Report

271

Joint Committee of
Public Accounts

Response to Efficiency Audit— Administration of Bilateral Overseas Aid Report

Parliament of the Commonwealth of Australia

1987

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

REPORT 271

RESPONSE TO EFFICIENCY AUDIT - ADMINISTRATION OF BILATERAL OVERSEAS AID REPORT

(DEPARTMENT OF FINANCE MINUTE ON THE COMMITTEE'S 201ST REPORT)

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DUTIES OF THE COMMITTEE

Section 8.(1) of the Public Accounts Committee Act 1951 reads as follows:

> Subject to sub-section (2), the duties of the Committee are:
>
> (a) to examine the accounts of the receipts and expenditure of the Commonwealth including the financial statements transmitted to the Auditor-General under sub-section (4) of section 50 of the Audit Act 1901;
>
> (aa) to examine the financial affairs of authorities of the Commonwealth to which this Act applies and of intergovernmental bodies to which this Act applies;
>
> (ab) to examine all reports of the Auditor-General (including reports of the results of efficiency audits) copies of which have been laid before the Houses of the Parliament;
>
> (b) to report to both Houses of the Parliament, with such comment as it thinks fit, any items or matters in those accounts, statements and reports, or any circumstances connected with them, to which the Committee is of the opinion that the attention of the Parliament should be directed;
>
> (c) to report to both Houses of the Parliament any alteration which the Committee thinks desirable in the form of the public accounts or in the method of keeping them, or in the mode of receipt, control, issue or payment of public moneys; and
>
> (d) to inquire into any question in connexion with the public accounts which is referred to it by either House of the Parliament, and to report to that House upon that question,
>
> and include such other duties as are assigned to the Committee by Joint Standing Orders approved by both Houses of the Parliament.

PREFACE

This report contains the Government's response to the Committee's 201st Report reviewing an efficiency audit of the Administration of Bilateral Overseas Aid.

Since 1952 formal procedures have been in operation to ensure that appropriate action is taken in response to each of the Committee's reports[1]. These procedures involve the preparation of a response, known as a Department of Finance Minute, as follows:

1. The Committee's report is tabled in the Senate and the House of Representatives.

2. The Committee's Chairman then forwards a copy of the report to the responsible Minister and to the Minister for Finance with a request that the report be considered and the Chairman subsequently informed of action taken and planned to address the Committee's recommendations.

3. The reply, in the form of a Department of Finance Minute is then examined by the Committee and submitted, with comment if necessary, as soon as possible as a report to the Parliament.

For and on behalf of the Committee.

R E Tickner, MP
Chairman

M J Talberg
Secretary
Joint Committee of Public Accounts
Parliament House
Canberra
25 March 1987

1. Formal responses to the Committee's Reports are not prepared in the case of discussion papers, handbooks and the Committee's annual report.

TABLE OF CONTENTS

CHAPTER 1

COMMITTEE COMMENT

1.1 The Committee's comments on the Department of Finance Minute response at Chapter 3 of this Report are brief and only on selected recommendations because:

- significant administrative and policy changes have occurred in the four and a half year period since the tabling of the Committee's 201st Report (October 1982) and this Report, during this time most of the Committee's recommendations have been implemented; and
- the administration of Australia's bilateral overseas aid program has been subject to a major review[1] and analysed in detail in at least three other parliamentary committee reports since the tabling of the Committee's Report.[2]

1.2 Generally the initiatives detailed in the Government's response to the Committee's Report are welcomed. In particular the significant re-organisation of the Australian Development Assistant Bureau (ADAB) should greatly improve the administration of Australia's overseas aid program.

1.3 In line with the Committee's first recommendation - that the effectiveness of the arrangements for untied grants to Papua New Guinea (PNG) be re-examined - it is noted that the new aid agreement with PNG reduces the level of untied budgetary support in accordance with the recommendation of the Report of the Committee to Review the Australian Overseas Aid Program (the Jackson Report). However the Committee is disappointed to note that this agreement has not been adhered to from the outset. The PNG Government was requested to participate in accepting a lower 1986-87 aid allocation than that which would have resulted from applying the terms of the agreement.[3]

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1. Report of the Committee to Review the Australian Overseas Aid Program (chaired by Sir Gordon Jackson, AK), Canberra, AGPS, June 1984.
2. Reports of the Joint Committee on Foreign Affairs and Defence:
   - The Provision of Development Assistance and Humanitarian Aid to the Horn of Africa (December 1983),
   - Australia and Asean: Challenges and Opportunities (October 1984),
   - The Jackson Report on Australia's Overseas Aid Program (May 1985).
3. Refer Department of Finance Minute, paragraph 3.3.

1.4 While the Committee's 201st Report did not examine aid to PNG in detail it did voice some concern as to the non-accountability of the grant. The Committee supports the independent assessment of individual program proposals and activities. Such measures are essential to provide a basic level of program effectiveness review.

1.5 The Government's decision not to appoint a Parliamentary Secretary for Overseas Aid (refer recommendation 2) but to upgrade the status of ADAB to a 'management autonomous unit within the Department of Foreign Affairs' is noted. The Committee welcomes the decision to give ADAB separate status but notes that the Finance Minute is silent on how 'greater parliamentary scrutiny' of overseas aid projects will be 'encouraged'. Similarly the following advantages of a Parliamentary Secretary for Overseas Aid (as originally outlined in the Committee's Report) are not addressed by the response to recommendation 2:

> Appointment of a Parliamentary Secretary for Overseas Aid would improve parliamentary and public scrutiny of the aid program, relieve demands on the Minister for Foreign Affairs, provide a useful channel for public input to the aid program and establish a desirable degree of separation of the aid program from foreign policy. A Parliamentary Secretary would also be of substantial value to the Acting Minister for Foreign Affairs in improving continuity of political leadership during the Minister's absences overseas.[4]

1.6 The Committee reiterates its belief that Australia's overseas aid program should be closely and continually scrutinised by Parliament, in particular, by the Joint Committee on Foreign Affairs and Defence.

1.7 The delegation of all powers necessary to administer the overseas aid program to the ADAB Director-General, the classifying of the Director-General's position to the same level as Deputy Secretaries in the Department of Foreign Affairs (SES Level 6) and the formalisation of the Director-General's reporting directly to the Minister for Foreign Affairs, as recommended by the Committee, are welcomed.[5]

1.8 ADAB officers are an integral part of Australia's overseas representation and image. The Committee believes that ADAB positions require personnel with a level of experience and sensitivity to political matters at least equal to diplomatic and consular staff and should be recognised as such.

4. PAC Report 201, paragraph 3.8, page 20.
5. Refer to responses to recommendations 3, 4 and 6.

1.9 The response to recommendation 5 - that a formal development assistance career stream will not be established - is noted. The Finance Minute's discussion on this point is vague and uninformative. Neither the perceived danger of 'rigidities (that may be introduced) into ADAB's 'personnel practices' from such a move are explained nor are the 'enhanced work opportunities' or 'more systematic approach to career planning' for Bureau officers.

1.10 The increases in ADAB's appropriation for information and public relations activities as recommended by the Committee appears to be satisfactory.[6] However, the Finance Minute does not put these increases in perspective and fails to discuss the adequacy of this increased funding relative to ADAB activities in this area. There are similar deficiencies in the responses to recommendations 13 and 14 which detail increases in the number and classification of ADAB offices stationed overseas.

1.11 The Committee has received advice from the ACT Regional Property Office of the Department of Local Government and Administrative Services that, in relation to the Committee's (October 1982) recommendation that ADAB office accommodation be upgraded immediately and elements of its Central Office co-located, the entire Bureau will now be housed in a new building in August 1987.[7]

1.12 Finally the Committee is pleased to note that ADAB has not been the subject of any material adverse findings by the Auditor-General since September 1984.

6. Refer to recommendation 9.
7. Refer to recommendation 17.

CHAPTER 2

SUMMARY OF THE COMMITTEE'S 201ST REPORT

2.1 The Committee's 201st Report - Administration of Bilateral Overseas Aid - was tabled on 10 November 1982 and arose from the Auditor-General's Report on an efficiency audit. On 29 October 1981 the Auditor-General tabled his Report on an Efficiency Audit: Administration of Australia's Bilateral Overseas Aid Program by the Australian Development Assistance Bureau. The Report was referred to the thirteenth Joint Committee of Public Accounts for inquiry and report. This was the first occasion the Parliament had specifically referred an efficiency audit to the Committee. A sectional committee, chaired by Mr P D Shack, MP, was formed to examine the Report. The Committee took evidence from six Commonwealth departments or authorities, two staff associations, representatives of non-government aid agencies, professional consultants involved in the aid program, and individuals.

2.2 The Committee's Report concentrated on factors which directly affected Australian and overseas perceptions of the quality of Australia's Bilateral Overseas Aid program. These were:

- the program's flexibility in meeting new policy initiatives;
- the resources available for its administration;
- domestic and overseas perceptions of its impartiality; and
- its public profile.

2.3 The Committee also provided some general comments on the management of the program and included comments on efficiency audit methods and objectives and the role of Parliamentary Committees in evaluating reports on efficiency audits.

2.4 The Committee placed particular stress in its recommendations on the value of the Australian community's support for overseas development aid and the need for development aid issues to be widely understood and debated.

2.5 The Committee found that the administration of overseas development aid (ODA) was a distinct and and complex area of Australian Government administration. It was separated from the mainstream of other Australian government activities in that the primary recipients of the assistance the ODA program distributes are citizens of other countries. Perhaps as a result, the ODA program had attracted little Parliamentary attention considering its size, its impact on recipient nations and their resulting perceptions of Australia. The overseas development assistance program had however developed its own academic, commercial and

charitable infra-structure in Australia and its own distinctive philosophies, ideals and jargon. The Committee observed that, perhaps partly because of the program's individuality, it had also attracted the interest of people in both private and public sectors, with strong motivations, high ideals and considerable dedication.

2.6 The Committee's inquiry into the Report of the Auditor-General on an efficiency audit was concerned with only one element of Australia's total ODA, the bilateral overseas aid program. Nonetheless the Committee emphasised that:

> the delivery of overseas aid is a complex and difficult task and that because of the Australian Government's direct responsibility for the bilateral aid program, this program is probably the most significant and sensitive element.

2.7 Apart from the practical difficulties of establishing a wide range of projects under difficult circumstances in foreign countries with little direct involvement of Australian government officers, the key features of the bilateral aid program which served complicate both its analysis and administration, appeared to be the range of policy influences which impringe on the program, the difficulty of establishing and measuring the varied objectives of individual projects and country programs, and the rapid developments in international perceptions of desirable forms of aid.

2.8 Evidence put to the Committee and members' experience overseas satisfied the Committee that Australian bilateral aid is generally considered abroad to be of high 'quality'. Other material available to the Committee supported witnesses' claims regarding the repute of Australia's aid program.

2.9 The Committee found that there were, however, three areas where the reputation of Australia's aid program could be considered at risk or where its effectiveness could be improved. These were:

- the impartiality of the aid program;
- public support for the aid program's policy and objectives, and
- professional inputs to the aid program.

2.10 Although the Committee noted that restrictions on public sector growth had encouraged the Department of Foreign Affairs and the Australian Development Assistance Bureau to adopt innovative strategies for the administration of overseas development assistance, the Committee shared the Auditor-General's view that some increase in the resources available to ADAB was required if the quality of Australia's overseas aid is to be maintained and improved.

2.11 In general the 25 recommendations made by the Committee in the Report related to the following matters:

- aid to Papua New Guinea;
- ministerial arrangements for overseas aid;
- administrative arrangements for overseas aid;
- overseas aid policy;
- public awareness programs;
- delegations;
- staffing;
- training;
- accommodation;
- professional resources;
- the Auditor-General's Report;
- efficiency auditing; and
- overseas inspections by parliamentary committees.

CHAPTER 3

DEPARTMENT OF FINANCE MINUTE

3.1 This Minute has been prepared on the basis of responses received from the Australian Development Assistance Bureau (ADAB), the Australian Audit Office (AAO), and the Department of the Prime Minister and Cabinet.

3.2 In this chapter each of the Committee's recommendations is produced in turn and is followed by the response.

Aid to Papua New Guinea

RECOMMENDATION 1

> **The effectiveness of the arrangements for untied grants to Papua New Guinea be re-examined before the current agreement expires.**

Response

3.3 ADAB has advised that a new aid agreement with Papua New Guinea has been signed and came into effect on 1 July 1986. Under the agreement, which covers a five year period, budget support aid will decline by 5% per annum in real terms. Other forms of aid (including provision of technical assistance and implementation of projects) will be increased so that the overall decline will be 3% per annum in real terms. In the context of the 1986-87 Budget, the PNG Government was requested to participate in accepting a lower 1986-87 aid allocation than that which would have resulted from applying the terms of the present agreement. Negotiations are presently underway to reach a new agreement reflecting a more realistic assessment of the budgetary situation in Australia. It is expected that any new agreement will continue the increasing emphasis on proportionate decrease in the budget support component. A range of mechanisms are employed to review program effectiveness including discussions between PNG and Australian Ministers and officials and through independent assessment of individual program proposals and activities.

Ministerial Arrangements for Overseas Aid

RECOMMENDATION 2

> **The Government appoint a Parliamentary Secretary for Overseas Aid to improve the aid program's accountability to the Parliament and the community and reflect ADAB's status as a separate organisation within the Department of Foreign Affairs.**

Response

3.4 ADAB has advised that in line with the Report of the Committee to Review the Overseas Aid Program (The Jackson Committee), the Government has accepted the objectives of improving the aid program's public accountability and of giving ADAB a separate status within the Department of Foreign Affairs. The public accountability objective is being met by encouraging greater Parliamentary scrutiny of the aid program and by increasing the dissemination of information about the program to the public and aid interest groups. As regards a separate status for ADAB, the Government has upgraded the Bureau to the status of a management autonomous unit within the Department of Foreign Affairs. The Government has not considered it necessary, however, to appoint a Parliamentary Secretary to achieve these objectives.

Administrative Arrangements for Overseas Aid

RECOMMENDATION 3

> Pending government consideration of changes to ADAB's Ministerial Arrangements, the Department of Foreign Affairs continue its efforts to maintain and improve ADAB's administrative autonomy.

Response

3.5 ADAB has now been reorganised and provided with an increase in staff to allow it to operate as an autonomous Bureau within the Department of Foreign Affairs. The Secretary of the Department of Foreign Affairs has delegated all necessary powers to the Director General so that he controls resources required to administer the overseas aid program.

RECOMMENDATION 4

> The Department of Foreign Affairs maintain the classification of the Director of ADAB at the same level as other officers of Deputy Secretary rank in the Department.

Response

3.6 ADAB has advised that the Director General is now at the same level (Senior Executive Service Level 6) as Deputy Secretaries in the Department of Foreign Affairs.

RECOMMENDATION 5

> Establish a development assistance career stream within the Department.

Response

3.7 ADAB has advised that there have been extensive consultations with the relevant staff associations about the range of mechanisms available to upgrade the skills and career aspirations of staff within ADAB. It has been decided not to introduce a formal career stream because of the rigidities this could introduce into ADAB's personnel practices. However ADAB's new structure has resulted in enhanced work opportunities for Bureau Officers and action is underway to introduce a more systematic approach to career planning.

RECOMMENDATION 6

> The Government formalise the existing arrangement whereby the Director of ADAB advises the Minister for Foreign Affairs directly on matters affecting overseas aid.

Response

3.8 ADAB has advised that in response to the Jackson Report, the Government endorsed ADAB's responsibility for the management of the aid program. As a consequence of this decision, the Director General of ADAB reports directly to the Minister for Foreign Affairs on all matters relating to the overseas aid program.

Overseas Aid Policy

RECOMMENDATION 7

> The Minister for Foreign Affairs make a policy statement to the Parliament on overseas aid at least annually and issue a consolidated policy directive to the Department and ADAB periodically.

Response

3.9 ADAB has advised that in responding to the Jackson Report in November 1985, the Minister for Foreign Affairs announced that he had agreed with the Chairman of the Joint Foreign Affairs and Defence Committee that that Committee should report on the aid program at regular intervals, say every second year. Parliament will be kept informed of developments through this avenue and other opportunities for example, by parliamentary committees' scrutiny of aid estimates. The Minister for Foreign Affairs addresses Parliament and releases policy statements on the aid program as necessary.

Public Awareness Programs

RECOMMENDATION 8

> **The Department of Foreign Affairs develop ways of highlighting Australia's involvement in bilateral aid project administration on site.**

Response

3.10 ADAB has advised that they publicise Australia's involvement in particular aid activities through local communication channels in line with customs applying in individual recipient countries. Care is taken to ensure that such publicity stresses that aid projects are joint co-operative ventures between Australia and the recipient country. The presence of Australian personnel on site and the provision of Australian goods are further avenues for highlighting Australia's involvement.

RECOMMENDATION 9

> **The proportion of the Information and Public Relations Budget of the Department of Foreign Affairs allocated to promotion of Australia's overseas aid program be increased.**

Response

3.11 ADAB has advised that the appropriation for information and public relations activities by ADAB was tripled in 1984-85 and doubled again in 1985-86, to $300,000. This appropriation includes funds identified for initiatives in development education.

Delegations

RECOMMENDATION 10

> **The Department of Foreign Affairs examine opportunities for delegating greater decision making powers and accountability to field missions and officers overseas.**

Response

3.12 ADAB has advised that the overseas operations of ADAB are currently under internal review as recommended by the report of the Committee to Review the Australian Overseas Aid Program (the Jackson Committee). The review is examining the opportunities for increased management responsibilities to overseas missions.

Staffing

RECOMMENDATION 11

> **The Department of Foreign Affairs, in conjunction with the Public Service Board, undertake a series of reviews of ADAB's establishment, and include:**
>
> **(a) a Staff Utilisation Review of the bilateral projects area;**
>
> **(b) a review of the Department's management services area, particularly its capacity to provide adequate services to ADAB;**
>
> **(c) an examination of career streaming for development assistance officers;**
>
> **(d) the need for and role of professionally qualified staff in ADAB.**

Response

3.13 ADAB has advised that its organisational structure has been completely overhauled as a result of the Jackson Committee recommendations. An expansion of ADAB establishment has resulted from the reorganisation. Comments on the four sub-points contained in Recommendation 11 are provided hereunder:

(a) Regular monitoring and review of ADAB's staffing and establishment has been instituted in the Bureau to ensure that staff are utilised in the most efficient and effective manner. Particular attention is being paid to ensure that adequate resources are available for all aspects of the planning and delivery of country aid programs (which incorporate bilateral project activities);

(b) the management services functions for ADAB have been transferred from the Department of Foreign Affairs to the Bureau. These services are being monitored to ensure that they satisfy the Bureau's requirements;

(c) see comments on recommendation 5;

(d) ADAB acknowledges the importance of having professionally qualified staff. The Bureau will continue to encourage the recruitment of staff with appropriate qualifications and to provide opportunities for current staff to upgrade their skills and qualifications. This is being pursued through ADAB's personnel development program which provides opportunities for all staff to participate in training and study programs and undertake a range of work experiences.

RECOMMENDATION 12

> **The Public Service Board treat ADAB's staff ceiling separately from that of Foreign Affairs to emphasise ADAB's role as a separate organisation within the Department of Foreign Affairs.**

Response

3.14 ADAB has advised that in determining Average Staff Levels (ASL), the Government now provides ADAB with a separate ASL allocation from that applying to other parts of the Foreign Affairs portfolio.

RECOMMENDATION 13

> **The number of ADAB officers stationed overseas be increased.**

Response

3.15 ADAB has advised that the overseas operations of ADAB are currently under internal review. However, since January 1983 an additional seven ADAB overseas positions have been created.

RECOMMENDATION 14

> **The classification of ADAB officers stationed overseas be increased.**

Response

3.16 ADAB has advised that since 1983 a significant number of existing positions have been upgraded to better reflect the work value of those positions. The current ADAB positions are at the following levels:

Clerical Administrative Class	11	3
"	10	2
"	9	6
"	8	1
"	7	15
"	6	6
"	5	3
		36

Training

RECOMMENDATION 15

> **The Department of Foreign Affairs ensure that its officers posted overseas are adequately trained to undertake Aid Officer responsibilities where such an officer is not included as part of a mission.**

Response

3.17 ADAB has advised that as a result of the management autonomy decision, ADAB now has its own personnel development function. The Bureau is therefore now responsible for such training activities. Training and briefing needs are discussed with all ADAB officers proceeding to overseas posts and appropriate training and briefing are provided. Department of Foreign Affairs officers and other departmental officers who have aid responsibilities overseas, are briefed by relevant sections of ADAB and are offered appropriate training.

RECOMMENDATION 16

> **The Department of Foreign Affairs extend training programs in overseas aid administration and aid issues generally to its officers, to officers of other Departments involved with the Aid program and to non-government organisations and consultants.**

Response

3.18 ADAB has advised that they are considering providing workshop training on aid matters for public servants, staff of non-government organisations and consultants. A recent successful workshop on women in development, run by ADAB and open to non-ADAB participants, has provided a model on which to base future workshops.

Accommodation

RECOMMENDATION 17

> **ADAB office accommodation be upgraded immediately and elements of its Central Office co-located as a matter of the highest priority.**

Response

3.19 ADAB has advised that the Central Office of ADAB is now located in two buildings in Civic. It is intended to co-locate the entire Bureau in a new building in 1987.

Professional Resources

RECOMMENDATION 18

The Department of Foreign Affairs examine the suggestion of the Australian Professional Consultants' Council with a view to determining whether a professional advisory group could improve ADAB's liaison with professionals involved in the aid program.

Response

3.20 ADAB has advised that their understanding is that the Australian Professional Consultants' Council was suggesting the establishment of professional advising capacity within ADAB (See p 710 of Minutes of Evidence: JCPA: 201 Report). With the reorganisation of ADAB, a separate Appraisal, Evaluation and Sectoral Studies Branch was formed to provide an advising service to program managers within ADAB. Within the Branch are staff with skills in a wide range of technical and professional disciplines relevant to the aid program.

RECOMMENDATION 19

The Department of Foreign Affairs and the Public Service Board examine the creation of a classification of Development Assistance Officer.

Response

3.21 See comments on recommendation 5.

Auditor-General's Report

RECOMMENDATION 20

The Auditor-General's major recommendations, as modified where appropriate in this report, be implemented as soon as resources permit.

Response

3.22 ADAB has advised that many of the Auditor-General's recommendations have been implemented as a result of the Government's review of the aid program and its management following the tabling of the Jackson Committee Report. Particular attention has been paid to ensuring increased aid effectiveness. Key development underway are:

- enhancement of the Bureau's policy capability;
- introduction of a corporate planning framework;

- strengthening of the capacity of the appraisal and evaluation function;
- introduction of more systematic and better planned country programming;
- strengthening of consultative links with Australian Government, business and community bodies;
- fostering of a higher level of professionalism in aid administration;
- systems development to upgrade program delivery and monitoring; and
- introduction of upgraded financial management arrangements and management information systems.

RECOMMENDATION 21

The consultative arrangements between Commonwealth Departments in respect of the Overseas Aid Program need not be changed.

Response

3.23 ADAB has advised that they have noted this recommendation.

RECOMMENDATION 22

ADAB continue to monitor the co-ordination process to ensure continuing satisfactory consultation and take every opportunity to consult with other Commonwealth authorities as early and as widely as possible.

Response

3.24 ADAB has advised that they have noted the recommendation and place a high priority on consulting with relevant Commonwealth authorities on the various aspects of the aid program.

RECOMMENDATION 23

The Department of Finance continue to take a positive and supportive attitude to ADAB requests for increased flexibility in budgeting within the constraints of the Government's economic strategy.

Response

3.25 The Department of Finance has continued to adopt a positive and supportive attitude to ADAB in its objective of increased budgetary flexibility within the constraints of the Government's economic strategy. This is evidenced in the provision of generous undischarged obligations limits for a number of aid items and in support for the maintenance of the global aid allocation concept with its inbuilt flexibility which permits some transfer of funds between items during the course of the financial year. While the current practice of annual appropriations holds there appears little more that Finance can do to assist ADAB budgetary flexibility.

3.26 Finance considers also that the present structure of aid appropriations provides a minimum level of information required by Parliament and the public and that further aggregation should be avoided pending the forthcoming move by the Department of Foreign Affairs to program budgeting, at which time there will be an opportunity to review this aspect.

Efficiency Auditing

RECOMMENDATION 24

> **The Auditor-General prepare guidelines specifying in broad terms the scope of efficiency audits and make them available for comment by the proposed Government review of Efficiency Auditing to commence this year.**

Response

3.27 The Report of the Inter-Departmental Committee (IDC) established to review the process of Efficiency Audits was completed in July 1983. The Report was transmitted to the Government in late 1983.

3.28 A detailed submission was provided to the Committee by the AAO in late 1982 and there was subsequent consultation between the Committee and the Audit Office during the course of the Committee's deliberation. The question of the scope of efficiency audits and their relationship to program effectiveness reviews and joint management reviews was addressed in some detail in the AAO submission.

RECOMMENDATION 25

> **The report of this review be referred to a Parliamentary Committee before decisions are taken on the future of the efficiency audit function.**

Response

3.29 As noted above, the Report of the IDC went to Government in late 1983. The Government agreed that copies of the IDC report be sent to relevant Parliamentary Committees.

RECOMMENDATION 26

> **The Auditor-General's Office prepare a training package and background material on Efficiency Auditing for use by Departmental training sections and managers.**

Response

3.30 In February 1986 the AAO issued, through the Australian Government Publishing Service, the publication "Elements of Efficiency Auditing: A Basic Guide".

3.31 The publication is based on lectures prepared by personnel of the AAO for presentation, under an ADAB program, to the Office of Audit of the People's Republic of China in a series of training programs during 1985.

3.32 The lectures draw primarily upon the practical experience gained during the developmental phase of efficiency auditing in the AAO. A wide range of subject areas for efficiency auditing is included, together with a general introduction to efficiency auditing.

3.33 Consideration is also being given within the AAO to further developing the case studies, used in training programs provided internally and in China, for publication at a later date.

3.34 It is intended that copies of the publication "Elements of Efficiency Auditing: A Basic Guide" will be made available to Government departments and authorities, the offices of State Auditors'-General and selected academic institutions to assist development of their understanding of efficiency auditing processes.

Overseas Inspections by Parliamentary Committees

RECOMMENDATION 27

> **The Government examine the circumstances under which Parliamentary Committees may be permitted to make overseas inspections with a view to issuing guidelines under which Committees' requests may be approved.**

Response

3.35 The Department of the Prime Minister and Cabinet has advised that the basic objection of successive governments to Parliamentary Committees' travel overseas has related to costs. It has been held that this travel should not be at official expense, except under the following circumstances:

- Committee members may use the overseas travel entitlement all Members and Senators have, which is determined by the Remuneration Tribunal and intended specifically to assist them with travel for the purpose of undertaking studies and investigations of matters related to their duties and responsibilities as members of the Parliament; and
- the Presiding Officers may include overseas travel by Committee members in the program of outgoing Parliamentary Delegations which they submit each year for the Prime Minister's approval.

3.36 The Department advised that almost every Committee could make a case for overseas travel, and unrestricted travel at official expense would be costly and likely to provoke criticism. The Prime Minister has denied requests for assistance outside the guidelines laid down above and the Department advised that any proposal to extend the travel entitlements that Members and Senators already have would be firmly resisted.

3.37 The Department also considers the issue of the status of Parliamentary Committees while overseas to be relevant to the question. This is primarily a matter for the Parliament, but generally the view has been taken that Committees cannot meet formally overseas and, if approval to sit is given, Committees cannot exercise their full powers. Given this, the Department advises that there would seem to be no advantage in a Committee's travelling as an entity, rather than as individual members or as part of a Parliamentary Delegation. Further, Committee travel has the potential to cause confusion as to status in countries which do not share Australia's parliamentary system.

Michael Keating
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