



PUBLIC ACCOUNTS COMMITTEE

REVIEW OF THE REPORTS OF THE AUDITOR GENERAL 2007-2008

**Report No. 1
in the 38th Parliament**

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Public Accounts Committee

Review of the Reports of the Auditor General 2007-2008

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PUBLIC ACCOUNTS COMMITTEE

REVIEW OF THE REPORTS OF THE AUDITOR GENERAL 2007-2008

Report No. 1

Presented by:

Hon. John Kobelke, MLA

Laid on the Table of the Legislative Assembly
on 19 March 2009

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COMMITTEE'S FUNCTIONS AND POWERS

The Public Accounts Committee ('the 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

I present for tabling the Review of the Reports of the Auditor General for 2007-2008. This is the third report examining the progress of public sector agencies in implementing the recommendations of the Auditor General. The report principally constitutes the work of the former Public Accounts Committee of the 37th Parliament with some finalisation of outstanding matters by the current Committee.

The objective of the Parliamentary Committee system is to strengthen the accountability of government to Parliament through systematic and comprehensive scrutiny of government activity. The Public Accounts Committee specifically holds government to account for public expenditure. The Auditor General also plays an essential role in assisting the Parliament to scrutinise the use of public monies. In essence, both the Committee and the Auditor General, whilst independent entities, have common objectives to ensure that public funds are expended lawfully, efficiently and effectively. The Committee of the 36th Parliament recognised the benefits inherent in maintaining a supportive and cooperative relationship, in part, committing to review recommendations of the Auditor General's Compliance and Performance Examinations. Successive Public Accounts Committees, including the current Committee, have resolved to continue this work, a move that acknowledges the level of resources devoted to the conduct of these examinations by the Auditor General and the commonality of objectives between the two bodies.

It is worthy of note that the majority of Parliamentary Public Accounts Committees in Australian jurisdictions undertake a similar process of review and that for some of these Committees the function is statutorily prescribed.

The Committee has observed a recent increase in contact from public sector agencies keen to ensure that the recommendations of the Auditor General's Compliance and Performance Examinations are being met appropriately by the agency. Further, that the agency submits the required level of detail on its actions in response to those recommendations, to the Committee. Although the Committee would be reluctant to prescribe the level of detail and format of agencies' responses given the risk of denying the Committee access to critical data, it has devised *Guidelines for Agencies Preparing a Response to the Committee on a Report of the Auditor General*. Again, the development of these guidelines has occurred in consultation with the Office of the Auditor General and will serve to improve the efficiency and effectiveness of the review process.

First and foremost I wish to thank Mr Colin Murphy, Auditor General, and the staff of the Office of the Auditor General for their ongoing input into the Committee's review. I would also like to thank Members of the Public Accounts Committee of the 37th Parliament, the former Chairman, Mr John Quigley (Member for Mindarie); former Deputy Chairman, Dr Steve Thomas (former Member for Capel); and the former Members, Mr Terry Redman (then Member for Stirling); Mr Peter Watson (Member for Albany) and Mr Ben Wyatt (Member for Victoria Park). To the current Members of the Committee of the 38th Parliament I extend my appreciation, the Deputy Chairman, Mr Joe Francis (Member for Jandakot) and Members Mr Alan Carpenter (Member for Willagee);

Mr Tony Krsticevic (Member for Carine); and Mr Chris Tallentire (Member for Gosnells). Finally, to the staff, the former Principal Research Officer and Research Officer respectively, Dr Julia Lawrinson and Ms Dawn Dickinson, and to the current Principal Research Officer, Ms Katherine Galvin for their effort in drafting the report.

I commend the report to the House.

JOHN KOBELKE, MLA
CHAIRMAN

ABBREVIATIONS AND ACRONYMS

“ACAT”	Aged Care Assessment Team
“ACM”	Asbestos Containing Materials
“ANPR”	Automatic Number Plate Recognition
“ARB”	Attraction and Retention Benefit
“CAEP”	Community Aids and Equipment Program
“CAP”	Combined Application Process
“CEA”	Community Engagement Alliance
“CEIID”	Centre for Excellence and Innovation in Infrastructure Delivery
“CEO”	Chief Executive Officer
“CIMS”	Clinical Incident Management System
“CPI”	Consumer Price Index
“CUA”	Common Use Arrangement
“DAFWA”	Department of Agriculture and Food Western Australia
“DCA”	Department of Culture and the Arts
“DCS”	Department of Corrective Services
“DEC”	Department of Environment and Conservation
“DET”	Department of Education and Training
“DFAO”	District Financial Administration Officer
“DHW”	Department of Housing and Works
“DIA”	Department of Indigenous Affairs
“DNA”	Deoxyribonucleic Acid
“DOCEP”	Department of Consumer and Employment Protection
“DoH”	Department of Health
“DoIR”	Department of Industry and Resources
“DotAG”	Department of the Attorney General

PUBLIC ACCOUNTS COMMITTEE

“DPC”	Department of the Premier and Cabinet
“DPI”	Department for Planning and Infrastructure
“DSC”	Disability Services Commission
“DTF”	Department of Treasury and Finance
“ECD”	Ecological Character Description
“EDRMS”	Electronic Document and Records Management System
“ETSSC”	Education and Training Shared Services Centre
“FESA”	Fire and Emergency Services Authority
“FPC”	Forest Products Commission
“FSC”	Fleet Steering Committee
“FTE”	Full-time Equivalent
“GMO”	Government Media Office
“GreenPower”	National Green Power Accreditation Program
“GWC”	Gaming and Wagering Commission
“HACC”	Home and Community Care
“HCN”	Health Corporate Network
“HGP”	Hormone Growth Promotant
“HR”	Human Resources
“IAP2”	International Association for Public Participation
“ICT”	Information and Communication Technology
“IT”	Information Technology
“ITIL”	Information Technology Infrastructure Library
“KPI”	Key Performance Indicator
“LDIP”	Land Data Integrity Project
“MAE”	Managing Adverse Events
“MCB”	Metropolitan Cemeteries Board
“Mining Act”	<i>Mining Act 1978</i>

PUBLIC ACCOUNTS COMMITTEE

“MRIT”	Metropolitan Region Improvement Tax
“MRWA”	Main Roads Western Australia
“MTSQMS”	Mineral and Titles Services Quality Management System
“NATA”	National Association of Testing Authorities
“Native Title Act”	<i>Native Title Act 1993</i>
“NRM”	Natural Resources Management
“OPSSC”	Office of the Public Sector Standards Commissioner
“OSQH”	Office of Safety and Quality in Healthcare
“OSR”	Office of State Revenue
“OSS”	Office of Shared Services
“PAC”	Public Accounts Committee
“PDC”	Pilbara Development Commission
“PEU”	Pay Equity Unit
“PMC”	Potato Marketing Corporation
“PMOASP”	<i>Perth Metropolitan Office Accommodation Strategic Plan 2007-2010</i>
“PSMA”	<i>Public Sector Management Act 1994</i>
“PTA”	Public Transport Authority
“Ramsar Convention”	International Convention on Wetlands
“RCIS”	Revenue Collection Information System
“RTA”	<i>Road Traffic Act 1974</i>
“SAMF”	Strategic Asset Management Framework
“SIP”	Strategic Information Plan
“SJA”	St John Ambulance
“SLA”	Service Level Agreement
“SQuIRe”	Safety and Quality Investment for Reform
“The Trust”	Western Australian Sports Centre Trust
“TRELIS”	Transport Executive and Licensing Information System

PUBLIC ACCOUNTS COMMITTEE

“VAR”	Value Assurance Review
“VSD”	Valuation Service Division
“WA Police”	Western Australia Police
“YO Act”	<i>Young Offenders Act 1994</i>

CHAPTER 1 INTRODUCTION

1.1 Background

There have been a range of public administration reforms and government inquiries in recent years that have served to focus and sustain attention on public sector accountability and transparency in this state.¹ These have resulted in a renewed focus on auditing and the role of the Parliament in assuring the community that programs on which public dollars are expended, are purposeful, efficiently and effectively delivered, give value for money, and that agencies entrusted with responsibility for administering the programs, do so ethically. The Auditor General is mandated '[t]o serve the public interest by providing Parliament with independent and impartial information regarding public sector accountability and performance,' in line with the purpose for which those agencies were established by the Parliament.²

Specifically, the Auditor General:

- *audits and provides an opinion on each public sector agency's annual financial statements and performance indicators*
- *provides an opinion on the adequacy of controls in satisfying legislative provisions*
- *conducts compliance and performance examinations*
- *reports to Parliament any significant matters.*³

Standing Orders 285 - 286 of the Legislative Assembly enable the Public Accounts Committee to inquire into and report on any proposal, matter or thing it considers necessary, connected with the receipt and expenditure of public monies.

In 2003, the Public Accounts Committee (PAC) of the 36th Parliament established a process of review of the actions of public sector agencies in relation to the recommendations of the Auditor General in Public Sector Performance Examinations tabled in Parliament. The PAC of the 37th Parliament continued this practice and the PAC of the 38th Parliament (current) resolved to do the same. The Committee's process of review is detailed at Section 1.3.

¹ Office of the Auditor General for Western Australia, 'Contemporary Issues in Public Sector Accountability', 23 February 2000. Available at: www.audit.wa.gov.au/phprint.php Accessed on 5 August 2008.

² Office of the Auditor General, Western Australia. Available at: www.audit.wa.gov.au/insideoag/index.html Accessed on 11 July 2008.

³ Office of the Auditor General, Western Australia, 'Audit Practice Statement', December 2007. Available at: www.audit.wa.gov.au/pubs/AuditPracStatement07_Dec.pdf Accessed on 11 July 2008, p1.

1.2 Auditor General Reports

The Auditor General's examination of public sector agencies comprises assessment of both agency compliance and performance. The Auditor General undertakes two types of audit: Assurance Audits, and Compliance and Performance Examinations. The former 'provide an opinion on each agency's annual financial statements and performance indicators and on the adequacy of controls in satisfying legislative provisions' and are reported to Parliament in the form of Audit Results Reports.⁴ Compliance Examinations assess an agency's compliance with legislative provisions, public sector policies or its own policies. Performance Examinations evaluate whether an agency is effectively meeting its objectives and using its resources economically and efficiently to deliver desired outcomes.⁵ The reports contain a number of discrete examination subjects which gauge whether major areas of public sector operations are reliable and follow accepted practice. The Auditor General may, on completion of the initial examination, elect to complete a follow-up compliance or performance examination to provide Parliament with an assessment of any changes that have occurred as a consequence of the initial review.

The Committee does not examine Audit Results Reports to Parliament as part of its review process. In total, nine Compliance and Public Sector Performance Reports were undertaken by the Auditor General during the reporting period under review.

1.3 Follow-up Process

Public sector agencies are required to provide to the committee, within a 12 month period of the tabling of a Compliance or Performance Examination by the Auditor General, details of actions taken to implement the Auditor General's recommendations. The Committee considers the agency's response in consultation with the Auditor General, and may request additional information or convene a hearing with relevant senior agency officers and/or the Auditor General. This process also applies when multiple agencies are considered in a single report.

This report constitutes the third review of the Auditor General's Reports to be tabled in the Legislative Assembly and pertains to the period 2007-2008.

1.4 Terminology

The Committee's Review of Auditor General's Reports has to date been tabled annually however a Report was not tabled in 2008. The Legislative Assembly was dissolved on 7 August 2008 in order for the State General Election to occur and as such a report was not tabled. The 38th Parliament commenced in November 2008 and the Committee of the 38th Parliament resolved on 3 December 2008 to complete the *Review of the Reports of the Auditor General 2007-2008* commenced by the previous PAC.

⁴ Ibid., p2.

⁵ Ibid., p6.

This Report therefore records the actions of two Public Accounts Committees. It should be noted that the term, 'the Committee' has been used in this Report to refer to both the PAC of the 37th Parliament (in relation to Committee actions up to 7 August 2008) and the PAC of the 38th Parliament (in relation to Committee actions after 7 August 2008).

CHAPTER 2 REPORTS CARRIED OVER FROM PREVIOUS REVIEW - CONCLUDED

2.1 Introduction

This Chapter pertains to reports carried over from the Committee's previous *Review of the Reports of the Auditor General 2006-07*,⁶ tabled in November 2007, for which the Committee's follow-up of related matters is concluded.

2.2 Third Public Sector Performance Report - Report 9 (16 November 2005)

(a) Unauthorised Driving - Unlicensed Drivers and Unregistered Vehicles in Western Australia

Background

The Auditor General assessed the state's arrangements for dealing with unauthorised driving, specifically unlicensed drivers and unregistered vehicles. This involved an examination of the Western Australia (WA) Police and the Department for Planning and Infrastructure (DPI) as the agencies responsible for detection and prosecution, and administration and enforcement of the state's driver licensing and vehicle registration systems respectively. The Auditor General determined that there was a lack of reliable data on the incidence of unauthorised driving and that legal and technical difficulties impinged on the ability of WA Police and DPI to detect and prosecute unauthorised drivers. The Auditor General recommended improved data collection by DPI on unauthorised driving for better risk assessment and pursuit of amendments to the *Road Traffic Act 1974* (RTA) to streamline processes relating to unregistered vehicles and surrender of driver's licences.

DPI, in responding to the Auditor General's recommendations indicated that for various reasons including the diversity of data required and the difficulty in ascertaining accurate levels of unauthorised driving, the extent of unauthorised driving would be hard to determine. That said, DPI indicated that initiatives were being implemented to address the issue, specifically targeted to remote areas of the state and via amendments to the RTA to ensure compulsory carriage of driver's licences and surrender on disqualification. Additional proposed amendments to the RTA would enable WA Police to issue infringement notices in respect of unregistered light vehicles.

Following consultation with the Auditor General on the agency's response, further information was sought from DPI on the efficacy of sampling as a measure of unauthorised driving, a method used by Queensland Transport, and the potential application of Automatic Number Plate Recognition (ANPR) cameras by WA Police to identify unregistered vehicles. In 2007, the

⁶ Public Accounts Committee, *Review of the Reports of the Auditor General 2006-2007*, Parliament of Western Australia, Perth, 22 November 2007.

Committee also requested a progress report on the aforementioned amendments to the RTA, including the potential for court orderlies to accept surrendered licenses and related discussions on the proposal with the Department of the Attorney General (DotAG) and the Chief Magistrate.

Progress since last review

DPI informed the Committee that it had reviewed surveys conducted by Queensland Transport regarding unregistered vehicles and unauthorised drivers, and statistics collated by Data Collection Services on behalf of VicRoads regarding unregistered vehicles across five Australian jurisdictions, excluding WA, Tasmania and the Northern Territory. The inter-jurisdictional study revealed considerable variation in results. DPI also referenced figures from the WA Police Annual Report for the period 2005-06. From the data, the Department determined the percentage of unlicensed drivers and unregistered vehicles arising from ANPR scans, and found that these were lower than would normally be expected given that they correlated to charges laid, rather than the total incidence of unauthorised driving. The Department also noted that a more recent WA Police operation employing ANPR technology involving a scan of 7,400 cars resulted in 248 unspecified charges. DPI qualified that ANPR technology is generally used in conjunction with 'booze bus' operations, hence results may be skewed and not representative of the general vehicle fleet. DPI noted that it was in the process of negotiating with WA Police regarding random sampling using ANPR technology at various times and locations in the metropolitan area to obtain a more accurate estimation of the extent of unlicensed vehicle use on public roads.

DPI detailed that amendments to the RTA pertaining to compulsory carriage of driver's licenses are being drafted by the Office of Road Safety in connection with the Repeat Drink Driving Strategy. Further, that Section 42(5)(h) of the RTA empowers regulations requiring the surrender of driver's licenses upon disqualification. Regulations to facilitate proclamation of the Act are with Parliamentary Counsel for drafting. DPI was unable to provide comment on reasons for the delay in the introduction of legislation to provide for the issue of infringement notices for specified classes of unlicensed vehicles. However, DPI advised that amendments to facilitate the drafting of related regulations are contained within Section 85(3) of the *Road Traffic (Administration) Bill 2007* introduced into the Parliament of Western Australia on 28 November 2007. DPI further iterated that it intended to consult with the DotAG, WA Police and the Chief Magistrate in early 2008 regarding collection of driver's licenses by court orderlies, with a view to determining the matter prior to completion of the related regulation.⁷

Committee Action/ Comment

The Committee in turn resolved to forward the response of the DPI to the Auditor General for comment. Following consideration of both the Department's response and commentary from the Auditor General in relation to the response, the Committee resolved in February 2008 to conclude its follow-up. The Committee was satisfied that DPI had demonstrated reasonable progress towards implementation of the recommendations of the Auditor General's recommendations.

⁷

All information in the section entitled 'progress since last review' taken from Mr Eric Lumsden, Director General, Department for Planning and Infrastructure, letter, 3 December 2007, pp1-3.

However, the Committee requested that DPI keep it apprised of the final outcome of the legislative amendments to the RTA and related consultations.

(b) The Management of the Light Vehicle Fleet

Background

The Auditor General investigated the management of the light vehicle fleet by the State Fleet branch within the Department of Treasury and Finance (DTF). The Auditor General recommended that the Fleet Steering Committee (FSC), comprising senior representatives from various departments and responsible for advising the Treasurer in relation to fleet management issues, should enhance its whole-of-government measurement, monitoring and management of the fleet. It also recommended that government agencies ensure fleet management plans are kept up to date.

DTF advised that greater resourcing of the FSC had been implemented, which would address the Auditor General's first recommendation. As well as additional staffing to support the FSC, the WA Government Fleet Policy and Guidelines ('Government Fleet Policy') had been rewritten by the FSC to enable greater ease of understanding by agencies and reduce duplication. DTF advised that a survey of agencies had been initiated to seek information about vehicles, their utilisation, and officer entitlements, and that more information was being provided to agencies regarding their progress with key requirements under the Government Fleet Policy.

In relation to the Auditor General's second recommendation, DTF advised that assistance was being provided to agencies with respect to keeping fleet management plans up to date. This includes: the provision of more targeted advice to agencies by fleet managers contracted to provide fleet management services to State Fleet clients; revision of the Government Fleet Policy, dispensing with the need for fleet management plans by small agencies provided they comply with the policy; and use of Buyer Behaviour Reports to focus agency attention on issues of fleet composition and utilisation.

In mid-2007, the Committee requested further information from DTF regarding the outcomes of its survey of public sector agencies. Further information was provided by DTF to the effect that two major issues were identified by the survey. Specifically some or all passenger and light commercial vehicles acquired by a limited number of general government sector agencies were occurring outside of the State Fleet arrangement, and there was a minor incidence of access to the Government Vehicle Scheme by officers, contrary to policy provisions. DTF advised that in response to the survey findings, the FSC had amended the Government Fleet Policy so that from 1 January 2008, all general government agencies would be required to lease vehicles through the State Fleet except in special circumstances. In relation to the second issue identified by the survey, DTF advised that following the receipt of comments from the Department of Consumer and Employment Protection (DOCEP), the FSC would determine if any action was required in instances where officers not eligible for the Government Vehicle Scheme had access offered as a condition of employment.

Committee Action/ Comment

As reported in the previous review, the Committee resolved to forward the supplementary information from DTF relating to survey results to the Auditor General for comment. Following consideration of the DTF response and the Auditor General's comments, the Committee was satisfied that DTF had addressed the Auditor General's recommendations and resolved on 11 June 2008 to conclude its follow-up of this matter.

(c) Follow-up Performance Examination on the 2002 Report *Level Pegging: Managing Mineral Titles in Western Australia Report*

Background

The Auditor General conducted a follow-up examination of an earlier 2002 Report which assessed how the then Department of Minerals and Petroleum Resources managed mineral titles. The Department of Minerals and Petroleum Resources was subsequently subsumed into the Department of Industry and Resources (DoIR) in 2002.⁸ Although the Report noted improvements to recordkeeping practices and mineral title application assessments, the Auditor General recommended use of criteria for assessing exploration licence applications; improved timeliness of the mineral titles applications process; pursuing forfeiture of titles for non-compliance with mineral exploration reporting requirements; progressing plans to audit annual expenditure on tenements; and expanding guidelines relating to the granting of expenditure exemptions.

With respect to the development of criteria for assessing exploration licence applications, DoIR advised that it had introduced a new web-based 'Mineral and Titles Services Quality Management System' (MTSQMS) and enhanced the capacity of the Department's web-based Title Register system.

DoIR also reported improvements in processing times for mineral title applications. The Department cited that exploration and mining lease applications had met target time-frames for the considered period of 2000-01 to December 2007, although acknowledged that despite improved timeliness in relation to prospecting license applications, a slight shortfall was found to exist in meeting related targets.

DoIR informed the Committee that procedures had been implemented in 2006 to progress forfeiture of titles for late lodgement or non-compliance with Annual Technical Reports, including a monthly review by the Department of the status of these reports.

DoIR cited that policy guidelines on the operation of an audit system in relation to annual expenditure on tenements were issued in 2006 and that the Department had adopted a random monthly sample technique for requesting audit statements on selected tenements.

⁸ It should be noted that although DoIR has since been restructured and the mining regulatory function has been incorporated into the new Department of Mines and Petroleum (as at 1 January 2009), this section of the Report continues to reference DoIR as this was the responsible agency at the time of the Committee's follow-up.

With respect to the final recommendation, DoIR noted that guidelines granting expenditure exemptions were amended to provide greater clarity for industry regarding plant and machinery and for circumstances in which the ground is unworkable.

Subsequent to the Committee's consideration of the response and taking account of related commentary from the Auditor General, additional information was sought from DoIR. This included measures (criteria) used by the Department to ensure that assessments by Mining Registrars of exploration licence applications, particularly an applicant's work program, technical and financial resources, are managed in a consistent, accountable and fair manner, and further, the Department's opinion on the current suitability of mineral title application processing targets set in 2001 as a measure of timeliness, given the demands of the current mining boom.

Progress since last review

DoIR informed the Committee that Section 58 of the *Mining Act 1978* (Mining Act) requires an applicant for an exploration licence to lodge a statement outlining their proposed work program and technical and financial ability to carry out the program. Until release of the initial Auditor General's Performance Examination in 2002, DoIR relied on the criterion within this legislative provision. The Auditor General's recommendations gave rise to the development of a procedural paper, 'Guidelines for Applicants - Section 58(1)(b) Statement to Accompany Applications for Exploration Licences', which contains a comprehensive set of criteria for assessing Section 58(1)(b) statements.⁹ The Guidelines are accessible to DoIR staff via a hyperlink from the MTSQMS and may be downloaded by customers directly from the website, thereby ensuring a high level of compliance by applicants for exploration licences.

With respect to the suitability of existing mineral title application processing targets, DoIR advised that on enactment of the *Native Title Act 1993* ('Native Title Act') it became a requirement that every mineral title application be subjected to a native title process which extended the time period for processing. Hence a previous target which read '[d]etermine 75% of all exploration licences within 7 months of lodgement' was no longer achievable and was amended to '[e]nsure 75% of all exploration licence applications are Mining Act Complied within 7 months of lodgement'.¹⁰ 'Mining Act Complied' relates to compliance with the requirements of the legislation and issue of a recommendation by the Warden or Mining Registrar.¹¹ The application is granted on clearance through the Native Title Act. DoIR maintains that the targets provide an effective mechanism for measuring the impact of new procedures, processes, amended legislation or policy on the timeliness of compliance with the Mining Act; are used to report on the Department's progress on approvals to the Office of Development Approvals Coordination in the Department of the Premier Cabinet (DPC); and provide a good set of measures gathered over time.¹²

⁹ Mr Jim Limerick, Director General, Department of Industry and Resources, letter, 31 October 2007, p1.

¹⁰ Ibid., p2.

¹¹ Ibid.

¹² Ibid.

Committee Action/ Comment

On consideration of the Department's response and further commentary by the Auditor General, the Committee determined that DoIR had adequately explained the efficacy of the assessment process for exploration licences and the Department's continued use of targets set in 2001 for measuring the timeliness of mineral title applications. As such the Committee resolved in February 2008 to conclude its follow-up of this matter. The Committee however commented to the Department that it could see considerable advantage in targets being relevant to current circumstances and providing a challenge for future performance.

2.3 Making the Grade? Financial Management of Schools - Report 10 (16 November 2005)

Background

The Auditor General examined the financial management practices of schools and the effectiveness of related support and monitoring by the Department of Education and Training (DET). The Auditor General determined that despite improvement in financial management practices by schools since they assumed this responsibility in 1987, processes were still inadequate and DET initiatives to improve such practices required coordination. The Auditor General recommended that DET develop and implement a coordinated program to improve the quality of financial management of schools with clear objectives, targets and timelines.

DET provided the Committee with a detailed action plan, including objectives, actions and timeframes, for the implementation of four key strategies to improve financial management in schools. The strategies included: establishing a corporate services framework to address and enhance financial management and administrative practices in schools; monitoring and reviewing the latter; implementing a coordinated program of support services to meet the needs of schools; and improving and promoting financial management and controls in schools. The details of the plan, excluding timeframes, are outlined extensively in the Committee's Report, *Review of the Reports of the Auditor General 2006-2007*.¹³

The Department informed the Committee that it had reviewed structures, roles and the reporting relationships of staff responsible for financial management support in and across schools to facilitate implementation of the strategies. A restructure of the Department's finance group had also been undertaken to increase support and coordination of services to, and monitoring of, school financial and administrative services, complemented by reforms in the Department's Internal Audit Directorate. The Department cited an intention to co-locate financial and auditing services to ensure greater synchronicity between compliance and financial services.

The Committee initially sought additional information from DET in relation to the nature and intent of a workload review of school support staff, proposed as a key action to improve and

¹³ Public Accounts Committee, *Review of the Reports of the Auditor General 2006-2007*, Parliament of Western Australia, Perth, 22 November 2007, pp33-35.

develop financial management and controls in schools. Information sought included what the action entailed and whether it had been devised to address an underlying workload issue. DET advised that the review, designed to investigate the causes of, and identify the means of addressing, workload pressures for these staff, had been completed and recommendations identified for resolving workload issues in schools. Recommendations included the increased allocation of, and development of a competency based framework and training for, school support staff. The Committee deferred its consideration of the matter pending receipt of supplementary information sought as a consequence of the Auditor General's comments in relation to the Department's initial response. The Department was requested to outline the following in respect of the comprehensive action plan submitted previously:

- How the Department will determine whether key strategies and actions have achieved the objectives;
- Criteria used to measure the success of key strategies and actions; and
- Whether there is a timeframe within which the objectives will be implemented, measured, and changes evaluated.

Progress since last review

With respect to the Committee's ultimate request for information, DET provided a comprehensive table outlining how each strategy or action would be measured, the implementation date, the target or success factor, and the evaluation date. The following provides a synopsis of that information, excluding the target or success factor because of the complexity of that detail and the fact that it can be deduced, in part, from the prescribed measurement criteria.

- As detailed in the Committee's previous review, the first strategy relates to the establishment of a corporate services framework for improved financial and administrative practices in schools. The objectives relating to this strategy include: a significant improvement and increase in the level of support provided to schools; greater coordination in regard to school finance and administration; alleviation of governance issues; professional development of school-based staff founded on a systemic approach; effective administration of change management in schools; and an increase in the capacity to monitor and review school financial management and administration. These objectives would be addressed through the establishment of a new financial governance structure involving: changes to end of line responsibility for financial and administrative officers in district education offices; realignment of coordinators and District Financial Administration Officers (DFAOs) to the Financial Services and Support Directorate; inclusion of district financial support services to schools in Service Level Agreement; and increase in numbers of full-time equivalents (FTEs). It is also proposed that the Executive will endorse a new corporate services framework incorporating a strategic committee, and an operational working committee. These actions would be measured where relevant through the establishment of the prescribed governance structures; adherence to Service Level Agreements; the level of financial support provided by DFAOs to schools; and stakeholder satisfaction with regard to specific proposed changes. Implementation and

evaluation on both actions are intended to occur at the latest by January 2008 and January 2009 respectively.

- Strategy Two pertaining to the monitoring and review of school and financial management practices was noted to be achieved as follows:
 - Establishment of a School Financial Performance Monitoring team outside the Internal Assurance Branch, and improved capacity to monitor and review school financial management and administration through: reviewing existing financial and accounting policies and procedures, website and management tools; developing financial performance benchmarks; developing an annual financial performance assessment process; and undertaking financial performance analysis to identify and address weaknesses. Achievement of these actions to be measured where applicable by: the number of reviews undertaken; implementation of a financial performance framework; documented assessment procedures; immediacy of generation of financial performance reports; and stakeholder satisfaction on the usefulness of the report. Apart from yearly implementation and evaluation dates for reviews and financial performance reports, it is expected that the remaining actions would be implemented and evaluated by mid June 2008 and early 2009 respectively;
 - Establishment of a formal school audit follow-up process to be achieved through: reviewing the existing audit model to ensure it meets current best practice; aligning audit papers with DET's policy framework; ensuring that audit prepares audit findings and submits reports and recommendations to relevant staff/committees; and establishing and implementing risk management processes through a school improvement plan. This would be measured via the frequency of review; level of consistency; audit of key performance indicators (KPIs); and completion of an improvement plan and associated actions respectively. Submission of audit findings and recommendations and associated evaluation will be ongoing. Alignment of working papers and review of the audit model will be implemented by September 2007 and evaluated in December 2007 and September 2008 respectively. The risk management processes will be implemented by the end of the audit and evaluation is intended at the end of 30 and 90 day periods;
 - Effectively reviewing annual school financial performance, achievable through: increased and targeted support by the Financial Services and Support Directorate, and annual review of the management of physical and financial resources in schools. Achievement will be measured via a year-to-year comparison of established measures to determine the effectiveness of support services and stakeholder satisfaction; and on-site review by DFAOs respectively. Actions are to be achieved by early 2008 with evaluation to occur at the end of each calendar year;
 - Greater emphasis on financial management by schools and alleviating governance issues, achieved through education programs for principals to ensure responsibility for financial management, and for school administrators to ensure regular reviews

of key financial processes and remedial action are undertaken. Similarly, educational programs will be conducted to assist finance committees to effectively review financial management and accounting practices and principals in consultation with administrative staff will address audit findings. Achievement will be measured by the number of participants in education programs; adverse audit findings; schools completing improvement plan within a 30 day period; schools on 'Schools at Risk' list; and support calls received. Implementation will be ongoing with evaluation to occur at the end of each calendar year.

- Strategy Three relating to developing and implementing a coordinated program and support services to meet the need of schools will be achieved via:
 - A systemic approach to the professional development of school-based staff; a coordinated approach to school finance and administration; and alleviation of governance issues. These are progressed through: a compulsory structured training program across all districts for relevant staff; consultation and communication with key stakeholders; collaboration with the Professional Learning Institute and Leadership Centre; and establishment of a corporate governance framework involving committees comprised of staff from various business areas within DET. Measurement in relation to the training program will occur through the number of programs provided; a participant satisfaction survey; Leadership Centre training certification assessment; accessibility for all officers; and the number of adverse audit findings. The remaining actions would be achieved principally through the level of stakeholder satisfaction except the corporate governance framework, which would be achieved through its establishment. The aforementioned consultative and collaborative processes to be implemented by mid-2007 with the training program and governance framework by early 2008. Evaluation in all instances would be achieved by the end of each calendar year; and
 - Improvement and enhancement of financial support services; ensuring a coordinated approach to school finance and administration; and alleviation of governance issues. This will be achieved through: standardised risk assessment of schools and establishment of appropriate support; support services centred on up-skilling and problem solving; use of relevant documentation and tools; increased collaboration and coordination amongst relevant stakeholders; delivery of enhanced standardised training modules; review of existing relevant support models in schools; and promotion of additional financial management tools, including a remote access tool. The first three actions will be assessed through: the number of audit findings and schools assessed as at risk; stakeholder satisfaction on services provided; and the number of formal meetings between relevant officers and satisfaction level respectively. The training modules and support models will be reviewed annually, supplemented with a review of participant satisfaction. The financial and remote access tools will be measured by the number of new management tools and the availability of the remote access tool. Increased collaboration and coordination amongst relevant groups and the remote access tool

will be implemented by August 2007 and evaluated at the end of each calendar year and by January 2008, respectively. The remaining actions are expected to be implemented by January 2008 with the majority, excluding the risk assessment process, to be evaluated at the end of each calendar year. The action relating to risk assessment will be evaluated by January 2009.

- Strategy Four to develop, improve and promote financial management and controls in schools has a significant number of objectives and actions by which it will be achieved, including:
 - The development and refinement of financial management roles and responsibilities within the system, attainable by: (i) reviewing the roles and responsibilities of key financial staff to address financial management and control imperatives; (ii) education to ensure improved adherence to financial management roles and responsibilities; (iii) analysis of workload impact of new initiatives on schools; and (iv) streamlining finance and human resource procedures and processes following a mapping exercise. The actions will be measured through: a review of relevant job descriptions; the degree of adherence by relevant officers to roles and responsibilities and stakeholder satisfaction level; analysis of workload; and process review. The first two actions are to be implemented by August 2007 and January 2008 respectively with evaluation to occur by mid 2008. The final two have an implementation date of mid 2008 with an evaluation date of December 2008 and June 2009 respectively;
 - Enhancing financial management systems, to be actioned through: (i) a mandated finance system for all schools; (ii) upgraded software to meet legislative and user requirements; (iii) early uptake of improvements in related management systems; and (iv) ongoing review of financial policies in schools. This will be measured through acceptance by corporate executive of a single finance system; a software review and the degree of legislative compliance; take up rate by schools and currency of the policy respectively. The first action will be achieved by 2010, the second by January 2008 and the final actions will involve ongoing implementation. The first action will be evaluated in 2010, the second and fourth actions at the end of each calendar year and the third, at the end of each new release;
 - Improving the level of financial management and accounting expertise at schools and alleviation of governance issues, to be addressed through: (i) allocation by principals of adequate funding for professional development in financial management and accounting; (ii) employment of staff with the requisite expertise (where possible); (iii) availability of trained relief staff to undertake required financial and accounting tasks; and (iv) advice by schools regarding training and support needs. The first and fourth actions will be met through gauging stakeholder satisfaction, the second through qualification and experience of the officers appointed and the third through the availability of trained staff. All actions will be implemented by January 2008 with evaluation to occur yearly in November; on

appointment of a new officer; upon requirement of trained staff and end of each calendar year, respectively;

- Adopting a total asset management strategy (excluding land, buildings and infrastructure) and strengthening of governance, achievable through: (i) a total asset management framework for schools; (ii) implementation of that strategy; (iii) training and support in asset management; (iv) asset management tools; and (v) monitoring school compliance with the strategy. This will be measured via the development of the framework; level of school implementation; courses run, attendance and satisfaction level; and adverse audit findings regarding asset management and performance and result indicators. The first and second actions are to be completed by September 2008 and June 2009 with evaluation to occur one year thereafter. The final three actions will be completed by January 2008 with evaluation to occur at the end of each calendar year; on an ongoing basis; and at the end of an audit for each school, respectively;
- Exploring and establishing accounting processes tailored to schools, to be met through examining the feasibility of varying accounting processes for schools. This action will be measured through a review of accounting processes with implementation to occur by January 2008 and evaluation to be ongoing;
- Establishing and maintaining a school risk management plan, attainable through the establishment, review and monitoring of that plan and assessed through audit findings, performance and risk indicators and an on site visit. This will be implemented by February 2008 and evaluated by the end of the audit cycle; and
- Establishing effective systems of internal control at schools, to be realised through the establishment of those systems; the implementation of those systems; and ensuring compliance to those controls. The first action will be measured through a review of internal controls, with the latter two via internal audit control findings. The first and third of these actions are to be achieved by June 2009, the second by January 2009 with the intention of evaluating all by the end of the audit cycle.¹⁴

Committee Action/ Comment

Following consideration of the information received from DET and the Auditor General's input, the Committee was satisfied with the Department's uptake of the Auditor General's recommendations. In particular, the Committee was satisfied that DET had addressed the development and implementation, of a coordinated program to ensure efficacy of financial management by schools (defined by clear objectives, targets and timelines), and sound and timely measures to assess the effectiveness of these strategies and actions.

¹⁴ All information in the section entitled 'progress since last review' taken from Ms Sharyn O'Neill, Director General, Department of Education and Training, letter, 15 November 2007, pp1-10.

The Committee also viewed the Department's prioritisation of the review of school support staff workloads as positive. It was of the opinion that the findings, together with the competency based training program and implementation plan for examination of the recommendations, would provide a sound framework for addressing both the workload and training needs of school support staff. The Committee therefore resolved in February 2008 to conclude its follow-up of DET in relation to this matter.

2.4 Public Sector Performance Report 2006 - Report 3 (17 May 2006)

(a) Management of the Waterwise Rebate Program

Background

The Auditor General examined the management of the Waterwise Rebate Program, designed to encourage more efficient water usage via rebates on a variety of water saving products. The Water Corporation administers the program with oversight provided by the State Water Council comprising senior executives of relevant agencies and secretariat support by DPC. Although the audit determined that the Water Corporation processed rebate applications and promoted the program effectively, it noted difficulties in the estimation of the extent and cost of water savings and lack of defined program goals and targets. The Auditor General recommended the development of program specific targets by the State Water Council, inclusion by the Water Corporation of possible uptake scenarios in its report to the State Water Council, and issue by the Water Corporation of reliable public statements and reports regarding the extent of water savings arising from the program.

DPC advised the Committee that because the program was part of the former State Water Strategy (now the State Water Plan), targets were not included. DPC indicated however, that monitoring of the program against budgetary targets, and assessment of the value of existing, and potential, rebatable products in enhancing water wise behaviour/performance, are undertaken regularly.

The response by the Water Corporation to the Auditor General's remaining recommendations is detailed in the Committee's *Review of the Reports of the Auditor General 2006-2007*.¹⁵

Following consideration of both agency responses and commentary by the Auditor General in regard to these matters, the Committee determined that the Water Corporation had made satisfactory progress in addressing the Auditor General's recommendations and subsequently resolved to conclude its follow-up of that agency.

Given the Committee's understanding that advice received by the Auditor General from DPC during the audit process indicated that the State Water Council would consider identifying measurable outputs to aid in evaluation of the rebate scheme, the Committee sought advice from DPC on whether consideration had been given to this matter.

¹⁵ Public Accounts Committee, *Review of the Reports of the Auditor General 2006-2007*, Parliament of Western Australia, Perth, 22 November 2007, pp40-41.

Progress since last review

DPC advised the Committee that the State Water Council in reviewing the Waterwise Rebate Program in early 2007 considered its cost-benefit 'against a range of criteria including water saved, savings to government through scheme supply and intangible benefits such as, greater community awareness of water conservation'.¹⁶ The process analysed the success of each rebate item and formed the basis for items included in the revised program. DPC informed the Committee that the Waterwise Rebate Program continues to be measured via a 'range of indicators, including achievement of the revised per capita water consumption target set in the State Water Plan 2007 of less than 100 kilolitres per person per year.'¹⁷

Committee Action/ Comment

The Committee, having considered the Department's response and related commentary by the Auditor General, was satisfied that the Department had undertaken sufficient analysis to enhance planning and monitoring of the Waterwise Rebate Program. The Department has undertaken cost-benefit analysis against a range of criteria and an assessment of individual rebate items against contribution to a per capital water consumption target. As such, the Committee concluded its follow-up in February 2008.

(b) Regulation of animal feedstuffs, hormonal growth promotants and veterinary chemicals

Background

The Auditor General assessed the management and regulation of animal feedstuffs in Western Australia by the Department of Agriculture and Food (DAFWA), including the management of Hormone Growth Promotants (HGP) and control of the use of veterinary chemicals. The Auditor General determined that although DAFWA complied with legislation and national policy in relation to feedstuffs and HGP, the Department had no control regarding inappropriate use of veterinary chemicals given the delayed introduction of related regulations. Also, DAFWA was found to lack a response plan to address circumstances wherein contaminated feedstuffs are fed to ruminants. The Auditor General recommended that the Department progress regulations regarding control of the use of veterinary chemicals.

DAFWA advised the Committee that draft regulations regarding control of the use of veterinary chemicals were in the final stages of preparation. Further, that the Department is contributing to a national strategy to address situations where contaminated feedstuffs are fed to ruminants, and that enactment of the *Biosecurity and Agricultural Management Bill 2006* would provide legislative power to deal with animals which have consumed Restricted Animal Material.

¹⁶ Mr David Hatt, Chief Policy Advisor, Department of the Premier and Cabinet, letter, 14 November 2007, p1.

¹⁷ Ibid.

Following consultation with the Auditor General regarding the advice from DAFWA, particularly the progress of regulations, the Committee requested DAFWA clarify both the priority requested of the Parliamentary Counsel's Office in drafting the regulations and the expected date of finalisation.

Progress since last review

DAFWA advised the Committee in late 2007 that the '*Veterinary Chemical Control and Animal Feeding Stuffs Regulations 2006*, incorporating the nationally agreed control principles for veterinary chemical use, were gazetted on 8th December 2006'.¹⁸

Committee Action/ Comment

Following liaison with the Auditor General in relation to the Department's response, the Committee resolved that it was satisfied with the overall response of DAFWA in addressing the matters raised within the Performance Examination. The Committee therefore resolved in early 2008 to conclude follow-up of this matter.

2.5 Help Wanted: Public Service Workforce Management - Report 6 (21 June 2006)

Background

The Auditor General's Report examined the attraction and retention of staff by government agencies as well as the roles of the DPC, the Office of the Public Sector Standards Commissioner (OPSSC), and DOCEP in public service workforce management overall. The examination found that agencies are experiencing difficulties attracting and retaining staff and that a coordinated response to identified workforce issues is lacking. The Auditor General recommended that the three agencies develop a management framework that provides a coordinated approach to issues such as leadership of the service, and delivery of whole-of-service initiatives that complement the roles and responsibilities of Chief Executive Officers (CEOs).

Responses to the Auditor General's recommendations from each of the three agencies were detailed in the Committee's previous review. For the purpose of background information, only a summary of major initiatives is repeated here.

Department of the Premier and Cabinet

In terms of developing agency leadership capabilities, DPC¹⁹ advised that a Leadership Development Strategy was launched in September 2006, which identifies the skills and attributes required of public sector leaders and comprises various programs to enable aspiring leaders to

¹⁸ Dr Ashley Mercy, Director, Animal Biosecurity, Department of Agriculture and Food, letter, 26 October 2006.

¹⁹ The Public Sector Commission was established in November 2008 and assumed responsibility for certain functions from DPC including those reviewed here. This section of the Report continues to reference DPC however as this was the responsible agency at the time of the Committee's follow-up.

attain those skills. DPC also advised that various leadership development programs and targeted programs run by the Department were ongoing, and that a 'Women in Leadership Planning Group' had been established with the intention of developing a strategy to boost women's representation in leadership roles. To address other workforce issues, DPC advised of other initiatives including: the introduction of a regional skills strategy intended to boost the quantity and quality of professional development opportunities for regional employees; a retirement intentions survey conducted in 2006 to assist strategic workforce planning; and the development of a whole-of-government Mobility Program, which provides employees with placement opportunities with other agencies.

With respect to the attraction and retention of staff, DPC advised of initiatives including the marketing of career opportunities in the public sector via the Public Sector Improvement Strategy, university partnerships, development of a policy of re-engaging recently retired public servants, and provision of recruitment support to agencies. DPC highlighted that its leadership framework for the public service intended to provide a coordinated response to workforce issues, and also drew attention to improvements to job advertising meant to address deficiencies in central agency controls. According to DPC, remuneration controls have also been examined, and a working group has been established to address the effectiveness and accountability of Attraction and Retention Benefits (ARBs).

Office of the Public Sector Standards Commissioner

The OPSSC referred also to the Leadership Development Strategy developed together with DPC as a mechanism for achieving better leadership of the service. Other initiatives underway to promote flexible recruitment practices and address staff attraction and retention issues include the development of: an on-line recruitment and selection tool; an on-line quarterly Standards, Ethics and Equity e-bulletin, to provide tips to the public sector on recruitment and selection; Human Resources management forums with a recruitment focus; and an Ethics Framework to assist CEOs with incorporating greater ethical conduct into operations.

Department of Consumer and Employment Protection

DOCEP advised that in light of recruitment issues its focus had been on enhancing the attractiveness of government as an employer. This included the introduction of improved conditions for public servants from 2001 including more flexible working and leave arrangements, and incentives for remote employees. Other initiatives by DOCEP to address recruitment and retention of staff in the public sector included: an examination into the attraction and retention of staff in regional areas as a means of providing reliable data on which to base policy recommendations; development of a mature age employment strategy; planning of a pilot program to examine work-life balance in the public sector; and establishment of a Pay Equity Unit within the Department in February 2006, responsible for working with the public and private sectors to reduce the gender pay gap.

Progress since last review

At the time of the last review, the Committee requested feedback from the Auditor General in relation to the responses provided by the three agencies. Following consideration of the Auditor General's comments, the Committee resolved to seek further information from agencies. The information sought from agencies and individual agency responses are detailed below.

Department of the Premier and Cabinet

The Committee considered that DPC was making significant progress with respect to initiatives aimed at improving current and future leadership of the service, and the attraction and retention of employees. The Committee was concerned however that these initiatives alone would be insufficient to meet the major challenges facing the public sector including an ageing population, and skills shortage exacerbated by the resources boom. DPC was therefore requested to advise whether its review of procedures relating to the application of attraction and retention benefits had been completed, and if so, what measures had been implemented, or were intended, to ensure the ongoing consistent and effective application of the procedures. The Committee also sought clarification from DPC on how its policy for the advertising of government jobs was reviewed, and whether criteria had been developed for determining the assessment of exceptions to the advertising policy, and if so, whether these had been provided to agencies.

In relation to the Committee's query about procedures pertaining to attraction and retention benefits, DPC made reference to Approved Procedure 7. Approved Procedures relate to the 'functions of Chief Executive Officers (CEOs) (or other employing authorities) as provided for in section 29(1)(h) of the Public Sector Management Act 1994'.²⁰ According to DPC, the working group referred to in its initial response, established to review the two Approved Procedures pertaining to ARBs and comprising representatives from DPC, DOCEP and DTF, submitted its review report to government in August 2007. On the basis of the working group's report, the Premier, as Minister for Public Sector Management, agreed to reissue Approved Procedure 7 in a way that ensures ARBs are:

- *finite, renewable and consistent with the pay parity objectives of Government;*
- *paid as discrete payments rather than salary increases or substitute promotions;*
and
- *more streamlined and efficient as a process for individual applications, to allow agencies to offer ARBs in a more timely manner.*²¹

DPC stated that the revised Approved Procedure 7 should be in place by June 2008 and will be supported by enhanced administration processes to improve overall accountability and

²⁰ Department of the Premier and Cabinet, 'Approved Procedure 7 Determining Remuneration - Attraction and Retention Benefits', 10 April 2007. Available at: www.dpc.wa.gov.au/psmd/pubs/legis/approved/approve7.html Accessed on 6 June 2008.

²¹ Mr Mal Wauchope, Director General, Department of the Premier and Cabinet, letter, 31 March 2008, p1.

transparency. Ongoing review will occur in order to assess the effectiveness of the changes. DPC highlighted that Approved Procedure 7 should only be applied in one-off cases and that increased application of the procedure on a collective and long-term basis could actually compromise pay parity.

In relation to Approved Procedure 6, the second of the procedures relating to ARBs,²² DPC advised that the working group found it to have a low take-up rate by agencies on account of its narrow application coupled with agency preference to outsource specialist services to external providers. As such, DPC will not be modifying Approved Procedure 6.²³

The Committee had sought information from DPC on a review of policy relating to the advertising of government jobs. In response, DPC advised that the review, conducted by the Government Media Office (GMO) in 2006 commenced with consideration of government agency case studies and international research. To further inform the revised advertising policy, three human resources forums on recruitment advertising were conducted at which all key government agency recruitment advertisers were represented. According to DPC, feedback received through daily contact with government agency recruitment advertisers suggested a need for improved media booking systems. As a result, this will be considered in the tender process for a new contract for media bookings, scheduled to commence on 1 August 2008.²⁴

With regard to the Committee's enquiry as to whether criteria had been developed for determining the assessment of exceptions to the advertising policy, DPC advised that 'automatic exemption' is granted for recruitment in recognised areas of industry shortage (including professions such as teachers, urban planners, and engineers). This information is available to agencies via the policy guidelines sections on the recruitment advertisers' website. The exemption enables:

*...positions to be advertised in the approved Government style, using the larger recruitment ad template, in the Professional Appointments pages of Saturday's edition of "The West Australian", as well as any other selected media deemed necessary to attain an adequate response to fill the position.*²⁵

DPC stated that a more formal application process for seeking exemptions has been avoided as this would worsen recruitment delays. The advertising policy currently requires that exemption requests provide information concerning difficulties experienced in filling the position. DPC believes it is important that the policy remains flexible so that requests may be considered on a case-by-case basis. Information on how agencies should seek exemption is available on-line together with an application form, and email applications are also accepted.

²² Approved Procedure 6 refers to Department of the Premier and Cabinet, 'Approved Procedure 6 Determining Remuneration - Specialist Positions', 10 April 2007. Available at: www.dpc.wa.gov.au/psmd/pubs/legis/approved/approve6.html Accessed on 6 June 2008.

²³ Mr Mal Wauchope, Director General, Department of the Premier and Cabinet, letter, 31 March 2008, p2.

²⁴ Ibid., p3.

²⁵ Ibid.

In general, DPC advised that some further measures have been implemented to address public service workforce management issues. These can be summarised as follows:

- In the short-term, GMO has initiated improvements to the internet-based Government Jobs Board and associated print media advertising, intended to improve the image of government as an employer of choice. In the longer-term, booking recruitment advertising will be made more efficient, and GMO also proposes a television and radio based campaign to promote employment in the public sector. This might be targeted to address specific professions, such as police or nurses.
- DPC intends to progressively implement various initiatives in 2008 that will improve recruitment practices. Initiatives include a new web portal ('one-stop shop') for managers, designed to provide information on how to advertise and fill vacancies; the running of information and networking forums for managers in cooperation with other central agencies to facilitate information sharing across the sector; the development of KPIs to consistently measure human resources performance across government; the development of a guide for CEOs to facilitate assessment and improvement of human resources performance in their own agencies; and commencement of a review into recruitment issues subject to the control of central agencies.
- DPC is enhancing the collection of data on human resource minimum obligatory information. Data includes 'information about occupations, job locations, hours worked, diversity and other information useful for addressing workforce issues such as the effects of the ageing workforce, the skills shortage and regional attraction and retention of employees'. Enhanced data collection is intended to assist with strategic workforce planning.
- Currently under development and anticipated for completion in 2008, is a State Works Plan: Attraction and Retention Strategy. This will identify workforce issues and key actions for agencies. According to DPC, the plan is part of a broader four year (2007-2011) strategy that will gradually address workforce issues and will ultimately include the development of guidelines for agencies to improve workforce planning.
- DPC is implementing recommendations from 'Taking the Lead: Women in the Workforce - a strategy for women in leadership in the public sector 2007-2010'.²⁶ Currently underway are: establishment of a central register to assist people seeking job sharing opportunities and to enable agencies to identify staff looking for flexible working arrangements; and development of a half-day training program for managers designed to increase awareness of recruitment practices and encourage inclusiveness.
- DPC also drew attention to work value based salary increases for 'specified calling' positions, which has recently been negotiated by DOCEP. Specified callings include child

²⁶

For more information on the development of this strategy, refer to Public Accounts Committee, *Review of the Reports of the Auditor General 2006-2007*, Legislative Assembly, Parliament of Western Australia, November 2007, p49.

protection workers, psychologists, scientists, engineers, and town planners. These salary increases will help to improve the competitiveness of the public sector.²⁷

Office of the Public Sector Standards Commissioner

The Committee was satisfied that the OPSSC had been actively promoting innovative and flexible recruitment and selection practices to government agencies, however sought to clarify whether it was amending standards and procedures set by the Commissioner to enable more efficient recruitment practices across the sector.

In respect of amendments to standards, the OPSSC confirmed that a review of Public Sector Standards is underway. As an initiative of the OPSSC, the review includes the possible introduction of a Vacancy Management Standard, which will consolidate existing standards that deal separately with issues such as ‘recruitment, selection and appointment, temporary deployment (acting), secondment and transfers’.²⁸ The *Public Sector Management (Breaches of Public Sector Standards) Regulations 2005* will be reviewed to ensure these align with a consolidated standard, and a means of meeting compliance monitoring functions under the *Public Sector Management Act 1994* will be investigated.

OPSSC advised that exemptions from human resources standards granted by the Commissioner are under review, and a database of all previously granted exemptions is under development to improve monitoring and reporting and to contribute towards greater transparency. Guidelines on the exemption process have also been drafted to assist agencies. Further to improving monitoring, OPSSC advised that a new assessment process has been introduced for Breach of Standards Claims and Matters of Referral, including a document checklist to assist with lodging claims and updated website information on the process to assist claimants.

In terms of other procedures to improve recruitment practices across the sector, the OPSSC advised of a number of initiatives, including the development and implementation of:

- A public sector quality assurance framework aimed at improving human resources and ethical standards. Through a series of measures, the framework will promote more efficient recruitment practices across the sector.
- An on-line grievance tool by agencies.

According to the OPSSC, initiatives already underway include the use of e-bulletins to provide targeted assistance, and also satellite and video broadcasts in regional areas. New products have also been developed with input from CEOs and human resource personnel for agencies involved in the code of ethics (see below).

²⁷ All information taken from Mr Mal Wauchope, Director General, Department of the Premier and Cabinet, letter, 31 March 2008, pp4-7.

²⁸ Dr Ruth Shean, Commissioner Public Sector Standards, Office of the Public Sector Standards Commissioner, letter, 20 March 2008, pp1-2.

Initiatives under development include:

- A WA Code of Ethics and Conduct Guide with supplementary information relating to human resource standards; and
- Other information resources such as a referee template, a guidance brochure on lodging complaints, a new sector newsletter, and an updated website.²⁹

Department of Consumer and Employment Protection

The Committee was satisfied that DOCEP had addressed the Auditor General's recommendations however, sought clarification in relation to its review of attraction and retention benefits in conjunction with DPC. The Committee requested information on the Department's work to address industrial conditions aimed at increasing the attractiveness of government as an employer. DOCEP was also asked to provide an update on the effectiveness of, and details of any long-term monitoring/evaluation of, various initiatives including its mature age employment strategy, work-life balance program, and best practice toolkit for addressing gender pay gaps.

DOCEP confirmed that it is participating in the review of Approved Procedure 7 with DPC and DTF. The negotiated salary increase for 'specified calling' positions (as referred to by DPC and discussed above) was also highlighted. According to DOCEP, this will reduce the need for attraction and retention benefits and in so doing, the administrative costs incurred by government agencies. DOCEP advised that its work developing competitive pay and conditions across the public sector should also assist with attraction and retention issues. Ongoing work to improve conditions for regional staff is cited as a particular example.³⁰

DOCEP provided an update on specific strategies,³¹ which can be summarised as follows:

- In relation to the mature age employment strategy, which commenced in 2005, DOCEP advised that monitoring shows agencies to be more attracted to this initiative. As the strategy progresses, indicators will be developed in consultation with relevant stakeholders to assess how effective the strategy is.
- DOCEP advised that research is underway into identifying impediments to the adoption of work-life balance initiatives. A pilot program involving three public sector agencies is to take place over approximately 12 months commencing in February 2008. The program will involve firstly, a review of the participating agencies, implementation of recommendations identified from the review, and an evaluation. Following on from the pilot program, DOCEP will develop recommendations on work-life balance for the whole of the public sector. It is the Department's intention to monitor the effectiveness of work-

²⁹ Ibid., pp2-3.

³⁰ Mr Brian Bradley, Director General, Department of Consumer and Employment Protection, letter, 15 April 2008, p1.

³¹ For more detail on what these strategies involve, refer to Public Accounts Committee, *Review of the Reports of the Auditor General 2006-2007*, Legislative Assembly, Parliament of Western Australia, Perth, 22 November 2007, pp53-54.

life balance initiatives across the public sector over time, and it is intended for strategies to achieve this to be developed in early 2009.

- With respect to gender pay equity, DOCEP advised that a 'Pay equity employer toolkit' had been developed comprising information designed to assist agencies including background information on the gender pay gap in Western Australia, a guide on how to conduct a pay equity audit, and suggested solutions on how to address gender pay gaps. According to DOCEP, since the toolkit was launched in July 2007, approximately 800 have been distributed, although the effectiveness of the toolkits is difficult to measure.

DOCEP advised that it had been approached by several agencies for assistance with conducting a pay equity audit since distributing pay equity reports to the 26 largest public sector agencies in 2007. Further, a model audit report has been developed by the Pay Equity Unit (PEU) within DOCEP to assist agencies to complete an audit. Two audits are currently underway and a number of others are proposed for 2008. DOCEP stated that an evaluation of the effectiveness of audits will occur once agencies have considered audit recommendations, and the PEU will assist agencies to periodically conduct audits to track progress.

In relation to pay equity audits, which use data from DPC to compare the overall gender pay gap within an agency with the public sector average, DOCEP advised that the PEU is preparing the second annual pay equity reports for the 26 largest public sector agencies. These reports are intended for distribution in late 2008 with a view to assisting further with the evaluation of agency progress and to continue to provide encouragement to agencies to undertake a full pay equity audit with the assistance of the PEU.³²

Committee Action/ Comment

The Committee resolved to seek feedback from the Auditor General on the supplementary information provided by agencies. With regard to the response from the OPSSC and the Auditor General's comments relating to this information, the Committee resolved on 11 June 2008 to maintain a watching brief on the agency given that skills shortages were such a significant and ongoing issue for government at that time. The Committee therefore advised the OPSSC that it would request an update on the agency's progress within six months.

Subsequent to this, the Committee received the above additional information from DPC and DOCEP, and comments from the Auditor General in this regard. The Committee's consideration of the correspondence occurred after a considerable lapse in time given dissolution of the Legislative Assembly and in turn, the former Public Accounts Committee of the 37th Parliament. On establishment of the Public Accounts Committee of the 38th Parliament, it was resolved to discuss the recommendations of the report with the Auditor General in the context of changed economic conditions and the impact on workforce management. Subsequent to a briefing from the Auditor General in December 2008, the Committee resolved that in light of the agencies'

³² All information taken from Mr Brian Bradley, Director General, Department of Consumer and Employment Protection, letter, 15 April 2008, pp2-4.

committed approach to addressing the recommendations in the report and a greater likelihood of agencies retaining staff in the current financial environment, the Committee would conclude its follow-up of these matters.

2.6 Procurement Reform: Beyond Compliance to Customer Focus - Report 7 (28 June 2006)

Background

In 2004 the Office of Government Procurement, a division of DTF, was tasked with leading the state's procurement reform agenda, comprising 60 procurement reform projects organised into 12 cross-agency programs. The Auditor General assessed the implementation and savings achieved by DTF and participant agencies during the first year of the program, determining that although DTF estimates of savings achieved were reasonable, figures relating to the cost of procurement reform were not tendered. The Auditor General recommended that the Department estimate and publish, alongside estimated savings, the full cost of procurement reform. Further, that DTF ensure that: barriers to procurement reform and data collection on procurement performance by individual agencies be addressed; agencies be provided adequate lead time for the introduction of new and revised common use arrangements (CUAs); and that DTF continue to improve its responsiveness to agencies' specifications to ensure value for money in procurement reform.

DTF advised the Committee that the 2005-06 Procurement Reform Benefits Realisation Report tabled in Parliament in 2006 provided cost estimates for procurement reform for 2005-06 and three and five year cumulative totals and that it intends to produce Benefits Realisation Reports for the remaining two years of the program, inclusive of total cost estimates.

DTF detailed a number of actions taken to progress agencies' adoption of procurement reforms, the specifics of which are provided in the Committee's *Review of the Reports of the Auditor General 2006-2007*.³³ In summary, this included:

- Production of customised Buying Behaviour reports for agencies with significant procurement responsibilities to assist in improving buying behaviours and to promote procurement reform initiatives;
- A procurement reform toolkit for agencies supported by regular related training;
- Progressing government agency purchasing card usage and implementation of an associated electronic management system, guidelines and policies;
- Improvement of the quality and accessibility of information relating to CUAs; and
- Procurement reform progress reports to underpin case studies for best practice in contracting.

³³

Public Accounts Committee, *Review of the Reports of the Auditor General 2006-2007*, Parliament of Western Australia, Perth, 22 November 2007, pp55-57.

Likewise, detailed information was provided by DTF and reviewed by the Committee in its previous report regarding the Department's work with agencies to improve data on procurement performance. In summary, this included:

- Provision of the aforementioned customised Procurement Reform Benefits Realisation Reports to agencies as a management tool, and incorporation by DTF of lessons learned in the development of those reports about agency-based procurement management, in Agency Progress Reports;
- The use of Buyer Behaviour Reporting to inform large spending agencies of valuable information on commonly purchased goods and services, enabling most agencies to measure performance against procurement undertaken through CUAs;
- Introduction of, and training in, a more effective system of classifying goods and services (United Nations Standard Products and Services Coding) to improve the quality of procurement data, enabling agencies to better analyse spending;
- Continued use and modification of Annual Forward Procurement Plans providing agencies with a strategic view of intended procurements, allowing the procurement process to become an integral component of broader business planning and enabling monitoring of procurement performance; and
- Development and implementation of procurement related Information and Communication Technology (ICT) projects, including a common use e-procurement platform, providing agencies with access to extensive agency specific spend-data.

Regarding actions taken to ensure optimum lead time for agencies to introduce new and revised CUAs, DTF detailed a number of mechanisms by which this occurred, principally promotional in nature. Regarding improved responsiveness to agencies' specifications, particularly with respect to direct service delivery, DTF advised the following:

- Establishment of Client Reference Groups, comprising personnel with requisite expertise, during CUA development and evaluation;
- Encouraging feedback from buyers regarding contract specifications;
- Ongoing monitoring and review of CUAs; and
- Establishment of a Client Procurement Services Division within the Office of Government Procurement, and rebadging of agency contract staff as DTF employees, thereby ensuring specialist expertise and consistency in procurement performance.

The Committee viewed that DTF had addressed the Auditor General's recommendations pertaining to reporting costs of procurement reform; resolving barriers to adoption of related reforms; and ensuring those changes improve value for money. The Committee resolved however to, firstly, seek additional information on the Department's work with agencies to improve data on

procurement performance. Secondly, in light of the Auditor General's investigation of the balance between achieving savings and maintaining service delivery, the Committee requested DTF advise whether savings achieved by procurement reform had been redirected to service delivery in agencies and if so, the value of savings.

Progress since last review

With respect to DTF working to improve agency data collection on procurement performance, DTF informed the Committee that this is a long-term and challenging objective. Further, whilst DTF can provide the necessary tools to achieve this objective, the collation of data on procurement performance relates to requirements, notably internal budgeting, procurement decision-making and associated data management issues that are the responsibility of the agency. Realisation of the objective has therefore been largely dependent on the priority that the respective agency gives to the matter.

DTF detailed that it was unable to provide information on how each agency applied savings from procurement reform or the direction of funds to service delivery activities, these being the responsibility of each agency. That said, DTF tendered figures for whole-of-government, reporting that for the period 2006-07 the total savings created by procurement reform were as follows:

- \$114 million in total savings harvested by government;
- An estimated \$142 million in total procurement reform savings;
- Approximately \$84 million in direct cost savings from CUAs; and
- A conservative estimate of \$20.5 million in efficiency measures and process improvements.

DTF advised that the differential between total savings harvested by government and total procurement savings is retained and applied by agencies to operational or corporate requirements. Further, that cost savings from efficiency measures and process improvements equates to approximately 350 FTEs allowing for improvements in service delivery in operational areas.

DTF informed the Committee that savings harvested through the reform process have enabled the redirection of funds to priority service delivery areas such as health, education and training, and law and order. The Department also noted that a lower savings harvest percentage for procurement spend had been applied to the Department of Health (DoH) and DET to reflect both the service delivery priority of these agencies, and in recognition of their purchasing power pre-reform limiting opportunity to make increased savings in areas covered by new CUAs.

DTF noted that initial concerns regarding the potential negative impact of the reform program on service delivery were not realised on assessment of data from extensive customer satisfaction surveys conducted with targeted stakeholders.

DTF detailed that the following additional strategies had been implemented since the Department's initial response to the Committee. According to DTF, these initiatives are designed to assist agencies with gathering and analysis of procurement spend and savings data for the measurement of procurement performance:

- Distribution of a contract savings register, as an optional method for recording agency specific contract savings;
- Development of improved methodology for compiling annual reports relating to sector and agency procurement spend, one such report providing the means by which agencies can estimate procurement savings and develop a more detailed spend profile; and
- As of July 2007, the introduction of monthly electronic statements for purchasing cards and adoption by major use agencies of an expense management system for improved understanding and monitoring of lower value purchasing, collection and analysis of associated spend data.³⁴

Although as previously mentioned, DTF noted that it was not in a position to provide figures on 'how each agency has accommodated the savings harvest across their various cost centres or internally allocated savings resulting from procurement reform initiatives', it did tender case examples of the positive impact of procurement reform on agency service delivery.³⁵ This focused centrally on how individual agencies have applied new contracting arrangements based on 'smarter buying' principles such as 'aggregation, standardisation, the removal of duplication, innovative contract design and streamlined purchasing processes', to achieve 'significant direct cost savings and/or efficiency improvements', resulting in clear service delivery benefits.³⁶ Examples cited included:

- The aggregated purchase by tender of four separate hospital CT scanners and a fifth under post tender award by DoH for the would be cost of the \$8 million budget allocated for the separate purchase of three CT scanners. Cost savings over the life of the scanners jointly purchased estimated to be \$2 million per annum;
- Establishment of a new long-term panel contract of pre-qualified suppliers of specialised emergency response vehicles by the Fire and Emergency Services Authority (FESA), resulting in: expanded local capability for this type of work; providing a more efficient, flexible and coordinated approach to procurement; providing greater business certainty for suppliers; reducing supply risk; and creating market competition. The net impact being improved fleet planning and management enabling the clearing of a backlog of projects and ensuring that future service delivery requirements are met;

³⁴ All information in the section entitled 'progress since last review' taken from Mr Timothy Marney, Under Treasurer, Department of Treasury and Finance, letter and Attachment, 27 December 2007, pp1-4.

³⁵ Mr Timothy Marney, Under Treasurer, Department of Treasury and Finance, letter, attachment, 27 December 2007, p3.

³⁶ Ibid.

- The letting of a new long-term contract to a single service provider by DotAG designed to consolidate and aggregate servicing arrangements for court audio visual services. The intention being the attraction of a quality service provider; improved reliability and consistency of court audio visual services, given standardisation of architecture and components; greater reliability given a planned preventative maintenance service; and increased efficiency in buying services. The results being reduced cost of audio visual court installation and remote witness room, and significant efficiency savings given abolition of requirement to seek quotes or tenders for minor works, ultimately resulting in more effective court services; and
- CUA established by DoH for uniform purchase across major hospitals resulting in cost efficiencies of approximately \$120 per nursing staff member, improved satisfaction with design and fit and in some instances, and redirection of savings to patient care.³⁷

Committee Action/ Comment

The Committee in assessing the response and having conferred with the Auditor General, was satisfied with the information tendered by DTF, in particular the information provided on savings achieved by the four exemplar agencies. The Committee therefore resolved in February 2008 to conclude its follow-up of this matter.

2.7 Second Public Sector Performance Report 2006 - Report 8 (30 August 2006)

(a) Informing the Public: Providing Information on the Timeliness of Services

Background

The Auditor General investigated the quality of timeliness information provided to the public by several agencies. Timeliness was examined due to its significance in the context of services to the community such as public transport (buses, trains and taxis), utilities (water), and emergency response (police, fire and ambulance). The provision of timeliness data to the public is necessary for information purposes but also because it can encourage improvement in service provision. The Auditor General found that while the timeliness information provided is generally of a good quality, there was scope for improvement. As such, the Auditor General recommended that agencies should review and improve the usefulness of timeliness information provided to the public, and facilitate access to that information.

At the time of the Committee's previous review, only one agency response (from the Water Corporation) had been received and considered by the Committee. The following responses relate to FESA and the WA Police. Further commentary on other relevant agencies is provided in Chapter 3.5, where the Committee's contact with those agencies remains ongoing.

³⁷ Ibid., pp4-6.

Progress since last review

Fire and Emergency Services Authority

FESA advised that in addressing the Auditor General's recommendations, it had focused on two key areas, namely the collation and dissemination of information to the public during emergencies, and the collection and publication of incident statistics. In the first instance, FESA detailed that a review had been undertaken of media and public information plans. As a consequence, the agency is developing targets for disseminating information and is reviewing the process for approving information as well as its information templates. According to FESA, other mechanisms for improving the dissemination of information to the community during emergencies include:

- The development of 'hazard based stakeholder lists' and systems to facilitate the methodical distribution of information during emergencies. This will involve expanding an existing database so that local government authorities, peak bodies, key agencies and community based groups are included;
- The establishment of an in-house needs-based community call centre, which will provide hazard specific information and respond to frequently asked questions; and
- The potential for public information officers to be dispatched to affected communities to assist if resources at that particular time allow.³⁸

In relation to reporting on the timeliness of services, FESA advised that a number of improvements have been made to the collection of incident statistics and targets, summarised as follows:

- The inclusion of more detailed information on response times in the agency Annual Report such as that pertaining to career fire fighters in the metropolitan region, related data now providing response times for various incident categories and also the number of incidents attended per time bracket.
- A review is being undertaken of operational management systems with the aim of enhancing the quality and accuracy of operational data across all services.
- On-line access is to be provided to Fire and Rescue Service volunteers with a view to facilitating the collection of volunteer incident data, and providing a better indication of regional performance.
- The potential for publishing response time information on the FESA website is being investigated. Related to this, a broader review of the website is being undertaken to improve the accessibility of information.

³⁸ Ms Jo Harrison-Ward, Chief Executive Officer, Fire and Emergency Services Authority of Western Australia, letter, 2 October 2007, pp1-2.

- A review is to be undertaken of the agency's KPIs and will include targets.³⁹

Western Australia Police

WA Police advised that timeliness information conveyed to the public is limited to response times averaged across the six metropolitan police districts and recorded in the Annual Report. This is a consequence of limitations to the collation and reporting of this type of information. WA Police detailed that a review has since been undertaken of the nature and purpose of timeliness information provided to the public, and also of the information technology system responsible for recording and reporting on the data. The review has enabled WA Police to identify additional performance indicators to be provided to the public, which will supplement the existing average response time indicator. The new performance indicators comprise:

- A Grade of Service indicator which will measure the percentage of tasks responded to within the target response time. According to WA Police:

*Publishing a Grade of Service indicator for response times would better inform the public as to the true distribution of response times, and the true level of the timeliness of police services.*⁴⁰

- A 90 per cent maximum response time indicator, which represents a fairer measure of response time than providing the public with maximum and minimum response times to demonstrate the range. WA Police argue that minimum response time to calls for attendance is usually zero and maximum response time can be sensitive to one-off exceptional circumstances or recording errors thereby skewing the data. It is the agency's opinion that a more robust indicator would therefore be the time within which 90 per cent of all calls for police attendance are responded to.

WA Police determined that it is possible to disaggregate timeliness information down from the existing annual state-wide data. As such, a number of additional categories of response time information are to be provided to the public including information by: month; district; time of day; and day of the week. In terms of when the above additional information will be made publicly available, WA Police advised that this had been scheduled for the second quarter of the 2007-08 financial year (i.e. by the end of 2007). At the time of the agency's response to the Committee, development was still ongoing with respect to the IT system in terms of reporting information in a format that is suitable for the public, and also complies with annual reporting requirements.⁴¹

In relation to reviewing and improving information on how targets are set, WA Police advised that timeliness performance targets are set on an annual basis and pertain only to the key efficiency indicators of average response time for police attendance within the metropolitan area. WA Police stated however, that scope may exist for providing additional commentary in its Annual Report on

³⁹ Ibid.

⁴⁰ Dr K J O'Callaghan APM, Commissioner of Police, Western Australia Police, letter, 10 September 2007, p2.

⁴¹ Ibid., pp1-3.

how targets are set and also for explaining instances where the timeliness of police services fail to meet stated performance targets. WA Police considered that the Annual Report would be the most suitable forum for conveying information on performance targets for timeliness and revealed that the 2006-07 Annual Report included statements identifying how targets are set and also explained why timeliness performance targets may not be met. It is the agency's intention that this information be included in future versions of the Annual Report as well as in the media or any other forum where information is conveyed to the public on the timeliness of services. WA Police advised that it intends to continue setting targets on an annual basis and for the agency as a whole and as such, devising targets for lower levels of disaggregation will not be necessary.⁴²

In response to the Auditor General's recommendation to enhance access to timeliness information, WA Police advised that timeliness information would be added to its website, would be located together with other statistical information already on the website, and would be regularly updated. According to WA Police, enhancing the website would depend on 'available technology resources, tools and standards', however the addition of timeliness information had been scheduled to occur in the second quarter of the 2007-08 financial year.

Committee Action/ Comment

Following consideration of the agencies' responses and consultation with the Auditor General, the Committee resolved to seek further information from FESA and WA Police regarding specific dates by which proposed changes would be implemented, and in order to demonstrate changes, examples of both old and new timeliness information.

Fire and Emergency Services

FESA advised that all actions that had been proposed to improve the dissemination of information to the community during emergencies (as above) had been implemented. This includes: development of targets for information dissemination and hazard based stakeholder lists; review of the information approval process and templates; formalisation of procedures to establish in-house community call centres; and establishment of a protocol for public information officers to be sent to affected communities.⁴³

With regard to reporting on the timeliness of services, FESA advised that initiatives would be phased in with priority given to the establishment of adequate reporting systems and processes. According to FESA, response time information in the agency's 2006-07 Annual Report was enhanced to include definitions of data being recorded and the range of response times for all incident categories in each time bracket. The agency provided excerpts from its 2005-06 and 2006-07 Annual Reports to demonstrate the abovementioned improvements to response time reporting.

FESA provided an update on the progress of specific initiatives as follows:

⁴² Ibid., pp3-4.

⁴³ Ms Jo Harrison-Ward, Chief Executive Officer, Fire and Emergency Services Authority, letter, 28 March 2008, p1.

- Following a review of the agency's operational databases, system upgrades are being investigated for implementation during the 2008-09 financial year, which will enable more automated and consistent reporting. At the same time, processes to monitor data quality and improve the reliability of incident reports will be established.
- An extranet was launched in November 2007 to facilitate access by FESA volunteers to corporate information, and it is intended to commence training for volunteers during the 2008-09 financial year, to enable volunteers to submit operational response data via the extranet.
- FESA anticipated completion of a consultant's report on possible improvements to the agency's website (pertaining to for example, user-friendly formats and information) in mid-2008. The implementation of improvements is expected to commence in July 2008.
- A framework has been developed which will permit quarterly monitoring of performance and progress against key indicators. FESA advised that KPIs, including benchmarks and targets, will be reviewed with a view to implementation of revised targets and indicators during 2009-10.⁴⁴

Western Australia Police

WA Police detailed that the agency website will be updated to include timeliness of service information for the 2007-08 financial year, which will be aggregated on a monthly basis as appropriate. From that date onwards, WA Police will provide updated information monthly.⁴⁵

Committee Action/ Comment

Supplementary information was forwarded to the Auditor General for consideration and commentary. The Committee subsequently determined that it was satisfied that FESA had made considerable progress on the initiatives listed in its initial correspondence to the Committee. Comparison of the agency's KPIs in FESA's 2005-06 and 2006-07 Annual Reports clearly show improvements in the provision of timeliness information for metropolitan 'response times'. The Committee was also satisfied that WA Police had provided the detail as requested resulting in improved public access to timeliness information. The Committee resolved in December 2008 to conclude its follow-up of matters in relation to these two agencies.

(b) Setting Fees - Extent of Cost Recovery - Follow-up

Background

In 2004, the Auditor General released a report entitled *Setting Fees - The Extent of Cost Recovery*, which principally concerned the way agencies set fees and disclosed fee setting policies. The follow-up report examined whether practices had improved and whether agencies which had set

⁴⁴ Ibid., p1-2, and attachment pp1-10.

⁴⁵ Dr Karl O'Callaghan, Commissioner, Western Australia Police, letter, 10 June 2008.

fees beyond the cost recovery level had reduced these to reflect actual cost. The Auditor General determined that whilst there were improvements by many agencies in costing and fee setting practices given improved understanding and amendment of financial systems, a greater level of improvement was required. The Auditor General recommended selective review of the accuracy and reliability of agency fee certifications and the *Costing and Pricing Government Services* guidelines by DTF. The Auditor General also recommended that agencies assure the public that reliable cost accounting processes are used in the setting of their fees; document the reasons for any significant variation from cost recovery; and provide meaningful disclosure of pricing policies.

At the time of the Committee's initial report on this matter, two of eight responses had been received, these being from DTF and the Metropolitan Cemeteries Board (MCB). Commentary provided by DTF was detailed in the Committee's *Review of the Reports of the Auditor General 2006-2007* including additional information requested by the Committee pertaining to the Department's authority to compel agency information under Section 79 of the *Financial Management Act 2006*.⁴⁶ At that point the Committee concluded its follow-up in relation to the Department.

The Committee's follow-up of the MCB as well as the Lotteries Commission, which has since submitted a response, are detailed in Chapter 3.5 as these follow-ups are yet to be concluded. The responses received from all other agencies are reviewed below.

Progress since last review

Department of the Attorney General

The fee setting policies and practices examined by the Auditor General with respect to DotAG concerned District and Supreme Court Civil, including probate, fees. Court fees, the then responsibility of the former Department of Justice, were not examined by the Auditor General in the initial performance examination in 2004.

With respect to the Auditor General's first recommendation to use reliable cost accounting processes for fee setting, DotAG advised that it had established a costing methodology in accordance with the *Costing and Pricing Guidelines* issued by DTF, 'to enable the reliable quantification of cost recovery rates from fees against various court activities.'⁴⁷ Further, that the Department would undertake a more comprehensive annual quantification process to be submitted to DTF as part of the annual fee review process.

In relation to documenting reasons for any significant variation from cost recovery, DotAG detailed that it undertook 'a comprehensive review of court fees to accurately cost the service for which fees are charged and identify any areas where over recovery of costs is occurring'.⁴⁸

⁴⁶ Public Accounts Committee, *Review of the Reports of the Auditor General 2006-2007*, Parliament of Western Australia, Perth, 22 November 2007, pp61-63.

⁴⁷ Ms Cheryl Gwilliam, Director General, Department of the Attorney General, letter, 3 September 2007, p1.

⁴⁸ *Ibid*, Attachment A, p1.

DotAG informed the Committee that cost recovery in the court system is limited almost exclusively to the civil jurisdiction (post cost recovery target of between 25-30%). In comparison, cost recovery from the criminal jurisdiction, with the exception of fines and infringements as part of enforcement activities, is largely inappropriate given the nature of those activities. DotAG cited that a full cost recovery policy is not appropriate in the court system as this would preclude affordable access to the justice system. As would be expected, the review of court fees therefore established significant under recovery of costs in total, although it did identify some instances of over recovery of costs.

DotAG advised that the current fee structure, a 'staged fee regime', together with the aforementioned civil target recovery rate, is based on that of interstate jurisdictions.⁴⁹ Further, that this comparative methodology is one supported by DTF in the setting of fees, and one considered by DotAG to be appropriate for the Western Australian Court system, provided that in undertaking this task, cost does not preclude access to justice services.

The following details areas where the review identified cost over recovery and the Department's explanation for the latter:

(a) Probate Fees

The Auditor General found that probate fees over recovered costs by almost 200 per cent, adding that significant over recovery is a factor in determining whether a fee is a tax. Further, that legislative authority enabling agencies to raise fees and charges does not permit the imposition of a tax. During the examination by the Auditor General, the Department sought legal advice from the State Solicitor's Office on this issue, receiving advice to the effect that there is risk of such characterisation although doubt about whether this would render the fees invalid.

The DotAG review effectively confirmed the Auditor General's findings regarding over recovery of costs, although DotAG noted that on examination it had determined that probate fees are largely on par with average costs in other Australian jurisdictions. It also noted that over recovery of costs did not apply to Supreme Court Civil activities as a whole. Given these factors, DotAG asserted that it was appropriate to maintain the current probate application fee regime and to continue to index this in line with the Consumer Price Index (CPI).

(b) Filing Fee for admission as a practitioner

The fee administered by the Supreme Court and charged for admission as a legal practitioner in Western Australia was determined at 129 per cent of cost recovery. DotAG asserted that when compared with Queensland, Victoria, South Australia and the Australian Capital Territory, this produced a fee below a combined average of those jurisdictions. DotAG applied the same argument to the Filing Fee as provided for maintaining the level of probate fees, that is, that it be indexed to CPI.

(c) Copying Fees

⁴⁹ Ibid.

Where relevant, photocopying fees are charged on a per page basis and significantly over recover costs. DotAG argued that this has a deterrent effect and ensures efficient use of court registry resources. Charges in this state were found to be at the high end of charges interstate. DotAG has therefore determined that these charges will not be indexed with CPI until they reach parity with other interstate jurisdictions.

(d) Fees charged by the Fines Enforcement Registry

The review found that enforcement fees for unpaid infringements, these being penalties issued by other government agencies, significantly over recovered costs at 325 per cent total cost recovery for the period 2005-06. The fees, imposed on an offender, cover the cost of enforcement activity, act as an incentive for timely payment of infringements and a penalty for late payment. DotAG essentially argued that because of the unique characteristics of this fee and the adverse impact that reduction in cost could have on the timeliness of payments, it should be maintained at the current level. The Department also cited that advice from the State Solicitor's Office indicated that over recovery in this context is likely to be legally valid.

(e) Fee for a certificate under the hand of a Registrar (Supreme and District Court)

The fee, charged for a certificate signed by a Registrar, is generally confined to issuance of a certificate certifying a person as a registered legal practitioner in this state. The cost recovery rate was determined at 205 per cent, although on par with rates in New South Wales and the Australian Capital Territory, and significantly under the rate charged in Victoria. DotAG presented the same argument for maintaining rates as per probate fees, suggesting it should again be CPI indexed.

(f) Fee to make an application for extraordinary licence under the *Road Traffic Act 1974* (*Magistrates Court*)

The fee, currently achieving a cost recovery rate of 149 per cent, relates to an application and hearing for an extraordinary licence. DotAG informed the Committee that there was no direct interstate comparison identifiable. That said, because the fee has traditionally aligned with the filing fee for a civil matter in the Magistrates Court, given the comparative value of a person's driver's licence to those fees, ongoing alignment would require maintenance and CPI indexing of existing charges.

With regard to the Auditor General's final recommendation regarding meaningful disclosure of the agency's pricing policies, DotAG advised that although public disclosure had not occurred to date, publication would commence as of the 2006-07 Annual Report.⁵⁰

The Committee considered the Department's response and sought input from the Auditor General. Although generally pleased with the action taken in relation to the Auditor General's recommendations, the Committee sought clarification on a number of matters.

⁵⁰ Ibid., pp2-4.

In the above commentary, DotAG noted the development of a costing methodology in accordance with the *Costing and Pricing Guidelines* issued by DTF. The Committee viewed however an apparent inconsistency between the Department's rationale for setting fees and the Guidelines. For example, DotAG cited justification for over recovery in some instances by citing low levels of cost recovery across the total court system and through comparison of rates with fees charged in other jurisdictions, noting the latter as a valid consideration recognised by DTF when setting fees. The Committee acknowledged that cross-subsidisation is warranted in some instances but that it was not evident as a justification in the Guidelines and did not accord with discussions between the Auditor General and DTF regarding over recovery of costs. The Committee therefore ascertained whether DotAG had sought advice from DTF on this matter and if so, the nature of this.

Secondly, the Committee considered that the disclosure of pricing policies, a requirement under the Treasurer's Instructions, in DotAG's 2006-07 Annual Report implied significant under-recovery of costs of court fees. For example, the Annual Report cites that the Department has 'adopted a policy of partial cost recovery' regarding Court and Tribunal fees; that a review of court fees is conducted annually to ensure a balance is achieved between access to justice, incentives to settle, and user contributions; and that comparison is made with fees charged in other jurisdictions.⁵¹ The Committee noted that partial cost recovery of fees did not apply to all fees and requested DotAG comment on the matter.

DotAG subsequently informed the Committee that it viewed current court fee setting practices as consistent with the aforementioned Guidelines, noting that these only provide general guidance on issues that need to be considered in setting fees. Further, that specific advice is provided by DTF on fee setting processes, and that departments are required to disclose fees that over recover costs, for consideration as part of the annual budget process. A submission of this nature, which included background, rationale and increase in fees in line with the government approved escalation rate, was supported and approved by government for the period 2007-08. The Department envisages ongoing dialogue in relation to these issues.⁵²

Secondly, DotAG advised that the court system does operate under a principle of partial cost recovery and that while some fees over recover costs, for reasons previously cited, the court system significantly under recovers costs overall. DotAG asserted that '[t]he statement made in the annual report is a general policy statement regarding the overall cost recovery of the court system and is not intended to provide details on cost recovery rates on each individual fee or activity within the court system.'⁵³

Following consideration of this information and further consultation with the Auditor General, the Committee was pleased to note details concerning the fee review submission to DTF under the 2007-08 budget process, including justification for fees that over recover costs. Whilst

⁵¹ Department of the Attorney General, *Annual Report 2006/07*, 27 September 2007, p135. Available at: www.justice.wa.gov.au/_files/DotAG_AnnualReport07.pdf Accessed on 5 August 2008.

⁵² Ms Cheryl Gwilliam, Director General, Department of the Attorney General, letter, 2 January 2008, p1.

⁵³ *Ibid.*, p2.

acknowledging however that the Department's disclosure in the Annual Report was intended as a general policy statement, the Committee viewed that there could be greater accuracy through inclusion of wording to the effect that some fees do not recover costs. The Committee requested that DotAG take this into consideration and advise whether it intends to do so. DotAG advised of its commitment to transparency and agreed to clarify its policy statement in its 2007-08 Annual Report with respect to over recovery of some individual court fees.⁵⁴

Department of Education and Training and Swan TAFE

With respect to the Auditor General's first and second recommendations, DET referenced commentary by the Auditor General that '[f]ees should reasonably reflect the cost of providing services unless there is some overriding economic or social policy objective', citing that '[h]istorically, TAFE tuition fees have not been based on cost recovery principles.'⁵⁵ DET informed the Committee that in 1992 when the state government introduced tuition fees for TAFE award courses it was on the basis of students contributing towards that training and not for the purposes of cost recovery, a position consistent with other Australian jurisdictions. DET conveyed concern that an increase in the level of cost recovery could be a disincentive to enrolments and have an adverse impact in the context of the current skills shortage.

DET noted that following extensive consultation with public and private training providers in Western Australia, the Expenditure Review Committee of Cabinet approved in late 2007 proposed changes to the Vocational Education and Training fee structure for 2008. This essentially resulted in simplification of the fee structure for students and providers but maintenance of the level of revenue derived.

Regarding the Auditor General's third recommendation, DET detailed that it publishes the '*Fees and Charges Policy for Publicly Funded Registered Training Organisations and Programs*,' which outlines the provider based fees and charges and related administrative procedures applicable to publicly funded training providers.⁵⁶ This policy and related documentation is available in electronic and hard copy format. According to DET, TAFEWA also provide an updated schedule of fees for all courses, available through campus administration offices.

DET noted commentary by the Auditor General regarding lack of authority for TAFEWA campuses to deliver training on a fee for service basis, citing that this was remedied in 2006 by issue of the *Sub-delegation (Managing Directors) Instrument 2006* by the then Director General. This enabled delivery of training on a fee for service basis subject to the *Vocational Education and Training Act 1996* and related *Public Training Providers (Commercial Activity) Guidelines 2001*.⁵⁷

⁵⁴ Ms Cheryl Gwilliam, Director General, Department of the Attorney General, letter, 14 March 2008, p1.

⁵⁵ Ms Sharyn O'Neill, Director General, Department of Education and Training, letter, 9 November 2007, p1.

⁵⁶ Ibid.

⁵⁷ Ibid., pp1-2.

While Swan TAFE submitted a separate response to DET, it similarly referenced the *Sub-delegation (Managing Directors) Instrument 2006*. Swan TAFE indicated that it would continue to operate its fee for service activities in accordance with the Sub-delegation 'until such time that these matters are addressed through the proposed review of the *Vocational Education and Training Act 1996*'.⁵⁸

Department of Environment and Conservation

In July 2006, the Department of Conservation and Land Management and Department of Environment merged to form the Department of Conservation and Environment (DEC).

DEC detailed with respect to the Auditor General's first recommendation that the Department's fee setting methodology is based on direct and indirect costs, externally reviewed and in compliance with the DTF *Costing and Pricing Guidelines* and the Premier's Circular 2007/11. Further, that in-depth, fee-setting studies are undertaken and independently verified, where appropriate, in relation to significant categories of fees such as park entrance or industry regulation fees.

In addressing recommendation two of the Auditor General regarding documentation of reasons for any significant variation from cost recovery, DEC advised that full cost recovery fees are calculated and charged, except where approval is granted by the Minister on public interest grounds to charge less than full cost. Further, that a detailed list of the Department's fees and charges is submitted annually for approval to the responsible Minister.

Regarding recommendation three of the Auditor General, DEC advised that a new section detailing pricing policies had been incorporated into the Department's 2006-07 Annual Report, in compliance with the Treasurer's Instructions, June 2007.⁵⁹

Committee Action/ Comment

Following consultation with the Auditor General, the Committee concluded its follow-ups of DotAG, DET and Swan TAFE, and DEC by May 2008, satisfied that the agencies had appropriately addressed the Auditor General's recommendations. More specifically, that DotAG had provided the required information pertaining to enhanced disclosure in Annual Reports regarding cost recovery and fees and that DET and Swan TAFE, in particular, had addressed the issue of lack of authority for TAFEWA colleges to deliver training on a fee for service basis. With respect to DEC, the Committee reviewed both the Department's response and related publicly available information (including the Department's 2006-07 Annual Report) and concluded that it contained the required detail.

⁵⁸ Mr Wayne Collier, Managing Director, Swan TAFE, letter, 29 October 2007.

⁵⁹ All information taken from Mr K J Taylor, Acting Director General, Department of Environment and Conservation, letter, 28 September 2007, pp1-2.

2.8 Having Your Say: Public Participation in Government Decision-Making - Report 1 (28 February 2007)

Background

The Auditor General conducted a general overview of the extent to which government agencies engage the public and specifically examined the public participation practices of a sample of government agencies. While there were several examples of good practice in public participation, the Auditor General found that practices varied between agencies. The Auditor General also identified that inadequate record keeping practices in some instances could have implications for the retention of corporate knowledge and the evaluation of whether public participation and the resulting decisions truly represented the views of the community. The Auditor General recommended that government agencies should: use best practice models to include the public in decision-making; select approaches consistent with the purpose of the public participation; act on the results of public participation; identify strategies for engaging people who typically do not get involved but may be affected by the outcome; provide timely feedback; and follow good record keeping practices.

The Committee followed-up four agencies, specifically DPI, DET, DEC and Main Roads Western Australia (MRWA). The public participation activities recently undertaken by these agencies are detailed in the Auditor General's Report. At the time of the Committee's last review, agency responses had not yet been received. All four agencies have since submitted a response.

Agency Responses

Agencies submitted individual responses to the Auditor General's recommendations, which are summarised below.

Department for Planning and Infrastructure

In a general statement addressing the Auditor General's recommendations, DPI advised that while the Department has engaged in innovative public participation activities, the recommendations provide a basis for consistently achieving best practice. Since November 2006, community engagement has been centralised within the Department's Communications Branch to provide a 'holistic approach to communications', and a Community Engagement Coordinator has been employed to provide a resource to project teams.⁶⁰

More specifically, DPI detailed initiatives that have already been implemented. These are expected to improve community engagement practices and can be summarised as follows:

- The first initiative involves development of an internal website to assist DPI staff with community engagement practices. DPI provided a comprehensive hard copy of content from its 'Engaging WA Communities' website. The website defines community

⁶⁰ Mr Eric Lumsden, Director General, Department for Planning and Infrastructure, letter, 22 May 2008, p2.

engagement and the benefits of greater participation, and identifies when the community should be involved in decision making. A significant component of the website is dedicated to 'steps in planning community engagement' comprising five planning steps⁶¹ intended to satisfy all of the Auditor General's recommendations. Each of the five steps is broken down into constituent tasks, outcomes, and planning tools. The latter comprises worksheets, forms, and templates intended to facilitate the completion of tasks.⁶² According to DPI, the tools were developed by the Community Engagement Coordinator in keeping with the principles of the International Association for Public Participation (IAP2) and in consultation with state government and industry professionals. DPI claimed that by using the planning steps, staff would be provided with the essential documentation and even costs if appropriate.

- Another initiative involves support and participation in the IAP2, which comprises an association of professionals with the aim of promoting and improving public participation practices. DPI advised that the Department was instrumental in initiating the WA Chapter of the IAP2 and continues to be actively involved in attending and promoting events. These assist staff to 'build on their community engagement knowledge and explore new methods through networking and case studies'.⁶³
- The next initiative involves securing training opportunities through the IAP2 Certificate in Public Participation. DPI advised that this is the only accredited community engagement program in Australia and had previously only been available to eastern states participants. The Department secured training in Western Australia and now regular courses are conducted.⁶⁴
- The final initiative comprises support and assistance for project teams provided by the Community Engagement Coordinator. DPI advised that the Coordinator works with project teams to optimise community engagement practices and staff are also encouraged to use the resources on the internal website with the assistance of the Coordinator. The Coordinator also has a role in monitoring the implementation of the Auditor General's recommendations via the application of community engagement activities.⁶⁵

DPI also advised that a number of initiatives are underway, which can be summarised as follows:

- DPI intends to expand the community engagement section on the Department's website into an information portal by July 2008. According to DPI, the portal will link to all

⁶¹ The planning steps 1-5 are respectively: gain internal commitment; learn from the public; select the level of engagement; define process and engagement objectives; and develop the community engagement plan. From Mr Eric Lumsden, Director General, Department for Planning and Infrastructure, letter, 22 May 2008, Appendix 1, p6.

⁶² Mr Eric Lumsden, Director General, Department for Planning and Infrastructure, letter, 22 May 2008, p3 and Appendix 1, pp1-91.

⁶³ Ibid., pp2-3.

⁶⁴ Ibid., p4 and Appendix 2, pp1- 4.

⁶⁵ Ibid., p4.

projects with a significant public participation component and project teams will be encouraged to include details on planned community engagement activities.

- Ongoing development of the internal community engagement website is intended for completion in August 2008. DPI advised that new sections will be incorporated into the website including: values and principles of community engagement; fact sheets on various engagement techniques; information on how to manage consultants; and event management tools.
- Integrating community engagement into broader project planning practices is to occur by December 2008. DPI highlighted the use of PRINCE2 project management methodology, which is used to scope, plan, and deliver projects. DPI advised that templates used in PRINCE2 will be amended to incorporate steps for planning community engagement activities.
- Participation in the IAP2 Certificate in Public Participation is ongoing and will involve identification of appropriate staff to undertake training, and the scheduling of a community engagement workshop for executive staff in September 2008. DPI also advised that it would continue to support the IAP2 via the WA Chapter.⁶⁶

Department of Education and Training

In response to the Auditor General's recommendations, DET advised the following actions had been taken or were underway:

- A new policy had been drafted as a guideline for engaging the community in the Department's decision-making processes. According to DET, the policy comprises procedures and guidelines to assist staff with conducting community participation activities. DET advised that internal and external consultation on the policy was underway.
- Incorporation of a standard evaluation process into the policy, which will enable the Department to 'build its corporate knowledge of 'good practice' examples in community participation'.
- Development of a database is underway, which will record and evaluate community participation activities. According to DET, the database will enable timely performance reporting to staff with regard to their coordination of initiatives.⁶⁷

In a later update, DET advised that consultation on the policy had been completed and following approval of the policy by the Department's Corporate Executive, information had been circulated

⁶⁶ Ibid., pp5-6.

⁶⁷ Ms Sharyn O'Neill, Director General, Department of Education and Training, letter, 15 June 2007.

to all schools. DET advised that the policy is now publicly available on the Department's website.⁶⁸

A copy of the policy document, *Guidelines for Community Participation in Decision Making within the Department of Education and Training* (February 2008), was provided to the Committee. The guidelines are targeted at central office initiatives however the guidelines also state that staff at all levels considering community participation activities will benefit from their use. The guidelines establish principles for public participation and outline procedures for engaging in consultation activities including development of a community participation plan. Appended to the guidelines is the *Standard Evaluation for Community Participation Initiatives*. The evaluation form is designed to be completed by participants in the consultation initiative and is meant to provide a consistent evaluation framework and one that will facilitate improvements to the Department's community participation practice.⁶⁹

Department of Environment and Conservation

By way of background, DEC advised that the Department was formed on 1 July 2006 when the Department of Environment and the Department of Conservation and Land Management merged. Both former Departments had strong public participation practices and had already collaborated to produce a *Facilitation Toolkit - A practical guide for working more effectively with people and groups* (2003). Furthermore, DEC advised that its corporate plan and mission statement emphasise public participation.

DEC provided a response to each of the Auditor General's recommendations. In relation to building on good practice examples, DEC advised that a variety of public participation techniques are promoted and used by the Department and several key staff are members of the IAP2, which assists with keeping up to date on best practice. DEC advised that its *Community Involvement Framework* and *Public Participation Manual* assists staff by providing guidance on how to conduct public participation. The Department cited development of its *Good Neighbour Policy* as a particular example of joint planning and joint decision making where a variety of participation techniques were used. In this instance, techniques included: discussion papers targeting stakeholders; a long period of public comment on the draft policy; stakeholder forums; establishment of a stakeholder steering committee; mail-out surveys; regional workshops; information on the Department's website; and country radio interviews to publicise the process and encourage participation.⁷⁰

With regard to specifying the purpose for public participation and selecting a suitable approach, DEC advised that its *Community Involvement Framework* distinguishes instances where participation should not be used and guides the selection of the appropriate level of public participation as well as identifying potential participation tools/techniques. Further assistance to staff on how to identify the appropriate level of public participation is available in the

⁶⁸ Ms Sharyn O'Neill, Director General, Department of Education and Training, letter, 9 June 2008, pp1-2.

⁶⁹ Ibid., attachment pp1-8.

⁷⁰ Mr Keiran McNamara, Director General, Department of Environment and Conservation, letter, 6 May 2008, pp1-3.

Department's *Public Participation Manual*. DEC highlighted the Department's Public Participation Planning section, comprising two staff whose role is to assist departmental staff with various aspects of public participation planning and implementation.⁷¹

In terms of acting on the results of public participation, DEC advised that its corporate philosophy promotes the integration of public participation into broader project management. The Department is explicit in 'communicating participation processes to the public and set[ting] the expectation of level of influence at the outset'. DEC cited the example of its South Coast Regional Marine Planning workshops whereby the community was informed at the outset that their comments would inform the Draft Regional Marine Strategic Plan for the South Coast but no commitment was made to incorporate all or specific comments. In another example cited by DEC, the finalisation of the *Good Neighbour Policy* did not occur until key stakeholders were satisfied with the wording, and survey outcomes had a role in informing the policy.⁷²

In its response to the Auditor General's recommendation to explore strategies for engaging people who typically do not get involved but who may be affected by the outcome of consultation, DEC advised that its corporate plan includes a number of strategies such as: planning and providing for people with disabilities and those from different cultural backgrounds; and involving Indigenous people in the management of natural and cultural values. In relation to the latter, DEC highlighted its *Community Involvement Framework*, which guides consultation with Indigenous people from non-English speaking backgrounds, and also the Department's Aboriginal Heritage Unit which works internally to raise staff awareness of Aboriginal issues, and externally to increase Aboriginal participation. The Department's *Good Neighbour Policy* was again cited as an example of efforts to participate broadly as this involved invitations to regional stakeholder forums being targeted using electoral roll and postcode information.⁷³

DEC advised that its Public Participation Planning section consistently reinforces to staff the importance of providing timely and comprehensive feedback to participants. Staff who have engaged in participation activities are reminded by the section to provide feedback in a timely manner. The Department has resources including templates and guidance on how to provide feedback to participants.⁷⁴

With respect to the Auditor General's final recommendation on record keeping, DEC advised that its *Community Involvement Framework* stresses to staff the importance of keeping thorough records of consultation processes. A new template is also under development, which will be included in the updated version of the framework and is intended to facilitate the documenting of public participation processes. DEC commented that since 2006, its public participation projects have been submitted to the state government's *Citizenship* website as a means of documenting activities. As staff from its Public Participation Planning section follow-up colleagues with respect

⁷¹ Ibid., p3.

⁷² Ibid., p4.

⁷³ Ibid., pp4-5.

⁷⁴ Ibid., p5.

to loading the information on the website, this has assisted in documenting processes in a timely way.⁷⁵

Main Roads Western Australia

In an introductory statement, MRWA indicated that a goal of the organisation is to take a leadership role with its stakeholders and for this to inform future community engagement activities. The agency also offered more specific responses to the Auditor General's recommendations, which is summarised as follows.

In relation to building on good practice examples, MRWA cited approved projects since 2006 on which its Community Engagement Policy has been tested. Projects include the new Perth to Bunbury Highway, Mitchell Freeway extension, and Broome Bypass. According to MRWA, in 2008 a workshop was conducted to review lessons learned from such projects. MRWA advised a number of other initiatives relating to good practice including:

- The use of a quarterly KPI reporting system by the agency's Community Engagement Team to evaluate the level of community engagement applied to MRWA projects. The evaluation covers aspects of community engagement undertaken such as: roles and responsibilities (including decision making responsibility); analysis of risks (including the risk of not fully engaging the community); stakeholder profiling; communications plan; and register of commitments.
- Development of stakeholder profiling to facilitate more effective public participation, which is occurring on two levels. Firstly, a Community Engagement Standards and Framework Project, which intends to increase communication by incorporating stakeholder profiling into operations of the Community Engagement Team. Secondly, a Community Perceptions Survey, which profiles community feedback. MRWA intends to correlate feedback with stakeholder profiling in order to determine what demographics are providing feedback.
- Development of a Community Engagement Alliance (CEA) as part of the Community Engagement Standards and Framework Project. CEA membership will comprise community and stakeholder representatives at the strategic and operational level. According to MRWA, the broad aim of the CEA is to inspire leadership and enhance collaborative relationships. The CEA is intended to facilitate development of strategic community engagement targets within the agency, which will then inform the overarching community engagement standards framework currently under development.⁷⁶

With regard to the Auditor General's recommendation to select approaches consistent with the purpose of public participation, MRWA cited the objective of its corporate strategic plan, which is to achieve 'excellence through leadership and strong collaborative relationships'. According to MRWA, this will be achieved by focusing on five areas, namely: providing the right roads for the

⁷⁵ Ibid., pp5-6.

⁷⁶ Mr Menno Henneveld, Commissioner of Main Roads, Main Roads Western Australia, letter, 6 August 2008, attachment pp1-2.

state; making roads work for the community; creating a workforce of the future; facilitating leadership; and enhancing relationships. MRWA also advised that its draft Community Engagement Framework comprises a number of principles, which identify reasons for public participation and how this might influence agency decisions, and selects suitable approaches:

For example, transparent communication processes to build trust and reduce conflict, aim to achieve meaningful community and stakeholder input to increase the quality of decisions and appropriately plan and resource engagement activities to improve community collaboration, quality of project delivery and project cost effectiveness.⁷⁷

In terms of the Auditor General's recommendation to act on the results of public participation, MRWA referred to the Value Assurance Review (VAR) developed in conjunction with DPC and DPI. The VAR is a mechanism for evaluating community participation in Main Roads' projects and is similar to the Road Safety Audit process. MRWA also highlighted peer review of outcomes from its Community Engagement workshops and forums, which involves selection of reviewers from external and internal participants of the workshops. According to MRWA, stakeholder profiling will assist in developing more diverse and effective peer review groups.

The Auditor General recommended that strategies be identified to engage people who typically do not get involved in public participation. In response, MRWA stated that various branches within the agency are working together to develop a suite of communication tools and that strategies currently being investigated include:

- Development of innovative communication technologies such as internal and external Wiki sites and online forums to encourage greater participation by regional and remote populations and youth.
- Restoration of traditional communication methods. MRWA cited 'Campfire' as an example of a project underway to develop small discussion groups based on sharing information in a bush camp.
- Expansion of MRWA databases by encouraging stakeholders to nominate contacts from their own networks, thereby assisting with the agency's stakeholder profiling initiative by identifying other networks the agency can join.
- Customising community engagement to suit particular demographic characteristics such as different cultures and generations. MRWA cited as an example, its diversification into commercial FM radio and the addition of a link to the MRWA website on several commercial radio station websites.

MRWA commented that its Community Engagement Team is adapting project management systems and developing community engagement tools to assist staff with their projects. This is being achieved via: information provided to staff on the Intranet; use of more effective

⁷⁷ Ibid., p3.

Community Engagement KPIs for projects; and community engagement training for staff to assist with community engagement activities at the operational level.⁷⁸

In terms of providing timely feedback to participants, MRWA emphasised adherence of its Community Engagement Team to its customer service charter. This details acceptable response times to customer queries and recognises the importance of feedback to the agency's ongoing improvement. Peer review was again highlighted as a mechanism for Community Engagement personnel to learn from community feedback. Similarly the Community Engagement Framework was again mentioned as a means for MRWA to 'integrate all elements of its community engagement activities' including 'the ability to provide timely, comprehensive, trustworthy, transparent feedback association with effective decision making, planning, delivery and evaluation'. Finally, MRWA stated that the CEA will ensure broader application of the Framework beyond a purely operational level, to the benefit of the wider community.

With regard to the Auditor General's final recommendation concerning the need for comprehensive record keeping practices, MRWA advised that the Community Engagement Branch maintains a database of people and organisations involved in participation activities. The agency anticipates that the database will be enhanced by stakeholder profiling and will continue as an important tool for communicating within existing networks and developing the network further. According to MRWA, other key initiatives in operation or under development can be summarised as follows:

- Any community engagement activities planned or underway operate within an approved budget.
- Reports are prepared following community engagement events which summarise comments, ideas, issues and outcomes. Feedback is sought from participants to confirm detail and accuracy. The outcomes and any recommendations and commitments are then included on a Community Engagement Team workplan before being saved to the agency's database.
- Commitment registers are used to accurately record commitments made to stakeholders so that the agency can honour these commitments and build its relationship with the community. The register also has applications for identifying trends and opportunities for future, more effective, collaborations.
- Once established, the CEA will be involved in monitoring feedback and will be able to provide strategic input into decision making concerning public participation.
- The Community Engagement VAR currently under development is one mechanism for gathering outputs in relation to community engagement in order to achieve greater transparency and accountability. MRWA indicated that there is a need for ongoing development and training of Value Assurance Reviewers. While MRWA has initiated this process with DPI, the agency states that it is important for public sector community engagement standards to be progressed across government.

⁷⁸ Ibid., pp3-4.

In conclusion, MRWA advised that its Community Engagement Policy, Guidelines and VAR were completed in 2005 and a review of the VAR will be completed by the end of 2008. This will complement the policy review and current development of standards and frameworks.⁷⁹

Committee Action/ Comment

Following consideration of agency responses and feedback received from the Auditor General in relation to the responses, the Committee resolved in December 2008 to conclude its follow-up of DPI, DET and DEC given that it was satisfied that overall the agencies are addressing the Auditor General's recommendations.

With respect to the information received from MRWA, the Committee sought feedback from the Auditor General. Following consideration of the information provided by MRWA and the Auditor General's response, the Committee was satisfied with the actions taken by MRWA and resolved in February 2009 to conclude its follow-up of the agency.

2.9 First Public Sector Performance Report 2007 - Report 2 (28 March 2007)

(a) Arrangements for Managing the Performance of Chief Executive Officers

Background

Performance management processes are used to assess and manage individual staff performance and related bonuses and are a critical tool for ensuring CEOs perform to standard. Performance management arrangements are prescribed according to whether the agency is subject to the *Public Sector Management Act 1994* (the PSMA sector) or not (the non-PSMA sector). The Auditor General examined arrangements for CEOs in 10 agencies in each sector.

The Auditor General determined that most of the arrangements in place for the management of CEO performance incorporated good practice elements however, that some in part were poor, compromising their overall effectiveness. With regard to the PSMA sector, this included: the general absence of measurable performance criteria in template performance agreements issued by DPC; the late receipt of template agreements by CEOs and Ministers limiting their usefulness as a performance tool; and failure to apply performance management arrangements to Acting CEOs. Further, the Auditor General viewed that Department's oversight of the PSMA arrangement as limited and impacting on the Department's ability to identify inappropriate practices such as a lack of targets or quantitative data to support assessments.

In the non-PSMA sector, 50 per cent of the agencies sampled did not have written assessments, thereby limiting the capacity for independent review and reducing transparency of the process.

⁷⁹ Ibid., pp4-5.

Compliance with the required process occurred in a limited number of cases in the non-PSMA sector where bonuses were paid.

The Auditor General subsequently recommended that DPC and/or boards strengthen CEO performance management arrangements, employing mechanisms such as measurable performance criteria in performance agreements; written assessments to enable rigorous independent review; timely distribution of template performance agreements to CEOs; and ensuring the performance of Acting CEOs is managed.

DPC tendered an initial response to the recommendations of the Auditor General shortly after release of the Performance Examination, with a commitment to provide further information in 2008. Both submissions related principally to the Department's review of the Performance Agreement and Assessment System. Although some of that information was included in the Committee's previous *Review of the Reports of the Auditor General 2006-2007*,⁸⁰ the Committee has elected, for greater clarity, to consolidate that information in the commentary that follows.

Progress since last review

DPC⁸¹ advised the Committee that the 'Review of the CEO Performance Agreement and Assessment System', referenced in the Auditor General's Report, was completed in early 2007.⁸² The Review examined existing arrangements and the impact of proposed changes to ensure the system's usefulness and effectiveness for CEOs, their Boards and Ministers and the Minister for Public Sector Management; administrative practicality and efficiency; and compliance with legislation. DPC advised that consultation occurred with a range of key stakeholders focusing centrally on the aforementioned positions and inclusive of the Commissioner for Public Sector Standards, together with a desk top assessment of previous reviews, the Auditor General's Report and practices in this state and other jurisdictions. A Steering Committee comprising relevant government agencies was used to develop the findings and recommendations, with progressive implementation of the recommendations occurring during the 2007-08 CEO performance cycle.^{83 84} Proposals included the following:

⁸⁰ Public Accounts Committee, *Review of the Reports of the Auditor General 2006-2007*, Parliament of Western Australia, Perth, 22 November 2007, pp68-69.

⁸¹ It should be noted that the Public Sector Commission was established in November 2008 and assumed responsibility for certain functions from DPC including those reviewed here. This section of the Report continues to reference DPC however as this was the responsible agency at the time of the Committee's follow-up.

⁸² Mr M C Wauchope, Director General, Department of the Premier and Cabinet, letter and attachment, 6 February 2008, attachment, p6.

⁸³ Mr M C Wauchope, Director General, Department of the Premier and Cabinet, letter and attachment, 25 June 2007, attachment, p1.

⁸⁴ Mr M C Wauchope, Director General, Department of the Premier and Cabinet, letter and Attachment, 6 February 2008, Attachment, p6.

- Development of revised guidelines to reinforce the intent of the system, with associated briefings on system changes and newly introduced performance requirements for agreements and assessments;⁸⁵
- An intention to continue the delivery of information to relevant stakeholders, including newly appointed Ministers and Board Chairs;⁸⁶
- Revision of agreement documentation to include a mandatory criterion relating to ‘financial targets in the agency’s resource agreement, and a mandatory requirement that measurable performance criteria (actions and targets) be provided for each identified initiative’ in the document;⁸⁷
- Development of guidelines on writing performance criteria and inclusion on the DPC website;⁸⁸
- Introduction of monitoring processes in DPC for CEO performance agreements wherein agreements that do not contain performance criteria for each initiative are returned with advice to the CEO to ensure they meet minimum mandatory qualitative requirements;⁸⁹
- Feedback on trends across the Public Sector to be provided to the Minister for Public Sector Management from October 2008;⁹⁰
- Refinement of the performance rating scale which forms part of the performance assessment and amendment of assessment documentation to enable the responsible authority and relevant CEO to comment on both the ratings and the overall assessment;⁹¹
- Inclusion of a requirement in DPC guidelines for CEOs, acting in a position for a period of 6 months or more, to complete a performance agreement;⁹² and
- Revision of the time-frames for issuing and completing performance agreements and assessments and the drafting of a legislative amendment for inclusion in the *Omnibus Bill* regarding the assessment timeframe.⁹³

⁸⁵ Ibid., p7.

⁸⁶ Mr M C Wauchope, Director General, Department of the Premier and Cabinet, letter and attachment, 25 June 2007, attachment, p2.

⁸⁷ Mr M C Wauchope, Director General, Department of the Premier and Cabinet, letter and Attachment, 6 February 2008, Attachment, p7.

⁸⁸ Ibid.

⁸⁹ Ibid.

⁹⁰ Mr M C Wauchope, Director General, Department of the Premier and Cabinet, letter and attachment, 25 June 2007, attachment, p2.

⁹¹ Mr M C Wauchope, Director General, Department of the Premier and Cabinet, letter and Attachment, 6 February 2008, Attachment, p7.

⁹² Ibid.

DPC detailed in its earlier response that proposed changes had not addressed the recommendation of the Auditor General relating to the Guidelines and templates providing a direct link to performance development opportunities, such as those offered by the Leadership Development Strategy.⁹⁴ DPC cited that '[t]he Review found that the revised purpose and intended outcomes of the System should focus on the responsible authority's satisfaction with CEO performance in delivering agency performance in agreed priority areas.'⁹⁵ DPC detailed that in this context the System is therefore a business agreement rather than a comprehensive performance management tool. The Review recommended that agreements focus on agency performance and refer to the CEO functions outlined in Section 29 of the *Public Sector Management Act 1994* however, determined that it was not appropriate to contain personal criteria relating to personal performance. That said, DPC advised that from 2008 the enhanced System will include an annual forum for CEOs to exchange information on the System, including performance management mechanisms. This approach is indicative of the Department's view of the importance of personal development and its link to professional development.⁹⁶

Committee Action/ Comment

The Committee considered the Department's responses and the Auditor General's related commentary and was extremely satisfied with the proactive manner in which DPC had responded to and addressed the aforementioned recommendations, in the context of a thorough review of CEO performance management arrangements. It also noted that the review and associated recommendations appropriately received the endorsement of the Minister for Public Sector Management. As such, the Committee resolved on 2 April 2008 to conclude its follow-up of this matter.

(b) Management of Consumer Protection Investigation

Background

DOCEP is mandated to investigate possible breaches of consumer protection legislation and complaints into unfair or unreasonable trading practices. For the period 2005-06, DOCEP conducted over 3,000 investigations covering 60 pieces of consumer protection legislation administered by the Department and over 5,000 conciliations in relation to unfair or unreasonable trading practices, not involving potential breaches of legislation or codes of practice. The Auditor General's Performance Examination was confined to arrangements for managing consumer protection investigations.

The Auditor General found that DOCEP had a comprehensive system for conducting consumer protection investigations that met the Ombudsman's requirements for fair and proper

⁹³ Ibid.

⁹⁴ Mr M C Wauchope, Director General, Department of the Premier and Cabinet, letter and attachment, 25 June 2007, attachment, p3.

⁹⁵ Ibid.

⁹⁶ Ibid.

administrative investigations. The Auditor General found no evidence of fundamental flaws in the system although noted that there was scope for improvement in regard to: better informing complainants about investigations to ensure transparency and natural justice; lack of independent review of consumer protection investigations for quality assurance purposes; and the questionable value of a single timeliness target of completion of 80 per cent of all types of investigations within 6 months.

The Auditor General recommended that DOCEP:

- Communicate more effectively with complainants ensuring that agency contact targets are met and complainants are informed of the outcome of investigations;
- Implement routine quality review processes, possibly involving the conduct of independent reviews/audits of consumer protection investigations; and
- Apply specific targets for different categories of investigations that account for both the characteristics of the investigation and management expectations.

Progress since last review

With regard to the Auditor General's first recommendation, DOCEP informed the Committee that at the approximate time of the Auditor General's review, the Department launched the 'Complaint Handling Procedures Manual' relating to minimum standards and best practice for the conduct of investigations. The manual contains a chapter on customer service and timeliness standards, and establishes in part the requirement for:

- Acknowledging complaints within four days of receipt;
- Four weekly contact to keep complainants apprised of the status of their complaints; and
- Advising complainants and respondents of the outcome of the complaint prior to file closure.

Since the release of the Auditor General's report, DOCEP cites that it has implemented a periodical quality assurance program which tests compliance with the aforementioned procedures and in turn, ensures that the Auditor General's recommendations are addressed. The Department detailed that the results of sampling to date indicate an overall improvement in complainant contact during the life of an investigation. More specifically, the cold case audit revealed:

- A drop from 8 per cent to 4 per cent of sampled files where complainants had not been sent an acknowledgment letter;
- A turnaround from 47 per cent of complainants identified by the Auditor General as not being apprised of progress to 92 per cent of complainants in sampled files being informed on a monthly basis of the status of their complaints; and

- An increase from 94 per cent at the time of the Auditor General's report to 98 per cent at the time of sampling regarding informing complainants of the outcome of their investigation.

With regard to recommendation two of the Auditor General, DOCEP advised that the findings of the quality assurance program would: enable management to continue to monitor file quality via the monthly file review process; assist in identifying remedial training needs for staff; and improve the investigation management process.

It was noted that a number of other initiatives would also be implemented across consumer protection including: the appointment of senior investigators to lead major investigations, mentor staff and review files to ascertain development issues, and engagement of an external marketing firm to conduct a complainant satisfaction survey in order to inform organisational effectiveness.

In addressing recommendation three of the Auditor General, DOCEP advised that it has prioritised the establishment of division-wide consistency in investigation processes, including monitored timeliness standards. The standards account for the fact that some investigations will take less than the standard period applied across the division given variation in the subject matter and complexity of complaints. That said, DOCEP is not placed at this stage to introduce individual timeliness targets for different types of investigations. However, monthly review by supervisors of open investigation files occurs at the branch level to ensure efficacy of complaint management. Further, internal statistics indicate an improvement in investigation closure times with an increase from 84 per cent of files closed within a six month period during July 2006 to March 2007 to 87 per cent for the same time period for the 2007-08 financial year.

DOCEP notes that timeliness efficiencies have improved as a consequence of the appointment of a number of senior investigators able to clarify issues, recommend action and explain investigative procedures. It is foreseen that these initiatives will minimise variations in average time taken for investigations with the quality assurance project ensuring ongoing monitoring of progress.⁹⁷

Committee Action/ Comment

Following consideration of the response from DOCEP and liaison with the Auditor General, the Committee determined that it was extremely satisfied with the Department's response to each of the recommendations in the Auditor General's Report. The Committee views monitoring of the impact of the actions taken to improve agency investigative processes should ensure maintenance and enhancement of standards. The Committee resolved on 3 December 2008 to conclude its follow-up of this matter.

⁹⁷ All information taken from Mr Brian Bradley, Director General, Department of Consumer and Employment Protection, letter, 15 April 2008, pp1-4.

CHAPTER 3 REPORTS CARRIED OVER FROM PREVIOUS REVIEW - IN PROGRESS

3.1 Introduction

This Chapter pertains to reports carried over from the Committee's previous review⁹⁸ for which the Committee's follow-up is ongoing. Actions taken by agencies to address the Auditor General's recommendations are largely detailed in the previous review. Summary details are provided below but more importantly, the progress made by the Committee on these follow-ups since reporting previously.

3.2 Progress with Implementing the Response to the Gordon Inquiry - Report 11 (23 November 2005)

Background

In response to the 2002 Gordon Inquiry into family violence and child abuse in Aboriginal communities, the state government released an Action Plan identifying numerous initiatives and the public sector agencies responsible for implementing these. In 2005, the Department of Indigenous Affairs (DIA) assumed responsibility for a Secretariat established for the purpose of implementing a project management system for Action Plan initiatives and managing the reporting and monitoring of progress. The Auditor General found inadequacies in the central reporting and monitoring of progress with respect to implementing the Action Plan, and recommended that the DIA, in conjunction with participating agencies, finalise an evaluation framework and establish reporting arrangements to monitor the progress of initiatives.

As reported previously, DIA advised that it had initiated a monitoring report in November 2006 to detail the progress of Action Plan initiatives and that an updated monitoring report reflecting progress to mid-2007 was under preparation. DIA also advised that an evaluation was underway into the impact of the government's response and that a framework of indicators to measure long-term outcomes would also be developed. At the conclusion of the last review, the Committee requested that DIA provide copies of the updated monitoring report as well as the outcomes of its evaluation into the impact of the government's response, in order to assist the Committee with its follow-up.

Progress since last review

In supplementary information provided to the Committee in June 2008, DIA advised that a monitoring report on the implementation of the Gordon Action Plan was submitted to State Cabinet in July 2007. According to DIA:

⁹⁸ Public Accounts Committee, *Review of the Reports of the Auditor General 2006-2007*, Legislative Assembly, Parliament of Western Australia, Perth, 22 November 2007.

*The monitoring report provided the first comprehensive report on what has been achieved in progressing over 125 initiatives with a combined investment of \$116 million to address family violence and child abuse.*⁹⁹

Further, DIA detailed that the first phase of an evaluation of the 2002 Gordon Action Plan was completed in September 2007. DIA stated that it is preparing a government response to the evaluation findings, which is intended to gauge government achievements in the areas of child abuse and family violence since the Gordon Inquiry. The Directors General Group on Indigenous Affairs will then contemplate the response prior to deliberation by Cabinet. DIA advised that if Cabinet approves the response, it will be released together with the monitoring and evaluation reports outlined above. Since the public release of the reports is still pending Cabinet approval, DIA committed to providing copies to the Committee once available.¹⁰⁰

Committee Action/ Comment

Following receipt of supplementary information from DIA, the Committee resolved to request feedback from the Auditor General. The Committee has deferred further consideration of this matter until comments have been received and as such, the Committee will report on the conclusion of this follow-up in its next review.

3.3 Management of the TRELIS Project - Report 1 (12 April 2006)

Background

The Auditor General's Report examined the management of the Transport Executive and Licensing Information System (TRELIS) Development and Implementation Project by DPI. TRELIS is the government computer system responsible for storing and calculating data pertaining to driver licensing; vehicle registrations; and the collection of fees for the Insurance Commission of WA, WA Police and the Commissioner of Main Roads. The Auditor General recommended that DPI, in undertaking the project, should develop a strong business case, adopt a demonstrated approach to contract and project management, and conduct regular project reviews. More specifically, the Auditor General also recommended that DPI test business continuity procedures and disaster recovery arrangements in relation to TRELIS and promptly address security weaknesses.

In relation to developing a strong business case, DPI advised in 2007 that a Strategic Information Plan (SIP) had been developed, which comprehensively detailed the Department's information systems requirements over a five year forward period. DPI also described its implementation of the PRINCE2 methodology, which provides a project management framework from a project's start to finish, enables the various stages of a project to be monitored against objectives, and is applicable to projects of all sizes. To support the use of PRINCE2, DPI advised that a Project

⁹⁹ Ms Jackie Tang, A/Director General, Department of Indigenous Affairs, letter, 13 June 2008.

¹⁰⁰ Ibid.

Management Office had been established within the Department to deliver training on the methodology to project managers.

DPI also advised the Committee in 2007 that all security weaknesses identified by the Auditor General had either been addressed or were in the process of being addressed. Furthermore, business continuity planning was underway in relation to TRELIS. According to DPI, this included the implementation of some processes from the international standard, Information Technology Infrastructure Library (ITIL), which would, when implemented, assist the Department to conform to industry best practice in this regard. In relation to disaster recovery arrangements, while the Department had intended to conduct a full test of the TRELIS Disaster Recovery Plan in December 2007, funding approval had not been secured.

In its previous review, the Committee reported that it was satisfied that DPI had addressed all of the Auditor General's findings and recommendations, with the exception of testing business continuity procedures for TRELIS and disaster recovery arrangements. The Committee therefore requested clarification from DPI in relation to how the Department proposed to test TRELIS business continuity procedures and disaster recovery arrangements.

Progress since last review

In March 2008, DPI advised that it had commenced replacing the computer servers which support TRELIS. Rather than conducting testing on the old servers, DPI considered it would be more effective to test disaster recovery arrangements on the new system. As such, DPI has scheduled disaster recovery testing to occur in line with the implementation of the new server hardware.¹⁰¹ DPI provided an estimated timeframe for server replacement and disaster recovery testing, with the completion of testing estimated for the second half of June 2008. In relation to business continuity planning, DPI advised that it had completed the 'ITIL assessment of the service level management and the Business Continuity Management Framework'.¹⁰²

Following consideration of the Department's advice and comments sought from the Auditor General in relation to the additional information provided by DPI, the Committee resolved on 14 May 2008 to seek clarification from DPI on its schedule for disaster recovery testing. The Committee sought confirmation of testing dates from DPI in case these had been set back, and also requested that DPI provide an update on the status of the Business Continuity Plans for the TRELIS system.

In its response, DPI advised that problems encountered during the migration of demerit points data from the WA Police had necessitated additional testing of the Disaster Recovery Plan for TRELIS. This has altered the schedule from that advised previously and as such a new schedule has been developed. Of the six project milestones in the updated program plan, DPI advised that the first, regarding the live switchover of production servers, had been completed. DPI advised that the next two project milestones (phase II Disaster Recovery testing, and the going live of the test

¹⁰¹ Mr Eric Lumsden, Director General, Department for Planning and Infrastructure, Letter, 25 March 2008, pp1-2.

¹⁰² Ibid.

environment) will be completed by mid-September 2008. The new production environment will go live in October 2008, and phase III of Disaster Recovery implementation will be completed in November 2008. DPI indicated that testing of the Disaster Recovery Plan (and therefore conclusion of the project) will occur by 12 December 2008, provided that the testing of new server hardware required for Disaster Recovery and testing of demerit point data fixes has been completed to schedule beforehand.¹⁰³

Committee Action/ Comment

The Committee requested feedback from the Auditor General with regard to the supplementary information provided by DPI and has deferred further consideration of the matter until comments have been received. The Committee will include further detail on this follow-up in its next review.

3.4 Behind the Evidence: Forensic Services - Report 4 (31 May 2006)

Background

The delivery of forensic services in the context of the WA justice system was the subject of the Auditor General's Report, and in particular the forensic investigation and analysis services undertaken by the three main service providers: PathWest (part of DoH); the Chemistry Centre (then part of DoIR); and the WA Police. A key finding of the Auditor General's Report pertained to the need for greater whole-of-service planning and coordination regarding the provision of forensic services and in particular the analysis of illicit drugs and DNA. The Auditor General recommended a reduction in the backlog of DNA analyses by PathWest and WA Police, and also recommended that all three agencies coordinate resource allocation; improve the accessibility, tracking and sharing of information; and address security and occupational health and safety risks associated with forensic exhibit storage facilities.

Responses to the Auditor General's recommendations from each of the three agencies were detailed in the Committee's previous review. Some of the major initiatives can be summarised as follows:

PathWest (Department of Health)

Initiatives implemented by DoH to reduce the backlog in DNA analyses include greater liaison with WA Police at an operational level and also a new dedicated Information Technology (IT) connection between the two agencies to facilitate more efficient analyses. The Department advised that there had been improvements to resource allocation and staffing levels, and new equipment had been acquired to conduct analyses. Laboratory space had also been increased, and new software had been introduced in order to increase operational efficiency. DoH advised that regular meetings between PathWest and WA Police were occurring to improve whole-of-service coordination of resource allocation. In terms of improving access, tracking and sharing of information, DoH advised that it was recording the unique WA Police identifier number for

¹⁰³ Mr Eric Lumsden, Director General, Department for Planning and Infrastructure, letter, 14 August 2008, pp1-2.

exhibits within its computer system, and was promoting greater use of the identifier in communications between agencies.

Chemistry Centre (Department of Industry and Resources)

DoIR¹⁰⁴ advised that communication between the three agencies at levels above that of daily operations had been reinforced and proposals had been developed to improve the integration of planning, management, and funding. In relation to improving access, tracking, and sharing of information, DoIR advised that it uses a Laboratory Information Management System, which tracks exhibits on the basis of their unique police identification numbers. According to DoIR, greater integration is planned between the computer systems of the Chemistry Centre and WA Police thereby enabling secure agency to agency communications.

Western Australia Police

In order to reduce the backlog in DNA analyses, WA Police advised of a number of initiatives including: management of major crimes by dedicated case managers; creation of a new staffing position responsible for triaging each exhibit entering the Forensic Division; and joint training between WA Police and PathWest, intended to improve knowledge and understanding of staff and streamline the number of exhibits being submitted for analysis. To improve access, sharing and tracking of information, WA Police advised that its Incident Management System was being shared with PathWest and the Chemistry Centre to enable all agencies to access information on exhibits. New policy and procedures were also under development to improve tracking of information, as well as development of a single exhibit numbering system. In order to improve coordination across agencies in relation to resource allocation, WA Police advised that new operating procedures had been established to involve all agencies in decision-making with respect to exhibit management and analysis.

Joint initiatives

With respect to security and occupational health and safety risks associated with forensic facilities, all agencies advised that their facilities either meet National Association of Testing Authorities (NATA) forensic accreditation requirements or are progressing towards NATA accreditation. In addition, WA Police advised that all three agencies are involved in developing a proposal for a 'Forensic Science Centre', which will draw forensic specialists from each agency and will be tasked with the analysis of all forensic evidence.

Progress since last review

At the conclusion of the last review, the Committee reported that it had considered the agency responses and had resolved to seek comment from the Auditor General in relation to the responses. Following review of the Auditor General's comments, the Committee resolved to seek further information from DoH, DoIR and WA Police. The Committee was satisfied that all

¹⁰⁴ The Chemistry Centre became an independent statutory authority in August 2007. Reference is made to DoIR in this section as the agency initially followed up by the Committee.

agencies had initiated significant actions to address the Auditor General's recommendations. As the Committee considered it likely however that it would be some time before the full effect of the agencies' actions could be realised and given also that these are fairly reliant on collaboration between the agencies, the Committee resolved in June 2008 to obtain an update on the progress of initiatives in 12 months.

The Committee indicated to all agencies that in June 2009, an update will be sought on the progress of the proposed joint 'Forensic Science Centre', and any implications if it has not been implemented. The Committee also advised agencies that it will seek further information on: whether forensic services meet the needs of end users in a timely manner; whether end users such as the Coroner and the Office of the Director of Public Prosecutions have been involved in the development of strategies to manage forensic service resources; and (in relation to DoH and WA Police only) whether actions have been taken to manage the DNA analysis backlog.

Committee Action/ Comment

As the Committee resolved on 11 June 2008 to maintain a 12-month watching brief on DoH, WA Police and DoIR, the outcome of this follow-up will be included in the Committee's next review.

3.5 Second Public Sector Performance Report 2006 - Report 8 (30 August 2006)

(a) Informing the Public: Providing Information on the Timeliness of Services

Background

As noted in Chapter 2.7 of this Report, the Auditor General examined the quality of timeliness information provided by public sector agencies given the significance of those services to the community such as public transport, utilities and emergency services. The Auditor General found some scope for improvement in the provision of timeliness data and recommended review of, access to, and enhancement of, information provided by relevant agencies. The Committee has commented on the responses of the Water Corporation, and FESA and the WA Police, in the Committee's *Review of the Reports of the Auditor General 2006-2007* and in Chapter 2.7 respectively. The following elaborates on the actions of DoH, the Public Transport Authority (PTA), and DPI.

Agency Responses

Department of Health

DoH advised that the Department 'contracts St John Ambulance Australia - WA Ambulance Service (SJA) to provide and manage the provision of ambulance services and information about

those services to the public'.¹⁰⁵ DoH provided excerpts from the SJA website which show timeliness information in relation to the average metropolitan emergency response time for Priority 1 calls. Website information also includes targets for timeliness and statistics of actual performance against those targets in the last annual year.

DoH also provided advice on its Annual Report, which features statistics relating to one of the indicators, specifically the response times for SJA Priority 1 calls. This refers to calls where the ambulance aims to be in attendance within 10 minutes. This is important not only for patient wellbeing but also as DoH explained, 'the St John Ambulance contract requires rapid response to emergencies in the metropolitan area and major regional centres'.¹⁰⁶

Public Transport Authority

PTA's response pertains to Transperth and Transwa, the former being the metropolitan integrated public transport system (trains and buses), and the latter the country train and coach service. With regard to the Auditor General's recommendation to review and improve the usefulness of publicly provided timeliness information, PTA advised that there is comprehensive data collection of 'on time performance' and that this is assessed weekly at a management level and daily at an operational level.

In relation to Transperth, PTA advised that:

- The agency's Annual Report details train and bus service on time performance at overall system level;
- Posters have been placed in trains since 2001 to provide information to passengers on various matters including on time running data; and
- The Transperth website has, since 2007, provided train and bus service punctuality statistics on a month by month basis. PTA is considering simplifying the navigation of the website to facilitate access to this information.

The PTA considers that system wide reliability measures are of most use to the public and therefore the agency will not be disaggregating reporting on bus service reliability down to individual contract (service) areas as this would be difficult for the public to understand.¹⁰⁷

In relation to Transwa, PTA advised that the agency's Annual Report features on time performance information for individual train lines and the coach service overall. Actions proposed for implementation by 1 July 2008 comprise the inclusion on the Transwa website of: on time running targets supplemented by information on how targets are set; and quarterly timeliness statistics together with commentary on why any targets have not been met.

¹⁰⁵ Dr Neale Fong, Director General, Department of Health, letter, 6 November 2007, p1.

¹⁰⁶ Ibid., pp1-2.

¹⁰⁷ Mr Reece Waldoock, Chief Executive Officer, Public Transport Authority, letter, 2 May 2008, pp1-2.

With regard to reviewing and improving information about how targets are set, PTA advised that two factors influence the setting of targets for on time running:

*...comparative performance benchmarks with other Australian operators of like services, and secondly “setting the bar” at what is considered to be very good results when the Transperth and Transwa systems are performing well (in other words, providing limited but reasonable allowance for factors outside the PTA’s immediate control that may affect on time performance).*¹⁰⁸

According to the PTA, since the agency commenced in 2003, its Annual Report has featured Transperth and Transwa achievements in relation to on time performance, reasons for any failures to meet targets, and information on the basis for targets. The agency intends to provide more information on how on time running targets are set and aims to incorporate this into both the Transperth and Transwa websites by 1 July 2008.¹⁰⁹

In terms of enhancing access to timeliness information, PTA reinforced its actions to date concerning the placement of information posters on trains and information (both existing and proposed) on the Transperth and Transwa websites. PTA also drew attention to its ‘Travel Easy’ email service which has operated successfully for five years. This free subscriber service enables customers to nominate a bus/train service and receive email notification if and when a service change or disruption occurs. The Transperth and Transwa websites similarly carry easily accessible information on planned/programmed service disruptions.¹¹⁰

Department for Planning and Infrastructure

DPI is responsible for monitoring the taxi industry and advised that Taxi Industry Service Standards reports are posted on the Department’s website every quarter. The Department has acknowledged that there is scope for reports to be expanded and has committed to provide additional information in future quarterly reports.

DPI advised that two main performance indicators inform the setting of targets in relation to timeliness of services, namely jobs not covered, and waiting time for a taxi. With regard to the former, if the industry cannot get a taxi to a customer it is considered a job not covered. In the latter instance, appropriate waiting times for taxis are based on customer expectations determined through surveys. DPI stated that jobs not covered data is used to determine the number of taxi licenses that need to be released to service demand. Although demand has risen steeply over the last two years, which has impacted on service levels, there are legislative and regulatory constraints on the maximum number of licenses that can be issued. Even so, DPI advised that actions have been taken to ensure sufficient numbers of taxis are on the road, for example the release of peak period taxi plates.

¹⁰⁸ Ibid., p2.

¹⁰⁹ Ibid., p3.

¹¹⁰ Ibid., pp3-4.

According to DPI, information on the basis for targets as well as reasons why targets have not been met will be included in future quarterly reports.¹¹¹

Committee Action/ Comment

The Committee resolved to forward the agency responses to the Auditor General for comment before considering the matters further. Following consideration of all other agency responses and the Auditor General's comments in relation to these responses, the Committee resolved to seek further information from the respective agencies. DPI was requested to provide specific dates by which proposed changes would be implemented and examples of both old and new timeliness information in order to demonstrate changes. DoH was requested to advise whether improvements to publicly provided timeliness information might include the range of response times by SJA and response times for both metropolitan services and those in regional centres.

DoH and DPI provided supplementary information, which is summarised below.

Department of Health

In response to the Committee's request for additional information, DoH advised that it is considering improvements to the 'information provided to the public about the timeliness of ambulance services...and in particular, what information will be of most use in allowing the public to understand and evaluate the effectiveness of such services'.¹¹² In the context of ambulance services and the Department's contract with SJA, DoH advised that the contract covers reporting requirements and information available for public reporting, and that any changes to reporting obligations and therefore terms of the contract can only occur periodically. Nonetheless, DoH advised that as a precursor to forthcoming formal contract negotiations, it has indicated to SJA that it will request additional information on timeliness including data that will provide a range of response times for the metropolitan area.

DoH also advised that a revised ambulance indicator performance framework had been developed in the context of work done for future editions of the Productivity Commission's *Report on Government Services*. According to DoH, the Council of Ambulance Authorities, of which SJA is a member, supports the framework, which will enable measurement of response times around major provincial centres. Once provincial centres have been nominated, there is the potential for reporting of response times to occur for certain Western Australian regional centres. While DoH acknowledged that this data would facilitate timeliness reporting, this would be dependent on the Department's ability to gain access to this data from SJA.

¹¹¹ All information taken from Mr Eric Lumsden, Director General, Department for Planning and Infrastructure, letter, 22 November 2007, pp1-2.

¹¹² Dr Peter Flett, A/Director General, Department of Health, letter, 19 May 2008, p1.

Otherwise, DoH advised that there would also be some expansion of KPI information for inclusion in the Department's Annual Report, subject to endorsement from the Outcome Structure Review Group.¹¹³

Department for Planning and Infrastructure

DPI provided additional information regarding the Department's Taxi Industry Service Standards Quarterly Reports. As a consequence of the Committee's follow-up of the Auditor General's Report, DPI advised that additional information had been incorporated into its quarterly reports. This included additional commentary on how performance targets are set and reasons for targets not being met.¹¹⁴ DPI provided as an example, copies of quarterly reports from the July to September Quarter 2007 (Third Quarter) and October to December Quarter 2007 (Fourth Quarter) to demonstrate the improvements. Indeed, the more recent quarterly report features extensive detail in its introduction on various performance indicators (including timeliness indicators such as jobs not covered and waiting time), how these are set and quantified, and what constitutes the desired targets. The more recent quarterly report also features a discussion on reasons for not achieving targets.¹¹⁵

Other agencies

The Committee, in assessing the information provided by the PTA and DoH, viewed it apparent that agencies are actively improving the usefulness of their publicly provided timeliness information. The Committee however resolved in December 2008 to seek clarification and/or further information from the PTA and DoH as follows.

In the Auditor General's Report it was noted that there can be considerable variation between 'peak' and 'non-peak' performance, and target times, given higher demands on services during the 'peak' period.¹¹⁶ Aggregated reporting does not therefore capture how services address demand at varying times. The Committee therefore sought information from the PTA on reporting of performance information for services during both 'peak' and 'non-peak' times.

The Committee viewed that effective reporting of timeliness information by DoH is critical. Given the latter is largely reliant on removing limitations to access to more detailed performance data in the SJA service contract, the Committee resolved to seek further information from DoH in relation to the outcome of these negotiations. This information will be included in the report of the Committee's next review of the recommendations of the Auditor General.

¹¹³ Ibid., pp1-2.

¹¹⁴ Mr Eric Lumsden PSM, Director General, Department for Planning and Infrastructure, letter, 22 January 2009.

¹¹⁵ Information taken from: Department for Planning and Infrastructure, *Taxi Industry Service Standards Quarterly Report July to September Quarter 2007*, Department for Planning and Infrastructure, Perth, January 2008, pp1-16 AND Department for Planning and Infrastructure, *Taxi Industry Service Standards Quarterly Report October to December Quarter 2007*, Department for Planning and Infrastructure, Perth, March 2008, pp1-20.

¹¹⁶ Auditor General for Western Australia, *Second Public Sector Performance Report. Report 8 - August 2006*, Office of the Auditor General, Western Australia, 30 August 2006, p21.

The Committee also sought input from the Auditor General on the supplementary information supplied by DPI and deferred its follow-up of DPI until comments are received. The outcome of this follow-up will also be included in the next review.

(b) Setting Fees - Extent of Cost Recovery - Follow-up

Background

As outlined in Chapter 2.7, the Auditor General's Second Public Sector Performance Report 2006 included an investigation into fee setting practices by various agencies. This examination followed up an earlier 2004 Auditor General's Report into *Setting Fees - Extent of Cost Recovery*. The Auditor General's follow-up examination of 2006 assessed the current fee setting practices by six agencies (not previously examined) in order to draw general lessons and assist in the adoption of good practice. In addition, three of the agencies previously examined in 2004 were re-examined to determine whether fees that significantly over recovered costs in 2004 had been modified to align better with costs.

The Auditor General found that agencies overall had improved their costing and fee setting practices but there was scope for further improvement. As well as a recommendation for DTF to selectively review the accuracy and reliability of agency fee certifications,¹¹⁷ the Auditor General also recommended that agencies should, among other things, provide meaningful disclosure of their pricing policies.

Agency Responses

Chapter 2.7 records the follow-up of agencies by the Committee which were completed in the period under review. At the time of reporting, the follow-up of two agencies, specifically the Lotteries Commission, and the MCB were still ongoing. Agencies submitted separate responses, which are detailed below.

Lotteries Commission

The Lotteries Commission advised that its internal policy for retailer fees reflects government guidelines inasmuch as fees should be set with the reasonable expectation that cost recovery will not be exceeded while also being 'appropriate for the service being provided or sold'.¹¹⁸ The Commission's policy focuses on partial cost recovery such that costs to small business are contained while ensuring that small businesses can reasonably recover the costs of retailing lottery products.

¹¹⁷ Actions taken by DTF in respect of this recommendation, and details of the Committee's follow-up are recorded in Public Accounts Committee, *Review of the Reports of the Auditor General 2006-2007*, Legislative Assembly, Parliament of Western Australia, Perth, 22 November 2007, pp62-63. It should be noted that the Committee concluded its follow-up of DTF.

¹¹⁸ Ms Jan Stewart, Chief Executive Officer, Lotteries Commission of Western Australia, letter, 20 February 2008, p1.

In response to the Auditor General's recommendations, the Lotteries Commission advised that it would:

- Continue with its practice of reviewing fees and charges annually and certifying to DTF that 'fee setting practices are materially accurate and reasonably reflect costs';
- Include details of its fee setting policy in its Annual Report 2007-08;
- Continue with its practice of seeking Ministerial approval for any instances of significant variance from existing fee setting and cost recovery policy; and

Continue with its practice of providing a schedule of fees and charges via a 'Retail Standards and Procedures Manual' to all retailers of lottery products, and via regularly updated disclosure information to prospective retailers.¹¹⁹

Metropolitan Cemeteries Board

In the Auditor General's 2004 Report, the MCB was found to have significantly over recovered costs on adult cremation fees. The examination found that adult cremation fees were subsidising other memorial services although the extent was unknown. At the time, the MCB advised that this cross subsidisation enabled the affordability of other services to be maintained. The MCB also advised that it was working on a costing model to be completed in 2006, which would assist in determining the appropriate levels of cost recovery to be applied across its range of services and products.¹²⁰ The Auditor General's follow-up examination sought information from the MCB about whether fee setting adjustments had been made and found that adjustments to adult cremation fees had not occurred.

As reported in the Committee's 2006-07 review, in response to the Auditor General's follow-up examination, the MCB advised that:

- Efforts to develop a costing model for core business services were ongoing and 'any revisions to specific memorial costs arising from the application of this model would be incorporated into the prices advertised in the Government Gazette for the year commencing 1 July 2007'.
- General information on pricing policies is provided in the agency's Annual Report and more information would be available on completion of costing exercises. MCB considered that it would not be practical to provide pricing details for the extensive range of products and services available to the public.

¹¹⁹ Ibid., pp1-2.

¹²⁰ Auditor General for Western Australia, *Second Public Sector Performance Report. Report 8 - August 2006*, Office of the Auditor General, Western Australia, 30 August 2006, p30.

- Costing of products and services is a ‘complex exercise involving many financial and non-financial considerations which in some instances transcend the basic goal of cost recovery’.¹²¹

During the current review period, the Committee sought further information from the MCB. The MCB was requested to provide a timeframe for completion of the costing model and clarify its statement that it would be neither practical nor expedient to disclose pricing policies for all of its products and services.

With regard to a timetable for developing costing models for core business services, the MCB advised in late 2007 that:

- The agency resolved in April 2007 to appoint consultants to undertake two separate but interrelated exercises, specifically: a review of current operations including staffing, level of services provided, and returns that should be generated by each core business activity; and a review of costs in order to determine fair prices for products and services.
- Research had failed to identify consultants with the requisite professional skills and working knowledge of the industry to carry out the exercises. As such, no appointments had been made but the MCB had committed to both exercises and would ensure completion by the end of the 2008 calendar year.
- A Memorial products costing model had been developed and modifications and updates were being carried out as a result of preliminary testing done in 2006. The model had been re-tested and enhanced to enable costings to be applied to any new Memorials that might be introduced to the range.¹²²

In relation to clarifying pricing policies for products and services, the MCB advised that:

- A differentiation is made between core business services (comprising Interment and Cremation, and Grants of Right of Burial) and non-core business services (comprising various Memorial products and the provision of Mausoleum crypts).
- The costs of the basic (core) services of Interment and Cremation are based on cost recovery and are applied uniformly across each of the MCB’s cemeteries regardless of location, income/cost ratio of the cemetery or numbers of burials carried out at the cemetery. Similarly, the Grant of Right of Burial (which confers on the Grantee the right to Interment for a period of 25 years) is based on cost recovery principles and, except for certain instances, is charged uniformly across all cemeteries.
- The value of cemetery land is not included in any of the MCB’s charges as land has historically been vested in the MCB at no cost. However, DTF has indicated that future development of new cemeteries may require the MCB to purchase and develop land at

¹²¹ Mr PD McLean, Chief Executive Officer, Metropolitan Cemeteries Board, letter, 11 October 2006, pp1-2.

¹²² Mr Peter Deague, A/Chief Executive Officer, Metropolitan Cemeteries Board, letter, 15 November 2007, pp1-2.

commercial prices. Costing models for core services will therefore need to accommodate these new costs and accumulate funds in anticipation of any known development responsibilities. The MCB noted that ‘significant increases in prices will inevitably eventuate as a result of this change in policy and will challenge the Board’s current philosophy of maintaining uniform prices of Core Services at all of its cemeteries’.

- Non-core business services are not compulsory and are the individual choice of customers. Since these services and products are discretionary, the MCB considers that pricing should not solely be on a cost recovery basis. Instead, the MCB advised that costing models are based more on commercial principles and include a mark-up to ensure a contribution towards current and future obligations to the public ‘for the perpetual maintenance’ of cemeteries.
- Separating core from non-core business sales and services will avoid any future misconceptions that non-core services (e.g. mausoleum sales) are cross-subsidising core services (e.g. burials). The MCB states:

...the costing models being developed for the Board’s non-discretionary services of Interment and Cremation will be based on the principles of full cost recovery. Models for the costing of discretionary services and products will however be based on commercial principles and will incorporate a reasonable mark-up.

- In terms of disclosing pricing policies, the MCB stated that ‘once the Costing exercises have been completed, the Board intends to make full disclosure of its pricing policies for its non-discretionary services and for those relating to its charges for Grants of Right of Burial’. The MCB advised that it would not disclose pricing policies relating to its non-core discretionary services due to commercial sensitivities, however stated that ‘the basis for the costing of these products and services will...be capable of being supported by commercial costing principles should any justification be required’.¹²³

The Committee considered the agency’s response and comments received from the Auditor General in relation to the response. Of particular concern to the Committee was how the MCB had not yet addressed the issues raised in the Auditor General’s Report given the time that had elapsed, and also the agency’s advice that costing models were still under development but not complete. As such, the Committee resolved in February 2008 to invite representatives from the MCB to attend a hearing.

At the hearing on 9 April 2008, the MCB was requested to clarify whether a consultant had been appointed to undertake costing exercises and if not, whether the Board had a contingency plan. At the time a consultant had not yet been appointed but the MCB had prepared a scoping document and was about to invite quotations.¹²⁴ The MCB later advised that a contract had been finalised for cost accounting services under which the contractor would be required to prepare a draft report

¹²³ All information taken from Mr Peter Deague, A/Chief Executive Officer, Metropolitan Cemeteries Board, letter, 15 November 2007, pp3-4.

¹²⁴ Mr Peter MacLean, Chief Executive Officer, Metropolitan Cemeteries Board, *Transcript of Evidence*, 9 April 2008, p4.

for the Board's consideration by 30 June 2008 and a final report by 31 July 2008. The MCB committed to addressing any recommendations from the consultant's report and advised that any policy changes that might be required as a result would be determined by the Board before 31 December 2008.¹²⁵ As the MCB had previously advised that disclosure of its pricing policies for core services would occur following the completion of costing exercises, the abovementioned timeframe was reiterated with respect to when disclosure of pricing policies might occur.¹²⁶

With regard to progress on the development of costing models, the MCB demonstrated the functionality of its Memorial products costing model to the Committee. The Committee was advised that this model is still a work in progress. Essentially, the model operates by allocating expenditure incurred in relation to memorials to each of the MCB's extensive range of memorial products and applies a mark-up which exceeds pure cost recovery purposes.¹²⁷ The MCB emphasised again that core services such as burial and cremation operate on pure cost-recovery principles while only discretionary services like memorials are subject to a commercial mark-up. This enables 'a contribution towards other activities within the cemetery and future maintenance'.¹²⁸ As explained by the MCB, the purpose of the mark-up is as follows:

*There are future maintenance requirements at cemeteries. The public expects a cemetery, even though it has been closed, to be maintained at a standard long after it has been closed. If the board did not build up reserves over the life of its cemeteries, it would then be required to fund the maintenance of those cemeteries out of its current income...Therefore, the intention is that the board build up not cash-back reserves, because they are not allowed under government accounting, but reserves that it is able to use once the cemetery has been closed in order to maintain those cemeteries. Also, there needs to be a contribution towards the future infrastructure development of the board cemeteries. There are a number of reasons that it is considered necessary that the board does not purely cost recover on an annual basis.*¹²⁹

The MCB advised that the consultant would undertake a critical review of the agency's work in relation to the costing model and as the agency had done most of the development work already, the MCB was very confident that its proposed end-of-2008 deadline would be realised.¹³⁰ Of note, the MCB advised that the costing model was developed on the premise of zero cost of land.¹³¹ According to the MCB, should the Board be required to assume financial responsibility for the purchase and development of new cemeteries in the future, this will have a significant effect on the cost of core services. The MCB anticipates a government response within the next

¹²⁵ Mr Peter MacLean, Chief Executive Officer, Metropolitan Cemeteries Board, letter, 14 May 2008, p1.

¹²⁶ Mr Ross Bowe, Chairman, Metropolitan Cemeteries Board, *Transcript of Evidence*, 9 April 2008, p12.

¹²⁷ Mr Michael Kidd, Director Finance and Business Services, Metropolitan Cemeteries Board, *Transcript of Evidence*, 9 April 2008, pp5-10.

¹²⁸ *Ibid.*, p11.

¹²⁹ *Ibid.*, p10.

¹³⁰ Mr Ross Bowe, Chairman, Metropolitan Cemeteries Board, *Transcript of Evidence*, 9 April 2008, pp5, 12.

¹³¹ *Ibid.*, p6.

year on whether this will occur.¹³² If so, the cost of land purchase will need to be factored into costing models, which might be complex:

*Simplistically, one could bring the cost of land into a costing model, but the basis on which it is brought in would be the subject of quite a lot of debate.*¹³³

At the hearing, the Committee drew attention to the Auditor General's 2004 finding that adult cremation fees were estimated to over recover costs and subsidised other memorial services to some extent. The MCB were asked to advise to what extent cross subsidisation occurs across the Board's products and services. The response, provided by the MCB at a later date, indicated that in most instances cross subsidisation is common to all cemeteries nationally and in many international cases also, demonstrating the extent of the issue. Nonetheless, the MCB described individual instances of cross subsidisation, the first of which pertained to the Board's method for recording income from, and allocating costs to, the business activities of Burials, Cremations, Memorials and Mausoleum.

According to the MCB, the method used in its costing summary may have influenced the Auditor General's finding due to its grouping of income from Cremations and Memorials but costing of cremations in isolation without allocating any significant portion of overheads. The costing summary indicated that the Board was achieving surpluses on Cremations and Mausoleum sales implying therefore that income from Cremations and Mausoleum was subsidising Burials and Memorials. Had costings been calculated using different assumptions, cross subsidisation might no longer be a major issue 'as over and under recoveries are effectively netted out'.¹³⁴ The MCB advised that its proposed costing exercises would examine various assumptions with a view to assisting its determination of 'equitable and justifiable costing solutions which balance pure financial considerations with other non financial considerations'.¹³⁵

Other instances of cross subsidisation advised by the MCB include the following:

- The subsidisation of operating costs of small uneconomic cemeteries using income from large cemeteries, which has allowed the Board to charge uniform fees for core services across all of its cemeteries. To avoid cross subsidisation, differential pricing would need to be introduced so that actual operating costs could be recovered at each cemetery.
- The subsidisation of land purchase and development of new cemeteries does not currently occur as land for cemeteries is given to the Board. If however, the MCB is required in the future to meet the costs of land purchase and development of new cemeteries, costs would need to be recovered via the price of services at existing cemeteries as it would not be financially possible for a new cemetery alone to recover these costs.

¹³² Ibid., p15.

¹³³ Mr Michael Kidd, Director Finance and Business Services, Metropolitan Cemeteries Board, *Transcript of Evidence*, 9 April 2008, p15.

¹³⁴ Mr Peter MacLean, Chief Executive Officer, Metropolitan Cemeteries Board, letter, 14 May 2008, pp1-2.

¹³⁵ Ibid., p2.

- The MCB advised that a one-off fee applies to secure tenure of a grave for 25 years after which the Board has the right to re-use the grave although this has never happened. As such, many graves exceed 25 years without having tenure renewed and the Board continues to maintain cemeteries in line with public expectations. The maintenance cost of out of tenure graves must therefore be subsidised by the fees paid by graves in tenure.¹³⁶

Committee Action/ Comment

With regard to the information received from both the Lotteries Commission and the MCB, the Committee resolved to forward this to the Auditor General for comment. Following consideration of the information provided by MCB at hearing and subsequently, and the Auditor General's comments in relation to this information, the Committee resolved on 3 December 2008 to request a progress report from the MCB on the development of costing models. The detail in relation to this will be provided in the Committee's next review.

Following consideration of the response received from the Lotteries Commission and the Auditor General's comments regarding the response, the Committee resolved in February 2009 to seek further information from the Lotteries Commission. Specifically the Committee queried whether the Lotteries Commission would incorporate more meaningful information into its Annual Reports in relation to the pricing of its goods and services. In this regard, it was felt that the existing policy statement could be enhanced by stating that a strategy of partial cost recovery is followed and that disclosure information provided to prospective retailers includes details of fees and charges. The Committee deferred further consideration of the matter until a response is received from the Lotteries Commission and will therefore report on the outcome in the next review.

3.6 Management of Ramsar Wetlands in Western Australia - Report 9 (13 September 2006)

Background

The Auditor General's examination of the management of Ramsar wetlands focused on the operations of DEC and the Conservation Commission. In WA, the International Convention on Wetlands ('Ramsar Convention') applies to the conservation of 12 of the state's 120 wetlands and while the state government has management responsibility, the federal government is ultimately responsible for compliance with the Convention. The Auditor General recommended that DEC, as lead agency for the management of Ramsar wetlands in Western Australia, should among other things: establish management plans for Ramsar sites; develop and implement management plans for any sites lacking such plans; clarify responsibilities and funding with the federal government and other stakeholders; develop and implement a monitoring program for Ramsar sites; report emerging concerns to the federal government; and liaise with the Conservation Commission to enhance review procedures; and consider initiating legislative amendments to introduce statutory deadlines for finalising stakeholder agreement.

¹³⁶

Ibid., pp2-3.

Agency Responses

Agencies submitted separate responses to the Auditor General's recommendations. These are summarised individually below.

Department of Environment and Conservation

The Department's response to the Auditor General's recommendations was detailed in the Committee's previous review. In brief, DEC advised that:

- Clear direction for the conservation of Ramsar wetlands is provided by policies that support the Ramsar Convention, particularly the *State Wetlands Conservation Policy 1997*;
- The drafting of the Biodiversity Conservation Bill would address the lack of state legislation governing Ramsar wetlands;
- The coordination and monitoring of Ramsar sites has been enhanced since January 2007 through the appointment of a Ramsar wetland coordinator, development of Ecological Character Descriptions (ECDs) for Ramsar sites, funding from state and federal governments for ECDs to be developed for remaining Ramsar sites in Western Australia, and input into the development of nationally agreed wetland condition indicators;
- The Natural Heritage Trust Commonwealth-State Bilateral Agreement clarifies state/federal government responsibilities with respect to Ramsar wetlands, and DEC will continue to seek greater Commonwealth focus for the proposed Natural Heritage Trust 3 Bilateral Agreement 2008-09 to 2012-13;
- Further clarification of responsibility with respect to Ramsar wetlands will occur with the development of *Australian National Guidelines on Ramsar Wetlands - Implementing Australia's Ramsar Obligations* by the national Wetlands and Waterbirds Taskforce;
- Six of Western Australia's Ramsar sites are covered by management plans and the Department is addressing the need to obtain authority for sites not vested in the Conservation Commission through the *Biodiversity Conservation Bill*;
- The coordination and monitoring of Ramsar sites has been reinforced and a part-time technical officer has been employed to audit current monitoring activities and prepare a strategic monitoring and evaluation program; and
- Structures and processes already exist to enable the efficient communication and assessment of management plan priorities.¹³⁷

¹³⁷ For greater detail on the agency's response, refer to Public Accounts Committee, *Review of the Reports of the Auditor General 2006-2007*, Legislative Assembly, Parliament of Western Australia, Perth, 22 November 2007, pp65-66.

Conservation Commission

The Conservation Commission advised that it had been consulted by DEC on that agency's response and was working together with DEC on implementing the Auditor General's recommendations. The Conservation Commission provided separate comment on the Auditor General's final recommendation pertaining to the establishment of procedures to end delays in the finalisation of management plans, and the potential for legislative amendments to provide statutory deadlines for finalising stakeholder agreement.

With respect to delays in finalising management plans, the Conservation Commission advised that this is not a phenomenon particular to Ramsar wetlands but relates to all management plans. In order to improve this situation, the Conservation Commission advised that in conjunction with DEC:

- The prioritisation process for developing management plans is under review so it can take into account a broader set of values including biodiversity and human use values, as well as internationally significant values such as World Heritage values.
- The key performance indicators used in management plans are being developed with a view to ensuring that these are 'measurable and useful indicators of the success or otherwise of management plan implementation'.
- Subregional management plans are under development to improve planning efficiency. The Conservation Commission cited an example of management plans developed in conjunction with DEC, which apply integrated management planning methods across separate but related reserves.
- Means of making public participation more effective in the management planning process are under development.

In relation to legislative amendments, the Conservation Commission advised that this ideally should occur together with other amendments to the *Conservation and Land Management Act 1984*.¹³⁸

Committee Action/ Comment

Department of Environment and Conservation

At the time of the Committee's previous review, the Committee had just sought feedback from the Auditor General in relation to the response received from DEC. Following consideration of the Auditor General's comments, the Committee resolved to seek further information from DEC. While the Committee was satisfied with the actions taken overall by DEC to address the Auditor General's recommendations, clarification was sought on a timeline for completion of ECDs and

¹³⁸ All information taken from Mr John Bailey, Chair, Conservation Commission of Western Australia, letter, 9 November 2007, pp1-2.

management plans. DEC was also requested to clarify the nature of statutory powers for Ramsar sites in the proposed *Biodiversity Conservation Bill*, and advise the outcome of the Conservation Commission's review of aspects of the Department's decision system.

In relation to the anticipated completion of ECDs and management plans, DEC provided the Committee with a comprehensive table detailing planned Ramsar Management Outcomes through to 31 December 2009. For each of the state's 12 Ramsar sites, the table details ECD outcomes, management planning outcomes, and on-ground action outcomes, all with timeframes for implementation.¹³⁹ DEC advised that the funding for these activities comes from state/federal sources, with smaller contributions from local government authorities.

With respect to the statutory powers anticipated in the *Biodiversity Conservation Bill*, DEC advised that while the Bill is being drafted, it would be premature to comment on powers. According to DEC, the Bill is being prepared and will be presented to Parliament although a date has not yet been determined as this will depend on the government's legislation priorities. DEC advised that the intention for the Bill is for it to recognise the state's particular responsibilities in relation to the management of Ramsar sites. DEC highlighted particular matters that would be considered in the drafting of the Bill such as:

- Instances where the state has management responsibility for the portions of Ramsar sites on Crown land but no clear responsibility for remaining portions, in which case 'recognition of the need to prepare Ramsar site management plans for these areas' would be beneficial as would recognition that such plans need to be considered by the Minister for the Environment 'in administering the proposed Biodiversity Conservation Act'.
- The recognition of Ramsar sites as priority areas, which would then enable targeted assistance by the state, the facilitation of management in accordance with approved management plans, and/or auditing functions with respect to management plan performance.

The Committee also requested additional information on the outcomes of the Conservation Commission's review of the Department's decision system specifically in relation to delays in the production of management plans. DEC advised that the review examined the 'process for establishing management planning priorities for terrestrial reserves'. As a result of the review, a new values/threats methodology has been implemented and regional departmental staff have input into priority setting. DEC and the Conservation Commission then review these priorities at a statewide level. According to DEC, 'the list of values taken into account in determining priorities and planning work programs specifically includes Ramsar wetlands'.¹⁴⁰

¹³⁹ Mr Kieran McNamara, Director General, Department of Environment and Conservation, letter, 23 June 2008, attachment 1, pp1-3.

¹⁴⁰ All information taken from Mr Kieran McNamara, Director General, Department of Environment and Conservation, letter, 23 June 2008, pp1-2.

Conservation Commission

Following consideration of the agency's response and comments received from the Auditor General in relation to the response, the Committee resolved to seek further information from the Conservation Commission. The Commission had referenced legislative amendments in the context of the *Conservation and Land Management Act 1984* whereas DEC had referred to the Biodiversity Conservation Bill. The Committee therefore sought to clarify which legislation would be amended.

According to the Commission, following consultation with DEC on the matter, it was considered that either mechanism would achieve the required changes provided the subject was covered adequately:

In the event of the proposed Biodiversity Conservation Bill being promulgated it is highly likely that consequential amendments to the Conservation and Land Management Act 1984 will be required in any case. The proposed Biodiversity Conservation Bill will be subject to extensive debate but the protection for Ramsar sites may also be covered through the creation of regulatory head powers that protect flora, fauna and environmental communities considered to be at risk.¹⁴¹

The Committee was satisfied that the two legislative solutions proposed would be equally capable of improving the planning and management of Ramsar wetlands. Given the advice received from DEC that the Biodiversity Conservation Bill had yet to be presented to Parliament, the Committee considered that it would be appropriate for either the Conservation Commission or DEC to liaise with Parliamentary Counsel regarding progress of the legislative amendment and advise the Committee accordingly. Both agencies were requested to clarify their responsibility in this regard and advise the Committee.

The additional information provided by DEC was forwarded to the Auditor General for comment. The Committee will provide further detail on this matter and the progress of the Biodiversity Conservation Bill in its next review.

3.7 Room to Move: Improving the Cost Efficiency of Government Office Space - Report 11 (22 November 2006)

Background

The Auditor General examined the cost efficiency of the provision of office space across government focusing specifically on the Perth metropolitan area. The Auditor General found that most government office space exceeds the policy standard, with an average space per person of 21 square metres compared to the standard requirement of 15 square metres per person. Further, reducing office space to conform to the standard would achieve a significant reduction in office space holdings and significant cost savings. The Auditor General found that open plan office space is a means of improving efficiency although the extent of open plan arrangements in

¹⁴¹ Mr John Bailey, Chairman, Conservation Commission of Western Australia, letter, 16 April 2008, p1.

government is not known. The Department of Housing and Works (DHW) was found to have commenced implementation of a strategic planning process however limitations remain in relation to strategic planning for office space across government.

The Auditor General's recommendations pertained to DHW as the agency responsible for managing all leased office space and the majority of multi-tenanted government owned buildings. The Auditor General recommended that DHW should: collect and analyse data on accommodation cost efficiency in order to identify opportunities for improving efficiency; ensure that government office space more consistently achieves the policy standard of 15 square metres per person; enhance its strategic planning to include among other things a comprehensive definition of requirements across government and the identification and management of risks; and communicate the benefits of moving to open plan layouts.

Since the Committee's previous review, DHW¹⁴² submitted a response, which is detailed below.

Agency Response

In relation to the Auditor General's recommendation for data on accommodation cost efficiency to be collected and analysed, DHW advised that this is occurring as part of a broader program of improvements to performance monitoring and reporting. Initiatives in this program comprise:

- The development of a new performance management framework including development of new KPIs for government office accommodation. DHW cited the example of a value for money indicator which will report the rent per square metre negotiated on new leases.
- The identification of benchmarks for commercial property by end November 2007, which will enable comparison of the government's office accommodation portfolio with other national and international jurisdictions.
- The rebuilding of the leasing database, Progen. Completion of the reporting module anticipated for March 2008 will facilitate regular management and performance reports.

In its response to the Auditor General's recommendation to promote conformity with the occupancy density ratio policy standard, DHW advised that the content and implementation of the policy has been reviewed. The review comprised: consultation with government agencies to determine the appropriateness of the benchmark and mechanisms for improving application of the policy; clarification of items relevant to the density ratio calculation; and development of guidelines to enable agencies to assess their own compliance with the policy. The review was undertaken with a view to developing a revised draft policy by February 2008. Furthermore, DHW advised that promoting compliance with government occupancy density standards has been made an objective of its *Perth Metropolitan Office Accommodation Strategic Plan 2007-2010* (PMOASP). The Department advised that implementation of the plan to date has included a

¹⁴² In December 2008, the state government announced that DHW would be split. 'Works' activities will be the responsibility of a newly established Building Management and Works Division within DTF. This section continues to refer to DHW however as this was the responsible agency during the review period.

review of other jurisdictions with respect to reducing densities, and the ‘analysis of occupancy density by agency with a view to targeting agencies with significant non-conforming leases that are due to expire in the next 3 years’.¹⁴³

In terms of enhancing strategic planning, DHW advised that the PMOASP introduces a planning framework which will facilitate the capture of information on the accommodation needs of individual government agencies. The PMOASP also addresses the balance of leased and owned space as one of the plan’s strategic objectives recognises that:

*...the current assumption that non-asset solutions will provide the best value for money may not always hold. During 2007-10, the Directorate will consider asset and non-asset solutions to accommodating government agencies.*¹⁴⁴

With regard to the Auditor General’s final recommendation concerning communicating the benefits of open plan layouts, DHW advised that an undergraduate summer cadetship is being prepared. The cadetship will include a literature review and preparation of an information package communicating the costs and benefits of open plan, as well as preparation of a pictorial portfolio to demonstrate ‘contemporary and innovative’ open plan layouts in government agencies. In terms of providing advice on key strategies to achieve this policy objective, DHW commented that to date, the matter had been discussed with targeted government agencies, a workshop had been conducted with agencies to develop strategies, and reference was again made to the intended completion of a draft revised policy by February 2008.¹⁴⁵

Committee Action/ Comment

Following consideration of the Department’s response and comments from the Auditor General in relation to the response, the Committee resolved to seek further information from DHW. The Committee was satisfied that the Department would be establishing a new performance management framework and a new value for money indicator. However, the Committee was concerned that while the new indicator might provide information on the cost of new leases, it might not provide information on how efficiently the space is used. The Committee therefore sought to clarify how the Department would ensure that both drivers of cost efficiency in office space (i.e. cost per square metre and square metres per person) would be included in the new KPIs. Further information was also sought in relation to whether opportunities for efficiency improvements had been identified, and if so whether any improvements had been realised.

The Committee sought clarification on how DHW would monitor the implementation and impact of its proposals to identify commercial property benchmarks and improve its new leasing database. Information was also sought on when these activities would be completed and whether the new management and performance reports would cover occupancy density and cost efficiency.

¹⁴³ Ms Rochelle Bradley, General Manager Business Services, Department of Housing and Works, letter, 25 February 2008, attachment pp1-2.

¹⁴⁴ Ibid., p2.

¹⁴⁵ Ibid., pp2-3.

DHW was requested to provide additional information to the Committee regarding the extent to which agencies are meeting the existing mandatory occupancy density, the outcomes of the Department's analysis of occupancy density by agency, and whether it will regularly track, analyse and report occupancy density. The Committee requested the Department provide a further report on the progress of its strategic planning, and further information on open plan office layouts including, the Department's intentions regarding monitoring.

Regarding inclusion of cost per square metre and square metres per person in the agency's new KPI's, DHW advised that cost per square metre was included in the KPI's for 2007-08 and that occupancy density would be reported as a 'discrete indicator in an annual portfolio performance report to Parliament'.¹⁴⁶ Costs per square metre are based on a comparison of rental rates attained for leased properties compared with independent market valuations. Occupancy density would include commentary on compliance with the related government policy.

With respect to whether opportunities for efficiency improvements had been identified and realised, DHW advised that collation and analysis of data over a three year period pertaining to occupancy density had revealed variations across the portfolio. DHW also informed the Committee that it is working with those government agencies with high occupancy density at the point of lease expiry or requests being placed for additional space, to improve occupancy density. This incorporates consideration of the cost of additional fit outs to improve occupancy density. DHW cited DET's Educational and Training International Division as an example noting that its relocation to another building had significantly reduced occupancy density ratios by 8-10 square metres dependent on workload demand and associated staffing requirements at any given time.

DHW detailed the following with respect to monitoring the implementation and impact of proposals to identify commercial property benchmarks and improvements to the agency's leasing database. According to DHW, cost efficiency information is collated regularly as part of business processes and the data will be reported in the annual portfolio performance report to include occupancy density and cost per square metre across the portfolio.

The Committee requested that DHW detail the extent of agency compliance with the occupancy density standard of 15 square metres and the impact of the Auditor General's report in meeting the standard. DHW noted that occupancy density for new leases, established since 2006, have fallen resulting in a reduction in the occupancy density ratio across the portfolio. DHW cited that the figure of 17.3 square metres per FTE for new leases assessed in 2007-08 was 18% lower than that reported by the Auditor General and therefore closer to the government standard.

The Committee asked DHW a series of specific questions regarding strategic planning. The first related to how the definition of cross-government requirements differs to the previous plan. DHW informed the Committee that there has been limited effective strategic planning for the accommodation portfolio given a lack of systematic collection of data on agency accommodation requirements. This has been addressed under the new strategic plan through identification of current and future accommodation needs of government in various localities.

¹⁴⁶ Ms Rochelle Bradley, General Manager Business Services, Department of Housing and Works, letter, 2 October 2008.

Secondly, the Committee queried when government office space assets would be included in the strategic plan. DHW detailed that the process of discovery of these assets would occur in sync with strategic planning. Further, that agencies, regardless of whether their accommodation is controlled by DHW are being encouraged to identify all office space as part of their accommodation planning.

Thirdly, the Committee sought DHW clarification, if relevant, of the amount of government owned office space excluded from the plan, proportionate to total government office space. DHW advised that all known office space is included in both agency and whole-of-government strategic planning. Further, that it is envisaged that unidentified space is less than 1 per cent of total space.

DHW was requested by the Committee to comment on the most appropriate balance between leased and owned office space. DHW stated that it did not have a firm view on the issue, noting that the most appropriate accommodation solution must be considered on a case-by-case basis factoring in cost benefits of owned versus leased accommodation.

The final point relating to strategic planning pertained to risks identified during strategic planning and the management of those risks by DHW. The Department detailed that accessibility of office accommodation, primarily in regional areas, is the most challenging risk facing government. DHW is addressing this issue within the context of strategic planning through identifying where existing office accommodation does not, or is not expected to, meet either current or future needs. The Department will use this information to support new developments as required.

With respect to the Committee's request to DHW to provide commentary on agencies that have moved to open plan and the Department's intended approach to monitoring the extent to which this occurs, DHW advised the following: that office space fit out designs are archived by the Department; and photo records of the latest open plan fit outs will be collated for a portfolio of work to promote such designs. DHW also advised that it has included the need for open plan layout in the business case template for new leased accommodation, noting that compliance will be detailed in the annual report to Parliament on portfolio performance.¹⁴⁷

3.8 Second Public Sector Performance Report 2007 - Report 3 (4 April 2007)

(a) Major Information and Communication Technology (ICT) Projects - Performance Examination

Background

The Auditor General examined the delivery of ICT projects by government agencies and how this performance could be improved. The Auditor General found that collectively over the next 10 years, government agencies will be undertaking 150 major ICT projects to the value of over \$1.5

¹⁴⁷ All information taken from Ms Rochelle Bradley, General Manager Business Services, Department of Housing and Works, letter, 2 October 2008, pp1-4.

billion. Further, an analysis of projects underway indicated that project costs and timeframes were being consistently underestimated while benefits were delayed or not fully realised. Some agencies were found to be improving the delivery of their own ICT projects through project management and governance pathways. The DTF and Office of e-Government (at that time part of DPC) were acknowledged to be contributing to improvements in ICT projects via their review and approvals processes.

The Auditor General recommended that agencies should assess project risks, adopt strategies to address these risks, and increase accountability for problems in project delivery. In addition, the Auditor General recommended that DTF and DPC should establish a strategy to facilitate the sharing of experiences between agencies, and that this should include: the identification of common difficulties and remedies; maximisation of intended project benefits when achieved; and shared learning among agencies.

Agency Responses

The Committee followed up the actions of DTF and DPC in relation to the Auditor General's recommendations. Both agencies submitted separate responses, which are reviewed below.

Department of Treasury and Finance

In response to the Auditor General's recommendations, DTF advised that a number of initiatives have already been implemented. The first of these initiatives pertains to the launch of the Strategic Asset Management Framework (SAMF), which DTF described as being 'the key element of the budget process for capital works'. According to DTF, the SAMF was introduced to improve asset management and capital investment decisions, and comprises policies, procedures, and guidelines to facilitate the management of capital investment projects by agencies. Key features of the SAMF as described by DTF can be summarised as follows:

- Agencies are required to link capital investment decisions with their broader strategic planning, and the importance of undertaking sound planning before committing to a capital project is highlighted. In relation to ICT projects, the SAMF specifically recommends that:

Where an ICT project is being considered, the concept detail should include consideration of cross-agency and whole-of-government issues of inter-operability and strategic alignment (i.e. in addition to aligning the project to the agency's objectives).¹⁴⁸

Agencies are also encouraged to liaise with the Government Procurement Division of DTF and the Office of e-Government with respect to ICT implementation issues.

- At the early planning stage of a project agencies are encouraged to consider risks and the governance structures necessary to mitigate risks.

¹⁴⁸

Mr Timothy Marney, Under Treasurer, Department of Treasury and Finance, letter, 3 June 2008, p2.

- The advantages of the SAMF include its requirement for a comprehensive needs analysis and consideration of all options, its strong basis for decision making with respect to capital investment ensuring that only well-planned and justified projects proceed, and its provision of a well-documented process for agencies to follow.
- Agencies are required to complete an evaluation following the implementation of projects, which enables measurement of the project against objectives, identification of any major cost variations, the comparison of planned and actual operational costs, and the identification of opportunities for improving value. Specifically in relation to ICT projects, the SAMF also provides that post-project reviews consider 'further service delivery opportunities and internal efficiencies from leveraging the established infrastructure'.¹⁴⁹

DTF advised that in practice, no business case for ICT projects will be recommended for funding unless it has also been endorsed by the Office of e-Government. Both agencies have collaborated to develop a draft business case guideline addressing ICT projects with a view to circulating the guideline to agencies once it has been approved.

The Centre for Excellence and Innovation in Infrastructure Delivery (CEIID), established by the state government in 2007, was identified by DTF as being a mechanism for facilitating the delivery of capital works projects (including ICT projects) on time and on budget. According to DTF:

- The CEIID is intended to promote greater knowledge sharing between works agencies on matters such as strategic asset management and construction of infrastructure. The development of best practice and a more consistent approach by works agencies are other objectives of the CEIID.
- Through the CEIID, agencies will have a means of sharing project delivery experiences and market knowledge, there will be more consistent project management methods, and a project development process based on staged approvals (Gateway Review) will be enabled.

DTF advised that knowledge network forums are conducted regularly and assist information exchange between government and the private sector. The presentation of information on completed ICT projects by DPI (Oracle Property Manager System) and PTA (Smartertrider Ticketing System) in late 2007 were cited as particular examples. DTF stated that the CEIID will continue to sponsor such forums and that similar 'e-events' have been hosted by the Office of e-Government, with proposals for further forums.¹⁵⁰

DTF stressed that the objectives of the SAMF and CEIID are to assist agencies to achieve the more timely and cost effective delivery of projects, including ICT projects, and as such the Department committed to progressing these initiatives. DTF also undertook to continue working

¹⁴⁹ Ibid., pp1-3.

¹⁵⁰ Ibid., pp3-4.

collaboratively with the Office of e-Government to ensure that assistance provided to agencies relating to ICT projects is complementary.¹⁵¹

Office of e-Government (Department of the Premier and Cabinet)

In relation to the Auditor General's findings, the Office of e-Government (within DPC)¹⁵² commented generally that the cost overruns and failure to realise intended benefits that characterise many ICT projects are often linked to 'poor planning, inadequate costing, over-optimistic scheduling, inadequate project management processes and either non-existent or ineffectual governance structures'.¹⁵³

With regard to addressing these issues and in response to the Auditor General's recommendations, DPC advised that a 'Framework for ICT Projects in the Western Australian Public Sector' has been developed in conjunction with DTF.¹⁵⁴ According to DPC, the Framework is intended to improve decision making for ICT projects via a number of initiatives, which can be summarised as follows:

- As a means of improving the budget submission process by agencies in relation to ICT projects, DPC referred also to the SAMF (detailed by DTF above). A separate ICT Business Case Guideline has been developed within the SAMF, which combines existing guidelines issued by DTF and DPC and in so doing reduces duplicate requests for information from the two agencies. The Guidelines are intended to ensure that business cases developed by agencies align with government and agency objectives, conform to e-government policy, and address current and future customer needs. In addition, for ICT projects, the Guidelines require that business cases adequately address technical complexity, costing, realistic scheduling, and the identification and mitigation of risks. DPC advised that commencing from the 2009-10 budget submission process, agencies requesting funds for ICT projects will be required to complete only one document pertaining to the business case under the SAMF instead of two.¹⁵⁵
- Checklists for major ICT projects have been produced to assist Ministers, Directors General and CEOs with assessing major ICT projects within their portfolios/agencies. The checklists are tailored to each user group and provide a series of questions intended to test the robustness of large scale and/or high risk ICT projects. Critical factors to the success of a project are the focus of the checklists, including but not limited to leadership and governance, business case development, risk management, stakeholder involvement, and application of standard project management methodologies. According to DPC, the

¹⁵¹ Ibid., p4.

¹⁵² It should be noted that the Office of e-Government has since been incorporated into the recently established Public Sector Commission. References in this section to DPC have been retained as this was the responsible agency during the review period.

¹⁵³ Mr Mal Wauchope, Director General, Department of the Premier and Cabinet, letter, 16 May 2008, pp1-2.

¹⁵⁴ Ibid., pp3, 6.

¹⁵⁵ Ibid., pp2-3.

checklists can be applied prior to approving a business case and during project implementation. DPC received favourable feedback from users to the effect that the checklists are also being used for non-ICT projects.¹⁵⁶

- A component of the Framework involves having internationally recognised project management tools in place. Agencies are encouraged to use one of the commercially available tools, and as a number of agencies have already adopted the PRINCE2 methodology (as discussed by DPI in relation to TRELIS on p56), DPC advised that the majority of Office of e-Government staff have completed training in this methodology. This will enable staff to keep abreast of best practice methods and assist agency staff with project management issues.¹⁵⁷
- DPC referred to the Gateway Review process (outlined above by DTF in relation to the CEIID) as a mechanism for providing advice to project managers at key decision points. Gateway is described by DPC as being a ‘project assurance methodology that assists public authorities to improve project management and project delivery during the procurement of major infrastructure or equipment’. DPC advised that while DTF is responsible for overseeing the Gateway Review process, both agencies concurred on suitable thresholds for ICT projects, and DPC has also undertaken to continue working with DTF to identify major ICT projects through the budget bid process which should be subject to compulsory Gateway review. DPC considered a major benefit of Gateway to be the ability for participant reviewers to learn from the experience of other agencies and apply this knowledge to their own agency.¹⁵⁸
- DPC highlighted the success of two e-events (also highlighted previously by DTF) in early 2008, which were hosted by the Department. These were well attended and another e-event is planned for mid-July 2008, which will comprise two Directors General and other senior personnel. The forum, to be co-hosted by DTF, will launch the Gateway for ICT projects.¹⁵⁹

DPC advised that since 2005, it has collaborated with DTF to review ICT capital funding bids from agencies via a formal project alignment review process. According to DPC, this has ensured among other things that: projects are aligned with the broader strategic goals of government; appropriate governance processes are in place; and all project management risks have been identified prior to funding approval. DPC encourages agencies to go through the process even if their ICT project proposals are to be internally funded as this provides a checklist of critical elements and promotes a greater chance of project success. More recently, DPC advised that it had liaised with agencies and reviewed funding submissions for ICT projects with values over \$1 billion using the project alignment review process. As a consequence of discussions, agencies had reconsidered certain aspects of their approach to seeking capital funding for ICT projects.

¹⁵⁶ Ibid., p3.

¹⁵⁷ Ibid.

¹⁵⁸ Ibid., p4.

¹⁵⁹ Ibid.

According to DPC, the review process has therefore encouraged a more strategic approach to ICT proposals and has also ensured ‘that the types of risks identified in the Auditor General’s Report are factored in and managed from the outset of the project’.¹⁶⁰

To promote further information exchange and shared learning between agencies, DPC advised that senior staff from the Office of e-Government continue to sit on executive level governance or oversight groups relating to major ICT projects. In terms of ongoing actions to improve governance and achieve better outcomes for ICT projects, DPC advised that guidance tools for agencies will be provided under the Framework for ICT Projects including: a Project Definition Plan for ICT projects (or equivalent in the SAMF); tools to assist with reporting benefits and value management; and the fostering of shared learning with agencies.¹⁶¹

Committee Action/ Comment

Following consideration of agency responses and feedback received from the Auditor General in relation to the responses, the Committee resolved on 3 December 2008 to maintain a watching brief on the agencies. The Committee was satisfied that DPC and DTF are implementing various significant initiatives to address the Auditor General’s recommendations, including the SAMF, CEIID, Framework for ICT Projects, and Gateway Review process. Further, the Committee was satisfied with actions taken by the Office of e-Government to improve the governance of major ICT projects. The Committee was mindful however, that many of the initiatives had only recently been implemented and as such, there would be merit in checking on the agencies’ progress in a year’s time to determine whether improvements to performance have been realised. The Committee notified DTF and DPC that a progress update would be sought in late 2009 and has deferred further consideration of this matter until this information is received. As such, the Committee will endeavour to include the outcomes of this follow-up in its next review.

3.9 Shared Services Reform: A Work in Progress - Report 5 (13 June 2007)

Background

In December 2003, the state government endorsed a new framework for the management of corporate services with the intention of saving costs through consolidating staff and services and reforming business systems, and to be achieved by consolidating existing services into three shared services centres. In 2006 however, the government reported delays and a significant escalation in implementation costs. The Auditor General examined the implementation of the government’s shared services project to April 2007, the remaining challenges to implementation, and the potential for eventual realisation of benefits. The Auditor General found shared services reform to be significantly behind schedule with only procurement and financial services components established and the success of the reform program, reliant on the integration of these

¹⁶⁰ Ibid., pp4-5.

¹⁶¹ Ibid., p5.

and a human resources component, jeopardised by technical and human resource management issues.

The Auditor General examined the actions of three agencies (DoH, DET, and DTF) responsible for overseeing the three shared services centres, respectively: the Health Corporate Network (HCN) servicing the health portfolio; the Education and Training Shared Services Centre (ETSSC) servicing the education portfolio; and the Office of Shared Services (OSS), servicing 90 other general agencies. Further, the Auditor General noted the failure in implementing a document management system at HCN and ongoing implementation of a system at OSS.

A number of inefficiencies were determined, arising from implementation difficulties across the project. The Auditor General attributed implementation problems to numerous factors including: weaknesses in project management creating uncertainty for agencies; the complexity of software development requirements; and high turnover of contractual staff and skill shortages within agencies. A concern was expressed that temporary solutions, not based on analysis of benefits and costs to whole-of-government shared services reform, would impede reform if implemented permanently. In the context of the shared services model being ambitious and high risk, inadequacies in governance in terms of oversight and project management were deemed particularly problematic. In January 2007, new governance arrangements were established in order to improve performance and accountability, with responsibility for reform across government allocated to the Under Treasurer.

Despite the latter, and in addition to the above identified inefficiencies, the Auditor General noted that there remained little coordination between the shared services centres, limited transparency in performance information and significant expenditure above the 2006 figure likely to reduce returns from the project. The Auditor General noted that DTF was to submit a revised business case to the Expenditure Review Committee in October 2007, to include an amended project budget and forecast returns. It was also noted that of the harvested savings for the 2006-07 period, \$19 million was refunded to agencies by DTF.

The Auditor General recommended that in moving forward with shared services reform, DTF, DoH, and DET should ensure among other things that: monitoring and reporting of financial and performance information about shared services centres occurs separately; there is ongoing coordination between the three shared services; and there is ongoing shared responsibility for the progress and operations of shared services centres as a whole-of-government initiative.

Agency Responses

At the time of the Committee's previous review, responses had not yet been received from the relevant agencies. DTF, DoH and DET have since submitted individual responses to the Auditor General's recommendations. These are reviewed below.

Department of Treasury and Finance

In general, DTF acknowledged the critical nature of the three components (finance, procurement, and human resources (HR)) to shared services reform. DTF advised that since taking

responsibility for the project, it has undertaken a number of remedial measures. These include: clarification of senior roles and responsibilities via a new high level organisational structure; improvements to whole-of-government governance arrangements; appointment of an experienced Project Director; improved integration between work streams and decision-making via a dedicated project management office; and completion of an integrated project master plan to improve coordination across work streams and drive the roll-in schedule.

The Auditor General recommended firstly that agencies should consider the impact of departures from the original government approved implementation plan on the costs and benefits of shared services reform. In response, DTF advised that it had completed a detailed Options Case Review, which provided an assessment of the current program against the original business case and explored options available to the existing program. The review was overseen by a DTF Shared Services Steering Group, which included representation from ETSSC and HCN and reported to the Shared Services Governance Council. The Council, entrusted with responsibility for overseeing the whole-of-government shared corporate services reform program, is chaired by the Under Treasurer with senior membership from DTF Shared Services, ETSSC, HCN and a number of large government agencies.

Options considered by the review included: the ongoing implementation of the integrated Oracle system; change to a hybrid Oracle financial with a 'best of breed' HR/Payroll solution; and a project roll back with agencies (apart from DoH and DET) to retain their corporate services functions. According to DTF, the options were considered in the context of reform savings, project costs and completion timeframes. Endorsement was given to the continuation of the Oracle system by the Steering Group and Governance Council on the basis of financial considerations and also from the perspective of maintainability and upgrades. Other factors that influenced this decision included: greater confidence with this option in quantifying scope, costs and risks given planning to date; the fact that changing to an alternative HR/Payroll solution would be unlikely to reduce the risks of implementation and would prolong execution of the program; and the likelihood that a 'best of breed' alternative would compromise future system maintainability. The joint Steering Group/ Governance Council recommendation to continue implementing the Oracle system together with business system strategies for HCN and ETSSC was approved by the Expenditure Review Committee and Cabinet in November 2007.¹⁶²

DTF advised that a number of significant milestones in shared services reform had been achieved, specifically: the commencement in November 2007 of the Oracle HR/Payroll system for DTF Shared Services; and in March 2008 the first agency, the Department of Local Government and Regional Development, went live on the integrated Oracle Business System. According to DTF, a further 22 agencies receive finance/procurement services from DTF Shared Services with ETSSC and HCN providing services to relevant agencies using existing corporate systems.

In relation to the Auditor General's second recommendation, that the relevant agencies should ensure operational arrangements for shared services centres prevent cross subsidisation of costs, DTF committed to clearly identifying costs associated with the shared services program to prevent

¹⁶² All information taken from Mr Timothy Marney, Under Treasurer, Department of Treasury and Finance, letter, 17 March 2008, pp1-3.

any cross subsidisation from occurring. DTF advised that direct costs relating to DTF Shared Services are separately recorded in the Oracle financial system, and costs pertaining to business units (including Shared Services) are allocated as per the corporate cost allocation model.¹⁶³

The Auditor General's third recommendation pertained to monitoring and reporting of financial and performance information about shared services centres. In this respect, DTF advised that it monitors and reports financial information relevant to DTF Shared Services on a monthly basis to DTF Corporate Executive in accordance with an established policy. Further, monthly financial reports are provided to managers of DTF Shared Services. DTF detailed the forms of performance information obtained and reported including:

- On a quarterly basis, feedback on Service Level Agreement (SLA) performance measures and qualitative client feedback. This is provided to the Client Management Council comprising Directors General of client agencies. Similar reports are also provided to individual agencies.
- Release of a bi-annual client satisfaction survey proposed to commence in 2008 and covering key performance measures in the SLA that relate to client satisfaction.
- Reporting of KPIs in the Department's Annual Report and yearly budget statements.

DTF reported that the three shared services centres, aside from general information sharing, have commenced a benchmarking exercise and are participating in a related national and cross jurisdictional benchmarking exercise.¹⁶⁴

DTF agreed in principle to the Auditor General's fourth recommendation, regarding ongoing coordination between the three shared services. The Department detailed however, that delays in finalising the integrated Oracle system had resulted in different HR/Payroll systems being used by the three shared service centres at this point. Further, that implementation of standardised process and practices will occur where practicable.

DTF referred again to the Shared Services Governance Council. As this was established to progress governance arrangements and is responsible for providing strategic direction and policy, and monitoring shared services reform, the Council will ensure coordination and the standardisation of systems and practices. According to DTF, there is regular discussion concerning standardisation between the Executive Director of DTF Shared Services and General Managers of the shared services centres and more informally, coordination and discussion at the operational level.

The Auditor General's fifth recommendation concerned ongoing shared responsibility for the progress and operations of the shared services centres as a whole-of-government initiative. In this respect, DTF reiterated that the aforementioned Council, which meets fortnightly or monthly, has responsibility for overseeing the whole-of-government shared corporate services reform program

¹⁶³ Ibid., p3.

¹⁶⁴ Ibid., p4.

and that the General Managers from the three shared services centres meet regularly to ensure requisite levels of coordination.

The Auditor General's final recommendation applied only to DTF and pertained to reporting approved supplementary funding provided to agencies for implementation of shared services. DTF detailed that in November 2007 both the Expenditure Review Committee and Cabinet endorsed an arrangement whereby agencies are required to draw funds from their existing budgets to meet roll-in costs to shared services. Any supplementary funding required by agencies must be approved by the Expenditure Review Committee.¹⁶⁵

Department of Health

The Auditor General's first recommendation pertained to the impact of departures from the original government approved implementation plan on the costs and benefits of shared services reform. In response, DoH advised that detailed business cases were prepared for the two significant changes arising from the HCN, namely the Electronic Document and Records Management System (EDRMS) and the HR and Payroll Project. In both cases, the business cases evaluated the changes made and the associated costs and benefits. According to DoH, the EDRMS is currently being rolled out within HCN and once implemented will facilitate compliance with the State Records Act. The HR and Payroll Project represents the Department's first fully integrated system. DoH advised that the business case for the HR and Payroll Project had been subjected to an intensive 'Gateway' review (detailed above by DTF in relation to Major ICT projects, p81) and following successful completion of the review, is now in the 'build' phase.

DoH indicated that business cases for two additional initiatives had been developed and are now being progressed. These pertain to the roll-out of the Oracle financial system to regional Western Australia, and the proposed adoption of internet based forms, which will facilitate communication between HCN and other health entities. The latter is proposed to commence in the 2008-09 financial year. DoH advised that all business cases were fully costed and in November 2007, the Expenditure Review Committee and Cabinet approved the DoH business system strategies for HCN.¹⁶⁶

In relation to the Auditor General's recommendation to ensure that operational arrangements for shared services centres prevent cross subsidisation of costs, DoH responded that full transparency of costs is achieved by HCN operational and financial models. According to DoH, this ensures that no cross subsidisation occurs as 'all costs are retained within the WA Health budget'.

The Auditor General's third recommendation pertained to the monitoring and reporting of financial and performance information. In this respect, DoH advised that HCN is responsible for managing its own budget and as such ensures the transparency of financial and performance information. HCN provides management reports on its financial position as well as monthly reports on KPI and Workload Indicators, as agreed with WA Health. DoH similarly referred to

¹⁶⁵ Ibid., pp4-5.

¹⁶⁶ Dr Peter Flett, A/Director General, Department of Health, letter, 23 June 2008, pp1-2.

the collaboration with DTF and DET to develop benchmarking capabilities for government shared services.

To promote ongoing coordination between the three shared services, DoH also referred to the Shared Services Governance Council on which the Department is represented. Similarly, DoH indicated that the General Manager of HCN meets regularly with the General Managers from the other shared services centres.

In response to the Auditor General's fifth recommendation pertaining to ongoing shared responsibility for the shared services centres, DoH highlighted the overall responsibility of the Shared Services Governance Council for delivery of the shared services programme. As the Department is represented on the Council, DoH considered the recommendation to have been implemented, albeit ongoing.¹⁶⁷ In closing, DoH committed to continuing with the systems implementations and with the other initiatives referred to in its response.¹⁶⁸

Department of Education and Training

DET submitted the following commentary on the Auditor General's first recommendation pertaining to the impact of departures from the original government approved implementation plan on costs and benefits of shared services reform. DET informed the Committee that it submits business plans to the Shared Services Governance Council for approval of departures, noting that this has occurred in relation to two Information Technology Software packages, including Oracle Release 12.

Regarding the use of operational arrangements to prevent cross subsidisation of costs between the shared services centre and the host agency, DET cited that the Department has segregated operational costs for the ETSSC from DET to minimise the likelihood of this occurring. That said, given ETSSC is a division of the Department, it is not possible to do this in relation to all costs.

The Auditor General's third recommendation suggests in a similar vein to recommendation two that relevant agencies monitor and report separately on financial and performance information associated with shared services. This enables determination of the basis on which other agencies are charged for services, as well as benchmarking between those agencies and with similar services in other jurisdictions. DET iterated that this is achieved via a separate business plan for ETSSC operations, monthly reporting of financial information, and the provision of detailed three monthly invoices to cluster agencies. Further, that all three State Shared Services Centres have participated in the National Interjurisdictional Shared Services Committee benchmarking initiative and that ETSSC undertakes its own internal benchmarking and performance measurement in line with SLAs established for both DET and other clients.

DET noted that ETSSC was awarded the 'Best New Shared Services Organisation for 2008' for Australasia.

¹⁶⁷ Ibid., pp2-3.

¹⁶⁸ Ibid., p4.

Finally, DET jointly addressed the Auditor General's recommendations relating to ongoing coordination between the Shared Services Centres, and continuation of shared responsibility for the progress and operations of the Shared Services Centre as a whole-of-government initiative.¹⁶⁹ DET advised that this is attained through membership of the General Manager ETSSC on the whole-of-government Shared Services Governance Council; monthly participation in the Shared Services General Managers' meetings; and frequent contact with clients via a Client Relationship Management Framework to ensure discussion 'at all levels of both the Education and Training Cluster and operational levels of HCN' and DTF Shared Services.¹⁷⁰

Committee Action/ Comment

In relation to the actions taken by DTF to address the Auditor General's recommendations, the Committee was generally satisfied with the Department's proactive approach. The Committee noted in particular, the Department's commitment to report to Parliament on an agency-by-agency basis, supplementary funding granted to agencies for implementation of shared services. This reporting enables a whole-of-government view of the costs of implementing shared services to match the whole-of-government view of savings.

Following detailed consideration of the response received from DTF and the Auditor General's comments in relation to the response, the Committee resolved to seek further information. The Committee sought to clarify with DTF whether, in reviewing the options to move forward against the original plan and implementing the integrated Oracle system, the Department analysed the cumulative impact of such departures and their effect on the long term costs and benefits of reform. Further, whether DTF intended to monitor future departures from the plan.

The Committee recognised that the Auditor General's Report had found agencies' uncertainty about the timing of the roll-in to shared services contributed to difficulties and costs in managing corporate services in the interim. The Committee therefore queried DTF as to whether a roll-in schedule had been established, and if so, how this had been communicated to agencies. Also, what measures DTF had put in place to ensure that revisions to the schedule are minimised thereby progressing agencies' management of the process.

In relation to monitoring and reporting performance information, the Committee sought further information from DTF on whether it would be feasible to include the percentage of total agencies rolled in per quarter as a measure for improving understanding of the overall progress of implementation. DTF was also requested to clarify targets used to measure the progress of reforms.

In relation to the responses received from DoH and DET the Committee resolved to seek feedback from the Auditor General. As comments have not yet been received, the Committee will report the outcomes of these follow-ups in its next review.

¹⁶⁹ The above information was taken from Ms Sharyn O'Neill, Director General, Department of Education and Training, letter, 17 July 2008, pp1-3.

¹⁷⁰ Ibid., p2.

3.10 A Helping Hand: Home-based Services in Western Australia - Report 6 (20 June 2007)

Background

The Auditor General examined the accessibility, value for money and quality of home-based services funded by the state government. The examination focused on five home-based services provided by the Disability Services Commission (DSC) and DoH. The Auditor General found that information on home-based services is readily available however, that different application processes by different agencies can be confusing for people. Further, fewer home-based service options were found to be available to people who became disabled after the age of 60. The Auditor General identified that the majority of services had open and accountable assessment processes but that only two had processes in place to govern the quality of service provided. DSC was found to be trialling a new assessment process for its Supported Community Living Service, which if implemented, would provide more consistent assessment and accountability for funding decisions. The Auditor General noted that, in order to address shortfalls in the program's transparency, DSC had agreed to consider other feedback mechanisms to reduce the frustration experienced by applicants.

The Auditor General recommended that DSC and DoH should: improve monitoring of the quality of home-based services; work collaboratively to improve coordination across the aged care and disability sectors; adopt effectiveness measures relating to the wellbeing and quality of life of people in home-based services; monitor the timeliness of service delivery; and engage in joint planning. In addition, the Auditor General recommended that DSC should develop alternative feedback mechanisms in relation to its Supported Community Living Service program in consultation with stakeholders.

Agency Responses

DSC and DoH submitted separate responses to the Committee in relation to the Auditor General's recommendations. These are reviewed below.

Disability Services Commission

DSC in tendering commentary in relation to the Auditor General's recommendations also provided information on two additional areas discussed in the Report and of relevance to the Commission. These included: the Commission's risk assessment framework, which falls under the Combined Application Process (CAP);¹⁷¹ and improvement to the layout and accessibility of information on the Commission's website.¹⁷²

¹⁷¹ Auditor General for Western Australia, *Performance Examination: A Helping Hand: Home-Based Services in Western Australia*, Report 6, June 2007, p25.

¹⁷² Ibid., p18.

CAP is the method used by DSC to allocate recurrent funding for accommodation support, intensive family support, and alternatives to employment to people with disabilities. Providing a single application point, the process enables a blended solution involving these different funding initiatives.¹⁷³

DSC confirmed that the assessment for the CAP was commenced during 2007-08 and that the Commission automated the process for assessment of the first funding round in 2008-09. During this most recent assessment, the framework was applied to all three funding streams, 'enabling a consistent ranking system' from one funding round to the next.¹⁷⁴ The Commission views that the methodology more clearly defines the relative needs status of applicants and will ultimately result in improved efficiency in the assessment process.

An Independent Priority Assessment Panel assesses all CAP applications.¹⁷⁵ DSC noted that modifications to the second phase of the CAP database will commence in the new financial year, providing the capacity for reassessment of applications on panel days. An alternative model has been instituted in the interim to enable this to occur.

With respect to the Commission's website, DSC informed the Committee that July 2007 marked the release of a new version of its internet site which has substantially improved accessibility and layout, these being cited concerns of the Auditor General. DSC detailed as an example, addition of the Publication and Links icon on the homepage which provides directions, as follows, regarding alternative formats:

*If you are using a screen reader and unable to read documents or complete forms available on this site, you might like to contact someone who is able to read and write answers for you. Alternatively, you can contact us for assistance or to request alternative formats.*¹⁷⁶

Other related alterations to the website include: options to change text size; change page layout to high contrast; and the ability to listen to pages available on the site. DSC has also tested the website content against the 'AA standard of the Web Content Accessibility Guidelines' and has adopted a process of continuous improvement in relation to its websites and web services to achieve best practice standards for people with disabilities.¹⁷⁷

The Auditor General's first recommendation pertains to processes for the monitoring of home-based services. DSC detailed that the Commission had conducted workshops with service

¹⁷³ Disability Services Commission, 'Combined Application Process, Policy No: 136', June 2006. Available at: [www.disability.wa.gov.au/dscwr/_assets/main/policy/documents/doc/cap_implementation_policy_information_sheet_june_06_\(id_142_ver_1.0.2\).doc](http://www.disability.wa.gov.au/dscwr/_assets/main/policy/documents/doc/cap_implementation_policy_information_sheet_june_06_(id_142_ver_1.0.2).doc) Accessed on 29 July 2008.

¹⁷⁴ Dr Ron Chalmers, Director General, Disability Services Commission, letter, 15 July 2008, p1.

¹⁷⁵ Disability Services Commission, 'Combined Application Process, Policy No: 136', June 2006. Available at: [www.disability.wa.gov.au/dscwr/_assets/main/policy/documents/doc/cap_implementation_policy_information_sheet_june_06_\(id_142_ver_1.0.2\).doc](http://www.disability.wa.gov.au/dscwr/_assets/main/policy/documents/doc/cap_implementation_policy_information_sheet_june_06_(id_142_ver_1.0.2).doc) Accessed on 29 July 2008.

¹⁷⁶ Dr Ron Chalmers, Director General, Disability Services Commission, letter, 15 July 2008, p1.

¹⁷⁷ Ibid., p2.

providers to develop outcome statements for areas impacting on home-based services, including Accommodation, Advocacy, Disability Professional Services, and Alternatives to Employment. This has occurred in line with the Commission's adoption of an outcomes-focused measurement approach to monitoring as part of its new Quality Management Framework. DSC noted that '[e]ach set of outcomes is supported by performance indicators and a response chain.'¹⁷⁸ The Commission advised that contracted consultants, KPMG, trialled the project baseline assessment tools towards mid-2008 and that feedback from the pilot will result in refinement of the tools and a baseline assessment across the four program areas mentioned above. It is envisaged that the 'new operational framework and outcomes of the project will be completed by December 2008.'¹⁷⁹

The Auditor General's second recommendation related to DSC and DoH working collaboratively to improve interfaces for home-based services. DSC noted with respect to the Home and Community Care (HACC) Program, that a joint Memorandum of Understanding has been instituted by both agencies to 'provide complementary service arrangements for people with rapidly deteriorating conditions.'¹⁸⁰ This has received the endorsement of DSC Corporate Executive however, pending further changes, has yet to receive the approval of Senior Management of the Department of Health. DSC noted with respect to the Commission's new Rapidly Degenerating Neurological Conditions Program that DSC and HACC have established their respective roles and that the program has commenced. Both agencies have negotiated a protocol to enable referral of young people to an Aged Care Assessment Team (ACAT) for evaluation, which includes application of the Broadscreen Checklist of Observed Changes (Minda Inc.). Again this requires the approval of the DoH, which is awaiting receipt of the Minda tool.

The Community Aids and Equipment Program (CAEP) was established to provide equity, accessibility and consistency in the provision of equipment and home modifications for eligible persons with a long-term disability.¹⁸¹ DSC detailed that the program continues to be overseen by a joint governance committee of both agencies and that a significant increase in funding allocation for the 2008-09 financial year has occurred to increase the availability of equipment and reduce waiting lists.

According to DSC, both agencies have jointly introduced the Western Australian Continence Management and Assistance Program to complement a comparable Commonwealth assistance scheme. The agencies intend to progress the program to the next stage by increasing support for clients with high care needs and through consideration of Commonwealth continence initiatives.

DSC provided detailed information in relation to the Auditor General's third recommendation regarding the adoption of key effectiveness measures by both agencies. This can be summarised as follows:

¹⁷⁸ Ibid., Attachment, p3.

¹⁷⁹ Ibid.

¹⁸⁰ Ibid., Attachment, p1.

¹⁸¹ Disability Services Commission, 'Community Aids Equipment Program', Available at: www.disability.wa.gov.au/forindividuals/disabilityservices/aidsequipment.html Accessed on 14 August 2008.

- DSC informed the Committee that in 2008 it conducted its second biennial consumer satisfaction survey, which incorporates a personal wellbeing index rating an individual's level of satisfaction against a series of wellbeing attributes, and is comparable to the broader Australian population.
- Recently, DSC considered a more robust effectiveness measure. Approval was tendered by the agency's corporate executive for the pilot of a personal wellbeing index for carers to be included in the 2008 Consumer Survey, and an abridged consumer survey to alternate with the biennial survey. The abridged version would link to performance indicators reported in the Commission's Annual Report and would measure social participation, quality of life and personal wellbeing index. The Commission tendered a list of outcomes and performance indicators developed for the Accommodation services.

Regarding monitoring timeliness of service delivery to clients, DSC advised that it has analysed timelines for accommodation support options for the period 2002-03 to 2007-08, noting this to be on average approximately 15 weeks from approval to funding commencement. Further, that the Commission intends to conduct such analysis annually for both this service and the intensive family support options, commencing 2008-09.

DSC also examined the feasibility of monitoring timelines from point of application for the three programs considered under the CAP, although noted inherent difficulties given the complexity of data, funding arrangements and the pattern of individual applications. The Commission analysed waiting periods (in weeks) for the 2005-06 and 2006-07 financial years and tendered the following figures:

Category	Applicants in receipt of funding	Applicants without existing funding
Accommodation Support Funding	31.9	14.1
Intensive Family Support Funding	43.3	22.4
Alternatives to Employment (Adults) Funding	18.1	11.6

DSC detailed that there will be ongoing review of waiting periods however the Commission noted that CAP is only one source of available support, with CAP quite often being additional or an alternative to support already provided to an applicant. Local Area Coordinators also provide advice and support to people residing in the community. DSC cited that timeliness measures have been reviewed for the CAEP with monitoring of service delivery requiring further developmental

work by the responsible business unit. This is expected to be implemented during the 2008-09 financial year.

In relation to the Auditor General's fifth recommendation, DSC advised that joint planning to ensure home-based services meet the needs of clientele has been addressed. This has occurred through the aforementioned protocol developed with the ACAT and Memorandum of Understanding with HACC. This has also occurred via Commission input into a paper developed by HACC which cites examples of eligibility and ineligibility for HACC services for people with disabilities, and forms a component of a training program for HACC staff. DSC advised it has drafted future directions to guide disability service provision, including specialist services and those provided by other government and non-government agencies, over the next 15-20 years. It is envisaged that DoH will participate in future directions workshops to impart knowledge on that agency's long-term initiatives, particularly those under the HACC Program. Further, that DSC and DoH will work to implement joint initiatives for the long-term benefit of clientele. Finally, there is ongoing revision of the requirements of the CAEP to ensure both availability and affordability.

The final recommendation of the Auditor General related to DSC only, pertaining to the development of mechanisms in consultation with stakeholders to provide satisfactory feedback to clients denied supported living services. DSC notes that the Commission held three consumer information sessions to progress information exchange in relation to issues of concern and the CAP process. Additionally, visits were made to clients identified as critically in need of the service but whose applications were denied in order to discuss: the process; the currency and level of detail of information; and alternative options pending future CAP funding outcomes.¹⁸²

Department of Health

Five of the Auditor General's recommendations pertained to DoH. With regard to the agency adopting processes to monitor the quality of home-based services, DoH detailed the following undertakings. Firstly, Community Care standards, based on the existing HACC Program National Service Standards, were endorsed in late 2007 as part of a National Community Care reform agenda aimed at simplifying and streamlining reporting by community care providers across all related programs. As advised by DoH in July 2008, implementation of the Standards occurred over the previous 2 months to assess service providers against the national Standards. DoH reported that the process 'has provided an opportunity to consider other quality system reviews the organisations have participated in to inform the outcome.'¹⁸³ DoH is providing feedback on the process to a National Working Group to support the successful roll-out of the Standards across Australia and to ensure ongoing quality improvement based on best case practice.

As part of the HACC Program, DoH continues to conduct client satisfaction surveys. According to DoH, additional surveys are currently being implemented and are centred on the Wellness

¹⁸² Dr Ron Chalmers, Director General, Disability Services Commission, letter, 15 July 2008, Attachment p2.

¹⁸³ Dr Peter Flett, Acting Director General, Department of Health, letter, 25 July 2008.

Approach to Community Homecare incorporating a revised assessment tool with questions pertaining to client satisfaction 'of health independence and social participation.'¹⁸⁴

With respect to the Auditor General's second recommendation, DoH reported that to improve home-based service interfaces across aged care and disability services, it is working with DSC to implement initiatives across two specific areas, namely the Aged Care Policy Directorate and Ambulatory Care.

With regard to the Aged Care Policy Directorate, DoH cited the following initiatives:

- The convening of quarterly meetings between senior staff of both the WA Health Aged Care Policy Directorate and DSC to discuss 'program interface and other policy and planning initiatives';¹⁸⁵
- Finalisation in May 2008 of interface guidelines by the aforementioned agencies and publication on the HACC website;
- Funding by DSC of pilot projects for improved levels of home-based support, and the development of a related DSC/HACC protocol for ongoing access to complementary HACC services, for clients with rapidly degenerative neurological conditions;¹⁸⁶
- Development of Access Networks in conjunction with community care service providers to support the Council of Australian Governments and Community Care Reform agenda and with the aim of streamlining entry, communication and linkages, and improving 'screening and referral across the aged care and disability sectors';
- The realisation of Access Network demonstration sites in Esperance, Broome and Derby and Swan Local Government area, and review of the Esperance site as part of a national evaluation; and
- Work to apply the National Planning Framework being developed as part of the Community Care Reform Agenda, in terms of progressing a practical guide for use at a jurisdictional level.¹⁸⁷

With respect to Ambulatory Care, representatives from both DoH and DSC have explored potential overlap between Ambulatory Care and DSC, determining this to be minimal. As a consequence staff of both organisations will participate in in-services to increase their respective understanding of synergies and reduce risk of duplication. Further, linkages have been established

¹⁸⁴ Ibid., p2.

¹⁸⁵ Ibid., p1.

¹⁸⁶ The approval process in relation to the protocol was not finalised at the point of receipt of agency correspondence in July 2008.

¹⁸⁷ Dr Peter Flett, Acting Director General, Department of Health, letter, 25 July 2008, pp2-3.

between key staff in geographical areas to ensure adequate communication in relation to clients who access both services.

The Auditor General's third recommendation pertains to the adoption of key effectiveness measures directly linked to improvement of wellbeing and quality of life of people in home-based services. DoH advised that the WA HACC Triennial Plan 2008-2011 includes a project for the WA HACC Program to work collaboratively with CommunityWest, Aged and Community Services WA and DSC to develop and endorse appropriate key effectiveness measures for clients. It is intended that the Wellness Assessment process will inform the project. The Committee was also advised that a national consultancy is underway to strengthen KPIs for the HACC Program.

In relation to the Auditor General's fourth recommendation pertaining to both DSC and DoH monitoring the timeliness of service delivery to clients, DoH advised that the issue is being explored in the context of the development of Access Networks. Specifically, a common referral form has been developed for use by network partner agencies which requires referring agencies to identify the priority of the referral. Information from trials of the form in all Access Network demonstration sites will be included in the national evaluation. DoH informed the Committee that the data needs to be considered in the context of 'community care service needs [which] differ for each client, based on the type of assistance required, other informal care structures in place and the type and level of functional disability.'¹⁸⁸ The time between the 'initial screen and service assessment' is therefore related to the priority of the referral.¹⁸⁹

DoH detailed that it has purchased a HeiQ license relevant to WA Health Ambulatory Care. This provides Australian benchmarks within Chronic Disease Management, allowing the agency to assess 'shifts in knowledge, behaviour change and quality of life' and to evaluate service delivery.¹⁹⁰ DoH advised that an evaluation of the Chronic Disease Management Team has already occurred, taking account of consumer and referrer feedback on the impact of services. An associated report is being compiled.

The final relevant recommendation of the Auditor General relates to DSC and DoH conducting joint planning to ensure the suite of home-based services effectively meets the needs of the WA community. According to DoH, this has been, or will be addressed, in a number of ways. Firstly, through approval of the 2008-11 Triennial Plan, by both the Australian and state government Ministers. The consultation process underpinning the Triennial Plan included DSC. DoH advised that the Triennial Plan will:

*...expand the range of consultation strategies including linkages with special needs groups (e.g. carers and people with dementia), community consultation, regional planning and growth allocation processes.*¹⁹¹

¹⁸⁸ Ibid., p4.

¹⁸⁹ Ibid.

¹⁹⁰ Ibid.

¹⁹¹ Ibid.

The Plan includes a regional approach to planning which acknowledges the diversity of clients, and incorporates a growth funding allocation methodology to ensure greater equity in regional areas and extend the bounds of the HACC Program. Allocation of funds under the growth methodology will occur on the basis of provision of basic support services to an increased proportion of target clients, and at a regional level resource allocation will be founded on identified priorities, derived from a needs analysis and consultation processes. DoH advised that Commonwealth Carelink Centres provide a standardised single point of access to information across community care sectors, including community aged-care, disability and other support services. Access to regional information through Commonwealth Carelink Centres promotes the establishment of networks with local providers and ensures the maintenance of up-to-date information. DoH detailed that not only will the Access Network enhance the availability of data available through the Carelink Centres but will capture information on client referrals.¹⁹²

Committee Action/ Comment

The Committee referred the responses from DSC and DoH to the Auditor General for comment. As the Committee has deferred further consideration of this matter until the Auditor General's comments are received, the outcome of this follow-up will be included in the Committee's next review.

3.11 Third Public Sector Performance Report 2007 - Report 7 (27 June 2007)

(a) Management of Land Tax and Metropolitan Region Improvement Tax

Background

The Auditor General examined the management of land tax and the Metropolitan Region Improvement Tax (MRIT). Land tax refers to an annual tax on the unimproved value of all owned land unless it is subject to an exemption. The MRIT is a special tax payable on any land in the metropolitan region also subject to land tax, which is used to finance the cost of land purchase for roads, open space, parks and similar facilities. The Auditor General's report examined among other things how accurately land owners liable for the taxes are being identified, how accurately taxes are calculated, whether there is timely payment of tax debt, and whether MRIT revenues are being used appropriately as required under legislation. The examination focused on the Office of State Revenue (OSR) within DTF, as the agency responsible for administering the taxes.

The Auditor General found data inaccuracies in the Revenue Collection Information System (RCIS) database used to generate assessments, which required approximately 10% of land tax assessments in 2006-07 to be reassessed. Further, adjusted assessments for the preceding financial year arising from the resolution of data inaccuracies resulted in a reduction in the amount of tax raised. Other findings included: the likelihood that resolving data inaccuracies would be a slow process; the presence of a low but significant error rate in the granting of exemptions from land

¹⁹² Ibid., pp4-5.

tax; the implementation of a Land Data Integrity Project by OSR which intends to address the underlying causes of data inaccuracies; the timely collection of land tax and MRIT debts; and the correct use of MRIT revenues as per the *Planning and Development Act 2005*. The Auditor General recommended that OSR should clear the backlog of land and ownership errors at a faster rate than its anticipated 18 months.

Agency Response

DTF outlined the land tax assessment process, in particular that OSR relies on land, ownership, and valuation information from Landgate. This information is then cross-matched with external data to determine the taxable status of land and addresses for assessment notices to be sent to. With the introduction of the current assessment regime in 1988 and abolition of the returns system that existed prior to this, DTF advised that the assessment regime places responsibility for the maintenance of land records, taxable status of land and issue of assessments 'solely on records maintained by State Revenue'.

DTF advised that there has been a significant reduction in outstanding data mismatches since the Auditor General's Performance Examination, down from 115,868 to 47,399 as at 30 June 2008. According to DTF, the majority of mismatches relate to 'Crown land descriptions', which do not apply to the land tax assessment process. Even so, some Crown land leases are taxable when in the hands of a lessee, although these are subject to a separate process.

DTF noted that as at 30 June 2008, there were 12,000 data mismatches remaining to be worked through, although a further 80,000 have arisen since that time and are being addressed concurrently with the assistance of additional staff. That said, DTF indicated that the process of matching land data has an inherent degree of complexity given multiple data systems within Landgate. DTF advised that matching processes for land ownership transfers have improved, resulting in a reduction in mismatches. However, according to DTF, 'the number of mismatches from the Valsys system which supports the Valuation Service Division (VSD) formerly Valuer General's Office, valuation database have remained static over the corresponding period.'¹⁹³ Work in this area has revealed current data mismatches between Landgate's three core systems which require rectification.

DTF informed the Committee that the underlying causes of data mismatch are being addressed via the land data integrity computing project being undertaken by the OSR. This has been supplemented by discussions with Landgate in relation to data supply and formats from Landgate's three core systems, and data matching between these systems and the RCIS particularly with respect to land ownership and valuation matters.

DTF advised that following the aforementioned discussions with Landgate, the land records provided to OSR were reviewed by Landgate as well as 'a reconciliation of land descriptions between its (three) systems'.¹⁹⁴ According to DTF, Landgate will address the identified

¹⁹³ Mr Timothy Marney, Under Treasurer, Department of Treasury and Finance, letter, 25 July 2008, p3.

¹⁹⁴ Ibid.

discrepancies. Other initiatives include a joint review between Landgate and the OSR of mismatches in the valuation database; and an audit of land records held by Landgate in its cadastral and valuation databases, as well as the 'automated data transfer and data matching processes of land records,' provided to OSR by Landgate.¹⁹⁵ Notably, DTF reported a 98 per cent data match between the cadastral and valuation databases. Again, DTF reiterated that the majority of mismatches were attributable to Crown and other non-taxable land and would therefore not impact on the land tax assessment process.

DTF informed the Committee that priority regarding data mismatches is being given to verifying and correcting records on rateable and taxable land for the 2007-08 land tax assessments. DTF advised that standardisation of '[l]and descriptions and system processes for data matching land records' between Landgate and OSR is occurring to minimise 'system and data format compatibility issues'.¹⁹⁶ Further, DTF cited that in line with a major capital works program to be undertaken by Landgate over the next few years, a complete redevelopment will be undertaken of its title registration, spatial and valuation systems. The objective of this program (known as iLAND) is the delivery of 'an integrated suite of business solutions (processes, structure, legislation and systems)' aimed at enhancing or replacing Landgate's core business systems.¹⁹⁷ DTF ultimately view that these initiatives will resolve data mismatches as a consequence of data incompatibilities, data quality and data format issues resulting from data transfers between the two agencies.

DTF provided information regarding the Land Data Integrity Project (LDIP), summarised as follows:

- Phase 2 of the computerised LDIP at the OSR was implemented in 2008 and has enabled the timely processing of incremental updated sales information from Landgate. According to DTF, the more frequent processing of smaller data volumes has allowed mismatches in land ownership data to be resolved quickly. DTF reported that on average 750 mismatches per week were being identified although up to 70 per cent relate to Crown land transactions.
- Phase 3 of the LDIP involves the review of residential exemptions and is being progressed by comparing the functionality of the existing computer program against external data. This review has also checked processes for validating the taxable or exempt status of residential land. According to DTF, the review has enabled identification of changes to the existing computer system necessary for auditing processes to be performed.
- Phase 3 requirements that have been identified as being high priority are to be completed by 30 September 2008, whereas non-priority items will be actioned by OSR in consideration of other compliance priorities. Further, DTF advised that after Phase 3

¹⁹⁵ Ibid.

¹⁹⁶ Ibid., p4.

¹⁹⁷ Ibid.

priority changes have been implemented, and subject to adequate staffing, land tax assessments will be issued to landowners no longer entitled to a residential exemption.

- DTF indicated that Phase 3 will also review external data use with respect to land tax assessment and exemption processes. To improve data matching, DTF has liaised with several external data providers concerning street address information for land.

Regarding the Auditor General's finding that a three per cent error rate in land tax exemptions may result in the loss of 'significant' revenue, DTF responded that the amount was not quantified in the original report. DTF has subsequently estimated this amount to be in the order of \$3 million to \$5 million per annum (out of an overall land tax revenue base for 2007-08 of approximately \$500 million).¹⁹⁸

In terms of the time needed to correct data mismatches, DTF advised that this will likely take 24 months and not the 18 months reported by the Auditor General. The additional time, which means completion of the majority of mismatches will occur by 30 June 2009, partly reflects the need for internal data matching issues within Landgate to be resolved. According to DTF, Landgate has advised that 'correction of its internal data matching issues will be progressed over the next 12 months' in conjunction with OSR.¹⁹⁹ DTF stated that Landgate also proposes to combine all its land based systems into a single system over the coming years, which will streamline data matching processes in the long-term.

Data matching in the short-term might be significantly improved via the use of a polygon identifier number. DTF detailed how Landgate allocates such a number to every piece of land as a matching standard between systems. System changes are to be made at both Landgate and OSR to incorporate the polygon identifier number in 2008-09. Further, once data corrections have been made in Landgate systems, this information will flow through to the RCIS through data uploads.

With regard to checking residential exemptions, DTF advised that once computer data validation systems are in place later in 2008, OSR will progressively review files where exemptions might not continue to apply and issue land tax assessments as appropriate. While there might be a large volume of records for review initially when the validation process is used for the first time, in future years DTF expects the validation process to identify only a small number of matters from year to year.²⁰⁰

Committee Action/ Comment

The Committee resolved in December 2008 to forward the Department's response to the Auditor General for comment. The matter will then be considered by the Committee and reported in its next review.

¹⁹⁸ Ibid., pp4-5.

¹⁹⁹ Ibid., p6.

²⁰⁰ Ibid., pp6-7.

(b) Legal Aid in Western Australia**Background**

The Legal Aid Commission of Western Australia provides legal advice to the general community and ensures that socially or economically disadvantaged people have access to legal representation. While the majority of services are provided without the need for applicants to satisfy a means test, grants of aid for legal representation are subject to these tests. The Auditor General examined the management process for grants for legal representation and in particular, assessed whether grants are being accessed by the appropriate people.

The Auditor General found grants to be made in a timely way and in general accordance with the relevant legislation and guidelines. Scope was identified however for improvements to certain aspects of the administrative process, including: the verification of applicants' eligibility under income and asset tests; regular quality reviews of decisions to grant aid; and regular reviews of case progress by grant managers to ensure continued eligibility for funding. The Auditor General also found that the Legal Aid Commission lacks sufficient information to determine if expressed demand for its services represents the total need for legal assistance, although this is common across Legal Aid Commissions nationally. The Auditor General recommended that the Legal Aid Commission should address the deficiencies found in its investigation in order to ensure that legal representation is accessible to as many disadvantaged people as possible.

Agency Response

The Committee is awaiting a response from the Legal Aid Commission.

Committee Action/ Comment

The Committee will include further data on the Commission's response in its next review.

(c) The Administration of Grants**Background**

The Auditor General examined the grants programs of the Department of Culture and the Arts (DCA) and the Pilbara Development Commission (PDC), being a sample of the many government agencies that provide grant funding. DCA grants go towards artistic and cultural endeavours while the PDC issues grants to promote social and economic development in the Pilbara region. The Auditor General's investigation examined the administration of grants by the two agencies, focusing on issues including: the objectives of grants programs; assessment of applications; documentation of terms and conditions; and monitoring and reporting of funded projects and activities.

The Auditor General found that both DCA and PDC are adequately administering their grant programs, however, some aspects of the administration process are deficient. These include: errors and inconsistencies in funding agreements; inadequate documentation to show that

eligibility for funding was assessed; and inadequate review of acquittal reports, which demonstrate funds have been spent appropriately. The Auditor General recommended that both agencies should ensure: documentary proof that funding eligibility was assessed; and the prompt follow-up of late acquittal reports. Further, the Auditor General recommended that PDC should ensure that written funding agreements are clear and accurate, and that acquittal reports from grant recipients are sufficiently detailed to demonstrate that funds have been appropriately applied.

Agency Responses

The Committee awaits a response from both the Department of the Culture and the Arts and the Pilbara Development Commission.

Committee Action/ Comment

The Committee will report on this matter further in its next review.

CHAPTER 4 REPORTS OF THE AUDITOR GENERAL 2007-2008

4.1 Introduction

This Chapter relates to reports of Auditor General Performance and Compliance Examinations tabled in Parliament between 1 July 2007 and 30 June 2008. The majority have not yet reached the stage of agency reporting and as such will be carried over to the next review.

4.2 Management of Native Vegetation Clearing - Report 8 (5 September 2007)

Background

Western Australia contains approximately 12,500 native plant species, a significant proportion of which are rare or threatened species. Massive clearing, particularly in the south west of the state threatens the diversity of this plant life. The Auditor General's Report examined administrative arrangements for legislation controlling the clearing of native vegetation in Western Australia, principally the *Environmental Protection Act 1986* and associated regulations. More expressly, arrangements within the DEC and DoIR, the former being the agency entrusted with carriage of that Act and the latter having delegated functions relating to the clearing of native vegetation for mineral and petroleum activities under the *Mining Act 1978* and other petroleum legislation. The examination focused on the outcomes of applications, assessment processes, compliance monitoring, and mechanisms for addressing illegal activity.

Auditor General's Findings and Recommendations

The Auditor General found that governance systems for the management of land clearing are appropriate with applications meeting requisite levels of assessment. That said, the Auditor General determined that monitoring and investigation of compliance with decisions on applications and potential illegal clearing was lacking, limiting the agencies' ability to determine whether the objectives of the legislation are being met.

The Auditor General recommended that DEC, in consultation with DoIR, finalise and introduce a plan for testing compliance with clearing decisions based on the full range of potential assessment decisions including permits granted with and without conditions, and refused applications. Secondly, that DEC establish a program to investigate illegal clearing identified through satellite imagery and public complaints and report publicly on both the extent of, and the agency's response to, illegal clearing.

Agency Response

At the time of reporting, a response had only been received from DEC. Commentary on the response from DoIR²⁰¹ will be included in the Committee's next review.

Department of Environment and Conservation

DEC provided an initial response to the Committee in late 2007 detailing actions underway at that time in relation to the Auditor General's recommendations. With respect to formalising a plan for testing compliance with clearing decisions, DEC detailed that it is 'developing an inspection program for testing compliance with decisions and conditions on clearing applications.'²⁰² DEC advised that this would include high risk proposals likely to have the most significant impact on the environment, including the clearing of sensitive or large areas. DEC cited that inspections would 'include audits against permit conditions and all decisions to refuse' and that random audits would occur in relation to a proportion of decisions to refuse.²⁰³ DEC noted that it is collaborating with DoIR on aspects of the plan pertaining to clearing delegated to that agency.

With respect to the Auditor General's second recommendation relating to identification of potential illegal clearing, public reporting of the latter and the Department's response to it, DEC detailed that it analyses vegetation change in the state through Landsat satellite imagery. DEC stated that data analysis for the periods 2005-06 and 2006-07 reveals approximately 5,000 and 15,000 instances respectively of 'vegetation change over 1 hectare on freehold land in the South West Land Monitor zone'.²⁰⁴ DEC is reviewing the cause of this change where practicable. The process will enable DEC to determine, where relevant, breaches of the *Environmental Protection Act 1986*. It is the Department's intention to develop a similar program to cover mining and petroleum activities.

For the period July 2004 to October 2007, DEC received and logged 600 clearing incidents in its Incident Complaint Management System, with approximately 350 awaiting resolution. The Department is developing an inspection program based on data obtained from satellite imagery and spatial density mapping of complaint information. With respect to compliance, DEC is focusing its resources on specific geographical areas and/or business sectors. This program extends to inspections of areas that fall within the scope of the exemptions contained in the *Environmental Protection (Clearing of Native Vegetation) Regulations 2004*, in order to ascertain the impact of activities conducted for mining or petroleum purposes.²⁰⁵

²⁰¹ It should be noted that the newly established Department of Mines and Petroleum has now taken over the functions of DoIR in this regard.

²⁰² Mr Keiran McNamara, Director General, Department of Environment and Conservation, letter, 26 November 2007, p1.

²⁰³ Ibid.

²⁰⁴ Ibid., p2.

²⁰⁵ All information taken from Mr Keiran McNamara, Director General, Department of Environment and Conservation, letter, 26 November 2007, pp1-4.

In anticipating a further response from DEC, the Committee requested the Department detail preliminary outcomes in terms of identifying non-compliance with clearing permit conditions and the extent of illegal clearing of native vegetation. DEC provided a secondary response in October 2008. DEC informed in brief that the Department had initially prioritised improving processes relating to timelines for dealing with permit applications given a backlog. DEC noted that this has had a significant impact with respect to timeliness, management of applications and targeted compliance and that this is supported by an analysis of decisions for the period July 2004 to July 2008. DEC provided a table of data showing applications assessed by the Department for the aforementioned period and mean days for decision making on applications over 90 days from date of receipt. The table reveals that for the 287 decisions made in 2004 and 350 made in 2007, the mean days for decision-making were 215 and 134 days respectively, showing the stated improvement in timeliness.

DEC also stated that it had developed a compliance strategy outlining the 'principal elements necessary to achieve good compliance outcomes.'²⁰⁶ DEC referred to the earlier detailed inspection program, implemented to ensure compliance with clearing application decisions. DEC noted that there is potential for the Department to increase its compliance monitoring and enforcement action however, cited that its capacity to undertake these regulatory functions was reduced in July 2008 following a 20 per cent reduction in budget. This has been compounded by high staff turnover. DEC noted that it will continue to operate on a priority basis to minimise delays to 'State and community infrastructure and development projects' requiring clearing permits.²⁰⁷ The Department noted that it would also endeavour to implement the compliance and audit strategy to ensure a high level of compliance with clearing provisions.

In expanding on the Department's actions with respect to compliance and auditing decisions, DEC indicated that under an administrative agreement with DoIR, it undertakes all enforcement action whilst DoIR provides support with investigations and reports to the DEC Central Local Environmental Enforcement Group. Further, that DEC is ultimately responsible for procedures and policy for regulation of clearing.

DEC informed the Committee that following tabling of the Auditor General's Report, both agencies worked collaboratively on the 'development and implementation of an inspection program to test compliance with decisions and conditions on clearing applications' and training for DoIR officers.²⁰⁸ Consequentially, six DoIR officers have undertaken regulatory training and have been appointed inspectors under the *Environmental Protection Act 1986*. DEC further noted that DoIR had conducted 40 clearing permit compliance inspections in which most holders were found to be compliant with permit conditions.

DEC also conducted 136 site inspections on properties perceived as high risk as a consequence of clearing permit decisions and others identified through the monitoring program as having vegetation change. The Department identified a high level of non-compliance in circumstances

²⁰⁶ Mr Keiran McNamara, Department of Environment and Conservation, letter, 13 October 2008, p2.

²⁰⁷ Ibid., p2.

²⁰⁸ Ibid.

where clearing permits were refused. This program has resulted in the preparation of briefs for prosecution and the issue of warning notices. Additionally, the Department has issued vegetation conservation notices to prevent further clearing, or to restore cleared vegetation.

DEC detailed that its inspection program for 2008-09 includes a review of:

- all decisions to refuse or decline a clearing application;
- applications withdrawn or subject to significant amendment following identification of environmental issues;
- all permits with conditions for revegetation or offset; and
- 20 per cent of remaining decisions.

In relation to potential illegal clearing, DEC, in expanding on earlier commentary, cited that '[t]he 2007/08 monitoring program reviewed vegetation decline in the regions of Bunbury to Denmark, Kalbarri, Central West, Yilgarn, Ravensthorpe, Jerramungup, Hill River, Southern Cross, Esperance and parts of the Swan Coastal Plain'.²⁰⁹ The program identified around 300 properties where vegetation change was greater than 20 hectares. A quarter of these were physically reviewed and as a consequence further investigation is being conducted on 39 properties in regard to possible unlawful clearing. DEC noted that the 2008-09 monitoring program will focus on vegetation change in the southwest land zone, particularly in environmentally sensitive areas and those previously identified in the previous monitoring period with respect to vegetation change.

In elaborating on incident reporting, DEC detailed that the figure now stood at 1,200 for the period July 2004 to October 2008, a third of which are yet to be resolved. The incident reports arise from public complaints and monitoring and inspection programs. Priority is accorded on consideration of environmental impact and clearing circumstances.

DEC detailed that as a consequence of investigations into unlawful clearing, a number of compliance actions have been undertaken in accordance with the Department's Enforcement and Prosecution Policy including issuance of 'environmental field notices, warning letters, educational letters and four successful prosecutions in 2007 and 2008'.²¹⁰ Further, a number of other significant investigations are being progressed.

DEC stated that it had issued 11 Vegetation Conservation Notices under section 70 of the *Environmental Protection Act 1986* to ensure that no unlawful clearing or further clearing occurs on the land of the person subject to notice. A further six notices requiring repair or mitigation of environmental harm caused by clearing had been issued.

DEC cites that although there is the technical capacity to analyse vegetation change data to determine decline over more than a year which would address the potential for 'grazing, fire and

²⁰⁹ Ibid., p3.

²¹⁰ Ibid.

other incremental clearing to be used to systematically degrade native vegetation,' DEC does not have the resources.²¹¹ In effect the agency does not have the budget to determine the full extent of vegetation clearing and loss in Western Australia.

Data from other agencies with regulatory responsibilities for activities that result in clearing is not available and neither is regular analysis occurring of satellite imagery to inform assessment of clearing applications. The Department advised that these matters have been raised with the Review Committee established by the former Minister for the Environment to report on clearing of native vegetation.

Although DEC and DoIR are collaborating in relation to the development of a program to monitor clearing activities in mining and petroleum areas, spatial data is not currently captured by DoIR which impacts on the capacity to monitor clearing. This is an issue that the two agencies are seeking to resolve.²¹²

Committee Action/ Comment

The Committee resolved in December 2008 to seek comment from the Auditor General on the supplementary information provided by DEC. The Committee's follow-up of DEC and DoIR will be reported further in the next review.

4.3 Fourth Public Sector Performance Report 2007 - Report 9 (26 September 2007)

(a) Management of Asbestos-Related Risks by Government Agencies

Background

Given the potential health risks associated with asbestos, more specifically, the inhalation of airborne asbestos fibres, the *Occupational Safety and Health Regulations 1996* requires the person(s) in control of a workplace to identify and assess risk associated with the presence of asbestos. There are potential fines of up to \$50,000 for non-compliance. The Minister for Housing and Works directed in 2004 that all government agencies establish an Asbestos Register and Management Plan by 2005. WorkSafe, a Division of DOCEP has regulatory responsibility for asbestos management under the state's *Occupational Safety and Health Act 1984* and the associated regulations. The Auditor General examined asbestos management activities at eight agencies and the Department's mandated oversight responsibilities under the aforementioned Act.

Auditor General's Findings and Recommendations

The Auditor General found an absence of complete or up-to-date registers at the point of audit, limiting the ability to determine the extent of risk to the health of agency staff or the broader

²¹¹ Ibid.

²¹² Ibid., p4.

community. The Auditor General noted that of the two sampled agencies with the largest building portfolios, namely DET and DHW, DET had almost completed its register, principally pertaining to schools, whilst DHW had a limited register in regard to its pre-1990 public housing stock. Three of the agencies had no plans whilst the remainder had plans that were neither complete nor up-to-date, lacking timelines for action and management options including priorities and dates for reviewing risk assessments, and reasons for decisions as required by the Regulations.

The Auditor General also determined that although seven of the eight agencies sampled had undertaken asbestos removal programs in the last 11 years, some being extensive, only two arose from existing asbestos risk profiles.

The Auditor General recommended that all agencies ensure compliance with the *Occupational Safety and Health Regulations 1996* through the development of asbestos management plans and registers, and satisfactory monitoring of those working with or impacting on, asbestos products.

Agency Responses

At the time of reporting, responses had been received from DET, DOCEP, DPI and the WA Police. These are summarised below. Responses from the remaining agencies will be included in the Committee's next review.

Department of Education and Training

DET advised that it has 'implemented its Asbestos Management Plan in compliance with *Occupational Safety and Health Regulations 1996*'.²¹³ The Department noted that all schools were issued with an Asbestos Identification and Risk Management Register and associated Departmental policy and procedures on the management of asbestos related issues in DET workplaces. DET informed the Committee that all TAFE colleges and campuses have also received the Registers. The Department is currently undertaking a review program of all leased premises expected to be completed in a few months of the lodgement of the response with the Committee. Review of the TAFE Registers will occur bi-annually as per the Building Condition Assessment process devised by the Asbestos Steering Committee, chaired by DHW.

In relation to monitoring and reporting on people who work on or may impact on asbestos materials, DET noted that its Asbestos Management Plan contains the DHW *Building Works and ACM* [Asbestos Containing Materials] *Logbook*, which requires tradespersons to check the register prior to commencing work at DET premises. The Department has requested that DHW notify contractors of this requirement.

DET provided a copy of a letter sent to the Auditor General on 15 August 2007 regarding concerns raised in the Auditor General's Report pertaining to the Department's management plan, more specifically the 'timetable for action, management options and reasons for decisions'.²¹⁴ DET detailed that the Asbestos Management Plan does not detail management options given the

²¹³ Ms Sharyn O'Neill, Director General, Department of Education and Training, letter, 15 October 2008.

²¹⁴ Ibid., p1.

practicalities involved. This includes the durability of sealing which involves painting; expenses associated with encapsulation, involving application of a special adhesive undercoat; and both the expense associated with, and the requirement for, school closure for total removal. That said, DET noted that it does take remedial action when required and as mentioned, has established an asbestos register, a copy of which is placed in school receptions. DET cited that this meets the intent of the Code of Practice for the Management and Control of Asbestos in Workplaces and is said to be supported by the Whole of Government Asbestos Steering Committee which includes a representative from WorkSafe WA.²¹⁵

Department of Consumer and Employment Protection

The Auditor General found that WorkSafe WA, a division of DOCEP, whilst adequately assessing applications from companies and individuals for a licence to work with asbestos removal or demolition, neglected in some instances to follow up on conditions imposed at the time of granting a licence. This related to provision by the applicant of operational policies and practices relating to that work. WorkSafe WA informed the Committee that it has pursued compliance with the conditions with five contractors and found compliance by current licence holders, noting that two licences have expired. WorkSafe WA further advised that it had revised its procedures to ensure that all conditions are complied with prior to the issue of a licence. WorkSafe WA also ensures that applications require dual endorsement by staff of the unit, including the Director.

The Auditor General's Report also detailed that WorkSafe WA had determined to establish another class of asbestos removal licence relating to removal of more than 10sqm of non-friable asbestos. The latter requires amendment to legislation and related regulations, changes which are currently being pursued by WorkSafe WA.

WorkSafe WA advised of its intention to use the findings of the audit report to target forthcoming inspections in the public sector. WorkSafe WA informed the Committee that it conducted a project with 35 state government agencies to examine compliance with ACM requirements under the *Occupational Health and Safety Act 1984*, noting that this did not include the agencies reviewed by the Auditor General. The project found:

- That government agencies occupying leased buildings found it difficult to ascertain the existence of a register because of leasing arrangements put in situ by DHW;
- Approximately 50 per cent of agencies were served with one or more improvement notices regarding asbestos management;
- The most common issues identified were review of the register and training in relation to the use and maintenance of the register',²¹⁶ and
- The standard lease used by DHW does not include asbestos management.²¹⁷

²¹⁵ The above information is taken from Mr Peter McCaffrey, Deputy Director General, Finance and Administration, Department of Education and Training, letter, 15 August 2007, pp1-2 and Attachment, pp1-2.

²¹⁶ Mr Brian Bradley, Director General, Department of Consumer and Employment Protection, letter, 7 October 2008, p2.

Department for Planning and Infrastructure

In response to the Auditor General's recommendations, DPI advised that its Asbestos Management Plans now included 'a timetable for action, including priorities and dates for reviewing the risk assessments'.²¹⁸ The Department indicated that it had been liaising with managing agents since June 2007 with respect to ACMs in the remaining seven buildings leased by DPI. As this information had not been forthcoming, the Department had made alternative arrangements through DHW to engage a consultant to complete the surveys. The survey and reporting process was anticipated to be complete by mid-December 2008.²¹⁹

Western Australia Police

The Auditor General noted that WA Police lacked an asbestos register at the time of the audit. WA Police informed the Committee that as a consequence the agency had forwarded to DHW 'an itemised list of WA Police owned and leased buildings constructed prior to 1990 and occupied by WA Police' to aid in the management of works to those premises.²²⁰

WA Police further advised that a survey had since been undertaken by DHW of all ACMs and a register completed in compliance with the national guidelines and procedures. The agency has also compiled an Information Package for each work site identified in the register, comprising related procedures, processes and work logs. A broadcast to employees of WA Police will occur on the issue at the time of dissemination of this documentation. WA Police has requested that DHW conduct a further review of agency premises to update the register. This is due for completion in December 2008.

WA Police detailed prior actions undertaken to address the issue, for example, development of communication strategies to advise of the agency's actions in managing asbestos, including removal of 88 roofs with a further two encapsulated. The Land and Building Services Branch of WA Police is an active member of the Whole of Government Asbestos Management Steering Committee.²²¹

Committee Action/ Comment

The Committee resolved in December 2008 to seek comment on the agencies' responses from the Auditor General. The outcomes of the Committee's follow-up in this regard and in relation to the remaining agencies yet to report, will be included in the next review.

²¹⁷ Ibid., pp1-3.

²¹⁸ Mr Eric Lumsden PSM, Director General, Department for Planning and Infrastructure, letter, 10 November 2008, p1.

²¹⁹ Ibid.

²²⁰ Mr Gary Lord, Acting Executive Director, Western Australia Police, letter, 17 October 2008.

²²¹ Ibid.

(b) Tracking Timber Logged from South-West Native Forests

Background

The Forest Products Commission (FPC) is responsible for harvesting and selling log timber from native forests in the south west of the state. In the 2006-07 financial year, 630,000 tonnes were harvested to the value of \$44 million. Government sets a ceiling on annual harvest levels which are documented in the state's Forest Management Plan. The Commission's responsibility for harvesting and sale of this timber occurs through varying contractual arrangements. Contractors are required within the terms of their respective contracts to 'fell, extract, grade, load and deliver log timber to customers'.²²²

The Auditor General's review arose from an allegation from a member of the public that some customers were receiving log timber beyond the terms of their contract, and that the Commission's system failed to adequately record deliveries. The Auditor General examined how the FPC records and tracks its timber, harvested by contractors and the 'procedures for monitoring deliveries and preventing theft and misconduct'.²²³

Auditor General's Findings and Recommendations

The Auditor General found that the extent of theft of log timber is unknown because while the Commission's system for recording shipment deliveries conformed with the *Forest Management Regulations 1993*, it recorded truck loads of log timber based on delivery notes and not individual logs. The Auditor General also noted commentary by FPC that its assessment of the likelihood of theft was moderate and that the system had efficiency benefits. The Auditor General determined that while FPC had a reasonably sound framework for compliance monitoring, actual levels of monitoring were low falling below the 5 per cent of delivery notes that the Regulations cite should be checked for accuracy. In elaborating, the Auditor General stated that in the period 2006-07, FPC checked 4.8 per cent of delivery notes, however only 2.6 per cent were checked in the south west native forests. The Auditor General saw this activity as essential to ensuring contractual obligations are met and the theft of timber is deterred.

The Auditor General recommended that FPC 'develop and implement compliance programs to complement its current Delivery Note system or any future log timber tracking system'.²²⁴

Committee Action/ Comment

The Committee sought feedback from FPC in relation to the Auditor General's Report and is still awaiting a response. As such, further commentary on this follow-up will be included in the next review.

²²² Auditor General for Western Australia, *Fourth Public Sector Performance Report 2007*, Report 9, September 2007, p17.

²²³ Ibid., p20.

²²⁴ Ibid., p17.

(c) Establishing Contractual Arrangements with Private Business

Background

For most government agencies engaging in profit-making contractual arrangements with private sector organisations, authority must be sought from the responsible Minister in accordance with the *State Trading Concerns Act 1916*, the remainder being empowered to undertake this function through enabling legislation.

A request was made in January 2007 by the Standing Committee on Estimates and Financial Operations of the Legislative Council of the Parliament of Western Australia that the Auditor General investigate arrangements entered into by the Western Australian Sports Centre Trust ('the Trust'), including the appropriateness of the financial risk assumed by the Trust. The Trust is a statutory body accountable through a CEO and an eight member board to the Minister for Sport and Recreation and is entrusted with management of four major state owned sporting venues. Subsequent to the request, the Auditor General reviewed rock concert agreements, given that the most significant arrangements entered into by the Trust pertained to a series of five agreements to stage rock music concerts at Joondalup Arena.

Auditor General's Findings and Recommendations

The Auditor General found that the Trust was inadequate in its governance practices both before it entered into the first agreement and in the case of subsequent agreements. Specifically, the Trust failed to undertake or document: due diligence checks on the party to the agreement and adequate financial or risk analysis; obtain legal advice regarding the drafting of contracts; or submit draft agreements to the Board for endorsement. Further, the Auditor General viewed that the financial returns from some concerts did not reflect the high level of risk borne by the Trust. It was also perceived that it would have been appropriate for the Trust to have considered whether it could achieve more favourable terms and outcomes were it to engage in a similar agreement with another contractual partner.

The Auditor General recommended that all agencies adopt appropriate governance practices when considering business arrangements with the private sector to ensure decision-making is based on a sound understanding of inherent benefits, costs and risks.

Committee Action/ Comment

The Committee sought a response from the Trust in relation to the Auditor General's Report. As a response is yet to be received, this follow-up will be reported in the next review.

4.4 First Do No Harm: Reducing Adverse Events in Public Hospitals - Report 10 (17 October 2007)

Background

The incidence of adverse events in Western Australian hospitals is not unusually high and reported adverse events with severe outcomes for patients are rare, the majority being confined to minor incidents having minimal or nil effect. That said, adverse events can result in ‘extended hospital stay, emotional distress, suffering, disease, injury, disability and/or death’, clearly impacting negatively on patient health and/or hospital resources.²²⁵ Statistically, of the incidents reported in 2006 and finalised by 30 June 2007, two-thirds resulted in some form of patient harm with one in 20 deemed critical. Further, it is estimated that for the period 2005-06, adverse events cost the state \$380 million.

Adverse events therefore present a significant issue to health care systems in this state and other jurisdictions. Research cited by the Auditor General indicates that around half of adverse events are preventable and therein lies the opportunity to reduce adverse events and use liberated resources to treat more patients and invest in preventative measures.

In 2001, consistent with approaches in other jurisdictions, Western Australia Health (comprising a number of state health services) established the Office of Safety and Quality in Healthcare (OSQH). The Office, mandated to ‘lead quality and safety improvement across the health system,’ has since its establishment introduced state-wide incident reporting and a clinical governance framework to progress changes to practices across the health system.²²⁶ Within this framework, activity at the hospital level to address adverse events is translated into system wide learning.

The Auditor General’s examination focused on the efficacy of systems for reporting and analysing adverse events in the state’s hospitals and whether Western Australia Health uses adverse events as a learning opportunity, implements appropriate solutions, and measures their effectiveness.

Auditor General’s Findings and Recommendations

The Auditor General found that while there had been progress in incident reporting, the information captured was not yet of the quality required to provide a reliable view of adverse events or trends. That said, the incidence of adverse events does not appear too different from other jurisdictions. Deficiencies limiting the understanding of adverse events include: under-reporting of adverse events; nil improvement in overall reporting despite some advancements at the hospital level; lack of timeliness in provision of information; and poor coordination inhibiting improvements in reporting. The Auditor General indicated that both the capture of that information and using all available information to build a more complete picture of adverse events is critical to prioritising solutions. Further, the Auditor General cited that although Western

²²⁵ Auditor General for Western Australia, *Performance Examination: First Do No Harm: Reducing Adverse Events in Public Hospitals*, Report 10, October 2007, p5.

²²⁶ Ibid.

Australia Health had the basis for a coordinated approach, system wide improvements were being held back in the absence of a number of key elements including: inconsistency in clinical governance structures to support and reinforce reductions in adverse events; lack of development of system-wide priorities based on state requirements; lack of cross-pollination of relevant information between health services; and poor monitoring and evaluation. The Auditor General viewed that there needed to be more consistent application of changes across the health system and appropriate evaluation to ensure that benefits are realised.

The Auditor General recommended that Western Australia Health ‘improve its understanding of adverse events’ through: increased reporting and timeliness of data and better use of available data sources. Further, that greater learning be derived from adverse events by establishing system-wide priorities based on an improved understanding of the Western Australian health context; improved information sharing across relevant sectors; and implementation of a coordinated system of monitoring and evaluation of initiatives. As a general comment, the Auditor General stated that the state health sector should have effective structures and systems to reduce adverse events.²²⁷

Agency Response

The DoH on behalf of Western Australia Health, stated that its commitment to reform is evidenced by its investment of \$8 million per annum in its Safety and Quality Investment for Reform (SQuIRE) program which was instituted in 2006. The aim of the program is essentially to establish patient safety and clinical infrastructure and to prioritise client safety measures through the Clinical Practice Improvement program.

In elaborating, DoH detailed that it has implemented a governance structure to oversee the development of relevant strategies to address the Auditor General’s recommendations. This has included instituting a discrete project entitled ‘*Managing Adverse Events (MAE) Project*’, as well as a Project Control Group, comprising senior executives within central areas of WA Health and Area Services, to ensure strategy implementation. The latter is occurring principally through ensuring ‘Executive and Area Health Service engagement and ownership is achieved’ which is viewed as critical to the success of the reform program.²²⁸

The DoH also detailed that it has adopted a strategic long-term view to the Auditor General’s recommendations involving the identification of issues and options for remedial action. The Department perceives this process as critical to ongoing reform for the management of critical incidents and adverse events. The Auditor General’s recommendations are incorporated as strategic directions within the WA Health Strategy. The Department tendered information to the Committee on achievements and anticipated completion dates of various actions, aligned to the particular objectives or recommendations of the Auditor General.

The Auditor General’s first recommendation pertains to the Department improving its understanding of adverse events through increased reporting and improved timelines for data, and

²²⁷ Ibid., p7.

²²⁸ Dr Peter Flett, Director General, Department of Health, letter, 20 November 2008, p1.

ensuring systematic use of available data sources is captured under Section 1 of the WA Health Strategy. DoH detailed an increased level of reporting of clinical incidents and adverse events, notably, 81 sentinel incidents reported for 2007-08 versus 45 for the previous financial year. The Department believes this is reflective of a ‘reporting culture embedded in clinical governance arrangements across the Area Health Services.’²²⁹ Reporting initiates targeted multi-disciplinary clinical investigations, education in relation to lessons learned from those events, and the implementation and monitoring of recommendations as part of risk management.²³⁰

The Department also detailed that a number of complementary databases had been identified that potentially capture information in relation to clinical incidents/adverse events, including:

- WA Health’s Clinical Incident Management System (currently AIMS2);
- Sentinel Event and Preventable Death databases;
- WA Audit of Surgical Mortality database;
- Hospital Morbidity Data System; and
- Health Care Infection Surveillance WA.

DoH viewed that monitoring these systems would enable improved identification of system trends with respect to patient safety within the public health system. The information will be used to establish an ‘Integrated Patient Safety Monitoring System’ to analyse and describe ‘epidemiological trends and patterns’ and prioritise actions to reduce clinical incidents and adverse events.²³¹ For this purpose, the Department is currently looking at the integration of these databases on a technical level.

DoH noted that \$10 million over a four year period had been applied to a project, notably the WA Health Clinical Coding Project to reduce the coding lag and progress analysis of real time clinical data from administrative sources. The project includes significant investment of resources, ‘activity based funding, improved training and recruitment, and the introduction of software to streamline the coding process’.²³² The Integrated Patient Safety Monitoring System is expected to conclude by 2010 with the Clinical Coding Project concluding by 2012.

DoH advised that the MAE project has progressed mapping of the clinical incident management system including ‘notification, investigation, reporting and implementation of recommendations’ to identify limitations to notification and reporting of these incidents and adverse events.²³³ According to DoH, a number of short and long-term strategies have also been employed to improve reporting timelines and to establish a current view of adverse events. The first strategy involves reducing current data entry and classification backlog in the AIMS2 system. This will occur through the provision of training in these areas and the time taken from notification to

²²⁹ Ibid., p2.

²³⁰ Ibid.

²³¹ Ibid., p3.

²³² Ibid.

²³³ Ibid.

classification by giving support to the 'Clinical Incident Management System with electronic notification and work flow'.²³⁴

The Department informed the Committee that plans have been developed for procurement of a new Clinical Incident Management System (CIMS) to assist with electronic notification. Additionally, the procurement process for purchase of the system has commenced in collaboration with DTF. Full implementation of the system is expected by the end of 2010. Area Health Services and the Department have also committed to reducing the majority AIMS2 data entry and classification backlog (based on February 2008 backlog) by mid 2009.

The Auditor General's second recommendation relates to improving learning from adverse events through establishment of system-wide priorities. According to DoH, these have been incorporated into Section 2 of the WA Health Strategy. In this respect, DoH detailed that it has conducted a review of WA Health's Clinical Risk Management Guidelines to better align with the broader WA Health Risk Evaluation Criteria. The Department cited that the Clinical Incident Management Policy is to be updated to 'streamline' processes for reporting of incidents and adverse events. This policy will provide the foundation for the development of CIMS which will progress notification; promote consistency in terminology and arrangements; and allow for feedback to clinicians on clinical incident management. An education program will complement these changes, targeted at improved user knowledge of reporting via AIMS2. This educational process is fundamental to implementation of CIMS and it is envisaged that this will be ongoing.

The Department noted that the Conceptual Policy Framework and the Draft Policy Document will be completed by March 2009 and August 2009 respectively.

DoH advised that it has released a discussion paper entitled 'Closing the Loop' aimed at improved information sharing across the health services about lessons learned from adverse events. The Department has also sought agreement from Area Health Services regarding continuous improvement through implementing and formally reporting on initiatives designed to reduce the risk of adverse events. Other initiatives designed to ensure continuous improvement include:

- lessons learned through release of the publication 'From Death We Learn' and Clinical Incident Management and sentinel event reports;
- Access to recommendations arising from sentinel events through the Clinical Governance Network;
- Monitoring of the implementation of recommendations arising from the sentinel event process; and
- Compliance audits with respect to policies and procedures developed to reduce the level of critical incidents and adverse events.

234

Ibid.

The Department detailed that while the above work is considered finalised for the purposes of this report, it is ongoing in nature.

The DoH cited further that the SQuIRE program was established in mid 2006 ‘to reform and improve patient safety and quality and clinical governance systems across WA Health’.²³⁵ Aside from this objective, the system will ‘[e]nsure the delivery of evidence-based health care to patients and the WA community’ and ‘[r]educe the incidence and impact of adverse events and sentinel events’ in the health system.²³⁶

Access to the \$8 million in funding for the program is contingent upon Area Health Services:

- Meeting accountability requirements, policies and procedures required under the WA Clinical Governance Framework;
- Both complying and demonstrating compliance with, the WA Clinical Governance Standards;
- Implementing a range of evidence-based programs where appropriate, inclusive of: ‘Prevention of Venous Thromboembolism, Pressure Ulcer Prevention, Acute Myocardial Infarction, Falls Prevention, Medication Reconciliation, Prevention of Surgical Site Infections, Central Line Infections, and a Hospital-wide hand hygiene program’.²³⁷ The Department detailed that the aforementioned programs were developed as ‘priority patient safety initiatives’ subsequent to ‘a review of WA administrative databases and clinical incident information sources’.²³⁸ The Department also reviewed relevant international literature and best practice programs.

DoH detailed a number of other initiatives either underway or likely to commence, including:

- The development of Evaluation Guidelines for healthcare safety and quality programs and policies by the OSQH. The efficacy of these will be tested in 2009;
- Evaluation of methodologies by OSQH for monitoring performance and outcomes at a system level, ‘using comparable indicators generated from data contained in the WA Hospital Morbidity Data System’;²³⁹
- Contribution to national developments in relation to indicators of safety and quality associated with Australian Health Care Agreements with the intention to apply this to surveillance of health care infection in this state;

²³⁵ Ibid., p6.

²³⁶ Ibid.

²³⁷ Ibid.

²³⁸ Ibid.

²³⁹ Ibid., p7.

- Development of a methodology to interpret costs associated with initiatives for improved patient care and the potential cost of care associated with a potential adverse event;
- Monitoring of recommendations of the Australian Commission on Safety and Quality in Health Care in relation to Australian Patient Injury Classification;
- Consideration of how the Department's current resource allocation model could identify and include investment in safety and quality; and
- Drafting of a consultation paper by WA Health's Legal and Legislative Services reviewing the operation and effectiveness of the *Health Services (Quality Improvement) Act 1994* 'to support the recommendations from the Joint Australian Health Ministers endorsement of the Australian Council for Safety and Quality in Health Care review of qualified privilege schemes'.²⁴⁰

The work in relation to indicators of quality and safety in the context of Australian Health Care Agreements is dependent on the finalisation of those agreements. The project regarding Australian Patient Injury Classification is dependent on the activities of the related Commission. It is envisaged that all other initiatives will be completed by late 2008 or early 2009, with consultation on the draft paper developed by Legal and Legislative Services likely to occur between July-August 2009.

The Auditor General's third recommendation pertains to health services and hospitals having effective structures and systems to drive reductions in adverse events. According to DoH, this has been met through strengthening governance and accountability structures to meet specific outcomes. This includes: minimising the recurrence of adverse events by ensuring that clinical incident management systems 'enable timely identification, reporting, investigation, analysis and implementation of recommendations;' and making certain that health services use 'clinical incident data effectively to support and improve clinical care'.²⁴¹

The Department reiterated that under the SQuIRE program, improving clinical governance and management systems is a key deliverable. Further, that health services have undertaken a review of governance systems at both an organisational and hospital/facility level to enhance accountability regarding health care quality and safety. Staff have also received training on data entry in relation to AIMS2. In addition to this, the Department has engaged Patient Safety International to provide relevant staff with additional clinical classifier training.

DoH listed a range of other initiatives relevant to the Auditor General's recommendation including:

- Revising procedure and policy across the board to improve safety and quality of care and hence reduce adverse events. This will include reviewing clinical governance standards which will result in improved capacity of Area Health Services to progress change; and

²⁴⁰ Ibid.

²⁴¹ Ibid., p8.

- Various strategies to reduce AIMS2 data entry and backlog, specifically:
 - Area Health Services assuming responsibility for central classifiers which should result in improved staff retention and attraction;
 - Staff increases of a temporary and permanent nature to clear the backlog;
 - A workshop to examine processes in relation to AIMS2 data entry;
 - Monthly assessment of AIMS2 form completion at both area and regional level; and
 - Regular reporting in relation to the backlog.

The Department envisages that the reviews will be completed by December 2009 and the backlog as previously iterated, significantly reduced by June 2009.²⁴²

Committee Action/ Comment

The Committee resolved in December 2008 to seek comment from the Auditor General in relation to the Department's response. Further consideration of this matter has therefore been deferred and will be reported in the Committee's next review.

4.5 Performance Examination of Administration of Natural Resource Management Grants - Report 11 (28 November 2007)

Background

Since March 2003, the Commonwealth and state governments have jointly invested via two bilateral agreements in Natural Resource Management (NRM) projects in Western Australia. Proportionately, of the estimated \$382 million expended, 60 per cent is directed through six regionally based NRM groups, which are community-based incorporated associations overseen by DAFWA, the remainder of funds being managed by the state. Some complementary funding occurs through in-kind contributions from landholders and community volunteers.

Funding is allocated on the basis of strategies and plans developed by the regional groups and endorsed by a joint Commonwealth and state government steering committee. Monies can be applied to a variety of natural resource management related projects.

In 2004, the Auditor General examined the regional funding model which was at that time in its infancy, reporting that prior to a significant increase in funding following approval of the aforementioned strategies and investment plans, regional groups needed to strengthen their governance arrangements. On the occasion of the latest review, the Auditor General sought to re-examine governance arrangements to ascertain their appropriateness and review progress in

²⁴²

Ibid.

relation to implementation of the bilateral agreements. This entailed review of the state NRM Office within DAFWA, a sample half of the six regional groups, and the convening of stakeholder discussions.

Auditor General's Findings and Recommendations

The Auditor General found an overall improvement in governance arrangements in regional groups for: the management of NRM investment; and providing community leadership for NRM in the regions, including identifying related priorities and project coordination and funding. Further, that it was an opportune time to review the program logic of strategies and investment plans, and targets and planned activities, to ensure relevance, achievability and cost effectiveness. The Auditor General referred to monitoring, evaluation and reporting frameworks that had recently been developed to assess whether financial investment in the project since its implementation had realised objectives and value for money. As frameworks had only recently been completed at the time of audit, the Auditor General found it was not possible to determine whether programs and projects were indeed achieving these outcomes.

The Auditor General recommended that DAFWA and regional groups work collaboratively to review the 'program logic of regional NRM strategies, investment plans and associated programs and projects.'²⁴³ Further, that the results of the review be considered in the formulation and implementation of monitoring, evaluation and reporting frameworks at the local, regional and state level. Also, that the framework be instituted as a priority and that it enable 'assessment of the value for money and achievement of objectives of the projects and programs.'²⁴⁴

Committee Action/ Comment

The Committee sought a response from DAFWA in relation to the Auditor General's recommendations. As a response from DAFWA is forthcoming, this follow-up will be reported in the Committee's next review.

4.6 Renewable Energy: Knowing What We Are Getting - Report 12 (28 November 2007)

Background

Ninety per cent of the electricity supply in the state is provided through the South West Grid and is drawn from coal and gas with a relatively small proportion derived from renewable energy sources, namely five per cent on that grid. The state government in its Climate Change Action Statement committed to increasing the use of renewable energy to 15 per cent and 20 per cent by 2020 and 2025 respectively. Further, that 20 per cent of government agency energy use be drawn from renewable energy sources by 2010.

²⁴³ Auditor General for Western Australia, *Performance Examination of Administration of Natural Resource Management Grants*, Report 11, November 2007, p39.

²⁴⁴ Ibid.

The aforementioned commitment builds on two schemes designed to stimulate growth in the use of renewable energy Australia-wide:

- The Mandatory Renewable Energy target, a federal government initiative established in 2000 to ensure that a percentage of electricity sales on 100 megawatt plus grids is derived from renewable sources; and
- The National Green Power Accreditation Program ('GreenPower'), established as a joint initiative of the state governments in 2000 to encourage consumers to voluntarily purchase, at additional cost, electricity from renewable energy sources.

Both initiatives use a Renewable Energy Certificate system to monitor and manage targets. Under the federal government initiative, retailers purchase certificates to meet mandatory targets, currently around 3 per cent of electricity sales. Certificates are used in the second initiative to ensure that electricity generated is additional to that of the Mandatory Renewable Energy target. In the case of Mandatory Renewable Energy Certificates, the cost is borne by the taxpayer through an increase in Synergy's costs. For customers operating under specific tariffs, that cost is built-in. Customers who have elected to purchase a specific GreenPower product carry that cost individually.

The growth of these programs, particularly GreenPower are reliant on public confidence that the programs are increasing electricity generation from renewable sources. The Auditor General's examination therefore focused on whether the public can be assured that renewable energy bought and sold by the state government is derived from renewable sources and that it is satisfactorily accounted for. In addition, the Auditor General reviewed the impact of the GreenPower program on an increased supply of renewable energy in the state and 'the basis for the state government's renewable energy targets, and whether they are measurable, auditable and realistic'.²⁴⁵

The Auditor General examined both government agencies and businesses involved in the purchase and sale of renewable energy including Synergy, Horizon Power, the Office of Energy, Western Power and Verve Energy.

Auditor General's Findings and Recommendations

The Auditor General provided significant and lengthy commentary. In summary it was asserted that:

- The public should be confident that certified renewable energy is supplied from renewable energy sources;
- There was an increase in electricity generated from renewable sources on the South West Grid of four per cent between 2001-02 and June 2007;

²⁴⁵

Auditor General for Western Australia, *Performance Examination: Renewable Energy: Knowing What We Are Getting*, Report 12, November 2007, p6.

- It is likely that government will meet its 2010 and 2020 targets, the latter target dependent on progressing generation plants;
- There is lower access to GreenPower by residential and commercial customers in this state compared with other jurisdictions, possibly attributable to poor program marketing and clarity;
- State-based generators should enable the government to meet its purchasing target of 20 per cent of its requirements from renewable energy by 2010; and
- Individual contracts may be used by large electricity consumers to purchase electricity equivalent to the output of a particular generator.

The Auditor General recommended that government agencies ‘educate consumers regarding renewable energy’; show transparency in product costs and ‘report regularly against their renewable energy targets’.²⁴⁶

Committee Action/ Comment

The Committee sought responses from Synergy, Western Power, Verve Energy, the Office of Energy, Horizon Power, and the Water Corporation. As agency responses had not yet been received at the time of reporting, this follow-up will be carried over to the Committee’s next review.

4.7 Public Sector Performance Report 2008 - Report 1 (19 March 2008)

(a) Regulation of Security Workers

Background

In excess of 15,000 people are employed in the security industry in Western Australia. There have been a number of incidents in recent years including assaults, and infiltration into the industry by organised crime, which have reinforced the requirement for strict regulation of security personnel. There are three separate management frameworks that administer regulatory requirements for the industry, each governed by specific legislation. In summary these include: ‘licensing of private security workers and their agents’, managed by the WA Police; ‘licensing of workers employed by contracted or licensed service providers’ such as private prison, court and casino security personnel, administered by the Department of Corrective Services (DCS), DotAG and the Gaming and Wagering Commission (GWC); and security employees of public sector agencies such as public prisons and railways, overseen by DCS and the PTA.²⁴⁷

²⁴⁶ Ibid., p7.

²⁴⁷ Auditor General for Western Australia, *Public Sector Performance Report 2008*, Report 1, March 2008, p8.

Applicants wishing to enter the security industry must demonstrate that they are competent and of good character, and are subject to ongoing compliance monitoring in relation to legislative and agency requirements if accepted.

The Auditor General reviewed regulatory and oversight arrangements pertaining to ‘private security workers and agents, prison officers, court security officers, casino employees and railway security officers’, specifically, suitability of employees, monitoring of compliance with regulatory requirements, and whether agency decision-makers are duly authorised and accountable and ‘licensing decisions are consistent and appropriate’.²⁴⁸ All the aforementioned agencies were examined.

Auditor General’s Findings and Recommendations

The Auditor General found that overall regulation of security workers by the agencies reviewed was adequate with good practice frequently displayed by PTA, DotAG and GWC.

In assessing suitability, the Auditor General found that agencies were ensuring entry into the security industry by persons of good character and competency. Further, that excepting WA Police, all agencies were adhering to legislation and policies in accessing information required to assess the suitability of applicants. Essentially WA Police were neglecting to obtain information required for the assessment of agent licenses to operate security services. It was noted that on the whole agencies used this information appropriately to assess suitability of applicants, although it was determined that there was some scope for improvement.

With respect to monitoring compliance, the Auditor General did not locate evidence to suggest agencies allow security workers to remain in employment when in breach of related employment or license conditions. The Auditor General noted however that there was some scope for improvement including: WA Police more proactively monitoring compliance and pursuing incident reports; some agencies more actively seeking information about charges and convictions of existing employees; and higher levels of testing for drug use.

Agency accountability, excepting WA Police, was viewed as satisfactory with agencies having adequate internal controls to ensure appropriateness and consistency in licensing decisions.

The Auditor General’s recommendations pertained to WA Police and DCS. It was recommended that WA Police implement procedures for assessing the adequacy of financial resources of applicants for an agent’s license and their capacity to appropriately govern the business; implement controls regarding issuance of licenses and permits; introduce a proactive monitoring system targeting compliance risks; strengthen processes in relation to criminal and court history checks on amendment or renewal of licenses; and improve procedures in relation to incidents of non-compliance.

²⁴⁸ Ibid., p10.

With respect to DCS, the Auditor General recommended that the Department ensure that referees of license applicants are contacted and that criminal history checks are appropriately conducted and documented when there are changes in the status of prison officers.

Committee Action/ Comment

The Committee sought responses from WA Police and DCS in relation to the Auditor General's recommendations. As responses had not been received from these agencies at the time of reporting, the Committee will carry over this follow-up to the next review.

4.8 Performance Examination of Risk Management, Delegation of Authority and Records Management - Report 2 (7 May 2008)

(a) Risk Management

Background

Risk management is a basic component of business practice and mandatory for all government agencies. It relates to 'the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse events', in effect providing a level of protection from costs and losses.²⁴⁹

The Auditor General reviewed risk management practices within central operational areas of six agencies with a high degree of public interaction or interest. Agencies investigated were: the Animal Resources Centre; Art Gallery of Western Australia; Botanic Gardens and Parks Authority; LandCorp; Perth Zoo; and Tourism WA. The investigation focused on risk management frameworks; the conduct of risk assessments in core business areas and in relation to identified high risk activities; and the level to which risk management practices have been adopted.

Auditor General's Findings and Recommendations

The Auditor General found variation in the maturity and formality of risk management arrangements across the agencies with only one agency having fully integrated risk management into its business practices. Further, although all agencies had undertaken risk assessments only two of these were formalised, raising concerns about the capacity to overlook some risks.

The Auditor General recommended that all government agencies incorporate effective risk management strategies and processes into their core business; ensure compliance with existing policies and procedures tailored to the requirements of the agency; and conduct regular and routine risk assessments across all business areas.

²⁴⁹ Auditor General for Western Australia, *Performance Examinations of Risk Management, Delegation of Authority and Records Management*, Report 2, May 2008, p25.

Committee Action/ Comment

This follow-up is yet to reach the stage of agency reporting and will be included in the Committee's next review.

(b) Delegation of Authority**Background**

Delegation is generally applied to operational and financial decisions and is intended to 'minimise bureaucracy and increase the efficiency of authorisation and decision-making within agencies'.²⁵⁰

The Auditor General examined arrangements for delegations and associated compliance by five government agencies, specifically, the Armadale Redevelopment Authority, the Bunbury Port Authority, the Department of Fisheries, the Potato Marketing Corporation (PMC) of WA, and WorkCover WA Authority. The sample was representative of a cross-section of departments and statutory authorities of varying composition and operational diversity. Specifically, the Auditor General reviewed the adequacy of instruments of delegation and the level of observance in this regard; and whether authorisations complied with instruments of delegation and relevant policies and procedures.

Auditor General's Findings and Recommendations

The Auditor General found that the agencies examined had an established framework for delegation to authorise 'financial expenditure and performance of core operational activities'.²⁵¹ Further, that core operational activities and financial transactions were approved by appropriate positions and in compliance with the respective agencies' delegation framework and procedures. That said, the Auditor General noted that there was some scope for improvement with regard to the delegations framework for operational activities at the PMC and WorkCover. The Auditor General found that although documented policies and procedures existed for the majority of core activities of the PMC, these were not documented in relation to the issuing and maintenance of potato growing licenses, weighing and grading of potatoes and the testing of quality. The Auditor General detailed with respect to WorkCover that procedures used to conduct a number of core operational activities such as registration of disputed party agreements and review and approval of insurer licenses did not include, or contained, outdated position titles.

The Auditor General recommended that delegation of authority be regularly and consistently reviewed to ensure congruity between procedures and processes and legislative and operational requirements.

²⁵⁰ Ibid., p33.

²⁵¹ Ibid.

Agency Responses

At the time of reporting, responses had only been received from the Bunbury Port Authority and WorkCover WA. Other agency responses will be incorporated into the Committee's next review.

Bunbury Port Authority

As implied from the above commentary, Bunbury Port Authority complies with an established delegation framework for the authorisation of financial expenditure and for the performance of its core operational activities. This includes an existing delegations policy and a delegations financial register with the development of an operational register occurring during the course of the Auditor General's examination.

The Bunbury Port Authority subsequently provided the Committee with a copy of the operational delegations register, noting the Authority's intention to update the register annually at the same time as it conducts periodic reviews of delegated authority for authorisation of financial expenditure. The Authority informed the Committee that this would result in compliance with the aforementioned recommendation of the Auditor General.²⁵²

WorkCover WA

WorkCover WA advised the Committee that the agency has updated relevant policies and procedures (including checklists) relating to delegation of authority, including incorporating relevant position titles to comply with the Auditor General's recommendations. This has included:

- *Registration and renewal of approved agents to represent parties at a dispute*
- *Processing and registration of agreements between disputed parties*
- *Processing of employee dismissals...*
- *The annual review and approval of continued exempt status of Self-Insurers*
- *Review and approval of expired insurer underwriting licenses.*²⁵³

With respect to reviewing of the registration and renewal of approved agents, WorkCover WA detailed that a Registered Agents Manual has been developed. This documents the procedures to be followed, and position titles responsible, for registration and renewal of agents representing parties at disputes.

WorkCover WA detailed further that an assessment of a random sample to determine compliance of applications for the registration and renewal of approved agents to represent parties at a dispute found correct registration had occurred.²⁵⁴ WorkCover WA identified however, an oversight by

²⁵² Mr John Barratt, Acting Chief Executive Officer, Bunbury Port Authority, letter, 20 June 2008.

²⁵³ Mr Adrian Warner, Chief Executive Officer, WorkCoverWA, letter, 27 October 2008, p1.

²⁵⁴ Ibid., p3.

the Registered Agents Officer to correctly sign off on the applications. According to WorkCover WA, this has since been remedied through staff instruction and inclusion of this requirement in the Registered Agents Manual. WorkCover WA also advised that the Dispute Management Team Process checklist was noted as having not been signed off by the Client Support Officer in the case management team. This requirement has also now been addressed with amendment of the checklist to ensure this occurs.²⁵⁵

Committee Action/ Comment

The Committee resolved in December 2008 to seek feedback from the Auditor General on agency responses. The outcome of these and other agency follow-ups will be included in the next review.

(c) Records Management

Background

The *State Records Act 2000* deals with ‘the creation, management and disposal of records by government agencies’.²⁵⁶ The system is critical to sound decision-making; efficient location of documentation; accountability of the agency, staff and key stakeholders; and maintaining a historical record. The Act requires agencies to have a record keeping plan, approved by the State Records Commission and reviewable every five years. Agencies must ensure that employees are aware of their compliance responsibilities. The Auditor General reviewed the records management practices of seven agencies, notably: policies and procedures for record keeping; defined staffing responsibility for records management; and training in, and monitoring of records management practices.

Auditor General’s Findings and Recommendations

The Auditor General found compliance by agencies with approved plans and maintenance of up-to-date policies; inconsistent implementation of records management training programs; inadequate IT disaster management plans in place in the majority of cases; and a lack of sufficient security mechanisms for electronic records management systems.

The Auditor General recommended that all agencies increase their compliance with the *State Records Act 2000*, specifically, that they formally implement records training programs, IT disaster management plans, and appropriate security measures for electronic records.

Committee Action/ Comment

This follow-up is yet to reach the stage of agency reporting and will be discussed in greater detail in the next review.

²⁵⁵ Ibid.

²⁵⁶ Auditor General for Western Australia, *Performance Examinations of Risk Management, Delegation of Authority and Records Management*, Report 2, May 2008, p39.

4.9 Lost in Transition: State Services for Humanitarian Entrants - Report 3, 2008 (11 June 2008)

Background

Humanitarian entrants are 'people displaced by humanitarian crises for which no other durable solutions exist'.²⁵⁷ Since 2002-03, 6,700 entrants were settled in Western Australia. The successful settlement of humanitarian entrants and the associated minimisation of entrenched social issues are largely dependent on the accessibility and effectiveness of government services. Access and outcomes should equate to that available to all Western Australians with consideration given in the delivery of those services to the needs and skills of humanitarian entrants, and with sufficient flexibility to cater for the changing characteristics and requirements of the group.

The Auditor General's Performance Examination addressed whether government agencies, specifically DoH, DET, DHW, and the Office of Multicultural Interests in the Department for Communities plan, effectively coordinate and deliver, and provide access to, services for humanitarian entrants. The Auditor General also consulted with the Equal Opportunity Commission. The focus of the examination was persons arriving after 2001, granted permanent residency in Australia while living overseas, and therefore eligible for services immediately on arrival.

Auditor General's Findings and Recommendations

The Auditor General found that given the complexity of needs of humanitarian entrants, there are potentially serious social and economic consequences for them and the state if deficiencies are left unaddressed. The Auditor General noted a number of governance concerns around the management of humanitarian entrants including: the collection of limited information on the effectiveness and use of government agency services; lack of identification of humanitarian entrants as 'at risk' prior to the emergence of significant problems; and limited follow through on the recommendations of a 2006 state government review. Specifically, the Auditor General cited that agency difficulties in addressing language and literacy issues and in determining the most appropriate mode of service delivery present an impediment to entrants obtaining services. Further, access is also limited by 'inflexible application of policies and criteria' and 'lack of coordination between agencies'.²⁵⁸

The Auditor General recommended improved collation of information on service needs, usage and effectiveness for humanitarian entrants, and engagement in related cross agency consultation, to ensure better planning and service delivery, including access. Specifically, the Auditor General recommended: implementation of a range of strategies to address language and literacy obstacles faced by entrants; identification of, and improvement in, accessibility and the effectiveness of

²⁵⁷ Auditor General for Western Australia, *Performance Examination: Lost in Transition: State Services for Humanitarian Entrants*, Report 3, June 2008, p10.

²⁵⁸ *Ibid.*, p5.

services through more flexible application of policies or program criteria; and greater coordination in the planning and delivery of these services, including opportunities to relocate or collocate.

Committee Action/ Comment

This follow-up has not yet reached the stage of agency reporting and will be included in the Committee's next review.

4.10 The Juvenile Justice System: Dealing with Young People under the Young Offenders Act 1994 - Report 4, 2008 (18 June 2008)

Background

The *Young Offenders Act 1994* (YO Act) was established with the intent of protecting the community from illegal behaviour and prescribes how young offenders will be dealt with in the justice system. The YO Act provides redirection options for young people, aged 10-17 years, who have committed less serious offences (non-scheduled offences), requiring WA Police and other agencies to consider alternatives to court. These include: using custody, including remand as a last resort and for a minimal period of time; encouraging adult responsibility for young people, including supervision while on bail; and enabling victim participation in dealing with young offenders. These alternatives form part of the principles of juvenile justice. Benefits include court diversion and savings to government.

The Auditor General's examination focused primarily on whether WA Police, DCS and DotAG are applying the general principles of juvenile justice in the YO Act. Specifically, this included an assessment of: the profile of juvenile offenders; the degree of redirection away from court; the level of effectiveness in the use of juvenile justice teams; participation of victims of crime in the justice process; whether remand was used as an option of last resort; and location by WA Police, regarding a juvenile in custody, of a responsible adult to supervise the young person on bail. Principally data relating to contacts with police and offences were analysed from relevant agencies, including the collation of data from fourteen police districts accounting for 85 per cent of police contacts with young people.

Auditor General's Findings and Recommendations

The examination found a decline in the application of the redirection options with increased use of court and remand, and difficulties experienced by WA Police in locating a responsible adult to supervise a juvenile on bail. That said, a slight increase in redirection of Indigenous young offenders was noted, although Indigenous offenders are significantly over-represented in the justice system. Further, the process for addressing mental health and substance abuse problems associated with repeat offending was found to be inadequate and victims of crime were not consistently provided with the opportunity to participate meaningfully in the justice process. In general therefore the juvenile justice system was determined to be less effective in achieving the treatment objectives set out in the YO Act with substantial cost to the justice system. In the event

that this concern is not addressed, the Auditor General perceived that there is potential for all the envisaged cost savings from the YO Act to be eroded.

The Auditor General recommended:

- Improved collaboration between relevant government agencies to ensure identification and case management of juvenile offenders with mental health, substance abuse and other problems;
- That WA Police consider redirection options, using notices towards court only when no other avenues are available, and progress the use of juvenile justice teams where appropriate;
- All agencies, through better data collection on ethnicity, improve the monitoring and evaluation of the impact of Indigenous specific initiatives;
- That DCS enhance the performance of the juvenile justice team program through improved timeliness and ensure action plans are targeted at supporting the young person's rehabilitation and at addressing the impetus for, and nature of, the young person's offending;
- That DCS and WA Police work cooperatively to ensure clear delineation of responsibilities for providing all victims of juvenile crime the opportunity, and support, to be involved with juvenile justice teams, and evaluate for the purposes of continuous improvement the reasons for non-involvement; and
- That the Victim Support Service in DotAG record assistance provided to victims for improved evaluation.

A number of recommendations were also made for agencies to work either cooperatively or individually to ensure the availability of alternative options to detention, including various forms of supervision and accommodation, and to progress the development and application of protocols for long-distance transport of juveniles.

Committee Action/ Comment

This follow-up has not yet reached the stage of agency reporting and will be reported in greater detail in the Committee's next review.

APPENDIX ONE

AUDITOR GENERAL REPORTS REVIEWED

Reports carried over from the previous review period (1 July 2006 - 30 June 2007) where follow-up has been COMPLETED

- Third Public Sector Performance Report - Report 9, 2005 (16 November 2005):
 - Unauthorised Driving - Unlicensed Drivers and Unregistered Vehicles in Western Australia;
 - The Management of the Light Vehicle Fleet;
 - Follow-up Performance Examination on the 2002 Report *Level Pegging: Managing Mineral Titles in Western Australia Report*.
- Making the Grade? Financial Management of Schools - Report 10, 2005 (16 November 2005).
- Public Sector Performance Report 2006 - Report 3, 2006 (17 May 2006):
 - Management of the Waterwise Rebate Program;
 - Regulation of animal feedstuffs, hormonal growth promotants and veterinary chemicals.
- Help Wanted: Public Service Workforce Management - Report 6, 2006 (21 June 2006).
- Procurement Reform: Beyond Compliance to Customer-Focus - Report 7, 2006 (28 June 2006).
- Second Public Sector Performance Report 2006 - Report 8, 2006 (30 August 2006)²⁵⁹:
 - Informing the Public: Providing Information on the Timeliness of Services;
 - Setting Fees - Extent of Cost Recovery - Follow-up.
- Having Your Say: Public Participation in Government Decision-Making - Report 1, 2007 (28 February 2007).

²⁵⁹

Second Public Sector Performance Report 2006 appears in both 'Reports Completed' and 'Reports Ongoing' as the Committee's follow-up has been completed in relation to certain agencies while follow-up is ongoing in relation to others.

- Public Sector Performance Report 2007 - Report 2, 2007 (28 March 2007):
 - Arrangements for Managing the Performance of Chief Executive Officers;
 - Management of Consumer Protection Investigation.

Reports carried over from the previous review period (1 July 2006 - 30 June 2007) where follow-up is ONGOING

- Progress with Implementing the Response to the Gordon Inquiry - Report 11, 2005 (23 November 2005).
- Management of the TRELIS Project - Report 1, 2006 (12 April 2006).
- Behind the Evidence: Forensic Services - Report 4, 2006 (31 May 2006).
- Second Public Sector Performance Report 2006 - Report 8, 2006 (30 August 2006):
 - Informing the Public: Providing Information on the Timeliness of Services;
 - Setting Fees - Extent of Cost Recovery - Follow-up.
- Management of Ramsar Wetlands in Western Australia - Report 9, 2006 (13 September 2006).
- Room to Move: Improving the Cost Efficiency of Government Office Space - Report 11, 2006 (22 November 2006).
- Second Public Sector Performance Report 2007 - Report 3, 2007 (4 April 2007):
 - Major Information and Communication Technology (ICT) Projects - Performance Examination.
- Shared Services Reform: A Work in Progress - Report 5, 2007 (13 June 2007).
- A Helping Hand: Home-based Services in Western Australia - Report 6, 2007 (27 June 2007).
- Third Public Sector Performance Report 2007 - Report 7, 2007 (27 June 2007):
 - Management of Land Tax and Metropolitan Region Improvement Tax;
 - Legal Aid in Western Australia;
 - The Administration of Grants.

Reports from the current review period (1 July 2007 - 30 June 2008)

- Management of Native Vegetation Clearing - Report 8, 2007 (5 September 2007).
- Fourth Public Sector Performance Report 2007 - Report 9, 2007 (26 September 2007):
 - Management of Asbestos-Related Risks by Government Agencies;
 - Tracking Timber Logged from South-West Native Forests;
 - Establishing Contractual Arrangements with Private Business.
- First Do No Harm: Reducing Adverse Events in Public Hospitals - Report 10, 2007 (17 October 2007).
- Performance Examination of Administration of Natural Resource Management Grants - Report 11, 2007 (28 November 2007).
- Renewable Energy: Knowing What We Are Getting - Report 12, 2007 (28 November 2007).
- Public Sector Performance Report 2008 - Report 1, 2008 (19 March 2008):
 - Regulation of Security Workers.
- Performance Examination of Risk Management, Delegation of Authority and Records Management - Report 2, 2008 (7 May 2008).
- Lost in Transition: State Services for Humanitarian Entrants - Report 3, 2008 (11 June 2008).
- The Juvenile Justice System: Dealing with Young People under the Young Offenders Act 1994 - Report 4, 2008 (18 June 2008).

APPENDIX TWO***WITNESSES TO HEARINGS HELD***

Date	Name	Position	Organisation
9 April 2008	Mr Ross Bowe	Chairman	Metropolitan Cemeteries Board
	Mr Peter MacLean	Chief Executive Officer	Metropolitan Cemeteries Board
	Mr Michael Kidd	Director Finance and Business Services	Metropolitan Cemeteries Board