



Speech By  
**Michael Hart**


**MEMBER FOR BURLEIGH**

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Record of Proceedings, 17 March 2016

**INFRASTRUCTURE, PLANNING AND NATURAL RESOURCES COMMITTEE**

**Report, Motion to take note**

 **Mr HART** (Burleigh—LNP) (3.47 pm): I rise to add to the debate on the committee report *Consideration of the Queensland Audit Office report to parliament 19 for 2014-15: fraud management in local government*. As part of the performance audit the Queensland Audit Office sent a survey form to 77 local governments in Queensland to see what their standards and processes were on fraud management. They sought information for the period between 1 July 2009 and November 2014. Unfortunately, only 55 councils responded fully to the survey. Eleven councils partially responded and 11 councils did not respond at all.

The Queensland Audit Office concluded that most councils were not good at managing fraud. That is a real problem that we are facing in this state at the moment. Fraud and corruption are happening in councils but few of them sufficiently know how widespread it is. One of the issues with fraud is that you do not necessarily know it has happened until you find out about it. That is the real issue. Once you find out about the fraud you can look through your records and find out exactly how it happened and find the missing money, if it is money that is involved. Until you actually find it, most of the time you have no idea it is happening. We saw a perfect case in the health system with the Tahitian prince, who disappeared with \$19 million from Queensland Health.

**Mr Rickuss:** Would you believe he was getting funded better than Diabetes Queensland?

**Mr HART:** There you go. He was being funded better than Diabetes Queensland. He had a massive house down along the river, a lot of designer clothes and fast cars. Unfortunately, the Queensland government was able to recover only part of that money.

That fraud was able to happen because the right plans were not in place, the right protections were not in place. Queensland Health did not know it was happening until somebody doxed this man in. That is what the Queensland Audit Office found in its survey—that a lot of these frauds are discovered not because councils have processes in place, but somebody dobs the person in. That person spends more money than they earn, or they create some other fraud and somebody becomes aware of it and dobs them in. Without processes in place, it is going to be very hard to find these frauds.

I certainly encourage local councils to put in place fraud management plans. I understand that there is a set of Australian standards for fraud management plans. I understand that the majority of South-East Queensland councils have fraud management plans in place. However, some of our Indigenous councils and some of our smaller councils do not have them in place. That is possibly where some of this fraud is happening.

The Queensland Audit Office made a couple of recommendations to the government. Recommendation 2 was as follows—

All councils assess themselves against the findings in this report as a priority and where needed develop, revise or update their:

- policies and procedures for fraud and corruption management
- fraud and corruption control plans
- fraud risk assessments
- data analytics capability for fraud detection

To the credit of the Deputy Premier and the minister, who has responsibility for this area, she has written to all of the mayors suggesting that they look at this report and follow through with its recommendations. I understand that the acting director-general has also written to those councils and has said basically the same thing. The acting director-general has asked for councils to give him a report as to how they are going with implementing these plans. As a follow-up to this report, the committee has asked the Queensland Audit Office to come back to the committee at a future date to let us know how all the councils are going with implementing these plans.

**Mr Rickuss:** After this election there should be some new mayors and councillors.

**Mr HART:** And I take that interjection. There will be a lot of new councillors after this election. I encourage all of those new councillors to get involved with fraud management in their councils.