

GOVERNMENT RESPONSE TO THE RECOMMENDATIONS OF THE PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE (PAEC) 105TH REPORT

Review of the Auditor-General's Report on Preparedness to Respond to Terrorism Incidents: Essential Services and Critical Infrastructure

The Government is currently reviewing the whole of Victoria's security and emergency management policy and strategy as a result of the recommendations of the *Review of the 2010–11 Flood Warnings and Response*, the report of the 2009 Bushfire Royal Commission and the responses to the Government's *Green Paper on Crisis and Emergency Management: 'Towards a more disaster resilient and safer Victoria'*. This will take into account the Public Accounts and Estimates Committee (PAEC) 105th Report *Review of the Auditor General's Report on Preparedness to Respond to Terrorism Incidents: Essential Services and Critical Infrastructure*, the Auditor-General's *Report on Preparedness to Respond to Terrorism Incidents: Essential Services and Critical Infrastructure* and the 2011 National Counter Terrorism Committee (NCTC) *Guidelines for the Protection of Community Infrastructure from Terrorism*. The Premier has also commissioned Lieutenant General Mark Evans AO, DSC (Retired) to examine the role of DPC in supporting the Premier in the administration of Part 6 of the *Terrorism (Community Protection) Act 2003*.

These reviews might result in change to Victoria's critical infrastructure risk management arrangements, including issues of accountability and responsibility for managing risk for critical infrastructure, as well as the scope of any legislation. In providing its response, the Government has sought to highlight action being undertaken as part of these reviews.

The whole-of-Victorian Government response to the Public Accounts and Estimates Committee's 105th Report to Parliament *Review of the Auditor-General's Report on Preparedness to Respond to Terrorism Incidents: Essential Services and Critical Infrastructure* is at Attachment A.

The whole-of-Victorian Government response to the Public Accounts and Estimates Committee's 105th Report

Table Key:

- Column 1: Contains the PAEC's recommendations as published in its 105th report.
- Column 2: Indicates the key agency responsible for responding to each recommendation.
- Column 3: Indicates the Government's response to each recommendation:
- Support:** Action to be undertaken including target timeframes, where identified.
- Under review:** Details scope of the review including target timeframes, where appropriate.
- Not support:** No further action to be taken.
- Column 4: Provides an explanation of the Government's action to date on the recommendation and outlines, where appropriate, future work to be progressed.

PAEC Recommendation	Resp agency	Response	Action taken to Date and Commitment to Further Action
<p>Recommendation 1: The Committee recommends that, to enhance transparency, the Department of Treasury and Finance consider issuing Financial Reporting Directions requiring all departments and agencies to identify and report within their Annual Reports funding allocated for counter-terrorism initiatives and activities, such as preparedness training, risk management and support to industry and other relevant stakeholders.</p>	DTF	<p>Not support: DTF does not support an explicit direction for detailed reporting that further identifies a department's or agency's counter-terrorism initiatives and funding. DTF considers current Financial Reporting Directions requiring reporting of a department's or agency's general operational objectives and activities are sufficient. DTF considers that any</p>	<p>DTF notes that the current departmental and agency Financial Reporting requirements include standard requirements to report an entity's general operations and performance (FRD 22B). DTF notes that entities are required to implement appropriate Risk Management Practices (in accordance with the Australian/New Zealand Risk Management Standard - ISO 31000) to ensure that an entity's activities align with the risks and opportunities faced by that entity. Robust risk management planning and practice would identify and manage a range of risks including terrorism risk. Pursuant to FRD 22B, entities with significant operations in the counter-terrorism sphere would ordinarily report their general operations in that sphere.</p> <p>Finally, DTF notes that the "Model Reporting" requirements for entities stipulates that accountable officers (e.g. departmental secretaries) attest to the requirement that their entity understands,</p>

		<p>additional reporting, particularly detailed reporting, is not in the public interest. With the potential for misuse of the information, it can be considered that the cost outweighs the benefit of publishing such information. DTF agrees that additional reporting would generally enhance transparency, however, public reporting of information that identifies specific initiatives and funding could be counter-productive where that additional information (placed in the public domain) could be potentially misused.</p>	<p>manages and controls risk exposures consistent with the Risk Standard, and that a responsible body or audit committee verifies that view (SD4.5.5).</p>
<p>Recommendation 2: The Committee recommends that, as a matter of good governance and due and proper accountability and assurance, the Department of Premier and Cabinet take a greater lead in providing guidance and monitoring compliance as part of their strategic responsibilities for the oversight of critical infrastructure protection arrangements in Victoria. Such strategic oversight and monitoring should include:</p> <p>(a) An appropriate system of internal accountability between itself and departments/agencies implementing the <i>Victorian Framework for Critical Infrastructure Protection from Terrorism</i> policy and the provisions of Part 6 of the <i>Terrorism</i></p>	DPC	Under Review	<p>The Government has established a Declared Essential Services Taskforce which is chaired by DPC. The Taskforce has been established as a Sub-Committee of the Central Government Response Committee (CGRC) to provide coordination, oversight and advice on Declared Essential Service (DES) arrangements under Part 6 of the <i>Terrorism (Community Protection) Act 2003</i>.</p> <p>DPC has also begun seeking regular reports from departments with critical infrastructure protection responsibilities, analysing these reports and providing a report to CGRC on critical infrastructure risk management activities.</p> <p>This recommendation will be considered as part of the review of the role of DPC in assisting the Premier in administering Part 6 of the</p>

<p><i>(Community Protection) Act 2003;</i></p> <p>(b) The identification of the key critical infrastructure protection policy outcomes and performance measures against which the effectiveness of departments' and agencies' critical infrastructure protection arrangements can be assessed; and</p> <p>(c) A comprehensive reporting system to enable monitoring of outcomes and the status of implementation across departments/agencies to identify factors impacting upon the desired outcomes and areas for improvement.</p>			<p><i>Terrorism (Community Protection) Act 2003</i> (to be completed by 31 July 2012) and the redevelopment of the <i>Victorian Framework for Critical Infrastructure Protection from Terrorism</i> (April 2007) (likely to be completed by December 2012).</p>
<p>Recommendation 3: The Committee recommends that the critical infrastructure protection management structure as depicted in the Department of Premier and Cabinet's policy documentation be revised. Such revision should clearly show the Department of Premier and Cabinet as the agency ultimately responsible for overseeing management arrangements across the whole-of-government for the protection of both critical infrastructure and declared essential services and their responsibility to the Premier as the "Minister" accountable to the Parliament for these arrangements.</p>	DPC	Under Review	<p>DPC already oversees whole of Government arrangements for critical infrastructure protection (including protection of declared essential services). The extent of DPC's oversight will be considered as part of the review of the role of DPC in assisting the Premier in administering Part 6 of the <i>Terrorism (Community Protection) Act 2003</i> (to be completed by 31 July 2012) and the redevelopment of the <i>Victorian Framework for Critical Infrastructure Protection from Terrorism</i> (April 2007) (likely to be completed by December 2012).</p>
<p>Recommendation 4: The Committee recommends that the Department of Premier and Cabinet re-consider the Auditor-General's recommendation relating to the development of a performance measurement framework for critical infrastructure protection arrangements in Victoria. Consideration should be given to the development of relevant indicators which assess the extent to which the policy framework is being implemented across departments/agencies and highlighting any areas which may require investigation or attention.</p>	DPC	Support	<p>This recommendation will be considered as part of the redevelopment of the <i>Victorian Framework for Critical Infrastructure Protection from Terrorism</i> (April 2007) (to be completed by December 2012). DPC notes that under the current policy framework, industry owners and operators have no formal obligations requiring them to undertake activities under the policy beyond the requirements of the <i>Terrorism (Community Protection) Act 2003</i>.</p> <p>The Declared Essential Services Taskforce will develop the appropriate performance measures for those industries that have Declared Essential Services.</p>

<p>Recommendation 5: The Committee recommends that the Department of Premier and Cabinet consider and identify key information and indicators to evaluate how well the Department is performing in terms of its own strategic leadership and oversight of critical infrastructure (including essential services) protection arrangements in the State of Victoria.</p>	DPC	Support in part	The Department of Premier and Cabinet is currently finalising the development of performance indicators for its 2012-13 Corporate Plan. The PAEC's review recommendations will be considered as part of this process.
<p>Recommendation 6: The Committee recommends that all government departments with responsibilities in relation to declared essential services under Part 6 of the <i>Terrorism (Community Protection) Act 2003</i> and with responsibilities for the protection of critical infrastructure in the State have appropriate systems in place to monitor and report on their own management performance, to assist proper accountability and identify and drive improvement where needed.</p>	All (DPC, Victoria Police, DH, DOJ, DTF, DOT, DPI, DSE)	Support	Implementation of this recommendation will be considered as part of the review of the role of DPC in assisting the Premier in administering Part 6 of the <i>Terrorism (Community Protection) Act 2003</i> (to be completed by 31 July 2012), the review of the <i>Terrorism (Community Protection) Act 2003</i> (to be completed by June 2013), the work program of the Declared Essential Services Task Force, and the redevelopment of the <i>Victorian Framework for Critical Infrastructure Protection from Terrorism</i> (April 2007) (to be completed by December 2012).
<p>Recommendation 7: The Committee recommends that Victoria Police develop a more formalised internal management reporting system which enables an assessment to be made of their performance in relation to their training exercise supervisory responsibilities under Part 6 of the <i>Terrorism (Community Protection) Act 2003</i> and also in relation to their responsibilities under the <i>Victorian Framework for Critical Infrastructure Protection from Terrorism</i>, and any subsequent iteration of the policy.</p>	Victoria Police	Under Review	This recommendation will be considered by the Declared Essential Services Task Force, the review of the <i>Terrorism (Community Protection) Act 2003</i> (to be completed by June 2013), and the redevelopment of the <i>Victorian Framework for Critical Infrastructure Protection from Terrorism</i> (April 2007) (to be completed by December 2012).
<p>Recommendation 8: The Committee recommends that the Department of Premier and Cabinet and Victoria Police:</p> <p>(a) Take action to identify examples of "best practice" (benchmarks) in relation to the management of departmental</p>	DPC, Victoria Police	Support	This recommendation is being implemented by the Declared Essential Services Task Force and the Security and Continuity Network Coordination Group. The Declared Essential Services Taskforce has commenced collating and identifying departmental practices in relation to responsibilities under the <i>Terrorism (Community Protection) Act 2003</i> .

<p>responsibilities relating to the protection of essential services under Part 6 of the <i>Terrorism (Community Protection) Act 2003</i> and the protection of Victoria's critical infrastructure; and</p> <p>(b) Disseminate these "best practice" models to other government departments with critical infrastructure responsibilities to assist with the improvement of critical infrastructure protection management systems and processes across the public sector.</p>			<p>Best practice models identified as appropriate for dissemination to departments with critical infrastructure management responsibilities will be provided through the SCN-CG and for possible consideration by the Central Government Response Committee.</p>
<p>Recommendation 9: The Committee recommends that the Department of Premier and Cabinet proceed with its intention to formalise and standardise the delegation process by relevant departments under Section 27A of Part 6 of the <i>Terrorism (Community Protection) Act 2003</i> to ensure that departments adopt a common process for ensuring delegates are fully aware of their powers and functions under the Act and that a process is in place to regularly review delegations to ensure they remain relevant and appropriate.</p>	DPC	Support.	<p>DPC has now formalised the delegation process with relevant departments. The process has been endorsed by the Central Government Response Committee through a principles document. DPC has also established a register of delegations.</p>
<p>Recommendation 10: The Committee recommends that the Department of Premier and Cabinet ensure that inter-agency and state-wide risks associated with the implementation of critical infrastructure protection arrangements in the State are identified as a part of the Department's risk management planning processes and that appropriate strategies are developed to manage those risks.</p>	DPC	Under Review	<p>This recommendation will be considered through the governance arrangements being developed under the Emergency Management White Paper (to be completed in 2012), and through appropriate forums such as the State Emergency Mitigation Committee's State Emergency Risk Assessment Project and the State Risk Register .</p>
<p>Recommendation 11: The Committee recommends that the Department of Premier and Cabinet's risk management approach, in relation to its central oversight of critical infrastructure arrangements, takes into consideration any risks associated with: poor central oversight and direction; lack of appropriate and relevant performance measurement;</p>	DPC	Support	<p>DPC's risk management approach in relation to critical infrastructure protection will be considered as part of the review of the role of DPC in assisting the Premier in administering Part 6 of the <i>Terrorism (Community Protection) Act 2003</i> (to be completed by 31 July 2012), the work program of the Declared Essential Services Task Force, and the redevelopment of the <i>Victorian Framework for Critical Infrastructure Protection from Terrorism</i> (April 2007) (to be completed</p>

and informal and unstructured reporting systems; together with strategies to address those risks.			by December 2012).
Recommendation 12: The Committee recommends that the Department of Health make it a priority to identify a complete list of Victoria's health sector critical infrastructure and take action to ensure that procedures are in place to protect this infrastructure from all identifiable threats and risks.	DH, Victoria Police	Support	The Department of Health is working closely with Victoria Police to review and identify critical infrastructure sites in the health sector. This is being achieved through joint existing and planned workshops facilitated by Victoria Police with nominated hospitals, utilising the Victorian Critical Infrastructure Classification Framework assessment tool. DH is taking action to ensure that procedures are in place to protect this infrastructure from all identifiable threats and risk areas as articulated in the <i>Victorian Framework for Critical Infrastructure Protection</i> . DH promotes and supports owners of facilities, whether public health services or private companies in taking responsibility for managing risk within their facilities.
Recommendation 13: The Committee recommends that the Security and Continuity Network-Coordination Group take action to ensure that all critical infrastructure sites in the Victorian health sector are identified and that appropriate risk management strategies are in place to protect those sites.	SCN-CG (DPC, Victoria Police, DH, DOJ, DTF, DOT, DPI, DSE)	Support	The Department of Health (DH) is working closely with Victoria Police to review and identify critical infrastructure sites in the health sector. This is being achieved through joint existing and planned workshops facilitated by Victoria Police with nominated hospitals, utilising the Victorian Critical Infrastructure Classification Framework assessment tool. The SCN-CG supports DH efforts in DH promoting and supporting owners of facilities, whether public health services or private companies in taking responsibility for managing risk within their facilities from all identifiable threats and risks areas as articulated in the <i>Victorian Framework for Critical Infrastructure Protection</i> .
Recommendation 14: The Committee recommends that the Security and Continuity Network-Coordination Group take action to include the Department of Health in discussion and sharing of information to assist in the security and risk management protection of critical infrastructure sites in the health sector.	SCN-CG (DPC, Victoria Police, DH, DOJ, DTF, DOT, DPI, DSE)	Support	The Department of Health is a member department of the Security and Continuity Network-Coordination Group and participates in discussion and sharing of information which may assist with the development and implementation of risk management strategies in relation to critical infrastructure sites in the health sector.
Recommendation 15: The Committee recommends that the Security Continuity Network-Coordination Group should be	SCN-CG (DPC, Victoria	Support	Implementation of this recommendation will be considered as part of the redevelopment of the <i>Victorian Framework for Critical Infrastructure Protection from Terrorism</i> (April 2007) (to be completed

<p>more diligent in carrying out its responsibilities with regard to ensuring that the Security and Continuity Networks are operating effectively and as intended and that the Auditor-General review its diligence and effectiveness over the next two years.</p>	<p>Police, DH, DOJ, DTF, DOT, DPI, DSE)</p>		<p>by December 2012).</p>
<p>Recommendation 16: The Committee recommends that the Security Continuity Network-Coordination Group seek to identify "best practice" Security and Continuity Networks in an effort to highlight practices and activities which might be adopted in those less well developed Networks.</p>	<p>SCN-CG (DPC, Victoria Police, DH, DOJ, DTF, DOT, DPI, DSE)</p>	<p>Support</p>	<p>Discussions at the SCN-CG regularly focus on practices and activities being undertaken by SCNs to share knowledge and best practice between members. The implementation of this recommendation will be further considered as part of the redevelopment of the <i>Victorian Framework for Critical Infrastructure Protection from Terrorism</i>.</p>
<p>Recommendation 17: The Committee recommends that the reporting arrangements in place between the Security and Continuity Networks and the Security Continuity Network-Coordination Group be improved to provide more regular and standardised reports on the status of the key issues relating to the protection of critical infrastructure in the State such as: the identification and recording of sites; the status of risk management arrangements and business continuity planning; and emergency training.</p>	<p>SCN-CG (DPC, Victoria Police, DH, DOJ, DTF, DOT, DPI, DSE)</p>	<p>Support</p>	<p>The SCN-CG has commenced providing a more standardised report to Central Government Response Committee using information provided by departments with responsibilities under the <i>Terrorism (Community Protection) Act 2003</i> and the <i>Victorian Framework for Critical Infrastructure Protection from Terrorism</i>.</p> <p>In addition, individual departments are asked to fill out an annual proforma outlining their department's progress, sector progress, experiences from significant incidents, linkages and initiatives and upcoming activities. The SCN-CG secretariat analyses this information and provides an overview and discussion report for CGRC, along with individual department reports.</p> <p>However, information relating to critical infrastructure sites and their risk management and business continuity practices is not detailed due to security and sensitivity issues.</p>
<p>Recommendation 18: The Committee recommends that the Department of Premier and Cabinet and Victoria Police establish target dates for the implementation of both the <i>Victorian Infrastructure Classification Framework</i> and the methodology to determine declared essential services and</p>	<p>DPC, Victoria Police</p>	<p>Support</p>	<p>DPC has previously advised PAEC that it is intended that Victoria Police, working with SCN chairs, will complete initial testing of the framework for all eight sectors by late 2012. Implementation will commence shortly after this period.</p> <p>The methodology to determine declared essential services is being</p>

<p>report this timetable, together with regular progress updates, to the Security and Continuity Network-Coordination Group for approval and monitoring. The project timelines and progress updates should also be provided to the Central Government Response Committee for noting.</p>			<p>considered by the Declared Essential Services Task Force, but its implementation will be delayed pending redevelopment of the Framework and review of the <i>Terrorism (Community Protection) Act 2003</i>.</p> <p>Progress on these projects will be advised to the Central Government Response Committee.</p>
<p>Recommendation 19: The Committee recommends that as part of its revision of the <i>Victorian Framework for Critical Infrastructure Protection from Terrorism</i>, the Department of Premier and Cabinet develop a more comprehensive, all encompassing policy framework which specifies relevant and appropriate criteria for determining levels of criticality for the State's critical infrastructure together with specific management regimes applicable to each category and an appropriate reporting framework to improve assurance and accountability over the State's critical infrastructure protection arrangements.</p>	DPC	Under Review	<p>This recommendation will be considered as part of the redevelopment of the <i>Victorian Framework for Critical Infrastructure Protection from Terrorism</i>.</p>
<p>Recommendation 20: The Committee recommends that the Department of Premier and Cabinet ensure that any revised critical infrastructure protection policy for the State includes clearly defined and agreed terminology in relation to the preparation, audit and testing of risk management plans to limit confusion and inconsistency and to assist stakeholders in the effective application of the <i>Terrorism (Community Protection) Act 2003</i> and associated policy.</p>	DPC	Support	<p>This recommendation will be implemented in the review of the <i>Terrorism (Community Protection) Act 2003</i> and as part of the redevelopment of the <i>Victorian Framework for Critical Infrastructure Protection from Terrorism</i>.</p>
<p>Recommendation 21: The Committee recommends that all departments/agencies with key roles and responsibilities in relation to the support of critical infrastructure protection have appropriate processes and systems in place to ensure they are meeting their obligations under both Part 6 of the</p>	All (DPC, Victoria Police, DH, DOJ, DTF, DOT, DPI, DSE)	Support	<p>This recommendation will be implemented as part of the review of the role of DPC in assisting the Premier in administering Part 6 of the <i>Terrorism (Community Protection) Act 2003</i> (to be completed by 31 July 2012) and the redevelopment of the <i>Victorian Framework for Critical Infrastructure Protection from Terrorism</i> (April 2007) (to be completed by December 2012).</p>

<i>Terrorism (Community Protection) Act 2003</i> and the current <i>Victorian Framework for Critical Infrastructure Protection from Terrorism</i> .			
Recommendation 22: The Committee recommends that the Security and Continuity Network–Coordination Group review the critical infrastructure risk management monitoring and reporting arrangements established by relevant departments in an effort to identify examples of best practice which can be used to assist improvement in other departments/agencies.	SCN-CG (DPC, Victoria Police, DH, DOJ, DTF, DOT, DPI, DSE)	Support	This recommendation will be considered as part of the redevelopment of the <i>Victorian Framework for Critical Infrastructure Protection from Terrorism</i> (April 2007) (to be completed by December 2012).
Recommendation 23: The Committee recommends that relevant departments/agencies with key roles and responsibilities in relation to the support of critical infrastructure protection implement actions to promote and encourage an all hazards approach to risk management by owners/operators of critical infrastructure and essential services within their portfolios to ensure that strategies have been developed to prepare for the possible occurrence of a range of security risks and threats.	All (DPC, Victoria Police, DH, DOJ, DTF, DOT, DPI, DSE)	Support	This is also a recommendation of the Comrie <i>Review of the 2010-2011 Flood Warnings and Response</i> . Departments and agencies with roles and responsibilities in relation to the support of critical infrastructure risk management arrangements recognise and support an all hazards approach to risk management by owners/operators of critical infrastructure and essential services within their portfolios.
Recommendation 24: The Committee recommends that the Department of Premier and Cabinet investigate avenues available through existing industry legislation, regulations or contract/licensing agreements for industry owners/operators to provide some certification or assurance that they, the owners/operators of critical infrastructure and essential services, are taking appropriate action to protect Victoria's critical infrastructure and essential services from a range of identified risks and hazards.	DPC	Support	DPC understands that the Department of Transport already requires compliance with the <i>Terrorism (Community Protection) Act 2003</i> through its franchise agreements with Declared Essential Services. DPC will investigate through the Declared Essential Services Taskforce other avenues by which assurance could be achieved. This task will be completed by June 2013.
Recommendation 25: The Committee recommends that the Department of Premier and Cabinet together with the Department of Justice consider utilising the expertise of the	DPC, DOJ	Support	This recommendation will be considered through the review of the role of DPC and Victoria Police in administering Part 6 of the <i>Terrorism (Community Protection) Act 2003</i> (to be completed by 31 July 2012), the Emergency Management White Paper, the review of the <i>Terrorism</i>

Office of the Emergency Services Commissioner in developing and conducting training exercises to assist owners/operators of critical infrastructure and essential services in validating their emergency management planning and preparedness to a range of risks/threats.			<i>(Community Protection) Act 2003</i> (to be completed by June 2013) and the redevelopment of the <i>Victorian Framework for Critical Infrastructure Protection from Terrorism</i> (April 2007) (to be completed by December 2012).
Recommendation 26: The Committee recommends that the Department of Premier and Cabinet together with the Department of Justice consider the option of the Office of the Emergency Services Commissioner providing a centralised database of critical infrastructure protection training exercises to enable central analysis to better identify and share improvement strategies.	DPC, DOJ	Support	Government supports the development of a centralised training database. This recommendation will be further considered through the Emergency Management White Paper (to be completed by 2012), and the redevelopment of the <i>Victorian Framework for Critical Infrastructure Protection from Terrorism</i> (April 2007) (to be completed by December 2012).

