

Work in Progress

- 3.1 The Committee has had a full program of inquiry activity and other business since its first meeting in December 2004. As well as the official inquiries outlined below, the Committee uses its regular meetings to receive private briefings on a range of subjects relevant to public administration and accountability. The Committee's current inquiry activities are detailed below.

Developments in aviation security

- 3.2 On 25 May 2005 the Committee resolved to review the developments in aviation security in Australia since the JCPAA's *Report 400: Aviation Security in Australia* was tabled in June 2004.
- 3.3 The Committee decided to re-open the inquiry in the light of a number of disturbing incidents in Australian aviation security since June 2004, including:
- May 2005 – allegations that baggage handlers are involved in a syndicate smuggling cocaine through Sydney Airport;
 - April 2005 - the dismissal of a Qantas baggage handler for wearing a camel outfit from passenger's luggage;
 - March 2005 - allegations raised that drugs were planted in Schapelle Corby's luggage as part of drug smuggling operation carried out by some rogue airport baggage handlers;
 - December 2004 - Victoria's air ambulance fleet based at Essendon Airport sabotaged in an early morning raid;

- September 2004 - revelations that many contract airport workers don't have air security ID cards, 18 months after ASIO was ordered to re-screen all ID card holders for terrorist checks; and
- July 2004 - a Korean Air plane is recalled two hours into its flight from Sydney after the bags of a passenger, who had tested positive for explosive residue, were loaded on board without being screened.

3.4 The terms of reference for the new inquiry are to review developments since Report 400, with particular reference to:

- a) regulation of aviation security by the Commonwealth Department of Transport and Regional Services, and the Department's response to aviation security incidents since June 2004;
- b) compliance with Commonwealth security requirements by airport operators at major and regional airports;
- c) compliance with Commonwealth security requirements by airlines;
- d) the impact of overseas security requirements on Australian aviation security;
- e) cost imposts of security upgrades, particularly for regional airports;
- f) privacy implications of greater security measures;
- g) opportunities to enhance security measures presented by current and emerging technologies, including measures to combat identity fraud; and
- h) procedures for, and security of, baggage handling operations at international, domestic and regional airports, by both airlines and airports.

3.5 On 7 June 2005 the government announced that an Aviation Security and Policing Review would be undertaken by the Rt Hon Sir John Wheeler JP, DL. The Committee undertook to liaise with Sir John and held two briefings, one on 8 August at the beginning of Sir John's review, and one on 5 October 2005 following the public release of the report on Aviation Security and Policing in Australia.

3.6 At September 2005, the Committee had received 71 submissions and had undertaken public hearings and inspections at Canberra, Sydney, Brisbane, Adelaide and Perth. The Committee has a full schedule of public hearings and inspections to the end of 2005 and intends to report during 2006.

Reviews of Auditor-General's reports

- 3.7 At June 2005, the Committee was undertaking two 'batches' of reviews of Auditor-Generals reports. A large review of 11 Auditor-General's reports, some held over from the 40th Parliament, was nearing completion in June 2005. This review has included the following Auditor-General's reports:
- Audit Report No. 25, 2003–04, *Intellectual Property Policies and Practices in Commonwealth Agencies*;
 - Audit Report No. 34, 2003–04, *The Administration of Major Programs, Australian Greenhouse Office*;
 - Audit Report No. 36, 2003–04, *The Commonwealth's Administration of the Dairy Industry Adjustment Package, Department of Agriculture, Fisheries and Forestry, Dairy Adjustment Authority*;
 - Audit Report No. 46, 2003-04: *Client Service in the Family Court of Australia and the Federal Magistrate's Court*;
 - Audit Report No. 50, 2003-04: *Management of Federal Airport Leases*;
 - Audit Report No. 4, 2004-05: *Management of Customer Debt (Centrelink)*;
 - Audit Report No. 5, 2004-05: *Management of Standard Defence Supply System Upgrade*;
 - Audit Report No. 21, 2004-05: *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2004*;
 - Audit Report No. 15, 2004-05: *Financial Management of Special Appropriations*;
 - Audit Report No. 16, 2004-05: *Container Examination Facilities (Australian Customs Service)*; and
 - Audit Report No. 18, 2004-05: *Regulation of Non-prescription Medicinal Product*.
- 3.8 The Committee held seven public hearings from February 2005 in support of this inquiry. *Report 404*, outlining the Committee's findings and recommendations, was tabled in November 2005.
- 3.9 A second review, of Auditor-General's reports tabled between 18 January 2005 and 18 April 2005, is looking at the following reports:
- Combined review of Audit Report No. 22, *Investment of Public Funds* and Report No. 42, *Commonwealth Debt Management (Follow-up audit)*;

- Audit Report No. 30, *Regulation of Commonwealth Radiation and Nuclear Activities*, and
 - Combined review of Audit Report No. 31, *Centrelink's Customer Feedback Systems-Summary Report* (ANAO reports No.32-36 inclusive) and Audit Report No 40, *The Edge Project*.
- 3.10 At September 2005 the Committee had held three public hearings to review these reports. The Committee hopes to table its report on these reviews early in 2006.

Inquiry themes

- 3.11 The Committee has reviewed a large number of Audit Reports since its establishment in December 2004. A number of themes have emerged from these reviews, which the Committee intends to pursue over the next year. The Committee has undertaken a series of reviews on aspects of financial management within the public sector. In the previous Parliament the Committee looked at the management of special accounts, during 2004-05 has looked at Commonwealth entities' management of special appropriations, and in September 2005 has begun a review into the investment of public funds.
- 3.12 A theme emerging from each of these reviews is that managers at quite senior levels within the public sector are either not fully aware of their responsibilities under the FMA Act, or are not discharging them appropriately. The Committee is most concerned to note this pattern across a number of Audit Reports. In light of this concern the Committee has invited the Public Service Commissioner and the Secretary of the Department of Prime Minister and Cabinet to meet with the Committee to discuss the pursuit of performance improvement. The Committee wishes to place all public agencies on notice that this is a matter it will continue to investigate throughout the 41st Parliament.
- 3.13 The Committee has also looked at financial management within the Department of Defence, highlighted in two Audit Reports reviewed this year.¹ Another Audit Office report tabled in August 2005, regarding implementation of a new human resources management system, highlights many of the same problems experienced with the SDSS

1 ANAO Audit Report no. 5, 2004-05, *Management of Standard Defence Supply System Upgrade*; and Audit Report No. 21, 2004-05: *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2004*.

upgrade project – the project did not receive the proper approvals, it ran over time and over budget, and the system is still not working effectively.

- 3.14 The Committee is most concerned to note that the problems highlighted in recent Audit Reports on Defence appear to be repeated throughout the Defence Department. The reports indicate systemic problems in project management at Defence, particularly for IT systems. The Committee intends to further examine these problems throughout 2006.

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Chairman