

Prime Minister and Cabinet Portfolio

3.1 The committee took evidence from the Department of the Prime Minister and Cabinet (PM&C) and portfolio agencies on Monday, 25 May and Tuesday, 26 May 2009, and the Department of Climate Change on Friday, 29 May 2009.

Office of the Official Secretary to the Governor-General

Governor-General's trip to Africa

3.2 A large proportion of the questions addressed to the Office of the Official Secretary to the Governor-General (OOSGG) concerned the Governor-General's recent trip to Africa. The committee heard that during this trip, which occurred in March and April 2009, Her Excellency visited nine African countries.

3.3 The Official Secretary, Mr Stephen Brady, responded to questions about the primary aim of the visit and stated:

The visit was regarded as a watershed in Australia's relations with Africa. It was about the Governor-General conveying in person that strength and engagement with Africa and the commitment to a broader and deeper engagement with the African continent as a whole, with the nine countries that were identified for the Governor-General to travel to. This was a visit that was without precedent. Over 30 years or more no Australian Governor-General has travelled to Africa.¹

3.4 He went on to say:

...the government is campaigning for election to the UNSC [United Nations Security Council], and those elections are to be held at the end of 2012. The issues are related but they are not the same thing. The Governor-General was in Africa to underline to senior levels of government that Australia wants to contribute to Africa's development where and when we have something unique to offer. She was there to highlight Australia's expanding business and people-to-people links. She was there because Australian mining companies, in particular, have a strong involvement on the continent. The visit pointed to the positive contributions those companies make to jobs, investments, skills, community development and environmental sustainability and responsibility. She met, whilst on that 18-day trip, with any number of Australian NGOs operating in Africa. The visit was not about promoting Australia's UNSC candidacy as the star purpose.²

3.5 The Official Secretary stated that any discussion of the UNSC bid was in the context of Australia's commitment to multilateralism:

The Governor-General referred to the bid in her meetings with the heads of state and heads of government that she met with. She put that into the

1 Mr Stephen Brady, OOSGG, *Estimates Hansard*, 25.5.09, p. 45

2 Mr Stephen Brady, OOSGG, *Estimates Hansard*, 25.5.09, pp 45–46.

context of Australia's engagement multilaterally, and towards the end of conversations it was raised twice with her by her interlocutors but, to my knowledge, on other occasions she referred to it as conversations wound up.³

3.6 A lengthy discussion took place concerning whether the trip to Africa represented a politicisation of the role of the Governor-General. The Official Secretary responded to this stating:

It is entirely appropriate for the Governor-General—any Governor-General—to promote Australia's interests overseas. I would have assumed that as a statement of fact.⁴

3.7 The Official Secretary went on to reject claims that the Governor-General had been involved in Australian foreign policy⁵ and informed the committee that the trip was similar to that taken by the former Governor-General to China, stating:

I would regard and characterise Mr Bryce's travel to Africa in identical terms. Can I also say that here you have Prime Minister Harper announcing a state visit of the Governor-General of Canada to Africa. That preceded the visit of Governor-General Bryce. Here, the Governor-General of Canada will represent Canada on a five-country state visit to Africa. At the request of the Canadian Prime Minister, the Governor-General will lead a trip to these countries. I do not see how this trip was different.⁶

Briefings delivered to the Governor-General

3.8 The committee questioned the OOSGG on the subject of briefings given by heads of federal departments to the Governor-General. Mr Brady answered that it was usual for newly-appointed Governors-General to receive briefings in their first 100 days of office.⁷ The committee heard that more recently, the Governor-General had proactively arranged a briefing for state governors and a territory administrator, and that invitations had gone directly through to the heads of the relevant departments, bypassing the ministers. OOSGG agreed to take on notice how they would handle this in the future, if the situation arose.

Appointments of staff

3.9 The OOSGG was asked about several senior staff vacancies that were not advertised, including the position of Deputy Official Secretary. The Official Secretary informed the committee that:

Under section 13 of the Governor-General Act, the official secretary is given the right to employ staff. It is usual, for a variety of positions at Government House, that we do regularly advertise them. For the deputy

3 Mr Stephen Brady, OOSGG, *Estimates Hansard*, 25.5.09, p. 48

4 Mr Stephen Brady, OOSGG, *Estimates Hansard*, 25.5.09, p. 48

5 Mr Stephen Brady, OOSGG, *Estimates Hansard*, 25.5.09, p. 52.

6 Mr Stephen Brady, OOSGG, *Estimates Hansard*, 25.5.09, p. 53.

7 Mr Stephen Brady, OOSGG, *Estimates Hansard*, 25.5.09, p. 62

official secretary, I decided that a secondment was the best way of proceeding—from the public sector. A secondment is straightforward because, if an arrangement does not work out, the person is able to return to their home department.⁸

3.10 Mr Brady also pointed to the six month probation condition under which the Deputy Official Secretary had been employed, which was in excess of the usual probation period.⁹

3.11 Other issues covered by the committee with the OOSGG included the Governor-General's comments on an Australian republic, and staffing levels at Government House.

Department of the Prime Minister and Cabinet

Increase in overall staff numbers

3.12 The committee heard that the 2009–10 budget provides for an increase in PM&C's staffing numbers by 71 positions in terms of the average staffing level. Of these 71 positions, 17 are for the COAG Reform Council, for which funding is shared between the Commonwealth and the states. Sixteen of the new staff will work in the newly created Office of the Information Commissioner. There is provision for nine extra staff for the Community Cabinet function and 17 new positions in the National Security and International Policy Group, relating to the National Security Advisory Group. The remaining positions are spread across other areas of the Department.¹⁰

Economic stimulus measures

3.13 The committee questioned the newly-appointed Commonwealth Coordinator-General, Mr Mike Mrdak, on the progress of building measures under the Nation Building and Jobs Plan. Mr Mrdak responded to the question, stating:

The implementation of the nation-building program is going very well. At this stage all of the COAG time frames are being met and work is starting on a range of projects. We are effectively now transitioning out of the project approval and planning processes into the start of construction.¹¹

3.14 Mr Mrdak went on to list the status of various construction programs under the purview of the Coordinator-General.¹² He also reported favourably on state relations, stating that he has weekly meetings with his state counter-parts, and that a new reporting system would commence within the next month. Mr Mrdak stated that the reporting system would deliver a 'report every month on expenditure and project

8 Mr Stephen Brady, OOSGG, *Estimates Hansard*, 25.5.09, p. 67.

9 Mr Stephen Brady, OOSGG, *Estimates Hansard*, 25.5.09, p. 68

10 See discussion, *Estimates Hansard*, 25.5.09, p. 86, p. 102.

11 Mr Mike Mrdak, PM&C, *Estimates Hansard*, 25.5.09, p. 92.

12 For full detail, please see *Estimates Hansard*, 25.5.09, p. 92.

process against every project, so for every school and every housing project we get a monthly report'.¹³

3.15 Mr Mrdak was asked whether the Commonwealth had oversight of the selection of state and territory Coordinators-General. He advised the committee that states and territories had responsibility for these appointments, stating:

Certainly a number of jurisdictions advised us of their intention to appoint particular people. That was a decision that they made, and they simply advised us of their intentions as to whom they were going to appoint.¹⁴

3.16 The committee questioned Mr Mrdak on how the Commonwealth deals with the differing issues associated with different jurisdictions. Noting that, to date, all COAG milestones had been met, Mr Mrdak outlined his approach:

It is fair to say that what I do is work with each of those jurisdictions. Quite early on we met as a group to understand each of the different approaches being adopted. What has been happening through the exchange of information from coordinators-general is jurisdictions are picking up best practice, essentially. Where one jurisdiction has put in place a better method of procurement or, for instance, a jurisdiction has had template designs for school buildings, they have been shared with other jurisdictions. So we have actually done that as a means of keeping the program moving.

Coming back to your point, Senator: yes, there are different approaches being adopted, but what we have tried to do through the coordination arrangements is to make sure we are picking those up. Similarly, a number of jurisdictions have made changes to their planning laws and regulations to facilitate the faster development of these projects. That has been, in a couple of cases copied by other jurisdictions.¹⁵

3.17 A committee member asked the Coordinator-General to detail what oversight is in place to ensure that states or territories do not cost-shift at the expense of the Commonwealth. In answer to this question, Mr Mrdak stated:

The most important one is that, as part of the COAG agreement in February, the states and territories agreed to maintain their effort in relation to existing forward estimates spending in education, housing and infrastructure. That is locked into the national partnership agreement. That is monitored by the Treasury. The heads of Treasury process monitors that. States and territories have been required to provide details of their forward estimates spending in each of those portfolios where the Commonwealth is putting additional investment in. That is then monitored on a quarterly basis by the treasurers to ensure that there is no diminution of state effort and spend. That is the main process that is taking place at the macro level. At the micro level, in relation to individual project costs, we look closely at the project proposals that have been put forward for states to make sure that we

13 Mr Mike Mrdak, PM&C, *Estimates Hansard*, 26.5.09, p. 28.

14 Mr Mike Mrdak, PM&C, *Estimates Hansard*, 26.5.09, p. 25.

15 Mr Mike Mrdak, PM&C, *Estimates Hansard*, 26.5.09, p. 26.

do have a look at issues like project management fees and the like that are proposed in there. I am not aware at this stage that any state is using any Commonwealth program funds to fund the coordination process.¹⁶

National Security Advisory Group

3.18 One of the budget measures included in the PM&C portfolio for 2009–10 was the establishment of the National Security Advisory Group, at a cost of \$17.9 million over 5 years.¹⁷ The committee asked what additional capabilities this group would add to PM&C. Mr Angus Campbell, Deputy National Security Adviser, informed the committee that the adjustments to PM&C's National Security and International Policy Group occurring as the result of the establishment of the National Security Advisory Group were driven by the recommendations of the Smith Review into Homeland and Border Security.¹⁸ He emphasised that one of the key outcomes was an improvement in intelligence coordination:

Intelligence coordination prior to the announcement of the Smith review was being undertaken first through a foreign intelligence coordination group looking only at our foreign intelligence but not then across the breadth of other forms of intelligence, such as law enforcement, border, immigration or security intelligence. This national intelligence coordination approach is new and is undertaken in the Department of the Prime Minister and Cabinet. It was not being done before.¹⁹

Response to swine flu outbreak

3.19 The committee questioned the department on their response to the potential for a swine flu pandemic in Australia. The committee was informed that the Pandemic Emergency Taskforce had been 'stood up' on 28 April 2009, within two days of swine flu cases being reported from Mexico, but that it had been stood down by the time of the hearing (26 May 2009). Dr Rob Floyd, Acting First Assistant Secretary, Homeland and Border Security Division explained further, stating:

The role of the Pandemic Emergency Taskforce is to coordinate whole-of-government responses and activities around a pandemic, or pandemic like disease situation, such as the one we have. The primary work of coordination of the health response comes through the Department of Health and Ageing. So the decisions which are about appropriate health measures are all done through the Department of Health and Ageing in consultation with the states and territories through the Australian Health Protection Committee. When there are broader whole-of-government issues

16 Mr Mike Mrdak, PM&C, *Estimates Hansard*, 26.5.09, p. 27.

17 Budget Paper No. 2, p. 372. Note that funding was provided in additional estimates 2008-09 under 'Departmental output, tba'.

18 Mr Angus Campbell, PM&C, *Estimates Hansard*, 25.5.09, p. 102

19 Mr Angus Campbell, PM&C, *Estimates Hansard*, 25.5.09, p. 104.

that need to be considered, then the Department of the Prime Minister and Cabinet is called together.²⁰

3.20 In response to committee concerns that the taskforce had been stood down at a time when swine flu cases appeared to be increasing, Dr Floyd explained that the department continued to monitor the situation, and would reconvene the taskforce when necessary. He went on to provide further detail, stating:

Yesterday we held discussions about whether we needed to stand up the pandemic emergency task force again or not, so this is very actively and constantly monitored. It does depend on the circumstances within Australia, and the need for the pandemic emergency task force is in the area of whole of government coordination, not in terms of the health response, which is being managed through the Department of Health and Ageing with jurisdictional colleagues... We have a number of staff who are continuing to work full-time on the pandemic issue; although we do not have it formally constituted as a pandemic emergency team, they are still fulfilling that kind of role. So there is a proportionate staffing response that we use, and we continue to engage and monitor whole of government issues as required.²¹

3.21 The committee heard that the taskforce is comprised of members of PM&C and provides support to the National Pandemic Emergency Committee (NPEC). Dr Floyd provided further detail in regard to the NPEC, stating:

We are involved in standing up the National Pandemic Emergency Committee as issues come up where we need to coordinate with jurisdictions and with the Australian government. That committee stood up late last week for the purpose of considering the schools' issues and it will stand again, as it needs to. Those senior officials are from first ministers' departments, emergency service departments and health departments in all jurisdictions and the Commonwealth. The NPEC is a mechanism that we are responsible for bringing together as is required and we have done that over the history of this event.²²

Economic stimulus plan websites

3.22 Extensive discussion between the committee and the department took place concerning the websites associated with the Nation Building and Jobs Plan, including www.economicstimulusplan.gov.au. More detail can be found in the general issues section in Chapter 1.

Use of Commonwealth Cars

3.23 In the context of questioning surrounding several Comcar contracts from the end of 2008 and beginning of 2009, the committee asked for clarification of the policy on usage of Commonwealth cars by the Prime Minister's staff. Senator Faulkner, Special Minister of State, informed the committee that the policy stands as follows:

20 Dr Rob Floyd, PM&C, *Estimates Hansard*, 26.5.09, pp 4-5.

21 Dr Rob Floyd, PM&C, *Estimates Hansard*, 26.5.09, p. 7.

22 Dr Rob Floyd, PM&C, *Estimates Hansard*, 26.5.09, p. 5.

...all employees of the Prime Minister may use a Comcar to travel to and from RAAF Base Fairbairn when embarking or returning from travel with or on behalf of the Prime Minister. That is clause 36. Clause 37 says that with prior notification to the Comcar client liaison manager, the Prime Minister's employees may also travel in a Comcar when the car would otherwise be travelling without passengers, in a range of circumstances: (a) if the Comcar is travelling out of zone, for example, from Canberra to Merimbula to meet the Prime Minister and employees need to travel on the same route to meet the Prime Minister, and (b) if a Comcar is travelling as part of the Prime Minister's advance party and the employees need to travel along the same route. Finally, in using Comcar for these purposes the Comcar booking will be based solely on the Prime Minister's requirements. Employees must make their own way to and from any pick-up drop-off point that Comcar advise which will be on the direct intended route. The Comcar schedule cannot be altered to incur waiting time on behalf of an employee.²³

Other issues

3.24 Other matters discussed with the department included: changes to the private health insurance rebate; the National Health and Hospitals Reform Commission; Community Cabinets; Medibank Private; health services for staff; the National Broadband Network; executive training for national security groups; the Defence White Paper; the Ashmore Reef incident; establishment of a crisis coordination centre; and matters relating to the Prime Minister's VIP jet.

Office of the Privacy Commissioner

3.25 The committee heard that the Office of the Privacy Commissioner (OPC) is to be absorbed into the Office of the Information Commissioner (OIC) and that this process is currently scheduled to commence in January 2010. Also sitting beneath the OIC will be a Freedom of Information Commissioner. The committee asked the Privacy Commissioner, Ms Karen Curtis, whether the potential existed for a conflict of interest between the Privacy and Freedom of Information Commissioners. Ms Curtis responded, stating:

I would expect that the Information Commissioner, as the CEO, will manage any internal conflicts that do arise. But, essentially, there will be two major pieces of legislation being administered, the FOI Act and the Privacy Act, and there are specific provisions that will necessarily mean that normal activities will still occur in those two broad streams. The idea of bringing information, the FOI function, and privacy together is that there will be greater scope for information management across the Commonwealth.²⁴

3.26 Ms Curtis went on to assure the committee that though the two agencies may share office space, their information management would be strictly in accord with the

23 Senator the Hon John Faulkner, Special Minister of State, *Estimates Hansard*, 26.5.09, p. 90.

24 Ms Karen Curtis, Privacy Commissioner, *Estimates Hansard*, 26.5.09, p. 39.

Privacy Act, ensuring that there would be no misuse of information across the two offices.

3.27 Other issues discussed with the committee included the performance of government departments in handling privacy issues, the office's response rate in dealing with complaints, and the ongoing privacy awareness campaign run by the office.

Australian Institute of Family Studies

3.28 The committee briefly examined the Australian Institute of Family Studies. Matters discussed included the effect of the efficiency dividend on the agency, and the amount of research currently being undertaken.

Australian National Audit Office

3.29 The committee spent considerable time questioning the Australian National Audit Office (ANAO) on government advertising. The ANAO explained that under the guidelines developed and administered by the Department of Finance and Deregulation, any campaign over the value of \$250,000 conducted by an agency is referred to the ANAO for possible review. Since the current guidelines came into operation in July 2008, there have been approximately 29 campaigns reviewed by ANAO.²⁵ Mr Peter White, Group Executive Director of the Performance Audit Services Group was asked to outline the guideline, and responded stating:

There are five broad categories in the guidelines: material should be relevant to government responsibilities; the material should be presented in an objective, fair and accessible manner; material should not be directed at promoting party political interests; material should be produced and distributed in an efficient, effective and relevant manner with due regard to accountability; and the last, very broad one is that the advertising must comply with legal requirements.²⁶

3.30 It was asked whether the advertising campaign on the cash stimulus payments was in accordance with ANAO's guidelines in that recipients did not need to do anything to receive the payments, rendering the campaign unnecessary. Mr Michael White, an Executive Director of the Performance Audit Services Group, replied:

In a number of those types of situations that we have looked at, one of the things we would look at are the operational costs of call centres when those kinds of payments are made and someone has not provided advice in advance. If the call centre advices are extreme then obviously it is part of the cost-benefit analysis. It would be listed as one of the costs of the campaign, as opposed to the benefit of, say, providing them a letter of advice in advance of them receiving it.²⁷

25 *Estimates Hansard*, 26.5.09, p. 91.

26 Mr Peter White, ANAO, *Estimates Hansard*, 26.5.09, p. 90.

27 Mr Michael White, ANAO, *Estimates Hansard*, 26.5.09, p. 92.

3.31 The discussion moved on to campaigns below the value of \$250,000. According to the ANAO, unless a campaign was deemed sensitive by the Department of Finance and Deregulation and referred to the ANAO, they would not necessarily be aware of it.²⁸ When asked whether there could be many low-value campaigns that are not being referred to ANAO, the Deputy Auditor-General, Mr Steve Chapman responded:

Correct, but I suspect that public scrutiny and others might have an opinion about that and there would be some feedback mechanism to it. We have found that, in our relationship with departments who are referring campaigns to us, they tend to take a conservative approach and often seek to discuss the campaign with us in an informal way—I am talking here about campaigns of over \$250,000—to ensure that they do fully comply with the guidelines.²⁹

3.32 Other issues considered include a Department of Climate Change advertising campaign, credit card use in the public service, and the economic stimulus website. Further detail on the last issue can be found in the general issues section of Chapter 1.

Australian Public Service Commission

3.33 The Public Service Commissioner, Ms Lynelle Briggs, was asked to comment on a potential affiliation of the Community and Public Sector Union with ACT Labor. The Commissioner was not aware of any concerns raised with the Australian Public Service Commission (APSC), though agreed to take the matter on notice. Senator Faulkner made reference to APS Values and Code of Conduct, and noted that it was quite acceptable for APS employees to participate in political activities and that they were expected to separate their personal views on policy issues in the performance of their official duties.³⁰

Old Parliament House

3.34 Old Parliament House was questioned on the recent opening of the Museum of Australian Democracy with reference to the consultation of former Prime Minister Howard in relation to exhibits concerning his time as Prime Minister. The matter was taken on notice.

Office of the Inspector General of Intelligence and Security

3.35 Following on from discussion of the Defence White Paper with the Department of the Prime Minister and Cabinet, the Inspector-General, Mr Ian Carnell was questioned about media reports that he had investigated alleged pressure on Defence Intelligence Organisation officials to alter their assessments for the White Paper. Mr Carnell confirmed that he had conducted an investigation, but it was as part

28 Mr Steve Chapman, ANAO, *Estimates Hansard*, 26.5.09, p. 94.

29 Mr Steve Chapman, ANAO, *Estimates Hansard*, 26.5.09, pp 94–95

30 Senator the Hon John Faulkner, *Estimates Hansard*, 26.5.09, p. 110

of his routine activities.³¹ He informed the committee that he found no evidence of improper pressure, stating:

In the course of that inquiry, one of the several things I did was to do a survey of DIO staff. We examined the responses, naturally. There was some questioning in a small number of the survey responses as to the debate and pressure that had gone on—at least pressure in the eyes of some—in relation to DIO's contribution to the white paper. When I say contribution, I had the advantage of listening to a part of the proceedings earlier in the day. As the minister at the table described, DIO produced a set of papers that were provided to the white paper as input. I did examine this question of had there been improper pressure. You naturally expect, in the course of assessment activity, for there to be debate or challenge and sometimes that can be robust. For me, it is a question of: is a line crossed where it is said to be improper pressure? The sorts of things that I have in mind there are: is there an attempt to direct what the judgments ought to be; are there threats either expressed or implied; or, indeed, does the conduct approach harassment or bullying or that sort of thing? The finding I made in this regard was that there was no improper pressure in relation to DIO's development of those products. In my forthcoming annual report I propose to have as an annexe the unclassified executive summary findings and recommendations from this inquiry. You will be able to see there that it is stated as a clear finding that I found no evidence of improper pressure.³²

3.36 The Inspector-General also discussed budgetary matters with the committee.

Office of National Assessments

3.37 The committee also questioned the Office of National Assessments (ONA) on the Defence White Paper. In particular, the Director-General of ONA, Mr Peter Varghese was asked whether he had written to the Prime Minister expressing concern about a distortion of national security priorities in relation to China. Mr Varghese replied:

I am not going to go into the details of any correspondence I have with the Prime Minister, but what is very relevant to your question is that the issue I may have raised in a letter to the Prime Minister went to the methodology of the white paper and not to the issue to which you refer. And I should add that the methodology issue that I raised was very satisfactorily resolved.³³

3.38 In response to a question, on whether Mr Varghese, and officers of ONA's views were satisfactorily reflected in the White Paper, Mr Varghese answered that there were 'no strategic judgments in the White Paper with which I disagree'.³⁴

31 Mr Ian Carnell, IGIS, *Estimates Hansard*, 26.5.09, p. 113.

32 Mr Ian Carnell, IGIS, *Estimates Hansard*, 26.5.09, pp 113–114.

33 Mr Peter Varghese, ONA, *Estimates Hansard*, 26.5.09, p. 116.

34 Mr Peter Varghese, ONA, *Estimates Hansard*, 26.5.09, p. 117.