



**Tasmanian**  
Audit Office



**Report of the Auditor-General  
No. 4 of 2015-16**

**Follow up of four reports published  
since June 2011**

October 2015



## THE ROLE OF THE AUDITOR-GENERAL

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

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

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

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

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

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

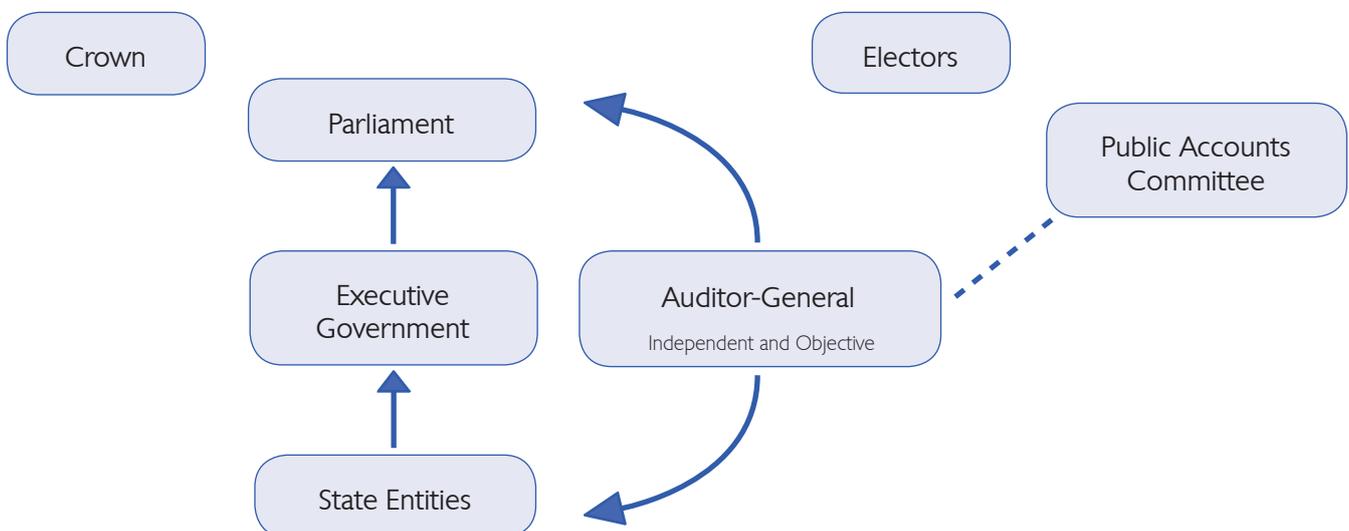
We can also carry out investigations but only relating to public money or to public property. In addition, the Auditor-General is now responsible for state service employer investigations.

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

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

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

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



2015

No. 23



2015

PARLIAMENT OF TASMANIA

**REPORT OF THE  
AUDITOR-GENERAL  
No. 4 of 2015–16**

**Follow up of four reports published since  
June 2011**

**October 2015**

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

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This Report, and other Auditor-General reports, can be accessed via our home page (<http://www.audit.tas.gov.au>).

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This Report is printed on FSC Mix Paper from responsible sources.

ISBN: 978-0-9944284-0-0



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13 October 2015

President  
Legislative Council  
HOBART

Speaker  
House of Assembly  
HOBART

Dear Mr President  
Dear Madam Speaker

**REPORT OF THE AUDITOR-GENERAL**  
**No. 4 of 2015–16: Follow up of four reports published since June 2011**

This report has been prepared consequent to examinations conducted under section 23 of the *Audit Act 2008*. The objective of the audit was to ascertain the degree of implementation of recommendations made in four reports tabled between June 2011 and October 2013.

Yours sincerely

H M Blake  
**AUDITOR-GENERAL**



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## Foreword

My Office's purpose is to provide independent assurance to the Parliament, our primary client, and Community on the performance and accountability of the Tasmanian public sector. One way in which this is done is the conduct of performance and compliance audits, an objective of which is the identification of areas for potential improvement. These audits result in reports containing recommendations which are generally, at the time of reporting, supported by state entities who are the subjects of our work.

Importantly, neither I nor my Office has executive authority and state entities are not compelled to implement recommendations we make. However, it is my expectation that at least 70 per cent of our recommendations will be adopted.

To assess this, follow up audits are carried out and they inform Parliament about the extent to which state entities acted on recommendations made in previous compliance and performance reports and reasons for non-implementation. They also help inform our performance by reference to the relevance of our findings and recommendations.

This follow up audit provides Parliament with information about the extent to which state entities acted on recommendations made in four reports tabled between June 2011 and October 2013. There were two types of reports:

### *Reports we tabled*

These were:

- Special Report No. 99, a compliance audit examining: *Bushfire management* (June 2011)
- Report of the Auditor-General No. 11 of 2012–13 Volume 5, Other state entities 30 June 2012 and 31 December 2012, *Department of Health and Human Services — Output Based Expenditure* (May 2013).

### *Reports prepared by other parties*

It is unusual for me to follow-up reports prepared by third parties but this was done in the following two cases:

- Commonwealth Auditor-General's Report No. 2 of 2013–14 *Administration of the Agreements for the Management, Operation and Funding of the Mersey Community Hospital*, which was tabled in the Commonwealth Parliament by the Australian National Audit Office (ANAO) in August 2013<sup>1</sup>.

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<sup>1</sup> The ANAO report was also tabled in Tasmanian Parliament on 17 October 2013.

- Government's *2013 Tasmanian Bushfires Inquiry* report.

Evident from this is that this follow up has two themes:

1. Focus on health but with contrasting outcomes from an implementation of recommendations perspective. Recommendations made by the ANAO were aimed at the Department of Health and Human Services (DHHS) and Tasmania Health Organisation North West and I report an overall implementation rate of 95 per cent, a very positive outcome.

However, implementations of recommendations in our *Outputs Based Expenditure* report were particularly disappointing. I acknowledge that measuring efficiency in our hospitals is not easy but lack of such reporting some 17 years after Output Based Budgeting was implemented continues to result in the inability of the Parliament to gauge the efficiency of our hospital system. This means decisions about efficiency are made in a vacuum. It is pleasing to note that some useful measures are included in the annual reports of the THOs although at the time of reporting these were not public and were not audited.

2. Bushfire management – both reports followed up evidence of high levels of implementation, although risks remain with the following themes emerging:
  - ongoing research into fire modelling and mitigation mean state entities responsible for fire management need to maintain their ability to adapt and react in an ever changing bushfire management environment
  - many of the recommendations will require ongoing attention to ensure they are effective in an active bushfire season
  - a process of improvement has commenced that needs to be ongoing and constantly evaluated.

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

H M Blake  
Auditor-General  
13 October 2015

## List of acronyms and abbreviations

AFAC	Australasian Fire and Emergency Services Authorities Council
AIIMS	Australasian Inter-service Incident Management System
ANAO	Australian National Audit Office
ANZEMC	Australia-New Zealand Emergency Management Committee (formerly NEMC)
BAL	Bushfire Attack Level
BHMP	Bushfire Hazard Management Plans
BRAM	Bushfire Risk Assessment Model
BRN	Bushfire Ready Neighbourhood program
CAP	Common Alerting Protocol
DoH	Commonwealth Department of Health (formerly Department of Health and Aging DoHA)
DPAC	Department of Premier and Cabinet
DPEM	Department of Police and Emergency Management
DHHS	Department of Health and Human Services
DIER	Department of Infrastructure, Energy and Resources
DPIPWE	Department of Primary Industries, Parks, Water and Environment (formerly Department of Primary Industries and Water)
FMAC	Fire Management Area Committee
FT or Forestry	Forestry Tasmania
FTE	Full Time Equivalent
GIS	Geographic Information System
HoA	Heads of Agreement (e.g. agreements between State and Commonwealth Government Departments of Health)
IHPA	Independent Hospital Pricing Authority
Justice	Department of Justice
Km	kilometre
MCH	Mersey Community Hospital
NEMP	National Emergency Management Projects
NEMC	National Emergency Management Committee (now ANZEMC see above)

NHCDC	National Health Cost Data Collection
OSEM	Office of Security and Emergency Management (based in DPAC)
PWS	Parks and Wildlife Services
RTO	Registered Training Organisation
SEWS	Standard Emergency Warning Signal
SFMC	State Fire Management Council
SR No. 99	<i>Special Report No. 99 Bushfire management</i>
TAO	Tasmanian Audit Office
TFS	Tasmanian Fire Service
THO	Tasmanian Health Organisation (now THS)
THS	Tasmanian Health Service (formerly 3 THOs)
Treasury	Department of Treasury and Finance

## **Executive summary**

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## Executive summary

### *Background*

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

Follow up audits inform Parliament about the extent to which state entities have acted on recommendations made in previous compliance and performance reports. They also help inform our performance by reference to the relevance of our findings and recommendations.

This follow up audit was completed to provide Parliament with information about the extent to which state entities acted on recommendations made in four reports tabled between June 2011 and October 2013.

The reports selected for this follow up include two audits tabled by us, and two external reports, one tabled by the Australian National Audit Office, and one by the Tasmanian Government.

The two reports previously tabled by us were:

- Special Report No. 99, a compliance audit examining: *Bushfire management* (June 2011)
- Report of the Auditor-General No. 11 of 2012–13 Volume 5, Other state entities 30 June 2012 and 31 December 2012, *Department of Health and Human Services — Output Based Expenditure* (May 2013).

Chapter three of this Report discusses our follow up of the Commonwealth Auditor-General's Report No. 2 2013–14 Performance Audit, *Administration of the Agreements for the Management, Operation and Funding of the Mersey Community Hospital*, which was tabled in the Commonwealth Parliament by the Australian National Audit Office (ANAO) in August 2013<sup>2</sup>.

Chapter four of this Report comments on progress against the Tasmanian Government *2013 Tasmanian Bushfires Inquiry*.

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<sup>2</sup> The ANAO report was also tabled in Tasmanian Parliament on 17 October 2013.

We consider the degree to which recommendations have been implemented a useful performance measure, both for the audit clients and the effectiveness of the reports. For the purposes of a follow up audit we regard an implementation rate of 70 per cent as satisfactory.

### *Follow up audit conclusions*

#### *Special Report No. 99 Bushfire management*

The implementation rate of 77 per cent across all of the recommendations exceeded our benchmark of 70 per cent. Entities with responsibilities for bushfire management indicated there would always be room for improvement. Ongoing research into fire modelling and mitigation mean Tasmanian services need to maintain their ability to adapt and react in an ever changing bushfire management environment.

#### *Output Based Expenditure*

We were disappointed with the limited degree to which the recommendations had been implemented. Department of Health and Human Services (DHHS) had only partially implemented one of the four recommendations addressed to them. Despite the acceptance of our 2013 report and agreement to implement the recommendations, none of the Tasmanian Health Organisations (THOs) had implemented any of the three recommendations aimed at them.

The implementation rate of one per cent was disappointingly low and well below our 70 per cent benchmark.

#### *Mersey Community Hospital agreements*

The report on the Mersey Community Hospital agreements directed three recommendations to state entities. Our follow up audit found DHHS had fully implemented Recommendation 1. Recommendation 4, that was directed to both DHHS and THO – North West, had also been fully implemented. However, some aspects of Recommendation 3 had yet to be completed.

An overall implementation rate of 95 per cent exceeded our benchmark of 70 per cent.

#### *2013 Tasmanian Bushfires Inquiry*

In addition to recommendation No. 103, there had been a high level of implementation of the Inquiry's 30 immediate and 25 secondary recommendations that we audited.

We have not audited implementation of the remaining 47 recommendations. However, the high level of implementation of the first two groups of recommendations, together with the

quality of the responses provided, has given us assurance the remaining recommendations were receiving appropriate attention.

It is important to note that many of the recommendations will require ongoing attention to ensure they are effective in the future. In particular, some implementations will need to be reviewed in the light of a more active bushfire season. Agencies responsible for managing emergencies must not assume that because responses to recommendations have been provided, these matters have been addressed in their entirety.

The Bushfires Inquiry has commenced a process of improvement that needs to be on-going and constantly evaluated.

### *Recommendations*

We made the following recommendation in this Report:

<b>Rec.</b>	<b>Section</b>	<b>We recommend that ...</b>
1	4.4.1	... Office of Security and Emergency Management, working with emergency agencies, continue to critically evaluate the effectiveness of steps taken in response to recommendations made in the Bushfires Inquiry.

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

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

### *Introduction*

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

### *Submissions and comments received*

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

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

## **Introduction**

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## Introduction

### *Background*

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

Follow up audits are undertaken to provide Parliament with information about the extent to which state entities have acted on recommendations made in previous reports. They also help inform our performance by reference to the relevance of our findings and recommendations.

In the public sector, resources are always limited and entities generally reject recommendations unless they have a practical focus and are likely to lead to better outcomes, such as increased effectiveness and efficiency or better compliance.

### *Audit objective*

The purpose of the audit was to:

- ascertain the extent to which recommendations in four reports, including the *2013 Tasmanian Bushfire Inquiry*, were implemented
- determine reasons for non-implementation.

### *Audit scope*

Our previous follow up audit, Report of the Auditor-General No. 2 of 2014–15, was tabled in September 2015. It covered the period from October 2009 to September 2011.

The four reports selected for this follow up include two audits tabled by us, and two external reports, one tabled by the Australian National Audit Office, and one by the Tasmanian Government.

The two reports previously tabled by us were:

- Special Report No. 99, a compliance audit examining: *Bushfire management* (June 2011)
- Report of the Auditor-General No. 11 of 2012–13 Volume 5, Other state entities 30 June 2012 and 31 December 2012, *Department of Health and Human Services — Output Based Expenditure* (May 2013).

Chapter three of this Report discusses our follow up of the Commonwealth Auditor-General's Report No. 2 2013–14 Performance Audit, *Administration of the Agreements for the*

*Management, Operation and Funding of the Mersey Community Hospital*, which was tabled in the Commonwealth Parliament by the Australian National Audit Office (ANAO) in August 2013<sup>3</sup>.

Chapter four of this Report comments on progress against the Tasmanian Government *2013 Tasmanian Bushfires Inquiry*.

#### *Audit approach*

We surveyed state and local government entities to gauge the extent to which they had implemented recommendations made in the first three reports listed above. We also collected supporting data or documentation as necessary and held discussions with relevant staff.

In relation to the *2013 Tasmanian Bushfires Inquiry*, we tested responses to recommendations provided by the Office of Security and Emergency Management (based in Department of Premier and Cabinet).

#### *Future follow up audits*

As indicated in our 2015-16 Annual Plan of Work we plan to undertake further follow up audits, but their selection will be subject to coordination with the follow up program taken up by the Public Accounts Committee of Parliament. Notwithstanding, we reserve the right to conduct follow up audits as we see necessary.

#### *Timing*

Planning for the follow up of the first three audits listed in the Audit scope, began in March 2015. We sent questionnaires to clients in April 2015 and completed the fieldwork in August 2015.

Planning for our follow up of the Bushfires Inquiry began in November 2014 with fieldwork and preliminary reporting concluded in July 2015.

This Report was finalised in October 2015.

#### *Resources*

The plan for this follow up audit recommended 800 hours and a budget, excluding production costs, of \$126 845. Total hours

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<sup>3</sup> The ANAO report was also tabled in Tasmanian Parliament on 17 October 2013.

were 689 and actual costs, excluding production, were \$95 959 which was less than our budget.

*Why this project was selected*

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

*Acknowledgement*

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

## **Chapter 1 Special Report No. 99 Bushfire management**

# 1 Special Report No. 99 Bushfire management

## 1.1 Background

In June 2011, we published *Special Report No. 99 Bushfire management* (Bushfire management or the 2011 report), which looked at Tasmania's preparedness to cope with bushfires. The 2011 report examined the rate of implementation of recommendations contained in the 2004 report by the Council of Australian Governments (COAG's) — *National inquiry on bushfire mitigation and management*. The objective was to assess whether Tasmania was keeping pace with contemporary knowledge and practices in bushfire management.

In this Chapter, we examine implementation of the 11 recommendations made in the 2011 report. Varying numbers of recommendations were aimed at the following entities:

- Tasmania Fire Service (TFS)<sup>4</sup>, who also provided responses on behalf of the State Fire Management Council (SFMC) and the Department of Police and Emergency Management (DPEM)
- Forestry Tasmania (Forestry)
- Department of Primary Industries, Parks, Water and Environment (DPIPWE)
- Department of Premier and Cabinet (DPAC)
- Local Government Association of Tasmanian (LGAT)
- Eight local government councils (councils):
  1. Break O'Day
  2. Central Highlands
  3. Circular Head
  4. Hobart City
  5. Launceston City
  6. Sorell
  7. Tasman
  8. Waratah-Wynyard.

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<sup>4</sup> TFS was also referred to as the State Fire Service, and the State Fire Commission.

## 1.2 *2011 audit conclusions*

The main findings of the 2011 report were that some progress had been made against all of the COAG 2004 recommendations. In 2011, we observed that the degree of implementation was higher for fire fighting recommendations than preparation and mitigation activities. Areas of low implementation included the development of performance indicators and fire regime mapping.

However, the 2011 audit found that state entities with responsibility for bush fire management were committed to keeping pace with contemporary knowledge and practice.

## 1.3 *Status of recommendations*

The 11 recommendations from the 2011 report are shown in abbreviated form in Table 1 together with respective rates of implementation by the entities involved in the follow up audit.

Table 1: SR 99 Bushfire management — degree of implementation (%)

Recommendations	1 Training	2 PD	3 PD to Councils	4 SFMC	5 assets in BRAM	6 BRAM	7 KPIs	8 Guidelines	9 Abatements	10 Zoning	11 Warnings	Averages:
<b>Entities:</b>												
TFS	75	85									50	70
SMFC			50	100		100	70				50	74
Forestry	100	95									50	82
DPIPWE	75	85									100	87
DPEM											50	50
DPAC											70	70
LGAT					85							85
BODC								100	100	90		97
Central Highlands								90	90	50		77
Circular Head								100	75	50		75
HCC								100	90	100		97
LCC								100	75	75		83
Sorell								50	65	50		55
Tasman								60	60	60		60
WWC								100	80	90		90
<b>Averages:</b>	83	88	50	100	85	100	70	88	79	71	62	77

Responses from several of the entities involved in the follow up audit indicated that significant changes to policies and procedures had occurred since our Bushfire management report was tabled in June 2011. Some of the changes meant our recommendations had been superseded. However, many of the superseded recommendations had been implemented nevertheless.

The overall rate of implementation by the entities involved in the follow up audit was 77 per cent. Significant progress had been made toward implementing all of the recommendations.

Two of the 11 recommendations had been fully implemented. Only two rated at less than 70 per cent and in each of those instances the actions required were not the responsibility of the addressees. For instance, the role of SFMC does not include delivering professional development to councils.

*Recommendations 1 and 2:*

We found the state's primary fire management entities had secured national funding to develop training and qualifications relevant to bushfire mitigation and management. Tasmanian fire fighting entities had provided support for training initiatives and certification schemes developed by the Australasian Fire and Emergency Services Authorities Council (AFAC).

*Recommendation 3:*

Re-establishment of ten localised Fire Management Area Committees (FMACs) had formalised relationships between SFMC and local government. Whilst professional development was not offered through these forums, greater support was being provided to develop landscape scale approaches to bushfire mitigation.

Support for training, bushfire mitigation and management was also provided to councils through Regional Emergency Management Committees, of which Tasmanian Fire Service (TFS) was a member.

*Recommendations 4 and 6:*

DPIPWE had continued to develop a Bushfire Risk Assessment Model (BRAM), a graphics-based risk assessment tool. SFMC, through TFS, had provided financial and in-kind support to continue to refine data inputs to the model.

*Recommendation 5:*

SFMC used BRAM and other risk assessment models to develop a landscape scale bushfire risk assessment for Tasmania. Modelling in the resultant report was combined with local knowledge and applied to each fire management area, through the new FMACs. The FMACs then prepared local fire protection plans which drive the Fuel Reduction Program being implemented through DPIPWE and the TFS Fuel Reduction Unit.

*Recommendation 7:*

Performance indicators and strategic directions for bushfire management were outlined in the State Vegetation Policy, which was administered and subject to review by the SFMC.

Tasmanian legislation allows fire fighting to be more responsive when applying models or fire bans compared to other jurisdictions that are governed by more prescriptive legislation.

*Recommendation 8:*

We found the enactment of *Planning Directive No. 5 — Bushfire-Prone Areas Code* in September 2012<sup>5</sup> meant councils had effectively adopted the content of the *TFS Guidelines*<sup>6</sup> and the *DPIPWE Fire Management Policy*<sup>7</sup> that we recommended in our 2011 report.

*Recommendations 9 and 10:*

We found councils' participation on the FMACs had supported the risk-based approach to fire management across the state. Council participation meant adequate buffer zones were monitored and we found Councils were actively issuing abatement notices as required.

*Recommendation 11:*

The final recommendation in the 2011 report, suggested state entities pursue national consistency of warning systems and signals through bodies such as the National Emergency Management Committee (NEMC).

Tasmanian entities with responsibilities for emergency management are represented at Australia-New Zealand Emergency Management Committee (ANZEMC) — formerly NEMC — and participated in the 2014–15 National Review of Warnings and Information. The resultant report<sup>8</sup> made recommendations in respect to national consistency of warnings systems across all natural hazards.

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<sup>5</sup> Tasmanian Government, *Planning Directive No. 5 Bushfire-Prone Areas Code* (PD5), Hobart, first issued September 2012, reissued October 2013

<sup>6</sup> Tasmanian Fire Service, *Guidelines for Development in Bushfire Prone Areas of Tasmania*, TFS, Hobart, 2005

<sup>7</sup> Department of Primary Industries, Parks, Water and Environment, *DPIPWE Neighbouring Developments and Fire Management Policy*, was superseded by PD5, op.cit.

<sup>8</sup> Victorian Government, *National Review of Warnings and Information: Final Report*, Melbourne, November 2014

#### 1.4 *Additional testing*

No additional testing was considered necessary. Fieldwork included desktop reviews of strategic, policy and procedural information provided by the primary fire management agencies.

#### 1.5 *Conclusion — SR No. 99 Bushfire management*

The implementation rate of 77 per cent across all of the recommendations exceeded our benchmark of 70 per cent. Entities with responsibilities for bushfire management indicated there would always be room for improvement. Ongoing research into fire modelling and mitigation mean Tasmanian services need to maintain their ability to adapt and react in an ever changing bushfire management environment.

#### 1.6 *Submissions and comments received*

##### **Tasmania Fire Service**

The Tasmania Fire Service (TFS), in conjunction with the State Fire Management Council (SFMC), has considered the content of the report and notes the progress to date. In particular, it is encouraging to see considerable advancements in training and technology milestones; together with industry-leading initiative specific to bushfire protection planning and state wide fuel reduction.

Once again, thank you for the courtesy in providing the report prior to publication. We look forward to progressing implementation as required.

**Gavin Freeman AFSM**  
**Acting Chief Officer**

##### **Department of Police and Emergency Management**

The Department of Police and Emergency Management (DPEM) notes the findings of the Tasmanian Audit Office's follow up audit of Special Report No. 99 Bushfire management, and that significant progress had been made toward implementing all of the recommendations from the June 2011 report.

DPEM does not seek to make any further comments and I thank you for the opportunity to review the report prior to its publication.

**D L Hine**  
**Secretary**

## Forestry Tasmania

Thank you for the opportunity to provide further comment on Special Report No. 99 Bushfire management. Forestry Tasmania accepts the findings of the report and has nothing further to contribute.

**Steve Whiteley**  
**Chief Executive Officer**

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

Thank you for the opportunity to comment.

The report and findings provide a balanced and fair assessment of the situation with regard to bushfire management in the Department of Primary Industries, Parks, Water and Environment.

**Mark Sayer**  
**Acting Secretary**

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## Department of Premier and Cabinet

I am pleased that significant progress has been made towards implementing recommendations from the report, particularly those relating to training in bushfire mitigation, the re-establishment of Fire Management Area Committees, the enactment of a Planning Directive relating to Bushfire Prone Areas and a more risk-based approach taken to fire management across the State.

Only one of the recommendations was referred to the Department of Premier and Cabinet (DPAC) for comment. This recommendation deals with national consistency of warning systems.

DPAC is pursuing national consistency of warnings through national forums, particularly the Australia New Zealand Emergency Management Committee (ANZEMC). In 2015 the final report of the National Review of Warnings & Information was submitted to ANZEMC. It contained nine recommendations targeting key areas for improvement. The recommendations span policy and process; channels and systems; construction of warnings; community response; workforce capability; and continuous improvement & innovation.

Recommendation 3 of the ANZEMC Review was that jurisdictions:

*Pursue greater national consistency of warning frameworks across jurisdictions by leading a coordinated review of current frameworks, assessing the evidence base for change, and identifying opportunities for harmonisation. While this requires a longer term focus, in the short term, build national consistency within individual hazard areas.*

ANZEMC has established a work program for the implementation of all the recommendations from the review. Recommendation 3 of the ANZEMC Review will be addressed by a project under the National Emergency Management Program. This follows relaunch of the Standard Emergency Warning Signal, introduction of Emergency Alert and changes to the National Bushfire Warning System that resulted in the introduction of the 'Code Red' Catastrophic Fire Danger Rating. Thank you for providing the opportunity to comment on the report prior to its publication.

**Greg Johannes**  
**Secretary**

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#### Local Government Association of Tasmania

I have reviewed the draft report and can confirm it accurately reflects the Local Government Association of Tasmania's understanding of implementation against the recommendations from the original report. I also concur with the State Fire Management Council's assessment against Recommendation 3 (of *Special Report No. 99 Bushfire management*) which focuses on Professional Development for Councils. I would strongly encourage the State to provide additional resourcing to provide for relevant and timely professional development to support local councils.

**Katrena Stephenson**  
**Chief Executive Officer**

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#### Local Government Councils

All of the Local Government Councils involved in the audit accepted the findings of the follow up report.

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**Chapter 2    Output Based Expenditure**

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## 2 Output Based Expenditure

### 2.1 Background

In May 2013, we tabled a report examining Department of Health and Human Services (DHHS) output-based expenditure (Output Based Expenditure or the 2013 report)<sup>9</sup>. The 2013 report, contained analysis of aspects of DHHS's financial information for the three-year period 2009-10 to 2011-12.

In 2011, the Tasmanian public health service underwent a structural transformation that led to the establishment of the three Tasmanian Health Organisations (THOs) in July 2012<sup>10</sup>.

This Chapter looks at the extent to which DHHS and the THOs implemented the recommendations made in the 2013 report.

### 2.2 2013 audit conclusion

The main findings of the 2013 report were that between 1 July 2009 and 30 June 2012:

- total health funding increased by 11.7 per cent
- operational funding increased by 10.5 per cent
- expenditure increased by 11 per cent
- recurrent costs per case mix adjusted separations only increased by 8.2 per cent
- outputs, expressed as admitted patients weighted separations, only increased by 2.1 per cent.

In addition, the 2013 analysis of DHHS administration costs and full-time equivalent staffing (FTE) over the same period found:

- total FTE declined by 5.7 per cent
- percentage of total FTE identified as administrative staff declined from 5.1 per cent to 4.6 per cent
- percentage of total expenditure identified as administration costs declined from five to 4.3 per cent
- administration costs only declined by 3.2 per cent.

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<sup>9</sup> Tasmanian Audit Office, *Report of the Auditor-General No. 11 of 2012–13, Other State entities 30 June 2012 and 31 December 2012*, TAO, Hobart, May 2013, pp. 7-9, 27-40.

<sup>10</sup> From 1 July 2015, the three THOs were replaced with a single Tasmanian Health Service (THS).

### 2.3 *Status of recommendations*

The 2013 report contained five recommendations about including efficiency indicators in annual reports, exploring why costs had increased more than productivity and identifying administrative costs per service delivery.

We found DHHS had only partially implemented one of the recommendations addressed to them, and none of the THOs had implemented any of the recommendations.

The THOs advised the first they knew of our 2013 report, or the recommendations, was through our May 2015 request for information for this Report.

From 1 July 2015, the three THOs were replaced with a single Tasmanian Health Service (THS). THS advised 2014-15 annual reports for all three THOs would include efficiency measures.

#### *Recommendation 1:*

In Recommendation 1 we suggested all state entities should report appropriate indicators of their efficiency, and that these figures be audited.

DHHS's annual reports contained several useful indicators of effectiveness, but only two efficiency indicators:

- ambulance services expenditure per person
- recurrent net cost per dwelling for public housing.

We rated the partial implementation of Recommendation 1 by DHHS at 35 per cent.

THO-South identified that performance data is reported annually to the National Health Cost Data Collection (NHCDC). THO-North advised that the NHCDC data is audited by the Independent Hospital Pricing Authority. However, the time required to complete that process would mean the audited figures would only be available to their annual reports a year in arrears.

Our review of annual reports for 2012–13 and 2013–14 showed the THOs had not implemented Recommendation 1.

#### *Recommendation 2:*

We suggested that the THOs increase the number of efficiency indicators reported such that the value equals or closely equals total expenditure incurred on Acute Health Services and other output groups.

We found the activity data reported in the THO-North West annual report for 2013–14 more useful than the performance reports from the other THOs, particularly as THO-North West provided comparisons across three years of performance. Annual reports for the other THOs used *Service Agreement Performance Summaries*, which only identified whether or not the organisations had met their service agreement targets.

On 1 July 2015, government established the Tasmanian Health Service (THS), amalgamating the three THOs. THS advised 2014-15 annual reports would include efficiency measures for all three THOs.

However, for the purposes of this follow up audit, review of 2012–13 and 2013–14 annual reports showed that the THOs had not implemented Recommendation 2.

*Recommendation 3:*

In the 2013 report, we noted that on average over the three-year period (2009-10 to 2011-12) reported efficiency indicators only addressed about 61 per cent of the costs associated with acute health services. These findings meant readers of DHHS' annual reports were unable to assess the efficiency by which the other 39 per cent, or approximately \$370m, had been utilised<sup>11</sup>.

We suggested DHHS increase the number of efficiency indicators reported, such that the value reported equals or closely equals total expenditure incurred for each output group.

DHHS indicated support for reporting a wider range of efficiency indicators and planned to investigate work required to enable the department to address our recommendation. However, DHHS had not implemented Recommendation 3.

*Recommendation 4:*

In the 2013 report, we identified that over the two financial years 2009-10 and 2010-11, acute health service costs increased by 11 per cent and the average *cost per case mix adjusted separation* increased by eight per cent. However, productivity had not kept pace with increasing costs, as

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<sup>11</sup> Tasmanian Audit Office, *Report of the Auditor-General No. 11 of 2012–13, Other State entities 30 June 2012 and 31 December 2012*, TAO, Hobart, May 2013, p. 32.

evidenced by the number of weighted separations that only increased by two per cent over the same period<sup>12</sup>.

The increase in costs was much lower for 2011–12, at less than two per cent and the increase in weighted separations was less again in that period, at only a 0.52 per cent.

Recommendation 4 asked DHHS to explore why increases in acute health care costs were not matched by improvements in efficiency as measured by the number of admitted patients – weighted separations completed.

DHHS commented on various complexities associated with measuring efficiency. However, the information did not explain why improvements in efficiency had not matched the increases in health care costs observed in our 2013 report. Therefore, we concluded that DHHS had not implemented Recommendation 4.

*Recommendation 5:*

In our 2013 report, we noted that DHHS' total administration costs increased from \$81.7m to \$84.4m, or by about three per cent over the three years (2009-10 to 2011-12). In relative terms, administration costs declined as total expenditure on health increased. The decline was from about five per cent to about 4.3 per cent of total operating expenditure<sup>13</sup>.

We noted that each THO would incur administration costs, as would DHHS, both through its shared services arrangements (DHHS to the THOs) and in managing its service delivery and administrative activities<sup>14</sup>.

We recommended that DHHS and each THO include in future annual reports the amount of administration costs against direct service delivery costs incurred.

Responses to the follow up audit from DHHS and the THOs included concerns about defining administrative costs. DHHS also mentioned accounting for scale when expenditure

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<sup>12</sup> Ibid

<sup>13</sup> Tasmanian Audit Office, *Report of the Auditor-General No. 11 of 2012–13, Other State entities 30 June 2012 and 31 December 2012*, TAO, Hobart, May 2013, p. 39.

<sup>14</sup> Ibid

increased and noted data's dependence on the accounting methods used.

We note that before this recommendation could be implemented, DHHS and THS would need to agree on a definition of administration costs.

However, review of annual reports for 2012-13 and 2013-14 for this follow up audit, showed that none of the entities involved in our 2013 report had implemented Recommendation 5.

#### *2.4 Additional testing*

We reviewed annual reports published by DHHS and THOs, and found the information recommended in our 2013 report had not been included. We discussed our findings with representatives from DHHS and the THOs and decided against the need for additional testing.

#### *2.5 Conclusion*

We were disappointed with the limited degree to which the recommendations had been implemented. DHHS had only partially implemented one of the four recommendations addressed to them. Despite the acceptance of our 2013 report and agreement to implement the recommendations, none of the THOs had implemented any of the three recommendations aimed at them.

The implementation rate of one per cent was disappointingly low and well below our 70 per cent benchmark.

## 2.6 Submissions and comments received

### Department of Health and Human Services

The DHHS notes the TAO's assessment of implementation by the DHHS of the recommendations contained in the TAO's 2013 report on DHHS Output-based expenditure.

The original TAO report covered a period when the health and hospital landscape was quite different. The 2013 report commented on reported outputs used at the time which have since changed to be consistent with national protocols, focused on "inpatients", and was written from an input cost perspective. Accordingly, the recommendations contained in the 2013 report were not fully consistent with subsequent efforts to define and report efficiency indicators on a nationally consistent output basis.

Considerable work has been undertaken in recent years and continues to be undertaken at national and local levels on the measurement of efficiency and productivity, which has served to emphasise the complexities and challenges inherent in attempting to devise clear and unambiguous measures in this area.

The DHHS has participated actively in the AHMAC<sup>15</sup>-sponsored work to develop a framework for measuring and communicating productivity in the health system. The DHHS has also worked closely with national agencies (e.g. the National Health Performance Authority) as they have begun to publish comparative national information on a small number of efficiency measures at hospital level, which were not available at the time of the 2013 report. The DHHS continues to contribute to the Public Hospitals Establishment data set and the National Hospital Cost Data Collection (NHCDC) each year. The NHCDC is the most authoritative source of comparable cost information available nationally, however it only currently covers the defined hospital products of admitted (acute, non-acute and subacute), emergency care and non-admitted care for major hospitals.

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<sup>15</sup> Australian Health Ministers' Advisory Council (AHMAC)

The DHHS will continue to develop and publish more information on productivity and efficiency over coming years. However, the DHHS does not regard the emphasis placed on reporting efficiency in the DHHS or THS Annual Report as likely to be the most helpful mechanism for making information available to the public and stakeholders. The DHHS is in the process of launching new, public-facing web-based products to bring a range of information on system performance and status to the public and to the health system itself. As more measures of productivity and efficiency become available, it is the view of the DHHS that they would be more accessible and valuable if they are presented via these new vehicles, rather than in traditional Annual Report formats. The DHHS is also seeking to make maximum use of nationally-reported benchmarking information (as referred to above), which places Tasmanian data in a much more appropriate context than attempting to report local data by itself.

As the DHHS increases its ability to publish efficiency and productivity information, considerable attention is being given to ensuring that indicators are meaningful and technically valid. Increasing national experience and understanding of efficiency measurement should guide the development of indicators and reporting, so that the indicators we publish in future are rigorously based and better able to capture the complexity and nuances of efficiency measurement in health care.

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

#### Auditor-General's comment

*We acknowledge the work being done by the Department and support its coordinated efforts with national bodies. Also noted is the intention to provide system performance via 'public-facing web-based products' rather than in annual reports. This is also supported. However, this should not be in place of public reporting via the annual budget process and acquittal through annual reports. In an outputs based budgeting framework, which our State adopted in 1997, it is essential that the department, and the THS, include appropriate efficiency measures in the budget and explain outcomes in its annual report.*

**Mr Mike Blake**  
**Auditor-General**

## Tasmanian Health Service (THS)

### Recommendation 1

As a part of the 2014-15 Annual Report all three THOs will publish three performance measures of efficiency. The three measures are:

1. Average cost for an admitted acute episode of care
2. Average cost of an Emergency Department non-admitted presentations
3. Average cost of an outpatient occasion of service

These figures are a part of the NHCDC data collection, and will be reported on a year in arrears due to the time period required to complete the NHCDC data collection. The THS will consider whether further, auditable, indicators can be included in its 2015-16 Annual Report.

### Recommendation 2

The THS will consider whether further efficiency indicators can be included in the 2015-16 and future Annual Reports.

### Recommendation 3

This recommendation applies to DHHS and not the THS.

### Recommendation 4

This recommendation applies to DHHS and not the THS.

Notwithstanding this, as a part of the implementation of the White Paper, THS will be exploring a variety of strategies directed at improving the efficiency of the system as a whole. The THS notes, however, that this is looking at long term structural efficiency and indicators of efficiency may not show improvement for some time after improvements are made.

### Recommendation 5

The THS will continue to work with DHHS on a consistent methodology for the definition and reporting of administrative costs.

**Dr Anne Brand**  
**Interim Chief Executive Officer**

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## **Chapter 3 Mersey Community Hospital agreements**

## 3 Mersey Community Hospital agreements

### 3.1 Background

The Mersey Community Hospital (MCH or Mersey) is located in Latrobe, approximately ten kilometres south-east of Devonport. The MCH has approximately 100 beds and employs around 500 staff.

First opened in 1961 by the Tasmanian Government, the MCH was purchased by the Commonwealth Government in 2007.

The Tasmanian Government has managed and operated the MCH on the Commonwealth's behalf under successive Heads of Agreements (HoA) since September 2008<sup>16</sup>. Key provisions of the HoAs include the quantum of funding and clinical services to be delivered at the MCH.

In 2011, allegations arose in the media concerning the misuse of MCH funding, in contravention of the HoAs. The Australian National Audit Office (ANAO) announced in June 2012 it would audit the administration of the Mersey's HoAs. In August 2013, the ANAO published *Administration of the Agreements for the Management, Operation and Funding of the Mersey Community Hospital* (MCH agreements or the ANAO report)<sup>17</sup>.

Issues identified in the ANAO report contributed to discussions for a third HoA. As the negotiations ran toward its 2014 expiry, the 2011 HoA was extended to 30 June 2015. The third HoA, effective 1 September 2015, provided \$148.5m in Commonwealth funding for a further two-year period, expiring 30 June 2017.

At our request, the ANAO report was tabled in the Tasmanian Parliament on 17 October 2013, which enabled the Tasmanian Auditor-General to follow up those recommendations relating to

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<sup>16</sup> Department of Health and Aging, *Heads of Agreement for the continued management, operation and funding of the Mersey Community Hospital (HoAs)*, DOHA, September 2008, July 2011, September 2015

<sup>17</sup> Australian National Audit Office (ANAO) *Report No. 2 of 2013-14 Administration of the Agreements for the Management, Operation and Funding of the Mersey Community Hospital* (MCH agreements), Canberra, ACT, tabled in the Commonwealth Parliament on 14 August 2013, and the Tasmanian Parliament on 17 October 2013.

Tasmanian state entities. In March 2015, we included the ANAO report in the planning for this follow up audit.

The objective of this follow up audit was to ascertain the degree to which recommendations made in the Commonwealth Auditor-General's report on MCH agreements had been implemented.

### 3.2 *ANAO report conclusions*

The main findings in the ANAO report were that:

- Clinical and Financial Services Plans needed to be finalised
- more appropriate tools (than the Clinical and Financial Services Plans) needed to be identified with which to amend the HoA
- operational and clinical performance indicators needed to be defined
- MCH recording systems required review to ensure the transparency of expenditure reporting
- use and cost of locums needed to be reviewed
- improvements were needed to the Commonwealth's performance measurement framework for MCH.

### 3.3 *Status of recommendations*

The ANAO report directed three recommendations at the Department of Health and Human Services (DHHS) and Tasmanian Health Organisation–North West, now part of the Tasmanian Health Service (THS–NW).

**Table 2: MCH agreements — degree of implementation (%)**

No.	Recommendations (abbreviated)	DHHS	THS-NW	All
1	Clinical and Financial Services Plans	100	n/a	<b>100</b>
3	Improve record systems	70	n/a	<b>70</b>
4	Review use and cost of locums	100	100	<b>100</b>
<b>Number of recommendations</b>		3	1	
<b>Average % implementation</b>		90	100	<b>95</b>

DHHS accepted all three of the recommendations relating to it (Recommendations 1, 3 and 4). Recommendation 4 was also accepted by THO-North West.

*Recommendation 1:*

ANAO recommended DHHS:

- clarify the function of the Clinical and Financial Services Plan for the MCH
- consider alternative processes negotiating changes to the MCH's service profile
- develop processes to finalise the Clinical and Financial Services Plans.

We found DHHS had fully addressed Recommendation 1.

*Recommendation 3:*

Despite DHHS assurance that MCH information was easily distinguished in the finance system, ANAO had reported that DHHS systems did not support preparation of a complete cross-charging transaction listing for the MCH.

ANAO had also found a lack of alignment between expense categories in DHHS systems, acquittal statements set out in the annexures to the HoA, and MCH's annual financial statements.

ANAO recommended DHHS:

1. address limitations that prevented assurance being provided in relation to MCH expenditure, and audit expenditure under the HoA

2. review alignment of the financial reports required under the HoA with DHHS financial systems
3. undertake periodic reconciliations between DHHS's finance system and systems such as payroll, asset and pharmaceutical management systems
4. review the management of MCH records, including employee files.

We found DHHS had initiated work to address all four elements of Recommendation 3. However, only the second and fourth elements (as listed above) were completed.

Overall, we found 70 per cent of Recommendation 3 had been implemented.

*Recommendation 4:*

The ANAO report recommended DHHS review the use of locums at MCH, to identify ways to better manage costs<sup>18</sup>.

We found DHHS and THO-North West had conducted a review and submitted a paper to facilitate discussions for the HoA that proposed re-negotiation of the Core Clinical Activities at MCH<sup>19</sup>. The paper proposed a number of measures to better manage locum costs.

We found Recommendation 4 had been fully implemented.

**3.4** *Additional testing*

No additional testing was considered necessary.

**3.5** *Conclusion*

Our follow up audit found DHHS had fully implemented Recommendation 1. Recommendation 4, which was directed to both DHHS and THO-North West, had been fully implemented. However, some aspects of Recommendation 3 had yet to be completed.

An overall implementation rate of 95 per cent exceeded our benchmark of 70 per cent.

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<sup>18</sup> *MCH agreements* paragraph 6.97, p. 157

<sup>19</sup> DHHS white paper on *Delivering Safe and Sustainable Clinical Services*, June 2015

### 3.6 Submissions and comments received

#### Department of Health and Human Services

I note that the Tasmanian Audit Office draft report found that the Department of Health and Human Services and the Tasmanian Health Service – North West have together achieved an overall implementation rate of 95 per cent. I am very pleased with the progress of implementation against the recommendations to date, and will continue to progress the remaining elements now that the new *Heads of Agreement for the continued management, operation and funding of the Mersey Community Hospital* has been finalised.

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

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#### Tasmanian Health Service

##### Recommendation 1

Although this recommendation is addressed to the DHHS, we acknowledge that the development of a Strategic Services Plan needs to be a joint effort between the Mersey Community Hospital (MCH) management, and DHHS. We are fully committed to the development of the Strategic Services Plan within the required timelines, and will work closely with DHHS to ensure this is completed on time.

##### Recommendation 3

In relation to the first element under this recommendation, we will work with DHHS staff to ensure this matter is addressed as a matter of priority.

In relation to the second element, we acknowledge that this has been resolved, and reporting is occurring as required under the HoA.

In relation to the third element, we acknowledge that further work is required to provide assurance that the various systems are reconciled with the finance system. We will work with DHHS staff to ensure this is improved.

In relation to the fourth element, we acknowledge that this has been fully implemented.

Recommendation 4

We acknowledge that the recommendations have been fully addressed by the MCH and DHHS. As a part of the on-going operations of the MCH, and in particular to the changes required under the White Paper, management of clinical staff in general, and locums in particular, will continue to be an area which will need to be managed carefully to ensure best possible usage of limited funding.

***Dr Anne Brand***  
**Interim Chief Executive Officer**

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## **Chapter 4    2013 Tasmanian Bushfire Inquiry**

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## 4 2013 Tasmanian Bushfires Inquiry

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### 4.1 *Background*

The January 2013 Tasmanian bushfires were the most significant bushfire emergency in Tasmania for many years. The overall financial cost of the bushfires has been estimated to be in the order of \$100m<sup>20</sup>.

Subsequently, a special investigator was appointed to conduct an inquiry into the fires, with a focus on three fires known as the Forcett, Bicheno and Lake Repulse fires. Areas for the inquiry included:

- immediate causes and circumstances of the fires
- all aspects of the emergency response
- transition from response to recovery
- preparation and planning
- strategies and plans for managing bushfire risk
- community alerts, warnings and information.

The report on the *2013 Tasmanian Bushfires Inquiry: Recommendations and Response* (Bushfires Inquiry or the Inquiry) was published on 15 October 2013. The government accepted, or accepted in principle, all of the 103 recommendations made in the Inquiry.

Most of the recommendations were aimed at Tasmania Fire Service (TFS) or Tasmania Police (DPEM). Some were also directed to other entities including Forestry Tasmania and local government. Appendix 1 lists all of the 103 recommendations.

In August 2014, the Auditor-General agreed to audit implementation of the recommendations contained in the Inquiry.

### 4.2 *Inquiry conclusions and findings*

The Inquiry noted that in a number of respects the emergency management arrangements had worked well in responding to the 2013 Tasmanian bushfires. However, in a number of ways they were not as ready for an emergency of that scale and complexity as they should have been.

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<sup>20</sup> Tasmanian Government, *2013 Tasmanian Bushfires Inquiry*, Hobart, 2013, Volume 1, p.51.

Adverse findings included:

- Emergency management responsibilities and arrangements were not as ready as they should have been.
- Greater use could have been made of the predictive modelling of the Forcett fire and preventative/proactive action taken, especially in warning and protecting the township of Dunalley.
- Road closures and evacuations could have been better handled.
- There were difficulties with communications and, in particular, lack of interoperability between police and other emergency services radio systems.
- Emergency risk prevention and mitigation did not appear to have been a high priority.

### 4.3 *Oversight of implementation*

The final recommendation of the Inquiry (No. 103) was that ‘... an independent means of monitoring and reporting on the implementation of approved recommendations is established.’

Various monitoring and reporting arrangements were established including the Bushfire Inquiry Interdepartmental Committee (IDC) whose role was transferred to the State Emergency Management Committee and the Department of Justice in February 2014.

In addition, the DPAC Office of Security and Emergency Management (OSEM) took responsibility for collecting evidence the recommendations had been addressed and providing that information to us.

### 4.4 *Status of recommendations*

The 103 recommendations were prioritised as follows:

- No. 103 (discussed in Section 4.3)
- 30 requiring immediate attention
- 25 secondary, needing to be addressed next
- 47 remaining recommendations.

#### 4.4.1 *Status of ‘immediate’ recommendations*

Table 3 shows our assessment of the level of completion for each of the recommendations (in abbreviated form) in the first group (requiring immediate attention). Our assessment is based on whether everything that could reasonably have been done at this point in time has been done.

In addition, many of the recommendations also require ongoing effort, support and resources into the future and these have also been identified in Table 3.

**Table 3: Bushfires Inquiry — completion and ongoing requirements**

No.	Recommendation	Completion %	Ongoing work needed
Requiring immediate attention			
1	That TFS supports the relevant authorities to continue developing methodologies to forecast fire risk.	100	✓ <sup>1</sup>
2	That police and other emergency services establish and maintain recording systems for emergency operations.	75 <sup>1</sup>	✓ <sup>2</sup>
3	That the Emergency Information Management and Sharing Project be supported.	100	
18	That fire agencies continue to develop their predictive modelling capability for use in managing fires.	100	✓ <sup>1</sup>
19	That TFS reviews communication systems for emergency management.	100	✓ <sup>2</sup>
20	That TFS, Forestry and PWS have a process for ensuring fire strategy and tactics are appropriate and focused.	100	
21	That TFS ensures that planning for active fires is proactive.	100	
23	That TFS reviews the effectiveness of the Six Operational Priorities ...	100	
24	... and considers what adjustments may be necessary to them to ensure plans are suitable for each fire.	100	
30	That bushfire agencies evaluate the use and effectiveness of fixed wing water bombing aircraft.	100	✓ <sup>2</sup>
31	That bushfire agencies develop procedures for the automatic activation of aircraft on high fire risk days.	100	✓ <sup>2</sup>
32	That bushfire agencies develop, implement and maintain air operations procedures.	100	✓ <sup>2</sup>
35	That DPEM ensures planning for emergency operations is as proactive as possible.	100	
36	That DPEM develops a multi-agency policy for road closures and traffic management.	100	

No.	Recommendation	Completion %	Ongoing work needed
37	That arrangements are made to implement the policy on road closures and traffic management.	100	✓ <sup>2</sup>
38	That a state-level policy on evacuations be developed, including specific requirements for vulnerable people.	75	✓ <sup>2</sup>
41	That DPEM be identified as the lead agency on evacuations.	100	
42	That decisions to open fire refuges and evacuation centres be coordinated with DPEM.	100	
47	That legal issues relating to mutual assistance arrangements for fire services be resolved.	100	✓ <sup>3</sup>
51	That plans are made to mobilise resources quickly to re-open roads affected by emergencies.	100	✓ <sup>2</sup>
58	That emergency management plans recognise the need to provide priority access to areas of emergency operations for critical infrastructure providers.	100	✓ <sup>2</sup>
68	That TFS ensures that warnings to communities of bushfires is not confined to bushfires out of control.	100	
69	That SEMC makes timely decisions and resource commitments on use of social media in emergency management.	100	
70	That SEMC makes arrangements to actively manage the use of social media during an emergency.	100	
71	That TFS and DPEM review use of modern forms of communication, including social media.	100	
72	That TFS reviews its approach to communicating with threatened communities.	75 <sup>4</sup>	✓ <sup>2</sup>
89	That legislation and enforcement arrangements are reviewed to ensure suitable offences and penalties.	100	✓ <sup>5</sup>
90	That TFS or another suitable agency provides clear information to the community regarding approvals for lighting fires on private property.	100	
92	That the government actively support development of an ongoing Strategic Fuel Management Plan.	100	

No.	Recommendation	Completion %	Ongoing work needed
93	That the Strategic Fuel Management Plan includes monitoring and reporting against measurable targets.	75 <sup>6</sup>	✓ <sup>2</sup>
<b>Number of recommendations</b>		<b>30</b>	
<b>Average % implementation</b>		<b>97</b>	

**Table footnotes:**

1. Requires field testing during an active fire season.
2. Further reviews to be performed following each bushfire season.
3. Effectiveness of national arrangements for mutual assistance to be reviewed by SES.
4. Work progressing to include spatial data for emergency warnings that translate beyond when a bushfire is burning out of control.
5. TFS and DPEM were discussing legislative changes that would allow TFS personnel to issue infringement notices in response to negligent fires.
6. KPIs agreed on 18 June 2015, but active monitoring and reporting yet to occur.

In any event, now that work has started, it is essential that on-going critical evaluation and training become part of 'business as usual'.

The worst thing that can happen is for agencies responsible for managing emergencies to assume that because responses to recommendations have been provided, these matters have been addressed in their entirety. The Inquiry has commenced a process of improvement that needs to be on-going and constantly evaluated.

**Recommendation 1:**

**We recommend that OSEM, working with emergency agencies, continue to critically evaluate the effectiveness of steps taken in response to recommendations made in the Bushfires Inquiry.**

*4.4.2 Secondary recommendations*

We also reviewed responses provide by OSEM to the 25 secondary recommendations. For the sake of brevity we have not included individual evaluations for this group. However, the

recommendations were also individually assessed and we found a similarly high rate of implementation. There were no recommendations in this group for which there had not been substantial levels of implementation.

Again, we noted recommendations required on-going attention, namely:

- Recommendation 10 — all agencies and the government should support moving to an integrated communications technology for police and the emergency services.
- Recommendation 11 — Police and other emergency services should examine options for achieving radio interoperability between them in the absence of an integrated radio system. (Accepted-in-principle)
- Recommendation 57 — government consider whether it should discuss options for greater mobile phone coverage and redundancy in areas of high risk in emergency situations where there are presently telecommunications limits.
- Recommendation 65 — State Fire Commission structures its Tasmania Bushfire Safety Policy so policy outcomes are identifiable and progress in achieving outcomes can be evaluated.

#### *4.4.3 Remaining 47 recommendations*

At the time of reporting, insufficient evidence had been received in respect of the third group of recommendations. Our intention is to do no further follow up of those recommendations on the grounds that we did not consider that tabling of our report should be delayed and that results for the first two groups provided us with reasonable confidence that all recommendations were receiving appropriate attention and oversight.

#### *4.5 Conclusion*

In addition to recommendation No. 103, there had been a high level of implementation of the Inquiry's 30 immediate and 25 secondary recommendations that we audited.

We have not audited implementation of the remaining 47 recommendations. However, the high level of implementation of the first two groups of recommendations, together with the quality of the responses provided, has given us assurance the remaining recommendations were receiving appropriate attention.

It is important to note that many of the recommendations will require ongoing attention to ensure they are effective in the future. In particular, some implementations will need to be reviewed in the light of a more active bushfire season. Agencies responsible for managing emergencies must not assume that because responses to recommendations have been provided, these matters have been addressed in their entirety.

The Bushfires Inquiry has commenced a process of improvement that needs to be on-going and constantly evaluated.

#### 4.6 *Submissions and comments received*

##### **Department of Premier and Cabinet**

The Department of Premier and Cabinet (DPAC) welcomes the report of the Tasmanian Audit Office (TAO) into the implementation of recommendations from the 2013 Tasmanian Bushfires Inquiry.

DPAC's Office of Security and Emergency Management (OSEM) is liaising with responsible agencies and reporting to the State Emergency Management Committee regarding the implementation of the Inquiry's recommendations. I was pleased to note that your findings are broadly consistent with OSEM's evaluations. The report notes that 26 of the 30 recommendations prioritised for immediate implementation are complete. The remaining four recommendations require some ongoing work as identified in your report. I share your confidence that processes are in place to ensure that these actions will receive appropriate attention.

While your report does not address the secondary recommendations in detail, your draft report concludes that there is a 'high rate of implementation' and that 'all recommendations were receiving appropriate attention and oversight'.

OSEM continues to work with agencies responsible for implementation of the Inquiry recommendations and will provide your Office with evidence for the completion of additional recommendations as it becomes available.

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

## **Recent reports**

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## Recent reports

<b>Tabled</b>	<b>No.</b>	<b>Title</b>
June	No. 12 of 2013-14	Quality of Metro services
June	No. 13 of 2013-14	Teaching quality in public high schools
Aug	No. 1 of 2014-15	Recruitment practices in the Tasmanian State Service
Sep	No. 2 of 2014-15	Follow up of selected Auditor-General reports: October 2009 to September 2011
Sep	No. 3 of 2014-15	Motor vehicle fleet management in government departments
Nov	No. 4 of 2014-15	Financial Statements of State entities, Volume 3 — Government Businesses 2013-14
Nov	No. 5 of 2014-15	Financial Statements of State entities, Volume 2 — General Government and Other State entities 2013-14
Dec	No. 6 of 2014-15	Financial Statements of State entities, Volume 1 — Analysis of the Treasurer's Annual Financial Report 2013-14
Feb	No. 7 of 2014-15	Financial Statements of State entities, Volume 4 — Local Government Authorities, Joint Authorities and Tasmanian Water and Sewerage Corporation Pty Ltd 2013-14
Mar	No. 8 of 2014-15	Security of information and communications technology (ICT) infrastructure
Mar	No. 9 of 2014-15	Tasmanian Museum and Art Gallery: compliance with the National Standards for Australian Museums and Galleries
May	No. 10 of 2014-15	Number of public primary schools
May	No. 11 of 2014-15	Road management in local government
June	No. 12 of 2014-15	Financial Statements of State entities, Volume 5 — State entities 30 June and 31 December 2014, findings relating to 2013-14 audits and other matters
July	No. 1 of 2015-16	Absenteeism in the State Service
August	No. 2 of 2015-16	Capital works programming and management
October	No. 3 of 2015-16	Vehicle fleet usage and management in other state entities

## **Current projects**

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## Current projects

The table below contains details performance and compliance audits that the Auditor-General was conducting and relates them to the *Annual Plan of Work 2015–16* that is available on our website.

<b>Title</b>	<b>Audit objective is to...</b>	<b><i>Annual Plan of Work 2015–16</i> reference</b>
<b>Provision of social housing</b>	... form conclusions as to the effectiveness, efficiency and economy of the provision of social housing and other government assistance provided by Housing Tasmania and non-government organisations to Tasmanians in housing stress.	Page 18
<b>Management of national parks</b>	... form an opinion on how effectively the Parks and Wildlife Service manage the State's national parks by reference to the adequacy of planning processes and planning implementation.	Page 21 Topic No. 7
<b>Government support for sporting and other events</b>	... to express an opinion on whether supported events are cost effective for Tasmania and funded in accordance with applicable government policy.	Page 21 Topic No. 1 (2016–17)

## Appendix 1

### All 103 recommendations - 2013 Tasmanian Bushfires Inquiry

1	That TFS supports the relevant authorities to continue developing methodologies to forecast and simulate fire risk
2	That police and other emergency services establish and maintain effective recording systems for emergency operations
3	That if a sound business case is developed, the Emergency Information Management and Sharing Project be supported
4	That the role and expected duties of the State Controller be clearly defined in the Emergency Management Act 2006
5	That the State Controller (or an alternate if they are not available) be expected to personally take an active role in controlling and coordinating response and recovery operations, depending on the nature and scale of the emergency, and response and until other identified arrangements for ongoing operations are established.
6	That in multi-agency response and recovery operations, arrangements be made so it is unambiguous who is in charge of these operations.
7	That a structure and facilities be established for the State Controller or other person managing multi-agency response and recovery operations. <i>(Accepted-in-principle)</i> <sup>21</sup>
8	That the Government reconsider the current position on emergency declarations in the Emergency Management Act 2006 and the Act is amended to provide: (ETC)
9	That the Tasmania Emergency Management Plan enable, and all organisations with a role in emergency management activate, emergency plans at lower threshold events to practice their arrangements and achieve a 'hot start' in escalating events. <i>(Accepted-in-principle)</i>
10	That all agencies and the Government support moving to an integrated communications technology for police and the emergency services.
11	That police and other emergency services examine options for achieving radio interoperability between them in the absence of an integrated radio system. <i>(Accepted-in-principle)</i>
12	That Tasmania Fire Service establishes suitable systems and practices for recording fire management objectives and tactics.

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<sup>21</sup> In October 2014, DPAC advised the Premier that the former government had accepted, or accepted in principle, all 103 of the recommendations made in the *2013 Tasmanian Bushfires Inquiry*

13	That Tasmania Fire Service examines options for developing and issuing fire management objectives and tactics from Incident Management Teams in a more timely way, including 'quick' plans.
14	That Tasmania Fire Service and its partner agencies establish a means of monitoring and reviewing the effectiveness of centralising the location of Incident Management Teams.
15	That Tasmania Fire Service considers measures to bring local knowledge into Incident Management Team operations.
16	That Tasmania Fire Service reviews its position on fire ground management to determine whether a unified command model at the fire ground should be adopted. <i>(Accepted-in-principle)</i>
17	That Tasmania Fire Service reviews its position on using local experienced officers on the fire ground in the command model in a structured and systemic way. <i>(Accepted-in-principle)</i>
18	That fire agencies continue to develop their predictive modelling capability for use in actively managing fires.
19	That Tasmania Fire Service reviews the communication systems used for all emergency management operations, ensures operators are qualified, and ensures there is appropriate accountability.
20	That Tasmania Fire Service, Forestry Tasmania, and Parks and Wildlife Service have a process for ensuring fire strategy and tactics are appropriate and remain focused.
21	That Tasmania Fire Service ensures that planning for active fires includes a proactive approach wherever possible.
22	That Tasmania Fire Service considers adopting a primary tactic of an aggressive first attack on fires.
23	That Tasmania Fire Service critically reviews the operation of the Six Operational Priorities to determine whether they are appropriate and effective.
24	That Tasmania Fire Service considers what adjustments may be necessary to the promotion and use of the Six Operational Priorities to ensure plans are suitable for the circumstances of each fire.
25	If it is considered more information is required on action to suppress the fires in Dunalley and why fire operations did not continue, the Department of Justice should conduct an independent examination of this matter.
26	That Tasmania Fire Service reviews operational practices to ensure there is continuity of fire operations when fire suppression action is required.
27	That Tasmania Fire Service reviews its integration of rural local knowledge and volunteer brigades into fire operations, develops and maintains appropriate strategies, and aims to be a best-practice fire service in this regard.
28	That Tasmania Fire Service reviews its approach to blacking out and mopping up, including its policies, operating procedures and training.

29	That Tasmania Fire Service reviews its approach to fire management operations at night, and develop and effectively implement unambiguous policy and operating procedures.
30	That bushfire agencies evaluate the use and effectiveness of fixed wing water bombing aircraft.
31	That bushfire agencies develop procedures for the automatic activation of aircraft to fires at pre-determined trigger points on high fire risk days.
32	That bushfire agencies develop, implement and maintain air operations procedures.
33	That Tasmania Fire Service establishes sufficient resources and expertise to research, develop, implement and review its policies and operations.
34	That Tasmania Fire Service documents and publishes its operational policies and procedures so they are accessible to and suitable for operational personnel.
35	That Tasmania Police ensures planning for emergency operations includes a proactive approach wherever possible.
36	That Tasmania Police reviews its Emergency Traffic Management Points policy; and develops a multi-agency policy in the emergency management plans for road closures and traffic management, including clarity in decision making, coordination and sufficient operational flexibility.
37	That arrangements are made for and appropriate pre-planning occurs to effectively implement the policy on road closures and traffic management.
38	That a state-level policy on evacuations be developed in the emergency management plans, including specific requirements for vulnerable people and guidelines for its implementation.
39	That qualifying the evacuation authority in section 47 of the Fire Service Act 1979 be considered — by exempting those people with a pecuniary interest in a property from a directed evacuation where it is reasonable for them to remain.
40	That arrangements are made and appropriate pre-planning occurs to effectively implement the policy on evacuation.
41	That Tasmania Police be identified as the lead agency on evacuations.
42	That decisions to open Community Fire Refuges and evacuation centres be coordinated with Tasmania Police.
43	That emergency management plans specifically include processes for effectively engaging with local communities and using community resources, including volunteers. <i>(Accepted-in-principle)</i>
44	That a review be conducted of the resource capacity and capability to provide effective and efficient emergency operations, including approved improvements.

45	That further options to appropriately supplement the resources available for emergency management operations be examined. <i>(Accepted-in-principle)</i>
46	That the police and other emergency service organisations discuss their resource issues for emergency operations with the Government. <i>(Accepted-in-principle)</i>
47	That action be taken as a priority to resolve any legal issues on mutual assistance arrangement for fire services.
48	That the state level structural arrangements for managing recovery operations are reviewed.
49	That a standing plan is developed to manage the transition from immediate recovery to medium and long-term recovery, and arrangements are made to ensure this plan can be effectively implemented in a timely way.
50	That the State Special Emergency Plan–Recovery and the emergency management structure for recovery be reviewed.
51	That appropriate plans are made to mobilise resources quickly to re-open roads affected by emergencies.
52	That a public information plan be developed as a part of the State Special Emergency Plan–Recovery, for implementation in the immediate recovery phase.
53	That evacuation centres and other centres have plans and arrangements for electrical power redundancy. <i>(Accepted-in-principle)</i>
54	That evacuation centres and other centres have a standard operating procedure for communications. <i>(Accepted-in-principle)</i>
55	That the role of Red Cross in emergency management plans and procedures for the activation of Red Cross be reviewed.
56	That the Department of Infrastructure Energy and Resources consult Aurora Energy on the use of wooden poles for overhead infrastructure with a view to mitigating the risk in bushfires.
57	That the Government consider whether it should discuss options for greater mobile phone coverage and redundancy in areas of high risk in emergency situations where there are presently telecommunications limits.
58	That emergency management plans recognise the need to provide priority access to areas of emergency operations for critical infrastructure providers.
59	That the State Emergency Management Committee ensures that a program of debriefing on recovery issues is completed by all relevant agencies and organisations, and detailed plans and operating procedures are established ready for implementation.
60	That the State Emergency Management Committee examine whether there are any legal issues associated with continuing recovery operations where the overarching emergency management arrangements have ceased.

61	That the plans for social recovery be reviewed, and plans and procedures are established ready for implementation.
62	That suitable facilities are established from which to effectively control and coordinate immediate recovery operations. <i>(Accepted-in-principle)</i>
63	That emergency management plans specifically include processes and resources for effectively engaging with and using local communities, including volunteers. <i>(Accepted-in-principle)</i>
64	That the State Fire Commission finalise its position on the Tasmania Bushfire Safety Policy without further delay.
65	That the State Fire Commission structures its Tasmania Bushfire Safety Policy so policy outcomes are identifiable and progress in achieving outcomes can be evaluated.
66	That the Tasmanian Emergency Management Plan includes a comprehensive all hazards communications policy and plan. <i>(Accepted-in-principle)</i>
67	That Tasmania Fire Service actively uses predictive modelling to design emergency communications for communities threatened by bushfire, unless there is a compelling reason for not doing so.
68	That Tasmania Fire Service ensures that the priority on warning communities at risk of active bushfires is not confined to when bushfires are burning out of control.
69	That the State Emergency Management Committee makes timely decisions and resource commitments on the appropriate use of social media in emergency management.
70	That the State Emergency Management Committee makes arrangements to actively manage the use of social media in the community during an emergency, to avoid negative consequences for emergency operations.
71	That Tasmania Fire Service and Tasmania Police review their use of modern forms of communication with the community, including social media, and commit resources to fully use this capability where appropriate.
72	That Tasmania Fire Service reviews its approach to communicating with communities threatened by bushfire and consider the matters referred to in this Report.
73	That Tasmania Fire Service promotes a structured approach to research across Australia, to provide a shared understanding and the capacity to benchmark and judge performance.
74	That Tasmania Fire Service develops a research base from which to inform the design of communication campaigns for communities threatened by bushfire. <i>(Accepted-in-principle)</i>
75	That a process be established for the timely implementation of approved recommendations from the 2009 Victorian Bushfires Royal Commission.

76	That an exercise program — to establish and maintain an acceptable state of readiness for agencies and organisations required to be involved in emergency operations — be developed and implemented.
77	That training and development of personnel to establish a suitable state of readiness, be included in the recommended review by Tasmania Police of its approach to emergency management.
78	That membership of the State Emergency Management Committee, and other processes to link in appropriate agencies and organisations to emergency management, be included in the recommended review of the emergency management arrangements.
79	That an accountability process be established for managing improvement in the emergency management arrangements, including annual State of Readiness Reports by relevant departments and agencies and on the overall emergency management arrangements.
80	That the Government take into account demographic change in its assessment of the consequences of climate change on emergency events.
81	That the State Emergency Management Committee considers structuring the Tasmania Emergency Management Plan in a way that provides more specific guidance, commitment to and accountability for action to be taken. <i>(Accepted-in-principle)</i>
82	That the State Emergency Management Committee determine suitable risk management tools, such as the Bushfire Risk Assessment Model, and encourages their use in assessing bushfire risk in a consistent manner. <i>(Accepted-in-principle)</i>
83	That a specific risk prevention and mitigation advisory body be established for the State Emergency Management Committee. <i>(Accepted-in-principle)</i>
84	That the resources available to the Parks and Wildlife Service, to manage bushfire risk following the recent increase in land under its tenure, is reviewed. <i>(Accepted-in-principle)</i>
85	That the Government considers whether a peak body should be established, with authority to effectively implement a bushfire mitigation plan. <i>(Accepted-in-principle)</i>
86	That the State Fire Management Committee considers developing a structured, systemic and proactive bushfire hazard reduction program with municipal councils and Tasmania Fire Service; and advises the Government on any legislative or other changes required to implement such a program.
87	That the State Emergency Management Committee includes in its planning, the development of contingency emergency management plans for areas of high risk due to local conditions. <i>(Accepted-in-principle)</i>

88	That the State Fire Management Committee note the decline in machinery and skilled operators from the forestry industry in the private sector and determines how this reduction in fire management capability can be addressed. <i>(Accepted-in-principle)</i>
89	That the legislation and enforcement arrangements are reviewed to ensure there are suitable offences and penalties, investigation and enforcement capabilities, and a rigorous approach is taken to breaches of the law.
90	That Tasmania Fire Service or another suitable agency provides information to the community which shows, in simple form, the legislation applicable to approvals for lighting fires on private property and the various relationships between that legislation.
91	That Tasmania Fire Service conducts a review of the fire permit system in the Fire Service Act 1979, and implements change to improve the efficiency and effectiveness of the system (ETC.)
92	That the Government actively support the timely development and implementation of an ongoing Strategic Fuel Management Plan.
93	That the Strategic Fuel Management Plan includes measurable targets and they are actively monitored and reported on to the community.
94	That the Government makes land use planning and building construction to prevent and mitigate bushfire risk a high priority and establishes a means to progress improvements in this area, such as a designated body or group, as soon as possible. <i>(Accepted-in-principle)</i>
95	That a bushfire community education and information strategy be professionally developed and coordinated across the fire authorities by Tasmania Fire Service. <i>(Accepted-in-principle)</i>
96	That the State Emergency Management Committee develops and coordinates a whole-of-government community resilience strategy for emergencies in a form that can be practically implemented, as a priority. <i>(Accepted-in-principle)</i>
97	That Tasmania Police conducts a review to ensure emergency management is treated as a priority and a core function throughout the organisation, including the development of contemporary capabilities, and is supported by an appropriate culture.
98	That Tasmania Police establishes a section within its structure with responsibility for developing and maintaining contemporary expertise in emergency management, progressing innovation, assisting organisational change initiatives and supporting its responsibilities in state emergency management arrangements. <i>(Accepted-in-principle)</i>
99	That Tasmania Police develops and implements a program for examining emergency management arrangements and facilities in Australia. <i>(Accepted-in-principle)</i>
100	That the Department of Justice conduct an independent review to develop a suitable model for integrated and interoperable emergency management arrangements in Tasmania.

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101	That following any review, the Emergency Management Act 2006 be amended.
102	That resources are committed to developing and implementing approved reforms to the emergency management arrangements. <i>(Accepted-in-principle)</i>
103	That an independent means of monitoring and reporting on the implementation of approved recommendations is established.

## AUDIT MANDATE AND STANDARDS APPLIED

### Mandate

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

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

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

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

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

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

### Standards Applied

Section 31 specifies that:

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

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

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



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