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Joint Committee of Public Accounts and Audit

Answer to Question on Notice

Department/Agency: Australian National Audit Office

Inquiry: Inquiry into the review of the *Auditor-General Act 1997*

Committee Member: Ms Lucy Wicks MP, Chair, JCPAA

Type of question: Hansard, page 9 & 10

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Question

CHAIR: ... another recommendation has been made about providing to the committee to initiate a full range of audits of Commonwealth entities, including assurance reviews of government business enterprises. I read up a little bit about the historical reasons for carving those out in the manner in which they have been. Are you aware of any entities where there's currently joint public and private ownership? Have you encountered any examples of these in recent auditing work?

Mr Hehir: So, a joint venture with the private sector? I'm sure they exist. I don't think we've encountered any in the context of our audit work. I don't know whether any of my colleagues can recall any. Within our act, there isn't really an impediment for us to follow the dollar into joint venture entities with respect to performance audits. The issue with respect to government business enterprises is slightly different; it's the requirement, if we wish to do a performance audit of a GBE, to receive the approval of the JCPAA—or to get a request from the JCPAA, more precisely. I'm not certain whether I've answered the question.

Chair: I think what I was getting at is the historical reason for carving that out and putting that requirement into the act. Were we to change it, what would be the potential ramifications? We've talked a lot about potential ramifications down the track. What would you see any of them being, and would you see this as a potential issue in the future?

Mr Hehir: I don't think that there's a ramification, but I might take that on notice because it's around the question of the definition of an entity and—unless one of my colleagues can help us there—with respect to what we can audit, once you go past GBEs, if you're talking about some form of joint venture, it then comes into a control environment. Tom, do you have a view on that?

Dr Ioannou: The Commonwealth's moved away from that sort of venture in recent years. These days it tends to contract with the private sector to provide grant funding. I may be wrong, but I honestly can't recall a recent instance of a joint venture where government has actually set up a business entity, if you like, where there are equal shares in the entity, for example, between the Commonwealth and a private entity. I cannot recall one.

Mr Hehir: There may be some between GBEs and other bodies, but I think we would need to take that on notice and have a think and come back to you.

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ANAO Response

Examples of Commonwealth entities that have joint ventures with private entities are:

- Moorebank Intermodal Company (MIC) joint venture with Qube¹; and
- Defence Housing Australia (DHA) joint venture partnership with Lee Point Development Corporation Pty Ltd².

These joint ventures are not entities under the *Public Governance, Performance and Accountability Act 2013* and therefore the requirements with respect to Government Business Enterprises (GBEs) under the *Auditor-General Act 1997* do not apply.

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¹ Moorebank Precinct Land Trust is a unit trust formed by MIC Land Trust and Qube. MIC Land Trust owns 65.63% of the units within Moorebank Precinct Land Trust (Qube 34.37%).

² DHA owns 50% of the joint venture with Lee Point Development Corporation Pty Ltd. This joint venture is currently dormant and in the process of being wound up.

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