



Australian Federal Integrity Commission

Party:

Independent Member for Indi

Summary of proposal:

The proposal would establish an Australian Federal Integrity Commission (AFIC) with functions as follows:

- The AFIC would be an independent statutory agency responsible for implementing a new national integrity strategy and preventing corruption in federal public administration.
 - The AFIC framework would include a comprehensive anti-corruption research program, the creation of a national anti-corruption action plan, and dedicated education, training and prevention functions. AFIC would also have strong investigatory powers to allow it to hold hearings and make findings in relation to allegations of serious and/or systemic corruption in federal public administration.
- AFIC would require eight statutory leadership appointments and employ around 197 staff.
 - The Australian Commission for Law Enforcement Integrity (ACLEI) would be subsumed into AFIC. ACLEI's funding and current staff would be redirected to AFIC less any merger related savings.
- Funding of \$14.5 million each year would be provided for external legal, research, policy advice contracting and independent auditing services.
- A Corporate Services and Facilities branch would also require funding to manage travel expenses and other contracting services. This funding would be indexed over time.

AFIC funding would be indexed by CPI.

The proposal would begin on 1 October 2022.

Detailed policy specifications are provided at Attachment B.

Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by around \$155 million over the 2022-23 Budget forward estimates period. This impact entirely reflects an increase in departmental expenses.

This financial impact relates to the proposal's staffing and specified operating costs only. Costs of accommodating staff have not been included in this costing because of the high level of uncertainty surrounding cost of constructing, leasing and fitting out suitable buildings.

The proposal would have ongoing financial impacts beyond the 2022-23 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2032-33 is provided at Attachment A.

This costing's estimates are relatively certain as they are largely based on specified staff numbers and the average cost of employing each person. Each staff member's average cost amount, over the

medium term in particular, is moderately sensitive to wage cost indexation rates and the effect of the efficiency dividend.

Table 1: Financial implications (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	Total to 2025-26
Fiscal balance	-37.5	-37.2	-38.9	-41.7	-155.3
Underlying cash balance	-37.5	-37.2	-38.9	-41.7	-155.3

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

- Indicates nil.

Key assumptions

The Parliamentary Budget Office has made the following assumptions in costing this proposal.

- There would be a 20% saving in corporate costs from ACLEI being subsumed by AFIC in 2022-23.
- Remuneration for the new statutory appointments would be comparable to similar existing full-time public office appointments.
- AFIC's travel and contracting services (including annual audit and printing services)¹ are estimated to cost \$10 million per annum.

Methodology

Staffing costs were calculated by multiplying the specified number of staff within each agency by average staffing costs for each APS level.

The average staffing costs for each APS employee are included in the standard departmental costing template provided by the Department of Finance over the 2022-23 Budget forward estimates period. The PBO extended this costing template beyond the forward estimates period by indexing costs and allowing for the impact of the efficiency dividend. The costing template includes: base salary amounts, superannuation, long service leave, staff training and development, HR support, organisational services and ICT services on a per employee basis.

Remuneration for the new statutory appointments was estimated using publicly available information about the remuneration of other full-time public office appointments, which were also determined by the Remuneration Tribunal.

Funding to AFIC is indexed by CPI as specified.

Funding is available from the Contingency Reserve for the establishment of a Commonwealth Integrity Commission. This has been treated as a savings for the proposal.

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.²

¹ All other operational expense amounts were explicitly specified in the proposal.

² https://www.apf.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information

Data sources

Australian Commission for Law Enforcement (2021) [Annual Report of the Integrity Commissioner 2020-21](#), Australian Commission for Law Enforcement, accessed on 10 April 2022.

Department of Finance (2022) [Portfolio Budget Statements 2022-23](#), Department of Finance.

Remuneration Tribunal, 2021. Remuneration Tribunal (Remuneration and Allowances for Holders of Full-time Public Office Determination 2021).

The Department of Finance provided indexation parameters and departmental appropriations as at the *Pre-election Economic and Fiscal Outlook 2022*.

Attachment A – Australian Federal Integrity Commission – financial implications

Table A1: Australian Federal Integrity Commission – Fiscal and underlying cash balances (\$m)^(a)

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Expenses													
Departmental													
<i>Australian Federal Integrity Commission</i>	-69.0	-80.0	-82.0	-85.0	-87.0	-89.0	-91.0	-93.0	-95.0	-98.0	-100.0	-316.0	-969.0
<i>Australian Commission for Law Enforcement Integrity</i>	18.5	24.8	25.1	25.3	25.6	25.8	26.1	26.3	26.6	26.8	27.1	93.7	278.0
<i>Commonwealth Integrity Commission</i>	13.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	67.0	193.0
Total – expenses	-37.5	-37.2	-38.9	-41.7	-43.4	-45.2	-46.9	-48.7	-50.4	-53.2	-54.9	-155.3	-498.0
Total (excluding PDI)	-37.5	-37.2	-38.9	-41.7	-43.4	-45.2	-46.9	-48.7	-50.4	-53.2	-54.9	-155.3	-498.0

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

- Indicates nil.

Table A2: Australian Federal Integrity Commission – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
<i>Fiscal balance</i>	-0.4	-1.3	-2.2	-3.1	-4.2	-5.5	-6.9	-8.5	-10.4	-12.5	-15.1	-7.0	-70.1
<i>Underlying cash balance</i>	-0.4	-1.2	-2.1	-3.0	-4.1	-5.3	-6.7	-8.3	-10.1	-12.2	-14.8	-6.7	-68.2

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the table above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary³.
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.
- Indicates nil.

³ [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)

Attachment B – Detailed policy specification

- The AFIC executive would comprise the following full-time Canberra based statutory appointments, whose salaries would be determined by the Remuneration Tribunal.
 - Australian Federal Integrity Commissioner (Chair)
 - Law Enforcement Commissioner (currently the ACLEI Commissioner)
 - Whistle-blower Protection Commissioner
 - Assistant Commissioner for Public Interest and Research
 - Assistant Commissioner for Assessment and Referrals
 - Assistant Commissioner for Education, Training and Prevention
 - Chief Executive Officer
 - AFIC Parliamentary Inspector.
- AFIC would include the following sub-branches and staffing requirements:
 - Offices of the Commissioners, Assistant Commissioners and CEO
 - the Commissioner will need an Executive Officer (EL1) and Executive Assistant (APS5)
 - the Commissioners and CEO would have an Executive Support and Secretariat Unit to manage correspondence, internal reporting and Commissioner meetings. This would require a unit head (EL1) and 2 supporting staff across the APS4 to EL1 levels.
 - Corporate Services and Facilities
 - Branch Head – 1 x SES1
 - Media and Communications – 1 x EL2, 4 supporting staff across APS4 to EL1
 - Information Technology – 1 x EL2, 4 supporting staff across APS4 to EL1
 - Building Services – 1 x EL2, 4 supporting staff across APS4 to APS6
 - Procurement and Contracting – 1 x EL2, 2 supporting staff across APS5 to EL1
 - Human Resourcing – 1 x EL2, 4 supporting staff across APS5 to EL1
 - Reception and Front Security – 1 x EL1, 4 supporting staff across APS4 to APS6
 - Hearings Operations – 1 x SES1, 1 x EL2, 4 supporting staff across APS4 to EL1
 - Corporate Counsel – 1 x SES1, 1 x EL2, 4 supporting staff across APS4 to EL1 – all legal.
 - Whistleblower Protection Unit
 - Branch Head – 1 x SES1
 - Advice and Support – 1 x EL2, 10 supporting staff across APS4 to EL1.
 - Assessment and Investigations
 - Branch Head – 1 x SES1
 - Outbound Referrals – 3 x EL2, 10 supporting staff across APS4 to EL1.
 - Investigations – 2 x SES1, 8 x EL2, 30 supporting staff across APS4 to EL1 – all legal

- Operations and Warrants – 2 x EL2, 5 supporting staff across APS4 to EL1
 - an external legal contracting budget of \$5 million per year.
- Public Interest Research
 - Branch Head – 1 x SES1
 - Internal Research – 3 x EL2, 8 supporting staff across APS4 to EL1
 - External Research – 3 x EL2, 8 supporting staff across APS4 to EL1
 - an external research contracting budget of \$5 million per year.
- National Policy and Stakeholder Coordination
 - Branch Head – 1 x SES1
 - Policy – 3 x EL2, 8 supporting staff across APS4 to EL1
 - Stakeholder Coordination – 2 x EL2, 6 supporting staff across APS4 to EL1
 - an external policy contracting budget of \$2 million per year.
- Education, Training and Prevention Initiatives
 - Branch Head – 1 x SES1
 - Education and Training – 2 x EL2, 6 supporting staff across APS4 to EL1
 - Prevention Initiatives – 2 x EL2, 6 supporting staff across APS4 to EL1
 - an external contracting budget of \$2 million per year.
- ACLEI would be entirely subsumed by AFIC
 - ACLEI’s entire funding would be reallocated to AFIC less any merger related corporate cost savings.
- AFIC would have its own building in Canberra with a bespoke high-tech hearing room and a public gallery (around 50 observers), and 2 smaller hearing rooms (around 10 observers).
- AFIC would also have a smaller corporate presence in Sydney, Melbourne, Brisbane and Perth with no hearing rooms.
- The AFIC Parliamentary Inspector would be based in Parliament House and would have functions similar to other Parliamentary Inspectors. This would require a generous budget to be able to engage high-quality independent auditing services to assess whether AFIC has enough resources to fulfil its stated purposes under the Act every three years (estimated at \$500,000 per year).
- A new Parliamentary Joint Committee for the Australian Federal Integrity Commission would also be created and would need a dedicated secretariat function.