

Senate Finance and Public Administration Standing Committee

ANSWERS TO QUESTIONS ON NOTICE Supplementary Budget Estimates, 17 October 2011

Prime Minister and Cabinet

Agency: Australian National Audit Office

Outcome/Program Group: 2/2.1

Topic: Forestry Tasmania Audit

Senator: Brown

Question reference number: 120

Type of question: Hansard, F&PA, p.116 17/10/10

Date set by the committee for the return of answer: December 2011

Number of pages: 2

Question:

Mr McPhee: I do not have enough information to be able to give you an authoritative comment on that. I am not across the details of the audit. I have seen it come through, but I have not read it in detail. These are matters, of course, for the Tasmanian Auditor-General to decide.

Senator BOB BROWN: But the federal moneys—some \$276 million—are now following some \$240 million that were sent to the industry after the 2004 elections and that follows even larger amounts in previous times, so it is a matter of interest to the federal taxpayer. I wonder if you would be kind enough to look at that \$8 million dollar loss for last year and see whether you corroborate the statements of the Tasmanian Auditor and whether or not there should be a review of that audit in the interests of the expenditure now coming from Canberra to Forestry Tasmania and the people associated with it.

Mr McPhee: I am happy to take that on notice and provide a response back to the committee.

Answer:

As the Committee will be aware, the Auditor-General for Tasmania has the mandate to provide an independent view on the financial and operational performance of Forestry Tasmania, a Tasmanian State Government business enterprise. The mandate of the Auditor-General for Australia does not extend to undertaking financial statement audits of state government entities.

The Auditor-General for Tasmania issued an unqualified audit opinion on Forestry Tasmania's 2010–11 financial report. In his Independent Auditor's Report to Members of the Parliament of Tasmania, the Auditor-General for Tasmania included the following Emphasis of Matter in relation to the 2010–11 Financial Report of Forestry Tasmania:

I draw attention to Note 33 to the financial report which describes circumstances giving rise to uncertainties as to the operations of Forestry Tasmania, the assessment by the directors and their conclusion that it is appropriate for Forestry Tasmania to continue to adopt the going concern basis in preparing this financial report. My audit opinion is not qualified in respect of these matters (page 52, Appendix 1, Forestry Tasmania 2010–11 Financial Statements).

The Auditor-General for Tasmania also tabled Special Report No. 100, *Financial and Economic Performance of Forestry Tasmania* in July 2011. This report outlined the Tasmanian Audit Office's assessment of Forestry Tasmania's financial performance, economic contributions to Tasmania and elements of its compliance responsibilities. The report, which provided an assessment of the financial performance and position of Forestry Tasmania by the Auditor-General for Tasmania, stated:

Forestry Tasmania's financial performance over the past 16 years was low, this may not have been the case had there been clarity around its community service type obligations and the funding thereof, and if the compensation provided under various State and Commonwealth agreements had addressed loss of profits and a longer term view (page i).

The Auditor-General for Australia's mandate currently provides the authority to audit the performance of Australian Government public sector entities, which can include examining the administration of funding provided to state/territory governments under intergovernmental agreements. Audit coverage of initiatives funded under the recently endorsed Tasmanian Forests Intergovernmental Agreement will be considered as part of the Australian National Audit Office's audit work program planning arrangements.