



PUBLIC ACCOUNTS COMMITTEE

ANNUAL REPORT 2010-2011

Report No. 13

in the 38th Parliament

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Public Accounts Committee

Annual Report 2010-2011

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ANNUAL REPORT 2010-2011

Report No. 13

Presented by:

Hon J.C. Kobelke, MLA

Laid on the Table of the Legislative Assembly
on 18 August 2011

COMMITTEE MEMBERS

| | |
|------------------------|---|
| Chairman | Hon J.C. Kobelke, MLA Member for Balcatta |
| Deputy Chairman | Mr J.M. Francis, MLA Member for Jandakot |
| Members | Mr A. Krsticevic, MLA Member for Carine Ms R. Saffioti, MLA Member for West Swan Mr C.J. Tallentire, MLA Member for Gosnells |

COMMITTEE STAFF

| | |
|-----------------------------------|----------------------------|
| Principal Research Officer | Dr Loraine Abernethie, PhD |
| Research Officer | Mr Mathew Bates, BA (Hons) |

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COMMITTEE'S FUNCTIONS AND POWERS

The Public Accounts Committee inquires into and reports to the Legislative Assembly on any proposal, matter or thing it considers necessary, connected with the receipt and expenditure of public moneys, including moneys allocated under the annual Appropriation bills and Loan Fund. Standing Order 286 of the Legislative Assembly states that:

The Committee may -

- 1 Examine the financial affairs and accounts of government agencies of the State which includes any statutory board, commission, authority, committee, or trust established or appointed pursuant to any rule, regulation, by-law, order, order in Council, proclamation, ministerial direction or any other like means.
- 2 Inquire into and report to the Assembly on any question which -
 - (a) it deems necessary to investigate;
 - (b) (Deleted V. & P. p. 225, 18 June 2008);
 - (c) is referred to it by a Minister; or
 - (d) is referred to it by the Auditor General.
- 3 Consider any papers on public expenditure presented to the Assembly and such of the expenditure as it sees fit to examine.
- 4 Consider whether the objectives of public expenditure are being achieved, or may be achieved more economically.
- 5 The Committee will investigate any matter which is referred to it by resolution of the Legislative Assembly.

CHAIRMAN'S FOREWORD

This annual report provides a summary of the work of the Public Accounts Committee (PAC) over the 2010–11 financial year. I would encourage those seeking more detailed information on PAC's activities during the period to consult the reports tabled by the Committee during the past year.

By any measure 2010–11 has been a busy year for the Committee. In November 2010, the Committee tabled a major report examining infrastructure delivery in Western Australia. Arising from this report, the committee has continued to examine infrastructure projects for their compliance with government policies.

In April 2011, we co-hosted the biennial Australasian Council of Public Accounts Committees Conference, which brings together parliamentary committees from around Australia and the world to discuss matters of public expenditure and accountability. We were pleased with the success of this conference and the overwhelmingly positive feedback received from conference participants. Without the professional talents and sheer hard work of our Secretariat, Dr Loraine Abernethie and Mr Mathew Bates, this excellent outcome could not have been achieved. Mindful of the demands on our staff and the limited resources available to PAC, some of the ongoing work of the committee was re-scheduled to give priority to the planning and organising for this conference.

In May, the Committee announced a revised process for the follow-up of reports tabled by the Auditor General. It is hoped that this new process will prove more efficient and allow the Committee to more effectively identify areas of agency non-compliance.

As I stated in last year's Annual Report, the role of PAC is to 'consider whether the objectives of public expenditure are being achieved, or may be achieved more economically.' Whilst government agencies or programs often achieve good results—and acknowledging these good results is a legitimate function for PAC—the Committee's best outcomes are achieved when it searches for potential misspending or inefficient use of public money.

I believe PAC better fulfils its stated functions when it seeks to highlight how public money could be better, or more efficiently, used. To follow this approach requires the good will and support of all Committee members. Currently, PAC is an opposition-chaired committee, and although all Members work together cooperatively, the nature of the membership structure potentially creates tensions. Without the commitment of all the Members, the Committee would not work as successfully as it does.

I thank the Committee's Members for their contributions to our work over the year. Very special appreciation is due to the staff whose commitment and professionalism has enhanced the work of PAC. All members are most thankful to our Principal Research Officer, Dr Loraine Abernethie and our Research Officer, Mr Mathew Bates.

Dr Loraine Abernethie will be spending the current financial year on a twelve month secondment to the Office of the Auditor General. This is a move that we expect will prove advantageous to both the OAG and PAC and we wish Dr Abernethie well during her time away from the

Parliament. We are pleased that Mathew Bates has been appointed as the Acting Principal Research Officer for the term of this secondment.

HON J.C. KOBELKE, MLA
CHAIRMAN

CHAPTER 1 COMMITTEE ACTIVITIES

1.1 Introduction

During the course of this reporting period (Table 1.1), the Committee:

- Conducted 1 inquiry;
- Held 24 deliberative meetings;
- Has taken evidence from/or was briefed by 23 persons;
- Hosted 130 national and international delegates for the 11th Biennial ACPAC Conference;
- Followed up with approximately 60 agencies in relation to their implementation of the Auditor General's recommendations;
- Hosted a Treasury information session on State Budget Estimates for all Members of Parliament on Tuesday 24 May 2011; and
- Met with Parliamentary delegations from the Public Accounts Committee of the Western Provincial Council of Sri Lanka.

Table 1.1

Summary of activities of the Public Accounts Committee, 1 July 2004 - 30 June 200511

| Description | Activity |
|-------------------------------|-----------------|
| Briefings | 8 |
| Deliberative meetings | 24 |
| Formal evidence hearings | 6 |
| Witnesses appearing | 10 |
| Reports tabled | 5 |
| Report findings tabled | 26 |
| Report recommendations tabled | 10 |

1.1 Public Hearings

Pursuant to Assembly Standing Order 264, the Committee has power to send for persons, papers and records. During the period 1 July 2010 – 30 June 2011, the Committee conducted 6 public hearings, taking evidence from 10 witnesses to assist with its investigations (Table 1.2).

Table 1.2

Public Hearings of the Public Accounts Committee, 1 July 2010–30 June 2011

| Date | Name | Position | Organisation |
|------------------|-------------------|--|------------------------------------|
| 18 August 2010 | Mr Chris Pilandri | Regional Managing Director | Brookfield Multiplex |
| 8 September 2010 | Mr Robert Ward | Executive Director, Infrastructure Advisory | RBS Group (Australia) Pty Limited |
| | Mr Hugh Funder | Senior Advisor, Infrastructure Advisory | RBS Group (Australia) Pty Limited |
| 16 March 2011 | Mr James Mitchell | Managing Director | Synergy |
| | Mr Trevor Harvey | Acting Head of Wholesale | Synergy |
| 21 March 2011 | Mr Timothy Marney | Under Treasurer | Department of Treasury and Finance |
| | Mr John Tondut | Executive Director Building Management and Works | Department of Treasury and Finance |
| 23 March 2011 | Mr Glen Finn | Director, Perth Waterfront Project | Department of Planning |
| 6 April 2011 | Ms Anne Nolan | Director General | Department of State Development |
| | Ms Gail McGowan | Deputy Director General, State Initiatives | Department of State Development |

1.2 Briefings

In addition to gathering evidence during the formal hearings, the Committee received a number of informal briefings. The briefings were used to gain information in relation to the Committee's inquiries as well as other matters (Table 1.3).

Table 1.3

Briefings provided to the Public Accounts Committee, 1 July 2010–30 June 2011

| Date | Name | Position | Organisation |
|------------------|---------------------|---|--|
| 18 August 2010 | Mr Michael Deegan | Infrastructure Coordinator | Infrastructure Australia |
| 2 August 2010 | Mr Anthony Kannis | Executive Director, Infrastructure and Finance | Department of Treasury and Finance |
| 10 August 2010 | Ms Josephine Quealy | Program Manager, Economic Audit Implementation Unit | Department of Treasury and Finance |
| 2 September 2010 | Mr John Tondut | Executive Director, Building Management and Works | Department of Treasury and Finance |
| | Ms Margaret Sharpe | Director Review and Reform, Building Management and Works | Department of Treasury and Finance |
| 13 April 2011 | Mr Colin Murphy | Auditor General | Office of the Auditor General |
| | Mr Glen Clarke | Deputy Auditor General | Office of the Auditor General |
| 22 June 2011 | Mr Peter Stubbs | Director | Department of Regional Development and Lands |
| 22 June 2011 | Mr Menno Henneveld | Managing Director | Main Roads Western Australia |
| | Mr Peter Woronzow | Executive Director, Finance and Commercial Services | Main Roads Western Australia |
| | Mr Mike Cosson | Manager, Project Programming | Main Roads Western Australia |
| | Mr Laurie Spagnolo | Acting Project Director, Major Projects | Main Roads Western Australia |

| Date | Name | Position | Organisation |
|--------------|----------------|---|------------------------------------|
| 29 June 2011 | Mr John Tondut | Executive Director, Building Management and Works | Department of Treasury and Finance |

1.3 Conferences

Together with the Estimates and Financial Operations Committee (EFOC) of the Legislative Council, the Committee hosted the 2011 Australasian Council of Public Accounts Committees (ACPAC) Biennial Conference (ACPAC 2011). Hon. John Kobelke, MLA (Chairman of PAC) and Hon. Giz Watson, MLC (Chair of EFOC) were co-hosts of the conference, with Mr Kobelke taking on the role of Chairman of ACPAC 2011.

In preparation for the conference, the Committee Chairman and Research Officer attended the ACPAC Council mid-term meeting in Hobart in July 2010. At this meeting the draft programme was endorsed—following minor amendments—by the ACPAC Member Committees present. This endorsement enabled the PAC secretariat, in consultation with the EFOC secretariat, to commence formal organisation of ACPAC 2011.

The theme for ACPAC 2011 was ‘Seeking Improved Performance for Public Accounts Committees’. The conference attracted over 130 delegates from around Australia and overseas. The written and verbal feedback from delegates was overwhelmingly positive. The Committee’s Report No. 11—*ACPAC 2011: A Report on the 11th Biennial Conference of the Australasian Council of Public Accounts Committees* provides some background information on ACPAC, details of the conference sessions, the speakers and their presentations (where available) and a list of delegates and their jurisdictions.

1.4 Reports Tabled

The Committee tabled 5 reports during the period 1 July 2010–30 June 2011. They were as follows:

- Report No. 8—*Public Accounts Committee Annual Report 2009–2010*
- Report No. 9—*Inquiry into Project Planning and Funding Applications for Major Western Australian Infrastructure Projects*
- Report No. 10—*Review of the Reports of the Auditor General 2009–2010*
- Report No. 11—*ACPAC 2011: A Report on the 11th Biennial Conference of the Australasian Council of Public Accounts Committees*
- Report No. 12—*Revised Follow-Up Process to Auditor General Reports*

Only one of these reports, No. 9 on infrastructure planning and funding, contained recommendations to the government and a request for a ministerial response as to what action if any the minister planned to take in relation to implementing the Committee's recommendations. The Committee received a response from the Premier, Hon. Colin Barnett, which it considers did not respond in particular detail to all of the recommendations raised in the report. The hard work of the Committee in making recommendations to improve capital works processes does not appear to have been given the full consideration that the Committee had hoped.

1.5 Work in Progress

In concluding this infrastructure report, the Committee signalled its intention to examine a small number of infrastructure projects each year to determine whether anticipated outcomes are being achieved. The results of these examinations will be tabled in an annual report to the House. To date, the projects examined include Collgar Wind Farm, the Perth Waterfront Development, the Old Treasury Building and the City Link Project.

The Committee is also currently conducting some preliminary background research into a number of issues to determine whether or not an inquiry is warranted.

1.6 Auditor General Follow-up

The financial year the Committee has followed up with approximately 60 agencies in relation to their implementation of the Auditor General's recommendations.

The process that the Western Australian PAC has used to follow-up the AG's performance reports was established in the 37th Parliament. As the Committee's follow-up process has matured, and agency follow-up is rolled from one year into the next, the associated workload has increased substantially. For PAC, that process was resource intensive and its level of effectiveness was unclear. Given this, the Committee determined to develop an alternative procedure. This involved examining AG report follow-up procedures used in other jurisdictions to devise a best-practice model. It also involved consultation with the AG.

In April 2011 PAC adopted a revised process by which it conducts the follow-up of agency implementation of recommendations made by the Auditor General in his Audit Reports. The Committee's Report No. 12—*Revised Follow-Up Process to Auditor General Reports* outlines the new process and the issues the Committee considered in developing it.

1.7 Post Budget Briefing

The Public Accounts Committee hosts the Department of Treasury and Finance's post-budget briefing each year to familiarise Members of Parliament with the Budget Estimates Papers. This year, a series of questions on notice were taken and the Committee facilitated the distribution of answers to those Members who attended the briefing.

The Committee acknowledges Mr Tim Marney, the Under Treasurer, Mr Anthony Kannis, Executive Director Infrastructure and Finance, and Mr Rod Whithear, Executive Director Strategic Policy and Evaluation for delivering the briefing this year. They greatly aided Members to develop a better understanding of the budget.

CHAPTER 2 FINANCIAL STATEMENT

The Public Accounts Committee does not have its own formal budget and is funded out of the budget of the Legislative Assembly. Approval for major expenditures is required on a case-by-case basis and is entirely at the discretion of the Speaker.

The Committee's expenditure for the financial year 1 July 2010–30 June 2011 (in accordance with Standing Order 276) is detailed below:

Table 2.1

Expenditure Items of the Public Accounts Committee, 1 July 2010–30 June 2011

| Expenditure Item | \$ |
|--------------------------|--------------------|
| Conference Fees | \$4,300.00 |
| Travel | \$6,300.00 |
| Protocol | \$800.00 |
| Printing | \$800.00 |
| Miscellaneous | \$900.00 |
| ACPAC Costs ¹ | \$3,300.00 |
| TOTAL | \$16,400.00 |

Notes:

- Figures rounded off to nearest \$100.
- Salaries of committee staff are not included.
- Costs of shared administrative expenses, including lease costs for committee accommodation, not included.

¹ ACPAC revenue: \$73,600.00; ACPAC expenses \$76,900.00. Net cost of the conference to the Public Accounts Committee was \$3,300.00. The Legislative Council undertook to share costs associated with the provision of the conference and its contribution is included in ACPAC revenue.