



**Tasmanian**  
Audit Office



**Report of the Auditor-General  
No. 2 of 2014-15**

**Follow up of selected Auditor-General  
reports: October 2009 to September 2011**

September 2014

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## THE ROLE OF THE AUDITOR-GENERAL

The Auditor-General's roles and responsibilities, and therefore of the Tasmanian Audit Office, are set out in the *Audit Act 2008* (Audit Act).

Our primary responsibility is to conduct financial or 'attest' audits of the annual financial reports of State entities. State entities are defined in the Interpretation section of the Audit Act. We also audit those elements of the Treasurer's Annual Financial Report reporting on financial transactions in the Public Account, the General Government Sector and the Total State Sector.

Audits of financial reports are designed to add credibility to assertions made by accountable authorities in preparing their financial reports, enhancing their value to end users.

Following financial audits, we issue a variety of reports to State entities and we report periodically to the Parliament.

We also conduct performance audits and compliance audits. Performance audits examine whether a State entity is carrying out its activities effectively and doing so economically and efficiently. Audits may cover all or part of a State entity's operations, or consider particular issues across a number of State entities.

Compliance audits are aimed at ensuring compliance by State entities with directives, regulations and appropriate internal control procedures. Audits focus on selected systems (including information technology systems), account balances or projects.

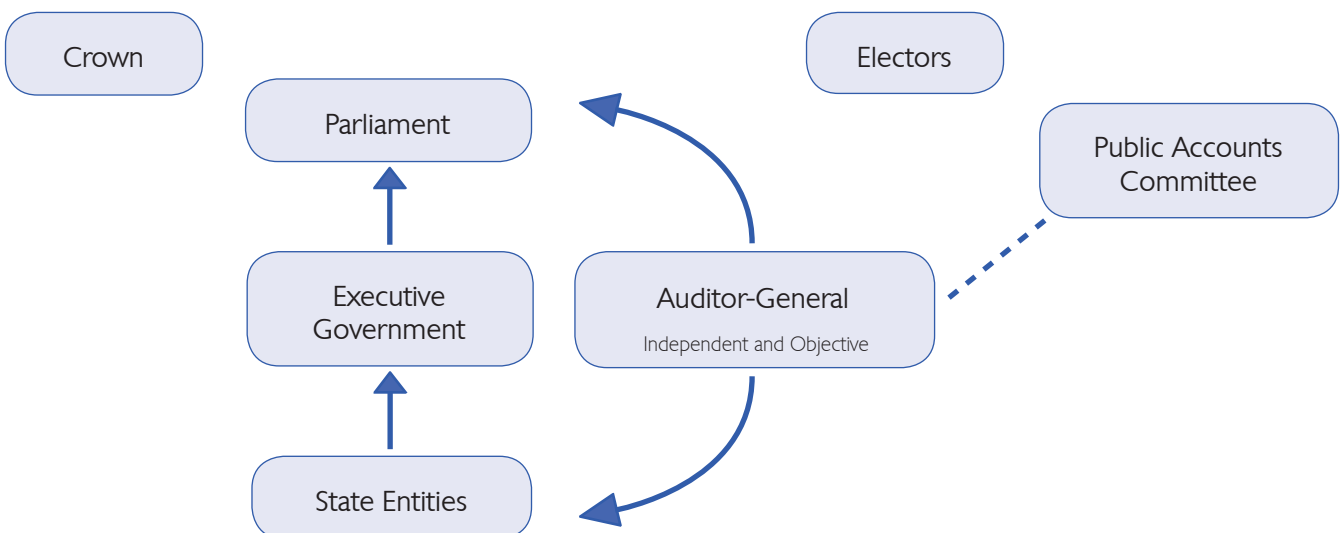
We can also carry out investigations but only relating to public money or to public property. In addition, the Auditor-General is now responsible for state service employer investigations.

Performance and compliance audits are reported separately and at different times of the year, whereas outcomes from financial statement audits are included in one of the regular volumes of the Auditor-General's reports to the Parliament normally tabled in May and November each year.

Where relevant, the Treasurer, a Minister or Ministers, other interested parties and accountable authorities are provided with opportunity to comment on any matters reported. Where they choose to do so, their responses, or summaries thereof, are detailed within the reports.

## The Auditor-General's Relationship with the Parliament and State Entities

The Auditor-General's role as Parliament's auditor is unique.



2014

No. 10



2014

PARLIAMENT OF TASMANIA

**REPORT OF THE  
AUDITOR-GENERAL  
No. 2 of 2014–15**

**Follow up of selected Auditor-General  
reports: Oct 2009 to Sep 2011**

**September 2014**

*Presented to both Houses of Parliament in accordance with the provisions of the Audit Act 2008*

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4 September 2014

President  
Legislative Council  
HOBART

Speaker  
House of Assembly  
HOBART

Dear Mr President  
Dear Madam Speaker

**REPORT OF THE AUDITOR-GENERAL**  
**No. 2 of 2014–15: Follow up of selected Auditor-General reports: Oct 2009 to Sep 2011**

This report has been prepared consequent to examinations conducted under section 23 of the *Audit Act 2008*. The objective of the audit was to ascertain the degree of implementation of recommendations made in the six selected reports tabled between October 2009 and September 2011.

Yours sincerely

H M Blake  
**AUDITOR-GENERAL**



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## Foreword

Performance audits are conducted with the goal of assessing the effectiveness, efficiency and economy of activities undertaken by State entities whereas compliance audits are aimed at assessing compliance by State entities with laws, regulations or internal policies. For the reasons outlined in this Report, it is my expectation that recommendations made in our performance and compliance audit reports will be implemented and I regard an implementation rate of 70 per cent as satisfactory.

This follow-up audit was completed to provide Parliament with information about the extent to which State entities acted on recommendations made in the special reports listed below. Included following each report is my assessment of the percentage implementation of recommendations made, where relevant, by my observations bearing in mind that implementation rates below 70% can also reflect on my performance.

- Special Report No. 83, a compliance audit examining: *Communications by Government and The Tasmanian Brand Project*

The overall implementation rate was 84 per cent but I was disappointed that an independent officer to investigate complaints of political advertising had not been appointed. However, I acknowledge that complaints about inappropriate advertising could be made to the Integrity Commission.

- Special Report No. 87, a compliance audit examining: *Employment of staff to support MPs*

I anticipated that the following two recommendations in the original report might prove difficult to implement:

- All political parties should publicly document and embrace codes of conduct and incorporate in their code of conduct the 'Principles of Public Life' or similar ethical principles
- Government and Opposition Parties should work together to:
  - develop an objective framework facilitating sustainable democracy for establishing the number and levels of staff working in Ministerial offices
  - agree on an appropriate formula for setting staffing levels for Opposition parties.

At the time of making these recommendations I was very conscious that I had no mandate to make them other than to the extent that public money was or may be involved. Neither recommendation was addressed which is disappointing and was the main reason why, overall, an implementation rate of 52 per cent fell well short of my benchmark.

- Special Report No. 92, a performance audit examining: *Public sector productivity: a ten-year comparison*  
 The original audit was both ambitious and conclusive providing a basis for departments — and all State entities if they wished — to examine long-term changes in performance with a focus on efficiency. Because of this, I am disappointed with an overall implementation rate of 46 per. However, it was noted from observations made in our follow-up, that there is a willingness to report efficiency under an appropriate framework. I will continue to work with Treasury, Heads of Agencies and other stakeholders to develop this framework.
- Special Report No. 96, a performance audit examining: *Appointment of the Commissioner for Children*  
 All recommendations were implemented.
- Special Report No. 98, a performance audit examining: *Premier's Sundry Grants and Urban Renewal and Heritage Fund*  
 Non-implementation of two recommendations resulted in an overall implementation rate of 57 per cent. They were:
  - DPAC implements a realistic basis for setting funding levels for Premier's Grants and that these levels only be exceeded for clearly defined and documented reasons
  - a formal recommendation be provided by DPAC to the Premier prior to approval being given.
- Report of the Auditor-General No. 2 of 2011–12, a performance audit examining: *Children in out-of-home care*  
 The overall implementation rate of 60 per cent was disappointing. Despite this, it was pleasing to find that a number of recommendations had been addressed. Of most concern was our finding that there has been no progress in improving priority timeframes for investigations and that there are still resourcing difficulties for carers including insufficient numbers of support workers to carers. As a result four recommendations were made.

My thanks to all parties involved in what has been a comprehensive follow-up exercise.

H M Blake

Auditor-General

4 September 2014



## List of acronyms and abbreviations

Commissioner	Commissioner for Children
CPIS	Child Protection Information System
DEDTA	Department of Economic Development, Tourism and the Arts (formerly either Department of Economic Development or Department of Economic Development and Tourism)
DPAC	Department of Premier and Cabinet
DPEM	Department of Police and Emergency Management
DHHS	Department of Health and Human Services
DIER	Department of Infrastructure, Energy and Resources
DoJ	Department of Justice
DPIPWE	Department of Primary Industries, Parks, Water and Environment (formerly Department of Primary Industries and Water)
FTE	Full time equivalent
MP	Member of Parliament
OoHC	Out-of-Home Care
Treasury	Department of Treasury and Finance
URHF	Urban Renewal and Heritage Fund

## **Executive summary**

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## Executive summary

### *Background*

We conduct audits with the goal of assessing the performance and compliance of state entities. Identifying areas for potential improvement is an essential part of such audits and recommendations are made in support of that objective.

Follow-up audits inform Parliament about the extent to which state entities have acted on recommendations made in previous Special Reports.

This follow-up audit was completed to provide Parliament with information about the extent to which state entities acted on recommendations made in selected reports tabled between October 2009 and September 2011.

The six reports selected were:

- Special Report No. 83, a performance audit examining: *Communications by Government and The Tasmanian Brand Project*
- Special Report No. 87, a performance audit examining: *Employment of staff to support MPs*
- Special Report No. 92, a performance audit examining: *Public sector productivity: a ten-year comparison*
- Special Report No. 96, a performance audit examining: *Appointment of the Commissioner for Children*
- Special Report No. 98, a performance audit examining: *Premier's Sundry Grants and Urban Renewal and Heritage Fund*
- Report of the Auditor-General No. 2 of 2011-12, a performance audit examining: *Children in out-of-home care.*

In addition to being a yardstick on the performance of state entities, the follow-up process provides feedback on our own effectiveness. A low rate of implementation could indicate that recommendations were impractical or pitched at an inappropriate level. Consequently, in follow-up audits we regard an implementation rate of 70 per cent as satisfactory.

### *Detailed audit conclusions*

#### *Overview*

Overall, our benchmark of 70 per cent was not reached with only 64 per cent of the recommendations implemented.

### *Communications by Government and the Tasmanian Brand Project*

The implementation rate of 77 per cent for Communications by Government exceeded our benchmark of 70 per cent. In particular, the development of the new communications policy by DPAC had assisted departments to better deal with government advertising. However, we noted with concern that an independent officer to investigate complaints of political advertising had not been appointed.

For the *Tasmanian Brand Project*, the implementation rate was 100 per cent.

The overall implementation rate for the full audit was 84 per cent.

### *Employment of staff to support MPs*

Whilst two recommendations were either fully or almost fully implemented, we were disappointed that we had been given no clear indication from the political parties whether the recommendations applicable to them had been implemented.

Overall, an implementation rate of 52 per cent fell well short of our benchmark of 70 per cent.

### *Public sector productivity: a ten-year comparison*

Considering the potential usefulness of this audit in providing departments with a basis upon which they could examine long-term changes in performance, we were disappointed with the degree to which recommendations were implemented.

Overall, an implementation rate of 46 per cent fell well short of our benchmark of 70 per cent.

### *Appointment of the Commissioner for Children*

Both recommendations followed up were fully implemented. Whilst the powers for the Commissioner for Children had not been strengthened, the term had been extended affording the Commissioner a longer tenure than at the time of the original report.

Overall, we observed an implementation rate of 100 per cent.

### *Premier's Sundry Grants and Urban Renewal and Heritage Fund*

Whilst some of our recommendations were fully implemented, two were not. Overall, an implementation rate of 57 per cent fell well short of our benchmark of 70 per cent.

### *Children in out-of-home care*

We were disappointed that many of the 21 recommendations had not been implemented. However, it was pleasing to see that

the Child Protection Information System has now been fully implemented and that the communication infrastructure in the South has been upgraded.

The limited re-testing that we undertook showed that there has been no progress in improving priority timeframes for investigations. Also, it was apparent to us that there were still resourcing difficulties for carers with there still being insufficient numbers of support workers to carers.

Overall, an implementation rate of 60 per cent fell short of our benchmark of 70 per cent.

### *Recommendations made*

The Report contains the following recommendations:

<b>Rec</b>	<b>Section</b>	<b>We recommend that DHHS ...</b>
1	6.4.2	... addresses its non-compliance with its own priority investigation guidelines.
2	6.4.4	... renews attempts to increase the ratio of workers to carers.
3	6.4.4	... ensures annual carer reviews are kept up-to-date.
4	6.4.5	... ensures that reunification plans are prepared in a timely manner and are loaded onto the Child Protection Information System.



**Audit Act 2008 section 30 — Submissions and comments received**

## **Audit Act 2008 section 30 — Submissions and comments received**

### *Introduction*

In accordance with section 30(2) of the *Audit Act 2008*, copies of this report, or relevant extracts of it, were provided to the respective audit clients for the audits that were covered in this follow up.

### *Submissions and comments received*

Submissions and comments that we receive are not subject to the review nor the evidentiary standards required in reaching a review conclusion. Responsibility for the accuracy, fairness and balance of these comments rests solely with those who provided the response. However, views expressed by agencies were considered in reaching audit conclusions.

Section 30(3) of the Act requires that this Report include any submissions or comments made under section 30(2) or a fair summary of them. Submissions received appear at the conclusion of each Chapter in order to make the Report easier to use.

## **Introduction**

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## Introduction

### *Background*

We conduct audits with the goal of assessing the performance and compliance of state entities. Identifying areas for potential improvement is an essential part of such audits and recommendations are made in support of that objective.

As a matter of course, we try to reach agreement with clients when framing our recommendations. Due to this collaboration we have an expectation that our recommendations will be actively implemented.

Follow-up audits are undertaken to provide Parliament with information about the extent to which state entities have acted on recommendations made in previous reports.

In the public sector, resources are always limited and state entities reject recommendations unless they have a practical focus and are likely to lead to better outcomes such as increased effectiveness and efficiency or better compliance. For that reason, we believe that the degree to which entities implement recommendations is also a reflection on the value that we seek to add through our audit processes.

### *Audit objective*

The purpose of the audit was to:

- ascertain the extent to which recommendations in selected previous audit reports were implemented
- determine reasons for non-implementation.

### *Audit scope*

Our previous follow-up audit, Report of the Auditor-General No. 12 of 2011–12, was tabled in June 2012. It covered the period from September 2008 to June 2009.

This follow up targets the next batch of performance and compliance reports covering the time period October 2009 to September 2011, namely:

- Special Report No. 83 — *Communications by Government and The Tasmanian Brand Project* (October 2009)
- Special Report No. 87 — *Employment of staff to support MPs* (June 2010)
- Special Report No. 92 — *Public sector productivity: a ten-year comparison* (October 2010)

- Special Report No. 96 — *Appointment of the Commissioner for Children* (April 2011)
- Special Report No. 98 — *Premier's Sundry Grants and Urban Renewal and Heritage Fund* (June 2011)
- Report of the Auditor-General No. 2 of 2011-12 — *Children in out-of-home care* (September 2011).

We did not follow up a number of reports that also fell within the above time period because they were either being followed up separately by the Public Accounts Committee of Parliament or they did not easily lend themselves to the follow-up process.

#### *Audit approach*

We based the findings in this audit on evidence collected from state entities through survey questionnaires that gauged the extent to which clients implemented our recommendations. As necessary, we obtained supporting data or documentation and held discussions with entity staff.

In some instances, we re-applied the original audit tests or conducted new testing to establish whether entities had implemented the recommendations and to re-assess current performance.

#### *Future follow up audits*

We may undertake further follow-up audits but that decision will be subject to coordination with the follow-up program taken up by the Public Accounts Committee of Parliament. Notwithstanding, we reserve the right to conduct follow-up audits as we see necessary.

#### *Timing*

Planning for this follow-up performance audit began in November 2013. We sent questionnaires to clients in December 2013 with the fieldwork completed in June 2014. The report was finalised in July 2014.

#### *Resources*

The audit plan recommended 700 hours and a budget, excluding production costs, of \$121 547. Total hours were 607 and actual costs, excluding production, were \$94 600 which was less than our budget.

#### *Why this project was selected*

This audit was undertaken as part of our longstanding commitment to ensure that benefits from audit recommendations are achieved.

*Acknowledgement*

We acknowledge the assistance and cooperation given by all the State entities involved with this follow up.

## **1 Communications by Government and the *Tasmanian Brand* Project**

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# 1 Communications by Government and the *Tasmanian Brand Project*

## 1.1 *Communications by Government*

Government communications include advertising in the media, use of websites, distribution of printed materials and the seeking of public feedback. Annually, the government, via its public service departments, expends significant public funds on communications.

Such communications are needed for many legitimate purposes, for example:

- informing the public of their obligations under the law, especially in the case of new or amended legislation
- promoting public awareness of rights, responsibilities, duties or entitlements
- advertising government products, services and programs
- encouraging targeted business activities such as tourism
- promoting information about social issues such as anti-smoking campaigns, dangers of drink driving, etc.
- seeking information from the public about service delivery.

By contrast, taxpayer-funded government communications should not be conducted for party political purposes. The 2009 audit was concerned with whether that had occurred and what mechanisms existed to prevent this from occurring.

In planning the audit, we sought a model of best practice guidelines. The example that we selected came from the Australian Government, namely the Department of Finance and Deregulation: Guidelines on Campaign Advertising by Australian Government Departments and Agencies published in June 2008.

The principle that public funds should not be used for political purposes is enshrined in the following sources:

- The *State Service Act 2000* required that, 'the State Service is apolitical, performing its functions in an impartial, ethical and professional manner'.



- The *Tasmanian Government Members Handbook* indicated that the public service may not assist with political activities or engage in activities designed to further the interests of the governing party.
- The *Code of Conduct: Government Members of Parliament* specified that it is improper to encourage a public servant to act unethically or engage in political activity during work time or using public resources.

Department of Premier and Cabinet (DPAC) had developed the Whole-of-Government Communications Policy (WOGCP) to provide guidance on acceptable content and preparation of government communications.

The objective of the follow-up audit was to ascertain whether selected State entities had implemented recommendations in the 2009 report<sup>1</sup>.

#### 1.1.2 2009 audit conclusion?

The main findings of our original audit were that:

- The then existing DPAC WOGCP **guidelines** were not explicit enough to prevent the use of government communications for political purposes.
- Government **advertising** did not explicitly promote political parties or individual politicians. There was also little evidence of advertising being used for political purposes. The exception was the bulk of pulp mill advertising, for which we could find no non-political justification.
- Departmental **websites** were largely free from political content. Exceptions included the Pulp Mill Task Force, DPAC's media website and a one-time breach on the DHHS website.
- Government **surveys** had not been used for political purposes.

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<sup>1</sup> Other departments selected other than DPAC were:  
· Economic Development, Tourism and the Arts  
· Education (DoE)  
· Health and Human Services (DHHS).

### 1.1.3 Status of recommendations

The seven recommendations from the original report are shown in abbreviated form in Table 1 together with respective rates of implementation by audit clients.

**Table 1: Communications by Government — Degree of implementation (%)**

No.	Recommendations (abbreviated)	DPAC	DEDTA	DoE	DHHS	All
1	DPAC develop more specific guidelines for avoiding political advertising.	100				100
2	DPAC amend Section 4.3.3 of Whole-of-Government Communications Policy to: <ul style="list-style-type: none"> <li>• stipulate 90 days to comply with disclosure provisions</li> <li>• allow confidential information to be excepted</li> <li>• give explicit direction that surveys be non-political in nature and purpose.</li> </ul>	100				100
3	DPAC policies explicitly direct that websites not include political content.	100				100
4	Departments upgrade their communication storage procedures to ensure compliance with DPAC's Whole-of-Government Communications Policy.	100	100	100	100	100
5	An independent officer be appointed to investigate complaints of political advertising.	0				0

No.	Recommendations (abbreviated)	DPAC	DEDTA	DoE	DHHS	All
6	Ensure future advertising contracts include a clause requiring prompt cooperation to withdraw advertisements from air.	25	25	25	75	38
7	Upgrade website archival procedures to meet Archive Office requirements and DPAC web-related guidelines.	100	100	100	75	94
<b>Number of recommendations</b>		<b>7</b>	<b>3</b>	<b>3</b>	<b>3</b>	
<b>Average % implementation</b>		<b>75</b>	<b>75</b>	<b>75</b>	<b>83</b>	<b>77</b>

The rate of implementation was 77 per cent with some recommendations fully implemented but others only partially implemented or, in the case of Recommendation 5, outstanding. Recommendation 5 had called for the appointment of an independent officer (or referral to the Integrity Commission) to investigate complaints of political advertising.

The first three recommendations related to DPAC's guidelines and policies for government advertising. In January 2014, DPAC released the third edition of its *Tasmanian Government Communication Policy*. We noted that these updated guidelines addressed our findings and recommendations as contained in the 2009 report.

Since the 2009 report, no department had inserted, as per Recommendation 6, a clause requiring prompt cooperation from advertisers to immediately withdraw advertising. Instead, most departments relied on Treasury's contract template, which stated that the Crown could terminate an agreement after giving ten business days written notice. However, this would still allow an advertiser to broadcast potentially political advertising two weeks into an election campaign. DHHS advised us that it was now altering its advertising template to include a clause that would comply with Recommendation 6.

#### 1.1.4 Additional testing

No additional testing was considered necessary.

### 1.1.5 Conclusion — Communications by Government

The implementation rate of 77 per cent exceeded our benchmark of 70 per cent. In particular, the development of the new communications policy by DPAC had assisted departments to better deal with government advertising.

However, we noted with concern that an independent officer to investigate complaints of political advertising had not been appointed.

## 1.2 The Tasmanian Brand project

### 1.2.1 Background

In September 2007, an advertising initiative was developed to support previous *Tasmanian Brand* campaigns and given a budget of \$18m over three years. In essence, the new campaign aimed to encourage Tasmanians to become positive about their State, its benefits and values and to be strong ambassadors for Tasmania.

During 2007–08, spending on the campaign amounted to \$1.6m. Subsequently, the Premier at the time decided to axe the campaign prior to any advertising having occurred.

Following media reports in early July 2009 that suggested public funds had been expended on a ‘feel good advertisement that would never be aired’, we initiated an audit<sup>2</sup>.

### 1.2.2 2009 audit conclusion

The main findings of our original audit were that:

- Payments were correctly certified and other procurement processes complied with Treasurer's Instructions.
- Costs were incurred prior to a budget allocation and we could find no written authority for instances of delegations being exceeded.
- We focused on verifying that the government had maximised benefits from the work commissioned for both projects, *Right Here Right Now* expenditure in 2007-08, and expenditure on *Tasmanian Brand* project 2008-09.
- We were not satisfied that either DPAC or DEDTA had maximised benefits from expenditure incurred on the *Right Here Right Now* project.

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<sup>2</sup> Quote from *The Mercury*, 1 July 2009

### 1.2.3 Status of recommendations

The three recommendations from the original report are shown in abbreviated form in Table 2 together with respective rates of implementation by audit clients.

**Table 2: The *Tasmanian Brand* project — Degree of implementation (%)**

No.	Recommendations (abbreviated)	DPAC	DEDTA	DOE	DHHS	All
1	Orders for goods and services should only be placed where budgeted funds are available.	100	100	100	100	<b>100</b>
2	DPAC revisit its procedures to ensure that employees do not exceed delegations, with any authorised delegation excesses documented.	100				<b>100</b>
3	Explore opportunities to use the TV commercial and DVD produced.	100	100			<b>100</b>
<b>Number of recommendations</b>		<b>3</b>	<b>2</b>	<b>1</b>	<b>1</b>	
<b>Average % implementation</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

All recommendations were fully implemented.

### 1.2.4 Additional testing

No additional testing was considered necessary.

### 1.2.5 Conclusion — the *Tasmanian Brand* Project

The implementation rate for the *Tasmanian Brand* project was 100 per cent.

For the full audit, the overall implementation rate was 84 per cent, which was greater than the 70 per cent benchmark.

## 1.3 Submissions and comments received

### Department of Education

Currently the Department uses the DPAC template when preparing contracts for marketing and advertising. This template does not comply with the audit recommendation that 'future advertising contracts include a clause requiring prompt cooperation to withdraw advertisements from air'.

The Department has been advised that DHHS is in the process of adding a clause to their standard marketing and advertising contracts that will address the audit recommendation. The Department is further advised that the broad scope of the wording of this clause has been approved by Crown Law. The wording of the clause has not yet been finalised.

The Department will continue to liaise with DHHS and DPAC and once they have finalised the wording of the clause to be incorporated into their contracts, DoE will adopt a similar approach and include the clause in DoE contracts.

**Colin Pettit**  
**Secretary**

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Department of Economic Development, Tourism and the Arts

The report is in regard to the former Department of Infrastructure, Energy and Resources and the Department of Economic Development, Tourism and the Arts which are now part of the Department of State Growth. Therefore this management response relates to both these former entities.

**Communications by Government and the *Tasmanian Brand* Project**

We would support this or a similar clause being added to the Treasury template to ensure consistency across departments and will consider seeking advice on the necessity of amending the templates.

However, we are confident that until such a clause is inserted, our existing relationships with broadcasters are such that we could make this request and have it actioned by the broadcaster as soon as was feasibly possible.

**Kim Evans**  
**Acting Secretary**

---

Department of Health and Human Services

DHHS confirms that in regard to Recommendation 6 we have achieved 100 per cent implementation and note that our advertising template has now been updated to include the clause that complies with Recommendation 6.

**Michael Pervan**  
**Acting Secretary**

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## Department of Premier and Cabinet

I note your comments about the lack of an appointment of an independent officer to investigate complaints of political advertising. However, I also note that since this Report was completed the Integrity Commission has been established and it has a jurisdiction to receive complaints about misconduct, which includes misuse of public funds. The funding of another separate entity to just investigate possible political advertising is not justifiable. I am not aware of any significant complaints of political advertising over recent years.

In relation to future advertising contracts, I can advise that the contracts that DPAC has in place with the companies on our marketing panel expire in May 2015. Currently our intention is to run a tender process to establish a new panel and the issue you raise will be addressed as part of the contract negotiations following that tender process.

***Greg Johannes***  
**Secretary**





## **2 Employment of staff to support MPs**

## 2 Employment of staff to support MPs

### 2.1 *Background*

In June 2009, a number of news items and opinion columns raised concerns about the then Member for Pembroke having employed family members in the Member's office. On 22 June 2009, the Premier of the time wrote requesting that we review the processes used relating to staffing appointments for this Member.

In view of this and similar requests, we agreed to perform the review, but widened the scope of the audit to include staffing for all Members of Parliament (unless otherwise noted Members of Parliament are referred to throughout this Report as MPs). We also took the opportunity to review the numbers of Ministerial and Opposition staff in view of our perception of an increasing role for Ministerial staff.

The objective of the follow-up audit was to ascertain whether selected State entities had implemented recommendations in the 2010 report.

### 2.2 *2009 audit conclusion*

The main findings of our original audit were that:

- There was a community expectation that holders of public office should conform to the highest ethical standards.
- Under most circumstances, MPs should not employ family members in their electorate offices.
- The Member did not break any rules. However, the recommendation of the Member's mother's appointment was not in accordance with the Code of Conduct's principles of openness and objectivity.
- Although admitting to a 'close familial relationship' the Member did not disclose the nature of that relationship.
- The Member did not make a discretionary disclosure in her Ordinary Return nor did the Member make a return in accordance with the new policy.
- No significant instances of unethical behaviour were noted for other MPs.

- Recruitment processes for ministerial staff were, expectedly, less rigorous than for the public sector but this may not be appropriate.

### 2.3 Status of recommendations

Six recommendations from the original report are shown in abbreviated form in Table 3 together with respective rates of implementation. Note that we received a combined Government (now the former Government) and DPAC response and have made no attempt to separate them.

**Table 3: Employment of staff to support MPs — Degree of implementation (%)**

No.	Recommendations (abbreviated)	Gov.*	DPAC & House of Assembly	Legislative Council	Liberal Party	The Greens	All
1	Each House of Parliament should develop a handbook, including a code of conduct.	100	100	100			100
2	All political parties should publicly document and embrace codes of conduct.	100			0**	0**	33
3	With respect to Parliament: <ul style="list-style-type: none"> <li>▪ Both employing authorities should only allow the recruitment of family members in electorate offices for short-term engagements following unsuccessful efforts to engage someone else or if the person works for no pay or benefit.</li> <li>▪ The Register of Interests should record the employment of family members.</li> </ul>	50		100			75

No.	Recommendations (abbreviated)	DPAC & Gov.*	House of Assembly	Legislative Council	Liberal Party	The Greens	All
4	Government should take steps to ensure that: <ul style="list-style-type: none"> <li>• training on recruitment of family members and related guidelines is provided to MPs</li> <li>• codes of conduct training provided to Members.</li> <li>• all MPs have access to independent advice on ethical matters.</li> </ul>	100	100	90			97
5	The Ordinary return form used by both Houses should include a specific section for Members to disclose where family members have been employed.	25					25
6	Government and Opposition Parties should work together: <ul style="list-style-type: none"> <li>• to develop an objective framework to establish the number and levels of staff working in Ministerial offices</li> <li>• to agree on an appropriate formula for setting staff levels for Opposition parties.</li> </ul>	0			0**	0**	0
<b>Number of recommendations</b>		<b>6</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>2</b>	
<b>Average % implementation</b>		<b>63</b>	<b>100</b>	<b>97</b>	<b>0</b>	<b>0</b>	<b>52</b>

\*Government refers to previous Australian Labor Party in government.

\*\* Where no response was received, we assumed that the recommendation had not been implemented. We were prepared to revise this assessment if relevant advice was received during the feedback stages of the audit.

We found that all recommendations applicable to the House of Assembly and the Legislative Council were fully implemented. By contrast, we either received no responses or assessed low levels of implementation for DPAC and the former Government, The Greens and the Liberal Party for Recommendations 2, 3, 5 and 6.

Regarding Recommendation 3, recruitment of staff at electorate offices of all Members of the House of Assembly is managed by the Premier's Chief of Staff (located within DPAC). DPAC advised that it had not implemented the recommendation because the Ministerial Code of Conduct did not allow such recruitments. However, because the Code of Conduct only covered Ministers and Government Members, we could only assign a partial implementation of 50 per cent.

For Recommendation 5, we were advised that the existing Ordinary Return forms had recently been amended by the former Premier, at the request of the Integrity Commission. The Premier had further requested that DPAC undertake a review of the *Parliamentary (Disclosure of Interests) Act 1996* to determine whether any further amendments were required to expand the interests that should be disclosed. We were satisfied that work had been initiated and assessed the level of implementation at 25 per cent.

For Recommendation 6, DPAC noted that it was normal practice for staffing levels in Ministerial and electorate offices to be reset following an election. DPAC's response did not specifically address our recommendation. We have assumed that Government and Opposition Parties have not worked together to develop an objective framework or agree on an appropriate formula for setting staffing levels.

#### 2.4 *Additional testing*

No additional testing was considered necessary.

#### 2.5 *Conclusion*

Whilst two recommendations were either fully or almost fully implemented, we were disappointed that we had been given no clear indication from the political parties whether the recommendations applicable to them had been implemented.

The overall implementation rate of 52 per cent fell well short of our benchmark of 70 per cent.

## 2.6 *Submissions and comments received*

### Legislative Council Comment

Thank you for the opportunity to provide comment. The Legislative Council accepted the applicable recommendations from the original audit and implemented them in full.

***D T Pearce***

**Clerk of the Legislative Council**

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### Department of Premier and Cabinet

DPAC administers the contracts of employment for electorate officers to support members of the House of Assembly. However decisions about the employment of any individual officer to one of these roles reside with the relevant chief of staff or Member of Parliament. The current Government has endorsed a Code of Conduct that clearly states that “a close relative of a Minister is not to be appointed to a position in the Ministerial or electoral office of that Minister”. The Government also applies this policy to the electoral offices of its other members. The employment policy in relation to the appointment of electorate officers to support non-Government members of the House of Assembly is not a matter for DPAC but those non-Government parties with members in the Assembly. DPAC’s role is to prepare instruments of appointment for the people those parties wish to engage.

I can confirm that DPAC is reviewing the *Parliamentary (Disclosure of Interests Act) 1996*.

Following the election, my understanding is that the Premier’s Office and the Office of the Leader of the Opposition did agree on an appropriate funding model for the Opposition. The funding mirrored the budget that has been provided to the previous Opposition. Funding for the Tasmanian Greens reflected that the number of their members had fallen below the threshold required for a recognised non-Government party as defined in the *Parliamentary Salaries, Allowances and Superannuation Act 2012*. This meant that the funding model for those members reverted to the basic formula of one electorate office and officer per member.

***Greg Johannes***

**Secretary**

### **3 Public sector productivity: a ten-year comparison**

## 3 Public sector productivity: a ten-year comparison

### 3.1 Background

Before considering the productivity of government services, it is worthwhile to consider why we have governments and the expectations that citizens place upon them. Those expectations are not static but evolve over time.

Life in modern societies involves collective access to many publicly provided goods and services. There are numerous situations where it may be preferable for goods and services to be delivered by governments because it is more efficient and effective to provide them on that basis, for example:

- It is impractical to restrict benefits to those people that would be willing to pay for services; examples include courts, prisons and policing services.
- Some goods and services provide benefits to the whole community and not just the immediate recipient, such as education and immunisation programs.
- Some goods and services are of such critical importance to the community that government provision of at least the essential services is required to guard against the risk of commercial failure of private sector business. Examples of critical goods and services are hospitals and fire fighting.

Private companies cannot readily supply such goods and services for reasons that include: an inability to recover all the benefits in price; high fixed costs and low marginal costs; free rider problems (where users cannot be excluded).

In the private sector, competitive market conditions mean that businesses must match or exceed the efficiency of competitors if they are to remain viable. For much of the public sector there is no such equivalent pressure to maximise efficiency.

Despite the need for some goods and services to be publicly provided, there is a risk that governments will not provide them efficiently, a perception that is commonly expressed in the media. For that reason, it is important that reliable information about efficiency is publicly reported. However, our previous audits of performance information had consistently criticised the lack of detailed information about efficiency.

To fill that gap, we undertook this audit to compare the efficiency of the whole public sector at the time with the ten



years prior. In our 2010 report we quantified the changes without in-depth discussion about any reasons for the changes.

The objective of the follow-up audit was to ascertain whether selected State entities had implemented recommendations made in the 2010 report.

### 3.2 *2010 audit conclusion*

The main findings of our original audit were that:

- The increase in service delivery had exceeded growth in full time equivalent (FTE) employee numbers but total employee costs had increased more than service delivery over the ten-year period. It followed that output per FTE had increased, but that output per employee dollar had decreased.
- The audit provided information about changes in public sector efficiency over the ten-year period.
- We believed that similar analyses would be a useful element of the departmental budget process and enable greater scrutiny of public sector productivity.

### 3.3 *Status of recommendations*

Three recommendations from the original report are shown in abbreviated form in Table 4 together with respective rates of implementation by audit clients.

**Table 4: Public sector productivity: a ten-year comparison —  
Degree of implementation (%)<sup>3</sup>**

No	Recommendation	DHHS	DOE	DPEM	DoJ	DIER	DEDTA	DPAC	DPIPWE	Treasury	All
1	Develop and publish indicators of efficiency and quality.	50	90	75	25	10	0	75	50	80	<b>51</b>
2	Measure changes in service delivery and employee costs and use in budget processes.	65	50	75	0	0	0	50	100	75	<b>46</b>
3	Conduct and publish 5-year reviews of changes in service delivery and employee costs.									0	<b>0</b>
<b>Number of recommendations</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>3</b>	
<b>Average % implementation</b>		<b>58</b>	<b>70</b>	<b>75</b>	<b>13</b>	<b>5</b>	<b>0</b>	<b>63</b>	<b>75</b>	<b>52</b>	<b>46</b>

Two recommendations applied to all departments with a third recommendation only relating to Treasury. We noted that DEDTA (now State Growth) had not implemented either of the two recommendations. In its response DEDTA supported the 'principle of efficiency measures' but wanted to see common measures developed for all departments. Likewise, for

<sup>3</sup> Departments not already mentioned in this report include:

- Police and Emergency Management (DPEM)
- Justice (DoJ)
- Infrastructure, Energy and Resources (DIER), now part of State Growth
- Primary Industries, Parks, Water and Environment (DPIPWE)
- Treasury and Finance (Treasury).

Recommendation 2 DEDTA would support the inclusion by Treasury of service delivery cost analyses in the budget process, so long as the benefits outweighed the administrative effort. DIER, now also part of State Growth, gave a similarly non-committal response.

In relation to Recommendation 2, DoE commented that it considers changes in service delivery and employee cost as part of the annual budget formulation. However, DoE and some other departments were critical of the original report as being ‘an over-simplistic assessment of their activities, efficiency measures and cost’. A particular criticism was that there had been a lack of consideration of some quality factors.

On the other hand, DPEM reported that it already reported against a range of efficiency and quality measures. In addition, DPEM advised us that it was moving towards a ‘complete cost-driver-based’ budget model. However, DPEM reported that this would take time, as some data requirements were not currently available.

Whilst Treasury reported solid rates of implementation for Recommendations 1 and 2, little progress was reported in actually implementing Recommendation 3 for which it had sole responsibility. However, more generally Treasury supported improving performance information for the Tasmanian public sector and had conducted its own analysis of public sector productivity. It reported that the performance measures and outcomes established as part of its existing work could form the basis for a future review and reporting process as recommended by the Auditor-General.

Given that the first five-year target date is not until 2015, Treasury advised us that it will seek to progress the issue over the next 12 months and discuss it with the new government. Nonetheless, we accepted Treasury’s assessment of zero per cent implementation on the grounds that we could see no significant progress towards implementation in 2015.

#### **3.4** *Additional testing*

No additional testing was considered necessary.

#### **3.5** *Conclusion*

Considering the potential usefulness of this audit in providing departments with a basis upon which they could examine long-term changes in performance we were disappointed with the degree to which recommendations were implemented.

Overall, an implementation rate of 46 per cent fell well short of our benchmark 70 per cent figure.

### 3.6 *Submissions and comments received*

Department of Economic Development, Tourism and the Arts

Department of Infrastructure, Energy and Resources

The report is in regard to the former Department of Infrastructure, Energy and Resources and the Department of Economic Development, Tourism and the Arts which are now part of the Department of State Growth. Therefore this management response relates to both these former entities.

Public sector productivity: a ten year comparison

#### Recommendation 1

The Department of State Growth has a diverse portfolio of responsibilities. This includes significant policy development along with regulatory and compliance programs. Development of meaningful efficiency and quality indicators would be difficult to develop across the whole portfolio.

However, the Department recognises that its current sets of published performance indicators could be enhanced.

Development of some indicators has commenced especially in relation to the road network with further work to be undertaken as part of the production of the Department of State Growth's first annual report.

#### Recommendation 2

The Department actively reviews its service delivery and has on-going and specific purpose review programs. This has been enhanced since the creation of the new Department as it considers its outputs and delivery models. The Department will further consider indicators that measure changes in service delivery including employee costs.

**Kim Evans**  
**Acting Secretary**

Department of Education

The Department is satisfied that its comments and responses have been included in the final text of the report.

**Colin Pettit**  
**Secretary**

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## Department of Health and Human Services

The Auditor General's original 2010 report on public sector productivity highlighted the difficulties inherent in delivering robust and valid measures of productivity in public services. DHHS has increased its use of various measures of productivity and efficiency in recent years, and further expansion of public reporting on performance and efficiency is a key component of the Government's recently announced *One State, One Health System, Better Outcomes* reform programme.

Recent national work undertaken on behalf of the Hospitals Principals Committee on *Measuring Productivity in the Health System* (in which DHHS Tasmania has actively participated) has again reinforced the challenges of measuring productivity in a system as complex as health care. This national work will result in the publication of a framework for communicating and explaining productivity in health, which it is hoped will assist all Australian jurisdictions in framing debates on productivity and productivity measurement more effectively in future.

**Michael Pervan**  
**Acting Secretary**

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## Department of Justice

As you are aware the Department, at the time of the report, whilst supporting the concept of a productivity audit did not support the methodology adopted. The Department still holds that view and that is the reason that no resources have been devoted to your Recommendation 2. I think it would give some helpful context if a brief note was incorporated into the follow up report to that effect. Perhaps a footnote to Table 4 as follows: 'The Department of Justice regards an aggregated service delivery measure in an organisation as diverse as the Department of Justice as not appropriate'.

**Simon Overland**  
**Secretary**

### Department of Premier and Cabinet

I advise that DPAC has a process of continuing to review its performance indicators and that substantial work has been undertaken in developing reasonable and informative indicators of quality and efficiency for the policy work that we undertake.

**Greg Johannes**

Secretary

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### Department of Primary Industry, Parks, Water and Environment

I have no comment on the report other than to reiterate that the Department of Primary Industry, Parks, Water and Environment is continuing to develop efficiency indicators to complement the indicator already adopted for the Parks and Wildlife Service.

**John Whittington**

Acting Secretary

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### Department of Treasury and Finance

Please find Treasury's comments below.

Recommendations 1 and 2: Treasury notes the Auditor-General's comments and that the degree of implementation for these exceeded the benchmark.

Recommendation 3: Treasury continues to be supportive of improving the provision of performance information on the Tasmanian public sector and increasing accountability. Consideration continues to be given to the most appropriate form and content of any regular review/report that would enable greater scrutiny of public sector productivity. As indicated previously, in recent years Treasury has undertaken internal analysis of Tasmanian public sector productivity. Treasury is closely involved in the Stats Matter project which is aimed at increasing the relevance, accountability and quality of statistical information used, produced and reported by government. As part of this process the project will define an over-arching set of performance measures and outcomes to guide performance and accountability of the government as a whole. It is possible that the performance measures and outcomes established as part of this process could form the basis for a future review and reporting process. Given the target

of 2015 for the first report/review, Treasury will seek to progress this issue over the next 12 months and discuss with the new Government.

**Tony Ferrall**  
**Secretary**





## 4 Appointment of the Commissioner for Children

## 4 Appointment of the Commissioner for Children

### 4.1 Background

The independent statutory role of Commissioner for Children (Commissioner) was created in 1997, with the intention of providing oversight and independent advocacy of Government child protection practices. In July–August 2010, after 3½ years with Mr Paul Mason in the role, the position was advertised, as required by legislation<sup>4</sup>. The selection process and appointment occurred in the midst of a storm of media and public outrage over the Government’s failure to protect a particular 12-year-old child, which led to a report being issued by Mr Mason with a number of adverse findings. Following a selection process, Mr Mason was not reappointed, with the position going instead to Ms Aileen Ashford who previously had worked within the Department of Health and Human Services (DHHS).

Subsequently, the Opposition raised concerns in Parliament that the selection may have been for political reasons. They pointed out that Mr Mason’s report had been critical of the performance of DHHS, DPEM and Department of Education, and questioned whether it was appropriate for senior officers from those three departments to be on the selection panel. Concern was also expressed that a public servant ‘at the heart of the child protection system’ so deeply criticised in Mr Mason’s report had been appointed as his replacement.

In response, the then Premier (Hon David Bartlett) asked the Auditor-General to look into the selection process. The Auditor-General agreed to do so, but decided to broaden the audit’s scope to compare the Commissioner’s conditions of appointment with those of similar independent statutory officers.

The objective of the follow up audit was to ascertain whether selected State entities had implemented recommendations in the 2011 report.

### 4.2 2011 audit conclusion

The main findings of our original audit were that:

- candidates had adequate opportunity to apply and present their claims

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<sup>4</sup> *Children, Young Persons and Their Families Act 1997*

- the selection criteria were clear, relevant, comprehensive and not tailored to a particular candidate
- the five panellists brought extensive experience and a wide range of expertise and perspectives to the process
- despite limitations of the selection report, there was persuasive evidence of a thorough, logical and objective selection process
- the panel had sufficient freedom from bias to make a reliable recommendation
- the Minister’s role was consistent with freedom from bias
- the selection report did not provide persuasive evidence of a thorough, logical and objective selection process.

#### 4.3 Status of recommendations

Only two of the three recommendations from the original report were considered suitable for follow up and are shown in abbreviated form in Table 5 together with respective rates of implementation.

**Table 5: Appointment of the Commissioner for Children — Degree of implementation (%)**

No	Recommendations (abbreviated)*	DHHS	DPAC	All
1	Provide for a longer term of appointment of the Commissioner for Children by amending the <i>Children, Young Persons and Their Families Act 1997</i> .	100		<b>100</b>
3	Independent analysis of the roles and functions of the State’s independent officers be undertaken.  Consideration given to implementing a mechanism to independently determine remuneration.		100	<b>100</b>
<b>No. of recommendations</b>		<b>1</b>	<b>1</b>	<b>2</b>
<b>Ave % implementation</b>		<b>100</b>	<b>100</b>	<b>100</b>

\* Recommendation 2 was based on the finding that the original selection report was considered to be inadequate. It directly related to the selection report prepared by the selection panel for the Minister, which was a point in time, and the recommendation was not followed up.

DHHS advised that the term for the Commissioner for Children was extended from the previous length of three years to five years, after the relevant legislation was amended in December 2013. That amendment fully satisfied Recommendation 1.

Recommendation 3 had two parts to it. Firstly, it was recommended Government initiate an independent analysis of the roles and functions of the State's independent officers with a view to minimising the differences in the appointment, reporting and removal processes. The recommendation also asked for consideration to be given to implementing a mechanism separate from executive government to set independent officers' levels of remuneration.

DPAC commissioned a complete review of all 109 statutory offices that were in existence at the time the review was undertaken. The review was completed in September 2011, and made a number of recommendations. By commissioning the review of the statutory offices, DPAC satisfied the first part of Recommendation 3.

#### 4.4 *Additional testing*

We reviewed DPAC's report and noted that it differentiated Tier 1 Offices from all others. Tier 1 Offices were described as those requiring the highest level of independence and included:

- Auditor-General
- Ombudsman
- Chief Commissioner of the Integrity Commission
- Director of Public Prosecutions.

Roles not included in Tier 1 were:

- State Service Commissioner
- Anti-Discrimination Commissioner
- Commissioner for Children.

With respect to the Commissioner for Children, we noted that the report argued that the position did not have the same statutory independence as the Auditor-General or the Ombudsman. We were satisfied that the review had considered both parts of our Recommendation 3.

#### 4.5 *Conclusion*

Whilst the powers for the Commissioner for Children had not been strengthened, the term had been extended affording the Commissioner longer tenure than at the time of the original report.

Both recommendations followed up were fully implemented giving an implementation rate of 100 per cent.

#### 4.6 *Submissions and comments received*

##### Department of Health and Human Services

Both recommendations were fully implemented (to a rate of 100%). The outstanding recommendation, that the Commissioner for Children's powers be strengthened, the Government has agreed to the development of standalone legislation.

**Michael Pervan**  
**Acting Secretary**



## **5 Premier's Sundry Grants and Urban Renewal and Heritage Fund**

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## 5 Premier's Sundry Grants and Urban Renewal and Heritage Fund

### 5.1 Background

During 2010, the Auditor-General received correspondence from the then Leader of the Opposition expressing concerns regarding Premier's Sundry Grants (Premier's Grants). Prior to, and immediately after, the March 2010 State election there was considerable media attention around the provision of grants by the incumbent Government. A number of different interest groups expressed concerns that:

- funds were being used to finance projects in marginal electorates
- projects were outside the scope of the relevant fund
- project evaluation criteria had not been satisfied.

In addition, The Tasmanian Greens also raised concerns regarding the Urban Renewal and Heritage Fund (URHF). Specifically, they were concerned that approved URHF projects did not meet assessment criteria and that the fund may have been over allocated. The Auditor-General decided to examine both funds in one audit.

#### *Premier's Sundry Grants*

The aim of Premier's Grants was to support community and cultural activities with national, statewide or local significance. During 2009–10, \$840 203 was allocated to community organisations from Premier's Grants.

Examples of projects that would typically be funded through Premier's Grants are shown in Table 6.

**Table 6: Examples of Premier's Sundry Grants**

<b>Grant recipient</b>	<b>Value</b>	<b>Towards...</b>
Lachlan Community Hall Association Inc.	\$10 000	... replacing hall flooring.
Runnymede Volunteer Fire Brigade	\$1500	... equipment for the new brigade station.
Northern Midlands Sporting Clays Inc.	\$10 000	... staging a national Carnival in 2011.



### *Urban Renewal and Heritage Fund (URHF)*

The URHF was established from \$25m in proceeds received from the sale of the Hobart International Airport. The aim of the URHF was to assist with conservation and restoration of heritage assets and renewal of urban areas in communities across Tasmania.

Because the URHF fund now no longer exists, the recommendations focusing on it have not been followed up.

#### **5.2** *2011 audit conclusion*

We found that there was no persuasive evidence that Premier's Grants were being provided for political advantage. However:

- Guidelines were inadequate and poorly promulgated, approval processes did not include objective assessment, eligibility criteria were informal and monitoring was not common.
- Budgets were based on unconvincing rationales and were frequently and substantially exceeded for equally unconvincing reasons.

#### **5.3** *Status of recommendations*

Seven recommendations from the original report are shown in abbreviated form in Table 7 together with respective rates of implementation.

**Table 7: Premier's Sundry Grants— Degree of implementation (%)**

<b>No</b>	<b>Recommendations (abbreviated)</b>	<b>DPAC</b>
1	Implement a realistic basis for setting funding levels and only exceed them for defined and documented reasons.	<b>0</b>
2	The budget for Premier's Grants only exceeded in election years under exceptional circumstances.	<b>100</b>
3	Impose formal eligibility criteria for consideration of applicants for Premier's Grants.	<b>100</b>
4	DPAC should make a formal recommendation to the Premier prior to approval being given.	<b>0</b>

No	Recommendations (abbreviated)	DPAC
5	Develop and distribute guidelines including eligibility criteria.	50
6	For all grants, funding agreements (including risk management, monitoring, and appropriate fund acquittal) be completed in accordance with TI 709.	50
7	Review the Premier's Sundry Grants Program in accordance with TI 709.	100
<b>Number of recommendations</b>		<b>7</b>
<b>Average % implementation</b>		<b>57</b>

DPAC argued that Recommendation 1 was not applicable because Parliament sets the budget rather than the department. We continue to believe that the Government through DPAC should set a realistic basis for the level of funding.

Recommendation 4 was also not implemented. DPAC advised that the previous Premier did not agree that there was a need for DPAC to make an assessment and recommendation prior to the Premier's approval.

Regarding Recommendation 5, a policy for the Premier's Discretionary Fund had been developed, but there was no evidence that it was distributed as recommended in the 2011 report<sup>5</sup>.

Again, DPAC did not fully implement Recommendation 6 because the previous Premier disagreed with the recommendation. The new policy document for the Premier's Discretionary Fund contains some accountability criteria, but fell short of meeting the original recommendation.

#### 5.4 *Additional testing*

No additional testing was considered necessary.

#### 5.5 *Conclusion*

Whilst some of our recommendations were fully implemented, two were not. Overall, an implementation rate of 57 per cent fell well short of our 70 per cent benchmark.

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<sup>5</sup> The Premier's Sundry Grants program no longer exists. It was replaced by the Premier's Discretionary Fund.

## 5.6 *Submissions and comments received*

### Department of Premier and Cabinet

As you are aware the Premier's Sundry Grants program does not exist anymore. It has been replaced by the Premier's Discretionary Fund. In recent years the Parliament has approved, as part of the overall DPAC budget, funding of \$480 000. In 2014-15 the Forward Estimate has been reduced to \$360 000 and this will be considered as part of the Parliament's deliberation of this year's Budget. Despite your comment under Recommendation 1, I think that there is a well-defined basis for setting the funding level.

The former Premier established and approved specific guidelines for the administration of the Premier's Discretionary Fund. Contributions from the Fund are considered to be more akin to donations, gifts or ex-gratia payments rather than payments made as part of a formal grant program requiring applications and assessment against set criteria and the sorts of funding agreements specified in Treasurer's Instruction 709.

Since his election, the current Premier has also approved specific documented guidelines for the Discretionary Fund.

***Greg Johannes***  
**Secretary**



## **6 Children in out-of-home care**

## 6 Children in out-of-home care

### 6.1 Background

Unfortunately, there are situations in which children suffer from, or are at risk of, abuse, neglect and family violence. The importance of child protection is reinforced by evidence that an unsafe or unstable environment increases the risk that a child may go on to experience problems with drugs and alcohol, sexual abuse, mental health and violence. Prior to our 2011 report, the number of children in out-of-home care (OoHC) in Tasmania had been rising. As at 30 June 2010, there were 893 cases, compared to 576 in 2005<sup>6</sup>.

The *Children, Young Persons and Their Families Act 1997* (the Act) provides for care and protection of children in a manner that their opportunity to grow up in a safe and stable environment and to reach their full potential. The Act broadly favours responsibility for care being with families and states that they should receive all possible support and assistance. However, some children will not be safe in their family home and the Act provides for the Secretary of the Department of Health and Human Services (DHHS or the Department) to be appointed as guardian where families are unsuitable. In those circumstances, the responsibility on DHHS encompasses:

- the decision to intervene to protect a child from harm
- placing a young person in OoHC, following an assessment and court order
- ensuring the OoHC continues to provide a safe and stable environment
- the decision to reunify a child or move them into a permanent care arrangement<sup>7</sup>.

In June 2010, the Auditor-General accepted a request from the Secretary of DHHS to undertake an audit of OoHC services. The Secretary advised that the Minister for Children had asked the Commissioner for Children to follow up a recent high-profile case that may have been symptomatic of broader issues that warranted a performance audit into OoHC.

In September 2011, we tabled *Children in Out-of-Home Care*.

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<sup>6</sup> Australian Institute of Health and Welfare, *Child protection Australia 2009–10*, p.54.

<sup>7</sup> Permanent care options include adoption and transfer of guardianship to carers.

## 6.2 2011 audit conclusion

A frustration that we had in making some of our conclusions in the 2011 audit was not being able to determine whether deficiencies were due to documentation shortcomings, lack of performance or some combination of both. For that reason, some of our findings from 2011 referred to a 'lack of evidence' or 'not being persuaded' that a criterion was met rather than expressing a definitive conclusion about the criterion.

The main findings of our original audit were that:

- OoHC had been subject to a number of prior reviews. Our perception was that the most costly and substantial recommendations had either not been implemented or had been delayed pending funding.
- A computerised information system was in use but at the time of the audit was still being implemented and was causing difficulties for departmental staff.
- The combined DHHS and Gateway processes were effective in ensuring referrals to the Child Protection Service (referred to as notifications) were promptly, reliably and consistently triaged<sup>8</sup>.
- Where notifications had been referred for investigation, 36 to 61 per cent were not commenced within the required DHHS timeframes. However, there were no indications of children being left in danger because of delays.
- There were some indications of a possible decline in reliability of investigations and we recommended this be further investigated. Nevertheless, the Department had acted where investigations led to notifications being substantiated.
- We were unable to quantify the extent of the shortage of carers and therapeutic foster carers in particular. The difficulty was that the problem was 'invisible' since invariably a placement was found regardless of shortages.
- We were advised DHHS often had to look for **any** available carers rather than matching a child's needs to the attributes of carers.

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<sup>8</sup> Gateway refers to the reception services provided by BaptCare and Mission Australia to process initial enquiries and referrals for children and family services.

- We were satisfied with recruitment and assessment processes. However, we found a number of deficiencies in support for carers.
- Documentation of visits to children by OoHC staff was inconsistent between regions.
- There was no documented evidence for re-united children to confirm there had been an objective improvement to the risk factors that brought those children into state care.
- Most of a small sample of relevant case files did not include leaving care plans.

### 6.3 Status of recommendations

The recommendations from our original report are in abbreviated form in Table 8, together with respective rates of implementation by DHHS.

**Table 8: Children in Out-of-home care — Degree of implementation (%)**

No	Recommendations (abbreviated)	DHHS
1	Full implementation of Child Protection Information System (CPIS). Comprehensive review of CPIS when implementation has been completed.	80
2	Improve reporting and information sharing with Gateway Services.	45
3	Address deficiencies regarding measurement of timeliness of commencement of investigations.	50
4	Analyse reliability of investigations.	0
5	Ensure all children and young people receive timely physical, developmental, psychosocial and mental health assessments.	100
6	Child Protection Manual to provide guidance on recording the rationale for placement decisions.	50
7	Investigate ways to ensure carers receive adequate information.	100
8	Develop guidelines for making placement decisions.	50
9	Ensure a needs assessment is included on case files and detailed requirements are in the Child Protection Manual.	75



No	Recommendations (abbreviated)	DHHS
10	Ensure placement documentation in CPIS is accessible and complete.	50
11	Establish an accurate database in CPIS containing necessary carer details to facilitate better placement decisions.	90
12	Provide additional reimbursement for carers who have undertaken accredited training and are caring for children with complex needs.	0
13	Recruit skilled staff or carers to provide respite care to allow carers to attend training.	0
14	Explore ways to increase the level of support to carers.	50
15	Ensure annual reviews with carers are undertaken and recorded.	75
16	Establish cool-off facilities and a therapeutic foster care program.	0
17	Upgrade communication infrastructure.	100
18	Use Case and Care Plans to structure visits and that the Plan be updated based on the findings of the visit.	100
19	Maintain on CPIS a summary of visits to facilitate checking of compliance with prescribed frequency of visits.	100
20	Ensure reunification plans are completed.	100
21	Ensure every person over 15 years has an approved leaving care plan.	50
<b>Number of recommendations</b>		<b>21</b>
<b>Average % implementation</b>		<b>60</b>

Only six of the original 21 recommendations were fully implemented and another four were rated at or above 75 per cent. The following comments address those recommendations where the rate of implementation was less than 51 per cent.

Regarding Recommendation 2 and 3, DHHS advised us that a CPIS system enhancement to capture referrals to Gateway was progressing and was scheduled for implementation during the first quarter of 2014. An operational report was also being developed to enable data sharing between CPIS and the Gateway entities. However, inaccuracies related to incorrect entry of data into CPIS, had not been resolved.

Recommendation 4 has not been acted on, but there was recognition by DHHS that work would be progressed at a later date. There was an acceptance by the department of the need to ensure the method and outcomes of investigations were reliable. However, there was limited capacity at present to undertake the work.

Recommendations 6 and 8 had only been partially implemented because the Child Protection Online Practice Manual was still being updated.

Recommendation 10 had not been implemented, but we were advised that a system enhancement had been specified and submitted for quotation. The change was funded and was originally scheduled for implementation during the early part of 2014, but that date had been revised to December 2014.

Recommendation 12 had not been implemented. Linking payments to qualifications was difficult for the department, with carers being volunteers who received cost reimbursement. Such payments received by carers are not taxable. However, DHHS stated that the tax-free status of payments could change if Recommendation 12 were to be implemented.

Recommendation 13 was supported by DHHS but with qualifications. Carers were supported to attend training, including making alternative arrangements for the care of a child when training occurs, e.g. childcare. However, the recruitment of specific childcare workers would impose a single solution to a varied problem. Instead, the department was developing options for specialised carer training that would include flexible delivery arrangements to ensure participation of carers.

Recommendation 14 recommended a staff-to-carer ratio of 1:12, which had not been met. However, provision of increased support for carers continued to be a priority for DHHS (see Section 6.4.4 for further discussion on the staff-to-carer ratio).

Regarding Recommendation 16, a therapeutic foster care scheme had not been developed in Tasmania, because of DHHS concerns that such facilities would be seen as a de-facto punishment. Instead, relevant placements were with non-government organisations.

Recommendation 21 had been partially implemented with the department now able to better monitor the number of children over 15 that have a leaving care plan. However, based on figures provided by the department only the South had leaving care plans in excess of 50 per cent of its over 15-year olds.

## 6.4 Additional testing

We undertook additional testing related to a number of the original findings, as follows.

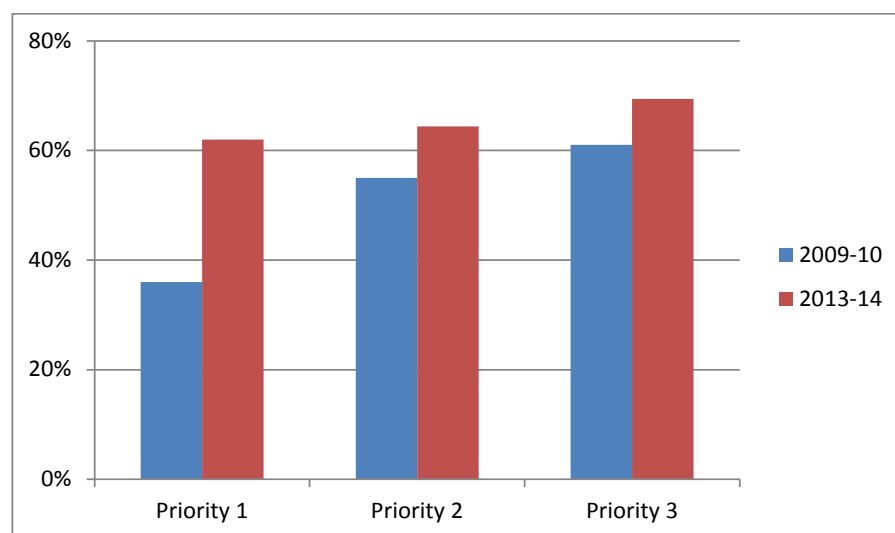
### 6.4.1 Was the Southern region's communication infrastructure improved?

The 2011 report noted that the CPIS system in the South was extremely slow because of the antiquated communication infrastructure used. Whilst conducting additional testing at Child Protection South we noted greatly upgraded communications infrastructure, which in turn allowed improved access to CPIS. We also noted that a considerable amount of information was now held electronically, which reduced the need to refer to paper files.

### 6.4.2 Were investigations timelier?

The original audit tested 'notifications-referred-for-investigation' to test compliance with the assigned urgency rating timeframe<sup>9</sup>. Figure 1 compares results from audit testing in 2009–2010 with 2013–14 data provided by DHHS.

**Figure 1: Non-compliance priority timeframes 2009–2010 and 2013–14**



There had been a substantial increase in non-compliance across all priority categories since the audit.

<sup>9</sup> Notifications referred for investigation are assigned one of the following ratings where required response times are as indicated:

- Priority 1: within half a day
- Priority 2: within five days
- Priority 3: within ten days.

**Recommendation 1**

**We recommend that DHHS addresses non-compliance with its own priority investigation guidelines.**

*6.4.3 Improved placement processes?*

We made five recommendations aimed at improving the processes around the placement of children into OoHC.

Originally, we found that information provided by case workers to carers was minimal. Our additional work in 2013–14 found that all files contained a Case and Care Plan and that the reason for placement was recorded in CPIS. However, we were critical that the reason for placement was quite often missing from the Essential Information Record. DHHS has since advised that placement reason has now been linked to the Essential Information Record. A similar check for Needs Assessments showed these were now routinely completed electronically.

In addition to conducting random sampling of CPIS files, we also conducted a small number of interviews with carer support staff. We were told carers were receiving better quality information about children at the time of placement, although we were informed that problems still occurred occasionally.

*6.4.4 Were carers receiving better support?*

In our 2011 report, we noted that there were 12 support workers servicing 498 carers, a ratio of 1:41. That ratio was well short of the 1:12 ratio recommended in a consultant's report.

We found that the 2014 ratio of workers was 1:36, still well short of the recommended ratio. Although that ratio was marginally improved from 2011, we were not satisfied that our recommendation had been implemented.

Carers are expected to have an annual review with a departmental officer. In 2011, we found that only a limited number of files contained evidence of a current annual review.

For this follow up audit, we obtained regional review data, which is shown in Table 9.

**Table 9: Status of carer reviews**

	<b>Carers</b>	<b>Annual reviews due</b>	<b>Proportion overdue</b>
South	262	105	40%
North	117	16	14%
North West	92	20	22%

Of reviews overdue in the North West, six were overdue by more than a year. Whilst a breakdown of the length of time overdue for each individual annual review was not available in the South, the high number of annual reviews due indicated that the system was under pressure in the South.

We also spoke to DHHS staff involved in supporting carers. Staff agreed that many reviews were overdue, often for administrative reasons such as out-of-date police and medical checks. However, the main factor was lack of resources and the lower priority for these assessments compared to the urgent need to find homes for children.

#### **Recommendation 2**

**We recommend that DHHS renews attempts to increase the ratio of workers to carers.**

#### **Recommendation 3**

**We recommend that DHHS ensures annual carer reviews are kept up-to-date.**

#### *6.4.5 Were reunification plans being completed?*

Reunification should not be attempted without evidence of objective improvement in regard to the risk factors that brought the children into state care. The original audit found no evidence of any change in circumstances for a sample of children who had been reunified with their families.

In our updated testing, we randomly sampled a number of reunification plans for evidence that risks had been addressed. We were unable to find reunification plans for three of our sample of nine reunifications. Reasons for non-completion included:

- reunification occurred before completion of plan
- plans had been approved, but not input to CPIS.

Where reunification plans were located, we found evidence of consideration and improvement in identified risk factors in all cases.

#### **Recommendation 4**

**We recommend that DHHS ensures that reunification plans are prepared in a timely manner and are loaded onto the CPIS.**

#### 6.5 *Conclusion*

We were disappointed that many recommendations had not been implemented. However, it was pleasing to see that CPIS had been fully implemented and that communication infrastructure in the South has been upgraded.

The limited re-testing that we undertook showed that there has been no progress in improving priority timeframes for investigations. Also, it was apparent to us that there were still resourcing difficulties for carers and that numbers of support workers to carers were insufficient.

Overall, an implementation rate of 60 per cent did not meet our benchmark of 70 per cent.

#### 6.6 *Submissions and comments received*

##### Department of Health and Human Services

DHHS accepts all of the recommendations made in the report, and there are a number of initiatives underway to address the issues raised, in particular the following should be noted:

- This financial year, 2014–15, will see the consolidation of the efforts to form a strategic approach to the whole of Children and Youth Services to meet the ongoing needs of children and young people.
- In 2014–15, Children and Youth Services is undertaking a strategic project to completely re-write the Practice Manuals. This, together with recent, and planned future amendments to the *Children, Young People and their Families Act 1997*, is likely to deliver a more streamlined intake process to better meet guidelines on timeframes.
- In 2013–14, Children and Youth Services commenced an Out of Home Care Reform Project to address better service delivery across all aspects of Out of Home Care. This is focussing on development of more robust carer recruitment, assessment, review, registration and de-registration, training, professional development, support and carer concerns processes.
- In 2013–14, Children and Youth Services implemented the *Signs of Safety* approach. This improves conversations with children and families about why Child Protection Services is involved and what needs to change for the child to be reunified.
- It is intended that developments in the Child Protection

Information System (CPIS), the specifications for which are currently being quoted, will lead the practitioner through a series of prompts to complete a reunification assessment. All plans for reunification will be loaded to CPIS and shared with all the stakeholders engaged in supporting reunification.

**Michael Pervan**  
**Acting Secretary**





## **Recent reports**

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## Recent reports

<b>Tabled</b>	<b>No.</b>	<b>Title</b>
May	No. 11 of 2012-13	Volume 5 — Other State entities 30 June 2012 and 31 December 2012
Aug	No. 1 of 2013-14	Fraud control in local government
Nov	No.2 of 2013-14	Volume 1 — Executive and Legislature, Government Departments, Tasmanian Health Organisations, other General Government Sector State entities, Other State entities and Superannuation Funds
Nov	No.3 of 2013-14	Volume 2 — Government Businesses, Other Public Non-Financial Corporations and Water Corporations
Dec	No.4 of 2013-14	Volume 3 — Local Government Authorities
Dec	No.5 of 2013-14	Infrastructure Financial Accounting in Local Government
Jan	No. 6 of 2013-14	Redevelopment of the Royal Hobart Hospital: governance and project management
Feb	No. 7 of 2013-14	Police responses to serious crime
Feb	No. 8 of 2013-14	Analysis of the Treasurer's Annual Financial Report 2012-13
May	No.9 of 2013-14	Volume 5 — State entities 30 June and 31 December 2013, matters relating to 2012-13 audits and key performance indicators
May	No.10 of 2013-14	Government radio communications
May	No.11 of 2013-14	Compliance with the Alcohol, Tobacco and Other Drugs Plan 2008-13
June	No.12 of 2013-14	Quality of Metro services
June	No. 13 of 2013-14	Teaching quality in public high schools
Aug	No. 1 of 2014-15	Recruitment practices in the Tasmanian State Service

## **Current projects**

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## Current projects

The table below contains details performance and compliance audits that the Auditor-General is currently conducting and relates them to the *Annual Plan of Work 2014-15* that is available on our website. Items marked with an asterisk (\*) were underway as at 27 June 2014.

<b>Title</b>	<b>Audit objective is to ...</b>	<b>Annual Plan of Work 2014-15 reference</b>
<b>Motor vehicle fleet usage and management</b>	... review the efficiency and effectiveness of the use of motor vehicles, and testing compliance with applicable guidelines by: government businesses, University of Tasmania and the Retirement Benefits Fund. In addition, it will include the management of vehicle workshops.	Page 20 Topic No. 5
<b>Security of Information and Communications Technology (ICT) infrastructure</b>	... assess the effectiveness of security measures for ICT infrastructure and its functionality.	Page 18, Topic No. 5*
<b>Capital works programming and management</b>	... examine the effectiveness of Treasury's capital works budgeting processes.	Page 18 Topic No. 6*
<b>Collection management</b>	... express an opinion on the Tasmanian Museum's and Art Gallery's compliance against the National Standards for Australian Museums and Galleries	Page 18 Topic No. 1
<b>Management of local government roads</b>	... assess local governments' management of roads with emphasis on maintenance, decision-making on new roads and the level of administration costs that underpin road construction.	Page 20 Topic No. 6
<b>Absenteeism and management of workers compensation arrangements</b>	... reviews how well departments are managing absenteeism and their workers compensation responsibilities	Page 27 Topic No. 1

## AUDIT MANDATE AND STANDARDS APPLIED

### Mandate

Section 17(1) of the *Audit Act 2008* states that:

‘An accountable authority other than the Auditor-General, as soon as possible and within 45 days after the end of each financial year, is to prepare and forward to the Auditor-General a copy of the financial statements for that financial year which are complete in all material respects.’

Under the provisions of section 18, the Auditor-General:

- (1) is to audit the financial statements and any other information submitted by a State entity or an audited subsidiary of a State entity under section 17(1).’

Under the provisions of section 19, the Auditor-General:

- (1) is to prepare and sign an opinion on an audit carried out under section 18(1) in accordance with requirements determined by the Australian Auditing and Assurance Standards
- (2) is to provide the opinion prepared and signed under subsection (1), and any formal communication of audit findings that is required to be prepared in accordance with the Australian Auditing and Assurance Standards, to the State entity’s appropriate Minister and provide a copy to the relevant accountable authority.’

### Standards Applied

Section 31 specifies that:

‘The Auditor-General is to perform the audits required by this or any other Act in such a manner as the Auditor-General thinks fit having regard to –

- (a) the character and effectiveness of the internal control and internal audit of the relevant State entity or audited subsidiary of a State entity; and
- (b) the Australian Auditing and Assurance Standards.’

The auditing standards referred to are Australian Auditing Standards as issued by the Australian Auditing and Assurance Standards Board.



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