



LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY

12th Assembly

Public Accounts Committee

Public Hearing Transcript

1.30 pm, Thursday, 4 February 2016

Litchfield Room, Parliament House

Members: Mrs Robyn Lambley, MLA, Chair, Member for Araluen
Ms Natasha Fyles, MLA, Member for Nightcliff
Ms Nicole Manison, MLA, Member for Wanguri
Mr Gerry Wood, MLA, Member for Nelson

Witnesses: Department of the Chief Minister
Mr John Coleman, Chief Executive
Mr David Ryan, Chief Financial Officer and Executive Director, Corporate Services

Madam CHAIR: On behalf of the committee I welcome everyone to this briefing this afternoon. If I may, I would like to take a moment to deal with personal interests. I again note that in a former role I have undertaken travel as a minister during this Assembly; however, I am not aware of having any pecuniary interest in the matters to be considered today or any conflict of interest that would require me not to participate in this briefing. In particular, I am not aware of having undertaken travel through Latitude Travel. I will, however, leave others to lead the questioning on those areas where I was formerly involved, and if I consider that any conflict does arrive I will respond accordingly.

I welcome to the table Mr John Coleman, CEO of the Department of the Chief Minister, Mr David Ryan, the Chief Financial Officer and Executive Director of the Department of the Chief Minister. Thanks for coming this afternoon.

This is a formal proceeding of the committee and the protection of parliamentary privilege and the obligation not to mislead the committee apply. This is a public session and it is being webcast through the Assembly's website. A transcript will be made for use of the committee and may be put on the committee's website. If at any time during this hearing you feel that what you are talking about should be discussed in confidence we can organise that if you let me know. Could you please state your name and the capacity in which you are appearing?

Mr Coleman, would you like to make an opening statement?

Mr COLEMAN: Thank you Madam Chair. My name is John Coleman, CEO of the Department of the Chief Minister, and I would like to make an opening statement. I would like to thank honourable members for inviting me here today. With me is David Ryan, Director Corporate Services and Financial Officer of the Department of the Chief Minister to assist in answering any of the details in questions.

In recent years, and over the last 18 months in particular, the Northern Territory government has taken steps to improve processes and procedures relating to official government travel. There has also been a focus on creating and ensuring value for money for taxpayers' funds on travel expenditure. There is a significant list of initiatives and steps which government has taken to create a robust system with appropriate checks and balances for booking official travel. This includes but is not limited to, in 2014, the NT government moved to trial corporate travel providers to streamline official government travel and create savings on travel expenditure. Through the use of this trial in 2014-15, the NT government identified savings of around \$800 000. In July 2015 the NT government made the use of corporate travel providers FCM and QBT mandatory for official government travel, allowing government to access corporate discounts. It is estimated that in 2015-16 the NT

government will save in the order of \$1.35m. This is a significant saving of more than \$2m over two years which can re-diverted into resources and other priority areas of government.

Since July 2015 the NT government has created and implemented a whole-of-government air travel policy and a ministerial and ministerial officer air travel policy. This was the first time uniform air travel policies were rolled out. It now means there are standard processes and procedures which staff are to follow and results in enhanced reporting and accountability. The whole-of-government policy also places an emphasis on receiving value for money. Under the new policies employees are required to compare airfares with their quote, ensuring they receive the best value for the fare. Panel contracts for air charters, short and long haul, and aerial work have also been established to ensure efficiency in the procurement of charter and aerial services.

In August 2015 the NT government commissioned an independent government review into official government travel. The reviewer, KPMG, took a data sample and looked at existing policies and procedures to inform its recommendations. Recommendations from the independent review were handed down and most have been adopted by government. These continue to be rolled out with the intent to strengthen the NT government's travel policies and procedures.

Six-monthly audits of compliance with the new whole-of-government air travel policies have been introduced. Agencies are currently continuing to undertake, or have already undertaken or completed, the first six-monthly audit. Several agencies procured the services of an external auditor to complete this work, as is standard practice across government.

While some instances of non-compliance with the new travel policy were identified through the most recent audit, I do not believe it to be widespread. I believe that in those instances of non-compliance, non-compliance can be put down to the lack of familiarity with the new travel policies. I believe the level of compliance will be greater going into the future.

In December 2015, I asked all CEOs to conduct an audit into travel transactions between their agency and the travel agent Latitude Travel and its subsidiaries between 1 July 2009 and the 18 December 2015. It was deemed that under this time frame we would have the best chance of assessing information under the records disposal schedule for administrative functions for the Northern Territory government. Financial information is required to be retained for seven years after which time it may be destroyed.

Of the hundreds of transactions identified, only one was identified as warranting further analysis by police. The matter, which relates to the ministerial trip in September 2013, has now been referred to the Northern Territory police.

A trip to the United States and the United Kingdom was undertaken by minister Peter Chandler in his capacity of the then Minister for Lands, Planning and Environment. At the time, the price of the trip was questioned by minister Chandler, his office and the Department of Lands, Planning and Environment. In the light of subsequent events regarding Latitude Travel, it is appropriate to seek the review of police regarding this individual trip.

This month, the tender for the corporate travel provider is expected to be awarded, creating more value for money on official government travel. Local travel agents were encouraged to tender for the contract and it was released under a fair and competitive process.

Government has also tightened travel processes and financial management and acquittal systems used to manage and record government travel. These changes will lead to greater accountability and transparency for travel across government.

The Auditor-General, who I see here today, also conducts regular independent audits of government compliance with policies and procedures. The Auditor-General is currently auditing a number of agencies on their compliance with travel-related matters.

As I have just outlined, these are significant steps which have led to positive changes for the procurement and processing of government travel. Much of the information relating to these steps and single travel transactions has been released publically in various forums, either through the estimates process, questions on notice or through freedom of information applications, with my department alone issuing more than 1000 pages of information on issues relating to Latitude Travel.

While there has been significant interest of particular stakeholder groups on the topic of Latitude Travel, I remind you that actions, or allegations of actions of individuals, should not be reflected on the 20 000-strong Northern Territory public service. Public sector employees follow a code of conduct and operate with due diligence when conducting travel transactions. A shadow of doubt over the whole of the public sector for allegations, or alleged actions of such a small number of individuals, I believe is not warranted, nor welcome.

As is the normal course of action for any suspected incidents of fraud, matters will be referred to the appropriate authorities. The NT government remains committed to working closely with the authorities to provide them with information they require.

I note to honourable members that while investigations and court proceedings are in progress relating to individuals or instances of travel, I am unable to comment on these

matters. Lastly, I thank the public service employees for their efforts, integrity and tremendous dedication to the Northern Territory.

Madam Chair, I look forward to assisting the Public Accounts Committee in its deliberations.

Madam CHAIR: Thanks, Mr Coleman. Member for Wanguri.

Ms MANISON: Thank you, Mr Coleman, for your extensive opening remarks. We would all agree here on the Public Accounts Committee that we have an incredible public sector and many dedicated, hard-working public servants. But, as we have seen in recent times, there have been some huge concerns raised with regards to Latitude Travel and some of its practices.

I want to turn to your opening remark where you spoke about the most recent audit, which you said you audited in December and dated back to 1 July 2009 through to 18 December 2015, and that was to go into all transactions to do with Latitude Travel in particular.

Did that audit include all ministerial travel booked through Latitude Travel for that period?

Mr COLEMAN: Member for Wanguri, yes it did. Our department undertakes all travel arrangements for members in this building who are not travelling under the Legislative Assembly travel entitlements. So yes, it did.

Ms MANISON: And with those trips, did it also include ministerial trips that were booked through government agencies where they procured the services of Latitude Travel as well?

Mr COLEMAN: Absolutely. We were checking for all that as well.

Ms MANISON: Thank you. With those trips we saw that there was one particular trip that was raised, and we saw by a media release issued by your agency yesterday, to do with the trip to the United Kingdom and the United States, which was undertaken by minister Chandler. At the time there was a staff member and also the Planning Commissioner on that trip. Within the approval for that trip, was that undertaken at the agency level - I understand at the time you were there with the agency and the fifth floor - through the Chief Minister to approve?

Mr COLEMAN: It was undertaken by the department of Lands. We coordinated all the travel processes to fine tune it because it was a Planning Commissioner trip with the Minister for Lands, Planning and the Environment. Correct me if I am wrong, but we undertook that work.

Just to clarify that, it was through the Department of the Chief Minister and the Department of Lands, Planning and the Environment.

Ms MANISON: I might go back a step; going back to the audit, and again your opening statement, you also referred to the fact several agencies undertook these audits utilising an external auditor. How many agencies went to an external auditor to look at the travel?

Mr COLEMAN: Two, to our knowledge, outside of the Department of the Chief Minister.

Madam CHAIR: Mr Ryan, if you like to talk into the microphone, too, it is just a hearing so by all means feel free to speak.

Mr RYAN: Two agencies, to our knowledge, use an external auditor to conduct the audit. There are two further agencies that will be subject to an external audit through the Auditor-General's office.

Ms MANISON: Also, within the audit that you instructed all agencies to take out, did you give them specific terms of reference around what they were expected to audit?

Mr COLEMAN: We were looking for any anomalies with regard to travel that was booked through Latitude Travel and its subsidiary companies.

Ms MANISON: So, two out of all those agencies utilised an external auditor. The Department of the Chief Minister itself, did that use an internal or an external auditor of your activities?

Mr RYAN: For the Latitude Travel transactions, that was done internally. We will be subject to an external audit for the six-monthly audit which has also been requested through DCM.

Ms MANISON: What was the thinking about getting a whole-of-government agency audit conducted by an external party to keep it wholly at arm's length?

Mr RYAN: Basically, it is a matter of cost. An external audit would have required agencies to respond to the majority of the data collection. The analysis that we were doing, particularly with Latitude Travel, was a bit different in that we were trying also to backtrack price comparisons to determine where anomalies lay. It would have been a tremendous cost if all agencies had used external auditors. The other fact would have been I doubt there are enough external auditors in town to have completed every agency in the time frame we were looking to get the results.

Question No. 1

Ms FYLES: Are you able to provide this committee with a copy of the terms of reference that each department was working under?

Mr COLEMAN: We can certainly provide a copy of the memo that was sent to all CEOs with that. I do not have it here with me, but we can provide that. Can I clarify also that where we have internal audits undertaken by agencies often those agencies, including the Department of the Chief Minister, has an external person sitting on our audit committee, so a non-public servant sitting there reviewing - internal audit processes and that provides us with a really robust acknowledgement that even though it is an internal audit it has another lens over it external to the public sector. When we are looking at this building, the fifth floor and other government offices, we are assured somebody is looking closely at it.

Ms MANISON: Going back to your opening statement where you referred to anomalies that were found through the audit process, one particular trip has been referred to police for investigation - the trip to the United Kingdom and the United States. In regard to other anomalies that were found, were they around cost or mainly around process? Can you specify exactly how many of those were found?

Mr COLEMAN: Member for Wanguri, we did not find any other significant anomalies. That one particular case stood out for further investigation.

Question on Notice No 1

Ms MANISON: In regard to other issues through the audits that you referred to, I thought you ...

Mr COLEMAN: Yes, there were.

Ms MANISON: You mentioned in the media release there were non-compliance issues. Was that around process or cost?

Mr COLEMAN: Yes. It was mostly to do with process and people not understanding the new changes that had been made to the policy and how to implement them.

Ms MANISON: The number?

Mr RYAN: Can I interrupt? There were two separate audits required of agencies. One was a specific one into transactions with Latitude Travel, and the other one was transactions that had taken place in the first six months of the financial year, which is what we are looking for under the new travel policy. That would not have included Latitude Travel because they were not even in business through that period of time. The anomalies that we found were in relation to the second one and compliance with the new travel policy.

Ms MANISON: How many are we talking about?

Mr RYAN: I do not that detail in front of me but it was not significant.

Ms MANISON: Can we put that on notice? Is that possible?

Mr RYAN: I do not see why not.

Mr COLEMAN: Of course.

Ms MANISON: Thank you.

Mr COLEMAN: Member for Wanguri, for clarity, I sent out one memo asking CEOs to review the period of time - the last six months - for the new air travel policy. In addition to

that, in the lower paragraphs - and you will see that - we sought further detail on Latitude Travel going back to 2009.

Ms FYLES: What was the further detail you sought? Did you provide any terms of reference or any questions to prompt the information that may flow through?

Mr RYAN: No terms of reference were provided in the memo. That was left to agencies and they were referring back to DCM to coordinate. We had a lot of inquiries from the agencies, but it was basically going back to those agencies that had Latitude Travel - there were not many - and it was to back track over the history and determine whether trips that had been booked were in the same price range as other trips that might have been done at the same time, and to evaluate whether they could do a price check on those trips.

Ms FYLES: Can I clarify there were no terms of reference, there was not really an audit, it was just a memo asking departments to review their travel and see if they felt there were any anomalies. Is that correct?

Mr RYAN: Agencies were requested to do an internal audit. Those internal audits would come through their respective audit and risk management committees. There was a specific requirement for everyone to check transactions relating to Latitude Travel - all transactions between 2009 and current.

Ms FYLES: Given recent events would you give this committee an assurance that you are confident there were no other fraudulent activities in that audit process, if that is how you want to term it?

Mr COLEMAN: I am confident in having had discussions with CEOs across the public sector that through this process we have captured all of the things that were there. I have spoken to them individually and I have no reason to believe anything else.

Ms FYLES: For the public to have confidence - we have seen quite an extraordinary series of events recently - a full independent audit is not really what has happened. We have had a memo go out asking departments to internally review something. Considering what has come to light, would it not be appropriate, considering taxpayer dollars in significant amounts could be at stake, that there is a full independent audit?

Mr COLEMAN: Member for Nightcliff, I do not agree with you that there are significant amounts that could have been misappropriated or anything in this work that we have been doing. However, I take you back to the mechanisms we have put in place since I started with

the department a little less than a year ago to make sure our systems are robust, so in answer to the sort of questions you and the public might ask of the public service, we can assure and report that the system is squeaky clean. We have the ability to report back effectively to members of parliament.

I should add that in the old systems you might remember, some of it was manual in this particular precinct. Trying to report on manual systems that were there in those days, and drag that information out to satisfy the public would take a considerable effort.

My job is to ensure that the public has confidence in the systems we have in place since I have become the CEO and head of the public service. They are robust. I assure you that we are working to make sure that everything we can do to provide to this House and the public is the best we can.

Ms FYLES: Do you plan to have a comprehensive independent forensic audit of all costs incurred on travel and related services organised by Latitude Travel?

Mr COLEMAN: No, I do not.

Mr WOOD: Have you investigated other travel agencies?

Mr COLEMAN: The mechanism we have undertaken with our internal audits covers all of the travel that has been undertaken in this precinct. Latitude Travel information is the only things that have been highlighted for us. To date, we have not had anything that leads us to suspect any other travel agent has done something similar.

Mr WOOD: Have you also worked with the Department of Health on what was part of the original problem, with the pensioner concession scheme, to see whether there have been any other fraudulent claims in that scheme?

Mr COLEMAN: In this last audit, I spoke to the CEO, Dr Notaras, about their processes. He has reported back to me that outside that PenCon scheme there were no bookings through Latitude Travel and no anomalies he is aware of.

Mr WOOD: There were some issues raised in 2010 by the Auditor-General in relation to the pensioner concession scheme?

Mr COLEMAN: That is correct.

Mr WOOD: Dr Notaras is not here, but do you know if that side of the problem has been fixed so that it cannot happen again?

Mr COLEMAN: There is ongoing work in the pensioner concession scheme area. A task force was established to undertake reconciliations of all the applications for travel subsidies undertaken by northern travel agents using travel applications between 2011 and 2014.

The task force is made up of senior officers from the Department of the Attorney-General and Justice, Department of Health, Treasury and Finance and the Northern Territory Police, Fire and Emergency Services. The work of that task force is continuing and it will be handing down its findings. It is working very closely with police as part of that investigative report.

Mr WOOD: Thanks. While there is a pause, what worries me in relation to travel - ministers have been travelling for donkeys ages - was there no policy in relation to how they travel? This Assembly has a whole series of things I have to do if I want to travel. I have to get permission from the Speaker, put in an itinerary, etcetera. Was there basically an open slather policy for ministers; they could do what they like?

Mr COLEMAN: Member for Nelson, I worked with ministers in this building some 15 years ago. In those days there were processes in place, but they were nowhere near as robust as what we have just introduced. Ministers' offices could interact with particular travel agents, usually it was the PA who knew a particular agent, and they had a relationship knowing they would get good service because they would often need 24-hour service when ministers are travelling. They would be looking to make sure that they had a rapport with that person, that they could call them at any time to fix up a transfer or a change in flight overseas. There was really, in those days, a much more congenial process and there was no strict policy about who you could book with up until we introduced this new policy.

Mr WOOD: But one of the other issues, and I have been on estimates for a fair while, is that you could not get the answers from a minister about his or her travel. Are you looking at that to say there is a requirement for the ministerial travel to be open and transparent? We should not have to go down some painful path of going to knee-capping services to get the information from the minister on what money has been spent and where it has been spent. Will that change?

Mr COLEMAN: Member for Nelson, that will change. This new system we have in place and with the new provider going to tender at the moment - and that will be awarded in February and will be implemented in March, the whole roll out - will mean the reporting system back to the Assembly will be much more robust because we will be asking the companies to report to us on who travelled and when, and what the expenditure was. The

additional benefit of using a single provider is they will organise transfers, hotel accommodation and the airfares, so it will be very transparent.

Ms MANISON: Will that apply to ministers?

Mr COLEMAN: Absolutely.

Mr WOOD: And will that be available on the website - I will give you an example. I came back from Canada last year and I think on the North West Territories' website you get onto the Chief Minister's department and the description of travel for every member is there for residents to access. It says what the trip was for and how much it cost. Would you be looking at something like that to be accessible?

Mr COLEMAN: It really is a matter for government about how they report. We will have material available in a much cleaner format for them to be able to do so. I think one of the hamstrings that ministers in the past have suffered from is that the systems did not support them being able to report as adequately as this new device we have moving forward. The people behind this have been very clever about making sure we are able to report to the House. If it is not available on the website - I do not know whether it is government's intent to do that or not, but it will certainly create the ability for them to do so. Through the estimates process we will be able to make information to you much more clearly available.

Madam CHAIR: Mr Coleman, are you saying there is a new policy for ministers reporting their travel?

Mr COLEMAN: There is a new process by which all travel we can now get the provider to report to us.

Madam CHAIR: Will that be on the public record?

Mr COLEMAN: That is still going to be a matter for government, and for them to reveal on the public record the processes, but when it comes to estimates I expect we would get a question about who has travelled where and we will be able to provide you with much more clear, concise and accurate information than we have ever been able to.

Madam CHAIR: So is the new policy for this change in how you go about organising travel and reporting travel internally, is that a policy document?

Mr COLEMAN: We have two policy documents, one for ministers travelling and one for the public sector and ministerial officers so we are covered.

Madam CHAIR: And these are three new policies?

Question No 2.

Mr COLEMAN: There are two new policies. One is for the public sector and one is for ministers and their ministerial officers.

Madam CHAIR: And is that on the public record? Can we have those documents tabled?

Mr COLEMAN: Certainly the public sector one is. I would need to check about the ministerial one, but there is not much difference between them other than who is approving the process.

Madam CHAIR: I guess one of the reasons we are meeting today is to create more transparency and accountability, so it would be good if both those policy documents were made available.

Mr COLEMAN: I can certainly provide you with a copy of the public sector one. I would need to confer on making the ministerial travel one available.

Madam CHAIR: Thank you.

Ms FYLES: Were the officers asked to conduct the audit, as you term it, of travel in departments, were they the same officers who potentially booked the travel? Who exactly was asked to review it?

Mr COLEMAN: My memo went to the CEOs. CEOs do not generally book travel. It is usually a travel person or a PA somewhere within the organisation, so no.

Ms FYLES: I do not imagine that the CEOs audited it. They would have passed it down to staff and asked them to do it. Potentially the same staff who book travel were asked to look into it for anomalies.

Mr RYAN: The audits or reviews were undertaken usually by finance staff or internal audit staff within each agency. They would have coordinated the responses on behalf of the CEO and, by and large, those people do not travel or do not book travel.

Ms FYLES: In regard to the trips that were reviewed, obviously there is travel by public sector and travel by a minister. We know of some trips ministers have taken that were paid for by government departments. Were those trips reviewed?

Mr RYAN: Yes, absolutely. By and large where the departments booked travel for the minister they have generally subsequently transferred them into DCM as well, so there are records within DCM for the majority of trips for ministers.

Mr COLEMAN: Member for Nightcliff, can I add that we would not allow a person who was undertaking bookings to be anywhere near the audit committee.

Ms FYLES: As we do not have terms of reference and have not seen a full independent audit we do not have that confidence. We would like to, but there is no transparency that we can see. When you are talking about quite significant amounts of money, and considering we have certainly had some instances of inappropriate spending, that is what we are trying to uncover and give the public confidence that everything has been reviewed and audited independently and thoroughly.

Mr COLEMAN: Member for Nightcliff, it is important to understand that the processes within the public sector, as I have indicated, are very robust. There is no indication whatsoever of wrongdoing. The processes that we have are open for scrutiny in the audit processes within agencies. We also liaise very often with the Auditor General's office. We have the Auditor General's office looking at our processes and also any anomalies as well. The Auditor General - speaking on her behalf - they do a marvellous job of going through the records of – and they report to the House as well about process. If the Auditor General felt that any of the processes within the public sector needed any work on them she would be reporting that not only to the House, but to that department and also to me.

Ms FYLES: Would you make available to this committee the documentation and information of all costs incurred on travel and related services provided by Latitude Travel to both ministers and government agencies?

Mr COLEMAN: I think we have. Yes, certainly, but I would have thought most of it would have been provided through FOIs, through the House or questions on notice. I do not believe there are any records that have not been provided through any of those processes.

Mr WOOD: In relation to Latitude Travel obviously some fraudulent matters occurred and that is how the government was overcharged. Have you looked at the systems to see whether internally you can make sure – you cannot be 100% watertight – that someone can pull the wool over your eyes and charge you for something that you really should not be paying for?

Mr COLEMAN: Member for Nelson, the new system we have implemented is a contract with a single provider. Their job is to make sure they provide the Northern Territory government with discounted airfares and that is reported to us. I expect that we will continue to have savings and the best value for money that we can achieve. The single provider – it is yet to be decided who that is – has a contractual obligation to do the best it can for us.

Mr WOOD: Even if it was not travel, obviously businesses charge you for various things and for provision of services. Travel is a service. Do you look at the processes of payment to make sure the government is not overpaying someone who is fraudulently invoicing them for more than should be paid?

Mr COLEMAN: We are going through the process at the moment to get the right person in place to be our corporate provider is a competitive process. We are expecting them to prove to us they are providing us with the discounted rate. As I said earlier, the way the system works now they will be responsible for transfers between airports and hotels and those sorts of things, and booking the accommodation. We will be looking for them to provide us with better accommodation value as well as the airfare.

I am very confident that the new system we have implemented will provide us with the best possible savings we can achieve. The individual will need to deal with the company as a whole and book through the system and it comes up through the travel approval process so a person booking cannot approve their own travel.

Mr WOOD: I suppose what I was saying is that we know something happened where the invoice sent to you was the not the same as the real price. I am not just talking about airfares. When the government is paying for services are there occasional audits to make sure what you are paying is the real price, not an inflated price to defraud the government of money?

Mr RYAN: If I may? Prior to the introduction of the travel policy, travel was a little different from normal government procurement processes. Because travel was used so frequently there was not a requirement to get quotes from the market. But when you are talking about general procurement for government where they are requiring services or goods, there is a very well-defined process for agencies to follow including getting a number of quotes and

going through an appropriate tender process. The majority of procurement would always be on a competitive basis.

With this arrangement now, as John has mentioned, we will be going through a very competitive process to select the best operator to provide us with travel services.

Mr COLEMAN: Member for Nelson, again, the audit process will continue. As I said, we have the oversight of the Auditor-General and her people to also look at what is happening within the public sector. We know we need that to ensure that our systems are robust.

Madam CHAIR: Can we just come back to the member for Nightcliff? She has a question on notice.

Question on Notice No 3

Ms FYLES: Will you make available to the Public Accounts Committee all documentation, information and all costs incurred on travel and related services provided by Latitude Travel to ministers and government agencies, broken down by:

- minister
- how many trips have been organised by Latitude Travel since September 2012
- the total cost for each trip
- the cost of airfares/charters
- the cost of accommodation
- the itemised total of any other costs
- who accompanied the minister
- what was the itinerary
- who recommended and who approved Latitude Travel to organise the trip
- by government agency, how many trips have been organised by Latitude Travel since September 2012

- for each trip in the above what was the total cost, the cost of airfares/charter, the cost of accommodation and the itemised total of any other costs?

On that audit review, did you find any instances of payments being made for ministerial travel before ministerial approval was given?

Madam CHAIR: Can we go back to the question on notice the member for Nightcliff just asked. Are you able to provide that information? Is that possible?

Mr COLEMAN: Madam Chair, I do not know that we have all the information. That currently resides with police in the investigations they are making. I remember clearly there were instances where the information sits with the travel agent themselves and have never been provided to the public sector. I will endeavour to do our best to make sure the information you ask for is available.

Ms FYLES: Are you aware of any other police investigations?

Mr COLEMAN: Outside the ...

Ms FYLES: More into specific government travel? Obviously, there has been one case referred back to police. Are you aware of any other cases?

Mr COLEMAN: Other than what is publically known, no.

Mr RYAN: Can I just ask a question about the question on notice? Are you after a report detailing costs or are you after documentation, because if you are after documentation you are going to get ...

Madam CHAIR: Big wad.

Mr RYAN: ... quite a significant bundle of paper.

Ms FYLES: Well, it is obviously quite a significant issue for the community. I think as a committee if you could provide us with the information, and then we can make a decision from there whether we ...

Mr RYAN: A detailed report can be provided.

Ms FYLES: Yes, thank you.

Mr RYAN: I would also mention that the Leader of the Opposition's office has significant amounts of paper provided under the FOIs, which you probably have access to if you wanted.

Madam CHAIR: I do not have access to that and the member for Nelson would not either ...

Mr WOOD: No.

Madam CHAIR: ... so if you could provide us it in some form.

Mr COLEMAN: There is no reason why we would not seek to get the information that you have requested.

Ms FYLES: Did the audit review find any instances of payments being made for ministerial travel before the ministerial approval was given?

Mr COLEMAN: There were no instances of travel without ministerial approval that I am aware of.

Ms FYLES: Even in agency travel as well as ministerial?

Mr COLEMAN: There was nothing brought to my attention.

Ms FYLES: Because we have documents here that show an invoice that was paid to Latitude Travel for \$21 000, which was dated 3 September, yet the approvals from you as the Chief Executive of Lands, Planning and the Environment was dated 18 September, and the minister's office approval was dated 6 September. So we have an instance where an

invoice was clearly paid – and I am happy to table that document, Madam Chair – and then after that date the approval was given.

Mr COLEMAN: Can I correct you there? Whilst that approval is in writing, we had significant documentation of the approval process in verbal of not only the minister involved, but also the Chief Minister prior to those dates.

Ms FYLES: This outlays to the community why we are concerned. I mean anyone can say that there were verbal approvals. The document trail clearly shows an invoice paid for \$21 000, not an insignificant amount of money – yet the memorandum and ministerial briefing documents are post-dated.

Mr COLEMAN: Member for Nightcliff, your office – and you know this, I am sure – has documentation that shows intervening where there was a record of the minister providing verbal approval and a memo, which I know you have, indicating that I signed off on those invoices after noting the verbal approval. Also we have provided – and I do not know whether you have seen them yet – extensive minutes of meetings with the minister where he has outlined how he wanted the trip to be and providing his approvals. That is documented.

Ms FYLES: I guess we are highlighting the need for a thorough audit. The paper trails do not add up. We need to have a full investigation, a full independent audit into these matters, because we are talking about significant amounts of money.

Mr COLEMAN: I will take you back to the fact you do have the documentation even though you have not tabled that, but again that ...

Ms FYLES: All this documentation.

Mr COLEMAN: It would be good if you tabled all of the documentation.

Ms FYLES: That is all the documentation I have.

Mr COLEMAN: I assure you, your office has received from the Department of Lands, Planning and the Environment extensive information about the process prior to then, but also I should say, as I said in my opening address, that particular matter you are referring to has been referred to police.

Ms FYLES: I will ask the question again. Did the audit find any other payments made before approval given?

Mr COLEMAN: As I said, no.

Madam CHAIR: How much in total did the government spend on travel, for example, in the last financial year? How much are we talking about? If there is going to be one company responsible for organising travel for the whole of the government, this is going to be an extremely lucrative contract for one company. How much are we talking about?

Mr COLEMAN: Madam Chair, you are absolutely right, it will be lucrative contract and in doing so we expect to achieve significant discounts because of that. The overall travel for fares, accommodation and travel allowances for 2014-15 was in the order of \$39m, nearly \$40m. That is the cost to the public sector.

Madam CHAIR: It was \$39m.

Mr COLEMAN: It was \$39.911m.

Madam CHAIR: And that did not include charters, is that correct?

Mr COLEMAN: I would have to advise ...

Madam CHAIR: It did.

Mr COLEMAN: It excludes charters.

Madam CHAIR: It excludes charters?

Mr COLEMAN: It excludes charters, yes. It excludes Power and Water Corporation - the GOCs - and also the Patient Assistance Travel Scheme, which is quite separate.

Mr WOOD: What was that for? What was the year?

Mr COLEMAN: 2014-15.

Mr WOOD: Are you able to say what the year before was?

Mr COLEMAN: Yes, I can. The 2013-14 year - the total of fares, accommodation, travel allowance, excluding those organisations I mentioned, was \$35.048m.

Mr WOOD: What is your expectation of the value with a single provider?

Mr COLEMAN: Member for Nelson, we have already indicated we estimate that over this last period of time we would at least save \$2m, and I would be looking to save more if we can as the system beds down.

Mr WOOD: I am trying to work out in percentage terms what saving that would be. There has been a lot of discussion about the small travel agents losing out by going to one big travel agent. I am seeing whether the savings – they might sound big, but compared to the total amount you are spending they may not – especially if we have been looking at the local content and the social dividend, as it is sometimes called, of keeping local people employed. That also needs to be taken into account.

You can pick a big company down south but they do not have a lot to do with the community that we support through contracts.

Madam CHAIR: Was a cost benefit analysis done on this decision? It is a huge amount of money to give to one company as opposed to dozens across the Northern Territory. Was a cost benefit analysis done?

Mr COLEMAN: If I can go to the member for Nelson's answer first, the tender process was provided and also the Department of Corporate Information Services undertook information sessions with local companies to see whether there was a way they could also be the provider. We were trying to see whether there was a way for them, if they were not the sole provider, they could partner with another organisation to provide the service locally. Knowing who you are talking to on the other end of the phone quite often helps you get the best opportunities for a route through travel.

Sorry, Madam Chair.

Madam CHAIR: Sorry, my apologies. I was not allowing you to answer the member for Nelson's question. My question is was there a cost benefit analysis done on the decision to

go with one provider of travel rather than spreading it across dozens, potentially, within the Northern Territory?

Mr COLEMAN: Madam Chair, we had the KPMG review last year which made that recommendation. They did a fair bit of work on the benefits of it. I am not sure it was termed a cost benefit analysis, but the view of local industry as opposed to a national provider was looked into at that time.

Madam CHAIR: The cost surely will be the wiping out of several travel agents in the Northern Territory when you are looking at \$39m plus. That was not considered, to your knowledge?

Mr COLEMAN: I am sure, Madam Chair, it was considered.

Madam CHAIR: Not interested in the politics, just the facts.

Ms FYLES: Coming back to the point around the verbal approval, how would your review have uncovered verbal approvals? Were other trips given verbal approval before the official process took place?

Mr COLEMAN: Member for Nightcliff, as I indicated to you earlier verbal approvals were documented. The minutes of meetings with ministers are recorded and are agreed between the minister, the agency head and the people who record those minutes that that is what happened in the meeting. Also there was a memo which covered all these approvals, combining them together to say the approvals were given verbally and you have the authorisation to proceed.

Ms FYLES: That is not what these documents show. These documents show the bill was paid three weeks before the trip was undertaken without the approvals. The member for Nelson highlighted in our travel as Legislative Assembly members we have to go through quite a detailed process. How can we have confidence that no other verbal approvals were given for trips?

Mr COLEMAN: Member for Nightcliff I believe you are missing the point. The verbal approvals were recorded so they are documents in writing which your office has. I would be happy to provide those documents to you.

Ms FYLES: But did the order uncover more verbal approvals?

Mr COLEMAN: No, this is in relation to this particular trip. What we always do is make sure, when we are given a request or are getting verbal approvals, we document that I have received verbal approval from a minister to do certain things. That is a document for discovery. There is nothing here that has been hidden or anything like that. It is there as a fact on file.

Ms FYLES: This trip was quite significant. Was there a reason why Latitude Travel was used and why they were paid three weeks beforehand?

Mr COLEMAN: Two questions. Because the minister's office generally used that travel agent, we were asked to see whether we had the capacity to do so. We felt there was no reason why not, so we used them. The reason they were paid ahead of time - that is quite normal where there is a huge amount of expenditure that they have to hold because they are booking and paying for hotels and transfers and those sorts of things ahead of the travel being undertaken. It is like you when you travel somewhere; you pay for your fare before you get on the plane, you do not pay when you get back. So it is quite reasonable ...

Ms FYLES: And make sure something is in writing too.

Mr COLEMAN: Well, as I said, we have it in writing and I am quite happy to provide that.

Ms FYLES: There were also other trips. That was minister Chandler's trip to the UK and the USA. There were other trips, such as a delegation to Greece, a delegation to China, Japan, Vietnam, another trip by minister Chandler to China. These are quite significant amounts. Can you not see why this committee and the general public would want a full independent audit of this travel?

Mr COLEMAN: I am trying to look for the list we have.

Ms FYLES: You are welcome to table them.

Mr COLEMAN: I have the list. I do not have them listed here by minister, but as I said earlier, there are systems in place to do the audits of the travel. It has been a highly public process, so there is no reason why we would not be looking at the travel where there are any anomalies that have arisen. We have gone back and checked with the CEOs to make sure. That is the purpose of last year; to make sure there was nothing that had not been accounted for in the past.

Ms FYLES: Coming back to where you were talking about CEO minutes. Are they enough in the departments for public servants? Is that in the guidelines? Does that comply with the guidelines to make a payment?

Mr COLEMAN: The guidelines indicate that you have to have the approval of the minister before signing off.

Ms FYLES: So would that not be this ministerial approval memo?

Mr COLEMAN: That is the follow-on to make sure that the minister's signature is on documentation, the same as it is for the Chief Minister for the overseas travel.

Ms FYLES: So which one is it? What complies with the public service guidelines? Do they need that memo or is just the minutes from a meeting enough?

Mr COLEMAN: You can answer this.

Mr RYAN: We do need the Chief Minister or the minister to sign off for public sector employees to travel overseas. Likewise, the ministers need the Chief Minister's approval for travel overseas.

Ms FYLES: Would this not normally all be in place before a payment is made?

Mr RYAN: Ideally, yes.

Ms FYLES: We have one clear instance where we have evidence. Why will we not have a full independent audit of travel when we have one anomaly and potentially more. We have just outlined a number of overseas trips at significant cost to the taxpayer. One keeps coming back to the point of why there is no full independent audit?

Mr RYAN: Of the other trips you mentioned, the one for Greece we definitely went through those transactions and looked at them in whether there was value for money. There was nothing further to report.

The one for minister Chandler going to England and the US raised enough of a suspicion for us to report it, which we have done so.

The third one you mentioned was done through CDU, so we cannot comment further on that one.

Ms FYLES: So CDU has implemented a full independent audit of their travel hoping to pick up on any anomalies and chase them up. Why would the NT government not do the same?

Mr COLEMAN: Member for Nightcliff, as you can guess from the bill of \$39m for last year, the number of travels - to go through every single record - the forensic investigation you are talking about was in the order of about \$12m.

Ms FYLES: Surely commonsense would prevail and you could look at travel over a certain amount. How many trips were over \$15 000, or how many trips were over \$10 000, and I think you would find that would be narrowed down to not many trips that should be fully audited. Considering CDU are fully auditing their travel, it is surprising that the Northern Territory government does not want to.

Mr COLEMAN: As we have indicated, we have come up with the anomaly, the one anomaly we have gone through ...

Ms FYLES: That we know about. We have not had a full audit. There might be others there.

Mr COLEMAN: Well, I have confidence in the CEOs and the public sector to provide me with that advice and, I might add, my reach down into organisations is very extensive. I think I would get the feedback if there was anything wrong and I can tell you there are not many organisations I do not have a reach into.

Mr WOOD: Could I just ask, and you can tell me if I am wrong, I thought the Chief Minister said he was going to perhaps start an inquiry into travel from 2002 to now. Do you recall a public statement in the media?

Mr COLEMAN: I think that is a question for the Chief Minister. If he made that I might have been overseas or elsewhere at the time.

Mr WOOD: That is all right. I just thought I would clarify that because I thought I heard it on the media.

Madam CHAIR: I think we could probably do a question on notice for the Chief Minister to that effect.

Mr WOOD: All right, we can do that. We can write to him directly.

Madam CHAIR: Yes.

Mr WOOD: I am probably a little bit at odds with my colleagues. We have an Auditor-General, and you were saying all departments have done an internal audit. Is that correct?

Mr COLEMAN: For this particular matter, yes, they have.

Mr WOOD: I suppose I would be relying on the Auditor-General and we will speak to her later, I presume, to investigate all those internal audits and see what the accuracy of those audits are, because that is her job. Then she can report back to parliament and we can look at the response to that audit. I think if that raises questions then the process will go from there.

Mr COLEMAN: Of course.

Mr WOOD: That is only my opinion. Others might not agree with me.

Mr COLEMAN: Member for Nelson, I agree with you. That is why we have an Auditor-General and why she operates in an independent manner, and I have to say she does an excellent job.

Madam CHAIR: Mr Coleman, you mentioned ongoing investigations before. What are they at the moment, to your knowledge, from a government perspective? Are there any other investigations going on into Latitude Travel within government at the moment?

Mr COLEMAN: No.

Madam CHAIR: So it is finished.

Mr COLEMAN: Apart from the ones that we have mentioned and the PenCon scheme, as you were aware of. Also there is something before the court at the moment. That is the extent of it.

Madam CHAIR: Okay. Thank you.

Ms FYLES: Who signed off on the payment to Latitude Travel in the case that has been referred to police?

Mr COLEMAN: For the expenditure?

Ms FYLES: Yes.

Mr COLEMAN: I did.

Ms FYLES: In the audit review that you did, were there any other cases where travel agents were paid in advance, apart from Latitude Travel?

Mr COLEMAN: I cannot answer that question. I do not know the answer.

Mr RYAN: Are you talking about in advance of approval or in advance of the travel? Because the majority of payments are made in advance of travel being undertaken.

Ms FYLES: Yes, of course. I meant in advance of approval.

Mr RYAN: No, I do not have any history of that.

Ms MANISON: Just referring to one of the answers before, Mr Coleman, in regard to minister Chandler's trip to China with a delegation of school principals. It was very topical at estimates because it was a trip which did not follow normal procedure. For ministerial travel, generally it goes through a ministerial travel process, the Chief Minister signs off - we have been discussing ministerial approval processes for travel and so forth. In this instance it was paid for, I believe, by the Department of Education. You just spoke about the trip and the fact the Centre for School Leadership from CDU was part of that, and clearly they have funding arrangements with the Northern Territory government, which was my understanding. Surely from a government's perspective you would be very interested in the outcome of those investigations, particularly into any travel that may have been booked through that Centre for School Leadership.

Mr COLEMAN: Member for Wanguri, the trip was organised and paid for by Charles Darwin University so I am sure the approval process for the minister travelling overseas would have still been in place for him to get the Chief Minister's approval to travel, because it normally would have to have somebody acting, etcetera. So I will await the outcome of the audit that CDU is undertaking.

Ms MANISON: Granted there has been a lot of work around processes that you discussed as part of your audits and reviews. With this particular example, where we had a minister travelling and it was paid for by a government agency as opposed to the Department of the Chief Minister, which is the usual process - has that been included in the new guidelines to ensure that type of travel is appropriately paid for through the Department of the Chief Minister not the agency's funds?

Mr COLEMAN: Yes it has been, member for Wanguri, but I remind you that the Planning Commissioner was part of that trip and we were organising the overseas trip for him to take the minister on this study tour so it was a bit of both agencies. The Lands and Planning department paid for the Planning Commissioner's trip and the Department of the Chief Minister paid for the minister's trip.

Ms MANISON: I am referring to other trips that were taken. There was a trip to New Zealand and a trip to Singapore and China which were paid for. There is a lot of information here. They were paid for at the time through the Department of Education. For minister Chandler to travel, which normally would have gone through the travel process through the Department of the Chief Minister - that is what I was clarifying - to make sure that if a minister travels on ministerial travel it has been cleared up, clarified in government processes that it is appropriately paid for through the ministerial travel the way it is usually done - through the Department of the Chief Minister. Is it the policy now to make sure ministers abide by that?

Mr COLEMAN: That is in the ministerial travel policy and the departmental travel policies that have gone out.

Ms MANISON: My other question goes to the recent sentencing of Mrs Kamitsis. An outstanding amount was mentioned which was a direct benefit to Mrs Kamitsis. This was mentioned in the sentencing remarks and it went directly to a ministerial trip. Would the NT government be seeking to recover those funds?

Mr COLEMAN: We already have put in a letter of restitution. We have already sought restitution for that outstanding amount.

Ms MANISON: That outstanding amount was?

Mr COLEMAN: It was \$13 000, yes.

Ms MANISON: Thank you, Mr Coleman.

Ms FYLES: Obviously it is important to chase that amount, but why not have a full independent audit which may uncover further amounts which could then be chased up. This is taxpayers' dollars we are talking about which should be invested in health and education not the too hard basket.

Mr COLEMAN: Member for Nightcliff, I said earlier that the cost of a full audit - I did not say it, but basically you would be talking about the cost of a school - \$12m.

Ms FYLES: That is investigating \$39m of travel and that is not what we are proposing. We are saying look at significant travel. If you have an audit it will reveal inflated travel prices and you can then look into those matters.

Mr COLEMAN: Member for Nightcliff, the processes that we have undertaken through the various audits - and that is not just a single auditor doing it - and the reviews we have undertaken have covered off the items you are concerned about. Also, we have the Auditor General who, as I said earlier, does a magnificent job of looking at all the audits. I would propose to you that we should let the Auditor General do her job.

Madam CHAIR: Final questions. We have exhausted an hour, which is what we allocated. Would anyone like to ask any more questions? Thank you very much. It has probably been a gruelling hour. I really appreciate your time Mr Coleman and Mr Ryan to join the Public Accounts Committee this afternoon for this hearing.

Mr COLEMAN: Thank you, Madam Chair. I really appreciate the opportunity to outline the processes that we have put in place in the last twelve months to ensure that the things that need to be done are in place. My job is to make sure that going forward we have the best system I can possibly implement.

Madam CHAIR: Thank you very much.

The committee concluded at 2.30 pm.

