

Public Accounts Chairman

responds on accountability

In February 2000, the Joint Committee of Public Accounts and Audit released its report on corporate governance arrangements for government business enterprises. An article on the report was included in the March/April 2000 issue of *About the House*. After the report's release, a newspaper article appeared in Melbourne's *Herald Sun* commenting on some of the issues raised in the report. Bob Charles, Chairman of the Joint Committee of Public Accounts and Audit, has provided the following response to comments about public accountability made in that article.

In a recent newspaper article (*Herald Sun*, 14 March 2000) the Clerk of the Senate, Harry Evans, raised concerns about the growing use of commercial-in-confidence status as a means of reducing public accountability. The article appeared under the banner 'Federal MPs are failing in their role of watchdogs of public money because of the growing excuse of commercial confidentiality'.

In that article, Mr Evans suggested that, in order to avoid parliamentary scrutiny of their activities, there has been an increasing tendency for publicly owned bodies to argue that information is commercial-in-confidence. Mr Evans commented that "claims of confidentiality have been extended far beyond their proper bounds. It is now regularly claimed that commercial information is confidential regardless of whether any damage would be caused by its disclosure."

As part of the article, Mr Evans seems to suggest that the Joint Committee of Public Accounts and Audit (JCPAA) may be succumbing to arguments that there are valid grounds for reducing scrutiny of executive government when commercial-in-confidence excuses are raised. In particular, he draws attention to the JCPAA's recommendation 6 in *Report 372, Corporate Governance and Accountability Arrangements for Commonwealth Government Business Enterprises*.^{*} In my view, Mr Evans' conclusions are inaccurate and he is extremely selective in his use of information taken from *Report 372*. In short, his article offers little insight into public accountability.

In responding to Mr Evans' claims, it should be recognised that the JCPAA has a proud record of promoting and seeking to strengthen public accountability of executive government. For example, some recent recommendations that support this include:

- the provision that the Auditor-General have access to contractors' records and premises was noted in *Report 368, Review of Audit Report No. 34, New Submarine Project*;
- greater accountability and performance assessment of agency Chief Executive Officers noted in *Report 363, Asset Management by Commonwealth Agencies* and *Report 369, Australian Government Procurement*; and
- the need for improved departmental reporting noted in *Report 369*.

Mr Evans failed to note that in 1995 the Senate's own Procedure Committee concluded that government business enterprises (GBEs) such as Australia Post and Telstra that are 'off-budget' should not be subject to the scope of estimates hearings. The members of the Procedure Committee at the time included the then President and Deputy President of the Senate.

On a more serious point, Mr Evans only quotes part of the JCPAA's recommendation 6 in *Report 372*. This recommendation stated: "that the Minister for Finance and Administration develop draft guidelines for the scrutiny of Parliamentary Committees of commercially confidential issues relating to GBEs. The draft guidelines should be submitted to the Joint Committee of Public Accounts and Audit for approval." Mr Evans failed to mention that important last sentence of the recommendation. The Members and Senators of the JCPAA will retain control of the level and effectiveness of accountability by assessing and, if necessary, making changes to the guidelines.

The JCPAA is intent on strengthening public accountability of the executive. In regards to the scrutiny of GBEs, I am not convinced that Senate Committees performing their estimates functions are the most effective means of scrutinising GBEs. But let it be clearly understood that I am not advocating less public scrutiny. The emphasis should be on quality. The Senate References and Legislation Committees conduct specific inquiries which should include, where necessary, scrutiny of off-budget agencies. These committees, conducting dedicated inquiries, have more time to develop effective investigative strategies, seek alternative views from government and draw more reasoned conclusions. GBEs can be more effectively scrutinised through these types of parliamentary inquiries.

Bob Charles, MP
Chairman, Joint Committee of Public Accounts and Audit

^{*} *Report 372, Corporate Governance and Accountability Arrangements for Commonwealth Government Business Enterprises* is available from the Public Accounts and Audit Committee's web site at www.aph.gov.au/house/committee/jpaa or by contacting the Committee secretariat, telephone (02) 6277 4615 or email: jcpa@aph.gov.au