

Senate Standing Committee on Environment and Communications
Answers to Senate Estimates Questions on Notice
Budget Estimates Hearings May 2012
Broadband, Communications and the Digital Economy Portfolio
Department of Broadband, Communications and the Digital Economy

Question No: 177

Program No. CFO Group

Hansard Ref: Pg 10-11 (24/05/2012)

Topic: Efficiency Dividend and Terminating programs

Senator Macdonald asked:

Senator IAN MACDONALD: Could you take that on notice just to check that there are no other terminating programs that you could tell us about? And could you also on notice indicate the savings that you hope for out of the cessation of the Australian Broadband Guarantee, for example, or all of the ones that you identify? So if you can give an indication of what savings there are from the termination of all of those programs.

Mr Harris: Yes. 'Savings' is probably not the right way to characterise it. The government funds for periods, as you know, having been a minister—for two years, three years or four years, just depending on the circumstances. Budget policy requires that if it is a terminating program, offsetting savings are found to continue it. And, of course, if you are a shrinking small portfolio you do not have any offsetting savings so you cannot continue. So we would not call it a saving; we would simply describe it as a terminating program. I can therefore give you a quite clear and effective answer on the size of the reduction in the departmental budget as a result of terminating programs, and I think that will answer your question. I just want to be sure when I provide it that it does.

Senator IAN MACDONALD: It was a question about trying to find out what area the \$4 million of savings are coming from.

Mr Harris: These are in addition to the \$4 million. We have separated the efficiency dividend and the terminating programs. Jointly they have an impact on staffing across the department, but there are two quite different effects, and the larger effect of the two, as I said in an earlier part of the answer, is from terminating programs in the case of our portfolio. The smaller but still significant effect is from the efficiency dividend.

Senator IAN MACDONALD: Okay. I am really only interested in the efficiency dividend, and you are saying that your \$4 million is not coming from terminating programs. I thought earlier you said it was.

Mr Harris: No, I said it was quite separate.

CHAIR: Senator Macdonald, you have had a really good run this morning, and I have other senators—

Mr Harris: I can answer this for Senator Macdonald. If you are interested in where the \$4 million comes from, I can give you an answer to that.

Senator IAN MACDONALD: That is really what I was after. You did say it was from terminating programs, earlier, but if you are now saying that it is not then tell me where it is from and I will be happy.

Mr Harris: I will be happy to review the record, but I was trying to tell you that the larger impact was terminating programs.

Senator IAN MACDONALD: No, you listed legal expenses, travel—

CHAIR: Order, Senator Macdonald!

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Senator IAN MACDONALD: consultancy, reducing contracts and terminating programs. Have a look at the record. Anyway, it is a moot point. As long as you tell me where the \$4 million comes from, that is all I am interested in.

Answer:

Together with the increase in the efficiency dividend, a number of other factors have affected the Department's funding in 2012-13, including the completion of a number of reviews; the Australian Broadband Guarantee program being fully wound-up; one-off funding for some activities related to the development of the National Broadband Network ending; and the digital switchover program expanding into metropolitan areas. The Department has managed this change in funding holistically, through a range of measures including:

- developing a new structure based around collapsing some SES jobs together, thereby reducing the size of the SES;
- offering some targeted voluntary redundancies in certain Divisions, where activities will cease;
- reviewing a number of expense areas, such as travel, consultants and contractors, to identify savings; and
- reviewing the provision of corporate, legal and financial services of the Department, to identify efficiencies in delivering these services to the department.

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Program No. CFO Group

Hansard Ref: In Writing

Topic: Portfolio Budget Statements

Senator ABETZ asked:

Reference is made to the Portfolio Budget Statement accessible at:

http://www.dbcde.gov.au/__data/assets/pdf_file/0019/148204/201213_BCDE_Portfolio_Budget_Statement_with_corrections-22_May_2012.pdf

1. What changes and corrections were made to the original Statement and how does it differ from the revised version, dated 22 May 2012?
2. Why were these changes made?
3. Who authorised these changes?
4. Was the Minister provided with a briefing on the changes?
 - a. If so, can the briefing be provided?

Answer:

The corrigenda corrected two errors relating to the Government's investment in NBN Co. While the total of \$20.1 billion over the Forward Estimates remains unchanged, the errors show inaccurate distributions, year-by-year. Both errors were the result of a version control mistake in the Department. Minister Conroy was provided a briefing on 10 May 2012 and his agreement sought to table the corrigenda.

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Program No. CFO Group

Hansard Ref: In Writing

Topic: Government Advertising

Senator Fisher asked:

- a. What was the total cost of all advertising for the financial year to date?
- b. Is the advertising campaign or non-campaign advertising? Provide details of each advertising, including the program the advertising was for, the total spend and the business that provided the advertising services.
- c. Has the Department of Finance and Deregulation provided any advice about the advertising? Provide details of each advertising item.
- d. Has the Peer Review Group (PRG) and/or Independent Communications Committee (ICC) provided any advice about the advertising? Provide details of each advertising item.
- e. Did the Advertising comply with the *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies*? Provide the details for each advertising item.
- f. Provide details for any other communications program, including details of the program, the total spend and the business that provided the communication services.
- g. What advertising – Campaign and Non-Campaign – and other communications programs is the Department/Agency undertaking, or are planning to undertake?

Answer:

- a. Total advertising expenses in the 2011-12 financial year were \$36.8m (excl GST).
- b. **Campaign:** Advertising campaigns related to the digital switchover program and to the National Broadband Network for regional Australia have been run in the current financial year.

The purpose of the digital switchover communication campaign is to inform Australians of switchover, when their region is switching, how to make the switch and where they can go for further information. The advertising agency, BMF, developed creative materials (press, radio and television ads) for digital switchover, which were placed by Universal McCann. Administered item campaign advertising expenses for the 2011-12 financial year were \$14.2m (excl GST).

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A new National Broadband Network advertising campaign for regional Australia was launched in financial year 2011-12. The advertising agency, George Patterson Y&R, developed creative materials (press, radio and television ads) for the campaign. Administered item campaign advertising expenses for the 2011-12 financial year were \$18.8m (excl GST).

Non-campaign advertising: Non-campaign advertising includes graduate recruitment, general recruitment and various discussion papers calling for submissions. Non-campaign advertising expenses for the 2011-12 financial year, were \$3.7m (excl GST).

- c. The Department of Finance and Deregulation (Communication Advisory Branch) provided advice with respect to the Digital Switchover information campaign and National Broadband Network campaign.
- d. The Digital Switchover and National Broadband Network campaigns were reviewed by the Independent Communications Committee (ICC) at each iteration of campaign activity.
- e. The Digital Switchover and National Broadband Network campaigns both complied with the *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies*.
- f. Refer to (b) above.
- g. The Department will continue to focus on promoting digital switchover and the benefits of the NBN.

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Question No: 180

Program No. CFO Group

Hansard Ref: In Writing

Topic: Travel Costs

Senator Fisher asked:

- a. For the financial year to date, please detail all travel for Departmental officers that accompanied the Minister and/or Parliamentary Secretary on their travel. Please include a total cost plus a breakdown that include airfares (and type of airfare), accommodation, meals and other travel expenses (such as incidentals)
- b. For the financial year to date, please detail all travel for Departmental officers. Please include a total cost plus a breakdown that include airfares (and type of airfare), accommodation, meals and other travel expenses (such as incidentals).
- c. Are the Government's Lowest Practical Fare travel policy for Domestic Air Travel (Finance Circular No. 2009/10) and Best Fare of the Day for International Air Travel (Finance Circular No. 2009/11) guidelines being followed? How is this monitored? If the guidelines are not being followed, please explain why.
- d. Are lounge memberships provided to any employees? If yes, what lounge memberships, to how many employees and their classification, the reason for the provision of lounge membership and the total costs of the lounge memberships.
- e. When SES employees travel, do any support or administrative staff (such as an Executive Assistant) travel with them? If yes, provide details of why such a staff member is needed and the costs of the support staff travel.

Answer:

- a. Departmental officers at times travel interstate to attend a meeting with the Minister or to provide support at an event the Minister has travelled to. However, the department's financial travel records do not capture this data and would not be able to identify with any accuracy when departmental officers have accompanied the Minister on a domestic visit.

For the financial year to 30 April 2012, no departmental officers travelled overseas with the Minister.

- b. For the financial year to 30 April 2012 the total departmental spend for domestic travel was \$1.878m and \$0.286m for international travel. The department does not record travel data in a way that would readily allow individual components of travel to be identified. To attempt to provide this level of detail would involve an unreasonable diversion of departmental resources.

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- c. All travel within the department is undertaken in accordance with the requirements of Finance Circular No. 2009/10 for domestic travel and Finance Circular No. 2009/11 for international travel. Additionally, prior to any travel occurring, delegates are required to ensure that the proposed travel arrangements meet the requirements of Regulation 9 of the *Financial Management and Accountability Act 1997*.
- d. Yes. For the financial year to 30 April 2012, the department paid for fourteen employees' lounge memberships (2 SES and 22 non-SES officers), in line with the department's CEIs and supporting documentation. These include lounge memberships with Qantas and Virgin. The department does not record data in a way that would allow answering cost per employee. The total cost is \$10,116.00 GST exclusive.
- e. While there may be instances where Executive Assistants or other administrative staff members travel at the same time as an SES officer, this travel is assessed on a needs basis and is subject to the same value for money considerations as all other travel undertaken by departmental staff.

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Question No: 181

Program No. CFO Group

Hansard Ref: In Writing

Topic: Hospitality and Entertainment

Senator Fisher asked:

- a. What is the Department/Agency's hospitality spend for this financial year to date? Detail date, location, purpose and cost of all events.
- b. For each Minister and Parliamentary Secretary office, please detail total hospitality spend for this financial year to date. Detail date, location, purpose and cost of each event.
- c. What is the Department/Agency's entertainment spend for this financial year to date? Detail date, location, purpose and cost of all events.
- d. For each Minister and Parliamentary Secretary office, please detail total entertainment spend for this financial year to date. Detail date, location, purpose and cost of each event.
- e. What hospitality spend is the Department/Agency's planning on spending? Detail date, location, purpose and cost of all events.
- f. For each Minister and Parliamentary Secretary office, what hospitality spend is currently being planned for? Detail date, location, purpose and cost of each event.
- g. What entertainment spend is the Department/Agency's planning on spending? Detail date, location, purpose and cost of all events.
- h. For each Minister and Parliamentary Secretary office, what entertainment spend is currently being planned for? Detail date, location, purpose and cost of each event.
- i. Is the Department/Agency planning on reducing any of its spending on these items? If so, how will reductions be achieved?

Answer:

- a. Further to February 2012 Senate Estimates Question on Notice No. 236, details of the Department's hospitality expenditure from 1 February 2012 to 31 May 2012 is provided in the table below:

Date	Location	Purpose	Total (GST Exc)
23/04/2012	Canberra	Dinner with Chairman of ACCC	\$149.00
22/05/2012	Canberra	Lunch with Chairman of Broadcast Australia	\$129.09

- b. Further to February 2012 Senate Estimates Question on Notice No. 236, the Minister's office has not had any hospitality spend for the period 1 February 2012 to 31 May 2012.
- c-h. See answer to February 2012 Senate Estimates Question on Notice No. 236.
- i. The Department has no specific plans to reduce its spending on these items.

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Question No: 182

Program No. CFO Group

Hansard Ref: In Writing

Topic: Consultancies

Senator Fisher asked:

- a. How many consultancies have been undertaken this financial year to date? Identify the name of the consultant, the subject matter of the consultancy, the duration and cost of the arrangement, and the method of procurement (ie. open tender, direct source etc). Also include the total value for all consultancies.
- b. How many consultancies are planned for this calendar year? Have these been published in your Annual Procurement Plan (APP) on the AusTender website and if not why not? In each case please identify the subject matter, duration, cost and method of procurement as above, and the name of the consultant if known.

Answer:

- a. Details of the department's consultancies valued in excess of \$10 000 are available on the AusTender website (www.tenders.gov.au).

While AusTender contains details of contracts valued at \$10 000 or more, it is considered to be an unreasonable diversion of resources for the department to provide details of consultancies valued at less than \$10 000.

- b. See response for a). In accordance with the Commonwealth Procurement Guidelines, the department's Annual Procurement Plan is published on the AusTender website and consists of a short strategic procurement outlook supported by details of planned strategic and major procurements.

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Question No: 183

Program No. CFO Group

Hansard Ref: In Writing

Topic: Contractors

Senator Fisher asked:

For this financial year to date:

1. Has the department/agency ever employed Hawker Britton in any capacity or is it considering employing Hawker Britton? If yes, provide details (including the work undertaken and the cost).
2. Has the department/agency ever employed Shannon's Way in any capacity or is it considering employing Shannon's Way? If yes, provide details (including the work undertaken and the cost).
3. Has the department/agency ever employed John Utting & UMR Research Group in any capacity or is it considering employing John Utting & UMR Research Group? If yes, provide details (including the work undertaken and the cost).
4. Has the department/agency ever employed McCann-Erickson in any capacity or is it considering employing McCann-Erickson? If yes, provide details (including the work undertaken and the cost).
5. Has the department/agency ever employed Cutting Edge in any capacity or is it considering employing Cutting Edge? If yes, provide details (including the work undertaken and the cost).
6. Has the department/agency ever employed Ikon Communications in any capacity or is it considering employing Ikon Communications? If yes, provide details (including the work undertaken and the cost).
7. Has the department/agency ever employed CMAX Communications in any capacity or is it considering employing CMAX Communications? If yes, provide details (including the work undertaken and the cost).
8. Has the department/agency ever employed Boston Consulting Group in any capacity or is it considering employing Boston Consulting Group? If yes, provide details (including the work undertaken and the cost).
9. Has the department/agency ever employed McKinsey & Company in any capacity or is it considering employing McKinsey & Company? If yes, provide details.
10. What contractors have been employed by the department/agency? If yes, provide details (including the work undertaken and the cost).

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Answer:

1. The Department has not engaged Hawker Britton during the 2011-12 financial year and has no plans for future engagement.
2. The Department has not engaged Shannon's Way during the 2011-12 financial year and has no plans for future engagement.
3. The Department has not engaged John Utting & UMR Research Group during the 2011-12 financial year and has no plans for future engagement.
4. The Department has not engaged McCann-Erickson during the 2011-12 financial year and has no plans for future engagement.
5. The Department has not engaged Cutting Edge during the 2011-12 financial year and has no plans for future engagement.
6. The Department has not engaged Ikon Communications during the 2011-12 financial year and has no plans for future engagement.
7. The Department has not engaged CMAX Communications during the 2011-12 financial year and has no plans for future engagement.
8. The Department has not engaged Boston Consulting Group during the 2011-12 financial year and has no plans for future engagement.
9. In the 2011-12 financial year, the department engaged McKinsey & Company to provide advice and assistance with regard to the design of elements of the Digital Productivity Package. The engagement was undertaken with an amendment to an established contract. It commenced on 27 October 2011 and was completed on 31 December 2011. Prior to this the department engaged McKinsey & Company to prepare the NBN Implementation Study which was released in May 2010.
10. Details of the Department's contracts valued in excess of \$10 000 are available on the AusTender website (www.tenders.gov.au).

While AusTender contains details of contracts valued at \$10 000 or more, it is considered to be an unreasonable diversion of resources for the department to provide details of contracts valued at less than \$10 000.

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Question No: 184

Program No. CFO Group

Hansard Ref: In Writing

Topic: Government Payments of Accounts

Senator Fisher asked:

For this financial year to date, has the department/agency paid its accounts to contractors/consultants etc in accordance with Government policy in terms of time for payment (i.e. within 30 days)?

- a. If not, why not? Provide details, including what has been the timeframe for payment of accounts? Please provide a breakdown, average statistics etc as appropriate to give insight into how this issue is being approached)
- b. For accounts not paid within 30 days, is interest being paid on overdue amounts and if so how much has been paid by the portfolio/department agency for the current financial year and the previous financial year?
- c. Where interest is being paid, what rate of interest is being paid and how is the rate determined.

Answer:

- a. For the period 1 July 2011 to 30 April 2012, 8591 payments were made of which 7735, or 90%, were made within 30 days of receipt of a correctly rendered invoice. The average number of days for all payments was 18 days.
- b. In line with Finance Circular No 2008/10, interest is payable to small business where “the amount of interest is more than \$10 and the contractor has issued a correctly rendered invoice for the interest”. No invoices have been received and no interest has been paid.
- c. Not applicable.

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Question No: 185

Program No. CFO Group

Hansard Ref: In Writing

Topic: Taxi Costs

Senator Fisher asked:

- a. How much did each department spend on taxis this financial year to date? Provide breakdown of each business group in each department.
- b. What are the reasons for taxi costs?

Answer:

- a. For the period 1 July 2011 to 30 April the departmental spend on taxis was \$0.259m. The Department does not record taxi data in a way that would readily allow individual business groups to be identified. To attempt to provide this level of detail would involve an unreasonable diversion of departmental resources.
- b. The use of taxis is assessed on a needs basis and is subject to the same value for money considerations as all other travel undertaken by departmental staff.

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Question No: 186

Program No. CFO Group

Hansard Ref: In Writing

Topic: Credit Cards

Senator Fisher asked:

Provide a breakdown for each employment classification that has a corporate credit card.

Please update if there have been any changes since Additional Estimates 2011-12 (February 2012):

- a. What action is taken if the corporate credit card is misused?
- b. How is corporate credit card use monitored?
- c. What happens if misuse of a corporate credit card is discovered?
- d. Have any instances of corporate credit card misuse have been discovered? List staff classification and what the misuse was, and the action taken.
- e. What action is taken to prevent corporate credit card misuse?

Answer:

There are 274 active cardholders in the Department. An official is eligible for a corporate credit card where the official:

- is an SES officer;
 - purchases property or services on behalf of the Department;
 - travels on official business on behalf of the Department; or
 - is an officer who books travel on behalf of travellers.
- a. No change.
 - b. No change.
 - c. No change
 - d. There were 3 instances of misuse of a credit card since February 2012, representing 0.0004% of the department's total credit card transactions. In each of these instances, the following action was taken:
 - CFO and the relevant SES officer were contacted and advised,
 - officers were given refresher training and were reminded of the correct usage of the Departmental Credit Card,
 - an invoice was issued and all monies were fully recovered, and
 - the misuse was reported and included in the Department's Certificate of Compliance.
 - e. No change.

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Question No: 187

Program No. CFO Group

Hansard Ref: In Writing

Topic: Discretionary Grants

Senator Fisher asked:

- a. Could the Department provide a list of all discretionary grants, including ad hoc and one-off grants for this financial year to date? Please provide details of the recipients, the intended use of the grants and what locations have benefited from the grants.
- b. Has the department complied with interim requirements relating to the publication of discretionary grants?

Answer:

- a. Since 1 January 2009, all grants, discretionary and non-discretionary, made by the Department have been published on the departmental website at **www.dbcde.gov.au**.
- b. Refer to answer for Question on Notice 143 (2), Supplementary Budget Estimates Hearings October 2010.