



**LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY**

**Public Accounts Committee**

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**Annual Report**

**2016-17**

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## Chair's Preface

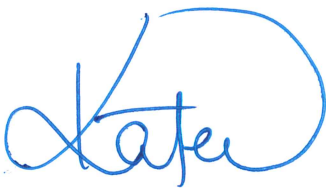
The Public Accounts Committee has had three focus areas for its activity since its appointment in October 2016: examination of the Auditor-General's reports, review of systems for the management of major projects, including the Palmerston Regional Hospital, and a referral from the Assembly on taxi licensing and subleasing.

The Committee has continued to work with the Auditor-General on issues raised in her audit reports. Examining audit reports enables the Committee to ensure there is an adequate response to key recommendations and identify systemic issues in the management of public money by Government agencies.

The Committee has also continued the work of the previous Public Accounts Committee in examining the management of the Palmerston Regional Hospital project, and the issues it has raised for the management of major projects generally.

The Assembly's referral on taxi licensing and subleasing has gained a significant level of interest, with the Committee having received over 70 submissions. As of 30 June 2017 the Committee had held one private briefing and scheduled public hearings in Alice Springs and Darwin for July.

I thank the Committee members for their continued cooperative approach to the Committee's activities. I also thank the Auditor-General, Ms Julie Crisp, for the ongoing assistance and professional support she provides to the Committee and the Assembly as a whole. Finally, I thank the individuals and organisations that have made submissions to the Committee's inquiry, as well as the Chief Executives of agencies for their preparations and responsiveness in providing information to the Committee and appearing at public hearings and private briefings.



**Mrs Kate Worden MLA**

**Chair**

## Committee Members

	<b>Mrs Kate Worden MLA:</b> Member for Sanderson	
	<b>Party:</b>	Territory Labor
	<b>Committee Membership</b>	
	<b>Standing:</b>	Public Accounts
	<b>Chair:</b>	Public Accounts
	<b>Mr Terry Mills MLA:</b> Member for Blain	
	<b>Party:</b>	Independent
	<b>Committee Membership</b>	
	<b>Standing:</b>	Public Accounts, Legal and Constitutional Affairs, Subordinate Legislation and Publications, Estimates
	<b>Deputy Chair</b>	Public Accounts
	<b>Mrs Lia Finocchiaro MLA:</b> Member for Spillett	
	<b>Party:</b>	Country Liberals
	<b>Parliamentary Position:</b>	Deputy Leader of the Opposition
	<b>Committee Membership</b>	
	<b>Standing:</b>	Public Accounts, Legal and Constitutional Affairs, Subordinate Legislation and Publications, Privileges
	<b>Mr Paul Kirby MLA:</b> Member for Port Darwin	
	<b>Party:</b>	Territory Labor
	<b>Parliamentary Position:</b>	Government Whip
	<b>Committee Membership</b>	
	<b>Standing:</b>	Public Accounts, Standing Orders
	<b>Mr Tony Sievers MLA:</b> Member for Brennan	
	<b>Party:</b>	Territory Labor
	<b>Committee Membership</b>	
	<b>Standing:</b>	Public Accounts, Legal and Constitutional Affairs, Subordinate Legislation and Publications
	<b>Mr Gerry Wood MLA:</b> Member for Nelson	
	<b>Party:</b>	Independent
	<b>Committee Membership</b>	
	<b>Standing:</b>	Public Accounts, Privileges
<p>On 15 February 2017, Member for Stuart, Mr Scott McConnell MLA was discharged from the Committee and replaced by Member for Brennan, Mr Tony Sievers MLA. On 20 June 2017, Member for Nhulunbuy, Mr Yingiya Guyula MLA was discharged from the Committee and replaced on 21 June 2017 by Member for Nelson, Mr Gerry Wood MLA.</p>		

## **Committee Secretariat**

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## Terms of Reference

### STANDING ORDER 177

#### **Public Accounts Committee**

- (1) Public Accounts Committee will be appointed at the commencement of each Assembly and have the following duties:
  - (a) to examine the accounts of the receipts and expenditure of the Northern Territory and each statement and report tabled in the Legislative Assembly, pursuant to the *Financial Management Act* and the *Audit Act*
  - (b) to report to the Legislative Assembly with such comments as it thinks fit, any items or matters in or arising in connection with those accounts, statements or reports, or in connection with the receipt or disbursement of the moneys to which they relate, to which the committee is of the opinion that the attention of Parliament should be drawn
  - (c) to report to the Legislative Assembly any alteration which the committee thinks desirable in the form of the public accounts or in the method of keeping them or in the method of receipt, control, issue or payment of public moneys
  - (d) to inquire into and report to the Legislative Assembly on any question in connection with the public accounts of the Northern Territory
    - (i) which is referred to it by a resolution of the Assembly or
    - (ii) which is referred to it by the Administrator or a Minister
  - (e) to inquire into and report to the Legislative Assembly on any matters within the executive authority of Ministers of the Territory to which the committee is of the opinion that the attention of the Assembly should be drawn.
- (2) The Committee will consist of six Members.
- (3) The Committee must take care not to inquire into any matters which are being examined by a Select Committee of the Assembly especially appointed to inquire into such matters and any question arising on possible overlap may be referred to the Assembly for determination.
- (4) The Committee will elect a Government Member as Chair.
- (5) The Committee will have power to appoint sub-committees and to refer to any such sub-committee any matter which the Committee is empowered to examine.
- (6) The Committee will provide an annual report of its activities to the Assembly.

# 1 Introduction

## Establishment and Functions of Committee

- 1.1 The Northern Territory Public Accounts Committee was established by the Assembly on Tuesday 18 October 2016 under Standing Order 177.
- 1.2 The duties of the Public Accounts Committee include to inquire into and report to the Legislative Assembly on any question in connection with the public accounts of the NT as it deems necessary as well as any matter referred to it by the Assembly, Administrator or any Minister. The Committee also examines the reports of the Auditor-General.
- 1.3 It also has the duty “to inquire into and report to the Legislative Assembly on any matters within the executive authority of ministers of the Territory to which the committee is of the opinion that the attention of the Assembly should be drawn”.<sup>1</sup>

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<sup>1</sup> Standing Order 177(1)(e)



## 2 Committee Program

### Meetings

2.1 The Public Accounts Committee met nine times during the reporting period. The details of these meetings are set out below.

MEETING	KEY AGENDA ITEMS AND RESOLUTIONS PASSED
<p>Meeting No. 1 25 October 2016</p>	<ul style="list-style-type: none"> <li>• The Committee elected Mr Mills as Deputy Chair of the Committee.</li> <li>• The Committee received a briefing from the Auditor-General, Ms Julie Crisp, on her role and highlights from her June 2016 Report to the Assembly.</li> <li>• The Committee resolved to seek a written briefing from the Office of Major Projects, Infrastructure and Investment on: <ul style="list-style-type: none"> <li>○ Actions in response to recommendations to improve project planning, risk assessment and management and agency collaboration for future across government major projects.</li> <li>○ The total cost of the Palmerston Regional Hospital Project.</li> <li>○ The audit process in place regarding the use of local workers under second tier contracts.</li> </ul> </li> </ul>
<p>Meeting No. 2 22 November 2016</p>	<ul style="list-style-type: none"> <li>• The Committee received a briefing from the Auditor-General on her November 2016 Report to the Assembly and asked questions on June 2016 Report.</li> </ul>
<p>Meeting No. 3 14 February 2017</p>	<ul style="list-style-type: none"> <li>• The Committee nominated Mr Mills to attend, on behalf of the Committee, the <i>National Integrity 2017: Building the public/private alliance</i> conference in Brisbane 16-17 March.</li> <li>• The Committee resolved to invite the Chief Executives of the Department of Trade, Business and Innovation and the Department of Infrastructure, Planning and Logistics to appear before the Committee regarding the Palmerston Regional Hospital and major projects. The Committee also agreed to inform the relevant Ministers of the invitations to the Chief Executives.</li> <li>• The Committee agreed that Mrs Worden and Mr Guyula would represent it at the ACPAC Conference in Brisbane 19-21 April.</li> </ul>

<b>MEETING</b>	<b>KEY AGENDA ITEMS AND RESOLUTIONS PASSED</b>
<p>Meeting No. 4 27 February 2017</p>	<ul style="list-style-type: none"> <li>• The Committee agreed that as Mr Guyula could no longer attend the ACPAC Conference, Mr Sievers would attend in his place.</li> <li>• The Committee discussed the taxi industry inquiry referred by the Assembly and resolved to: <ul style="list-style-type: none"> <li>○ Rename the reference on the taxi industry the “Inquiry into Taxi Licencing and Subleasing” to better reflect the scope of the inquiry.</li> <li>○ Advertise the call for submissions in the NT News, Centralian Advocate, Katherine Times and Tennant and District Times.</li> <li>○ Write to stakeholders to invite submissions and request that the Department of Infrastructure, Planning and Logistics distribute the call for submissions to taxi drivers.</li> </ul> </li> </ul>
<p>Meeting No. 5 21 March 2017</p>	<ul style="list-style-type: none"> <li>• The Committee held a public hearing to discuss the Auditor-General’s findings from her June 2016 report on the Palmerston Regional Hospital and the future management of major projects with witnesses appearing from: <ul style="list-style-type: none"> <li>○ Department of Infrastructure, Planning and Logistics</li> <li>○ Department of Trade Business and Innovation</li> <li>○ Department of Health.</li> </ul> </li> <li>• The Committee resolved to keep material provided to the Chair for the Inquiry into Taxi Licencing and Subleasing confidential and to request the details of taxi licence holders from the Department of Infrastructure, Planning and Logistics.</li> </ul>
<p>Meeting No. 6 9 May 2017</p>	<ul style="list-style-type: none"> <li>• The Auditor-General provided a briefing to the Committee on her March 2017 report to the Assembly and discussed the public hearing on major projects held on 21 March 2017.</li> <li>• The Committee authorised the publication of the transcript from the public hearing held on 21 March 2017 and the answers to questions taken on notice.</li> <li>• With respect to the Inquiry into Taxi Licensing and Subleasing, the Committee resolved to:</li> </ul>

MEETING	KEY AGENDA ITEMS AND RESOLUTIONS PASSED
	<ul style="list-style-type: none"> <li>○ Keep all submissions confidential at this stage.</li> <li>○ Extend the due date for submission to 2 June 2017.</li> <li>○ Write to all taxi drivers and licence holders to invite submissions.</li> <li>○ Write to the Chief Executive of the Department of Infrastructure, Planning and Logistics to request copies of legal advice provided to the Department regarding the lawfulness of subleasing.</li> <li>○ Invite the Department of Infrastructure, Planning and Logistics to attend a private briefing.</li> </ul>
Meeting No. 7 30 May 2017	<ul style="list-style-type: none"> <li>• The Committee held a private briefing with witnesses from the Department of Infrastructure, Planning and Logistics as part of its inquiry into Taxi Licensing and Subleasing.</li> </ul>
Meeting No. 8 7 June 2017	<ul style="list-style-type: none"> <li>• The Committee noted the submissions received to its inquiry into Taxi Licensing and Subleasing and resolved to write to submitters raising allegations of corruption to: <ul style="list-style-type: none"> <li>○ Advise them that the Committee will refer the allegations to the Public Interest Disclosures Commissioner without identifying sources.</li> <li>○ Encourage submitters to contact the Office of the Public Interest Disclosures Commissioner to provide details of allegations for investigation.</li> </ul> </li> <li>• The Committee also resolved to refer the allegations of corruption in four submissions to the Public Interest Disclosure Commissioner without identifying the sources of the allegations.</li> </ul>
Meeting No. 9 16 June 2017	<ul style="list-style-type: none"> <li>• The Committee agreed to hold public hearings in Darwin and Alice Springs in July 2017 and resolved to invite witnesses from drivers' associations, taxi network companies, the Taxi Council of the NT and the Department of Infrastructure, Planning and Logistics.</li> </ul>

## Auditor-General

2.2 The Auditor-General, Ms Julie Crisp, provided three briefings to the Committee during the reporting period which included an overview of the role of the Auditor-General's Office and the findings of agency audits reported to the Assembly from June 2016 to March 2017.

2.3 The Auditor-General attended the public hearing on the Palmerston Regional Hospital and the management of future major projects and provided advice to the Committee on witnesses' responses to the findings of her June 2016 report. The Committee considers that the scrutiny of public accounts is enhanced by the attendance of the Auditor-General as it allows the Committee the opportunity to seek immediate advice from the Auditor-General in the presence of agency representatives and encourages good communication, further transparency and accountability.

### **Australasian Council of Public Accounts Committees**

2.4 The Committee Chair, Mrs Kate Worden, Member for Sanderson, Mr Tony Sievers, Member for Brennan and Mr Russell Keith, First Clerk Assistant attended the Australasian Council of Public Accounts Committees' Biennial Conference held in Brisbane on 19-21 April 2017.

2.5 The theme for the conference was 'Contemporary Challenges for Parliamentary Oversight of Public Accounts', with session topics including:

- Strategic reviews of Auditors-General Offices
- Parliamentary public accounts oversight – holding PACs to account
- Following up on audit reports – how can parliamentary oversight add value
- Auditors-General panel
- Global investments and PPPs – how can PACs oversight multi-national projects
- Beyond the audit – interagency cooperation to maintain integrity
- Parliamentarians versus politicians.

2.6 Mrs Worden delivered the Northern Territory's jurisdiction report to the ACPAC.

## **3 Reports on Hearings**

### **Palmerston Regional Hospital and Major Projects**

3.1 On 21 March 2017, the Committee heard from the Department of Infrastructure, Planning and Logistics, the Department of Trade, Business and Innovation and the Department of Health about the Palmerston Regional Hospital and the future management of major projects. The hearing was the result of the Auditor-General's June 2016 Report which outlined deficiencies in the planning and management of the Palmerston Regional Hospital and recommendations to improve the management of future major projects.

3.2 Issues discussed included:

- Northern Territory Infrastructure Strategy consultation draft
- Policy and procedures for planning major projects, including public private partnerships
- The use of probity advisors in major projects
- Risk and procurement management
- Retention of decision making documentation
- Budget and actual costs to date of the Palmerston Regional Hospital
- Monitoring awarding Palmerston Regional Hospital trade packages to local contractors.

## 4 Inquiry Referrals

### Taxi Licensing and Subleasing

4.1 On 15 February 2017, the Legislative Assembly resolved that the Assembly refer to the Public Accounts Committee for inquiry and report the efficiency, effectiveness and probity of the regulation and licensing of the Northern Territory Taxi industry, having particular regard to:

- a) the allocation of taxi licences by the Department of Transport
- b) the subleasing of taxi licences
- c) the future of the taxi industry in the Northern Territory

This resolution has effect despite any inconsistency with the Standing Orders

4.2 As of 30 June the inquiry was still in progress, with the Committee having received over 70 submissions. As previously noted, in May the Committee held a private briefing with witnesses from the Department of Infrastructure, Planning and Logistics and scheduled public hearings in Darwin and Alice Springs to be held in mid-July.