

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
BUDGET ESTIMATES 2011-2012

Prime Minister and Cabinet Portfolio

Department/Agency: Department of the Prime Minister and Cabinet
Outcome/Program: 2.1 - Arts and Cultural Development
Topic: Desart and Indigenous Art Code Limited

Senator: Humphries

Question reference number: 66

Type of question: Hansard, p91, 24 May

Date set by the committee for the return of answer: 8 July 2011

Number of pages: 2

Question:

Senator HUMPHRIES: And Desart receives \$1.4 million in government funds, including funding from the Australian government—about half of that is funding from the Australian government. I am led to believe that at the last Desart AGM Mr Oster announced that in 2010 Desart had lost a quarter of a million dollars due to fraud in that organisation. Apparently a staff member under his supervision was responsible for siphoning off funds from that organisation. Can you confirm whether that is the case?
Ms Basser: I am not aware of that. I would need to take that on notice and find out for you.

Senator HUMPHRIES: Okay. As a follow-up question, if the government was not aware of that fact does it have a bearing on the decision to appoint Mr Oster to that role, given that presumably Indigenous Art Code Ltd will be administering Australian government funds? Would there be some concern about the lack of governance in the organisation which Mr Oster previously administered?

Ms Basser: We will look into that whole issue for you.

Senator HUMPHRIES: I also ask you specifically to take on notice whether your organisation was aware of Desart's problems with fraud before Mr Oster was appointed.

Ms Basser: Okay.

Answer:

1. Yes, it is correct that fraud occurred at Desart in 2010. The Australian Government was informed of the matter at the time.

2. At the time of the incident, Mr Oster reported the matter to the Northern Territory Police, the Australian Government and Desart's insurer. Subsequent to the incident Mr Oster introduced mandatory police checks for all new Desart employees. The Department of Prime Minister and Cabinet (the Department) internal fraud unit confirmed that Mr Oster had taken the appropriate steps when the incidence of fraud came to light. As such, the Department holds no concerns regarding the governance arrangements of Desart.
3. The Department was aware of the incidence of fraud as described above before Mr Oster was appointed as the CEO of Indigenous Art Code Limited.