



## Second Public Sector Performance Report

# Executive Summary

Report 8 – August 2006

This Second Public Sector Performance Report for 2006 brings to notice the results of three examinations.

### Western Power Senior Executive Payouts

During the final audit of the Western Power Corporation (WPC) financial statements for the nine months to 31 March 2006 it was noted that a number of senior executives had received termination payments that exceeded the written provisions of their contracts. In the absence of appropriate supporting documentation and explanations further audit enquiries were undertaken.

This examination identifies lessons to be learnt in reconciling accountability of corporatised bodies within a public sector ownership framework.

The examination found...

- The Board acted and exercised discretion within its powers in approving termination payments that exceeded the written terms of the employment contracts.
- There was inadequate record keeping in respect to executive remuneration, termination payments and performance bonuses.
- In the context of public ownership and oversight of this corporatised entity the level of probity and transparency provided by the Board and that expected by the Minister and Parliament, who act on behalf of the community, needed to be clarified.

### Informing the Public: Providing Information on the Timeliness of Services

Service timeliness is a daily concern to many people. The public made more than 250 000 calls to emergency services and made over 100 million public transport trips in 2004-05.

Service timeliness contributes to public satisfaction with services. Agencies need to be responsive to public expectations by providing quality timeliness information to assist users of services and to drive service quality.

This examination reviews the quality of timeliness information publicly provided by seven agencies for a sample of nine key services: police, fire, ambulances, water, electricity, buses, metropolitan and country trains, and taxis. There is likely to be a significant impact on the public if these services are not delivered in a timely manner.

Pointers are provided for improving the usefulness and accessibility of publicly provided timeliness information.

The examination found...

- For the services reviewed, the Western Australian public are generally well served in terms of the quality of timeliness information provided to them compared to other Australian jurisdictions.
- However, the agencies reviewed could improve the usefulness of the timeliness information by:
  - providing the range of times it takes to deliver services
  - identifying times and localities where performance differs
  - explaining how targets are set and the reasons for not meeting them.
- Access to timeliness information could be enhanced with websites and other technologies providing additional information.

The examination recommended...

Agencies should:

- review and improve the usefulness of their publicly provided timeliness information, including information about how targets are set and the reasons for not meeting targets
- explore opportunities to enhance access to timeliness information.



## AUDITOR GENERAL FOR WESTERN AUSTRALIA

### Setting Fees – Extent of Cost Recovery – Follow-up

This examination follows up our 2004 report *Setting Fees – The Extent of Cost Recovery*. That report found insufficient and fragmented policy direction had contributed to inappropriate fee setting decisions and limited disclosure of agency pricing policies.

The follow-up examination involved a desk-top audit using information requested from six additional agencies to assess current fee setting practices concerning a sample of their fees. It also involved a review of the annual reports of 20 agencies to assess how they disclosed their fee setting policies. As well, we sought information from three of the agencies that we examined in 2004 to determine whether fees that were significantly over recovering costs in 2004 are now more closely aligned to cost.

The follow-up examination found evidence of improvement in agency costing and fee setting practices. Such improvement should be occurring given the established use of accrual accounting, greater understanding of the user pays principle and enhanced functionality of financial systems. However, further improvement is still needed.

What the follow-up examination found:

- Changes are yet to be made to the government guidelines on *Costing and Pricing Government Services* which are a key component of the whole-of-government policy framework for setting fees and charges. However, they are currently under review with completion expected by late 2006.
- Agencies are now required to certify to the Department of Treasury and Finance (DTF) that their fee setting practices are materially accurate and the fees reasonably reflect costs. DTF does not test the reliability of these certifications as part of its oversight role.
- Two of the three agencies that were significantly over recovering sampled fees in 2004 have reduced them by between 18 per cent and 50 per cent and as such they now more reasonably align with costs. The third agency has not reduced the over recovering fee.
- Of the current sample of six categories of fees, only probate fees significantly over recovered costs (by almost 200 per cent). No clear justification was available for this level of over recovery.
- Only half of the 20 sampled agencies met annual report disclosure requirements for their fee setting policies. However, this was an improvement on the 2004 finding when only one of six agencies was compliant.

What the follow-up examination recommended...

- DTF should complete the revision of the guidelines as a matter of urgency and should selectively review the accuracy and reliability of agency fee certifications
- Agencies should provide meaningful disclosure of their pricing policies.

A copy of the report can be accessed at [www.audit.wa.gov.au/](http://www.audit.wa.gov.au/)

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