STANDING COMMITTEE ON PUBLIC ACCOUNTS

Report on the 11th Biennial Conference of the Australasian Council of Public Accounts Committees (ACPAC)

AUGUST 2011

Report 19

Committee membership

Ms Caroline Le Couteur MLA	Chair
Mr John Hargreaves MLA	Deputy Chair from 5 August 2011
	Member from 20 November 2009 to 5 August 2011
Mr Brendan Smyth MLA	Member from 5 August 2011
	Deputy Chair to 5 August 2011
Ms Joy Burch MLA	Member to 19 November 2009

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Resolution of appointment[1]

The ACT Legislative Assembly appointed the Standing Committee on Public Accounts on 9 December 2008 to:

(1) examine:

a) the accounts of the receipts and expenditure of the Australian Capital Territory and its authorities; and

b) all reports of the Auditor-General which have been presented to the Assembly;

(2) report to the Assembly any items or matters in those accounts, statements and reports, or any circumstances connected with them, to which the Committee is of the opinion that the attention of the Assembly should be directed;

(3) inquire into any question in connection with the public accounts which is referred to it by the Assembly and to report to the Assembly on that question; and

(4) examine matters relating to economic and business development, small business, tourism, market and regulatory reform, public sector management, taxation and revenue.

[1] ACT Legislative Assembly, Minutes of Proceedings No. 2, Tuesday 9 December 2008, pp. 12–13.

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1 INTRODUCTION

1.1 On 10 May 2011, the Standing Committee on Public Accounts (the Committee) resolved to report on its recent participation and attendance at the 11th Biennial Conference of the Australasian Council of Public Accounts Committees (ACPAC).

1.2 The 2011 ACPAC Conference (the Conference) was jointly hosted by the Parliament of Western Australia's Legislative Assembly's Public Accounts Committee and the Legislative Council's Estimates and Financial Operations Committee from 27 April to 30 April 2011.

1.3 Over one hundred Australian and international delegates and observers attended the Conference, including members and staff of public accounts committees (PACs), Auditors-General, academics and professional bodies. In addition to Australian and New Zealand delegates, the Conference included representatives from the countries of: the Republic of Indonesia; Tonga; Namibia; Malaysia; Kiribati; Timor-Leste; and South Africa. The delegates, observers and invited guests that attended the Conference are listed at **Appendix A**.

1.4 The Standing Committee on Public Accounts and its secretary represented the ACT Legislative Assembly at the Conference. The Conference coincides with the annual meeting of the Commonwealth, State and Territory Auditors-General and benefited greatly from their attendance and participation on the second day of the Conference.

1.5 The theme of the Conference— *Seeking Improved Performance for Public Accounts Committees: What Works Well?*—focused on mechanisms for improving the performance of PACs by: exploring issues of independence and partisanship; examining the future of performance measurement; and evaluating access and freedom of information (FOI) and how these relate to the work of committees.

1.6 The Conference Chairs, the Hon. John Kobelke MLA and the Hon. Giz Watson MLC opened the Conference. Where available, copies of paper presentations and handouts from the keynote address and interactive panel sessions can be obtained from the Committee office.

2 OVERVIEW OF CONFERENCE PROGRAM

2.1 The Conference program included a keynote address and interactive panel sessions with accompanying papers. A summary of these is set out below.

2.2 The Committee's participation at the Conference included: (i) attendance at the ACPAC 2011 Council meeting; (ii) presentation of jurisdictional report providing a summary of committee activity since the 10th Biennial ACPAC Conference in 2009; and (iii) as panel members for a number of the interactive sessions.

Key note address

Accountability in the growth age

Managing and monitoring the rise of a big Australia: How demographic change is shaping the public spending agenda—Bernard Salt (KPMG Partner)

2.3 This address argued that the approaching retirement of the 'baby boomer' generation in Australia and other developed countries will profoundly drive changes to public and private spending over the next decade. An increased number of retirees coupled with less taxpayers will require governments to do more with less.

2.4 This impending scenario calls for either more tax or more taxpayers. In the case of Australia, this address advanced that the forthcoming 'baby bust' would transform the labour market in order to fill gaps in the skills base together with an increased requirement for migration to support Australia's tax base.

2.5 A big Australia scenario will result accompanied by a consequent increase in demand for and investment in large infrastructure projects. In terms of demographic influences, an aged population will direct spending into health and wellness programs whilst Generation Y will seek assurances that public spending is transparent and accountable.

Interactive panel sessions

Politicians and Parliamentarians

What is a Parliamentarian? Are they made?—Andrew Murray (former Senator for WA) and George Strickland (former Speaker of WA's Legislative Assembly).

2.6 This session acknowledged that in Australia's contemporary political environment, Members of Parliament face a range of competing influences and demands, including from political parties, constituents and the media. A number of key issues were examined and discussed, including:

- the impact of partisanship on the accountability function of scrutiny and review committees
- the differences between politicians and Parliamentarians and what accounts for these differences, and
- whether there are structural and/or institutional factors that might prompt the creation of Parliamentarians as opposed to politicians.

2.7 The former Senator, Andrew Murray emphasised the importance of training and its relationship to improving accountability for politicians and Parliamentarians. Andrew Murray suggested:

> A trained professional experienced political class that is subject to the rigours of regulation, due process, and organisational integrity will always perform better than one that is not.
> ...
> One of the reasons that parliamentarians struggle to make headway is the lack of professional development. The lack of professional training to assist parliamentarians and politicians is astonishing.
> ...
> Being a parliamentarian requires professional scrutiny of matters that many people struggle to understand. If parliamentarians are poorly trained, poorly staffed, poorly serviced and not aided by independent researchers and advice in the form of libraries or budget offices, their ability to understand complex financial matters is severely constrained.
>
> In these circumstances, it's easier to simply be a politician.[2]

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[2] Murray, A. (2011) 'Parliamentarians Politicians and Accountability', paper delivered to the ACPAC 11th Biennial Conference, 27–29 April 2011, pp. 10–11.

Balancing independence and cooperation

PACs and Auditors-General—Maximising the benefit of these relationships

2.8 This session focused on the important relationship between Auditors-General and PACs and its contribution to effective oversight and scrutiny of the Executive Government. The significance of this relationship emerged as one of the Conference themes from the 2009 ACPAC Biennial Conference and formed part of that Conference's communiqué. Specifically, 'maintaining and strengthening the relationships of Public Accounts Committees with Auditors-General and Audit Offices' was highlighted as a key issue.[3]

2.9 David McGee in his publication, *The Overseers—Public Accounts Committees and Public Spending*, noted that two important elements in the system of public financial accountability are the office of the Auditor-General and the PAC.[4]

2.10 The relationship a PAC has with its respective Auditor-General can be a key factor for an effective system of public financial accountability.

2.11 In a review by Stapenhurst and others (2005) assessing the performance of PACs, one of the surveyed respondents commented that the legislative auditor is usually the chief support for the PAC—'the friend, philosopher and guide'.[5]

2.12 Stapenhurst's survey concluded that, amongst other factors, the success of PACs was reliant on a close working relationship with the Auditor-General and in the main, the work of the Committee should be guided by the work of the Auditor-General.[6]

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3 ACPAC 10th Biennial ACPAC Conference Communiqué, 17 April 2009.

4 McGee, D. (2002) *The Overseers—Public Accounts Committees and Public Spending*, Pluto Press, London.

5 Stapenhurst, R., Sahgal, V., Woodley, W. & Pelizzo, R. (2005) 'Scrutinizing Public Expenditures—Assessing the Performance of Public Accounts Committees', *World Bank Policy Research Working Paper 3613*, May, p. 12.

6 *Ibid.*, pp. 1–36.

2.13 Mr Brendan Smyth MLA participated as a panel member for this session, noting that the focus and theme of this session was a principal and critical consideration for all PACs.

2.14 Mr Smyth talked about the importance of the relationship to oversight and scrutiny together with what could be considered as significant contributors or elements to an effective relationship.

2.15 To conclude, an effective relationship between an Auditor-General and their respective PAC is enhanced when both parties understand and deliver on their respective roles as complimentary bodies in Parliament's oversight functions. A paper presented by the former Chair of the WA Public Accounts and Expenditure Committee, John Quigley, at the 9th Biennial ACPAC Conference, captures the essence of the essential ingredients of this important complimentary relationship:

> Parliamentary Committees have powers that Auditor-Generals could only dream of...powers to compel evidence, to challenge Government policy, to explore perspectives without the burden of the audit process. Auditors-General have access to enormous amounts of information, and can offer great wisdom. The challenge for all of us is to work closely with each other, understand when to work together and when to work apart, and thereby add the most value we can to topics we explore.[7]

Opposition-led committees

Opposition-led committees—Effective scrutiny for government?—Professor Clem Macintyre, Head of the School of History and Politics at Adelaide University

2.16 This session focused on how to maximise the effectiveness of opposition led committees. Following a presentation by Professor Macintyre, a panel of three members shared their thoughts and experiences with regard to opposition led, or non-government led committees. Mr John Hargreaves MLA participated as a panel member for this session.

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[7] Quigley, J. (2007) 'Different models for PACs in reviewing the work of auditors. How best to "add value" to the work of auditors', 9th Biennial ACPAC Conference, p. 9.

2.17 This included ways that opposition-led Parliamentary committees may contribute to reinforcing the independence of Parliaments and thus ensuring the accountability of governments. The coverage of interactive discussion with delegates that followed the presentations included, whether:

- opposition-led committees present any implications for the orderly operation of committees
- opposition-led committees have enhanced independence
- the impact of committee reports is dulled by minority reports
- opposition-led committees face specific procedural challenges, and
- the absence of a government Chair impacts on the effectiveness of respective committees.

2.18 How successful Parliamentary committees are in maintaining a check over the Executive does not depend exclusively on institutional design but also, and more importantly, depends on the behaviour of its members and the functioning of the committee itself. In the case of PACs, in addition to the need for strong powers (to send for persons, papers and records and to self-refer) and appropriate resourcing as critical to the effectiveness of the oversight role of the Committee, Loney (2004) has also nominated the competence and skills of the individual committee members as crucial for the Committee's success.[8] In his words:

> If PAC members are to achieve the objective of being the primary mechanism for scrutiny of government, members working on parliamentary committees need to be able to distinguish between their roles as members of Parties, and their role as a committee member. The latter role is to represent the parliament as an entity, and the public generally, in holding the Executive Government to account.[9]

[8] Jacobs, K., & Jones, K. (2005) 'Governing the Government: The Paradoxical Place of the Public Accounts Committee', *Public Sector Governance and Accountability Research Centre, La Trobe University*, October, pp. 18-20.

[9] Loney, P. (2004) 'Beware the Gap! – Parliamentary Oversight or Parliament Overlooked?', *Association of Public Accounts Committees Conference*, South Africa, 4 October.

2.19 Committees are made up of individuals and their capacity is at least as important as institutional capacity. The capacity of both needs to be addressed for effective oversight.[10]

2.20 The powers and resourcing of committees are as equally important, as the chairship, to a strong committee system. The literature suggests that extensive powers, such as the ability to self-refer terms of reference and to send for persons, papers and records, coupled with a committee composition without a government majority are all key elements in contributing to effective oversight.[11]

2.21 In summary, an active and open committee system is the result of a number of factors—institutional design elements and the behaviour of individual members that serve on committees and the functioning of committees. Effective oversight of the Executive Government is likely to be achieved when several different influences and remedies are applied—an active an open committee system is one such remedy.[12]

Engaging the public

The Sharing economy—Social media essentials for brands, Paul Yole, The Brand Agency

Parliament and social media—The House of Representatives' experiences, Joanne Towner, Clerk Assistant (Committees), Commonwealth Parliament House of Representatives

2.22 The two presentations for this session considered ways in which Parliament's engagement with the public can be made more effective, in particular by better utilisation of social media and social networking, which is becoming a preferred means of communication by an entire generation. Case studies and market intelligence were presented to demonstrate how various brands utilise social media for marketing purposes, along with highlighting the

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10 Jacobs, K., & Jones, K. (2005) 'Governing the Government: The Paradoxical Place of the Public Accounts Committee', *Public Sector Governance and Accountability Research Centre, La Trobe University*, October, p. 19.

11 Australian Research Council Conference Bicameralism: Australia in Comparative Context Bicameralism in NSW, 2008, pp. 1–4.

12 Evans, H. (1993) Party Government: the Australian Disease and Australian Cures, *Legislative Studies*, 7, 2, pp. 17–23.

advantages and disadvantages involved with social media, and the latest trends.

2.23 The session emphasised that whilst Parliaments are actively seeking different ways to engage the public to receive and distribute information, it is important to consider how this communication can be effective engagement. The importance of considering the procedural issues that might arise when using social media to engage the public was highlighted along with the impact this form of engagement may have on committee management and administration. In particular, a procedural issue that arises in relation to social media concerns Parliamentary privilege.

2.24 Amongst other things, the interactive discussion that followed the presentation included:

- how new media can be utilised by PACs to better engage the public
- how PACs can make their inquiries more accessible to the wider public
- that Members of Parliament are well placed to tap into the general community and whether committees effectively harness the relationship their Members have in this regard to promote public engagement, and
- whether PACs could use Information Communication and Technology (ICT) to include those that would otherwise be excluded from political debate and engagement, for example, the United Kingdom (UK) Parliament conducts online consultations as part of its select committee inquiries.

Emerging democracies

Issues of interest for emerging democracies—Dr Stephen Sherlock, Centre for Democratic Institutions, Australian National University

2.25 This session provided an opportunity for representatives of PACs from developing countries and emerging democracies in attendance at the Conference to discuss common problems or challenges. This included: defining role and responsibilities of PACs and building the capacity of their respective PAC.

2.26 The overarching focus of the discussion was on practical issues and how to improve the operation of a PAC as an institution of accountability over public expenditure.

The changing nature of public sector audit

Issues affecting public sector audit—Colin Murphy PSM, Auditor-General for Western Australia and Convenor of the Australasian Council of Auditors-General (ACAG)

2.27 This session discussed the changing nature of public administration and the importance of public sector audit keeping pace with these changing practices. A range of issues were highlighted as having the potential to significantly affect public sector audit and the role of Auditors-General over the next few years. The implication of these was discussed and included:

- many jurisdictions have undertaken reviews of their audit legislation
- governments continue to consider and implement alternative service delivery arrangements, and
- increasing prevalence of federally funded initiatives where service delivery is conducted by the states and territories.

2.28 The Organisation for Economic Co-operation and Development (OECD) noted in its 2005 Policy Brief, that new forms of public sector management, privatisation and new technologies have not only changed the way the public sector operates, but have also created a need for new ways of making both agencies and governments accountable for what they do.[13]

2.29 Evidence suggests that the delivery by government within the contemporary public sector environment, coupled with the global financial environment, has resulted in new pressures on accountability[14] with a corresponding

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[13] OECD. (2005) *Public Sector Modernisation: Modernising Accountability and Control*, April; Robertson, G. (2009) *Independence of Auditors-General—A survey of Australian and New Zealand Legislation*, Commissioned by the Victorian Auditor-General's Office, July.

[14] Pearson, D. (2009) 'Issues for maintaining independence: A survey of Australia's public audit legislation', Address to the 10th Biennial Conference of Australasian Council of Public Accounts Committees, 16 April, Wellington, New Zealand; Robertson, G. (2009) *Independence of Auditors-General—A survey of Australian and New Zealand Legislation*, Commissioned by the Victorian Auditor-General's Office, July; APSC. (2007) *Tackling Wicked problems—A Public Policy Perspective*, Australian Government, Commonwealth of Australia; IBM Center for the Business of Government. (2007) *Ten Challenges Facing Public Managers;* Commonwealth Joint Committee on Public Accounts and Audit

increase in responsibilities for public audit offices. This includes:

- Recent challenges to global and national financial systems and economic downturns have increased demand for a robust independent audit function.
- An increasing pace of change and innovation, in particular the uptake of and reliance on information technology (IT) to achieve outcomes. This is further compounded, in that; IT systems are becoming increasingly complex coupled with issues concerning data integrity, security and integrity, as critical considerations for auditors. This has also added to the cost and complexity of auditing.
- Technology driven change is also challenging traditional accountability methods, for example, records management in an electronic age.
- The strategies being used to foster responsive government have been referred to as requiring agility and innovation in the delivery of public services. This creates the risk of agencies seeking workarounds for traditional governance structures and accountability mechanisms.
- Changes in government service delivery, as required by the responsive government paradigm, challenge traditional democratic accountability mechanisms and legislation. For example:
    - The delivery of government programs now often involves multiple agencies in order to respond to complex or 'wicked' policy problems, for example, climate change, indigenous disadvantage, land degradation and obesity.[15] The innovative and extensive solutions these problems require can challenge traditional approaches to policy making and program implementation.[16]
    - An increase in outsourcing, in particular the contracting out of

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(JCPAA) (2008) *The efficiency dividend and small agencies: Size does matter*, Report No. 413, December, Parliament of the Commonwealth of Australia, Canberra.

[15] APSC. (2007) *Tackling Wicked problems—A Public Policy Perspective*, Australian Government, Commonwealth of Australia.

[16] Pearson, D. (2009) 'Issues for maintaining independence: A survey of Australia's public audit legislation', Address to the 10th Biennial Conference of Australasian Council of Public Accounts Committees, 16 April, Wellington, New Zealand.

services, risk-sharing and alliancing models such as Private Public Partnerships (PPPs).[17]

- Devolving government, for example, a trend towards creating legal entities 'outside' government as a means for more flexible government management.[18]

2.30 In summary, the modern public sector environment has thus created a range of challenges for public audit offices, in particular that auditing in such an environment 'requires bigger teams, greater understanding and more resources'.[19]

Moving beyond KPIs

The future of KPIs—What's next for KPIs—Peter Wilkins (WA Deputy Ombudsman) and David Gilchrist (Industry Professor, School of Accounting, Curtin University of Technology)

2.31 This session provided an overview of current issues concerning public sector performance information together with considering priorities for the future. Key issues discussed included:

- Citizens and clients, purchasers and service providers have different perspectives on performance and value. As a consequence, stakeholders with different interests may contest performance and key performance indicators (KPIs).[20] Are KPIs sufficiently flexible to meaningfully capture different stakeholder perspectives in measuring performance?
- Performance measuring and reporting is a fundamental element of good governance. Are there any alternatives to KPIs?

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[17] Pearson, D. (2009) 'Issues for maintaining independence: A survey of Australia's public audit legislation', Address to the 10th Biennial Conference of Australasian Council of Public Accounts Committees, 16 April, Wellington, New Zealand.

[18] *Ibid.*

[19] Mr Ian McPhee, *Transcript of evidence*, Commonwealth Joint Committee on Public Accounts and Audit (JCPAA) (2008) Inquiry into the efficiency dividend, p. 8.

[20] McGuire, L. (2002) 'Counting Performance or Performance that Counts? Benchmarking Government Services in Australia', Working Paper Series 5/02, Monash University faculty of Business and Economics, p. 16.

- Can KPIs cause a 'ratchet effect' whereby KPI target setting may perversely restrict performance?[21]
- Can KPIs lead to blinkered vision in public sector agencies, on the basis that they may encourage agencies to concentrate on quantifiable KPIs at the expense of unquantified aspects of performance?[22]
- Is the significant data collected under KPI systems used effectively in organisational decision making and planning?

KPIs—Where next?—A senior bureaucrat's view—Tim Marney (WA Under Treasurer)

2.32 This session considered the KPI framework used by WA agencies, since the mid-1980s, as a case study to report on the WA experience with audited public KPIs. It was noted that the KPI framework had evolved over time, transitioning from a requirement to report on outputs to a structure focused on reporting the outcomes of government services and aligning these with government spending.

2.33 Notwithstanding that the reporting framework was considered to be sound, the presentation noted there was scope to make it more meaningful and useful. In particular, the framework could be enhanced by:

- using KPI performance information to inform funding decisions
- making greater use of benchmarking to provide context
- using evaluations to compliment KPI information and to drill down on any evident trends, and
- promoting a culture of ownership and use of KPIs in agency decision making and planning.

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[21] Werner, J. and Jantz, B. (2008) 'A Better Performance Management', in *Holy Grail or Achievable Quest? International Perspective on Public Sector Performance Management*, KPMG International, Canada, p. 17.

[22] *Ibid.*, p. 18.

Access and FOI

FOI Reform—Changes and Challenges—Professor John McMillan (Commonwealth Information Commissioner)

2.34 As part of the Australian Government's open government reform agenda, the Commonwealth Freedom of Information Act was recently revised (2009[23], 2010[24]) to reflect an overarching philosophy that information held by the Government is a national resource to be managed for public purposes. Underpinning the reforms is the premise that increased public participation in government processes, public scrutiny and review of government activity leads to a stronger democracy and better informed decision making.

2.35 Professor McMillan discussed some of the key changes and challenges under the recent FOI reform. This included:

- FOI, privacy and information management policy have been integrated in a single scheme and a new office—Office of the Australian Information Commissioner (OAIC)
- the OAIC has been given comprehensive functions and powers—including: complaint investigation; merit review; promoting open government; publishing guidelines; training and advice; monitoring; legislative review; and a role in providing advice to government
- the FOI application process has been improved—including: FOI requests can now be made by email applications; application fees, including fees for internal review have been abolished; and reduced charges
- FOI exemptions have been re-defined and narrowed
- the archival open access period has been reduced from 30 to 20 years, over a ten year period commencing on 1 January 2011
- the open access for Cabinet notebooks has been reduced from 50 years to 30 years

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[23] *FOI (Removal of Conclusive Certificates) Act 2009*

[24] *FOI Amendment (Reform) Act 2010*; *Australian Information Commissioner Act 2010*

- a new information publication scheme (effective from 1 May 2011)—with mandatory publication requirements, including the development of a publication on Information Publication Plans, and
- disclosure logs—agencies and ministers are required to publish details of information disclosed following an FOI request, within 10 days of disclosure.

Parliamentary access to government information: The current state of play—Associate Professor Moira Paterson, Faculty of Law, Monash University

2.36 This presentation compared avenues of Parliamentary access to documents in promotion of Parliament's oversight of the Executive Branch of Government.

2.37 It focused on the Commonwealth jurisdiction and compared the Senate's powers to order production of documents with the rights of access available to Parliamentarians via the recently amended Commonwealth *Freedom of Information Act 1982*. The presentation focused on four common grounds used for resisting disclosure of government information: (i) Cabinet confidentiality; (ii) deliberative process documents; (iii) claims that information is commercially confidential; and (iv) claims of legal professional privilege. Using comparisons, the significance of recent amendments to the FOI Act in relation to each of these grounds for resisting disclosure was discussed.

2.38 Professor Paterson commented that the amended FOI Act provides:

> ...a valuable alternative source of access to government information by Parliamentarians. In general it provides a clearer and simpler avenue of access than the exercise of parliamentary rights to require the production of documents and also has the advantage of clearly defined timelines and a user friendly enforcement regime. However it may incur charges and the scope of right of access is more limited in its scope and subject to more exceptions.[25]

2.39 The presentation concluded that the amended FOI Act should be considered as an adjunct to Parliamentary processes where documents are not clearly

[25] Paterson, M. (2011) Parliamentary access to government information: the current state of play, Paper presented to the 11th Biennial Conference of ACPAC, Perth, 27–30 April 2011, p. 15.

excluded or exempt. Professor Paterson was of the view that the FOI Act was ‘worthy of attention as an alternative avenue of access, at least in some instances where documents are not excluded from the operation of the Act and do not clearly qualify for exemption’.[26]

[26] Paterson, M. (2011) Parliamentary access to government information: the current state of play, Paper presented to the 11th Biennial Conference of ACPAC, Perth, 27–30 April 2011, p. 15.

3 COMMITTEE COMMENT

ACPAC background

3.1 ACPAC formed in 1989, facilitates the exchange of information and opinion relating to PACs and discusses matters of mutual concern.

3.2 ACPAC meets every two years in conference with a mid-term meeting to discuss and agree on an agenda for the forthcoming conference and to discuss issues specifically pertaining to Australasian committees.

3.3 In accordance with the ACPAC Constitution, the aims of ACPAC are:

- to facilitate the exchange of information and opinion relating to PACs and to discuss matters of mutual concern
- to improve the quality and performance of PACs in Australasia
- to liaise with Auditors-General so as to improve the effectiveness of both the Auditors and the PACs
- to communicate with individuals and organisations about matters of concern to public accountability, and
- to provide an educational service for the elected members of Parliament, the media and the general public as to the purpose and activities of PACs.

Jurisdictional reports

3.4 Jurisdictional reports from associate and full members of ACPAC—providing a summary of activities undertaken over the period since the 10th Biennial Conference held in Wellington, New Zealand, April 2009—were presented at the Conference. The Committee's jurisdictional report is at **Appendix C**.

Future ACPAC rotation

3.5 Papua New Guinea (PNG) was scheduled to host the mid-term meeting in 2012. However, due to an anticipated general election in June 2012, PNG was not in a position to host the Meeting.

3.6 As a consequence, the Committee was asked to consider accepting responsibility for arranging and hosting the 2012 meeting in lieu of PNG. The Speaker has agreed to the Committee hosting the 2012 Mid-Term meeting.

3.7 The host jurisdiction has responsibility for identifying a mutually convenient date with full member committees. It is anticipated that the Meeting will be scheduled for April 2012 or July 2012.

3.8 The NSW Public Accounts Committee will host the 12th Biennial conference to be held in 2013.

Conference program

3.9 The Conference program encouraged thought provoking discussion along many contemporary issues of common interest to those working to promote and ensure accountability in the public sector.

3.10 The high quality and varied conference program, including the keynote address, interactive panel sessions and accompanying papers, and participation by Auditors-General on the second day of the Conference successfully addressed the Conference theme—*Seeking improved performance for public accounts committees*.

3.11 The themes that emerged from the Conference included:

- aspects of accountability and their meaning and application to Parliamentary processes
- maintaining and strengthening the relationships of PACs with Auditors-General and Audit Offices
- the need for PACs to be responsive to changing times including, Web 2.0, in particular social media and networking as a means of effective engagement

- the importance of relevant, reliable and verifiable performance indicators and reporting standards for both financial and non-financial information and the future of performance measurement
- maintaining and promoting the independence and integrity of PACs and Auditors-General, and
- evaluating access and FOI and how these relate to the work of committees.

Delegates in attendance

3.12 The Committee was pleased to note the increasing representation of Parliaments from the Pacific in attendance at the Conference.

3.13 The Committee welcomes Kiribati Parliament's Public Accounts Committee as an Associate Member of ACPAC. The Committee is aware that, as part of the Commonwealth Parliamentary Association's (CPA) Twinning Programme, the Legislative Assembly for the ACT is twinned with the Kiribati Parliament.

3.14 The Committee was also pleased to note the attendance of the Public Accounts and Finance Committee from the National Parliament the Republic of Timor-Leste at the Conference.

3.15 The Committee is aware that Canberra has a friendship agreement with Dili—*The Canberra Dili Friendship Agreement*. The Agreement, an initiative of the Canberra Friends of Dili, signed by the then Chief Minister Jon Stanhope in 2004, and reaffirmed in May 2006, aims to build friendship and mutual respect between Canberra and Dili and to promote educational, cultural, economic, humanitarian and sporting links between the two cities.[27]

3.16 The Committee notes the increasing international focus of ACPAC and discussions regarding formalising the international nature of the ACPAC Biennial Conference.

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[27] Chief Minister's Department (CMD) Canberra's international relationships—Dili, Democratic Republic of Timor-Leste, accessed 9 August 2011, available at: http://www.cmd.act.gov.au/communication/cir/dili

Professional development

3.17 Pursuant to the ACPAC Constitution, amongst other things, one of the aims of ACPAC is to provide an education service for the elected Members of Parliament. The Committee reiterates comments it has made on previous occasions that the opportunity to attend an ACPAC Biennial Conference is a worthwhile and valuable professional development opportunity for new and experienced Members of Parliament.

Increasing representation by non-ACPAC jurisdictions

3.18 The Committee was pleased to note the increasing representation of Parliaments from non-ACPAC jurisdictions in attendance at the Conference and the session provided by the Australian National University's Centre for Democratic Institutions on issues of interest for developing and emerging democracies.

4 CONCLUSION

4.1 The Committee sincerely thanks the WA Legislative Assembly's Public Accounts Committee and Legislative Council's Estimates and Financial Operations Committee, the Conference Secretariat, and the Parliament of Western Australia, for its warm welcome and outstanding efforts in hosting the 11th Biennial ACPAC Conference.

4.2 The Committee also acknowledges and appreciates the hard work of the Conference Chairs—the Hon. John Kobelke MLA and the Hon. Giz Watson MLC—and the Conference Secretariat—Dr Loraine Abernethie and Mr Mathew Bates—with the organisation, in particular the high quality, informative and varied program, and smooth running of the Conference.

Caroline Le Couteur MLA

Chair

9 August 2011

APPENDIX A: 2011 Conference delegates

Australasian Council of Public Accounts (ACPAC) Jurisdictions

WESTERN AUSTRALIA

Public Accounts Committee, Parliament of Western Australia

- Hon. John Kobelke, Chairman
- Mr Joe Francis, Deputy Chair
- Mr Tony Krsticevic, Member
- Ms Rita Saffioti, Member
- Mr Chris Tallentire, Member
- Dr Loraine Abernethie, Principal Research Officer
- Mr Mathew Bates, Research Officer

Estimates and Financial Operations Committee, Legislative Council, Parliament of Western Australia

- Hon. Giz Watson, Chair
- Hon. Philip Gardiner, Deputy Chair
- Hon. Liz Behjat, Member
- Hon. Ljiljanna Ravlich, Member
- Hon. Ken Travers
- Mr Steve Hales, Advisory Officer
- Ms Carolyna Malouf, Committee Clerk

SOUTH AUSTRALIA

Economic and Finance Committee, House of Assembly, Parliament of South Australia

- Hon. Iain Evans, Member
- Ms Gay Thompson, Member
- Dr Paul Lobban, Executive Officer

SOUTH AUSTRALIA

Statutory Authorities Review Committee, Legislative Council, Parliament of South Australia

- Hon. Carmel Zollo, Chairperson
- Hon. Terry Stephens, Member
- Mr Gareth Hickery, Committee Secretary

TASMANIA

Standing Committee on Public Accounts, Parliament of Tasmania

- Hon. Jim Wilkinson, Chair
- Hon. Ruth Forrest, Chair
- Ms Sue McLeod, Secretary

VICTORIA

Public Accounts and Estimates Committee, Parliament of Victoria

- Mr Philip Davis, Chair
- Mr Martin Pakula, Deputy Chair
- Mr Neil Angus, Member
- Ms Jill Hennessy, Member
- Mr David Morris, Member
- Mr David O'Brien, Member
- Mr Robin Scott, Member
- Ms Valerie Cheong, Executive Officer

AUSTRALIAN CAPITAL TERRITORY

Standing Committee on Public Accounts, Legislative Assembly for the ACT

- Mr Brendan Smyth, Deputy Chair
- Mr John Hargreaves, Member
- Ms Andréa Cullen, Secretary

NEW SOUTH WALES

Standing Committee on Public Accounts Committee, Parliament of NSW

- Mr Mel Keenan, Committee Manager

NORTHERN TERRITORY

- Mr Gerry Wood, Member
- Mr Russell Keith, Clerk Assistant

COMMONWEALTH OF AUSTRALIA

Joint Parliamentary Committee on Public Accounts and Audit

- Mrs Yvette D'Ath, Deputy Chair
- Mr David Brunoro, Committee Secretary
- Ms Joanne Towner, Clerk Assistant

NEW ZEALAND

Finance and Expenditure Committee

- Mr Craig Foss, Chair
- Mr Brendon Burns, Member
- Ms Meipara Poata, Clerk of the Committee

Non-ACPAC Jurisdictions

REPUBLIC OF INDONESIA

Public Accountability Committee

- Professor Dr Farouk Muhammad, Chairman
- S.H. Erma Ranik, Vice Chairman
- M.M. Hasbi Anshory, Member

MALAYSIA

Public Accounts Committee

- Hon. Dato'Seri Azmi Khalid, Chairman
- Hon. Ir Hamim Samuri, Member
- Hon. William Leong, Member
- Mr Zulfazly Mohammad, Assistant Secretary

NAMIBIA

Namibian National Assembly

- Mr Usutuaije Maamberua, Member
- Mr Petrus J Vander Walt, Member
- Mr Ignatius Shixwameni, Member
- Ms Annalisa Meroro, Senior Parliamentary Clerk

KIRIBATI

Public Accounts Committee

- Mr Teatao Teannaki, Member
- Mr Timon R Aneri, Member
- Mrs Terengaiti Awerika, Secretary to Committees

TONGA

Public Accounts Committee

- Mr Aisake Eke, Chair
- Mr Moale Finau, Member

TIMOR LESTE

Committee C

- Mr Manuel Tilman, Chairman

MPUMALANGA PROVINCIAL LEGISLATURE

Standing Committee on Public Accounts

- Ms Nomsa Sanny Mtsweni, Chairperson
- Ms Violet. S. Siwela, Deputy Speaker
- Mr Amos Fish Mahlalela
- Mr Simon P Skhosana
- Ms Refeloe Mahlobogoane
- Ms Thandi B Shongwe
- Ms Refeloe Mtshweni
- Mrs Khumbuzile Madonsela
- Mr Bonakele Majuba
- Ms Zanele Shongwe
- Mr Genius Oupa Sibiya, Committee Coordinator

EASTERN CAPE PROVINCIAL LEGISLATURE

Standing Committee on Public Accounts

- Mr Masiza Mhlati, Chairperson
- Mr Mxolisi Dimaza, Chairperson (Budget and Oversight Committee) Chairperson
- Mr Ludwe Filtane, Committee Coordinator

NORTHERN CAPE PROVINCIAL LEGISLATURE

Standing Committee on Public Accounts

- Mrs Alexandra Jennifer Beukes, Chairperson
- Ms Johanna Tebieta Beukes, Deputy Speaker
- Mr Josjua Franks, Researcher

GAUTENG PROVINCIAL LEGISLATURE

Standing Committee on Public Accounts

- Mrs Mompati Gaonnwe, Senior Committee Coordinator
- Mr Thembani Ndzipo Kalipa
- Ms Refiloe Nosipho Ndzuta

MELAKA STATE LEGISLATIVE ASSEMBLY

- Datuk Ismail Othman
- YB Datuk Hasan Abd Rahman
- YB Datuk Hj Ab Wahab Ab Latip
- Mr Kheng Chua
- Haji Amirudin Yusof
- Mr Goh Leong San
- Mrs Norliza Yusoff
- Mr Abid Abdul Jalil
- Mrs Ilias Mariam, Clerk

PAHANG STATE LEGISLATIVE ASSEMBLY

- Mr Leong Ngah Ngah
- Mr Norolazali Sulaiman
- Dato'Keong Chye Ng
- Dato'Davendran Murrhy
- Dato'Mohamed Haji Jaafar
- Mr Syed Hamid Syed Mohamed
- Mr Azmil Abu Bakar
- Dato'Shahan Iza Shamsuddin
- Dato'Sri Haji Wan Mohamad Razali Wan Mahussin, Speaker
- Mr Mohammad Azman Mohammed Ali, Chief Clerk

Invited guests

WESTERN AUSTRALIA

Office of the Auditor-General

- Mr Colin Murphy, Auditor-General
- Mr Glen Clarke, Deputy Auditor-General
- Mr Don Cunninghame, Assistant Auditor-General
- Mr Jason Beeley, Assistant Auditor-General
- Mr Colin Campbell, Assistant Auditor-General
- Mrs Michelle Shafizadeh, Assistant Auditor-General
- Ms Michelle Bunn, Principal Policy Officer

TASMANIA

Office of the Auditor-General

- Mr Mike Blake, Auditor-General

VICTORIA

Office of the Auditor-General

- Mr Des Pearson, Auditor-General
- Mr Marco Bini, Director Policy and Coordination

AUSTRALIAN CAPITAL TERRITORY

ACT Auditor-General's Office

- Mr Bernie Sheville, Acting Auditor-General

NEW SOUTH WALES

Office of the Auditor-General

- Mr Peter Achterstraat, Auditor-General

QUEENSLAND

Queensland Audit Office

- Mr Glenn Poole, Auditor-General

NORTHERN TERRITORY

Office of the Auditor-General

- Mr Frank McGuiness, Auditor-General

COMMONWEALTH OF AUSTRALIA

Australian National Audit Office

- Mr Ian McPhee, Auditor-General

NEW ZEALAND

Office of the Controller and Auditor-General

- Mrs Phillippa Smith, Deputy Controller and Auditor-General

PAPUA NEW GUINEA

Auditor-General's Office of Papua New Guinea

- Mr George Sullimann, Auditor-General

REPUBLIC OF SOUTH AFRICA

Auditor-General of South Africa

- Mr Thembekile Makwetu, Deputy Auditor-General
- Mr Pramesh Bhana, Corporate Executive

REPUBLIC OF INDONESIA

The Audit Board of the Republic of Indonesia

- Mr Hadi Poernomo, Chairman
- Mr Hendar Ristriawan, Secretary General
- Mr Yudi Ramdan, Head of International Cooperation
- Mr Taufiq Supriadi, Head of Secretariat
- Ms Kusuma Ayu Rusnasanti, Head of Bilateral Cooperation
- Mr Moermahadi Soerja Djanegara, Board member
- Dr Paul Nicoll, Advisor

KIRIBATI

Kiribati National Audit Office

- Mr Raimon Taake, Auditor-General
- Mr Toromon Metutera, Deputy Auditor-General

Observers

- Mr Stephen Tweedie, Parliamentary Consultant to Bosnia
- Mr Stephen Sherlock, Director, Centre for Democratic Institutions, Australian National University
- Professor Peter Loney, Deakin University

APPENDIX B: ACT Standing Committee on Public Accounts Jurisdictional Report

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Caroline Le Couteur MLA (Chair), Brendan Smyth MLA (Deputy Chair), John Hargreaves MLA

ACT Standing Committee on Public Accounts
Jurisdictional Activity Report

for the

Australasian Council of Public Accounts Committees (ACPAC)
11th Biennial Conference
Perth, Western Australia
27–29 April 2011

Civic Square, London Circuit, Canberra ACT 2601
GPO Box 1020, Canberra ACT 2601
Secretary: Telephone: (02) 620 50127 Facsimile: (02) 620 50432
Email: committees@parliament.act.gov.au

ACT Standing Committee on Public Accounts

The ACT Standing Committee on Public Accounts (the Committee) is established by Assembly resolution and governed by standing orders.

Its role is to:

(1) examine:
   (a) the accounts of the receipts and expenditure of the Australian Capital Territory and its authorities, and
   (b) all reports of the Auditor-General which have been presented to the Assembly
(2) report to the Assembly any items or matters in those accounts, statements and reports, or any circumstances connected with them, to which the Committee is of the opinion that the attention of the Assembly should be directed
(3) inquire into any question in connection with the public accounts which is referred to it by the Assembly and to report to the Assembly on that question, and
(4) examine matters relating to economic and business development, small business, tourism, market and regulatory reform, public sector management, taxation and revenue.

In addition, under the *Auditor-General Act 1996*, the Committee has the following roles and responsibilities:

- a veto over the appointment of the Auditor-General (section 8)
- receive a special report from the Auditor-General containing information considered too sensitive to be provided in a report to the Legislative Assembly (section 19)
- advise the Treasurer on the budget for the Auditor-General (sections 22, 22A)
- request an independent auditor to conduct a performance audit of the Auditor-General's operations (section 29), and
- be consulted over the appointment of an acting Auditor-General (schedule 1.5).

The Committee also has a role in considering some statutory appointments[1], examining annual report directions[2], and reportable contracts[3].

Membership

Ms Caroline Le Couteur MLA	Chair
Mr Brendan Smyth MLA	Deputy Chair
Mr John Hargreaves MLA	Member from 20 November 2010
Ms Joy Burch MLA	Member to 19 November 2009
Ms Andréa Cullen	Secretary

[1] Under section 228 of the *Legislation Act 2001*.
[2] Under section 8 of the *Annual Reports (Government Agencies) Act 2004*.
[3] Under section 39 of the *Government Procurement Act 2001*.

Highlights of selected committee activity

Following are highlights of selected activity undertaken by the Committee over the period since the 10th Biennial ACPAC Conference held in Wellington, New Zealand, April 2009.

Items of interest since the 10th Biennial Conference in 2009

Since the last biennial ACPAC, the Committee has undertaken a number of significant inquiries, progressed a range of statutory responsibilities in connection with the important relationship it has with the ACT Auditor-General on behalf of the ACT Legislative Assembly, and has tabled fifteen reports. Highlights of some of these are briefly discussed in this report.

- **Procedures the Public Accounts Committee adopts in examining reports of the ACT Auditor-General**

In consultation with key stakeholders, the Committee established new procedures for its examination of Audit reports and developed a new web-page to make information publicly available regarding the outcome of its examination. The new web-page—'Referral of Auditor-General's reports to the PAC'— and procedures for examining referred Auditor-General reports are available at: http://www.parliament.act.gov.au/committees/AGReports.asp.

- **Independent performance audit of the operations of the ACT Auditor-General and the ACT Audit Office**

The *Report of the Independent Performance Audit of the Operations of the ACT Auditor-General and the ACT Audit Office* was presented to the ACT Legislative Assembly on 5 May 2010.[4] The Report is available at: http://www.parliament.act.gov.au/committees/PerformanceAudit.asp.

- **Inquiry into the *Auditor-General Act 1996***

The Committee presented its report on 17 February 2011. As the first full inquiry into the Auditor-General Act since it was enacted in 1996, this inquiry has been significant in reviewing the extent and application of the Act to: (i) take account of significant changes within the public sector environment and the accounting and auditing professions; (ii) take account of the broader role and mandate now expected of Auditors-General; and (iii) clarify and strengthen the Act on the basis of its performance, since it was enacted, in meeting its objectives.

The Committee made 41 recommendations which are wide ranging and are focused on: (i) strengthening and safeguarding the independence of the Auditor-General; (ii) clarifying and strengthening provisions in the Act; and (iii) ensuring that the Auditor-General is equipped with the necessary powers and resources to carry out their role and mandate in the emerging contemporary public sector environment.

The Committee's report is available at:
http://www.parliament.act.gov.au/committees/index1.asp?committee=116&inquiry=833&category=19

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[4] Section 31 of the *Auditor-General Act 1996* provides that the independent auditor shall give a report about the performance audit to the Speaker of the ACT Legislative Assembly as soon as practicable after completing the audit.

- **Interim Report—Review of Auditor-General's Report No. 6 of 2009: *Government Office Accommodation***

The Committee presented its interim report on 15 February 2011. Its recommendations covered:

- decision-making processes in the context of the Canberra property market
- re-use of existing office accommodation buildings versus new construction
- opportunity cost of using resources for the construction of a purpose-built government office building, as measured against other projects that may be deferred, and
- development of a whole-of-government office accommodation strategy.

The Committee's report is available at:
http://www.parliament.act.gov.au/committees/index1.asp?committee=116&inquiry=978&category=19

Auditor-General's Report No. 6 of 2009 is available at:
http://www.audit.act.gov.au/auditreports/reports2009/Report%206-2009%20-%20Govt%20Accommodation%20V2.pdf

- ***Inquiry into ACT Government Procurement***

The Committee presented its report on 18 November 2010. The Committee made 25 recommendations, which are wide ranging, and concern: the ACT Government procurement framework; the tendering framework; sustainability considerations; and social procurement.

The Committee's report is available at:
http://www.parliament.act.gov.au/committees/index1.asp?committee=116&inquiry=812&category=19

- **Review of Auditor-General's Report No. 7 of 2008: *Proposal for a gas-fired power station and data centre—site selection process***

The Committee presented its report on 9 February 2010. The Committee's inquiry considered the findings of the Audit report within the context of drawing lessons which can be applied to future cross-agency, service-wide or whole-of-government work in the ACT public sector.

The Committee's report is available at:
http://www.parliament.act.gov.au/committees/index1.asp?committee=116&inquiry=810

Auditor-General's Report No. 7 of 2008 is available at:
http://www.audit.act.gov.au/auditreports/reports2008/Report%20No.%207%20of%202008%20-%20amended%20annex.pdf

Highlights of current inquiries

- **Inquiry into the exposure draft of the Financial Management (Ethical Investment) Legislation Amendment Bill 2010**

The Assembly referred the Bill to the Committee for inquiry and report on 22 September 2010. The Bill proposes amendments to the *Financial Management Act 1996* and the *Territory Superannuation Provision Protection Act 2000* to provide for ethical investment strategies that promote socially responsible investment. The main objectives of the Bill are to prescribe the standards and priorities for the investment of public money by the ACT Government.

The Committee has commenced its public hearing program. Information on the inquiry, including submissions and transcripts, is available at:
http://www.parliament.act.gov.au/committees/index1.asp?committee=116&inquiry=991.

(as at 30 March 2011)