



ACTIVITIES 1989 - 90

REPORT
307
JOINT
COMMITTEE
OF PUBLIC
ACCOUNTS

THE SENATE

21 OCT 1989

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THE PARLIAMENT
OF THE
COMMONWEALTH
OF AUSTRALIA

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
JOINT COMMITTEE OF PUBLIC ACCOUNTS

REPORT 307

ACTIVITIES
1989-90

JOINT COMMITTEE OF PUBLIC ACCOUNTS
SEVENTEENTH COMMITTEE

The Hon. G F Punch, MP (Chairman)

Senator J O W Watson (Vice-Chairman)

Senator B K Bishop

Mr K J Aldred, MP

Senator P J Giles

The Hon. J A Crosio, MBE, MP

Senator S Loosley¹

Mr E J Fitzgibbon, MP

Senator the Hon. M Reynolds

Mr D J C Kerr, MP

Senator C Schacht²

Mr J V Langmore, MP

Mr G B Nehl, MP

Mr L J Scott, MP

Mr P D Shack, MP

Mr A M Somlyay, MP

Secretary: Mr T R Rowe

1 Appointed 24 August 1990.

2 Discharged 24 August 1990.

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CHAIRMAN'S REVIEW



Hon. G F Punch, MP
(Chairman)

On behalf of the members of the Committee I am pleased to present the Committee's report of activities for the financial year 1 July 1989 to 30 June 1990. This is the first report of activities presented to the Parliament under my Chairmanship.

The primary purpose of this report is to inform the Parliament of the Committee's activities. The Committee appreciates, however, that because of its crucial role as a 'watch-dog over public expenditure', this report will be of interest to a wide range of bodies outside of the Parliament.

The effective working year of the Committee was somewhat truncated due to the March 24 Federal Election. Membership of the Committee lapsed on 19 February 1990 when the House of Representatives was dissolved and, did not resume until the Seventeenth Committee was appointed by the Senate and House of Representatives on 14 and 16 May 1990 respectively. Notwithstanding this, the Committee was able to present seven reports to the Parliament and undertake seven new inquiries.

The reports tabled covered a range of subjects including annual report guidelines, the engagement of external consultants by Commonwealth departments, storage of explosives by the Department of Defence and the Commonwealth's Offsets Program.

Accountability is a common theme in many of the Committee's reports. This is particularly the case in Reports 299 and 304 which deal with annual report guidelines for Commonwealth

that annual reports are, and should be, a primary medium of accountability to the Parliament and thus to the people. There is a need for a fundamental change in the approach of annual reports towards the reporting of results.

Report 304 also recommends that the Standing Committees of the House of Representatives be given the ongoing role of conducting reviews of departmental operations based upon the annual reports of departments. The Procedure Committee of the House of Representatives has made the same recommendation but as at 30 June 1990 no action in this area had occurred. I for one, am particularly keen to see this development take place as it will give Members of the House of Representatives a greater insight into the operations of departments and, importantly, improve accountability.

A major initiative adopted by the Committee during the year was to enhance accountability of departments by tabling all Finance Minutes received in a particular year as soon as practicable after they are received. Additionally, the Committee will table these Minutes within one annual volume. This practice will assist the overall process of accountability by giving Parliamentarians and the public an opportunity to comment on the adequacy of a departmental response to a Committee report. This scrutiny, in turn, assists the Committee as it considers the Finance Minute in detail at a later stage. These considerations can be assessed and reported on by the Committee when it presents its annual volume of Finance Minutes.

The first annual volume of Finance Minutes, Report 301, was tabled in Parliament in November 1989.

Of great interest to the Committee during the year were the presentation to the Parliament of responses to the Committee's Report 296, The Auditor-General: Ally of the People and the Parliament, Reform of the Australian Audit Office.

The Auditor-General presented his response on 7 September 1989 in a report titled, Accountability, Independence and Objectivity and the Government presented its response on 1 November 1989. While the Auditor-General indicated his broad support for the 78 recommendations made by the Committee, the Government did not agree with some recommendations and reserved its judgement on a number of others. These dealt with:

- . whether the Audit Office should be established as a statutory authority;
- . the level of resources for the Audit Office; and
- . the mandate of the Auditor-General.

The Government announced that, with the agreement of the Auditor-General, it had commissioned a review by the South Australian Auditor-General, Mr Tom Sheridan to look at the issue of resources for the Audit Office. Mr Sheridan's review was to be completed by March 1990. As at 30 June 1990 the Committee was aware that this review had been completed. However, the Government had not announced its final decisions on the outstanding recommendations from Report 296.

I am heartened by the number of recommendations in Report 296 that have received a favourable response from both the Government and the Auditor-General. I note that both the Audit Office and the Department of Finance have begun working on drafting instructions for new legislation recommended by the Committee to replace the existing Audit Act.

As the reports tabled by the Committee in 1989 covered a wide range of subjects, so too do the Committee's current inquiries. They include the Business Migration Program, annual report guidelines for statutory authorities, Defence's supply computer systems, research and development in the public and private sectors, an account set up in relation to the Parliamentary Information Systems Office and the social responsibilities of Commonwealth statutory authorities and government business enterprises. With each inquiry there is a focus on issues of accountability and value for money.

My predecessor's annual review made it quite clear that the Sixteenth Committee had experienced difficulties in eliciting relevant information from some departments. His comments were to the effect that the difficulties experienced suggested a disdain for, or at the very least a lack of appreciation of, the role of parliamentary scrutiny and the role of the Committee. As at 30 June 1990 the experience of the Seventeenth Committee is perhaps too limited to comment in detail in this area but it is a matter I will comment upon in the Committee's next report of activities. For the moment I note that in some quarters there has been a recognition of the need to improve the performance of public service managers appearing before parliamentary committees and that as a result there are seminars being run to familiarise managers with the role of parliamentary committees and to give them a clear understanding of what is expected of them. I view this as a positive step.

On behalf of the Committee I would like to acknowledge, with great appreciation, the contribution made to its work by the members of the Committee secretariat and the Committee's advisers. Additionally, we thank all those who gave us assistance, particularly officers from the Department of Finance and the Australian National Audit Office.

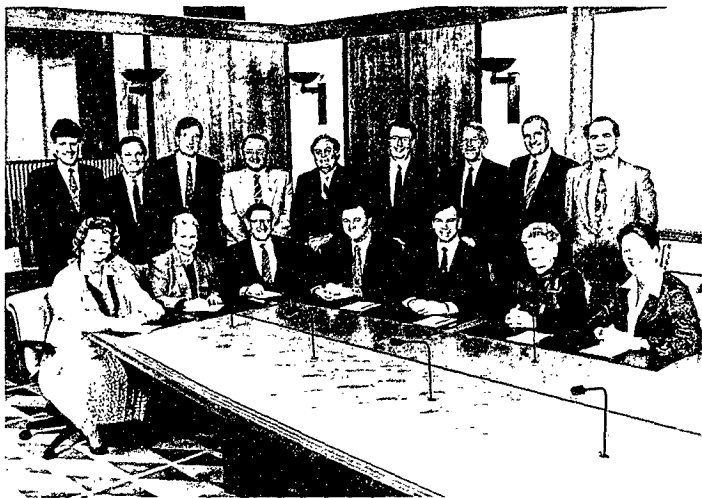
We also express our appreciation for the work done by the Principal Parliamentary Reporter and his staff and other officers of the parliamentary departments who have assisted the Committee in its activities.

In conclusion, I would like to take this opportunity to thank retiring members of the Committee and also to welcome the new members to the Committee. I am pleased to see that eight members of the previous Committee - Senator Watson as Vice-Chairman, Senator Bishop and Senator Giles, Mr Aldred, MP, Mr Fitzgibbon, MP, Mr Langmore, MP, Mr Nehl, MP and Mr Scott, MP - were reappointed to the Seventeenth Committee. In addition to myself, the new members welcomed to the Committee at the beginning of the 36th Parliament were the Hon. J A Crosio, MP, Mr Kerr, MP, Senator the Hon. M Reynolds, Mr Shack, MP, Mr Somlyay, MP, and Senator Schacht.

I suspect that many outside of the Committee do not appreciate the significant amount of time devoted to Public Accounts Committee work. Without the dedication and contribution made by the members of the Committee, the public accountability of Commonwealth activities would suffer.

Hon. G F Punch, MP
Chairman
Joint Committee of Public Accounts

SEVENTEENTH JOINT COMMITTEE
OF PUBLIC ACCOUNTS
THIRTY-SIXTH PARLIAMENT



Standing: Mr P D Shack, MP, Mr E J Fitzgibbon, MP,
Mr K J Aldred, MP, Mr A M Somlyay, MP,
Mr G B Nehl, MP, Senator S Loosley,
Mr J V Langmore, MP, Mr L J Scott, MP,
Mr D J Kerr, MP.

Seated: The Hon. J A Crosio, MBE, MP, Senator B K Bishop,
Senator J O W Watson (Vice-Chairman),
the Hon. G F Punch, MP (Chairman),
Mr T R Rowe (Secretary), Senator P J Giles,
Senator the Hon. M Reynolds.

MEMBERSHIP OF THE PUBLIC ACCOUNTS COMMITTEE

The members of the Seventeenth Committee of the 36th Parliament are shown below. Members were appointed to the Committee by the Senate on 14 May 1990 and by the House of Representatives on 16 May 1990.

Hon. Gary Punch, MP (Chairman)

Gary Punch was elected as Member for Barton in March 1983. He was previously a member of the St George County Council and Sydney County Council, and served as Alderman for the Hurstville Municipal Council from 1977 to 1983. He became Mayor in 1978, a position he retained until he entered Federal Parliament. Gary Punch was appointed Minister for the Arts and Territories in January 1988, and served until September of the same year. He then accepted the portfolio of Minister for Telecommunications and Aviation Support, which he held until March 1989. Mr Punch is also a member of the Joint Standing Committee on Foreign Affairs, Defence and Trade, and has served on the Joint Standing Committee on Electoral Matters.

Senator John Watson, B.Ec, B.Comm., FCA, FCIS (Vice-Chairman)

Elected to the Senate in 1977, Senator Watson is a chartered accountant. He is currently serving as Parliamentary Secretary to the Deputy Leader of the Opposition. Prior to his election to the Senate, he was general manager of a large textile operation and was also a part-time lecturer in accountancy at the Tasmanian State Institute of Technology and the TAFE College. Senator Watson is a member of the Senate Standing Committee on Employment, Education and Training and the Senate Publications Committee, and has served on the Senate Estimates Committees. Senator Watson has been a member of the Joint Committee on Public Accounts since 1978, and has served as Vice-Chairman since 1986.

Senator Bronwyn Bishop

Senator Bishop was elected to the Senate in 1987. She is a solicitor and company director and, prior to her election to the Senate, was the President of the New South Wales Division of the Liberal Party. Senator Bishop is the former secretary of the Opposition's Business, Industry and Science Policy Committee, and has served as the Shadow Minister for Public Administration, Federal Affairs and Local Government. Senator Bishop is a member of the Senate Standing Committee on Foreign Affairs, Defence and Trade, and the Senate Estimates Committee A. She is also deputy chairman of the Senate Standing Committee on Regulations and Ordinances.

Senator Patricia Giles, B.A.

Senator Giles was elected to the Senate in July 1990. Her career spans nursing, child bearing and rearing, voluntary community activities, graduation as a mature age student, and several years as a trade union official. Senator Giles' Parliamentary work reflects her concern for social justice and the enhancement of the status of women. She holds and has held senior positions in the Senate and Federal ALP, and has chaired Senate Privileges Committee B.

Senator the Hon Margaret Reynolds, Dip. Sp. Ed., B.A.

Elected to the Senate in 1983, Senator Reynolds left her career as teacher and lecturer to come to Canberra. She has served as Parliamentary Secretary for Local Government before being appointed Minister for Local Government in September 1987, and became the Minister Assisting the Prime Minister on the Status of Women in January 1988. She held both posts until April 1990. Senator Reynolds has served on several Senate and Joint Committees, and has chaired Senate Estimates Committees D and F. She is currently also a member of the Senate Publications Committee, Senate Standing Committee on Community Affairs, Senate Estimates Committee C, and the Joint Committee on the National Crime Authority.

Senator Christopher Schacht, Dip. T.

Prior to entering the Senate, Senator Schacht served as Press Secretary to the South Australian State Minister for Agriculture, and then as Principal Private Secretary to the Post-Master General. During this period, he was also State Organiser, then State Secretary for the South Australian branch of the Australian Labor party. Elected in 1987, Senator Schacht has shown a long interest in foreign affairs and related issues, which is shown by his Chairmanship of the Joint Parliamentary Committee on Foreign Affairs, Defence and Trade, and membership of the Senate Standing Committee on Foreign Affairs, Defence and Trade. Senator Schacht has also served on the Senate Standing Committee on Transport, Communications and Infrastructure, the Senate Standing Committee on Legal and Constitutional Affairs, and Senate Estimates Committee B.

Mr Kenneth Aldred, B.Ec, M. Admin. (Monash), MP

Ken Aldred was elected as Member for Deakin at the general election in March 1990, having previously been Member for Bruce from 1983-90, and before that Member for Henty from 1975-80. Actively interested in the areas of economics, industry, defence and immigration, Ken Aldred is currently chairman of the Opposition Immigration Committee and was formerly chairman of the Opposition Treasury Committee, and has also been chairman of the Opposition Defence Committee.

The Hon. Janice Crosio, MBE, MP

Janice Crosio had extensive government experience in both local and State politics before entering Federal Parliament in March 1990. She served as Alderman, then Deputy Mayor for the Fairfield City Council before being elected the first woman Mayor in 1974. She served four terms as Mayor. Mrs Crosio entered State Parliament in 1981, and in 1984 was elected the first female Minister in the New South Wales Government. She held the posts of Minister for Natural Resources and Minister Assisting the Premier on Women's Interests, Minister for Local Government, Minister for Water Resources and Assistant Minister for Transport. She is also a member of the House of Representatives Standing Committee on Privileges, and the House of Representatives Standing Committee on Community Affairs.

Mr Eric Fitzgibbon, B.A., MP

Eric Fitzgibbon, formerly a high school teacher, was elected Member for Hunter in December 1984. An Alderman on the Cessnock City Council for 15 years, Mr Fitzgibbon was Mayor of Cessnock for three years, and served for several years as a member of the Hunter Valley and Shortland County Councils, and the East Zone Chairman for the Hospital Association of New South Wales.

Mr Duncan Kerr, LL.B., B.A. (Soc. W), MP

Duncan Kerr has degrees in law and social work. He has worked as a Legal Officer for the Hobart Community Legal Service and Principal Solicitor for the Aboriginal Legal Service in New South Wales. He has occupied the position of Crown Counsel for the Solicitor-General's Department in Tasmania, and Dean of the Faculty of Law in the University of Papua New Guinea. He was elected to the House of Representatives in 1987, and has served on the Joint Select Committee on Corporations Legislation. Mr Kerr is Chairman of the House of Representatives Standing Committee on Aboriginal Affairs and a member of the House of Representatives Standing Committee on Legal and Constitutional Affairs.

Mr John Langmore, M.Ec.(Monash), Dip.Soc.Stud.(Melbourne), MP

John Langmore was elected as member for Fraser in December 1984. Between 1963 and 1976 he worked in Papua New Guinea as a public servant and university lecturer in economics.

From 1976 until his election he was an economics adviser to the parliamentary Labor Party and for the 18 months prior to 1984, Senior Private Secretary to the Minister for Employment and Industrial Relations.

Mr Langmore is Secretary of the Caucus Economics and Industrial Relations Committee, and convenes the Media and Broadcasting and Funding for Government Business Enterprises Committees. He is also a member of the Joint Committee on the Australian Security Intelligence Organisation, and chairs the Trade Sub-Committee of the Joint Committee on Foreign Affairs, Defence and Trade. He is Chairman of the Joint Committee on the Australian Capital Territory.

Mr Garry Nehl, MP

Garry Nehl was elected Member for the seat of Cowper on the mid north coast of New South Wales in December 1984. He is a Deputy Chairman of Committees and Deputy Whip of the National Party. He has served on the House of Representatives Standing Committee on Industry, Science and Technology and the House of Representatives Publications Committee, and the Joint Committee on Foreign Affairs, Defence and Trade. Mr Nehl is actively interested in the areas of welfare, defence, foreign affairs, Antarctica, the aged and transportation. He is also a member of the House of Representatives Standing Committee on Long Term Strategies.

Mr Les Scott, MP

Les Scott was elected as the Member for Oxley at a by-election in October 1988. Prior to entering Parliament he had worked in the banking industry for twenty five years. During his banking career Mr Scott also took an active role in the Australian Bank Employees Union and was Queensland State President and Federal Vice President of the Union at the time of his election. He is also a Member of the House of Representatives Standing Committee on Aboriginal Affairs and the House of Representatives Standing Committee on Industry, Science and Technology.

Mr Peter Shack, B.A. (Hons), MP

Peter Shack was first elected as the Member for Tangney in 1977, but lost the seat in 1983. He was re-elected in 1984, and has held the seat in subsequent elections. Prior to entering Parliament, Mr Shack was a company director and political adviser. He has served in the Opposition Shadow Ministry as Spokesman on Employment, Industrial Relations and Youth Affairs; Education and Youth Affairs; Employment, Training and Youth Affairs; and Health. He has served on the House of Representatives Standing Committee on Standing Orders and the House of Representatives Standing Committee on Road Safety, and the Joint Standing Committee on Electoral Matters. He is also Deputy Chairman of the House of Representatives Standing Committee on Procedure.

Mr Alexander Somlyay, B.Ec., MP

~~February~~^{March}, 1990. Alex Somlyay was elected as Member for Fairfax in February, 1990. Prior to entering Parliament, he worked as a public servant before becoming a consultant economist and then company director. He was appointed as Senior Private Secretary to the Hon. A E Ayderman^N, Minister for the Northern Territory, and Minister Assisting the Minister for National Resources from 1975 to 1978, and later Minister for Veteran's Affairs and Minister Assisting the Minister for Primary Industries from 1978 to 1980.

CHAPTER 1

INTRODUCTION

The Committee

1.1 The purpose of the Joint Committee of Public Accounts is to ensure that all activities of the Commonwealth public sector are accountable to the Australian Parliament for the moneys expended by, and the efficiency of, government departments and agencies.

1.2 The Committee is constituted under the Public Accounts Committee Act 1951 and it is this Act which sets out the main duties of the Committee. The Committee also has other duties which derive from various Commonwealth Acts such as the Public Service Act 1922. For example, under the Public Service Act the Committee is required to approve Guidelines for the Preparation of Departmental Annual Reports which have been prepared by the Department of the Prime Minister and Cabinet.

1.3 Unlike the majority of parliamentary committees, the Joint Committee of Public Accounts is one of five committees of the Parliament established by statute.

History

1.4 The Committee can trace its origin to the Public Accounts Committee of the British Parliament which has existed since 1861.

1.5 In the 1860s the British Parliament reviewed its method of monitoring public expenditure establishing, inter alia, the Office of the Auditor-General and the first Select Committee of Public Accounts. This Select Committee formed the basis of all modern Parliamentary Public Accounts Committees.

1.6 The British Public Accounts Committee was initially set up in response to the investigations of a Select Committee on Public Monies which concluded that:

- . to control spending effectively it was insufficient for the House of Commons merely to appropriate funds and to control their issue through the Exchequer;
- . Departments ought to present regular and detailed records of the final application of funds so that the House might see if moneys were spent as ordered;
- . if those accounts were to be useful as a means of control they must be examined efficiently and that in practice this meant an examination on behalf of the House by an expert auditor who must be a servant of the House; and
- . thus supplied with information sifted and made intelligible by an expert - the Auditor-General - a Select Committee could then and only then exercise an effective scrutiny and check of the accounts.

1.7 The first Commonwealth Joint Committee of Public Accounts was established in 1913, and was reappointed in successive Parliaments until 1932, when it was suspended as an economy measure. The Committee was re-established by the Public Accounts Committee Act 1951 which sets down the function, constitution and powers of the Committee.

1.8 At the first public hearing of the reconstituted Public Accounts Committee, held in February 1953, the Chairman, Emeritus Professor F A Bland, stated that the Public Accounts Committee's:

... establishment should be regarded as an indication by the Parliament that it is not altogether satisfied that ... sufficient care is taken to ensure that Parliament shall have a real control of the purse ...

1.9 The significance of the reports issued by the Committee since its inception is testimony to the fact that the Committee plays a major role in ensuring the accountability of the Executive Government to Parliament.

Membership

1.10 The Committee comprises both Government and Opposition Members of Parliament. It is accepted practice that the majority of Committee members be from the Government party. The Chairman of the Committee traditionally is a Government member elected by the whole Committee, and the Vice-Chairman a member of the Opposition. The Committee has a total membership of 15, five of whom are appointed by the Senate and 10 by the House of Representatives.

1.11 The Committee is proud of its bipartisan nature and its professional approach to an enormous task. Government revenue accounts for approximately \$87 billion which is directed through a large number of Commonwealth departments and agencies into a vast array of programs. The Committee's bipartisan approach is reflected in the fact over the last 30 years its reports to the Parliament have been unanimous.

Method of Operation

1.12 Under the terms of the Public Accounts Committee Act 1951, the Committee may operate with absolute independence. This power is derived principally from sections 6A(1) and 8(1)b of the Act:

6A(1) The Committee may meet at such times and at such places within Australia as the Committee, by resolution, determines or, subject to any resolution of the Committee, as the Chairman determines ...

8(1)b to report to both Houses of 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.

1.13 The usual practice is for the Committee to determine its own program of work and the inquiries it should undertake. Either House of the Parliament may also refer any question in connection with the public accounts for inquiry and report, and other duties may be assigned to the Committee by Joint Standing Orders approved by both Houses of Parliament.

1.14 Through the operation of its sectional committees, the Committee is able to examine a number of references concurrently.

1.15 The Committee requires written submissions to be provided in advance of its hearings. These submissions form the basis of evidence, and facilitates questioning at the Committee's public hearings.

1.16 It has been a tradition since the Third Committee, established in 1956, that observers from central Commonwealth Departments have assisted the Committee by providing expertise at the Committee's public hearings. In earlier times, observers from the Auditor-General's office, the Treasury and the Public Service Board attended all public hearings. Now, the Committee is assisted in its inquiries by the Australian National Audit Office and the Department of Finance.

1.17 In addition, specialist advisers and consultants, from both the public and private sectors, provide technical advice to the Committee as the need arises.

CHAPTER 2

CURRENT INQUIRIES

2.1 This chapter provides a brief description of inquiries being undertaken by the Committee as at 30 June 1990. The particular inquiries are:

- . Management and Administration of the Department of Defence Computer Redevelopment Program, the Supply Systems Redevelopment Project;
- . Parliamentary Information Systems Office (PISO) 'Unofficial Account';
- . Research and Development;
- . Annual Reporting Guidelines for Statutory Authorities;
- . Business Migration Program and Control of Visitor Entry; and
- . Social Responsibilities of Commonwealth Statutory Authorities and Government Business Enterprises.

Management and Administration of the Department of Defence Computer Redevelopment Program, the Supply Systems Redevelopment Project.

2.2 On 27 September 1988, the Senate referred to the Committee the matter of the management and administration of the Department of Defence's Supply Systems Redevelopment Project (SSRP). Also in April 1988, the Committee received the Government's reply to Report 254 into the Department of Defence's Project DESINE proposal. Broadly speaking, Project DESINE is a program to standardise the Department's computing environment by progressively replacing most of the existing computer equipment with new equipment supplied by the DESINE prime contractor, IBM. SSRP, as well as being a major applications system, is to be a vehicle for the introduction of DESINE.

2.3 As the Inquiry progressed it became clear that it would be difficult to look into the development of a large computer system without considering the equipment and network architecture that support the system. During the year there was continued criticism of the DESINE contract. As a result, the Committee looked not only at the management and administration of SSRP but also at the broader strategy of the Department of Defence computing equipment procurement.

2.4 Some of the major issues being addressed in the Inquiry include:

- . the commitment of the Department and the three services to the concept of, and the resources needed for, SSRP;
- . the justification of SSRP in terms of cost-benefits and the capacity to help meet Defence objectives;
- . the justification and cost-benefits of the DESINE strategy to help meet Defence objectives;
- . the awarding of a sole supplier contract to IBM; and
- . the level of consultation that occurred with the services and other areas in the Department in the implementation of DESINE.

2.5 The Committee received submissions from the Department of Defence, various other organisations and individuals. Three public hearings were conducted at the end of July. It is expected that the report of the Committee's findings will be tabled in the Parliament during the Budget Sittings 1990.

Parliamentary Information Systems Office (PISO) 'Unofficial Account'

2.6 This Inquiry was referred to the Committee by the Senate on 29 November 1989, following a recommendation in Estimates Committee A - Report to the Senate (November 1989).

2.7 Senate Estimates Committee A had been disturbed to discover that the Parliamentary Information Systems Office had established an 'unofficial account' with Computer Power to bank the proceeds - some \$88,000 - from the disposal of surplus Honeywell computing equipment.

2.8 The matter of the 'unofficial account' was investigated by the Auditor-General, following a request from the Parliamentary Librarian on 13 September 1989. However, having read the report of the Auditor-General, Senate Estimates Committee A was of the view that its summary and recommendations did not fully address all the matters raised in the body of the report, particularly the findings and conclusions.

2.9 The terms of reference from the Senate are as follows:

An examination of the events surrounding the establishment and operation of the 'unofficial PISO account' with particular reference to:

- the role and responsibility of the former manager of PISO;
- the role and responsibility of the Parliamentary Librarian;
- the role and responsibility of Computer Power as prime contractor to PISO;
- the role and responsibility of consultants employed by Computer Power on behalf of PISO;
- whether a conflict of interest did arise when a consultant, employed by Computer Power, acted in a line management position;
- the role and responsibility of other managers of PISO who were associated with this account;
- the apparent lack of involvement of the Finance Section, Parliamentary Library with the auditing procedures of PISO's accounts and the role and responsibility of the Auditor-General in overlooking this matter; and
- whether the breaches outlined in the Auditor-General's report warrant further action.

2.10 Between February and June 1990, the Committee held three public hearings.

Research and Development

2.11 The Sixteenth Committee commenced an Inquiry into Public Sector Research and Development in October 1989. Prior to the dissolution of Parliament in February 1990, fifty submissions to the Inquiry were received and Committee members had held informal discussions with representatives of the Commonwealth Scientific and Industrial Research Organisation.

2.12 Following the 1990 Federal Election, the Inquiry was recommenced by the Seventeenth Committee under expanded terms of reference and with the new title, 'Inquiry into Research and Development'.

2.13 The original purpose of the Inquiry was to review publicly performed research and development, excluding that performed by tertiary institutions, with particular reference to:

- . its contribution to Australian development;
- . the adequacy of current funding levels; and
- . the cost-effectiveness of the use of those funds.

2.14 Under expanded terms of reference, the Inquiry now encompasses not only the issues mentioned above but also the concomitant question of Commonwealth support for private sector investment in research and development activities.

2.15 The expansion of the terms of reference for the Inquiry reflect the Committee's recognition that the cost-effectiveness of the current systems of funding public sector research organisations is in part dependant on the capacity of the private sector to invest in publicly performed research and development and to market the results effectively.

2.16 The Committee is concerned to ensure that Commonwealth programs aimed at boosting the commitment of the private sector to investment in research and development and to the successful commercialisation of resulting products represent an efficient and cost effective use of Commonwealth funds.

2.17 The Committee is of the view that research and development, both publicly and privately performed, is of vital importance to Australia's economic future and to the goal of sustainable development.

2.18 An extensive program of public hearings is planned for the Inquiry and it is expected that the Committee will report towards the end of the 1991 Autumn sittings of the Parliament.

Annual Reporting Guidelines for Statutory Authorities

2.19 The Inquiry into Annual Reporting Guidelines for Statutory Authorities was commenced by the Sixteenth Committee of Public Accounts in October 1989.

2.20 The Inquiry arose in response to the Senate Standing Committee on Finance and Public Administration's report into 'The Timeliness and Quality of Annual Reports'. This report found that guidelines for annual reporting by statutory authorities had not been reviewed since 1982, and were outdated and inadequate. The Report noted that no Parliamentary committee had jurisdiction over statutory authority reporting, and recommended that new guidelines be urgently developed.

2.21 In commencing the Inquiry, the Committee indicated that it would examine, report and make recommendations with a view to obtaining maximum benefit from the experience that the Parliament, authorities and other interested bodies have gained through the regular production and use of annual reports since the guidelines were introduced.

2.22 Particular aspects to be addressed include:

- . timeliness of reports and methods for reducing the time required to produce reports;
- . relevance of the contents of annual reports, with an emphasis on the relevance and methods of measurement and reporting of achievement of non-financial objectives;
- . accuracy of information and methods of enhancing and ensuring the accuracy of information; and
- . accessibility of information contained in annual reports in terms of layout, use of indexes and avoidance of excessive bulk.

2.23 In commencing the Inquiry, the Committee indicated that it would place emphasis on the meaningful reporting of performances of the tasks for which authorities exist. All federal parliamentarians, departments, statutory authorities and individuals/organisations with a specific interest in the Inquiry

were invited to make a submission. Statutory authorities not intending to make a submission were requested to advise the Committee on their current annual reporting arrangements.

2.24 Fifty four submissions to the Inquiry were received during the year, as well as numerous letters advising of authorities' current reporting arrangements. Responses have indicated that there is considerable interest in the ultimate form that annual reporting guidelines for statutory authorities will take.

2.25 It is expected that the Committee will report in the Autumn 1991 sittings of Parliament.

Business Migration Program and the Control of Visitor Entry

2.26 The Committee announced its Inquiry into the Business Migration Program and the Control of Visitor Entry in June 1990 following adverse media comment and comments made by the Auditor-General in his September 1988 Report and his April 1989 Report. The Committee has sought submissions from the Department of Immigration, Local Government and Ethnic Affairs and numerous other organisations and individuals.

2.27 Some of the major issues to be dealt with during the Inquiry are:

- . the performance of the Business Migration Program against program objectives;
- . the monitoring of the performance of Accredited Migration Agents; and
- . the post settlement review of the activities of business migrants;
- . the adequacy of departmental policy and procedures relating to the Migrant Alert List; and
- . the adequacy of the Department's extensive computerisation program, especially as it relates to the Entry Operations Centre and monitoring of overstayed visitors.

2.28 The Committee will conduct hearings in the last quarter of 1990 and anticipates tabling a report on the Inquiry during the Autumn sittings 1991.

The Social Responsibilities of Statutory Authorities and Government Business Enterprises

2.29 The Sixteenth Committee commenced the Inquiry into the Social Responsibilities of Statutory Authorities and Government Business Enterprises on 16 September 1989. At the dissolution of the 35th Parliament, the Committee had received 55 submissions, and the Inquiry had generated a significant amount of public interest.

2.30 The Seventeenth Committee believes the Inquiry to be significant in terms of furthering the accountability of statutory authorities and Government Business Enterprises to the Parliament.

2.31 The scope of the Inquiry is to:

- . assess the present state of development of measures of performance in terms of social responsibility;
- . review the extent and quality of use of such measures by Commonwealth entities in reporting to the Parliament and the public;
- . consider the criteria which should be applied to determine what social responsibility performance measures should be reported to the Parliament; and
- . determine and make recommendations on appropriate forms of measuring and reporting of social responsibility issues by Commonwealth entities.

2.32 In framing the Inquiry, the Committee decided not to assess the value of social responsibilities undertaken by Commonwealth bodies, but rather to endeavour to identify means by which information can be provided in future to enable such assessments to be made.

CHAPTER 3

REPORTS

3.1 Between July 1989 and June 1990 the Committee tabled seven reports. A description of these reports, Reports 299-305, follows.

Report 299 - Compliance with Guidelines for the Preparation of Departmental Annual Reports

3.2 Report 299 was foreshadowed by Report 291, in which the Committee indicated that it would 'review annual reports of departments for compliance with the relevant guidelines'. Originally the review was intended merely to confirm that secretaries of Commonwealth Government departments were complying with the requirement that they include certain information in their annual reports to Parliament.

3.3 The Committee states in Report 299 that adequate reporting by all departments is a prerequisite to assessing the performance of departments. The Parliament needs to receive the basic information necessary to assess the performance of all departments if the notion of accountability to the Parliament applies. Compliance with reporting requirements ought to be a simple administrative matter. However, non-compliance challenges one of the principles of representative democracy, that it is the elected representatives and not unelected officials who have the ultimate responsibility and who are in turn accountable to the people.

3.4 The Public Service Act 1922 requires departmental annual reports to be prepared in accordance with guidelines presented to the Parliament by the Prime Minister after approval by the Joint Committee of Public Accounts.

3.5 The Committee was deeply distressed at the level of non-compliance with the Guidelines for the Preparation of Annual Reports. This was compounded by the fact that special attention had been drawn to the Guidelines and the Committee had put on notice its intention to review compliance with a mandatory

requirement of Commonwealth law. The Parliament has no power under current legislation to impose sanctions for non-compliance with the law in this matter, even though the reporting requirements directly impinges on the relationship between the Public Service and the Parliament. The Committee requested that Ministers formally notify their departmental secretaries to remind them of their obligations under the Public Service Act 1922 to report to Parliament.

Report 300 - Reports of the Auditor-General - March 1988, September 1988 and April 1989

3.6 Report 300 outlines the Committee's findings on matters contained in the Reports of the Auditor-General for March 1988, September 1988 and April 1989. These Reports covered 21 broad subjects.

3.7 Arising out of the Committee's analysis of these Reports are four broad themes, which relate to:

- . the adequacy of financial statements;
- . the effective management of government programs, which particularly involve monitoring the effectiveness of programs utilising appropriate performance measures, and providing requisite management information systems;
- . the efficient administration of Commonwealth assets, which includes property management and also involves fraud control activities; and
- . appropriate handling of schemes run jointly by the Commonwealth and State/Territory Governments.

3.8 Overall, the Committee was pleased with progress being made by departments and agencies in the presentation of financial statements. However, concern was expressed about continuing problems in monitoring the overall effectiveness of some Government programs, which in part reflected the absence of suitable performance measures.

3.9 The selection and utilisation of management information systems is of continuing concern, with some departments and agencies seeming to display too eager a readiness to utilise consultants rather than improve their in-house computer personnel and ADP capability. The Committee noted instances where departments had not devoted sufficient resources to their information systems until a substantial problem in program management had developed.

3.10 The efficient administration of the Commonwealth's property interests is of continuing concern to the Committee. The Committee is not entirely convinced by the argument made by the Department of Administrative Services that new initiatives agreed to by the Government will serve to encourage departments to relinquish surplus properties, nor that the all encompassing review style practiced in the past is outmoded. However, the Committee was pleased with the progress of departments and agencies in developing fraud assessment and control plans.

3.11 The appropriate handling of schemes run jointly by the Commonwealth and State/Territory Governments is a permanent feature of inter-governmental relations in a federal system. Primarily, the Committee is concerned in the area of accountability within Commonwealth grants administration.

Report 301 - Finance Minutes

3.12 Report 301 concerns the follow-up process for reports of the Committee, which is known as the Department of Finance Minute.

3.13 In its Report 291, Revised Procedures for Reports of the Joint Committee of Public Accounts, tabled in Parliament in June 1988, the Committee advised that it would consolidate the tabling of all Finances Minutes in one annual report with the only exceptions being Finance Minutes that were urgent, lengthy or for some other reason required immediate reporting to the Parliament.

3.14 In accordance with these procedures, the Committee tabled its Report 301, Finance Minutes. The Committee noted in Report 301 that it had also taken the opportunity to further refine the Finance Minute process.

3.15 Since 1952, the procedure has been that after a report by the Committee is tabled in the Senate and the House of Representatives, the Chairman of the Committee forwards a copy of the report to the responsible Minister. A copy is also forwarded to the Minister for Finance, with a request that the report be considered and the Chairman subsequently informed of the actions taken to address the Committee's recommendations. The Committee would then examine the Finance Minute and table it, with other comments as necessary, as a separate report of the Committee.

3.16 While Report 291 heralded the tabling of annual volumes of Finance Minutes, Report 301 further refined the overall follow-up process by announcing that the Committee had decided to table individual Finance Minutes as soon as practicable after they were received. The reason for this is to facilitate the process of accountability.

3.17 The Committee noted that the tabling of Finance Minutes in this way did not mean an end to their scrutiny by the Committee. The Committee, in fact, reserves its prerogative of conducting a detailed analysis of a particular Minute at a later time. The Committee believes that the prompt tabling of Finance Minutes aids the overall process of accountability.

3.18 This refined process gives Parliamentarians and the public an opportunity to comment on the adequacy or otherwise of the response by departments to particular concerns and recommendations of the Committee. In turn, the Committee can only benefit from taking account of such comment when it considers the Finance Minute in detail at a later stage.

3.19 Report 301 contains two recommendations. The first recommends that departmental responses to Committee reports be prepared, oversights and signed at the Secretary level. The second recommends that the Government's response to Committee recommendations on matters of policy be tabled separately within the timeframe applying to government responses to other committees' reports.

3.20 The Finance Minutes contained in Report 301 relate to the following Committee reports:

No. of Report	Title
249	Proposed Computer Acquisition for Repatriation General Hospitals
252	JOB SEEKER - Computer Acquisition by the Department of Employment and Industrial Relations
254	Project DESINE - Department of Defence Computer Proposal
256	Forward Obligation of Government Expenditures
257	Administration of Quarantine Services
	Supplementary Material

259	Department of Community Services - Proposal to Acquire Computing Facilities
261	Review of ACTION Efficiency Audit
263	Aspects of Defence Equipment Support, Volume 1: Spares and Ammunition
	Aspects of Defence Equipment Support, Volume 2: Technical Documentation
270	Implementation of the Offsets Program
272	Administration of the Commonwealth's Property Functions
280	Defence Science and Technology Organisation - Task Cost Management
	Supplementary Material
282	Review of Efficiency Audit - Australian Wool Corporation: Property Operations
284	Stratplan - Department of Social Security ADP Re-equipment Program: Final Report
285	Expenditure from the Advance to the Minister for Finance (Appropriations Acts 1985-86)
286	Expenditure from the Advance to the Minister for Finance (Appropriations Act 1986-87)
287	Australian Taxation Office - Computer System Re-equipment and Redevelopment
288	Review of Efficiency Audit - Administration of Capital Grants to Non-Government Schools
289	Advance to the Minister for Finance
290	A Better Deal for our Veterans
294	Five Efficiency Audits
295	Therapeutic Goods
	Supplement

Report 302 - Engagement of External Consultants by Commonwealth Departments

3.21 Report 302 outlines the Committee's findings from its Inquiry into the Engagement of External Consultants by Commonwealth Departments, which commenced after the Committee observed that several adverse references had been made by the Auditor-General to procedures used by Commonwealth departments in their dealings with external consultants. The Committee investigated whether the processes involved in the selection, monitoring and assessment of the cost effectiveness of consultants were adequate and accountable.

3.22 Overall the evidence taken by the Committee revealed that the situation with respect to consultants is confused and inconsistent across the public sector. One particular concern was the fact that, although service-wide guidelines for the engagement of consultants had been available for some time, scant attention was paid to them.

3.23 The Committee does not have an obsession with a detailed adherence to a set of guidelines in the form of a manual of procedure. Certain aspects of the guidelines, however, ought to be mandatory in the sense that if they are not followed poor management practices are likely to lead to waste of public moneys and failure to achieve desired results from the use of consultants.

3.24 A major concern of the Committee was that it found there to be no consistent mechanisms in place which would ensure accountability for the use of consultants. While on the one hand, consultants are regarded merely as another input into a program, on the other, little progress has been made on the development of performance indicators to assess the cost-effectiveness of the inclusion of the services of consultants in government programs.

3.25 Moreover, the Committee found that there were no procedures in place to ensure that consultants who performed poorly in one department would not be engaged by another. While the 'informal network' may to some extent serve to minimise the contracting of less worthy consultants, the Committee was concerned that it may also have resulted in some consultants securing contracts without due regard to the ideal of open competition in Commonwealth purchasing.

Report 303 - Review of Auditor-General's Efficiency Audits - Department of Defence: Safety Principles for Explosives and RAAF Explosive Ordnance

3.26 Report 303 outlines the findings of the Committee's review of the Auditor-General's efficiency audit of the Department of Defence's safety principles for explosives. The Auditor-General's report was tabled in Parliament on 19 April 1988.

3.27 The objective of the audit was to evaluate the administrative effectiveness of the Department's procedures and practices regarding its explosives storage and handling operations. Audit's analysis concentrated on the arrangements in force within the Department of Defence to lessen the impact of an accidental explosion. Audit adopted the approach of examining the relevant departmental instructions and then assessing the level of compliance with those instructions.

3.28 The Audit report found serious weaknesses in the Department's application of NATO Safety Principles and in its administrative arrangements concerning the processing of waiver applications for approval by the Minister. In particular, the Auditor-General revealed that the Minister's approval had not been sought for several non-compliant operations, and there had not been a concerted or co-ordinated effort to implement the new principles until well after the deadline the Department had set itself. Audit also identified weaknesses in the instructions that governed the Safety Principles, and made several recommendations to clarify those perceived inadequacies.

3.29 The Committee concurred with the majority of Audit's findings and considered that, although most of Audit's recommendations had been implemented, some had taken a long time to be addressed. Among the concerns of the Committee was the time taken to issue the revised draft instruction on the application of the NATO Safety Principles and the level of consultation between Defence and local councils was not at all satisfactory. The Committee was particularly concerned that the Minister's approval had not been sought or granted for numerous situations where explosives operations increased the level of risk to the public. The issue of the revised instruction and the recommendations of this report will, it is hoped, rectify the inadequacies that both Audit and the Committee discovered.

3.30 Report 303 also notes that it was unable to examine the Auditor-General's Efficiency Audit into the Department of Defence: RAAF Explosive Ordnance because under the provisions of s.48F of the Audit Act 1901, it was only provided with an unrestricted version. The Committee was unsuccessful in its

attempts to examine the restricted Audit report and stated in its Report that by the Department of Defence objecting to the release of the restricted report, the Parliament was being denied the opportunity to examine matters of public administration, when it was the Parliament to which the Department was accountable.

3.31 The Committee's view is that it should be able to examine all reports of the Auditor-General.

Report 304 - Guidelines for Departmental Annual Reports

3.32 Report 304 was the outcome of the need to determine whether and in what way was there a need to revise the annual reporting requirements for Commonwealth departments. During 1989, both the Joint Committee of Public Accounts and the Senate Standing Committee on Finance and Public Administration completed inquiries into aspects of departmental annual reporting. Both Committees found extensive non-compliance with the Guidelines for the Preparation of Departmental Annual Reports¹.

3.33 The Committee resolved in September 1989 to conduct an inquiry with a view to determining the extent and nature of any revision of the Guidelines which might be required. The main finding of the Inquiry was that, for departmental accountability to be compatible with the emerging performance emphasis in management, the approach to annual reporting must change fundamentally. If departments are to be judged by results, those results must be reported and if annual reports are to facilitate and encourage assessments which emphasise results, then annual reports must report results.

3.34 A second major issue was that of using departmental annual reports as the basis for regular reviews of departments by Standing Committees of the House of Representatives. This process promises benefits in:

- . enhanced accountability, giving Members an increased insight into the operations of departments; and
- . improving reporting through making parliamentary use of reports more visible.

1 JCPA 1989, Compliance with Guidelines for the Preparation of Departmental Annual Reports, Report 299.

3.35 It is a significant reform which, if implemented, will ensure a more comprehensive parliamentary scrutiny of departmental management.

3.36 As a single document, the annual report should provide information on a department's objectives, workings and outcomes for the whole of the financial year to which it relates. Report 304 states the view of the Committee that departmental annual reports are, and should be, a primary medium of accountability to the Parliament and thus to the people.

Report 305 - Review of the Finance Minute on Report 270 - Implementation of the Offsets Program

3.37 In early 1987, the Committee concluded its Inquiry into the Implementation of the Offsets Program. The findings of that Inquiry, contained in Report 270, focussed on four main areas of concern:

- . essential measures to widen the impact of the program on Australian industry;
- . valuation of technology transfers;
- . inadequate record keeping and administrative matters such as dual administration of the program; and
- . consultative mechanisms and administrative discretion.

3.38 The Finance Minute on Report 270 was a source of considerable disappointment to the Committee. Its preparation was slow and in respect of some matters it provided no explanation for retraction of previously espoused directions. Further, in some instances it did not provide persuasive evidence which, in the Committee's view, sufficiently justified the rejection by the departments involved of certain recommendations. In view of this, the Inquiry was reopened in order to gain additional information and explanations.

3.39 The offsets policy involves costs to departments in its implementation and costs to overseas suppliers who are forced to comply with the policy. The Committee was therefore at a loss to understand why, after a lengthy period, a cost-benefit analysis of the offsets program has never been undertaken and, in respect of civil aspects of the program, there was still no proper notification procedures, no definitive procedures manual, no proper procedures to ensure objective valuations of offsets proposals and no penalties for non-compliance.

3.40 The Committee's findings set out in Report 305 are primarily intended to ensure consistency and equity in the application of the offsets policy amongst both overseas and local participants, to minimise the degree of administrative discretion utilised in assessing and evaluating offsets proposals, and to remove the shroud of secrecy for which the program has been widely criticised, by seeking to improve program visibility and accountability.

CHAPTER 4

OTHER ACTIVITIES OF THE COMMITTEE

Australasian Council of Public Accounts Committees

4.1 The Australasian Council of Public Accounts Committees was formed at the Sixth Biennial Conference of Public Accounts Committees held in Brisbane in May 1989. The Council is a forum for the exchange of information and opinion relating to public accounts committees and the discussion of matters of mutual concern by the various public accounts committees and related committees in the Australasian area.

4.2 The Council met for the first time in Sydney on 15 June 1989. Attending the meeting were chairmen and other members from all public accounts committees in Australia. In addition to the Commonwealth Joint Committee of Public Accounts, each State and Territory has its own public accounts committee. Also participating in the Council were the representatives from the respective committee secretariats.

4.3 The Chairman of the New South Wales Public Accounts Committee, Mr Phillip Smiles, MP chaired the first meeting. The Chairman of the Joint Committee of Public Accounts, the Hon. Gary Punch, MP and Committee member, Mr Eric Fitzgibbon, MP represented the Commonwealth Committee.

4.4 The first meeting was devoted primarily to discussion of the operation of public accounts committees and consideration and adoption of a constitution for the Council. The meeting was most beneficial to all in attendance in terms of gaining an understanding of the different methods of operation of the various public accounts committees. The Council also considered the possibility of public accounts committees conducting joint inquiries.

4.5 The Council will meet at least biennially in the form of a conference with the meeting being open to members of the respective committees. The Council will meet again at the next Biennial Conference of Public Accounts Committees which is to be held in Darwin on 23-25 May 1991.

Visitors

4.6 During the year the Committee met with several visiting parliamentary delegations and committees. These occasions continue to be most rewarding for those involved. They are an excellent opportunity to explain and compare the work of the Committee with its counterparts in other parts the world.

4.7 Visitors this year included:

- . Sir Michael Shaw, MP from the British Public Accounts Committee;
- . a delegation from Sweden; and
- . the Budget Committee of the Federal Republic of Germany.

Conferences and Seminars

4.8 Members of the Committee, and in particular the Committee Chairman, received many invitations to speak at conferences and seminars throughout the year. Where possible these invitations were accepted as they provide unique opportunities for furthering the work of the Committee and talking informally with individuals about the Committee's inquiries. Some of the speaking engagements are listed below.

Risk Management in the Public Sector

4.9 The Chairman spoke at the 1989 Public Management Conference, 'Entrepreneurial Management and Risk Taking in the Public Sector', hosted by the Royal Australian Institute of Administration on 13-14 July 1989 in Brisbane.

4.10 The Chairman's speech was entitled, 'Accountability to the Parliament and the People for Entrepreneurial Management and Risk-Taking', and in it he sought to challenge myths about accountability in the public sector. The speech drew on the work of the Committee for its Report 296 on the Reform of the Australian Audit Office and was most timely in so far as the Report of the Commission of Inquiry into Possible Illegal Activities and Associated Police Misconduct (otherwise known as the Fitzgerald Report) had only recently been released.

Managing for Results

4.11 On 21 August 1989 the Chairman spoke at a Senior Executive Service Seminar on 'Managing for Results'. The occasion was an opportunity to discuss the Parliament's views on accountability in the current public sector environment of management for results. It was also an opportunity to reflect on the Committee's experience of the performance of some public sector managers.

Devolution

4.12 On 14 September 1989 the Department of Finance hosted a seminar on the subject of devolution entitled, 'Devolution, matching responsibility and authority in government agencies'.

4.13 The Chairman was a lunchtime speaker at the Seminar and used the occasion to discuss the results of the Committee's recent inquiries and in particular their findings in relation to devolution of authority and responsibility in the Australian Public Service. The Chairman also spoke about the work of the Auditor-General and the importance of his work for accountability.

Management Challenges

4.14 Throughout 1989 the Canberra Branch of the Australian Institute of Management invited several guest speakers to address its members on challenges to management in both the public and private sectors. Speakers included Mr Russell Fynmore, Executive General Manager, Business Development, BHP; Mr Mel Ward, Managing Director, Telecom; and Dr Keith Boardman, the then Chief Executive of CSIRO.

4.15 The Chairman addressed the Institute on 11 October 1989 on challenges for managers in the Commonwealth public sector. The issues of 'management for results' and 'risk management' were discussed in relation to the work of the Committee and its concern for greater accountability. The Chairman also stressed the importance of the departmental annual report in terms of achieving greater accountability. He noted that the Parliament faced challenges in responding to the changes taking place in public sector management.

4.16 The Chairman concluded his address by referring to the Committee's Inquiry into the Social Responsibilities of Commonwealth Statutory Authorities and Government Business Enterprises. He noted that the Inquiry would present challenges to many managers in achieving accountability to the Parliament.

Financial Scrutiny

4.17 On 17 October 1989 the Chairman and Senator Bishop spoke at a workshop organised by the Senate on Senate Estimates Committees. The workshop was designed to bring together, in an open and informal forum, a group of key parliamentarians and senior public service managers involved in the processes of government, financial management and parliamentary accountability and to encourage an exchange of views and analyses on the purpose, methods and effects of monitoring and controlling public expenditure.

Parliamentary Committees

4.18 During 1989/90 the Chairman and other members of the Committee participated in seminars on parliamentary committees which were designed to give senior public service managers a greater understanding of the role of parliamentary committees. These seminars were organised by the Management and Policy Studies Centre of the then Canberra College of Advanced Education.

4.19 Each seminar was extremely well attended and assessed as highly successful. As a result they are likely to be a continuing feature of the Parliament.

Miscellaneous Activities

4.20 'Letters to the Editor' and the writing of articles have also been part of the Committee's activities during 1989/90. One notable example of this was an article written by the Chairman of the Sixteenth Committee, the Hon. R E Tickner, MP, which dealt with the issue of risk management in the Public Service. The article appeared in the Canberra Times of 2 August 1989.

4.21 During the year the Committee also made a submission to an Inquiry into the New South Wales Auditor-General.

CHAPTER 5

ADMINISTRATION AND STAFFING

Publication of Evidence by Sectional Committees

5.1 In the Committee's previous Report of Activities, Report 298, the Committee stated that it had recently been advised that there was some doubt as to the protection offered to publishers of evidence given to sectional committees.

5.2 Report 298 stated:

The Committee has, under the Public Accounts Committee Act 1951, the power to form into sectional committees, a method of operation which it currently uses to the fullest extent in order to carry out its heavy inquiry workload. At the conclusion of all public hearings the Committee or its sectional committees authorises the publication of evidence given under sub-section 2(2) of the Parliamentary Papers Act 1908.

The effect of this motion is to give the fullest protection to all parties other than Committee members, witnesses and Hansard who may have published or otherwise used the evidence given before the Committee or its sectional committees. Those persons cited above are classified as participants in proceedings in Parliament and hence are protected by the Parliamentary Privileges Act 1987.

The Committee has, however, received advice from the Attorney-General's Department that there is some doubt as to the extent to which protection is offered to persons other than those previously mentioned when this sub-section was used by sectional committees. There is no question that full protection is given when evidence is

authorised by the full committee. The people most affected by this are, of course, journalists who report the proceedings of the sectional committees. Due to this situation the Chairman has made an announcement at the beginning of recent hearings cautioning the media to exercise care in reporting fairly and accurately.¹

5.3 The Committee indicated in Report 298 that it had taken urgent action to rectify the problem by writing to the Attorney-General to request that the definition of 'Committee' in the Parliamentary Papers Act be amended. The Report also noted that the Attorney-General had agreed to this course of action.

5.4 On 28 December 1989 the Committee was informed by the then Attorney-General, the Hon. Lionel Bowen, MP, that adequate protection was conferred by s.16(2)(d) of the Parliamentary Privileges Act 1987 and that accordingly, there was no need for an amendment to the Parliamentary Papers Act 1908.

5.5 On 20 June 1990 the Attorney-General, the Hon. Michael Duffy, MP wrote to the Chairman reiterating the comments made by Mr Bowen and stating that:

The scope of the Parliamentary Privileges Act does (as noted by Mr Bowen) raise questions about its relationship to the Parliamentary Papers Act. The specific issue is whether the Parliamentary Papers Act should be repealed on the ground that it adds nothing to the operation of the Parliamentary Privileges Act or whether elements of it should be incorporated in the latter Act. There are also aspects of the relationship of the Parliamentary Privileges Act to other related legislation that it would be convenient and appropriate to consider at the same time. My Department is currently considering the matter with a view to the preparation and introduction of any necessary legislation as soon as practicable having regard to overall priorities.

1 JCPA 1989, Activities 1988-1989, Report 298

Staffing

5.6 The permanent staff engaged with the Committee as at 30 June 1990 were:

Secretary: Mr Trevor Rowe
Deputy Secretary: Ms Jennifer Blood
Inquiry Officers: Mr Andrew Newmarch
Ms Fiona Taylor
Mr Richard Cavanagh
Administrative Staff: Mrs Laraine Brennan
Mrs Lorraine Hendy
Mrs Heidi Quinlan



Public Accounts Committee Secretariat

(Left to Right) Dr S Hnatiuk, Mr R Cavanagh, Mrs L Brennan,
Ms Y Campagna, Mr T Rowe, Ms J Blood,
Ms F Taylor, Mrs L Hendy, Mrs J Peachey

Secondments

5.7 The Committee has continued its policy of accepting officers on secondment from Commonwealth departments and agencies. A particularly important part of this secondment activity is the secondment of officers from the Department of Finance and the Australian National Audit Office as both these organisations have a long standing and close relationship with the Committee. The Committee also welcomes people on interchange from the private sector and Commonwealth officers participating in schemes such as the Executive Development Scheme. Such secondments assist the Committee significantly but also provide invaluable parliamentary experience to the individuals concerned.

5.8 Officers on secondment to the Committee during 1989/90 were:

- . Mr Phong Bui, Office of the Director of Public Prosecutions (Executive Development Scheme);
- . Mr Bert Johnston, Australian National Audit Office;
- . Mr Rod Power, Department of Transport and Communications;
- . Mr David Spedding, Australian National Audit Office; and
- . Mrs Julia van der Heide, Department of Finance.

5.9 The Committee is particularly appreciative of the valuable assistance provided by these officers.

Consultants

5.10 Like other parliamentary committees, the Joint Committee of Public Accounts makes use of consultants on an as required basis. During 1989/90 the Committee engaged Professor Bob Walker, Professor of Accounting, University of New South Wales, to prepare two papers to assist it in its work.

Sectional Committees

5.11 In order to deal with several inquiries in an efficient manner, the Committee divides into sectional committees as provided for by s.9(1) of the Public Accounts Committee Act. This section states that:

The Committee may appoint a Sectional Committee or Sectional Committees of three or more of its members to inquire into and report to the Committee upon such matters with which the Committee is concerned as the Committee directs.

5.12 Membership of the sectional committees for the Sixteenth Committee and the current (Seventeenth) Committee are shown below. Sectional Committees of the Sixteenth Committee were arranged by inquiry subject whereas there are only four Sectional Committees of the Seventeenth Committee. If required, each Sectional Committee may be responsible for more than one inquiry. As at 30 June 1990 Sectional Committees A and B were responsible for two inquiries each.

Sectional Committees - Sixteenth Committee

PISO 'Unofficial Account' Sectional Committee

Mr Tickner (Chairman)
Senator Bishop
Senator McMullan
Mr Martin
Mr Scholes
Senator Watson

Annual Reporting Guidelines for Statutory Authorities Sectional Committee

Mr Tickner (Chairman)
Senator Bishop
Senator Watson

Defence Computer Redevelopment Program, Supply Systems
Redevelopment Project Sectional Committee

Mr Tickner (Chairman)
Senator Bishop
Mr Fitzgibbon
Senator McMullan
Senator Watson

Department of Finance Sectional Committee

Mr Tickner (Chairman)
Mr Langmore
Mr Martin
Mr Scholes
Senator Watson

Offsets Program Sectional Committee

Mr Tickner (Chairman)
Senator Bishop
Mr Fitzgibbon
Senator Giles
Mr L Scott
Senator Watson

Engagement of External Consultants by Commonwealth Departments
Sectional Committee

Mr Tickner (Chairman)
Mr Fitzgibbon
Senator Giles
Mr Scholes
Senator Watson

Social Responsibilities Sectional Committee

Mr Tickner (Chairman)
Senator Bishop
Senator Giles
Senator McMullan
Senator Watson

Safety Principles for Explosives Sectional Committee

Mr Tickner (Chairman)
Senator Bishop
Mr Fitzgibbon
Mr Martin
Mr Nehl
Dr Woods

Sectional Committees - Seventeenth Committee

Sectional Committee A

Mr Punch (Chairman)
Senator Bishop
Mrs Crosio
Mr L Scott
Senator Watson

- . Inquiry into the Department of Defence's Computer Redevelopment Program, the Supply Systems Redevelopment Project; and
- . Inquiry into the Parliamentary Information Systems Office 'Unofficial Account'.

Sectional Committee B

Mr Punch (Chairman)
Mr Fitzgibbon
Senator Giles
Mr Nehl
Senator Reynolds

- . Inquiry into the Social Responsibilities of Statutory Authorities and Government Business Enterprises; and
- . Inquiry into the Annual Reporting Guidelines for Statutory Authorities.

Sectional Committee C

Mr Punch (Chairman)
Mr Aldred
Senator Bishop
Mr Fitzgibbon
Mr Kerr
Mr Langmore
Mr Scott
Mr Shack

- . Inquiry into Public Sector Research and Development.

Sectional Committee D

Mr Punch (Chairman)
Mr Aldred
Mrs Crosio
Mr Fitzgibbon
Mr Nehl
Senator Reynolds
Mr Shack
Mr Somlyay

- . Inquiry into the Business Migration Program and Control of Visitor Entry.



Hon G F Punch, MP
Chairman
5 December 1990

MEMBERS OF THE SIXTEENTH AND SEVENTEENTH PUBLIC ACCOUNTS COMMITTEES

Sixteenth Committee

The Sixteenth Committee was appointed on 7 October 1987 (Senate) and on 8 October 1987 (House of Representatives). Membership of the Committee expired at the end of the 35th Parliament, on 19 February 1990 with the Dissolution of the House of Representatives.

Chairman: Robert Edward Tickner, MP
Vice-Chairman: Senator John Odin Wentworth Watson

Senator Bronwyn Kathleen Bishop
Senator the Hon Arthur Thomas Gietzelt (until 27 February 1989)
Senator Patricia Jessie Giles
Senator James Philip McKiernan
Senator Robert Francis McMullan (from 3 May 1989)

Kenneth James Aldred, MP
Hon Robert John Brown, MP (from 28 October 1987
to 31 August 1988)

Eric John Fitzgibbon, MP
John Robert Hewson, MP (until 20 October 1988)
Richard Emanuel Klugman, MP (from 20 April 1988
to 10 November 1988)

John Vance Langmore, MP (from 3 May 1989)
Michael John Lee, MP (until 24 March 1988)
Stephen Paul Martin, MP
Garry Barr Nehl, MP
Geoffrey Daniel Prosser, MP (from 20 October 1988)
Philip Maxwell Ruddock, MP (until 1 June 1989)
Rodney Weston Sawford, MP (from 31 August 1988 to 3 May 1989)
Hon Gordon Glen Denton Scholes, MP
Leslie James Scott, MP (from 10 November 1988)
Robert Leslie Woods, MP (from 1 June 1989)

Secretary: Mr Trevor Rowe

Seventeenth Committee

The Seventeenth Committee was appointed on 14 May 1990 (Senate) and 16 May (House of Representatives).

Chairman: Hon Gary Francis Punch, MP
Vice-Chairman: Senator John Odin Wentworth Watson

Senator Bronwyn Kathleen Bishop
Senator Patricia Jessie Giles
Senator the Hon Margaret Reynolds
Senator Christopher Cleland Schacht

Kenneth James Aldred, MP
Hon Janice Ann Crosio, MBE, MP
Eric John Fitzgibbon, MP
Duncan James Colquhoun Kerr, MP
John Vance Langmore, MP
Garry Barr Nehl, MP
Leslie James Scott, MP
Peter Donald Shack, MP
Alexander Michael Somlyay, MP

Secretary: Mr Trevor Rowe

Previous Committees

A complete list of Members for the First Committee (1914) through to the Fifteenth Committee 1985-1987 is contained in Appendix C of Report 281 (Report of Activities July 1986 - June 1987).

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 the 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 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 connection with the public accounts which is referred to it by either House of Parliament, and to report to the House upon that question,

and include such other duties as are assigned to the Committee by Joint Standing Orders approved by both Houses of Parliament.

In addition duties are also given to the Committee by s.25 of the Public Service Act 1922 and by Commonwealth legislation on statutory marketing authorities.

LIST OF REPORTS PRESENTED BY THE PUBLIC ACCOUNTS COMMITTEE

Reports prior to July 1989

A complete list of reports prior to July 1987 (Nos. 1 to 280) is contained in Appendix E of Report 281 (Joint Committee of Public Accounts - Report of Activities July 1986 - June 1987). Reports for the period July 1987 to June 1989 are listed in Appendix 3 of Report 298 (Joint Committee of Public Accounts - Report of Activities July 1988 - June 1989).

Reports July 1989 to June 1990

No. of Report	Title	Date of Presentation	Parl. Paper No.	Finance Minute Rpt No.
298	Report of Activities July 1988 - June 1989	5 Oct 1989	229 of 1989	*
299	Compliance with Guidelines for the Preparation of Departmental Annual Reports	5 Oct 1989	231 of 1989	n.p.
300	Reports of the Auditor-General - March 1988, September 1988 and April 1989	21 Dec 1989	485 of 1989	*
301	Finance Minutes	21 Dec 1989	501 of 1989	n.p.
302	Engagement of External Consultants by Commonwealth Departments	21 Dec 1989	486 of 1989	n.p.

303	Review of Auditor-General's Efficiency Audits - Department of Defence: Safety Principles for Explosives and RAAF Explosive Ordinance	21 Dec 1989	487 of 1989	n.p.
304	Guidelines for Departmental Annual Reports	21 Dec 1989	488 of 1989	n.p.
305	Review of Finance Minute on Report 270 - 'Implementation of the Offsets Program'	21 Dec 1989	489 of 1989	n.p.

* not applicable
n.p. not yet presented