New South Wales Auditor-General's Report
Performance Audit

Management of historic heritage in national parks and reserves

Office of Environment and Heritage – National Parks and Wildlife Service

audit office
OF NEW SOUTH WALES

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In accordance with section 38E of the *Public Finance and Audit Act 1983*, I present a report titled **Management of historic heritage in national parks and reserves: Office of Environment and Heritage – National Parks and Wildlife Service.**

Peter Achterstraat
Auditor-General
29 May 2013

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Executive summary

Background

The landscapes of the New South Wales national park estate contain traces of human activity stretching back thousands of years and the physical evidence of former uses by Aboriginal and non-Aboriginal communities in forms ranging from ceremonial grounds to built structures associated with our convict, agricultural and maritime past.

Heritage assets are an integral part of a community and its environment. They are a tangible reminder of our historical and cultural traditions and origins. Historic heritage is an important cultural resource conserved for the long-term benefit of the New South Wales community, and for visitors from interstate and overseas.

As a result of land transfers and acquisitions over the last 50 years, the National Parks and Wildlife Service (NPWS) has become the caretaker of a substantial proportion of the State's historic heritage. This ranges from homesteads, lighthouses, alpine and coastal huts, defence fortifications, convict roads and bridges, and pastoral, forestry and mining infrastructure. The resulting collection of historic heritage is a mix of national, state and locally significant assets in various states of repair.

Unlike other public sector agencies with heritage assets, such as schools and court buildings, the governing legislation for NPWS establishes stewardship over this heritage as a core responsibility for the organisation. Along with the imperative to protect biodiversity, the New South Wales park estate aims to protect areas of special value to people, including places of historic, scientific, social and recreational value. NPWS has a responsibility for the conservation of objects and places of cultural value within the landscape, and fostering public appreciation, understanding and enjoyment of this heritage.

This audit examined how well NPWS manages the historic heritage under its care and control.

Conclusion

Some aspects of NPWS' management of historic heritage assets are effective and efficient, but others are not.

NPWS takes an important stewardship role over the State's historic heritage and we found a number of projects which have been well managed with excellent heritage outcomes, such as the restoration of the Audley Dance Hall in the Royal National Park. However historic heritage is only one of a number of competing priorities for park management.

While NPWS lacks sufficient information on its overall management of historic heritage, available data indicate that resources are being spread too thinly. NPWS cannot preserve all historic heritage within the park estate and there is a risk that, without difficult decisions being made, important heritage values will be lost.

While there are individual plans in place at the park and regional level, NPWS does not have an overall statewide plan for the management of its historic heritage. Resources are not allocated on the basis of statewide prioritisation across the heritage asset base as a whole. Planning processes are not well connected and the lack of rolling program funding limits the ability of regions to manage historic heritage efficiently.

NPWS is increasingly focused on the adaptive reuse of historic heritage to support the sustainability of these assets and improve visitor experiences. While there is scope for more work in this area, not all assets that should be conserved will be suitable for adaptive reuse.

NPWS needs to concentrate its efforts on the significant and representative historic heritage that the New South Wales community cannot afford to lose.

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This will mean making transparent decisions about which assets will be conserved and which will be allowed to deteriorate. NPWS should continue to sympathetically reuse heritage assets to ensure, where possible, assets have an ongoing use and to extend limited resources further. The agency should also harness opportunities for private sector partnerships, low impact corporate sponsorship and community involvement in the management of historic heritage.

Supporting findings

Has NPWS established outcomes for the management of historic heritage and the strategies for achieving them?

While statutory provisions, regional plans and targeted project funding guide the management of historic heritage, NPWS has not established statewide outcomes for its asset base as a whole. The agency has not identified agency-wide priorities for historic heritage across the park estate or determined which of these assets it can maintain within expected funding.

NPWS has a broad understanding of the significance and condition of its historic heritage assets but systems are not sufficiently complete to support agency-wide management decisions and prioritisation. The full extent of the maintenance requirements for historic heritage cannot be quantified but available data indicate the backlog is substantial and the condition of the overall historic heritage asset base is declining. Targeted funding quarantined for heritage projects has been static since it was introduced in 1995 but the amount of heritage assets managed by NPWS has increased over this period.

The agency has recognised the importance of the adaptive reuse of heritage assets to support their longer-term viability and has directed targeted funding to this purpose. The aim is to deliver good heritage outcomes together with social and economic benefits. While this is a good start, only a small number of assets are eligible for this funding. The remaining assets are expected to be maintained through recurrent funding in the regions, but regions report a declining capacity to do so.

NPWS needs a plan for the whole heritage asset base with sharper prioritisation to determine the historic heritage to which it will direct investment. It needs to make difficult decisions about which assets will be conserved, adaptively reused, interpreted, and those that will be recorded and allowed to deteriorate or, in some cases perhaps, demolished. These will be complex decisions and, invariably, some assets will have to be discarded that local communities may prefer were preserved. This task is made more challenging by the lack of a New South Wales heritage strategy.

For prioritisation to be effective, NPWS will need to improve its historic heritage information and management systems.

Is NPWS achieving these outcomes efficiently?

While targeted funding is focused on delivering sustainable long-term historic heritage outcomes efficiently, there are areas of historic heritage management where efficiency can be improved. In particular, resources are not allocated to regions on the basis of prioritisation across the total historic heritage asset base.

There are examples of good practice historic heritage projects but NPWS management systems and planning processes are not well connected. To date, annual regional operations plans have been developed independently of the budget and asset maintenance processes. With the exception of targeted funding, regional budget allocations are largely based on previous years' funding levels rather than on current needs. The lack of rolling program funding has limited the ability of regions to plan ahead and achieve management efficiencies.

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Conservation management plans for individual heritage assets do not always provide affordable management options. There is also a need to better balance heritage values and project costs to ensure that assets have an ongoing use and limited funding is extended further.

Internal surveys give an overall qualitative assessment of management issues for historic heritage but NPWS has yet to establish quantitative measures of heritage asset or service performance. Targeted funding seeks to deliver social, economic and environmental benefits but there are no measures in place to monitor the achievement of these outcomes. This means NPWS cannot say with certainty how efficiently and effectively it is managing historic heritage overall.

There are examples of efficient outcomes being achieved, however, with projects being implemented to both improve visitor experiences and reduce maintenance liabilities. The agency has also enhanced its approach to commercial partnerships, which assists its resources to go further.

The range of uses for the historic heritage managed by NPWS is constrained by their nature and location and by the requirements of the agency's governing legislation. In many cases significant investment is also required to make an adaptive reuse opportunity commercially viable. But NPWS has not yet exhausted the possibilities for such arrangements and there are opportunities to further explore innovative management and funding models for its heritage assets.

Recommendations

Office of Environment and Heritage should:

1. by June 2014, develop a New South Wales heritage strategy to provide guidance to public sector agencies on the long-term management of historic heritage in a constrained resource environment (page 16).

Office of Environment and Heritage (NPWS) should:

2. by December 2014, establish desired outcomes and statewide priorities for the management of historic heritage in the park estate, which are informed by the New South Wales strategy (page 16)

3. by December 2014, improve its data and systems so it has comprehensive and valid historic heritage asset information to underpin prioritisation and funding decisions (page 16)

4. by June 2015, fund historic heritage on the basis of statewide priorities via a rolling program to allow improved planning and more efficient resource utilisation (page 22)

5. by December 2015, have in place a more systematic and consistent approach to pursuing:

    *   sympathetic reuse of heritage assets, where feasible

    *   partnerships with the private sector and the community for the management of historic heritage, including low-impact sponsorship, where these are consistent with heritage values (page 22)

6. by July 2013, adopt a consistent, pragmatic and financially realistic approach to the retention of heritage values when undertaking works on historic heritage (page 22)

7. by December 2014, measure its performance in managing historic heritage, including the extent to which it is achieving its desired outcomes (page 22).

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Response from the Office of Environment and Heritage

Office of Environment & Heritage | NSW GOVERNMENT

Date:	16/5/13
Our reference:	DOC13/15096
Contact:	Michelle Whitmore
	9585 6983

Mr Peter Achterstraat
Auditor- General
The Audit Office
Level 15, 1 Margaret Street
SYDNEY NSW 2000 .

1 6 MAY 2013

Dear Mr Achterstraat

Thank you for the opportunity to respond to the NSW Auditor-General's performance audit report on the management of historic heritage in national parks and reserves.

The Office of Environment and Heritage has a strong commitment to maintain heritage assets across the national parks estate. However, I recognise that difficult decisions need to be made to concentrate on assets that the community most values. A National Parks and Wildlife Service Asset Strategy is currently under development and this will provide a priority setting framework for all assets.

Please find enclosed a detailed response to the specific recommendations in the report.

Yours sincerely

Paul Elton
A/Chief Executive

Enclosure

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Recommendation	OEH Response	Date	Responsible
1. OEH should by June 2014, develop a NSW heritage strategy to provide guidance to public sector agencies on the long-term management of historic heritage in a constrained resource environment.	OEH supports the development of this strategy.	June 2014	Deputy Chief Executive, Regional Operations & Heritage
2. OEH (NPWS) should by December 2014, establish desired outcomes and state-wide priorities for the management of historic heritage in the park estate, which are informed by the NSW strategy.	NPWS will define internal priorities and outcomes for the management of historic heritage in the park estate, consistent with the NSW heritage strategy.	December 2014	Head of NPWS
3. OEH (NPWS) should by December 2014, improve its data and systems so it has comprehensive and valid historic heritage asset information to underpin prioritisation and funding decisions.	An NPWS Asset Strategy is under development and this will provide a priority setting framework across all assets, including heritage. It is vital our Asset Maintenance System is used consistently across NSW. Further work is underway to expand the capability of the asset management system.	December 2014	Head of NPWS
4. OEH (NPWS) should by June 2015, fund historic heritage on the basis of the state-wide priorities via rolling program to allow improved planning and more efficient resource utilisation.	Apply HARP principles to a state-wide approach for priority setting, management, and reporting on NPWS heritage assets and further utilise HARP funding model.	June 2015	Head of NPWS

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Recommendation	OEH Response	Date	Responsible
5. OEH (NPWS) should by December 2015, have in place a more systematic and consistent approach to pursuing: a. Sympathetic reuse of heritage assets, where feasible b. Partnerships with the private sector and the community for the management of historic heritage, including low-impact sponsorship, where these are consistent with heritage values.	The NPWS restructure currently under way proposes to use a 'line of business' model to streamline the accountabilities for historic heritage and improve efficiencies in management and resource allocation. The responsibility for precinct development and commercial relationships is proposed to be assigned to a single Branch. This will ensure a consistent approach to heritage asset utilisation and adaptive re-use combined with exploration of commercial opportunities to support historic heritage.	December 2015	Head of NPWS
6. OEH (NPWS) should by July 2013, adopt consistent, pragmatic and financially realistic approach to the retention of heritage values when undertaking works on historic heritage	The annual NPWS operations planning process will be tightly linked to budget allocations for 2013-14 and identified priorities. The due date for the 2013-14 operations plans is in August 2013.	August 2013	Head of NPWS
7. OEH (NPWS) should by December 2014, measure its performance in managing historic heritage, including the extent to which it is achieving its desired outcomes.	NPWS will be implementing clear performance measures, including around historic heritage for the 2013-14 financial year.	December 2014	Head of NPWS

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Introduction

1.1 Historic heritage in the park estate

The National Parks and Wildlife Service (NPWS) within the Office of Environment and Heritage is a land manager with specific responsibility in its governing legislation for conserving cultural heritage. This means it has a responsibility for managing landscapes for both their natural and cultural values.

The land managed by NPWS is established under the *National Parks and Wildlife Act 1974* and includes national parks, nature reserves, state conservation areas, regional parks, karst conservation reserves, historic sites and Aboriginal areas. In addition to the imperative to protect biodiversity, the New South Wales reserve system aims to protect areas of special value to people, including places of historic, scientific, social and recreational value.

Historic heritage is the term commonly used to describe heritage that is not Aboriginal heritage, although many historic heritage places have Aboriginal associations. The Australia State of the Environment 2011 report describes historic heritage as illustrating the way in which the many cultures of Australian people have modified, shaped and created our cultural environment. Historic heritage is an important cultural resource conserved for the long-term benefit of the New South Wales community, and plays a role in attracting visitors from interstate and overseas.

The New South Wales reserve system covers approximately 8.8 per cent of the state and NPWS is responsible for managing historic heritage sites and assets across this landholding. This includes homesteads, buildings and structures associated with pastoral stations, mining and forestry sites, alpine and coastal huts, defence fortifications, transport infrastructure such as convict roads, tram tracks and bridges, the majority of the State's historic lighthouses, maritime infrastructure, as well as tracks and markers associated with early exploration.

NPWS conducts regular State of the Parks surveys of park managers to provide a snapshot of the management issues facing the New South Wales reserve system. The last survey, in 2010, identified historic heritage as part of the management of 223 of the 798 parks and reserves that made up the park estate. Historic heritage is classified as one of the most important values for which 112 of these parks are protected. The agency's inventory of historic heritage contains more than 11,000 historic items including information on the 40 State Heritage listed assets managed by the agency.

While the Service has an important role as caretaker of a large proportion of the State's historic heritage, land acquisitions have been primarily driven by natural heritage aims. With the exception of 15 places gazetted as historic sites, such as the township of Hill End, the acquisition of historic heritage has often resulted from efforts to conserve the State's biodiversity and the past decisions of government agencies to transfer land to NPWS with assets that had been neglected.

The resulting diverse collection of historic heritage is a mix of national, state and locally significant assets in various states of repair, from being in near original condition having been continuously cared for or professionally restored, to ruins and archaeological remains.

1.2 Statutory obligations and management guidelines

As with all public sector agencies, the management of historic heritage by NPWS is guided by the *Heritage Act 1977* which requires the agency to maintain an inventory of heritage items. Under the Act, items listed on the State Heritage Register are subject to minimum standards of maintenance and repair, and works on these assets require approval from the Heritage Council or delegated officer.

NPWS is also required to comply with heritage asset management principles and guidelines produced by the Heritage Council. These principles recognise that effective management of heritage assets achieves a balance between the twin objectives of the efficient provision of government services and conserving the State's heritage for future generations.

> Historic heritage is classified as one of the most important values for 112 NSW parks and reserves

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The principles specify that heritage assets should always be considered by agencies as an integrated part of their asset management; and should be conserved, used and maintained in a manner which retains heritage significance to the greatest extent feasible.

Similarly, New South Wales Treasury's Heritage Asset Management Guideline establishes the expectation that sustainable management of heritage values be treated as part of an agency's core business and conservation obligations be integrated into agency planning and asset management processes.

Both the Heritage Council and Treasury guidelines describe a five step process for heritage management (Exhibit 1). This cycle begins with identifying the heritage item and assessing its significance, before determining the management strategies for assets as part of an agency-wide heritage management policy, implementing management priorities, and monitoring the effectiveness of heritage management activities and the condition of heritage assets.

Heritage conservation in NPWS is also guided by the Burra Charter, produced by Australia ICOMOS (International Council on Monuments and Sites). The Charter sets out that the aim of conservation is to retain the cultural significance of a place. According to ICOMOS, conservation should be based on the cautious approach of changing as much as necessary but as little as possible and changes that reduce cultural significance should be reversible.

Exhibit 1: Heritage asset management process

Source: Heritage Asset Management Guidelines, NSW Heritage Council, 2005.

1.3   Cultural landscapes

While this audit is specifically focused on the management of historic heritage, there are strong interrelationships between Aboriginal and historic heritage, and between this cultural heritage and natural heritage. A holistic approach to landscape conservation incorporates the management of both natural and cultural values. This focus on 'cultural landscapes' recognises that heritage significance can relate to tangible and intangible cultural values including social meanings, associations and uses.

Historic heritage is not frozen in time but continually evolving to reflect changing community perceptions of what is significant and a continuum of uses. Consistent with best practice identified above, the cultural landscape approach emphasises that heritage management should be integrated into all park management activities.

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Key findings

2. Has NPWS established outcomes for the management of historic heritage and the strategies for achieving them?

While statutory provisions, regional plans and targeted project funding guide the management of historic heritage, NPWS has not established statewide outcomes for its asset base as a whole. The agency has not identified agency-wide priorities for historic heritage across the park estate or determined which of these assets it can maintain within expected funding.

2.1 Has NPWS defined its role and set clear objectives?

Finding: Historic heritage management in NPWS is guided by broad statements of purpose and project funding guidelines. While this establishes broad directions, the management of the heritage asset base as a whole is not guided by a clear set of agency-wide objectives or priorities.

The broad objectives and principles for the management of historic heritage in the reserve system are established by the *National Parks and Wildlife Act 1974*. The Act establishes that a key purpose of the reserve system is the conservation of objects, places or features of cultural value within the landscape including places of social value and of historic, architectural and scientific significance. The management principles for places and landscapes of cultural value include conservation, public appreciation, visitor use and enjoyment, and the sustainable use of buildings and structures.

The agency describes one of its primary goals in managing historic heritage values is to facilitate conservation outcomes through the sustainable use of heritage places, enabling a vibrant and living approach to heritage conservation and management.

These are broad statements of NPWS' role and direction. The agency's targeted funding program also establishes the broad set of social, economic and environmental benefits that it seeks from funded heritage projects together with heritage conservation outcomes. The management of the heritage asset base as a whole, however, is not guided by a clear set of agency-wide management objectives or priorities.

Specific policies are in place to guide particular aspects of heritage management, such as for the adaptive reuse of heritage places, the development of conservation management plans and conservation works on heritage structures. Such policies provide organisation-wide operating standards, but do not establish a strategic framework for NPWS historic heritage management.

While NPWS is highly decentralised, it has developed statewide strategies for some management areas, such as bushfire protection, to provide direction to regional management teams. A similar approach could be considered for the management of historic heritage (this is further explored in section 2.3).

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2.2 Does NPWS know the significance and condition of its historic heritage?

> **Finding:** NPWS has a broad understanding of the significance and condition of its historic heritage assets but systems are not sufficiently complete to support agency-wide management decisions and prioritisation. The full extent of the maintenance requirements for historic heritage cannot be quantified but available data indicate the backlog is substantial and the condition of the overall historic heritage asset base is declining.

Information about historic heritage assets

The *Australia State of the Environment 2011* report highlights that information about the nature and extent of heritage assets, with assessments undertaken both geographically and by theme, is necessary for good decision-making and proactive strategic planning.

NPWS has well established processes for assessing the heritage value of specific assets. Conservation management plans (CMPs) are required for all assets listed on the State Heritage Register, for historic heritage of high conservation value and those which require active management. For assets of lesser significance, shorter plans known as heritage action statements are expected to be developed.

> A 'site' driven approach does little to support decisions about asset classes across the park estate

The agency's heritage assessment process is largely focused on the heritage values of particular assets and therefore supports a 'site driven' approach to historic heritage management. There are only a limited number of cases where the assessment of heritage values and, consequently, the management of assets has been undertaken by theme. For example, the conservation strategy for the alpine huts and the strategic plan for defence fortifications in Sydney Harbour. The 'site driven' approach assists in improving specific visitor precincts within parks but does little to support management decisions about classes of assets across the park estate.

Heritage inventories need to be kept up-to-date and integrated with asset management and monitoring systems if they are to be useful to managers. The Historic Heritage Information Management System (HHIMS) is the agency's statutory inventory required under the *Heritage Act 1977* and contains over 2400 historic documents, heritage studies and plans. Our discussions with NPWS, however, indicate some concerns with the quality of HHIMS data. There is also no connection between the agency's new Asset Management System (AMS) and the HHIMS.

The agency needs accurate information about its historic heritage assets and systems to support management decisions and prioritisation of these assets. While it is intended that the AMS will provide this, data entry is not consistent and, as a consequence, it is yet to fulfil this role.

Condition of historic heritage assets

The observation of asset condition can be skewed by normal cycles in asset maintenance. A robust asset management system should distinguish between these cycles and unplanned asset deterioration. Implementation of the AMS within NPWS, however, requires ongoing prioritisation.

We understand that a full scale condition audit of heritage assets was last conducted in 1995, and that regions were asked to verify the data they entered into the AMS as it was being rolled out in 2008 and 2009. NPWS has indicated that a regular condition survey of assets will be instigated as part of the next stage of AMS implementation. There would be benefit in this condition audit being able to compare results with the 1995 survey.

The State of the Parks survey provides a qualitative assessment of historic heritage at the park level. As part of the survey, managers of reserves where historic heritage is part of park management are asked to assess the overall condition of this heritage.

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Since 2005 there has been a significant decrease in the percentage of these parks being assessed as having historic heritage in excellent condition – from 23.5 per cent in 2005 to 7.8 per cent in 2010. There has also been a substantial increase in the park estate over this period.

Exhibit 2: Overall condition of historic heritage – 2005 to 2010
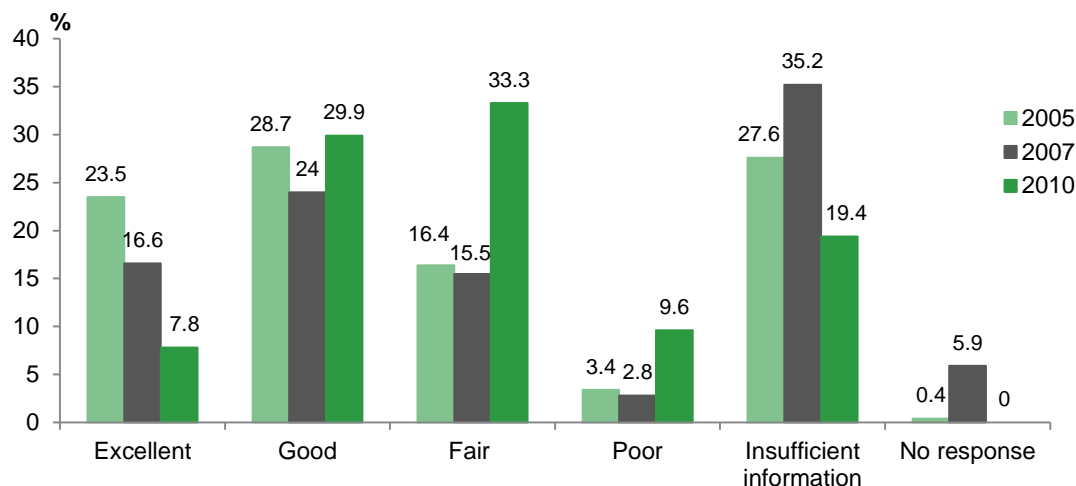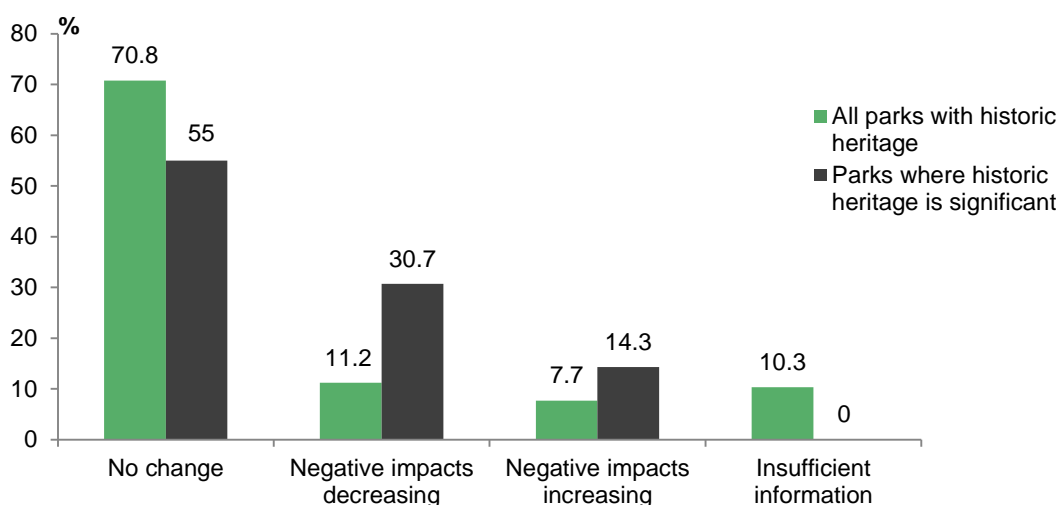

Source: NSW State of the Parks trend data, NPWS 2010.

The picture is slightly better for those parks that managers have identified as having state or nationally significant heritage or have classified historic heritage as one of the most important values for which the park is protected. For these parks, the condition of historic heritage was rated in 2010 as excellent, good or fair in 10, 35.7 and 37.1 per cent of cases respectively.

As part of State of the Parks, managers are also asked to assess the effectiveness of management action. Again, the assessment is better for those parks with state or nationally significant heritage or where historic heritage is classified as one of the most important park values. For 30.7 per cent of these parks, management action is reported to have reduced 'negative impacts' on historic heritage. This compares to 11.2 per cent for all parks with historic heritage. This data suggests that NPWS has been, at least to some extent, concentrating its efforts on those parks with high value heritage.

Exhibit 3: Overall effect of historic heritage management, 2010

Source: NSW State of the Parks, NPWS 2010.

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Historic heritage asset maintenance

While the agency has identified the loss of historic buildings or their values as one of its main asset management risks, NPWS does not know the full extent of the maintenance needed to prevent the loss of these values.

The AMS does not yet contain the full suite of heritage assets and cyclical maintenance regimes are not in place for all historic heritage (see Appendix 1). NPWS has focused initial AMS implementation on public safety requirements. The system does not yet contain sufficient data to accurately quantify the maintenance backlog for historic heritage assets or future maintenance requirements.

However, NPWS has provided an indicator of the scale of the challenge. The maintenance backlog for the subset of heritage assets reported in the AMS as in poor and very poor condition is estimated at over $30 million alone (this figure does not include the liabilities associated with end of life asset replacement costs).

NPWS has also inherited a significant maintenance burden with the transfer of particular sites, such as Goat Island which NPWS advises had an estimated liability of $25 million when it was incorporated into Sydney Harbour National Park from the Maritime Services Board in 1995. For many acquisitions, however, the full maintenance and capital requirements are not quantified. In general, land transfers are not accompanied by additional funding to manage these assets.

Exhibit 4: Recent acquisitions

Recent land acquisitions point to the range of challenges NPWS face in managing significant historic heritage.

Yanga Station near Balranald was acquired for its natural and cultural values in 2005 and includes a homestead built in the 1870s with a unique drop log design. A Friends of Yanga volunteer group has formed to restore and recreate the colonial gardens at the homestead, and the park is attracting an increasing number of visitors. A recently completed CMP points to the significant restoration works that will be required to enable reuse of the homestead by the community.

In 2008, Toorale Station near Bourke was purchased jointly by the Australian and New South Wales governments for nature conservation purposes. It also contains a homestead (at right) which is described as an icon of Australian pastoral heritage, with 27 rooms including a ballroom, stained glass ceiling and hand-painted wall paper. The Toorale Homestead is in a significantly deteriorated condition and restoring it to its earlier grandeur is likely to be well beyond the resources of NPWS. The homestead, however, is a visitor drawcard and the challenge for NPWS is to develop innovative ways of retaining the heritage values of the site, for example, through interpretation.

More recently still, the former mining settlement of Yerranderie was donated to NPWS in 2012. This settlement turned ghost town, accessed via Oberon, contains significant built assets. Comprehensive heritage and business assessments are yet to be completed.

Source: NPWS, 2013.

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While there are limitations to NPWS data, all indications suggest that the size and condition of the asset base has resulted in maintenance requirements that exceed the funding available. As one manager noted in the State of the Parks survey: 'Large number of heritage items and their age stretch limited resources.'

NPWS estimates that $7.5 million of State Government funding is provided for direct planned investment in maintaining and restoring heritage assets annually. The day-to-day maintenance of some heritage assets in visitor precincts is also supported by expenditure on visitor infrastructure more broadly, however, NPWS cannot quantify the proportion of this funding which is allocated to historic heritage.

Direct investment in historic heritage includes targeted funding of $2 million quarantined for heritage projects. This targeted funding has not increased since it was introduced in response to a 1995 review of NPWS heritage assets. Since that time, the park estate has increased by more than 50 per cent and the agency has acquired properties with significant historic heritage.

The deteriorating condition of historic heritage overall reported in State of the Parks, and the likely deterioration of heritage values as a result, will not be easily addressed given the indications of a significant maintenance backlog and the limited resources being applied to the task. This points to the need for sharper prioritisation.

2.3 Has NPWS identified appropriate priorities for the management of historic heritage?

Finding: NPWS has recognised the importance of the adaptive reuse of heritage assets to support their longer-term viability and has directed funding to this purpose through the Heritage Asset Revitalisation Program (HARP). The aim is to deliver social, economic and environmental benefits. While HARP is a good start, only a small number of assets are eligible for funding and it does not provide agency-wide priorities for the heritage asset base as a whole.

There are a number of options that may be adopted for the management of historic heritage. This ranges from significant conservation and adaptive reuse to ongoing preventative maintenance, doing no more than limited works to avoid inadvertent damage, or recording the asset and allowing it to decline. Active management means determining the appropriate management response for all assets consistent with organisational outcomes and priorities.

There is a strong focus within NPWS on the adaptive reuse of historic buildings to improve the sustainability of the asset and to deliver high quality visitor experiences. We heard from multiple sources the old adage 'use it or lose it', that simply mothballing historic buildings does not preserve them, but hastens their decline and results in a loss of heritage values. Enabling the use of built heritage for accommodation, visitor centres, cafes and other services ensures that historic heritage remain 'living' assets.

The strong focus on adaptive reuse is reflected in NPWS' quarantined funding for historic heritage projects. What had been the Heritage Asset Maintenance Program (HAMP), which provided funds for planning and general asset maintenance to regions, has now become the Heritage Asset Revitalisation Program (HARP) to improve the longer-term sustainability of a smaller number of assets.

We found a significant degree of support within NPWS for the HARP model, particularly the focus on multi-year projects that deliver heritage outcomes along with social, environmental and economic benefits. While HARP funds have largely been directed toward heritage buildings, the program has also funded a small number of interpretation works, conservation of other structures such as heritage walking tracks and work on significant archaeological sites.

While it is too early to tell if these projects are delivering long-term sustainability, the intent to deliver a reduced financial liability together with good community and economic outcomes is a sound one.
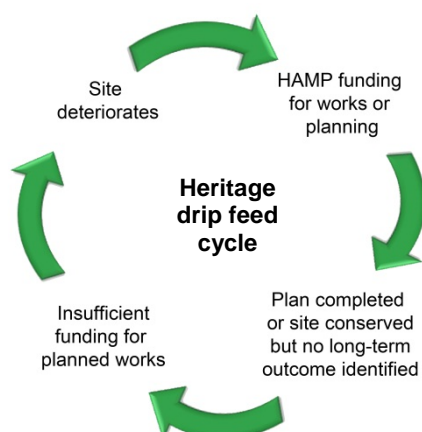
When it comes to heritage buildings the old adage 'use it or lose it' applies

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Exhibit 5: The Heritage Asset Maintenance Program (HAMP)

Over a 13 year period, HAMP funded some 400 projects at more than 100 sites. Funds were largely focused on planning, emergency and catch up works and new works related to the conservation of heritage fabric.

HAMP resources could not be directed to adaptive reuse. A static budget meant that over time the program was achieving less due to increased labour and building costs.

The result was a 'drip feed' cycle where short-term conservation did not lead to long-term solutions.

Heritage drip feed cycle

Site deteriorates → HAMP funding for works or planning → Plan completed or site conserved but no long-term outcome identified → Insufficient funding for planned works →

Source: NPWS, 2010.

A plan for the whole asset base

While HARP has meant that limited targeted funding is no longer being spread across a large number of assets, regional budgets are used to fund the general maintenance of the remainder of their historic heritage.

Under the current management approach, there is a group of assets at one end of the spectrum that could be expected to attract HARP funding over time due to the capacity for viable reuse and visitation. At the other there are assets that, by their nature, require only limited ongoing maintenance.

In the middle of this spectrum is a group of assets that are of both state and local significance, and have varying levels of community interest, which the regions are responsible for maintaining within existing budgets. These include homesteads, woolsheds, boatsheds, huts, sandstone structures, walking tracks, mining, agricultural and other industrial infrastructure. We heard from regional managers, however, that there is declining capacity within the regions to actively manage and appropriately maintain all these assets. The question they asked was: 'what do you do with these assets?'

This assessment is supported by park managers surveyed for State of the Parks and suggests that the 'drip feed cycle' is still a challenge for the agency. As one manager noted: "Conservation plan in place however limited funding available to address urgent stabilisation works in historic sites". This points to the need for a plan for the whole heritage asset base in order to deliver sustainable management across NPWS.

Given the competing priorities for park management, the limited resources available for historic heritage and the number of historic assets within the park estate, a transparent agency-wide prioritisation process is required. This should support informed decision making about which assets will be conserved, adaptively reused, interpreted, and which will be recorded, monitored and allowed to 'gracefully decline' or regress to ruins. There may also be cases where recording and then demolishing the asset may be warranted.

A sharper prioritisation process

Agency-wide prioritisation for the management of historic heritage only occurs through HARP project funding. To date, HARP allocations have been on the basis of submissions from regions. As branches are required to match HARP funding, regional proposals are filtered through the branches and only those submissions that are considered a branch priority are put forward.

> Regions report a declining capacity to appropriately maintain all their heritage assets

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While HARP is a good start, it does not provide a plan for the whole asset base. There is no systematic process for considering the collective range of assets across the organisation and deciding which should be prioritised for active management. There are a number of asset classes that are found across the park estate, such as the agency's 27 homesteads and some 75 cottages. These are not considered collectively, but as individual assets, their management determined at the regional and branch levels before an application for HARP funding is made.

A plan for the whole heritage asset base should establish a sharper and more systematic approach to prioritisation and the development of management responses accordingly. As part of a robust 'triage' process, a number of factors will need to be considered and the full range of values will need to be weighed. For example, significance, condition, existing and potential uses and visitation, community connection and contribution, location, representativeness and commercial viability will all need to be taken into account.

Prioritisation should not be based on current and potential visitation or the capacity to generate direct financial returns alone. Important heritage assets in the west of the State, for example, could not compete with metropolitan regions on that basis. Some highly significant heritage items, such as the convict-built Old Great North Road, do not lend themselves to adaptive reuse or commercial interest. The question at the centre of prioritisation should be 'what can't we, as the New South Wales community, afford to lose?'

NPWS is not alone in needing to make tough decisions about historic heritage management. The New Zealand Department of Conservation has undertaken a lengthy process with the community to identify some 500 of its 12,000 historic sites to be actively managed and the 20 iconic historic sites that will be intensively managed and promoted (see Appendix 2). Similarly, English Heritage released its first asset management plan in 2011 which identified the need for a national prioritisation process to support rational asset decision making.

It is recognised that prioritisation will be a difficult task, particularly given the role that local heritage can play in creating a community's sense of place. While the Heritage Council's work on heritage themes may provide support for determining representativeness, the task is made more challenging by the lack of statewide guidance in the form of a New South Wales heritage strategy.

Recommendations

Office of Environment and Heritage should, by June 2014, develop a New South Wales heritage strategy to provide guidance to public sector agencies on the long-term management of historic heritage in a constrained resource environment.

Office of Environment and Heritage (NPWS) should:

- by December 2014, establish desired outcomes and statewide priorities for the management of historic heritage in the park estate, which are informed by the New South Wales strategy
- by December 2014, improve its data and systems so that it has comprehensive and valid historic heritage asset information to underpin prioritisation and funding decisions.

Prioritisation should not be based on visitation and capacity to generate financial returns alone

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3. Is NPWS achieving these outcomes efficiently?

While targeted funding is focused on delivering sustainable long-term historic heritage outcomes efficiently, there are areas of historic heritage management where efficiency can be improved. In particular, resources are not allocated on the basis of prioritisation across the historic heritage asset base.

3.1 Does NPWS implement systems and approaches to manage historic heritage?

Finding: There are examples of good practice historic heritage projects but NPWS management systems and planning processes are not well connected.

NPWS is focused on approaches that aim to ensure assets have a viable and ongoing use but faces challenges in balancing the retention of heritage values and project costs.

The agency has enhanced its approach to commercial partnerships, which assists its resources to go further, but has not yet exhausted the possibilities of such arrangements.

While there are a number of planning processes and information systems being implemented within the organisation, they do not appear to be well connected. As noted in section 2.2, there is no integration between the AMS and the agency's heritage inventory.

Annual regional operations plans aim to address the most important management issues for the park system but are developed independently of the budget and AMS processes. While the intent is that actions are focused on what will be done, not what the region would 'like to do', only half the 150 historic heritage actions identified in the regional operations plans in 2011–12 were reported as completed or substantially complete by the end of the period.

State of the Parks data shows that for those reserves where historic heritage is part of park management, the proportion with a comprehensive planned management approach has been stable at 12 per cent since 2005. The proportion taking a reactive approach or with little or no management has increased from 36 per cent in 2005 to 51 per cent in 2010. This data, however, is not matched against specific assets or management priorities and given that a proportion of heritage assets would not require active management it is difficult to draw conclusions about this trend.

> There is good practice being implemented, often with the assistance of HARP funding

We heard from the agency that, by and large, it is not systems but rather individuals and local knowledge that drives management activity. While that means NPWS cannot say with certainty that its overall management of historic heritage is efficient, there are good examples of heritage projects being implemented, often with the assistance of HARP funding.

Exhibit 6: Recent heritage management 'success stories'

A high-value master plan for the Audley precinct in the Royal National Park was converted into an implementation plan which included a series of targeted projects. Completion of the first of these projects has seen the revitalisation of the Audley Dance Hall, with a new lease over the building for the operation of a cafe and function centre which includes responsibility for maintenance. Heritage values have been retained and park managers report increased visitation and improved rental returns.

A strategic and planned approach has similarly been adopted for the conservation of the high-use heritage walking tracks in the Blue Mountains National Park. Implementation of a management plan, which included a number of significant multi-year projects, has led to the development of a robust project management system that provides real time data to plan and cost works, and significant internal skill development that is also being applied to routine track works.

Source: NPWS, 2013.

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Exhibit 7: Audley Dance Hall – before and after

Source: NPWS, 2011.

Practical challenges

NPWS faces a range of practical challenges in achieving the efficient management of historic heritage assets.

We received mixed reports about the usefulness of CMPs. While heritage assessment and planning is critical, and indeed a requirement for state significant heritage, there are concerns that CMPs do not always balance aspiration with the management reality of constrained resources, nor do they always provide sufficient guidance on the potential compatible uses for an asset.

Such plans should support the ongoing management of assets. With this in mind, the Australian Department of Defence has replaced CMPs with heritage management plans. These plans are designed to be strategic and operational, providing greater management guidance and practical recommendations to support asset management and to retain heritage values. A similar approach may be warranted in NPWS. There may also be opportunities to rationalise the number of plans in place. The NPWS Metropolitan and Mountains Branch, for example, has calculated that its 36 heritage 'complexes' are covered by some 137 planning documents.

We also heard concerns that when it comes to working with heritage it can be 'just too hard and too costly'. There is an inherent tension in trying to balance heritage values and project costs and a degree of subjectivity in decisions relating to conservation works on heritage assets. We heard examples of a door frame on a new structure being required to match a nearby heritage building at 15 times the cost, and replacement guttering for a heritage building that would have cost almost four times the amount of an alternative option.

There is no doubt that fabric can be an important factor in the heritage values of an asset, therefore building works need to be carefully considered. But this tension should be addressed by taking a risk management approach, weighing up the works proposed with the overall outcomes trying to be achieved, particularly where alterations are reversible. This would assist in extending limited funding further and ensuring these assets have a viable, ongoing use.

Conservation management plans do not always balance aspiration with management realities

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As the Australia State of the Environment 2011 report highlights, Australia has a vast historic heritage that cannot all be retained in pristine condition and allowing greater flexibility for change and adaptation can be warranted: 'Perhaps if major physical changes and even regression to ruins were recognised as part of normal historic processes for some places, there may be a more positive outlook.'

With NPWS and the Heritage Office now located within a single agency, there are opportunities for NPWS to access broader heritage expertise. It may also support improvements to internal heritage approval processes and assist the agency to implement a risk management approach to achieving cost effective heritage outcomes.

Exhibit 8: Balancing heritage and visitor requirements

The issue of the 'ensuite' highlights the challenge of balancing heritage values with ensuring such assets have a viable and ongoing use. A number of heritage buildings within the park estate have been adapted for accommodation but modern visitors increasingly expect their own adjacent bathroom.

For the Quarantine Station in Sydney's North Head, some $15 million in private investment for the conservation of the site has led to the achievement of significant cultural heritage outcomes but heritage considerations prevented ensuites being incorporated into 20 of the 80 converted hotel rooms.

More recently, falling visitor numbers for the Smoky Cape Lighthouse cottages on the mid north coast led NPWS to seek external heritage advice on implementing options for ensuites. After much debate within the agency, the decision was made to alter an unseen wall to enable the construction of two ensuites. The stone has been retained so the wall can be reconstructed if required.

Source: Mawland Group and NPWS, 2013.

Private sector and community involvement

In a constrained resource environment, the private sector and the community offer opportunities to increase the resources available for the management of historic heritage.

NPWS actively seeks commercial arrangements for the reuse of historic heritage assets to ensure viability and to provide improved visitor experiences. Examples include the Quarantine Station and Fort Denison in Sydney Harbour National Park and the Audley Dance Hall in the Royal National Park.

> NPWS has taken steps to improve its commercial, tourism and partnership capabilities

Over the last few years, NPWS has taken steps to enhance its commercial, tourism and partnerships capabilities. The evidence we have seen suggests that NPWS has improved its approach to private sector partnerships. It has created a business unit to sharpen its capabilities in this area and is increasingly seeking external expertise for key projects. It has also developed more nuanced commercial arrangements, such as the Light to Light project (see Exhibit 9).

Private sector involvement, however, is not the panacea for all historic heritage management. The range of uses for, and extent of private sector interest in, historic heritage assets can be constrained by their nature and location and by the requirements of the *National Parks and Wildlife Act 1974*. The latter requires that such uses are consistent with the management principles for reserve lands, for example, facilities that enable visitor use and enjoyment, and those that enable recreational, educational or cultural activities.

Nor is it as simple as seeking 'blue sky' proposals from the private sector. The tourism sector has been critical of governments in the past for taking potential opportunities to market to test private sector interest without a clear set of objectives beyond the desire to meet a rising maintenance liability.

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While appropriate approaches need to be decided on a case-by-case basis, sometimes NPWS will need to invest time and resources to attract a mature and competitive market. For example by:

- setting clear parameters for acceptable development and use whilst not overly constraining flexibility
- undertaking planning, consultation and pre-approvals
- carrying out some capital works
- determining the appropriate sharing of project risks and benefits between the public and private sectors.

Nevertheless, NPWS has not yet exhausted the possibilities for arrangements with the private sector and there are opportunities to explore innovative management and funding models for a number of its heritage assets. Some potential sites include Sydney Harbour National Park properties on Goat Island and in Vaucluse and Watsons Bay.

NPWS also seeks other sources of funding and support for its historic heritage, including grants from other government agencies and corporate and community volunteering initiatives.

It receives support from the Foundation for National Parks and Wildlife, including corporate sponsorship. The Foundation has assisted in the restoration of a number of heritage sites and has been an important conduit for philanthropic and corporate support for historic heritage. For example, Caltex has sponsored the restoration of Captain Cook's Endeavour cannon in Botany Bay National Park. The Vincent Fairfax Family Foundation has funded a heritage landscaping project at Barrenjoey Lighthouse in Ku-ring-gai Chase National Park. NPWS should pursue further corporate sponsorship opportunities with the Foundation where such arrangements are low impact and unobtrusive.

A number of community groups also play an important role in the conservation and interpretation of individual assets. For example, there has been significant community support for the conservation of the Kosciuszko huts, and corporate volunteers are supporting the maintenance of the defence fortifications at Middle Head. This strong commitment to particular heritage assets may provide opportunities to develop shared management models with the community.

Exhibit 9: Light to Light project

An expression of interest sought commercial operators for a high quality visitor experience in the form of a guided long distance walk in Ben Boyd National Park on the far south coast. This expression of interest allowed for operators to establish walkers' accommodation at two sites along the track.

NPWS recognised that to be commercially viable the project may need to incorporate the existing accommodation at Green Cape Lightstation, but that the full lease of the site may not be attractive given the high costs of maintaining such structures.

NPWS also identified that it would need to invest $1 million upfront in critical structural works (see photo, works underway on the lightstation).

A 20 year lease was signed in late 2012 which included a management contract for the Green Cape component of the project. Responsibility for maintenance has been split with the proponent responsible for works that have a lifespan within 20 years and NPWS for works with a longer lifecycle. NPWS sought external advice to determine an appropriate rental return arrangement for the contract.

Source: NPWS, 2013.

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3.2 Does NPWS allocate available resources in accordance with these approaches and priorities?

Finding: To date, regional operations plans are not linked to budget allocations. With the exception of targeted funding, regional budget allocations are largely based on previous years' funding levels. The lack of rolling program funding has limited the ability of regions to plan ahead and achieve management efficiencies.

Under HARP, multi-year project funding was introduced as part of the focus on a smaller number of key projects. NPWS regional managers have indicated that this has been a positive step providing funding certainty and realistic timeframes for completion of projects.

With the exception of HARP, there is no statewide allocation of resources in relation to historic heritage management. The general NPWS budget allocations to regions, through which planned and reactive heritage asset maintenance is funded, have been largely based on previous years' funding levels, rather than on explicit needs and priorities currently. To date, the regional operations plans are not linked to budget allocations.

The lack of a rolling program has resulted in frustrations within NPWS about the inability to plan ahead, the limited capacity to enter into multi-year contracts, and the piecemeal responses that can result. As the recent Commission of Audit identified, greater funding certainty drives better asset planning. Taking a planned approach based on agreed priorities and more predictable funding would provide scope for achieving greater efficiencies in maintenance spend and enable the development of increased expertise and greater value from contracts.

> **Budget allocations are largely based on previous years' funding levels not current priorities**

3.3 Does NPWS measure performance?

Finding: Internal surveys of park management give an overall qualitative assessment of the management issues for historic heritage but NPWS has yet to establish quantitative measures of heritage asset or service performance. HARP funding seeks to deliver social, economic and environmental benefits but there are no measures in place to monitor the achievement of these outcomes.

While State of the Parks data is a source of qualitative information about park management and trends over time, it does not provide a robust assessment of the efficiency of the agency's approach to historic heritage management.

Despite the Office of Environment and Heritage's asset strategy identifying historic heritage asset maintenance in the reserve system as a key management issue, it contains no specific asset or service performance measures for NPWS historic heritage. While HARP funding seeks to deliver social and economic benefits, there are no measures in place to monitor the achievement of these outcomes.

This is perhaps unsurprising given the absence of a clear set of management outcomes to drive agency-wide priorities across the heritage asset base, and the fledgling nature of the AMS. Nor is NPWS alone in this regard. The 2011 Australia State of the Environment report identifies that the lack of monitoring and evaluation programs to assess whether historic heritage management objectives are being met is a nationwide issue.

Greater clarity on the outcomes that NPWS is seeking to achieve in relation to historic heritage and sharper prioritisation of the management of these assets should provide the basis from which to measure performance.

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Recommendations

The Office of Environment and Heritage (NPWS) should:

- by June 2015, fund historic heritage on the basis of statewide priorities via a rolling program to allow improved planning and more efficient resource utilisation
- by December 2015, have in place a more systematic and consistent approach to pursuing:
    - sympathetic reuse of heritage assets, where feasible
    - partnerships with the private sector and the community for the management of historic heritage, including low-impact sponsorship, where these are consistent with heritage values
- by July 2013, adopt a consistent, pragmatic and financially realistic approach to the retention of heritage values when undertaking works on historic heritage
- by December 2014, measure its performance in managing historic heritage, including the extent to which it is achieving its desired outcomes.

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Appendices

Appendix 1: Types of historic heritage in national parks and reserves

The table below from the NPWS Asset Management System provides an indication of the types of historic heritage under the agency's care and control. The data is not, however, complete. For example, the data underestimates the number of lighthouses and woolsheds managed by NPWS.

Type	Number	Type	Number
Amenities	195	Livestock Structure	12
Barracks	4	Local Road	1
Beacon	1	Military Emplacement	178
Cabin	181	Mine	1
Camping area	4	Monument/plaque	197
Channel marker	1	Onground lookout	7
Church	5	Quarantine Station	32
Cottage	75	Shed	206
Courthouse	5	Shelter	1
Entrance feature / gate	2	Shop	8
Fort	5	Swimming pool	1
Gravesite	15	Ticket box	1
Hall	5	Vehicle bridge	23
Historic ruin	692	Vehicle trail	7
Homestead	27	Viewing platform	2
Hostel	6	Visitor centre	5
Hotel	6	Walking track/route	45
Hut	53	Woolshed	2
Lighthouse	2	Woolshed quarters	8

Source: NPWS, January 2013.

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Appendix 2: New Zealand approach

New Zealand's Department of Conservation has a guardianship role over the cultural and historic heritage in the park estate. The department's historic heritage management system is known as the 'six Ps':

- Place (what and where is our heritage?)
- Protect (how do we avoid harm to our heritage?)
- Plan (how do we decide what heritage work needs to be done?)
- Prioritise (how do we choose which historic places we manage?)
- Preserve (how do we achieve the best preservation results for historic places we manage?)
- Promote (how do we involve and connect people to our historic places?)

The Department of Conservation is responsible for 12,000 historic sites on the land it manages and has adopted three priority levels for historic site management. These range from the full development of a limited number of icon sites to the basic protection of all sites from avoidable harm.

In 2003, following a lengthy community consultation process, the department identified those sites which are of greatest importance for New Zealand's history. Over 500 sites were identified as of high value and a priority for preservation and visitors. The goals of active management for these sites were that they be fully inventoried, that restoration work be undertaken and an ongoing maintenance program commenced.

Spending priorities for these sites would be based on four factors: historical importance, urgency of remedial action, accessibility to New Zealanders to learn about and enjoy their heritage, and the quality of the visitor experience.

At the same time, it was acknowledged that the number of new sites where restoration and maintenance work could begin would be limited and priority sites would continue to deteriorate. The department has made publicly available the lists of the actively managed historic places, identifying the site, its heritage features and accessibility.

Figure 1: Prioritisation

12,000
known historic and/or archaeological sites recorded on public conservation lands

566
historic sites which are intended to be actively conserved

20
iconic historic sites intensively managed and promoted

Source: NZ Department of Conservation

Following the identification of these sites for active management, the department sought to identify a representative range of historic sites reflecting the themes of New Zealand history. In collaboration with local councils and communities, it has focused on 20 prime heritage or 'icon' sites that tell a strong story about aspects of New Zealand's history and cultural character. Priority is given to work on the national icon sites with the aim of bringing them up to a benchmarked standard and growing visitation.

A small number of indicators are in place to measure performance and are reported annually:

- changes in the percentage of key heritage sites which are actively managed that are categorised as stable or deteriorating
- increase in the number of key heritage sites at which core history is safeguarded, the values are identified and those values are communicated
- change in the number of visitors at icon sites in the context of the national tourism visitor number trend.

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Appendix 3: About the audit

Audit objective

This audit examined how well the National Parks and Wildlife Service (NPWS) manages the historic heritage assets under its care and control.

Audit criteria

To assess NPWS performance against this objective we used the following criteria:

- NPWS has established outcomes for the management of historic heritage and the strategies for achieving them
- NPWS is achieving these outcomes efficiently.

Audit scope

In examining the management of historic heritage in parks and reserves, we considered how well NPWS:

- has defined its role and set clear objectives
- knows the significance and condition of its historic heritage assets
- has identified appropriate priorities for the management of historic heritage
- implements systems and approaches to manage historic heritage
- allocates available resources in accordance with these approaches and priorities
- measures performance.

For the purpose of the audit, we took:

'Significance' to mean the tangible and intangible qualities and characteristics of the asset including social, cultural, historic, aesthetic and scientific significance.

'Appropriate' to mean the agency has determined how assets are best managed. There are a number of management options that may be adopted ranging from significant conservation and adaptive reuse to ongoing preventative maintenance, doing no more than limited works to avoid inadvertent damage, or recording the asset and allowing it to decline in situ.

Audit exclusions

We did not examine:

- management of Aboriginal cultural heritage (at the time of the audit this was the subject of a separate government-wide review)
- whether the quantum of resources allocated by the agency for the management of historic heritage is appropriate
- operational procedures for the maintenance of individual historic heritage assets.

Audit approach

We acquired subject matter expertise through:

- interviews and examination of relevant documents including guidelines, reports, studies and reviews
- discussions with relevant staff of the Office of Environment and Heritage
- discussions with representatives of key stakeholders
- comparisons where appropriate with processes in other jurisdictions.

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Fieldwork visits

We had regular discussions with relevant officers in the Office of Environment and Heritage. We also had dialogue with NPWS branch and regional officers in the following areas:

- Coastal Branch
- Metropolitan and Mountains Branch
- Western Branch
- Blue Mountains Region
- Far South Coast Region
- Far West Region
- Metropolitan South West Region
- Metropolitan North East Region
- Western Rivers Region.

We visited heritage sites in Sydney Harbour National Park and the Royal National Park to better understand how NPWS manages heritage assets. We used heritage project data and feedback from senior officers to select the locations we visited.

Audit selection

We use a strategic approach to selecting performance audits to reflect issues of interest to parliament and the community. Details of our approach to selecting topics and our forward program are available on our website.

Audit methodology

Our performance audit methodology is designed to satisfy Australian Audit Standards ASAE 3500 on performance auditing, and to reflect current thinking on performance auditing practices. Our processes have also been designed to comply with the auditing requirements specified in the *Public Finance and Audit Act 1983*.

Acknowledgements

We gratefully acknowledge the cooperation and assistance provided by the Office of Environment and Heritage, including regional NPWS staff. In particular we wish to thank our liaison officer and staff who participated in interviews and provided material relevant to the audit.

We were also assisted by discussions with people from a range of external bodies including Godden Mackay Logan and the Foundation for National Parks and Wildlife.

Audit team

Jacki Hayes and Rod Longford conducted the performance audit. Sean Crumlin provided direction and quality assurance.

Audit cost

Including staff costs, printing costs and overheads, the estimated cost of the audit is $153,500.

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Performance auditing

What are performance audits?

Performance audits determine whether an agency is carrying out its activities effectively, and doing 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 a government agency or consider particular issues which affect the whole public sector. They cannot question the merits of government policy objectives.

The Auditor-General's mandate to undertake performance audits is set out in the *Public Finance and Audit Act 1983*.

Why do we conduct performance audits?

Performance audits provide independent assurance to parliament and the public.

Through their recommendations, performance audits seek to improve the efficiency and effectiveness of government agencies so that the community receives value for money from government services.

Performance audits also focus on assisting accountability processes by holding managers to account for agency performance.

Performance audits are selected at the discretion of the Auditor-General who seeks input from parliamentarians, the public, agencies and Audit Office research.

What happens during the phases of a performance audit?

Performance audits have three key phases: planning, fieldwork and report writing. They can take up to nine months to complete, depending on the audit's scope.

During the planning phase the audit team develops an understanding of agency activities 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 agency or program activities are assessed. Criteria may be based on best practice, government targets, benchmarks or published guidelines.

At the completion of fieldwork the audit team meets with agency management 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 agency management to check that facts presented in the draft report are accurate and that recommendations are practical and appropriate.

A final report is then provided to the CEO for comment. The relevant minister and the Treasurer are also provided with a copy of the final report. The report tabled in Parliament includes a response from the CEO on the report's conclusion and recommendations. In multiple agency performance audits there may be responses from more than one agency or from a nominated coordinating agency.

Do we check to see if recommendations have been implemented?

Following the tabling of the report in parliament, agencies are requested to advise the Audit Office on action taken, or proposed, against each of the report's recommendations. It is usual for agency audit committees to monitor progress with the implementation of recommendations.

In addition, it is the practice of Parliament's Public Accounts Committee (PAC) 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 is tabled. These reports are available on the parliamentary website.

Who audits the auditors?

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

Internal quality control review of each audit ensures compliance with Australian assurance standards. Periodic review by other Audit Offices tests our activities against best practice.

The PAC is also responsible for overseeing the performance of the Audit Office and conducts a review of our operations every four years. The review's report is tabled in parliament and available on its website.

Who pays for performance audits?

No fee is charged 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 or contact us on 9275 7100.

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Performance audit reports

No	Agency or issues examined	Title of performance audit report or publication	Date tabled in Parliament or published
230	Office of Environment and Heritage - National Parks and Wildlife Service	*Management of historic heritage in national parks and reserves*	29 May 2013
229	Department of Trade and Investment, Regional Infrastructure and Services – Office of Liquor, Gaming and Racing Independent Liquor and Gaming Authority	*Management of the ClubGRANTS Scheme*	2 May 2013
228	Department of Planning and Infrastructure Environment Protection Authority Transport for NSW WorkCover Authority	*Managing gifts and benefits*	27 March 2013
227	NSW Police Force	*Managing drug exhibits and other high profile goods*	28 February 2013
226	Department of Education and Communities	*Impact of the raised school leaving age*	1 November 2012
225	Department of Premier and Cabinet Division of Local Government	*Monitoring Local Government*	26 September 2012
224	Department of Education and Communities	*Improving the literacy of Aboriginal students in NSW public schools*	8 August 2012
223	Rail Corporation NSW Roads and Maritime Services	*Managing overtime*	20 June 2012
222	Department of Education and Communities	*Physical activity in government primary schools*	13 June 2012
221	Community Relations Commission For a multicultural NSW Department of Premier and Cabinet	*Settling humanitarian entrants in NSW: services to permanent residents who come to NSW through the humanitarian migration stream*	23 May 2012
220	Department of Finance and Services NSW Ministry of Health NSW Police Force	*Managing IT Services Contracts*	1 February 2012
219	NSW Health	*Visiting Medical Officers and Staff Specialists*	14 December 2011
218	Department of Family and Community Services Department of Attorney General and Justice Ministry of Health NSW Police Force	*Responding to Domestic and Family Violence*	8 November 2011
217	Roads and Traffic Authority	*Improving Road Safety: Young Drivers*	19 October 2011
216	Department of Premier and Cabinet Department of Finance and Services	*Prequalification Scheme: Performance and Management Services*	25 September 2011
215	Roads and Traffic Authority	*Improving Road Safety: Speed Cameras*	27 July 2011
214	Barangaroo Delivery Authority Department of Transport NSW Treasury	*Government Expenditure and Transport Planning in relation to implementing Barangaroo*	15 June 2011
213	Aboriginal Affairs NSW Department of Premier and Cabinet	*Two Ways Together - NSW Aboriginal Affairs Plan*	18 May 2011
212	Office of Environment and Heritage WorkCover NSW	*Transport of Dangerous Goods*	10 May 2011

No	Agency or issues examined	Title of performance audit report or publication	Date tabled in Parliament or published
211	NSW Police Force NSW Health	*The Effectiveness of Cautioning for Minor Cannabis Offences*	7 April 2011
210	NSW Health	*Mental Health Workforce*	16 December 2010
209	Department of Premier and Cabinet	*Sick leave*	8 December 2010
208	Department of Industry and Investment	*Coal Mining Royalties*	30 November 2010
207	Whole of Government electronic information security	*Electronic Information Security*	20 October 2010
206	NSW Health NSW Ambulance Service	*Helicopter Emergency Medical Service Contract*	22 September 2010
205	Department of Environment, Climate Change and Water	*Protecting the Environment: Pollution Incidents*	15 September 2010
204	Corrective Services NSW	*Home Detention*	8 September 2010
203	Australian Museum	*Knowing the Collections*	1 September 2010
202	Industry & Investment NSW Homebush Motor Racing Authority Events NSW	*Government Investment in V8 Supercar Races at Sydney Olympic Park*	23 June 2010
201	Department of Premier and Cabinet	*Severance Payments to Special Temporary Employees*	16 June 2010
200	Department of Human Services - Ageing, Disability and Home Care	*Access to Overnight Centre-Based Disability Respite*	5 May 2010
199	Department of Premier and Cabinet NSW Treasury WorkCover NSW	*Injury Management in the NSW Public Sector*	31 March 2010
198	NSW Transport and Infrastructure	*Improving the performance of Metropolitan Bus Services*	10 March 2010
197	Roads and Traffic Authority of NSW	*Improving Road Safety: School Zones*	25 February 2010
196	NSW Commission for Children and Young People	*Working with Children Check*	24 February 2010
195	NSW Police Force NSW Department of Health	*Managing Forensic Analysis – Fingerprints and DNA*	10 February 2010

Performance audits on our website

A list of performance audits tabled or published since March 1997, as well as those currently in progress, can be found on our website www.audit.nsw.gov.au.

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