



Public Accounts Committee

Annual Report 2014-15

**Report No. 11
November 2015**

Legislative Assembly
Parliament of Western Australia

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Members	Mrs G.J. Godfrey, MLA Member for Belmont
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Report No. 11

Presented by

Mr S.K. L'Estrange, MLA

Laid on the Table of the Legislative Assembly on 12 November 2015

Chairman's Foreword

This report details the activities of the Public Accounts Committee of the 39th Parliament for the 2014-2015 financial year. The Committee has focused its work during this period on two main areas: following-up Auditor General's reports and conducting its own inquiries.

The Committee plays an important role following up the reports of the Auditor General. This follow-up process helps ensure that public sector agencies give proper consideration to implementing the recommendations made by the Auditor General. There is a considerable workload attached to this part of the Committee's role, and we continue to seek a balance between this work and the other inquiry-related work of the Committee.

The second main area of Committee activity during the reporting period was its inquiry work. The Committee concluded its Inquiry into Amendments to the *Public Sector Management Act 1994*, which investigated the Act in light of reforms passed in 2010. The report was tabled in the Legislative Assembly on 21 August 2014. The Committee has since commenced a new Inquiry into State Government Information and Communications Technology (ICT) Procurement and Contract Management. It also resolved to conduct some preliminary research into the Department of Finance's Common Use Arrangements and the efficiency and effectiveness of local government. Other work included the Committee's ongoing contribution to the Australasian Council of Public Accounts Committees (ACPAC).

The Annual Report also provides details of the Committee's expenditure for the financial year.

I thank my fellow Committee members (Deputy Chairman Ben Wyatt MLA; Glenys Godfrey MLA; Bill Johnston MLA; and Matt Taylor MLA) for their work on the Committee during the 2014-2015 financial year. I also thank the Committee Secretariat (Tim Hughes; Michele Chiasson; and Lucy Roberts) for their work over the period.

MR S.K. L'ESTRANGE, MLA
CHAIRMAN

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Chapter 1

Committee Activities

Introduction

- 1.1 The Public Accounts Committee (the Committee) tabled five reports in the 2014-2015 reporting period. The reports were:
- Report No. 5 *Budget Briefing 2014-15* (tabled 21 August 2014)
 - Report No. 6 *Final Report of the Inquiry into Amendments to the Public Sector Management Act 1994* (21 August 2014)
 - Report No. 7 *Annual Report 2013-14* (18 September 2014)
 - Report No. 8 *Review of Auditor General Reports No. 3 – Selected Reports of 2012 and 2013* (23 October 2014)
 - Report No. 9 *Budget Briefing 2015-2016* (25 June 2015)
- 1.2 During the reporting period the Committee:
- Held 24 deliberative meetings;
 - Took evidence from 17 witnesses at five public hearings;
 - Was briefed by 16 witnesses at seven briefings;
 - Corresponded with 62 agencies in relation to their implementation of recommendations from 26 Auditor General's reports;
 - Hosted members of Parliament for a briefing by the Department of Treasury on the 2015-2016 State Budget; and
 - Travelled to Adelaide to attend the 13th Biennial Conference of the Australasian Council of Public Accounts Committees (ACPAC).
- 1.3 In addition, two Committee members represented ACPAC at the Commonwealth Parliamentary Association's Fifth Westminster Workshop in Malta where a constitution to establish a new body—the Commonwealth Association of Public Accounts Committees (CAPAC)—was developed and ratified.
- 1.4 Further details regarding the abovementioned activities are provided in the following paragraphs.

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Committee Hearings

- 1.5 Pursuant to Standing Order 264, the Committee has power to send for persons, papers and records. During the period 1 July 2014 to 30 June 2015, the Committee conducted five public hearings as part of its follow-up of agency responses to Auditor General's reports. Details of these hearings are listed in Table 1 below.

Table 1 Details of PAC Hearings 2014-2015

Date	Name	Position	Organisation
12 November 2014	Mr Craig Ward	Assistant Commissioner, State Crime	WA Police
	Det Supt James Migro	Divisional Officer, Licensing Enforcement	
25 February 2015	Mr Robert Delane	Director General	Department of Agriculture and Food
	Mr Vivian Read	Director, Invasive Species	
	Ms I-Lyn Loo	Senior Policy Officer	
18 March 2015	Professor Bryant Stokes	A/Director General	Department of Health
	Mr Philip Aylward	Chief Executive, Child and Adolescent Health Service	
	Ms Lisa Brennan	A/Executive Director, Child and Adolescent Health Service	
	Ms Melissa Vernon	A/Chief Operating Officer	
	Ms Angela Kelly	A/Executive Director, Resourcing and Performance	
	Mr Jeffrey Moffet	Chief Executive	WA Country Health Service
6 May 2015	Professor Bryant Stokes	A/Director General	Department of Health
	Mrs Rebecca Brown	Assistant Director General, Reform	
	Mr Michael D'Souza	A/Chief Information Office, Health Information Network	
17 June 2015	Ms Anne Nolan	Director General	Department of Finance
	Ms Stephanie Black	Executive Director, Government Procurement	
	Mr Mino Intini	General Manager, Maintenance	

Committee Briefings

- 1.6 The Committee also conducted a series of closed briefings with public officers regarding potential inquiry topics.

Table 2 Details of PAC Briefings 2014-2015

Date	Name	Position	Organisation
22 October 2014	Mr Michael Court	A/Deputy Under Treasurer	Department of Treasury
	Mr Richard Watson	A/Executive Director, Economic	
	Mr Alex Scherini	Assistant Director, Revenue and Intergovernmental Relations	
22 October 2014	Mr Michael Court	A/Deputy Under Treasurer	Department of Treasury
	Mr Michael Eaton	Director, Budget Coordination	
	Mr Anthony Smith	Assistant Director, Financial Policy	
26 November 2014	Mr Colin Murphy	Auditor General	Office of the Auditor General
	Mr Glen Clarke	Deputy Auditor General	
11 May 2015	Mr John Doyle	Auditor General	Victorian Auditor General's Office
27 March 2015	Mr Colin Murphy	Auditor General	Office of the Auditor General
	Mr Peter Bouhlas	Senior Director, Information Systems and Performance Audit	
24 June 2015	Ms Anne Nolan	Director General	Department of Finance
	Ms Stephanie Black	A/Executive Director, Government Procurement	
	Mr Giles Nunis	A/Government Chief Information Officer	
24 June 2015	Ms Kaylene Gulich	A/Executive Director, Infrastructure and Finance	Department of Treasury
	Mr Alistair Jones	A/Executive Director, Strategic Policy and Evaluation	

Chapter 1

Other Committee Activities

- 1.7 The Committee has had a productive year with its time primarily divided between following-up agency responses to recommendations from the Auditor General and undertaking several inquiry-related matters.

Review of Agency Responses to Auditor General Reports

- 1.8 In the last 12 months, the Auditor General tabled 13 reports that were subject to the Committee's agency follow-up process. The Committee commenced preliminary consideration of these reports, while continuing to work through 27 other reports from 2012 through 2014. During this period the Committee concluded and reported on 11 audit follow-ups.¹ A further 16 were concluded later in the year and are being prepared for tabling in the next reporting period (September 2015).²
- 1.9 In an effort to decrease its administrative workload—without compromising the quality of its follow-up process— the Committee has continued to look for ways to streamline its examination and reporting approaches. The Committee has now developed a triaging system to determine the manner and extent to which individual agencies are pursued. The Committee is confident this new approach will help it balance the time it dedicates to considering an increasing number Auditor General's reports with that directed towards its own inquiry-related work.

Completed Inquiries

- 1.10 On 21 August 2014, the Committee reported on its inquiry into the 2010 amendments to the *Public Sector Management Act 1994* (PSM Act). The Committee considered the extent to which the amended PSM Act promotes a public sector that is both operationally independent, and sufficiently responsive to the policy priorities of the government of the day. The Committee found a reasonable balance exists between these two potentially conflicting aims. The report also examined whether the accountability and transparency provisions in place for the Public Sector Commissioner were appropriate in light of the 2010 amendments. The Committee found there was opportunity for both the Executive and the Parliament to take a more active role in assessing the performance of the Commissioner in the discharge of his statutory duties

1 Public Accounts Committee, [Review of Auditor General Reports No. 3 – Selected Reports 2012 and 2013](#), Report No. 8, 23 October 2014. Available from the Committee website: www.parliament.wa.gov.au/pac. Click on "Reports".

2 On 24 September 2015, the Committee tabled its 10th Report, [Review of Auditor General Reports No. 4 – Selected Reports 2013 and 2014](#). Available from the Committee's website: www.parliament.wa.gov.au/pac. Click on "Reports".

and made some recommendations to this effect. In total, the report contained 34 findings and 14 recommendations.³

New Inquiries

- 1.11 On 20 May 2015, the Committee commenced its Inquiry into State Government Information and Communications Technology (ICT) Procurement and Contract Management. ICT is a critical part of the fabric of government, enabling it to provide services and communicate with citizens in an efficient way. As technology evolves, governments are continually presented with new ways to deliver services, engage with the community, and reduce costs.
- 1.12 In this inquiry, the Committee will be considering the latest developments in the area of government ICT systems with a particular focus on systems that have demonstrably reduced the cost, and improved the delivery, of government services.
- 1.13 The Committee will also consider whether such systems could be incorporated into the Western Australian public sector and the factors that would need to be considered to ensure successful implementation. Currently, the Western Australian public sector spends at least \$1 billion per year on ICT goods and services. However, over the last ten years, consecutive governments have struggled to ensure that the significant expenditure on ICT is achieving the best possible outcomes.
- 1.14 The Committee will conduct this inquiry in conjunction with its follow-up of Auditor General's reports and has proposed a tabling date of 25 August 2016.

Other Areas of Interest

- 1.15 In early 2015, the Committee resolved to conduct some preliminary research into the Department of Finance's Common Use Arrangements (CUAs), specifically the implementation of CUAs in Western Australia's primary and secondary public schools. As part of this work, the Committee sent out a written survey to 50 public school principals who are required to procure a range of goods and services under the CUA policy framework.
- 1.16 The Committee then held a public hearing with the Department of Finance on 17 June 2015 to discuss the themes that emerged from the survey responses and to gain a greater understanding around the practical application of CUAs in the school sector.⁴

3 Public Accounts Committee, [Final Report of the Inquiry into Amendments to the Public Sector Management Act 1994](#). Report No. 6, 21 August 2014. Available from the Committee's website: www.parliament.wa.gov.au/pac. Click on "Reports".

4 A copy of the transcript of this hearing is available from the Committee website at: www.parliament.wa.gov.au/pac, click on "Other Proceedings" and "[PAC Miscellaneous](#)".

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- 1.17 The Committee has conducted this work under the provisions of Standing Order 286(4), which enable it to '[c]onsider whether the objectives of public expenditure are being achieved, or may be achieved more economically.' By the end of the reporting period, the Committee was yet to determine whether it would hold any further hearings on this matter.⁵

Budget Briefing

- 1.18 On Tuesday, 19 May 2015, the Committee hosted a briefing on the 2015-2016 Western Australian State Budget. The briefing was offered to all interested members of the Western Australian Parliament and was delivered by three senior officials from the Department of Treasury (Treasury), including Mr Michael Barnes, the Under Treasurer.

- 1.19 The Committee subsequently incorporated the presentation, along with a copy of Treasury's responses to questions taken from the floor, into a report that was tabled in the Legislative Assembly on 25 June 2015.⁶

Australasian Council of Public Accounts Committees Biennial Conference

- 1.20 The Committee attended the 13th Biennial Conference of the Australasian Council of Public Accounts Committees (ACPAC) in Adelaide from 15 – 17 April 2015. ACPAC was established in 1989 and operates as a vehicle by which parliamentary Public Accounts Committees (PACs), or committees with similar functions, can meet biennially to exchange ideas on improving the operation of PACs and their interaction with audit offices, the media, and the public. ACPAC member committees come from Australia's state and territory legislatures as well as the national parliaments of Australia, New Zealand, Papua New Guinea, Fiji, and the Solomon Islands. Invitations to ACPAC Conferences are also often extended to other committees and audit offices from non-member jurisdictions throughout Australasia and the Commonwealth.
- 1.21 The theme of the 13th Biennial Conference was 'Inquiring Minds: Public Accountability' with representatives from 15 PACs and 13 audit offices attending. Topics for discussion at the Conference included:

- Defining the roles and responsibilities of PAC members.
- Measuring the performance of Public Accounts Committees.
- The roles played by PACs, audit offices, and independent anti-corruption bodies, in improving public accountability.

5 In the subsequent reporting period, the Committee resolved to conduct a hearing with the Department of Education (on 23 September 2015). The outcome of this hearing, and the Committee's broader investigation, will be referred to in the Committee's next Annual Report.

6 Public Accounts Committee, *Budget Briefing 2015-16*, Report No. 9, 25 June 2015. Available from the Committee's website: www.parliament.wa.gov.au/pac. Click on "Reports".

- Measuring and maintaining public accountability.
 - Improving community engagement in the public accountability sphere.
- 1.22 Committee Chairman, Mr Sean L'Estrange, MLA, also participated in a multi-member panel session that considered the topic 'Public Accounts Committee Members: Politician versus Parliamentarian ... Does it Matter in Ensuring Rigorous Scrutiny?' During this session Mr L'Estrange gave an overview of some of the key themes that emerge from the literature on this topic and explained the Committee's approach to its follow-up of agency responses to Auditor General's reports.
- 1.23 In another session entitled 'International Perspectives in the PAC Arena', the Committee Chairman and the Principal Research Officer provided an overview of the Committee's engagement with the Public Accounts Committee of the Cook Islands. This was one of several case studies that examined the activities being undertaken by ACPAC members with their 'twin' parliaments under the Commonwealth Parliamentary Association's (CPA's) Pacific Parliamentary Partnerships program.⁷

**Commonwealth Parliamentary Association's Fifth Westminster Workshop –
Launch of Commonwealth Association of Public Accounts Committees**

- 1.24 From 1 June through 4 June 2015, the Committee Chairman, along with Committee Member, Mr Bill Johnston MLA, and the Principal Research Officer attended the CPA's Fifth Westminster Workshop in Malta as representatives of ACPAC, having been endorsed by the ACPAC Council at its most recent business meeting held during the Adelaide Biennial Conference.
- 1.25 The Workshop was entitled *Effective, Independent & Transparent Public Accounts Committees for Robust Financial Oversight*. Sixty-eight committee members and staff from 22 Commonwealth parliaments and three regional organisations attended. In addition to ACPAC, the other regional organisations in attendance were the Asia Regional Association of Public Accounts Committees (ARAPAC) and the Canadian Council of Public Accounts Committees (CCPAC). The Workshop included a series of interactive sessions that were conducted with the objective of enhancing the capacity and effectiveness of PAC members and committee clerks. Topics included:
- Improving the effectiveness and efficiency of PACs.
 - Achieving impact: tracking performance.
 - Reporting and following-up on recommendations.
 - How Audit Offices can best support PACs.

7 For more details on the 'twinning' arrangements, refer to the '[Programs](http://www.cpaaus.org/programs.html)' page on the Commonwealth Parliamentary Association (Australian Region) website. Available at: <http://www.cpaaus.org/programs.html>.

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- Improving public financial reporting.
 - Parliamentary scrutiny of oil, gas and mining revenues.
- 1.26 The second objective of the Workshop was to provide ‘...the platform for the formal launch of the Commonwealth Association of Public Accounts Committees (CAPAC).’⁸ The rationale behind CAPAC is not to duplicate the work of existing regional councils, such as ACPAC, but to provide an umbrella organisation through which existing and future regional councils can operate and share information around promoting standards of good practice.
- 1.27 Three business sessions were dedicated to discussing, and ultimately adopting, the CAPAC Constitution. Following this, PACs from 21 Commonwealth Parliaments pledged to become full members of CAPAC⁹ and an 11-member Executive Committee was elected and tasked with taking the entity forward. It is expected that the establishment of CAPAC will be formally confirmed at 2015 Commonwealth Heads of Government Meeting (scheduled for 27-29 November 2015 in Malta), where other national PACs will be invited to join. Associate Membership status of CAPAC will be open to PACs of sub-national legislatures only if the equivalent committee from that jurisdiction’s national parliament has become a CAPAC Member Committee and has formally provided its support for the application.
- 1.28 Following its return from the Workshop, the WA Public Accounts Committee began preparing a written report covering the summary of activities from the Fifth Westminster Workshop for distribution to each ACPAC member committee. There is also a presentation to ACPAC members planned for the next ACPAC Business Meeting (scheduled for May 2016), where an update on the latest developments surrounding CAPAC will be provided.¹⁰

⁸ Commonwealth Parliamentary Association UK Branch (CPA UK), 5th Westminster Workshop, ‘Communique’, 4 June 2015, Valetta, Malta.

⁹ Founding CAPAC members are: Bangladesh; Barbados; Cameroon; Fiji; Ghana; Jamaica; Kenya; Malaysia; Maldives; Malta; Mauritius; Namibia; Pakistan; Papua New Guinea; Rwanda; Sierra Leone; Sri Lanka; Swaziland; Trinidad and Tobago; Tanzania; and Uganda.

¹⁰ This report was subsequently completed and distributed to ACPAC member committees on 15 October 2015.

Chapter 2

Financial Statement

Committee Expenditure

- 2.1 The Committee does not have its own formal budget and is funded out of the budget of the Legislative Assembly. Approval for major expenditure is required on a case-by-case basis and is entirely at the discretion of the Speaker.
- 2.2 The table below includes all expenditure for the financial year.

Table 3 PAC Expenditure Summary 2014-2015

Expenditure Item*	Cost
Staff and Member amenities	\$1,307
Printing	\$1,994
Couriers	\$2,032
Travel	\$50,439
Miscellaneous	\$16
Total	\$55,788

**Salaries of committee staff are not included.*

MR S.K. L'ESTRANGE, MLA
CHAIRMAN

Appendix One

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.