



**LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY**

**Public Accounts Committee**

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**Annual Report**

**2012 – 13**

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## National Library of Australia Cataloguing-in-Publication Data

**Author:** Northern Territory. Legislative Assembly. Public Accounts Committee

**Title:** Public Accounts Committee, annual report 2012-13 / Public Accounts Committee

**ISBN:** 9780987432834 (paperback)

**Subjects:** Northern Territory. Legislative Assembly. Public Accounts Committee.  
Administrative agencies--Northern Territory--Finance.  
Northern Territory--Appropriations and expenditures.

**Dewey Decimal Classification Notation:** 351.942902439

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## Chair's Preface

The Public Accounts Committee plays an important role in examining expenditure of public money and ensuring government agencies manage with efficiency, effectiveness and economy. This annual report advises the Legislative Assembly of the Northern Territory and the general public on the Committee's activities over the 2012-13 financial year.

The first quarter of the year saw the end of the 11<sup>th</sup> Assembly and the election of a new Government. The Hon Peter Styles MLA was appointed Chair of the Committee from the beginning of the 12<sup>th</sup> Assembly until he was discharged on his appointment to the Ministry in March 2013, after which I was elected Chair. I acknowledge the excellent work Peter did while chairing the Committee during that period.

As noted in Chapter 3, the Committee accepted an inquiry referral from the Attorney-General regarding the Public Private Partnership arrangements for the Darwin Correctional Precinct. That inquiry was the focus of the Committee for much of the year until it reported in May. Throughout the year the Committee also followed up on issues raised in the Auditor-General's reports and held hearings with agencies. Details on the outcomes of these hearings will be published in a future report on the examination of the Auditor-General's reports.

I thank the Auditor-General and agencies involved for the assistance they have provided in clarifying issues of concern or interest to the Committee. My thanks also go to the Committee members for their cooperative and bi-partisan approach in the conduct of the Committee's activities. I thank the secretariat staff for their support.

On behalf of the Committee, I commend this annual report to the House.



**Lia Finocchiaro MLA**

**Chair**

## Committee Members

	<b>Ms Lia FINOCCHIARO MLA</b> Member for Drysdale	
	<b>Party:</b>	Country Liberals
	<b>Parliamentary Position:</b>	Government Whip
	<b>Committee Membership</b>	
	<b>Standing:</b>	Public Accounts; Estimates & Government Owned Corporations; Legal & Constitutional Affairs; Subordinate Legislation & Publications.
	<b>Chair*:</b>	Public Accounts; Estimates & Government Owned Corporations.
	<b>Ms Larisa LEE MLA</b> Member for Arnhem	
	<b>Party:</b>	Country Liberals
	<b>Committee Membership</b>	
	<b>Standing:</b>	Public Accounts; Estimates & Government Owned Corporations; House.
	<b>Mrs Bess PRICE MLA</b> Member for Stuart	
	<b>Party:</b>	Country Liberals
	<b>Parliamentary Position:</b>	Deputy Chairman of Committees
	<b>Committee Membership</b>	
	<b>Standing:</b>	Public Accounts, Estimates & Government Owned Corporations; Legal & Constitutional Affairs; Subordinate Legislation & Publications.
	<b>Chair:</b>	Legal & Constitutional Affairs; Subordinate Legislation & Publications.
	<b>Mr Michael GUNNER MLA</b> Member for Fannie Bay	
	<b>Party:</b>	Australian Labor Party
	<b>Parliamentary Position:</b>	Opposition Whip
	<b>Committee Membership</b>	
	<b>Standing:</b>	Public Accounts; Estimates & Government Owned Corporations; Legal & Constitutional Affairs; Subordinate Legislation & Publications; Standing Orders.
	<b>Ms Natasha FYLES MLA</b> Member for Nightcliff	
	<b>Party:</b>	Australian Labor Party
	<b>Committee Membership</b>	
	<b>Standing:</b>	Public Accounts; Estimates & Government Owned Corporations; House.
	<b>Mr Gerry Wood MLA</b> Member for Nelson	
	<b>Party:</b>	Independent
	<b>Committee Membership</b>	
	<b>Standing:</b>	Public Accounts; Estimates & Government Owned Corporations; Standing Orders.
* Hon Member for Sanderson, Mr Peter Styles, was Committee Chair from 25 October 2012 through to 26 March 2013 when Member for Drysdale, Ms Lia Finocchiaro, took over as Chair. Member for Stuart, Mrs Bess Price, joined the Committee on 26 March 2013.		

## **Committee Secretariat**

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Senior Research Officer: Dr Jennifer Buckley  
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## Terms of Reference

- (1) A Standing Committee of Public Accounts to consist of five members shall be appointed at the commencement of each Assembly.
- (2) The duties of the Committee shall be –
  - (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; and
  - (e) to examine the reports of the Auditor-General tabled in the Legislative Assembly with the accounts of an Agency of the Northern Territory, including any documents annexed or appended to those reports, pursuant to the *Audit Act*.
- (3) The Committee shall examine only those accounts of receipts and expenditure of the Northern Territory and reports of the Auditor-General for financial years commencing after 30 June 1986 provided that this shall not prevent the consideration by the Committee of matters included in reports of the Auditor-General for the year ending 30 June 1986 which have or may have a continuing effect on the form of the public accounts, the method of receipt, control issue or payment of public moneys.
- (4) Prior to determining whether to undertake an inquiry into any matter which may have arisen in connection with the public accounts of the Northern Territory, pursuant to paragraphs (2)(a) and (e), with the concurrence of the Committee, the Chairman is empowered to write to the Chief Executive Officer of the relevant agency for a report on the matter.
- (5) The Committee shall 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 in connection therewith may be referred to the Assembly for determination.

- (6) The Committee shall elect a Government Member as Chairman.
- (7) The Chairman of the Committee may, from time to time, appoint a member of the Committee to be the Deputy Chairman of the Committee and the Member so appointed shall act as Chairman of the Committee at any time when there is no Chairman or when the Chairman is not present at a meeting of the Committee.
- (8) In the event of an equality of voting, the Chairman, or the Deputy Chairman when acting as Chairman, shall have a casting vote.
- (9) The Committee shall have power to appoint sub-committees and to refer to any such sub-committee any matter which the Committee is empowered to examine.
- (10) Three Members of the Committee shall constitute a quorum of the Committee and two Members of a sub-committee shall constitute a quorum of the sub-committee.
- (11) The Committee or any sub-committee shall have power to send for persons, papers and records, to adjourn from place to place, to meet and transact business in public or private session and to sit during any adjournment of the Assembly.
- (12) The Committee shall be empowered to print from day to day such papers and evidence as may be ordered by it and, unless otherwise ordered by the Committee, a daily *Hansard* shall be published of such proceedings of the Committee as take place in public.
- (13) The Committee may proceed to the dispatch of business notwithstanding that all Members have not been appointed and notwithstanding any vacancy.
- (14) The Committee shall report annually and shall have leave to report from time to time and to report its proceedings and evidence taken; and any Member of the Committee shall have power to add a protest or dissent to any Report.
- (15) Unless otherwise ordered by the Committee, all documents received by the Committee during its inquiry shall remain in the custody of the Assembly provided that, on the application of a department or person, any document, if not likely to be further required, may, in the Speaker's discretion, be returned to the department or person from whom it was obtained.
- (16) The Committee shall be provided with all necessary staff, facilities and resources and shall be empowered, with the approval of the Speaker, to appoint persons with specialist knowledge for the purposes of the Committee.

# 1 Introduction

## Establishment of Committee

- 1.1 The Northern Territory Standing Committee on Public Accounts was established by the Assembly on 9 September 2008 under Standing Order 21A of the Legislative Assembly of the Northern Territory.

## Functions of the Committee

- 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.

## Powers of the Committee

- 1.3 The Public Accounts Committee derives its authority from the *Northern Territory (Self-Government) Act* (Cth), the *Legislative Assembly (Powers and Privileges) Act* (NT), and Standing Orders of the Northern Territory Legislative Assembly.

## 2 Committee Program

### Meetings

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

<b>MEETING NO. AND DATE</b>	<b>KEY AGENDA ITEMS AND RESOLUTIONS PASSED</b>
Meeting No. 1 30 October 2012	<ul style="list-style-type: none"> <li>• The Committee resolved to invite to its next meeting:               <ol style="list-style-type: none"> <li>a) The Auditor-General to brief the Committee on his October 2012 Report.</li> <li>b) The Chief Executive Officer of the Department of Infrastructure to appear before it at a public hearing on progress made in implementing the Asset Management System; and</li> <li>c) The Chief Executive Officer of the Department of Housing to appear before it at a public hearing on how the implementation of the Asset Management System is affecting the Department of Housing.</li> </ol> </li> </ul>
Meeting No. 2 1 November 2012	<ul style="list-style-type: none"> <li>• Mr David Francis briefed the Committee on his role as the reviewer for the Northern Territory Auditor-General's Office.</li> </ul>
Meeting No. 3 27 November 2012	<ul style="list-style-type: none"> <li>• The Auditor-General briefed the Committee on his October 2012 Report to the Legislative Assembly. The Committee resolved to invite the Auditor-General to continue his briefing at its next meeting.</li> <li>• Hearing with Mr Alan Wagner (Chief Executive: Department of Infrastructure) and Ms Cate Lawrence (Executive Director: Department of Infrastructure) on the implementation of the Asset Management System.</li> <li>• Hearing with Mr John Baskerville (Chief Executive: Department of Housing) and Ms Mychelle Curran (Deputy Chief Executive Urban Housing: Department of Housing) on the implementation of the Asset Management System.</li> </ul>
Meeting No. 4 5 December 2012	<ul style="list-style-type: none"> <li>• The Auditor-General continued his briefing of the Committee on his October 2012 Report to the Legislative Assembly.</li> <li>• Accepted inquiry referral from Attorney-General re Public Private Partnership Arrangements for the Darwin Correctional Precinct.</li> <li>• The Committee authorised publication of:               <ol style="list-style-type: none"> <li>a) corrected hearing transcripts from 27 November 2012 to the PAC website.</li> <li>b) inquiry referral from the Attorney-General into the Public Private Partnership arrangements for the Darwin Correctional Precinct to the PAC website.</li> </ol> </li> <li>• The Committee resolved to invite to its next meeting:               <ol style="list-style-type: none"> <li>a) The Chief Executive Officer of the Department of Health to appear before it at a public hearing on progress made in implementing recommendations from the Auditor-General's October 2012 Report regarding the Grants Management System.</li> <li>b) Mr Patrick Coleman (Project Director: NT Secure Facilities PPP), to appear before it at a public hearing into the Public Private Partnership Arrangements for the Darwin Correctional Precinct.</li> </ol> </li> </ul>

<b>MEETING NO. AND DATE</b>	<b>KEY AGENDA ITEMS AND RESOLUTIONS PASSED</b>
Meeting No. 5 13 December 2012	<ul style="list-style-type: none"> <li>• The Committee resolved that the hearing with Mr Pat Coleman (Project Director: NT Secure Facilities PPP) scheduled for 17 December 2012 be held <i>in camera</i>.</li> </ul>
Meeting No. 6 17 December 2012	<ul style="list-style-type: none"> <li>• The Auditor-General briefed the Committee on his audit of the Asset Management System, noting that his post implementation review would be tabled in March.</li> <li>• Hearing with Mr Jeff Moffet (Chief Executive Officer: Department of Health), Ms Lesley Kemmis (Acting Director, Policy and Services Development: Department of Health), Mr Stephen Moo (Chief Information Officer: Department of Health) and Ms Jan Currie (Senior Director Office of the Chief Executive: Department of Health) on the implementation of recommendations from the Auditor-General's October 2012 Report regarding the Grants Management System.</li> <li>• The Committee resolved to revisit the Grants Management System at a later time and also discussed obtaining feedback on the system from grant recipients.</li> <li>• Hearing with Mr Patrick Coleman (Project Director: NT Secure Facilities PPP) on the Public Private Partnership Arrangements for the Darwin Correctional Precinct.</li> <li>• The Committee resolved to call for submissions to its inquiry into PPP arrangements for the Darwin Correctional Facility by 1 February 2013.</li> </ul>
Meeting No. 7 12 February 2013	<ul style="list-style-type: none"> <li>• The Committee authorised publication of: <ul style="list-style-type: none"> <li>a) that part of the transcript of its hearing on 17 December 2012 on the Darwin Correctional Facility which has not been marked as confidential.</li> <li>b) submissions 1 and 2 to its inquiry into the PPP arrangements for the Darwin Correctional Facility.</li> <li>c) the transcript of its hearing on 17 December 2013 on the Department of Health's Grants management System.</li> </ul> </li> <li>• The Committee resolved to: <ul style="list-style-type: none"> <li>a) Write to the Department of Health seeking clarification as to the action taken, or intended to be taken, with regards to the Auditor-General's recommendations identified in Schedules 8, 9, 10 and 13 in its answers to questions taken on notice.</li> <li>b) invite the Auditor-General to attend its next meeting.</li> </ul> </li> <li>• The Committee agreed to the Chair, a non-Government member of the Committee, and the Committee Secretary attending the Sydney Australasian Council of Public Accounts Committees conference from 10 April to 13 April 2013 and asked the Chair to seek the approval of the Speaker.</li> <li>• The briefing on progress into the PPP inquiry was held over to the next meeting.</li> </ul>
Meeting No. 8 21 February 2013	<ul style="list-style-type: none"> <li>• The Auditor-General briefed the Committee on the strategic review of the NT Auditor-General's Office by Bentleys (SA) Pty Ltd.</li> <li>• The Auditor-General also briefed the Committee on his audit of the Darwin Correctional Precinct PPP arrangement.</li> </ul>
Meeting No. 9 26 March 2013	<ul style="list-style-type: none"> <li>• Following the promotion of Committee Chair Member for Sanderson, Mr Peter Styles, to the Ministry, Member for Drysdale, Ms Lia Finocchiaro was elected as Chair.</li> </ul>

MEETING NO. AND DATE	KEY AGENDA ITEMS AND RESOLUTIONS PASSED
	<ul style="list-style-type: none"> <li>• Hearing with Mr Alan Wagner (Chief Executive: Department of Infrastructure), Mr Alan Tregilgas (Under Treasurer: Department of Treasury and Finance), Mr Ken Middlebrook (Chief Executive: Department of Correctional Services) on the Public Private Partnership Arrangements for the Darwin Correctional Precinct.</li> <li>• The Committee resolved to undertake a site visit of the Darwin Correctional Precinct.</li> </ul>
Meeting No. 10 5 April 2013	<ul style="list-style-type: none"> <li>• Site visit of the Darwin Correctional Precinct.</li> </ul>
Meeting No.11 2 May 2013	<ul style="list-style-type: none"> <li>• The Committee authorised publication of that part of the transcript of its hearing on 26 March 2013 on the Darwin Correctional Precinct which has not been marked as confidential.</li> <li>• The Committee agreed to hold further hearings on the Asset Management System, Grants Management System and other issues arising from the Auditor-General's reports during August.</li> </ul>
Meeting No. 12 16 May 2013	<ul style="list-style-type: none"> <li>• The Committee resolved that the Chair's draft report on the Public Private Partnership Arrangements for the Darwin Correctional Precinct be adopted.</li> <li>• The Committee agreed to write to the Chief Minister and the Minister for Health requesting that a Select Committee be established to inquire into the proposed policy regarding Mandatory Rehabilitation.</li> </ul>

## Auditor-General

- 2.2 The Auditor-General briefed the Committee on five occasions regarding the findings of audits undertaken during the 2012-13 financial year.
- 2.3 In addition to briefings, the Auditor-General attended all committee hearings with selected government departments requested to appear before the Committee as part of following up on matters raised in the reports of the Auditor-General.
- 2.4 The Committee believes that its scrutiny of the public accounts is enhanced by the attendance of the Auditor-General at its hearings as it allows the Committee to obtain 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 Conference

- 2.5 The Committee Chair, Ms Lia Finocchiaro MLA, Independent Member Mr Gerry Wood MLA and the Committee Secretary, Mr Russell Keith, attended the Australasian Council of Public Accounts Committees biannual conference held in Sydney 10-13 May 2013.
- 2.6 The theme for the conference was 'Public Accounts Committees: Adapting to a changing environment', with sessions covering such issues as:
- the challenges for Auditors-General and Public Accounts Committees in meeting increased public expectations for accountability for performance as

well as financial probity and adapting to shared forms of service delivery, such as through non-government organisations, national partnership agreements between the Commonwealth and States and Territories, as well as bilateral relationships between State and Territory Governments and with the Commonwealth;

- effectively engaging with the public, including use by committees of deliberative democracy processes;
- contrasting the role of parliamentarian and politician;
- the relationship between the Auditor-General and Public Accounts Committee;
- international perspectives on the role of the legislature in public financial oversight; and
- the impact of the changes to the Queensland Parliamentary committee system on the public accounts function.

2.7 The Committee's delegates to the conference were particularly impressed with the significant role played by committees in many jurisdictions in relation to the legislative process and policy development as well as the scrutiny of Government administration. For example, the delegates noted the Queensland Legislative Assembly, another unicameral parliament, had parliamentary committees covering all government portfolios and Bills were normally referred to the relevant committee for inquiry as part of the Assembly's legislative process.

2.8 The Committee considers that there is significant potential for the Northern Territory's committee system to be expanded to assist the Assembly to give more thorough consideration to Bills and engage the community on some of the policy challenges facing the Northern Territory.

### 3 Inquiry Referral

- 3.1 On 5 December 2012 the Committee accepted an inquiry referral from the Attorney-General regarding the Public Private Partnership arrangements for the Darwin Correctional Precinct.
- 3.2 The Committee was asked to inquire into and report:
- (1) Upon the tender processes for the Darwin Correctional Precinct;  
With particular reference to:
    - a) whether the probity objectives were the most applicable for this project and whether they were successfully completed;
    - b) the adequacy of the public sector comparator used in the tender process;
    - c) the accuracy of the value for money comparison, and particularly the estimate of the cost to the Government of delivering the project under a traditional procurement method;
    - d) the adequacy of disclosure of the costs of this; and
    - e) any steps needed to ensure full disclosure.
  - (2) Upon the annual cost of the project and identification of each component of these costs from this financial year to the expiration of the contract.
  - (3) The extent and nature of the risks NT Government is exposed to as a result of this arrangement.
  - (4) Whether or not the funding method used represented the optimum value for money.
- 3.3 The details of this inquiry are covered separately in the Public Account Committee's report *Public Private Partnership arrangements for the Darwin Correctional Precinct*, which was tabled in the Assembly on 16 May 2013.