

**PUBLIC ACCOUNTS COMMITTEE**

*Accountability and Not-For-Profit Organisations - Forty-ninth Report* *Report of Standing Committee*

**MR TRENORDEN** (Avon) [10.02 am]: We just heard a speech from one of the characters of the House. It is good to see that that member carries passion all the way through to his last day of sitting of the House. The member was never more effective than the night he used his shoe phone. That was the pinnacle of his political career.

Mr House interjected.

Mr TRENORDEN: Absolutely. He got an answer on the shoe phone, and it would not stop ringing, which was a bit of a problem. Nevertheless, it was a very high moment in this Chamber.

I present for tabling the forty-ninth report of the Public Accounts Committee in relation to "Accountability and Not-For-Profit Organisations", and the related transcript of evidence.

[See papers Nos 548A and B.]

Mr TRENORDEN: This report has been some time coming, and it was not without a little pain that the Public Accounts Committee progressed through this matter. The committee undertook the inquiry because of a recognition, particularly with the not-for-profit organisations, that the national competition policy and contracting out was causing some pain. However, the national competition policy is not the reason for contracting out in the social welfare areas. For these organisations, contracting out has been taking place for a couple of decades. Nevertheless, national competition policy sped up the process, and throughout Australia and the western world outsourcing is now very much a way of life for welfare services.

As a result of this shift, a substantial burden has been placed on not-for-profit organisations to meet the contracting and accountability mechanisms. The problem is that these organisations range from exceedingly small organisations, often located deep in the rural areas of Western Australia, to very sizeable organisations in the metropolitan area. Their views differ. The committee advertised widely for submissions from interested people, but was disappointed with the number of responses it received. The committee did not receive enough responses to meet its needs. Therefore, it cast its net wider and carried out a substantial review of all States, of the federal mechanisms and of matters relating to not-for-profit organisations. I quickly make the point that the fact that the committee did not receive a large number of submissions was countered by very substantial research carried out by the committee, particularly by its staff. We rounded up a large amount of information. This report is not easy to read because it is packed with detail.

The committee is of the view that the poor response could be attributed to differences among government agencies and the way they deal with not-for-profit organisations and, on the other hand, the way the not-for-profit organisations deal with government. The variation about which I spoke a few moments ago is very real. Some of the big organisations in this welfare area say that these changes are excellent. They give them the capacity to put systems into place. They deal with the agencies, they have everything down pat, and the system is excellent. On the other hand, small organisations say that these changes are outrageous, and they do not have the capacity or the resources to meet the accountability demands. They lose too much of their grant in trying to meet the specifications. The committee heard both of those comments, which were in stark contrast, about a similar program. The important factor for the committee - the committee made this point in the report - was that the last thing it wanted was to lose those small not-for-profit organisations, because that would impact heavily upon the voluntary aspect of community services. That is an important consideration. There are more than 2 000 not-for-profit organisations in Western Australia, and they deliver a wide spectrum of services. As I said, their mode of operation varies enormously.

The major issues faced by not-for-profit organisations include - this is not meant to be an exhaustive list - the use of scarce resources for carrying out administrative procedures - I have just mentioned that; the lack of knowledge of the important role that volunteers play - that is a major issue and one that all of us continue to echo back to agencies to make sure they are not killing off voluntary activity; and a lack of collaboration between government agencies and not-for-profit organisations in the determination of benchmarks and the development of uniform standards of practice.

The committee found, among other things, that there is no standard approach to formulating service agreements or service contracts between the agencies. The report refers to the seven major agencies. Each of those approached the task of contracting out differently. Of course, some of those not-for-profit organisations deal with more than one agency. Therefore, that activity needs to be pulled together to make sure it is more uniform. It must be remembered that this is the area of community and human services.

In the House in the past decade we have talked about outcomes and performance audits - all those bits of jargon that are now a major part of our communication. However, it is pretty hard for agencies to establish sound performance and outcome auditing formats.

I believe, and I am sure the other committee members believe, that that process is far from perfect and must be amended to allow not-for-profit organisations and agencies to interact with the outcome specified in the program. Members know that the Auditor General has a key role in this area and that he is still working on this issue. He also released a report on this issue about six months ago.

The tendency for not-for-profit organisations to rely on estimates to determine the total financial cost of meeting accountability requirements is unacceptable. The total financial cost relative to accountability should be expressed as an actual cost, but it is usually done as a guesstimate or an estimate. It is hard to run fixed programs if agencies are relying on guesstimates and estimates. It is like putting one's hand in a bucket of water.

Extensive work must be done in this area. However, the committee does not want to see that done without due caution and care. In many cases we are dealing with volunteers, and voluntary efforts must be valued highly.

I extend my appreciation to members of the committee. Serving as Chairman of the Public Accounts Committee of this Parliament has been a very fulfilling exercise. The members who have served on the committee over the past four years have been outstanding in their delivery of service to this State. I do not say that lightly. We have received praise from as far away as the eastern States, Canada, South Africa and the United Kingdom for some of our reports and activities. In fact, during the course of this Parliament, the committee was invited to Canada, which has a parliamentary system very similar to ours but a very different public accounts committee arrangement. Members might be interested to know that in one State - I will not name it because I do not want to embarrass anyone - the public accounts committee is chaired by the Minister for Finance and in 1998 it was dealing with the 1994 agenda, which was run by the same minister. That is dramatically different from the structure of any Australasian Public Accounts Committee.

I thank the deputy chair, Larry Graham; Ian Osborne, who has spent most of the past four years of this Parliament serving on the committee; Monica Holmes, Alannah MacTiernan and Chris Baker. They have been very diligent and capable members. Each committee member is an individual and each, with his or her own strong personality, was prepared to serve the committee and to make the committee function. I appreciate that very much because it made my job much easier.

As usual, the staff of the committee has been outstanding. I have great admiration for the past and present staff. Andrew Young served the committee early in the life of this Parliament and carried out his duties with great distinction. Kirsten Robinson, Stefanie Dobro and a number of other people have all been outstanding. Hopefully, Stefanie will be back some time next year. Dr Janet Preuss was appointed to the very demanding position of senior research officer. Amanda Millsom-May has been the only long-term staff member serving the committee, so Janet's task was very difficult, and she has done it with distinction. Amanda is a rock and an outstanding performer for the committee. She is the conscience of the committee; she is always asking us about the consequences of our debates, and we all appreciate that. Liz Kerr has recently joined the team and has been very quick on the uptake. She is a valuable member of the staff. I feel that I can denigrate Alf Opie a little because he is currently sailing from South Africa to Fremantle, which would be an outstanding experience and I feel jealous of him. To be fair, I must point out that this report was his baby; he put in a considerable effort and had to deal with the usual problem of members picking it to pieces. Nevertheless, his was an outstanding effort. I commend the report to the House.