

Chapter 1

Overview

1.1 The Standing Committee on Education, Employment and Workplace Relations presents its report to the Senate.

1.2 On 12 May 2009¹ the Senate referred the following documents to the committee for examination and report in relation to the Education, Employment and Workplace Relations portfolio:

- Particulars of proposed expenditure in respect of the year ending on 30 June 2010;
- Particulars of certain proposed expenditure in respect of the year ending on 30 June 2010; and
- Particulars of proposed expenditure in relation to the parliamentary departments in respect of the year ending on 30 June 2010.

1.3 Standing committees are required to report to the Senate on 23 June 2009.

Portfolio coverage

1.4 The committee has responsibility for examining the expenditure and outcomes of the Education, Employment and Workplace Relations portfolio. Appendix 1 lists the department and agencies under this portfolio.

1.5 The committee conducted four days of hearings, examining Employment and Workplace Relations outcomes and related agencies on 1 and 2 June 2009 and Education outcomes on 3 and 4 June 2009. In total the committee met for 27 hours and 37 minutes, excluding breaks.

1.6 Appendix 2 of this report lists the table of contents of the Hansard transcripts. These transcripts are available on the committee's homepage under estimates and on the Hansard website: <http://www.aph.gov.au/hansard/senate/committee/comsen.asp>

Restructure of the Portfolio Budget Statements

1.7 The committee notes the changes to the 2009–10 Portfolio Budget Statements (PBS), as developed by the Department of Finance and Deregulation in order to increase the transparency and accountability of government expenditure. In line with *Operation Sunlight*, a number of changes have been made to the 2009-10 Budget documents. *Operation Sunlight* is the Government's reform agenda to improve the

1 *Journals of the Senate* No. 67, 12 May 2009, p. 1920.

openness and transparency of public sector budgetary and financial management.² At the request of the Minister for Finance and Deregulation, the former Senator Andrew Murray reviewed budget transparency issues as part of Operation Sunlight. A key change is the reporting of expenditure at program level as suggested in the Murray review, with the aim of presenting a higher level of detail in the appropriation bills.³ A transition table has been included in the 2009–10 PBS illustrating the changes from the 2008–09 PBS.

1.8 The implementation of the *Federal Financial Relations Act 2009* (FFR Act) directly affects Appropriation Bill No. 2 and payments to the states and territories. The FFR Act implements the centralised payments arrangement agreed by COAG in the Intergovernmental Agreement on Federal Financial Relations. Due to these changes, Appropriation Bill No. 2 is no longer used for the purpose of most annual appropriations for payments to the states and territories. This is done instead through the FFR Act. The reason for the change is outlined in Budget Paper No. 4:

The detail of the Commonwealth's payments to the States and Territories is now contained in one piece of Commonwealth legislation. This streamlining will also greatly improve public transparency of these payments and the ability of the Parliament to scrutinise the payment arrangements.⁴

1.9 Exceptions to the agreement include payments direction to local government, which will continue to be paid from Appropriation Bill No. 2 and some payments for non-government schools that are not paid from the *Schools Assistance Act 2008* or the COAG reform fund. Payment arrangements for schools, VET and child care programs have been divided with government portions now managed by Treasury, while DEEWR is responsible for policy and administration of the payments and estimates for the non-government portions of program expenditures.⁵ Former DEEWR programs for which Treasury now appropriates funds are listed on page 46 of the PBS.

Revised outcome structure

1.10 The 2009–10 Budget reflected changes made to the number of outcomes within the Department. Where once the portfolio consisted of 9 outcomes, this has now been reduced to 5. Transition charts are provided on pages 38–44 of the PBS which map the restructuring of the outcomes. A new feature of the 2009–10 PBS is the use of key performance indicators and targets in order to assess and monitor performance of the Department in achieving outcomes.

2 www.finance.gov.au/financial-framework/financial-management-policy-guidance/operation-sunlight/index/html

3 Murray, A., *Review of Operation Sunlight: Overhauling Budget Transparency*, June 2008, pp 24–26.

4 Australian Government, *Budget Paper No. 4 Agency Resourcing*, 2009–10, p. 8

5 Department of Education, Employment and Workplace Relations, *Portfolio Budget Statements 2009–10*, p. 17.

New workplace relations system

1.11 Due to the introduction of the new workplace relations system, the seven current workplace relations agencies will be amalgamated to form a new framework consisting of Fair Work Australia and Fair Work Ombudsman. These new agencies will come into being 1 July 2009 and replace:

- Australian Industrial Relations Commission / Australian Industrial Registry
- Australian Fair Pay Commission / Australian Fair Pay Commission Secretariat
- Workplace Authority
- Workplace Ombudsman

1.12 The Australian Building and Construction commission will continue to operate until it is transferred to the Fair Work Ombudsman. Legislation to provide for this will be introduced at the end of the winter sittings. A further two new portfolio agencies will commence operation during the financial year— the Australian Curriculum, Assessment and Reporting Authority and Safe Work Australia. Agency resources and planned performance information for these new agencies will be included in the 2009–10 Portfolio Additional Estimates Statements.⁶

Questions on notice

1.13 The committee has drawn the attention of the department and its agencies to the agreed deadline of Friday 31 July 2009 for the receipt of answers to questions taken on notice from this round, in accordance with Standing Order 26.

1.14 For this round, written questions on notice were received from Senators Abetz, Boyce, Brown, Cash, Fisher, Hanson-Young, Mason, Payne, Siewert and Xenophon.

⁶ Department of Education, Employment and Workplace Relations, *Portfolio Budget Statements 2009–10*, p. 4.

