

The Senate

Finance and Public Administration
Legislation Committee

Additional estimates 2013–14

March 2014

© Commonwealth of Australia 2014

ISBN 978-1-74229-963-1

Senate Finance and Public Administration Committee Secretariat:

Ms Lyn Beverley (Secretary)

Ms Margaret Cahill (Research Officer)

The Senate

PO Box 6100

Parliament House

Canberra ACT 2600

Ph: 02 6277 3530

Fax: 02 6277 5809

E-mail: fpa.sen@aph.gov.au

Internet: www.aph.gov.au/senate_fpa

Printed by the Senate Printing Unit, Parliament House, Canberra.

Membership of the Committee

Members

Senator Cory Bernardi (Chair)	LP, SA
Senator the Hon Kate Lundy (Deputy Chair)	ALP, ACT
Senator Bridget McKenzie	NAT, VIC
Senator Lee Rhiannon	AG, NSW
Senator Dean Smith	LP, WA
Senator Mehmet Tillem	ALP, VIC

Senators in attendance

Senators Bernardi (Chair), Lundy (Deputy Chair), McKenzie, Rhiannon, Smith, Tillem, Boswell, Bushby, Collins, Dastyari, Faulkner, Heffernan, Kroger, Ludlam, Ludwig, Madigan, McLucas, Moore, O'Neill, Parry, Peris, Seselja, Siewert, Wong, Xenophon

Table of Contents

Membership of the Committee	iii
Chapter 1.....	1
Additional Estimates 2013–14	1
Portfolio coverage	1
Portfolio Additional Estimates Statements.....	2
Hearings.....	2
Questions on notice and Hansard transcripts	3
Note on references	3
Chapter 2.....	5
Parliamentary departments and portfolio issues	5
Parliamentary departments, 24 February 2014.....	5
Prime Minister and Cabinet Portfolio, 24 February 2014	6
Finance Portfolio, 25 February 2014.....	8
Cross Portfolio Indigenous Matters, 28 February 2014	11
Appendix 1	13
Departments and agencies under the Committee's oversight	13
Parliamentary Departments	13
Prime Minister and Cabinet Portfolio	13
Finance Portfolio	14
Appendix 2.....	15
Tabled documents.....	15
Monday, 24 February 2014	15
Tuesday, 25 February 2014	15
Friday, 28 February 2014	15

Chapter 1

Additional Estimates 2013–14

1.1 On 13 February 2014 the Senate referred the following to the Senate Finance and Public Administration Legislation Committee (the committee) for examination and report:

- Advances provided under the annual Appropriation Acts—Report for 2012–13;
- Particulars of proposed additional expenditure in respect of the year ending on 30 June 2014 [Appropriation Bill (No. 3) 2013–2014];
- Particulars of certain proposed additional expenditure in respect of the year ending on 30 June 2014 [Appropriation Bill (No. 4) 2013–2014];
- Particulars of proposed additional expenditure in relation to the parliamentary departments in respect of the year ending on 30 June 2014 [Appropriation (Parliamentary Departments) Bill (No. 2) 2013–14]; and
- Final Budget Outcome 2012–13.

Portfolio coverage

1.2 The committee has responsibility for examining the expenditure and outcomes of the following:

- Parliament;¹
- Prime Minister and Cabinet Portfolio;
- Finance Portfolio; and
- Cross Portfolio Indigenous Matters.

Variations to portfolios

1.3 The committee notes that since the last estimates hearings in November 2013, the following changes to the Prime Minister and Cabinet Portfolio have occurred. On 17 December 2013 the Government announced funding for the Coordinator-General for Remote Indigenous Services would cease, with the role and function of the Coordinator-General concluding on 31 January 2014.² Also, following amendments to the Administrative Arrangements Order on 12 December 2013, the Australian Institute of Aboriginal and Torres Strait Islander Studies moved to the Education Portfolio.³

1 As a matter of comity between the Houses neither House inquires into the operations of the other House. For this reason, neither the annual report of, nor the proposed expenditure for, the Department of the House of Representatives is referred to a Senate committee for review.

2 *Portfolio Additional Estimates Statements 2013-14*, Prime Minister and Cabinet Portfolio, p. 4.

3 *Administrative Arrangements Order*, 12 December 2013, p. 12.

Portfolio Additional Estimates Statements

1.4 The Portfolio Additional Estimates Statements for 2013-14 for the Prime Minister and Cabinet Portfolio, the Finance Portfolio and the Department of Parliamentary Services were tabled in the Senate on 13 February 2014.

Hearings

1.5 The committee held public hearings on 24, 25 and 28 February 2014. The parliamentary departments and the Prime Minister and Cabinet Portfolio (excluding Indigenous matters) were examined on 24 February, the Finance Portfolio was examined on 25 February, and the Cross Portfolio Indigenous Matters hearing was held on 28 February 2014.

1.6 The committee took evidence from the President of the Senate, Senator the Hon John Hogg, and the following Ministers accompanied by officers of relevant departments and agencies:

- Senator the Hon Eric Abetz, the Minister for Employment and Minister Assisting the Prime Minister for the Public Service, representing the Prime Minister;
- Senator the Hon Michaelia Cash, Assistant Minister for Immigration and Border Protection, and Minister Assisting the Prime Minister for Women;
- Senator the Hon Mathias Cormann, Minister for Finance;
- Senator the Hon Michael Ronaldson, Minister for Veterans' Affairs and Special Minister of State; and
- Senator the Hon Nigel Scullion, Minister for Indigenous Affairs.

1.7 The committee expresses its appreciation for the assistance of the President, Ministers and the officers who appeared.

1.8 Over the course of the hearings, the committee took evidence from the following departments and agencies:

Parliamentary departments

- Department of the Senate
- Parliamentary Budget Office
- Department of Parliamentary Services

Prime Minister and Cabinet Portfolio

- Office of the Official Secretary to the Governor-General
- Department of the Prime Minister and Cabinet (including the Office for Women and excluding Outcome 2 – Indigenous)
- Australian National Audit Office
- Australian Public Service Commission
- Office of the Inspector-General of Intelligence and Security

Finance Portfolio

- Medibank Private Limited
- Department of Finance
- ComSuper
- Future Fund Management Agency
- Australian Electoral Commission
- ASC Pty Ltd

Cross Portfolio Indigenous Matters

- Department of the Prime Minister and Cabinet (Outcome 2 – Indigenous)
- Department of Health (in relation to Indigenous Health issues)
- Indigenous Land Corporation
- Indigenous Business Australia

1.9 The Office of National Assessments was released prior to its appearance time, while the COAG Reform Council Secretariat, the Office of the Commonwealth Ombudsman and the Commonwealth Superannuation Corporation attended but did not receive any questions.

Questions on notice and Hansard transcripts

1.10 The committee has set 11 April 2014 as the date for the return of answers to questions on notice arising from the Additional Estimates 2013–14 hearings. This information, together with the Hansard transcripts of proceedings of hearings, are published on the committee's website at:

www.aph.gov.au/Parliamentary_Business/Senate_Estimates/fapacte/estimates/add1314/index

Note on references

1.11 References to the estimates Hansard are to the proof Hansard; page numbers may vary between the proof and the official Hansard transcript.

Chapter 2

Parliamentary departments and portfolio issues

2.1 This chapter lists some of the key issues raised for each department and agency examined during the committee's hearings on the Additional Estimates 2013–14.

Parliamentary departments, 24 February 2014

Department of the Senate

- Impact of the increased efficiency dividend, particularly in the area of staffing costs (p. 3)
- The case for an independent Parliamentary budget process (p. 3)
- Staffing – ongoing/non-ongoing, rotations, recruitment, special placement programs (pp 4-5)
- Occasional Lecture Series program – selection of topics and speakers, attendance figures, payment to speakers (pp 6-7)
- Senate Committee inquiries running in parallel to government inquiries (pp 6-7)
- Senate Select Committee quorum requirements contained in the inquiry terms of reference (p. 8)
- The Clerk's response to the Hansard Trial on removing editors from the chambers (p. 9)
- The practice of Senate daily prayers (pp 10-11)
- Senate committee inquiries and activity levels (p. 11)

Parliamentary Budget Office

- Parliamentary Budget Office (PBO) workplan (pp 13, 18)
- Updated protocols governing the engagement between Commonwealth bodies and the Parliamentary Budget Officer (p. 14)
- The PBO's media release of 29 August 2013 stating the PBO will not prepare costing of policies attributed to an individual parliamentarian or political party without the knowledge and active participation of that parliamentarian or political party in the costing process (pp14-15)
- PBO's engagement/involvement in the Commission of Audit process (pp 15-16)
- Costing requests (pp 17-18)
- Staffing and recruitment (p. 18)

Department of Parliamentary Services

- Catering contracts and allegations of fraudulent actions under a previous catering contract (pp 21-22)
- Proposed changes to security arrangements, in particular new screening processes for entry to the building and perimeter security (pp 22-26)
- Status of the temporary relocation of the switchboard/telephones services staff (pp 26-27)
- Date when the Australian-made crockery donated by Senators Madigan and Xenophon will be used in the Members' Guests Dining Room (pp 27-28)
- Tender process for the provision of the Australian flag flown above Parliament House (pp 28-30)
- Provision of equipment and data plan for the Coalition Advisory Service (pp 31-35)
- Monitoring of the Parliament House email system and establishment of email accounts for new staff (pp 36-37)
- Department of Parliamentary Services branded chocolates (p. 37, 39-40)
- Availability of the after hours IT help desk for Senators' staff (pp 37-38)
- Purchase of leather and upholstery fabric (p. 39)
- Details of refurbishment work in the Prime Minister's suite and other special suites (pp 42-49)
- Commission of official portraits of former Prime Ministers Rudd and Gillard, former Speaker Burke and outgoing Governor-General Bryce (pp 49-50)
- Update on the Hansard Trial to remove editors from the chambers (pp 50-54)
- New bookcases for the Attorney-General (pp 54-56)

Prime Minister and Cabinet Portfolio, 24 February 2014***Office of the Official Secretary to the Governor-General***

- Processes for the announcement of Victoria Cross Award (pp 63-64)
- Staffing and staff turnover (pp 64, 66-67)
- The Governor-General's offer to resign on the basis of a perception of a conflict of interest (p. 65)
- The Governor-General's participation in the Boyer Lectures (pp 65-66)
- Processes for awarding the Cross of Valour (p. 66)
- Consultancies (pp 67-68)

Department of the Prime Minister and Cabinet

Outcome 1

- Royal Commission into the Home Insulation Program summons to the Commonwealth for the provision of documents, including Cabinet documents (pp 68-83)
- Review of the Renewable Energy Target, including processes for selection of review panel (pp 83-91)
- Government Staffing Committee processes, particularly in relation to the appointment of Mr Alastair Furnival (pp 91-105)
- Update on the White Paper on Northern Australia (pp 105-107)
- COAG communiqués in relation to environment policy initiatives (pp 108-109)
- Enforcement of the Code of Conduct for Lobbyists (pp 109-110)
- Process for the commencement of the termination of secretaries after the federal election and during the caretaker period (pp 110-111)
- Grant provided to the Australian Council of Trade Unions to attend the L20 meeting (p. 112)
- Office for Women – staffing and funding, delegation to the Committee on the Elimination of Discrimination Against Women meeting, Women’s Workplace Equity Agency, consultation processes with other departments since moving portfolios, interdepartmental committee on second action plan to reduce violence against women and children (pp 113-118)

Australian National Audit Office

- Follow-up on the implementation of recommendations of the performance audit on CMAX Communications Contract for the 2020 Summit from 2009 (pp 118-119)
- Processes for the determination of the audit program (p. 119)
- Findings from the performance audit on the Administration of the Strengthening Basin Communities (pp 119-120)
- Consultations with the Department of Finance on the development of the rules under the *Public Governance, Performance and Accountability Act 2013* (pp 120-121)

Australian Public Service Commission

- Modelling undertaken looking at the relationship between the cost of jobs and pay rises in the Australian Public Service (pp 121-123)
- Application of section 32 of the *Australian Public Service Act 1999*, concerning public servants who contest an election and their capacity to return to their job if unsuccessful, to Commonwealth employees not employed under that Act (pp 123-124)

- Changed hiring arrangements in the Australian Public Service (pp 124-126)

Office of the Inspector-General of Intelligence and Security

- Inspector-General of Intelligence and Security consideration of the warrant documentation for the raid on the office of Mr Bernard Collaery by the Australian Security Intelligence Organisation (pp 127-128)

Finance Portfolio, 25 February 2014

Medibank Private/Department of Finance

- Sale of Medibank Private – scoping study, sale task force within the Department of Finance, premium increase, impact of a special dividend payment before a possible sale, Newgate Communications contract to provide input to the scoping study (pp 4-12, 17-18)
- Benefit leakage and fraud in the private health insurance sector and Medibank Private’s response (pp 12-13)
- Market share of Medibank Private and growth outlook (pp 13-14)
- AHM brand (pp 15-16)
- Board appointments and directorship term of Ms Jane Harvey (pp 16-17)

Department of Finance

Outcome 1

- Public service job reductions as announced in the 2013-14 budget and 2013 economic statement (pp 18-19)
- Mid Year Economic and Fiscal Outlook – fiscal rules (pp 19-29), details of measures (pp 52-55)
- Estimates variations, particularly in relation to unauthorised maritime arrivals and family tax benefit parts A and B (pp 29-33)
- Processes for limited tenders, particularly in relation to the engagement of Mr Tony Shepherd as Chairman of the Commission of Audit, and Mr Peter Crone as head of the secretariat (pp 34-38)
- Efficiency dividend exemptions (pp 38-39)
- Caretaker period – appointments to boards, grants, contract for the new post-entry quarantine facility in Melbourne (pp 39-40)
- Progress on the Australian Public Service Commission capability review (p. 41)
- Possible release of the Commission of Audit report on phase 1 (pp 51-52)
- Processes for the decision on the Freedom of Information request no. 13/97 for the incoming government brief, different process from the release of the previous incoming government brief (pp 57-60)

-
- Establishment of a deregulation unit in the department and internal and external processes for dealing with deregulation and reducing 'red tape' (pp 60-64)
 - Shared outcomes trial concerning regional development (pp 64-65)
 - Update on the private health insurance rebate expenditure model (p. 66)
 - Closure of four onshore detention facilities with savings of \$89.7 million over the forward estimates (p. 66)
 - Savings over the forward estimates from coordinated procurement arrangements (p. 67)
 - Interim guidelines on advertising released in November 2013 (p. 67)
 - Completion of the grants review (pp 68-69)
 - Central process for consideration of campaign information and advertising (pp 70)
 - Decision to increase the minimum contract value for publication on AusTender from \$10,000 to \$20,000 (p. 71)
 - Job reductions in the department over the forward estimates, in particular, areas of capability or prioritisation criteria for allocating redundancies or other forms of job reductions (pp 72-73)

Outcome 2

- New profile for equity investments in the National Broadband Network over the forward estimates (p. 75)
- Remediation work at The Lodge and John Gorton House (p. 76)
- Determination of dividend levels for Government Business Enterprises (p. 77)
- Mangles Bay Marina project at Cape Peron in Western Australia (pp 79-81)
- Update on Australian Security Intelligence Organisation building project (p. 81)
- Update on the Kenbi land claim (pp 81-82)
- Process for proposal and approval of refurbishment works to be undertaken to official establishments – The Lodge and Kirribilli House (p. 83)

Outcome 3

- Coalition Advisory Service – staffing (p. 84)
- Government Staffing Committee and processes for appointment of ministerial staff, particularly in relation to the appointment of Senator Nash's former Chief of Staff, Mr Alastair Furnival (pp 85-92, 95-108)
- Number of vacancies and staff for Opposition members (p. 93)
- Location of staff in the Prime Minister's office and the Leader of the Opposition's office (pp 93-94)

- Lease negotiation processes for Senators' and Members' offices (pp 93-94)
- Processes for raising allegations of bullying or harassment for MoPS Staff (pp 108-110)
- Number of staff that received redundancy payouts after the change of Prime Ministership to The Hon Kevin Rudd (p. 110)
- Comcar entitlement and usage (p. 110)

ComSuper/Department of Finance

- Reporting of Commonwealth superannuation in the budget papers – accounting treatment (pp 42-49)

Future Fund Management Agency/Department of Finance

- Selection process for filling the Managing Director position which will be become vacant after the departure of Mr Mark Burgess (pp 115-119)
- Salary level of the Managing Director (pp115-116)
- Management of the DisabilityCare Australia Fund by the Future Fund Management Agency (p. 120)
- Emerging markets strategies (p. 120)

Australian Electoral Commission

- The Acting Electoral Commissioner noted in his opening statement the resignation of Mr Killesteyn as Electoral Commissioner and Mr Kramer as the State Manager for Western Australia (p. 123)
- Changes to processes by the Australian Electoral Commission (AEC) to be implemented at the forthcoming Western Australia half Senate election (p. 122)
- Statistics on multiple voting in the last Federal election (pp 122-124)
- Lodgement of financial disclosure returns to AEC – different return periods for different entities and consideration of aligning return periods (p. 124)
- Staff training processes (p. 125)
- Issues with vote counting in the seats of Fairfax and Indi (pp 125-126)
- Cost of Griffith by-election of \$1.194 million (p.126)
- Estimated cost of \$20 million for the new Western Australia half Senate election (p. 127)

ASC Pty Ltd

- Air Warfare Destroyer project budget overspends (p. 129)
- Appointment of Mrs Sophie Mirabella to the ASC Pty Ltd board (p. 130)

Cross Portfolio Indigenous Matters, 28 February 2014

Department of the Prime Minister and Cabinet

Outcome 2

- Justice target (pp 4-5)
- Impact of budget cuts to Aboriginal legal services funding (pp 6-7)
- Alcohol management plans (pp 7-8)
- Status of National Partnership Agreements – NPA on Remote Service Delivery, NPA on Early Childhood Development, and NPA on an Indigenous Clearinghouse (pp 8-9)
- Aboriginal Benefits Account – balance, current policy guidelines, applications approved, decision to overturn grant funding of \$10 million to the MJD Foundation (pp 10-11, 13-15)
- Stronger futures package funding for Northern Australia Aboriginal Justice Agency (pp 11-12)
- National Congress of Australia's First Peoples – capital injection of \$29 million and \$15 million in forward estimates, reserves, sitting fees for members, board meetings, board remuneration, staffing (pp 12-13)
- Township leasing (pp 15-16)
- Discontinuation of the Coordinator-General for Remote Indigenous Services (p. 16)
- Education – impact of teacher cuts in remote schools, school attendance officer program, early childhood education (pp 43-53)
- Employment – job losses as a result of the closure of the Gove Refinery (pp 53-54)
- Housing – tenancy agreements, Machinery of Government changes related to Indigenous housing, NPA on Remote Indigenous Housing, Indigenous Housing Infrastructure Program (pp 55-59)
- Funding announcement for the completion of the Seawalls project in the Torres Strait (pp 59-60)

Department of Health

- Decision not to renew the National Partnership on Closing the Gap in Indigenous Health Outcomes in December 2013, future arrangements (pp 17-21)
- National Aboriginal and Torres Strait Islander Health Plan (pp 18-19)
- Additional health expenditure for MJD (p. 22)
- Renal services (pp 22-24)

Indigenous Land Corporation/PM&C

- Ayers Rock Resort purchase – McGrathNicol Component 2 Report findings, review by Aegis Consulting Group (pp 25-30)
- Transfer of the Koori Job Ready program to the National Centre for Indigenous Excellence (pp 30-32)
- Ernst & Young Review of Indigenous Land Corporation and Indigenous Business Australia (pp 33-36)

Indigenous Business Australia/PM&C

- Ernst & Young Review of Indigenous Land Corporation and Indigenous Business Australia (p. 37)
- Home Loan Program (pp 37-38)
- Financial statements – cash and term deposit holdings (p. 38)
- Expenditure on taxis (pp 38-39)
- Tjakpukai Aboriginal Cultural Centre – redevelopment, concerns by local community about direction of the centre, allegations of harassment by management of local employees (pp 40-41)
- Business loan with an entity of the Lhere Artepe Aboriginal Corporation (pp 42-43)

Senator Cory Bernardi
Chair

Appendix 1

Departments and agencies under the Committee's oversight

Parliamentary Departments

- Department of the Senate
- Parliamentary Budget Office
- Department of Parliamentary Services

Prime Minister and Cabinet Portfolio

- Department of the Prime Minister and Cabinet
- Australian National Audit Office
- Australian Public Service Commission
- COAG Reform Council Secretariat
- Defence Force Remuneration Tribunal (APSC secretariat)
- Independent National Security Legislation Monitor
- National Australia Day Council
- Office of the Commonwealth Ombudsman
- Office of the Inspector-General of Intelligence and Security
- Office of National Assessments
- Office of the Official Secretary to the Governor-General
- Remuneration Tribunal (APSC secretariat)

Indigenous agencies

- Aboriginal Hostels Limited
- Aboriginal Land Commissioner
- Anindilyakwa Land Council
- Central Land Council
- Indigenous Business Australia
- Indigenous Land Corporation
- Northern Land Council
- Office of the Registrar of Indigenous Corporations
- Office Township Leasing
- Outback Stores Pty Ltd

- Tiwi Land Council
- Torres Strait Regional Authority
- Wreck Bay Aboriginal Community Council

Finance Portfolio

- Department of Finance
- Australian Electoral Commission
- ComSuper
- Commonwealth Superannuation Corporation
- Future Fund Management Agency
- Medibank Private
- Albury-Wodonga Development Corporation
- Australian River Co Ltd
- ASC Pty Ltd

Appendix 2

Tabled documents

Monday, 24 February 2014

Parliament

- Parliamentary Budget Office: Report to the Senate Finance and Public Administration Legislation Committee on PBO Activity and Staffing Data as at 31 January 2014
- Parliamentary Budget Office: Australian Government Protocols Governing the Engagement Between Commonwealth Bodies and the Parliamentary Budget Officer - old and new versions
- Department of Parliamentary Services: Opening statement by Ms Carol Mills and DPS Budget Position
- Department of Parliamentary Services: Memorandum of Understanding for the provision and support of ICT to the Caucus Communications Team staff

Tuesday, 25 February 2014

Finance Portfolio

- Department of Finance: Exemptions granted for the one-off efficiency dividend of 2.5 per cent in 2012-13 and 2 per cent in 2008-09
- Department of Finance:
 - Establishment Variances – Government, 1 November 2013 to 1 February 2014
 - Government Personal Positions as at 1 February 2014
 - Personal Classifications as at 1 February 2014
- Senator Dastyari: Email from David Fredericks, Deputy Secretary, Civil Justice and Legal Services Group, Attorney-General's Department, dated 22 October 2013 regarding a freedom of information decision
- Department of Finance: Future Fund Media Release entitled Appointment of an executive search firm, dated 25 September 2013
- Australian Electoral Commission: Opening statement by Mr Tom Rogers, Acting Electoral Commissioner

Friday, 28 February 2014

Cross Portfolio Indigenous Matters

- Indigenous Land Corporation: Correspondence between Ministers and the ILC Chair in relation to the acquisition of the Ayers Rock Resort and the potential for an Australian National Audit Office audit
- Indigenous Land Corporation: McGrathNicol Component 2 Report - summary of findings

- Indigenous Land Corporation: Correspondence from Minister Scullion and the ILC Chair in relation to a request for a Parliamentary inquiry into the ILC acquisition of the Ayers Rock Resort