

**The Parliament of the Commonwealth of Australia**

**Senate  
Finance and Public Administration  
Legislation Committee**

**Budget Estimates 2000-2001 Report**

**June 2000**

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## **MEMBERS OF THE COMMITTEE**

Senator Brett Mason (*Chairman*)  
Senator George Brandis (from 8/6/2000)  
Senator Paul Calvert (to 8/6/2000)  
Senator Stephen Conroy  
Senator Ross Lightfoot  
Senator Andrew Murray (*Deputy Chairman*)  
Senator Robert Ray

## **Other Senators who attended the public hearings:**

Senator Nick Bolkus  
Senator Jacinta Collins  
Senator Trish Crossin  
Senator Chris Evans  
Senator John Faulkner  
Senator Jeannie Ferris  
Senator Kate Lundy  
Senator Sue Mackay  
Senator Jan McLucas  
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## INTRODUCTION

On 9 May 2000 the Senate referred to the committee for examination and report the following documents in accordance with the provisions of the orders of the Senate of 26 November 1998, as varied on 11 April 2000, and 30 November 1999 relating to estimates hearings; and in accordance with the allocation of departments to committees agreed to on 11 November 1998:

- Particulars of proposed expenditure for the service of the year ending on 30 June 2001 [*Appropriation Bill (No. 1) 2000-2001*];
- Particulars of proposed expenditure for the service of the year ending on 30 June 2001 [*Appropriation Bill (No. 2) 2000-2001*]; and
- Particulars of proposed expenditure for the service of the year ending on 30 June 2001 [*Appropriation (Parliamentary Departments) Bill (No. 1) 2000-2001*].

The committee is required to report to the Senate by 22 June 2000.

The committee received evidence from the President of the Senate, Senator the Hon Margaret Reid; Senator the Hon Chris Ellison, Special Minister of State, and representing the Prime Minister and the Minister for Finance and Administration; Senator the Hon Robert Hill, Minister for the Environment and Heritage, representing the Prime Minister and the Minister for Finance and Administration; and Senator the Hon John Herron, Minister for Aboriginal and Torres Strait Islander Affairs, together with officers of the departments and agencies concerned.

The committee held public hearings on 22, 23 and 24 May 2000. Copies of the *Hansard* transcripts of evidence are tabled, for the information of the Senate. Further written explanations furnished by departments and agencies will be tabled, when received, in volumes entitled Additional Information.

In this report, the committee considers a number of specific matters raised during its examination of the budget estimates of the portfolios it oversees, along with a few general issues on which it wishes to comment.

## PARLIAMENTARY DEPARTMENTS

### Department of the Senate

The committee considered the issue of the coverage of medical costs and compensation for senators and members injured on official overseas delegations. In particular, senators sought details of expenses incurred by the Commonwealth following a recent incident involving the injury to a member of an Inter-Parliamentary Union (IPU) delegation who was on side trip to the delegation, a bilateral visit to Tanzania. The Department of the Senate takes out travel insurance for senators travelling overseas on official parliamentary delegations such as the IPU, however when the committee learnt that the Tanzanian leg was funded by the Department of Finance and Administration (DOFA), it was evident that the medical costs

were DOFA's responsibility. The committee pursued the matter with the Ministerial and Parliamentary Services area of DOFA on the following day<sup>1</sup>, in part to assure itself that such a split in responsibility across departments would not result in unnecessary additional complexity for members.

### **Department of the Parliamentary Reporting Staff**

A number of concerns were raised about the quality of *Hansard* in recent months. Problems which were noted by the committee related to quality and timeliness, including wrong dates on proof *Hansards*, delay in the loading of *Hansard* into ParlInfo, and the late delivery of the pinks and greens. The committee was assured that this was a 'teething problem' associated with a new production system introduced on 1 January.<sup>2</sup>

Of interest to the committee was the amount of transcription work outsourced and future outsourcing plans. It heard that external providers have been used over the past couple of years to support permanent staff. The committee was advised that transcription work may be outsourced to accommodate a range of needs including to manage heavy workloads such as estimates weeks and to ensure continuing coverage of the chamber, for example on Wednesdays when no lunch break is scheduled. Outsourcing work also enables staff to attend to professional or organisational development activities. The department does not expect a significant increase in the amount of work outsourced in the current year.

## **PRIME MINISTER'S PORTFOLIO**

### **Office of the Official Secretary to the Governor-General**

The committee questioned officials about reported changes to the role of the Governor-General at Corroboree 2000, the involvement of Government House in planning the itinerary for the recent royal visit and arrangements for two commemorative medals, the sports medal and the centenary medal.

The committee was informed that the two medals are the second and third to be approved for the new Australian honours system. The first was the 80<sup>th</sup> Anniversary Armistice Medal of which 100 were minted. The large scale of the two subsequent processes was noted - orders of 25,000 sports medals and 18,000 centenary medals were discussed. Officials informed the committee that within current resources they have implemented some IT enhancements to help with processing.

### **Department of Prime Minister and Cabinet (PM&C)**

Details were sought of the composition of the group to accompany the Prime Minister on his Australia Week trip to the United Kingdom from 4 to 8 July 2000. At this stage the trip includes 54 members at a cost of \$990,000. Fine details such as the number of the Prime Minister's personal staff who will be attending have not been finalised.

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1 Finance and Public Administration Legislation Committee, *Hansard*, 22 May 2000, p. 12.

2 *ibid*, p. 25.

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### *Output group 1 Economic policy advice and coordination*

#### Olympics Taskforce

The performance of the 2000 Games Media Unit was examined, the committee again questioning the role of the group in responding to matters that impact adversely on Australia's Olympic image. The role was described as 'to ensure as positive a treatment in the media of Australia as we can for those issues for which we are responsible'<sup>3</sup>. The committee considers that, regardless of who may be responsible for the recent events in Athens, the media unit should play an active role in efforts to influence a more positive image of Australia when such incidents occur.

The committee was also informed of an expansion of the role of the Commonwealth Spokesperson for the Sydney 2000 Games, Ms Pru Goward, to include a security dimension and strategic media advice to the Attorney-General and his office. This caused the committee to revisit with officials the selective tender process followed when filling the position and to speculate about whether the outcome would have been different had the need for the additional tasks been identified at the outset.

### *Output group 2 Social policy advice and coordination*

#### Office of the Status of Women (OSW)

The costs associated with the appointment of the new head of the Office of the Status of Women were canvassed, in particular the decision not to require her to move her residence to Canberra. The committee is concerned that such arrangements lead to unnecessary additional cost and that the value of additional employment conditions should be kept within the advertised total remuneration package. If commuting costs and accommodation in Canberra are additional to the advertised package, it could be argued that the resulting remuneration package would have attracted different candidates.

Senators who have made clear their interest in OSW programs continue to experience difficulty with the Portfolio Budget Statements (PBS). This is covered under **General issues**.

### *Output group 4 Support services for government operations*

#### Cabinet secretary

The appointment of a new Secretary to Cabinet was canvassed at length. On 10 July 2000, Mr McClintock, a SES band 3-equivalent officer, will take up duty under similar arrangements to the previous occupant, but under the *Members of Parliament (Staff) Act 1984*, MOP(S) Act<sup>4</sup>. The committee expressed concern about potential conflicts of interest, the absence of criteria for the position and the importance of the position to current and future record keeping. Mr Henderson advised the committee that the appointment was not dissimilar to a number of other MOP(S) Act appointments.

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3 Finance and Public Administration Legislation Committee, *Hansard*, 22 May 2000, p. 70.

4 Finance and Public Administration Legislation Committee, *Hansard*, 22 May 2000, p. 92.



### Performance pay for departmental secretaries

A progress report on performance pay and clarification of the appraisal process were requested. This led to discussion about meaningful performance indicators, subjectivity-objectivity considerations and whether performance pay is being used as a 'backdoor way of getting [a secretary's] salary up'.<sup>5</sup> The appropriateness of performance pay for the Australian Public Service was questioned, particularly for secretaries of departments. The lack of transparency associated with performance agreements between secretaries and their ministers contributes to concern that political loyalty to the minister may be afforded more weight in an appraisal than other more appropriate performance indicators, such as those relating to their management of the department.

### Centenary medals

Officials from the Awards and National Symbols Branch informed senators about the centenary medals, a 1997 decision of cabinet estimated to cost just over \$500,000. The examination moved slowly through a confusing and at times contradictory discussion about quotas, the basis of allocations, the existence of an outline of conditions but not guidelines, the application of Freedom of Information legislation to a devolved process, the publication of names according to quota holders and related issues. Following advice that nominators would not be identified, it was revealed that nominators would 'sound' prospective nominees prior to submitting the nominations to ascertain whether they have any objections. 'Sounding' ensures that the identity of the nominator is known. The absence of criteria was of particular concern to the committee, given the quota system that is to apply.

### GST coordinator

The committee was advised that the Government Communications Unit assisted the Ministerial Committee on Government Communications with a selective tender process to recruit a GST coordinator. The position is required from mid-March until late July and remuneration was set at \$195,000. Questions were asked about declarations of conflicts of interest made by committee members who had a prior professional relationship with the selected candidate, Mr Mark Pearson. Mr Pearson's background and his involvement in the 1996 and 1998 election campaigns of the Liberal Party of Australia were noted. Minister Hill replied to concerns about this by informing senators that 'Mr Pearson has [also] worked for previous Labor governments and is well regarded in the industry'.<sup>6</sup>

Senators expressed their frustration at the difficulty associated with identifying the total cost of GST-related advertising. 'It is jolly hard work to try to establish how these campaigns are defined, how they are referred to and what they are actually costing the Australian taxpayer.'<sup>7</sup>

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5 Finance and Public Administration Legislation Committee, *Hansard*, 22 May 2000, p. 59.

6 Finance and Public Administration Legislation Committee, *Hansard*, 24 May 2000, p. 312.

7 Finance and Public Administration Legislation Committee, *Hansard*, 24 May 2000, p. 319.

## **Australian National Audit Office (ANAO)**

The bulk of the committee's examination of the ANAO related to one audit, that into the probity of the policy development processes and implementation of the Magnetic Resonance Imaging (MRI) services.<sup>8</sup> The audit was undertaken following questions raised in a Senate Community Affairs estimates hearing and elsewhere relating to a 1998-99 budget announcement of improved access to MRI services. The particular point in contention was whether certain radiologists had become aware, in advance of the budget, of budget provisions relating to medicare benefits for holders of 'eligible equipment' to perform MRI – namely equipment ordered by budget night. The audit disclosed that 33 MRI machines had been ordered in the four working days leading up to the budget.

Senators sought clarification of many aspects of the audit, including the availability of a documentary trail, the outside assistance sought and the powers of the Auditor-General to compel the provision of information from parties who are not public servants. In particular, the issue of the lack of documentation drew criticism from the representatives of the ANAO, who indicated:

Given the accountability expectations of the public service, we thought the Commonwealth could have done better in its record keeping.<sup>9</sup>

## **Aboriginal and Torres Strait Islander portfolio**

The committee questioned the processes surrounding the appointment of Ms Sharon Firebrace as Chairman of the Indigenous Land Corporation. The committee was informed that, after broad consultations, the minister prepared a short list of possible candidates which was then forwarded to the Aboriginal and Torres Strait Islander Commission (ATSIC), where further names were added for his consideration. The committee was informed that the successful candidate was on the minister's original list.

### *Registrar of Aboriginal Corporations*

Senators questioned Mr Bouhafs, the Registrar of Aboriginal Corporations, on his recent actions taken to liquidate certain Aboriginal corporations in Queensland, Western Australia and the Northern Territory. The Registrar outlined his role in administering the *Aboriginal Councils and Associations Act 1976*, his responsibility for ensuring compliance of organisations which are incorporated under the Act and how he handled non-compliant organisations. Concern was expressed that the Registrar did not take into consideration the special circumstances of many of these agencies, such as difficulty in receiving mail and literacy problems.

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8 Australian National Audit Office, *Magnetic Resonance Imaging Services – effectiveness and probity of the policy development processes and implementation*, Report no. 42, 1999-2000.

9 Finance and Public Administration Legislation Committee, *Hansard*, 24 May 2000, p. 334.

## FINANCE AND ADMINISTRATION PORTFOLIO

### Department of Finance and Administration

#### *Outcome 1, Sustainable Government Finances*

##### Telstra

Senators queried the transparency of information in the budget papers relating to the sale of Telstra. In the absence of a table provided as a one-off in the budget papers for 1998-99 (Table 11) senators complained about the fact that the 2000-2001 budget papers contain so little information about such a major public interest issue.

##### Employment National

The committee notes that, at the time of going to press, responses had not been received to the questions taken on notice at the supplementary additional estimates hearings of 2 May 2000. This was despite the fact that Minister Ellison had advised the committee on 23 May that answers would be provided shortly, 'within a couple of days'.<sup>10</sup>

When the committee moved to Output group 1.1.4, Employment National, Minister Ellison made an opening statement and this was followed by the provision of 'further information' by an official correcting evidence provided at the previous round of estimates hearings on 2 May. The committee emphasised at the hearing that when witnesses discover errors in their evidence, they should notify the committee secretary who will, in turn, advise the committee. The committee accepts that mistakes can be made and requests that officers take steps to correct the record at the earliest possible opportunity. The official read her statement and offered her apologies, blaming a lack of estimates experience for not recognising the impact of not providing the advice in a more timely way. The committee reminds public servants, and particularly secretaries of departments, of Senate Resolution no. 34 relating to the duty of senior Commonwealth officials to know their rights and responsibilities as witnesses before parliamentary committees.<sup>11</sup>

Contrary to the view put by the Minister, the committee felt that it should not have been necessary for the department to take on notice the number of questions taken on 2 May. The committee gave notice of its intention to ask questions about Employment National and the questioning continued along the same lines as the previous hearings.

This committee's only responsibility in relation to Employment National relates to the shareholder role and any risks and liabilities arising from decisions and actions of the sole shareholder. Ministerial decisions that result in public servants replacing private sector business people as board members of a Commonwealth company; letters of comfort that may give rise to significant contingent liabilities; and conflicting legal advice about whether a sole shareholder may also be a shadow director, are significant public administration issues.

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10 Finance and Public Administration Legislation Committee, *Hansard*, 23 May 2000, p. 131.

11 *Standing and Other Orders of the Senate*, February 2000, p. 130.

The committee feels quite strongly that operational matters are relevant to the sole shareholder's role. One of the salient points about the examination of matters relating to Employment National is the clarity of the responsibility lines drawn by two departments and the lack of relevance of this separation when two Senate committees attempt to examine their issues. Decisions taken by the sole shareholder, the Minister for Finance and Administration, are likely to be based on operational matters or information arising from projections about them, that is, information from the company or Department of Employment, Workplace Relations and Small Business (DEWRSB). This committee, in examining the estimates, expenditure and performance of DOFA, is interested in the basis of those decisions and in pursuing them, is likely to ask questions that range across departmental barriers.

### GST unit

The GST unit expects that its contract with an external consultant for a series of surveys to be conducted on the preparedness of agencies for the GST will cost approximately \$1.1 million out of a total budget of \$4.5 million. The results of the survey are assessed with a view to identifying agencies which may be having difficulty. This will enable them to be followed up and assistance provided if necessary.

### *Outcome 3 Efficiently Functioning Parliament*

Minister Ellison attempted to provide clarification of the parameters he applies when deciding on appropriate facilities for parliamentary and electorate business, advising the committee that the Remuneration Tribunal 'has shied away from getting into the definition of [such matters]'. The question related to the use of mail-outs and how he assesses whether they are part of an MP's duties, ministerial duties or political campaigning. Discussion about fine distinctions followed with officers at the table suggesting that the value of the test of public opinion should not be overlooked, that is, due consideration of what senators and members 'feel the average person in the street would think was a reasonable use of public funds'.<sup>12</sup>

### **Australian Electoral Commission (AEC)**

#### Sale of the electoral roll

The committee was advised of the Electoral Commissioner's decision to sell the electoral roll to the Australian Taxation Office (ATO) for the purpose of 'a one off mailing of ATO material to electors in May/June'.<sup>13</sup> In evidence from the AEC the committee learnt that the information provided to the ATO included name, address, date of birth and gender and was grouped by family for mail-out purposes. At the estimates hearing the Electoral Commissioner, Mr Andy Becker, advised the committee that he did not know what would be in the mail-out. He later corrected this evidence in a letter dated 31 May 2000 in which he informed the committee that correspondence from the Tax Commissioner dated 19 April 2000 had advised him that a letter from the Prime Minister would be enclosed.

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12 Finance and Public Administration Legislation Committee, *Hansard*, 23 May 2000, p. 188.

13 Agreement for the Safeguard of Confidential Elector Data, 10/5/2000.

Senators expressed serious concerns at the hearing about Mr Becker's approach to the unprecedented request from the Tax Commissioner and his opinion that "The end use [of the electoral roll] is somebody else's issue."<sup>14</sup> Senators were similarly concerned by his view that he cannot afford to get into the political debate, saying,

If I had to reject it [the request], I would have to assess the basis on which I rejected it, which means I would then have to make an assessment as to whether this is a political exercise or another exercise.<sup>15</sup>

On 8 June 2000, the Attorney-General issued a press release advising of the Solicitor-General's formal advice that the proposed use of the electoral roll by the ATO is not a purpose prescribed by the regulations made under the *Commonwealth Electoral Act 1918*. On the basis of the Solicitor-General's advice the Commissioner of Taxation will not use the electoral roll for the mail out. The press release made clear that the 8 June opinion contradicted earlier legal advice to the ATO, the AEC and PM&C. The committee notes that none of the earlier advice pre-dates decisions by the ATO or the AEC in this matter.

### Annual report

The committee questioned the Minister about the time which elapsed between the provision of the AEC 1998-99 annual report to his office on 18 October 1999 and its tabling on 23 November, 36 days later. The Minister pointed out that the *Commonwealth Electoral Act 1918* requires the report to be provided 'as soon as practicable after 30 June in each year'.<sup>16</sup> The committee notes, however, that it has long been government policy that annual reports be tabled in a timely fashion, with 31 October being specified as the date by which departmental reports be tabled. It also notes that the AEC, in its 1997-98 annual report, stated on page 1 its intention to 'fulfil the reporting requirements specified in *Requirements for Departmental Annual Reports*' which *specifically* required reporting by 31 October. The AEC annual report for 1997-98 was in fact presented out of session to the President on 29 October 1998.

The revised *Requirements for Annual Reports*, May 2000, coordinated by the Department of the Prime Minister and Cabinet, approved by the Joint Committee of Public Accounts and Audit, and tabled in the House of Representatives on 8 June 2000, spell out the position for future annual reports. The *Requirements* mandate the tabling of annual reports by 31 October in the year in which the report is given. While the *Requirements* apply to annual reports of departments and executive agencies, 'As a matter of policy, they also apply to prescribed agencies under section 5 of the *Financial Management and Accountability Act 1997*'.<sup>17</sup> As the AEC is a prescribed agency under section 5 of the *Financial Management and Accountability Act 1997*, the committee expects that the AEC will choose to follow government policy.

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14 Finance and Public Administration Legislation Committee, *Hansard*, 24 May 2000, p. 361.

15 Finance and Public Administration Legislation Committee, *Hansard*, 24 May 2000, p. 370.

16 *Commonwealth Electoral Act* (1918), s. 17(1).

17 *Requirements for Annual Reports*, May 2000, p. 1.

## **Office of Asset Sales and Information Technology Outsourcing (OASITO)**

As noted above, the committee was informed that responsibility for CTC implementation had been transferred from DOFA to OASITO, but that the two agencies hold joint responsibility for the market testing of corporate services. Senators questioned whether the much criticised budgetary approach adopted with IT outsourcing - namely to mandate savings before implementation - would be adopted and were informed that it would not.<sup>18</sup> However Mr Yarra told the committee 'if savings are found, the issue of whether or how those savings are to be shared between the agency and the budget will be addressed on a case by case basis.'<sup>19</sup> Minister Hill indicated that his portfolio, Environment and Heritage, has to achieve \$5 million in savings in its 2000-2001 appropriations. This deduction arose from a routine pricing review of corporate services, not CTC implementation as first thought.

The CTC implementation group is currently developing an implementation strategy designed to build on OASITO and other agencies' experience and to take into account feedback from industry. Their intended approach was described as 'working with agencies', 'we certainly will not be dictating to agencies'. The committee looks forward to officers being more forthcoming on the detail of this in the future.

Senators also questioned the savings actually achieved to date through the IT outsourcing initiative. A figure of \$368 million was advanced along with a promise to indicate on notice how it was achieved.

## **GENERAL ISSUES**

### **The organisation of estimates hearings**

In this round of estimates hearings, as in the case of many before it, the committee found it impractical to proceed through the portfolios allocated to it in the order provided in the Portfolio Budget Statements (PBS). Part of the problem lies in the very diversity of the agencies covered in those portfolios and the different senators and ministers to be accommodated. Asset sales, information technology, Aboriginal affairs, members' entitlements, women's affairs, budgeting, honours, and electoral matters, to name just a few, make strange bedfellows and the committee has found it necessary to segregate them as best it can, with, it must be said, some dislocation to the smooth running of the hearings. The number of estimates hearings proceeding simultaneously also presents a challenge.

On this occasion, the committee would like to apologise to those witnesses who were kept waiting for long periods of time. The committee will consider its schedule closely on the next occasion and will try to accommodate those agencies for whom the duration of questioning can be estimated with a degree of precision first, or at the very least, with a specified and inflexible start time. The committee will also continue its practice of surveying members and regular participants to ascertain if there are agencies for which there are no questions. In the committee's view, the danger of filibustering is such that it does not wish to set rigid

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18 Finance and Public Administration Legislation Committee, *Hansard*, 24 May 2000, p. 380.

19 *ibid.*

schedules but will make every effort to ensure that the process goes more smoothly on the next occasion.

A growing problem appears to be ‘general questions’, that is, questions relating to those input matters which are common to all output groups. An outputs and outcomes reporting framework, for all its logic and value, does not disclose inputs in the way that corporate management programs in the program budgeting regime did. Nevertheless, inputs are a legitimate area for scrutiny at estimates hearings and are somewhat uncomfortably harnessed to a ‘general questions’ carriage. The result is confusion about which officers need to be present for general questions and whether in fact there is an appropriate output group in which they can more logically be raised. With time, as senators become more familiar with the new framework, this problem may subside. The committee encourages ministers and senior officers at estimates hearings to clarify where questions properly reside, should they be inadvertently raised as an opening gambit.

### **The Portfolio Budget Statements (PBS)**

The PBS for the Prime Minister’s portfolio and for the Finance and Administration portfolio received some attention, none of it complimentary. Those for the parliamentary departments were largely ignored. The committee will consider the PBS more closely in its ongoing monitoring across all agencies of the format and content of the documents. For the present, it addresses only a few obvious complaints.

#### *Level of detail*

The level of detail provided has always been, and on the evidence of this round of estimates continues to be, a contentious issue. It was unclear to senators whether the \$16 million 2000-01 cost of the Commonwealth Heads of Government Meeting (CHOGM) disclosed in the PBS would be in fact expended in the course of the year. A disaggregation of the two-year cost, excluding security arrangements, was requested, as was information concerning the basis of the estimates.

The ‘rephasing’ of expenditure from one year to the next again proved confusing for senators examining the budget for the Office of the Status of Women (OSW). While the committee is pleased to see a breakdown for OSW disaggregated from that of the social policy output, it feels that the following narrative explanation of ‘outcome resourcing – administered appropriations’ just begged for the laborious explanations which ensued, at length:

The Office of the Status of Women has rephased funding for the Partnerships Against Domestic Violence (PADV) element of the Women’s Programmes. \$25m of funding announced in 1998-99 for PADV has now been allocated against strategic elements to deliver maximum benefit to the prevention of violence. This has resulted in lower than originally estimated expenditure in 1999-2000 with a commensurate increase in the 2001-02 and 2002-03 financial years.<sup>20</sup>

The committee accepts that expenditure on longer-term projects can be lumpy, but when two phases of a domestic violence program experience major slippages, the PBS should be somewhat more enlightening about the reasons why, particularly given senators’ long term

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20 Prime Minister’s portfolio, *Portfolio Budget Statements 2000-01*, p. 16.

interest in the area. Later Mr Henderson explained that, while the department had a notional disaggregation of the sub-elements of women's programs, there needed to be flexibility within years between these elements. He promised that the department would consider disaggregating women's programs but warned that 'it is sensible program management to give us a bit of flexibility as between programs'.<sup>21</sup>

Senators continue to seek 'line item' information which has not been provided in the PBS for some time. DOFA's PBS were criticised for failing to include an overall cost for legal services. Officers indicated that the price of legal services was spread across each of the outputs, though Ms Mason was able to provide an estimate for the department for the year. By and large, senators are prepared to accept that in the time available for their preparation, the PBS cannot and should not attempt to cater to every likely senatorial question. They can realistically expect, however, that agencies come to estimates prepared to answer questions associated with major cases of public interest, such as this example relating to fraud against the Commonwealth.

#### *Forward estimates*

The question of the provision of forward estimates for the outyears, as recommended by this committee in its most recent report on the PBS,<sup>22</sup> was raised again. DOFA explained that the information was contained in aggregated form in statement 6 of Budget Paper no. 1 and reiterated the government's decision not to require agencies to provide forward estimates in the PBS. Dr Boxall noted the concerns raised and volunteered to advise the government accordingly.<sup>23</sup>

#### *Portfolio responsibilities*

Again the committee noted difficulties in disentangling where the boundaries of responsibility lay for matters which impinged on more than one portfolio. The GST information campaign, with the involvement of the Government Communications Unit within the Department of the Prime Minister and Cabinet and the Australian Taxation Office, was one case; the embedded GST tax savings was another, given Treasury's provision of aggregated figures to DOFA; Employment National, with the involvement of DOFA's Commonwealth Shareholder Advisory Unit and the Department of Employment, Workplace Relations and Small Business, was another.

These confusions do not stop at the hearings. Many questions taken on notice are passed backwards and forwards, often with neither party willing to take responsibility for them. As a matter of course, the committee expects that the initial recipient will liaise with the 'proper' recipient, reach an agreement about responsibility, and then advise the committee accordingly.

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21 Finance and Public Administration Legislation Committee, *Hansard*, 22 May 2000, p. 122.

22 Finance and Public Administration Legislation Committee, *Format of the Portfolio Budget Statements: second report*, 1998.

23 Finance and Public Administration Legislation Committee, *Hansard*, 23 May 2000, p. 148.



### *Treatment of act of grace payments and debt waivers*

Senators queried DOFA about the allocation of \$521,000 for act of grace payments in the PBS and asked what had been spent to date in the current financial year. Dr Wright explained that approvals for act of grace payments and debt waiver are classified together in the budget statements and advised that the total at the end of April was \$46.6 million. One significant transaction had boosted this year's figures, a waiver of the recovery of a loan, principal and interest totalling \$45.45 million that would have remained owing to the Commonwealth by ADI Ltd following the transfer of \$50 million of the organisation's debt to ComLand.

### *Output changes*

A concern of the committee, in its review of the PBS last year, was that outputs would be changed too frequently to allow for valid year-on-year comparisons of expenditure and that performance information would also be non-comparable. It was therefore with some relief that it noted that few changes had been made in the PBS of the portfolios it scrutinises. PM&C added one output to cover its responsibility for the staging of CHOGM; OASITO revised its outputs to reflect the completion of certain asset sales (Australian National Line, Wool International, and ADI) and to accommodate CTC implementation, a responsibility which was transferred to it in May 2000. From the evidence presented in the committee's hearings, the financial implications of the CTC change, which leaves CTC policy advice with the DOFA, have not yet been resolved.<sup>24</sup> The committee notes also that Minister Fahey's budget press release announcing the market testing of Commonwealth activities and services refers to DOFA and OASITO sharing joint responsibility for CTC market testing of corporate services. The departmental budget statements description of 'output 2.1.5 – Competitive Tendering and Contracting Advice' does not reflect the fact that it has shed its implementation role.

### *Presentation*

The quality of the printing of the PBS of the Finance and Administration portfolio was criticised. Senator Ray pointed out that the pie charts and columns were all but unreadable. Mr McAuley of DOFA agreed, and promised that it was an unfortunate occurrence which would not recur.

### *Performance information*

Once again the value of performance indicators such as 'to the minister's satisfaction' was raised. Mr Henderson of PM&C spoke up in defence of the measure, indicating that SES officers and even many middle managers in the department were in regular ongoing contact with the Prime Minister's office and so were getting regular feedback on levels of satisfaction. In particular, notetakers in Cabinet meetings were in a position to assess whether the departmental brief was useful. But as Senator Murray pointed out, this is an internal perspective:

The quality appraisal says the degree of the Prime Minister's satisfaction – nobody else's – with visits to Australia by heads of state and government ... it might be, from the Prime Minister's perspective, that he would have thought it was a wow,

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24 Finance and Public Administration Legislation Committee, *Hansard*, 24 May 2000, p. 377.

but the public, commentators, voters at large or the parliament might have a different opinion. What I am really searching for is whether you are satisfied that in all the circumstances these quality appraisals will end up having any meaning, will be meaningful in the sense of their relationship to appropriations and value for money ... and effectiveness.<sup>25</sup>

Mr Henderson suggested that, while the department would not be instigating check boxes on ministerials to attempt to quantify the degree of satisfaction, he believed that the increased focus on outputs and outcomes had made the department more conscious of performance management.

Quality indicators for OSW also concentrated on ministerial satisfaction and feedback from stakeholders on the consultation processes and on the quantity and diversity of the information disseminated. While the committee will be interested to read OSW's assessment of its achievements against these indicators in the 2000-01 annual report, it would also like to be able to identify OSW's contribution to the achievement of outcomes such as the level of reported domestic violence, the reduction of which is surely the ultimate objective. One senator articulated this in her comments:

I would like to see [the office] a little bit more energetic and a bit more outcome focussed...we need to know that there is a rigorous and robust defence of the women's policy'.<sup>26</sup>

### **Accounting issues**

Senators questioned GST transitional funding arrangements and the classification of the \$1.655 billion in question as a 'loan'. There has been a groundswell of opinion from state Auditors-General to the effect that it should be treated in accounting terms as a grant. The Australian National Audit Office indicated that such an approach was 'persuasive, but ... not definitive'.<sup>27</sup> Representatives of the office further reminded the committee that the Auditor-General had been obliged to qualify the whole-of-government accounts last year in respect of the revenue recognition issue.

Another accounting issue raised was whether the valuation of Telstra at historic cost rather than market value was appropriate. Mr McPhee of the ANAO suggested the accounting standards offered a choice of valuation methodology. He also agreed that a low value of Telstra, based on historic cost, made the net financial position of the Commonwealth look worse than it was in reality.<sup>28</sup>

Valuations were also questioned in the examination of the Governor-General's Office and PM&C. The end of financial year valuation of Government House will be ascertained by using the 'deprival method', the committee was told, but it was unclear what assumptions would be used to arrive at valuations for buildings which are part of the National Estate.

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25 Finance and Public Administration Legislation Committee, *Hansard*, 22 May 2000, p. 64.

26 *ibid*, p. 121.

27 Finance and Public Administration Legislation Committee, *Hansard*, 24 May 2000, p. 347.

28 *ibid*, p. 350.

**Acknowledgment**

The committee expresses its appreciation of the assistance given by officers of the Department of Finance and Administration at a pre-hearing briefing on Thursday 18 May 2000.

**Questions on notice and supplementary hearings**

The committee has set 28 June 2000 as the date by which responses to questions on notice should be received. If a supplementary hearing is required, it will be held on 29 November 2000. The committee also advises that those agencies which the committee was unable to examine on this occasion – namely the Office of National Assessments, the Commonwealth Ombudsman and the Public Service and Merit Protection Commission - may be called to give evidence on that date.

**Senator Brett Mason**  
**Chairman**