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The Parliament of the Commonwealth of Australia

# Report 405

**Annual Report 2004-2005**

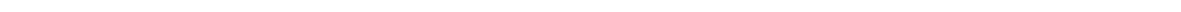
Joint Committee of Public Accounts and Audit

November 2005  
Canberra

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## Foreword

I am pleased to present the 2004-2005 annual report of the Joint Committee of Public Accounts and Audit, pursuant to section 8B of the *Public Accounts and Audit Committee Act 1951*. Section 8B of the Act requires the Committee to table in both Houses of Parliament a report on the Committee's performance each financial year. Tabling of the annual report is an important accountability mechanism by which Parliament, and through it the public, can assess the Committee's performance.

In general terms, the duties of the JCPAA are to:

- examine the financial affairs of authorities of the Commonwealth, and examine all reports of the Auditor-General that are tabled in each house of the Parliament;
- consider the operations and resources of the Audit Office;
- approve or reject the Prime Minister's recommendation for appointment of the Auditor-General and the Independent Auditor; and
- increase parliamentary and public awareness of the financial and related operations of government.

During 2004-05, despite the hiatus in activity due to the Federal Election, the Committee has fulfilled each of these responsibilities.

### Committee Inquiries

Unlike other Committees, the JCPAA can initiate its own policy inquiries without permission or reference to any Minister, government or the Parliament. Each year the Committee undertakes at least one major inquiry on a topic it believes requires detailed Parliamentary scrutiny. During 2004-05 the Committee has undertaken two major inquiries.

*Report 403: Access of Indigenous Australians to Law and Justice Services*, was tabled in Parliament in June 2005. The Committee's inquiry arose out its review of an ANAO Audit Report which examined the ATSI Law and Justice Program. The

inquiry was initiated in March 2004 but lapsed with the dissolution of the House of Representatives on 31 August 2004. In December 2004, the new Committee resolved to resume the inquiry. The Committee received 44 submissions, 51 exhibits, and other correspondence. The Committee held public hearings in Canberra, Sydney, Darwin, Alice Springs, Dubbo and Perth, and an inspection at Yuendumu (Central Australia) at the invitation and generous hospitality of the local community.

The Committee's report included 17 recommendations aimed at ensuring that indigenous people have the best access to legal resources within available resources.

In May 2005 the Committee resolved to review the developments in aviation security in Australia since the JCPAA's Report 400: *Aviation Security in Australia*, which was tabled in June 2004. The Committee decided to re-open the inquiry in the light of a number of disturbing incidents in Australian aviation security since June 2004.

At September 2005, the Committee had received 71 submissions and had undertaken public hearings and inspections at Canberra, Sydney, Brisbane, Adelaide and Perth. The Committee received several briefings from Sir John Wheeler on the outcomes of his inquiry into aviation security, and is looking to build on these with further recommendations. The Committee has a full schedule of public hearings and inspections to the end of 2005 and intends to report during 2006.

### Consideration of Audit Reports

The Committee has been very busy during 2004-05 fulfilling its responsibility to review Auditor-General's reports. Prior to the election, the previous Committee tabled *Report 402*, which reviewed six Auditor-General's reports.

Following the election, the Committee resolved to complete the review of three more Auditor-General's reports that had been started in the previous Parliament.

In addition, the Committee reviewed the large number of Auditor's reports tabled since the previous Committee's consideration, and selected eight for a detailed examination. These included reports on Defence financial management, Centrelink, the Family Court and Federal Magistrate's Court, management of Federal Airport leases, management of Special Appropriations, the Australian Customs Service, and the Therapeutic Goods Administration.

The Committee held a number of public hearings on these reports throughout 2005, and recently tabled Report 404 which outlines the Committee's findings and makes 42 recommendations to improve agencies' efficiency and effectiveness, and to ensure that the ANAO's recommendations are implemented.

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A theme emerging in a number of these Audit Reports is the need for agencies to be aware of their responsibilities for accountability, value-for-money contract management, and compliance with legislative requirements for financial management. These are issues the Committee intends to continue looking at over the next 12 months.

#### Consider the operations and resources of the Audit Office

In May 2005, the Committee reviewed the ANAO draft budget estimates for 2005-06, and received a briefing from the Audit Office. The Committee was concerned to learn that while the ANAO received additional funding to cover increased contracting costs and additional work on the Department of Defence accounts, it did not receive \$1 million sought to boost IT audit capability, or an increase to alleviate rising rental costs.

However, the Auditor-General advised the Committee that the ANAO would manage within the allocated budget for 2005-06 without compromising its financial auditing function. In my report to the Parliament on budget day 2005, I stated that the Committee was satisfied that the ANAO had sufficient budget allocation to undertake its responsibilities for 2005-06. However, the Committee expresses its concern that the ANAO may have to curtail some of its other activities, such as better practice guides, business support process audits, and performance audits. The Committee would be greatly concerned by any such reduction.

#### Approve the appointment of the Auditor-General

The *Auditor-General Act* was enacted in 1997. The Act established the Auditor-General as an “independent officer of the Parliament” with a 10-year term, and stipulated that the Audit Minister (currently the Prime Minister), when nominating a new Auditor-General, must not recommend an appointment to the Governor-General unless the proposed recommendation has been approved by the JCPAA.

Mr Pat Barrett AO served as the Auditor-General from March 1995. Under the Act, his 10-year term expired in March 2005. On 1st March 2005 the Prime Minister wrote to the Committee, nominating Mr Ian McPhee as the new Auditor-General.

This was the first occasion since the introduction of the Auditor-General Act that the JCPAA had been involved in the selection of an Auditor-General.

The Committee considered the Prime Minister’s nomination, and unanimously agreed to endorse the nomination of Mr McPhee. While we were pleased to endorse the nomination, the Committee had some reservations about its late notice of the nomination, particularly as Mr Barrett’s impending retirement was known for some time.

I would like to take this opportunity to thank Mr Pat Barrett for his service to the Parliament as previous Auditor-General, and again welcome Mr McPhee to the position.

Increase Parliamentary and public awareness

The Committee, myself as chairman, and the secretariat have met with a number of parliamentary delegations, and made presentations to various groups of people, to promote the work of the Committee and the importance of the financial and public accountability framework.

During 2005 there has been some media attention concerning the rate of Governments responses to Parliamentary Committee reports. The Committee notes over the last two Parliaments (since 1998), the Government has responded to nearly 90 per cent of the 209 recommendations made by the JCPAA.


Of the recommendations responded to, the Government has supported some 85 per cent either wholly or in principle.

Finally, I wish to thank my colleagues on the Committee for their hard work and commitment to the Committee during the year.

This is the first annual report that I present as Chairman of the Joint Committee of Public Accounts and Audit. On behalf of the Committee I thank the previous Chairman, Mr Bob Charles MP, who chaired the JCPAA for eight years prior to his retirement at the dissolution of the 40<sup>th</sup> Parliament. I look forward to a productive year for 2005-06.

Mr Bob Baldwin MP  
Chairman






## Membership of the Committee (40<sup>th</sup> Parliament)

Chair Mr Bob Charles MP

Deputy Chair Ms Tanya Plibersek MP

Members	Senator Richard Colbatch (from 14/02/02, until 25/05/03)	Mr Steven Ciobo MP
	Senator Stephen Conroy (from 5/02/03, until 10/09/03)	Mr John Cobb MP
	Senator John Hogg (until 5/02/03, from 10/09/03)	Mr Petro Georgiou MP
	Senator Gary Humphries (from 25/02/03)	Ms Sharon Grierson MP
	Senator Kate Lundy (from 19/11/02, until 1/04/04)	Mr Alan Griffin MP
	Senator Claire Moore (from 1/07/02, until 19/11/02 and from 1/04/04)	Ms Catherine King MP
	Senator Andrew Murray	Mr Peter King MP
	Senator Nigel Scullion	The Hon Alex Somlyay MP
	Senator John Watson	



## Membership of the Committee (41<sup>st</sup> Parliament)

Chair            Mr Bob Baldwin MP

Deputy Chair   Ms Sharon Grierson MP

Members        Senator John Hogg

Hon. Bronwyn Bishop MP  
(from 17/8/2005)

Senator Gary Humphries

Mr Russell Broadbent MP

Senator Claire Moore

Ms Anna Burke MP (to 14/9/2005)

Senator Andrew Murray

Dr Craig Emerson MP  
(from 14/9/2005)

Senator Fiona Nash (from 7/9/2005)

The Hon Jackie Kelly MP

Senator Nigel Scullion (to 7/9/2005)

Ms Catherine King MP

Senator John Watson

Mr Andrew Laming MP

Senator Andrew Murray

Hon. Alex Somlyay MP (to 10/8/2005)

Mr Lindsay Tanner MP

Mr Ken Ticehurst MP



# JCPAA Purpose, Objectives and Methods of Operation

## Introduction

- 1.1 The Joint Committee of Public Accounts and Audit (JCPAA) is a committee of the Commonwealth Parliament. The Committee is established pursuant to the *Public Accounts and Audit Committee Act 1951* (the PAAC Act) and is empowered to scrutinise the monies spent by Commonwealth agencies from funds appropriated to them.<sup>1</sup> Its members are drawn from both the House of Representatives and the Senate.

## Committee duties

- 1.2 The duties of the JCPAA are described in detail in sections 8 and 8A of the PAAC Act. In general terms, the duties are to:
- examine the financial affairs of authorities of the Commonwealth to which the Act applies;
  - examine all reports of the Auditor-General that are tabled in each house of the Parliament;

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1 The PAAC Act can be viewed at: <http://www.aph.gov.au/house/committee/jpaa/act.pdf>.

- consider the operations and resources of the Audit Office<sup>2</sup>;
- approve or reject the Prime Minister's recommendation for appointment of the Auditor-General and the Independent Auditor; and
- increase parliamentary and public awareness of the financial and related operations of government.

## Examining the financial affairs of Commonwealth authorities

- 1.3 Pursuant to section 8(1)(a-b, f) of the PAAC Act, the Committee may examine the accounts of the receipts and expenditure of the Commonwealth and the financial affairs of authorities to which this Act applies. The Committee may determine to inquire into, and report on, any items or matters that it thinks should be drawn to the attention of the Parliament. This power allows the Committee to essentially set its own work program – a power unique amongst parliamentary committees – and gives it a high degree of autonomy from the executive government.

## Reviewing reports of the Auditor-General

- 1.4 A key element of the JCPAA's accountability work is its statutory responsibility to examine and report on audit reports tabled in Parliament by the Auditor-General, pursuant to section 8(1)(c-e) of the PAAC Act.
- 1.5 To facilitate the review process, the JCPAA receives a briefing from the ANAO on all Audit Reports, and then selects reports which raise significant accountability issues for further examination. Witnesses from the ANAO and officials from each audited agency are examined at public hearings, allowing the JCPAA to give immediate attention to recommendations of the Auditor-General, question agencies about their implementation of the recommendations, and to further scrutinise any other matters raised in the audit report in a public forum. This process enables the Committee to make timely reports to Parliament on what further action, if any, needs to be taken by agencies under review to protect the interests of the Commonwealth.

## Considering the operations and resources of the Audit Office

- 1.6 In its role as the Audit Committee of the Parliament, the JCPAA has a number of responsibilities concerning the Audit Office. Under section 8(1)(g-i) of the PAAC Act, the Committee is required to consider the

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2 The Australian National Audit Office (ANAO) is referred to as the Audit Office in the PAAC Act.

operations and resources of the Audit Office, including funding, staff and information technology. The JCPAA is also required to consider reports of the Independent Auditor on operations of the Audit Office. The Committee's responsibilities extend to reporting to the Parliament on any issues arising from these considerations, on any other matter relating to the Auditor-General's functions and powers or on the performance of the Audit Office, as it sees fit.

- 1.7 The JCPAA is also required, under section 8(1)(j-l) of the PAAC Act to consider draft estimates for the Audit Office, and the level of fees determined by the Auditor-General, and to make recommendations on the draft estimates to both Houses of Parliament and the Minister who administers the *Auditor-General Act 1997* (the Prime Minister).
- 1.8 Pursuant to section 8(1)(m-n) of the PAAC Act, the Committee in its role as the Audit Committee determines the audit priorities of the Parliament and advises the Auditor-General of those priorities. As the Audit Committee, members must also determine the audit priorities of the Parliament for audits of the Audit Office and advise the Independent Auditor of those priorities.

## Improving public awareness of Committee activities

- 1.9 Information about the JCPAA is available on the Internet. The Committee's web site contains background information on the Committee and its members; details of current inquiries; advice on how to make submissions to the Committee and on appearing as witnesses at public hearings. Copies of recent JCPAA reports and Government responses to any recommendations contained in those reports are published on the Internet. The Committee's web site address is:  
[www.aph.gov.au/house/committee/jpaa/index.htm](http://www.aph.gov.au/house/committee/jpaa/index.htm).
- 1.10 In addition, members of the public can send submissions and requests for information electronically to: [jcpa@aph.gov.au](mailto:jcpa@aph.gov.au).

## How the Committee operates

### Conduct of inquiries

- 1.11 The Committee normally advertises its inquiries in the national media and on the internet and invites interested individuals and organisations to make written submissions. Oral evidence is also taken at public hearings. The vast majority of hearings are open to the public and interested parties

can obtain verbatim transcripts of the public hearings free of charge or access them on the internet.

- 1.12 While the Committee can receive confidential submissions and take evidence in camera, the Committee prefers to take as much evidence as possible in public.
- 1.13 The Committee presents the findings of its inquiries in reports which are tabled in both houses of Parliament. Copies are distributed to all witnesses and Commonwealth agencies with a responsibility for matters raised in the reports. The reports are also available to the public free of charge and on the Committee's website.

## Responses by Government to JCPAA reports

- 1.14 In all cases, the Chairman of the JCPAA refers reports of the Committee to the Minister for Finance and Administration once they have been tabled in the Parliament. The Minister for Finance and Administration then refers the recommendations made in the reports on to the responsible agency or agencies for attention. The agencies then determine whether the recommendations involve matters of Government 'policy' or whether they are of an administrative nature.
- 1.15 JCPAA recommendations that involve policy are responded to directly by the responsible Ministers. The Government has given a commitment to provide such responses within three months of the date of tabling the report.
- 1.16 Responsible agencies respond individually to recommendations of an administrative nature in the form of an Executive Minute. Executive Minutes are expected to be provided to the JCPAA through the relevant Minister or agency head within six months of the tabling of the report. The Chair of the JCPAA tables Executive Minutes in the Parliament as soon as practicable after they are received. If the Committee is not satisfied with the contents of an Executive Minute, it may seek additional information by correspondence or call officials to a meeting.
- 1.17 Government responses and Executive Minutes are published on the Committee's internet site.
- 1.18 During 2005 there has been some media attention concerning the rate of Governments responses to Parliamentary Committee reports. The Committee notes over the last two Parliaments (since 1998), the Government has responded to nearly 90 per cent of the 209 recommendations made by the JCPAA.

- 1.19 Of the recommendations responded to, the Government has supported some 85 per cent either wholly or in principle. However, the Committee has noted that nine recommendations have not yet been responded to, for periods dating back to June 2004. These are currently being pursued by the Committee.

### The Committee secretariat

- 1.20 The Committee is supported by a full time secretariat employed by the Department of the House of Representatives. Additional advice relating to particular inquiries is obtained from appropriate officers from the Department of Finance and Administration (DOFA) and from the ANAO. From time to time, officials from Government departments are seconded to the secretariat. In addition, the Committee may employ consultants to provide specialist advice. Information on the Committee's expenses for 2004-05 is at Appendix B.
- 1.21 The Committee acknowledges the contribution of the secretariat staff in assisting the Committee to complete the backlog of outstanding reports arising from the election of a new parliament and expresses its appreciation for the secretariat's management of the additional and specialised travel required in this year's activities.

## Summary of activities during 2004-2005

### **2004 Federal election**

- 2.1 The Committee tabled three reports during 2004-05. Committee activities were curtailed by the dissolution of the 40<sup>th</sup> Parliament on 31 August 2004, and subsequent federal election in October 2004. Parliament resumed on 6 December 2004, and the JCPAA was re-appointed for the 41<sup>st</sup> Parliament. The Committee first met on 8 December 2004. One of its first decisions was to continue two inquiries that had lapsed with the dissolution of the previous Parliament.

### **Retirement of previous Chairman**

- 2.2 The previous Chairman, Mr Bob Charles MP, retired from Parliament at the dissolution of the 40<sup>th</sup> Parliament. Mr Charles had served as Chairman of the JCPAA for eight years, and as a member of Parliament since 1990.
- 2.3 Under Mr Charles' Chairmanship the Committee undertook several major inquiries, including the following reviews: aviation security in Australia; Coastwatch; the Australian Quarantine Inspection Service; the management and integrity of electronic information in the Commonwealth; contract management in the public service; corporate governance and accountability for GBEs; and Australian Government Procurement (to name but a few).
- 2.4 Another long-serving member of the Committee, Mr Petro Georgiou, paid tribute to the chairmanship of Mr Charles in the House of Representatives in August 2004:



Bob is a strong believer that fewer recommendations are better than many, and this is undoubtedly a valid perspective when you see that over 90 per cent of his committee's proposals have been adopted by the government. He has not been afraid to deliver hard-hitting and sometimes unpopular recommendations, on the basis that he would not propose something that was not worth doing. And he has not been averse to using his persuasive powers on ministers to ensure that the committee's recommendations were adopted. Bob has championed financial accountability in government in Australia, and he has assisted the development of public accountability mechanisms overseas. In particular, nations in South Asia have benefited from his assistance and advice.<sup>1</sup>

- 2.5 Mr Charles was the third-longest serving Chairman of the Committee since its inception in 1915.

## **Committee reports 2004-05**

### **Report 401, *Annual Report 2003-2004***

- 2.6 Section 8B of the PAAC Act requires the Committee to table a report on its performance each financial year. *Report 401*, tabled on 11 August 2004, reported on the Committee's activities in the 2003-2004 financial year.

### **Report 402, *Review of Auditor-General's Reports, 2003-2004, First and Second Quarters***

- 2.7 In *Report 402*, the Committee reviewed six of the 24 reports tabled by the ANAO in the first and second quarters of 2003-2004. The six reports were:
- Audit Report No. 1, *Administration of Three Key Components of the Agriculture – Advancing Australia (AAA) Package*;
  - Audit Report No. 4, *Management of the Extension Option Review – Plasma Fractionation Agreement*;
  - Audit Report No. 6, *APRA's Prudential Supervision of Superannuation Entities*;
  - Audit Report No. 11, *Annual Performance Reporting*;

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1 Mr Petro Georgiou MP, *House of Representatives Official Hansard*, 11 August 2004, p. 32764.

- Audit Report No. 21, *Special Employee Entitlements Scheme for Ansett Group Employees (SEESA)*; and
  - Audit Report No. 24, *Agency Management of Special Accounts*.
- 2.8 The Committee's report made seven recommendations, and was tabled on 13 August 2004. The six audit reviews examined the implementation of two industry assistance schemes, a statutory supervisory function, management of a private sector supply contract to government, and two areas of public sector transparency.
- 2.9 Five Executive Minutes were received for this report, agreeing with the Committee's recommendations. The Committee notes that it is still awaiting a response to one recommendation, arising from its review of Audit Report No. 6, *APRA's Prudential Supervision of Superannuation Entities*. This recommendation called for APRA to conduct a review of the effectiveness of new prudential provisions registered under the *Superannuation Industry (Supervision) Act 1993* and implement corrective action targeting funds deemed still to be at high risk due to inadequate capital bases. The Committee will continue to pursue this and other outstanding government responses to its recommendations.

### **Report 403, *Access of Indigenous Australians to Law and Justice Services***

- 2.10 Report 403, *Access of Indigenous Australians to Law and Justice Services*, was tabled in Parliament on 22 June 2005. The Committee's inquiry arose out its review of the ANAO Audit Report No. 13, 2003-04: *ATSIS Law and Justice Program: Aboriginal and Torres Strait Islander Services*. The inquiry was initiated in March 2004 and lapsed with the dissolution of the House of Representatives on 31 August 2004. In December 2004, the Committee of the 41<sup>st</sup> Parliament resolved to adopt an inquiry with the same terms of reference as the previous inquiry, and to accept all submissions and evidence taken in the 40<sup>th</sup> Parliament as evidence to the new inquiry.
- 2.11 The Committee received 44 submissions, 51 exhibits, and other correspondence. The Committee held public hearings in Canberra, Sydney, Darwin, Alice Springs, Dubbo and Perth, and an inspection at Yuendumu (Central Australia) at the invitation and generous hospitality of the local community.
- 2.12 The Committee's report included 17 recommendations aimed at ensuring that indigenous people have the best access to legal resources within available resources. The recommendations called for the Federal Government to:

- extend the Family Violence Prevention Legal Services program for Indigenous men, women and children throughout regional and metropolitan Australia;
  - set clear targets for the type and level of service required from legal service providers in regards to their family, civil and criminal case loadings;
  - improve levels of coordination and cooperation between Indigenous specific and mainstream providers of legal services;
  - implement strategies to combat poor levels of staff retention in Aboriginal and Torres Strait Islander Legal Services (ATSILSs) across Australia; and
  - guarantee future providers of Indigenous-specific legal services respond to the needs of the communities they service by continuing to maintain the current numbers of community paralegal workers already established by ATSILSs in these communities.
- 2.13 As the report was tabled in June 2005, there is no government response to date.

## Other Committee activities

### The operations and resources of the Audit Office

- 2.14 Section 8 (1) (j) of the PAAC Act requires the Committee to consider draft estimates for the Audit Office. Under the Act, the Committee must make recommendations to both Houses of Parliament and to the Prime Minister on those draft estimates. This is by way of a statement by the Chair to the Parliament on budget day.
- 2.15 In May 2005, the Committee reviewed the ANAO draft budget estimates for 2005-06, and received a briefing from the Audit Office. The Committee heard that total additional funding sought by the ANAO for the period 2005-06 to 2008-9 was \$17.84 million. The increase was attributed mainly to the rising costs of contracting suitably qualified accountants and auditors to conduct financial statement audits, particularly in light of the extra work involved with auditing the Department of Defence. The ANAO also noted the cost increase associated with its lease of premises until 2009.
- 2.16 The Committee was concerned to learn that while the ANAO received additional funding to cover increased contracting costs and additional

work on the Department of Defence accounts, it did not receive \$1 million sought to boost IT audit capability, or an increase to alleviate rising rental costs.

- 2.17 However, the Auditor-General advised the Committee that the ANAO would manage within the allocated budget for 2005-06 without compromising its financial auditing function. In his report to the Parliament on budget day 2005, the Chair reported that the Committee was satisfied that the ANAO had sufficient budget allocation to undertake its responsibilities for 2005-06. However, the Chair expressed concern that the ANAO may have to curtail some of its other activities:

Any reduction ...will be at the expense of the Australian National Audit Office's discretionary products, such as cross-agency better practice guides, business support process audits and performance audits. The committee would be greatly concerned by any such reduction in the Australian National Audit Office's discretionary work. Items such as the better practice guides, which are applicable across the entire Commonwealth public sector, are a cost-efficient method of raising the standard of public administration. For example, my committee's current review of the management of special appropriations has revealed a desperate need for increased awareness of best practice across the Public Service. A decrease in such advice, and an oversight by the Australian National Audit Office for want of adequate funding, would strike the committee as a case of penny-wise and pound-foolish. The same could be said about any reduction in the Australian National Audit Office's highly successful program of around 45 to 50 performance audits annually.<sup>2</sup>

- 2.18 The Chair also urged the Government to consider favourably any proposals from the ANAO to access reserves, or undertake limited borrowings, until its lease on Centenary House expires in 2009. The Committee will discuss this further with the ANAO prior to the Additional Estimates process.

### Retirement of the previous Auditor-General

- 2.19 Early in 2005 the Committee was informed that the then Auditor-General, Mr Pat Barrett AO, intended to retire in May 2005. Mr Barrett was appointed Auditor-General for the Commonwealth of Australia on 2 May 1995 (the end of his term under the *Auditor-General Act 1997*). Prior

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2 Mr Bob Baldwin MP, *House of Representatives Hansard*, 10 May 2005, p. 38.

to his appointment as Auditor-General, he had served in Senior Executive positions in the Australian Public Service since 1972 in a range of departments and authorities and as Chair and/or Member of a number of high level public service committees, including as Trustee on three Commonwealth Superannuation Boards of Trustees.

2.20 Mr Barrett was awarded the insignia of Member of the Order of Australia (AM) for his contribution to public administration in the 1992 Australia Day Honours List. He was awarded the insignia of Officer of the Order of Australia (AO) in the 2003 Queen's Birthday Honours List for service to the promotion of good governance in the public sector.

2.21 The Committee notes that Mr Barrett could be said to be the first truly independent Auditor-General - it was during Mr Barrett's tenure that the *Auditor-General Act 1997* was enacted (following a 1996 report by the Committee), marking a new era for the ANAO. The Act established the Auditor-General as an independent officer of the Parliament; gave him more autonomy over the budget of the ANAO; and gave him a mandate to audit all Commonwealth entities (previously the Auditor could only conduct an audit where a Minister or the JCPAA so requested). In announcing the Committee's endorsement of Mr Barrett's replacement at Auditor-General, the Chairman commented:

During Mr Barrett's time, the Audit Office has proven to be a vital instrument through which government agencies and departments have been held accountable to the parliament.<sup>3</sup>

2.22 The Committee would also like to acknowledge the contribution to the ANAO of Mr Oliver Winder, Deputy Auditor-General, who also retired in May 2005.

### Selection of the new Auditor-General

2.23 As mentioned above, the *Auditor-General Act*, which sets out the Auditor-General's responsibilities, was enacted in 1997. The Act established the Auditor-General as an "independent officer of the Parliament" with a 10-year term, and stipulated that the Audit Minister (currently the Prime Minister), when nominating a new Auditor-General, must not recommend an appointment to the Governor-General unless the proposed recommendation has been approved by the JCPAA.

2.24 Section 8A of the *Public Accounts and Audit Committee Act 1951* provides for the JCPAA to approve or reject the Audit Minister's recommendation for

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3 Mr Bob Baldwin MP, *House of Representatives Hansard*, 10 March 2005, p. 57.

an appointment of the Auditor-General or Independent Auditor. Under the Act, the JCPAA must decide on the Audit Minister's recommendation within 14 days of receiving it, or make a request for more time to consider the proposal. The final deadline for consideration is 44 days after initially receiving the recommendation. If the Committee does not make a decision on a proposal by the required time, the Committee is taken to have approved the proposal.

- 2.25 On 1 March 2005 the Prime Minister wrote to the Chair of the Committee, nominating Mr Ian McPhee as the new Auditor-General. On 7 March 2005 the Committee considered the Prime Minister's nomination, and conducted a telephone interview with Mr McPhee (who was overseas on business for DOFA, his then employer). The Committee unanimously agreed to endorse the nomination of Mr McPhee as Auditor-General and wrote to the Prime Minister accordingly.
- 2.26 On 10 March 2005 the Chair reported to the House of Representatives the Committee's endorsement of the appointment. Senator Watson made a similar report to the Senate.
- 2.27 This was the first occasion since the introduction of the *Auditor-General Act 1997* that the JCPAA has been involved in the selection of an Auditor-General. While the Committee had every confidence in the suitability of Mr McPhee for the position, there were reservations about the late receipt by the Committee of Mr McPhee's nomination, particularly given that Mr Barrett's retirement had been known for some time, and the consequent pressure on the Committee to make an immediate decision on the nomination.
- 2.28 On this point, the Committee is similarly obliged to approve any nomination for the position of Independent Auditor (an external auditor of the Audit Office appointed, on a part-time basis, for a renewable three-year term). The Committee is due to fulfill this role in late 2005. The Committee has written to the Prime Minister indicating that it will require: detailed advice on the process used to call for expressions of interest; the selection criteria for the position; details of all the applicants; and the reasoning behind the selection of the candidate eventually put forward to the Committee.

### **Audit priorities of the Parliament**

- 2.29 Under Section 8 (m) of the PAAC Act, the Committee must determine the audit priorities of the Parliament and advise the Auditor-General on those priorities. In January 2005 the Chairman of the Committee wrote to the chairs of all Parliamentary committees, seeking input on the Parliament's

audit priorities for 2005-06. Following responses from the Committee chairs, the JCPAA advised the ANAO that the Parliament's audit priorities for 2005-06 included:

- managing for quarantine effectiveness;
- a number of issues related to migration procedures;
- protection of critical habitat and listed threatened species;
- administration of the Commonwealth-State Disability Agreement;
- management of Broadcasting Spectrum;
- the health workforce, rural health and indigenous health;
- AQIS's review of the list of plants prohibited from import under the Quarantine Act;
- the National Capital Authority;
- the Industrial Relations Commission;
- experience of Disability Support Pension recipients;
- Australian Pesticides and Veterinary Medicines Authority;
- Biosecurity Australia;
- indigenous legal aid funding; and
- funding of the Office of the Federal Privacy Commissioner.

2.30 In July 2005 the ANAO advised of its response to the Parliament's requests. The ANAO agreed to undertake audits in line with many of the Parliament's requests, or noted that audits already underway or scheduled for 2005-06 would cover the areas of interest. For several of the Parliament's requests the ANAO indicated that it would consider scheduling audits at some time in the future. The ANAO's full response is at Appendix D.

### Annual report guidelines for Commonwealth agencies

2.31 The *Public Service Act 1999* requires that annual reports of Commonwealth agencies be prepared in accordance with guidelines approved on behalf of the Parliament by the JCPAA. These guidelines are known as the *Requirements for Annual Reports*.

2.32 In June 2005 the Committee approved the draft *Requirements for Annual Reports*, which had been provided by the Department of Prime Minister and Cabinet. The Committee was pleased to note that the Requirements

had been amended to incorporate Senate committee recommendations on reporting of consultancies; ANAO recommendations in relation to reporting of performance pay; and an increase in the threshold for reporting of government contracts from \$2000 to \$10,000.

## Speeches and meetings with delegations

2.33 The Committee is keen to disseminate information on its functions, work program, and role in public sector accountability. Accordingly, the Committee, its Chair and Secretariat participate in conferences and symposia discussing public sector accountability, and often make presentations on the Committee and its activities. During 2004-05 and subsequently the Chair and Secretary made the following speeches and presentations:

<i>The growing role of the CFO in the Public Sector</i> (Mr Charles MP, Chairman of the Committee in the 40 <sup>th</sup> Parliament)	Public Sector Reporting Symposium 2004	July 2004
Presentation (Secretariat senior staff)	Institute of Chartered Accountants	July 2004
<i>Links between the JCPAA and the Auditor-General</i> (Secretariat senior staff)	Australian National University overseas students	August 2004
<i>The role of the JCPAA</i> (Committee secretary)	Anti-corruption course	November 2004
<i>The Effect of Performance Indicators on the Public Service</i> (Mr Baldwin MP, Chairman)	Australian Council of Public Accounts Committees Conference	February 2005
<i>The role of the JCPAA</i> (Committee Chairman)	Commonwealth Parliamentary Association workshop on the role of government and oppositions, Fiji	August 2005
<i>The role of the JCPAA</i> (Committee secretary)	Department of Finance and Administration	August 2005

2.34 During 2004-05 the Chair and Committee Secretary and other staff also met with delegations of parliamentary members and officials from the following nations: Asian region; Tanzania and Bangladesh; China; Canada; and Germany.

## ACPAC Conference

2.35 The Australasian Council of Public Accounts Committees (ACPAC) meets biennially, and comprises members and staff of public accounts and audit committees of the Commonwealth, each Australian State and Territory, and the New Zealand, Papua New Guinea and Fiji parliaments.

2.36 The 8<sup>th</sup> Biennial Conference of ACPAC was held in Brisbane in February 2005. Two Committee members, and the Committee Secretary, attended



the conference. The Chair delivered a speech entitled *Effect of Performance Indicators on the Public Sector*.

- 2.37 The Chair volunteered the JCPAA to host the next full ACPAC conference, scheduled for 2007.

## Work in Progress

- 3.1 The Committee has had a full program of inquiry activity and other business since its first meeting in December 2004. As well as the official inquiries outlined below, the Committee uses its regular meetings to receive private briefings on a range of subjects relevant to public administration and accountability. The Committee's current inquiry activities are detailed below.

### **Developments in aviation security**

- 3.2 On 25 May 2005 the Committee resolved to review the developments in aviation security in Australia since the JCPAA's *Report 400: Aviation Security in Australia* was tabled in June 2004.
- 3.3 The Committee decided to re-open the inquiry in the light of a number of disturbing incidents in Australian aviation security since June 2004, including:
- May 2005 – allegations that baggage handlers are involved in a syndicate smuggling cocaine through Sydney Airport;
  - April 2005 - the dismissal of a Qantas baggage handler for wearing a camel outfit from passenger's luggage;
  - March 2005 - allegations raised that drugs were planted in Schapelle Corby's luggage as part of drug smuggling operation carried out by some rogue airport baggage handlers;
  - December 2004 - Victoria's air ambulance fleet based at Essendon Airport sabotaged in an early morning raid;

- September 2004 - revelations that many contract airport workers don't have air security ID cards, 18 months after ASIO was ordered to re-screen all ID card holders for terrorist checks; and
- July 2004 - a Korean Air plane is recalled two hours into its flight from Sydney after the bags of a passenger, who had tested positive for explosive residue, were loaded on board without being screened.

3.4 The terms of reference for the new inquiry are to review developments since Report 400, with particular reference to:

- a) regulation of aviation security by the Commonwealth Department of Transport and Regional Services, and the Department's response to aviation security incidents since June 2004;
- b) compliance with Commonwealth security requirements by airport operators at major and regional airports;
- c) compliance with Commonwealth security requirements by airlines;
- d) the impact of overseas security requirements on Australian aviation security;
- e) cost imposts of security upgrades, particularly for regional airports;
- f) privacy implications of greater security measures;
- g) opportunities to enhance security measures presented by current and emerging technologies, including measures to combat identity fraud; and
- h) procedures for, and security of, baggage handling operations at international, domestic and regional airports, by both airlines and airports.

3.5 On 7 June 2005 the government announced that an Aviation Security and Policing Review would be undertaken by the Rt Hon Sir John Wheeler JP, DL. The Committee undertook to liaise with Sir John and held two briefings, one on 8 August at the beginning of Sir John's review, and one on 5 October 2005 following the public release of the report on Aviation Security and Policing in Australia.

3.6 At September 2005, the Committee had received 71 submissions and had undertaken public hearings and inspections at Canberra, Sydney, Brisbane, Adelaide and Perth. The Committee has a full schedule of public hearings and inspections to the end of 2005 and intends to report during 2006.

## Reviews of Auditor-General's reports

3.7 At June 2005, the Committee was undertaking two 'batches' of reviews of Auditor-Generals reports. A large review of 11 Auditor-General's reports, some held over from the 40<sup>th</sup> Parliament, was nearing completion in June 2005. This review has included the following Auditor-General's reports:

- Audit Report No. 25, 2003–04, *Intellectual Property Policies and Practices in Commonwealth Agencies*;
- Audit Report No. 34, 2003–04, *The Administration of Major Programs, Australian Greenhouse Office*;
- Audit Report No. 36, 2003–04, *The Commonwealth's Administration of the Dairy Industry Adjustment Package, Department of Agriculture, Fisheries and Forestry, Dairy Adjustment Authority*;
- Audit Report No. 46, 2003-04: *Client Service in the Family Court of Australia and the Federal Magistrate's Court*;
- Audit Report No. 50, 2003-04: *Management of Federal Airport Leases*;
- Audit Report No. 4, 2004-05: *Management of Customer Debt (Centrelink)*;
- Audit Report No. 5, 2004-05: *Management of Standard Defence Supply System Upgrade*;
- Audit Report No. 21, 2004-05: *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2004*;
- Audit Report No. 15, 2004-05: *Financial Management of Special Appropriations*;
- Audit Report No. 16, 2004-05: *Container Examination Facilities (Australian Customs Service)*; and
- Audit Report No. 18, 2004-05: *Regulation of Non-prescription Medicinal Product*.

3.8 The Committee held seven public hearings from February 2005 in support of this inquiry. *Report 404*, outlining the Committee's findings and recommendations, was tabled in November 2005.

3.9 A second review, of Auditor-General's reports tabled between 18 January 2005 and 18 April 2005, is looking at the following reports:

- Combined review of Audit Report No. 22, *Investment of Public Funds* and Report No. 42, *Commonwealth Debt Management (Follow-up audit)*;

- Audit Report No. 30, *Regulation of Commonwealth Radiation and Nuclear Activities*, and
  - Combined review of Audit Report No. 31, *Centrelink's Customer Feedback Systems-Summary Report* (ANAO reports No.32-36 inclusive) and Audit Report No 40, *The Edge Project*.
- 3.10 At September 2005 the Committee had held three public hearings to review these reports. The Committee hopes to table its report on these reviews early in 2006.

## Inquiry themes

- 3.11 The Committee has reviewed a large number of Audit Reports since its establishment in December 2004. A number of themes have emerged from these reviews, which the Committee intends to pursue over the next year. The Committee has undertaken a series of reviews on aspects of financial management within the public sector. In the previous Parliament the Committee looked at the management of special accounts, during 2004-05 has looked at Commonwealth entities' management of special appropriations, and in September 2005 has begun a review into the investment of public funds.
- 3.12 A theme emerging from each of these reviews is that managers at quite senior levels within the public sector are either not fully aware of their responsibilities under the FMA Act, or are not discharging them appropriately. The Committee is most concerned to note this pattern across a number of Audit Reports. In light of this concern the Committee has invited the Public Service Commissioner and the Secretary of the Department of Prime Minister and Cabinet to meet with the Committee to discuss the pursuit of performance improvement. The Committee wishes to place all public agencies on notice that this is a matter it will continue to investigate throughout the 41<sup>st</sup> Parliament.
- 3.13 The Committee has also looked at financial management within the Department of Defence, highlighted in two Audit Reports reviewed this year.<sup>1</sup> Another Audit Office report tabled in August 2005, regarding implementation of a new human resources management system, highlights many of the same problems experienced with the SDSS

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<sup>1</sup> ANAO Audit Report no. 5, 2004-05, *Management of Standard Defence Supply System Upgrade*; and Audit Report No. 21, 2004-05: *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2004*.

upgrade project – the project did not receive the proper approvals, it ran over time and over budget, and the system is still not working effectively.

- 3.14 The Committee is most concerned to note that the problems highlighted in recent Audit Reports on Defence appear to be repeated throughout the Defence Department. The reports indicate systemic problems in project management at Defence, particularly for IT systems. The Committee intends to further examine these problems throughout 2006.

Bob Baldwin MP  
Chairman



## Appendix A — Committee membership and meetings in 2004-2005

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### General Business of the Full Committee

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#### **Membership July 2004 – 31 August 2004 (40<sup>th</sup> Parliament)**

Mr Bob Charles MP (Chairman)	Senator John Hogg
Ms Tanya Plibersek MP (Deputy Chair)	Senator Gary Humphries
Mr Steven Ciobo MP	Senator Claire Moore
Mr John Cobb MP	Senator Andrew Murray
Mr Petro Georgiou MP	Senator Nigel Scullion
Mr Alan Griffin MP	Senator John Watson
Ms Sharon Grierson MP	
Ms Catherine King MP	
The Hon Alex Somlyay MP	

#### **Public Hearings from July 2004 – 31 August 2004 (40<sup>th</sup> Parliament)**

The full Committee held no public hearings during this period

#### **Private meetings from July 2004 – 31 August 2004 (40<sup>th</sup> Parliament)**

3

#### **Membership December 2004 – 30 June 2005 (41<sup>st</sup> Parliament)**

Mr Bob Baldwin MP (Chairman)	Senator John Hogg
Ms Sharon Grierson MP (Deputy Chair)	Senator Gary Humphries
Mr Russell Broadbent MP	Senator Claire Moore
Ms Anna Burke MP	Senator Nigel Scullion
The Hon Jackie Kelly MP	Senator John Watson
Ms Catherine King MP	
Mr Andrew Laming MP	
The Hon Alex Somlyay MP	
Mr Lindsay Tanner MP	

Mr Ken Ticehurst MP

**Public Hearings from December 2004 –  
30 June 2005 (41st Parliament)**

The full Committee held no public hearings during this period

**Private meetings from December 2004 –  
30 June 2005 (41st Parliament)**

12

### **Sectional Committee: Aviation Security inquiry (41st Parliament)**

#### **Membership (to July 2005)**

Mr Bob Baldwin MP (Chairman)

Senator John Hogg

Ms Sharon Grierson MP (Deputy Chair)

Senator Claire Moore

Mr Russell Broadbent MP

Senator John Watson

Ms Anna Burke MP

Ms Catherine King MP

Mr Andrew Laming MP

The Hon Alex Somlyay MP

Mr Ken Ticehurst MP

**Public Hearings in 2004-05**

The Committee did not begin taking evidence until July 2005.

**Private Meetings in 2004-05**

The Committee did not meet privately until July 2005.

### **Sectional Committee: Review of Auditor-General's Reports**

#### **Membership 40<sup>th</sup> Parliament**

Mr Bob Charles MP (Chairman)

Senator Gary Humphries

Ms Tanya Plibersek MP (Deputy Chair)

Senator Andrew Murray

Mr Steven Ciobo MP

Senator John Watson

Ms Sharon Grierson MP

Ms Catherine King MP

Mr Peter King MP

**Public Hearings from July 2004-  
31 August 2004 (40<sup>th</sup> Parliament)**

1

**Private Meetings from July 2004-  
31 August 2004 (40<sup>th</sup> Parliament)**

2

#### **Membership 41<sup>st</sup> Parliament to July 2005**

Mr Bob Baldwin MP (Chairman)

Senator John Hogg

Ms Sharon Grierson MP (Deputy Chair)

Senator Claire Moore

Mr Russell Broadbent MP

Senator John Watson

Ms Anna Burke MP



Hon Jackie Kelly MP  
 Ms Catherine King MP  
 Mr Andrew Laming MP  
 Mr Lindsay Tanner MP

<b>Public Hearings from December 2004 – 30 June 2005 (41<sup>st</sup> Parliament)</b>	<b>9</b>
<b>In-Camera Hearings from December 2004-30 June 2005 (41<sup>st</sup> Parliament)</b>	<b>2</b>
<b>Inspections from December 2004-30 June 2005 (41<sup>st</sup> Parliament)</b>	<b>1</b>
<b>Private Meetings from December 2004 – 30 June 2005 (41<sup>st</sup> Parliament)</b>	<b>8</b>

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#### Sectional Committee: Indigenous Law and Justice Inquiry

##### Membership 40<sup>th</sup> Parliament

Mr Bob Charles MP (Chairman)	Senator John Hogg
Ms Tanya Plibersek MP (Deputy Chair)	Senator Nigel Scullion
Mr John Cobb MP	
Ms Sharon Grierson MP	
Mr Peter King MP	

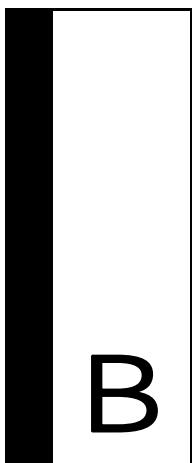
<b>Public hearings during 2004-05</b>	<b>4</b>
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##### Membership 41<sup>st</sup> Parliament

Mr Bob Baldwin MP (Chairman)	Senator John Hogg
Ms Sharon Grierson MP (Deputy Chair)	Senator Claire Moore
Mr Russell Broadbent MP	
Mr Ken Ticehurst MP	

<b>Public hearings during 2004-05</b>	<b>2</b>
<b>Inspections during 2004-05</b>	<b>1</b>
<b>Private meetings during 2004-05</b>	<b>2</b>

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## Appendix B — Committee expenses during 2004-2005

Although the Committee is a statutory committee, it does not receive a separate appropriation. The Committee is funded from the appropriation made to the Department of the House of Representatives. The Committee's annual budget for administrative and staff salary costs is a component of Output Group 2 (Committee Services and Interparliamentary Relations) in the Department of the House of Representatives.

The Committee's administrative expenses for 2004-05 were \$28,407 (a lower figure than is customary due to reduced activity during the period of the 2004 federal election). The main components of this expenditure were:

- \$12,814 on travel expenses (flight and accommodation costs for secretariat staff supporting inquiries; and aircraft charter and vehicle hire in support of the indigenous law and justice inquiry);
- \$12,490 on office services, predominantly newspaper advertising of inquiries and printing (principally external printing of the Committee's reports); and
- \$2,038 on office requisites in support of the Committee's secretariat.

The Committee operated within its administrative budget for the financial year.

The Chairman of the Committee received an allowance of \$17,790 in recognition of the responsibilities of the position. The amount of the allowance is set by the Remuneration Tribunal and paid by the Department of the House of Representatives pursuant to the *Remuneration and Allowances Act 1990*.

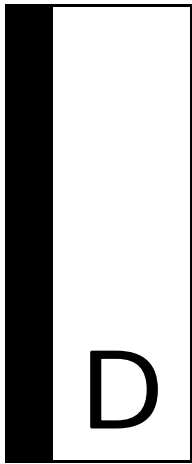


## Appendix C — Responses to Committee Recommendations Received in 2004-2005

Report	Recommendations			
	Responded to	Agreed	Agreed in principle <sup>1</sup>	Disagreed
Report 398 – Review of Auditor-General’s Reports 2002-03, Fourth Quarter	5	3	1	1
Report 399 – Inquiry into the Management and Integrity of Electronic Information in the Commonwealth	9	2	5	2
Report 400 – Review of Aviation Security in Australia	7	7		
Report 402 – Review of Auditor-General’s Reports 2003-04, First and Second Quarters	Awaiting response to one recommendation	6		

<sup>1</sup> “Agreed in principle” means that the intent of a recommendation is supported, but that the process of implementation may differ from that suggested by the Committee.





**Appendix D — Correspondence from the ANAO regarding the Parliament's audit priorities**

**ANAO's Response and Actions in Relation to the Parliaments' Audit Priorities for 2005-06.**

Committee	Proposal	ANAO response and action
<p><b>Joint Migration</b></p>	<p>Integration of the RRT and MRT administrative services.</p>	<p>The Auditor-General approved a performance audit of the Migration Review Tribunal (MRT) and Refugee Review Tribunal (RRT) on 14 April 2005. An audit objective is to assess 'the achievement of efficiency improvements by sharing tribunal resources'.</p>
	<p>Effectiveness of the visitor bonds scheme.</p>	<p>The ANAO's Audit Work Programme for 2005-06 has a topic '<i>Visa Management: a series of compliance audits against visa classifications</i>'. This entry foreshadows a rolling programme of compliance audits against the various visa classifications. It will include the broad category of temporary entry visas (which sponsored family visitor visas are a part). The ANAO will consider the broadening of the scope of these audits to include the operation of the visitor visa bond scheme where appropriate.</p>
	<p>Management of the Community Settlement Services Scheme (CSSS).</p>	<p>An audit of (the then) Migrant Settlement Services was undertaken by the ANAO in 1998-99 (Report No.29). It concluded that the administration of settlement programmes fell short of good practice in some areas. The ANAO made 12 recommendations in the areas of planning, risk management, performance management, procedures for grant applications and various aspects of training.</p> <p>DIMIA has also undertaken a review of settlement services and the report was provided to the Ministerial Council for Immigration and Multicultural Affairs in June 2003. The review found that while the concept of integrated planning remained relevant to settlement services it had not yet realised its full potential because of a lack of shared understanding of its objectives, scope and priorities. The review recommended a more proactive, regionally based planning process supported by improved data analysis capacity and more open communication and consultative arrangements. The Community Settlement Services Scheme (CSSS) is the outcome of this review and is in its first year of operation.</p> <p>The ANAO will consider including an audit of the CSSS in a future audit programme after the CSSS has been in operation for a further period of time.</p>
	<p>Character-checking procedures for Australian citizen applications.</p>	<p>Although citizenship is governed by a separate Act, it shares the requirement to be of 'good character' with the <i>Migration Act</i>. DIMIA uses common procedures for character checks for the purposes of citizenship and migration. These are principally through the Movement Alert List (MAL) and police checks.</p> <p>The ANAO's Performance Audit Work Programme for 2005-06 has a reserve audit of the Administration of Health and/or Character Provisions of the Migration Act and a reserve topic to examine the MAL.</p>

Committee	Proposal	ANAO response and action
<b>Standing Committee on Employment, Workplace Relations and Workforce Participation</b>	Industrial Relations Commission.	<p>The ANAO will consider including an audit of the Australian Industrial Relations Commission (AIRC) and Australian Industrial Registry (AIR) as a performance audit topic in a future Audit Work Programme. Commencement of such an audit would be influenced by decisions made by the Government as to the role and functions of AIRC/AIR. If this audit was to be done the ANAO would focus on the administration of the AIRC/AIR to support the activities of the AIRC and meet the requirements of the <i>Workplace Relations Act 1996</i>. A particular focus could be on the mechanisms to measure, manage and report on the performance of the AIRC/AIR.</p>
	Experience of Disability Support Pension recipients (as part of an audit of Job Network Services).	<p>The ANAO notes that the Standing Committee on Employment, Workplace Relations and Workforce Participation's interest in the two performance audits of the Job Network currently underway. The performance audit of the job seeker experience of Job Network services assess whether DEWR's management of the Job Network ensures that job seekers are provided with high quality services. To reflect more accurately the focus of the audit, the report is expected to be entitled 'DEWR's oversight of Job Network services to job seekers.' Both this audit, and the one on the Design and Implementation of the Third Employment Services Contract are close to completion and are expected to be tabled in Parliament shortly. It is not feasible to change the scope of these audits at this late stage to specifically address the experience of Disability Support Pension (DSP) recipients.</p> <p>Consideration of future performance audits relating to the DSP would need to take into account the timing implications of the changes in administrative arrangements arising from the Administrative Arrangements Order of 27 October 2004 as well as potential legislative and policy changes that would affect DSP recipients.</p> <p>The ANAO will consider the DSP as a performance audit topic in the 2006-07 Audit Work Programme.</p>
<b>House Family and Human Services Committee</b>	The current administration of the Commonwealth /State/Territory Disability Agreement (CSTDA), focussing on whether the Commonwealth is receiving value for money	<p>We currently have underway an audit of the CSDTA which is scheduled to table in July 2005.</p> <p>The audit is setting out to assess whether FaCS effectively undertakes its monitoring, coordination and oversight roles according to the CSTDA.</p> <p>The audit is focussing in particular on :</p> <ul style="list-style-type: none"> <li>• the application of whole-of-government approaches to providing disability services covered by the Agreement;</li> <li>• the adequacy of the performance monitoring and financial reporting framework and its application; and</li> <li>• the identification of mechanisms to improve the quality of disability services.</li> </ul> <p>While our current audit will not directly answer the question posed by the Committee, it will provide insights in relation to</p>

Committee	Proposal	ANAO response and action
<p><b>Joint Standing Committee on the National Capital and External Territories</b></p>	<p>There has never been a performance audit on the National Capital Authority (NCA) except as part of larger cross-portfolio audits. Suggested a performance audit on The administration, efficiency and cost effectiveness of the operation of the National Capital Authority.</p>	<p>the issue.</p> <p>It is proposed to undertake a focused performance audit of the NCA's development, management and maintenance of national assets. Assets administered by the Authority on behalf of the Commonwealth were valued at some \$349 million as of June 2004. These assets represent some of the National Capital's most nationally and culturally significant landscapes and attractions. They include Lake Burley Griffin, Anzac Parade and its memorials and large areas of landscape structure.</p>
<p><b>Rural and Regional Affairs and Transport Legislation Committee</b></p>	<p>Agree as this as an audit priority for 2005-06 - APVMA – Australian Pesticides and Veterinary Medicines Authority.</p>	<p>The Committee has requested an audit of the Australian Pesticides and Veterinary Medicines Authority (APVMA). The Auditor-General has also received a request from Senator the Hon Richard Colbeck, Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry, to undertake an audit of the APVMA.</p> <p>An audit of the APVMA has therefore been included on the ANAO's programme. This audit is likely to commence early in 2005-06.</p>
	<p>Agreed on this audit as a priority for consideration - Biosecurity Australia, with particular reference to it new financial arrangements.</p>	<p>The ANAO is currently undertaking a follow-up audit of Managing for Quarantine Effectiveness, at the request of the Joint Committee of Public Accounts and Audit (JCPAA). The audit addresses the recommendations of a previous ANAO audit, and the recommendations of the JCPAA following its Inquiry into Australia's Quarantine Function.</p> <p>The current audit addresses recommendations of the previous audit and JCPAA regarding the Import Risk Assessment process, which is the responsibility of Biosecurity Australia.</p> <p>The ANAO considers that the best timing for the Committee's suggested audit of Biosecurity Australia would be following the conclusion of the current audit, and allowing time for the new arrangements for Biosecurity Australia to become established.</p> <p>An Audit has been included as a reserve topic for the 2005-06 audit programme. It will also be considered for inclusion in the ANAO's 2006-07 Programme, which would permit an audit of the new arrangements after they have become established.</p>
<p><b>Environment, Communications, Information Technology and the Arts Committee</b></p>	<p>AQIS has missed its deadline by four years for completing a review of the prohibited list of plants. As a result, over 3000 genera of plants known to be invasive weeds are still allowed for import into Australia. This audit should be given high priority.</p>	<p>A current audit is addressing the responsibilities of AQIS and Biosecurity Australia for quarantine and import risk assessments (Managing for Quarantine Effectiveness). These are areas that are pertinent to the concerns expressed by the committee about action on priorities. The audit report will be tabled in the spring 2005 session of the Parliament.</p> <p>Having regard to the current audit, and other audits being undertaken in the portfolio, the Committee's suggested audit topic has been included as a reserve in the ANAO's audit work Programme.</p>



Committee	Proposal	ANAO response and action
<b>House of Representatives Standing Committee on Health and Ageing</b>	The Health Workforce.	<p>The Government has requested the Productivity Commission to undertake a research study of the health workforce. The study will be wide-ranging, and it arises from a decision of the Council of Australian Governments in June 2004. The Commission is seeking submissions by 31 July 2006, with a report due by 28 February 2006.</p> <p>The ANAO will review the Productivity Commissions report and consider for inclusion in the 2006-07 Audit Work Programme.</p>
	Rural Health.	<p>Rural health has been an important ANAO priority. The ANAO's most recent report on this matter was tabled in April 2004. This report was called, <i>The Department of Health and Ageing's Management of the Multipurpose Services Program and the Regional Health Services Program</i>, Audit Report No. 40, 2003-2004. Other ANAO reports relevant to rural health include:</p> <ul style="list-style-type: none"> <li>• <i>Planning of Aged Care, Department of Health and Ageing</i>, Report No. 19 of 1998-99; and</li> <li>• <i>Planning for Rural Health, Department of Health and Family Services</i>, Report No. 45 of 1997-98.</li> </ul> <p>In addition, rural health has been an element in a number of other audits.</p> <p>Since the ANAO last reviewed rural health as a main topic, as recently as last financial year, it will next be considered for follow-up in 2006-2007.</p>
	Indigenous Health.	<p>Indigenous health is another audit ANAO priority. Performance audit reports have included:</p> <ul style="list-style-type: none"> <li>• <i>The Aboriginal and Torres Strait Islander Health Program Follow-up Audit, Department of Health and Ageing</i>, Report No. 15 of 2002-2003;</li> <li>• <i>Grants Management, ATSIIC</i>, Report No. 2 of 2002-2003;</li> <li>• <i>Municipal Services for Indigenous Communities, ATSIIC</i>, Report No. 36 of 2000-2001; and</li> <li>• <i>The Aboriginal and Torres Strait Islander Health Program</i>, Department of Health and Aged Care, Report No. 13 of 1998-99.</li> </ul> <p>In view of the extent of this coverage, it is proposed to consider another audit of indigenous health for inclusion in the ANAO's 2006-2007 programme.</p>
<b>House Environment and Heritage</b>	Protection of critical habitat and listed threatened species under the <i>Environment Protection and Biodiversity Conservation Act 1999</i> included as a potential audit in ANAO work plan for	The ANAO has included this in the Audit Work Programme as a potential audit topic for 2005-06.

Committee	Proposal	ANAO response and action
	<p>2004-05.</p> <p><b>Note:</b> similar audit proposed by the Senate Environment, Communications, Information Technology and the Arts Committee.</p>	
<p><b>House Communications, Information Technology and the Arts</b></p>	<p>The committee request the ANAO to conduct a performance audit on the management of broadcasting spectrum in Australia.</p> <p>Broad casting spectrum is a valuable resource and needs to be managed efficiently. The Australian Broadcasting Authority and the Australian Communications Authority ( to be merged by 1 July 2005) are responsible for the management of broadcasting spectrum, that is, the availability of segments of the broadcasting services bands used by radio, television and other services for analogue and digital broadcasting.</p>	<p>The ANAO will consider undertaking a performance audit in 2006-07 once the merger of Australian Broadcasting Authority and Australian Communications authority on 1 July 2005 has bedded down.</p>
<p><b>House Agriculture, Fisheries and Forestry</b></p>	<p>The committee has noted that the Australian National Audit Office work plan for 2004-05 included a potential follow-up audit on managing for quarantine effectiveness. It is our view that this proposed audit should be accorded high priority.</p>	<p>A follow-up audit of Managing for Quarantine Effectiveness is currently underway. It will be tabled in the spring 2005 Parliamentary session.</p>
<p><b>Senate Legal and Constitutional Committee</b></p>	<p>The key priority for the committee remains indigenous legal aid funding and the funding provided for legal aid in rural, regional and remote areas.</p>	<p>In November 2003, the ANAO tabled an audit assessing the then ATSI Law and Justice Programme. The ANAO concluded that, overall, ATSI had little information or assurance on the quality of the legal services being provided to Indigenous Australians. Subsequent to this audit, the JCPAA embarked on its own inquiry into Indigenous Law and Justice and tabled its report (Report 403) in June 2005. In this light the ANAO does not propose to do further work in this area in 2005-06.</p>

<b>Committee</b>	<b>Proposal</b>	<b>ANAO response and action</b>
	<p>An emerging concern for the committee is the funding of the Office of the Federal Privacy Commissioner. My Committee is currently inquiring into the overall effectiveness and appropriateness of the <i>Privacy Act 1988</i>(Cth) as a means by which to protect Australians. As part of this inquiry, my committee has been directed to examine resourcing of the Privacy Commissioners Office and whether current levels of funding and the resources available to the Privacy Commissioner enable her to properly fulfil her mandate.</p>	<p>We note the Committee is conducting an inquiry directed at the resources of the Privacy Commissioner and will take into account the Committee's report in our future audit coverage.</p>

