



## Premier of Western Australia

Our ref: 24-424518

Hon Michael Sutherland MLA  
Speaker  
Western Australian Legislative Assembly  
Parliament House  
GPO Box A11  
Perth WA 6837

Dear *Michael,*  
Mr Sutherland

Please find attached a response on behalf of the Government to the Public Accounts Committee's Review of the Auditor General Reports No. 2.

The response incorporates the responses of all Ministers and Parliamentary Secretaries to whom the Review was provided for comment by the Committee Chair, and is being forwarded to you at the request of the Principal Research Officer of the Public Accounts Committee.

Yours sincerely

Colin Barnett MLA

**PREMIER**  
10 MAR 2014  
Att.

## REVIEW OF AUDITOR GENERAL REPORTS NO.2 - SELECTED REPORTS 2011 - 2012

### **Recommendation 1**

The Department of Education should further refine its objectives and establish an accurate cost base for the Independent Public Schools and School Select programs so that the effectiveness and efficiency of these programs can be accurately assessed.

#### Response and notes

The Department of Education continues its work in refining the objectives of the new teacher recruitment programs and in developing accurate mechanisms for the purposes of reporting against those objectives.

The Department has developed a range of mechanisms to collect data over time in order to track and compare the numbers of:

- advertised vacancies;
- applicants for central placement; and
- applicants for advertised vacancies.

The tender process for the whole-of-Government recruitment and candidate management system has recently concluded and the Department is continuing to progress computer program enhancements with the service provider.

Assessment of these numbers over time will provide the Department with an insight into the effectiveness of the new teacher recruitment programs as the number of applicants for advertised positions increases, and the number of applicants for central placement decreases.

While the Department acknowledges the need for the establishment of an accurate cost base for recruitment in general terms, it is not anticipated that efficiency measures differ broadly between recruitment programs. The difference in recruitment practice between the programs is where the applicants are drawn from a centralised pool, or responses to local advertising.

### **Recommendation 2**

The Department of Treasury should provide specific details to Parliament as to the actions it has taken in response to the first two recommendations of the Auditor General's Report No. 3 of 2012: Beyond Compliance: Reporting and Managing KPIs in the Public Sector. The Department should also provide detail on the outcomes of these actions.

#### Response and notes

It is noted that the Auditor General recommendations are consistent with the Economic Audit Committee (EAC) report 'Putting the Public First: Partnering with the Community and Business to Deliver Outcomes' of October 2009. The EAC recommended that reporting requirements for agencies be commensurate with their scale and risk, and that KPIs for policy, planning and research functions are avoided as the value of these functions is not effectively assessed in this manner.

However, giving effect to these recommendations requires amendments to the Financial Management Act 2006 (FMA). Treasury is currently undertaking a review of the FMA which, among other matters, aims to address the existing 'one size fits all' approach to the reporting of agency performance information.

Suggested amendments to the FMA are scheduled for Cabinet consideration shortly, followed by tabling in Parliament.

Furthermore, Treasury agrees that some agencies' existing Outcome Based Management (OBM) frameworks do not provide meaningful information to allow for effective scrutiny of public monies. Service level information tends to be aggregated at too high a level. For example, the 2013/14 Budget for the Department of Education is \$4.4 billion (about 16% of the total expenditure by the general government sector), yet the agency only reports on two services: primary education and secondary education.

In relation to the Auditor General recommendation to provide practical guidance and advice to agencies in respect of the OBM framework, please note that Treasury proposes to work closely with a targeted number of agencies to develop more meaningful performance frameworks. It is planned for the improved performance information to be reported in the 2015/16 Budget Statements.

### **Recommendation 3**

The Treasurer and the Minister for Finance should consider ways in which the status of major capital projects can be reported to the Parliament.

#### Response and notes

It is considered that the Department of Treasury's current process for reporting to government via the Major Government Projects Report is the most suitable method of reporting to government on its significant and high risk projects. The Report provides a traffic light status of the top 50 construction projects across all agencies. This report is currently prepared on a quarterly basis, and submitted to the Economic and Expenditure Reform Committee of Cabinet.

With respect to public disclosure, there is already a considerable and, in the Government's view, adequate amount of publicly available information on the status and project costs of major capital projects across a range of portfolios. Information can be accessed through the State's Budget papers, the Government's *The Bigger Picture* website about planned and current infrastructure projects, departmental websites (including the Department of Treasury's Strategic Projects), ministerial announcements and other information sources.

### **Recommendation 4**

The Minister for Child Protection should take steps to enable the state's performance under the National Partnership Agreement on Homelessness to be reported to the Western Australian Parliament.

Other Ministers should also consider the ways in which reporting can be similarly structured under National Partnership Agreements within their portfolio remit.

#### Response and notes

An annual report on the National Partnership Agreement on Homelessness is supplied to the Commonwealth and could be provided to the Western Australian Parliament. Advice will be sought from the Treasurer on the most appropriate process by which this can occur, consistent with other National Partnership Agreements.