LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

The Presentation and Framework of the Capital Works Program

STANDING COMMITTEE ON FINANCE AND PUBLIC ADMINISTRATION (INCORPORATING THE PUBLIC ACCOUNTS COMMITTEE)

Public Accounts Committee Report Number 27

August 2001

RESOLUTION OF APPOINTMENT

The Standing Committee for the Chief Minister's Portfolio was appointed by the Legislative Assembly on 28 April 1998 to examine any matter under the responsibility of the Chief Minister's portfolio. The Assembly also resolved that the committee perform the duties of a public accounts committee, specifically:

(a) to examine:

- (i) the accounts of the receipts and expenditure of the Australian Capital Territory;
- (ii) the financial affairs of authorities of the Australian Capital Territory; and
- (iii) all reports of the Auditor-General which have been laid before the Assembly;

(b) to report to the Assembly, with such comments as it thinks fit, on any items or matters in those accounts, statements and reports, or any circumstances connected with them, to which the Committee is of the opinion that the attention of the Assembly should be directed; and

(c) to inquire into any question in connection with the public accounts which is referred to it by the Assembly and to report to the Assembly on that question.

On 26 November 1999, the Assembly retitled the committee as the Standing Committee on Finance and Public Administration (Incorporating the Public Accounts Committee), omitted reference to matters under the responsibility of the Chief Minister's portfolio and included reference to women's affairs, Aboriginal and Torres Strait Islander issues, asset management, gaming and racing and any other related matter.

MEMBERSHIP OF THE COMMITTEE

Mr Ted Quinlan MLA Committee Chair

Mr Trevor Kaine MLA Deputy Committee Chair

Mr Greg Cornwell MLA

Secretary: Maureen Weeks

1. INTRODUCTION

1.1. On 26 November 1998 the Chair made the Assembly aware of the Committee’s intention to examine the form and content of the draft capital works program. In particular, the Committee was interested in considering how information might be provided in the capital works budget so that previous year’s budget can be readily reconciled with the current year.

Background

1.2. In the previous Assembly it had been the practice of the planning committee to inquire into and report on the draft capital works program. Indeed, when the Assembly was informed of the Committee’s intention, it debated whether the Speaker should be called upon to determine if this committee or the Standing Committee on Urban Services should be charged with the inquiry. That motion was not agreed to and the Committee was able to undertake the inquiry.

1.3. During the debate it was clearly established that the Chief Minister’ Department (the Office of Financial Management (OFM)) had the responsibility for preparing the capital works budget on a whole of government basis. This Committee has responsibility for matters falling within the Chief Minister’s portfolio.

1.4. The committee’s interest lay not in the detail such as the proposals funded by the budget but more in establishing a transparent capital works budget. Capital works projects by their very nature regularly extend beyond one financial year and often over several. The Committee believes that it essential that in order for the Assembly to effectively pursue its scrutiny role of the budget it should be presented with one were continuing projects can readily be identified, together with any new expenditure.

Conduct of Inquiry

1.5. The Committee had difficulty in making a clear reconciliation of projects between successive financial years and, through the Chief Minister, sought the assistance of OFM in outlining how projects are tracked across years and how priorities are reconfirmed between years.

1.6. OFM accepted the Committee’s concerns and undertook to redesign the 1999-2000 capital works program to include the acquittal of programs, to avoid artificial staging of projects and to show gross costs of projects and financial contributions to be made from non ACT Government sources.

1.7. Following further discussions with OFM the Committee was provided with a draft layout of the content, and presentation, of future capital works programs. However, the Committee was not satisfied with the proposed changes, as it still did not provide a “closed system” that allowed the necessary reconciliation to be made between periods.

1.8. The Committee continued its discussions with OFM. It developed an outline of the matters which could usefully be incorporated in the format of the draft capital works program in order to more effectively communicate the Government's intentions with the program.

1.9. The outline (attached) was discussed in detail with officers of OFM. The Office assessed the practicability and viability of the outline as a means of tracking projects across financial years in terms of progress with and accountability of the capital works program.

1.10. OFM subsequently advised that the Committee's request was timely in respect of work currently being undertaken with regard to tracking and reporting of expenditure on capital investment, and that the information sought by the Committee would be made available during the course of the financial year on a quarterly basis[1].

1.11. OFM advised that during the 1999-2000 year there would be quarterly progress reports for those projects which are continuing from a previous year as well as reports on new projects.

1.12. The Committee recognised this as a substantial advance on previous practice although it retained concerns about tracking significant changes to the capital works program. In particular, the Committee was concerned to ensure that projects brought into the capital works program are not altered or do not fall from the program without an appropriate notation in the system to identify their changes.

1.13. The Committee was assured that alterations to the original capital works program such as project substitutions and project delays are being continually monitored and agency explanations sought on the underlying reasons for changes[2].

1.14. Since June 1999 the Treasurer has been providing the Assembly with the quarterly reports on the Capital Works Program, together with the "Call Tender Report" early in each financial year. The quarterly report provides not only the state of play for programs by departments, but also alterations to the programs. While the Committee acknowledges that this is an improvement on the process that existed in 1998 when the Committee commenced the inquiry it still considers that it falls short of an ideal.

Consultation with the Standing Committee on Planning and Urban Services

1.15. At the end of 1998 the Committee invited the Standing Committee on Planning and Urban Services to comment on the Committee's outline draft capital works program (attached). The Planning and Urban Services Committee responded the outline appeared useful, however, it would like to examine the proposal more closely in 1999. The Committee's response also suggested that further consultation and discussion take place between the two committees about the draft format.

[1] Under Treasurer, Correspondence dated 12 February 1999.
[2] Under Treasurer, Correspondence, dated 21 April 1999.

1.16. In March 1999, this Committee conveyed the OFM response to the Standing Committee on Planning and Urban Services which endorsed the OFM proposal to provide quarterly progress reports on the capital works program.

2. CONCLUSION

2.1. The Committee acknowledges that there have been advances in achieving a capital works program that is presented in a manner that improves accountability. However, it is of the view that further work is required to develop a “closed system” which provides a ready means of tracking both the project and its budget across financial years.

2.2. For over a year now the Committee has not actively pursued the inquiry and it regrets that the matter has not been resolved to completion.

Ted Quinlan MLA
Chair

27 August 2001

ATTACHMENT

CAPITAL WORKS BUDGET

Projects Under Consideration for Approval - Beginning of Period

*Projects Approved **

*Project Proposals Modified and Approved **

- reasons for modification

Projects Rejected

- reasons for rejection

New Projects Under Consideration

Projects Under Consideration for Approval - End of Period

Approved Projects - Beginning of Period

Original Approved Gross Expenditure

Subsequent Approval Revisions

- reasons for revision

Previous Expenditure to Date

Budgeted Expenditure - this Period

Actual Expenditure - this Period

- Project Completed ?

Under/Over Expenditure

- reasons for Variation

Budgeted Expenditure - future periods

Approved Projects where Approval Reversed

- reasons for withdrawal of Approval

New Projects Approved (*)

Gross Expenditure Approved

Budgeted Expenditure - this Period

Actual Expenditure - this Period

Under/Over Expenditure

- reasons for Variation

Budgeted Expenditure - future periods

New Capital Budget

Gross Expenditure Approved

Budgeted Expenditure - next period

Budgeted Expenditure - future periods