

Additional Estimates 2004-05

Introduction

1.1 On 10 February 2005, the Senate referred to the Committee for examination and report the following documents:

- Particulars of proposed additional expenditure in respect of the year ending on 30 June 2005 [Appropriation Bill (No. 3) 2004-2005];
- Particulars of certain proposed additional expenditure in respect of the year ending on 30 June 2005 [Appropriation Bill (No. 4) 2004-2005];
- Particulars of proposed additional expenditure in relation to the parliamentary departments in respect of the year ending on 30 June 2005 [Appropriation (Parliamentary Departments) Bill (No. 2) 2004-2005]; and
- Statement of savings expected in annual appropriations made by Acts No. 88, 89 and 90 of 2004.

1.2 The Senate also referred the following:

- Final budget outcome 2003-04;
- Consolidated Financial Statements for the year ended 30 June 2004; and
- Issues from the Advance to the Finance Minister as a final charge for the year ended 30 June 2004.

Portfolio coverage

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

- Parliamentary departments;¹
- Prime Minister and Cabinet portfolio; and
- Finance and Administration portfolio.

Appendix 1 lists the departments and agencies under the portfolios mentioned above.

Hearings

1.4 The Committee held public hearings on Monday, 14 and Tuesday, 15 February 2005. Copies of the Committee's transcript of evidence are tabled in two

¹ As a matter of comity between the Houses, it is traditional that 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.

volumes of *Hansard* for the information of the Senate. Copies of *Hansard* are available on the internet at the following address: <http://aph.gov.au/hansard>.

1.5 Further written explanations furnished by departments and agencies will be tabled, when received, in volumes entitled Additional Information. That information is also available on the Committee's internet page, found at the following address: http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/index.htm

1.6 As a matter of Parliamentary Privilege, all information is 'tabled' on receipt.

1.7 Over the course of the two days' hearings—totalling 22 hours—the Committee took evidence from the President of the Senate, Senator the Honourable Paul Calvert; the Minister for Defence, representing the Prime Minister, Senator the Honourable Robert Hill; the Minister for Finance and Administration, Senator the Honourable Nick Minchin; and the Special Minister of State, Senator the Honourable Eric Abetz, together with officers of the departments and agencies concerned.

Concerns about allocation of departments and agencies

1.8 One of the critical developments experienced during this estimates round stemmed from the establishment after the 2004 Federal Election of the new Department of Human Services. Senators in attendance raised concerns about the administrative arrangement order which places DHS and agencies with the finance portfolio and which means as a consequence that they appear before this Committee at estimates.

1.9 There are three main, interrelated concerns to which the Committee wants to draw the attention of the Senate and relevant ministers. First, the allocation of a new department of state and associated agencies threatens to undermine not only the integrity of the Committee's scrutiny of the estimates but also its traditional arrangements for estimates. The Committee's standing allocation of portfolios and departments already includes the Commonwealth's two key central coordination departments – PM&C and DoFA. The newly allocated bodies include two of the Commonwealth's key spending and service delivery agencies – Centrelink and the Health Insurance Commission.

1.10 The effect of this significantly increased burden on the Committee was felt during this round. Despite economising on the time devoted to some of its longstanding areas of interest, the Committee was left with little opportunity to examine the new department and agencies in the manner it would have liked. The implications of this time pressure are discussed briefly below.

1.11 Second, these bodies tend not to sit as neatly with the Committee's standing interests as they do with those of Community Affairs Legislation Committee (hereafter Community Affairs). Indeed, apart from the new department, the Committee has inherited its new agencies from Community Affairs. The Committee believes that Community Affairs remains the natural and logical home for the scrutiny of agencies formerly under the health and family and community services portfolios.

The same applies for the new department. Through its examination of the government's central coordination body, PM&C, the Committee will still be able to examine issues related to these bodies if required. But overall it believes that it is more appropriate that DHS and its associated agencies come under the scrutiny of the Community Affairs committee.

1.12 The practical problems that the separation of these agencies from Community Affairs pose for the scrutiny of estimates come into sharp focus with the Committee's third concern: the purported 'demarcation' between policy matters and operational matters (such as payment and service delivery). Repeatedly, members' questions about matters related to these agencies were stalled by claims that they should be referred to the policy departments appearing before Community Affairs the following day. The following exchange illustrates this problem:

Senator CHRIS EVANS—...This is a new issue to me but it has probably been covered before: this question about the interaction of different methodologies to assess income between you and Centrelink. On this question of paying child support and the different methodologies you and Centrelink have, is there any work underway to address some of those issues?

Ms Scott—We might be getting into the area of policy here. The policy departments are very keen and are anticipating questions on policy issues. The service delivery departments are anticipating and awaiting questions on service delivery issues. That one might be best directed to Family and Community Services.²

1.13 The Committee has grave reservations about this development. It has an immediate impact in breaking up the flow of questioning during estimates hearings, delaying the provision of information and interfering with the proper examination of matters under scrutiny. It is also the case that often there are issues that do not fall discreetly into either a policy compartment or an operational compartment but cut across both areas. In such instances, members are forced to put matters on notice, a practice that at times is inevitable but that prevents any in-depth examination of important matters.

1.14 The Committee finds it particularly hard to countenance this practice because in the past issues that straddled policy and operational areas could be dealt with by policy departments and their operational agencies appearing jointly before Community Affairs. As Senator Evans observed:

... we used to get Centrelink and FaCS at the table at the same time ... because we always had that difficulty in resolving where the buck stopped. We often were not able to identify that in advance. When we had Centrelink and FaCS at the table at the same time we could usually resolve the issue and at least have a continuity of response.³

2 *Committee Hansard*, 15 February 2005, F&PA 109-10

3 *Committee Hansard*, 15 February 2005, F&PA 110

1.15 The Committee is also concerned that subsequent to the estimates hearings of the F&PA and Community Affairs committees a significant number of written questions on notice were transferred to and from both committees. This is a further illustration of the discontinuities that arise from attempting to separate policy matters from operational matters, and likewise the examination of policy departments from operational agencies. It also has the potential to make the delays in providing answers to questions on notice more protracted, compounding the problems which are outlined in the next section of this report.

1.16 In sum, the Committee considers for the reasons outlined above that the current allocation of DHS and its agencies inhibit adequate scrutiny of the estimates of expenditure. The Committee is also concerned that its traditional approach of arranging its estimates timetable to avoid recourse to using the Friday spillover day may not be viable if the allocation of these bodies is not revisited and changes made.

1.17 The Committee understands that the Community Affairs committee experienced similar difficulties to those stated here and is intending to report its concerns to the Senate.

Questions on notice

1.18 On numerous occasions, senators have expressed their dissatisfaction with the tardiness in the overall response to answering questions on notice. The Committee recognises this, shares the frustrations felt and has recorded its concern with this matter in each of its past four estimates reports,⁴ but obviously to little avail. All portfolios should note that the Committee and the Senate is considering options and remedies for addressing this recurring problem.

1.19 The Committee observes the following:

- Standing Order 26(9) empowers the Committee to set a date for the receipt of answers to questions on notice;
- The Committee's convention is to set six-week deadlines from the end of its hearings;
- Departments and agencies are obliged to comply with Committee deadlines; and
- Providing answers immediately or within a few days before a department's next appearance is not adequate.

1.20 Leading into the Budget estimates of May 2004, Senator Murray put a series of written questions on notice to all government departments and agencies concerning

4 Finance and Public Administration Legislation Committee, Budget estimates 2004-05, June 2004, pp.2-3; *op cit*, Additional estimates 2003-04, March 2004, pp.2-3; *op cit*, Budget estimates 2003-04, June 2003, p2-3; *op cit*, Additional estimates 2002-03, March 2003, p.3

government advertising campaigns and public information projects. The precise text of the question follows:

Please provide a list of all advertising or public information projects currently being undertaken or expected to be undertaken by the department or agency in the course of 2004 where the cost of the project is estimated or contracted to be \$100 000 or more, indicating:

- (a) the purpose and nature of the project;
- (b) the intended recipients of the information to be communicated by the project;
- (c) who authorised or is to authorise the project;
- (d) the manner in which the project is to be carried out;
- (e) who is to carry out the project;
- (f) whether the project is to be carried out under a contract;
- (g) whether such contract was let by tender; and
- (h) the estimated or contracted cost of the project.

1.21 Senator Murray requested that answers be provided by 15 June 2004, or if that was not possible, on the date set by the Committee for all questions on notice. The deadline set by the Committee was 9 July 2004, and by this date only a small number of agencies had responded.

1.22 Subsequently, by resolution the Senate set 31 January 2005 as a deadline for supplementary questions and all outstanding questions from previous estimates rounds. As at 14 February 2005, the start of public hearings to consider the Additional estimates, the Committee had still not received answers from the vast majority of departments and agencies.

1.23 During the examination of the Department of the Prime Minister and Cabinet (PM&C) the Committee heard evidence that the Government Communications Unit (GCU) is coordinating *all* answers from across government agencies to Senator Murray's questions. Asked why the GCU is vetting answers, the Committee was told that PM&C wanted to ensure that all executive departments and agencies address the questions with the same 'definitional understanding' of what the questions solicit.

1.24 PM&C indicated that the answers were not far from being finalised and that some were with the Prime Minister's Office awaiting clearance. Senator Murray, through the Chair (Senator Mason), and thus the Committee, resolved that in the event that all answers are not received within four weeks (by 14 March 2005) that a written explanation must be provided from PM&C stating where outstanding responses are at and the reason for any further delay.

1.25 The following table provides statistical information for the total number of questions on notice for each portfolio for the 2004-05 Budget cycle up to the Additional estimates (i.e. the table does not include questions on notice from the

February 2005 Additional estimates – these will be included in the Committee's next report).

Portfolio/ department/agency	Total no. of questions ⁵	Answered on or before deadline		Answered after deadline		Outstanding	
		Count	Percentage	Count	Percentage	Count	Percentage
Senate	3	3	100%	0	-	0	-
DPS	10	1	10%	9	90%	0	-
PM&C portfolio	80	25	31%	47	59%	8	10%
Finance portfolio	42	1	2.4%	35	83.3%	6	14.3%
Human Services	10	0	-	10	100%	0	-
Total	145	30	21%	101	70%	14	9%

Explanations for late receipt of answers

1.26 The Committee reminds Commonwealth officers that when delays in answering questions on notice are likely to occur, agencies are expected to provide explanations for the delay. The Committee appreciates that the nature of some questions may unavoidably mean delays. However, the Committee will only accept these delays where acceptable explanations are provided.

Deadline for submitting answers

1.27 The due date for submitting responses to questions on notice from this Additional estimates round is 1 April 2005.

Examination of departments and agencies—the remaining structure of the report

1.28 The following sections of the report list the issues considered by the Committee and discuss some of these in detail. The order is not based on hierarchy but rather the order in which those issues arose during the hearings.

1.29 The following agencies were released from the hearings without examination: the National Water Commission; the Office of the Commonwealth Ombudsman; the Commonwealth Grants Commission; and CRS Australia.

⁵ The total number of questions is based on the allocated question number. It should be noted that questions often have numerous parts to the overall question—in effect, this can translate into agencies having double or more the number of questions than appear in the column.