, I take this opportunity to acknowledge and recognise the leadership and staff of BVSC. I am extremely proud of the way my team and our community have risen to the challenges of the last five years in stoically managing the impacts of natural disasters.

Yours Sincerely



Anthony McMahon  
**Chief Executive Officer**

Attachments

1. BVSC Action Plan of recommendations accomplishment

#### BVSC Action Plan of recommendation accomplishments

No	Recommendation	Status	Comments
1	Complete the update of its business continuity plans and subplans, applying lessons learned from the experiences of the recent natural disasters and other disruptions	Ongoing	Council agrees with the recommendation and an updated draft BCP has been created. This will be tested mid-2022 by a BCP training exercise.
2	Ensure its BCP and BCP subplans are regularly reviewed and updated and contact details are current	Ongoing	Council agrees with the recommendation. To date we have developed a new sub plan format which has been tested during our pandemic response.
3	Improve how it monitors risks, controls and actions, including those for natural disaster impacts and from post incident reviews, and capture that monitoring within its centralised information management system (PULSE)	Ongoing	Council agrees with the recommendation and has commenced updating and entering appropriate business risks into our risk registers which are held in the PULSE system.
4	Implement a schedule to provide regular business continuity scenario training to all staff and implement a system to monitor staff completion of existing online BCP training	Ongoing	Council agrees with the recommendation and BCP testing, and training are documented in the reviewed BCP.
5	Ensure its recordkeeping relating to service delivery during natural disaster events is adequate to inform post-action reviews, provide an audit trail of key decisions and inform future reviews of the business continuity management framework by: a) keeping formal minutes of all key meetings, especially of key decisions made, including around enacting the BCP b) keeping formal records of service delivery and disruptions, including during natural disasters involving a multi-agency response.	Task Complete	Council agrees with the recommendation and this recommendation has been implemented as part of our pandemic response. Specifically, Council has developed (and is currently using) a BCP record of meeting/ briefing sheet to document CMT briefings. This template formally documents key decisions, actions required and service interruptions. These briefing records are captured in BVSC's records management system and all documents are made available to staff via SharePoint.

# Response from Snowy Valleys Council

MH:sj  
Our Ref: 3153890



2 February 2022

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

## **PERFORMANCE AUDIT – LOCAL GOVERNMENT BUSINESS AND SERVICE CONTINUITY ARRANGEMENTS FOR NATURAL DISASTERS WRITTEN RESPONSE FROM SNOWY VALLEYS COUNCIL (SVC)**

Dear Ms Crawford

We extend our thanks to the NSW Audit Office for their interest and insight into our business and service continuity arrangements. We value the learnings that we have taken from this audit and will continue the great work that the SVC has been doing to improve its overall resilience to business disruptions, natural disasters, and other unplanned events. I am also grateful for the opportunity to provide a response to the final report in order to provide additional context for the reader.

Analysis of the local government response to the 2019-20 bushfires is welcomed and I hold the sincere hope that important lessons can be learnt from the SVC experience. Our staff and communities have been remarkable in their ability to respond to disasters; the resilience that they continue to demonstrate is extraordinary. The commentary below attempts to capture or highlight important learnings that we feel should be emphasised in this final report.

### **Snowy Valleys Council in context**

The current SVC was formed by proclamation in 2016 and is an amalgamation of the former Tumbarumba Shire and Tumut Shire councils. This has necessitated consolidation of the operations of two separate councils, including ongoing review and alignment of policies, systems and processes. However, much of the existing infrastructure is decentralised and operates as separate discrete networks to supply services to individual towns.

This includes the operations of critical water supply infrastructure. One minor correction from p31 of the report is that the six water treatment plants draw water from multiple catchments, not just the Tumut River, which would not be feasible for supply to the Khancoban township located 100km south, for example.

A point of clarification we would make is that documented Business Continuity systems were in place for both former councils prior to the bushfires however the document was in draft as part of this process of consolidation. Scenario training in 2016 used the previous council systems while the 2018 scenario used the consolidated draft BCP.



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Tumut Office  
76 Capper Street  
Tumut NSW 2720

Tumbarumba Office  
Bridge Street  
Tumbarumba NSW 2653

E: [info@svc.nsw.gov.au](mailto:info@svc.nsw.gov.au) [www.svc.nsw.gov.au](http://www.svc.nsw.gov.au)

### Scope choices limited the probative value of final report

I encourage the reader to understand that during the 2019-20 bushfire response SVC was under the direct authority of other lead agencies. This is important to consider as the other natural disasters identified in this final report did not impact service delivery or require a business continuity response by SVC.

SVC has enacted its BCP, including while it was in draft format, before and after the 2019-20 bushfires. Unfortunately, these were deemed out of scope for the audit. Information within the scope of the audit has typically been superseded but lacks consideration in the report, including the rationale for moving towards a *Protective Security Policy Framework* (PSPF) model for business continuity.

A comparison of the benefits or limitations of different business continuity approaches would have been valuable in this report. The audit against an ISO standard that has not been adopted by SVC may have limited the value of the analysis and findings. Discussion on the rationale and the benefits of the SVC model is largely absent in this final report which I feel would have been of great insight for other councils.

### The role of local councils during and after natural disasters

The role of local councils is poorly defined as 'executive support' by the *State Emergency and Rescue Management Act 1989* (the *SERM Act*) and will lead to discrepancies and inconsistencies between different council arrangements. SVC, like many of its peers, provides a range of support for the Local Emergency Management Committee, the Bush Fire Management Committee, the Emergency Operations Centre and a range of other emergency stakeholder groups consistent with the obligations imposed by the *SERM Act*. However, there is no clear definition of where this 'executive support' ends, particularly during an emergency, which led to SVC providing services to other agencies above and beyond its own functions. Greater clarity on the expectation of the NSW government as to the extent to which local government must support other agencies would be beneficial but understandably isn't part of this report.

Another layer of council responsibilities came from the *Rural Fires Act 1997* which requires local government management of assets, procurements and other support to the Rural Fire Service (RFS). This is before the enactment of emergency powers, such as s44 declarations. Once again, these external agencies have an expectation that they simply ask Council and it is our obligation to provide. Regardless of the usual roles of Council we are seen as the 'first port of call' for all requests.

Councils have largely been left to interpret these statutory obligations for themselves but are expected by other agencies to drop everything to help during an emergency. While SVC and our staff continuously acted for the greater good, Council and other agencies lack awareness of the role of council during an emergency. During the bushfires it was the community and the lead agencies that were SVC's priority and had the benefit of this uncertainty, in some cases to Council's detriment.

It would benefit smaller regional and remote councils with limited resources to have greater clarity around what the ambiguous term 'support' entails, especially during emergencies. This would provide councils with greater certainty around identifying and managing their staff that may be called upon to provide support to external agencies and allocate resources accordingly as noted on p26 of the final report. Additionally, it would clearly define legal liabilities to prevent well-meaning people being prosecuted for decisions they thought were their responsibility.

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76 Capper Street  
Tumut NSW 2720

Tumbarumba Office  
Bridge Street  
Tumbarumba NSW 2653

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In addition to the critical functions identified in the business impact analysis (BIA) there were additional critical functions that were delegated to Council. These included running Donation Centres, Evacuation Centres and Recovery Centres. All of these became critical functions that were resourced and managed by Council. These were largely delivered without any training or documented procedures.

#### **Council's own learnings**

The learnings from the 2019-20 bushfires have highlighted the importance of maintaining flexibility and leveraging local knowledge. It has also shown our reliance on individuals, and we are working towards mitigating key-person risks in our BCP and regular operations.

A critical consideration of the effectiveness of a business continuity system is the ability for it to adapt to change and to continue to evolve. This is highlighted by the nominated councils having to respond almost immediately to the COVID-19 pandemic after the most significant bushfires in living memory.

While excluded from the audit scope it is also worth recognising the impact of the COVID-19 pandemic and the public health orders on resourcing whilst recovering from the impacts of the 2019-20 bushfires. A significant amount of work has been done to develop, implement and continually improve our 'business-as-usual' as well as business continuity at SVC despite these significant challenges.

#### **Local knowledge in response to disasters**

The council relied heavily on the local knowledge of staff during the response to the 2019-20 bushfires. There is an assertion in the report that this knowledge should be captured within the BCP subplans but that is an oversimplification which fails to understand the detail and nuance of the local knowledge that was being relied upon during the bushfires. This included everything from the names of a local farmer who may have a spare generator or the behaviour of weather in a specific valley. Rather than diminish the value of these insights the BCP should recognise that many contingencies will fall outside of the scope of the document.

Local knowledge is more than simply a collection of all the names of local suppliers or procedures. Even during the 2019-20 bushfires these local resources were typically already exhausted by other agencies or responses to other bushfires in other areas of NSW. Resources had to be pulled from much further afield than a BCP subplan would sensibly have to consider.

A BCP subplan or procedure that captures the complete knowledge necessary to respond operationally to the 2019-20 bushfires will be completely inadequate for responding to the COVID-19 pandemic. Especially in specialist fields like water treatment or information technology. Even if this were possible, the document would be so inaccessible as to be completely useless during a crisis and require additional resources to keep the information current. This is in part why SVC has focused on providing solid business continuity principles that can be broadly applied in a range of situations rather than highly detailed documents which may meet the requirements of an audit but are rendered useless in practical application and often ignored during a real disaster event.

#### **The reliance on BCP subplans is overstated**

Both the nominated councils recognise that no document would have been sufficient to respond to the magnitude of a disaster like the 2019-20 bushfires which had already exhausted most 'foreseeable' contingencies including generators, fuel supplies, heavy

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76 Capper Street  
Tumut NSW 2720

Tumbarumba Office  
Bridge Street  
Tumbarumba NSW 2653

E: [info@svc.nsw.gov.au](mailto:info@svc.nsw.gov.au) [www.svc.nsw.gov.au](http://www.svc.nsw.gov.au)

equipment or access to fire-fighting water, remembering that the bushfires came at the end of an extended period of drought for most of NSW.

The timing of the bushfires for SVC was noteworthy as it occurred during a period of shutdown over the Christmas and New Year period. This benefited the response as many staff were available from non-critical services, but it also limited access to some key staff who were either isolated by fires or protecting their own properties. If the bushfires had hit twelve months later this key person risk would have been greater with many staff likely to have been unable to cross borders or return due to changing public health order conditions.

A key learning for SVC has been that BCP subplans have been a starting point to coordinate the response. The BCP should establish the cadence and framework for decision makers to implement an agreed organisational response while the BCP subplans act as an aide-memoire.

For example, each water treatment plant is unique due to the requirements of the network it services. This has required a focus on business continuity that uses principles to support operations and management rather than highly detailed and prescriptive response plans. During the Batlow water treatment plant incident SVC also maintained delivery of potable water, either by water tanker or in bottled water supplies, to communities. The draft BCP Subplan for water supply did not consider the availability of significant quantities of donated water or the logistical requirements for warehousing, packing and shipping to communities. Nor is it within the scope of the current BCP Subplan for water supply. Importantly, though, the BCP Subplan doesn't prevent these contingencies being implemented.

#### **Analysis of business continuity arrangements beyond ISO 22301:2019**

The report acknowledges the lack of guidance for business continuity management provided to local government and that there are a number of standards and frameworks available. Business continuity arrangements are likely to vary markedly between councils based on skills, experiences and resources available. The objective of the performance audit was 'to assess the effectiveness of the councils' approaches to business and service continuity arrangements for natural disasters'. However, no assessment of the effectiveness of any arrangements outside of the *ISO 22301:2019 – Security and resilience – Business continuity management systems – Requirements* ('ISO 22301:2019') has been provided.

For Parliament and other local government agencies to be properly informed on the effectiveness of these arrangements it is worth considering the outcomes and compare the alternatives that other arrangements may have delivered. While SVC is grateful for insights where it can improve its' systems, we were disappointed to see the final report fail to address these crucial considerations.

It is worth noting that the Federal Government has moved away from requiring agencies to implement ISO 22301:2019 requirements in preference for the PSPF methodology. The SVC is of the belief that the PSPF arrangements are more effective than those outlined in ISO 22301:2019 due mainly to their flexibility and adaptability.

A common theme amongst regional councils has been having BCP subplans dedicated to only a single form of disruption such as a power outage or loss of a building. Such BCP subplans would have utterly failed to manage simultaneous bushfires, loss of communication networks and power outages followed closely by a pandemic. The SVC experience has been that causation of a business disruption has largely been irrelevant in comparison with the ability to assess and respond to the impact.



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76 Capper Street  
Tumut NSW 2720

Tumbarumba Office  
Bridge Street  
Tumbarumba NSW 2853

E: [info@svc.nsw.gov.au](mailto:info@svc.nsw.gov.au) [www.svc.nsw.gov.au](http://www.svc.nsw.gov.au)

As disasters are becoming more complex and often introduce opportunities for secondary and tertiary disruptions there is more value focusing on the critical resources that have been impacted than trying to prepare a BCP subplan for each type of disaster which will undoubtedly introduce inconsistencies, contradictions or confusion.

Significant work has been undertaken to move SVC away from the traditional disaster specific BCP model. We have taken the lessons learnt from business disruption events and have begun moving towards a PSPF model which is largely risk-agnostic, manages complexity and is flexible enough to provide sufficient guidance during an emergency and recovery. The information and data generated during the business impact analysis using the PSPF is also more valuable for management decision making when allocating resources to areas of greatest vulnerability.

It is also worth noting the ability for business continuity systems to be able to scale appropriately and work in seamlessly with other response agencies. The *Australasian Inter-service Incident Management System (AIIMS)* is an approach that is not mentioned in the final report despite both councils identifying the issues involved with being part of multi-agency responses with local, state and federal agencies.

The interactions between various other stakeholder agencies made the management of the bushfires unusual but certainly not unique. Council BCP arrangements should consider the interaction between council's BCP and a multi-agency response as any disruption to local government services will often be linked to these emergency response structures as they may impact on state-significant infrastructure.

#### **Lack of consideration of recovery as an integral part of business continuity**

The role of local government in recovery far exceeds the role presented in the final report. The recovery process is ongoing and a critical consideration for business continuity management. This includes managing internal recovery of services and delivering additional services to the community.

As a body of work this has often fallen on local government to resource and facilitate. Community expectations have also increased as we have been the most prominent representative of government in the community.

This has meant a loss of staff resources from other business activities for extended periods or increased 'business as usual' workloads on normal services in the wake of disaster. Many of these consequences are not considered in traditional BCP documents but have major impacts on council operations for extended periods of time following.

We encourage the reader to consider the importance of recovery in more detail in their BCP subplans. This can include additional staffing to clear backlogs of work that have accumulated, changes to supplier availabilities, or additional wellbeing support for staff and community members who may not deal with trauma for many months after a disaster.

#### **Funding for asset resilience**

A theme from the final report is a lack of adequate state funding for asset maintenance or resilience work. This funding is often slow to be delivered or only available after a disaster. Funding is often only provided for new assets and the funding arrangements do not factor in resources for ongoing maintenance or resilience work.



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Tumut Office  
76 Capper Street  
Tumut NSW 2720

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Bridge Street  
Tumbarumba NSW 2653

E: [info@svc.nsw.gov.au](mailto:info@svc.nsw.gov.au) [www.svc.nsw.gov.au](http://www.svc.nsw.gov.au)

The Service Management Plans (SMP) currently document SVC's approach to manage Council assets proactively and reactively. Asset maintenance programs are perennially limited by the resourcing available so prioritisation must be a consideration for all local governments. For example, the implementation of proactive fire breaks would take staff and equipment away from road maintenance during a peak period of operation and public use. To say nothing of the limited value of firebreaks when the ember attacks were clearing the major dams of the Snowy Hydro system.

#### Training in key support roles

Training for council staff for roles in the EOC or supporting other agencies is beyond the responsibility of council. Resilience NSW has been tasked with developing role specific training for Local Emergency Management Officers (LEMO) in Recommendation 11 of the NSW Bushfire Inquiry.

During the bushfires Council staff were seconded to many other roles to support the EOC and the RFS without training. The protracted nature of the bushfires exacerbated key-person risks for SVC but also made role handovers very difficult and reliant upon 'on the job' learning.

Frontline responders and community were put at risk to not adequately train LEMOs and other role holders in their roles and responsibilities. Decisions were made by untrained people using the best information and resourcing available. However, if those individuals had made a decision that cost someone in their community their property, or worse, their lives then the psychological harm that individual would have to endure would be very real.

#### Conclusion

The performance audit process started in March 2021, a year after the 2019-20 bushfires. The final report was delivered to SVC for response in late December 2021. Over the course of ten (10) months of auditing SVC also managed its response to the COVID-19 pandemic, increased cyber-attack attempts, the extensive flooding of its main office building in Tumut and delivered BCP scenario training. These disruptions have been managed with minimal disruption to the community.

It is important to reflect on the significant work and improvements that have been achieved since the bushfires. I welcome the observations of the Audit Office to continue our commitment to improving the resilience of our council and, through us, our community.

Yours Sincerely,



Matthew Hyde  
**CHIEF EXECUTIVE OFFICER**

**Enc:** Response to the recommendations for Snowy Valleys Council



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Tumut Office  
76 Capper Street  
Tumut NSW 2720

Tumbarumba Office  
Bridge Street  
Tumbarumba NSW 2853

E: [info@svc.nsw.gov.au](mailto:info@svc.nsw.gov.au) [www.svc.nsw.gov.au](http://www.svc.nsw.gov.au)

## Response to the recommendations for Snowy Valleys Council

No.	Recommendation	Status	Comments
1.	Ensure it documents and monitors all disruption-related risks to service continuity, including the risks of natural disasters impacts, and related controls	Complete	<p>Snowy Valleys Council maintains a documented Enterprise Risk Management Framework (ERMF) and records risk registers within the PULSE risk management module.</p> <p>Hazard reduction, as a commonly quoted example for bushfires, is captured in the SVC's <i>Service Management Plans (SMP) Parks and Open Space Maintenance</i>. Stormwater infrastructure is maintained to address risks from flooding in <i>SMP Transport and Drainage</i>.</p> <p>Asset risks are also managed with preventative risk controls including proactive inspection regimes, condition reporting, maintenance prioritisation schedules in the <i>Asset Management Plans</i>.</p> <p>The management of trees is part of SVC's <i>Tree Management Policy</i>, and so on.</p> <p>Reactive controls form part of the risk management approach as defects are reported and inspected before being prioritised for maintenance. In addition, the BCP Subplans and BIA identify contingency controls that can be put into place during a disruption.</p> <p>The Risk Registers are continuously reviewed and updated as risks are identified.</p> <p>The BIA has been completed and is captured in database software</p>
2.	Ensure its BCP subplans are regularly reviewed and updated, and processes and contact details are complete	Ongoing	<p>BCP Subplans have been continuously reviewed in response to post-incident reviews (PIRs) with some currently at v6.0 since October 2020.</p> <p>BCP Subplans are currently being reviewed in response to the COVID-19 PIR.</p> <p>Additional BCP Subplans are being developed for less critical functions as resources are available.</p>
3.	Progress planned actions to increase staff awareness of business continuity plans and responses including by: <ul style="list-style-type: none"> <li>a) implementing BCP awareness as part of induction training</li> <li>b) monitoring staff completion of BCP scenario training</li> <li>c) tracking staff participation in previous disruption events</li> </ul>	Complete	<ul style="list-style-type: none"> <li>a) BCP Awareness training has been incorporated into staff induction training since October 2020.</li> <li>b) PIRs capture the stakeholders who were involved in BCP events including scenario training.</li> <li>c) PIRs capture the stakeholders who were involved in BCP events including scenario training.</li> </ul>

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Tumut Office  
76 Capper Street  
Tumut NSW 2720

Tumbarumba Office  
Bridge Street  
Tumbarumba NSW 2853

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4.	Ensure processes of continuous review and improvement are completed after every disruption event to capture and formalise lessons learned	Complete	<p>PIRs have been completed for all disruption events since implementation of the BCP framework. These are presented to the Safety, Risk &amp; Quality Committee quarterly with minutes being disseminated to the Greater Leadership Team.</p> <p>Lessons learnt are incorporated into BCP subplan reviews and updates.</p> <p>Council manages risk management tasks through the PULSE system and reports on progress through the Safety, Risk &amp; Quality Committee.</p>
5.	<p>Ensure its recordkeeping relating to service delivery during natural disaster events is adequate to inform post incident reviews, provide an audit trail of key decisions, and inform future reviews of the business continuity management framework by:</p> <p>a) ensuring risks, actions, issues and decisions (RAID) logs are used to inform post incident reviews, and lessons learned after disruption events</p> <p>b) keeping formal records of service disruptions and service delivery decisions made by council or communicated to council, including those made during natural disasters involving a multi-agency response.</p>	Complete	<p>a) RAID logs have been used for all disruption events since implementation in October 2020. These have formed the primary record for PIRs.</p> <p>b) Council will take this comment on notice but will assess the operational value of committing resources to data collection in light of the broader disaster response.</p> <p>Council has also completed a Records Management internal audit in 2021. Findings and tasks to be incorporated into Audit Matrix, monitored quarterly by the Safety, Risk &amp; Quality Committee and reported to the Audit, Risk &amp; Improvement Committee quarterly.</p>



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P: 1300 ASK SVC (1300 275 782)

Tumut Office  
76 Capper Street  
Tumut NSW 2720

Tumbarumba Office  
Bridge Street  
Tumbarumba NSW 2653

E: [info@svc.nsw.gov.au](mailto:info@svc.nsw.gov.au) [www.svc.nsw.gov.au](http://www.svc.nsw.gov.au)



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# Appendix two – Emergency management arrangements for local councils

## Emergency management arrangements for local councils

The *State Emergency and Rescue Management Act 1989* establishes emergency management arrangements in NSW.

An Emergency Management Plan is prepared across State, regional and local levels to outline the overarching management arrangements and document agreed roles and functions of various agencies to prevent, prepare for, respond to and recover from emergencies.

Emergency management plans are supported by other plans for specific agencies and functional areas and sub plans prepared to address specific hazards or events (e.g. Consequence Management Guides) where the required detail is greater than what is in the Emergency Management Plan.

Coordination of the prevention, preparation, response and recovery is carried out under State, Regional and Local Emergency Management Committees. Such committees include emergency service organisations – such as NSW Police, Rural Fire Service, Fire and Rescue NSW, NSW Health, State Emergency Service.

At the local level, Local Emergency Management Committees are formed for each local government area, and consist of:

- the General Manager of the local council, who is the Chair of the Committee
- senior representatives of emergency services agencies (including 'combat agencies') operating in the LGA
- representatives for functional areas that operate within the LGA
- the Local Emergency Operations Controller for the LGA.

Under the *State Emergency and Rescue Management Act*, local councils' are required to support the activities of the Local Emergency Management Committee. Operationally, councils advised this involves providing 'executive support' and Local Emergency Management Officers who support the Local Emergency Operations Controllers. Key activities of Local Emergency Management Officers include organising committee meetings, coordinating updates to the EM Plan, and ensuring the Local Emergency Operations Centre (LEOC) is ready for use if and when required (EOC locations are specified in the EM Plan).

Other council staff may also sit on the Local Emergency Management Committee to provide technical and other advice, for example area coordinators for utilities, engineering, and environment.

A local council may also be subject to directions from the Local Emergency Management Controller (LEOCON), where the LEOCON has assumed responsibility for controlling the response to an emergency.

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# Appendix three – About the audit

## Audit objective

This audit assessed the effectiveness of two councils' approaches to business and service continuity arrangements for natural disasters.

## Audit criteria

We addressed the audit objective by the following audit criteria:

1. **Business and service continuity planning:** Do the councils have effective approaches to planning for disaster-related risks to business and service continuity?
  - a) The councils have documented approaches (e.g. plans, policies procedures) for identifying, mitigating and responding to disaster-related risks to business and service continuity, including but not limited to:
    - identification of risks and business impacts
    - identification of essential services
    - proactive mitigation strategies and risk controls
    - specification of roles and responsibilities
    - links with other agencies
    - communication protocols.
  - b) The councils provide relevant training to staff to ensure they are aware of the council's business and service continuity approach under various scenarios.
  - c) The councils have mechanisms in place for regular and post-review and update of business and service continuity approaches.
2. **Preparation:** Did the councils effectively implement strategies to prepare for identified disaster-related risks to business and service continuity?
  - a) Between January 2018 and December 2020, the councils took actions to prepare for natural disaster impacts, including but not limited to:
    - implementation of identified proactive risk controls (preventative, detective and corrective)
    - bushfire and flood mitigation projects
    - activities to increase the resilience of council infrastructure required for service delivery.
3. **Response during disaster events:** Were the councils' responses during selected disasters effective in management business and service continuity?

During the 2019–20 bushfires and 2020 storms and floods:

  - a) The councils took appropriate actions to manage business and service continuity, including but not limited to:
    - decision to activate business and service continuity arrangements
    - steps taken to ensure service continuity or restoration
    - communications to staff about emerging situations and clarification of roles and responsibilities.
  - b) The councils effectively updated residents on service changes and issues.
  - c) The councils' residents experienced minimal disruption to essential services.

## Audit scope and focus

In assessing the criteria, we checked the following aspects:

1. essential business as usual council-led services
2. preparation and risk mitigation activities related to identified natural disaster related risks
3. responses during disaster events in the period of January 2019 to December 2020.

## Audit exclusions

The audit did not assess:

- emergency management coordination and response by State agencies or councils
- long-term recovery projects (such as reconstruction of physical infrastructure and restoration of social, economic and physical wellbeing)
- non-essential council-led services, such as library and cultural services, or capital works
- the merits of government policy objectives.

## Audit approach

Our procedures included:

1. Interviewing relevant council staff with accountability for:
  - risk identification and assessment
  - business and service continuity planning and implementation
  - essential service delivery
  - implementation of proactive risk controls and preparation strategies
  - internal, stakeholder and community communications
  - stakeholders.
2. Examining documents relating to:
  - business and service continuity planning and implementation
  - risk identification, business impact and service prioritisation
  - business and service resilience assessment and planning
  - communication strategies relating to staff, partnership agencies and residents
  - staff training related to business and service continuity
  - progress of mitigation and preparation activities
  - post-disaster reviews and reports
  - relevant data relating to risks, service delivery and complaints.
3. Consulting with and considering information from other sources and stakeholders.

The audit approach was complemented by quality assurance processes within the Audit Office to ensure compliance with professional standards.

## Audit methodology

Our performance audit methodology is designed to satisfy Australian Audit Standard ASAE 3500 Performance Engagements and other professional standards. The standards require the audit team to comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance and draw a conclusion on the audit objective. Our processes have also been designed to comply with requirements specified in the *Public Finance and Audit Act 1983* and the *Local Government Act 1993*.

## **Acknowledgements**

We gratefully acknowledge the co-operation and assistance provided by the audited councils. In particular, we wish to thank our liaison officers and staff who participated in interviews and provided material relevant to the audit.

## **Audit cost**

Including staff costs, travel and overheads, the estimated cost of the audit is \$540,000.

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# Appendix four – Performance auditing

## What are performance audits?

Performance audits determine whether State or local government entities carry out their activities effectively, and do so economically and efficiently and in compliance with all relevant laws.

The activities examined by a performance audit may include a government program, all or part of an audited entity, or more than one entity. They can also consider particular issues which affect the whole public sector and/or the whole local government sector. They cannot question the merits of government policy objectives.

The Auditor-General's mandate to undertake performance audits is set out in section 38B of the *Government Sector Audit Act 1983* for State government entities, and in section 421B of the *Local Government Act 1993* for local government entities.

## Why do we conduct performance audits?

Performance audits provide independent assurance to the NSW Parliament and the public.

Through their recommendations, performance audits seek to improve the value for money the community receives from government services.

Performance audits are selected at the discretion of the Auditor-General who seeks input from parliamentarians, State and local government entities, other interested stakeholders and Audit Office research.

## How are performance audits selected?

When selecting and scoping topics, we aim to choose topics that reflect the interests of parliament in holding the government to account. Performance audits are selected at the discretion of the Auditor-General based on our own research, suggestions from the public, and consultation with parliamentarians, agency heads and key government stakeholders. Our three-year performance audit program is published on the website and is reviewed annually to ensure it continues to address significant issues of interest to parliament, aligns with government priorities, and reflects contemporary thinking on public sector management. Our program is sufficiently flexible to allow us to respond readily to any emerging issues.

## What happens during the phases of a performance audit?

Performance audits have three key phases: planning, fieldwork and report writing.

During the planning phase, the audit team develops an understanding of the audit topic and responsible entities and defines the objective and scope of the audit.

The planning phase also identifies the audit criteria. These are standards of performance against which the audited entity, program or activities are assessed. Criteria may be based on relevant legislation, internal policies and procedures, industry standards, best practice, government targets, benchmarks or published guidelines.

At the completion of fieldwork, the audit team meets with management representatives to discuss all significant matters arising out of the audit. Following this, a draft performance audit report is prepared.

The audit team then meets with management representatives to check that facts presented in the draft report are accurate and to seek input in developing practical recommendations on areas of improvement.

A final report is then provided to the head of the audited entity who is invited to formally respond to the report. The report presented to the NSW Parliament includes any response from the head of the audited entity. The relevant minister and the Treasurer are also provided with a copy of the final report. In performance audits that involve multiple entities, there may be responses from more than one audited entity or from a nominated coordinating entity.

## **Who checks to see if recommendations have been implemented?**

After the report is presented to the NSW Parliament, it is usual for the entity's Audit and Risk Committee/Audit Risk and Improvement Committee to monitor progress with the implementation of recommendations.

In addition, it is the practice of Parliament's Public Accounts Committee to conduct reviews or hold inquiries into matters raised in performance audit reports. The reviews and inquiries are usually held 12 months after the report received by the NSW Parliament. These reports are available on the NSW Parliament website.

## **Who audits the auditors?**

Our performance audits are subject to internal and external quality reviews against relevant Australian standards.

The Public Accounts Committee appoints an independent reviewer to report on compliance with auditing practices and standards every four years. The reviewer's report is presented to the NSW Parliament and available on its website.

Periodic peer reviews by other Audit Offices test our activities against relevant standards and better practice.

Each audit is subject to internal review prior to its release.

## **Who pays for performance audits?**

No fee is charged to entities for performance audits. Our performance audit services are funded by the NSW Parliament.

## **Further information and copies of reports**

For further information, including copies of performance audit reports and a list of audits currently in-progress, please see our website [www.audit.nsw.gov.au](http://www.audit.nsw.gov.au) or contact us on 9275 7100.



## OUR VISION

Our insights inform and challenge government to improve outcomes for citizens.

## OUR PURPOSE

To help Parliament hold government accountable for its use of public resources.

## OUR VALUES

Pride in purpose

Curious and open-minded

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Contagious integrity

Courage (even when it's uncomfortable)

Level 19, Darling Park Tower 2  
201 Sussex Street  
Sydney NSW 2000 Australia

**PHONE** +61 2 9275 7100

[mail@audit.nsw.gov.au](mailto:mail@audit.nsw.gov.au)

Office hours: 8.30am-5.00pm  
Monday to Friday.