

Portfolio Issues

2.1 The following discussion highlights some of the major issues canvassed during the estimates hearings.

Department of Parliamentary Services

2.2 The committee questioned the Department of Parliamentary Services (DPS) about the road works currently underway on Parliament Drive. In particular, the need for the \$1.9 million project and the intended outcome was raised. Officials explained that the project was initiated following advice from external engineers, and noted that when the works are complete the road around Parliament House will provide safer access to the slip roads with a one-way traffic flow. Other issues raised in relation to the road works included the extent of works being undertaken given the road reconstructions completed in 2005 and the priority given to the work when the department is making cuts to other services including security.

2.3 Security issues were again discussed at length. Senators drew attention to comments made in the media by security guards about the potential risk to Parliament House security following staff reductions. Ms Bronwyn Graham, Acting Assistant Secretary, Building Services Branch, stated that the staff reductions had been planned before the department had started to experience budgetary difficulties and noted:

2009 was always going to be a year of review for security. There were a number of areas in the roster which our staff had identified were not working effectively.¹

2.4 Ms Graham concluded that the changes are aimed at improving the workability of the security roster to be 'more reflective of the work that was happening in various locations at different times'.²

2.5 Mr Alan Thompson, Secretary, also noted that security incidents which had occurred in and around Parliament House had been effectively dealt with.³

2.6 The committee's questioning on security matters also canvassed the use of identity passes by members of parliament. It was noted that members of parliament in Ottawa, Westminster and Wellington do not have to pass through a security regime because they carry passes. The use of electronic keys was also discussed. Mr Thompson noted that at the present time security officers monitor traffic through certain areas of the building where there is very little activity. The use of electronic

1 Ms B Graham, Acting Assistant Secretary, DPS, *Estimates Hansard*, 8.2.10, p. 10.

2 Ms B Graham, Acting Assistant Secretary, DPS, *Estimates Hansard*, 8.2.10, p. 10.

3 Mr A Thompson, Secretary, DPS, *Estimates Hansard*, 8.2.10, p. 12.

tagging through some of the internal doors would achieve the same level of security as having officers monitoring traffic.⁴

2.7 The removal of the pots and pot plants from senators and members' offices was discussed at length. The committee was informed that the removal of the plants was 'in essence' a cost saving measure. Approximately 1,000 DPS-owned pots are now in storage and the plants have been taken back by the contractor or purchased by some senators and members for their suites. Discussions are underway to determine whether the pots are to be disposed of or kept stored, pending budgetary outcomes.

2.8 Following on from the previous round of Estimates, government and opposition senators examined the information technology (IT) systems and services provided to members of parliament by DPS. The primary focus was on the integration of electorate office support, with an implementation date of the end of June 2010. The broader issues relating to the examination of IT systems and services were: Blackberry phones; wireless internet connection in Parliament House; and internet website filtering.

2.9 DPS officials were questioned about the path from Canberra City to Parliament House, which was described as 'hazardous'. DPS was requested to investigate options for a safe and accessible pedestrian and bicycle route, and to report back to the committee.

Prime Minister and Cabinet Portfolio

Office of the Official Secretary to the Governor-General

2.10 The committee revisited discussions had in earlier Estimates regarding the Governor-General's trip to Africa, focusing on the costs and purpose of the trip. The Official Secretary to the Governor-General, Mr Stephen Brady drew attention to the growing trade market with Africa, and stated that media coverage of the event was in the national interest. Mr Brady also rejected claims the Prime Minister had commented on or directed the Governor-General's travel schedule.

2.11 Mr Brady also responded to questions about the Australian Honours system. He noted that 60 per cent of nominations for awards were successful in 2010. Although there is no formal review process, if a complaint is received the Secretary of the Order (Mr Brady) may instigate a review. Mr Brady went on to state that the effective operation of the honours system relies on 'a guarantee of complete confidentiality, as to the substance the nominator has provided and to the very fact of their having provided that information'.⁵

4 Mr A Thompson, Secretary, DPS, *Estimates Hansard*, 8.2.10, p. 28.

5 Mr S Brady, Official Secretary to the Governor-General, *Estimates Hansard*, 8.2.10, p. 44.

Australian Institute of Family Studies

2.12 The committee questioned the Australian Institute of Family Studies on the media consultancy service of Cut Through Communications; shared parenting and child abuse with a reference to the AIFS report *Evaluation of the 2006 family law reforms*; and the agency's 2009-2012 research plan.

Department of Prime Minister and Cabinet

2.13 In his opening remarks, Senator the Hon Joe Ludwig, the Special Minister of State, informed the committee of the following new appointments: Ms Glenys Beauchamp to the position of Coordinator-General; and Mr Stephen Sedgwick has been appointed the new Public Service Commissioner. The Minister also informed that committee that two appointments have been made to Australia's first National Security College with Mr Michael L'Estrange being appointed the founding Executive Director and Mr Duncan Lewis the first chairman of the board of the College.

2.14 Border protection, specifically matters relating to the *Oceanic Viking*, was canvassed extensively. Clarification was sought on the arrangements for the processing of the Tamil refugees on the *Oceanic Viking*. In response, Mr Duncan Lewis, National Security Adviser stated:

The matter was made clear in a letter that was tabled in the House. It was from the Secretary of the Department of Immigration and Citizenship, and he said that these folk were being treated in a matter consistent with that afforded to any other asylum seeker or refugee from Indonesia.⁶

2.15 Discussion also focussed on a meeting of the Cabinet subcommittee on border protection which considered the matter of the Tamil refugees on the *Oceanic Viking*. A request for the names of ministerial staff attending the meeting was refused by the Minister who raised a claim of public interest immunity. Senator Ludwig stipulated the damage to public interest if the names were released was the undermining of the collective responsibility of cabinet; and while relevant staff may attend cabinet meetings to provide advice when required they are not decision makers. The Minister also noted that this was the practice of successive governments.⁷

2.16 Continuing on from the previous examination during the 2009 Supplementary Budget Estimates hearings, the committee examined the issue of community cabinet meetings.

2.17 The committee expressed interest in the recruitment of staff within the Council of Australian Government (COAG); and the costs associated with the delegation to Copenhagen.

6 Mr D Lewis, National Security Advisor, *Estimates Hansard*, 8.2.10, p. 71.

7 Senator the Hon Joe Ludwig, Special Minister of State, *Estimates Hansard*, 8.2.10, p. 74.

Australian National Audit Office

2.18 The Australian National Audit Office (ANAO) appeared very briefly, and was questioned about the audit report on the broadband tender.

Department of Climate Change

2.19 The Department of Climate Change (DCC) was questioned about the publication of a summary brief of the climate policy released by the Leader of the Opposition, Mr Tony Abbott. The committee also continued its interest from previous Estimates as to why the Morgan Stanley analysis commissioned by the DCC has not been made public. The Minister for Climate Change and Water, Senator the Hon Penny Wong, stated in response:

...evidence that I recall Dr Parkinson providing was that we would be releasing commercial-in-confidence information if we were to release the report. Regarding the basis on which the report was done, companies did provide commercial-in-confidence data. It would not be appropriate for the government to release it.⁸

2.20 Other issues raised included renewable energy targets; the Fifth National Communication submission to the United Nations Framework Convention on Climate Change; and the Intergovernmental Panel on Climate Change Himalayan glacier melt report.

Finance and Deregulation Portfolio

Medibank Private Ltd

2.21 Mr George Savvides, Managing Director of Medibank Private, was questioned with regard to membership patterns since the insurer's last annual report released in 2009. The committee heard that market growth is at a rate of 2 per cent down from 5 per cent recorded before the global financial crisis.

2.22 The possibility of negative implications of the Medicare levy threshold changes on memberships and recruitment were also examined, as were commercial aspects pertaining to Medibank Private's profitability, conservative investment portfolio and the management of case payments.

2.23 Mr Savvides was also questioned about whether claim escalations would lead to increased premiums for customers. He responded that this was unlikely as the increase in claims was offset by Medibank's revenue from investments.

8 Senator the Hon Penny Wong, Minister for Climate Change and Water, *Estimates Hansard*, 8.2.10, p. 102.

Department of Finance and Deregulation

2.24 The committee expressed interest in the Commonwealth Procurement Guidelines as they relate to Australian disability enterprises. Since 2008 an exemption from mandatory procurement processes has applied where services have been purchased from an Australian disability enterprise. The Department of Finance and Deregulation (Finance) indicated that it does not retain whole-of-government records of the use of disability enterprises however, it undertakes a range of activities to ensure that procuring officials were informed of the exemption.

2.25 The committee discussed advertising protocols in relation to a caretaker government and federal by-elections. It was noted that there are exemptions to the rule that government campaign advertising ceases during election period, for example, where there is a need in the national interest. In the case of by-elections, the committee heard that advertising was pulled in the state or region of the by-election for the period leading up to the date of the by-election. However, it was noted that in the case of national media publications this was a 'challenge'.

2.26 The committee received an update on the Government stimulus plan. It was indicated that, as at 31 December 2009, \$25.8 billion of the \$42 billion for the plan had been spent.

2.27 Mr David Tune, Secretary, provided the committee with an update of the implementation of Operation Sunlight. He stated that most elements have been put in place and are operational and concluded:

Certainly one of the big benefits of Operation Sunlight has been improved transparency in the budget documentation. From that point of view, yes, I think it has been very useful. One of the recent changes being introduced is to move to what we are calling net cash appropriations on capital expenditure, which is yet another change that improves transparency. So that is a fairly major element of Operation Sunlight.⁹

2.28 Questions were asked about recommendations for the costing of proposed opposition policies. Mr Tune stated this was still under consideration but noted there were provisions for costing of election commitments under the Charter of Budget Honesty.

2.29 The changes to funding of depreciation were canvassed once again, with officers questioned on the recouping of funds in depreciation, amortisation and make-good accounts. It was noted that Finance is currently undertaking a reconciliation process and that it is anticipated some \$600 million is in those funds. Mr Tim Youngberry, Division Manager, commented:

9 Mr D Tune, Secretary, Department of Finance and Deregulation, *Estimates Hansard*, 9.2.10, p. 31.

We are working through it case by case. It depends on a whole range of issues because they are funded for employee entitlements, for example, and those funds are remaining with agencies. We need to work through a reconciliation that says how much funding they need for accounts payable and employee entitlements, how much depreciation funding they received, and how much of that is committed on current projects, where there may be obligations to external parties for the acquisition of assets, for example.¹⁰

2.30 The Department indicated that by 30 June 2010 the funds that remain will be recovered, but the funds already spent will not be recouped.

2.31 The impact of the matter of Mr Godwin Grech was raised by the committee in relation to ethical behaviour in the public service. Mr Tune indicated that discussions had been held within Finance to ensure that measures are in place to minimise the risk of a similar incident occurring, for example that delegations are appropriate. Mr Tune also commented on the inclusion of discussions of ethical behaviour in training programs and noted:

We do have training programs that extend throughout the organisation. So when a new graduate or a new recruit walks into the organisation they would go through a very extensive learning and development program that is provided internally by the department. As part of that, there will be sections of the courses around ethics and there will be sections of the courses around the code of conduct that applies to all public servants including everybody that works in the Department of Finance and Deregulation. That is an integral part of the training and learning and development processes. We also have follow-up sessions. These things need to be reinforced at various times so there are follow-up courses and follow-up sessions available as well. We also encourage people, where they have particular issues whereby they are feeling uneasy or uncomfortable about particular courses of action, to have mechanisms whereby they can talk to people and work their way through those in a sensible manner.¹¹

Future Fund

2.32 The committee pursued issues raised in previous Estimates including Nation Building fund portfolios; and Commonwealth and state government debt securities.

2.33 The committee sought the view of Mr Paul Costello, General Manager of Future Fund, regarding the risk assessment taken on possible impacts of the proposed National Broadband Network legislation with Parliament at present on Telstra shares. Mr Costello responded to the committee:

10 Mr T Youngberry, Division Manager, Department of Finance and Deregulation, *Estimates Hansard*, 9.2.10, p. 36.

11 Mr D Tune, Secretary, Department of Finance and Deregulation, *Estimates Hansard*, 9.2.10, p. 39.

My position has always been that we think we should wait until it is clear exactly what the proposal is and then that is an appropriate time for us to make a comment, rather than speculate on a range of outcomes.¹²

2.34 The committee heard that the Future Fund is hold around 13 to 14 per cent in cash; one-third of investments are domestic and the remaining two-thirds offshore; and the group holds shares in Telstra of almost 11 per cent of the company.

Australian Electoral Commission

2.35 The committee again raised issues around the provision of secret ballots for persons with a disability. The Electoral Commissioner, Mr Ed Killesteyn, stated that the Australian Electoral Commission (AEC) would be unable to commit to providing an option for visually impaired and blind persons to cast a secret ballot because:

...at this stage all I have is the current provisions under the Commonwealth Act, under section 234, which provides for assisted voting. Without legislation, I cannot do anything.¹³

2.36 The Special Minister of State, Senator the Hon Joe Ludwig, stated that he would consider the matter.

2.37 Industrial ballots conducted by the AEC were discussed by the committee. The topic of ballot rigging and investigations into ballot rigging in the Health Services Union elections were a particular area of focus. Mr Paul Pirani, Chief Legal Officer of the AEC noted that the powers of the Commission investigating industrial ballot rigging were limited, but Work Fair Australia and the Federal Court were appropriate bodies to oversee specific complaints.

2.38 Other matters of interest raised during the examination of the Australian Electoral Commission included:

- electoral changes and campaign donations;
- electoral fraud;
- Parliamentarian gift declarations, as well as privileges and codes of conduct for ministers and members of parliament;
- plans to increase the number of people on the electoral role; and
- fee-for-service elections.

12 Mr P Costello, General Manager, Future Fund Management Agency, *Estimates Hansard*, 9.2.10, pp 50-51.

13 Mr E Killesteyn, Electoral Commissioner, *Estimates Hansard*, 9.2.10, p. 72.

Human Services Portfolio

Department of Human Services

2.39 The committee pursued matters raised in previous Estimates including Child Support Agency debt and the accuracy of customer contact details; and inquired about the process of individual case investigations.

2.40 The committee heard that outstanding debt at the end of December 2009 over the 21 year lifetime of the agency totalled more than \$1.103 billion, though it was noted that 92 per cent of total liabilities had been paid. It was also noted that international debt was a significant proportion of the increase in debt experienced between December 2008 and December 2009. Ms Philippa Godwin, Deputy Secretary, stated:

...a significant proportion of that increase is international debt—that is, debt transferred in when a payer from another country comes to Australia. That is one of our ongoing challenges, because, just to give you some background, in the six-year period to the end of 2008-09, domestic debt contributed \$61 million to the total debt but international debt contributed \$185 million to the total debt. International debt is in a sense a disproportionate contributor to that overall debt picture, so one of the other things that we are focusing on is how to better manage international debt.¹⁴

2.41 The committee examined the practical issues of co-locating agency (Medicare, Centrelink, CSA, CRS) offices. Mr Finn Pratt, Secretary, Department of Human Services (DHS), described the move to co-locations as resulting in 'significant improvements in service and convenience for customers'. He noted that there had been positive feedback from trials.¹⁵

2.42 Mr Pratt also indicated that there would be at least another 20 offices co-located by the end of 2010, and 40 by the end of 2011. Issues relating to the locations, staffing, costs and workforce requirements associated with uprooting existing offices and co-locating them were also examined.

Centrelink

2.43 The Chief Executive Officer of Centrelink, Ms Carolyn Hogg, responded to questions about the backlog of claims processing from 2009 as a result of the Tasmanian Freight Equalisation scheme. Ms Hogg explained that there were 1,695 claims on hand in October 2009 and 601 were on hand in February 2010. In December 2009, 51 per cent of claims were processed within 15 days and 67 per cent were processed within 30 days. It was noted that the claims with lengthier processing times were the more complex claims and where further information was required from the

14 Ms P Godwin, Deputy Secretary, Department of Human Services, *Estimates Hansard*, 9.2.10, p. 89.

15 Mr F Pratt, Secretary, Department of Human Services, *Estimates Hansard*, 9.2.10, p. 90.

claimant. It was also noted that staffing levels had increased to address delays and investigations were being undertaken to improve the process.

2.44 The committee heard a comprehensive account of the changes to the laws affecting same-sex couples from July 2009 in relation to Centrelink payments. The number of same-sex couples declared since the amendments led to questioning around how the process is validated, reviewed and investigated towards achieving compliance.

2.45 Other matters of interest during the Centrelink examination were:

- increased staff levels;
- pensions and pension settlements;
- the Household Assistance Scheme;
- disability Support Pension and Age Pension; and
- truancy trials in Queensland.

Medicare Australia

2.46 The committee queried the significant increase in complaints placed directly to Medicare Australia as well as to the Ombudsman. Ms Lynne O'Brien, Acting Deputy Chief Executive Officer, explained 'part of the increase is the improvement in our processes for recording feedback from the public' that has occurred in the last 12 months.¹⁶

2.47 Other matters of interest raised by the committee during the examination of Medicare Australia included:

- the increased number of Medicare cards;
- fraud prevention and detection;
- recovery and compliance; and
- electronic claiming through the Transitional Support Package.

Senator Helen Polley

Chair

16 Ms L O'Brien, Acting Deputy Chief Executive Officer, Medicare Australia, *Estimates Hansard*, 9.2.10, p. 114.

