

Prime Minister and Cabinet Portfolio

3.1 The Committee took evidence from the Prime Minister and Cabinet portfolio on Monday 21 and Tuesday 22 May 2007. The following issues of interest are discussed below:

- Government advertising;
- APEC summit; and
- State Coach Britannia.

Department of the Prime Minister and Cabinet

Government advertising

3.2 The committee devoted a significant amount of time to scrutinising expenditure on government advertising. As mentioned in chapter 1, it would assist the committee if the department in future could include two additional columns in the 'Active Campaigns' document regularly tabled by the department. The committee notes the Minister has agreed to consider this proposal.¹

3.3 The committee gave particular attention to pending campaigns.² This issue was raised as a result of questions relating to the Workplace Relations Minister's public statements that the recently commenced advertising campaign on the new fairness test for Australian Workplace Agreements was a 'first tranche'. The committee heard evidence that the government would spend \$4.1 million on this campaign in the week 20–26 May 2007.

3.4 The department gave evidence that, for this financial year to 31 March 2007, the total advertising expenditure through the central advertising system was \$116.1 million, comprising \$81.8 million in campaign advertising and \$34.3 million in non-campaign advertising.³ Subsequent to the hearing, the department amended these figures. Total advertising expenditure from 1 July 2006 to 31 March 2007 was \$170 985 996, comprising campaign advertising of \$118 271 669 and non-campaign advertising of \$52 714 327.⁴

3.5 There was extensive discussion regarding the classification of a series of advertisements relating to the new fairness test as 'non-campaign advertising'. The

1 *Estimates Hansard*, 22 May 2007, p. 29.

2 *Estimates Hansard*, 22 May 2007, pp 18–74.

3 *Estimates Hansard*, 22 May 2007, p. 47.

4 The figures quoted in evidence in fact related to the financial year to 31 December 2006. See Mr Robert McMahon, Assistant Secretary, Government Communications Unit, Department of Prime Minister and Cabinet, clarification of evidence, received 1 June 2007, http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/bud_0708/pmc/index.htm

advertisements in question were full-page newspaper advertisements which appeared on 5 and 6 May (prior to the fairness test taking effect on 7 May) costing \$472 175.⁵

3.6 According to the Government Communications Unit's website, non-campaign advertising is:

...simple, no-frills advertising that generally appears only once or twice and contains factual statements not intended to promote or advise on policies or programmes of the government. [It is generally limited to]...staff recruitment; public notices; auction and Tender notices; invitations to make submissions or apply for grants; and notification of date and/or location specific information (eg notification of a public meeting at 8pm on Wednesday 15 July at the Town Hall).⁶

3.7 Opposition senators argued that as the advertisements were designed to promote the fairness test changes they should not have been classified as 'non-campaign advertising'. However, Senator Minchin, the Minister representing the Prime Minister, did not agree with the Opposition's assertions, arguing their definition was incorrect.⁷

APEC Summit

3.8 The committee examined the APEC Taskforce regarding the expenditure on several large preliminary meetings of the APEC summit in September 2007. Discussion focussed on the cost involved in holding the meetings and the security arrangements. Officials again declined to disclose the official dress of the APEC summit on the basis that it would 'spoil the surprise'.⁸

State Coach Britannia

3.9 The issue of the State Coach Britannia was again discussed. The committee re-visited evidence that a \$250 000 grant had been given to provide the private gift of a royal coach to the Queen for her birthday. The committee heard that construction of the coach was yet to be completed and that further government expenditure in the order of \$100 000 is expected for transportation of the item to the UK. Non-government senators were critical of the process of approving the grant payment.⁹

3.10 Other issues of interest examined by the committee included:

5 *Estimates Hansard*, 22 May 2007, pp 39–42 and 44–57.

6 'Central Advertising System', Department of the Prime Minister and Cabinet, Government Communications Unit website, <http://www.gcu.gov.au/code/cas/index.html>.

7 *Estimates Hansard*, 22 May 2007, pp 18–38; 42–44; and 58–62.

8 *Estimates Hansard*, 21 May 2007, pp 65–81.

9 *Estimates Hansard*, 21 May 2007, pp 100–114.

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- A Freedom of Information request for files on the water policy announcement;¹⁰
 - The new PM&C building;¹¹ and the demolition of the former PM&C building;¹²
 - Appointment decisions by Cabinet;¹³
 - The Prime Minister's statement on nuclear energy;¹⁴
 - The Government business emissions trading task group;¹⁵
 - Estimates training for Government Communications Unit officers;¹⁶
 - Expenditure on capital and non-capital works and suppliers at the official establishments;¹⁷ and
 - The COAG working group on indigenous generational reform.¹⁸

Office of the Official Secretary to the Governor-General

3.11 During examination of the Office of the Official Secretary to the Governor-General the committee re-visited the issue of the independence of the Council for the Order of Australia, and in particular whether state government Council representatives have the power to veto nominations. This issue was considered previously at the Additional Estimates hearing in February 2007. The Official Secretary to the Governor-General explained to the committee why he sought to clarify the matter following the Additional Estimates hearing:

...I wrote to the committee because Senator [Bob] Brown had indicated in the press release that I had said certain things in relation to the way the independent Council for the Order of Australia worked and basically asserted that I had confirmed his view that a state government representative was able to veto a nomination. I said at the time of the hearing that that was not the case. I noticed after the hearing, when the release was made, that that assertion was continued. I felt that it was important that the committee know that this was not the case, because I felt

10 *Estimates Hansard*, 21 May 2007, pp 93–96.

11 *Estimates Hansard*, 22 May 2007, pp 91–94.

12 *Estimates Hansard*, 21 May 2007, pp 114–115.

13 *Estimates Hansard*, 21 May 2007, pp 115–121.

14 *Estimates Hansard*, 21 May 2007, pp 124–129.

15 *Estimates Hansard*, 21 May 2007, pp 129–133.

16 *Estimates Hansard*, 22 May 2007, pp 15–18; pp 62–63.

17 *Estimates Hansard*, 22 May 2007, pp 74–91.

18 *Estimates Hansard*, 22 May 2007, pp 100–106.

it cast aspersions on the integrity of the honours process—which it did. That is the reason why I wrote and in the terms that I did.¹⁹

3.12 The committee pursued the following areas of interest:

- Administration of the Australian honours system;
- The building project for the Honours secretariat precinct;
- Capital works expenditure; and
- Maintenance of the buildings and grounds.²⁰

Australian Public Service Commission

3.13 During a relatively brief examination of the commission the committee explored:

- Entitlement and employment conditions for staff who transfer between agencies as a result of an administrative orders change;²¹
- Redundancies in the Australian Public Service;²²
- Protection for whistleblowers under the Australia Public Service Act;²³ and
- SES retreats.²⁴

Office of National Assessments

3.14 The committee addressed the following issues during examination of the Office of National Assessments:

- East Timor;
- Afghanistan;
- Iraq; and

19 Mr Malcolm Hazell, CVO, Office of the Official Secretary to the Governor-General, *Estimates Hansard*, 21 May 2007, p. 86. See also correspondence from Mr Malcolm Hazell, on consideration of nominations by the Council for the Order of Australia, received 21 February 2007, http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/add_0607/pmc/orderofaustralia_addinfo.pdf

20 *Estimates Hansard*, 22 May 2007, pp 86–92.

21 *Estimates Hansard*, 22 May 2007, pp 3–5. Budget Estimates 2007-08, Australian Public Service Commission, answer to question on notice PM36, and clarification of evidence (received 23 May and 6 June 2007), http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/bud_0708/pmc/index.htm

22 *Estimates Hansard*, 22 May 2007, pp 5–7.

23 *Estimates Hansard*, 22 May 2007, pp 7–11.

24 *Estimates Hansard*, 22 May 2007, pp 11–12.

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- Climate change.²⁵

Australian National Audit Office

3.15 The committee spent considerable time scrutinising defence performance audits conducted by the ANAO. The committee focused in particular on the Australian Light Armoured Vehicle (ASLAV) report and management of army minor capital equipment procurement projects. It also explored the difficulties defence has had with GST invoices and foreign currency transactions. The committee expressed concerns that Department of Defence and the Defence Materiel Organisation (DMO) are not addressing the systematic problems that the ANAO reports highlight.

3.16 Mr McPhee, the Auditor-General, explained that it is difficult to assess Defence's response to the audits:

...we only look at a very small proportion of major Defence projects, and so it is very hard to give you a general response. The other thing I would say is that we auditors are trained to be sceptical until we are persuaded otherwise, and so my scepticism is still appropriately high until we see evidence of changes seriously occurring on the ground. As yet, while there are signs, our reports are still highlighting issues with contract management and project management. I am the first to recognise their world is complex and the risks are high, but it is only through the disciplined approach to protecting the Commonwealth's interests and managing these projects with greater discipline that DMO will get on top of it.²⁶

3.17 The committee heard that the Joint Committee of Public Accounts and Audit has recommended that the DMO produce reports on their top 30 projects. The government is sympathetic to the recommendation and has requested the ANAO and DMO bring forward a cabinet submission on the proposal for next year's budget.²⁷

25 *Estimates Hansard*, 22 May 2007, pp 108–116.

26 Mr Ian McPhee, Auditor-General, Australian National Audit Office, *Estimates Hansard*, 22 May 2007, p. 125.

27 *Estimates Hansard*, 22 May 2007, pp 125–127.

3.18 Other issues examined by the committee included:

- Breaches of the Financial Management and Accountability Act; and
- Audit of the Future Fund Management Agency.²⁸

28 *Estimates Hansard*, 22 May 2007, pp 127-129.