



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY**

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**

(Reference: [Annual and financial reports 2013-2014](#))

**Members:**

**MR B SMYTH (Chair)**  
**MS M PORTER (Deputy Chair)**  
**MS N LAWDER**  
**MS Y BERRY**

**TRANSCRIPT OF EVIDENCE**

**CANBERRA**

**TUESDAY, 11 NOVEMBER 2014**

**Secretary to the committee:**  
**Dr A Cullen (Ph: 620 50142)**

**By authority of the Legislative Assembly for the Australian Capital Territory**

Submissions, answers to questions on notice and other documents, including requests for clarification of the transcript of evidence, relevant to this inquiry that have been authorised for publication by the committee may be obtained from the Legislative Assembly website.

## APPEARANCES

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## **Privilege statement**

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*Amended 20 May 2013*

## **The committee met at 2.01 pm.**

Appearances:

Burch, Ms Joy, Minister for Education and Training, Minister for Disability, Minister for Multicultural Affairs, Minister for Racing and Gaming, Minister for Women and Minister for the Arts

Economic Development Directorate

Dawes, Mr David, Director-General, Economic Development

Gilding, Ms Louise, Executive Director, Policy, Projects and Legislation, Land Development and Corporate Division, Economic Development

Jones, Mr Greg, Chief Executive, ACT Gambling and Racing Commission, Economic Development

**THE CHAIR:** Good afternoon, minister and officials, and thank you for coming to this hearing of the Standing Committee on Public Accounts inquiry into the 2013-14 annual reports.

Proceedings today will commence with an examination of the 2013-14 annual report of the ACT Gaming and Racing Commission and the relevant parts of the Economic Development Directorate annual report. The examination will conclude at approximately 3 pm. Then the committee will hear from the ACT Ombudsman and the Auditor-General. The hearings will conclude at 5 pm.

I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the privilege statement before you on the table. Could you please confirm for the record that you understand the privilege implications of the statement?

**Ms Burch:** Yes.

**THE CHAIR:** Thank you all for that. I also remind witnesses that the proceedings are being recorded by Hansard for transcription purposes, and are being webstreamed and broadcast.

Minister, before we proceed to questions, would you like to make an opening statement?

**Ms Burch:** Thank you, chair; I will make a few brief opening comments. Just this morning—I will start with just this morning—I held a roundtable with the club sector, with ClubsACT and a number of representatives from different clubs. It was a productive conversation. We have agreed to establish a community clubs task force that will progress some elements around shared interests of different arms of government. That will be a good and useful process in the way forward. It builds on the MOU that I signed with ClubsACT close on two years ago. It is just the ongoing conversation about recognising the great work that clubs in the ACT do and how we as a government respond to their needs, given our interest in supporting them, particularly around diversification away from income from gaming machines.

It also follows on from work that I have done recently, including the red tape reduction bill, which I tabled in the Assembly last sitting and which, hopefully, will progress when we come back in November. I have already put out for public notice, and it will come back in the new year, a trading scheme for the club sector.

Also, this weekend I know everybody will be out at Thoroughbred Park for the Unbridled festival, the first time it is to be held here in the ACT. If you have an interest in horses or anything that may be to do with horses, if you want good music, good food, this weekend the Unbridled festival is the place to be. I look forward to seeing each and every one of the committee members out there.

Before we go to questions, chair, I want to thank the officials from EDD, who do fabulous work in drafting legislation and some policy work. I want to thank the officials first and foremost, and Greg Jones and his team at the commission, for the great work they do in making sure that all matters of gaming and racing here in the ACT are managed well. I am happy to go to questions.

**THE CHAIR:** Could we please have an update on the sale of the casino? Where is that at? Where is the probity inquiry at and what is the likely time frame if a sale is to proceed?

**Mr Jones:** Perhaps I could answer that question. The casino probity investigation, which is a joint investigation being conducted by the ACT Gambling and Racing Commission and the Queensland regulatory body, our equivalent in Queensland, is still ongoing at this point. It is a very complex and very detailed investigation into a group of companies which is based largely overseas.

There is a very large amount of information which the two regulatory bodies are going through, through the Queensland regulators. Two consultants have been engaged to provide advice and assist with the suitability considerations that are ongoing. We have one expert legal firm which is providing legal due diligence on the structure of the proposed casino licensee here and in Queensland. Also, we have a financial firm that is providing detailed financial advice on the make-up of the source of funds and ongoing revenue and expenditure projections for the two casinos—meaning that in Cairns and that in Canberra.

As I said, it is still ongoing. We are hoping to have that wrapped up this calendar year. We are expecting some decisions by the end of November. There are still a number of outstanding issues which we are waiting on, so that time frame is not certain, but we are hoping, certainly by this calendar year, to be in a fairly strong position to be making a recommendation to the minister on licence transfer.

**THE CHAIR:** That seems to be slightly longer than initially anticipated?

**Mr Jones:** Yes, that is; it has slipped a bit, due to the complexities of the arrangements. There have been some delays in obtaining some of the financial information from the proponent, from the Aquis group of companies, in terms of the source of equity and also the source of borrowings. There were some delays in Aquis finalising their borrowing arrangements, which are reasonably complex, with both Australian-based and overseas-based companies. And it has taken a while for them to

finalise their commercial arrangements. Once that has been done, it has taken us some time to check on the bona fides of those financial arrangements.

So yes, there has been a bit of slippage there. I think we were originally aiming at towards the end of October. The formal date is the end of November, but that is likely to be early December.

**THE CHAIR:** Apart from you and the Queensland authority, what other approvals are required? For instance, is the Foreign Investment Review Board involved?

**Mr Jones:** Yes. There are two federal agencies that are involved. The Foreign Investment Review Board, as you rightly said, has had a look at the proposed arrangements, and provided no objection. There is also the ACCC, which is going to look at the sale of the Cairns casino—no impact on the Canberra casino, but the Cairns casino—to see whether the development of the integrated casino resort at Yorkeys Knob, just north of Cairns, is going to create a competition issue, with two casinos in close proximity being owned and operated by the same company. The ACCC conclusion was that they did not have any objection to that either. So the two federal bodies have given the go-ahead from their point of view, but it is still subject to state probity clearances.

**THE CHAIR:** If the probity issues are cleared, how quickly can the sale proceed?

**Mr Jones:** There are obviously some matters which the proponent would need to finalise, but once our probity investigation has been concluded and our report provided to the minister, I would imagine it could be relatively quick from there. Given the proximity to Christmas and the new year, we are still reasonably satisfied that 2014 is a likely date—the calendar year.

**THE CHAIR:** Ms Porter?

**MS PORTER:** On page 33 of the report, minister, it talks about the project “Stigma and help seeking for gambling problems” by the ANU Centre for Gambling Research. Could you talk to us about how this project will assist the commission’s aim of encouraging early intervention? And what other related research projects might be underway or planned?

**Ms Burch:** I might go to Mr Jones for the detail on this, but suffice it to say that ANU and the commission have had a longstanding relationship around research within problem gambling. It certainly is the hallmark of this government to do what we can to support problem gambling and to look at research so it is evidence-based, whether it is looking at the profile, which is the early piece of work, or working with New South Wales, which is a bit of research, which I think is the first of its kind, where we have a very long cohort—a study between ACT and New South Wales. It is important that we look at an evidence base around problem gambling. Mr Jones, do you want to talk more on those?

**Mr Jones:** Yes; and just to reinforce what the minister is saying, our research program is to obtain evidence in terms of our policy development and also inform us about how to get early intervention with our help-seeking activity.

The stigma research which you identified is a particularly important piece of research. It identified that those who have a problem with controlling their gambling activity are more likely than those that are affected by illicit drugs and alcohol to develop a stigma in terms of obtaining assistance for their issue, which makes it very difficult to attract or convince people to gain help or assistance for their problem. It appears, based on our research, that only one in 10 of identified problem gamblers actually seek any sort of help or assistance, and quite often it is only in utter desperation, when they are perhaps contemplating or have attempted suicide, that they actually go and seek counselling or go and seek assistance. Clearly, trying to get to people and get them into some sort of help or assistance at an earlier stage than that is highly desirable, and our research is aimed at informing us about that.

The minister also mentioned we have a longitudinal study which we are developing in cooperation with New South Wales at the moment. That is going to be particularly important because over a five-year period it will study how people decide or what motivates them to seek help, what their experiences are during their help-seeking activity and, importantly, where they end up after their counselling sessions have finished? Do they go back to gambling? Are they effectively cured, as it were, from then on? What happens after that?

This will inform us firstly as to how we can attract more people into help-seeking behaviour but, importantly, towards the end of this five-year study it will be about the time that our counselling contract—at the moment it is with Relationships Australia—will be up for renewal and it will inform us about what type of counselling services we should be offering. For example, is face-to-face counselling the most important and most useful or is it online counselling or is there some other form of counselling that is going to be perhaps useful or most productive? This longitudinal study will certainly inform us on how we arrange our next counselling service. It is all about informing our policy development and also aiming at early intervention.

**MS PORTER:** What is the name of the longitudinal study?

**Mr Jones:** It is the long-term cohort. It is identified specifically on page 41. It is called “Client Cohort Longitudinal Research Study”. As you can see, the ACT is committing a bit over three quarters of a million dollars over the five-year program and New South Wales will be contributing \$400,000 to that. It is nearly a \$1.2 million research project over five years.

**MS PORTER:** You mentioned the Relationships Australia contract for the counselling. That finishes in—

**Mr Jones:** It started in 1 July of this year. They have only just started.

**MS PORTER:** So it has still got a way to go yet.

**Mr Jones:** Yes. It is for a minimum of three years, and there are two years of options. So it is three years with a one plus one. It could be extended for another two years, so potentially up to five years all up. That will coincide fairly neatly with the end of the longitudinal study and the results coming out of that.

**MS PORTER:** Why, minister, was Relationships Australia selected? Was it a single-select or a competitive process?

**Ms Burch:** It was a competitive tender process. The previous contract came to an end, so we went out to the market and Relationships Australia won. Another area of that contract I am very pleased to see is that Care financial counselling is part of that arrangement. Again, Mr Jones might talk to that, but it is a three-year contract and again provides face-to-face, online and education support to clubs as well.

**MS PORTER:** Mr Jones, before you go to that, my question is: will it be evaluated at the end of that? You said the delivery of that service may change. Will there be some kind of evaluation of their particular counselling program?

**Mr Jones:** There certainly would be. We talk to Relationships Australia all the time in terms of looking at their data and their experiences and engaging with the industry. Certainly an evaluation will be conducted not only by the commission and other social agencies and community services in the ACT but also with Relationships Australia and their experiences in dealing with clients, because they are the ones at the coal face. Obtaining information from them directly is obviously key to that.

It appears their face-to-face counselling has been extremely successful in the short time they have been there, given they have only really completed the first quarter of their contract. Compared to the same quarter last year the number of new clients they have got is almost double in terms of the gambling counselling. In terms of the financial counselling it is nearly four times the number of clients for the same quarter in the previous term for the previous operator of that contract. Relationships Australia is doing an extremely good job and only having just started.

**MS BERRY:** A supplementary: I note that it looks like this project is being done that little tiny bit outside of the sector of any gambling venues. Is there any support from the gambling venues in contributing to this somehow?

**Mr Jones:** This is the Relationships Australia counselling contract you mean?

**Ms Burch:** The long-term cohort.

**Mr Jones:** The contributions the industry make is through the problem gambling assistance fund, which is a mandatory levy on all gaming machine licensees. That brings in approximately \$1.1 million a year. There is a voluntary contribution from both Casino Canberra and ACTTAB, now TABCorp, which creates a fund which is expended on things like the counselling service, which is Relationships Australia plus other research projects. The longitudinal study is funded through that fund. The industry contributes into that fund which then pays the ACT contribution to that. The industry is effectively directly funding that study.

**MS BERRY:** Is there any more information you can provide the committee on this study? Who are participants in this research?

**Ms Burch:** And how they will be recruited and supported through?



**MS BERRY:** Yes.

**Ms Burch:** Part of this longitudinal study is to follow that intervention journey and to see the outcomes of that. My understanding is a lot of the scoping work for phase 1 was being done this calendar year.

**Mr Jones:** Yes.

**Ms Burch:** We can put forward what we have got available on it.

**Mr Jones:** Yes. Certainly we can provide quite a bit of detail on the actual design of that research. The clients we are looking at are those that attend counselling services. The reason we are doing a joint study with New South Wales is because the sample size in the ACT with those people is way too small, so we need to broaden it considerably. New South Wales is certainly interested and well engaged in being part of the outcomes of this process. We are recruiting through New South Wales those clients that attend counselling services. The ACT is included, but the bulk of the clients will come from New South Wales.

**MS BERRY:** Do you know if they are collecting information about demographics?

**Mr Jones:** Certainly, yes. All the usual research demographics about the profiles of those participants and where they heard of the counselling services, what their experiences were, how many sessions they attended. All that sort of thing is all collected as part of the research, definitely.

**MS BERRY:** If you can provide us with some more information that would be really good.

**Mr Jones:** Certainly. I will take that on notice.

**THE CHAIR:** Ms Lawder, a new question.

**MS LAWDER:** I have a question about online betting activities. Has the ACT government met with Tim Costello or anyone from the Australian Churches Gambling Taskforce during the reporting period?

**Ms Burch:** I have not met personally with Tim Costello on that. Online gambling is something I raised today at the roundtable. The broader community needs to have that conversation about it. Locally we seem to equate problem gambling with poker machines, but a lot of damage is being done to individuals on smartphones and online through online gambling. Whether it is an Australian-based activity, an Australian-based company or whether it is international activity and an international company, it probably needs a broader, deeper conversation about how we look at that. It is very hard and it is very complex, but it is something we need to look at.

**Mr Jones:** It is regulated at a federal level, which means that the federal government needs to be engaged. Even though each state, both individually and collectively, has raised online gambling as a significant issue with successive governments over quite a

few years, there appears to be a general unwillingness of federal governments to regulate in this area. That makes it extremely difficult for states to try and be in control and limit the difficulties created to their own community, their own citizens.

As the minister indicated, there is only a certain amount of success we can have with what we call land-based type gaming—those we control and regulate and we can have our own legislation to control. When it goes to overseas sites, either regulated or unregulated, there is very little that a jurisdiction like the ACT or New South Wales can do to control that. It is definitely an issue and it is definitely a national problem that could be looked at at that level.

**MS LAWDER:** So when you say successive federal governments have not really done anything much about it, during this reporting period what representations have you made to the federal government and what has been their response?

**Ms Burch:** There has been some level of conversation through gaming and racing ministers, but it is one of those things that, when you stop and think about it, do you realise the impact it has across the community at every jurisdiction.

**MS LAWDER:** So who have you spoken with?

**Ms Gilding:** The previous federal government had a working group looking at a review of their legislation in this area. If my memory serves me correctly, we have certainly written to the federal government—I would have to check which minister it was at the time—putting on the record our support for any review of the regulation or forms of intervention that might be possible in this space. As the committee has noted, it is the ubiquitous nature plus the globalisation of the technology that makes this a particularly difficult problem to solve, but it does not change the conduct. Regardless of the fact that it is technology based, we still have those conducts that we see and those same problems we see in land-based gambling. Certainly we have on the record in the past that we stand ready to actually work with the federal government and the working groups on this. I could find the detail if you would like in terms of—

**MS LAWDER:** Did you say you have only spoken to the previous government or have you had—

**Ms Gilding:** We have not had any interactions with the current government.

**Ms Burch:** The integrity of sports betting is another way you can raise these matters as well.

**Mr Jones:** Yes. To reinforce what the minister said, there was an approach slightly separate from gambling legislation through the integrity of sport legislation, where a lot of the states and the ACT have passed legislation dealing with issues of controlling the integrity of sport based mostly on requirements in the Criminal Code and other offences relating to cheating at and rigging sports. That was aimed obviously not only at Australian-based legislation but from any interest overseas or any attempts from overseas countries to try and manipulate our sports for whatever gain through illegal bookmakers and what have you. That was aimed specifically at sporting activities to try and eliminate that side of it, which is related to your question.

**Ms Burch:** You get to every finals season and there is a conversation across the community about being able to watch a game of football or sport with your children without having somebody always talking about the bets and odds on a particular thing. I am quite happy to write to the current ministers responsible—it is in the communication realm and also gaming and racing—and just seeing what is the appetite to look at this and to explore what we can do as a community about it.

**MS LAWDER:** As I recall, last year in annual report hearings we raised the issue of online betting. I think there had been recent media reports about local betting. Was it soccer, which was quite topical at the time?

**Ms Burch:** There was, and that was linked, I think, at the time—not through me as gaming and racing—more under sports, community sports.

**MS LAWDER:** So there has been no real advance since—

**Mr Jones:** The ACT has its integrity of sport legislation in. I think what you are referring to, Ms Lawder, if I recall correctly, is some attempts for overseas or some interstate bookmakers to put bets on, I think, junior volleyball or something quite bizarre.

**MS LAWDER:** Obscure in the scheme of things.

**Mr Jones:** Yes, very obscure, and concerning. The current legislation will certainly look at that. However, if you do not regulate particular bookmakers who are putting the bets on, it is a difficult area to try to regulate, even if it is on the sport in your jurisdiction. That is a difficult area.

**THE CHAIR:** I have a supplementary. The issue was that Bet365 was offering odds on Capital Football's games. The issue came up in April last year. Are you saying, minister, that since April last year you have had no contact with the federal government on the issue of online gambling on local games?

**Ms Burch:** I think that was covered through the integrity in sports that Mr Jones—

**THE CHAIR:** No. The question is: what contact have you had with the federal government? Have you spoken to either the federal sports minister or the telecommunications minister about this issue?

**Ms Burch:** No, because it was managed through integrity in sports. That was my understanding. That is how we progressed it here in the ACT.

**Mr Jones:** We did have discussions. The commission had discussions with the National Integrity of Sport Unit, which has now moved to the Department of Health. We did raise that as a specific issue; we have had discussions about that. In turn, the National Integrity of Sport Unit has had discussions with the Northern Territory government and the Northern Territory regulator about the range of bets that Northern Territory bookmakers can make on what we can call junior or non-professional sports. We did follow that up through the National Integrity of Sport Unit.

**THE CHAIR:** But the question is for the minister. Since this issue was raised in April of last year, you have not spoken to your federal counterparts, of either persuasion, on this issue?

**Ms Burch:** Because it has been managed, as has been explained to you. No. The short answer is no, because it has been managed through the integrity of sports and I have been satisfied and comfortable with the way that process has been managed. As Mr Jones has just explained to you, I think they have done well.

**THE CHAIR:** All right; we will see. Ms Berry, your question.

**MS BERRY:** I have a quick supplementary to that. Minister, you have offered to write a letter today to the minister. Do you think that letter would go before the committee hearings finished? It would be lovely to have a—

**Ms Burch:** If the committee has an appetite, I am quite happy to. There has been something. Again it came up today at the roundtable, and I think it is worth putting back on the agenda, to see where we are with it.

**MS BERRY:** That would be good, and if you could provide the committee with a copy of that letter, that would be wonderful.

**THE CHAIR:** But you have just told me that it has been handled through integrity in sport.

**MS BERRY:** No; I am talking about the—

**Ms Burch:** This is online betting; it is quite separate from the matter that you raised.

**THE CHAIR:** But that was my question. My question was in regard to online betting and whether you had had conversations with your federal counterparts.

**Ms Burch:** I am sorry. You made mention of Capital Football, people betting on Capital Football. This was a broader issue. It follows on from the question from Ms Lawder and the conversation I shared with you where I mentioned smartphones and computers. Problem gambling is broader than just gaming machines; it is all sorts of other activities that are beyond a Northern Territory bookmaker betting on Capital Football, Mr Smyth. You can look at it any which way you like. I have offered to the committee—

**THE CHAIR:** I have just asked you a question, minister. You are the one that is being defensive.

**Ms Burch:** I have shared with the committee that I am interested in writing a letter. I have offered the committee a copy of that letter if it is drafted and completed in time before the proceedings are finished.

**THE CHAIR:** So why have you not written in the last 12 months?

**MS BERRY:** Chair, excuse me; with respect, my follow-up was to do with the question by Ms Lawder. She has already responded to your question.

**THE CHAIR:** As is mine. You do not have to explain yourself, Ms Berry.

**MS BERRY:** You are trying to get all tricky with it, and you do not need to.

**THE CHAIR:** No. You are not here to defend the minister. I have just asked the minister whether, in the last 14 months, she has spoken to her federal counterparts about these issues, and the answer is no.

**MS BERRY:** She answered your question. She has answered our question. Now it is my turn to ask a question.

**THE CHAIR:** You are not here to defend the minister.

**MS BERRY:** I am not defending the minister.

**THE CHAIR:** It would appear that you are. The minister has made it quite clear that she has not had any correspondence with her federal counterparts. If you have a question, go for your life.

**MS BERRY:** Ms Lawder was the one who suggested that a letter be written. The minister was responding to a question from Ms Lawder. I was just following up to confirm if we could have a copy of it.

**THE CHAIR:** Do you have a question?

**MS BERRY:** Thank you. Minister, page 38 of the commission's annual report outlines one of the projects undertaken through the problem gambling assistance fund in the development of an exclusion database. Could you inform the committee what this has involved and what has been the outcome?

**Ms Burch:** We have an online exclusion database now in place of what was a paper-based system that used to be shared amongst clubs. Again Mr Jones can go to the detail about how that was developed. We certainly worked very closely with ClubsACT, making sure that that is a useful tool. It is a vital tool. The clubs use it regularly, as do people who are self-identifying to exclude themselves from the clubs.

**Mr Jones:** Yes. Just to expand on what the minister has indicated, the previous scheme was a paper-based scheme, so if someone wanted to exclude from one club—or in fact, multiple clubs—they had to fill in a form. Then the club, the licensee, received that form. If there were a number of other venues identified on that form, they would physically have to photocopy it, put it in the mail or fax it to the other venues to have a multiple venue exclusion by that person. Clearly that is not very effective and efficient, and does not encourage people to use the scheme.

We developed an online territory-wide secure database where, relatively quickly and simply, an interested person who wanted to exclude themselves from either one or all gaming venues in the ACT could do that by simply clicking a couple of boxes within

the online database. Within a matter of minutes, details of their exclusion could be sent to all the venues that they had nominated. This scheme was developed over about 12 or 18 months. It is now fully operational in the ACT. Because we included the previous paper-based excluded persons on the current database, so that previous exclusions were still current and still registered, we now have over 600 excluded persons identified within the database ACT wide, and we are getting about two or three new ones a week. Basically the database is working extremely well, extremely efficiently.

We are having regular contact with ClubsACT, whom we developed the interface and the requirements with, to make sure it was user-friendly. Some of the feedback that we are getting now is that there are some enhancements that we could do to recording incidents about problem gambling to make it easier for the licensees. The commission has just agreed to get some enhancements done to the database so that it is much quicker and simpler for licensees to record electronically an incident involving a particular person, either a self-excluded person or a person that may be of interest in terms of their behaviour, if they are perhaps spending too much or running into an issue with their gambling.

We see the database as an ongoing development opportunity with the industry in terms of making sure that it works as best it can. So it is an ongoing developmental thing as well.

**MS BERRY:** How does it work practically on the ground? I am thinking that it is quite a number of people. Generally, having worked in the sector, you recognise the locals, but if the locals decide to go over to a club on the other side of town or a gaming venue somewhere else, and they want to exclude themselves from all places—how does that work if a person is travelling to the other side of town to have a gamble if they may have previously excluded themselves but then decided, for whatever reason, that they wanted to have another go?

**Mr Jones:** Sure. There are a couple of questions there. I will just give you a bit of an idea of how it works.

First of all, it is a secure database. It is actually held behind the ACT government firewall, so the ACT government internet protections are all there. So it is definitely a secure database. The commission issues approvals for individuals to actually access many individuals within the venue, and there are a limited number of persons that can actually access the data within each venue, obviously to control privacy issues.

In terms of how it works, if a person nominates multiple venues, each venue will instantly get an email that a particular person has been excluded. It is a voluntary exclusion program, so if a person decides that they wish not to be excluded anymore, there is a cooling-off period of seven days before that desire to have their exclusion withdrawn becomes effective. So they cannot do it on the spur of the moment. After that, that person can decide to gain entry to a venue, assuming that the venue is comfortable letting them in.

There is a requirement under the code of practice that if the venue considers that a person perhaps is at risk of either being or becoming a problem gambler, that venue

can actually exclude that person. We call that a licensee-initiated exclusion. That venue can exclude that person, which is not, obviously, a self-exclusion, because it is done by the venue. If they think that person is at risk, that person can be excluded. This is where the incidents register that I was mentioning earlier, which is getting some enhancements to it, can assist venues in terms of controlling their internal reports and the observations that they make on each individual, so that that scheme works better and more effectively with them.

Does that cover the issue?

**MS BERRY:** Yes, that was useful. I just wondered if that 600-plus people who have voluntarily excluded themselves—without wanting to frighten them off from any treatment or support, do they get offered support as part of that exclusion?

**Mr Jones:** Yes, absolutely, and that is a really good point. When they enter into and provide their basic information for their self-exclusion, they are given the option to contact Relationships Australia, the counselling service, or to have the counselling service contact them either to provide information or to set up an appointment. That is asked at the time of their exclusion.

**MS BERRY:** Thank you.

**MS PORTER:** Mr Jones, I do not know if it was you or the minister who mentioned that ClubsACT have been very positive about this and have asked for some improvements. I was wondering if you had any feedback from the other venues themselves about it. Have they been letting us know how it is working for them—the individual clubs?

**Mr Jones:** Yes. We contact them regularly. In fact, we are setting up regular user forums, perhaps quarterly, so that we can learn from those at the coalface that are actually using it what their experiences are, how they find dealing with the persons, and also how they are actually using the database. We do have regular forums on that. Every individual venue is invited along to participate in that. And we have an ongoing helpline where they can call in at any time; they can provide feedback through that mechanism as well.

**MS BERRY:** Thank you.

**THE CHAIR:** Minister, the sale of ACTTAB, we were told yesterday, has now gone through. What is the long-term future of the racing industry in the ACT as a consequence?

**Ms Burch:** We continue to support the racing industry with a tad over \$8 million through budget line funding. That will continue.

**THE CHAIR:** For how long?

**Ms Burch:** They are on the budget line. I am aware of the comments that the racing industry have expressed following the sale of ACTTAB. They certainly have expressed to me an interest in a long-term contract. I have given them assurance that

they will continue to be supported by this government. They are an important part of our industry across the three codes and all the subsidiary industries that support racing, whether it is thoroughbreds, harness or, indeed, greyhounds. I know that the directorate and Ms Gilding are having regular conversations with the racing industry about how we can formalise or renew our MOU. That shows a clear commitment for funding.

**THE CHAIR:** Is it a commitment for the next 50 years, as Tabcorp got in their agreement?

**Ms Burch:** Pardon me?

**THE CHAIR:** Is there agreement with the racing industry for the next 50 years, given Tabcorp got a 50-year licence? If they have been given 50 years of certainty, will you give that same certainty to the racing industry?

**Ms Burch:** That was a condition of sale which had nothing to do with me as Minister for Racing and Gaming. There is an existing MOU that was signed up last year with the racing industry. That articulates a four-year commitment. Again, I have expressed—and I think I have expressed it in response to you in the chamber; if I have not, I am surprised you have not asked the question before—that there is long-term commitment to the racing industry from this government.

**THE CHAIR:** What consultation have you had with the racing sector since the announcement of the sale?

**Ms Burch:** I have had conversation with all of the sectors—thoroughbreds, harness and greyhounds—and the directorate continues to have a conversation with the industry around renewing the MOU and how we can give them assurance and confidence that our support is absolutely there.

**THE CHAIR:** How often have you met with them since the announcement?

**Ms Burch:** I have had one or two formal meetings. I have been to a number of race meets. I met with the harness chief executive in Garema Place with a delightful Clydesdale horse to promote the Unbridled Festival. I have regular conversations with them. Again, there are ongoing discussions. Ms Gilding—if she has an interest—may talk about how often she meets and how we are progressing a renewal of the MOU.

**Ms Gilding:** Certainly under the MOU we have an agreement to look at longer term funding for the racing industry. At the moment that is appropriated through the budget. It is a line of funding that increases annually over the four-year out period.

We have had an initial formal conversation with the three clubs around what a longer term contract might look like. That is something that we committed to under the MOU. As part of that, we are also looking at some key performance indicators that might also come into play around integrity within the industry, meeting the Australian racing guidelines et cetera. Those conversations are still ongoing. At the moment the funding for the industry is established and appropriated through the budget papers, as it has been for many years.



**THE CHAIR:** When you say “longer term”, what are you talking about—beyond four years?

**Ms Gilding:** That is currently the subject of discussions with industry.

**THE CHAIR:** What is industry after?

**Ms Burch:** A long-term commitment.

**Ms Gilding:** They are after a long-term commitment.

**THE CHAIR:** They must have put a number on the table.

**Ms Gilding:** They certainly have. In the interests of those discussions, we will probably keep them between industry and government until such time as we actually come to an agreement.

**MS LAWDER:** A supplementary, chair.

**THE CHAIR:** Yes, Ms Lawder.

**MS LAWDER:** Minister, you mentioned the three racing codes. Where are we up to with co-locating the three codes?

**Ms Burch:** There is a report, and that report is being finalised. It is my understanding that it is to come to cabinet by the end of the year. Once it has been through cabinet and we have a clear resolution and decisions in place, we will go back to the three codes, because they have been very much involved in this discussion all through the process. We are planning to have this resolved by the end of the year and my first port of call after the cabinet decision will be back to the industry with the results.

**MS LAWDER:** Thank you.

**THE CHAIR:** If we could go back to the long-term arrangements, is the funding sufficient to maintain or improve parity of prize money with interstate clubs? There is a fear we will now fall behind. Racing New South Wales has quite a large pot of money to put into the regional races.

**Ms Burch:** One of the aspects of change that I brought in to support the industry was the race field—what is the term for that, Mr Jones?

**Mr Jones:** The race fields fee legislation, which allows the industry now to set their fee and collect it so that the incentive is on them to collect and use that as a supplementary to the government appropriation.

**THE CHAIR:** What is that worth annually?

**Mr Jones:** The race fields fee—in the order of two million.

**THE CHAIR:** What is being done to facilitate the long-term self-reliance of the industry? Have they become independent or will they always be budget funded?

**Ms Burch:** They were part of a percentage from ACTTAB that was not serving them well. We as a government made the decision that we supported the industry. We wanted them to be sustainable. We wanted them to maintain a presence here in the ACT. We put them on the budget line. I think that demonstrates our commitment to the industry. They remain on the budget line, and I think that also demonstrates our commitment to the industry.

**THE CHAIR:** Are they saying to you, minister, that they feel they are sustainable by being budget funded to the tune that they are currently being funded?

**Ms Burch:** Mr Smyth, you are well aware, as is everyone in this room, that they have made public comments that they were disappointed that they were not part of a percentage or some sort of arrangement deal with ACTTAB. As to the sale of ACTTAB, we have taken those decisions and made the sale. The licensing of Tabcorp has now been finalised and our commitment is maintained. They will continue to be supported to the tune of \$8-plus million on a budget line.

**THE CHAIR:** You just said you want the industry to be sustainable. Is that sustainable?

**Ms Burch:** It is working so far, Mr Smyth.

**THE CHAIR:** Is it?

**Ms Burch:** I believe so.

**THE CHAIR:** So the long-term future is sustainable?

**Ms Gilding:** At the time of the ICRC report, which was back in June 2012, those funding issues were certainly raised then. The ICRC made a recommendation about that funding and I think we were given a baseline at that point. I think it is CPI minus 0.5 per cent in terms of ongoing funding, which is then split 75-25 between the two clubs.

The ICRC also made a series of key recommendations. Part of that was about co-administration and co-location. Those are the things that we are working through under the MOU; likewise the race field information charge. I guess we have got a series of things that we are working through under that MOU in order to look at long-term sustainability for the industry.

**THE CHAIR:** You raise long-term sustainability of the industry. Are they telling you that under the current arrangements they feel that they are sustainable in the long term?

**Ms Gilding:** I think we need to rely on several sources of information. Most industries would certainly come to government looking for an increase. In terms that that is the government's decision at the moment, it has agreed to that recommendation

under the ICRC report.

**THE CHAIR:** But the two things are separate. A government decision is a government decision. But is the industry telling you that they are sustainable in the long term under the current arrangements?

**Ms Burch:** Chair, I think there would not be an industry or sector in the ACT that would not apply or approach the government and seek additional support. Let us be clear about that.

**THE CHAIR:** It is a simple question. Are they telling you that they are sustainable under the current arrangement or not?

**Ms Burch:** They are telling me, as they are no doubt telling you—and they will say it on the public record—that they are disappointed with the arrangements under the ACTTAB sale. But they are not disappointed at having assurance and certainty of ongoing funding that comes from this government on the budget line. They were brought into budget line funding because the previous arrangement was not serving them well. Because the previous arrangement was not serving them well, the government made the call to put them on budget line funding.

**THE CHAIR:** You have said now several times—and Ms Gilding has said it—that you want the industry to be sustainable in the long term. If they are telling you that they do not feel that they are sustainable, what are you going to do to make them sustainable?

**Ms Burch:** I think you are putting words in my mouth, Mr Smyth.

**THE CHAIR:** You will not answer the question. Is the industry sustainable?

**Ms Burch:** I am answering. You may not like my answer, but I am answering.

**THE CHAIR:** It is a very simple question: is the industry sustainable into the long term under the current funding arrangements?

**Ms Burch:** Do they have certainty of funding? Does that make them sustainable?

**THE CHAIR:** Certainty of funding is different to sustainability.

**Ms Burch:** Mr Smyth, I am answering your question as best I can.

**THE CHAIR:** Actually you are not.

**Ms Burch:** You may not like it, but it is the answer.

**THE CHAIR:** Standing order 118(a) says that you shall be concise and relevant.

**Ms Burch:** It is the answer that you are getting, Mr Smyth.

**THE CHAIR:** Is the industry sustainable under the current funding arrangement?

**Ms Burch:** They have assurance and certainty to provide the product they have now, Mr Smyth. I believe so.

**THE CHAIR:** Do you think sustainability is equal to certainty?

**Ms Burch:** Mr Smyth, you are getting into hypotheticals around a whole range of factors—

**THE CHAIR:** No. It is actually a dictionary definition. Do you think sustainability is equal to certainty?

**Ms Burch:** Mr Smyth, I have answered your question.

**THE CHAIR:** I do not believe you have.

**Ms Burch:** Well, I have as far as I am concerned.

**THE CHAIR:** Standing order 118(a) says that you have to be relevant and concise, minister. You should adhere to the standing orders.

**Mr Dawes:** I think the role of government has been very clear. We have actually given them the funding. As Ms Gilding has already pointed out, it is in excess of \$8 million and rising by a couple of hundred thousand. Also, the onus in the private sector is to manage their own business affairs appropriately. They are running a business and it behoves them to be looking at how they run their business efficiently and cost effectively. They should not always be living off the hand of government. These are quite independent businesses. They are run by professional boards that should be assisting them and ensuring that they are running appropriately.

**THE CHAIR:** Why does the New South Wales government, through Racing New South Wales, have a larger pot of money to assist with regional development?

**Mr Dawes:** New South Wales will make their decisions. The ACT government will make their decisions.

**THE CHAIR:** Do you equate long-term sustainability with certainty?

**Mr Dawes:** I think they have a lot more certainty than they have ever had in the past, Mr Smyth. What I am saying as well—

**THE CHAIR:** Has that led to long-term sustainability?

**Mr Dawes:** is that they have to look at their own business models. Small businesses are making decisions every day of the week, no matter what they are doing. They are looking at their own business operations. People make their own business decisions.

**Ms Burch:** Thank you, Mr Dawes.

**THE CHAIR:** The minister said she wants them to be sustainable in the long term.

Do you believe that they are sustainable in the long term in the current regime?

**Ms Burch:** I think we have collectively answered your questions, Mr Smyth. We will go round in circles for the next three minutes, if you like, or we can get to another question.

**THE CHAIR:** You can, or you could choose to answer the question. A new question, Ms Porter.

**MS PORTER:** Minister, on page 31 it talks about unlawful gambling and the Unlawful Gambling Act 2009, which is a fairly weird title for an act but anyway. It talks about approval for charitable fundraising. Can you outline the process by which charitable fundraising events can be approved? Are the applications dealt with in a timely manner? Does it take them a long time to get this approval?

**Ms Burch:** Mr Jones can answer that one, Ms Porter.

**Mr Jones:** The Unlawful Gambling Act provides on a restricted basis for charitable organisations to conduct certain fundraising gambling activities in a very controlled manner to assist their purposes. They are fairly tightly regulated, as you would well imagine, given these are effectively one-off approvals to conduct what would otherwise be an illegal activity. The number of restrictions in terms of quantity of betting and how they are conducted I think is appropriate for the circumstances.

We do not get many applications, I hasten to add. As it turns out, a lot of charitable organisations are in fact those organisations that tend to assist problem gamblers. They tend to find raising money through a gambling activity a bit distasteful, which I can fully appreciate. The number of applications we get is minimal. In fact, we might have had two over a period of years, one of which was approved.

**MS PORTER:** So not a great demand then?

**Mr Jones:** Not a great deal of demand, no.

**THE CHAIR:** Unfortunately, our time has come to an end, minister. We have to move on now to the ACT Ombudsman. We would thank you for questions that you have taken on notice; if we could have answers with the secretary no later than close of business, 25 November. Members, any written supplementary questions will be permitted for three days following the arrival of the proof transcript and any questions that arrive will be forwarded through the secretariat. We would appreciate an answer no later than two weeks from the date of the covering correspondence.

On behalf of the committee, thank you, minister, and your officials, for attending today. When a proof transcript is available, that will be forwarded to witnesses to provide an opportunity to check and offer suggestions or clarification if required. With that, we will now move on to the ACT Ombudsman 2013-14 annual report.

ACT Ombudsman's Office

Neave, Mr Colin AM, ACT Ombudsman, Ombudsman of the ACT

Glenn, Mr Richard, Deputy Ombudsman

Lee Walsh, Mr Rodney, Senior Assistant Ombudsman

Welton, Ms Erica, Director, Inspection and Law Enforcement

**THE CHAIR:** Welcome, Mr Neave. On behalf of the committee I thank you and your officials from the ACT Ombudsman's office for attending today. This hearing will focus on the ACT Ombudsman's office annual report from 2013-14, and we will conclude at approximately 4 pm.

I remind witnesses of the protections and obligations afforded by the privilege statement, and draw your attention to the pink card on the table. I ask you to confirm for the record that you understand the privilege implications of the statement

**Mr Neave:** I so confirm.

**THE CHAIR:** All the officials have confirmed that.

Before we go to questions, Mr Neave, would you like to make an opening statement?

**Mr Neave:** Yes, thank you, chair. You will have read in our annual report that we describe our functions and performance for 2013-14, which in summary is as follows: first, we investigate complaints from members of the public about the administrative actions of government agencies and we also consider complaints about ACT Policing. Also we monitor the management of the ACT child sex offenders register and compliance with covert crime-related legislation used by ACT Policing. We do this by conducting inspection activities.

The funding of the Ombudsman's office is established under a service agreement between the ACT government and the commonwealth Ombudsman, and we have dedicated resources to supporting and encouraging ACT public servants to be aware of our role and improve their skills in complaint handling. We do that by providing what we call 20-minute bite sized seminars on the role of the Ombudsman. We have organised and run a complaint handlers forum which provides support in complaint handling to those within the directorates for their function as complaint handlers. We use complaints to encourage agencies to improve their administration and we provide agencies with feedback on complaint policy or service delivery.

Last year our complaints were down 17 per cent compared with the previous year, and we attribute this decline to the directorates being better able to manage complaints themselves. We are referring and transferring people back to the agencies to have their issues dealt with within the agencies. We also believe through our ongoing liaison with agencies—that is, sharing our expertise and insights—that agencies are more alert to the importance of good complaint resolution.

As I said, resources are also dedicated to our mandatory inspection functions. ACT Policing's overall use of covert powers has steadily increased over the past four financial years, increasing our inspections workload. While the use of controlled operations has remained relatively steady, ACT's use of surveillance devices has

notably increased in recent years. This trend is expected to continue moving forward in light of the current heightened security environment.

The outlook: in the future we intend to continue to deliver our seminars at agency level about what we do and how we do it. We want to continue the excellent working relationship we have developed through the complaint handlers forums which we run for ACT public servants. We want to engage with peak body community organisations on their experience and expectations of the ACT public service and their knowledge of what the Ombudsman can do to help those who are connected to those community organisations. Lastly, we want to continue to conduct inspections of ACT Policing's use of covert and intrusive powers. Thank you, chair, for the opportunity of making an opening statement.

**THE CHAIR:** Thank you, Mr Neave. Ms Lawder.

**MS LAWDER:** In 2013-14 the number of approaches and complaints about ACT government agencies, as you mentioned, was the lowest in 11 years, at 374 complaints. I am interested to investigate more of why you think that is. Is it because people are not sure where to go, is it everyone is doing a better job?

**Mr Neave:** I think what is happening is actually in common with the complaint handling business generally, and I am speaking at the general level. At this point in time last year, for example, complaints to the Telecommunications Industry Ombudsman went down quite significantly and complaints to the Financial Ombudsman Service, with which I am very familiar, went down as well.

There is a move amongst the ombudsman community to work appropriately with agencies—in this case with the ACT directorates—to provide, in effect, training for the complaint handlers within those organisations to do what is really very much in the interests of the community—that is, deal with a complaint as soon as possible within the agency itself. Once it comes to an ombudsman's office, whether it is the ACT Ombudsman or any ombudsman, it then goes through a process, which sometimes can be time consuming. Being able to get a quicker and, we would say, better result as far as the members of the community are concerned is really our objective.

I might have said this last year or the year before: I think there is a pretty good understanding within the community about what an ombudsman's office can do these days. There are throughout Australia scores of ombudsmen, all of whom are talking about what they do and how they do it. The recognition in the community of the word "ombudsman" anecdotally must be very high because people just know that an ombudsman can help them. If they need to go for help, they know the ombudsman, generally speaking, is the place to go. More importantly, helping agencies and institutions to deal themselves with complaints leads to a better service for the community in any event.

**MS LAWDER:** You are saying you feel people have a fair idea of what ombudsmen do generally. Is there research to back that feel up?

**Mr Neave:** No, as I said, that is a feeling on my part based on what could be

described as anecdotal evidence. But various organisations have done research on it throughout Australia over the last 15 years. I know from my previous experience that there is about a 75 per cent recognition of the word “ombudsman” in the Australian general community when you pose that question.

Of course, there is a lot of cooperation between the various ombudsman offices these days as well. If you rang up the Telecommunications Industry Ombudsman, for example, in Melbourne with a complaint about the ACT administration, you would be referred back to our office in Canberra because the various ombudsmen know about us. It is a very happy little community, this community of ombudsmen.

**MS LAWDER:** To continue on similar questioning: there are health commissioners, a human rights commissioner and various other commissioners which you cannot investigate complaints about. You do not believe there is confusion amongst the public about who can investigate what?

**Mr Neave:** It is fair to say that there probably is a bit of confusion initially. But we have good cooperation with the various agencies in the ACT. For example, we meet regularly with officers of the Human Rights Commission, and we have an understanding of whether a complaint ought to be referred to them or to us. It is really the responsibility of organisations like ours to maintain good and cooperative working relationships with other agencies to make sure we can send someone to the right place to deal with whatever their complaint might be.

**THE CHAIR:** Ms Berry.

**MS BERRY:** Page 4 talks about the summary of complaint statistics. We have talked a bit about how it is the lowest number since 2003. I want to talk a bit more about the investigations that were conducted that could not be resolved through the agency. Is there a picture of that in the report of which agencies you needed to conduct investigations on based on complaints?

**Mr Neave:** Yes. I might ask my colleague Mr Lee Walsh to deal with that.

**Mr Lee Walsh:** Ms Berry, if I could take you to page 17, appendix 1 talks about approaches and complaints received, and that breaks it down by directorate or agency. If you look across the top of that table, it has the different categories. Category 1 and category 2 are ones that are not investigated, but the ones I think you are focusing on are category 3 and category 4. We divide those into two types depending on the level of interaction we had. Either it is one where we have had an investigation conducted and the agency was contacted or category 4, the high level of complaint, is where we need additional investigation conducted with the agency.

**MS BERRY:** When you put them into these categories, is that after you have tried to put them back to the agency first and it has come back, or is it sometimes that you just make an assessment?

**Mr Lee Walsh:** Categories 1 and 2, they are often ones where we can deal with the matter as it has come in, and we may need to contact the complainant again. But it is the categories 3 and 4 where we have often said, “Look, you need to do more on this



one; it can't be resolved at first instance." Where you are saying putting it back to the agency, that would be in the realms of category 1. That is one where the individual has not approached the agency initially or it is one where an agency was able to handle and we put those ones back. That is where that will occur.

**MS BERRY:** Is it always the case that you put them back to the agency initially?

**Mr Lee Walsh:** No. It depends on whether they have actually raised the matter, whether we could provide a better remedy from investigating, whether we think the agency is in a good position to be able to reconsider this one without bias. There are times when someone has not approached the agency but the nature of the matter is such that they think it is better that we look at it. We have a look and, if that is the case and we can assist from doing so, then we will.

**MS BERRY:** Why do you record ACT Policing separately on page 6?

**Mr Lee Walsh:** Ms Berry, could you repeat the question?

**MS BERRY:** Yes. Page 6 has got "Directorates", and then you have ACT Policing identified separately as its own special self.

**Mr Lee Walsh:** On the grounds that we receive funding in those two categories, so just to give a breakup in that sense.

**THE CHAIR:** Mr Hanson.

**MR HANSON:** I am glad to hear that ombudsmen are a happy bunch.

**Mr Neave:** When you are dealing with some of the things we have to deal with, we have to be naturally happy.

**MR HANSON:** You do. You have to have a naturally happy disposition. I would not have thought that was the case, but anyway. I want to talk about the process for investigating complaints against the AFP. I assume they have their own internal complaints mechanism and then you investigate beyond that? How does it work?

**Mr Neave:** I will ask Mr Rodney Lee Walsh to deal with that one.

**Mr Lee Walsh:** They do have an internal complaint-handling process. Much like we would have if someone was approaching us more generally, it would be, "Have you raised it with them? Is the matter capable of being dealt with like that?"

**MR HANSON:** If then someone contacts you, you refer them back automatically, or it depends on the nature of the complaint?

**Mr Lee Walsh:** It depends on the nature of the complaint, it depends on what they have done about it, those kinds of things.

**MR HANSON:** How many complaints have you dealt with this year with regard to ACT Policing?

**Mr Lee Walsh:** Ninety-three complaints would have been received by us.

**MR HANSON:** Is there a category of those complaints? Are there any consistencies there, any—

**Mr Lee Walsh:** If you go to page 19 of appendix 1 of the annual report, I think that might give you what you are talking about in terms of breakdown. You will have—

**MR HANSON:** You might have to describe it to me. I did not bring it down.

**Mr Lee Walsh:** No, that is fine.

**MR HANSON:** My error.

**Mr Lee Walsh:** No, not at all. Much like Ms Berry's question, under the bottom category, you have ACT Policing at page 19. You have a total received number, which we will put down as 93, and then you will have the categories 1, 2, 3 and 4. The first two categories, 1 and 2, are ones that are not investigated for some particular reason. Categories 3 and 4 are ones that are investigated. You will then have the finalised number, the number that we had finalised, which may not equate well to those received.

**MR HANSON:** I suppose I am trying to get the nature, if there are any specific issues to do with the use of capsicum spray, use of force and generally allegations of corruption? For example, I have a particular interest in tasers. I am trying to find out if there are complaints made about use of tasers, and if so how many. Do you have that breakdown in terms of what the specific complaints were, an understanding of—

**Mr Lee Walsh:** I do not have that information with me on that level of breakdown.

**MR HANSON:** Is that possible to provide?

**Mr Lee Walsh:** It is possible to provide.

**MR HANSON:** Really it is just a summary, I suppose, if it was about capsicum spray or use of a baton or about corruption. There might be, say, five about capsicum spray, six against this—

**Mr Lee Walsh:** To the extent that we have that detail available, I will certainly—

**MR HANSON:** Yes, I understand. Some you might not be able to break down. I am particularly interested in the issue of tasers and whether the police use of tasers has led to complaints from the public that you have come across.

**Mr Lee Walsh:** Certainly.

**THE CHAIR:** The perennial question: does the Ombudsman have sufficient resources? In fact it is the first time this question is asked of you, given that it is the first time that you have appeared before the PAC in an annual report hearing. We

welcome you. You got approximately \$1.1 million from the ACT government for both functions. Is it adequate for you to carry out your job with that funding?

**Mr Neave:** Yes. We are comfortable with the level of resources that we receive, in the sense that we are able to do the jobs which are entrusted to us. We are therefore able to provide the community with a safety net—that is one of the ways I express it—and we are also able to monitor the activities of various agencies in the way in which we have a responsibility to conduct that work.

**THE CHAIR:** With regard to one of those functions under ACT Policing, you look at the child sex offenders register. What do you actually do in regard to the register and what activities did you carry out in the reporting period?

**Mr Neave:** We might invite one of our officers here to respond to that and give you some detail on exactly how we handle those sorts of issues.

**Ms Welton:** We conduct one inspection a year of the ACT register. Our reports are provided in the annual report. We assess on a broad criteria. Basically it is whatever is reported by offenders. They have to report so often every year when they have a change of circumstances. We check that the information that has been reported is correctly reflected in the register. That is one of the checks that we do.

There are requirements around who can access the register. It is only certain people that are authorised to have access to it. So we check that. There are controls around who can access it. And there are requirements in the act that if an offender wants to correct any information that is on the register they are given permission to do so. It is basically a requirement that is set out in chapter 4 of the Child (Sex Offenders) Act, and our role is to check compliance with chapter 4.

**THE CHAIR:** And in regard to adequate controls, or controls over who can access the register, the functioning of that access is working correctly?

**Ms Welton:** Yes, it is. They have got a prescribed list of people who can have access to it and they have password-protected access. It is designed to be used by a corresponding jurisdiction. Each state has its own area that it is responsible for managing in the register and it is supposed to be shared amongst those different jurisdictions so that offenders can be monitored. Those are the only people within each agency that can have access. So we check that those are in place.

**THE CHAIR:** Is the register an Australia-wide register that has an ACT section in it?

**Ms Welton:** That is correct.

**THE CHAIR:** Or is it an ACT register and it is all federated?

**Ms Welton:** No, it is actually part of ANCOR, the Australian National Child Offender Register. It is run by CrimTrac. They developed it, and then each jurisdiction manages its own area that you are permitted to share information between. Other areas responsible for managing sex offenders will share information across jurisdictions. That is why it was created.

**THE CHAIR:** Are we allowed to ask how many names are on the register?

**Ms Welton:** That is not publicly available information. But we do report back to the minister for justice.

**THE CHAIR:** You report that confidential information?

**Ms Welton:** Yes. The primary mechanism, yes, is to report to the minister and then we also put a summary in the annual report.

**THE CHAIR:** From the Ombudsman's position, the register is working well, the access, control and protections are working well, and everything should be kept as is?

**Mr Neave:** Yes. It seems as if things are working well, and we take our responsibilities in that area very seriously, as we do on all our monitoring or surveillance activities.

**THE CHAIR:** Ms Porter.

**MS PORTER:** I want to ask about your role in regard to the Alexander Maconochie Centre. It is on page 4. It talks about participation in the Alexander Maconochie Centre oversight forum convened by ACT Corrective Services. I just wondered what that entailed.

**Mr Neave:** I will speak generally at the beginning and then others who may wish to add something can do so. We visit the centre regularly. We receive complaints from inmates there and deal with those, and we treat that in a way which is very similar to our general responsibilities in the general monitoring of performance of various agencies. But if others would like to add anything more specific?

**Mr Lee Walsh:** Only to say that is a meeting that is also attended by the Human Rights Commission representatives. That is actually an example where we have the different jurisdictions working together with primary agencies.

**MS PORTER:** You work jointly with them, is that what you are saying?

**Mr Lee Walsh:** No, we attend this meeting together so that all of us hear at the same time what is happening and have a chance to work through common issues and determine where those jurisdictional boundaries might lie for matters that are raised with us.

**MS PORTER:** And does that allow for crossover? Is there often some confusion about it, or is it very clear as to who should be handling what?

**Mr Lee Walsh:** Not so much "very clear" but we always find a way of working out which agency might be in the best position to handle a particular matter. The case circumstances are very hard to predict in advance, but to the extent that we end up with an interesting fact matrix, we will be talking to other agencies if we think there is a better agency able to deal with the matter. So we will refer it between ourselves, as

the Ombudsman mentioned a bit earlier.

**THE CHAIR:** In regard to the Maconochie centre, I notice on page 19 that 70 out of the 124 complaints that went to JACS were about Corrective Services. Of the 70, you only investigated 21. Clearly the majority are not even worth investigating, or are they nuisance complaints?

**Mr Neave:** We would never describe any complaint as nuisance. But the real issue is: does a complaint on the face of it look as if it is worth looking at in some depth? That decision needs to be made, given that quite often we might spend a lot of time investigating something that is not going to lead to a remedy, for example, to the person making the complaint. It might be a complaint about the food being too hot or too cold or something along those lines, which is something which might upset somebody but not necessarily something that we could help with. But others might like to add to that.

**MS PORTER:** I ask, though, some questions. What happens to something that you believe that you have no jurisdiction over and perhaps human rights do not have the jurisdiction, but there is obviously an issue that is bothering the person who made the complaint? Is there somewhere else that you refer those to?

**Mr Neave:** We would certainly refer it to the directorate concerned or the agency within the directorate and then in the end that would have to be a decision for that directorate or agency. Whoever the complainant is, we really are most uncomfortable in saying, "There is nothing that can be done here." We really do try to refer it to some other forum or else to the agency concerned. Certainly the agency knows about the complaint because it has quite often come to us after having been to the agency as well.

There is one other thing I really should say in this general context. We have talked a lot about sending complaints back to the various agencies. Sometimes it is entirely inappropriate to do that because we might be dealing with someone who really needs our help in dealing with the agency, someone who is obviously vulnerable or suffering from a health problem, or whatever it might be. In that case, we will, let us say, shepherd that person through to the right place in the agency and not just send them back without any assistance at all. Where it is very clear that someone "can look after themselves" we will certainly send them back to the agency, but where there is somebody who might be particularly vulnerable, then we will do our best to help them in dealing with the agency and dealing with the complaint even though we are not investigating the complaint.

**MS PORTER:** Do you see yourself having any follow-up role on the ones that you are referring back, particularly in relation to those people you believe are vulnerable?

**Mr Neave:** We also always say to people, "If you are not happy with what has happened when we refer you back, you can come back to us." As I said, we really try to shepherd the more vulnerable people through the process.

**MS PORTER:** Do you have any record of how many times a person might come back again? Do they actually return and say—

**Mr Neave:** I doubt if we have a record, not in the stats here, but we would within the files because we would take a note whenever someone makes contact with us by telephone. Unless anyone else has something to add on that?

**Mr Lee Walsh:** I was going to say that it is possible that an individual might return with a slightly different matter. They may well be returning to us after having had an initial approach, to which we say that is not within jurisdiction. They say, “Actually I have got something else I wanted to raise.” You will get that, and in the prison population you will occasionally get that as well.

**THE CHAIR:** Ms Lawder.

**MS LAWDER:** In a way continuing in the same vein, starting off with the Corrective Services figures, do you think some of those complaints are related to human rights compliance at the Alexander Maconochie Centre, that there are more complaints because inmates at the AMC are in a human rights compliant prison?

**Mr Neave:** If we thought it was a human rights issue, we would be referring that to the commissioner for human rights, rather than trying to deal with it ourselves. I suppose it comes back to that fundamental point that I made a bit earlier that if we think we are not the right forum, we will always do something to help someone get to where they ought to be to deal with whatever the complaint might be.

**MS LAWDER:** I note that last year the staff at the Ombudsman’s office attended a forum “Has the model of a human rights prison worked in the ACT?” I think it was in March 2013. Did you have any input into that forum? Did you provide any discussion or views about how has it worked in the ACT?

**Mr Lee Walsh:** I may have to take that on notice. I do not—

**Mr Neave:** I am sorry, is that a quote from the annual report?

**MS LAWDER:** I think it was the previous year’s annual report. I am not sure where it came from.

**Mr Neave:** In last year’s annual report?

**MS LAWDER:** Yes, last year’s annual report, page 20, “Human Rights at AMC”.

**Mr Neave:** I think it is fair to say that we would attend a lot of forums with other ACT agencies and I think it is fair to say that we are quite often there to learn about what is going on elsewhere so that we are not getting ourselves involved in issues which are frankly not our business. That is one point. But secondly it is important for our staff to understand the roles of other relevant agencies within the ACT. We would certainly attend forums, if invited.

**MS LAWDER:** In the tables that start on page 17 and go through to page 19, I noticed, in relation to the total number of complaints received and the total finalised, that the total finalised is often more than the numbers received. Is that a backlog from

the previous years?

**Mr Lee Walsh:** Yes. You might get someone who has lodged a matter on 30 June the previous year; it would then be finalised sometime in July, so that would then count. So you will end up with that kind of stock and float.

**MS LAWDER:** For example, some of the complaints lodged in the financial year relating to this report may still not be resolved or finalised?

**Mr Lee Walsh:** It is finalised in the next report and picked up in the next report. That is entirely possible.

**MS LAWDER:** I note that apart from perhaps Policing and a number in Corrective Services, Housing ACT seems to have quite a high number of complaints received. As with Mr Hanson's question about Policing, are you able to give us a bit of the flavour of the types of issues covered in those complaints?

**Mr Neave:** My knowledge of those complaints is a bit limited, but I do know about some of them. Quite often you get a tenant complaining about the activities of another tenant in the same development, so we find ourselves suggesting to the relevant directorate that they should be dealing with whatever the problem might be within the complex. The sorts of behaviours that tenants might draw to our attention are excessive noise, inappropriate car parking or generally inappropriate behaviour within a complex. We see the organisation responsible for dealing with those being the directorate; it is the relevant directorate.

**MS LAWDER:** What if, for example, I was in a public housing property and my neighbour, who was also a public housing tenant, was very noisy, I complained to you and you said to Housing, "Yes, Ms Lawder definitely has a case; Ms Porter is very noisy"? How would you know if Housing did something about that?

**Mr Neave:** I am sorry; we would not necessarily make a judgement about whether the complaint was a valid complaint. We would just draw to the attention of the relevant directorate the fact that we have received a complaint from tenant X about tenant Y and the directorate ought to be doing something about it. Obviously there will be something in the tenancy agreement which says—

**MS LAWDER:** The directorate should be doing something about it, did you say?

**Mr Neave:** Quite often, yes. Sometimes, I suppose, depending upon the facts of the case, there may be nothing in it; it might just be a sort of personal issue. Again, we do not know the detail.

**MS LAWDER:** I guess my interest is in what happens if there actually is a substantiated case. What is the compliance like? Do you check that something is done? Otherwise, my complaint is not resolved in any way.

**Mr Neave:** Generally speaking we would hear back from you if something did not happen. And so—

**MS LAWDER:** There is not a new complaint?

**Mr Neave:** And so we would—sorry?

**MS LAWDER:** Is that a new complaint, if I come back to you again?

**Mr Neave:** I am not sure that we would count it as a new one. I think it would be a continuation of the original complaint.

**MS LAWDER:** Do you get many of those, and how do you report on those continuations?

**Mr Lee Walsh:** If they are still counted as one matter, I think you probably will find they are only recorded once; otherwise there would always be double counting on a number of approaches. If you came back with a separate issue but the same individual, that certainly would be. I guess maybe a distinction can be drawn. If you are saying that you have a concern about a neighbour and you are coming to the Ombudsman, it is more likely that we would be saying, “Go back to Housing ACT. They have a policy that you need to go through to try and resolve that.” By the time the matter came to us, it would be almost a complaint dispute that had not been resolved. The matters in contention would be relatively discrete, and we would be saying to Housing ACT, “It appears that you did not take into account these considerations; you failed to apply this policy or rule; the individual believes there was bias or some apprehension of bias. Can you tell us a bit about this?” That is the way that would probably be going.

In one sense, it would not be a matter of us having to make a finding. We would be saying, “You have made an administrative decision on which an individual has raised a concern. We would like to have a look and see if there is good basis for the administrative decision.” In that way you would have dialogue with the agency, which would, hopefully, get the complainant closer to a resolution, if the concern raised was a valid one.

**MS LAWDER:** Certainly I do have those kinds of issues raised with me.

**Mr Lee Walsh:** Absolutely.

**MS LAWDER:** Over and over, with the same people saying, “Nothing has still been done. We are still having the same issues.”

**Mr Lee Walsh:** Delay can sometimes be one of the factors that people might approach us with—unreasonable delay. That is one of the factors. Often, looking behind it, though, it is just to ensure that the person has in fact raised a valid matter and raised it with the agency in a way that they can deal with it. That is probably our first question.

**MS LAWDER:** And if they have, and if they have done all of those things, and it still continues?

**Mr Lee Walsh:** That matter might well be one that we would have a look at.



**Mr Neave:** We are certainly happy to receive referrals of those matters if they go on like that.

**THE CHAIR:** Ms Berry.

**MS BERRY:** On the work that you have been doing meeting with the different directorates and the 20-minute seminars that you have been doing with them, I am interested in how you went with ACTION buses and if you have had any feedback from them following on from your seminars—and if those seminars were useful in that transition to the new services.

**Mr Lee Walsh:** Ms Berry, I have been running a lot of those 20-minute bite-sized seminars. The distinction I think you are drawing is that the seminars are really geared towards public servants, to say, “This is the role of the Ombudsman. This is how we go about our business. These are the kinds of things that we are doing. Here is the kind of role that we need to work with you on to try and make sure that people who approach you have their matters dealt with properly.” The invitation we then make to agencies is to say, “One of the best ways for us to be helping the public is to know what your initiatives are that might have some perceivable downstream effect on the public. Before they come to us with a complaint, talk to us about what you are doing so that we are on message to understand what you are about to do.” We even offer expertise and advice on how things might better be shaped or formulated, if that can assist, based on previous experience which has led to complaints.

ACTION buses is one of those instances where they came forward and said, “We have got a big change coming up.” It falls within that second category, with big change coming up. They said, “Can we tell you about it? At what point can we invite you in? Is there some expertise or assistance you can lend us to help us understand where we might be raising a concern with the public?”

**MS BERRY:** Since then, because this would be after that, have you received more or fewer complaints from ACTION buses? It would not be in this one; it would be in the next year’s one.

**Mr Lee Walsh:** Yes.

**MS BERRY:** Have you noted that? Was there an increase in complaints to you? Did you refer them back to ACTION, based on your seminars and the advice that you had given ACTION?

**Mr Lee Walsh:** I do not have anything in particular suggesting there has been a spike in complaints, but I think definitely the seminars are about saying to agencies, “As far as you can, tell people that an Ombudsman exists, but take the primary responsibility for trying to deal with somebody’s misunderstanding, concern or issue at the point of receipt, rather than allowing anything to escalate into a dispute.” That would be our message from the seminars.

**MS BERRY:** Certainly something seems to be working, given that the complaints number is right down with you. Maybe the work that you have been doing with the

agencies is making a difference in how they are managing their own complaints.

**Mr Lee Walsh:** To the extent we have assisted, that would be lovely.

**MS BERRY:** I wonder how that could be recorded somehow. It probably could not.

**Mr Neave:** I think probably it will be a bit clearer next year, actually.

**MS BERRY:** Yes.

**Mr Neave:** This program has been running for about 18 months now, from memory. Next year, we might, hopefully, see an even greater reduction in complaints. Then we will be able to measure it. It would be a very interesting question, actually, which we would be quite happy to keep in the back of our minds for next year. If we run, say, four seminars for the justice directorate during the year and the number of complaints has gone down by 15 per cent, and for another directorate, for various reasons, we have only run two seminars and the percentage decrease in complaints was not as great, it would be quite an interesting issue.

**MS LAWDER:** To measure it.

**MS BERRY:** It will be, yes.

**Mr Neave:** I am thinking about that.

**Mr Lee Walsh:** Duly noted.

**THE CHAIR:** The boss has spoken. Mr Hanson.

**MR HANSON:** On page 19, going to health, there were 13 complaints received. One seemingly had action taken. I have a couple of questions in terms of where the health complaints go. There is the Health Services Commissioner and there is also a health complaints system internally. Do you do any proactive work to make sure that those complaints organisations and mechanisms are working effectively? I will give you the reason why I am trying to follow this up. What happens is that patients go into the health system and on occasion they receive poor service. We heard some stories earlier this year about Ms Lawder's father-in-law, or it could have been her mother-in-law.

**MS LAWDER:** Mother.

**MR HANSON:** My apologies. That is a case in point. When patients or family members are there, and there is something that goes wrong, whatever it might be, they make a complaint to somebody who they think is somebody in a position of authority—the doctor, the nurse, the clinician—and say, “Look, this is unacceptable; I am not happy with this.” They feel that they have made a complaint; they think they have made a complaint. The reality is that they have not. It is acknowledged, noted, and does not go anywhere. What do you do, if anything at all, to review or look at the complaints process and—this is health, as an example—see whether those complaint mechanisms are working? Is that your role? If not, whose role is it?

**Mr Lee Walsh:** We try and influence that. Our seminars try and go beyond the management layer and get to people who would be making those kinds of decisions, who might be in receipt of what otherwise would be seen as a complaint. There is the notion of the public saying, "I raised it with someone. It appeared to be official. They did not action it as they should have or could have." I think that is really the opportunity. What we are saying is that, rather than trying to identify what complaints might have been made which were not actioned, we go to the public service at the moment and say, "There should be no wrong door. If an individual has come to you, if you happened to be near a phone line and you picked up the phone and you have received what is a complaint, the fact that it is not your area is not a good enough reason to say, 'No further action.'" It is not enough to say, "Yes, thanks very much; we will note that." It has to be part of the agency's response to say, "However this comes in, there is an area and there is a process, and it needs to go there."

So our approach would be more to try and say to everybody that it is not a question of whether you action the complaint properly; if you have received something that might be, that could have been, then it should have been referred, and that should be captured as part of your complaint handling process.

**MR HANSON:** For those complaints that make it into the complaints process, the formalised process within Health, who audits that to see whether that complaints process is effective, to make sure it is not sweeping things under the carpet or not dealing with them in a substantive way? I suspect that if an individual is unhappy, they might come to you, but an individual might not be aware that that process is not working properly. Do you review that? Is that audited by someone?

**Mr Lee Walsh:** At the moment, we are probably more waiting for individuals as they start to change their process or to initiate it if there is an unusual spike in the complaint numbers with people coming to us saying, "We have used their process and it has not led to some resolution." That might be an early warning bell for us to be saying, "There might be something inadequate about your process or it is not being applied as fully as it could be."

In terms of actually auditing whether individuals have this, we have the ACT complaint management forum where we draw individuals from all of the directorates and agencies. They are the ones who have primary responsibility within their agencies for complaint handling and processes. We will draw them together and say, "Look, here are some best practice ideas. Here are some of the themes and trends we are looking at. Here are the things we did not investigate but are things that should be on your radar."

We try and do it through that kind of mechanism, but it is not a specific audit of the processes that they have got in place. Indeed, an agency can theoretically have an excellent process which is not being excellently applied. That is where in one sense even an audit may not necessarily show that. You need a combination of the identification and presentation of best practice theory to agencies, showing where it is working in other like agencies, and then relying upon complainants to trigger a complaint where people think the process has not been properly applied in their instance.

**MR HANSON:** Thanks.

**Mr Lee Walsh:** Mr Hanson, I could probably partly answer your taser question—if that is possible, Mr Chair?

**THE CHAIR:** Yes, certainly.

**Mr Lee Walsh:** On these conductive energy weapons, we have not received any complaints of inappropriate use of CEWs by ACT Policing in the last two financial years. There is a mechanism that we can use to watch complaints that might come up in this way, and that is through the Australian Federal Police Act 1979. We have a statutory review function in the Ombudsman's office that is conducted under part V of that AFP Act.

**MR HANSON:** Are you aware of any that were dealt with internally within the AFP, or are those just the ones that came to you?

**Mr Lee Walsh:** If we had not received any complaints on the use of them, we would not know.

**MR HANSON:** Thanks.

**MS BERRY:** That could be because there are not many around.

**THE CHAIR:** It could be.

**Ms Welton:** We look at the AFP's complaints as a whole as part of those reviews. We look at the ones that we have received in our office, and we have not received any complaints. Of the data that we look at, and these are just complaints that are made to the AFP, which is the whole of the AFP, not just ACT Policing, we noticed some instances, but nothing in relation to tasers on the community—tasers not being secured properly or tasers being discharged without proper authority, things like that. There was nothing about misuse and the public.

**MR HANSON:** Is that going back two years because that is what you have got records for? Have there been ones prior to that in terms of complaints?

**Ms Welton:** I have only checked the last couple of years in relation to complaints coming to us. The data that I have just referred to are in the last 12-month period.

**MR HANSON:** Thanks.

**THE CHAIR:** I have no further questions. Any further questions?

**MS BERRY:** Can I ask one very quick supplementary?

**THE CHAIR:** Certainly.

**MS BERRY:** Regarding those seminars that you are doing across the ACT public

service agencies, is ACT Health one of the places you have done the seminars or is that somewhere you will do one of those seminars?

**Mr Lee Walsh:** I think that is the latter, somewhere we will be. There was an appointment set up with their executive. To the extent that some of those matters are put off to the health complaints commissioner, that is not one that we would pick up, but it was just to explain our residual role in that. So the answer is yes.

**MS BERRY:** Thank you.

**THE CHAIR:** Ombudsman, thank you for your historic attendance here at your first annual report hearing with the ACT Assembly. I would like to congratulate you on all the answers, particularly from Mr Glenn, whose words were erudite and concise; he is living up to his reputation.

**Mr Glenn:** I aim to please.

**THE CHAIR:** You have done exceedingly well, Mr Glenn.

If you have taken any questions on notice, if we could have answers by 25 November we would be grateful for that. Members, you have got three days following receipt of the transcript in which to place additional questions on notice. We will forward them through the secretariat if they are received. We will also provide you with a transcript. Could you check that. If there are any suggestions or corrections you would like to make, we would receive those and take them on board. Thank you very much for your attendance today.

We will suspend the hearing for 10 minutes and resume with the Auditor-General.

**Sitting suspended from 3.46 to 3.58 pm.**

Appearances:

ACT Audit Office

Cooper, Dr Maxine, ACT Auditor-General  
Sheville, Mr Bernie, Director, Financial Audits  
Stanton, Mr Brett, Director, Performance Audits  
Sharma, Mr Ajay, Principal, Professional Services

**THE CHAIR:** On behalf of the committee I thank the Auditor-General and her accompanying officials from the audit office for attending today. The proceedings this afternoon will focus on the ACT audit office 2013-14 annual report.

I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the privilege statement before you on the table. Could you confirm for the record that you understand the privilege implications of the statement?

**Dr Cooper:** I understand.

**Mr Sheville:** I understand.

**Mr Sharma:** I understand.

**THE CHAIR:** Thank you very much. Auditor, would you like to make an opening statement before we go to questions?

**Dr Cooper:** Thank you, yes, I would. In 2013-14 the audit office continued to meet its responsibilities of undertaking financial audits and performance audits while also meeting its public interest disclosure obligations and managing representations made to the office. Notably the audit office completed 71 audit reports on financial statements and 30 reports of factual findings on statements of performance. Some 93 per cent of audits were completed within the required timetable. This is a slight improvement on the 88 per cent achieved in 2012-13. All audits were completed in time for agencies to meet any applicable statutory reporting time frames.

Notably the audit office also completed seven performance audit reports which were tabled in the Assembly. These reports were report No 5 of 2013, bushfire preparedness; report No 8 of 2013, management of funding for community services; report No 1 of 2014, speed cameras in the ACT; report No 2 of 2014, the water and sewerage pricing process; report No 3 of 2014, single dwelling development assessments; report No 4 of 2014, gastroenterology and hepatology unit Canberra Hospital; and report No 5 of 2014, capital works reporting.

Of the seven audits, four only—bushfire preparedness, management of funding for community services, speed cameras in the ACT and capital works reporting—had been identified in the forward annual performance audit program. A proposed audit in relation to single dwelling development assessments was modified in response to new information. Two audits—the water and sewerage pricing process and the gastroenterology and hepatology unit at the Canberra Hospital—had not been included in the annual performance audit program but were undertaken in response to

information received through the public interest disclosure process. This shows the advantage of the audit office being able to be made aware of significant issues through the public interest disclosure process and make them the subject of a performance audit. It provides significant transparency over the issues raised by having it undertaken through a performance audit.

A review of the office's performance auditing methods and practices was undertaken. This has streamlined our processes and resulted in a revised performance audit report structure and format for use in 2014-15 onwards. Also in that year we considered 12 representations, of which five were considered to be public interest disclosures. These representations required significant time meeting with people who provided the information, seeking background information to determine if they were actually a public interest disclosure or not and, even if they were, whether or not they should be considered via a performance audit or under the PID legislation.

In 2013-14 the audit office had 39 full-time equivalent staff. Our turnover of staff was 16 per cent for permanent staff and 24 per cent if you include our contractors. The latter, however, are not expected to retain employment in the office.

In 2013-14 the audit office made an operating surplus of \$263,000 and adhered to a budget operating deficit of \$88,000. While several factors influenced this, it was significantly affected by lower than expected employee costs as salary savings were generated by departing staff until staff were replaced and senior staff taking an extended period of annual or long service leave. It also was affected by unbudgeted workers compensation insurance recoveries and higher than expected interest income.

Workers compensation recoveries are not budgeted for because they are unpredictable and vary according to the progress of an individual's workers compensation case. Decisions made by the insurer Comcare also affect this and the timing of those decisions and the interest rates are affected by various factors that are difficult to effect.

Revenue for 2013-14 was \$6.6 million, and it consisted largely of financial audit fees of \$3.8 million and appropriation of \$2.6 million with, as I said, other income from workers compensation and interest. The audit office's short and long-term financial positions remain sound.

Some continuing challenges for the audit office are completing the planned number of performance audits given the unpredictable time and cost of these and the costs of other activities that are dependent on funding from appropriation. These other activities have been mentioned and include representations in the public interest disclosures we receive. In fact, this year we are already up to about 16 representations in the last couple of months.

Another challenge for the office is meeting the tight legislative time frame for a large program of financial audits. The audit office is mindful of managing its financial audits so that the fees are appropriate. Accordingly, ongoing attention is given to identifying efficiencies in the delivery of financial audits without—and I emphasise this—compromising the quality of audits and communicating effectively with auditees on changes to audit fees.

Lastly but very importantly, we always have a challenge in managing our workforce so that we have access to skilled contractors and maintain skilled staff. The audit office is an organisation that is led and managed through our values, and our values of independence, integrity, professionalism, respect, innovation and learning are what guide us in every aspect of our work.

With respect to independence, in 2013-14 action was taken to amend the Auditor-General Act 1996 so that the Auditor-General is now an officer of the Assembly, However, that came into effect on 1 July 2014 and not in the actual financial year of the annual report that is the subject of this hearing. This reinforces the independent role of the Auditor-General and staff of our office.

Changes were also made to the Auditor-General Act that make it possible for performance audits to be undertaken on non-public sector entities that receive ACT government resources. This provision is currently being considered with respect to a possible performance audit on Calvary hospital. In 2013-14 the audit office, as part of our work in undertaking financial audits, received incorrect advice from Calvary Health Care ACT that the Health Directorate owed \$5.2 million to Calvary as at 30 June. While Calvary subsequently corrected this advice, it is a matter the Director-General of Health has raised with me directly. Accordingly, we are undertaking background work to determine if we should undertake a performance audit. Such an audit would not be on our forward program that was given out a few months back.

Although not the subject of the annual report we are talking about today, I will outline for the committee the audits on our forward program: the management of debtors; Alexander Maconochie Centre, in particular the rehabilitation of male detainees; water infrastructure projects undertaken by ACTEW; University of Canberra borrowings with the ACT government; lower Cotter catchment area management; and public transport with a focus on the frequent network. While public transport of itself is an important subject, this audit is being planned so that it will provide a context for an audit focused on light rail. We have also commenced an audit on the sale of ACTTAB. This was not on the forward performance audit program.

The audits just mentioned, as we have done for those tabled on 2013-14, will be undertaken using in-house staff and contractors and consultants. We will also continue employing subject matter experts as this has proven to be useful in ensuring audits target the key issues.

Our audits will be, as they have been in 2013-14, subject to quality controls. In 2013-14 our work, both performance audits and financial audits, was subjected to engagement quality control reviews. These are often referred to as “hot reviews” as they are undertaken on our work before we complete it. We also had undertaken quality assurance reviews, often referred to as “cold reviews”, as they are done after the completion of the audit, to advise on how we can improve our future audit work.

In 2013-14 we had a quality assurance team from the Australasian Council of Auditors-General undertake a broad quality control audit across the entire organisation. It concluded that overall the office provides an important service efficiently and effectively to the parliament and people of the ACT. It achieves this



notwithstanding funding pressures, the complexity of its role and the demands on it. The views of stakeholders it interviewed—members of the Assembly, senior officers from government—were complimentary to the professionalism of the Auditor-General, her executive team and the office as a whole. The Auditor-General's approachability and the extent of engagement between the office and its audit clients were appreciated. It concluded this result is consistent with the results from the formal survey the office conducts. It also said in its conclusion that the office has a vision for the future and a set of values it operates that are both aspirational and relevant.

Thank you very much, committee members, for allowing me to give my opening remarks.

**MS BERRY:** I want to check the first audit you said you were conducting starting from now.

**Dr Cooper:** We are doing a cluster of them.

**MS BERRY:** It was the one before AMC.

**Dr Cooper:** The management of debtors. Just for clarity, it is around debts owed to the government, not between government agencies.

**THE CHAIR:** Thank you, auditor, for that report. At page 162, you used to have a KPI on the number of recommendations that have been accepted by the government. With the way the government now interacts with the audit office, what has that done to this KPI and does it affect your work?

**Dr Cooper:** Mr Stanton will explain. This is his area, and I will support.

**Mr Stanton:** To take it back a step, previously what happened was that we would conclude an audit, prepare an audit report, make recommendations to ACT government agencies and directorates and through that process they would respond to the recommendations broadly with agreement, disagreement or perhaps something in between. There has been a change of practice from the ACT government whereby directorates and agencies do not respond to our recommendations at the time of the conclusion of the audit such that we can put that response into the audit report. That makes it difficult for us to report on a KPI associated with agreement or otherwise of our recommendations. There is a process whereby ACT government agencies will consider those recommendations in due course. Our experience is that it is a lengthy and time-consuming process and can be resolved many months down the track.

**Dr Cooper:** Outside the financial year in which the audit was done and, therefore, if we cannot measure it, we could actually be qualified.

**THE CHAIR:** It is still of interest to the committee. If we could go to public interest disclosures, I noticed you said in your opening remarks that the number of public interest disclosures are growing. What do you put that down to?

**Dr Cooper:** I think it is a combination of things. I think people are becoming aware that the office is an entity that has disclosure powers. But in saying that, usually we

are approached after many processes have been tried by people who talk with us. I think it is primarily that that has brought it about—more awareness.

**THE CHAIR:** You might want to refer them to the Ombudsman, because he has just told us that his number of public interest disclosures for the year was zero. He puts it down to better complaint mechanisms inside the departments, but you seem to be picking up the bulk of the work—

**Dr Cooper:** That is the other thing I would like to say for the committee's benefit. We try to not duplicate work that is happening elsewhere. Without giving away information about particular people, we try to make sure that the Ombudsman and the Commissioner for Public Administration are not dealing with the same issue. That would be a waste of public funds.

**THE CHAIR:** On pages 48 and 49, table C1 is excellent. It is a requirement that public interest disclosures be revealed in the annual report with what actions were taken. I think a lot of the departments could learn from what you have done here.

**Dr Cooper:** For fulsomeness in terms of information, one there is called “Economic Development Directorate—issue of potential fraud”. With that particular one, we looked at the report done by the directorate and consulted with CMTEDD. Our financial people looked into that, Mr Sheville's team, and raised a whole lot of questions. They are going back to do that through a more targeted investigation. Although we are not scrutinising all the reports, that one was so obvious that it missed the essence of the issue.

**THE CHAIR:** Will they report back to you on what they find?

**Dr Cooper:** That is right. We will then ask, on this particular one, for a copy of the report, because the issue that was presented to us was quite focused around a particular time. Nobody contacted us. We are working out the PID process at the moment. They did an audit on what they thought was the issue, but it really was not. We will look at that to make sure it is targeted at the right place.

**THE CHAIR:** Given the increase in public interest disclosures and references from the Assembly and Assembly members, how is that affecting your performance audit program and the delivery of the timetable? Do we need to be expanding the funding to enable you to do more performance audits and take into account PIDs and other inquiries?

**Dr Cooper:** It is taxing us at the moment and we have had some slippage in the performance program. It certainly does have a knock-on impact. As I said in the introduction, we have now got around 16.

**Mr Stanton:** Fourteen representations have been received this financial year and two representations, or matters continuing from the previous year.

**THE CHAIR:** So 14 potential PIDs from 1 July this year?

**Dr Cooper:** Since 1 July, yes.

**Mr Stanton:** Some of those have been identified as not being PIDs and some of those are under active consideration as to whether they are PIDs.

**Dr Cooper:** But even without them becoming a PID, you still have to do a fair bit of work to determine what you should or should not do. We are also finding that a lot of people who bring issues to us cannot quite distinguish exactly what the issue is that they want you to look at. We are trying to grapple with how do we focus on what is the key issue versus people who, for instance, may have an issue where they were employed somewhere and they did not like the way the place functioned. They are always a bit tricky. We try and keep it down to a minimum time, but it takes time.

**THE CHAIR:** If we applied the fifty-fifty rule, where 50 per cent of your time is on resources and on financials, how much did you spend on financial audits this year?

**Dr Cooper:** Across the office? It would be proportional to the staffing right across it.

**Mr Sheville:** As an estimate I would say that around 60 or 65 per cent of our staff time would be on the financial audit program.

**THE CHAIR:** So we have still got some way to go to get that balance right?

**Dr Cooper:** Yes, you absolutely do. But I will say also that we have been beset with some staff retirements in the PA area, some staffing challenges. We are in a round of recruitment this very day. It is to do with the composition of the office. We are also facing in the financial audit right now the need to advertise and attract more people. We cannot offer a career path so a lot of the people we need are in the more junior areas. Once they reach a certain level of competency they are then very attractive for other organisations. We are grappling with that very much at the moment, plus we have some retirees. Today is one of the more challenging days if you look in the office for staff.

**THE CHAIR:** A performance audit costs approximately?

**Dr Cooper:** They range anywhere from \$250,000—

**Mr Stanton:** I think between \$180,000 and \$350,000 or so.

**Dr Cooper:** We have had more expensive ones. Last year we had a couple where we had two senior people on what I would call L-plates and it did take a bit more on-the-job training for those people. It does vary. Although comparisons are really a challenge, when we compare other audit offices—and I am going to look to my colleague to the right; what page are we on?

**Mr Sharma:** Page 19.

**Dr Cooper:** Benchmarking is always problematic, but if you go to page 19 of the report—and please treat it as crude because you cannot compare necessarily like with like—we are, on average, for our performance audits just under what other people are; 250 compared to around 300.

**THE CHAIR:** A final question: the review into the ACTTAB sale—a likely completion date of when?

**Dr Cooper:** We were trying to get that through before the end of December. We may or we may not. It may roll into January or February. It is certainly something we have given priority to and some other audits have been pushed back.

**THE CHAIR:** Ms Porter.

**MS PORTER:** I am just reading in the report about the self-assessment that you talked about earlier.

**Dr Cooper:** Ms Porter, what page are we at?

**MS PORTER:** Page 4. It is probably dealt with on other pages as well. It says that sections A.2.3.5 and A.2.4.7 deal with it as well. In your opening remarks you were saying how you were pleased with the assessment. I think that is what you were saying.

**Dr Cooper:** Yes.

**MS PORTER:** And that was a good result. How often does this happen?

**Dr Cooper:** The ACAG one is very rare. The others are more common. My colleague Mr Sharma will walk you through what happens.

**MS PORTER:** Mr Sharma, when you talk to it could you tell me the reason for the timing of it, why it is rare and whether or not it could be more frequent?

**Mr Sharma:** Yes, I will do that. In terms of the quality assurance framework, there is a requirement under the quality assurance standards to comply with the requirements in there. It is quite broad. There are requirements in relation to the office itself and there are requirements in relation to the audit files. As to the requirement that is there in relation to the office, we do an assessment every three years or if there is a change in the requirements of the standard. For that reason it will happen every so often; it does not happen on an annual basis.

As to the first two components of the quality control standards, which is the office, we did an assessment back in 2010. That was reviewed by external reviewers and a report was done. Since then there has been a change and some amendments to the standard. For that reason there was a change to the framework and we went through another self-assessment.

When we do that assessment there is a framework that has been set up by the Auditor-General. There is a committee, which is called the quality assurance committee, which forms part of the ACAG framework. We requested the committee to do the review of our self-assessment, which was the first two components. We saw this as an opportunity to do the assessment of sections 4 and 5, which is the review of the audit files for performance audits and financial audits. We do these reviews annually, but

we wanted these reviews to be then reviewed by the QA committee. For that reason, we did the review of the whole framework.

**Dr Cooper:** Ms Porter, if I could add: it is done in different offices around the country at different times. Sometimes one of our senior staff will actually be part of that team going to another office. It is a very good way of ensuring quality control, but it is also a very good learning experience because the people looking at us are from other offices. They bring their practices and critique ours and, if we send someone, clearly our person would learn.

**MS PORTER:** How big are the teams?

**Dr Cooper:** About three or four people.

**MS PORTER:** How much time does it take out of your office to actually—

**Dr Cooper:** About a week.

**Mr Sharma:** About a week or two—a week on site and then about a week in terms of finalising the reports.

**Dr Cooper:** One of the challenges for us—and I have just had a call from another AG; and, in fact, their office is much larger—is that there are many pluses to this but one of the downsides, particularly if you get people from the larger offices, is that they will come in and say, “Why haven’t you got ... ?” Well, we actually have what we need according to the environment we are in. They are often very healthy discussions you have with these auditors. You say, “Well, thank you for that but we’re just simply not going to ever do that. Either we don’t have the need or we work it a different way.”

**MS PORTER:** But it was a very positive result.

**Dr Cooper:** It was positive. They also told us some areas where they thought we should go away and look into some of our practices. And, of course, we do. Any recommendation they make that we agree with, we do. If we do not agree with it we write it up so it is quite transparent that we do not agree with it and the reasons why we do not agree with it.

This particular year we also had some internal work done, as we have mentioned in our report, looking right back at all the audits we have done. When we have said, “Yes, we’ll do something,” have we then said, “Yes, we’ll do it,” and then forgotten to continue to do it? We have done some real quality assurance about our processes in the last financial year.

**MS PORTER:** When you are saying there were some things that they asked you to improve on, how many areas was that?

**Dr Cooper:** As we have said, in our performance audit area we have actually reviewed our whole system. Brett, would you outline? Then I will ask Mr Sheville to outline in the FA area one or two examples that they brought up.

**Mr Stanton:** In the performance audit team over the past few months, concluding in August this year, we have reviewed our methods and practices. We have gone back to what we call our PAMPM, our performance audit methods and practices manual, and we have looked at the way that is structured, the onus that puts on us and the requirements it has identified for us.

We have gone away and quite significantly reviewed and revised areas of that against suggestions for better practice from the quality assurance reviewers, as well as against ASAE 3500, which is the standard. That has been concluded a few months ago. Our newer audits are incorporating those changes and those new requirements. We have identified a few teething issues there which we are onto and are going to fix as we go forward.

Another thing that I would like to raise is that for the audits this year, as Dr Cooper alluded to earlier, we have revised our performance audit report template. For the audits that are coming through over the next few months you will see a slight change in our performance audit reports.

**Dr Cooper:** All of it was constructive, but they would say, “Your current documentation doesn’t take account of something in the legislation,” which may have been something new, and it may be the criteria for non-public sector entities. They would recommend: “Make sure your criteria for non-public sector entities are part of your system.” Brett and his team, in reviewing, would take that and put it in. They were quite practical, the ones that we actually agreed with. There were some others that we would not agree with. You might get a recommendation that says, “In all your employment practices do X, Y and Z” They did not make this recommendation—this is one that somebody else has had a problem with—“Everybody should be subjected to a psychometric test before being employed.” That is costly and we do not need that. You might use it for seniors. Those kinds of things we sieve out. In the financial area, Mr Sheville.

**Mr Sheville:** In the current year we were asked to have a look at the development of policy. One area that we were asked to look at was whether we needed to have formal procedures for resolving differences of opinion in the audit team. That was one area where they felt that, while we do have a process, it would be good to have that occur within a formal framework. Another area was: how do you handle a situation where you believe you might have issued the incorrect audit opinion? How do you go about addressing that particular matter?

Those are two areas where we have a process for dealing with that sort of thing. It is covered by the auditing standards to some degree. Hopefully the latter one we do not have to do very often. Written policies are a challenge for a small office, because you then have to develop the policy. We probably rely on some of the guidance material from other jurisdictions to help us in developing formal procedures.

**Dr Cooper:** We have mentioned in our annual report that in one of the audits we had done—not this ACAG one—they recommended that we have some risk framework. We are going to wait for the whole-of-government one and then adopt that. On things like that we will say, “No, we’re so small that we could take all the resources for two

weeks. We're not going to do that. We'll take the whole-of-government one." In the bigger audit offices they have their own internal staff that work on policies and nothing else.

**THE CHAIR:** Ms Lawder.

**MS LAWDER:** As to financial audits of financial statements, I note on page 26 of the report that 86 per cent of the 244 audit recommendations were accepted, which is slightly lower than last year and slightly lower than your target acceptance rate. It is still a good result. Do you find that you make the same recommendations to some agencies year after year?

**Mr Sheville:** Yes, we do. If we find the same issue exists across a number of agencies, we will issue the same recommendation to each of the agencies where we identify that issue. A good example of that is where we have been making recommendations about agencies documenting they have received goods and services they paid for before they pay for them. If we find an instance or instances where agencies are paying invoices with no evidence that somebody has actually signed off that they have received it and that the goods or services were satisfactory we will raise that control weakness with the agency. It is a safeguard against fraud and we will tell them about what the implications of that are as well.

**MS LAWDER:** You have the overall performance of satisfactory, good, very good. Page 15 talks about the seminar you held for agencies and entities that had recently been audited to share their experiences, and you had CSD, JACS and ESDD. How did you pick those organisations that participate in those seminars?

**Dr Cooper:** That one was particularly for performance audits. There is another one in here on financial and Bernie will talk about that.

**MS LAWDER:** The same question applies in that.

**Dr Cooper:** We generally like to pick one that may have found us a problem and then one that did not find us a problem, because by sharing that—we do not mind the hard conversation—they can all learn how best maybe to work with us. What we do not want is raising issues to become a relationship issue. As a mature society—sometimes we would have to all question ourselves—we should be able to raise an issue and either agree to not resolve it or resolve it without it becoming an issue between particular people, and sometimes that does not happen.

We found with the Community Services Directorate and the national partnership agreement on homelessness that they had, I think they would say, more challenges with us in communication on that than they probably would have liked. They came and talked around what worked and what did not. The emergency services one was an absolute breeze in terms of communication. Why was that so? The commissioner came and spoke around what worked, because that particular audit was a hard audit. That was a very hard audit, but it also is one that the commissioner was well aware of as we were going through it and has used that to shape the new strategic plan.

The one on DAs for high density was one where they felt some of our

recommendations were challenging the things the government wanted them to report on and we were saying, “Well, actually, lower your target because you’re never going to achieve it. It’s impractical.” We were dealing around what are the hard issues for the department, which were easier issues for us to make a call on in terms of are they aspirational targets in the planning arena or are they achievable targets? Make it clear which one, but do not confuse the two. We tried to pick a suite where we might feel uncomfortable, but we should feel uncomfortable because there will be issues.

**Mr Sheville:** In terms of the financials audit seminar, it is also an annual seminar and it is primarily a way of providing information. We know CFOs with their busy agendas and commitments within their organisation often find it very difficult to stay across developments in reporting and changes in requirements that will apply from year to year.

Typically as part of our program—it is about a two to three-hour seminar—we cover off the major issues we found across the board from our audits. These will be matters we have been reporting to agencies at the end of our audits in audit management reports. The sorts of things we tell them about would be we are finding across the ACT that password security is poor, that they are not reviewing who has been accessing the systems and not monitoring what they are doing. They are the sorts of things we bring to the attention more broadly across the ACT government through these seminars.

With accounting and reporting issues, if there are changes to reporting requirements under the Australian accounting standards, often new standards are released and it is worth while alerting agencies to what the new changes are as well.

In this particular seminar I believe we got a private sector firm to discuss fraud risks in the organisation, the profile of fraudsters and what the fraudster looks like. We also covered new reporting requirements relating to assets, how they should be measured at fair value, and any new whole of government requirements. Typically we ask a representative from Treasury to attend, and they usually reinforce the whole-of-government timetable and often will discuss their model financial statements they issue as guidance material and draw attention to changes. It is getting everyone prepped for the peak reporting season.

**MS LAWDER:** Back to page 26, some audits were delayed because certified financial statements were not provided to the audit office by the scheduled time frame and audits of CHC and four joint ventures were delayed as these financial statements were amended. Were they amended as part of your hot review or did the organisations themselves amend them?

**Mr Sheville:** The organisations amended their financial statements. In the case of the Community Housing Canberra there were not many amendments, but they took a long time to do the amendments. With the four joint ventures there were technical issues that needed to be resolved. As a result it took a while for them to work through those amendments so that they could get an unqualified audit opinion.

Interestingly, those five that are mentioned on that page, most of them actually are not subject to the whole-of-government timetable. The joint ventures fall outside most of



the government agencies. It is usually a negotiated timetable where we have sat down at the beginning of the audit, agreed with them some time lines and the time lines have not been met. I think in the case of CHC, often the board does not get to sign the financial statements; it could be weeks after the date at which they thought they were going to be ready to sign them. Typically agencies that are part of the whole-of-government timetable—your directorates and authorities—are pretty good.

**THE CHAIR:** Ms Berry, a new question.

**MS BERRY:** Can anybody ask for an audit on something?

**Dr Cooper:** Yes, but nobody can insist on one. I think that is the important point. Financial audits are pretty prescriptive in terms of we do the same ones nearly every year. Some will vary according to government administration or a few things.

With the performance audits, we have a vast amount of planning where we look at what we think we should do, but anyone can write to us and ask us to think about it. With the public interest disclosures, the gastroenterology and hepatology one is a good example. Somebody actually put in a public interest disclosure and we looked at that and said, “Those issues are really important for the broader Canberra community and the Assembly”—waiting time for the outpatients—so we went and looked at that.

We are quite open minded, but what we have problems with is sometimes people will ask us to consider one and they expect that asking means we will do it. We have to balance that. We have resourcing to do, on average, seven. We will try and do more if we can. But also, too, if you are halfway through an audit it would have to be a pretty significant audit to then change things. ACTTAB is an example where we were asked to consider looking at that and we looked at that. It is a major procurement for the territory so we shifted the priorities a bit for that. We are flexible, but we have to look at why would we give something priority over others.

**MS BERRY:** The audits are not human-based audits, are they?

**Dr Cooper:** We can do a performance audit virtually on anything under our legislation. If anyone has a particular interest, put it to us and we are always open to consider. Do you mean like bullying and harassment, is that where you are coming from?

**MS BERRY:** No, I was looking at the comments in your report, the feedback you have had from your surveys from agencies.

**Dr Cooper:** Could you go to the page, Ms Berry?

**MS BERRY:** Yes. One of the comments was something like, “I wish they had talked to me.” Another example is, “The audit would have benefited from a stronger understanding of the business environment.” And there was another comment.

**THE CHAIR:** What page, Ms Berry?

**MS BERRY:** Pages 14, 15 and 16.

**Dr Cooper:** “The audit would have benefited from having a stronger understanding of the business and other requirements of delivering service funding.” Can you remember which audit that was?

**Mr Stanton:** I cannot remember that specific audit. At the end of the audit process we send out a survey to all of the auditees and they provide feedback and comments. We seriously consider any of that feedback and all of those comments and see if there is an opportunity for us to do things better going forwards. I cannot recall the precise audit.

**Dr Cooper:** I can recall the second one—I will not say which directorate. They did not want their area focused on at the exclusion of other areas because they thought the other areas were the problem and not them. When we design an audit we have to scope it in.

**MS BERRY:** I am thinking about the AMC—the future audits and the one you are doing on the male clients at AMC.

**Dr Cooper:** We looked at what the commissioner for human rights has done and all the audits that have ever been done on the jail—and there are a whole lot of them—then we narrowed it down to focus on the particular male component because I think the commissioner for human rights did one on the females. We have targeted the important area that is not yet examined, and that is how we approach the audits.

**MS BERRY:** That is what I am getting to. The human rights one that was done on the women was such a small number compared to the very large number of male detainees out there. How do you decide how you are going to do that? You would not interview every single male detainee.

**Dr Cooper:** No.

**MS BERRY:** So how would you find out what is happening if it is all just paper based?

**Dr Cooper:** No, it is not all paper based. The team on that audit have looked at a lot of papers, but they have also interviewed detainees. It is a mixture and it is a selection they make across different areas. They try and get the paper based plus what the detainees think.

**Mr Stanton:** The sources of evidence for a performance audit can be quite varied. Apart from the review of documentation and information systems that might be out there at the AMC or within the directorate itself, there would be the interviews and discussions with stakeholders, detainees, community groups, support groups and, of course, the staff and the managers and the executives within JACS and at the detention centre. There might be other sources of evidence and information in the course of performance audits as well.

**MS BERRY:** I wondered about that because I saw the list of audits that you are doing and I thought that was quite a big one.

**Dr Cooper:** It is.

**MS BERRY:** And you are still trying to keep up with your average.

**Dr Cooper:** Yes, and some will be big and some will be smaller. As I have said, issues come up like the Calvary hospital. That issue that came up through the financial audits and then was brought to the attention of Health. How significant is that? It looks like it is pretty significant, so we have got a legal opinion about how we would pursue it under the non-public sector approach. As I said, we are considering that.

**MS BERRY:** Can you sometimes decide yourself who you are going to audit, or does it always have to be—

**Dr Cooper:** No, the decision is mine. I always make the final decision, but I think it is prudent to do all the homework before you select a particular area. An example there is that we have looked long and hard around the transport arena, public transport. The frequent network is the cornerstone of the public transport system that is currently being promoted. We have thought about it and a lot of work has gone into thinking around, “If we look at that frequent network, that is the framework then.” Many people have asked us to consider doing one on the light rail. But that is the context you need to be clear on before you then look at which type of rolling stock there is, whether you have a bus or a train. We are doing that. And then we will go into the light rail. We will be doing something on light rail, because it is so important publicly. It is a matter of timing and how you do that when you have got enough information to audit.

**MS BERRY:** Apart from funding and size, do all the other audit offices across Australia operate the same way and have the same—no?

**Dr Cooper:** No. All of them do financial auditing. They might do that in a number of ways. They might have in-house staff. Some might use a mix, like we do, of in-house staff and contractors and consultants. Some might outsource all of it. The Northern Territory outsource all of their financials. Some of the others—I cannot remember which ones—keep it all in house. Bernie will speak to state and commonwealth financial audit options. We can give you a table; I will not go through it in detail. Some of them audit local government type activities; others do more at the state level. It is a bit of a mixture. And there is one office that does not do performance audits; I am trying to remember which one.

**Mr Stanton:** South Australia has only just, a matter of months now, begun a performance audit practice. For many years up until recently it has not done any performance audits.

**Dr Cooper:** Queensland is also new in doing performance audits in the way they are currently proposing to do them.

**MS BERRY:** That is interesting.

**Dr Cooper:** I think that if you could look into the future, in 10 years’ time

performance audits will be particularly dominant in the offices.

**THE CHAIR:** I agree. We have 10 minutes. We might just start there and have a quick question each. Another quick question, Ms Berry?

**MS BERRY:** I could probably ask a whole lot, but that is okay. Do any of you guys have questions?

**THE CHAIR:** Ms Lawder?

**MS LAWDER:** I want to go to proposed audits to commence in the current financial year, 2014-15. There are about eight identified. Are you able to give us an update on those? Are you progressing all of those eight? Where are you up to?

**Dr Cooper:** The ones I read before—the management of debtors; Alexander Maconochie Centre, the rehabilitation of male detainees; the water infrastructure projects that are undertaken by ACTEW; the University of Canberra borrowing arrangements with the ACT government; the lower Cotter catchment area management; and public transport—are absolutely ones we are aiming to be able to table in the Assembly in this financial year. We are also considering progressing on workers compensation. And there was another one.

**Mr Stanton:** In relation to our performance audit program for 2014-15 and beyond, we prepared that and sent that out in June this year. Page 6 onwards identifies potential audits to commence in 2014-15. Number one on that list was workers compensation. We have done a fair bit of work in planning for that, but that has been put on hold at this point in time due to other activities and priorities. There is one in relation to apprenticeships, which will probably focus on CIT and ETD. No work has been done on that at this point in time.

**Dr Cooper:** Just before Brett goes on, a higher priority than those two, though, would be, if we did it, the Calvary hospital one.

**Mr Stanton:** And for the rest of the audits there, No 3 on the list was the University of Canberra arrangements with the ACT government; that is well and truly underway. No 4 was the lower Cotter; that is well and truly underway. No 5 is public transport planning and management; that is in planning at the moment and is one of our audits for completion this year. Then we are getting to Nos 6, 7 and 8 on our list; no activity or work has been done on those at the moment.

**Dr Cooper:** And we have had an issue raised that we are talking through with Health about the integrity of data that is reported to the commonwealth. We will have to do a performance audit in this arena, as well as some work in financial, and we are trying to work out whether we do or we do not—which way we move to the future on that.

**THE CHAIR:** Ms Porter.

**MS PORTER:** Forgive me if you have already talked about this, but on page 14, at the top of the page, it talks about the average time taken to complete performance audits in this financial year. There is a difference in the time it took to do them this

particular time compared to the previous financial year. Could you explain why? Is it just that sometimes it takes longer?

**Dr Cooper:** Exactly. And it depends upon how many big audits versus medium-size or small audits and it depends upon the competency of the staff that are in a particular team. Also, if we do an audit that involves many agencies, you just extend the clock; it just runs, because you have got to consult with so many. So the variables are many. We put that down there to give people a bit of a feeling for how long it does take.

**THE CHAIR:** Just to finish, you mentioned health data that goes to the commonwealth. How did that come to your attention and when are you likely to do it?

**Dr Cooper:** It actually came to our attention through Mr Bob Sendt, who was raising some issues around data integrity with all auditor-generals and questioning whose role it is to ensure the data has integrity—is it an A-G role, or is it the directorate or the department? It was just him, being the recipient of all this information, saying, “How do we know across the nation that this data has the integrity it needs to have?”

**Mr Stanton:** That relates to the new arrangements for funding for health, which are primarily around activities and the national health funding pool, and the reliance on the integrity of the data that is reported to that national health funding pool to allocate funding amongst the states and the territories.

**Dr Cooper:** Mr Sendt raised some questions, and we are all grappling with it. In true A-G style, we will probably all approach it very differently.

**THE CHAIR:** Are you likely to do that performance audit this financial year?

**Dr Cooper:** It intersects between a performance audit and a financial audit. The actual integrity of the data that feeds into the financials—how much assurance do we have over that? If you think around the nation, that is a pretty pertinent question. Then, when it goes into the financials, there are other questions that we need to ensure, in terms of integrity of the process. Mr Sheville or Mr Stanton, do you have any more?

**Mr Sheville:** Essentially it is critical that, with activities that are now forming the basis of the funding from the commonwealth, we have to be satisfied, even for the financial audit, that the amount that is being collected is the amount that should have been collected. There is a range of ways in which, on our preliminary assessment, that might not happen. It could be as simple as the coding of activities for complex health services being incorrectly done. That is for starters.

Then you have the systems where all this information is recorded. Are the systems secure? Can they be manipulated? Who has access to them? Who can change the data? All of that sort of thing needs to be looked at. That is going to be increasingly important in the financial audit space, to form an opinion on the financial statements.

The auditors-general are looking at it from the perspective that perhaps it would be good just to do a performance audit in there, to do a health check on where it is now, so that the results of that could feed into a financial audit process. I guess we have to make that call as to whether we do it all as part of the financial audit or do part of it as

performance audit activities.

**Dr Cooper:** And we did find problems with data integrity for the emergency department of Canberra Hospital. There have been various audits across the nation that raise issues about data integrity.

**THE CHAIR:** When will that one be—

**Dr Cooper:** We are not saying we will do it. We are saying we are having discussions. Given the nature of it, it is an important one. But I am also very mindful that we have done a fair bit of audit work in the health space, and we like to share the audit experience across many directorates.

**MS PORTER:** Give them all the joy.

**Dr Cooper:** Absolutely, Ms Porter.

**THE CHAIR:** It does occupy a quarter of the budget.

**MS LAWDER:** I have a supplementary. This gentleman—Bob Sendt, did you say?

**Dr Cooper:** Yes, Mr Sendt.

**MS LAWDER:** He wrote to all auditor-generals?

**Dr Cooper:** No. He came to an auditor-general meeting and had a discussion with us around his role and our role. It was a broad-ranging discussion; there were no directions. He just raised issues that we have now been thinking around.

**Mr Sharma:** He is the administrator.

**MS LAWDER:** So it is not something that all states and territories might do?

**Dr Cooper:** No. It was raising simply who is thinking in this space and what are we doing. We welcome being challenged to think around different issues.

**THE CHAIR:** Just for the record, that is Bob Sendt, the former Auditor-General of New South Wales?

**Dr Cooper:** Yes.

**THE CHAIR:** Auditor-General, thank you to you and your staff for your attendance here this afternoon. With any questions that you have taken on notice, if we could have answers by 25 November we would be very appreciative. We are keen to attempt to get this report finished by Christmas if we can. Members, if you have any further questions, you have three days after the appearance of the *Hansard* in which to place those questions. Auditor-General, they will come to you through the secretariat. When you receive those, if we could have an answer within two weeks we would be most grateful.

**The committee adjourned at 4.56 pm.**