
The Parliament of the Commonwealth of Australia

Report 408

Annual Report 2005-2006

Joint Committee of Public Accounts and Audit

October 2006
Canberra

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Foreword

I am pleased to present the 2005-2006 annual report of the Joint Committee of Public Accounts and Audit, pursuant to section 8B of the *Public Accounts and Audit Committee Act 1951* (PAAC Act). Section 8B of the Act requires the Committee to table in both Houses of Parliament a report on the Committee's performance each financial year. Tabling of the annual report is an important accountability mechanism by which Parliament, and through it the public, can assess the Committee's performance.

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

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

During 2005-06 the Committee has fulfilled each of these responsibilities.

Major Committee Inquiries

Unlike most other Committees, the JCPAA can initiate its own policy inquiries without permission or reference to any Minister, government or the Parliament. Each year the Committee undertakes at least one major inquiry on a topic it believes requires detailed Parliamentary scrutiny. During 2005-06 the Committee has undertaken three major inquiries.

In May 2005 the Committee resolved to review the developments in aviation security in Australia since its Report 400: *Aviation Security in Australia*, which was tabled in June 2004.

In November 2005 the Committee tabled *Report 406: Developments in Aviation Security since the Committee's June 2004 Report 400: Review of Aviation Security in Australia – An Interim Report*. The Interim Report builds on recommendations made in *An Independent Review of Airport Security and Policing for the Australian Government* by the Rt Hon Sir John Wheeler DL, which was released in September 2005.

The Committee received 81 submissions and undertook public hearings and inspections in Canberra, Sydney, Brisbane, Cairns, Darwin, Adelaide, Perth, Melbourne, Geraldton, Kalbarri, Carnarvon, Newman, Derby and Broome. The Committee has now concluded taking evidence for the inquiry and will deliver its final report in the near future.

In December 2005 the Committee resolved to inquire into a range of taxation matters. At September 2006 the inquiry had received 56 submissions and taken evidence at public hearings in Canberra, Sydney, Launceston and Melbourne. The Committee expects to report in the first half of 2007.

In March 2006 the Committee resolved to review the financial reporting and equipment acquisition of both the Department of Defence and Defence Materiel Organisation. At September 2006 the inquiry had received five submissions and conducted two public hearings in Canberra.

Consideration of Audit Reports

The Committee has continued a very full schedule fulfilling its responsibility to review Auditor-General's reports during 2005-06.

Report 407: Review of Auditor-General's Reports tabled between 18 January and 18 April 2005 was tabled in August 2006. The report contains the Committee's findings and recommendations following three public hearings into five Auditor's reports. The reports were selected for special consideration from the 21 Auditor-General reports that came before the Committee during the period.

The Committee has concluded taking evidence on 16 Auditor's reports that it selected from the 59 reports it considered, which were tabled between 17 May 2005 and 16 March 2006. The Committee took evidence on the selected reports at eight public hearings. The Committee will table its considerations and recommendations on the selected reports in the near future.

Consider the operations and resources of the Audit Office

In May 2006, the Committee reviewed the ANAO draft budget estimates for 2006-07, and received a briefing from the Audit Office. The Auditor-General advised the Committee that the ANAO would manage within the allocated budget for 2006-07 without compromising its financial auditing function.

In my report to the Parliament on budget day 2006, I stated that the Committee was satisfied that the ANAO had sufficient budget allocation to undertake its responsibilities for 2006-07. However, the Committee notes the Auditor-General's concern at the pressures placed on his budget by the escalating costs for audit staff, and will keep this matter under review.

Increase Parliamentary and public awareness

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

With Mrs Bishop MP and the Secretary, I attended the Australasian Conference of Public Accounts Committee's mid-term meeting in Alice Springs from 26-28 April 2006. The main purpose of the meeting was to agree on an agenda for the next biennial ACPAC conference, to be hosted by the Committee in Canberra in April 2007.

Approve the appointment of the Independent Auditor

Section 8A of the PAAC Act provides for the JCPAA to approve or reject the Audit Minister's, currently the Prime Minister, recommendation for an appointment of the Auditor-General or Independent Auditor.

On 29 March 2006 the Committee unanimously agreed to endorse the nomination of Mr Geoff Wilson as Independent Auditor and wrote to the Prime Minister accordingly.

On behalf of the Committee, I thank the previous Independent Auditor, Mr Michael Coleman, whose term expired on 30 November 2005 for his oversight of the Audit Office through two terms as Independent Auditor.

I would also like to express our appreciation at the high quality of support that the Auditor-General and his staff have provided to the Committee in relation to our inquiries into audits conducted by the Australian National Audit Office.

Finally, I wish to thank my colleagues on the Committee for their hard work and commitment to the Committee during the year. On behalf of the Committee I also thank my predecessor, the Hon Bob Baldwin MP, who served as Chair from the start of the Parliament until his appointment as Parliamentary Secretary to the Minister for Industry, Tourism and Resources in February 2006.

Mr Tony Smith MP
Chair

Joint Committee of Public Accounts and Audit – October 2006

Front row (l to r): Mr Andrew Laming MP; Senator Fiona Nash; Senator John Hogg; Mr Tony Smith MP (Committee Chair); Ms Sharon Grierson MP (Deputy Chair); Senator John Watson; The Hon Bronwyn Bishop MP.

Back Row (l to r): Mr Lindsay Tanner MP; Senator Gary Humphries; Senator Andrew Murray; The Hon Jackie Kelly MP; Dr Craig Emerson MP; Mr Russell Broadbent MP; Mr Russell Chafer (Committee Secretary).

Insert: Dr Dennis Jensen MP; Ms Catherine King MP; Senator Mark Bishop.



Membership of the Committee

Chair Mr Tony Smith MP (from 9/2/2006)

Mr Bob Baldwin MP (to 7/2/2006)

Deputy Chair Ms Sharon Grierson MP

Members	Senator Mark Bishop (from 10/5/2006)	Hon. Bronwyn Bishop MP (from 16/8/2005)
	Senator John Hogg	Mr Russell Broadbent MP
	Senator Gary Humphries	Ms Anna Burke MP (to 14/9/2005)
	Senator Claire Moore (to 10/5/2006)	Dr Craig Emerson MP (from 14/9/2005)
	Senator Andrew Murray	Dr Dennis Jensen MP (from 30/5/2006)
	Senator Fiona Nash (from 16/8/2005)	Hon. Jackie Kelly MP
	Senator Nigel Scullion (to 16/8/2005)	Ms Catherine King MP
	Senator John Watson	Mr Andrew Laming MP
		Hon. Alex Somlyay MP (to 16/8/2005)
		Mr Lindsay Tanner MP
		Mr Ken Ticehurst MP (to 30/5/2006)

Committee Secretariat

Secretary	Mr Russell Chafer
Inquiry Secretaries	Ms Susan Cardell
	Ms Bronwen Jagers
	Ms Julia Searle
	Dr Glenn Worthington
Research Officers	Ms Peggy Danaee
	Ms Katie Ellis
Administrative Officers	Ms Penne Humphries
	Ms Frances Wilson
ANAO Secondees 2005-06	Ms Janna Gilbert
	Ms Natalie Whitely

