



## Follow up of Recreational Maritime Safety





VICTORIA

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Victorian  
Auditor-General

# Follow up of Recreational Maritime Safety

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Ordered to be published

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VICTORIAN  
GOVERNMENT PRINTER  
June 2016

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ISBN 978 1 925226 65 2

The Hon Bruce Atkinson MLC  
President  
Legislative Council  
Parliament House  
Melbourne

The Hon Telmo Languiller MP  
Speaker  
Legislative Assembly  
Parliament House  
Melbourne

Dear Presiding Officers

Under the provisions of section 16AB of the *Audit Act 1994*, I transmit my report on the audit *Follow up of Recreational Maritime Safety*.

Yours faithfully



Dr Peter Frost  
*Acting Auditor-General*

8 June 2016



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# Auditor-General's comments

This report is one of three follow-up audits I will table in 2015–16. It provides Parliament and the community with information about the improvements that Transport Safety Victoria (TSV) and the Department of Economic Development, Jobs, Transport & Resources (the department) have or have not made in relation to the audit recommendations in my 2014 audit *Recreational Maritime Safety*.

My 2014 audit found that the state's regulatory framework was not being effectively or efficiently implemented. Shortcomings included the absence of arrangements within TSV for assuring the effectiveness of its regulatory approach as well as the competence and ongoing suitability of waterway managers. In addition longstanding waterway rules were not fit for purpose and did not support the efficient management of safety risks. The audit made 14 recommendations to improve recreational maritime safety.

Effectively promoting and enforcing compliance with marine safety laws is vital to assuring marine safety and the effective management of related risks. As Victoria's transport safety regulator, TSV must ensure that designated waterway managers are meeting their legislative obligations in helping to maintain public confidence in the marine safety system.

In spite of this responsibility, TSV has no explicit function under the *Maritime Safety Act 2010* to oversee waterway managers. The Safety Director is reliant on the cooperation and capability of waterway managers in taking action on identified deficiencies. This limits the action TSV is able to take and this situation needs to be addressed.

In January 2016 the department commenced a review of the governance of waterways in Victoria. This creates an opportunity to critically examine the legislative framework and address fundamental deficiencies in the regulatory scheme that were identified in our 2014 audit and remain unresolved.

Despite the department's and TSV's commitment to actioning my recommendations, progress has been slow. Both agencies need to continue to drive and closely monitor actions taken and planned, to ensure their intended impact on improving recreational maritime safety in Victoria is achieved.

## Audit team

Dallas Mischkulnig  
*Engagement Leader*

Celinda Estallo  
*Team Leader*

Sophie Fisher  
*Analyst*

## Engagement Quality Control Reviewer

Rocco Rottura

*Auditor-General's comments*

I thank the staff at TSV and the department for their constructive engagement throughout the audit.

A handwritten signature in black ink, appearing to read 'Peter Frost', written in a cursive style.

Dr Peter Frost  
*Acting Auditor-General*

June 2016

# Audit summary

Maritime recreational activities contribute greatly to Victorians' quality of life. The growing popularity of these activities, coupled with the significant scale and, in some instances, the remoteness of state waters, highlights the challenge and need for the state to manage the associated safety risks effectively. The responsibility for managing marine safety is shared between:

- the Director, Transport Safety (the Safety Director), supported by Transport Safety Victoria (TSV)
- designated waterway managers
- a range of other parties collectively known as 'duty holders'.

The Department of Economic Development, Jobs, Transport & Resources (the department) has the leadership role in developing and monitoring marine safety policy and legislation.

This follow-up audit examined the progress TSV and the department have made in implementing actions to address the recommendations from our 2014 audit, *Recreational Maritime Safety*.

## Conclusions

All 14 recommendations made in the 2014 audit were accepted. Progress has been made to address them, however it has been slow, with only four recommendations fully implemented.

TSV has demonstrated its commitment to dealing with the risks and issues identified in our 2014 audit but has been constrained by the legislative framework under which it operates.

Importantly, the department has begun a review of waterway management. However, unless this review includes a comprehensive examination of the regulatory framework, the risks to waterway safety in Victoria identified in our 2014 audit are unlikely to be addressed adequately.

## Findings

A key objective of the *Maritime Safety Act 2010* is to promote the effective management of safety risks. The Safety Director, supported by TSV, has a range of statutory functions, including:

- monitoring compliance with marine safety laws
- making appropriate waterway rules
- developing and enforcing appropriate standards for navigation, maritime safety and related infrastructure.

## Monitoring the marine safety system

Our 2014 audit found that TSV could not assess whether waterway managers and enforcement bodies were effectively discharging their obligations and complying with the *Maritime Safety Act 2010*. TSV has subsequently conducted an inventory of current regulatory processes and is working towards establishing a performance monitoring framework.

After the framework has been finalised and the various compliance strategies have been put in place, TSV will be better placed to assess how effectively and efficiently it has been regulating marine safety in the state's waterways where boating activity takes place.

Our 2014 audit found ongoing concerns about the adequacy of funding to TSV and waterway managers. It also found that the department's records did not provide sufficient information to reliably acquit the use of registration fee revenue.

In January 2016, the department began a review of waterway management. The review is to consider the framework governing waterway management in the state and identify opportunities for improvement. The review will also examine public reporting on the collection and use of revenue from prescribed fees and all other funds the department administers for boating safety.

## Identifying and managing recreational maritime safety risks

Our 2014 audit found that TSV had not fully comprehended the nature or severity of the risks across the state's waterways. TSV expanded the scope of its Waterway Management Guide to include a chapter on risk management as it relates to waterway management. Distribution of the guidance material and education sessions (through waterway manager workshops) on risk management principles for waterway managers were considered a high priority and were actioned during 2015.

Our 2014 audit found that TSV did not systematically assess the appropriateness of waterway rules and that it did not have enough assurance of the effectiveness of waterway managers' risk management practices. In response, TSV carried out a range of activities, including introducing a risk-based audit program, developing a program of work to identify unmanaged waterways, and reviewing the relevance of waterway rules for managing safety risks. These actions address our 2014 recommendations.

## Promoting and enforcing compliance with regulatory requirements

Our 2014 audit recommended that the Safety Director broadens TSV's audits of waterway managers to assure they provide adequate insights into the effectiveness of their risk management practices. The current legislation provides the Safety Director with an implied oversight role but limited powers to influence how well waterway managers perform their functions. This has impeded TSV's ability to address identified deficiencies in waterway management and therefore these remain unrectified.

The review of waterway management creates an opportunity for the department to examine the legislative framework and address fundamental deficiencies in the regulatory scheme.

Our 2014 audit found that in developing a Marine Enforcement Policy, TSV undertook limited consultation with Victoria Police, the Boating Industry Association of Victoria and Parks Victoria. In response TSV carried out a number of activities including conducting waterway manager education workshops and year-end information and data sharing and presentation of data. These actions will enable TSV to better understand the quality and reliability of its risk assessments and whether its enforcement actions have been appropriately targeted.

## Supporting waterway managers

Our 2014 audit found that the Safety Director's role to inform the decisions of the Minister for Ports on the appointment or reappointment of waterway managers was not clearly defined. In 2015, TSV commenced developing a framework that identifies six key areas of competency and includes skills and knowledge required to undertake waterway management tasks.

TSV is on track to have the framework completed by its target date of June 2017. However, the department's review of waterway management will also impact on the competency and capability framework. TSV proposes to use the framework to improve the advice provided to the Minister and the department on the resourcing issues faced by waterway managers.

Without the competency framework, neither TSV nor existing or new waterway managers will be able to determine what action needs to be taken prior to the reappointment process. As this process is due to commence in July 2017, this leaves very little time for this framework to be applied.

## Audit committee oversight

TSV no longer has its own audit committee. This function now lies with the department's audit and risk committee.

In February 2016, the department advised that it and the audit committee had worked to consolidate and manage the outstanding management actions of the five legacy entities that formed the department, which includes TSV.

## Audit method and cost

The audit was conducted under section 15 of the *Audit Act 1994*, and was performed in accordance with the Australian Auditing and Assurance Standards. Pursuant to section 20(3) of the *Audit Act 1994*, unless otherwise indicated, any persons named in this report are not the subject of adverse comment or opinion.

The total cost of the audit was \$130 000.

## Submissions and comments received

We have professionally engaged with the Department of Economic Development, Jobs, Transport & Resources and Transport Safety Victoria throughout the course of the audit. In accordance with section 16(3) of the *Audit Act 1994*, we provided a copy of this report to those agencies and requested their submissions or comments.

We have considered those views in reaching our audit conclusions and have represented them to the extent relevant and warranted. Their full section 16(3) submissions and comments are included in Appendix A.

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# 1 Recreational Maritime Safety

## 1.1 Introduction

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Victoria has about 1 200 kilometres of ocean coastline and more than 3 000 square kilometres of inland and enclosed waters. These waters provide Victorians with valuable recreational opportunities that contribute greatly to our quality of life. In the five years to 2014–15, there were 6 704 reported marine incidents on state waters, about 96 per cent of which involved recreational vessels only. As at 30 June 2015, more than 189 000 recreational vessels and about 1 400 commercial vessels were registered.

The *Maritime Safety Act 2010* (the Act) and the *Marine Safety Regulations 2012* (the Regulations) are aimed at improving the management of maritime safety risks. The Act established that the responsibility for managing marine safety is shared between:

- the Director, Transport Safety (the Safety Director), supported by Transport Safety Victoria (TSV)
- waterway managers appointed by the Minister for Ports
- a range of other parties collectively known as ‘duty holders’.

Key duty holders include port management bodies and members of the public who participate in maritime activities, as well as the suppliers and operators of vessels and equipment used for such activities. Neither waterway managers nor local port managers have specific safety duties under the Act.

In 2014 the then Department of Transport, Planning and Local Infrastructure had a leadership role in developing and monitoring marine safety policy and legislation and the associated regulatory framework.

Subsequent machinery-of-government changes in January 2015 created the Department of Economic Development, Jobs, Transport & Resources (the department), which took on most of the Department of Transport, Planning and Local Infrastructure's responsibilities, and brought TSV within this new department.

In June 2014, VAGO tabled an audit on *Recreational Maritime Safety*. The audit found that the state's regulatory framework was not being effectively or efficiently implemented. Limitations included:

- the absence of arrangements within TSV for reliably assuring the effectiveness of its regulatory approach
- the competence and ongoing suitability of waterway managers
- and longstanding waterway rules were not fit for purpose or did not support the efficient management of safety risks.

We made 14 recommendations to improve the effectiveness and efficiency of the marine safety regulatory framework—11 aimed at TSV and three at the Department of Transport, Planning and Local Infrastructure. All the recommendations were accepted.

This follow-up audit examined the progress TSV and the department have made in implementing actions to address the recommendations from our 2014 audit. Figure 1A shows whether the agencies have begun to address the recommendations from the 2014 audit.

**Figure 1A**  
**Status of recommendations**

Recommendation	Status
<b>Monitoring the maritime safety system</b>	
That the Director, Transport Safety:	
1. develops arrangements to systematically assess and report on the efficiency and effectiveness of Victoria's marine safety system, and related performance of duty holders and co-regulators, and uses this data to target regulatory activities	✓
2. reviews management of budgets and financial resources to assure existing funds are effectively and efficiently utilised to optimise regulatory outcomes.	✓✓
That the Department of Transport, Planning and Local Infrastructure:	
3. consults with central agencies and the Director, Transport Safety, to review the adequacy of current resourcing arrangements for supporting effective implementation of the marine safety regulatory framework	✓✓
4. investigates options for the effective and efficient use of all existing revenues from the marine sector	✓
5. reports publicly on the collection and use of revenue from prescribed fees and all other funds it administers for boating safety and facilities to acquit the requirements of the <i>Marine Safety Act 2010</i> . <sup>(a)</sup>	✗
<b>Identifying and managing recreational maritime safety risks</b>	
That waterway managers, in consultation with the Director, Transport Safety:	
6. establish effective arrangements to systematically identify, assess and monitor safety risks on waters designated to them for control under the <i>Marine Safety Act 2010</i> .	✓
That the Director, Transport Safety:	
7. strengthens Transport Safety Victoria's waterway risk assessment practices by establishing arrangements to systematically	
7.i • assure the quality and reliability of information it relies on from waterway managers to assess marine safety risks	✓
7.ii • work with waterway managers to review and estimate the number of unmanaged waterways	✓✓
7.iii • assess risks cost-effectively across the state's unmanaged waterways	✓
7.iv • review and assure the appropriateness of existing waterway rules for managing current safety risks.	✓



**Figure 1A**  
**Status of recommendations – continued**

Recommendation	Status
<b>Promoting and enforcing compliance with regulatory requirements</b>	
That the Director, Transport Safety:	
8. periodically assesses the impact of Transport Safety Victoria's communication and education activities on achieving compliance with marine safety laws	✓✓
9. periodically assesses the effectiveness of Transport Safety Victoria's and co-regulators' enforcement activities—including the impact of the discretionary involvement of waterway managers in enforcement— on achieving desired regulatory outcomes	✓
10. broadens Transport Safety Victoria's audits of waterway managers to assure they provide adequate insights into the effectiveness of their risk management practices	✓
11. periodically follows up on Transport Safety Victoria's audits of waterway managers to assure that required remedial actions have been satisfactorily addressed.	✓
<b>Supporting waterway managers</b>	
That the Director, Transport Safety, in consultation with the Department of Transport, Planning and Local Infrastructure:	
12. defines the minimum competencies and capabilities of waterway managers	✓
13. implements a waterway manager capability framework that includes periodic assessments of capability gaps to better inform provision of support to waterway managers	✓
14. uses the insights from these assessments to provide advice to the Minister for Ports on the appointment and/or reappointment of waterway managers.	✘

Note: ✓ = commenced, ✓✓ = completed, ✘ = not commenced.

(a) Some public reporting is in place for the Boating Safety and Facilities Program.

Source: Victorian Auditor-General's Office.

## 1.2 Monitoring the marine safety system

A key objective of the Act is to promote the effective management of safety risks. The Safety Director, supported by TSV, has a range of statutory functions including:

- monitoring compliance with marine safety laws
- making appropriate waterway rules
- developing and enforcing appropriate standards for navigation, maritime safety and related infrastructure.

### 1.2.1 System-wide monitoring arrangements

Defined performance targets or documented arrangements for monitoring, assessing and reporting on the effectiveness of the marine safety system are essential if TSV is to focus and prioritise its regulatory activities.

Our 2014 audit found that TSV could not assess whether duty holders, waterway managers and enforcement bodies were effectively discharging their obligations and complying with the Act and the Regulations. The 2014 audit recommended that TSV develop arrangements to systematically assess and report on the efficiency and effectiveness of Victoria's marine safety system.

Since our audit, TSV conducted an inventory of current regulatory processes and is working towards establishing a performance monitoring framework. It is anticipated the reporting framework will be completed by August 2016.

After the framework has been finalised and the various compliance strategies are in place, TSV will be better able to assess how effectively and efficiently it has been regulating marine safety in the state's waterways where boating activity occurs.

## 1.2.2 Funding arrangements for marine safety management

To effectively regulate marine safety, it is important for TSV and waterway managers to have sufficient and appropriate resources.

Our 2014 audit found ongoing concerns about the adequacy of funding to TSV and waterway managers. The 2014 audit also found that the department's records did not provide sufficient information to reliably acquit the use of registration fee revenues.

The audit report recommended that the department:

- consults with central agencies and the Director, Transport Safety, to review the adequacy of current resourcing arrangements
- investigates options for the effective and efficient use of all existing revenues from the marine sector
- reports publicly on the collection and use of revenue from prescribed fees and all other funds it administers for boating safety and facilities.

In January 2016 the department began a review of waterway management to address these recommendations. The review is intended to identify opportunities to improve the governance of waterways and will include an examination of the:

- framework for designating waterways as managed or unmanaged
- process for identifying and appointing appropriate waterway managers
- functions, powers and requirements of waterway managers
- waterway governance options for change as they relate to the relevant legislation
- current sector resourcing arrangements and alternative resourcing models
- current sector revenue streams and alternative revenue models.

The review will also examine public reporting on the collection and use of revenue from prescribed fees and all other funds the department administers for boating safety. This will include considering what information is provided and the value it gives to the various stakeholders.

A committee with representatives from the department, TSV, the Department of Environment, Land, Water & Planning and the Department of Premier & Cabinet was set up to oversee the review. The review's findings will be presented to the Minister for Ports in September 2016.

It is too early to determine the extent to which the department's actions will address the issues relating to funding and public reporting that were identified in the 2014 audit.

## 1.3 Identifying and managing recreational maritime safety risks

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The Act establishes that marine safety is the shared responsibility of the Safety Director, waterway managers, and all duty holders. It provides that the level and nature of their responsibility depends on the nature of the risk to marine safety created by their activities or decisions, and their capacity to control, eliminate or mitigate these risks.

### 1.3.1 Identifying and assessing waterway safety risks

Although TSV has developed a conceptually sound waterway risk assessment tool for identifying and assessing risks to safety across the state's managed waterways, our 2014 audit found that critical shortcomings with its implementation meant that TSV had not fully understood the nature or severity of the risks to safety in the state's waterways.

The audit recommended that the Director, Transport Safety, establish effective arrangements to systematically identify, assess and monitor safety risks.

In addressing this recommendation, TSV recognised that success in this area depends on its ability to effectively engage with waterway managers on risk identification, assessment and monitoring. TSV also realised that it has to provide waterway managers with adequate support to develop their competency and capability to undertake more effective risk assessments.

TSV expanded the scope of its Waterway Management Guide (discussed below) to include a chapter on risk management in waterways. Distribution of the guidance material and education sessions (through waterway manager workshops) on risk management principles were considered of high priority.

These actions make it more likely that waterway managers will be able to identify and manage safety risks.

#### Waterway Management Guide

After the 2014 audit, TSV restarted the Waterway Management Guide project. This guide is a resource that will be regularly updated to meet waterway managers' needs, and the changing risk management and regulatory landscape. As part of the 2015 waterway management workshops, waterway managers contributed to the Waterway Management Guide on several topics, including risk management strategies.

## Waterway Manager Workshops

Between September and October 2015, TSV held a series of five Waterway Manager Workshops at locations in Melbourne and regional Victoria. The aim of the workshops was to create opportunities among waterway managers to exchange experiences, to discuss issues relating to waterway management and to present and distribute the Waterway Management Guide.

Representatives from 23 waterway managers, representing 70 per cent of waterways with appointed managers, attended one of the five workshops. The guide was also provided to those waterway managers unable to attend.

Following feedback from the workshops, a waterway management conference is planned for June 2016 at which keynote speakers will present on topics of interest. Funding has been allocated to this conference to attract waterway managers who have been unable or reluctant to attend workshops.

### 1.3.2 Setting and maintaining waterway rules

Under the Act, the Safety Director has the power to make waterway rules that regulate or prohibit the operation of any vessel. Waterway managers are responsible for managing safe vessel movements by establishing and ensuring compliance with:

- boating signs
- aids to navigation
- vessel operating and zoning rules.

It is important that waterway rules are properly targeted and systematically reviewed to assure they remain relevant and help to manage key safety risks effectively.

Our 2014 audit found that TSV did not systematically assess the appropriateness of waterway rules and had insufficient assurance of the effectiveness of waterway managers' risk management practices. The audit recommended that TSV strengthen its waterway risk assessment practices.

TSV addressed this recommendation effectively, including by:

- increasing the frequency of audits of on-water events where a Boating Activity Exemption or exclusion zone were sought and granted
- carrying out joint Boating Activity Exemption audits with relevant waterway managers to provide guidance and training to their transport safety officers
- introducing the assessment of compliance with previous audit recommendations in the scope of its Vessel Operating and Zoning Rules waterway audits
- preparing a program of work to identify relevant unmanaged waterways on which boating is known to take place
- rating the risk profile of these unmanaged waterways and determining treatment where risk is considered to be unacceptable
- reviewing the appropriateness of existing waterway rules for managing current safety risks, including through public consultation to be held later this year.

## 1.4 Promoting and enforcing compliance with regulatory requirements

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Effectively promoting and enforcing compliance with marine safety laws is vital to assuring marine safety and the effective management of related risks. As Victoria's transport safety regulator, TSV needs to assure that duty holders are meeting their legislative obligations in helping to maintain public confidence in the marine safety system.

Other key entities responsible for administering and enforcing Victoria's marine safety laws within TSV's framework include:

- Victoria Water Police—responsible for enforcing the Act, the Regulations, and waterway rules made under the Act
- waterway managers—who can elect to enforce the Act in designated local waterways under their control through the deployment of transport safety officers.

### 1.4.1 Promoting voluntary compliance

Our 2014 audit found that the Safety Director's education and enforcement activities were compromised by critical information gaps, inadequate cross-agency coordination and the absence of reliable data that demonstrated their effectiveness in minimising safety risks. TSV had not rigorously evaluated their impact on improving compliance with marine safety laws and had not assessed the effectiveness and efficiency of enforcement activities. The audit recommended that TSV periodically assesses the impact of its communication and education activities on achieving compliance.

Since the previous audit, TSV:

- engaged a market research company to conduct a study aimed at understanding Victorian recreational boaters' behaviour and attitudes regarding safety, waterways and boating infrastructure. This involved an online or telephone survey of 1 035 registered Victorian recreational boat owners and two qualitative focus groups
- conducted post-campaign analysis of its Lifejacket Campaign—a campaign that ran between December 2014 and May 2015 that involved outdoor signs/billboards, press, TV, radio and digital/online media.

These evaluation strategies provided TSV with useful insights into its communication and education activities. TSV needs to ensure that program evaluation is routinely built into future campaigns.

## 1.4.2 Enforcing compliance

Our 2014 audit found that in developing a Marine Enforcement Policy, TSV undertook limited consultation with Victoria Police, the Boating Industry Association of Victoria and Parks Victoria. TSV did not actively consult with the majority of waterway managers, which meant TSV could not be confident that all waterway managers adequately understood their roles, including how they can use enforcement options to support their role in regulating boating activities. The audit recommended that TSV periodically assesses the effectiveness of TSV's and co-regulators' enforcement activities on achieving the desired regulatory outcomes.

Since the 2014 audit, TSV carried out a number of activities to improve compliance and assess the effectiveness of its enforcement activities, such as conducting waterway manager education workshops where compliance and enforcement issues are discussed at length) and year-end information sharing and presentation of data including infringement notices issued and how to address related issues.

To improve compliance, TSV intends to produce a Marine Safety Report Card (due to be completed by August 2016) that reports on underlying marine safety performance. The report card will include information about:

- the capability of waterway managers—their competence, capacity and willingness to act safely
- how stakeholders perceive the system—community confidence
- external influences of the effectiveness of regulation, such as value of perceived reduction in amenity and willingness to pay for marine safety.

TSV also intends to:

- start a pilot project with the Port of Melbourne Corporation focused on the administration of infringement notices (to begin in October 2016)
- improve the audit capability of waterway managers by distributing iPads (by June 2016) that include templates for auditors to help with navigation audits and general waterway audits.

These actions will enable TSV to better understand the quality and reliability of its risk assessment and therefore determine whether its enforcement actions have been appropriately targeted.

## 1.4.3 Assessing waterway managers' compliance

As the state's transport safety regulator, TSV assesses waterway managers' compliance with the requirement to maintain safety infrastructure, such as navigational aids and signage. Our 2014 audit found concerns with the quality and reliability of the risk assessments underpinning TSV's enforcement actions. TSV could not be confident that its enforcement actions were adequately targeted and could not reliably assess whether waterway managers had implemented remedial actions to appropriately manage previously identified safety risks.

The 2014 audit recommended that the Safety Director broadens TSV's audits of waterway managers to assure they provide adequate insights into the effectiveness of their risk management practices, and periodically follows up on TSV's audits of waterway managers to assure that required remedial actions have been satisfactorily addressed.

TSV, in its response to the 2014 audit, asserted that current statutory powers limit the extent to which the Safety Director can broaden the scope of waterway audits. The legislation does not provide the Safety Director with explicit waterway manager oversight functions. Consequently, TSV is reliant on the cooperation and capability of waterway managers in taking action on identified deficiencies, and it is limited in the action it is able to take where deficiencies remain unrectified.

In 2016, to enhance the information gained from waterway audits and improve the reliability of this information, TSV scheduled 15 audits to ascertain whether recommendations from previous waterway audits had been implemented. These audits are scheduled for completion in June 2016. In accordance with the audit plan, eight of these audits have been conducted. The success of this initiative now depends on TSV's commitment to its implementation and the support TSV provides to waterway managers.

The current legislation provides the Safety Director with an implied oversight role but limited powers to influence how well waterway managers perform their functions. This has impeded TSV's ability to address identified deficiencies in waterway management and therefore these remain unrectified.

The review of waterway management referred to in Section 1.2.2 creates an opportunity for the department to critically examine the legislative framework and address fundamental deficiencies in the regulatory scheme.

## 1.5 Supporting waterway managers

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Waterway managers have a critical role in implementing Victoria's marine safety regulatory framework. They provide and maintain related safety infrastructure and, as co-regulators, can make safety rules and elect to enforce them through the deployment of transport safety officers. The waterway managers' role is voluntary and their limited resources create a disincentive for managers to undertake enforcement activities.

Our 2014 audit found that the Safety Director's role to inform the decisions of the Minister for Ports on the appointment or reappointment of waterway managers was not clearly defined. The lack of periodic reviews of waterway managers' capabilities meant that TSV had limited insight into the nature or extent of any capability gaps among managers. The audit made three recommendations relating to the competencies and capabilities of waterway managers.

In 2015, TSV commenced developing a framework that identifies six key areas of competency and includes skills and knowledge required to undertake waterway management tasks. These skills include:

- a sound understanding of risk management as it relates to their waterways
- appropriate knowledge about suitable aids to navigation which should be used on their waterways
- the ability to use the rule-making provisions of the Act appropriately to ensure that waterway rules remain current and relevant
- stakeholder engagement skills to ensure that they are in touch with what is happening in their community.

The draft framework has informed the development of the Waterway Management Guide discussed in Section 1.3.1. TSV is on track to have the framework completed by its target date of June 2017. However, the department's review of waterway management will also impact on the competency and capability framework. TSV propose to use the framework to improve the advice provided to the minister and the department on the resourcing issues faced by waterway managers.

Although progress has been made on the development of the capability and competency framework, further work is needed on the development of minimum competencies for waterway managers. There is an opportunity to address this as the framework has not been finalised.

Without the competency framework, neither TSV nor existing or new waterway managers will be able to determine what action needs to be taken prior to the reappointment process. As this process is due to commence in July 2017, this leaves very little time for this framework to be applied.

## 1.6 Audit committee oversight

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Agency audit committees are required to monitor audit recommendations and enact planned responses under Standing Direction 2.6(f) of the *Financial Management Act 1994*. This includes requirements for audit committees to:

- recommend how the responsible body should act on advice received from external audits
- monitor actions taken by management to resolve issues raised by external audits
- monitor whether accepted external audit recommendations are adopted and addressed by management in a timely manner
- review the impact of managers' actions to resolve problems.

To enable audit committees to perform these functions, agencies should have systems and processes to support them to monitor progress on the implementation of accepted recommendations and management's assessment of the impact of an action.

This audit examined how the department monitored how TSV acted to address the recommendations and how it reviewed the impact of TSV's actions to resolve problems. Agencies typically do this through their audit and risk committees.



On 15 August 2014, the chair of the TSV Audit Committee advised us that the Audit Committee would review and discuss the matters relating to our report on *Recreational Maritime Safety*. On 9 December 2014, TSV advised us that, as a consequence of the national regulators being in place and a reduction in funding, its audit committee was wound up during 2014. Later, the monitoring of management of actions to address our recommendations was to be incorporated within the responsibility of the Audit and Risk Committee of the then Department of Transport, Planning and Local Infrastructure. However, we saw no evidence that this happened.

After machinery-of-government changes, the new Department of Economic Development, Jobs, Transport & Resources' Audit and Risk Committee was to monitor all outstanding management actions related to our recommendations.

In February 2016, the department advised us that it and the audit committee had worked to consolidate and manage the outstanding management actions of the five legacy entities that formed the department, which includes TSV.

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# Appendix A.

## *Audit Act 1994* section 16— submissions and comments

### Introduction

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In accordance with section 16(3) of the *Audit Act 1994*, a copy of this report was provided to the Department of Economic Development, Jobs, Transport & Resources and Transport Safety Victoria.

The submissions and comments provided are not subject to audit nor the evidentiary standards required to reach an audit conclusion. Responsibility for the accuracy, fairness and balance of those comments rests solely with the agency head.

Responses were received as follows:

Department of Economic Development, Jobs, Transport & Resources .....	14
Transport Safety Victoria .....	15

**RESPONSE provided by the Secretary, Department of Economic Development,  
Jobs, Transport & Resources**



Department of Economic Development,  
Jobs, Transport and Resources

GPO Box 4509  
Melbourne Victoria 3001 Australia  
Telephone: 03 9651 9999  
www.economicdevelopment.vic.gov.au  
DX 210074

Ref: CSEC160148

Dr Peter Frost  
Acting Auditor-General  
Victorian Auditor-General's Office  
Level 24, 35 Collins Street  
MELBOURNE VIC 3000



Dear Dr Frost

**PROPOSED PERFORMANCE AUDIT REPORT FOLLOW UP OF RECREATIONAL MARITIME  
SAFETY**

Thank you for your letter of 13 May 2016 and your proposed performance audit report  
*Follow Up of Recreational Maritime Safety*.

Since the 2014 audit report *Recreational Maritime Safety*, the Department of Economic  
Development, Jobs, Transport and Resources (DEDJTR) has been working to implement the  
three recommendations we are responsible for.

Your report concludes that progress has been made to address these recommendations,  
with one fully implemented, one commenced and one yet to commence.

As your report notes, DEDJTR is currently undertaking a program of work, which examines  
the frameworks, governance, legislative arrangements, resourcing and revenue related to  
waterway safety. We are confident that delivery of this work program will address DEDJTR's  
two remaining recommendations.

Thank you for the opportunity to comment on your report.

Yours sincerely

**Richard Bolt**  
Secretary

Date: 31/5/16



**RESPONSE provided by the Director, Transport Safety Victoria**



A branch  
of Transport  
Safety  
Victoria

30 May 2016

Ref: DOC/16/207694

Dr Peter Frost  
Acting Auditor General  
Victorian Auditor-General's Office  
35 Collins Street  
MELBOURNE VIC 3000



Dear Mr Frost

**FOLLOW UP OF RECREATIONAL MARITIME SAFETY – RESPONSE TO PROPOSED AUDIT REPORT**

Thank you for providing a copy of the Proposed Performance Audit Report *Follow Up of Recreational Maritime Safety*, and for providing me with a further opportunity to provide comment.


I note that you have taken into consideration many of the comments I recently provided on findings contained in the draft conduct brief, however, I would like to highlight the following statement, which would be published as part of this letter in the final report.

"Analysis undertaken by TSV shows that local waterway rules have been reviewed on average 2.48 times since 1988. Nearly 60% of the schedules have been amended more than once and over one-third (36%) of schedules have been reviewed three or more times since 1988. This level of activity supports TSV's view that waterway managers are proactive in managing risks on their waterways."

Thank you again for the opportunity to provide comment.

Yours sincerely

A handwritten signature in black ink, appearing to read "D. Hourigan".

 **DAVID HOURIGAN**  
Director, Transport Safety

Maritime Safety Victoria  
A branch of Transport Safety Victoria

PO Box 2797, Melbourne Victoria 3001 T 1800 223 022 F 03 9655 6611  
E [information@transportsafety.vic.gov.au](mailto:information@transportsafety.vic.gov.au) [transportsafety.vic.gov.au](http://transportsafety.vic.gov.au)





# Auditor-General's reports

## Reports tabled during 2015–16

<b>Report title</b>	<b>Date tabled</b>
Follow up of Collections Management in Cultural Agencies (2015–16:1)	August 2015
Follow up of Managing Major Project (2015–16:2)	August 2015
Follow up of Management of Staff Occupational Health and Safety in Public Schools (2015–16:3)	August 2015
Biosecurity: Livestock (2015–16:4)	August 2015
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Realising the Benefits of Smart Meters (2015–16:8)	September 2015
Delivering Services to Citizens and Consumers via Devices of Personal Choice: Phase 2 (2015–16:9)	October 2015
Financial Systems Controls Report: Information Technology 2014–15 (2015–16:10)	October 2015
Department of Education and Training: Strategic Planning (2015–16:11)	October 2015
Public Hospitals: 2014–15 Audit Snapshot (2015–16:12)	November 2015
Auditor General's Report on the Annual Financial Report of the State of Victoria, 2014–15 (2015–16:13)	November 2015
Local Government: 2014–15 Audit Snapshot (2015–16:14)	November 2015
Responses to Performance Audit Recommendations 2012–13 and 2013–14 (2015–16:15)	December 2015
East West Link Project (2015–16:16)	December 2015
Portfolio Departments and Associated Entities: 2014–15 Audit Snapshot (2015–16:17)	December 2015
Water Entities: 2014–15 Audit Snapshot (2015–16:18)	December 2015
Implementing the Gifts, Benefits and Hospitality Framework (2015–16:19)	December 2015
Access to Public Sector Information (2015–16:20)	December 2015
Administration of Parole (2015–16:21)	February 2016
Hospital Performance: Length of Stay (2015–16:22)	February 2016
Public Safety on Victoria's Train System (2015–16:23)	February 2016

Victorian Electoral Commission (2015–16:24)	February 2016
Grants to Non-Government Schools (2015–16:25)	March 2016
Digital Dashboard: Status Review of ICT Projects and Initiatives – Phase 2 (2015–16:26)	March 2016
Patient Safety in Victorian Public Hospitals (2015–16: 27)	March 2016
Bullying and Harassment in the Health Sector (2015–16:28)	March 2016
Local Government Service Delivery: Recreational Facilities (2015–16:29)	March 2016
Managing and Reporting on the Performance and Cost of Capital Projects (2015–16:30)	May 2016
Monitoring Victoria's Water Resources (2015–16:31)	May 2016
Reducing the Burden of Red Tape (2015–16:32)	May 2016
Technical and Further Education Institutes: 2015 Audit Snapshot (2015–16:33)	May 2016
Universities: 2015 Audit Snapshot (2015–16:34)	May 2016

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Victorian Auditor-General's Office  
 Level 24, 35 Collins Street  
 Melbourne Vic. 3000  
 AUSTRALIA

Phone: +61 3 8601 7000  
 Fax: +61 3 8601 7010  
 Email: [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au)

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