
PROCEDURE COMMITTEE INQUIRY ON CONSIDERATION OF ESTIMATES

Judy Middlebrook
Secretary, Procedure Committee

In response to your question about the use of annual reports by parliamentary committees, my experience is as follows:

General use

Committees and their staff frequently use annual reports as:

- a source of information about agency purpose and structure;
- a source of information about government programs/agency outputs.

Such information is used in preparing briefing papers and contributing to reports.

Use by the House Communications, Transport and the Arts Committee in the 39th Parliament

The CTA Committee used the annual report review power to conduct an inquiry into reform in the Australian railway industry - resulting in the report *Back on Track: progress in rail reform* (April 2001)

The CTA Committee used the annual report review power to conduct an inquiry into Art Indemnity Australia (a government program that sponsors tours of international art works) - resulting in the report *Covering Your Arts* (September 2001).

Use by the Joint Committee on Foreign Affairs, Defence and Trade in the 39th Parliament

The JSCFADT used the annual report review power to conduct an inquiry into reporting on military justice - resulting in the report *Rough Justice? An Investigation into Allegations of Brutality in the Army's Parachute Battalion* (April 2001)

Use by the Joint Committee on Foreign Affairs, Defence and Trade in the 40th Parliament

The JSCFADT used the annual report review power to conduct a general review of annual reports from government agencies within its area of interest - resulting in the report *Review of Foreign Affairs, Trade and Defence Annual Reports, 2000-2001* (September 2002).

An explanation of how and why the Committee conducted its review can be found in the report – in particular in the Foreword, in Chapter 1 and in brief sections at the beginning of Chapters 2, 3 and 4. A copy of the report is attached for ease of reference.

In October 2002 the JSCFADT agreed to commence a second round of annual report reviews, using modified review procedures. A paper entitled *Guidelines for Reviewing 2001-2002 Annual Reports*, which outlines the manner in which the Committee intends to conduct its review, is attached for the information of the Procedure Committee. The paper was endorsed by the JSCFADT's Chairs and Deputy Chairs and distributed to all members for their guidance.

A handwritten signature in black ink, appearing to read 'Grant Harrison', with a large initial 'G' and a stylized 'H'.

Grant Harrison
Committee Secretary
Joint Standing Committee on Foreign Affairs, Defence and Trade

4 December 2002

GUIDELINES FOR REVIEWING 2001-2002 ANNUAL REPORTS

TIMETABLE FOR REVIEW

The Committee has asked sub-committees to develop review programs in accordance with the following general timetable:

- a single or ½ day hearing in the period November to December 2002; and
- a report (possibly a single report combining input from the various sub-committees) to be presented in the Autumn sittings 2003.

FOCUS OF THE REVIEW

The Committee's review of 2000-2001 annual reports was conducted early in the life of the 40th Parliament and, appropriately, the Committee sought to:

- survey the range of policy, operational and management issues currently on the Government's agenda;
- seek status reports on key issues of interest; and
- seek responses to issues canvassed in earlier reports from the Committee.

Drawing on the experience of this last review (especially the observation made by some members that the review was 'broad but not deep'), the Committee could narrow its focus on this occasion to examine the performance of agencies in delivering a selected number of outputs.

Some examples of this focus might be that:

- the Foreign Affairs Sub-Committee could examine the efficiency and effectiveness with which the Department of Foreign Affairs provides consular and passport services, with a particular focus on the determination and distribution of travel advice;
- the Defence Sub-Committee could examine the efficiency and effectiveness with which the Defence Organisation is conducting Project Sea 4000, the air warfare destroyer project;
- the Trade Sub-Committee could examine the efficiency and effectiveness with which Austrade administers the Export Market Development Grants scheme (and the impact of that scheme); and
- the Human Rights Sub-Committee could examine the efficiency and effectiveness with which AusAID administers programs to build good governance in developing countries (and the impact of those programs).

To encourage examination in depth, each sub-committee might select 3, 4 or 5 such issues, rather than seeking to review all of the outputs delivered by agencies within their area of interest.

CONDUCT OF THE REVIEW

Step 1 - select hearing dates

The early selection of hearing dates in November or December will allow planning to commence and agencies to be given advanced notice.

Step 2 – select issues for consideration

After the annual reports are tabled, the secretariat will review the content of key reports and prepare a preliminary list of issues (related to agency outputs) that could be examined.

This list will be circulated to sub-committee chairs and members, who will be invited to add to and select from this list. As mentioned above, ideally no more than 3, 4 or 5 issues would be selected – to allow for consideration in detail.

Step 3 – preparation for the hearing

Having selected the agency outputs to be reviewed the secretariat will:

- prepare briefing papers for the consideration of each issue (drawing on the attached analytical framework); and
- advise the agency of the scope of the Committee's consideration (ensuring that relevant officials attend the hearing but, as a consequence, requiring that members not to go beyond the selected areas of examination).

Step 4 – conduct of the hearing

In broad terms, the aim of the hearings is to seek evidence on whether:

- agencies have delivered what they promised; and
- if so, whether they have done so efficiently.

The hearings should also include an overview session to allow members to question agency heads on the general performance of their agency.

Ideally, all questions should be put on the day by the members in attendance.

Step 5 – reporting

After the hearings, the secretariat will prepare a single report (with contributions from each sub-committee), to be considered and presented in the Autumn 2003 sittings.

The draft report could focus on:

- the accuracy and honesty of agency reporting and performance assessment;
- the efficiency, effectiveness and quality of agency outputs; and
- the extent to which agency outputs contribute to the Government's stated outcomes.

RESOURCE IMPLICATIONS

The requirement to support annual report reviews will, for the duration of the review (especially in the pre-hearing phases of the review), limit the secretariat's capacity to support the Committee's on-going inquiry work.

Committee Secretariat
24 October 2002

ANALYTICAL FRAMEWORK FOR THE REVIEW OF ANNUAL REPORTS

The secretariat will use the following analytical framework to guide the conduct of the Committee's review of annual reports.

1st Phase - review agency portfolio budget statements			
review proposed outputs	review estimated expenditure by output	review output targets & performance information	review government's desired outcomes
2nd Phase - review agency annual report			
review outputs actually delivered	review actual expenditure by output	review output performance reporting	review contribution of outputs to outcome
3rd Phase - examine agency Chief Executives			
seek explanation of any differences between proposed & actual outputs	seek explanation of any differences between estimates & actual expenditure	seek explanation of any variations in performance against targets	seek explanation of any variation between expected and actual contribution to outcome
4th Phase - report findings to Parliament			
comment on reasons for differences	comment on reasons for differences	comment on performance against targets	comment on achievement of outcome

This framework, or variations upon it, can be applied to any program of activity (output) described in an agency annual report.

Committee Secretariat
18 October 2002