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The Parliament of the Commonwealth of Australia

# **Report 381**

## **Annual Report 1999–2000**

**Joint Committee of Public Accounts and Audit**

March 2001  
Canberra

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## Chairman's Foreword

1999–2000 was the first full financial year following the consolidation of the Joint Committee of Public Accounts and Audit (JCPAA) as the Audit Committee of the Parliament with its responsibilities under the *Auditor-General Act 1997*. In August 1999, the Committee considered the ANAO forward audit work program for 1999–2000 and conveyed to the Auditor-General the audit priorities of the Parliament. The Committee also considered the draft budget estimates of the Australian National Audit Office (ANAO) and tabled its Report on the draft estimates before the Budget was brought down on 9 May 2000.

### *Inquiry Highlights*

Major Committee reports tabled during the 1999–2000 financial year included those on the *Corporate Governance and Accountability Arrangements for Commonwealth Government Business Enterprises* and *A Review of the Financial Management and Accountability Act 1997 and the Commonwealth Authorities and Companies Act 1997*. In addition, five review reports following public hearings on Auditor-General Reports for the Fourth Quarter of 1997–8, all of 1998–99 and the First Quarter of 1999–2000, were tabled.

Corporatisation and the devolution of responsibility for the management of Commonwealth agencies—including successful risk management—to CEOs have been the focus of the Committee's work in 1999–2000. In its report on *Corporate Governance and Accountability Arrangements for Commonwealth Government Business Enterprises (GBEs)*, the Committee concluded that the existing arrangements, adopted since the 1997 Humphry Report, provide a flexible and effective arrangement for the operations of GBEs under the strategic directions of the shareholder Ministers.

In its review of the *Financial Management and Accountability Act 1997* and the *Commonwealth Authorities and Companies Act 1997*, the Committee focussed on whether legislation met the needs of the new financial management framework and the needs of the public sector; whether it remained consistent with other legislation, both Commonwealth and State; and whether accountability to Parliament has been maintained. The Committee made two recommendations aimed at addressing possible inconsistencies regarding defamation and indemnity legislation.

The Committee also recommended that the Department of Finance and Administrative Services and the Department of Prime Minister and Cabinet should review the terminology of the financial management legislation and the public and parliamentary service legislation with a view to removing inconsistency and increasing consistency with the terminology used by the private sector.

The Committee has long supported the concept of the Auditor-General being an independent officer of the Parliament. In 1996 the JCPAA had tabled a report entitled *Guarding the Independence of the Auditor-General* which recommended legislative guarantees of audit independence for the Auditor-General and an extension of the Auditor's mandate to include performance audits of Government Business Enterprises. In June 1999, the Committee tabled *Report 368*, which recommended seeking legislative provision for the Auditor-General to have access to contractors' premises where such access is required to assist in the performance of an audit function. The Committee reaffirmed this need as part of its inquiry into Contract Management.

On 29 November 2000, the Government agreed to implement this recommendation on ANAO access to third party premises by advising agencies to include appropriate access clauses in contracts with third parties. The *Commonwealth Procurement Guidelines* were also amended to emphasise the importance of agencies' ensuring they are able to satisfy all relevant accountability obligations, including ANAO access to records and premises.

Recent Committee Auditor-General report reviews have demonstrated significant shortcomings with respect to contract management in an environment where many government services have been subject to commercial contestability and contracting out. On 25 August 1999, the Committee initiated an inquiry into contract management in the Australian Public Service in an attempt to identify systemic problems in contract administration and to encourage better practice standards which can be applied across agencies.

The Committee held public hearings and collected evidence on the Commonwealth Community Education and Information Program. It also advertised an Inquiry into Coastwatch, following the *Auditor-General Report No. 38* on the agency.

During the 1999–2000 financial year, the Committee tabled seven reports. A total of twenty-one recommendations were made by the Committee. The Government accepted fourteen of these.

In this period of change, the Committee believes it is necessary for management in each Commonwealth agency to demonstrate its commitment to establishing effective control and accountability structures. It is also important for each agency to have a fully operational financial system which can provide management with relevant and accurate information in a timely manner.

**Bob Charles MP**  
**Chairman**

## Membership of the Committee - 39th Parliament <sup>1</sup>



Bob Charles MP  
Chairman



David Cox MP  
Vice Chairman



Kevin Andrews MP



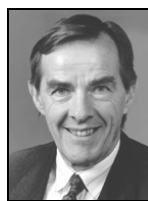
Senator Helen  
Coonan



Senator the Hon  
Rosemary Crowley



Petro Georgiou MP



Senator the Hon  
Brian Gibson AM



Julia Gillard MP



Senator John Hogg



Peter Lindsay MP



Senator Andrew  
Murray



The Hon Alex  
Somlyay MP



Stuart St Clair MP



Lindsay Tanner MP



Kelvin Thomson MP



Senator John  
Watson

<sup>1</sup> The JCPAA Committee of the 39<sup>th</sup> Parliament commenced on 10 December 1998. Members of the JCPAA of the 39<sup>th</sup> Parliament between 1 July 1999 – 30 June 2000 were: Bob Charles MP (Chairman), David Cox MP (Deputy Chair), Kevin Andrews MP, Petro Georgiou MP, Julia Gillard MP, Peter Lindsay MP (*replaced Mal Brough MP from 7/3/2000*), Kelvin Thomson MP (*replaced Tanya Plibersek MP from 10/4/2000*), the Hon Alex Somlyay MP, Stuart St Clair MP, Lindsay Tanner MP (*replaced Alan Griffin MP from 9/8/1999*), Senator Helen Coonan, Senator the Hon Rosemary Crowley (*replaced Senator the Hon John Faulkner AM from 12/10/2000*), Senator the Hon Brian Gibson AM, Senator John Hogg, Senator Andrew Murray, Senator John Watson.

## Highlights of the Year

### Reports presented

**Report 370**, *Review of Auditor-General's Reports, 1997-98, Fourth Quarter*, November 1999

**Report 371**, *Review of Auditor-General's Reports, 1998-99, First Half*, September 1999

**Report 372**, *Corporate Governance and Accountability Arrangements for Commonwealth Government Business Enterprises*, December 1999

**Report 373**, *Review of Auditor-General's Reports, 1998-99, Second Half*, March 2000

**Report 374**, *Review of the Financial Management and Accountability Act 1997 and the Commonwealth Authorities and Companies Act 1997*, 16 March 2000

**Report 375**, *Annual Report 1998-99*, April 2000

**Report 376**, *Review of Auditor-General's Reports 1999-00, First Quarter*, May 2000

### Government responses received

**Report 366**, *Review of Auditor-General's Reports 1997-98, Second Quarter*—Tabled 10 May 2000

**Report 367**, *Review of Auditor-General's Reports 1997-98, Third Quarter*—Tabled 10 May 2000

**Report 368**, *Review of the Audit Report No. 34, 1997-98, New Submarine Project*—Tabled 10 May 2000

**Report 369**, *Australian Government Procurement*—Tabled 10 May 2000

**Report 371**, *Review of Auditor-General's Reports, 1998-99, First Half*—Tabled 10 May 2000

**Report 372**, *Corporate Governance and Accountability Arrangements for Commonwealth Government Business Enterprises*—Tabled 2 June 2000

## Other Committee Activities

**13 September 1999**—The Chairman presented a speech on ‘*Corporate Governance Arrangements for GBEs*’ at the Conference on Corporate Governance in the Public Sector, Rydges Hotel Canberra.

**26 October 1999**—The Chairman presented a speech on ‘*Accrual Accounting and output budgeting benefit strategic asset management*’, Hyatt Hotel Canberra.

**15–16 November 1999**—Inspection visit to Longreach Transmitting Site and Receiving Site (JORN Project).

**5–10 January 2000**—The Chairman gave an address on ‘*The Establishment of a Forum of Public Accounts Committees within the APPF*’ at the 8<sup>th</sup> Annual Conference of the Asia Pacific Parliamentary Forum (APPF), Parliament House Canberra.

**11 February 2000**—A mid-term meeting of representatives of public accounts committees from the States, Territories, New Zealand and Papua New Guinea was held in Parliament House, Canberra. At this meeting, a theme was decided for the 2001 6<sup>th</sup> Biennial Conference of the Australasian Council of Public Accounts Committees and members gave an indication of the papers they wished to present.

**14 June 2000**—As a follow-up to the JORN Project, an inspection visit was made to RLM’s Melbourne Integration Facility (RLM is a joint venture partnership between Lockheed Martin and the Tenix Group of Australia).



# 1

## **JCPAA Purpose, Objectives and Methods of Operation**

### **Introduction**

The Joint Committee of Public Accounts and Audit (JCPAA) is a committee of the Commonwealth Parliament. The Committee is established pursuant to the *Public Accounts and Audit Committee Act 1951* (the PAAC Act) and is empowered to scrutinise the monies spent by Commonwealth agencies from funds appropriated to them.

### **Purpose**

The purpose of the JCPAA is to hold Commonwealth agencies to account for the probity, efficiency and effectiveness with which they implement policy and use public monies, and to act as audit committee of the Parliament by supporting the independence of the Auditor-General on behalf of the Parliament.

### **Duties**

The duties of the JCPAA are described in detail in sections 8 and 8A of the *Public Accounts and Audit Committee Act 1951*. In general terms, the duties are to:

- examine the financial affairs of authorities of the Commonwealth to which the Act applies;
- review 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 recommendation for appointment of Auditor-General or Independent Auditor; and
- increase parliamentary and public awareness of the financial and related operations of government.

## **Examining the Financial Affairs of Commonwealth Authorities**

Pursuant to section 8(1)(a-b, f) of the PAAC Act, the Committee may examine the accounts of the receipts and expenditure of the Commonwealth and the financial affairs of authorities to which this Act applies. The Committee may determine to inquire into, and report on, any items or matters which it thinks should be drawn to the attention of the Parliament.

## **Reviewing Reports of the Auditor-General**

A key element of the JCPAA 's accountability work is its statutory responsibility to examine and report on audit reports tabled in Parliament by the Auditor-General, pursuant to section 8(1)(c-e) of the PAAC Act.

Early in the 38<sup>th</sup> Parliament the Committee changed its review process. Under the new procedures, the JCPAA selects reports of the Auditor-General which raise significant accountability issues for review at 'round table' public hearings. Witnesses from the ANAO and officials from each audited agency are examined at these hearings. In the 39<sup>th</sup> Parliament, the committee has continued this review practice.

The purpose of the quarterly hearings is to allow the JCPAA to give immediate attention to recommendations of the Auditor-General, to enable matters at issue between ANAO and agencies under scrutiny to be raised, and responded to, in public. This process enables the Committee to make timely reports to Parliament on what further action, if any, needs to be taken by departments and agencies under review to protect the interests of the Commonwealth.

The adoption of the new procedures has facilitated more timely and effective parliamentary scrutiny of audit reports. It is already evident that the procedures have revitalised, and focused agency attention on, an integral part of the process by which Parliament holds the Executive to account for its stewardship of public monies.

## **Considering the Operations and Resources of the Audit Office**

In its role as the Audit Committee of the Parliament, the JCPAA has assumed additional responsibilities concerning the Audit Office. Under section 8(1)(g-i) of its Act, the Committee is required to consider the operations and resources of the Audit Office, including funding, staff and information technology. It is also required to consider reports of the Independent Auditor on operations of the Audit

Office. The Committee's responsibilities extend to reporting to the Parliament on any issues arising from these considerations, on any other matter relating to the Auditor-General's functions and powers or on the performance of the Audit Office, as it sees fit.

The JCPAA is also required, under section 8(1)(j-l), to consider draft estimates for the Audit Office and the level of fees determined by the Auditor-General and to make recommendations to both Houses of Parliament and the Minister who administers the *Auditor-General Act 1997* on the draft estimates.

Pursuant to section 8(1)(m-n) of the PAAC Act, another new responsibility for the Committee arising out of its role as the Audit Committee is to determine the audit priorities of the Parliament and to advise the Auditor-General of those priorities. It must also determine the audit priorities of the Parliament for audits of the Audit Office and advise the Independent Auditor of those priorities.

## **Improving Public Awareness of Committee Activities**

Information about the JCPAA is available on the Internet. The Committee's web site contains background information on the Committee and its members; details of current inquiries; advice on how to make submissions to the Committee and on appearing as witnesses at public hearings. Copies of recent JCPAA reports are published on the Internet. The Committee's web site address is:  
<http://www.aph.gov.au/house/committee/jpaa/index.htm>

In addition, members of the public can send submissions and requests for information through electronic mail. The committee's e-mail address is:  
[jcpa@aph.gov.au](mailto:jcpa@aph.gov.au)

## **How the Committee Operates**

### **Conduct of Inquiries**

The Committee normally advertises its inquiries in the national media and on the Internet and invites interested individuals and organisations to make written submissions. Oral evidence is taken at public hearings (although in certain circumstances witnesses may request that evidence be given in camera). The majority of hearings are open to the public and interested parties can obtain verbatim transcripts of the public hearings free of charge or access them on the Internet.

The Committee presents the findings of its inquiries in reports which are tabled in both houses of Parliament. Copies are distributed to all witnesses and Commonwealth agencies with a responsibility for matters raised in the reports. The reports are also available to the public through the Commonwealth Bookshop and the Internet.

## Consideration of JCPAA reports

In all cases, the Chairman of the JCPAA refers reports of the Committee to the Minister for Finance and Administration once they have been tabled in the Parliament. The Minister for Finance and Administration then refers the matter(s) on to the responsible Minister(s) for attention. The Department of Finance and Administration may need to consult with relevant agency(s) in the first instance.

## Government Responses to reports

JCPAA recommendations that involve matters of Government 'policy' are addressed by way of a separate Government Response through the responsible Minister(s). Then there is a convention that the Government will provide a response within three months from the date of tabling the report.

An *Executive Minute* is the means by which responses are provided to 'administrative' matters raised in a report of the JCPAA. This replaces the *Executive Minute* previously prepared by the Department of Finance and Administration for all Committee reports.

The response to administrative matters (the *Executive Minute*) is expected to be provided to the JCPAA, through the relevant Minister, within six months of tabling of a report. The Chairman of the JCPAA tables the *Executive Minute* in the Parliament as soon as practicable after it is received.

The JCPAA reports that are reviews of Auditor-General reports generally make recommendations on administrative matters which stem from unrelated Auditor-General reports affecting different agencies. For these reports, agencies should respond individually to the Committee by an Executive Minute, through their responsible Minister.

JCPAA reports on other inquiries will require a single coordinated response on administrative matters.

## The Committee Secretariat

The Committee is supported by a full time secretariat. Additional advice relating to particular inquiries may be obtained from appropriate officers from the Department of Finance and the Australian National Audit Office. From time to time officials from Government departments are seconded to the secretariat. In addition, the Committee may employ consultants to provide specialist advice.

**2**

## **Summary of Reports Tabled and Other Activities**

The Committee tabled seven reports in the financial year 1999–2000. This section contains a summary of each report and briefly describes other Committee activities during the year.

One of the statutory duties of the Joint Committee of Public Accounts and Audit (JCPAA) is to examine all reports presented by the Auditor-General and to report the results of the Committee's findings to Parliament. These review reports are included below in the summary of reports tabled during the financial year.

### **Report 370, Review of Auditor-General's Reports, 1997-98, Fourth Quarter, November 1999**

This report reviewed three of the twelve reports tabled by the Auditor-General in the fourth quarter of 1997–98. The three reports were:

- *Audit Report No. 43, The Application of Life Cycle Costing in the Department of Defence.*
- *Audit Report No. 47, The Management of Commonwealth Guarantees, Indemnities and Letters of Comfort.*
- *Audit Report No. 44, The Project Management Practices of the Australian Diplomatic Communications Network in the Department of Foreign Affairs and Trade.*

The JCPAA's report does not analyse in detail all of the findings and recommendations contained in these audit reports. It draws attention to the key evidence taken at the JCPAA's public hearings, highlighting any commitments given by witnesses and, where appropriate, presenting the Committee's observations on the evidence received and any recommendations the Committee wishes to make.

*Report 370* contains one recommendation in relation to the project management practices of the Australian Diplomatic Communications Network in the Department of Foreign Affairs and Trade.

An *Executive Minute* response on this report was received on 9 February 2000, agreeing to the above recommendation.

### **Report 371, Review of Auditor-General's Reports, 1998-99, First Half, September 1999**

This report reviewed three of the twenty-three reports tabled by the Auditor-General in the first half of 1998–99. The three reports were:

- *Audit Report No. 16, Aviation Security in Australia;*
- *Audit Report No. 19, the Planning of Aged Care;*
- *Audit Report No. 21 the Costing of Services in Commonwealth Agencies.*

*Report 371* contains three recommendations—one in relation to aviation security in Australia; one in relation to the planning process for the provision of aged care services; and one in relation to the development of appropriate costing methodologies.

*Executive Minute* responses on this report, tabled on 10 May 2000, were received on:

- *15 February 2000*, noting recommendation 3 on appropriate costing methodologies and stating that it is already being implemented;
- *13 April 2000*, supporting the review of passenger and hand luggage screening but with qualified acceptance of recommendation 1 to review arrangements between airport authorities and the police forces in dealing with criminal activity at airports; and
- *5 May 2000*, agreeing to recommendation 2 to consider local government input into the planning process for the provision of aged care services.

### **Report 372, Corporate Governance and Accountability Arrangements for Commonwealth Government Business Enterprises**

Effective corporate governance is an essential part of the modern corporate entity. Public and private sector corporate organisations will ultimately be judged by how well they direct, control and are held to account for delivering their corporate objectives.

Corporate failures during the 1980s and early 1990s, in particular, brought to the attention of the public the need for efficient, effective and responsible corporate governance.

The focus on corporate governance is not just driven by the corporate failures of the past but also by the corporate challenges of the future. Corporations, both public and private, face challenges relating to globalisation, technological change and sustainable development.

Commonwealth government business enterprises (GBEs) provide a range of services to the Australian community including communications, transport, employment and health services. In 1998-99, GBEs generated revenues of nearly \$25 billion, provided dividends of \$4.5 billion, and controlled assets of some \$40 billion. Given that GBEs are publicly controlled entities, the Parliament has a continuing interest in their governance, performance and accountability.

In 1997 the Commonwealth Government introduced new governance arrangements for its GBEs. These arrangements help form the framework for the accountability of GBEs and set out key responsibilities for both boards and Ministers. The broad objective of the inquiry was to assess the appropriateness and effectiveness of these arrangements.

The key findings and recommendations in the report include:

- all portfolio Ministers should be removed from their current GBE shareholder responsibilities, but remain as the responsible Minister under GBEs' enabling legislation; and
- the Minister for Finance and Administration should:
  - ⇒ review the applicability of administrative law to current and future GBEs on a case by case basis;
  - ⇒ amend the 1997 Governance Arrangements to include a section that all Ministerial directions to GBE boards should be in writing and tabled in both Houses of Parliament within 15 sitting days;
  - ⇒ amend the 1997 Governance Arrangements to include a requirement that GBE boards ensure that there are appropriate and effective induction, education and training programs offered to new and existing board directors;
  - ⇒ amend the 1997 Governance Arrangements to include a section requiring confidential board and director performance appraisal; and
  - ⇒ develop draft guidelines for the scrutiny by Parliamentary Committees of commercially confidential issues relating to GBEs.

On 2 June 2000 the *Executive Minute* addressed recommendations 1, 4, 5 and 7, which relate to administrative matters. The Government supported these recommendations. The remaining recommendations relate to policy matters and impact across portfolios. These are to be addressed in a separate government response.

## **Report 373, Review of Auditor-General's Reports, 1998-99, Second Half, March 2000**

This report reviewed three of the twenty-six reports tabled by the Auditor-General in the second half of 1998–99. The three reports were:

- *Audit Report No. 29, the Provision of Migrant Settlement Services by the Department of Immigration and Multicultural Affairs;*
- *Audit Report No. 34 the Administration of Fringe Benefits Tax;*
- *Audit Report No. 42 the Establishment and Operation of Green Corps.*

*Report 373* contains three recommendations—one in relation to the provision of Commonwealth migrant settlement services; one in relation to the complexity and the cost of compliance of fringe benefits tax; and one in relation to the cost effectiveness of the Green Corps program.

*Executive Minute* responses to recommendations 1 and 3 in this report were received on:

- *3 September 2000* to recommendation 1, indicating development and implementation of guidelines that articulate precisely the accommodation entitlements of newly arrived migrants; and
- *29 September 2000* to recommendation 3, showing the cost effectiveness of the Green Corps program.

## **Report 374, Review of Financial Management and Accountability Act 1997 and the Commonwealth Authorities and Companies Act 1997**

The *Financial Management and Accountability (FMA) Act 1997* and the *Commonwealth Authorities and Companies (CAC) Act 1997* comprise the major legislative framework for financial management in the Commonwealth public sector. Since 1998, when the Acts came into force, the Commonwealth has moved to place its appropriations, budgeting, and reporting on a full accrual basis. Consequently, the Committee considered it timely to reassure itself that the legislation retained its usefulness following the significant changes that had occurred.

The Committee focussed on whether the legislation has met the needs of the new financial management framework and the needs of the public sector; whether it remained consistent with other legislation, both Commonwealth and State; and whether accountability to Parliament has been maintained.

The Committee concluded that in general the legislation, which had been recently amended, had accommodated the new financial management framework and the changed needs of the public sector. Where anomalies were identified, they had arisen from the nature of the Acts themselves which were designed to be generalised legislation. In such circumstances, the Committee agreed with the Department of Finance and Administration (DOFA) that entities which have



problems should raise the issue with their portfolio Minister with a view to amending the entity's enabling legislation.

Evidence to the inquiry drew attention to possible conflict with State legislation. The Committee made two recommendations aimed to address possible inconsistencies regarding defamation and indemnity legislation. The Committee also recommended that DOFA and the Department of Prime Minister and Cabinet should review the terminology of the financial management legislation and the public and parliamentary service legislation with a view to removing inconsistency and increasing consistency with the terminology used by the private sector.

A concern to the Committee was whether accountability of Executive agencies had been maintained following the financial management reforms. The Committee noted some concern among Members of Parliament and intends to maintain an interest in this area. It also recommended that DOFA review the accrual budget format to ensure that the change to full accrual accounting does not diminish the ability of Parliament to scrutinise appropriations.

The recent financial management reforms further encourage agencies to adopt a more business like approach and provide value for money for the services provided to Government. In such an environment the Committee considered it important that Parliament is able to measure and compare the performance of similar agencies. The Committee therefore revisited a recommendation made in an earlier report on accrual accounting, concerning the tabling in Parliament by DOFA, of information enabling Parliament to compare agency performance. The Committee included as an appendix, a series of performance ratios which could form the basis for such comparisons.

No Executive Minute to this report has been received to date.

## **Report 375, Annual Report, 1998-99**

Report 375 is a report on the Committee's activities in 1998-99. It contains information on reports tabled in 1998-99 and comments on inquiries current in the 1998-99 financial year.

## **Report 376, Review of Auditor-General's Reports, 1999-00, First Quarter, May 2000**

This report reviewed two of the eleven reports tabled by the Auditor-General in the first quarter of 1999-2000. The two reports were:

- *Audit Report No. 2, the Use of Financial Information in Management Reports;*
- *Audit Report No. 10, Control Structures of Major Commonwealth Agencies.*

*Report 376* contains three recommendations—two in relation to the use of financial information in all managers' performance agreements; and one in relation to the

access rights to certain persons at particular levels for information technology systems.

No Executive Minute to this report has been received to date.

## **Work in Progress**

### **Introduction**

This section provides a brief description of Committee inquiries and other activities that were active as at 30 June 2000.

### **Review of the Auditor-General's Reports 1999-2000**

As part of its responsibilities, the Committee reviews the Auditor-General's Reports and selects those it wishes to examine in more detail through public hearings. At 30 June 2000 the JCPAA was working on Auditor-General's Reports 1999-2000, Second Quarter and had completed public hearing as part of the review on Defence acquisition projects, Commonwealth Debt management and Plasma fractionation.

At the time of finalisation of this *1999-2000 Annual Report*, this review had been completed and the report tabled in October 2000.

### **Inquiry into Community Education and Information Program**

The Committee reviewed the processes surrounding the Community Education and Information Program (CEIP), an advertising campaign conducted in the months prior to the announcement of the 1998 election. At June 2000, the Committee was deliberating on the evidence it has received.

At the time of finalisation of this *1999-2000 Annual Report*, this inquiry had been completed and the report tabled in October 2000. This report contains guidelines for Commonwealth Government advertising developed by the Joint Committee of Public Accounts and Audit following its review of *Audit Report No. 12, 1998-99, Taxation Reform, Community Education and Information Program*.

## **Inquiry into Contract Management in the Australian Public Service**

Given the move to outsourcing of programs and services by the Australian Public Service, the Committee's inquiry focused on better practice approaches to contract management—especially contracting fundamentals, the needs of contract management personnel, and the accountability framework. In view of the public monies allocated to purchasing goods and services, and the complexities of managing government contracts, it is essential that this aspect of public administration be given sufficient and ongoing scrutiny. At June 2000, public hearings had been completed.

At the time of finalisation of this *1999–2000 Annual Report*, this inquiry had been completed and the report tabled in October 2000.

## **Inquiry into Coastwatch**

Australia's current offshore and coastal surveillance operation is provided by Coastwatch under Output 3 of the Australian Customs Service (Customs). The Chief Executive Officer (CEO) of Coastwatch, is a seconded officer from the Australian Defence Force (ADF) and reports directly to the CEO of Customs. The Coastwatch organisation comprises air and marine based civil surveillance and response services to a number of government agencies. Its aim is to detect, report and respond to potential or actual non-compliance with relevant laws in coastal and offshore regions.

Following issues raised in *Audit Report 38, 1999–2000, Coastwatch—Australian Customs Service* the Joint Committee of Public Accounts and Audit will inquire into the operations of Coastwatch and in particular:

- the role and expectations (both public and government) of Coastwatch;
- the relationship of Coastwatch, as “service provider”, and its client agencies, as “service purchasers”;
- the effectiveness of Coastwatch's allocation of resources to its tasks;
- new technologies which might improve the performance of Coastwatch;
- the adequacy of existing or proposed legislation which underpins Coastwatch's functions;
- whether an Australian Coastguard should be created to take over Coastwatch's functions; and
- any other issues raised by *Audit Report 38, 1999–2000, Coastwatch—Australian Customs Service*.

At June 2000, the terms of reference had been advertised and submissions called for. At the time of finalisation of this *1999–2000 Annual Report*, this inquiry had completed all its public hearings.

Bob Charles  
28 March 2001



## **Appendix A—Committee Meetings and Hearings in 1999-2000<sup>2</sup>**

### **General Business of the Full Committee—39<sup>th</sup> Parliament**

#### *Membership*

Bob Charles MP (Chairman)  
 David Cox MP (Deputy Chairman)  
 Kevin Andrews MP  
 Mal Brough MP (until 7/3/00)  
 Senator Helen Coonan  
 Senator the Hon Rosemary Crowley  
 (from 12/10/00)  
 Senator the Hon John Faulkner AM  
 (until 12/10/00)  
 Petro Georgiou MP  
 Senator the Hon Brian Gibson AM  
 Julia Gillard MP  
 Alan Griffin MP (until 9/8/99)  
 Senator John Hogg  
 Peter Lindsay MP (from 7/3/00)  
 Senator Andrew Murray  
 Tanya Plibersek MP (until 10/4/00)  
 The Hon Alex Somlyay MP  
 Stuart St Clair MP  
 Lindsay Tanner MP (from 9/8/99)  
 Kelvin Thomson MP (from 10/4/00)  
 Senator John Watson

Public Hearings in 1999-00: 0  
 Private Meetings in 1999-00: 17

### **Coastwatch—39<sup>th</sup> Parliament**

#### *Membership*

Bob Charles MP (Chairman)  
 David Cox MP  
 Petro Georgiou MP  
 Senator the Hon Brian Gibson AM  
 Senator John Hogg  
 Peter Lindsay MP  
 The Hon Alex Somlyay MP  
 Stuart St Clair MP  
 Senator John Watson

Public Hearings in 1999-00: 0  
 Private Meetings in 1999-00: 2

### **Auditor-General's Reports Sectional Committee—39<sup>th</sup> Parliament**

#### *Membership*

Bob Charles MP (Chairman)  
 David Cox MP (Vice-Chairman)  
 Petro Georgiou MP  
 Senator the Hon Brian Gibson AM  
 Julia Gillard MP  
 Peter Lindsay MP  
 Senator Andrew Murray  
 The Hon Alex Somlyay MP  
 Lindsay Tanner MP

Public Hearings in 1999-00: 4  
 Private Meetings in 1999-00: 14

<sup>2</sup> The 39<sup>th</sup> Parliament in the 1999–2000 financial year was operational from 1 July 1999–30 June 2000.

### **Contract Management in the Australian Public Service**

#### *Membership*

Bob Charles, MP (Chairman)  
 David Cox MP  
 Mal Brough MP (until 7/3/00)  
 Senator Helen Coonan  
 Petro Georgiou MP  
 Senator Brian Gibson  
 Julia Gillard MP  
 Senator John Hogg  
 Lindsay Tanner MP (from 7/3/00)

Public Hearings in 1999-00: 7  
 Private Meetings in 1999-00: 7

### **Review of the *Financial Management and Accountability ACT 1997* and the *Commonwealth Authorities and Companies Act 1997***

#### *Membership*

Bob Charles MP (Chairman)  
 David Cox MP  
 Julia Gillard MP  
 The Hon Alex Somlyay MP  
 Senator the Hon Brian Gibson AM  
 Senator John Watson

Public Hearings in 1999-00: 2  
 Private Meetings in 1999-00: 4

### **Community Education and Information Programme**

#### *Membership*

Bob Charles MP (Chairman)  
 David Cox MP  
 Kevin Andrews MP  
 Senator Helen Coonan  
 Senator the Hon John Faulkner AM  
 Petro Georgiou MP  
 Alan Griffin MP (until 9/8/99)  
 Senator John Hogg  
 The Hon Alex Somlyay MP

Public Hearings in 1999-00: 2  
 Private Meetings in 1999-00: 15

### **Corporate Governance and Accountability Arrangements for Commonwealth Government Business Enterprises**

#### *Membership*

Bob Charles MP (Chairman)  
 David Cox MP  
 Senator the Hon Brian Gibson  
 Senator John Hogg  
 Senator John Watson  
 Julia Gillard MP  
 Tanya Plibersek MP (until 10/4/00)  
 The Hon Alex Somlyay MP  
 Stuart St Clair MP

Public Hearings in 1999-00: 3  
 Private Meetings in 1999-00: 4



## **Appendix B—Committee Expenses during 1999-2000**

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

The Committee's salary and administrative expenses for 1999-2000 in accrual terms were \$675 141.96. This included expenditure on: advertising; catering; consultants; conference fees for committee members and staff; publishing; salary, travel and accommodation costs for staff; and miscellaneous expenditure. The Committee operated within its administrative budget for the financial year.

The Chairman of the Committee received an allowance of \$14 720 in recognition of the responsibilities of the position. The amount of the allowance is set by the Remuneration Tribunal and paid by the Department of the House of Representatives pursuant to the *Remuneration and Allowances Act 1990*.