



PUBLIC ACCOUNTS COMMITTEE

Annual Report 2013-14

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PUBLIC ACCOUNTS COMMITTEE - MEMBERSHIP

Members of the 48th Parliament

Ivan N Dean MLC
Chair
Member for Windermere



Ruth J Forrest MLC
Vice-Chair
Member for Murchison



Scott Bacon MP
Member for Denison



Sarah Courtney MP
Member for Bass



Joan F Rylah MP
Member for Braddon



Adriana J Taylor MLC
Member for Elwick



Members of the 47th Parliament

Ivan N Dean MLC
Chair

Peter C Gutwein MP
Vice-Chair

Brenton R Best MP

Kim D Booth MP

Paul Harriss MLC

Adriana J Taylor MLC

CHAIR'S FOREWORD

I am pleased to present the 2013-14 Annual Report of the Public Accounts Committee.

This Annual Report highlights the conclusion of the Committee of the 47th Parliament as well as the very recent beginning of the new Committee of the 48th Parliament. The current committee of the 48th Parliament was established as a six member Committee by the *Public Accounts Committee Act 1970*. Committee Members of the House of Assembly were appointed during the sitting week commencing Tuesday, 16 May 2014 and of the Legislative Council during the sitting week commencing Tuesday, 27 May 2014.

I note that the Committee of the 47th Parliament had seen a dedicated continuation in the work of the Public Accounts Committee (PAC) as it performed its oversight role in supporting accountability for the use of public finances, before the Parliament prorogation period of three months as a result of the State election.

The Committee's work included reviews of public works, reviews of Auditor-General's Special Reports, self-initiated reviews and a referred inquiry into the RSPCA from the House of Assembly. The RSPCA inquiry was lengthy and taxing, with Members required to examine a very high volume of complex and conflicting evidence. In addition, the Committee commenced a complex and challenging inquiry into the State funding of AFL Tasmania. I commend Members for their long hours and hard work on both of these inquiries.

I would like to take this opportunity to thank the Auditor-General and his office for their contribution to the Tasmanian Parliament and community and commend the Office for their ongoing assistance and support of the Committee's work.

In conclusion to an eventful and very successful year for the PAC, I also wish to thank the Premier, Treasurer, Ministers, Secretaries of Departments and their officers, as well as the administrative staff for their valued cooperation and contribution regarding assistance provided to the Committee.

In 2013-14 the Committee farewelled its Secretary, Ms Jenifer Austin and Executive Assistant, Ms Emily Ratnagobal. I thank them for their enthusiasm, professionalism and their willingness to assist the Committee. In June 2014 the Committee welcomed its new Secretary, Ms Gabrielle Woods, and Assistant Committee Secretary, Ms Natasha Exel.

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



Hon Ivan Dean MLC

THE PUBLIC ACCOUNTS COMMITTEE

A. 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.

Under section 6 of the *Public Accounts Committee Act* the Committee must 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.

Additionally, the Committee may inquire into, consider and report to the Parliament on:

- 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*.

B. Responsibility of the Committee

The Committee has responsibility in key areas encompassing Public Accounts and Auditor-General Independence Oversight.

(i) 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 in accordance with section 6.2(b) of the *Public Accounts Committee Act 1970*. The Committee is pleased to report that it has continued its series of rolling reviews of the Auditor-General's Special Reports in 2013-14.

The Public Accounts Committee and the Auditor-General share a common mission "to enhance public sector accountability and performance" which is reinforced in their 2012 Statement of Understanding. While the work of both parties is complementary, the Statement of Understanding reinforces the independence of each party in the carrying out of duties under their respective legislation, the *Public Accounts Committee Act 1970* and the *Audit Act 2008*.

(i) Auditor-General Independence Oversight

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

- Section 9 - consult with the Treasurer regarding the appointment of the Auditor-General;
- Section 11 - 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; and
- Section 44 - review the findings of the periodic review of the efficiency, effectiveness and economy of the Tasmanian Audit Office operations.

C. 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, which is used for outside correspondence with the public and external bodies.

The Committee receives administrative and other support from the PAC Secretariat, and timely and valuable research assistance from the Parliamentary Research Service.

YEAR IN REVIEW 2013-14

A. Inquiries Initiated

Inquiry into government funding of Australian Rules community football in Tasmania

The Public Accounts Committee of the 47th Parliament resolved of its own motion to inquire into and report upon:

- The funding provided to AFL Tasmania by the Tasmanian Government and how the funding is expended to develop and support community football in Tasmania (including umpiring);
- The outcomes achieved in respect of the future and structure of community football in Tasmania and those who support and provide services to it as a result of that funding; and
- Any other matters incidental thereto.

The previous Committee had received submissions from interested parties, conducted Hearings but had not progressed to the report stage before the Parliament prorogation period as a result of the State election.

At the time of this report, the current Committee has yet to resolve whether to continue proceedings, in accordance with section 8 of the *Public Accounts Committee Act 1970* and progress to reporting on this matter.

B. Reports Issued

Report No. 23 of 2013: Royal Society for the Prevention of Cruelty to Animals (RSPCA) Inquiry

(i) Background to the report

The Committee had the Term of Reference for this Inquiry referred to it from the House of Assembly on 14 November 2012. The Term of Reference was “to investigate and report upon the capacity of the RSPCA to receive and expend public monies in accordance with public expectation”.

(ii) Committee’s findings and recommendation

In general terms, the Committee found that the RSPCA brand is strong and its importance to the community with respect to animal welfare is invaluable. Notwithstanding that animal welfare issues will always be challenging, Inspectorate services provided to the Government (particularly, the Department of Primary Industries, Parks, Water and Environment (DPIPWE)) in administering the *Animal Welfare Act 1993* (Tas) are highly valued by DPIPWE.

Whilst the Inquiry found evidence of dysfunction within the RSPCA, the core of the organisation is not broken. However, the Committee is of the view that the RSPCA is not currently well placed to receive or expend government monies. It is the Committee’s view that the RSPCA has been distracted over a long period from its core functions which have highlighted the need for an organisational review and restructure. Factors which have contributed to this finding include its present structure, governance and operating model.

Furthermore, there are underlying questions around the sustainability of the RSPCA if it does not implement good governance practices, new strategies and direction.

The Committee's recommendation with respect to the above findings was not prescriptive. It strove to provide a broad pathway for any future direction by the RSPCA or DPIPWE.

The recommendation was that, subject to DPIPWE and the RSPCA agreeing to an ongoing relationship, whereby the Inspectorate service is funded by DPIPWE and housed in the RSPCA:

- (a) the RSPCA signs an MOU with DPIPWE as early as possible and at latest by the end of the calendar year. The MOU is to be in addition to any future Services Agreement between the DPIPWE and the RSPCA for Inspectorate Services.

Such MOU to include clauses to the following effect:

1. that the RSPCA commits to work constructively towards the development of an appropriate and efficient operating model;
2. that the most appropriate form of corporate governance for the organisation be adopted; and
3. that the RSPCA agree with DPIPWE on key targets and indicators for implementation of the restructure and ongoing performance of the organisation;

- (b) the DPIPWE review the service level it requires for the Inspectorate and considers the adequacy of funding, commensurate with that service level expectation.

This recommendation provides broad support for a new business model and restructure of the RSPCA as well as implementation of an enhanced governance framework and processes.

It is the Committee's view that before any future funding agreement is committed to, the Government must be satisfied that the RSPCA has restructured appropriately, taking account of the findings of this Committee.

(iii) Tabling of the report

The report was tabled in Parliament on 14 November 2013.

C. Follow-up of Auditor-General's Special Reports

The follow-up of Auditor-General's reports to Parliament, in accordance with section 6(2(b)) of the *Public Accounts Act 1970*, is an important aspect of the Committee's work. The Committee can follow up on matters raised by the Auditor-General in various reports to the Parliament, and take further evidence on the progress achieved by public sector agencies on the Auditor-General's recommendations where attention has been drawn to financial concerns or issues of efficiency.

During 2013-14 the Committee continued with its previously implemented framework for the follow-up of the Auditor-General's Special and other reports. Accordingly the second follow up of Special Reports by PAC was instigated.

D. Briefings and Submissions

(i) By the Auditor-General

Annual Plan of Work 2014-15

The Auditor-General, Mr Mike Blake, briefed the Committee on his proposed work plan for 2014-15. The Committee endorsed the plan for the coming year.

Briefings on Reports

The Committee was briefed by the Auditor-General and staff members from his office on the following Special Reports:

- No. 1 of 2013-14 Fraud control in local government
- No. 5 of 2013-14 Infrastructure financial accounting in local government
- No. 6 of 2013-14 Redevelopment of the RHH: governance and project management
- No. 7 of 2013-14 Police response to serious crimes
- No. 10 of 2013-14 Government radio communications
- No. 11 of 2013-14 Compliance with the alcohol, tobacco and other drugs plan
- No. 12 of 2013-14 Quality of Metro services
- No. 13 of 2013-14 Teaching quality in public high schools

(ii) During the year, the Committee also received briefings with respect to the following matters:

- A briefing from Treasury officials about the Financial Management Bill, this follows on from a similar presentation to the previous Committee. The Committee will receive a further briefing with additional time for questions early in 2014-15 and aim to provide the Department with feedback following this.

WORK IN PROGRESS as at 30 June 2014

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

- Review of the Report provided by Nexia Australia in accordance with section 44 of the Audit Act 2008, under which the Tasmanian Audit Office is subject to a review of the efficiency, effectiveness and economy of its operations at least once in every period of five-years. This is the first review undertaken since the commencement of the Act.
- The new Committee is to determine whether to proceed with a number of inquiries commenced by the previously constituted Committee, including:
 - An inquiry into the separation arrangement for Mr Barry Greenberry;
 - A review of the ABT Railway lease;
 - An inquiry into the Tasmanian Education Foundation; and
 - An inquiry into government funding of Australian Rules community football in Tasmania.
- Follow up review on Auditor-General Special Report No. 95 - Fraud control;

AUSTRALASIAN COUNCIL OF PUBLIC ACCOUNTS COMMITTEE

A. 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.

B. ACPAC Activities 2013-14

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

(i) Mid-term meeting June 2014

The Mid-Term meeting of ACPAC was held in Melbourne, Victoria, from 19-20 June 2014.

Committee member attendees were Ruth Forrest, MLC and Adriana Taylor, MLC.

The meeting considered:

- Key lessons learnt from hosting the ACPAC conference presented by delegates from NSW;
- The proposed program, workshop themes, and dates for the Biennial conference to be hosted by South Australia in 2015;
- ACPACs international engagement strategy and adoption of the International Engagement Strategy paper as ACPAC policy for implementation by member jurisdictions with regional Councils of PACs;
- Proposed options for a Commonwealth Association of Public Accounts Committees and an agreed response from ACPAC to Philip Aylett, House of Commons, London and David Goldsworthy, National Audit Office, London;
- Future ACPAC conferences and Mid-term meeting rotations;
- Proposed amendments to the ACPAC constitution including absentee voting on agenda items by ACPAC members unable to attend meeting, introduction of nominal fee to be charged by host jurisdiction of and ACPAC Mid-term meeting for registration of attendees and the explicit formalisation of an additional aim of ACPAC to implement the International Engagement Strategy by engagement with the international parliamentary community.

CHAPTER 5: ADMINISTRATION

A. Members' Attendance

Committee Meetings and Hearings were scheduled and conducted throughout the year.

Attendance by Committee members at full committee meetings over the period 1 July 2013-30 June 2014 is recorded below:

	Full Committee Meetings	
	Eligible to Attend	Attended
48th Parliament		
Ivan N Dean MLC (Chair)	4	2
Scott Bacon MP	4	3
Sarah Courtney MP	4	3
Ruth Forrest MLC	4	3
Joan Rylah MP	4	4
Adriana Taylor MLC	4	4
47th Parliament		
Ivan Dean MLC (Chair)	20	20
Brenton Best MP	20	18
Kim Booth MP	20	20
Peter Gutwein MP	20	20
Paul Harriss MLC	20	20
Adriana Taylor MLC	20	17

B. Committee Secretariat

The Committee was assisted by the following secretariat:

Secretary	Ms Jenifer Austin (to 19 March 2014) Mrs Sue McLeod (19 March to 10 June 2014) Ms Gabrielle Woods (from 10 June 2014)
Assistant Committee Secretary	Ms Natasha Exel (from 10 June 2014)
Executive Assistant	Ms Emily Ratnagobal (to 24 December 2013)
Research Officer	Dr Bryan Stait