

REPORT ON THE 12TH BIENNIAL CONFERENCE OF THE AUSTRALASIAN COUNCIL
OF PUBLIC ACCOUNTS COMMITTEES (ACPAC)

STANDING COMMITTEE ON PUBLIC ACCOUNTS

JUNE 2013

REPORT 2

COMMITTEE MEMBERSHIP

Mr Zed Seselja MLA	Chair
Ms Mary Porter AM MLA	Deputy Chair
Dr Chris Bourke MLA	Member
Mr Brendan Smyth MLA	Member

SECRETARIAT

Dr Andréa Cullen	Secretary
Ms Lydia Chung	Administrative Assistant

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RESOLUTION OF APPOINTMENT

The Legislative Assembly for the ACT appointed the Standing Committee on Public Accounts on 27 November 2012 to:

- (i) 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;
- (ii) 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;
- (iii) 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
- (iv) examine matters relating to economic and business development, small business, tourism, market and regulatory reform, public sector management, taxation and revenue;¹

¹ Legislative Assembly for the ACT, *Minutes of Proceedings*, No. 2, 27 November 2012, pp. 24–27.

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1 INTRODUCTION

- 1.1 On 23 April 2013, the Standing Committee on Public Accounts (the Committee) resolved to report on its recent participation and attendance at the 12th Biennial Conference of the Australasian Council of Public Accounts Committees (ACPAC).
- 1.2 The 2013 ACPAC Conference (the Conference) was hosted by the NSW Parliament's Public Accounts Committee from 10 April to 13 April 2013.
- 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 United Kingdom, Republic of Indonesia; Kingdom of Tonga; Republic of Vanuatu; Republic of Fiji; Independent State of Samoa; Republic of Kiribati; Papua New Guinea; Autonomous Region of Bougainville; Republic of Uganda; and Republic of South Africa. The delegates, observers and invited guests that attended the Conference are listed at **Appendix A**.
- 1.4 The Committee and staff from the Committee Support office 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—*Public Accounts Committees: Adapting to a changing environment*—recognised the evolving role of PACs in promoting accountability in government within the modern public sector environment. An environment characterised by increasing complexity across financial, policy and technological parameters. Experts in the field of public sector accounting and governance presented on a range of contemporary issues of interest to PACs. This was supplemented by sessions on other aspects of PAC work, including the role of members of PACs and engaging with the public.
- 1.6 Conference delegates were welcomed by the NSW Treasurer—the Hon. Mike Baird MP and Clerk of the NSW Parliament's Legislative Assembly—Ms Rhonda Miller. The Conference was officially opened by the Chair of NSW Parliament's PAC—Mr Jonathan O'Dea MP and the NSW Auditor-General—Mr Peter Achterstraat. In opening the Conference, Mr O'Dea highlighted his thoughts with regard to critical elements for an effective PAC—these included: (i) they should not be competing with the Executive but should challenge, vigorously discuss, and explore issues of public interest; (ii) impartiality; (iii) parliament's stage in the political cycle; (iv) resources available to the Committee; (v) parliament's level of interest; (vi) level of media involvement; (vii) a healthy relationship with the Audit office; and (viii) inter-jurisdictional co-operation.

- 1.7 Where available, copies of papers and handouts from the presentations 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, paper presentations and interactive panel sessions. A summary of these is set out below.
- 2.2 The Committee's participation at the Conference included: (i) a presentation by the Chair titled—*Statutory recognition of the Auditor-General as an Officer of Parliament—does it make a difference?*; (ii) attendance at the ACPAC 2013 Council meeting; and (iii) presentation of a jurisdictional report providing a summary of committee activity since the 11th Biennial ACPAC Conference in 2011.

KEY NOTE ADDRESS

THINGS THAT MAKE ME CRANKY—THE HON. MICHAEL EGAN, CHANCELLOR, MACQUARIE UNIVERSITY (FORMER NSW TREASURER)

- 2.3 With Labor forming government after the 1995 NSW election, Michael Egan was appointed Treasurer, Minister for State Development, Minister for Energy, Minister Assisting the Premier and Vice-President of the Executive Council.²
- 2.4 Interestingly, Egan was the first Treasurer in any Westminster Parliament to come from an Upper House, and the first member of the New South Wales Upper House to speak in the Lower House, which he did every year in order to deliver his Budget Speech. By his retirement in 2005 he had become the longest serving Treasurer since responsible government was introduced in New South Wales in 1856.³
- 2.5 In an entertaining and thought provoking address, the former NSW Treasurer reflected on his many years as a member of parliament—in opposition, as Chair of the NSW PAC and as a Minister—to highlight the things that made him cranky. These included: (i) that democracy is precious and it gets taken for granted; (ii) treasury departments not being valued as the intellectual giants of government; (iii) that treasury forecasts are forecasts—a budget cannot be framed without them and no one gets everything right when it comes to forecasts; (iv) hostile Upper Houses and accountability in such situations; (v) that PACs should not be partisan forums but bi-partisan committees; (vi) Auditors-General should stay above the fray and not offer themselves as media celebrities—when they do this they lose authority and their

² ACPAC. (2013) Conference information and program.

³ ACPAC. (2013) Conference information and program.

message gets lost; and (viii) where Premiers also hold the Treasury portfolio and the difficulties this creates in arbitrating on expenditure and saying ‘no’ to spending ministers.

PRESENTATIONS AND PANEL SESSIONS

ACPAC’S ROLE IN STRENGTHENING ACCOUNTABILITY IN INTERNATIONAL PARLIAMENTS—ROB OAKESHOTT MP, CHAIR, JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT, PARLIAMENT OF AUSTRALIA

- 2.6 Ensuring accountability of governments is an important mechanism in both reducing corruption and holding elected governments to account for their expenditure of public funds. As emerging and developing democracies embark on the process of strengthening key accountability institutions of the State requests for assistance are often sought from jurisdictional counterparts considered to be best practice. This session highlighted that, in the case of the Joint Committee of Public Accounts and Audit (JCPAA), these requests for assistance are in addition to the more traditional requests for visits by parliamentary delegations.
- 2.7 The presentation acknowledged the increase in the number of and activity of regional groupings of PACs—including regional bodies in the Republic of South Africa, Asia’s Regional Association of Public Accounts Committees (ARAPAC) and the establishment of a regional Pacific body—the Council of Pacific PACs.
- 2.8 This session prompted discussion on how ACPAC might best position itself to assist its counterparts in international parliaments in this regard. Work in this space is very much strengthening the role of ACPAC now and in the future, in particular, building capacity for the potential role that can be played by long established PACs in Australia and New Zealand.

FROM FEDERATION TO FOLLOW THE DOLLAR—DES PEARSON, FORMER VICTORIAN AUDITOR-GENERAL

- 2.9 This presentation emphasised that a key instrument in parliament’s interaction with the Executive has changed over the past century and will continue to change now and in the future. That key instrument is the office of the Auditor-General. In the context of the Victorian Auditor-General—recognised in statute as an independent Officer of Parliament—the presentation talked about changes that have taken place and are likely happen with respect to the legislation underpinning the role of Victorian Auditor-General and its consequent impact on parliament’s oversight of the Executive.

ENGAGING WITH THE PUBLIC—MS LUCY COLE-EDELSTEIN, DIRECTOR, STRAIGHT TALK

- 2.10 This session provided insights into three very different approaches for working with communities to help inform public policy in addition to examining the core principles that underpin effective engagement.
- 2.11 The International Association of Public Participation’s (IAPP)⁴ Spectrum of Participation was introduced as best practice for increasing the public impact of engagement processes. The IAPP was founded to protect the integrity of public participation processes.
- 2.12 A panel featuring: Iain Walker of the New Democracy Foundation; the Acting Commonwealth Auditor-General, Steven Chapman; and the Deputy Clerk of the NSW Upper House, Steven Reynolds—provided examples of community engagement projects their respective organisations had been involved with together with an overview of associated outcomes.

PARLIAMENTARIANS VS. POLITICIANS—PANEL SESSION FACILITATED BY ERIC SIDOTI,
DIRECTOR, WHITLAM INSTITUTE

People go into public life to be someone or to do something.

Richard Nixon

- 2.13 Following a presentation by Eric Sidoti, a panel of four members—Rob Oakeshott MP, Chair, Joint Committee of Public Accounts and Audit, Australian Parliament, Austin Mitchell MP, Member, Public Accounts Committee, UK Parliament, Todd McClay MP, Chair, Finance and Expenditure Committee, New Zealand Parliament, and Paul McLeay, former Chair, NSW Public Accounts Committee—shared their thoughts and experiences with regard to the concept of parliamentarians versus politicians.
- 2.14 This session acknowledged that in the 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 rise of the professional politician;
 - 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.

⁴ International Association of Public Participation Australasia—<http://www.iap2.org.au/favicon.ico>

STATUTORY RECOGNITION OF THE AUDITOR-GENERAL AS AN OFFICER OF PARLIAMENT - DOES IT MAKE A DIFFERENCE?—ZED SESELJA MLA, CHAIR STANDING COMMITTEE ON PUBLIC ACCOUNTS, ACT LEGISLATIVE ASSEMBLY

- 2.15 A number of Australasian jurisdictions include a provision in their legislation which specifically recognises that their respective Auditor-General is an independent Officer of Parliament. Other jurisdictions for the purpose of reference in the statutory framework do not declare their Auditor-General as an Officer of Parliament. In practice, this means that whilst the Auditor-General is an independent statutory officer that reports to the relevant Parliament/Assembly, the Act establishing the Office does not use the phrase—Officer of Parliament. The literature suggests that the action of declaring the Auditor-General an Officer of Parliament in statute strengthens the status and symbolism of the Auditor-General and the important relationship the Office of Auditor-General has with the Parliament. In practice, it has no effect to the Auditor-General’s actual independence from the Executive Government.
- 2.16 Following a presentation by Zed Seselja, a panel of four members—Mr Des Pearson (former Victorian and Western Australian Auditor-General); Mr Mike Blake (Tasmanian Auditor-General); the Hon David Morris MP (Chair, Victorian Public Accounts and Estimates Committee); and Ms Phillippa Smith (Deputy Controller and Auditor-General, Office of the Auditor-General, New Zealand)—shared their thoughts and experiences with respect to whether statutory designation or non-statutory designation of the Auditor-General as an Officer of Parliament makes a difference.
- 2.17 Irrespective of whether an Auditor-General is recognised as an Officer of Parliament in statute there are implications for their independence when the Executive can exert influence over various aspects of their management. The presentation and panel discussion highlighted and discussed many of these aspects.
- 2.18 Notwithstanding the above, the presentation also advanced—whether the symbolism that accompanies statutory recognition can in and of itself be a gift that keeps on giving in the form of prompting a parliament and its PAC (or equivalent) to legislate for greater involvement in various aspects of the management of their respective Auditor-General and their independence. In the main, this should take the form of minimising Executive involvement in determining the budget appropriation and appointment of their Auditors-General. This underscores the importance of a vigilant parliament in securing and upholding the independence of their Auditor-General.
- 2.19 An abstract for Mr Seselja’s presentation is at **Appendix B**.

THE IMPACT OF THE CHANGES TO THE QUEENSLAND PARLIAMENTARY
COMMITTEE SYSTEM ON THE PUBLIC ACCOUNTS FUNCTION—MR REG GULLEY MP,
QUEENSLAND FINANCE AND EXPENDITURE COMMITTEE

- 2.20 This presentation covered the changes to the Queensland Parliamentary Committee system which occurred in 2011 and the practical implications for the public accounts function. The changes instituted a portfolio aligned committee system without a dedicated PAC in Queensland.
- 2.21 In practical terms, Queensland now has a system whereby each portfolio committee examines the public accounts functions in relation to their allocated areas of responsibility. Committees also examine bills, subordinate legislation, budget estimates and public works for their portfolio areas. The Queensland Finance and Administration Committee has been allocated oversight responsibilities in respect of the Auditor-General as previously undertaken by the former Queensland PAC. Auditor-General's reports are referred by the Committee of the Legislative Assembly (CLA) to the relevant portfolio committee.
- 2.22 The presentation discussed the advantages and disadvantages of a portfolio aligned committee system—in particular, its effect on oversight.

PARLIAMENTARY OVERSIGHT OVER THE FINANCIAL MANAGEMENT OF
GOVERNMENT—PROFESSOR ZAHIRUL HOQUE, LA TROBE BUSINESS SCHOOL

- 2.23 This presentation explored the relationship between the three inter-dependent entities that contribute to parliamentary financial oversight of the Government of the day—(i) the State budget which provides the legal authority necessary to raise revenue and spend funds for each fiscal year; (ii) the Office of the Auditor-General which examines whether resources have been used properly; and (iii) the PAC which helps to ensure that governments account for the effectiveness, efficiency and economy of their policies and actions, including the management and use of public resources.
- 2.24 Exploration of this complex, dynamic and interdependent relationship was used as a means of understanding the important role the PAC plays in good governance and overall accountability in the public sector.

PACS AND PUBLIC FINANCE: NEW ZEALAND'S FINANCE AND EXPENDITURE
COMMITTEE—PROFESSOR SUE NEWBERRY, UNIVERSITY OF SYDNEY

- 2.25 This presentation acknowledged that some European governments in recent times, faced with financial difficulties, have been criticised for their use of derivatives and creative accounting. However, these instruments and techniques are not new and have been widely used by governments. This session focused on New Zealand's accounting instruments and techniques, to consider the extent to which PACs scrutinise government finance-related activities and whether PAC scrutiny in this regard could be improved.

SOVEREIGNTY OF PARLIAMENT – DEVELOPING THE WESTMINSTER SYSTEM IN A POLITICAL WORLD—PROFESSOR DAVID GILCHRIST, CURTIN BUSINESS SCHOOL

- 2.26 In discussing the development of the Westminster System of government across the Commonwealth, the then clerk of the House of Representatives of New Zealand, David McGee, emphasised that notwithstanding vast differences in culture, language and history (inter alia) that exist between the various Commonwealth countries there exists a uniting force and commitment amongst these countries to promote democracy via parliamentary systems.⁵
- 2.27 The presentation acknowledged that in pursuit of accountability, protection of basic freedoms, and development of stable economies and stable polities, many countries have instituted Westminster-style constitutional systems. These systems are often in modified forms that respond to country specific cultural, economic and historical pressures.
- 2.28 In the case of Australia, this experience is no different. Using the PAC, arguably considered a foundational aspect of any Westminster-style constitution, this session discussed the capacity of Australian parliaments and PACs to respond to the challenges represented by the pragmatic form of Westminster system that is in place in jurisdictions across the country.

SESSION FOR PACIFIC REGION PUBLIC ACCOUNTS COMMITTEES—GRANT HARRISON, DEPUTY DIRECTOR, CENTRE FOR DEMOCRATIC INSTITUTIONS

- 2.29 This session was directed especially at ACPAC participants from emerging PACs in the Asia-Pacific region. It outlined some of the characteristics of an effective PAC; inviting participants to discuss the challenges they face in fulfilling their scrutiny and oversight responsibilities together with presenting some practical advice on how PACs can hold public sector agencies to account.
- 2.30 The session concluded with an update on recent moves by some Pacific PACs to initiate a Pacific Network of PACs—intended to be a self-directed learning network where PAC members and staff from across the Pacific can share knowledge and build capacity in a community of practice.

THE CAPACITY AND PERFORMANCE OF PUBLIC ACCOUNTS COMMITTEES—PROFESSOR KERRY JACOBS, ANU COLLEGE OF BUSINESS AND ECONOMICS

- 2.31 Strengthening the capacity and performance of PACs has been an ongoing topic of interest for practitioners and academics as a means of securing stable democracy, reducing corruption and promoting good governance. This presentation posed the question of whether PACs have the capacity to both strengthen accountability and to reduce corruption. It also questioned

⁵ McGee, D. (2002) *The Overseers*, Pluto Press.

whether the focus on formal performance measurement was an effective way of measuring the capacity and performance of PACs and advanced that there was also a need to recognise the role of the PAC as an important forum for political deliberation.

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 11th Biennial Conference held in Perth, Western Australia, April 2011—were presented at the Conference. The Committee's jurisdictional report is at **Appendix C**.

FUTURE ACPAC CONFERENCE ROTATION

- 3.5 The responsibility for hosting mid-term meetings and conferences is rotated through the ACPAC member jurisdictions. Hosting a meeting or conference provides ACPAC member jurisdictions with an opportunity to make a contribution to the shared rotation of mid-term meetings and conferences. The Legislative Assembly for the ACT and the Committee hosted the 2012 Mid-term meeting.⁶
- 3.6 The Parliament of Victoria and the Victorian Public Accounts and Estimates Committee has accepted responsibility for arranging and hosting the 2013 Mid-term meeting.
- 3.7 The 13th Biennial conference to be held in 2015 will be hosted by the Parliament of South Australia—specifically the Parliament’s Economic and Finance Committee (Lower House) and Statutory Authorities Review Committee (Upper House).

CONFERENCE PROGRAM

- 3.8 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.
- 3.9 The high quality and varied conference program, including the keynote address, paper presentations and interactive panel sessions, and participation by Auditors-General on the first day of the Conference successfully addressed the Conference theme—*Public Accounts Committees: Adapting to a changing environment*.
- 3.10 The themes that emerged from the Conference included:
- aspects of accountability and their meaning and application to parliamentary processes;
 - the sovereignty of parliament—developing the Westminster system in a political world;
 - maintaining and strengthening the relationships of PACs with Auditors-General and Audit Offices;
 - ACPAC’s role in strengthening accountability in international parliaments;

⁶ Refer ACT Legislative Assembly, [Debates, 7th Assembly, 7 June 2012](#), pp. 2821–2822.

- the need for PACs to engage effectively with the public as a means of responding to increasing demands for accountability in government. This includes responsiveness to the use of Web 2.0, in particular social media and citizen style forums and juries, as potential mediums for effective engagement;
- maintaining and promoting the independence of PACs and Auditors-General; and
- strengthening the capacity and performance of PACs.

DELEGATES IN ATTENDANCE

- 3.11 As mentioned previously, over 100 delegates attended the Conference. The Committee was pleased to note the increasing representation of parliaments and legislatures from the Republic of Africa and the Pacific at the Conference.
- 3.12 As part of the Commonwealth Parliamentary Association's (CPA) Twinning Programme, the Legislative Assembly for the ACT is twinned with the Kiribati Parliament. The Committee was also pleased to note the representation of the Kiribati National Audit Office at the Conference with the Kiribati Auditor-General in attendance.

PROFESSIONAL DEVELOPMENT

- 3.13 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 is of the view 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

- 3.14 The Committee was pleased to note the increasing representation of parliaments and legislatures from non-ACPAC jurisdictions at the Conference and the session provided by the Australian National University's Centre for Democratic Institutions on Pacific region PACs. Building the capacity of PACs in emerging and developing democracies contributes significantly to parliamentary strengthening and emphasises the importance of wider regional issues of accountability and good governance.

STRENGTHENING ACCOUNTABILITY IN INTERNATIONAL PARLIAMENTS

- 3.15 The Committee notes the increasing international focus of ACPAC and discussions regarding formalising ACPAC's role in strengthening accountability in international parliaments.
- 3.16 A session on this topic prompted discussion as to how ACPAC might best position itself to assist its counterparts in international parliaments. Work in this space is very much strengthening the role of ACPAC now and in the future, in particular, building capacity for the potential role that can be played by long established PACs in Australia and New Zealand.
- 3.17 In recent years there has been an increase in the number of and activity of regional groupings of PACs. This has included: a South African organisation similar to ACPAC that includes provincial PACs; Southern Africa's Southern Africa Development Community Organisation of Public Accounts Committees (SADCOPAC) comprising all the states of Southern Africa; West Africa's Association of Public Accounts Committee of Parliaments (WAAPAC); the East African Public Accounts Committees (EAAPAC); Asia's ARAPAC; and more recently the establishment of the Pacific's own regional PAC body—Council of Pacific PACS (CoPPAC) in 2013.
- 3.18 The Committee welcomes the work taking place in this space.

ACPAC DOCUMENT ARCHIVE AND WEBSITE

- 3.19 The progression of an ACPAC document archive and homepage has been discussed at a number of ACPAC council meetings. A critical element underpinning its realisation was the necessity for an ACPAC jurisdiction to take responsibility for establishing and maintaining the website.
- 3.20 In 2012, the Commonwealth Joint Committee of Public Accounts and Audit signalled that it would be in a position to develop, host and maintain the website. At the 2012 mid-term meeting, a mock up of the homepage, including its 'look and feel' was presented to ACPAC members. The ACPAC homepage went live in 2013 and is accessible at: <http://www.acpac.asn.au/index.htm>. The website has a public interface together with a membership portal restricted to ACPAC full members.
- 3.21 The Committee welcomes the development of the ACPAC website as an important online presence for ACPAC now and in the future. It will be a valuable document archive linking information threads between conferences and meetings. It will also enable information presented at ACPAC conferences to be more accessible and durable in an online presence.
- 3.22 The Committee thanks the Commonwealth for its work to date and its willingness to establish and maintain an ACPAC website.

4 CONCLUSION

- 4.1 The Committee sincerely thanks the NSW Parliament's PAC, the Conference Secretariat, and the NSW Parliament, for its warm welcome and outstanding efforts in hosting the 12th Biennial ACPAC Conference.
- 4.2 The Conference program, including the key note address by the Hon. Michael Egan and other experts in the field of public sector accounting and governance, and the various panel session themes and topics, were very informative and successfully addressed the Conference theme—*Public Accounts Committees: adapting to a changing environment*. The panel formats also encouraged and facilitated discussion along a range of topics pertinent to PACs together with many contemporary issues of common interest to those working to promote and ensure accountability in the public sector.
- 4.3 The Committee acknowledges and appreciates the hard work of the Conference Chair—Mr Jonathan O'Dea MP—and all Members of the NSW PAC—Dr Geoff Lee MP, Mr Michael Daley MP, Mr Greg Piper MP, Mr John Williams MP, and Mr Bart Bassett MP with arranging and hosting the Conference.
- 4.4 The Committee also acknowledges and appreciates the hard work of the Conference Secretariat—Dr Abigail Groves, Ms Rachel Simpson, Ms Jennifer Gallagher, Ms Sasha Shevtsova, Ms Sarah-Anne Fong and Ms Samantha Brown—with the organisation, in particular the high quality, informative and varied program, the many and varied behind the scenes logistics, and smooth running of the Conference.

Zed Seselja MLA

Chair

6 June 2013

Appendix A 2013 CONFERENCE DELEGATES

NEW SOUTH WALES (NSW)

NSW Public Accounts Committee

- Mr Jonathan O’Dea MP, Chair
- Dr Geoff Lee MP, Deputy Chair
- Mr John Williams MP
- Mr Michael Daley MP
- Mr Bart Bassett MP
- Mr Greg Piper MP
- Ms Rachel Simpson, Committee Director
- Dr Abigail Groves, Committee Director

NSW Parliament Audit and Risk Committee

- Mr Jim Mitchell, Chair

Former Chairs of Public Accounts Committee

- Mr Jim Longley
- Mr Paul McLeay
- Mr Phillip Smiles
- Mr Andrew Tink

Clerk Emeritus of the Legislative Assembly

- Mr Russell Grove

The Audit Office of NSW

- Mr Peter Achterstraat, Auditor General of NSW
- Mr Rob Mathie, Assistant Auditor-General
- Mr John Viljoen, Assistant Auditor-General

COMMONWEALTH OF AUSTRALIA

The Joint Committee of Public Accounts and Audit

- Mr Robert Oakeshott MP, Chair
- Mr David Brunoro , Secretary
- Mr Shane Armstrong, Senior Researcher

The Australian National Audit Office

- Mr Steve Chapman, Deputy Auditor-General
- Dr Paul Nicoll, Executive Director

Centre for Democratic Institutions (CDI)

- Dr Stephen Sherlock, Director
- Mr Grant Harrison, Deputy Director

Certified Practising Accountants (CPA)

- Dr Mark Shying, Senior Policy Advisor

AUSTRALIAN CAPITAL TERRITORY (ACT)

Standing Committee on Public Accounts

- Mr Zed Seselja MLA, Chair
- Ms Mary Porter AM MLA, Deputy Chair
- Mr Brendan Smyth MLA
- Dr Chris Bourke MLA
- Dr Andréa Cullen, Secretary

ACT Legislative Assembly Committee Office

- Dr Brian Lloyd, Committee Secretary

NORTHERN TERRITORY (NT)

Public Accounts Committee

- Ms Lia Finocchiaro MLA, Chair
- Mr Gerry Wood MLA
- Mr Russell Keith, Clerk Assistant Committees

NORTHERN TERRITORY (NT) (Contd.)

Northern Territory Auditor General's Office

- Mr Frank McGuinness, Auditor-General

QUEENSLAND

Finance and Administration Committee

- Mr Mark Stewart MP
- Mrs Freya Ostapovitch MP
- Mr Reg Gulley, MP
- Ms Deborah Jeffrey, Research Director

Queensland Audit Office

- Mr Andrew Greaves, Auditor-General

SOUTH AUSTRALIA

Economic and Finance Committee

- Ms Lyn Breuer, Presiding Member
- Ms Susie Barber, Research Officer

Statutory Authorities Review Committee

- Hon Gerry Kandlaars MLC
- Hon Terry Stephens MLC
- Ms Linda Eckert, Acting Committee Secretary

TASMANIA

Joint Standing Committee of Public Accounts

- Hon. Ivan Dean MLC, Deputy Chair

Tasmanian Audit Office

- Mr Mike Blake, Auditor-General

VICTORIA

Victorian Auditor-General's Office

- Dr Peter Frost, Acting Auditor-General
- Mr Marco Bini, Director Policy & Coordination

VICTORIA (Contd.)

Public Accounts and Estimates Committee

- Mr David Morris MP, Chair
- Mr Craig Ondarchie MLC
- Mr Robin Scott MP
- Mr Neil Angus MP
- Ms Valerie Cheong, Executive Officer
- Mr Christopher Gribbin, Senior Research Officer

WESTERN AUSTRALIA

Public Accounts Committee

- Mr Tim Hughes, Principal Research Officer
- Ms Lucy Roberts, Research Officer

Parliament of Western Australia

- Ms Susan O'Brien, Advisory Officer (Legal)

Office of the Auditor-General

- Mr Colin Murphy, Auditor -General

AUTONOMOUS REGION OF BOUGAINVILLE

Public Accounts Committee

- Hon Cosmas Sohia MP, Chair
- Mr Douglas Pisi, Secretary

INDEPENDENT STATE OF SAMOA

Public Accounts Committee

- Hon Papaliitele Niko Lee-Hang MP, Chairman

KINGDOM OF TONGA

Standing Committee on Public Accounts

- Mr 'Aisake Eke MP, Chairman
- Mr Mo'ale Finau MP

NEW ZEALAND

Finance and Expenditure Committee

- Mr Todd McClay MP, Chairperson
- Rt Hon. Winston Peters MP
- Mr James Picker, Clerk of Committee

Office of the Auditor-General

- Mrs Phillippa Smith, Deputy Auditor-General

PAPUA NEW GUINEA

Public Accounts Committee

- Hon John Hickey MP, Chair
- Mr Repe Rambe, Secretary

REPUBLIC OF FIJI

Office of the Auditor-General

- Mr Tevita Bolanavanua, Auditor-General

REPUBLIC OF INDONESIA

Audit Board of the Republic of Indonesia (BPK RI)

- Dr Hadi Poernomo AK, Chairman
- Mr Sapto Amal Damandari, Board Member
- Mr Bahtiar Arif, Head of Public and International Relations Bureau
- Mr Hery Subowo, Director of Research and Development

State Finance Accountability Committee (BAKN)

- Dr Sumarjati Arjoso SKM, Chairperson
- Mr Teguh Juwarno M.Si, Anggota
- Dr Eddy Rasyidin, Expert Staff

Public Accountability Committee (DPD RI)

- Prof. Dr Farouk Muhammad, Chairman
- Mr Abdul Gafar Usman
- Ms Idah Noor Safitri, Secretariat Staff

REPUBLIC OF INDONESIA (Contd.)

Consulate General

- Ms Novaliana Tambunan, Vice Consul

REPUBLIC OF KIRIBATI

National Audit Office

- Mrs Matereta Raiman, Auditor-General

REPUBLIC OF SOUTH AFRICA

Standing Committee on Public Accounts

- Ms Thapelo Chiloane MP
- Ms Sarah Mangena MP
- Mr Peter-Paul Mbele, Parliamentary Official

Office of the Auditor-General

- Mr Mohsien Hassim, Corporate Executive
- Mr Thembelani Vanqa, Project Manager

FREE STATE LEGISLATURE

Portfolio Committee on Public Accounts

- Hon Cornelius Van Rooyen MP, Chairperson
- Hon Maureen Scheepers MP
- Hon Abraham Oosthuizen MP
- Hon Peter Frewen MP
- Hon Mantoa Thoabala MP
- Ms Shirley Mamashie, Committee Coordinator
- Ms Mobakeng Senago, Researcher

GAUTENG PROVINCIAL LEGISLATURE

- Hon Nomantu Nkomo-Ralehoko MP, Chairperson of Committees

Public Accounts Committee

- Hon Siphon Makama MP, Chairperson
- Hon Refiloe Ndzuta MP
- Hon Wally Valentine Mbatha MP
- Ms Glenda Steyn, Member
- Mr Dioke Simon Magolego, Senior Committee Coordinator

LIMPOPO LEGISLATURE

Standing Committee on Public Accounts

- Hon Derrick Ngobeni, Treasurer

NORTHERN CAPE PROVINCIAL LEGISLATURE

- Miss Johanna Beukes, Deputy Speaker

REPUBLIC OF UGANDA

Local Government Accounts Committee (LGAC)

- Hon Chrissy Jack Sabiiti MP, Chairman

Public Accounts Committee

- Hon Kasiano Wadri MP, Chairperson
- Hon Lilly Adong MP
- Hon Kafuda Boaz MP
- Hon William Nzoghu MP
- Hon Muhammad Muwanga Kivumbi MP
- Ms Alice Penninah Muheirwe, Secretary

REPUBLIC OF VANUATU

Parliament of Vanuatu

- Mrs Stephanie Mailesi, Secretary

Office of the Auditor-General

- Mr John Path, Auditor-General

UNITED KINGDOM

Public Accounts Committee

- Mr Austin Mitchell MP
- Mr Adrian Jenner, Committee Clerk

Appendix B **ABSTRACT FOR PAPER PRESENTED BY**
MR ZED SESELJA MLA

ACPAC 2013 Biennial Conference—*Public Accounts Committees: Adapting to a changing environment*

Paper presentation by Mr Zed Seselja MLA—Chair, ACT Standing Committee on Public Accounts
Friday 12 April 2013, 9:00am to 9:45am (45 minutes)

(concurrent session)

Format: Combination of paper presentation (15 minutes) and panel discussion (30 minutes)

Abstract:

Statutory recognition of the Auditor-General as an Officer of Parliament—does it make a difference?

A number of Australasian jurisdictions include a provision in their legislation which specifically recognises that their respective Auditor-General is an independent Officer of Parliament.

Other jurisdictions for the purpose of reference in the statutory framework do not declare their Auditor-General as an Officer of Parliament. In practice, this means that whilst the Auditor-General is an independent statutory officer that reports to the relevant Parliament/Assembly, the Act establishing the Office does not use the phrase—Officer of Parliament.

The literature suggests that the action of declaring the Auditor-General an Officer of Parliament in statute strengthens the status and symbolism of the Auditor-General and the important relationship the Office of Auditor-General has with the Parliament. In practice, it has no effect to the Auditor-General's actual independence from the Executive Government. Independence is a fundamental requirement for Auditors-General to effectively carry out their important role of assisting Parliaments to hold executive governments to account. There is a strong argument that regardless of how Auditors-General are classified, the control of and the amount of the relevant appropriation plays a more significant role in their effectiveness. However, formal designation can raise awareness regarding the special relationship between the Auditor-General and the Parliament and may also strengthen that relationship. Further, formal designation also symbolically distinguishes the Auditor-General from the Executive and associates the Office with the Parliament.⁷

After a short presentation, a panel format comprising representatives—from jurisdictions where the respective Auditor-General has been formally declared an Officer of Parliament together with jurisdictions where formal declaration has not occurred—will consider and discuss experiences, lessons learned, benefits and practical implications arising from statutory designation or non-statutory designation of the Auditor-General as an Officer of Parliament with a view to exploring the question of whether it makes a difference.

⁷ Lawson, C. (2009) 'Can the Executive influence the 'independence' of the Auditor-General under the Auditor-General Act 1997 (Cth)?', *Australian Journal of Administrative Law*, **16**, 90, pp. 90–114.

Appendix C ACT STANDING COMMITTEE ON PUBLIC ACCOUNTS JURISDICTIONAL REPORT



LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON PUBLIC ACCOUNTS
Zed Seselja MLA (Chair), Mary Porter AM MLA (Deputy Chair), Chris Bourke MLA,
Brendan Smyth MLA

ACT STANDING COMMITTEE ON PUBLIC ACCOUNTS

JURISDICTIONAL ACTIVITY REPORT

FOR THE AUSTRALASIAN COUNCIL OF PUBLIC ACCOUNTS COMMITTEES (ACPAC)

12TH BIENNIAL CONFERENCE

SYDNEY, NEW SOUTH WALES

10–13 APRIL 2013

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).

Legislation Act 2001

Under the *Legislation Act 2001* (section 228) the Committee is the 'default' committee for consideration of statutory appointments. While the Speaker nominates other committees for specific appointments the Committee considers a significant proportion and has an oversight role into the whole statutory appointment process.

Pursuant to the section 228, a minister is required to consult with the relevant standing committee of the Assembly when making appointments that are established by or under an Act. The Committee may make a recommendation to the Minister about the proposed appointment and in making the appointment, the Minister must have regard to any recommendation received.

Government Procurement Act 2001

Under the *Government Procurement Act 2001* (section 39), each government entity must report any contracts over \$25 000 that contain confidential text to the Committee. The *Government Procurement Act 2001* was recently amended to require agencies to provide the Committee with a list of 'reportable contracts' every twelve months, rather than six months. The new reporting period took effect from 1 April 2012 and ended on 31 March 2013.

REPORT ON THE 12TH BIENNIAL CONFERENCE OF THE AUSTRALASIAN 29 COUNCIL OF PUBLIC ACCOUNTS COMMITTEES (ACPAC)

Annual Reports (Government Agencies) Act 2004

Under the *Annual Reports (Government Agencies) Act 2004*, before the responsible Minister can issue an annual report direction, the Minister must consult the Committee (section 8). The Committee may make a recommendation to the Minister about any proposed directions.

Membership

Mr Zed Seselja MLA	Chair
Ms Mary Porter AM MLA	Deputy Chair
Dr Chris Bourke MLA	Member
Mr Brendan Smyth MLA	Member
Dr Andréa Cullen	Secretary

HIGHLIGHTS OF SELECTED COMMITTEE ACTIVITY

Following are highlights of selected activity undertaken by the Committee over the period since the 11th Biennial ACPAC Conference held in Perth, Western Australia, April 2011.

ITEMS OF INTEREST SINCE THE 11TH BIENNIAL CONFERENCE IN 2011

Committee membership

The Committee has four members—comprising two opposition members and two government members.

Since the last biennial ACPAC, the Committee's activity extends across the seventh and eighth Assemblies. The election on 20 October 2012 returned three new members to the seventeen member Legislative Assembly—the eighth election since self-government in 1989. Further, the eighth election was the sixth ACT election to be conducted using the Hare-Clark electoral system.

The results of the election saw a return of minority Labor government in the ACT with the cross-bench (ACT Greens) holding the balance of power. The composition of the current Assembly is: Australian Labor Party (eight members); Canberra Liberals (eight members); and ACT Greens (one member). The 8th Assembly elected the first member of an opposition to hold the position of the Speaker.

The composition of the 8th Assembly Standing Committee on Public Accounts is: Mr Zed Seselja MLA—Chair (Canberra Liberals); Ms Mary Porter AM MLA—Deputy Chair (Australian Labor Party); Dr Chris Bourke MLA (Australian Labor Party); and Mr Brendan Smyth MLA (Canberra Liberals). With the exception of Mr Smyth, Mr Seselja, Ms Porter and Dr Bourke are new to the Committee.

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

HIGHLIGHTS OF COMMITTEE ACTIVITY

- **Inquiry into the Gaming Machine Amendment Bill 2011**

On 7 June 2012, the Committee tabled its report on its Inquiry into the the Gaming Machine Amendment Bill 2011. The *Gaming Machine Amendment Bill 2011* was presented to the Legislative Assembly on 17 November 2011 and referred to the Committee for inquiry and report.¹

The amendments proposed in the Bill fall broadly into three categories: (i) reduction of maximum number of gaming machines allowed on all licensed premises in the ACT from 5 024 to 4 000; (ii) introduction of a \$250 per day ATM withdrawal limit at licensed premises; and (iii) introduction of a gaming machine relocation scheme. Each of the amendments was responsive to the two overarching objectives of the Bill to—(i) maintain the important role clubs play in the community; and (ii) seek to address problem gambling.

The Committee's report considered the proposed amendments within the wider context of problem gambling and the economic and social contribution the club sector makes to the ACT community. In its report, the Committee made 17 recommendations to which the Government agreed or agreed in principle to 8 recommendations, noted 6 recommendations and did not agree to 3 recommendations.² Further information on the inquiry, including submissions, transcripts and the Committee's report is available at: <http://www.parliament.act.gov.au/committees/index1.asp?committee=116&inquiry=1039>

- **Inquiry into Road Transport (Third-Party Insurance) Amendment Bill 2011**

On 10 May 2012, the Committee tabled its report inquiring into the Road Transport (Third-Party Insurance) Amendment Bill 2011. The *Road Transport (Third-Party Insurance) Amendment Bill 2011* was tabled in the Legislative Assembly on 17 February 2011 and referred to the Committee for inquiry on 31 March 2011.

The Bill proposed to amend the *Road Transport (Third-Party Insurance) Act 2008* in a range of ways— including: (i) insertion of new frameworks for the assessment of both economic and non-economic loss (NEL). In the case of NEL, in particular, damages will only be payable after a required degree of permanent impairment threshold is met; (ii) creation of procedures for undertaking medical assessments to determine the degree of permanent impairment of an injured motor crash claimant; and (iii) specifying rules for the award of interest payable on awards of damages.

The Committee's report examined several key themes arising in the context of the Bill, and the Committee's widened T of R, that became apparent during the course of its inquiry based on the evidence received. In its report, the Committee made 13 recommendations to which the Government agreed or agreed in principle to 6 recommendations, noted 6 recommendations, and did not agree to 1 recommendation.³

Submissions to the inquiry, and evidence from witnesses at public hearings, expressed a range of views concerning the Bill. Some evidence was fully supportive of the Bill in its current form, while other submitters were not opposed to the Bill. In contrast, some were not supportive of the Bill and were highly sceptical that the amendments would achieve the Bill's two main objectives—that of reducing premium costs and facilitating access to early treatment and rehabilitation. In the main, these submitters highlighted significant issues with regard to limiting access to common law compensation for NEL together with the infrastructure required to implement the impairment threshold, the increase in the discount rate, and concerns that the Executive Government might be encroaching too far in relation to decisions about entitlements for injured people that was previously covered by common law.

¹ Legislative Assembly for the ACT, *Minutes of Proceedings*, No. 129, 17 November 2011, p. 1670.

² ACT Government, *Government response—Inquiry into the Gaming Machine Amendment Bill 2011*, 22 August 2012.

³ ACT Government, *Government response—Inquiry into the Road Transport (TPI) Amendment Bill 2011* 22 August 2012.

Further information on the inquiry, including submissions, transcripts and the Committee's report is available at: <http://www.parliament.act.gov.au/committees/index1.asp?committee=116&inquiry=1001>

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

On 6 December 2011, the Committee tabled its report inquiring into the exposure draft of the *Financial Management (Ethical Investment) Legislation Amendment Bill 2010*. The exposure draft of the *Financial Management (Ethical Investment) Legislation Amendment Bill 2010* was tabled in the Legislative Assembly on 22 September 2010 and referred to the Committee for inquiry and report.⁴

The proposed Bill sought to amend 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 were to prescribe the standards and priorities for the investment of public funds by the ACT Government.

The Committee tabled its report, which included nine recommendations, on 6 December 2011 to which the Government agreed or agreed in principle to seven recommendations and noted two recommendations.⁵ The ACT Government was the first government in Australia to become a signatory to the United Nation's Principles of Responsible Investment (UN PRI). In becoming a signatory, the Government has committed to: (i) increase transparency with regard its investments; and (ii) incorporate ESG criteria into its mainstream investment decision making. The Committee's report recommended a course of action to support growth in the principled based approach to responsible investment, as taken by the Government. This approach, whilst building on achievements to date, signalled to the Government that it should now be taking a stronger and more proactive stance with regard to responsible investment in the Territory. The Committee was of the view that this course of action would minimise the risk of the Government being accused of, or criticised for, trading on its UN PRI signatory status.

The Committee supported the continued progression of the ACT Government's commitment to the UN PRI and was of the view that the recommendations it made as part of this inquiry would assist with building capacity for this important investment framework.

Further information on the inquiry, including submissions, transcripts and the Committee's report is available at: <http://www.parliament.act.gov.au/committees/index1.asp?committee=116&inquiry=991>

HIGHLIGHTS OF CURRENT INQUIRIES

- **Inquiry into 2011–12 Annual and Financial Reports**

Annual reports of government agencies and directorates, on tabling are referred to Assembly committees for inquiry as per a schedule determined by resolution of the Assembly. The Committee is presently inquiring into a number of referred annual and financial reports.

During its public hearings schedule, in addition to exploring compliance with the *Annual Reports (Government Agencies) Act 2004* and the *Chief Minister's Annual Report Directions*, the Committee sought clarification on whole-of-government and agency issues.

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=190&inquiry=1066>

⁴ Legislative Assembly for the ACT, *Minutes of Proceedings*, No. 76, 22 September 2010, pp. 891–892.

⁵ ACT Government, *Government response—Inquiry into the exposure draft of the Financial Management (Ethical Investment) Legislation Amendment Bill 2010*, 20 March 2011.

▪ **Inquiry into Appropriation Bill 2012–13 (No. 2)**

The Committee is required to 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. Accordingly, the Committee considers supplementary appropriation bills.

Appropriation Bill 2012–13 (No. 2) (the second Appropriation Bill) was tabled in the Legislative Assembly on 14 February 2013 and referred to the Committee for inquiry and report. The second Appropriation Bill provides for the appropriation of a total of \$231.058 million in 2012–13. The Bill appropriates funds across three areas—(i) the Local Hospital Network; (ii) the Land Rent Scheme; and (iii) an appropriation apportioned across two output classes for an unspent appropriation from the former Treasury Directorate in 2011–12.

The Committee has concluded its public hearing program and expects to report shortly. Information on the inquiry is available at:

<http://www.parliament.act.gov.au/committees/index1.asp?committee=190&inquiry=1070>

(as at 26 March 2013)