

**Agriculture, Water and the Environment Portfolio**

**Inquiry:** Governance in the stewardship of public resources: Inquiry into Auditor-General's Reports 11, 31, 39 (2019-20) and 2 and 9 (2020-21)

**Question No:** IQ21-000057

**Hearing Date:** 14 April 2021

**Division/Agency:** Water Division

**Topic:** JCPAA additional written questions on notice

**Question Date:** 29 April 2021

**Question Type:** Written

**The Joint Committee of Public Accounts and Audit asked:**

1. With reference to evidence provided by Mr White in relation to table 4.1 on page 49 of the ANAO who said that "[t]he 'Benchmark (maximum considered)" column came from a range of processes within the department";

- a. How many separate processes are involved in formulating this benchmark?
- b. Did the ANAO assess whether these processes were suitable for formulating a benchmark?
- c. With reference to the Condamine-Balonne purchases;
  - i. how many different processes were used by the department and provided to the ANAO to determine this benchmark?
  - ii. How many different documents were provided to the ANAO?
- d. Are these processes used consistently across each purchase?

2. With reference to the Condamine-Balonne purchases, how many months after the Colliers International valuation was received was the purchase made?

3. With reference to evidence provided by Mr White, in which he says, "In reading the [ABARES] report, we looked at the explanation that the valuer had provided that there were some sales that would possibly occur again or follow, occurring in the near future, that would be above the range that was listed";

- a. Who is the valuer Mr White is referring to?
- b. Which component of the valuation is Mr White referring to?

4. With reference to evidence provided by Mr White where he says, "We also looked, then, at the explanation of the valuer that a 10 to 30 percent premium could be expected on some sales, depending on a range of factors";

- a. What were the range of factors?
- b. Were these factors outlined by Colliers International?
- c. How were these factors determined by the department?
- d. How were these factors used?

5. With reference to evidence provided by Mr White, in which he says, "I was talking about work that we did in terms of looking at how the price range may have been reasonable. How the department factored in the 10 to 30 percent, they might better answer themselves";

- a. Did the ANAO look into how the department factored in the 10 to 30 percent?
- b. Did the ANAO determine the price range was reasonable without looking into how the 10 to 30 percent was factored in by the department?

6. Was the ANAO aware of any valuation of overland flow licenses that valued the water at \$50 per megalitre?

7. In order to determine whether purchases met value for money what weighting did the department use for each aspect of the triple-bottom-line?
8. How has the ANAO determined that the Condamine Balonne purchases met the triple bottom line when the application of guidelines weren't met in three out of four assessment categories? (See table 3.1, p.34).
9. Did the ANAO take into account the implementation of previous recommendations made to the environment department (in previous audits) when undertaking this audit? If so, what recommendations were not implemented?
10. With reference to a recent statement from Colliers International where they described the department's use of their valuation as not appropriate;
  - a. What steps will the ANAO now take?
  - b. What steps will the department now take?

**Answer:**

Question 1 and questions 3 to 10(a) have been referred to the Australian National Audit Office (ANAO) for response.

*Question 2*

The Department of Agriculture, Water and the Environment received the valuation it used to inform the purchase from Eastern Australia Agriculture on 13 March 2017. The delegate provided approval under Section 23(1) of the *Public Governance, Performance and Accountability Act 2013* on 7 June 2017 and the purchase was finalised on 9 August 2017.

*Question 10(b)*

The department will continue to implement the recommendations of the ANAO's audit and embed lessons learned in its future policies and procedures.

The department has examined its files and has not identified any additional relevant information which would lead it to reconsider its approach to this matter as reflected in Ms Connell's email to the ANAO of 24 March 2021. This email was provided to the Senate Committee on Rural and Regional Affairs and Transport on notice following its 26 March 2021 hearing.