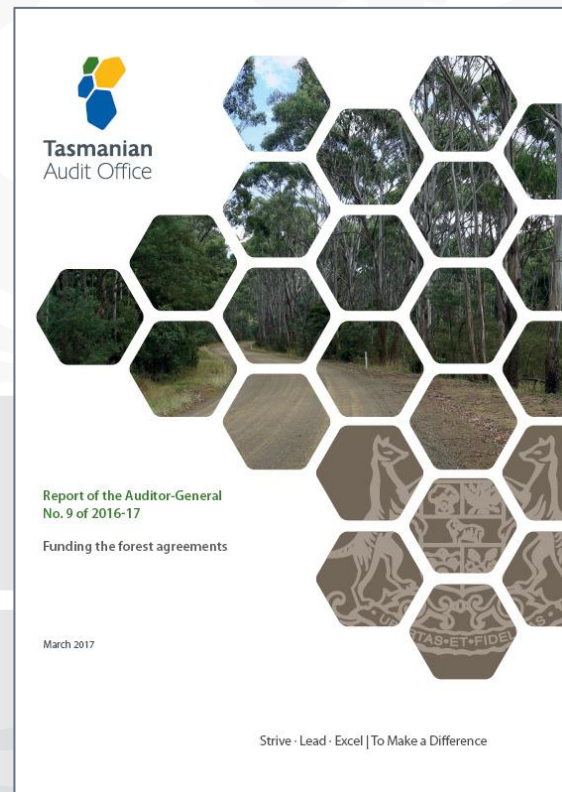




**Tasmanian**  
Audit Office

# Funding the forest agreements

Report of the Auditor-General  
No. 9 of 2016–17



# Today's presentation

- Background to the agreements
- Chapter 1: project descriptions
- Chapter 2: audit tests and findings
- Conclusion and recommendations
- Current audits



# Background

- Peak in 2008 of almost 7000 workers
- Industry declined 30% to 4650 workers by Sept 2010
- Industry leaders and environmentalists signed *Statement of Principles*: Oct 2010
- Gunns' withdrew from native forests in Nov 2010

# Downturn continued

- *Tasmanian Forests Intergovernmental Agreement (TFIGA): August 2011*
- *Tasmanian Forest Agreement (TFA): 2012*
- TFIGA renewed 2013
- only 2715 workers by Nov 2013

# TFIGA objectives

- resolve conflict between environmentalists and forest workers
- protect additional native forests
- enable restructuring of the forestry industry
- develop a sustainable timber industry

# *Tasmanian Forests Intergovernmental Agreement (TFIGA)*

- 21 projects - \$394.40m
- Commonwealth committed \$338m
- State government \$56.40m
- Commonwealth administered 6 projects
- State delivered 15 of the 21 projects

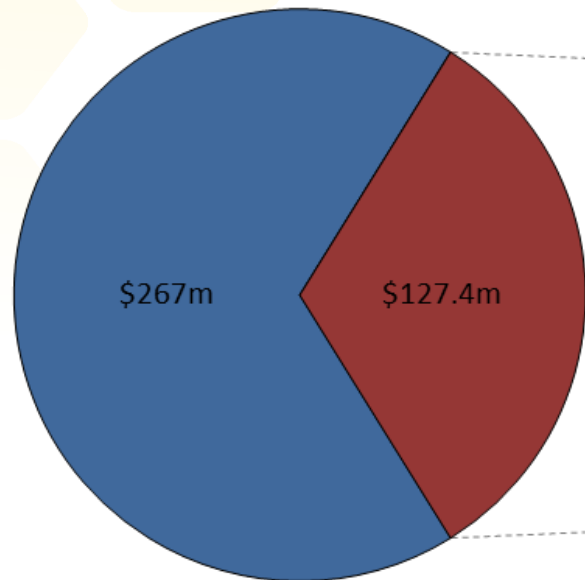
# Audit scope

TFIGA projects implemented by the State

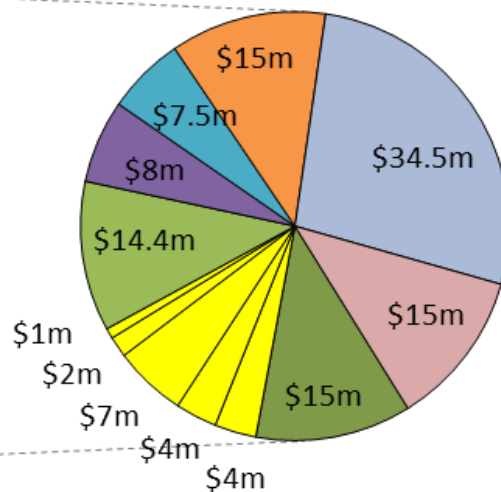
Fieldwork for the audit involved:

- State Growth
- Treasury
- Forestry Tasmania
- Parks and Wildlife Service (DPIPWE)

Total TFIGA funding \$394.4m



\$127m subject to this audit



Other TFIGA projects

Subject to this audit

Sawlog Buyback (\$15m)

Contractor Hardship (\$4m)

Contractor Assistance (\$4m)

Transition Support-2 (\$7m)

Contractor Accreditation (\$2m)

Past-contractor Hardship (\$1m)

Rescheduled Harvesting (\$14.4m)

Plantation Management (\$8m)

Reserve management (\$7.5m)

Transition Support-1 (\$15m)

TFIGA Implementation (\$34.5m)

Transitional Harvesting (\$15m)





# Chapter 1 – project details

- Sawlog Contract Buyback (\$15m)
- Contractor Hardship (\$4m)
- Native Forest Harvest Contractor Assistance (\$4m)
- Previous Native Forest Contractor Hardship (\$1m)

# Chapter 1 – project details

- Transition Support Payments (\$15m)
- Transitional Support and Training (\$7m)
- Contractor Accreditation (\$2m)

# Chapter 1 – project details

- Rescheduled Harvesting (\$4.8m p.a for five years)
- Plantation Management (\$8m)
- Transitional Harvesting (\$15m)
- Implementation of the 2011 IGA (\$34.5m)
- Reserve Management (\$7.5m)

# Audit objective

To assess the effectiveness of the State's administration of the TFIGA projects

## Chapter 2 - audit criteria and findings

1. Was governance outlined in project guidelines?
2. Did assessment processes comply with guidelines?
3. Was performance monitored and reported?
4. Was funding accounted for?

# Criterion 1: *Was governance outlined in project guidelines?*

We tested whether project guidelines defined:

- governance roles and responsibilities
- project objectives and eligibility criteria
- monitoring and reporting requirements

**Satisfied with one exception - monitoring and reporting requirements not defined for Sawlog Buyback**

## Criterion 2: *Did assessment processes comply with guidelines?*

We tested the assessments against 13 aspects of Treasurer's Instruction 709 – Grant Management Framework (TI 709):

- satisfied with 10 of the 13 tests
- found shortfalls in project management documentation relating to three aspects of TI 709

## Criterion 2 – TI 709

Satisfied that risks were managed with standard operating procedures but:

- TI 709 (5) requires specific risk management plans
- TI 709 (12) report outcomes of grants in annual reports
- TI 709 (13) record project reviews and findings in annual reports





## Criterion 2 - continued

We also tested the assessment of applications:

- shortfalls recording rationales supporting assessment decisions and conclusions

**Concluded: some shortfalls in project management documentation**

## Criterion 3: *Was performance monitored and reported?*

We tested whether processes had ensured compliance with the project objectives:

- found regular communication between project managers, heads of agency and relevant Ministers

**Satisfied with one exception - Contractor assistance recipients had not verified the funds had been used to pay down relevant debts within required time**

## Criterion 4: *Was funding accounted for?*

We tested for and found:

- legally enforceable agreements
- eligibility was verified before making payments
- unallocated amounts had been accounted for

## Criterion 4 - continued

TFIGAs allowed governments to amend allocation of funds

- we found any changes had been documented
- Treasury holds residual amounts in a trust fund
- additional projects funded to date include the Arbre Training Hub

**Concluded: funding had been accounted for**

# Overall conclusions

- satisfied with the effectiveness of the State's administration of the TFIGA projects
- no errors in the disbursement of the grants
- satisfied funding had been accounted for
- any changes to the projects had been approved and documented



# Four Recommendations

1. Project guidelines should specify monitoring and reporting requirements
2. Follow requirements of TI 709
3. Document assessment rationales and decisions
4. Define process to monitor compliance with objectives in project management documentation

# Responses

All of the entities involved in the audit thanked us for the report and accepted our recommendations

# Current audits

Follow-up audit

Tasmania prisons

Gambling revenue and harm minimisation

TasWater the benefits of amalgamation



Any questions?