



PUBLIC ACCOUNTS COMMITTEE

REVIEW OF THE REPORTS OF THE AUDITOR GENERAL 2008–2009

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Public Accounts Committee

REVIEW OF THE REPORTS OF THE AUDITOR GENERAL 2008–2009

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PUBLIC ACCOUNTS COMMITTEE

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Report No. 5

Presented by:

John Kobelke, MLA

Laid on the Table of the Legislative Assembly
on 26 November 2009

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COMMITTEE'S FUNCTIONS AND POWERS

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

The Committee may —

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

CHAIRMAN'S FOREWORD

I am pleased to present for tabling the Review of the Reports of the Auditor General for 2008–2009. This is the fourth report of this nature, examining the progress public sector agencies have made in implementing the recommendations made in the Auditor General's Compliance and Performance Examination reports.

Ensuring the accountability of government to Parliament through the systematic and comprehensive examination of government activity is the objective of the parliamentary committee system. The Public Accounts Committee specifically holds the Government to account for the expenditure of public moneys. Supporting the Committee in this role is the Auditor General, an independent officer of the Parliament, charged by statute to scrutinise the public sector to ensure that public funds are expended lawfully, efficiently and effectively. Whilst both the Public Accounts Committee and the Office of the Auditor General are autonomous entities, they have developed a cooperative and constructive relationship to assist them to deliver on their common objectives.

The recommendations made in the Auditor General's Compliance and Performance Examination reports aim to be a catalyst for positive change in public sector performance through identifying issues of significance not only for the audited agencies but for the sector as a whole. While the Office of the Auditor General may conduct a follow-up or follow-on investigation of agencies which have previously been the focus of an audit, the Office is not empowered to direct or compel agencies to adopt recommendations arising from its audits—and it is accepted that such a role would not be appropriate. As a former Auditor General has summed up the distinction: 'as an external auditor I am Parliament's "watchdog", not their "bloodhound"'.¹

The Committee of the 36th Parliament resolved to formally monitor the progress of public sector agencies in addressing the recommendations made by the Auditor General to ensure due consideration had been given to the recommendations and to maximise compliance—an initiative welcomed by the Office of the Auditor General. Successive Public Accounts Committees, including the current Committee, have continued this review process—a move which acknowledges the level of resources devoted to the conduct of these examinations by the Auditor General and the value of the recommendations made. It should be noted that most Australian Public Accounts Committees have instituted a comparable review process, and that in some jurisdictions this process is mandated by statute.

The monitoring procedure established by the Committee involves requesting audited agencies to provide a written response twelve months after the tabling of a Compliance or Performance Examination report, detailing action taken to implement each of the Auditor General's recommendations.

¹ Auditor General, *Auditor General's Response to Public Accounts Committee Report Number 3, The 2001–2002 Annual Report of the Office of the Auditor General: A Performance Review*, p. 5.

Upon receipt of an agency's response, the Public Accounts Committee and the Office of the Auditor General assess agency initiatives against the original recommendations. If a response indicates that satisfactory progress has been made, the Committee concludes the review; if progress is considered to be unsatisfactory, the Committee requests additional information or clarification, and further has the power to conduct a hearing with senior agency officers.

To facilitate the agency reporting process, the Public Accounts Committee, in conjunction with the Office of the Auditor General, developed *Guidelines for Agencies Preparing a Response to the Committee on a Report of the Auditor General* earlier this year. Feedback from agencies indicates that the Guidelines have clarified the level of detail required by the Committee, helping to simplify and streamline the process.

Over the past twelve months the Committee has further developed its strong working relationship with the Office of the Auditor General. In particular, I would like to thank Mr Colin Murphy, Auditor General, and the staff of the Office of the Auditor General for their valuable input into the Committee's review process.

I would also like to express my appreciation to the Members of the Public Accounts Committee for their commitment and support: the Deputy Chairman, Mr Joe Francis (Member for Jandakot); Members Mr Tony Krsticevic (Member for Carine) and Mr Chris Tallentire (Member for Gosnells); new Member, Ms Rita Saffioti (Member for West Swan); and former Member, Mr Alan Carpenter (Member for Willagee).

Finally, I would like to thank the former Principal Research Officer, Ms Katherine Galvin, Acting Principal Research Officer, Ms Isla Macphail, and Research Officer, Mr Mathew Bates, for the essential detailed work they have done in following up issues with a large number of different agencies. Without their professionalism and commitment to the detailed work required, the Committee would not have been able to follow through on so many issues. This detailed follow-up adds further value to the important work of the Auditor General.

I commend this report to the House.

JOHN KOBELKE, MLA
CHAIRMAN

ABBREVIATIONS AND ACRONYMS

ABN	Australian Business Number
ACM	Asbestos Containing Material
AMP	Asbestos Management Plan
AR	Asbestos Register
ASeTTs	Association of Services to Torture and Trauma Survivors
BCA	Building Condition Assessment
BMW	Building Maintenance and Works
CaLD	Culturally and Linguistically Diverse
CCWA	Conservation Commission of Western Australia
CEIID	Centre for Excellence and Innovation in Infrastructure Delivery
CJJ	Community and Juvenile Justice
COAG	Council of Australian Governments
CRIO	Community Relations Integration Officer
DAFWA	Department of Agriculture and Food Western Australia
DCA	Department of Culture and the Arts
DCP	Department for Child Protection
DCS	Department of Corrective Services
DEC	Department of Environment and Conservation
DET	Department of Education and Training
DHW	Department of Housing and Works
DIA	Department of Indigenous Affairs
DIU	Divisional Intelligence Unit
DMP	Department of Mines and Petroleum
DOCEP	Department of Consumer and Employment Protection
DoH	Department of Health

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DoIR	Department of Industry and Resources
DotAG	Department of the Attorney General
DPC	Department of the Premier and Cabinet
DPI	Department for Planning and Infrastructure
DSC	Disability Services Commission
DSR	Department of Sport and Recreation
DTF	Department of Treasury and Finance
DTFSSC	Department of Treasury and Finance Shared Services Centre
ECD	Ecological Character Description
EDRMS	Electronic Document and Records Management System
ESL	English as a Second Language
ETSSC	Education and Training Shared Services Centre
FBT	Fringe Benefits Tax
FESA	Fire and Emergency Services Authority of Western Australia
FPC	Forest Products Commission
GPA	Geraldton Port Authority
GreenPower	The National Green Power Accreditation Program
GWC	Gaming and Wagering Commission
GWh	Gigawatt hours
HACC	Home and Community Care
HCN	Health Corporate Network
IBT	Institutional Based Training
ICT	Information and Communications Technology
IEC	Intensive English Centre
IIGP	Inclusion and Integration Grants Program
IPAS	Integrated Project Approval System
ISC	Integrated Service Centre

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ITIL	Information Technology Infrastructure Library
JJT	Juvenile Justice Team
KPI	Key Performance Indicator
MAE	Managing Adverse Events
MCB	Metropolitan Cemeteries Board
MRET	Mandatory Renewable Energy Targets
MRIT	Metropolitan Region Improvement Tax
MRWA	Main Roads Western Australia
MW	Megawatt
MWG	Multi-jurisdictional Working Group
NAP	National Action Plan for Salinity and Water Quality
NRM	Natural Resource Management
ODAC	Office of Development Approvals Coordination
OMI	Office of Multicultural Interests
ODPP	Office of the Director of Public Prosecutions
OSR	Office of State Revenue
OSS	Office of Shared Services
PDC	Peel Development Commission
PLS	Police Licensing Service
PMC	Potato Marketing Corporation
PMOASP	Perth Metropolitan Office Accommodation Strategic Plan 2007–2010
PT	Public Trustee
PTA	Public Transport Authority
PYJI	Pilot Youth Justice Initiative
RACGP	Royal Australian College of General Practitioners
REBS	Renewable Energy Buyback Scheme
RIA	Rottnest Island Authority

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RTO	Registered Training Organisation
SAMF	Strategic Asset Management Framework
SEDO	Sustainable Energy Development Office
SEMC	State Emergency Management Committee
SIP	Strategic Information Plan
SJA	St John Ambulance
SMU	South Metropolitan Unit
SOP	Standard Operating Procedure
SRRB	Supervised Release Review Board
SSC	Shared Services Centre
SWIS	South West Interconnected System
TAFE	Technical and Further Education
TRELIS	Transport Executive and Licensing Information System
UWA	University of Western Australia
VET	Vocational Education and Training
VSD	Valuation Service Division
WAEC	Western Australian Electoral Commission
WAPC	Western Australian Planning Commission
WA Police	Western Australian Police
YBS	Youth Bail Service

CHAPTER 1 INTRODUCTION

1.1 Background

Public sector agencies are accountable to Parliament for their use of public resources and for their use of the powers conferred on them by Parliament. The key role of the Auditor General is to assist Parliament to oversee the public sector, and provide independent assurance that agencies are operating, and accounting for their performance, in accordance with Parliament's purpose.

Specifically, the Auditor General:

- audits and provides an opinion to Parliament 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; and
- reports any significant matters to Parliament.²

The Public Accounts Committee (the Committee) is empowered under Standing Orders 285 and 286 of the Legislative Assembly to inquire into and report on any proposal, matter or thing it considers necessary, connected with the receipt and expenditure of public moneys.

The Committee has resolved to follow up Auditor General Compliance and Performance Examination reports tabled in Parliament. Agencies that have been the subject of these reports must inform the Committee regarding progress made towards implementation of each recommendation included in the Auditor General's report.

1.2 Auditor General's 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 Auditor General can conduct two types of assurance audit: audits of financial statements and audits of performance indicators. Financial audits provide assurance to Parliament that the information presented by government agencies in annual reports is based on proper accounts and presented in accordance with accounting standards. Performance indicator audits address whether

² Office of the Auditor General, Western Australia, *Audit Practice Statement*, Available at: <http://www.audit.wa.gov.au/reports/pdfreports/AuditPracStatement.pdf>, accessed on 23 November 2009, p. 3.

performance indicators used by agencies represent indicated performance and also whether the indicators are relevant and appropriate.³

Compliance Examinations assess an agency's compliance with legislative provisions, public sector policies or its own policies and involve an assessment of internal controls and the 'functionality of computerised information systems including business continuity and management of risks. Compliance examinations also assess instances of inefficiency, waste or extravagance.⁴

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 fourth review of the Auditor General's reports to be tabled in the Legislative Assembly.

1.4 Terminology

During the period reviewed in this report, several agencies underwent name changes as a result of machinery of government revisions. Where an agency was being dealt with prior to a name

³ *Ibid.* p. 5.

⁴ *Ibid.* p. 7.

⁵ *Ibid.*

change, the Committee has retained the use of the agency's original name. Where a report was tabled by the Auditor General following a name change, the Committee has used the new name.

CHAPTER 2 REPORTS CARRIED OVER FROM PREVIOUS REVIEW – CONCLUDED

2.1 Introduction

This chapter contains an examination of the reports carried over from the Committee's previous *Review of the Reports of the Auditor General 2007–2008*, tabled in March 2009, for which the Committee's follow-up of related matters has been concluded.

2.2 Management of the TRELIS Project – Report 1 (12 April 2006)

Background

The Auditor General's first report of 2006, *Management of the TRELIS Project*, examined the management of the Transport Executive and Licensing Information System (TRELIS) Development and Implementation Project by the Department for Planning and Infrastructure (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 Western Australia, Western Australia Police (WA Police) and the Commissioner of Main Roads. The Auditor General recommended that DPI 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.

Actions Previously Reported

The Committee has been monitoring the implementation of the Auditor General's recommendations since 2006. Given the length of time that has elapsed since the initial Auditor General's report, the Committee has included a summary of responses received from DPI that have been documented in previous reviews published by the Committee.

DPI advised in 2007 that a Strategic Information Plan (SIP) had been developed, which comprehensively reported 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 Management Office had been established within the Department to deliver training on the methodology to project managers.

DPI also advised 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 2006–2007 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 implement these two recommendations.

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. DPI provided an estimated timeframe for server replacement and disaster recovery testing, with the completion of testing estimated to occur in 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’.⁶

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 had necessitated additional testing of the Disaster Recovery Plan for TRELIS. This altered the schedule from that advised previously and a new schedule had 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 environment) were to be completed by mid-September 2008. The new production environment was to go live in October 2008, and Phase III of Disaster Recovery implementation was to be completed in November 2008. DPI indicated that testing of the Disaster Recovery Plan (and therefore conclusion of the project) was to have occurred by 12 December 2008.⁷

Progress Since the Last Review

The Committee wrote to DPI and reported that it was pleased with the progress that had been made in the implementation of the Disaster Recovery Plan for TRELIS. It noted, however, the rescheduling of the testing date to 12 December 2008 and requested a further progress report as to whether this had occurred and whether the desired outcomes had been achieved.

⁶ Mr Eric Lumsden, Director General, Department for Planning and Infrastructure, letter, 25 March 2008, pp. 1–2.

⁷ *Ibid.*

In its response, the Department of Planning—renamed from DPI—detailed that the new disaster recovery infrastructure had been successfully tested on 29 and 30 November 2008. The test involved a full simulated failure and recovery of core TRELIS systems, which demonstrated a viable business continuity system was in place. The Committee resolved in September 2009 to forward the Department’s response to the Auditor General for comment. After considering both the Auditor General’s comments and the agency response, the Committee resolved in November 2009 to conclude its follow-up as it was satisfied that the Department had addressed the Auditor General’s findings following the successful testing of TRELIS.

2.3 Second Public Sector Performance Report – 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 electricity), and emergency response (police, fire and ambulance). The provision of timeliness data to the public is necessary for information purposes and also because it can encourage improvement in service provision.

The Auditor General found that the Western Australian public are generally well served in terms of the quality of timeliness information provided to them. However, there were areas where agencies could improve the usefulness of timeliness information, including providing the range of times taken to provide services; differentiating between timeliness information for certain times and areas, for example, breaking information down to represent peak and off-peak services; and providing explanations as to how timeliness targets are set, and the reasons when these targets are not met. In addition, the Auditor General found that agencies could better use websites and other technologies to provide more information. As a result, the Auditor General recommended that agencies should review and improve the usefulness of their publicly available timeliness information, and explore ways of ensuring increased access to timeliness information.

At the time of the Committee’s previous review, three agency responses—from the Water Corporation, the Fire and Emergency Services Authority (FESA) and WA Police—had been received and considered by the Committee. The following responses relate to DPI, the Public Transport Authority (PTA) and the Department of Health (DoH).

(i) Department for Planning and Infrastructure**Actions Previously Reported**

At the time of the Auditor General's examination, DPI was responsible for monitoring the taxi industry. As detailed in the Committee's most recent review, DPI had posted Taxi Industry Service Standards reports to its website every quarter and had committed to providing additional information in future quarterly reports. This information included survey results that impact on the Department's definitions of acceptable service targets for two factors: 'jobs not covered' and waiting times for taxis. DPI also undertook to publish reasons why the service targets had not been met, if appropriate.

The Committee resolved to forward DPI's response to the Auditor General for comment before considering the matter further. After taking into consideration the Auditor General's comments, the Committee sought from DPI specific dates by which the proposed changes to the Taxi Industry Service Standards reports would be made and examples of both the old and the revised reports in order to review the changes.

DPI provided the requested information to the Committee, which resolved to forward it to the Auditor General for consideration.

Progress Since the Last Review

The Auditor General advised that he was satisfied with the response provided by DPI to the Committee. The Committee was also satisfied that DPI had implemented changes resulting in improved public access to timeliness information. The Committee resolved in February 2009 to conclude its follow-up of matters in relation to the agency.

(ii) Public Transport Authority**Actions Previously Reported**

The PTA is responsible for both Transperth and TransWA, the providers of public transport services in the metropolitan area and country regions respectively. As detailed in the Committee's most recent review, the PTA collects a comprehensive series of data relating to 'on time performance', which is then examined at weekly management meetings. The PTA's annual report has featured both Transperth and TransWA achievements in relation to on time performance, reasons for any failures to meet targets, and information on the basis for those targets. In addition to information published in its annual report, the PTA advised that performance figures were available on the Transperth website and on poster-style advertisements in PTA trains and train stations.

In December 2008 the Committee resolved to seek additional information from the PTA in relation to comments made in the Auditor General's report to the effect that considerable variations between peak and non-peak performance and target times are not accurately reflected in aggregated performance figures published by the PTA. To that end, the Committee sought

information from the PTA regarding the reporting of performance information for services during both peak and non-peak times.

Progress Since Last Review

The PTA responded to the Committee in May 2009 and reported that it was to commence publishing the requested peak and off-peak data on its website from July 2009. The Committee, having considered and forwarded the response to the Auditor General for comment, resolved to conclude its follow-up with the agency as it was satisfied that it had adequately implemented the recommendations arising out of the Auditor General's report.

(iii) Department of Health

Actions Previously Reported

As documented in the Committee's last review, DoH reported that St John Ambulance Australia (SJA) is contracted to provide and manage the provision of ambulance services and information about those services to the public. DoH provided the Committee with details from the SJA website providing information on actual and targeted response times to Priority One calls. DoH also provided details of its annual reports, which also contain timeliness information relating to response times.

The Committee requested that DoH advise whether improvements to publicly provided timeliness information might include the range of response times by SJA and response times for services in both metropolitan and regional areas. The Committee's previous report details at some length the response provided by DoH to this request. In summary, DoH noted that performance reporting was an issue addressed in the contract signed between DoH and SJA and that any changes to the requirements for reporting, such as those suggested by the Committee, could only be made periodically. Nonetheless, DoH advised that as a precursor to upcoming contract negotiations, it had advised SJA that it will require additional information on timeliness, including ranges of response times in the metropolitan area.

Progress Since the Last Review

DoH provided an update of the improved reporting arrangements being incorporated into the new contract with SJA which was subsequently forwarded to the Auditor General for review. The Auditor General noted that SJA would now be providing additional performance information, particularly in relation to 90th percentile response times for emergency and urgent ambulance calls in the metropolitan area and regional centres. The Auditor General also noted DoH's intention for the new contract to include 50th percentile response times.

On the basis that the Auditor General was satisfied with the response from the Department, the Committee resolved to conclude follow-up of the matter.

(b) Setting Fees: Extent of Cost Recovery

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 been enhanced and whether agencies which had set fees beyond the cost recovery level had reduced these to reflect actual cost. The Auditor General determined that progress was made by many agencies in costing and fee setting practices; however, a greater level of improvement was required, particularly given increased understanding of and amendment to financial systems. The Auditor General recommended selective review of the accuracy and reliability of agency fee certifications and the *Costing and Pricing Government Services* guidelines by the Department of Treasury and Finance (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.

The Auditor General's examination covered several agencies, most of which the Committee concluded following up in the *Review of the Reports of the Auditor General 2007–2008*. Lotterywest is dealt with below. The Metropolitan Cemeteries Board (MCB) is detailed in Section 3.4 as the Committee's follow-up is ongoing.

(i) Lotterywest

Actions Previously Reported

Lotterywest 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'.⁸ Lotterywest'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.

In response to the Auditor General's recommendations, Lotterywest 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 2007–2008;
- continue with its practice of seeking Ministerial approval for any instances of significant variance from existing fee setting and cost recovery policy; and

⁸ Ms Jan Stewart, Chief Executive Officer, Lotteries Commission of Western Australia, letter, 20 February 2008, p. 1.

- 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.⁹

Progress Since the Last Review

The Committee resolved in February 2009 to seek further information from Lotterywest. Specifically, the Committee queried whether Lotterywest 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.

Lotterywest advised the Committee that it would provide greater information on its fee setting policy in the 2009 annual report by including information suggested by the Committee.¹⁰ Lotterywest's response was forwarded to the Auditor General for comment.

Following consideration of the Auditor General's comments, the Committee resolved to conclude its follow-up of Lotterywest as it was satisfied that the additional information provided in its annual report adequately addressed the recommendations made in the Auditor General's report.

2.4 Management of Ramsar Wetlands in Western Australia – Report 9 (13 September 2006)

Background

In its ninth report of 2006, *Management of Ramsar Wetlands in Western Australia*, the Office of the Auditor General examined the state's management of its Ramsar wetlands. Western Australia contains 120 wetlands, 12 of which are designated as Ramsar sites due to their status as representative, rare or unique wetlands, or wetlands that are important for conserving biological diversity. Ramsar is the International Convention on Wetlands established in 1971. The Auditor General's examination of the management of Ramsar wetlands focused on the operations of the Department of the Environment and Conservation (DEC) and the Conservation Commission of Western Australia (CCWA). The Auditor General recommended that DEC, as lead agency responsible for the management of the Ramsar wetlands, should: 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; liaise with the Conservation Commission to enhance review procedures; and consider initiating legislative amendments to introduce statutory deadlines for finalising stakeholder agreement.

⁹ *Ibid.*, pp. 1–2.

¹⁰ Mr Graham Lewis, General Manager, Corporate Services and Finance, Lotteries Commission of Western Australia, letter, 7 April 2009.

The two agencies submitted separate responses to the Auditor General's recommendations and these were summarised at some length in the Committee's *Review of the Reports of the Auditor General 2007–2008*.

(i) Department of the Environment and Conservation

Actions Previously Reported

DEC's response, as summarised in the Committee's previous review, is reproduced below:

- 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 wetlands 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 2008–2009 to 2012–2013.
- 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.
- Structures and processes already exist to enable the efficient communication and assessment of management plan priorities.

As documented in the previous review, following consideration of DEC's response by the Auditor General, the Committee resolved to seek further information from the Department. The Committee was satisfied with the actions taken by DEC, although clarification was sought on a timeline for completion of ECDs and management plans and DEC was also asked to clarify the

statutory powers for Ramsar sites in the proposed Biodiversity Conservation Bill. DEC was also asked to provide additional information on the Conservation Commission's review of DEC's decision system, specifically in relation to delays in the production of management plans.

In response, DEC provided a comprehensive table detailing planned Ramsar Management Outcomes through to the end of 2009. For each of the state's 12 Ramsar sites, the table provides ECD outcomes, management planning outcomes, and on-ground action outcomes, all with timeframes for implementation. Regarding the Committee's questions in relation to the Biodiversity Conservation Bill, DEC reported that it would be premature to comment on the powers contained in the Bill whilst it was being drafted. A comprehensive summary of the Department's response is found in the Committee's 2007–2008 *Review of the Reports of the Auditor General*.

Progress Since the Last Review

The Committee resolved to forward DEC's additional response to the Auditor General for comment. After consideration of both the Auditor General's view and DEC's response, the Committee resolved in February 2009 to conclude its follow-up on the basis that DEC had either implemented the Auditor General's recommendations or had provided detailed timeframes for the implementation of those recommendations still outstanding.

(ii) Conservation Commission of Western Australia

Actions Previously Reported

The Conservation Commission's response to the Auditor General's report was summarised in some detail in the Committee's previous review and is reproduced in brief below. CCWA advised that it had worked in conjunction with DEC on its response and provided a 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 was not a phenomenon particular to Ramsar wetlands but relates to all management plans. In order to improve this situation, CCWA advised that in conjunction with DEC:

- The prioritisation process for developing management plans was being reviewed.
- Key performance indicators (KPIs) used in management plans were being developed.
- Subregional management plans were under development to improve planning efficiency.
- Means of making public participation more effective in the management planning process were under development.

As noted in the Committee's previous review, 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. 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.

Progress Since the Last Review

The Conservation Commission wrote to the Committee and reported that the most appropriate body to liaise with in relation to changes to both the *Conservation and Land Management Act 1984* or the proposed Biodiversity Conservation Bill was the Department of Environment and Conservation. In light of DEC's response detailing changes to the proposed Biodiversity Conservation Bill, the Committee resolved in March 2009 to conclude its follow-up of the matter on the grounds that the Conservation Commission had outlined steps taken to implement the Auditor General's recommendations and had provided the additional information requested by the Committee.

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

Background

In its eleventh report of 2006, *Room to Move: Improving the Cost Efficiency of Government Office Space*, the Office of 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. It was found that, 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 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.

Actions Previously Reported

As reported in the last review, DHW advised that the content and implementation of the occupancy density ratio policy had 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 had included a 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'.¹¹

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 given 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.¹²

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

¹¹ Ms Rochelle Bradley, General Manager Business Services, Department of Housing and Works, letter, 25 February 2008, attachment pp. 1–2.

¹² *Ibid.*, p. 2.

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 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 2008.¹³

After considering both DHW’s response and commentary provided by the Auditor General, 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 also queried 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.

DHW was requested to provide additional information 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 occupation 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 with respect to monitoring.

Regarding inclusion of cost per square metre and square metres per person in the agency’s new KPIs, DHW advised that cost per square metre was included in the KPIs for 2007–2008 and that occupancy density would be reported as a ‘discrete indicator in an annual portfolio performance report to Parliament’.¹⁴ Costs per square metre have been 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 to improve occupancy density.

¹³ *Ibid.*, pp. 2–3.

¹⁴ Ms Rochelle Bradley, General Manager Business Services, Department of Housing and Works, letter, 2 October 2008.

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 and 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 2007–2008 was 18 per cent lower than that reported by the Auditor General and therefore closer to the government standard.¹⁵

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.

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 concurrently with strategic planning. Further, 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 clarification 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 has been included in both agency and whole-of-government strategic planning. Further, that it is envisaged that unidentified space is less than one 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 that office space fit out designs are archived by the Department and that

¹⁵ *Ibid.*

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 had 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.¹⁶

Progress Since the Last Review

The Committee resolved to forward the additional response to the Auditor General for comment. Following consideration of both the Auditor General's comments and the Department's response, the Committee resolved to conclude its follow-up on the basis that progress was being made in improving the space efficiency of government office space. The Committee also favourably noted DHW's intention to provide an annual performance report covering the office space portfolio to Parliament.

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

The Auditor General examined the actions of three agencies—the Department of Education and Training (DET), DoH and DTF—responsible for overseeing the three shared services centres: 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 approximately 90 other general agencies.

A number of inefficiencies were identified 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 skills 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 reduce the intended benefits of

¹⁶ All information taken from Ms Rochelle Bradley, General Manager Business Services, Department of Housing and Works, letter, 2 October 2008, pp. 1–4.

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

The Auditor General recommended that in order to progress shared services reform, the three agencies should ensure that monitoring and reporting of financial and performance information about shared services centres occur separately; that there is ongoing coordination between the three shared services; and that there is ongoing shared responsibility for the progress and operations of shared services centres as a whole-of-government initiative.

During the reporting period the Committee concluded its follow-up of DoH and DET. The Committee's follow-up of DTF is ongoing and details of the Committee's actions can be found in later sections of this report.

(i) Department of Health

Actions Previously Reported

A detailed summary of DoH's response to the Auditor's General's report can be found in the Committee's last review. An overview of the summary is provided below for reference:

- The first recommendation pertained to the impact of departures from the original government approved implementation plan on the costs and benefits of shared services reform. 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 instances the business cases evaluated the changes made and the associated costs and benefits. DoH indicated that business cases for two additional initiatives had been developed and were being progressed. 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.¹⁷
- In relation to the Auditor General's recommendation to ensure that operational arrangements for shared services centres prevent cross subsidisation of costs, DoH

¹⁷ Dr Peter Flett, A/Director General, Department of Health, letter, 23 June 2008, pp. 1–2.

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’.¹⁸

- The Auditor General’s third recommendation pertained to the monitoring and reporting of financial and performance information. 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 KPIs and workload indicators, as agreed with WA Health.
- In response to the Auditor General’s fifth recommendation pertaining to ongoing joint 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.¹⁹ In closing, DoH committed to continuing with the systems implementations and with the other initiatives referred to in its response.²⁰

Progress Since the Last Review

At the time of the Committee’s previous review, DoH’s response had been forwarded to the Auditor General for comment. After considering both the Auditor General’s comments and the response, the Committee resolved to conclude its follow-up with DoH on the basis that it had demonstrated a positive response to the recommendations made in the Auditor General’s report.

(ii) Department of Education and Training

Actions Previously Reported

A detailed summary of DET’s response to the Auditor’s General’s report can be found in the Committee’s last review. An overview of the summary is provided below for reference:

- DET 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, DET reported 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.
- DET reported that the determination of the basis on which other agencies are charged for services is achieved via a separate business plan for ETSSC operations, monthly reporting

¹⁸ *Ibid.*

¹⁹ *Ibid.*, pp. 2–3.

²⁰ *Ibid.*, p. 4.

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 Inter-jurisdictional Shared Services Committee benchmarking initiative and that ETSSC undertakes its own internal benchmarking and performance measurement in line with service level agreements established for both DET and other clients.

- DET advised that ongoing coordination between the Shared Services Committees 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.²¹

Progress Since the Last Review

At the time of the Committee's previous review, DET's response had been forwarded to the Auditor General for comment. Following consideration of both the Auditor General's comments and the response, the Committee resolved to conclude its follow-up with DET on the basis that it had demonstrated a positive response to the recommendations made in the Auditor General's report.

2.7 Third Public Sector Performance Report 2007 – Report 7 (27 June 2007)

(a) 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, being a sample of the many government agencies that provide grants funding. DCA grants go towards artistic and cultural endeavours while the Pilbara Development Commission issues grants to promote social and economic development in the Pilbara region. The Auditor General's investigation of the Pilbara Development Commission's and DCA's administration of grants, focused on 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 the Pilbara Development Commission 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 retain documentary proof regarding the assessment of

²¹ Ms Sharyn O'Neill, Director General, Department of Education and Training, letter, 17 July 2008, p. 4.

funding eligibility and ensure the prompt follow-up of late acquittal reports. Further, the Auditor General recommended that the Pilbara Development Commission 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.

(i) Department of Culture and the Arts

Progress Since the Last Review

DCA provided the following responses to the Auditor General's recommendations:

- Following the tabling of the Auditor General's report, DCA has been recording the eligibility of applicants on a checklist that is made available to staff members responsible for making funding recommendations. DCA also checks the Australian Business Number (ABN) status and organisation registrations of applicants and reviews acquittals of any previous grants distributed to applicants. If applications fail to pass these initial checks, they are returned unopened to applicants.
- DCA has appointed an administrative position with a specific focus on managing acquittal follow-up with grant recipients. DCA noted that acquittals were followed up promptly following the funded activity's conclusion, unless an extension had been approved. Applicants are ineligible for future grant funding should they or any listed member of their project team be documented by DCA as having an outstanding acquittal.²²

The Committee resolved to forward DCA's response to the Auditor General for comment. After giving due consideration to the feedback provided by the Auditor General, the Committee was satisfied that DCA had adequately responded to the recommendations made and resolved in April 2009 to conclude its follow-up.

(ii) Pilbara Development Commission

Progress Since the Last Review

The Pilbara Development Commission's response to the Auditor General's recommendations consisted of the following:

- A template had been created for use as part of the assessment process in order to ensure that all applications are eligible for funding from the relevant grant funding scheme. The template was described by the Pilbara Development Commission as requiring staff to nominate which criteria the application for funding falls into.
- The Commission has split the administration of the grants program across two positions in order to ensure that all procedures are followed and that acquittals are followed up in a timely manner.

²² Ms Allanah Lucas, Director General, Department of Culture and the Arts, letter, 3 February 2009.

- The Commission has undertaken to ensure that the staff members filling the positions have adequate skills to enable the completion of associated paperwork to the appropriate level. This was said by the Commission to ensure that all agreements are clear and accurate and that all acquittal reports provide the necessary information to show that the funds were spent appropriately.²³

After considering commentary provided to the Committee by the Auditor General, the Committee was satisfied that the Commission had adequately responded to the recommendations made in the Auditor General's report and resolved in April 2009 to conclude its follow-up.

2.8 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* (the EPA Act) and associated regulations. The Auditor General reviewed arrangements within DEC and the Department of Industry and Resources (DoIR). DEC is entrusted with carriage of the EPA Act and DOIR has 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.

The Auditor General recommended that DEC, in consultation with DoIR, finalise and introduce a plan for testing compliance with the 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.

(i) Department of Mines and Petroleum

Progress Since the Last Review

At the time of the Committee's previous review, DoIR, which has since undergone a name change to the Department of Mines and Petroleum (DMP), had not provided its response to the Auditor General's recommendations. The response is now provided below:

²³ Mr Stephen Webster, Chief Executive Officer, Pilbara Development Commission, letter, 4 February 2009.

- Native vegetation assessment employees have been trained in the conduct of investigations and more than 80 per cent have been officially appointed as ‘environmental inspectors’ under the *Environmental Protection Act 1986*. A training program, which is conducted by DEC’s investigation staff, has been implemented for these staff members. The 20 per cent of staff members who had not yet been appointed as native vegetation assessors were to have completed the process before June 2009. DMP noted that these actions enabled departmental officers to actively follow up clearing approvals and ensure compliance with conditions and to conduct investigations in relation to alleged unauthorised clearing activities.
- DMP has also implemented a compliance inspection program, which has been based on DEC’s compliance inspection policy framework. It includes filed inspections of granted and amended permits, exempt applications, and applications that were withdrawn in the previous 12 months. In 2007–2008, DMP conducted 40 compliance inspections, which resulted in several sites being investigated through DEC’s Central Local Enforcement Group in order to ascertain whether clearing took place in accordance with relevant legislation.
- In relation to the Auditor General’s recommendation regarding the use of satellite imagery to identify illegal clearing activities, DMP noted that it was collaborating with DEC in its development of an annual analysis of vegetation decline in selected regions. DMP advised that this activity was complicated by the availability of consistent imagery taken during consistent seasons.
- Regarding the recommendation to report publicly on illegal clearing activities, DMP indicated that such reporting will occur in the future.

On consideration of DMP’s response and further commentary by the Auditor General, the Committee determined that DMP had made good progress in implementing the recommendations of the Auditor General’s report. The Committee noted the development of the compliance regime and that inspections had been undertaken. The collaboration between DEC and DMP was also noted. As such, the Committee resolved in April 2009 to conclude its follow-up of the matter.

(ii) Department of the Environment and Conservation

Actions Previously Reported

In its last review, the Committee provided a detailed summary of DEC’s extensive response to the Auditor General’s recommendations. An abridged version of the summary is provided below:

- With respect to formalising a plan for testing compliance with clearing decisions, DEC reported that it was ‘developing an inspection program for testing compliance with decisions and conditions on clearing applications’.²⁴ Inspections were to include audits

²⁴ Mr Keiran McNamara, Director General, Department of Environment and Conservation, letter, 26 November 2007, p.1.

against permit conditions and ‘all decisions to refuse’ and that random audits would occur in relation to a proportion of decisions to refuse. DEC advised that it was collaborating with DoIR on aspects of the plan relating to clearing delegated to that agency.

- In relation to the Auditor General’s second recommendation, DEC advised that it monitors vegetation changes in the state through Landsat satellite imagery. DEC reviews the causes of change identified in the satellite imagery where practicable. The Department is developing an inspection program based on data obtained from satellite imagery and spatial density mapping of complaint information. In terms of compliance monitoring, DEC advised that it was focusing resources on specific geographic areas and/or business sectors.

The Committee, anticipating a further response from the Department, requested preliminary outcomes in terms of identifying non-compliance with clearing permit conditions and the extent of illegal clearing of native vegetation. A second response was provided to the Committee in October 2008 in which:

- DEC indicated that priority had been given to improving timelines for the approval of permit applications, given a backlog. DEC demonstrated that, following the targeting, the mean days for decision-making went from 215 days to 134 days.
- DEC also stated that it had developed a compliance strategy outlining the ‘principal elements necessary to achieve good compliance outcomes’.²⁵ DEC noted that there is potential for the Department to increase its compliance monitoring and enforcement action; however, 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.²⁶ 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.

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 the 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.²⁷

²⁵ *Ibid.*, p. 2.

²⁶ *Ibid.*

²⁷ *Ibid.*

Progress Since the Last Review

At the time of the Committee's previous review, DEC's extensive response to the audit had been forwarded to the Auditor General for comment. After considering those comments and DEC's response, the Committee resolved in February 2009 to conclude its follow-up with the Department. The Committee was satisfied that DEC was making sound progress in implementing the recommendations of the report and noted the improvement in timeliness of processing clearing applications.

2.9 Fourth Public Sector Performance Report – Report 9 (26 September 2007)

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

Background

Given the potential health risks associated with asbestos, particularly the inhalation of airborne asbestos fibres, the Occupational Safety and Health Regulations 1996 require 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 then 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 the Department of Consumer and Employment Protection (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 examined DOCEP's mandated oversight responsibilities under the aforementioned Act.

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 community. The Auditor General noted that of the two sampled agencies with the largest building portfolios, namely DET and the 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.

At the time of the Committee's previous review, responses had been received from DET, DOCEP, DPI, DHW and WA Police. Since then, all agencies reviewed by the Auditor General have responded.

(i) Fire and Emergency Services Administration

Agency Response

In its response to the Committee, FESA noted that it did not have the necessary expertise to carry out the required Building Condition Assessments (BCAs) or to establish an Asbestos Register (AR) or an Asbestos Management Plan (AMP). The Building Maintenance and Works (BMW) division of DTF was engaged to assist FESA with compliance with the Auditor General's recommendations. Actions undertaken by FESA include:

- conducting, with the assistance of BMW, 120 of the 145 required BCAs designed to establish the level of risk associated with Asbestos Containing Materials (ACM);
- establishing an AR containing information regarding completed BCAs and related ACM;
- establishing and delivering a training package about the dangers of ACM in the workplace; and
- establishing AMPs that will be located at FESA facilities following the completion of the BCAs and training package.²⁸

FESA noted that of the 120 BCAs undertaken at the time, 247 items relating to ACMs had been identified, although none of these were regarded as being high risk or requiring immediate attention. Despite this, FESA had undertaken to ensure the enclosure, removal or sealing of ACM as part of its regular facilities maintenance program.

Actions/Comments of the Committee

The Committee resolved to forward the response provided by FESA to the Auditor General for comment. It was noted that FESA had made good progress in meeting the recommendations made in the report, and the Auditor General was pleased by the evidence of collaboration between FESA and DTF in order to address skills deficiencies. After considering both the Auditor General's comments and FESA's response, the Committee resolved in April 2009 to conclude its follow-up of the matter on the grounds that the issues identified in the report were being addressed.

²⁸ Ms Jo Harrison-Ward, Chief Executive Officer, Fire and Emergency Services Authority, letter, 27 February 2009.

(ii) Western Australian Planning Commission**Agency Response**

The Western Australian Planning Commission (WAPC) reported that a register of ACMs detailing asbestos content in improved rental properties owned by the WAPC had been completed and forwarded to DHW for inclusion in the Asbestos Steering Committee spreadsheet. The WAPC has also completed an AMP and the register of ACMs has been forwarded to relevant property maintenance contractors. Whilst the ACM register had identified that the vast majority of properties have a low risk of asbestos disturbance, the WAPC had set aside funds to eliminate any potential hazards identified in properties considered to be at higher risk of asbestos disturbance.²⁹

Actions/Comments of the Committee

The Committee resolved to forward the response provided by the WAPC to the Auditor General for comment. Following consideration of both the Auditor General's feedback and the WAPC's response, the Committee resolved to conclude its follow-up on the matter, as it was satisfied that the WAPC had demonstrated reasonable progress in implementing the recommendations of the report.

(iii) Main Roads Western Australia**Agency Response**

Main Roads Western Australia (MRWA) advised the Committee that it had undertaken the following actions in order to address the recommendations within the Auditor General's report:

- High-risk ACMs had been removed from premises owned by MRWA, whilst the removal of medium-risk ACMs was ongoing.
- Low-risk ACMs had been identified with warning stickers in order to minimise the risk of contact by employees or others.
- An AMP was being finalised and MRWA reported that its Asbestos Safety Policy would be reviewed once the new AMP had been completed.
- A register of employees recording the details of MRWA employees who have worked in premises with ACMs was being maintained.³⁰

Actions/Comments of the Committee

The Committee reviewed MRWA's response and requested that MRWA provide additional information on the steps being taken to ensure adequate protection from ACMs for its employees

²⁹ Mr Bill Epps, Western Australian Planning Commission, letter, 9 February 2009.

³⁰ Mr Erle Dutton, Manager, Property Development, Main Roads Western Australia, letter, 17 February 2009.

working in leased premises. In response, MRWA detailed that it had undertaken an asbestos survey of its leased premises which had not uncovered any traces of asbestos in the buildings it leases. The Committee forwarded the additional information to the Auditor General for comment and, after considering both the agency's response and the Auditor General's comments, it resolved in August 2009 to conclude its follow-up on the basis that MRWA had adequately demonstrated that it had taken actions to address the recommendations made in the Auditor General's report.

(iv) *Rottnest Island Authority*

Agency Response

The Rottnest Island Authority (RIA) provided the Committee with copies of its AR and AMP for review. From these documents it was clear that RIA had completed a comprehensive survey of structures it is responsible for maintaining and that many of these structures contained asbestos materials. The associated AMP detailed that a significant percentage of ACMs had been removed or replaced at the time, and that, according to the schedule provided by RIA, complete removal of ACMs from RIA structures would be finalised in mid-2010.

Actions/Comments of the Committee

The Committee resolved to forward RIA's response to the Auditor General for comment. After considering both the response and the Auditor General's comments, the Committee resolved to conclude its follow-up as it was of the view that RIA had demonstrated that it was taking steps to address the recommendations made in the Auditor General's report.

(v) *Western Australia Police*

Progress Since the Last Review

The Committee resolved to forward WA Police's response, which was summarised in the Committee's previous review, to the Auditor General for comment. Following consideration of both the response and the Auditor General's comments, the Committee resolved to conclude its follow-up of the agency as it was satisfied that the recommendations contained in the report were being adequately addressed.

(vi) *Department of Housing and Works*

Progress Since the Last Review

The Committee resolved to forward DHW's response, which was summarised in the Committee's previous review, to the Auditor General for comment. Following consideration of both the response and the Auditor General's comments, the Committee resolved to conclude its follow-up of DHW as it was satisfied that the recommendations contained in the report were being adequately addressed.

(vii) Department of Education and Training**Progress Since the Last Review**

The Committee resolved to forward DET's response, which was summarised in the Committee's previous review, to the Auditor General for comment. Following consideration of both the response and the Auditor General's comments, the Committee resolved to conclude its follow-up of DET as it was satisfied that the recommendations contained in the report were being adequately addressed.

(viii) Department for Planning and Infrastructure**Progress Since the Last Review**

The Committee resolved to forward DPI's response, which was summarised in the Committee's previous review, to the Auditor General for comment. Following consideration of both the response and the Auditor General's comments, the Committee resolved to conclude its follow-up of DPI as it was satisfied that the recommendations contained in the report were being adequately addressed.

(ix) Department for Consumer and Employment Protection**Progress Since the Last Review**

The Committee resolved to forward DOCEP's response, which was summarised in the Committee's previous review, to the Auditor General for comment. Following consideration of both the response and the Auditor General's comments, the Committee resolved to conclude its follow-up of DOCEP as it was satisfied that the recommendations contained in the report were being adequately addressed.

(b) 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*; other agencies are 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 on the basis 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.

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.

Agency Response

The Trust provided a response to the Committee in early 2009.

In relation to the recommendation that the Trust conduct and or document due diligence checks of the other party to an agreement, the Trust reported that due diligence checks are now undertaken for all agreements similar to the one signed for the staging of the concert. The due diligence considers the following factors:

- suitable experience to run the event being contracted for, including a judgement of the organisation's ability to deliver on agreement objectives;
- financial capacity of the contracted organisation to meet its financial obligations under the contract; and
- the character of the contracted organisation through the consideration of references from the organisation's industry peers.

The Auditor General found that the Trust did not, but should have, undertaken and documented adequate financial and risk analysis. In relation to the concert events at the Joondalup Arena, the Trust reported that the City of Joondalup requires the completion of a comprehensive operational risk management plan before the event can occur. Furthermore, RiskCover carried out a Risk Assessment Workshop for Trust staff for concert events of the nature of those held at the Joondalup Arena. The Risk Assessment Matrix that arose from the workshop was presented to the Trust Board in January 2009 and is being implemented by the Trust. Additionally, all major

agreements entered into by the Trust now require the completion of a thorough reputational and financial risk assessment prior to the agreement being considered by the Trust's board.³¹

The Auditor General was concerned that the Trust had not obtained legal advice when drafting contracts. In response, the Trust advised that an opinion and advice is now provided by the State Solicitor's Office for all major contracts prior to submission to the Board. The Trust also reported that the State Solicitor's Office had drafted an agreement for use in future joint venture arrangements for the Joondalup Arena concerts. It had also drafted the venue licence agreement for the concerts.³²

The Auditor found that draft agreements should have been submitted to the Board of the Trust for approval. The Trust reported that all major agreements undertaken by the Trust are now considered by the Board and are subject to its final approval.

In relation to the concerts at the Joondalup Arena, the Auditor General made a finding that it would have been prudent for the Trust to consider whether it could have obtained more favourable terms and outcomes under a similar agreement with other partners. The Trust accepted the finding as an 'historical fact'.³³ That being said, despite considering a competitive process to secure an event partner for future events, it was decided by the Board that this was not a prudent course of action. The concerts at the Joondalup Arena take place under the 'RockiT' brand which is jointly owned by the Trust and Supersonic Enterprises and was described as having 'significant brand equity' in the 'music festival market space'.³⁴

Given the joint ownership of the brand, if the Trust were to partner with another organisation in order to deliver the concert, it would require the approval of Supersonic Enterprises. This is not an option supported by Supersonic Enterprises, even if it was compensated for the transfer of its stake in the intellectual property associated with the event. The Trust had considered the creation of a new event through the conduct of an Expression of Interest; however, on the basis of the length of time and financial expenditure required to establish such an event, it was decided that to do so would not be in the 'best interests of the taxpayers of Western Australia'.³⁵

The Trust noted that, since the Auditor General's report, significant improvements in the draft future RockiT agreement with Supersonic Enterprises had been made. These included:

- Each party's revenue is dependent upon the profitability of the event, rather than a guaranteed income stream.

³¹ Mr David Etherton, Chief Executive Officer, Western Australian Sports Centre Trust, letter, 4 March 2009, p. 2.

³² *Ibid.*, p. 3.

³³ *Ibid.*

³⁴ *Ibid.*

³⁵ *Ibid.*

- The base costs of the event is minimised so a profitable event is achieved at lower attendance levels.
- Each party has some ‘at risk’ investment in the event.³⁶

Actions/Comments of the Committee

The Committee resolved to forward the Trust’s response to the Auditor General for comment. After giving consideration to the Auditor General’s view and the Trust’s response, the Committee resolved in November 2009 to conclude its follow-up of the matter as it was satisfied that the Trust had appropriately addressed the recommendations arising from the Auditor General’s report.

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

Background

The Auditor General’s tenth examination of 2007, *First Do No Harm: Reducing Adverse Events in Public Hospitals*, 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.

The incidence of adverse events reported 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 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.³⁷ 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 2005–2006, 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: a fact that presents the opportunity to reduce adverse events and use liberated resources to treat more patients and invest in preventative measures.

The Auditor General found that while there had been progress in incident reporting, there were deficiencies (such as under reporting) that limit WA Health’s understanding of adverse events or trends. As a result, the Auditor General recommended that DoH ‘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

³⁶ *Ibid.*, p. 4.

³⁷ Auditor General for Western Australia, *Performance Examination: First Do No Harm: Reducing Adverse Events in Public Hospitals*, Report 10, October 2007, p. 5.

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.³⁸

Previously Reported Actions

A detailed summary of DoH's response to the Auditor General's recommendations was contained in the Committee's previous review. An abridged version is provided below.

In responding to the Auditor General's recommendations, DoH indicated that it implemented a governance structure that had included the institution of a discrete project—*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.³⁹

In responding to the Auditor General's first recommendation, DoH detailed an increased level of reporting of clinical incidents and adverse events, notably, 81 sentinel incidents reported for 2007–2008 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'.⁴⁰ 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 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.⁴¹ 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.

³⁸ *Ibid.*, p. 7.

³⁹ Dr Peter Flett, Director General, Department of Health, letter, 20 November 2008, p. 1.

⁴⁰ *Ibid.*, p. 2.

⁴¹ *Ibid.*

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. DoH elaborated that it had 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 was 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.

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.

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'.⁴²

Progress Since Last Review

At the time of the previous review, the Committee had forwarded DoH's response to the Auditor General for comment. Many actions had already been completed or were nearing completion and, for those recommendations still outstanding, clear timelines had been established demonstrating when they would be fulfilled. After considering both DoH's response and the commentary provided by the Auditor General, the Committee resolved to conclude its follow-up as it was satisfied that DoH had demonstrated a structured approach to implement the recommendations of the audit report.

2.11 Renewable Energy: Knowing What We Are Getting – Report 12 (28 November 2007)

Background

Renewable Energy: Knowing What We Are Getting was the Auditor General's twelfth examination of 2007 and examined both government agencies and businesses involved in the purchase and sale of renewable energy including Synergy, Horizon Power and the Office of

⁴² *Ibid.*, p. 8.

Energy. Other key stakeholders were Western Power and Verve Energy. In addition, the Auditor General consulted the Water Corporation about the electricity arrangements for the Kwinana Desalination Plant.

The South West Interconnected System (SWIS) represents 55 per cent of Western Australia's electricity and includes over 90 per cent of its population. It covers a geographical area stretching from Kalbarri in the north to Kalgoorlie in the east and south to Albany. In 2005–2006 only five per cent of the electricity supply in the SWIS was derived from renewable sources. The state government's Climate Change Action Statement has committed to increasing the use of renewable energy to 15 per cent by 2020 and 20 per cent by 2025. The Statement also commits state government agencies to buying 20 per cent of their electricity requirements from renewable energy sources by 2010.

The state government's commitments build on two existing schemes designed to stimulate the growth of renewable energy generation in Australia:

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

The growth of these programs, particularly GreenPower, is 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 properly 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'.⁴³

The Auditor General's commentary in relation to this matter was lengthy and has been summarised below:

- 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 SWIS of four per cent between 2001–2002 and June 2007.
- It is likely that the government will meet its 2010 and 2020 target, the latter dependent on progressing generation plants.

⁴³ Auditor General for Western Australia, *Performance Examination: Renewable Energy: Knowing What We Are Getting*, Report 12, November 2007, p. 6.

- There is lower access to GreenPower by residential and commercial customers in this state compared with other jurisdictions, possibly attributable to lack of marketing.
- State-based generators should enable the government to meet its purchasing target of 20 per cent of its requirements from renewable energy by 2010.
- 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'.⁴⁴

As reported in the previous review, the Committee sought responses from Synergy, Horizon Power, the Office of Energy, Western Power and Verve Energy. Agencies submitted responses subsequent to the publication of the previous report and these, in conjunction with the Auditor General's views and the Committee's responses, are detailed below.

(i) The Office of Energy

Agency Response

The Office of Energy provided the Committee with a detailed response of initiatives it had undertaken to address the recommendations made in the Auditor General's report. The response is summarised below:

- Information on renewable energy and the GreenPower program has been made available on the Sustainable Energy Development Office (SEDO) website and contains a section on renewable energy, including pages with case studies, demonstration sites and a page dedicated to the GreenPower program.
- A fact sheet on electricity generation from renewable energy has also been made available providing detail on sources and plant capacity of renewable energy generation in the state. The fact sheet is updated annually and allows the government's performance against targets to be tracked.
- Households and businesses are able to obtain information and advice on renewable energy and the GreenPower program from the SEDO *Energy Smart Line*.
- Promotion of renewable energy, including GreenPower, has been featured prominently at various forums, including the Sustainable Energy Expo held at the Perth Convention and Exhibition Centre in 2008.

⁴⁴ *Ibid.*, p. 7.

- The government has also committed to meeting a target of 20 per cent of its electricity requirements sourced from renewable sources by 2010. The first phase of the commitment has been achieved with a contract awarded for the supply of 26 Giga Watt hours (GWh) of accredited GreenPower sources. The second phase, which aims to increase the procurement of government electricity needs from renewable sources from five per cent to 20 per cent was expected to be launched in early 2009. The Office of Energy noted that this phase had built-in risk reducers, including procurement from multiple energy providers.
- The Office of Energy also publicly reported its progress against targets for a range of activities, including an increase in the adoption of renewable energy in its 2007–2008 annual report.⁴⁵

In addition to providing details of its own responses to the Auditor General's findings and recommendations, the Office of Energy also detailed the responses of Horizon Power, Synergy and Verve energy. Horizon Power's response is summarised below:

- Horizon Power's *Betterways* program, which is an initiative that promotes innovative energy use in regional Western Australia, was launched in May 2008. *Betterways* communication channels were expanded in December 2008 and Horizon Power expects to implement further *Betterways* renewable energy focused programs throughout 2009, as the results of pilot programs in the mid-west are completed.
- The June 2008 Horizon Power trial of a new renewable energy product in Carnarvon was completed successfully and was to be launched to the remainder of the Horizon Power market in February 2009. Horizon Power promotes the take-up of privately owned renewable generation through the Renewable Energy Buyback Scheme (REBS). It is currently reviewing all supporting communication materials for REBS, with a view to the implementation of enhanced public awareness programs.
- Horizon Power has removed associated application fees from residential REBS applications and intends to develop a marketing strategy to promote this incentive. In terms of REBS incentives for business and commercial customers, Horizon Power is conducting a 'pre-feasibility study' for the development of a targeted product.⁴⁶
- Horizon Power has been developing a support program for the 'solar schools initiative' with the aim of increasing the size of renewable energy systems installed in schools. A pilot program has been developed that is intended to focus on four schools in the mid-west region.⁴⁷

⁴⁵ Mr Jason Banks, Coordinator of Energy, Office of Energy, letter, 22 January 2009, pp. 1–2.

⁴⁶ *Ibid.*

⁴⁷ *Ibid.*

Synergy's response as contained within the Office of Energy's correspondence with the Committee is outlined below:

- Synergy has undertaken a green energy marketing campaign that has included a 'join the green generation' television campaign, a print campaign in major and local newspapers, and outdoor advertising including billboards and on bus shelters. Other promotion activities have included participation at various fairs and expositions and the production of a number of brochures and related web content featuring information about renewable energy, its costs and benefits and how it works.
- The promotion activities have coincided with an increase in customers choosing *EasyGreen* and *NaturalPower* products. In December 2006 there were 3,341 customers and by April 2008 there were 8,552.
- *EasyGreen* customers are advised of their renewable energy usage in their bills; similarly, *NaturalPower* customers are advised of their total green energy consumption through their bills.
- Given its status as an accredited GreenPower provider, Synergy also reports on a quarterly basis to the national GreenPower program administrator who makes information available to consumers in quarterly and annual reports.⁴⁸

Verve Energy's response as contained within the Office of Energy's correspondence with the Committee confirmed that:

- Verve Energy builds, owns and operates renewable energy projects across the state and reports compliance with renewable energy targets in its annual reports.⁴⁹

Actions/Comments of the Committee

The Committee resolved to forward the response of the Office of Energy to the Auditor General for comment. Following consideration of both the Auditor General's comments and the Office's response, the Committee resolved on 12 February 2009 to conclude its follow-up. The Committee was satisfied that the Office of Energy had demonstrated a positive response of its own, and on behalf of the other bodies, to the issues raised in the Auditor General's report.

(ii) Synergy

Agency Response

In its response to the Auditor General's recommendations, Synergy noted its commitment to providing renewable energy products from renewable sources that have been certified with 'RECs

⁴⁸ *Ibid.*, p. 2.

⁴⁹ *Ibid.*

(renewable energy certificates) and GreenPower Rights as required by the specific regulatory framework'.⁵⁰ Synergy's response is further summarised below:

- Synergy noted that its renewable energy programs must operate within the frameworks provided in the Mandatory Renewable Energy Targets (MRET), established by the federal government, and the previously described state government goal of 25 per cent of the state's electricity generation provided from renewable sources by 2025. Synergy described itself as supportive of the expansion of renewable energy targets, although it noted that compliance with these targets will result in increased electricity prices for end users.
- Synergy detailed the challenges facing the roll-out of renewable energy generation capacity in Western Australia, including capital costs and the traditional emphasis in the state on base load generation from conventional sources. Furthermore, renewable generation capacity is likely to be located at the extremes of the network, where renewable sources of energy are most prevalent.
- Synergy is registered under the National GreenPower Accreditation Program. This is a voluntary program that grants electricity generators 'GreenPower Rights' which, when procured in sufficient numbers, are used to cover the sale of GreenPower products to consumers. GreenPower rights must be procured above and beyond pre-existing commitments required under the MRET.
- Synergy is a corporatised entity established under the *Electricity Corporations Act 2005* and is thus required under section 61 of that Act to conduct its affairs in a 'prudent and commercial manner'.⁵¹ Synergy is an accredited GreenPower provider and is therefore independently audited each year and reports on a quarterly basis to GreenPower. The audits and quarterly reports are available to the public.
- In October 2007, Synergy increased the pricing premium that it charged for its renewable energy product (NaturalPower) as the existing pricing scheme was not sustainable and did not comply with the requirement of the *Electricity Corporations Act 2005* for Synergy to conduct its affairs in a commercial manner.
- Subsequent to the increase in pricing, Synergy undertook a 'green' advertising campaign to promote its two renewable energy products, the previously detailed NaturalPower and also EasyGreen. Synergy reports that the campaign was a success with customer numbers for both products increasing.
- In response to a review of product and pricing structures, Synergy proposed further changes to pricing in May 2008 in order to reflect more accurately the company's cost structures. At the time of writing to the Committee, the company was awaiting a reply from the Economic and Expenditure Reform Committee of government. Synergy

⁵⁰ Mr Geoff Roberts, Head of Retail, Synergy, letter, 28 January 2009, p. 3.

⁵¹ *Ibid.*

described its interactions with the Office of Energy and DTF in order to implement its planned price increase as protracted, resulting in substantial delays.

- As detailed in the Office of Energy response documented above, Synergy has undertaken several campaigns aimed at increasing awareness in the community of Synergy's renewable energy products. The company noted that increased community understanding would stimulate sales of those products.⁵²

Actions/Comments of the Committee

The Committee resolved to forward Synergy's response to the Auditor General for comment. Following consideration of both the Auditor General's comments and Synergy's response, the Committee resolved on 1 April 2009 to conclude its follow-up. The Committee was satisfied that Synergy had demonstrated a positive response to the issues raised in the Auditor General's report.

(iii) Verve Energy

Agency Response

Verve Energy noted that it does not sell renewable energy directly to consumers, but that it has an important role in educating consumers about the availability of renewable energy products. Its response to the Auditor General's recommendations is summarised below:

- Verve Energy's renewable energy production facilities include:
 - wind farms on the SWIS in Albany and Kalbarri;
 - off-grid wind-diesel and wind-gas systems in Bremer Bay, Coral Bay, Denham, Hopetoun and Esperance;
 - a solar power plant in Kalbarri; and
 - a pilot biomass plant in Narrogin.

The company's renewable energy generation capacity was described as 33.2MW (megawatts).

- Verve Energy described itself as continually contributing to public education about renewable energy through information published on its website, participation in public forums and displays, and through use of local media. The company's renewable energy production facilities were also described as an excellent education tool. Albany's wind farm is open to the public all year and includes boardwalks and information panels to

⁵² *Ibid.*

educate visitors. Staff also contribute to industry publications and provide guest lectures at universities on topics relating to renewable energy.⁵³

- The recommendation relating to government agencies ensuring that they are transparent with the public about what they are paying for in relation to renewable energy may not directly apply to Verve Energy, given that it does not provide services directly to consumers; however, it notes that whenever a new renewable energy project is commenced, it liaises extensively with local communities in order to promote understanding of the specific project and renewable energy.
- In terms of monitoring and reporting, Verve Energy reports on renewable energy generated and renewable energy certificates created in its annual reports, to the Office of Renewable Energy Regulator and to the Greenhouse Challenge Plus Program. These figures are available to members of the public.⁵⁴

Actions/Comments of the Committee

The Committee resolved to forward Verve Energy's response to the Auditor General for comment. Following consideration of both the Auditor General's comments and Verve Energy's response, the Committee resolved on 1 April 2009 to conclude its follow-up. The Committee was satisfied that Verve Energy had demonstrated a positive response to the issues raised in the Auditor General's report.

(iv) Water Corporation

Agency Response

The Water Corporation provided the following information in its response to the Committee:

- It is a member of the Western Australian Sustainable Energy Association, which provides support and education in relation to renewable energy matters.
- In relation to informing the public about its renewable energy sources, the Water Corporation noted that it continues stating in advertising that the energy needs of the Perth Seawater Desalination Plant are met through renewable energy sourced from the Emu Downs wind farm.
- The Water Corporation noted that it did not have specific renewable energy targets, although it has set an aspirational target of zero net greenhouse gas emissions by 2030. It reports its greenhouse gas emissions in its annual report.⁵⁵

⁵³ Mr Tony Narvaez, General Manager, Strategy and Business Development, Verve Energy, letter, 28 January 2009, pp. 2–3.

⁵⁴ *Ibid.*

⁵⁵ Ms Sue Murphy, Chief Executive Officer, Water Corporation, letter, 27 January 2009.

Actions/Comments of the Committee

The Committee resolved to forward the Water Corporation's response to the Auditor General for comment. The Auditor General was of the view that the Corporation's response was a positive one and, following consideration of the Auditor General's comments, the Committee resolved on 1 April 2009 to conclude its follow-up.

(v) *Western Power*

Agency Response

Western Power noted that it neither 'sells nor warrants the quality or quantity of renewable power' and that its role is to connect renewable energy generators to its network and to ensure that 'proponents are aware of the technical requirements and limitations associated with their connections'.⁵⁶

Actions/Comments of the Committee

The Committee resolved to forward Western Power's response to the Auditor General for comment. Following consideration of the Auditor General's comments, the Committee resolved on 25 February 2009 to conclude its follow-up with the organisation.

(vi) *Horizon Power*

Horizon Power's response was provided through the Office of Energy and is detailed earlier in this section.

2.12 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 alleged assaults, and potential 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 are:

- licensing of private security workers and their agents, which is managed by WA Police;
- licensing of workers employed by contracted or licensed service providers such as private prisons, court and casino security personnel, which is administered by the Department of

⁵⁶ Mr Phil Southwell, General Manager, Strategy and Corporate Affairs, Western Power, letter, 7 January 2009.

Corrective Services (DCS), the Department of the Attorney General (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.⁵⁷

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’.⁵⁸

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 licence and their capacity to appropriately govern the business; implement controls regarding issuance of licences 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 licences; and improve procedures in relation to incidents of non-compliance.

With respect to DCS, the Auditor General recommended that the Department ensure that referees of licence applicants are contacted and that criminal history checks are appropriately conducted and documented when there are changes in the status of prison officers.

During the period covered by this review, the Committee concluded its follow-up of WA Police and a summary of actions taken is provided immediately below. For information on DCS’s response, refer to section 3.11 of this review.

(i) WA Police

Agency Response

The Auditor General’s first recommendation was in relation to the implementation of procedures for assessing if applicants for agents licences have sufficient financial resources and whether they will be adequately supervising and controlling their business. WA Police advised that its Licensing Enforcement Division was involved with the Council of Australian Governments (COAG) Harmonisation of the Private Security Industry initiative and is chairing the ‘manpower’ section of this forum. WA Police reported that it intended to use this process as the template for

⁵⁷ Auditor General for Western Australia, *First Public Sector Performance Report 2008*, Report 1, March 2008, p. 8.

⁵⁸ *Ibid.*, p. 10.

licensing direction and standards in line with best industry practices. The intention of the industry standardisation process is to include a minimum national training entry level required to attain a Security Agents License. This will include a requirement that the applicant satisfy the Licensing Officer that the applicant has an appreciation of operating a business.

WA Police noted that newly implemented Police Licensing Services (PLS) business processes include a requirement for evidence detailing the applicant's bona fides, business plan and supporting financial documentation. After an application is accepted, it is assessed by a supervisor for the purpose of ensuring sufficient financial information has been provided by the applicant. In circumstances where an applicant cannot provide historical financial and operational data, licences are now restricted to no more than 12 months.⁵⁹

The Auditor General's second recommendation was for the introduction of controls to ensure that all applications are subject to documented checks and that all requirements are met. WA Police documented that Police Licensing Services used a three-tiered system to coordinate licensing matters and included the following business rules:

- Applications are accepted by staff and are checked to ensure all relevant documentation is included with the aid of a checklist.
- Completed applications are transferred to the PLS Probity area where a full examination of the applicant's background is undertaken. A probity report is undertaken and attached to the application. This is subsequently reviewed by the unit supervisor to ensure that the applicant is suitable for the granting of a licence.
- The application and associated file are then forwarded to the Licensing Officer for final assessment. If the Licensing Officer is satisfied with the application, a licence is granted to the applicant.

WA Police observed that this revised process removed the decision-making function from front counter staff to the Licensing Officer, who was described as being in a better position to make judgements on the suitability of an applicant based on better access to all salient information. It was also noted that members of the PLS have access to extensive, detailed Standard Operating Procedures (SOPs) that emphasise the need to follow procedures and complete appropriate checklists in order to ensure that licences are only awarded to suitable people. A random audit process is also included in the SOPs and is undertaken when files are due to be archived or relocated off-site.⁶⁰

The Auditor General's third recommendation was that a proactive monitoring program be developed in order to target identified compliance risks in the private security industry, including illegal drug use. In response, WA Police reported that a Divisional Intelligence Unit (DIU) operates within the SLP in order to collate information for the purpose of targeting criminal

⁵⁹ C. J. Dawson, Acting Commissioner, Western Australia Police, letter, 30 April 2009, p. 1.

⁶⁰ *Ibid.*, p. 2.

behaviour and compliance issues within the security industry. WA Police noted that there had been several operations developed through the use of the DIU, including:

- Operation Endure, which targeted Registered Training Groups ‘based on information concerning the training of security applicants’;⁶¹
- Operation Mickle, which targeted drug use by crowd controllers;
- Operations targeting non-licensed individuals; and
- Audits of corporate firearms holders.

It was noted that there was also a proposal to employ non-sworn staff to undertake the role of Compliance Officers who will, it is intended, focus on the compliance aspects of regulation of the security industry.

Recommendation four required that appropriate criminal and court history checks are carried and recorded when licence holders apply to have their licences amended or renewed. WA Police responded to this recommendation by highlighting that all licence amendments and renewals are reviewed by the PLS Probity Unit where a detailed examination of the applicant’s particulars is undertaken.

The Auditor General’s fifth recommendation required an improvement to procedures to ensure that action is taken to follow up all reported incidents of potential non-compliance. WA Police reported that the PLS had implemented a system where all personnel working in the security industry are flagged in the WA Police computer system. This was said to allow appropriate action by a police officer if security workers were stopped in the course of conducting themselves inappropriately. It was also noted that members of the PLS routinely monitor court charge lists and court outcomes for licensed personnel.⁶²

Actions/Comments of the Committee

The Committee resolved to forward WA Police’s response to the Auditor General for comment. After giving consideration to both the response and the Auditor General’s comments, the Committee resolved in June 2009 to conclude its follow-up with the agency as it was satisfied that WA Police had addressed the recommendations contained within the Audit Report.

⁶¹ *Ibid.*, p. 3.

⁶² *Ibid.*, p. 4.

2.13 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.⁶³

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.

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.

During the period covered by this review, the Committee concluded its follow-up of LandCorp and the Perth Zoo. For information on agencies where the Committee’s follow-up is ongoing, refer to section 3.12.

(i) LandCorp

Agency Response

In order to address the recommendations of the Auditor General, LandCorp reported that formal risk assessment procedures have been updated in LandCorp’s Project Procedure Manual; that project risks are now classified; and treatments are applied and implemented. Furthermore, formal risk assessments and risk registers are now stored in LandCorp’s database and saved in the Electronic Document Management System.

⁶³ Auditor General for Western Australia, *Performance Examinations of Risk Management, Delegation of Authority and Records Management*, Report 2, May 2008, p. 25.

LandCorp reported that an in-house audit was completed in November 2008 and found that all projects requiring risk registers had implemented this policy. An internal audit conducted by Ernst & Young in March 2009 found that LandCorp has a robust Risk Management Framework in place and that management displays a positive cultural attitude to risk management.⁶⁴

Actions/Comments of the Committee

The Committee was satisfied that LandCorp had taken sufficient steps to implement the recommendations contained in the Auditor General's report and, after consulting with the Auditor General, the Committee resolved in August 2009 to conclude its follow-up of the agency.

(ii) Perth Zoo

Agency Response

In its response to the Auditor General's recommendations, Perth Zoo noted that it had an up-to-date Risk Management Policy in place and that all areas of the agency undertake annual operational risk assessments across each section as part of standard practices. Any new work or activities are subject to risk assessments as part of approved procedures.

Perth Zoo noted that its operational risks are reviewed annually through its Sectional Risk Assessment process, while its strategic risks are reviewed through an Agency Risk Review process undertaken through a joint session of the Risk Management Committee and Corporate Executive. Other risk management systems identified by the Zoo included the Information Systems Disaster Recovery Plan, the Vital Records Plan, the Emergency Plan and Procedures, the Fire Plan and the Business Continuity Plan. These plans are tested regularly.⁶⁵

Actions/Comments of the Committee

The Committee forwarded Perth Zoo's response to the Auditor General for comment. After considering both the response and the Auditor General's comments, the Committee resolved in August 2009 to conclude its follow-up of the agency. The Committee noted that Auditor General's examination had found Perth Zoo had fully incorporated risk management into its business and that it had addressed the recommendations contained in the report.

(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'.⁶⁶

⁶⁴ Mr Ross Holt, Chief Executive Office, LandCorp, letter, 15 May 2009, p. 2.

⁶⁵ Ms Susan Hunt, Chief Executive Officer, Perth Zoo, letter, 3 June 2009, p. 2.

⁶⁶ Auditor General for Western Australia, *Performance Examinations of Risk Management, Delegation of Authority and Records Management*, Report 2, May 2008, p. 33.

The Auditor General examined arrangements for delegations and associated compliance by five government agencies: 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.

The Auditor General found that the agencies examined had an established framework for delegation to authorise 'financial expenditure and performance of core operational activities'.⁶⁷ 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 licences, 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.

During the period that this review covers, the Committee concluded its follow-up of three agencies, the Bunbury Port Authority, WorkCover and the Armadale Redevelopment Authority. Information about the Committee's follow-up of the other agencies can be found at section 3.12.

(i) Bunbury Port Authority

Progress Since the Last Review

The Committee resolved to forward a copy of the Port Authority's response (summarised in the Committee's previous review) to the Auditor General for comment. Following consideration of both the Auditor General's comments and the Port Authority's response, the Committee resolved in February 2009 to conclude its follow-up as the Committee was satisfied that the Port Authority was complying with an established delegation framework.

⁶⁷ *Ibid.*

(ii) WorkCover**Progress Since the Last Review**

The Committee resolved to forward a copy of WorkCover's response (summarised in the Committee's previous review) to the Auditor General for comment. Following consideration of both the Auditor General's comments and WorkCover's response, the Committee resolved in February 2009 to conclude its follow-up as the Committee was satisfied that WorkCover was complying with an established delegation framework.

(iii) Armadale Redevelopment Authority**Progress Since the Last Review**

The management of delegation of authority by the Armadale Redevelopment Authority was found by the Auditor General to be satisfactory. Given this, the Committee resolved in May 2009 to conclude its follow-up as the Committee was satisfied by the delegation arrangements in place at the Authority.

(c) Records Management**Background**

The *State Records Act 2000* deals with 'the creation, management and disposal of records by government agencies'.⁶⁸ 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; actual retention and disposal of records; and training

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.

The Committee has concluded its follow-up of the agencies examined below. Details of the Committee's actions in relation to the Geraldton Port Authority and Landgate can be found at section 3.12, as the Committee's follow-up of these two agencies is ongoing.

⁶⁸ *Ibid.*, p. 39.

(i) Department of Sport and Recreation**Agency Response**

The Department of Sport and Recreation (DSR) indicated that, in response to the audit findings, it had implemented an education program for staff members highlighting the importance of retaining emails as an electronic record. Furthermore, the education program teaches staff to recognise types of correspondence and ensure that they are recorded appropriately. Random audits are also undertaken to check the consistency of file recording. The audit raised concerns about the physical storage of paper files, and, in response, DSR has installed a compactus in its archive room. All records identified as having archival value will be relocated to an off-site storage facility.⁶⁹

Actions/Comments of the Committee

The Committee resolved to forward DSR's response to the Auditor General for comment. After consideration of both the Auditor General's comments and the Department's response, the Committee resolved to seek additional information regarding the extent to which DSR had addressed the Auditor General's recommendation concerning IT disaster management plans.

In response, the Department advised the Committee that it had created a series of policy documents relating to the identification and protection of vital documents following the Auditor General's report. These included information technology backup strategies and policies, business continuity and contingency plans and an audit and review schedule. The effectiveness and use of these policies was noted as being monitored as part of the Department's information technology audit and review schedule.⁷⁰

After consideration of this additional information, the Committee resolved to conclude its follow-up of the Department on the basis that it was satisfied that the Auditor General's recommendations had been adequately complied with.

(ii) Metropolitan Cemeteries Board**Agency Response**

The MCB provided a detailed response to the Auditor General's findings and recommendations. In relation to the finding that the MCB had failed to implement basic password controls, MCB reported that it had improved passwords for critical programs. MCB had also undertaken a review of former employees to ensure that they no longer retained access to IT systems and had instituted a program whereby the Systems Administrator was informed of the departure of staff members.⁷¹

The Auditor General found that MCB did not have sufficient levels of IT audit or logging implemented to adequately monitor unauthorised access or inappropriate modification to data. In

⁶⁹ Mr Ron Alexander, Director General, Department of Sport and Recreation, letter, 30 March 2009, pp. 2–4.

⁷⁰ Mr Ron Alexander, Director General, Department of Sport and Recreation, letter, 27 July 2009, p. 1.

⁷¹ Mr Michael Kidd, Acting Chief Executive Officer, Metropolitan Cemeteries Board, letter, 8 July 2009, p. 1.

response, MCB advised that it had implemented an updated software system that allowed for audit logging of actions undertaken by system users. Log and audit files are only accessible by an individual with access to an administrator password.⁷² Following the Auditor General's finding that regular data backups were not occurring, MCB implemented a monthly back-up of servers and had its back-ups reviewed by an independent contractor.

Actions/Comments of the Committee

The Committee resolved to forward MCB's response to the Auditor General for comment. After considering both the Auditor General's comments and the response, the Committee resolved to conclude its follow-up of the agency on the basis that it was satisfied that it had adequately taken steps to address the recommendations contained in the Auditor General's report.

(iii) Peel Development Commission

Agency Response

The Peel Development Commission (PDC) noted its view that the Records Management Audit was a very effective exercise as it helped to identify gaps in security measures. In response to the audit, PDC noted that, at the time of the audit, it was found to be fully compliant with records training implementation. Subsequent to the audit, the PDC had implemented a comprehensive IT disaster management plan and had altered its Termination Checklist to include the removal of staff from IT systems. Furthermore, password security—including a requirement for regular password changes and increased complexity—had been introduced.⁷³

Actions/Comments of the Committee

The Committee resolved to forward PDC's response to the Auditor General for comment. After considering both the Auditor General's comments and the response, the Committee resolved to conclude its follow-up of the agency on the basis that it was satisfied that it had adequately taken steps to address the recommendations contained in the Auditor General's report.

(iv) Public Trustee

Agency Response

The Public Trustee (PT) noted that it had taken steps to address the shortcomings associated with records management identified in the Auditor General's report, including changing policies to ensure that client files will not be closed without appropriate authorisation and that staff log-ins to IT systems are better controlled to ensure that former staff members lose access when they depart the organisation. The PT noted that, in relation to access to logs, it was viewed as an acceptable

⁷² *Ibid.*, pp. 2–3.

⁷³ Ms Colleen Yates, Acting Chief Executive Officer, Peel Development Commission, letter, 8 July 2009, p. 1.

risk for logs to be viewable as it simplified searches and was a valuable tool for tracing file movements.⁷⁴

In relation to the recommendation that the PT develop its own disaster recovery plan, the PT noted its reliance on DotAG's business continuity plan; however, it also noted that it had implemented its own disaster recovery plan for its unique IT operating environment, which was to be implemented in September 2009.⁷⁵

Actions/Comments of the Committee

The Committee resolved to forward the PT's response to the Auditor General for comment. After considering both the Auditor General's comments and the response, the Committee resolved to conclude its follow-up of the agency on the basis that it was satisfied that it had adequately taken steps to address the recommendations contained in the Auditor General's report.

(v) Western Australian Electoral Commission

Agency Response

The Western Australian Electoral Commission (WAEC) outlined its response to the Auditor General's recommendations in some detail. Actions taken by the WAEC included the implementation of a new records management training program for new staff and the conduct of 'refresher' training for existing staff members. A review of the WAEC's disaster recovery planning was undertaken, which resulted in some fine-tuning of processes, including nightly back-up of databases for storage off-site. The WAEC's servers are run in a 'virtualised environment' making the process of restoring servers in the case of malfunction 'relatively uncomplicated'.⁷⁶ The WAEC also undertook a review of security measures in place and found that:

- The servers used in records management have had the appropriate security patches and fixes applied.
- Expiry dates are set on the logon processes of all Commission temporary and contract staff and cannot be used after those dates.
- A full security protocol—the responsibility of senior managers—is in place and encompasses new staff, departing staff and staff access to specific areas of the records system.
- The 'iManage' document system records all logons to any document and the person who currently maintains it.

⁷⁴ Mr John Skinner, Public Trustee, letter, 7 July 2009, pp. 1–2.

⁷⁵ *Ibid.*, p. 2.

⁷⁶ Mr Warwick Gately AM, Electoral Commissioner for Western Australia, letter, 7 July 2009, p. 2.

- Passwords are compulsorily changed each month.⁷⁷

Actions/Comments of the Committee

The Committee resolved to forward the WAEC's response to the Auditor General for comment. After considering both the Auditor General's comments and the response, the Committee resolved to conclude its follow-up of the agency on the basis that it was satisfied that it had adequately taken steps to address the recommendations contained in the Auditor General's report.

⁷⁷ *Ibid.*, p. 3.

CHAPTER 3 REPORTS CARRIED OVER FROM PREVIOUS REVIEW – IN PROGRESS

3.1 Introduction

This chapter contains reports carried over from the Committee's previous review 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, although the primary focus of this chapter is documenting the progress made by the Committee in following up agencies since the last review.

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 DIA, in conjunction with participating agencies, finalise an evaluation framework and establish reporting arrangements to monitor the progress of initiatives.

Actions Previously Reported

The Committee has been monitoring the implementation of the Auditor General's recommendations since 2006. Given the length of time that has elapsed since the initial Auditor General's report, the Committee has included a summary of responses received from DIA that have been detailed in previous reviews of the reports of the Auditor General published by the Committee.

DIA advised that it had initiated a monitoring report in November 2006 to document 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 2006–2007 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.

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:

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.⁷⁸

Further, DIA reported that the first phase of an evaluation of the 2002 Gordon Action Plan was completed in September 2007. DIA stated that it was preparing a government response to the evaluation findings, which was 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 would then contemplate the response prior to deliberation by Cabinet. DIA advised that if Cabinet approved the response, it would be released together with the monitoring and evaluation reports outlined above. Since the public release of the reports was still pending Cabinet approval, DIA committed to providing copies to the Committee once available.⁷⁹

Progress Since the Last Review

After considering the information provided by DIA, the Committee wrote to the Department and noted that it was aware that, as at 13 June 2008, DIA was in the process of submitting a monitoring report to the then state Cabinet on what had been achieved in progressing family violence and child abuse initiatives. Further, that the Department was preparing a government response to the evaluation findings reflective of government achievements in addressing family violence and child abuse since the Gordon Inquiry. The Committee noted that it was cognisant that following the change of government there had been some significant changes to the approach to Indigenous Affairs. As a consequence, the Committee sought an update on the status of the Department's actions in relation to the Auditor General's report recommendations.

In relation to the Auditor General's recommendation that DIA finalise an evaluation framework, DIA reported that in late 2007 the stage one evaluation of the Gordon Action Plan was completed. The evaluation included the identification of longer term outcomes and provided a framework for future evaluation.⁸⁰ Furthermore, a draft Government Response to the evaluation was completed in July 2008 and identified achievements in relation to domestic violence subsequent to the Gordon Inquiry.

In addition to the policy changes following the election of a new government, DIA also highlighted the reforms being implemented through the Council of Australian Governments that require new approaches focusing on Indigenous family and community safety. In order to respond

⁷⁸ Ms Jackie Tang, A/Director General, Department of Indigenous Affairs, letter, 13 June 2008.

⁷⁹ *Ibid.*

⁸⁰ *Ibid.*

to the new policy approaches and COAG reforms, DIA was preparing a ‘new way forward’ that would be provided to the Public Accounts Committee once it had been finalised.⁸¹

Following consideration of DIA’s response and consultation with the Auditor General, the Committee was not satisfied that DIA had adequately demonstrated the progress made in meeting and implementing the Auditor General’s recommendations. To that end, the Committee wrote to DIA in September 2009 and sought:

- An updated progress report on the status of the implementation of the recommendations.
- A copy of the evaluation report referenced in the preceding paragraphs.

As DIA had not responded to the request at the time of reporting, the Committee will provide an update of progress in its next review.

3.3 Behind the Evidence: Forensic Services – Report 4 (31 May 2006)

Background

In the Auditor General’s fourth report of 2006, *Behind the Evidence: Forensic Services*, the Auditor General examined the delivery of forensic services in the context of the Western Australian justice system. Particular focus was given to 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.

The Committee indicated to all agencies that in June 2009 an update would be sought on the progress of the proposed joint ‘Forensic Science Centre’, and any implications if it had not been implemented. The Committee also advised agencies that it would 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.

⁸¹ *Ibid.*, p. 2.

(i) PathWest (Department of Health)

Progress Since the Last Review

As documented above, the Committee sought additional information from DoH, which has been provided in the period since the last review.

In relation to the proposal for a single forensic science centre, DoH advised that it had, in conjunction with WA Police and the Chemistry Centre, participated in a review of a proposal to establish a Forensic Science Centre. Due to its financial situation, WA Police decided against participation in the Centre. Whilst DoH did not support the proposed model, it did support the general principle of the establishment of the Centre. That being said, it did not believe that the proposed model would address coordination issues or the flow-on effects to other stakeholders.⁸²

PathWest expressed its view that there could be considerable efficiency gains with the flow of exhibits and a common use exhibit repository if its Forensic Biology facility was co-located with the forensic fingerprint section of WA Police.

In relation to the extent to which forensic services meets the needs of end users in a timely manner, through improved coordination and the development of timelines that are mutually agreed, DoH noted that representatives from PathWest, the WA Police and the Office of the Director of Public Prosecutions (ODPP) meet at least once every two months. During these meetings issues relating to workflow, communications, workload, prioritisation and the monitoring of backlogs are discussed. During these meetings, PathWest provides a report outlining the number of exhibits and cases received each month, the numbers and types of reports issued, the number of intelligence samples received and the volume of crime cases received and reported each month.⁸³

Furthermore, PathWest offers educational lectures to ODPP staff and to members of the judiciary on matters relating to DNA analysis and forensic biology. PathWest also provides tours of its laboratories to the ODPP and members of the judiciary.

In relation to the size and composition of the DNA analysis backlog and the actions taken to manage ongoing workload, DoH reiterated its view that the 37,309 exhibits reported in the Auditor General's report as constituting the 'backlog' did not 'portray a realistic picture of the situation'.⁸⁴ Subsequent to the report, a new definition of backlog has been agreed with the assistance of WA Police:

The number of open cases that have been in the laboratory over 60 days and where none of the exhibits associated with that case have undergone item examination.⁸⁵

⁸² Dr Peter Flett, Director General, Department of Health, letter, 29 May 2009, p. 1.

⁸³ *Ibid.*, p. 2.

⁸⁴ *Ibid.*

⁸⁵ *Ibid.*

According to this definition, at 25 May 2009 there were 286 exhibits associated with 24 cases that were in the backlog. DoH noted that, in 2008, there were 7,928 cases referred to PathWest that incorporated 33,530 crime scene exhibits and 6,822 reference and evidentiary samples. On these figures, the backlogged items represented less than one per cent of a year's total referrals.

That being said, strategies had been adopted by both WA Police and PathWest to manage the ongoing workload:

- increasing triaging of exhibits for all crime types;
- every case is now assigned a priority level by a police officer from the DNA and Exhibit Coordination Unit. The priority level is used by the laboratory to assign resources;
- issuing of increased summary or preliminary reports in order to meet disclosure obligations;
- direct upload of reports to the WA Police computer system; and
- the purchase of additional robotic equipment to automate laboratory processes.

In relation to the extent to which key end users, such as the Coroner or the ODPP and the courts, have been engaged in the development of strategies to manage the state's forensic service resources, DoH advised that the Coronial Service has been active in assisting with the formulation of policies and procedures in conjunction with the state Disaster Victim Identification Coordinator in the event of a state or national disaster. It was also noted that an agreement had been reached with the WA Courts for PathWest to issue a progress report for any case within four weeks of a request and to issue a full court report within 12 weeks of a request.

The Committee resolved to forward the additional information provided by 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.

(ii) *Chemistry Centre/Department of Industry and Resources*

Progress Since the Last Review

The Committee has not yet received a response from the Chemistry Centre. As the Committee has deferred further consideration of this matter until such time as the Chemistry Centre's response is provided and the Auditor General's comments on the matter are considered, the outcome of this follow-up will be included in the Committee's next review.

(iii) Western Australia Police**Progress Since the Last Review**

The Committee has not yet received a response from WA Police. As the Committee has deferred further consideration of this matter until such time as WA Police's response is provided and the Auditor General's comments on the matter are considered, the outcome of this follow-up will be included in the Committee's next review.

3.4 Second Public Sector Performance Report – Report 8 (30 August 2006)**(a) Setting Fees – Extent of Cost Recovery – Follow-up****Background**

The Committee's previous review contains an extended examination of the background to the MCB's response to the Auditor General's report. A brief summary is included in this year's review for reference.

In the Auditor General's first *Public Sector Performance Review* of 2004, 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. The Auditor General's follow-up examination, conducted in 2006, found that adjustments to adult cremation fees had not occurred. That being said, the MCB advised that efforts to develop a costing model for core business services were ongoing and revisions would be incorporated into the prices advertised in the *Government Gazette*. MCB also reported that information on its pricing policies was available in its annual report and that it did not consider it feasible to provide pricing details for the complete range of its products and services.

Actions Previously Reported

The Committee sought additional information from the MCB relating to a timeframe for completion of the costing model and requested that it clarify its statement about the impracticality of disclosing pricing policies for all of its products and services.

In response, the MCB noted that it had resolved to appoint consultants to review costs and determine fair prices for costs and services. Despite this resolution, it had been unable to locate consultants with the requisite experience to carry out the review which, in November 2007, had not been carried out. The MCB had, however, developed a memorial products costing model which was being modified and updated as a result of preliminary testing carried out in 2006.

In respect of the disclosure of its pricing policies, the MCB noted the distinction between core business services (interment and cremations, and Grants of Right of Burial) and non-core business services (various memorial products and the provision of mausoleum crypts). Those core services

are charged on a cost-recovery basis while charges for non-core services, described by the MCB as the individual choice of customers, are based on commercial principles and include a mark-up to contribute to ongoing maintenance of cemeteries. In terms of disclosing its pricing policies, the MCB advised that, following the conclusion of costing exercises, full disclosure of pricing policies for core services will occur.⁸⁶ The MCB advised that it would not disclose pricing policies relating to its non-core discretionary services due to commercial sensitivities.

The Committee considered the response and the 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 issue 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 a result, the Committee resolved to invite representatives from the MCB to attend a hearing.

At the hearing, the MCB provided additional detail on the development of its costing models and also addressed in some detail the issue of cross subsidisation. Following consideration of the information provided by MCB during a hearing and subsequently, and the Auditor General's comments in relation to this information, the Committee resolved in December 2008 to request a progress report from the MCB on the development of costing models.

Progress Since the Last review

The MCB provided the Committee with an updated status report in late September 2009. MCB reported that substantial portions of the development work for costing models had been completed. It was intended that the models would be completed and tested prior to the end of November 2009, which was noted would be in time for the 2010–2011 budget process.⁸⁷

The Committee resolved in November 2009 to request from MCB a report on the outcome of the tests of the models once they were completed in mid-December. As the Committee had not received a response from the MCB at the time of this review, the Committee will provide further information in its next review.

3.5 Second Public Sector Performance Report – Report 3 (4 April 2007)

(a) Major Information and Communications Technology Projects

Background

The Auditor General examined the delivery of major Information and Communications Technology (ICT) projects by government agencies and how this performance could be improved.

⁸⁶ Mr Peter Deague, A/Chief Executive Officer, Metropolitan Cemeteries Board, letter, 15 November 2007, pp. 3–4.

⁸⁷ P.D. MacLean AM PSM JP, Chief Executive Officer, Metropolitan Cemeteries Board, letter, 30 September 2009.

The Auditor General found that collectively over the next 10 years, government agencies will be undertaking more than 150 major ICT projects to the value of over \$1.5 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; how to achieve the maximisation of intended project benefits; and shared learning among agencies.

(i) Department of Treasury and Finance

Actions Previously Reported

A comprehensive summary of DTF's response is contained within the Committee's last review. A brief overview of the agency's response is provided here.

DTF advised that a number of initiatives had already been implemented arising out of the Auditor General's report. In particular, DTF reported that it had launched the Strategic Asset Management Framework (SAMF), which was intended to improve asset management and capital investment decisions, and comprises policies, procedures, and guidelines to facilitate the management of capital investment projects by agencies. 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 stressed that the objectives of the SAMF and CEIID are to assist agencies to achieve a 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 collaboratively with the Office of e-Government to ensure that assistance provided to agencies relating to ICT projects is complementary.

Progress Since the Last Review

The Committee reported in its last review that additional information had been sought from DTF in relation to an update of the implementation of measures identified in its response. As the Committee has not yet received the update, it will report on progress made by DTF in its next review.

(ii) Office of e-Government

Actions Previously Reported

The Committee's last review contained a detailed summary of the Department of the Premier and Cabinet's (DPC's) response to the audit findings and recommendations. A brief overview is provided here.

In relation to the Auditor General's findings, the Office of e-Government—which was administered by DPC at the time and has since been relocated to the Public Sector Commission—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, overoptimistic scheduling, inadequate project management processes and either non-existent or ineffectual governance structures'.⁸⁸

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.⁸⁹ According to DPC, the Framework is intended to improve decision-making for ICT projects via a number of initiatives. Details of those initiatives are contained in the Committee's last review.

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.

Progress Since the Last Review

The Committee reported in its last review that additional information had been sought from DPC in relation to an update of the implementation of measures identified in its response. As the

⁸⁸ Mr Mal Wauchope, Director General, Department of the Premier and Cabinet, letter, 16 May 2008, pp. 1–2.

⁸⁹ *Ibid.*

Committee has not yet received the update, it will report on progress made by DPC in its next review.

3.6 Shared Services Reform: A Work In Progress – Report 5 (13 June 2007)

Background

Detailed information in relation to the background to this audit and the findings and recommendations made by the Auditor General can be found in section 2.6 of this report.

The Auditor General examined three agencies as part of an examination of Shared Services Reform; the Committee has concluded its follow-up of two of those agencies, DoH and DET, and commentary in relation to the Committee's actions with respect to those two agencies can be found at section 2.6. As the Committee's follow-up of DTF is ongoing, the Committee's actions in relation to this agency are provided below.

Actions Previously Reported

As documented in the Committee's last review, DTF provided an extensive response to the Auditor General's recommendations and advised that, since taking responsibility for the Shared Services project, it has undertaken a number of remedial measures. These included the 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.

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 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.⁹⁰

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 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.

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 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.⁹¹

As documented in the previous review, the Committee was generally satisfied with the response provided by DTF. Having said that, 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. The Committee also queried 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. Additional information was sought on the measures DTF had put in place to ensure that revisions to the schedule are minimised thereby progressing agencies' management of the process.

⁹⁰ Mr Timothy Marney, Under Treasurer, Department of Treasury and Finance, letter, 17 March 2008, p. 3.

⁹¹ *Ibid.*, pp. 4–5.

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.

Progress Since the Last Review

DTF provided its response to the Committee's questions in February 2009. In relation to the effects of cumulative impacts arising from departures from the original implementation plan, DTF advised that its 2007 Options Case Review was developed with the Auditor General's recommendations in mind and fully considered associated financial impacts against the previously agreed implementation plans. As part of the review, an Integrated Project Plan was prepared that detailed the milestones and dependencies of the approximately 120 projects which are required to be undertaken to complete the program.⁹²

For each option reviewed, a financial model was developed which included:

- details of the additional capital costs required to implement each option above the (then) approved budget;
- the additional operating cost required to operate DTF Shared Services, which arose from delays associated with rolling in agencies;
- the impact of delays from rolling in agencies on achieving the financial benefits of \$55 million per annum; and
- the Net Present Value and payback period for each option.⁹³

DTF noted that it was not expected that there would be any future departures from the plan.

In relation to the roll-in schedule, DTF indicated that its Integrated Project Plan included the planned roll-in dates for each agency that has been scheduled to roll-in to DTF Shared Services. Agencies were sent a letter in January 2008 advising them of the Government's decision to continue with the reform program and a copy of the Integrated Plan which detailed each agency's roll-in date was attached. DTF noted that variation to the roll-in dates will be unavoidable due to interdependencies in the completion of related projects. DTF also noted the impact of machinery of government changes on the roll-in dates.⁹⁴

DTF undertook to provide information in the Budget Papers for 2009–2010 relating to the total number of agencies rolled-in to the Shared Services Centre per quarter.

⁹² Mr Timothy Marney, Under Treasurer, Department of Treasury and Finance, letter, 19 February 2009, p. 1.

⁹³ *Ibid.*

⁹⁴ *Ibid.*, p. 2.

DTF also reported that a comprehensive Program Status Report is prepared fortnightly which measures the progress of reform. The Report includes a summary of the overall program status reported against, milestones, costs and risk. It also provides details of the status of individual projects and issues arising for each project currently underway. A copy of the Report is submitted each month to the Shared Services Governance Council for discussion and endorsement. Once endorsed, a copy is forwarded to the Treasurer.⁹⁵

The Committee resolved to forward DTF's response to the Auditor General for comment. After giving consideration to the Auditor General's views, the Committee was satisfied that progress was being made in most areas identified in the Auditor General's report. The Committee noted, for instance, that DTF had satisfied the requirement of recommendation three, as DTF had commenced reporting in the 2009–2010 Budget Papers the roll-in of agencies as a KPI. The Committee was also satisfied that DTF's additional response in respect of recommendation four indicated that the Shared Services Governance Council continued to provide oversight of the whole-of-government shared corporate services reform program.

That being said, the Committee resolved in November 2009 to write to DTF seeking additional information in relation to recommendations one and two. DTF's response referred the Committee to two documents—the *Shared Corporate Services Reform: Options Case Review* and the *2007–08 Mid-Year Financial Projections Statement*—from which the Committee was advised by the Auditor General that the additional cost of the Shared Services reform initiative and full Oracle ERP implementation was \$243.2 million over the four-year period 2007–2008 to 2010–2011. The Committee noted that it was not clear from this information what the total cost of implementing the Shared Services reform initiative was compared to the costs as projected from the original Business Case. The Committee asked DTF to provide it with this information.

The Committee also noted that the four-year forward estimates indicated that the expected savings from the Shared Services reform initiative has been down scaled to an estimated \$84 million compared with \$194 million from the 2007–2008 Budget. The Committee noted that the Mid-Year Review provided an explanation of a number of factors giving rise to the reduction in expected savings, but did not provide specific figures. Consequently, the Committee sought clarification from DTF regarding the basis for the assumptions used to revise the expected savings downwards.

The Committee was aware that uncertainty about agencies' roll-in to Shared Services had been previously identified by the Auditor General as contributing to the additional costs in managing their corporate services in the interim. The Committee noted that DTF had indicated in its response that a detailed roll-in schedule had been prepared, and requested that DTF provide a statement of progress to date of the Shared Services reform initiative against the roll-in schedule including identifying agencies that have been rolled in on time and those still waiting.

Finally, the Committee also requested current estimated savings arising from the reform initiative for this budget year and the forward estimates.

⁹⁵ *Ibid.*, p. 3.

As DTF had not responded to the Committee's request for additional information at the time of reporting, the Committee will continue its follow-up in its next review.

3.7 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 while information on home-based services is readily available, 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:

- 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. DSC and DoH submitted separate responses to the Committee in relation to the Auditor General's recommendations. A comprehensive summary of the responses was provided in the Committee's previous review. At the time of that review, the Committee had referred the departments' responses to the Auditor General.

(i) Department of Health**Progress Since the Last Review**

Following consideration of DoH's response and the commentary provided by the Auditor General, the Committee resolved to write to the Department. The Committee noted the significant work undertaken by DoH, and expressed its view that cooperation between DSC and DoH should be maintained and potentially extended. The Committee noted that in response to the recommendation for joint planning, both agencies indicated cooperation, but not necessarily joint planning. The Committee cited as an example DoH's statement that DSC had 'input' into the planning processes relating to the Home and Community Care (HACC) Triennial Plan.

As a result, the Committee sought from DoH additional information on how the joint planning was occurring between the Department and DSC in relation to the matters raised in the Auditor General's report.

In response, DoH noted that it works in partnership with DSC, the Commonwealth Department of Health and Ageing, Aged and Community Care Services Western Australia and other agencies to plan and implement services for frail aged, younger people with disabilities and their carers. DoH noted that joint planning occurs across a range of levels from departmental officer interactions up to the national level.

DoH detailed the processes involved in the HACC Triennial Planning process and noted that it was working with DSC to incorporate quantitative data from the disability service sector into the HACC planning process. DSC's local area coordinators were said by DoH to play a vital role in the provision of this data. HACC project officers are based in the HACC regions and attend, in conjunction with DSC local area coordinators, interagency meetings to discuss planning and service delivery issues on a monthly basis. Relevant information arising from these meetings is provided to the HACC planning team.⁹⁶

Furthermore, senior staff members from HACC and DSC have established a meeting following the handing down of the State Budget to plan for the development of complementary services and other relevant issues. These meetings are in addition to the quarterly meetings that occur to plan and address issues as they arise.

DoH also provided information on a project heavily reliant on joint planning with DSC. The project relates to the provision of services to Aboriginal people who are frail aged, younger people with disabilities, and people with mental health issues living in remote communities. The partnership consists of the DSC Kimberley Manager, Kimberley Aged and Community Services, Kimberley Mental Health Manager and the Looma Community Council. DoH identified the development of an agreed set of principles by the Council of Australian Governments (COAG) in relation to the development of a reform package across aged care and disability. The Department was working in conjunction with DSC to clarify roles and responsibilities regarding the

⁹⁶ Dr Peter Flett, Director General, Department of Health, letter, 14 May 2009.

development of the reform package in Western Australia and, once COAG had agreed on the package, DSC and DoH would work together to progress the COAG requirements.⁹⁷

The Committee resolved to forward the additional information provided by 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.

(ii) Disability Services Commission

Progress Since the Last Review

Following consideration of DSC's response and the commentary provided by the Auditor General, the Committee resolved to write to the Commission. The Committee noted the actions undertaken by DSC in addressing the recommendations made by the Auditor General; however, it sought additional information demonstrating that cooperation between DSC and DoH was ongoing. The Committee noted that DSC had explained that 'it is anticipated that the Department of Health, along with other government departments, will be engaged in partnership initiatives to implement long-term future initiatives for people with disabilities, their families and carers'.⁹⁸

The Committee also noted its concerns about whether the recommendation specific to DSC that it 'should develop mechanisms with stakeholders that provide more suitable feedback to applicants who have unsuccessfully applied for Supported Community Living Services' had been adequately addressed. DSC reported that it has ongoing processes to continue consumer information sessions and visits by coordinators to individuals identified as requiring support given unsuccessful applications, but it was not evident to the Committee whether this adequately addressed the need for suitable feedback to be available to all those who want it.

In response, DSC noted that joint planning and collaboration occurred across all levels of DSC and DoH. DSC provided two examples of planning and sharing of information and resources between DSC local area coordinators and DoH Home and Community Care staff. Similar to the response provided by DoH, DSC noted that meetings will occur following the handing down of the State Budget and that the two agencies had been involved in significant collaborative work in regard to the national agenda for disability and aged care services.⁹⁹

On this latter point, DSC advised that it had been engaging in a major long-term planning exercise through its Disability Future Direction 2025 project, which had involved extensive engagement with a number of agencies, include DoH.

In relation to the Committee's questions regarding the adequacy of feedback to unsuccessful applicants, DSC reported that three consumer information sessions had been held to enable

⁹⁷ *Ibid.*

⁹⁸ Dr Ron Chalmers, Director General, Disability Services Commission, letter, 15 July 2008.

⁹⁹ Dr Ron Chalmers, Director General, Disability Services Commission, letter, 15 May 2009, p. 1.

applicants and other affected parties to express their issues of concern and enable them to gain a better understanding of DSC's processes. Unsuccessful applicants who had been identified as being in need of support were also visited by coordinators and updates were provided two or three times per year to key stakeholders, including DoH.¹⁰⁰

DSC also noted that local area coordinators continue to play a vital role with families caring for family members with disabilities, including those who have been unsuccessful in achieving funding through the Combined Applications Process.

The Committee resolved to forward the additional information provided by DSC 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.

3.8 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 purchases 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 per cent of land tax assessments in 2006–2007 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 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.

¹⁰⁰ *Ibid.*, p. 2.

Actions Previously Reported

The Committee provided a detailed summary of DTF's response in its last review. An abridged summary is provided below:

- Significant reductions in the number of data-mismatches had occurred subsequent to the Auditor General's examination, down from 115,868 to 47,339 as at 30 June 2008.
- 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.
- 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'.¹⁰¹ Work in this area has revealed current data mismatches between Landgate's three core systems which require rectification.
- Underlying causes of data mismatches were being addressed via the land data integrity computing project being undertaken by the OSR.
- In terms of the time needed to correct data mismatches, DTF advised that it will likely take 24 months rather than the 18 months reported by the Auditor General.

Progress Since the Last Review

The Committee provided a copy of DTF's response to the Auditor General for comment, and after considering both the Auditor General's comments and the Department's response, the Committee resolved in February 2009 to seek additional information from the Department. Although the Committee was satisfied by the progress that had been made, it requested that DTF provide it with an update in February 2010 regarding progress made to resolve the errors relating to land ownership information and associated mismatches.

The Committee will report on updated progress in its next review.

(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

¹⁰¹ Mr Timothy Marney, Under Treasurer, Department of Treasury and Finance, letter, 25 July 2008, p. 3.

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

Following is a summary of the response provided to the Committee by the Legal Aid Commission:

- In order to adequately verify applicant eligibility under income and assets tests, the Legal Aid Commission reported that a new application form had been introduced that included provision for applicants to disclose their Centrelink client numbers in order to demonstrate their entitlement to Commonwealth benefits. Additionally, a new 'Financial Eligibility and Contribution Policy' was ratified by the Commission in July 2008. This policy clarifies the circumstances in which additional information should be sought by Commission staff in order to provide independent verification of financial information.¹⁰²
- In respect of the Auditor General's recommendation to regularly review decisions to grant aid for legal representation, the Legal Aid Commission reported that a twice-yearly review of administrative decisions concerning clients' eligibility for aid had been instituted. The first such review occurred in July 2007.
- The Legal Aid Commission also reported that clients' continued eligibility for funding was undertaken each time an extension of aid or payment of a solicitor's account is made. The Commission has also initiated a procedure whereby all case files with no activity for six months or more are reviewed. This is accompanied by a periodic audit of the files of private practitioners.
- The Legal Aid Commission noted that the final assessment of a client's obligation to contribute towards the costs of legal assistance were being addressed through improved systems controls, namely the requirement to evidence that assessment of an obligation to contribute has been considered and recorded on file.¹⁰³

¹⁰² Mr George Turnbull, Director of Legal Aid, letter, 13 February 2009, pp. 1–2.

¹⁰³ *Ibid.*

Actions/Comments of the Committee

Following consultation with the Auditor General, the Committee resolved to seek further information from the Legal Aid Commission on the following two issues:

- the lack of information about the total need for legal assistance; and
- the lack of quality oversight of services provided by private practitioners, particularly for high cost, high priority matters.

As the Committee has deferred further consideration of this matter until the Legal Aid Commission's response is received, the outcome of this follow-up will be included in the Committee's next review.

3.9 Fourth Public Sector Performance Report – Report 9 (26 September 2007)

(a) 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 2006–2007 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'.¹⁰⁴

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'.¹⁰⁵

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

¹⁰⁴ Auditor General for Western Australia, *Fourth Public Sector Performance Report 2007*, Report 9, September 2007, p. 17.

¹⁰⁵ *Ibid.*, p. 20.

monitoring were low—falling below the five per cent of delivery notes that the Regulations cite should be checked for accuracy. In elaborating, the Auditor General stated that in the period 2006–2007, 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’.¹⁰⁶

Progress Since the Last Review

The Committee has been in discussion with the FPC regarding the submission of its response to the Auditor General’s recommendations. It anticipates that a response will be received in late 2009 and the Committee’s actions will be documented in its next review.

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

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

¹⁰⁶ *Ibid.*, p. 17.

and projects'.¹⁰⁷ 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 they enable 'assessment of the value for money and achievement of objectives of the projects and programs'.¹⁰⁸

At the time of the Committee's previous review, DAFWA had been requested to provide details on the actions it had taken to address the recommendations made in the Auditor General's report.

Agency Response

DAFWA reported that subsequent to the completion of the audit, a new NRM program (Caring for Our Country) was announced by the Commonwealth government. DAFWA noted that this resulted in significant changes to the nature of the arrangement between the state and Commonwealth governments.¹⁰⁹ Most importantly, there was no longer an obligation on the part of the state to match Commonwealth funding directed to regional NRM groups addressing Commonwealth priorities.

DAFWA also highlighted that the Minister for Agriculture and Food had instituted an NRM Review, which assessed arrangements for 'regional delivery and the need for an ongoing program'.¹¹⁰ A draft report was provided to the Minister in late February 2009 and provides recommendations on governance arrangements, with focus on the roles and responsibility of regional NRM groups and the extent of their involvement in service delivery.

In light of the issues detailed above, and the tightening of the state's finances, DAFWA indicated that the state's position in relation to continued funding for regional NRM projects was under review.

With respect to responding to the Auditor General's specific recommendations, DAFWA provided the following information:

- Following the Auditor General's report, a State NRM plan had been developed and submitted to the Minister for Agriculture and Food. The plan established the direction and framework for implementation of the NRM and focuses on integration, effectiveness and accountability. An implementation plan was due to be completed before September 2009.
- In relation to the recommendation to review the 'program logic of regional NRM strategies', DAFWA had initiated, in partnership with the Commonwealth Government, training programs for regional groups. It was envisaged that, in future, an NRM Investment Framework would enforce a 'program logic' approach to ensure that projects are cost effective and enable assessment of future improvement, value for money and

¹⁰⁷ Auditor General for Western Australia, *Performance Examination of Administration of Natural Resource Management Grants*, Report 11, November 2007, p. 39.

¹⁰⁸ *Ibid.*

¹⁰⁹ Mr Ian Longson, Director General, Department of Agriculture and Food, letter, 12 March 2009, p. 1.

¹¹⁰ *Ibid.*

achievements. Furthermore, a specific application tool had been developed to support the application of the NRM Investment Framework.

- DAFWA reported that ‘initial frameworks’¹¹¹ for monitoring, evaluating and reporting the National Action Plan for Salinity and Water Quality (NAP) and National Heritage Trust programs had been implemented. Associated training commenced in September 2007 and had been completed at the time DAFWA wrote to the Committee. More broadly, DAFWA noted that the State NRM Implementation Strategy will recommend an appraisal system that includes schedules for monitoring, evaluation, reporting and improvement.

Actions/Comments of the Committee

The Committee consulted with the Auditor General. While he expressed concern about a general lack of progress over an extended period of time in relation to the monitoring and evaluation of natural resource programs that have been funded under the National Action Plan and Natural Heritage Trust Programs, the Auditor General also noted that progress had been made by DAFWA in implementing the recommendations of the report.

Following consultation with the Auditor General, the Committee informed DAFWA that it would follow-up with the Department in 12 months in relation to approval of the State NRM plan and the status of the State NRM Implementation Strategy.

As the 12-month follow-up will occur in April 2010, the Committee will report on DAFWA’s response in its next review.

3.11 Public Sector Performance Report 2008 – Report 1 (19 March 2008)

(a) Regulation of Security Workers

Background

For detailed information on the background to this report and the findings and recommendations of the Auditor General, refer to section 2.13. The Auditor General reviewed both WA Police and DCS as part of the examination of the regulation of security workers. As the Committee’s follow-up with DCS is ongoing, the Committee’s actions in relation to this agency are documented below. For information on the Committee’s completed follow-up of WA Police, refer to section 2.13.

¹¹¹ *Ibid.*, p. 2.

(i) Department of Corrective Services**Progress since the Last Review**

At the time of the Committee's previous review, DCS had been contacted to provide a response detailing its implementation of the Auditor General's recommendations. That response has since been provided and is summarised below.

DCS noted that the Auditor General had directed two recommendations for the agency to implement. The first related to the requirement to carry out criminal history checks when public prison officers are redeployed, transferred or promoted. The Department supported the recommendation and undertook an audit to identify those DCS officers requiring criminal screening as a result of transfer or promotion. Additionally, the Department reviewed relevant policies regarding criminal record screening. Ongoing checking by management and the formal Department-wide check by the Screening Coordinator constitutes a framework, in the view of DCS, to ensure compliance with DCS Criminal Records Screening Policy.¹¹²

The second recommendation directed at DCS related to a requirement for the Department to contact referees to confirm information provided by job applicants. DCS did not support this recommendation and noted that it was broad, given that the findings in the Auditor General's report pertained to permits to work in the privately operated Acacia Prison. The Department was of the view that it was the responsibility of the provider of contracted services to the prison to determine the suitability of a contracted worker. The Department highlighted the relevant clause of the contract signed by the contracted service provider, which requires it to make 'all appropriate enquiries and carry out a proper investigation' of any contractors. On that basis, DCS expressed the view that it did not consider it appropriate for it to ensure nominated referees are contacted by the Contractor.¹¹³

Actions/Comments of the Committee

The Committee resolved to forward the Department's response to the Auditor General for comment. The Committee is considering the response of both the Auditor General and the Department and additional follow-up, should it occur, will be documented in the Committee's next review.

¹¹² Mr Ian Johnson, Commissioner, Department of Corrective Services, letter, 7 April 2009, pp. 1–2.

¹¹³ *Ibid.*, p. 2.

3.12 Performance Examinations of Risk Management, Delegation of Authority and Records Management – Report 2 (7 May 2008)

(a) Risk Management

Background

For information on the background to this examination of risk management, refer to section 2.11 of this report.

During the period the Committee concluded its follow-up of two agencies examined by the Auditor General—LandCorp and the Perth Zoo. Information on the Committee's actions with respect to those agencies can be found in Section 2.11. The Committee's follow-up of the Animal Resources Centre, the Art Gallery of Western Australia, the Botanic Gardens and Parks Authority and Tourism WA is ongoing and is documented below.

(i) *Animal Resources Centre*

At the time of reporting, the Committee had not yet received a response from the Animal Resources Centre. The Committee anticipates receiving a response in late 2009 and will provide a report on progress in its next review.

(ii) *Art Gallery of Western Australia*

At the time of reporting, the Committee had not yet received a response from the Art Gallery of Western Australia. The Committee anticipates receiving a response in late 2009 and will provide a report on progress in its next review.

(iii) *Botanic Gardens and Parks Authority*

Agency Response

In response to the Auditor General's recommendations, the Botanic Gardens and Parks Authority (BGPA) advised that it had been updating its electronic and web based assessment and reporting system, which is used for identifying and managing all BGPA risks. The system was not fully complete at the time of writing to the Committee, although it was anticipated that once fully implemented, the BGPA will be able to more efficiently assess and review risks, and reports will be made on a quarterly basis to the BGPA's Corporate Executive.¹¹⁴

Actions/Comments of the Committee

The Committee forwarded the BGPA's response to the Auditor General for comment. After considering the Auditor General's commentary, the Committee resolved to ask for a progress

¹¹⁴ Mr Mark Webb, Chief Executive Officer, Botanic Gardens and Parks Authority, letter, 16 June 2009.

report once the electronic assessment and reporting system had been implemented. The Committee will advise of further progress in its next review.

(iv) Tourism WA

Agency Response

Tourism WA advised that, following the tabling of the Auditor General's report, it had continued to implement risk management strategies across the agency. Particular actions taken include:

- conduct of a strategic risk management workshop;
- review of strategic risks, taking into account the global economic environment;
- commencement of Tourism WA's business continuity plan;
- conduct of risk assessments for all Board and Executive matters for decision;
- incorporation of risk assessments in the agency's operational planning; and
- incorporation of risk assessment training in the staff induction program.

Additionally, risks identified in Tourism WA's risk register have been transferred to web based software provided by RiskCover. It is anticipated that this action will facilitate the involvement of line management in documenting and managing risks in operational activities.¹¹⁵

Actions/Comments of the Committee

The Committee forwarded Tourism WA's response to the Auditor General for comment. As the Auditor General's commentary had not been received at the time of reporting, the Committee shall detail additional follow-up in its next review.

(b) Delegation of Authority

Background

Refer to Section 2.11 of this review for information about the background to this performance examination and the details of the Auditor General's recommendations. Section 2.11 contains information regarding the Bunbury Port Authority, WorkCover and the Armadale Redevelopment Authority. The Committee has concluded its follow-up in relation to these agencies. This section details the agencies for which the Committee's follow-up is ongoing.

¹¹⁵ Mr Richard Muirhead, Chief Executive Officer, Tourism WA, letter, 16 June 2009.

(i) Department of Fisheries**Agency Response**

In response to the Auditor General's recommendations, the Department of Fisheries reported that it had reviewed and amended its policy and procedures for the making and revocation of delegations under the *Pearling Act 1990*, the *Fish Management Act 1994* and subsidiary legislation. The revised policies, which were provided to the Committee, noted the intent to minimise the recurrence of problems associated with the Department's previously *ad hoc* approach to delegations. The policy document established a central coordinator for the establishment and revision of delegations. A clear requirement to record delegations was also established in the document.

The Department of Fisheries also advised that it had established a review of existing delegations under the relevant Acts and subsidiary legislation.¹¹⁶

Actions/Comments of the Committee

The Committee resolved to forward the additional information provided by the Department of Fisheries 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.

(ii) Potato Marketing Corporation**Agency Response**

The PMC provided the Committee with a copy of its 'Operations Management Manual', which contained a register of delegations used within the PMC, their purpose and the identities of the relevant delegator and delegatee.¹¹⁷

Actions/Comments of the Committee

The Committee resolved to forward the PMC's response to the Auditor General for comment. Following consideration of both the commentary provided and the initial response, the Committee resolved to seek additional information from the PMC. The Committee was not satisfied that the PMC had clearly responded to the recommendation contained within the audit report and sought further clarification whether the PMC would regularly and routinely review the manner in which delegation is undertaken within the agency. The Committee will include additional information provided by the PMC in its next review.

¹¹⁶ Mr Stuart Smith, Chief Executive Officer, Department of Fisheries, letter, 9 October 2009.

¹¹⁷ Mr Robin Nusey, Chief Executive Officer, Potato Marketing Corporation, letter, 15 June 2009, p. 1.

(c) Records Management

Background

A detailed summary of the background to the examination of Records Management by the Auditor General can be found at section 2.11. The Committee's follow-up of the agencies documented below is ongoing. For information in relation to the Committee's actions regarding the Department of Sport and Recreation, the Metropolitan Cemeteries Board, the Peel Development Commission, the Public Trustee and the Western Australian Electoral Commission, refer also to section 2.11.

(i) Western Australian Land Information Authority (Landgate)

Agency Response

Landgate documented in its response that it had developed processes, including regular reminder notices, in order to ensure that staff members had completed records awareness training within three months of their commencement at the agency. It had also taken steps to ensure that staff members were granted appropriate IT access rights and had undertaken a review of active accounts to ensure that inactive accounts were properly removed from its systems. In relation to the security of administrator passwords of its servers, Landgate reported that it had taken steps to ensure regular changes to passwords and to ensure that only ongoing members of its server support provider have access to its servers and associated passwords.¹¹⁸

In response to the recommendation that it ensure adequate user logging and auditing of its key systems, Landgate noted that it had enabled auditing and logging on its production databases and that a six-month review had been implemented.

Actions/Comments of the Committee

The Committee resolved to forward Landgate's response to the Auditor General for comment. After considering both the Auditor General's comments and the response, the Committee sought additional information from Landgate. Specifically, the Committee asked for further information on the actions taken to address the recommendation pertaining to information technology disaster management plans for records systems. As the Committee has not yet received a response to its request for the additional information, it will continue its follow-up in its next review.

(ii) Geraldton Port Authority

Due to major upgrades to its Server and Server Infrastructure Systems, the Geraldton Port Authority (GPA) requested that its response to the Auditor General's recommendations be postponed until such time as its new equipment was operational and new disaster recovery management systems were in place. The Committee has agreed to the request and will include its follow-up of GPA in its next review.

¹¹⁸ Mr Mike Bradford, Chief Executive, Landgate, letter, 19 June 2009, pp. 2–3.

3.13 Lost in Transition: State Services for Humanitarian Entrants – Report 3 (11 June 2008)

Background

The Auditor General's third report for 2008, *Lost in Transition: State Services for Humanitarian Entrants*, examined the effectiveness of services being delivered to humanitarian entrants by state government agencies. Humanitarian entrants are 'people displaced by humanitarian crises for which no other durable solutions exist'.¹¹⁹ The successful settlement of humanitarian entrants and the associated minimisation of entrenched social problems are largely dependent on the accessibility and effectiveness of government services. The Auditor General's Performance Examination addressed whether government agencies, specifically DoH, DET, DHW, and the Office of Multicultural Interests (OMI) 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.

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 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 co-locate.

(i) Joint Response to the Audit

Agencies responses

OMI undertook to provide a joint response to the Auditor General's report on behalf of itself, the Departments of Health, Education and Training, and Housing.

OMI noted several issues that had been highlighted as a result of the Across-Government Working Party in Settlement Issues for African Humanitarian Entrants (African Working Party), which produced the *Settlement Issues for African Humanitarian Entrants in Western Australia Implementation Report* in December 2008. That report found that:

- Commonwealth and state government agencies had been generally active in responding to the needs of African humanitarian entrants and in responding to the recommendations made by the African Working Party.

¹¹⁹ Auditor General for Western Australia, *Performance Examination: Lost in Transition: State Services for Humanitarian Entrants*, Report 3, June 2008, p. 10.

- In the three years since consultations were conducted, agencies had become better able to deal with issues identified for African humanitarian entrants.
- In recent years the intake of people from African countries through Australia's Humanitarian Program had decreased significantly and that the number of people from Burma had increased proportionate to the decline in numbers from Africa. That being said, the decline did not lessen the need for assistance to be provided to the arrivals from African countries.
- Not all African humanitarian entrants have high and complex needs.
- In order for government agencies to respond to Australia's changing demographics, there is a need for agencies to improve data collection, increase the cultural competency of staff, and review and adapt programs to meet the varying needs of a diverse client base.
- Many targeted and successful projects have been subject to short-term funding without the capacity for continued service provision.
- The following areas require ongoing attention by the state government:
 - improving agency data collection to identify client needs and inform policy and planning in relation to service delivery;
 - better delivery of quality assured cultural competency training across the public sector;
 - greater diversity in public sector recruitment;
 - ongoing implementation of the Western Australian Language Services Policy to address language and literacy obstacles faced by humanitarian entrants; and
 - coordination of state government services delivered to humanitarian entrants.
- Access to affordable and appropriate housing for African humanitarian entrants remains the primary critical issue.¹²⁰

The joint response provided by OMI addresses its commentary towards both the Auditor General's report and the African Working Party's Implementation Report summarised above.

Recommendation One

An Implementation Committee was formed arising from the recommendations contained within the previously mentioned *Settlement Issues for African Humanitarian Entrants in Western Australia Implementation Report*. The Implementation Committee met on four occasions in 2008

¹²⁰ Ms Jennifer Mathews, Director General, Department of Local Government, letter, 7 August 2009, pp. 5–7.

during which information regarding the specific needs of humanitarian entrants, ways to address those needs, and actions taken by agencies since 2006 was shared between the Department of Commerce, DoH, DET and the Department of Housing. A State Services Coordinating Committee comprising the same agencies will be formed in order to continue this work.

The State Inter-agency Settlement Group was re-established in May 2009 in order to focus on Western Australia-specific settlement issues and information sharing between Commonwealth and state agencies. The Group, which will be chaired by OMI, is intended to meet three times per year and will report outcomes and improvements in settlement services to relevant Commonwealth and state Ministers each year.

WA Health has established a WA Refugee Health Advisory Council to improve understanding of effective service delivery approaches for humanitarian entrants. The Council will develop coordinated approaches to the planning and delivery of services for this group. WA Health has also distributed resources to general practitioners and updates the *Directory of Bilingual and Bicultural Mental and General Practitioners* every two years.

DHW undertook to improve information collection on humanitarian entrants' service needs. In December 2008, Dr Casta Tungaraza from Murdoch University was contracted to conduct focus groups with key stakeholders involved with the settlement of humanitarian entrants. The final report to the Department of Housing contained a number of recommendations relating to policy and service delivery, which the Department is currently reviewing and working through.

Recommendation Two

In 2008, a Housing Advisory Roundtable was established to engage with advocates and peak bodies on social housing issues. The Ethnic Communities Council of Western Australia represents culturally and linguistically diverse (CaLD) communities on the Roundtable. Focus groups associated with the Roundtable are held twice-yearly and the first dealt with humanitarian entrants, refugees and people from new and emerging CaLD groups. The issue of discrimination in the private rental market was examined and a number of potential solutions were discussed and are currently being considered.

A review of housing service delivery was conducted by Dr Nola Kunnen of Curtin University. The review identified a number of areas requiring improvement and, should the review's recommendations be implemented, the Department of Housing would move to 'a full assessment of the needs of clients'.¹²¹ This would better enable the Department to respond to the unique needs of humanitarian entrants. Subsequent waiting list prioritisation and allocation of housing would then be informed by this new assessment process.

¹²¹ *Ibid.*, p. 10.

These reviews, focusing on the needs of humanitarian and refugee entrants, are taking place concurrent to the Social Housing Taskforce, which was established by the Minister for Housing to ‘redefine WA’s approach to social housing’.¹²²

Recommendation Three

The Department of Housing is exploring improvements to the collection and use of data to enable better planning and targeting of services for humanitarian entrants. The Department of Health is also exploring the development of a needs analysis specific to humanitarian entrants, which will improve data collection in relation to utilisation and effectiveness of health services provided to humanitarian entrants. DET also collects information on the numbers of humanitarian entrants enrolled in schools and requiring English language support.

The Western Australian Across Government Network, administered by OMI, comprises representatives from key government agencies and is currently reviewing the data collected by agencies in relation to ethnicity. It is intended that the results of this review will ‘inform future work to standardise data collection across State Government Agencies’.¹²³

DET’s teacher training programs include training for the needs of humanitarian entrants, specifically African migrants with limited experience of formal schooling. Professional Learning Packages were delivered to more than 81 specialist teachers and consultants in 2008. Teachers are also able to access professional development from government and non-government organisations, including the Association of Services to Torture and Trauma Survivors (ASeTTS), the One World Centre and the Edmund Rice Centre.

The Department of Health is a member of the Multi-jurisdictional Working Group (MWG) on Refugee and Humanitarian Entrant Health. The MWG conducted a review of the Curriculum for Australian General Practice from which a letter was written to the Deans of medical faculties in Australian universities. The letter advised institutions that tertiary curricula for health professionals should incorporate units in areas of refugee health. Other resources available to general practitioners include:

- a training package developed by the New South Wales Transcultural Mental Health Centre; and
- *Promoting Refugee Health: A Guide for Doctors and Other Health Care Providers Caring for People of a Refugee Background*, a web based resource for health care providers on refugee health.

OMI highlighted the role that the *Policy Framework for Substantive Equality* plays in addressing issues that confront humanitarian entrants. The Framework assists departments in:

¹²² *Ibid.*

¹²³ *Ibid.*, p. 12.

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- undertaking needs assessments to identify needs and set objectives to cater for people from Indigenous and CaLD backgrounds;
 - formulating learning and development priorities to ensure staff have the competency to meet the needs identified;
 - establishing organisational performance appraisal systems to assess and monitor organisational performance towards achieving substantive equality; and
 - monitoring strategies and initiatives against set objectives and targets.

The Department of Health is legislatively required to report on the implementation of substantive equality in its annual report and also reports directly to the Equal Opportunity Commission. DoH has also convened a Substantive Equality Implementation Committee comprising senior officers across the Department. This Committee has adopted a new approach to implementing the Policy Framework that requires each departmental area to undertake an equality impact assessment on a nominated service area. DoH will also undertake eight (one for each health area) substantive equality projects that will provide quarterly status and activity reports to the Substantive Equality Implementation Committee. Expert working groups will also progress work including the 'review of DoH's language services policy, health workforce training on appropriate use of interpreters, better data collection and reporting mechanisms, language services planning and promoting interpreter services to consumers'.¹²⁴

The Department of Housing has undertaken the following actions during the previous 12 months in relation to implementing the Substantive Equality Policy Framework:

- Working with the Equal Opportunity Commission to conduct a comprehensive review of rental policies in order to identify impact on CaLD groups.
- Communications methods with clients have been altered and the Department of Housing no longer assesses waiting lists through an automated written process. Reasonable attempts are now made by the Department to contact clients verbally, or through an advocate, in order to discuss specific housing needs.
- Proof of identity policies have been reviewed in order to allow additional flexibility for clients who might have difficulty meeting existing identity requirements.
- The quality of written information is being reviewed to ensure that the tone, level of information and accessibility are further enhanced for people from non-English speaking backgrounds. This extends to areas such as accounts, maintenance information and calling cards.

¹²⁴ *Ibid.*, p. 14.

- Department staff members have trialled a multicultural awareness training course to increase competency in cross-cultural communication.¹²⁵

With the assistance of OMI, DET is trialling *Countering Racism in Schools*, a ‘whole of school approach to addressing issues of systemic racism in schools’.¹²⁶ The program allows schools to review and evaluate how they respond to systemic racism and to develop policies, strategies and curriculum initiatives.

The Department of Health and the Department of Education and Training, in addition to OMI have undertaken a range of research and evaluation measures in relation to humanitarian entrants. These include:

- Collaborative research involving Curtin University, the WA Health Transcultural Health Service and ASeTTS to trial psychological intervention on children from African backgrounds who may be experiencing post-traumatic stress disorder or may be at risk of developing the disorder.
- The development of a framework by DET to support school psychologists in ensuring that CaLD students experiencing language or learning difficulties are monitored.
- Reviews conducted by OMI of its Community Relations Integration Officer (CRIO) and its Inclusion and Integration Grants Program (IIGP). The CRIO program was introduced to raise awareness amongst CaLD communities of services and programs that are available to the broader community. The program aims to develop relationships and networks between CaLD communities and service providers to facilitate access to services and programs and to build the capacity of these communities to find solutions to their needs. The IIGP funded programs aim at building community capacity and promoting integration and active participation by all members of Western Australia’s community. The reviews of these programs identified the importance of selecting project personnel with relevant appropriate knowledge and skills: for example, bilingualism. Other issues identified in the review included the importance of making venues and help centres welcoming, including having multilingual signs.

Recommendations Four and Five

The state government’s Language Services Policy was revised in 2008 and has been endorsed by the Premier and Minister for Citizenship and Multicultural Interests. OMI distributes the Western Australian Interpreter Card and assists government agencies in relation to the Language Services Policy and the use of interpreters and translators.

‘On call interpreter services’ are used by public schools throughout the state to assist communication with parents who speak languages other than English. The Department of Education and Training noted that the use of services had increased 100 per cent in 2008

¹²⁵ *Ibid.*

¹²⁶ *Ibid.*

compared with the previous year. DET had also published a guide for migrants to Western Australia planning to enter the workforce which had been translated into Arabic and Chinese. The Department also spends approximately \$8 million each year providing funding for post-secondary English as a second language education to adult students. Translated information is also provided to parents of primary and secondary students in a variety of languages.

The Department of Housing purchases services from the Commonwealth Telephone Interpreter Service for telephone interpreting, face-to-face interpreting and for regular, open sessions advertised to members of particular language groups in order that that particular group's needs are addressed.

Multicultural training for general practitioners is not standardised, although the profession's peak educational body, the Royal Australian College of General Practitioners (RACGP), has a website dedicated to refugee health. Cross cultural issues are also examined in the RACGP curriculum chapter on multicultural health. For GPs already qualified, ongoing training is usually provided by Divisions of General Practice, which hold regular education sessions relevant to the needs of the members.¹²⁷

Recommendation Six

The Auditor General recommended that agencies identify programs or areas where improved flexibility would enable greater accessibility or effectiveness. OMI noted that the African Working Party had recommended that Intensive English Centre (IEC) programs be made more flexible, with the aim of allowing students to attend the IECs for only as long as required to develop English skills for the transition to mainstream schooling. A lower teacher-student ratio was also recommended.

The Department of Education and Training has introduced specialised training and professional development packages designed to supplement the role of ESL (English as a Second Language) visiting teachers, who provide support to IEC students transitioning to mainstream schools.¹²⁸ Additional IEC support mechanisms have included the employment of specialists to work with students aged 15–17 years. A pilot program was also introduced for IEC students in kindergarten and pre-primary levels of education in Balga. The objectives were to improve the English levels of pre-primary level children and, through the employment of an 'African Ethnic Assistant' strengthen ties with the local African community and 'decrease perceived barriers to the involvement of parents from this community in school events'.¹²⁹ According to DET, measurable improvements have been recorded in student performance.

The Department of Housing has also instituted a new application review process. Rather than removing applicants from the waiting list for housing when no response to written communication

¹²⁷ *Ibid.*, pp. 16–18.

¹²⁸ *Ibid.*, p. 19.

¹²⁹ *Ibid.*, p. 20.

is received, the Department will only remove an applicant once a rigorous attempt has been made to establish contact through a variety of means.

Recommendation Seven

The Auditor General recommended that a more coordinated approach be given to the planning and delivery of state government services to humanitarian entrants. The establishment of Integrated Service Centres (ISCs) arose out of a recommendation made by the African Working Party, which noted the need to provide holistic and coordinated services for African humanitarian entrants. There are ISCs at Parkwood and Koondoola and these centres provide mental health and counselling support and liaise with key settlement services providers in the education and health fields, in addition to liaising with school and educational psychologists.

Another recommendation arising from the African Working Party was the establishment of ‘curriculum leader’ positions at IECs. These positions ensure integrated and consistent service provision for students located at IECs.¹³⁰

Actions/Comments of the Committee

The Committee forwarded the joint response to the Auditor General for comment. As the Auditor General had not provided a response at the time of reporting, the Committee will continue its follow-up in its next review.

3.14 The Juvenile Justice System: Dealing with Young People Under the *Young Offenders Act 1994* – Report 4 (18 June 2008)

Background

The *Young Offenders Act 1994* (the YO Act) was created 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) and requires WA Police and other agencies to consider alternatives to court. These include using custody and 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 (JJs); participation of victims of crime in the justice process; whether remand was used as an option of last resort; and location by WA

¹³⁰ *Ibid.*, p. 21.

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 14 police districts accounting for 85 per cent of police contacts with young people.

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 JJTs 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 JJT program through improved timeliness and ensure action plans are targeted at supporting the young person's rehabilitation and 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 with the opportunity, and support, to be involved with JJTs, and evaluate for the purposes of continuous improvement the reasons for non-involvement.
- 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.

(i) *Joint Response to the Audit*

Agencies Responses

DCS provided a joint response to the Auditor General's report on behalf of itself, the Department of the Attorney General, WA Police, and the Department for Child Protection (DCP).

DCS commenced by noting the significant levels of scrutiny afforded to juvenile justice delivery from bodies including the Auditor General, the Aboriginal Legal Service, the President of the Children's Court and the Commissioner for Children and Young People. The last of which has undertaken to provide commentary on the Auditor General's report and which is summarised in

the following section. Each of these bodies has agreed with the general notion that the YO Act is no longer functioning as intended.

The following actions were taken in order to respond to the shortcomings in the juvenile justice system:

- The Commissioner for Corrective Services assumed the lead ‘chief executive’ role in relation to youth justice.
- A Western Australian Youth Justice Strategy was developed, from which a report was prepared and endorsed by the Attorney General. DCS was appointed to lead the implementation, monitoring and reporting of strategies identified in the report. A Memorandum of Understanding is being developed between DCS and the other government agencies with a stake in the Youth Justice Strategy with the intention of improving service provision to young people involved in the youth justice system.
- A ‘cross agency collaboration and reporting structure’ has been established to implement the Youth Justice Strategy.¹³¹
- DCS has expanded JJTs into eight new regions in order to reduce the backlog associated with addressing JJT matters.
- Collaboration is being undertaken between WA Police and DCP in order to address recommendations made by the Auditor General that required joint agency responses.

DCS also reviewed the structure of its Community and Juvenile Justice Division (CJJ) in order to improve the management of young offenders and adults and to provide more efficient and better quality case management in the justice system. The result was a recommendation that the CJJ be restructured to provide separate business units: an Adult Community Corrections unit and a Youth Justice Services unit, which are aimed at integrating community youth justice services and juvenile custodial services.¹³²

DCS is also undergoing a multi-stage metropolitan organisational restructure in order to provide a better integrated service for young people, with a ‘consistent approach to case management with a greater focus on prevention and diversion to limit a young person’s intrusion into the justice system’.¹³³

¹³¹ Ms Heather Harker, Deputy Commissioner, Community and Youth Justice, Department of Corrective Services, letter, 14 September 2009, p. 1.

¹³² *Ibid.*, p. 2.

¹³³ *Ibid.*

Recommendation One

In respect of the recommendation relating to the requirement for DCS and WA Police to work collaboratively to establish strategies for young people who continually breach bail, DCS provided the following information:

- Since mid-May 2009 DCS has been working with the WA Police to identify more effective mechanisms for collaboratively monitoring and supervising bail with a particular focus on offenders who repeatedly breach bail. A working party has been established with relevant police units to develop protocols and processes for sharing information and assisting with the monitoring and supervision of young people subject to supervised bail conditions.
- A pilot program focusing on five families in the South Metropolitan District has been commenced. The pilot families fall within the priority and prolific offender parameters and have repeatedly breached bail conditions. Those five families have provided a total of 17 young offenders for the pilot program. When one of those 17 is admitted to the Rangeview Remand Centre or released on supervised bail, the South Metropolitan Unit (SMU) of DCS is notified and provided a copy of the supervised bail conditions. The SMU can then request assistance from, for example, frontline police resources to conduct curfew checks and provide other support as needed. DCS intends to have this program rolled-out across the metropolitan area by the end of 2009.
- In 2008, DCS implemented a new juvenile service delivery model in Kalgoorlie and Geraldton, which was adapted to suit specific needs of the regions. The Regional Youth Justice Service seeks to reduce the number of juveniles held in police lock-ups or in remand through agreements with WA Police and with local service providers who are able to facilitate bail applications. An emergency bail accommodation service has also been established to provide time for locating family members in a position to provide bail.
- DCS has also established a Youth Options Accommodation Service to provide short-term accommodation for young people eligible for bail when a responsible adult cannot be located. Youth Bail Service (YBS) staff also provide assistance to young people to enable independent living, encourage further schooling and to address the health and medical needs of young people residing in accommodation provided by the Youth Options Accommodation Service. Additional support is also provided by YBS staff in the form of transportation, referrals to local services and advice in court.¹³⁴ DCS has prepared a business case for the expansion of the program beyond Kalgoorlie and Geraldton.

Recommendation Two

In respect of the recommendation that government agencies that have contact with young people in the justice system work together to ensure that young people who offend repeatedly are identified and case managed until the mental health, substance abuse and other problems associated with their offending are successfully managed, DCS provided the following response:

¹³⁴ *Ibid.*, p. 5.

- In March 2008, a workshop involving participants from government and non-government organisations that provide services to young people involved in the justice system was organised by the President of the Children's Court. The meeting resulted in the formation of a Pilot Youth Justice Initiative (PYJI) that was to create a case management model that aims to place responsibility on each stakeholder in contributing to the development and implementation of case-appropriate management plans. In order to oversee the pilot program, which aims to improve the responsiveness and reporting of agencies to the requirements of the Children's Court and the Supervised Release Review Board (SRRB), a steering committee and an operational working group were formed. Membership of these bodies included a diverse range of government and non-government bodies involved in youth justice issues and the agencies subject of the Auditor General's report.¹³⁵
- A follow-up workshop was held in November 2008 during which it was concluded that the PYJI had moved into its second phase and would continue for another six or 12 months. Participating agencies meet regularly, at a local level, to identify and address issues related to the young person and their family's progress. Furthermore, a number of indicators were developed by the PYJI on a young person's progress and provide a mechanism for reviewing the young person following the conclusion of their engagement with the PYJI process.
- Since the inception of the program, 16 individual cases have been referred to the PYJI. Of those, five cases have now been closed, with the remaining 11 actively monitored by youth justice services. Consistent with the Auditor General's recommendation, the project has resulted in increased collaboration between agencies in terms of information sharing and the provision of services.
- Other programs in addition to the PYJI have also been developed. The Strong Families program operates across the state and has been developed to encourage collaboration between agencies involved with the same client. The program has recently been strengthened following the appointment of two additional coordinators in the metropolitan area.¹³⁶

Recommendation Three

In respect of the recommendation that WA Police, DCS and DotAG progressively improve the extent to which they record data on ethnicity and Indigenous status to enable better monitoring and evaluation of the impact of initiatives on young people of diverse backgrounds, DCS provided the following response:

- DCS has approved a business case to develop new databases to improve the Department's ability to record and capture data in order to improve access to electronically stored data and to capture all of the functionalities of youth justice services across the Department.

¹³⁵ *Ibid.*, p. 6.

¹³⁶ *Ibid.*, pp. 7–8.

DCS noted that courts rely on lodging agencies for the provision of defendant demographic information, such as ethnicity and race.¹³⁷ The police are the body responsible for collecting this information and provide it to the lower courts (Magistrates and Children's Courts).

- The lower courts are dependent on the police for the provision of Indigenous status data. In 2007, approximately 96 per cent of accused with charges lodged by the police self-identified as Indigenous. This information is held on the lower courts case management systems, so any information held on the database or added to it is available for extraction. DCS noted that the rate of recording of ethnicity and race information is significantly lower in the higher courts and that there is not an automatic transfer of information between lower and higher courts in place. This issue will, however, be addressed when an integrated management system is introduced to all court levels. DCS noted that no funding had been allocated for the implementation of the system.

Recommendations Four and Five

In respect of the recommendation that the WA Police ensure that officers consider redirection options in line with the YO Act, particularly by ensuring that officers:

- use notices to attend court to direct young people to court only when they have considered all redirection options; and
- refer young people to JJs where this is appropriate for the young person's offence and circumstance.

DCS advised that the WA Police had conducted a review of its juvenile justice policy and procedures in order to:

- provide clear direction to frontline officers on the cautioning policy;
- ensure that training for frontline officers will place greater emphasis on diverting young offenders from the justice system; and
- ensure that supervisors have improved knowledge and involvement in decision-making and the application of a JJT referral or juvenile caution.

DCS advised that the response to the recommendation detailed immediately above also applies to the recommendation that WA Police ensure that officers fully apply the YO Act provisions which require them, in most cases, to refer young people who have not previously offended to JJs.¹³⁸

¹³⁷ *Ibid.*, p. 9.

¹³⁸ *Ibid.*, p. 10.

Recommendation Six

In respect of the recommendation that DCS improve the JJT program, by improving timeliness and ensuring that action plans support the young person's rehabilitation and address the nature and causes of their offending, the following response was provided:

- DCS noted that the Auditor General's report identified 'timeliness' as the best performance measure for the effectiveness of juvenile diversionary processes. The ideal timeframe was identified as six weeks. Timeliness was described as the major differences between the operation of JJTs in the metropolitan area and the regions. Whereas in the metropolitan area JJTs worked full time on diversion related activities, in the regions it was afforded a lower priority by those responsible (i.e. police officers or DCS officials) for its implementation. In order to address the resultant delays in the regions, additional staff members were employed during 2008. This action has yielded reduced JJT backlogs which are progressively being cleared.
- DCS noted the role of JJTs in driving diversion activities, and highlighted that the integration of 'multi-disciplinary juvenile justice services into Youth Justice Services across the metropolitan area and in the Mid West Gascoyne and Goldfields area provides the mechanisms for young people to access the support services of psychologists, educational officers, voluntary services and intensive support services to appropriately address their offending behaviour'.¹³⁹

Recommendation Seven

In respect of the recommendation that WA Police and the DCS work together to establish clear responsibilities for ensuring that:

- all victims of juvenile crime have the opportunity to become involved in JJTs, including participation that does not involve them appearing in person;
- these participants receive the support they need to participate meaningfully; and
- the reasons why victims do not wish to become involved are evaluated and used for continuous improvement processes.

DCS detailed that current JJT policy stipulates that, where there is a crime victim involved, they are invited to attend where it is practicable and can also choose to provide a victim statement when they choose not to attend. Victims are regarded as central to the JJT process and DCS noted that preparing victims for their role is the key to meaningful participation in the process. Furthermore, DCS and the WA Police regularly review and evaluate victim participation rates to support continuous improvement.¹⁴⁰

¹³⁹ *Ibid.*, p. 11.

¹⁴⁰ *Ibid.*, p. 13.

Recommendation Eight

In respect of the recommendation that DotAG's Victim Support Service record the assistance provided to victims of crime involved in the juvenile justice system, so that it can monitor and improve the support it provides to victims, DCS reported that since July 2008, the Victim Support Service has been recording assistance provided to victims of crime involved in the JJTs. During that period, the Victim Support Service has received two referrals by the JJT and provided a total of seven services to victims of crime to assist their involvement with JJTs.¹⁴¹

Recommendation Nine

In respect of the recommendation that DCS and DCP work together to provide state-wide alternatives to detention for young people who need supervision and accommodation while on bail, DCS reiterated that it had created a business case for the expansion of the Regional Youth Justice Services. Furthermore, it had completed a business case to expand the Supervised Bail Program to a 24/7 operation which would provide interim bail while suitable responsible adults were located. DCS detailed that it had been working with DCP to establish more cohesive services between the two departments in order to address the issue of bail for young people. Additionally, DCS had commenced redrafting the Memorandum of Understanding between the two departments in order to ensure more integrated service delivery for young people who are managed by both departments.

DCP was in the process of reforming its Residential Care Services, which are available for young people in the CEO's care and include the following services:

- 128 family group home placements will be developed across the state over the next two years, to be managed by non-government providers.
- 56 assessment and treatment placements will be developed and managed by DCP.
- Up to 20 secure care placements will be developed and managed by DCP. Initially a transitional facility will be established which will cater for up to eight 'secure care' placements.¹⁴²

Recommendation Ten

In respect of the recommendation that DCS and the WA Police explore further ways of locating responsible adults, including the use of non-sworn staff for this purpose, DCS reported that the proposed extension of the Supervised Bail Program would assist with locating responsible adults for bail purposes. DCS further noted that the YBS in regional areas provide assistance to young people eligible for bail by extending the police search for a responsible adult to bail the young

¹⁴¹ *Ibid.*

¹⁴² *Ibid.*, pp. 14–15.

person.¹⁴³ This involves YBS staff contacting members of the community who are deemed suitable and/or responsible for the young person to be placed with.

Recommendation Eleven

In respect of the recommendation that DCP review their practices to ensure that no children under the protection of the Director General are refused bail on ‘no responsible adult’ grounds, DCS advised the following:

- In an earlier response to the Auditor General, DCP had advised that rejection of bail on the grounds of the lack of a responsible adult was usually not the grounds on which bail was rejected for young people in the CEO’s care. Rather, rejections tended to occur due to concerns about duty of care. That being said, DCP has strengthened its presence in the Children’s Court which has resulted in senior DCP representation in court, strengthened the liaison with other agencies and increased the level of support offered to children appearing before the courts.
- Country regions represent additional challenges; however, DCP’s after-hours response has been reviewed recently to ensure that staff are available to progress young people’s bail options consistent with protocols between DCP and DCS.¹⁴⁴

Recommendation Twelve

In respect of the recommendation for the WA Police to develop and apply protocols for young people’s long distance transport arrangements, including choice of transport, journey preparation and contingency planning, prisoner risk assessment, notification of responsible adult, overnight stay accommodation and supervision of the young person, WA Police advised that a ‘Transport of Persons in Custody’ manual was being developed. This manual involved a number of key stakeholders including the Office of the Inspector of Custodial Services. Discussion between WA Police and DCS has commenced regarding possible transfer of responsibility for transport of young people to DCS from WA Police.¹⁴⁵

(ii) Commentary Provided by the Commissioner for Children and Young People

In February 2009 the Committee resolved to accept an offer from the Commissioner for Children and Young People (the Commissioner) to provide commentary on agencies’ implementation of the recommendations in the Auditor General’s report. Section 19(g) of the *Commissioner for Children and Young People Act 2006* (the CCYP Act) provides for the Commissioner to monitor and review written laws, draft laws, policies, practices and services affecting the wellbeing of children and young people. The Commissioner must also have particular regard for the needs of Aboriginal

¹⁴³ *Ibid.*, p. 15.

¹⁴⁴ *Ibid.*, p. 16.

¹⁴⁵ *Ibid.*, pp. 16–17.

and Torres Strait Islander children and young people, and to other children and young people who are vulnerable or disadvantaged for any reason.

The Commissioner began her overview by noting that she had been pleased with the renewed focus placed on youth justice following the tabling of the Auditor General's report. Support was expressed for the realignment of DCS's Community and Juvenile Justice Division as it allowed for focus on youth justice issues. The Commissioner had previously made her concerns about youth justice being 'swamped' by the adult system known to the Attorney General. In terms of the PYJI, the Commissioner noted that it had been established following an acceptance that existing ways of working were not meeting the needs of the Children's Court, young people or the wider community. The Commissioner was of the view that it had achieved its goal of demonstrating that enhanced cooperation between agencies can improve outcomes for children and young people caught up in the justice system.¹⁴⁶

The Commissioner also noted that she had been impressed by the Juvenile Justice Steering Committee which was viewed as a useful entity for enhancing collaboration at senior levels.

The Commissioner reported that she had not seen the detail of the Juvenile Justice Strategy and Action Plan, and was therefore unable to provide commentary. She advised, however, that she was of the view that its development was of critical importance and was long overdue. The Commissioner also reported on the YJS operations in the Mid West Gascoyne region. The Commissioner was impressed by the 'committed and collaborative approach' the agencies had been taking and noted her expectation for positive results to be achieved from the initiative. The enthusiasm of participants was noted and the Commissioner reported that a similar program had commenced in the Goldfields. In the Commissioner's view, initiatives such as these required ongoing support.¹⁴⁷

While the Commissioner was pleased at the collaboration and level of activity occurring across agencies, she expressed concern that this had not been directly translated to notable improvements 'on the ground'.¹⁴⁸ Furthermore, 'significant progress remains to be made on the Auditor General's recommendations'.¹⁴⁹ There was also, in the Commissioner's view, a need to implement stronger action in order to achieve joint objectives, as there 'is a gap between what is known and what is done'.¹⁵⁰

As a result, the Commissioner provided the Committee with her view regarding areas that required more action from the departments involved with youth justice. Three 'fundamental principles' of youth justice were identified by the Commissioner as needing to be embedded into policy and

¹⁴⁶ Ms Michelle Scott, Commissioner for Children and Young People, letter, 20 July 2009, p. 2.

¹⁴⁷ *Ibid.*, pp. 2–3.

¹⁴⁸ *Ibid.*, p. 3.

¹⁴⁹ *Ibid.*

¹⁵⁰ *Ibid.*, p. 4.

program development in order to guide the manner in which the system responds to children and young people:

- The distinction between adult offenders and young offenders needs to be maintained.
- Detention is always a last resort, with a focus on prevention, diversion and rehabilitation.
- Over-representation of Indigenous young people needs to be addressed.

The Commissioner then provided her view as to why these issues had been highlighted.

Maintaining the Distinction Between Young Offenders and Adult Offenders

The Commissioner stated that the justice system in Western Australia acknowledges that young people are a vulnerable group and should be treated differently to adult offenders. The general principles of youth justice, as stipulated in section 7 of the YO Act, provide guidance as to how this distinction should be maintained, including by recognising the role of responsible adults and ensuring detention is a last resort. The Commissioner was of the view that work remained in ensuring that this distinction was embedded in agencies.¹⁵¹ The Commissioner identified WA Police as not recognising an adequate distinction between adult and young offenders, particularly as juvenile justice resides in the Media and Public Affairs Unit of WA Police, an area that the Commissioner did not believe ‘reflects the priority young people should be given within the organisation’.¹⁵²

The Commissioner gave consideration to an internal review carried out by WA Police but expressed the view that there was more that could be done to strengthen WA Police’s relationship with young offenders.

Detention as Last Resort

The Commissioner compared the average daily population of Western Australia’s juvenile detention facilities to those in Victoria: 132 in Western Australia against 48 in Victoria. With most facilities functioning at or above capacity, the Commissioner noted that any process likely to increase the number of young people in detention—rather than diverting them from detention—should be the focus of much scrutiny. It was noted, too, that reducing the detention population was a ‘prudent financial direction’ given that housing a child in a detention centre costs \$500 per day.¹⁵³

The Commissioner reported her concern at the continuing high remand population of both Rangeview and Banksia Hill. The Commissioner rejected the view that remand was an appropriate option for children in circumstances where a responsible adult could not be found, or if authorities hold concerns for a young person’s safety. It is inappropriate, in the Commissioner’s estimation,

¹⁵¹ *Ibid.*, p. 5.

¹⁵² *Ibid.*

¹⁵³ *Ibid.*

for a young person who has been granted bail to be held in custody ‘simply because they have nowhere else to go’.¹⁵⁴ The Commissioner continued:

Ostensibly, remand is detention for a child or young person—in terms of location, experience and company—and should therefore be considered as much of a last resort as detention proper.¹⁵⁵

The Commissioner was not of the view that the Auditor General’s recommendation that DCS and DCP work together to provide alternatives for young people who need supervision and accommodation while on bail had been adequately implemented. The ‘correctionalisation’ of youth justice had diverted attention away from the welfare needs of children. Justice and welfare issues are connected and the Commissioner expressed the view that agencies needed to develop sophisticated measures to deal with children and young people with complex needs. DCP, in particular, are required to become a more active partner with WA Police and DCS in order to ensure that young people coming into contact with the justice system are safe and supported and are not ‘detained by virtue of their circumstance’.¹⁵⁶

In order to ensure that detention is ‘always the last resort for children and young people’, the Commissioner expressed the view that ‘a significant shift is required to inspire a more intensive focus on prevention, diversion, finding alternatives to remand, and boosting rehabilitative programs’.¹⁵⁷

Addressing the Over-representation of Aboriginal Young People

The Commissioner advised that, for Aboriginal young people, there was a pressing need to focus on the broader social and economic disadvantage that continues to result in higher levels of offending.¹⁵⁸ In order to do this, the Commissioner recommended that energies should be focused on prevention, intervention and diversion and comprehensive efforts should be made to support community owned justice mechanisms and diversionary programs. The Commissioner was keen to see a stronger Aboriginal focus coming from all agencies across the youth justice system to move the state into a new phase of providing solutions for the cause of problems, rather than addressing the effect and expecting a different result.¹⁵⁹

Moreover, there was ‘still much to be done’, in the Commissioner’s view, especially if there was to be a turnaround in the ‘extreme overrepresentation of Aboriginal children and young people in the justice system’.¹⁶⁰ Philosophical agreement with the ‘three principles’ identified by the

¹⁵⁴ *Ibid.*

¹⁵⁵ *Ibid.*, p. 6.

¹⁵⁶ *Ibid.*

¹⁵⁷ *Ibid.*, p. 6.

¹⁵⁸ National Indigenous Drug and Alcohol Committee, *Bridges and Barriers: Addressing Indigenous Incarceration and Health*, 2009, p. 6.

¹⁵⁹ *Ibid.*, pp. 6–7

¹⁶⁰ *Ibid.*, pp. 7–8.

Commissioner was not enough. Rather, there was a need that they be ‘practically implemented, embedded in agency culture, and used to guide the development of all youth justice policies and programs’.¹⁶¹ The Commissioner did not believe that significant change to youth justice in Western Australia would be likely without the implementation of these principles.¹⁶²

¹⁶¹ *Ibid.*, p. 8 .

¹⁶² *Ibid.*

CHAPTER 4 REPORTS OF THE AUDITOR GENERAL 2008–2009

4.1 Introduction

This chapter contains summaries of reports of Auditor General Performance and Compliance Examinations tabled in Parliament between 1 July 2008 and 30 June 2009. The majority have not yet reached the stage of agency reporting and as such will be carried over to the next review.

4.2 Improving Resource Project Approvals – Report 5 (7 October 2008)

Background

The Auditor General's fifth report of 2008, *Improving Resource Project Approvals*, assessed the development approval process for resource projects and their associated infrastructure. The value of resource projects to the Western Australian economy has increased significantly and in 2007 represented some 30 per cent of Gross State Product. In 2006–2007, the state government spent over \$80 million assessing and regulating development projects and proposals in order to protect the state's environmental and cultural heritage. The development approval process is complex, time consuming and costly and the decisions made as a result of the process have far-reaching consequences. Whilst project developers generally accept that the approvals process is necessary, there have been requests for improvements to the process, including better integration across the arms of government, and greater certainty about timelines and requirements.¹⁶³

The Auditor General's examination focused on the following agencies:

- Department of Industry and Resources;
- Department of Environment and Conservation;
- Department of Indigenous Affairs;
- Department for Planning and Infrastructure; and
- The Office of Development Approvals Coordination (ODAC) within DPC.

Auditor General's Findings and Recommendations

The Auditor General found that agencies have implemented key initiatives arising from the government's commitment to improve resource approval processes, but so far the initiatives have

¹⁶³ Auditor General for Western Australia, *Improving Resource Project Approvals*, Report 5, 7 October 2008, p. 5.

not resulted in the intended improvements. Further, resource projects cannot be tracked across government, and agencies do not report on the time taken for the whole approvals process. Because of this, it is not possible to determine if overall timelines have improved. Agencies are only required to report on set times for distinct parts of the process. They do not routinely measure overall timelines and where delays may be occurring in other parts of the process. The Auditor General noted that it was expected that agencies' compliance with set times would improve as a result of ODAC monitoring them, but this has not been the case. Of the processes examined, only DoIR's compliance with environmental mining approvals has improved, while DEC's compliance has remained the same (87 per cent completed within set time), and DIA's heritage approvals and DoIR's petroleum approvals have worsened.¹⁶⁴

Despite the shortcomings identified above, the Auditor General reported that agencies do not analyse the time data that is reported to identify opportunities for improving their processes or to assist Ministers to understand where improvements are needed. Furthermore, the Integrated Project Approvals System (IPAS) has not delivered the intended outcome of streamlining the approvals process and improving certainty. The IPAS model relies on developers improving their proposals rather than agencies improving their processes. Additionally, IPAS implementation has not been supported by sufficient awareness raising, or training for proponents and relevant agency staff.

The Auditor General highlighted that IPAS aimed to streamline multi-agency approvals through scheduling simultaneous assessment and parallel processing, but this seldom happens in practice because agencies and proponents are reluctant to commit resources prior to environmental approvals being finalised. Finally, neither ODAC nor DoIR have clear criteria for the special assistance they provide some proponents with the approvals process, and this creates a risk of real and perceived inequity.

The Auditor General made the following recommendations:

- Agencies should determine a way to uniquely identify each proposal so that it can be tracked across government.
- Agencies should measure and report on the time taken for all parts of the process, including the project scoping phase and advisory and consultation activities.
- Agencies should implement exception reporting and analysis to determine causes for delays and to identify potential improvements to processes.
- Agencies should reconsider the objectives of IPAS, its effectiveness to date and its capacity to deliver on intended outcomes.

¹⁶⁴ *Ibid.*, p. 6.

- DPC and DoIR should develop and publish criteria for the assistance they provide proponents with the approvals process.¹⁶⁵

Actions/Comments of the Committee

The Committee sought responses from the Department of Mines and Petroleum, the Department of Environment and Conservation, the Department of Indigenous Affairs, the Department for Planning and Infrastructure and the Department of the Premier and Cabinet. As agency responses had not been received at the time of reporting, this follow-up will be carried over to the Committee's next review.

4.3 Responding to Changes in Attraction, Retention and Achievement in Vocational Education and Training – Report 7 (12 November 2008)

Background

Responding to Changes in Attraction, Retention and Achievement in Vocational Education and Training is the Auditor General's seventh report for 2008 and examined the attraction, retention and completion rates of students in Vocational Education Training (VET) colleges.

In 2007, approximately 100,000 Western Australians were enrolled in publicly funded VET, most of them in one of the 10 Technical and Further Education (TAFE) Colleges. The state government spent over \$500 million of public funds on VET in 2007, with approximately two-thirds of funding used to purchase training from TAFE Colleges, Curtin Vocational Training and Education Centre, the Western Australian Academy of Performing Arts and private Registered Training Organisations (RTOs). The demand for VET opportunities is directly influenced by prevailing economic conditions; the Auditor General noted that Western Australia's recent strong economic growth had increased industry demand for apprentices and trainees. That being said, low unemployment is a factor that reduces demand for Institutional Based Training (IBT).

The Auditor General's examination focused on management by DET and the various VET colleges (Colleges) to attract and retain students and how achievements against these aims are measured. Trends in publicly funded VET delivered by Colleges and other RTOs were also examined, which led to an examination of how DET and Colleges were responding to those trends.¹⁶⁶

Auditor General's Findings and Recommendations

The Auditor General found that VET, through its funding and planning, is enrolment driven and noted that, while this approach is delivering more apprentices and trainees, it is not addressing a

¹⁶⁵ *Ibid.*, pp. 7–8.

¹⁶⁶ Auditor General for Western Australia, *Responding to Changes in Attraction, Retention and Achievement in Vocational Education and Training*, Report 7, 7 November 2008, p. 5.

decline in IBT enrolments. The lack of focus on student retention and achievement means that DET and Colleges are not using all the available strategies to deliver skilled people to meet industry and community needs. DET and training providers have responded to increased demand for apprentices and trainees by increasing enrolments 72 per cent and 27 per cent respectively since 2003. Concurrently, enrolments in publicly funded IBT have dropped by over 10 per cent (10,000 enrolments) since 2003.

Despite objectives in place to increase enrolments, enrolments were continuing to decrease (particularly in IBT courses) including in areas with high industry demand. The Auditor General found that scope existed to improve IBT retention and achievement, particularly as DET's funding arrangements provide no direct incentive for student retention and achievement. Furthermore, the Auditor General noted that DET and Colleges lack adequate information about student progress and outcomes, which reduces their capacity to devise successful strategies to improve retention and achievement. They also lack consistency and a systematic methodology in identifying students at risk of withdrawing or failing.¹⁶⁷

The Auditor General made the following recommendations:

DET should:

- ascertain how many students complete their IBT courses;
- adjust planning timeframes so that Colleges can better align student enrolments with industry demand, and consider ways for delivery agreements to best fit with the new planning timeframes; and
- provide incentives to Colleges to improve retention and achievement and focus delivery agreements more on outcomes than inputs.¹⁶⁸

DET and Colleges should:

- implement strategies, such as increased workplace based delivery, to attract more IBT students; and
- improve and report information on the way students engage with VET, and the range of outcomes achieved including skill sets, specifically through the introduction of a unique student identifier.

Colleges should:

- implement strategies to improve retention and achievement to improve productivity and deliver better outcomes within funding constraints; and

¹⁶⁷ *Ibid.*, pp. 5–7.

¹⁶⁸ *Ibid.*, p. 7.

- provide the public with performance information including withdrawal, failure and completion rate information to improve transparency and accountability for performance.¹⁶⁹

Actions/Comments of the Committee

The Committee sought responses from the Department of Education and Training, Central TAFE, Central West TAFE, Challenger TAFE, CY O'Connor College of TAFE, Great Southern TAFE, Kimberley TAFE, Pilbara TAFE, South West Regional College of TAFE, West Coast College of TAFE, Swan TAFE, the State Training Board and Curtin University. As agency responses had not been received at the time of reporting, this follow-up will be carried over to the Committee's next review.

4.4 Second Public Sector Performance Report – Report 8, 2008 (3 December 2008)

(a) Complaints Management in Shared Service Centres

Background

The Auditor General's examination focused on how the three major Shared Services centres (SSCs) deal with complaints arising from their core business and the extent to which their services are improving after learning from the complaints. The three SSCs examined by the Auditor General were:

- the Department of Treasury and Finance Shared Service Centre (DTFSSC), which provides procurement and finance services for 25 'rolled in' agencies and payroll service for 15 agencies;
- the HCN, which services the health portfolio and manages all procurement and finance and human resource services for the public health sector; and
- the Education and Training Shared Services Centre (ETSSC), which manages finance and human resources services for the whole of the state education sector.

¹⁶⁹ *Ibid.*

The Auditor General noted that complaints can be used as an indicator of the effectiveness of service delivery and can be used to identify areas for improvement.¹⁷⁰

Auditor General's Findings and Recommendations

The Auditor General found that none of the three SSCs were able to provide information relating to the volume, nature of, or time taken to resolve complaints. Due to these weaknesses, there was the risk that they were not identifying potential business improvements or meeting client needs as effectively as they could have been.¹⁷¹ The Auditor General recommended that each agency administering an SSC should:

- formally define 'complaint' and 'service request' so that a better understanding of the volume and nature of complaints can be achieved;
- develop and implement complaint handling policies;
- capture and analyse information about complaints to improve complaint handling and service delivery; and
- conduct regular reviews of complaints, systems and processes.¹⁷²

The Committee will include its follow-up to this report in its next review.

(b) Funding and Purchasing Health Services from Non-Government and Not-For-Profit Organisations

Background

The Auditor General's examination assessed how well DoH is contracting and managing its arrangements with not-for-profit organisations and whether it is complying with the general requirements of government policy. DoH is a major purchaser of services from not-for-profit organisations and in 2006–2007, DoH funded and purchased services valued at approximately \$526 million from these organisations.

Auditor General's Findings and Recommendations

The Auditor General found that DoH had made a number of improvements since the last audit in 2003; however, despite these improvements, the Auditor General found that contract managers are not supported in their functions by DoH's electronic contract management system, which is resulting in inconsistent and inefficient practices. A lack of evidence of due diligence assessments

¹⁷⁰ Auditor General for Western Australia, *Second Public Sector Performance Report 2008*, Report 8, 3 December 2008, p. 5.

¹⁷¹ *Ibid.*, p. 6.

¹⁷² *Ibid.*

being undertaken across DoH's funding areas was another finding, as was the failure by DoH to define which funding arrangements are 'large, complex and high risk' despite having procedures in place to manage such arrangements.¹⁷³ The Auditor General also found that 24 per cent of financial and service reports were not lodged or were more than two months late and that only 17 per cent of the files reviewed contained structured performance reviews at the completion of the agreement.¹⁷⁴

The Auditor General recommended that DoH:

- award preferred service provider status when setting aside the requirement for market testing;
- replace its contract administration system as a matter of priority;
- carry out and document due diligence assessments;
- develop risk ratings and definitions in its Business Rules and ensure that risk assessments are documented;
- ensure that providers comply with reporting requirements;
- document performance reviews at the end of agreement; and
- maintain current Business Management Rules.¹⁷⁵

The Committee will include its follow-up to this report in its next review.

(c) Management of Traffic Infringements for Government Vehicles and Staff

Background

The Auditor General investigated the issue of agency follow-up of traffic infringements, including actions taken by agencies to address procedural weaknesses. The *Road Traffic Act 1974* requires corporate vehicle owners, including government agencies, to nominate who was driving a vehicle at the time a traffic offence takes place. This is in order to ensure that the responsible driver can be issued the infringement notice. Media reports in 2008 indicated that government agencies frequently failed to nominate drivers of government vehicles photographed by red-light or speed cameras.

¹⁷³ *Ibid.*, p. 16.

¹⁷⁴ *Ibid.*, p. 17.

¹⁷⁵ *Ibid.*

Auditor General's Findings and Recommendations

The Auditor General found that in 2007–2008, the 10 selected agencies failed to identify drivers in 12 per cent of cases involving traffic infringements. Two weaknesses were identified as leading to the failure to identify the drivers:

- An overly complex form requesting information about the driver may have led to confusion about the action required.
- A lack of central control by agencies meant that they were often unaware that drivers' identities were not being reported to the police.

The Auditor General found that penalties for failing to nominate drivers of government vehicles were being paid, but rarely by the agency. Instead, the design of the form may have led to confusion and resulted in drivers paying the penalty for failing to nominate the driver instead of paying the infringement. The form design and weakness of agency processes were identified as the source of the Auditor General's inability to determine that government employees had acted improperly by avoiding the payment of fines.¹⁷⁶

The Auditor General recommended that WA Police implement a simpler driver nomination form as a matter of priority and that all agencies comply with the Premier's Circular by nominating an individual as responsible for a vehicle when agencies receive a request from the WA Police.¹⁷⁷

The Committee will include its follow-up to this report in its next review.

4.5 First Public Sector Performance Report – Report 1, 2009 (1 April 2009)

(a) Management of Water Resources in Western Australia – Follow-Up

Background

This report is a follow-up to a report carried out by the Auditor General in 2003 relating to the management of water resources in Western Australia. The 2003 report identified a number of major challenges to water resource measurement, allocation and regulation. Actual and forecast demand for water was increasing significantly, but funding for water resource management had declined in real terms. The Auditor General noted that pressure on Western Australia's water resources had continued to increase since the completion of the 2003 report. Against this context, the Auditor General examined whether the issues raised in 2003 were addressed by the Department of Water (created in 2005) and the management of water resources improved. The

¹⁷⁶ *Ibid.*, p. 25.

¹⁷⁷ *Ibid.*, p. 26.

report examined the core management functions of water resource investigation and assessment, water resource planning, and the regulation of water use.¹⁷⁸

Auditor General's Findings and Recommendations

The Auditor General found that the Department of Water had made sound progress in meeting the recommendations made in the 2003 report, although the Auditor General found that significant challenges remained. In particular, the Auditor General reported that the Department had not:

- determined whether the surface water measurement network is sufficient for its information needs. Data from the network lacks accuracy and can take years before it is processed;
- ensured adequate planning for all public drinking water source areas;
- ensured that water allocation plans were adequate for nine groundwater resources where the water was in great demand;
- kept to the completion schedule for 13 other plans with delays of between six and 27 months expected; and
- developed a systematic compliance program for ensuring that water is not taken unlawfully. The amount of compliance monitoring has fallen by 60 per cent since 2003.¹⁷⁹

The Auditor General recommended that the Department meet its timelines for implementing improvements to the surface water measurement network and that it complete protection plans for public drinking water sources. Other recommendations related to the completion of water resource allocation plans in accordance with agreed standards and schedules and that compliance monitoring programs based on strategic risk assessments be implemented. The Auditor General's final recommendation was in relation to the recording of compliance activities and outcomes in a common format that provides adequate information for managers to track implementation and guide future business and strategic planning.

Actions/Comments of the Committee

The Committee sought a response to the Auditor General's recommendations from the Department of Water. As a response had not been received at the time of reporting, this follow-up will be carried over to the Committee's next review.

¹⁷⁸ Auditor General for Western Australia, *First Public Sector Performance Report 2009*, Report 1, April 2009, p. 5.

¹⁷⁹ *Ibid.*, p. 6.

(b) Administration of the Metropolitan Region Scheme by the Department for Planning and Infrastructure

Background

The Metropolitan Region Scheme (the Scheme) was introduced in 1963 and controls all public and private land use and property development within the metropolitan region. The Western Australian Planning Commission (WAPC) is responsible for the Scheme, including initiating amendments when planning needs change. It can also buy, sell and compulsorily acquire (take) land to give effect to the Scheme. On a day-to-day basis DPI manages these matters for the WAPC. Amendments to the Scheme can be the cause of considerable public debate and a key role of the WAPC is to maintain public confidence in the planning process. An important aspect of this is to handle amendments and land transactions in an open, consistent and transparent manner compliant with legislation. The Auditor General examined how DPI handles requests for Scheme amendments and how it buys, sells and takes land to give effect to the Scheme.

Auditor General's Finding and Recommendations

The Auditor General found that, on the basis of the audit sample, DPI handled the amendments and purchases, sales and takings of land in a generally sound manner. Only minor instances of non-compliance and inconsistency were identified. In transactions, the Auditor General found that landowners were given fair value for their land.

The Auditor General was generally pleased with DPI's performance, although concerns about the sustainability of the performance were noted. Due to weaknesses in administrative foundations for handling planning matters, and a reliance on a small number of experienced staff, the risk that future performance will not match the standard set currently is increased. The Auditor General found that business procedures were inadequately documented and that both the WAPC and DPI have not had a formal governance agreement for more than two years. The Auditor General also found that key information is not always shared between DPI and WAPC, while affected landowners do not always receive detailed information about their entitlements.¹⁸⁰

In order to address these shortcomings, the Auditor General recommended that:

- Both DPI and the WAPC complete and implement their formal governance agreement in a timely fashion.
- DPI should improve the documentation of its business procedures and improve its disclosure of information to stakeholders.

¹⁸⁰ *Ibid.*, p. 19.

Actions/Comments of the Committee

The Committee sought a response to the Auditor General's recommendations from both DPI and the WAPC. As a response had not been received at the time of reporting, this follow-up will be carried over to the Committee's next review.

(c) Management of Fringe Benefit Tax

Background

The Fringe Benefit Tax (FBT) is a Commonwealth tax that employers pay each year on the value of fringe benefits given to their employees. A fringe benefit includes any right, privilege, service or facility other than a salary or wage.

The Auditor General last reported on management of FBT in 2002. In that examination it was found that three of the four sampled agencies were incorrectly treating FBT. The Auditor General's current examination involved six agencies:

- Central TAFE;
- Department of Commerce (Commerce)—formerly Department of Consumer and Employment Protection;
- Department of Local Government and Regional Development (DLGRD);
- University of Western Australia (UWA);
- Lotteries Commission of WA (Lotterywest); and
- Zoological Parks Authority (Perth Zoo).

In 2007–2008, these bodies paid \$2.041 million in FBT. Overall, the Auditor General found that the agencies managed their FBT adequately. The Auditor General assessed compliance with FBT legislation and relevant tax rulings by the selected agencies. Specifically, agencies were examined as to whether they had:

- correctly identified, classified, calculated and reported tax liability for key fringe benefits; and
- implemented adequate policies, procedures, and guidance.¹⁸¹

Auditor General's Finding and Recommendations

The Auditor General found that five of the six agencies were managing their FBT obligations adequately, although there were errors across all agencies relating to the treatment of FBT:

¹⁸¹ *Ibid.*, p. 32.

- three agencies had misreported car or meal entertainment benefits;
- three agencies had inadequate policies, procedures and guidance for managing FBT;
- three had inadequate records to support their FBT returns; and
- one agency underpaid its 2007–2008 FBT on cars by approximately \$30,000. It also risked doubling its tax liability in 2008–2009.

The Auditor General also found that only two agencies had adequate monitoring and review processes.¹⁸²

Actions/Comments of the Committee

The Committee sought a response to the Auditor General’s recommendations from the agencies listed above. As responses had not been received at the time of reporting, this follow-up will be carried over to the Committee’s next review.

4.6 Information Systems Audit Report – Report 2, 2009 (8 April 2009)

(a) Protection of Personal and Sensitive Information

Background

The Auditor General’s second report of 2009, *Information Systems Audit Report*, examined five agencies across government who collect and store a variety of personal and sensitive information. These agencies held various forms of financial, medical, legal and educational information for hundreds of thousands of people in Western Australia. In order to minimise the risk of the exploitation of computer systems belonging to agencies adversely referred to in the Auditor General’s report, the Committee has resolved not to identify affected agencies in its review.

The objective of the Auditor General’s examination was to establish whether there were effective measures in place to protect the information collected by the agencies examined.

Auditor General’s Findings and Recommendations

The Auditor General found that three out of the five agencies examined lacked IT security policies and viewed this to reflect a lack of understanding of security requirements on the part of senior management in those agencies. Furthermore, none of the agencies was consistently applying administrative controls such as police checks or confidentiality agreements for staff dealing with personal or sensitive information. Other security shortcomings identified by the Auditor General included:

- active network accounts for former employees of agencies;

¹⁸² *Ibid.*, pp. 32–33.

- generic accounts that allow individuals access to networks by unidentified individuals who had no passwords or easy to guess passwords. In one agency, by using these accounts and guessing passwords, auditors were able to access almost 700,000 sensitive records via the Internet;
- network account and password details for generic accounts 'posted' on computer monitors;
- agencies that were not logging or monitoring network use or unsuccessful log on attempts; and
- agencies that were not updating network operating software in line with vendor recommendations to address known security vulnerabilities.¹⁸³

The Auditor General also identified weaknesses in the security of computer applications and databases:

- Two agencies were storing sensitive information using database applications that were grossly inadequate for that purpose. The applications had no password controls and a well-known security weakness which allowed the initial log on screen to be bypassed providing full access to all information.
- Four of the agencies had active accounts belonging to former employees. These types of accounts provide opportunities for misuse by insiders with minimal chance of tracing the individual responsible.
- In two of the three agencies that used a specific database, system default database accounts remained active and set to their default password. Database vendors warn that security is most easily compromised by leaving default passwords unchanged for these accounts.¹⁸⁴

The Auditor General recommended that agencies develop IT security policies that reflect the sensitivity of the information they store and the risks posed to that information. This should include identifying all instances of personal and sensitive information held and, based on risk assessments, ensuring there is an appropriate level of security controls over the information. It was also recommended that agencies ensure that users with access to personal and sensitive information be appropriately screened through the use of background and criminal records checks and that users sign confidentiality agreements. Finally, the Auditor General also recommended that network, application and database security controls are in place, up-to-date and regularly tested.¹⁸⁵

¹⁸³ Auditor General for Western Australia, *Information Systems Audit Report*, Report 2, 8 April 2009, p. 6.

¹⁸⁴ *Ibid.*, pp. 6–7.

¹⁸⁵ *Ibid.*, pp. 7–8.

Actions/Comments of the Committee

The Committee sought a response to the Auditor General's recommendations from the agencies examined in the report. As responses had not been received at the time of reporting, this follow-up will be carried over to the Committee's next review. The Committee will not identify these agencies at that time and will limit its commentary to general reporting on actions undertaken by the agencies.

4.7 Coming, Ready or Not: Preparing for Large-scale Emergencies – Report 4, 2009 (20 May 2009)

Background

In *Coming, Ready or Not: Preparing for Large-scale Emergencies*, the fourth report for 2009, the Auditor General examined how well prepared Western Australia was for large-scale emergencies and assessed whether Western Australia has an emergency management framework and adequate plans in place to manage emergencies. The Auditor General focused on high level state preparations through the State Emergency Management Committee (SEMC) and the plans which form the basis for agencies' preparedness. Under the *Emergency Management Act 2005* (the EM Act), the SEMC is the peak emergency management body. The EM Act also establishes the hazards that agencies must prepare for, including cyclones, fires, floods and air and rail crashes among others.

The Auditor General examined the extent to which the SEMC and other agencies had assessed their capability to respond to these hazards and how well prepared they and the state are for emergencies.¹⁸⁶

Auditor General's Findings and Recommendations

The Auditor General found that there had been no regular review of which hazards the state should be preparing for with the result that the state may be preparing for the wrong hazards, nor had the SEMC carried out an assessment of the overall level of preparedness of the state. The result was a lack of clarity regarding how well prepared Western Australia was for a large-scale emergency. Of the existing 24 state emergency plans (Westplans), 13 were found to have passed their required review dates.

The Auditor General also found that:

- The SEMC had not ensured that local government authorities comply with their emergency management obligations.
- Some key roles, such as local emergency coordinators and hazard management officers, had not been defined in state emergency management policies.

¹⁸⁶ Auditor General for Western Australia, *Coming, Ready or Not: Preparing for Large-scale Emergencies*, Report 4, May 2009, p. 5.

- Individual agencies test their plans, but do not formally assess their overall capacity to respond to large-scale emergencies.
- Most agencies have processes in place to escalate responses according to the scale and type of incident being responded to.
- Sharing of ‘lessons learned’ from previous emergency responses is limited by the systems in place.¹⁸⁷

The Auditor General made a number of recommendations for the SEMC and Emergency Management WA, particularly with respect to formal assessment of which hazards the state should prepare for and the assessment of the state’s level of preparedness. The Auditor General also emphasised that the two bodies should monitor and take action to ensure that local plans are in place and cover areas where hazards could occur. There was also a need for key roles within the emergency management framework to be defined and for agencies to have a common or compatible crisis information management system in place.

The Auditor General also recommended that agencies should:

- update out-of-date Westplans and support plans;
- identify overlaps between Westplans and develop procedures for those circumstances;
- annually assess their capability to respond to emergencies and take measures to address shortfalls;
- ensure Westplans and support plans have supporting local arrangements in place;
- ensure internal emergency management arrangements are up-to-date and reviewed regularly; and
- train staff involved in emergencies in incident management.¹⁸⁸

Actions/Comments of the Committee

The Committee sought a response to the Auditor General’s recommendations from both SEMC and Emergency Management WA. As responses had not been received at the time of reporting, this follow-up will be carried over to the Committee’s next review.

¹⁸⁷ *Ibid.*, pp. 5–6.

¹⁸⁸ *Ibid.*, pp. 7–8.

4.8 Rich and Rare: Conservation of Threatened Species – Report 5, 2009 (10 June 2009)

Background

Western Australia's biodiversity is recognised throughout the world. *Rich and Rare: Conservation of Threatened Species* was the Auditor General's fifth report of 2009 and examined the extent to which DEC effectively protects and recovers threatened species, a critical element of Western Australia's biodiversity. DEC's strategies, plans, policies and procedures were also examined and assessed as to their compliance with relevant legislation and other policies.

DEC is the primary agency responsible for conserving Western Australia's biodiversity. One of DEC's key objectives is 'to protect, conserve and, where necessary and possible, restore Western Australia's biodiversity'. DEC estimates that in 2007–2008, it spent \$8.2 million on activities directly related to threatened species. These funds were spent on evaluating the conservation status of species, developing and implementing recovery plans, monitoring species and managing data.

Auditor General's Findings and Recommendations

The Auditor General found that, in many areas, DEC had failed to effectively protect and recover threatened species. The number of threatened species is increasing and few are improving. The Auditor General also found that recovery efforts were not occurring for the majority of threatened species and, due to the bulk of resources being devoted to recovering critically endangered species, these threatened species were being put at greater risk of decline.¹⁸⁹ DEC had some successful programs that were addressing large-scale threats to multiple species; however, the Auditor General noted other areas underpinning conservation efforts were proving challenging for the Department.

The Auditor General found that, since 1987, DEC and its predecessor agencies had been seeking to replace the *Wildlife Conservation Act 1950* with legislation that would provide greater support for protecting biodiversity. This legislation does not provide a process for designating species as threatened and for recovering those species. In Western Australia, 601 species are listed as threatened with extinction and this number is increasing.¹⁹⁰ The Auditor General reported that only a handful of species are improving. Other findings of the Auditor General included:

- Only 20 per cent of threatened fauna species and less than half of threatened flora species have a recovery plan. Those plans that exist are often not fully implemented.
- Multi-species approaches to conservation are an effective response to the increasing number of threatened species and that DEC has a number of multi-species programs.

¹⁸⁹ *Ibid.*, p. 5.

¹⁹⁰ *Ibid.*, p. 6.

- Less than half of the amount of land agreed under the national target for the creation of conservation reserves has been reserved in Western Australia, despite these reserves being effective conservation mechanisms.
- State and Commonwealth threatened species lists are not aligned, which results in many Western Australian species not receiving the full array of protection available.
- Information on many threatened species is not current, and reliable information systems are not integrated.

The Auditor General made a series of recommendations, including for DEC to continue its efforts to replace the *Wildlife Conservation Act 1950* with a new Biodiversity Conservation Act. Other recommendations focused on improving processes for the management of threatened species lists, including changing how DEC prioritises species for conservation attention, and identifying opportunities for reducing the time required for nominating and listing species as threatened. The Auditor General also recommended that DEC continue to develop systems to identify and manage habitat critical to threatened species survival and implement a database to record all threatened species recovery actions and monitor progress against recovery plans.¹⁹¹

Actions/Comments of the Committee

The Committee sought a response to the Auditor General's recommendations from DEC. As a response had not been received at the time of reporting, this follow-up will be carried over to the Committee's next review.

4.9 Maintaining the State Road Network – Report 6, 2009 (10 June 2009)

Background

The Auditor General's sixth report of 2009, *Maintaining the State Road Network*, examined the maintenance of Western Australia's road network by Main Roads Western Australia (MRWA). The Auditor General noted that there were two broad types of road maintenance: reactive repairs, which involves fixing potholes and cracks on a daily basis as the problems arise and planned maintenance, which involves the resurfacing and rebuilding of roads.

MRWA is responsible for maintaining the state's freeways, highways, main roads and bridges on the state road network. The network is 17,800 km in length and provides the major transport links between and within the regional and metropolitan regions of Western Australia. Between 1999 and 2002 MRWA out-sourced its road maintenance functions through eight contracts each lasting 10 years. The contracts were aimed at reducing costs whilst maintaining road conditions at agreed levels.

¹⁹¹ *Ibid.*, pp. 7–8.

The Auditor General's examination principally focused on the maintenance of the roads with a focus on the condition of the road network, the delivery of maintenance on the network and the link between maintenance and safety related issues.¹⁹²

Auditor General's findings and recommendations

The Auditor General found that the condition of the road network in Western Australia had deteriorated following the out-sourcing of road maintenance functions by MRWA. Road surfaces were generally smooth, although the age of road infrastructure was steadily increasing and approximately one-third of the state's road network had reached the end of its design life. Furthermore, the risk of roads succumbing to structural failure had increased due to significant falls in the level of planned maintenance during the preceding ten years. The Auditor General found that resurfacing activities were down 30 per cent and rebuilding by 80 per cent.¹⁹³

The Auditor General identified the inadequate specification of road condition measures in the outsourcing contracts as the main factor contributing to the decreased level of planned road maintenance operations. Due to these shortcomings, the estimated cost of addressing the existing overdue maintenance may exceed \$800 million. The Auditor General also found that contract costs for the outsourcing had also increased by 59 per cent, due mainly to increases in global oil prices.¹⁹⁴

The Auditor General reported significant weaknesses in the contracts signed with the maintenance providers, which has led to uncertainty as to whether MRWA can ensure that contractors meet all agreed outcomes. Furthermore, responsibility for any deterioration in the quality of the road network was not effectively transferred to the contractors, resulting in the risk that the state will assume the cost of work to restore it to an acceptable condition. The Auditor General also found that information on the condition of the road network was inadequately documented by MRWA. This absence of information impacted upon MRWA's ability to manage contracts and ensure the cost effectiveness of future work.¹⁹⁵

To address these and other shortcomings, the Auditor General recommended that MRWA ensure effective management of the road network through the identification, prioritisation and planning of maintenance work. Other recommendations included a requirement for MRWA to determine levels of overdue maintenance work, including a review of bridge maintenance estimates. MRWA is also required to fully cost these overdue maintenance requirements and to determine when to carry out maintenance with the aim of minimising costs over the life of the road network.

¹⁹² Auditor General for Western Australia, *Maintaining the State Road Network*, Report 6, June 2009, p. 5.

¹⁹³ *Ibid.*, p. 6.

¹⁹⁴ *Ibid.*

¹⁹⁵ *Ibid.*

Actions/Comments of the Committee

The Committee sought a response to the Auditor General's recommendations from MRWA. As a response had not been received at the time of reporting, this follow-up will be carried over to the Committee's next review.

4.10 Second Public Sector Performance Report 2009 – Report 7, 2009 (25 June 2009)

Background

(a) Dangerous Goods Safety

Background

Dangerous Goods include substances such as explosives, flammable liquids and gases, and oxidising agents that have the potential to cause harm to people, property and the environment. The *Dangerous Goods Safety Act 2004* came into force in March 2008 and provides for the safety of dangerous goods manufacture, storage, handling and transport. Individuals and companies involved in the manufacture, storage, handling and transport of dangerous goods are required to operate under a valid licence and comply with the legislation in performing their functions. The regulation of dangerous goods safety is managed by DMP in Western Australia.

The Auditor General examined the extent to which DMP had prepared for the implementation of the new Dangerous Goods Act and Regulations and the extent to which it had complied with the legislation when issuing and renewing licences. The Auditor General also examined the effectiveness of DMP's monitoring of the transport, storage and use of dangerous goods.¹⁹⁶

Auditor General's Findings and Recommendations

The Auditor General found that DMP had made sound progress in implementing and managing the new dangerous goods legislation. That being said, the Auditor General found that weaknesses in the regulations had led to licences being issued without the required police background checks and licences being renewed after reapplication dates had expired. The Auditor General also found that DMP lacked an adequate management system for planning and managing its compliance activities.

The Auditor General recommended that DMP should, as a matter of urgency, resolve the issue of background checks and ensure that it adheres to the requirements of the legislation by having operational rules about the renewal of licences. DMP should also ensure that its proposed compliance management scheme was introduced as soon as possible.¹⁹⁷

¹⁹⁶ Auditor General for Western Australia, *Second Public Sector Performance Report 2009*, Report 7, 25 June 2009, p. 5.

¹⁹⁷ *Ibid.*, pp. 5–6.

Actions/Comments of the Committee

The Committee sought a response to the Auditor General's recommendations from DMP. As a response had not been received at the time of reporting, this follow-up will be carried over to the Committee's next review.

(b) Compliance in Western Australia's Commercial and Recreational Fisheries**Background**

Fishing is an important industry in Western Australia, generating approximately \$1.5 billion in economic activity for the state each year. The Auditor General examined the effectiveness of the Department of Fisheries' commercial and recreational fishing compliance model. Thirty-five of Western Australia's 50 commercial fisheries are managed under the *Fish Resources Management Act 1994*, with the remaining 15 being managed through subsidiary legislation and regulations. The Department also manages the five licensed recreational fisheries, which attract an estimated 643,000 recreational fishers each year.

Auditor General's Findings and Recommendations

The Auditor General found that the Department was unable to demonstrate that its compliance program for Western Australia's commercial and recreational fisheries was effective. Of concern was the increase in detected illegal fishing in the recreational sector while the level of compliance activity undertaken by the Department had remained constant. The Auditor General reported that the Department's compliance program and associated planning was not clearly linked to a state-wide assessment of risk and that the enforcement activity undertaken by the Department covers less than five per cent of total fishing activity.

The Auditor General recommended that the Department develop a regional and state-wide compliance risk assessment as a basis for its compliance program. Furthermore, the Department should determine the level of compliance activity that is required to achieve effective compliance outcomes for individual fisheries and it should collect the key information required for compliance reporting and management purposes.¹⁹⁸

Actions/Comments of the Committee

The Committee sought a response to the Auditor General's recommendations from the Department of Fisheries. As a response had not been received at the time of reporting, this follow-up will be carried over to the Committee's next review.

¹⁹⁸ *Ibid.*, pp. 16–17.

APPENDIX ONE

AUDITOR GENERAL'S REPORTS REVIEWED

Reports carried over from previous review periods where follow-up has been COMPLETED

- *Management of the TRELIS Project* – Report 1 (12 April 2006)
- *Second Public Sector Performance Report* – Report 8 (30 August 2006):
 - Informing the Public: Providing Information on the Timeliness of Services
 - Setting Fees: Extent of Cost Recovery
- *Management of Ramsar Wetlands in Western Australia* – Report 9 (13 September 2006)
- *Room to Move: Improving the Cost Efficiency of Government Office Space* – Report 11 (22 November 2006)
- *Shared Services Reform: A Work in Progress* – Report 5 (13 June 2007)
- *Third Public Sector Performance Report* – Report 7 (27 June 2007)
- *Management of Native Vegetation Clearing* – Report 8 (5 September 2007)
- *Fourth Public Sector Performance Report* – Report 9 (26 September 2007):
 - Management of Asbestos-related Risks by Government Agencies
 - Establishing Contractual Arrangements with Private Business
- *First Do No Harm: Reducing Adverse Events in Public Hospitals* – Report 10 (17 October 2007)
- *Renewable Energy: Knowing What We Are Getting* – Report 12 (28 November 2007)
- *Public Sector Performance Report 2008* – Report 1 (19 March 2008)
- *Performance Examination of Risk Management, Delegation of Authority and Records Management* – Report 2 (7 May 2008):
 - Risk Management
 - Delegation of Authority
 - Records Management

Reports carried over from the previous review periods where follow-up is ONGOING

- *Progress with Implementing the Response to the Gordon Inquiry* – Report 11 (23 November 2005)
- *Behind the Evidence: Forensic Services* – Report 4 (31 May 2006)
- *Second Public Sector Performance Report* – Report 8 (30 August 2006):
 - Informing the Public of the Timeliness of Services
 - Setting Fees – Extent of Cost Recovery – Follow-up
- *Second Public Sector Performance Report* – Report 3 (4 April 2007):
 - Major Information and Communications Technology Projects
- *Shared Services Reform: A Work In Progress* – Report 5 (13 June 2007)
- *A Helping Hand: Home-based Services in Western Australia* – Report 6 (20 June 2007)
- *Third Public Sector Performance Report 2007* – Report 7 (27 June 2007):
 - Management of Land Tax and Metropolitan Region Improvement Tax
 - Legal Aid in Western Australia
- *Fourth Public Sector Performance Report* – Report 9 (26 September 2007):
 - Tracking Timber Logged from South West Native Forests
- *Performance Examination of Administration of Natural Resource Management Grants* – Report 11 (28 November 2007)
- *Public Sector Performance Report 2008* – Report 1 (19 March 2008):
 - Regulation of Security Workers
- *Performance Examinations of Risk Management, Delegation of Authority and Records Management* – Report 2 (7 May 2008):
 - Risk Management
 - Delegation of Authority
 - Records Management

- *Lost in Transition: State Services for Humanitarian Entrants* – Report 3 (11 June 2008)
- *The Juvenile Justice System: Dealing with Young People Under the Young Offenders Act 1994* – Report 4 (18 June 2008)

Reports from the current review period

- *Improving Resource Approval Projects* – Report 5 (7 October 2008)
- *Responding to Changes in Attraction, Retention and Achievement in Vocational Education and Training* – Report 7 (7 November 2008)
- *Second Public Sector Performance Report* – Report 8 (3 December 2008):
 - Complaints Management in Shared Services Centres
 - Funding and Purchasing Health Services from Non Government and Not-for-Profit Organisations
 - Management of Traffic Infringements for Government Vehicles and Staff
- *First Public Sector Performance Report* – Report 1 (1 April 2009):
 - Management of Water Resources in Western Australia – Follow-Up
 - Administration of the Metropolitan Region Scheme by the Department for Planning and Infrastructure
 - Management of Fringe Benefit Tax
- *Information Systems Audit Report* – Report 2 (8 April 2009)
- *Coming Ready or Not: Preparing for Large-scale Emergencies* – Report 4 (20 May 2009)
- *Rich and Rare: Conservation of Threatened Species* – Report 5 (10 June 2009)
- *Maintaining the State Road Network* – Report 6 (10 June 2009)
- *Second Public Sector Performance Report* – Report 7 (25 June 2009):
 - Dangerous Goods Safety
 - Compliance in Western Australia's Commercial and Recreational Fisheries

APPENDIX TWO

LEGISLATION

List of Legislation (or other relevant information) referred in the report.

Legislation	State (or Country)
<i>Commissioner for Children and Young People Act 2006</i>	Western Australia
<i>Conservation and Land Management Act 1984</i>	Western Australia
<i>Dangerous Goods Safety Act 2004</i>	Western Australia
<i>Electricity Corporations Act 2005</i>	Western Australia
<i>Emergency Management Act 2005</i>	Western Australia
<i>Environmental Protection Act 1986</i>	Western Australia
<i>Fish Management Act 1994</i>	Western Australia
<i>Fish Resources Management Act 1994</i>	Western Australia
<i>Mining Act 1978</i>	Western Australia
<i>Occupational Safety and Health Act 1984</i>	Western Australia
<i>Pearling Act 1990</i>	Western Australia
<i>Planning and Development Act 2005</i>	Western Australia
<i>Road Traffic Act 1974</i>	Western Australia
<i>State Records Act 2000</i>	Western Australia
<i>State Trading Concerns Act 1916</i>	Western Australia
<i>Wildlife Conservation Act 1950</i>	Western Australia
<i>Young Offenders Act 1994</i>	Western Australia

