

# Chapter 1

## Budget Estimates 2011–12

1.1 On 10 May 2011, the Senate referred to the Finance and Public Administration Legislation Committee (the Committee), the following documents for examination and report:

- particulars of proposed expenditure in respect of the year ending on 30 June 2012;
- particulars of certain proposed expenditure in respect of the year ending on 30 June 2012; and
- particulars of proposed expenditure in relation to the parliamentary departments in respect of the year ending on 30 June 2012.

### Portfolio coverage

1.2 The Committee has responsibility for examining the expenditure and outcomes of the:

- Parliament<sup>1</sup>;
- Prime Minister and Cabinet portfolio, including the Department of Regional Australia, Regional Development and Local Government; and
- Finance and Deregulation portfolio.

1.3 Appendix 1 lists the departments, agencies, authorities and companies under the portfolios mentioned above.

### Portfolio Budget Statements

1.4 There were few changes to the portfolios under the Committee's oversight in the respective Portfolio Budget Statements. The only notable change was to the Department of Regional Australia, Regional Development and Local Government (DRARDLG) following the natural disasters of late 2010-early 2011. The Prime Minister announced on 7 February 2011, new governance arrangements within the department to provide coordination and oversight of the Commonwealth Government's contribution to the recovery and reconstruction effort.

1.5 The Commonwealth National Disaster Recovery Taskforce (the Taskforce) was established to provide strategic direction and oversight of the Commonwealth Government's contribution to reconstruction efforts in response to the disasters. The

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1 As a matter of comity between the Houses, neither House inquires into the operations of the other House. For this reason, neither the annual report of, nor the proposed expenditure for, the Department of the House of Representatives is referred to a Senate committee for review.

Taskforce also provides secretariat support to the Australian Government Reconstruction Inspectorate chaired by former Federal Minister for Finance, Mr John Fahey AC.<sup>2</sup>

## Hearings

1.6 The Committee held public hearings on Monday, 23 May through to Thursday, 26 May 2011. Over the course of the four days' hearings—totalling over 37 hours—the Committee took evidence from the President of the Senate, Senator the Hon John Hogg; Senator the Hon Chris Evans, Minister for Tertiary Education, Skills, Jobs and Workplace Relations; Senator the Hon Mark Arbib, Minister for Sport, Minister for Indigenous Employment and Economic Development and Minister for Social Housing and Homelessness;<sup>3</sup> Senator the Hon Nick Sherry, Minister for Small Business;<sup>4</sup> and Senator the Hon Penny Wong, Minister for Finance and Deregulation, together with officers of the departments and agencies concerned. The Committee expresses its appreciation for the assistance of the President, Ministers, Departmental Secretaries and the officers who appeared before it.

1.7 Old Parliament House was the only agency released from the hearings without examination.

1.8 The following agencies were dismissed prior to the hearings: Office of the Australian Information Commissioner; National Australia Day Council; Australian Sports Commission; Australian Sports Foundation Ltd; Australian Sports Anti-Doping Authority; Australian National Maritime Museum; Australian Film, Television and Radio School; Bundanon Trust; Australia Business Arts Foundation; Albury-Wodonga Development Corporation; Australian River Co Ltd; and ASC Pty Ltd.

1.9 The Hansard transcripts of evidence are available on the internet at: <http://www.aph.gov.au/hansard/index.htm>

1.10 In accordance with Standing Order 26, the Committee is required to set a date for the lodgement of written answers and additional information. The Committee resolved that written answers and additional information be submitted by Friday, 8 July 2011.

1.11 Further written information from departments and agencies will be tabled, as received, in the Senate. This information is available on the Committee's website: [http://www.aph.gov.au/Senate/committee/fapa\\_ctte/estimates/index.htm](http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/index.htm)

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2 Department of Regional Australia, Regional Development and Local Government, *Portfolio Budget statements 2011-12, Budget related paper no. 1.15B* pp 3-5.

3 Senator the Hon Mark Arbib replaced Senator the Hon Chris Evans as Minister at the table after the dinner break on Monday, *Estimates Hansard*, 23 May 2011, pp 87-97.

4 Senator the Hon Nick Sherry replaced Senator the Hon Chris Evans and Senator the Hon Mark Arbib as Minister at the table after the afternoon tea break on Tuesday, *Estimates Hansard*, 24 May 2011, pp 63-83.

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## Procedural and other matters

### *Requests for officers to appear*

1.12 The Committee requested the appearance at the estimates hearings of Mr John Fahey, recently appointed chair of the Australian Government Reconstruction Inspectorate and Mr Bret Walker, the new Independent National Security Legislation Monitor. Mr Fahey was unable to attend the hearing due to prior commitments, however, Mr Walker attended to provide evidence and the Committee thanks him for making himself available.

### *Provision of answers to questions on notice*

1.13 At the commencement of the estimates hearings a number of answers to questions on notice remained outstanding from the Additional Estimates hearings of February 2011. The Committee had set 15 April 2011 for the date by which answers were to be provided.

1.14 When the Finance and Deregulation portfolio appeared on 25 May 2011, nearly six weeks after the date for receipt of answers, seven answers remained outstanding. In particular, the Committee's attention was drawn to an unanswered question concerning the provision of legal advice by the Director of Public Prosecutions to the Australian Electoral Commission (AEC). At the Committee's hearing of 22 February, the AEC initially sought to make a claim of public interest immunity in relation to the provision of this advice. The Minister then took the question on notice.<sup>5</sup>

1.15 During the hearing of 26 May, the AEC indicated that the response to the question had been provided to the Special Minister of State in mid March 2011. Following consideration of this matter by the Committee, the Chair expressed concern that answers to questions from the Additional Estimates remained outstanding. The Chair indicated the seriousness of the matter and requested that the answers be provided as soon as possible.

1.16 All remaining answers from the Finance and Deregulation portfolio were provided to the Committee on Friday, 27 May. The Committee acknowledges the speed with which the answers were provided following the hearing, however the Committee notes that the estimates process is an important accountability mechanism and committees expect timely responses to the questions put to departments and agencies.

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5 See paragraph 1.19 of the Committee's previous report: Senate Finance and Public Administration Legislation Committee, *Additional estimates 2010-11*, March 2011, pp 4-5.

### ***Evidence provided by the Department of Parliamentary Services***

1.17 The examination of the Department of Parliamentary Services (DPS) again canvassed issues in relation to the sale, in late 2010, of billiard tables from Parliament House.

1.18 At the Additional Estimates, DPS indicated that its policy was to require a heritage assessment of any items being disposed of, or declared surplus, and that in the case of the billiard tables, they were assessed as having no heritage value.<sup>6</sup> In an answer to a question on notice seeking the provision of the heritage assessment, DPS provided a copy of the 'Declaration of surplus or unserviceable items form' dated 6 July 2010 and the asset register with an undated hand written annotation.<sup>7</sup>

1.19 During questioning on the asset register and the hand written annotation provided, DPS indicated that '[t]he recollection of the officer is that it was signed after 21 February, so it was after the estimates hearing in February'.<sup>8</sup> In relation to whether a heritage assessment had been undertaken, Mr David Kenny, DPS, stated that 'I think it is clear that the advice at the last estimates was not correct, that a heritage assessment had already taken place'.<sup>9</sup> Further, Mr Kenny commented:

The realisation that the heritage assessment had not taken place—I became aware of that at about 20 past one this afternoon...there was some more investigation being done internally as to the history, noting that the history of all the billiard tables, in terms of the records available to us, was not clear—therefore it took a little bit longer to work through—but at about 20 past one I was advised that the heritage assessment had not been done at the time of the sale.<sup>10</sup>

1.20 The Committee has requested that DPS provide the original version of the Declaration of surplus or unserviceable items form and the asset register with the heritage assessment annotation. The Committee will then consider the matter further.

### ***Australian National Audit Office***

1.21 During the Committee's examination of the Australian National Audit Office (ANAO), the Committee canvassed the ANAO's role in auditing third party contractors. When questioned on the impact this would have on the ANAO's workload, the Auditor-General stated:

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6 *Estimates Hansard*, 21 February 2011, p. F&PA 31.

7 Additional Estimates 2010–11, *Department of Parliamentary Services, Answer to question on notice, No 27*.

8 *Estimates Hansard*, 23 May 2011, p. F&PA 43.

9 Mr David Kenny, Department of Parliamentary Services, *Estimates Hansard*, 23 May 2011, p. F&PA 43.

10 Mr David Kenny, Department of Parliamentary Services, *Estimates Hansard*, 23 May 2011, p. F&PA 44.

I have said to the public accounts committee that we would not be looking for any additional resources for this purpose. We currently do somewhere between 45 and 55 performance audits a year, and I at least saw it as a substitution issue. If we were going to do further work, in particular audits, then we would adjust our program elsewhere...It is all relative.<sup>11</sup>

1.22 The Committee welcomes the expansion of the ANAO's role in relation to third party contractors in Government projects. The Committee will continue to monitor the effect of these third party audits on the ANAO's workload and resources.

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11 Mr Ian McPhee, Australian National Audit Office, *Estimates Hansard*, 24 May 2011, pp F&PA 35-36.

