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Parliament of Tasmania

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## **PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS**

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### **2010-11 Annual Report**

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#### **Members of the Committee**

**Mr Brenton Best MP  
Mr Ivan Dean MLC  
Mr Peter Gutwein MP**

**Mr Kim Booth MP  
Ms Ruth Forrest MLC  
Mr Jim Wilkinson MLC (Chair)**

## **PUBLIC ACCOUNTS COMMITTEE**

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**Parliament of Tasmania**

**Public Accounts Committee**

*Annual Report for 2010-11*

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## CHAIR'S FOREWORD



I am pleased to present the inaugural Annual Report of the Joint Standing Committee for Public Accounts for the 2010-2011 year. This year highlighted a heightened pace and program activities within the Public Accounts Committee.

I am pleased to advise that during the past year the Public Accounts Committee have developed and instigated processes which have been an issue of importance to me, as Chair, for a number of years.

In addressing one of these issues, the Committee has implemented a regular and systematic six-monthly follow up of performance audits and Special Reports of the Auditor-General as referred to the Committee under the Auditor-General's Act.

In my view, it is of significant importance that the Special Reports of the Auditor-General are routinely followed-up. The systems that have now been implemented by the Committee work towards readily accessing issues raised by the Auditor-General in relation to agencies' accountability. The recommendations to those agencies are now fully reviewed and implementation rates accessed by the Committee.

In following-up the Auditor-General's Special Reports, the Committee has commenced an Inquiry into Special Report #72 of 2008 on Public Sector Performance Information. This Inquiry has gathered relevant information and Departments questioned on their implementation and up-take of the Auditor-General's recommendations. At this stage, I envisage the Committee will be reporting on this Inquiry by the end of the 2011 calendar year.

The Joint Standing Committee of Public Works approved works projects have also come under scrutiny by the Public Accounts Committee. Previously there has been no method in place for routine-follow-up on these extensive projects to ensure that the works are completed in a timely and fashionable way, within the budget and have been effectively managed. The process and procedures now implemented by the Public Accounts Committee ensures that all projects approved by the Public Works Committee are now followed-up accordingly to ensure that due diligence has been carried out and thereby enforce greater accountability to the Parliament around the management of those major projects. The Committee began this process with the 2010-2011 Kingston High School Project Report which highlights a Public Works Project that was completed effectively and within the pre-determined budget.

## **CHAIR'S FOREWORD (cont)**

In addition, the Committee reviewed and approved the Auditor-General's Annual Plan of Work and will continue to work with his office over the coming year. The Auditor-General is to be commended for his contribution to the Tasmanian Parliament and community.

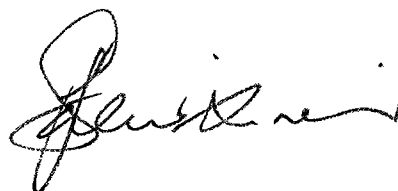
In January of this year, the administration of the Joint Committee was moved from the House of Assembly to the Legislative Council. On behalf of the Committee, I wish to thank previous Secretariat staff, Mrs Heather Thurstans for her dedication and assistance to the Committee over many years.

As a result of the administrative move, the Committee also welcomed its new Secretariat staff, Ms Jenifer Austin and Ms Ilise Bourke. The Committee have been most impressed with the Secretariat's professionalism, enthusiasm and steadfast commitment to assisting them in making and delivering the extensive changes and intensive work program during this past year.

In conclusion to an eventful and very successful year for the Committee, I wish to thank the Premier, Treasurer, Ministers, Secretaries of Departments and their officers, as well as the Auditor-General and his office, for their valued cooperation and contribution regarding assistance provided in promoting accountability.

I thank the Committee Members for their dedication and constructive participation and continued bi-partisan support.

I enthusiastically look forward to continuing to work together over the coming year as we progress the current years projects and improvements to ensure a robust, committed and successful Public Accounts Committee dedicated to creating greater accountability to the Tasmanian Parliament and the wider community.

A handwritten signature in black ink, appearing to read 'Jim Wilkinson', with a stylized flourish at the end.

**Hon Jim Wilkinson MLC**

**Chair**

# CHAPTER 1: THE PUBLIC ACCOUNTS COMMITTEE

## 1.1 Background

The Public Accounts Committee is a Joint Standing Committee of the Tasmanian Parliament constituted under the *Public Accounts Committee Act 1970*.

The Committee comprises six Members of Parliament, three members drawn from the Legislative Council and three members from the House of Assembly.

Its functions under the *Public Accounts Committee Act* (Section 6) are to inquire into, consider and report to Parliament on:

- any matter referred to the Committee by either House relating to:
  - the management, administration or use of public sector finances; or
  - the accounts of any public authority or other organisation controlled by the State or in which the State has an interest;
- any matter arising in connection with public sector finances that the Committee considers appropriate; and
- any matter referred to the Committee by the Auditor-General.

The Public Accounts Committee (PAC) also has oversight responsibilities regarding independence of the Auditor-General, which are derived from the *Audit Act 2008*.

## 1.2 The Committee's responsibilities

The Committee has responsibility in key areas encompassing: (a) Public Accounts; and (b) Auditing Independence Oversight.

### (a) Key Responsibility Area: Public Accounts

The Committee has key roles in this area including: undertaking general inquiries into some aspects of administration or public sector management, including inquiries into the accounts of any public authority or other organisation controlled by the State or in which the State has an interest (these inquiries can be resulting from a referral from either House or can be self-initiated); and following-up matters referred by the Auditor-General to the PAC.

An important area of focus for the Committee is following up Auditor-General's reports to Parliament per S 6(2) b of the *Public Accounts Act 1970*. The Committee is pleased to report that it has made progress in that area during 2010-2011 and has

## **1.2 The Committee's responsibilities (cont)**

### **(a) Key Responsibility Area: Public Accounts (cont)**

implemented a framework for following up those reports. In scrutinising the work of the Auditor-General, the Committee believes it can provide greater awareness within the Parliament and the community, leading to increased information and greater transparency.

The relationship between the Public Accounts Committee and the Auditor-General is captured in the "Statement of Understanding" established in 2007 between the two parties, which reinforces a shared common mission to enhance public sector accountability and performance. While the work of each party is complementary, the Statement of Understanding reinforces the independence of each in the carrying out of duties under their respective legislation, the *Public Accounts Act 1970* and the *Audit Act 2008*.

### **(b) Key Responsibility Area: Auditing Independence Oversight**

The Public Accounts Committee has a statutory responsibility under the *Audit Act 2008* to:

- consult with the Treasurer regarding the appointment of the Auditor-General - S9 (2)
- review the Auditor-General's draft annual plan, and provide comments on it to the Auditor-General prior to its finalisation and tabling in Parliament - S11(1)(b)(2-6)
- review the findings of the periodic (at least once in 5 years) review of the efficiency, effectiveness and economy of the Tasmanian Audit Office operations – S 44(5)

## **1.3 Committee Operations**

The Committee operations include a mix of self-initiated inquiries and referred inquiries. The Committee receives submissions and conducts briefings and hearings on such matters as required. Results of inquiries are presented in reports that are tabled in both the House of Assembly and the Legislative Council. Those reports are available to the public and are posted on the Committee website <http://www.parliament.tas.gov.au/ctee/Joint/pacc.htm>.

The website provides background information on the Committee's roles and functions, and provides details of members, administration, current inquiries, meeting dates, recent reports and past inquiries. The Committee also has an email address: [pac@parliament.tas.gov.au](mailto:pac@parliament.tas.gov.au), which is used for outside correspondence with the public and external bodies.

In addition to administrative and other support provided to the Committee by the PAC Secretariat, the Parliamentary Research Service has provided timely and valuable research assistance during the year.

## **CHAPTER 2: YEAR IN REVIEW 2010-2011**

### **2.1 Inquiries Initiated**

#### **2.1.1 Report No. 11 of 2011: Report on Kingston High School**

##### **(a) Background to the report**

The Committee deliberated on expenditure on projects approved by the Public Works Committee including possible cost overruns and contract deviations. Comparisons with private developments, conditions imposed by the Crown and any likely impediments to competitive contract pricing were also considered. The Committee resolved that the new Kingston High School project (a Public Works Committee approved project) be examined with those aspects under consideration.

Accordingly, the Joint Standing Committee of Public Accounts adopted the following terms of reference at its meeting on 13 October 2010.

“That the new Kingston High School project be examined to ascertain compliance with the project as approved and described by the Public Works Committee Report Parliamentary Paper No. 12 of 2008”.



## **2.1 Inquiries Initiated (cont)**

### **2.1.1 Report No. 11 of 2011: Report on Kingston High School**

#### **(b) Committee's findings**

The Committee was impressed with the process undertaken by the Education Department to ensure that the project was completed within the budget allocation and before the expected date. The Committee commended the successful project and endorsed the view of the senior educator who praised the energy and sustainability aspects of the project.

#### **(c) Tabling of the report**

The report was tabled on 17 March 2011 in the Legislative Council and the House of Assembly.

## **2.2 Other Reviews Undertaken 2010-11**

The following matters were reviewed and no Inquiry was initiated:

**2.2.1 Housing Tasmania** – review into rental income, structure for determining rents and asset sales, purchases and construction. The Committee received a briefing from officials of Housing Tasmania.

**2.2.2 Abalone Viral Ganglioneuritis (AVG) Virus** – review into matters surrounding income from the wild abalone fishery and financial resources for managing disease outbreaks. The Committee received a briefing from officials of the Department of Primary Industries, Parks, Water and Environment.

## **2.3 Briefings and Submissions**

### **(a) By the Auditor-General**

#### **2.3.1 Annual Plan of Work 2011-12**

The Auditor-General, Mr Mike Blake, briefed the Committee on his proposed work plan for 2011-12. The Committee endorsed the plan for the coming year and noted in their written response to the Auditor-General:

*"the increasing demands on your Office and whilst it (the Committee) appreciates the financial difficulties being faced by the State, supports the provision of sufficient resources to enable your extremely important audit program to be completed".*

#### **2.3.2 Briefings on Special Reports**

The Committee was briefed by the Auditor-General and officials from his office on the following matters:

- Performance Audit – Audit Planning Memorandum in relation to Aurora Energy and an election promise of a 5 per cent price cap;
- The Auditor-General's Special Report No. 72 on Public Sector Performance Information.

### **(b) Other Briefings**

#### **2.3.3 During the year, the Committee also received briefings with respect to the following matters:**

- Review of Tasmania's Financial Management Framework – briefing received from Treasury officials. The Committee provided feedback to Treasury as requested.
- Representation was received from the University of New South Wales in relation to the Committee's consideration of the national Joint Committee of Public Accounts and Audit Inquiry into National Funding Agreements. Treasury and DPAC officials also gave a briefing in relation to National Funding Agreements.

## **CHAPTER 3: WORK IN PROGRESS**

The following work is currently being undertaken by the Committee and is at various stages of progress:

- Follow up of Public Works Committee approved projects for the period Feb 2008 – Mar 2009
- Review of Auditor-General's Special Report No.72 – Public Sector Performance Information
- Follow up review on Auditor-General Special Reports – No. 82 to No. 86 (for the period Jul 2009 – Dec 2009)

## **CHAPTER 4: ACPAC**

### **4.1 Background**

The Australasian Council of Public Accounts Committees (ACPAC) was established in 1989. ACPAC is an 'umbrella' organisation of Public Accounts Committees (PACs) with membership open to all Australasian Parliamentary PACs, including those from Australia, New Zealand, Papua New Guinea, Fiji and the Solomon Islands. The aims of ACPAC include the following: to facilitate the exchange of information and opinion relating to Public Accounts Committees; to discuss matters of mutual concern and to improve the quality and performance of Public Accounts Committees in Australasia.

An APCAC conference is held every two years, and in the intervening year a mid-term meeting is held to develop an agenda for the next ACPAC conference, as well as to discuss other issues of mutual concern around PAC-related themes, such as the varied approaches of PAC equivalents to common issues. As part of its role, ACPAC oversees the arrangements for the biennial conference of PACs and the mid-term year meetings.

The Tasmanian Standing Committee of Public Accounts is a full member of ACPAC and as such, is committed in support of its role and function.

## **4.2 ACPAC Activities 2010-11**

The Tasmanian PAC maintains an active involvement in ACPAC affairs and has supported ACPAC during the past year as follows:

### **4.2.1 Mid-Term Meeting July 2010 – hosted by Tasmanian PAC**

The Chair of the Committee, Hon Jim Wilkinson MLC hosted the mid-term meeting of ACPAC in Hobart on 5 July 2010 on behalf of the Tasmania Standing Committee of Public Accounts.

### **4.2.2 Jurisdiction Report**

The Tasmania Standing Committee of Public Accounts tabled a Jurisdiction Report to the ACPAC Conference in Perth, Western Australia on 27 April 2011, detailing Committee activity since the last ACPAC conference held in 2009 in New Zealand.

### **4.2.3 ACPAC Biennial Conference**

The ACPAC Biennial Conference was held in Perth Western Australia 27 -29 April 2011.

- a) Committee attendees were: Hon Jim Wilkinson MLC (PAC Chair); Hon Ms Ruth Forrest MLC (PAC Member); Ms Sue McLeod (PAC Secretariat).
- b) Hon Jim Wilkinson MLC spoke to the Tasmanian PAC Jurisdiction Report, at a plenary session held 29 April 2011, highlighting areas of interest and noteworthy aspects of the Report.
- c) Tasmanian PAC was represented by Hon Jim Wilkinson MLC in a Panel Discussion Session held 28 April 2011 on “Opposition-Led Committees”.
- d) An ACPAC Meeting was held following the Conference on 29 April 2011. Hon Jim Wilkinson MLC attended on behalf of the Tasmanian PAC.

## **CHAPTER 5: ADMINISTRATION**

### **5.1 Committee Membership**

As a joint standing committee, the Public Accounts Committee comprises three eligible members nominated from each house of Parliament in Tasmania.

Members during 2010-2011 were as follows:

<b>House of Assembly</b>	<b>Legislative Council</b>
Mr Brenton Best MP	Hon Ivan Dean MLC
Mr Kim Booth MP	Hon Ruth Forrest MLC
Mr Peter Gutwein MP	Hon Jim Wilkinson MLC (Chair)

### **5.2 Members' Attendance**

Committee Meetings and Hearing were scheduled and conducted throughout the year. Attendance by Committee members at full committee meetings over the period 1 July 2010 – 30 June 2011 is recorded below:

	<b>Full Committee Meetings</b>	
	<b>Eligible to Attend</b>	<b>Attended</b>
Mr Brenton Best MP	<b>11</b>	<b>9</b>
Mr Kim Booth MP	<b>11</b>	<b>7</b>
Hon Ivan Dean MLC	<b>11</b>	<b>9</b>
Hon Ruth Forrest MLC	<b>11</b>	<b>11</b>
Mr Peter Gutwein MP	<b>11</b>	<b>11</b>
Hon Jim Wilkinson MLC	<b>11</b>	<b>11</b>

### **5.3 Committee Secretariat**

The Committee was assisted by the following secretariat:

Secretary	Mrs H Thurstans (01 July 2010 - 25 February 2011)
	Mrs S McLeod (Acting Secretary 1 March – 08 May 2011)
	Ms J Austin (09 May 2011 - current)
Executive Assistant	Ms D Hudson (01 July 2010 - 25 February 2011)
	Ms J Thompson (1 March – 13 April 2011)
	Ms I Bourke (13 April 2011 - current)
Research Officer	Dr Bryan Strait (01 July 2010 – current)