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# In the absence of angels: the role of auditors and Parliament within our system of checks and balances

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## INTRODUCTION

Firstly, a personal reflection on why I chose to speak to you on this topic. I have observed if we don't keep ourselves in check, then the results are generally unexpected to us and ugly. In public life, it is often called a dramatic fall from grace, or a train wreck. In private life, it is often isolation and loneliness that will result from not being able to control our urges. The ability to cope with critique and correction, is vital to keep or bring us back on track. We talk of teams, community and diversity. But if we can't cope with people telling us what we don't want to hear, but need to, then it is just that – talk.

Checks and balances are perhaps more prevalent in our lives than we may first appreciate. Many provide a level of assurance we welcome. As surgical patients it is partly bemusing, but ultimately comforting, to have multiple people check our name and planned procedure before losing consciousness. As parents, it's good to know

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assessments are moderated to ensure marking standards are maintained at key stages of our children's education. Admittedly, as sporting fans, we may have more mixed views of checks and balances depending on whether our team has been on the right side of a contentious Decision Review System (DRS), Bunker, or Video Assisted Referee (VAR) decision.

The ubiquity of checks and balances in our society reflects our fallibility as a species. They also exemplify the inherent suspicion we hold regarding the capacity or motive of those we grant authority. This suspicion is heightened with the liberties we cede through our various laws and taxes.

Systems of government in liberal democracies have evolved out of a deep-rooted doubt as to the altruism of those we place in positions of power. This sentiment is echoed in the words of one of the Founding Fathers of the US Constitution, James Madison. In 1788, Madison argued:

*... what is government itself, but the greatest of all reflections on human nature? If men were angels, no government would be necessary. If angels were to govern men, neither external nor internal controls on government would be necessary.<sup>2</sup>*

All of us attending this conference are part of an expansive network of controls that has developed in the absence of angels that Madison observed 236 years ago, and for government to work, each of us who serve as a control on government need to do our jobs. As each of us in this room know, sometimes, this may require us to be just a little bit brave.

I thought it might be apt to set the scene for the next two days by revisiting how our systems of institutional checks and balances evolved. I will focus on the history of our respective roles as Auditors General and parliamentary committees charged with scrutinising the public accounts – be they Public Accounts Committees (PACs) or upper House equivalents. I will then share my views – mainly from a Western Australian (WA)

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<sup>2</sup> 'Federalist Paper #51', as quoted in: Elgin Hushbeck, *The United States Constitution: A History*. Gonzalez, Florida: Energion Publications, 2022, p. 16. James Madison went on to serve as the fourth President of the United States.

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perspective – on the value of the working relationship between PACs and Auditors General and how this promotes transparency and accountability.

I hope to prompt both thought and discussion by highlighting some of the current challenges democracies are facing. In particular, the growing view that public trust is declining in an era of misinformation. Many of the factors behind this decline are beyond our remit as auditors and parliamentarians – and the valued staff who support us. Yet, I will argue we have the capacity and indeed the duty via our work to provide those robust checks on government that strengthen capability and faith in our democracy. Often the work of performing a control or oversight function seems dry and unheralded. On occasions it may be unwelcome, or even seen as combative. Our commitment to doing our duty as discrete cogs in our system of government, however, will shape our legacy as current custodians of these most vital democratic institutions. And it may well turn back the tide to restore community faith in democracy where it is waning, because the proof of effective democratic government becomes just too compelling.

## **REFLECTIONS ON HUMAN NATURE RELEVANT TO OUR SYSTEM OF CHECKS AND BALANCES**

Our history is littered with prominent figures warning of the darker side of human nature and its tendency towards the arbitrary exercise of power. In the early chapters of Genesis, God was quick to lament that the ‘wickedness of man was great on the earth’. Aristotle was an early advocate for checks and balances, describing man as a political being, who, ‘when perfected, is the best of animals, but, when separated from law and justice, ... is worst of all’. Aristotle’s observations were somewhat validated several centuries later when Julius Caesar sought to place himself above the law, briefly declaring himself ‘dictator for life’. This act was among Caesar’s last, as he was soon terminally checked by scores of knife-wielding Roman Senators who took umbrage to what they deemed an unacceptable abuse of power.

In 1215, the threat of a similar fate at the hands of discontent barons brought England’s King John reluctantly to the table to sign the Magna Carta. This pivotal document agreed the vital concept of the rule of law – applicable to all – that remains a foundation principle of liberal democracies across the world. Other key principles including parliamentary sovereignty, universal suffrage and responsible government arose centuries later following periods of bloodied civil upheaval across England, France and the United States.

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Enlightenment Era thinkers of this period espoused the need for government but clashed over its ideal form and reach.<sup>3</sup> Several influential schools of thought saw a clear separation of powers as a critical counter to tyrannical tendencies.<sup>4</sup>

The system that prevailed promoted a formal separation of powers across the executive, legislative and judicial branches that is enshrined constitutionally in various forms in many of today's parliamentary and presidential systems.

Despite the emergence of this system, concerns have remained around overreach, particularly within the Executive branch given its influence over our daily lives. Hence our enduring familiarity with quotes like that of Lord Acton 'Power tends to corrupt and absolute power corrupts absolutely.'

Our role as auditors and parliamentary scrutineers of public accounts has emerged in recent centuries out of this concern. We are deliberately inserted as a necessary tension in the system. Under reforms instituted by Lord Acton's contemporary in the House of Commons, William Gladstone, we have become part of a financial accountability framework relied upon by the public we serve. As was noted in the final report of the 1992 WA Inc Royal Commission, accountability measures within such frameworks are not designed to 'prevent a government from governing.... [but] to hold governments, public officials and agencies to account for the manner of their stewardship.'<sup>5</sup>

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<sup>3</sup> In his book, *Leviathan*, Thomas Hobbes called for an absolutist form of government to protect from each other in a state of nature that would otherwise render human life 'solitary, poor, nasty, brutish, and short' (see chapter 13). John Locke, alternatively, had a more optimistic view of humans and thought the reach of government should be limited to securing the life and property of its citizens.

<sup>4</sup> See, for example, French philosopher Montesquieu and United States Founding Fathers, John Adams and James Madison.

<sup>5</sup> Royal Commission into Commercial Activities of Government and Other Matters, *The Report of the Royal Commission into Commercial Activities of Government and Other Matters (Part II)*. Perth: Parliament of Western Australia, 12 November 1992, p. 2 - 3.

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## EVOLUTION OF AUDITORS GENERAL AND FINANCIAL OVERSIGHT COMMITTEES

When looking at how this financial accountability framework developed, I thought I'd start with us auditors given we go back as far as the ancient civilisations of Rome, Greece, China and Egypt. These earliest forms of audit involved checking goods and accounts to placate mutually suspicious merchants. Early references to an auditor of government expenditure date back over 700 years with England's Auditor of the Exchequer.

Most significant was the UK House of Commons 1866 act to establish a Comptroller and Auditor General to audit the accounts of all government departments and report the results to Parliament.<sup>6</sup> This was part of Gladstone's suite of reforms, which also saw the first public accounts committee established five years earlier. In a report commemorating its 150-year history, the UK PAC said that Gladstone's reforms occurred at a time when 'the role of Parliament in the process of [financial] control was limited.... [and] its scrutiny of public spending was weak.'<sup>7</sup>

The antipodean colonies had already given priority to establishing a public audit function by this time. The New South Wales Audit Office is currently celebrating its bicentenary, Tasmania will do so in 2026, and we here in WA will follow in 2029. So important was independent assurance on public spending for WA's first Governor, James Stirling, he formed a Board of Counsel and Audit while *en route* at sea. Stirling wanted to ensure structures were in place to promote transparency and probity over public finances and property before landing in the new Swan River settlement.

New Zealand's first Auditor General was appointed in 1846, while the fourth piece of legislation passed by the Parliament of Australia was the *Audit Act 1901*.<sup>8</sup> This followed the passage of two Supply Acts showing that the newly minted Commonwealth Parliament wanted to ensure an independent set of eyes was in place to check government spending. Former Auditor General of Australia, Ian McPhee, refers to the '100 per cent checking regime' that was in place at the time. This required reconciling

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<sup>6</sup> Committee of Public Accounts, *Holding Government to Account: 150 years of the Committee of Public Accounts*. London: Committee of Public Accounts, 2007, p. 12.

<sup>7</sup> Committee of Public Accounts, *Holding Government to Account*, p. 9.

<sup>8</sup> *Audit Act 1901* (Cth).

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all transactions of government entities and reporting to Parliament on material anomalies. An arduous task that was soon made more difficult by the expenditure demands of World War One. Auditing at this time involved reconciliation of service personnel's payslips and checks on weapons purchasing. Mr McPhee has referred to stories of audit inspectors demanding to see the returned empty cartridge boxes as proof their contents had been used.<sup>9</sup>

I can only imagine how this particular request would have been received. To give the auditors some credit, perhaps, the audit office had some insight and cause to be alert to risks of panic and opportunism in wartime procurement processes.

As their respective Parliaments evolved, Auditors General across the Commonwealth were given greater autonomy on what to audit and report. This enabled moves toward sample-based financial auditing. From the 1970s onwards, Parliaments sought more information on the effectiveness and efficiency of government spending. This saw Auditors General vested with performance, or value-for-money, auditing responsibilities.

In WA, this took effect through legislative amendments passed in 1985. These amendments also saw the Auditor General required to provide an opinion on the relevance and appropriateness of departmental key performance indicators. From 2006, further amendments added a requirement to assess the reasonableness and appropriateness of a Minister's decision to not provide information to Parliament. Assessment of these section 82 notifications – when lodged by Ministers – remains a unique function of my Office.

From strict transactional and financial statement auditing, the remits of many audit offices have expanded extensively, as their respective Parliaments' demands for information have grown. Looking at recent trends, including the WA PAC's current inquiry and some of the topics at this conference, it could well be that Parliaments may soon start seeking some form of independent monitoring and reporting on the delivery of sustainability/Environmental Social Governance (ESG) outcomes by government entities.

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<sup>9</sup> Ian McPhee. 'The Evolving Role and Mandate of the Australian National Audit Office Since Federation'. Accessed at [https://www.aph.gov.au/About\\_Parliament/Senate/Powers\\_practice\\_n\\_procedures/pops/pop57/c04](https://www.aph.gov.au/About_Parliament/Senate/Powers_practice_n_procedures/pops/pop57/c04).

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In terms of the parliamentary side of our financial accountability framework, the UK PAC, established in 1861, was the first of its kind and the prototype from which Australasian Council of Public Accounts Committees (ACPAC) member committees originated. Its original purpose was to examine the accounts ‘showing the appropriation of sums granted by Parliament to meet the Public Expenditure’.<sup>10</sup>

This was part of the push within Westminster to reassert Parliament’s control over the information it required to scrutinise government spending. The Committee quickly began using reports of audited accounts as the basis for questioning departmental officials on whether spending was in accordance with the appropriated purpose. By the late 1800s, the UK PAC was encouraging the Comptroller and Auditor General to report to Parliament on instances of waste.<sup>11</sup> The Committee subsequently supported audit investigations into matters including the costs of shipbuilding and price discrepancies in the War Office’s purchase of horses.<sup>12</sup>

ACPAC jurisdictions followed suit, progressively establishing PAC-style committees throughout the 20<sup>th</sup> Century. I believe NSW has the longest running PAC, having operated continuously since 1902.<sup>13</sup> However, Tasmania and Victoria first established standing committees on Public Accounts as early as 1862<sup>14</sup> and 1895<sup>15</sup> respectively.

Exhaustive research undertaken by local Parliamentary Fellow, Dr Harry Phillips, confirms that WA’s PAC was established in our Legislative Assembly in 1971, becoming this Parliament’s ‘first standing committee with a parliamentary policy or accountability objective’. The WA PAC was quick to leverage off, and support, the work of the Auditor General – a point I will expand upon shortly. It is notable that within two years, the Assembly formed a select committee to consider the establishment of a broader standing committee system. The select committee reported in support of the

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<sup>10</sup> Committee of Public Accounts, *Holding Government to Account*, p. 10.

<sup>11</sup> Committee of Public Accounts, *Holding Government to Account*, p. 15.

<sup>12</sup> Committee of Public Accounts, *Holding Government to Account*, p. 15.

<sup>13</sup> Public Accounts Committee, *History of the Public Accounts Committee: 1902-2018*. Sydney: NSW Parliament, 2019, p. vii.

<sup>14</sup> Simon Scott, ‘Examining the History of One of the Longest Established Public Accounts Committees in the Commonwealth’. Accessed at <https://cpaaus.org/examining-the-history-of-one-of-the-longest-established-public-accounts-committees-in-the-commonwealth/cpaaus.org>.

<sup>15</sup> Public Accounts Committee, *History of the Public Accounts Committee: 1902-2018*, p. vii.

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proposal, arguing that Parliament had to be modernised to counter what it then saw as an international trend of growing executive dominance.

Despite this report, it would be another 28 years before an Assembly standing committee system came into effect (in 2001). Ultimately, it was the Legislative Council that was first to move in this respect, establishing three foundation standing committees in 1989. One of these was the Standing Committee on Estimates and Financial Operations (EFOC). Like PAC, EFOC quickly became an active supporter and user of Auditor General reports. Indeed, both PAC and EFOC remain critical to the work and effectiveness of my Office, and we are accountable to the Parliament through them.

## **WORKING RELATIONSHIP BETWEEN AUDITOR GENERALS AND PACS**

For more than 150 years now, similar working relationships have emerged and endured across Commonwealth jurisdictions, including those of us within ACPAC. This relationship plays a critical role in our system of institutional checks and balances by helping Parliaments and the people hold governments to account for the expenditure of public monies and the delivery of what are often monopolised services.

While this relationship has manifested in various forms, I would like to spend my time focusing more on its outcomes than its processes, primarily through the WA lens given this is where I am an active participant.

However, to frame my perspectives, I would like to share a quote from former Senator Robert Ray, a 28-year veteran of the Australian Parliament and former Minister in the Hawke and Keating Governments. Mr Ray made these observations in 2010 about the value of the Senate Estimates Committee process:

*Somewhere, someplace in Canberra right now public servants are making an administrative or a policy decision and one of the key questions they are going to ask is this: will this survive scrutiny at estimates? This has happened day in and day out in Canberra for the last 25 years. What higher testament can a set of Senate committees have than that being in the minds of every public servant? I am sure that often arose when administrative decisions were made in a minister's office, including Senator Hill's office or mine. We wondered if we would be able to survive a cross-examination on this and if we*

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*would be able to justify it. How many billions of dollars do you think have been saved simply by having the threat of Senate estimates committees?*<sup>16</sup>

I see the relationship between audit offices and committees such as PAC and EFOC in WA as mutually beneficial in encouraging a similar pro-active mindset with public servants.

We, as auditors, are a conduit to informed parliamentary scrutiny of the agencies that serve as the delivery arm of executive government. We provide key operational information and intelligence that would often be otherwise unavailable to committee members and other members of the legislature. This provides them with greater opportunity to develop as effective scrutineers of government policies and programs.

In this respect, we act as the Parliament's eyes and ears. Our focus is on providing independent assurance on public spending, while highlighting shortcomings in public administration. We also strive to recommend ways in which quality and standards can be improved across the entire sector, not just within the entities we audit. But we rely on committees like WA's PAC and EFOC to ensure entities pay heed to our recommendations.

As I noted earlier, these committees have played a long-standing role in promoting, supporting, and utilising the work of the WA audit office. In just its third report in 1992, EFOC commenced following up agencies that had been the subject of Auditor General findings reported to Parliament.<sup>17</sup> The Committee soon turned its focus to the Auditor General's annual reporting on the public sector's lagging development of performance

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<sup>16</sup> John Hogg, Robert Hill and Robert Ray, 'Throwing Light into Dark Corners: Senate Estimates and Executive Accountability', Senate Occasional Lecture Series, 2010, p. 28. Accessed at: <https://www.aph.gov.au/binaries/senate/pubs/pops/pop54/c03.pdf>.

<sup>17</sup> Standing Committee on Estimates and Financial Operations, *Third Report of the Standing Committee on Estimates and Financial Operations in Relation to the Leasing of Computer Equipment for the Legislative Council*. Perth: Parliament of Western Australia Legislative Council, 3 February 1992.

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indicators that had become a requirement nine years earlier under amended financial management legislation.<sup>18</sup>

I value my regular briefings with the current EFOC, chaired by the Hon Peter Collier, both for the manner in which they hold me to account for the work of the Office and the way in which they seek further information to support their scrutiny of agencies during their extensive Budget Estimates and Annual Report hearings. The Committee's interrogation of the growing number of entities subject to qualified opinions on financial statements and controls in recent years has very much sharpened the focus of many public sector CEOs on the importance of good financial and information systems management practices. Last December it was pleasing to note a reversal in what had been a steep increase over three years in the number of qualified entities, although many entities still have a lot of work in front of them.

PAC's support has been equally enduring, albeit with a greater focus on our performance audit reports. This has ensured valuable coverage of all our varied forms of work. However, PAC was established prior to our performance audit remit. Therefore, its early lens was turned towards our financial audit results. Within a year of forming in 1971, PAC had examined the Auditor General's annual report to Parliament and expressed its concern that criticisms outlined in that report had not been acted on. It then indicated it would start conducting detailed examinations of various departments. It is not surprising that in his next Annual Report, then Auditor General (Will Adams) attributed 'an overall improvement' in public service accounts to the activities of PAC.

So, the value of an enquiry from a parliamentary committee cannot be overstated!

Perhaps in recognition of this point, PAC and my predecessor Des Pearson signed a Statement of Understanding in 1996. The Statement aimed to 'enhance the accountability mechanisms of the Parliament' by improving communication and coordination between the Auditor General and the Committee.<sup>19</sup> Both entities agreed

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<sup>18</sup> Standing Committee on Estimates and Financial Operations, *Tenth Report of the Standing Committee on Estimates and Financial Operations in Relation to Performance Indicators*. Perth: Parliament of Western Australia Legislative Council, 10 December 1994.

<sup>19</sup> Public Accounts and Expenditure Review Committee, *Report on Statement of Understanding Between the Auditor General and the Public Accounts and Expenditure Review Committee*. Perth: Parliament of Western Australia Legislative Assembly, 24 October 1996, p. 3.

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to cooperate as independent bodies to enhance public sector accountability and performance.<sup>20</sup>

In its introduction to the 1996 Statement, the Committee referred to earlier reports of the Commission on Government that had highlighted a recent weakening of parliamentary oversight of the executive before concluding that ‘In an era of expectations of increased accountability and where the flow of information is crucial to such oversight, this Statement will be of great value.’<sup>21</sup>

I was privileged to co-sign a Statement of Understanding in 2021 with current PAC Chair Lisa O’Malley. Initiated by the Committee, this document reiterates the original Statement’s aim and common mission. It includes a commitment from PAC to ‘review and consider reports tabled by the Auditor General [with a focus on our performance audits] to determine whether to follow-up [report] findings and recommendations.’

This continues the convention established in 1996 and Committee enquiries take varied forms including letters to agencies seeking detailed responses to actions taken, or invitations to appear at a public hearing. Both methods are extremely helpful in holding agencies to account for commitments they make in response to audit report recommendations. Agency heads generally don’t welcome the prospect of having to explain any inactions to PAC.

Consistent with the sentiments of former Senator Ray, the spectre of Committee scrutiny is one of the most valuable prompts to improved public administration. And this cycle of responsiveness and accountability is pivotal to maintaining faith in the integrity of our systems of government in a period where attitudes towards democracy appear to be shifting.

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<sup>20</sup> Public Accounts and Expenditure Review Committee, *Report on Statement of Understanding Between the Auditor General and the Public Accounts and Expenditure Review Committee*.

<sup>21</sup> Public Accounts and Expenditure Review Committee, *Report on Statement of Understanding Between the Auditor General and the Public Accounts and Expenditure Review Committee*. p. 1.

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## CHALLENGES FACING DEMOCRATIC SYSTEMS OF GOVERNMENT – DECLINING TRUST

After an extended period of relative peace and prosperity across many liberal democracies, trust in our public institutions appears to be diminishing. A chorus of credible voices has expressed concern at this trend over the last five years. These include Federal Home Affairs and Cyber Security Minister, Hon Clare O’Neil, who in late-2022 stated that ‘Democracies around the world are under threat from a range of anti-democratising forces including ... populism and polarisation, and declining reserves of public trust.’<sup>22</sup>

Veteran senior public servant, Peter Shergold AC, wrote in 2019 of the ‘depressing fact ... that here, as elsewhere, trust in democracy appears to be falling’.<sup>23</sup> This is fed by misinformation arising in what Mr Shergold calls a “post-truth” era of social media [where] .... civil discourse and political debate has become ever less civil.’<sup>24</sup> Especially online.

In a similar vein, veteran political journalist Paul Kelly has recently written that ‘Australia is now a fragmented nation... engaged in a democracy-changing experiment with the smartphone and losing trust in institutional authority.’<sup>25</sup>

While we may not all share the same level of alarm, agreement around the declining trust in democracy appears to be reasonably broad-based. Or perhaps, to not take away from the struggles of our forebearers, it is rather that the arguments we hope have been won are just never settled in some minds.

The recent announcement of the establishment of a Strengthening Democracy Taskforce, managed by the Department of Home Affairs reflects a contemporary acknowledgement of the challenges we face now. As part of its remit, the Taskforce

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<sup>22</sup> The Hon Clare O’Neil MP, ‘Home Affairs and the long view - National Press Club Address’. Accessed at: <https://minister.homeaffairs.gov.au/ClareONeil/Pages/national-press-club-address.aspx>.

<sup>23</sup> Peter Shergold, ‘Maintaining public trust in government’, in Tom Frame (ed), *Getting Practical About the Public Interest*. Redland Bay, Queensland: Connor Court Publishing, 2019, p. 87.

<sup>24</sup> Peter Shergold, ‘Maintaining public trust in government’.

<sup>25</sup> Paul Kelly, ‘Two former PMs have raised the alarm. Will they be heeded?’. *The Weekend Australian* (online), 1 March 2024. Accessed at: <https://www.theaustralian.com.au/inquirer/two-former-pms-have-raised-the-alarm-will-they-be-heeded/news-story/c0da2898d976505c9bf4eef036ddda5b>.

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acknowledges three ‘historic strengths of Australian democracy’ currently exposed to a range of ‘emerging and evolving threats’ impacting other democracies. Two of these strengths relate to the performance of our ‘trusted [democratic] institutions’ and the credibility of information flows within our ‘deliberative public sphere’.<sup>26</sup>

Many of the factors contributing to declining trust in our democratic systems of government lie outside the scope of your or my influence – particularly those relating to nefarious foreign interference.

However, I believe that each of us in this room has a critical role in augmenting public faith in our systems of government – by offering a check and balance against populist and authoritarian sentiments. How do we work respectively to achieve this?

As auditors, through the quality, relevance, and balance of information we provide to Parliaments.

As parliamentarians, through the manner in which you use such information to promote transparency, accountability, and improved performance across government.

And collectively, by fostering a spirit of robust but respectful debate in our work that shows the community how a tolerance for diverse views, and an ability to disagree well, can help us reach consensus views as to how we shall best govern ourselves.

## **HOW AUDITORS AND PARLIAMENTARIANS CAN HELP RESTORE TRUST**

When discussing the challenges we face in helping strengthen democracy, I am mindful of our respective independence and the importance of staying in one’s lane. Accordingly, I have sought to offer parliamentarians’ perspectives by sharing a collection of relevant musings from those who have served, or continue to serve, in elected office.

Prime Minister Albanese, who served on the Joint Committee on Public Accounts and Audit (JCPAA) across 2015-2016, recently described democracy as ‘precious, something we have carefully grown and nurtured’ across generations. He went on to argue, validly

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<sup>26</sup> Department of Home Affairs, ‘Strengthening Democracy Taskforce - About the Taskforce. Accessed at: <https://www.homeaffairs.gov.au/about-us/taskforces/strengthening-democracy-taskforce>.

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in my view, that ‘One of our core responsibilities is to make it stronger, and key to that strength is transparency and accountability’.<sup>27</sup>

Speaking at the 2011 ACPAC Conference, former Democrat Senator for WA, Andrew Murray, argued that accountability relies on strong Parliaments and strong parliamentarians. Mr Murray, who served for 11 years on the JCPAA, warned against a system or a Parliament that ‘raises the executive above all else, and diminishes the checks and balances explicit in the separation of powers doctrine.’<sup>28</sup>

But how does one navigate their way through a parliamentary system, like ours, where the separation of powers is blurred with members of the executive residing in and drawn from the legislature? Government and opposition members on PACs and their Upper House equivalent committees are confronted with a perennial juggling act between their roles as parliamentarians and politicians. It would be naïve for us to deny the difficulties you face in balancing these responsibilities. It is arguably one of your greatest challenges.

This topic has been discussed at previous ACPAC Conferences and canvassed in Dr Harry Phillips’ study of the WA parliamentary committee system.<sup>29</sup> What is notable is the consensus from members across the political spectrum that while political and philosophical differences often feature within committee deliberations, in most instances members work towards bi-partisan outcomes.

Former Senator Murray is among this cohort, describing most Senators he worked with as politicians in the chamber, but ‘co-operative colleagues’ in the committee room.

This spirit of bipartisanship shows that while politics may be unavoidable in committee work, it need not be detrimental, and it need not preclude committees from tabling unanimous reports with well-informed recommendations aimed at improving the workings of government.

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<sup>27</sup> The Hon Anthony Albanese MP, ‘Woodford Folk Festival speech’. Accessed at: <https://www.pm.gov.au/media/woodford-folk-festival>.

<sup>28</sup> Andrew Murray, ‘Parliamentarians Politicians and Accountability’, in WA PAC, *ACPAC 2011: A Report on the 11th Biennial Conference of the Australasian Council of Public Accounts Committees*, Report No. 11, 2011, p. 17.

<sup>29</sup> Harry (C.J.) Phillips and Niamh Corbett, *Parliamentary Committees in the Western Australian Parliament: An Overview of their Evolution, Functions and Features. Volume 2: 2001–2021*. Perth: Parliament of Western Australia, 2023, pp. 898-907.

I believe those who might despair at the theatrics of Question Time, would have their faith in democracy somewhat restored watching the effort and commitment of committee members working collaboratively, and often tirelessly, to this end.

Certainly, such instances serve the public interest and enhance the institutional credibility of Parliament. Apt is the description of former WA Legislative Council President, Hon Barry House, who retired in 2017 after 30 years in the WA Parliament, that ‘Parliamentary committees are one of the most important, and understated, functions of our representative parliamentary democratic system’.<sup>30</sup>

This work is particularly important on PACs and their Upper House equivalent committees given the breadth of their remit across all aspects of government expenditure – remembering that if you don’t look after the finances, before too long you can’t get much done. The scope for positive public administration outcomes and members’ professional growth is considerable.

Reflecting on his time on committees, including four years as PAC Chair, current WA Government Minister, the Hon Dr Tony Buti, said that his experience on committees allowed him to ‘delve into the intricacies of how governments work, and the interaction between government agencies and the executive, and the private sector and the public at large.’<sup>31</sup>

He lauded the value of committee membership as something that offers ‘great educational value, not only for legislators but also for potential ministers of the crown.’<sup>32</sup>

In its 2012 report, *Holding Government to Account*, the UK PAC wrote of its proud 150-year history focusing on ‘the themes of identifying waste, tackling poor performance and making the best use of public funds’.<sup>33</sup>

For what it is worth, as a keen and invested observer, I would urge you to embrace your opportunity on these most pre-eminent and historically significant of committees. Collectively, we are invaluable cogs working cooperatively but independently in a

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<sup>30</sup> Harry Phillips and Niamh Corbett, *Parliamentary Committees in the Western Australian Parliament*, p. 900.

<sup>31</sup> Harry Phillips and Niamh Corbett, *Parliamentary Committees in the Western Australian Parliament*, p. 904.

<sup>32</sup> Harry Phillips and Niamh Corbett, *Parliamentary Committees in the Western Australian Parliament*.

<sup>33</sup> Committee of Public Accounts, *Holding Government to Account*, p. 33

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system dedicated to financial accountability and transparency. The parliaments and public we serve will be stronger for our diligence and shared commitment to this work.

As auditors, we need to remain fearless and thorough in our approach, but mindful and respectful in our dealings with government and agencies, and be prepared for intermittent periods of discomfort in our role, particularly within the more subjective area of performance auditing. I very much relate to Ian McPhee's recollections of his time as Auditor General for Australia. He has spoken of the 'fairly robust discussions' he experienced on occasions where Ministers and CEOs 'strongly presented their perspective'. He did note, however, that when done properly and respectfully, this 'generally add[ed] to the understanding of the issues on both sides' and ultimately reflected well on our system of government and its respect for our institutional arrangements.<sup>34</sup>

I would argue this has been my experience in WA. I have regularly observed close and respectful senior engagement on audit matters, and a mutual willingness to adjust our positions which has led to better accountability and public administration.

While parties may ultimately agree to disagree, it is important nonetheless that we auditors maintain a no-surprises approach throughout our audit process. Having active liaison at a ministerial, departmental, and parliamentary level within an audit office – while not a guaranteed fail-safe – is still very much a value-add in this regard.

Even so, government will remain understandably wary of our reports due to their impact among the media and also with the public – who are the ultimate scrutineers of performance. Hence the need for balance in our reporting, giving appropriate credit where due. While they may rarely be the focus of media, positive findings recognise effective government and allow other entities outside the audit to identify and implement better practice. Both outcomes give due recognition to dedicated and skilled public servants and help inspire public confidence in our institutions.

I acknowledge such outcomes may offer little consolation to a government immediately following the tabling of an audit report with adverse findings. It certainly surprised no-one at my Office's 190th anniversary celebrations in 2019, when then-Premier, Hon Mark McGowan and Opposition leader, Hon Liza Harvey, both joked with

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<sup>34</sup> Ian McPhee, 'The Evolving Role and Mandate of the Australian National Audit Office Since Federation'.

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our staff about how much more they preferred our audits and reports when they were on the Opposition benches!

However, it is a credit to our form of democracy when governments accept independent scrutiny of critical issues of public interest and commit to addressing recommendations for improvement. Nothing similar is evident under authoritarian regimes.

I would also argue that while on occasions we may be a thorn in its side, auditors are not a complete anathema to government. Periodic private briefings with Ministers provide opportunities to inform them of matters relevant to their portfolios that have arisen in our financial and performance audits. The occasional phone call to an agency CEO is similarly beneficial as a means of ensuring key government figures are informed of issues impacting effective governance within their entity.

While it is important to help government where possible and appropriate, the reality is that many Auditors General are now defined in statute as independent Officers of the Parliament. To remain credible and effective in our work Auditors General must not abuse this independence, but nor should governments impair it. Parliaments have a key role to play holding both sides to account in this area.

To maintain the confidence and respect of the Parliament, we auditors need to know what our role is, and what it is not, and do that role well. As part of achieving this, we need to be responsive to the issues Parliament has most interest in.

While I have full discretion on what I choose to audit, I am explicitly required to give regard to the audit priorities of the Parliament as expressed by either House, PAC and EFOC. To achieve this, I regularly invite input from those committees, and other members with whom I meet or correspond, on our planned and proposed audit program.

I also avail myself to other committees across both houses where this is relevant to assisting their portfolio inquiry work. I see this as critical to ensuring the Parliament is apprised of the information it requires to perform its vital check and balance function.

The ultimate goal of my approach to relations with Parliament and the Government is to help support robust and functioning institutions essential to a healthy and highly regarded democracy that best serves our community.

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## CONCLUSION

When presenting to ACPAC in 2011, former Senator Murray suggested that ‘Those who serve on scrutiny committees need to have a good sense of history.’<sup>35</sup>

I hope this morning to have conveyed some context relevant to the importance of our respective roles in the Westminster system of checks and balances. This system has evolved out of a fairly dim assessment of human nature and the level of trust we hold towards each other. Particularly those who govern us.

I hold an overall optimistic view of us as a species. I think we are a fundamentally decent and compassionate lot who welcome and crave the relative prosperity and personal freedom democracy strives to deliver. I also think most of us remain prepared to place our trust in those dedicating themselves to positions of responsibility and public office. But this trust is not unconditional. Nor is it unwavering.

There is a growing view that faith in democracy is waning due to a range of factors. We in this room alone are not the panacea for all of democracy’s current challenges, but we can play some part in countering the cynicism that is increasingly fed by misinformation and confrontational discourse.

We have the privileged opportunity to deliver credible information and genuine scrutiny to demonstrate that governments in our democratic systems remain accountable and responsive. Far from a quick fix, our work is more of a slow burn requiring sustained vigilance. It is sometimes mundane (depending on your perspective) and often lacks recognition but think of what society would look like without it. More authoritarian and autocratic than what I hope any of us would desire.

So, it would be a worthy and satisfying legacy to leave public confidence in democracy no weaker for our period in service. Hopefully, when our time comes to ascend to the heavens, we’ll be able to tell those angels, whose absence James Madison bemoaned, that their services are not required at this time.

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<sup>35</sup> Andrew Murray, ‘Parliamentarians Politicians and Accountability’, in WA PAC, *ACPAC 2011: A Report on the 11th Biennial Conference of the Australasian Council of Public Accounts Committees*, Report No. 11, 2011, p. 17.