

The Senate

---

Finance and Public Administration  
Legislation Committee

---

Budget estimates 2009-10

June 2009

© Commonwealth of Australia 2009

ISBN 978-1-74229-114-7

**Committee address**

Finance and Public Administration Committee

SG.60, Parliament House

CANBERRA ACT 2600

Tel: 02 6277 3530 Fax: 02 6277 5809

Email: [fpa.sen@aph.gov.au](mailto:fpa.sen@aph.gov.au) Internet: [www.aph.gov.au/senate\\_fp](http://www.aph.gov.au/senate_fp)

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

# Membership of the Committee

Senator Helen Polley (Chair)	ALP, TAS
Senator Cory Bernardi (Deputy Chair)	LP, SA
Senator Doug Cameron	ALP, NSW
Senator Jacinta Collins	ALP, VIC
Senator Scott Ryan	LP, VIC
Senator Rachel Siewert	AG, WA

## Participating members

Senator the Hon Eric Abetz, TAS, LP	Senator Gary Humphries, ACT, LP
Senator Judith Adams, WA, LP	Senator Annette Hurley, SA, ALP
Senator Chris Back, WA, LP	Senator Steve Hutchins, NSW, ALP
Senator Guy Barnett, TAS, LP	Senator the Hon David Johnston, WA, LP
Senator Catryna Bilyk, TAS, ALP	Senator Barnaby Joyce, QLD, NATS
Senator Simon Birmingham, SA, LP	Senator Helen Kroger, VIC, LP
Senator Mark Bishop, WA, ALP	Senator Scott Ludlum, WA, AG
Senator the Hon Ronald Boswell, QLD, NATS	Senator Kate Lundy, ACT, ALP
Senator Sue Boyce, QLD, LP	Senator the Hon Ian Macdonald, QLD, LP
Senator the Hon George Brandis, QLD, LP	Senator Gavin Marshall, VIC, ALP
Senator Bob Brown, TAS, AG	Senator the Hon Brett Mason, QLD, LP
Senator Carol Brown, TAS, ALP	Senator Anne McEwen, SA, ALP
Senator David Bushby, TAS, LP	Senator Julian McGauran, VIC, LP
Senator Michaelia Cash, WA, LP	Senator the Hon Jan McLucas, QLD, ALP
Senator the Hon Richard Colbeck, TAS, LP	Senator Christine Milne, TAS, AG
Senator Jacinta Collins, VIC, ALP	Senator the Hon Nick Minchin, SA, LP
Senator the Hon Helen Coonan, NSW, LP	Senator Claire Moore, QLD, ALP
Senator Mathias Cormann, WA, LP	Senator Fiona Nash, NSW, NATS
Senator Trish Crossin, NT, ALP	Senator Kerry O'Brien, TAS, ALP
Senator Alan Eggleston, WA, LP	Senator Marise Payne, NSW, LP
Senator Don Farrell, SA, ALP	Senator Louise Pratt, WA, ALP
Senator David Feeney, VIC, ALP	Senator the Hon Michael Ronaldson, VIC, LP
Senator the Hon Alan Ferguson, SA, LP	Senator the Hon Nigel Scullion, NT, CLP
Senator Steve Fielding, VIC, FF	Senator Rachel Siewert, WA, AG
Senator Concetta Fierravanti-Wells, NSW, LP	Senator Glenn Sterle, WA, ALP
Senator Mitch Fifield, VIC, LP	Senator the Hon Judith Troeth, VIC, LP
Senator Mary Jo Fisher, SA, LP	Senator Russell Trood, QLD, LP
Senator Michael Forshaw, NSW, ALP	Senator John Williams, NSW, NATS
Senator Mark Furner, QLD, ALP	Senator Dana Wortley, SA, ALP
Senator Sarah Hanson-Young, SA, AG	Senator Nick Xenophon, SA, Ind
Senator the Hon Bill Heffernan, NSW, LP	

## Secretariat

Christine McDonald	Committee Secretary
Jane Thomson	Senior Research Officer
Alex Wilson	Research Officer
Bill Bannear	Research Officer
Samantha Ferry	Executive Assistant



# Table of Contents

<b>Membership of the Committee .....</b>	<b>iii</b>
<b>Budget Estimates 2009–10.....</b>	<b>1</b>
<b>Introduction .....</b>	<b>1</b>
Portfolio coverage .....	1
Restructure of portfolios.....	1
Hearings.....	2
General issues .....	3
<b>Parliamentary Departments .....</b>	<b>9</b>
Department of the Senate .....	9
Department of Parliamentary Services.....	10
<b>Prime Minister and Cabinet Portfolio .....</b>	<b>13</b>
Office of the Official Secretary to the Governor-General.....	13
Department of the Prime Minister and Cabinet.....	15
Office of the Privacy Commissioner .....	19
Australian Institute of Family Studies.....	20
Australian National Audit Office .....	20
Australian Public Service Commission .....	21
Old Parliament House.....	21
Office of the Inspector General of Intelligence and Security.....	21
Office of National Assessments .....	22
<b>Finance and Deregulation Portfolio .....</b>	<b>23</b>
Department of Finance and Deregulation .....	23
ASC Pty. Ltd. ....	27
Medibank Private.....	28
Future Fund Management Agency .....	29
Australian Electoral Commission.....	29
<b>Human Services Portfolio.....</b>	<b>31</b>
Department of Human Services.....	31
Centrelink .....	32
Medicare Australia .....	32

Australian Hearing.....	32
<b>Department of Climate Change.....</b>	<b>33</b>
<b>Appendix 1.....</b>	<b>37</b>
<b>Departments, agencies, authorities and companies under the Committee's oversight .....</b>	<b>37</b>
Parliamentary departments .....	37
Prime Minister and Cabinet Portfolio .....	37
Finance and Deregulation Portfolio .....	37
Human Services Portfolio.....	38
<b>Appendix 2.....</b>	<b>39</b>
<b>Transition tables .....</b>	<b>39</b>
Department of Parliamentary Services.....	39
Department of the Senate .....	39
Department of the Prime Minister and Cabinet.....	40
Department of the Prime Minister & Cabinet (continued).....	41
Department of Climate Change.....	42
Department of Finance and Deregulation .....	43
Department of Human Services.....	44
<b>Appendix 3.....</b>	<b>45</b>
<b>Index to Hansard Transcripts .....</b>	<b>45</b>

# Budget Estimates 2009–10

## Introduction

1.1 On 12 May 2009, the Senate referred to the Finance and Public Administration Legislation Committee (the committee) for examination and report the following documents:

- Particulars of proposed expenditure in respect of the year ending on 30 June 2010;
- Particulars of certain proposed expenditure in respect of the year ending on 30 June 2010; and
- Particulars of proposed expenditure in relation to parliamentary departments in respect of the year ending on 30 June 2010.<sup>1</sup>

### Portfolio coverage

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

- Parliamentary departments;<sup>2</sup>
- Prime Minister and Cabinet portfolio;
- Finance and Deregulation portfolio; and
- Human Services portfolio.

1.3 Appendix 1 lists the departments, agencies, authorities and companies under the portfolios mentioned above.

### Restructure of portfolios

1.4 With the implementation of Operation Sunlight, departments and agencies have redefined outcome statements and moved to program-based reporting. Appendix 2 shows the transition tables for the core departments under the committee's oversight. Transition tables for other agencies can be found in the relevant Portfolio Budget Statement, available at <http://www.budget.gov.au/>.

1.5 There have been no changes in the allocation of agencies to the Prime Minister and Cabinet portfolio. Within the Department of the Prime Minister and Cabinet there has been the addition of the Office of the Commonwealth Coordinator-General in order to manage implementation of the Nation Building and Jobs Plan. The department has also been funded to establish the new Office of the Information Commissioner, contingent on the relevant legislation being passed.

---

1 *Journals of the Senate*, 12 May 2008, p. 1920.

2 As a matter of comity between the Houses, it is traditional that 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.

1.6 Within the Finance and Deregulation portfolio, Medibank Private and Health Services Australia (previously in the Human Services portfolio) merged on 1 April 2009. Medibank Private will continue to appear before the committee under the Finance and Deregulation portfolio.

1.7 The Department of Finance and Deregulation established a new program entitled 'program 1.3: Nation Building Funds'. Through this program, the department will advise on the Government's three nation-building funds, including on 'the investment mandates, transfers of amounts to the funds, debits for payments to Portfolio Special Accounts and other governance matters'.<sup>3</sup>

1.8 The Department of Human Services has had one change, with the Job Capacity Assessment program moving to the Department of Education, Employment and Workplace Relations.

### **Hearings**

1.9 The committee held public hearings on Monday 25, through to Friday, 29 May 2009. Copies of the committee's transcripts of evidence are tabled in five volumes of *Hansard*. Copies of *Hansard* are available on the internet at the following address: [www.aph.gov.au/hansard](http://www.aph.gov.au/hansard).<sup>4</sup>

1.10 In accordance with Standing Order 26, the committee is required to set a date for the lodgement of written answers and additional information. The committee resolved that written answers and additional information be submitted by Friday, 10 July 2009.

1.11 Further written explanations furnished by departments and agencies will be tabled, as received, in the Senate. That information is also available on the committee's internet page: [www.aph.gov.au/Senate/committee/fapa\\_ctte/estimates/index.htm](http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/index.htm). As a matter of Parliamentary Privilege, all information is 'tabled' on receipt.

1.12 The committee notes its appreciation that the vast majority of agencies submitted their responses to Questions on Notice from Additional Estimates 2008–09 (February 2009), by the specified deadline of 9 April 2009.

1.13 Over the course of the five days' hearings—totalling over 45 hours—the committee took evidence from: the President of the Senate, Senator the Hon John Hogg; Special Minister of State and Cabinet Secretary, Senator the Hon John Faulkner, representing the Prime Minister; Minister for Superannuation and Corporate Law, Senator the Hon Nick Sherry, representing the Finance Minister; Minister for Human Services, Senator the Hon Joe Ludwig; and Minister for Climate Change and Water, Senator the Hon Penny Wong, together with officers of the departments and agencies concerned.

1.14 The following agencies were released from the hearings without examination: the National Archives of Australia; National Australia Day Council Limited; Office of

---

3 Department of Finance and Deregulation, Portfolio Budget Statement 2009–10, p. 29.

4 Appendix 3 provides an index to the *Hansard* transcripts.



---

the Commonwealth Ombudsman; Australian Industry Development Corporation; Australian Reward Investment Alliance; Australian River Co. Ltd; and Telstra Sale Company Ltd.

### **General issues**

1.15 The sections of the report that follow list various issues considered by the committee and discuss some of these in detail:

- public interest immunity claims;
- changes to the Portfolio Budget Statements; and
- the use of websites under the advertising guidelines.

#### ***Public interest immunity claims***

1.16 On 13 May 2009, the Senate passed an order relating to public interest immunity claims moved by Senator Cormann.<sup>5</sup> The full text of this order was provided to departments and agencies prior to the hearing, and was also incorporated into the daily opening statements.

1.17 The order was directly referenced during the hearing on two separate occasions. The first occasion occurred during questioning of the Department of the Prime Minister and Cabinet when a copy of advice supplied to the Government by the department on the subject of taxation of Ready-to-Drink beverages was requested. The Special Minister of State, the Hon John Faulkner declined to provide this information, stating:

...you are well aware, Senator, that the actual content of the advice will not and, I would respectfully suggest to you, should not be provided to the committee. This is, as you know, a very longstanding convention of these committees. But what we are happy to provide for you and are doing so in a fulsome manner is the details around the processes leading to the provision of the advice.<sup>6</sup>

1.18 When pressed to specify whether the refusal to provide the information was based on a relevant public immunity claim, the Minister pointed to the convention of not providing advice that went to cabinet deliberations, stating:

I think my approach has been consistent, regardless of what side of the estimates table I have sat on, and it is consistent today. The process questions around this advice to government which informed a cabinet decision, I think, should be answered, if they are able to be answered, by ministers or officials; if we are not able to answer matters directly, we should take them on notice and provide an answer to the committee, which is precisely what we are doing. The content of advice to government, which of course is a very relevant matter in relation to the cabinet consideration, is

---

5 *Journals of the Senate*, 13.5.09, p. 1941

6 Senator the Hon John Faulkner, Special Minister of State, *Estimates Hansard*, p. 80.

something again on which I have taken this consistent view [to not disclose the content of advice].<sup>7</sup>

1.19 The issue was again pursued later in the hearing. At that time, the *Government guidelines for official witnesses before parliamentary committees and related matters* were discussed.<sup>8</sup> The Minister noted that paragraph 2.32(d) of the guidelines addresses the disclosure of material disclosing relating to opinion, advice or recommendation of the deliberative processes involved in the functions of the Government where disclosure would be contrary to the public interest. The Minister stated 'obviously ministers have, for very many years, asserted that their obligations under the resolution [are] discharged by that particular part of the document'.<sup>9</sup> He went on to state:

I come back to where I started from and say to you that I commend what I think is a longstanding and consistent approach that I have taken on these issues. I think there has been a consistent view from both government and opposition, regardless of which party forms government and which party is in government or opposition, to accept that it is contrary to the public interest for advice to government prepared for the purposes of such deliberative purposes and input into cabinet and the like for those sorts of matters to be disclosed. Government ministers at the table have said that consistently for the past 20 years.

What I am saying is that what has not been applied consistently is information around the process of the provision of advice. I certainly want to provide as much information to you as I can. But let the record at least stand—if we are going to talk about public interest immunity—of the full scope of that public interest immunity, which someone in reading the transcript might think it might be left at issues such as national security, defence, international relations or the like.<sup>10</sup>

1.20 The committee also examined the final section of paragraph 2.32 from the guidelines which state that the provisions of the Freedom of Information Act have no actual application to a parliamentary inquiry, but are a general guide to grounds for non-disclosure.

1.21 The order was also raised during questioning of the Department of Finance and Deregulation (Finance) on the subject of advice given to government on the ownership status of Medibank Private. The Secretary of Finance, Dr Ian Watt, informed the committee that 'we do not usually provide our advice to government'.<sup>11</sup>

---

7 Senator the Hon John Faulkner, Special Minister of State, *Estimates Hansard*, p. 81.

8 Government Guidelines for Official Witnesses before Parliamentary Committees and Related Matters—November 1989, Department of the Prime Minister and Cabinet, pp 8–9. Document is available from <http://www.dPMC.gov.au/guidelines/index.cfm> - accessed 17 May 2009.

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

10 Senator the Hon John Faulkner, Special Minister of State, *Estimates Hansard*, p. 91.

11 Dr Ian Watt, Finance, *Estimates Hansard*, 27.5.09, p. 17.

---

The department was reminded of the order, and agreed to take the question on notice. The committee will closely monitor the responses that are provided.

### ***Changes to Portfolio Budget Statements***

1.22 The 2009–10 Portfolio Budget Statements (PBS) include new information as part of the Government's implementation of the Operation Sunlight recommendations. The committee commends the inclusion of program level information, including performance indicators and expenditure data.

1.23 Outcome statements for agencies have also been reviewed. In response to a question about progress in implementing the Operation Sunlight recommendations, Ms Kathryn Campbell, General Manager of the Financial Management Group stated:

One of the other significant changes in this budget was the introduction of new outcome statements for a number of agencies. Minister Tanner, in Operation Sunlight, had referred to the fact that some outcome statements were vague and not descriptive and did not really capture, in a definitive manner, what agencies were expected to deliver. There has been a review of a great deal—in fact the majority—of the outcome statements over the last 12 months, and these have been published in the portfolio budget statements this year. Those that have not been reviewed are generally for organisations undergoing major changes. There are only a handful of those and they will be reviewed over the next few months in time for the next budget.<sup>12</sup>

### ***Use of websites under the advertising guidelines***

1.24 The committee examined issues relating to the website [www.economicstimulusplan.gov.au](http://www.economicstimulusplan.gov.au). The website was developed by the Department of Education, Employment and Workplace Relations, with input from various agencies for a total cost, including maintenance, of \$164,000. This process was managed by the Department of the Prime Minister and Cabinet (PM&C).<sup>13</sup> The committee was informed that the purpose of the website was to act as a 'one-stop shop for information on the government's economic stimulus plan'.<sup>14</sup> Mr Mike Mrdak, Deputy Secretary of PM&C, elaborated further, stating:

It has proven to be a very popular tool for communities in terms of accessing information and also for businesses looking for employment. Through the website we have contact points for state and territory tenders and also local government contact points for the various local government projects. My understanding is that it is achieving about 20,000 individual hits per week.<sup>15</sup>

---

12 Ms Kathryn Campbell, Finance, *Estimates Hansard*, 27.5.09, p. 88.

13 *Estimates Hansard*, 26.5.09, p. 32.

14 Senator the Hon John Faulkner, Special Minister of State, *Estimates Hansard*, 26.5.09, p. 33.

15 Mr Mike Mrdak, PM&C, *Estimates Hansard*, 26.5.09, p. 34.

1.25 There were some concerns raised that the use of video clips featuring government ministers was outside of government convention and may be partisan in nature. In response, Mr Mrdak stated:

We have been very careful to ensure that the material that goes on the website meets the long-established [Australian Government Information Management Office (AGIMO)] guidelines in relation to departmental websites. That clearly ensures that the material that goes on the website meets all of the APS values and the AGIMO requirements for publicly funded websites.

...

We have been very careful to ensure that the video clips are apolitical in the sense that they are at ministers commenting on their portfolio responsibilities and announcements within their portfolios. Increasingly, this medium is being used across a number of websites where ministers are presenting information—essentially what would otherwise in the past have been media releases, speeches or comments by ministers in relation to their programs. Ministers now have the technical capacity to place video footage of themselves announcing or commenting on their policies and programs.<sup>16</sup>

1.26 PM&C's attention was drawn to the use of the term 'Rudd Labor Government' in one of the videos, suggesting that the word 'Labor' should not have appeared. Mr Mrdak agreed to examine the matter on notice, stating that PM&C had been 'very conscious of ensuring that party political references are not mentioned'.<sup>17</sup>

1.27 The website was again raised during discussion with the Australian National Audit Office (ANAO). Mr Steve Chapman, the Deputy Auditor-General, informed the committee that no review had been conducted as it had not been referred to ANAO. The committee heard that under the existing guidelines the Department of Finance and Deregulation referred campaigns over the value of \$250,000. As the costs of many websites fall below the \$250,000 threshold, they would not be referred for review by the ANAO, thus potentially escaping scrutiny. The Minister reminded the committee that websites still fell under the scrutiny of AGIMO, stating:

Senator, you make the point that the current guidelines do not deal with agency websites. I think we have heard that that is true. You would be aware of the evidence that was provided earlier today...about the responsibilities that AGIMO has in relation to those websites.

...

There is a key point that I have to stress to you, as I think officials did earlier, in relation to the website which you are drawing attention to now and which you drew attention to earlier in the day—the [www.economicstimulusplan.gov.au](http://www.economicstimulusplan.gov.au) website—and that is that it would be

---

16 Mr Mike Mrdak, PM&C, *Estimates Hansard*, 26.5.09, p. 32.

17 Mr Mike Mrdak, PM&C, *Estimates Hansard*, 26.5.09, p. 56.

---

inappropriate to describe it as a 'campaign website' in any way, shape or form.<sup>18</sup>

1.28 The matter was also raised with AGIMO during the committee's scrutiny of the Finance portfolio. The committee questioned AGIMO on the guidelines for registering government domain names. In particular, the committee asked whether the domain name 'www.buildingtheeducationrevolution.gov.au', which was related to the economic stimulus plan website, violated the guidelines for registration. The clauses referenced before the committee were as follows:

16. Domain names must bear a direct semantic connection to the stated purpose. Furthermore, such names should represent a readily recognised concept associated with the stated purpose.

17. Notwithstanding the preceding paragraph, the domain name must not:

...

v. express a political statement or bear any semantic connection to a registered Australian political party;<sup>19</sup>

1.29 AGIMO informed the committee that the website had been checked against all elements of the policy, and took some related matters on notice.<sup>20</sup>

---

18 Senator the Hon John Faulkner, Special Minister of State, *Estimates Hansard*, 26.5.09, pp 97–98

19 Eligibility and Allocation Policy, AGIMO, available at: [http://www.domainname.gov.au/Eligibility\\_and\\_Allocation\\_Policy](http://www.domainname.gov.au/Eligibility_and_Allocation_Policy). Accessed on 17 June 2009.

20 *Estimates Hansard*, 27.5.09, p. 108.



## Parliamentary Departments

2.1 The committee took evidence from the parliamentary departments on Monday, 25 May 2009.

### Department of the Senate

#### *Level of committee activity and change in committee structure*

2.2 A discussion of the level of committee activity, raised during an additional estimates hearing in February 2009, was continued at this hearing. The President advised that the Department of the Senate was expecting a deficit of approximately \$300,000 for the financial year. This was largely attributed to the sustained higher activity levels of the Senate committees.<sup>1</sup> Statistics supplied to the committee by the Clerk of the Senate indicated that in the 2008 calendar year there were 111 matters referred to the committees, which was the highest number in the 15 years covered by the data.<sup>2</sup>

2.3 In the context of this discussion, it was asked if the recent change to the committee system would increase staffing costs. In response, the Clerk of the Senate, Mr Harry Evans stated:

No. Basically our costs are due to the level of committee activity rather than the forums in which that activity takes place. I think it would be true to say it is marginally more expensive to run select committees rather than references to standing committees, but basically the cost is due to the level of activity—the number of inquiries to be undertaken and the number of reports to be done and so on. So we do not expect a great increase or decrease in the costs as a result of the change in the committee structure. Basically, as you know, it aims to avoid so many select committees and make it a bit more efficient in relation to the use of senators' time as well as staff time.<sup>3</sup>

#### *Accessibility of Senate documents for people with disabilities*

2.4 The committee sought further information on the Department's response to a motion in the Senate concerning access for people with disabilities to documents of the Senate. The Department advised that discussions were continuing with Vision Australia about new technology that could potentially be used to provide greater access.<sup>4</sup>

2.5 Other matters of interest discussed by the committee included the process undertaken in conducting staff redundancies and the relationship between the

---

1 *Estimates Hansard*, 25.5.09, p. 4.

2 'Senate Committee Activities' Report to Finance and Public Administration Legislation Committee – Budget estimates 2009–10, p. 4.

3 *Estimates Hansard*, 25.5.09, p. 6.

4 *Estimates Hansard*, 25.5.09, p. 5.

Presiding Officers Information Technology Advisory Group and the President of the Senate.

## **Department of Parliamentary Services**

### ***Budgetary pressures***

2.6 The Department of Parliamentary Services informed the committee that they would need to find approximately \$4.5 million worth of savings to remain within their budget. Reasons for this included an increase in electricity costs, rising insurance premiums, IT efficiency requirements arising from the Gershon IT review, staff wage increases and the recent announcement that Australian Federal Police security costs will significantly increase.<sup>5</sup>

### ***Security arrangements at Parliament House***

2.7 The committee examined the decision to reduce the number of security staff employed by approximately 25. The Department explained that security costs accounted for about a third of its budget, and that the reduction represented a return to the security staffing levels of 200506. In response to concerns that this may represent a threat to the safety of building occupants, the Department Secretary, Mr Alan Thompson stated:

Our assessment is that we can deliver a comparable level of security. This building is open for public visitation during normal hours but we actually have some staff in and around the building 24 hours a day seven days a week, and our assessment is that we can still provide a very high level of security.<sup>6</sup>

2.8 There was also a continuation of discussion from the February additional estimates about whether a need existed to screen members and senators on entry to Parliament House, and access to the parliamentary slip roads. The Department reported that the number of pass-holders with access to the slip roads had been reduced from 8000 to 1400.<sup>7</sup>

### ***Hansard Production System***

2.9 The Department reported on plans to upgrade the existing Hansard Production System which is approximately 10 years old. According to the Department, the upgrade is necessary to provide improved service levels and because the technology used in the old system is no longer supported. The budget for this system is approximately \$3.5 million and is expected to be implemented in approximately 12 months' time.<sup>8</sup>

2.10 Other issues discussed with the Department included the recommissioning of select water features at Parliament House, proposed changes to a greener air-

---

5 *Estimates Hansard*, 25.5.09, p. 13.

6 Mr Alan Thompson, DPS, *Estimates Hansard*, 25.5.09, p. 15.

7 *Estimates Hansard*, 25.5.09, p. 26.

8 *Estimates Hansard*, 25.5.09, p. 26.



---

conditioning system, continued couch grass trials, businesses within Parliament and artworks administered by the Department.



## 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.<sup>1</sup>

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.<sup>2</sup>

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.<sup>3</sup>

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.<sup>4</sup>

3.7 The Official Secretary went on to reject claims that the Governor-General had been involved in Australian foreign policy<sup>5</sup> 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.<sup>6</sup>

### ***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.<sup>7</sup> 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.<sup>8</sup>

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.<sup>9</sup>

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.<sup>10</sup>

### ***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.<sup>11</sup>

3.14 Mr Mrdak went on to list the status of various construction programs under the purview of the Coordinator-General.<sup>12</sup> 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'.<sup>13</sup>

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.<sup>14</sup>

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.<sup>15</sup>

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.<sup>16</sup>

### ***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.<sup>17</sup> 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.<sup>18</sup> 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.<sup>19</sup>

### ***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.<sup>20</sup>

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.<sup>21</sup>

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.<sup>22</sup>

### ***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](http://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.<sup>23</sup>

### ***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.<sup>24</sup>

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.<sup>25</sup> 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.<sup>26</sup>

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.<sup>27</sup>

---

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.<sup>28</sup> 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.<sup>29</sup>

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.<sup>30</sup>

### **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.<sup>31</sup> 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.<sup>32</sup>

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.<sup>33</sup>

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'.<sup>34</sup>

---

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.

## Finance and Deregulation Portfolio

4.1 The committee took evidence from the Department of Finance and Deregulation and portfolio agencies on Wednesday, 27 May and Thursday, 28 May 2009.

### Department of Finance and Deregulation

#### *Fiscal sustainability in the medium term*

4.2 The committee asked the Department of Finance and Deregulation (Finance) to confirm debt figures across the forward estimates. Finance suggested that this was an area to question the Department of the Treasury,<sup>1</sup> but were able to confirm public figures from the budget papers. The committee heard that net debt in 2012–13 is forecast to be \$188.2 billion, while gross debt would be \$300.8 billion.<sup>2</sup>

4.3 The committee asked Finance how it would observe fiscal discipline in order to hold real growth spending down to two per cent per annum. Dr Ian Watt, Secretary of the department, responded to the question stating:

Ultimately, it is a matter of government deciding to keep new spending tight, limited, and to bear down on existing spending wherever possible. When you look at the periods where the government had had low rates of growth of real spending—these have occurred in the case of all three former governments, going back to the late seventies—they have usually come in periods of tight budgets and been sustained as long as budgets stayed tight. I think the answer is that the government has made a commitment and that commitment is certainly able to be realised, but it will be a matter of all agencies, all departments and all members of the government being signed on for that commitment and working towards meeting it.<sup>3</sup>

#### *Contingent liabilities*

4.4 The committee spent some time discussing the subject of contingent liabilities. A contingent liability is 'a specific category of fiscal risks. Broadly, they represent possible costs or gains to the Australian Government arising from past events which will be confirmed or otherwise by the outcome of future events that are not within the Government's ability to control'.<sup>4</sup> In response to questioning, Finance informed the committee that it has 'a role to play in collecting information on contingent liabilities and reporting those in the statement of risks'.<sup>5</sup>

4.5 The department was also questioned on methodology adopted in advising the government on potential exposure to contingent liabilities for policy decisions.

---

1 Dr Ian Watt, Finance, *Estimates Hansard*, 27.5.09, p. 3.

2 Dr Paul Grimes, Finance, *Estimates Hansard*, 27.5.09, pp 3–4

3 Dr Ian Watt, Finance, *Estimates Hansard*, 27.5.09, p. 5.

4 Budget Paper No. 1 2009–10, p. 8-4

5 Dr Paul Grimes, Finance, *Estimates Hansard*, 27.5.09, p. 6.

Dr Paul Grimes, General Manager of the Budget Group, explained that Finance conducts a survey of agencies each year, stating 'in the lead-up to preparing the budget documents we will be in contact with all agencies to collect this information'.<sup>6</sup> He went on to state:

...the risks here are reporting both positive and negative risk to the budget; they are not conducting an analysis of weighing up the benefits and costs of specific risks. Obviously those are things that are considered through the budget process proper and through the policy development process. If the government takes on a contingent liability, in taking on that liability, that would have been a policy decision that the government had made, and in making that decision the government would way of benefits and costs. That is not outlined in this statement. The statement is a disclosure of the actual liabilities and risks that have been recognised.<sup>7</sup>

### ***National Broadband Network***

4.6 Following on from the subject of contingent liabilities, the committee questioned Finance on matters relating to the proposal for a National Broadband Network (NBN). Finance was asked to give more detail on the costing of the NBN proposal, but initially declined on the grounds that it went to a cabinet process, and involved commercial-in-confidence material, opting instead to take the matter on notice.<sup>8</sup> On the subject of what technology was involved in the costing, Mr Peter Saunders, Division Manager of the Budget Review Division, confirmed that there were assumptions about technology and uptake, but cited commercial-in-confidence issues, taking the question on notice.<sup>9</sup> The committee did hear however, that it was assumed in the costing that 90 per cent of the network would involve fibre-to-the-premise, while the remainder would adopt wireless and satellite technology.<sup>10</sup> In response to further questions on the costing process, Mr Saunders stated:

We were provided with unit costs and the number of kilometres that had to be covered, with unit rates per kilometre. We sought to find benchmarks for those, had an iterative dialogue with the department of broadband about that and eventually narrowed down the range to the one that has been mentioned—\$38 billion to \$43 billion.<sup>11</sup>

4.7 The committee asked what mechanisms would be in place to ensure that the new NBN company, which would be formed under the proposal, operated at arm's length from the Government. Mr Lewis replied that the new company will be established as a government business enterprise and that:

---

6 Dr Paul Grimes, Finance, *Estimates Hansard*, 27.5.09, p. 6.

7 Dr Paul Grimes, Finance, *Estimates Hansard*, 27.5.09, p. 6.

8 *Estimates Hansard*, 27.5.09, p. 10

9 *Estimates Hansard*, 27.5.09, p. 11.

10 *Estimates Hansard*, 27.5.09, p. 11

11 Mr Paul Saunders, Finance, *Estimates Hansard*, 27.5.09, p. 11

---

It will operate in accordance with the usual governance arrangements for government business enterprises. An appropriate board will be appointed to oversee the management of the company. Legislation will be introduced to give effect to a range of policy announcements that the government has already made... There will be the regulatory arrangements in relation to how the wholesale company should operate and there will also need to be arrangements put in legislation in relation to future privatisation of the company.<sup>12</sup>

### ***Suggestion of a joint sitting of Treasury and Finance at an estimates hearing***

4.8 Following a series of questions on both the budget and the NBN that were referred to Treasury by Finance, Senator the Hon Helen Coonan made the following comments:

Just as a matter of interest, has any thought been given—this is something for you, Senator Sherry—to the utility of having some sort of joint Senate estimates with both Treasury and Finance? I make the suggestion in all seriousness. To get a composite picture, in fairness—in terms of public accountability and general transparency of the estimates process—it seems to me that, rather than putting witnesses in positions where they have to assume responsibility over and over again, there could be some utility in having a joint sitting.<sup>13</sup>

4.9 The minister representing the Finance Minister, Senator Sherry responded to these comments by taking the suggestion on notice, stating:

I have not given it any consideration. I would want to consult with the appropriate ministers and so I would take that on notice. We will deal with this suggestion if it emerges in the Senate.<sup>14</sup>

### ***Deregulation program***

4.10 The committee asked Finance how savings through deregulatory measures were costed. Finance informed the committee that often in the case of major economic deregulatory measures, the Productivity Commission will have provided a costing, though these tend to be for a broad series of reforms. Other savings that relate to reforms within government are generally costed in the standard budget or similar process.<sup>15</sup>

4.11 The committee heard that, generally, the focus is on savings to business and business processes. Ms Susan Page, General Manager of the Deregulation Policy Division, provided more detail, stating:

...invariably there is an investment upfront in order to achieve the savings for business. IT systems are a good example of this. For example, some of

---

12 Mr Simon Lewis, Finance, *Estimates Hansard*, 27.5.09, p. 34.

13 Senator the Hon Helen Coonan, *Estimates Hansard*, 27.5.09, p. 34.

14 Senator the Hon Nick Sherry, Minister representing the Finance Minister, *Estimates Hansard*, 27.5.09, p. 34.

15 *Estimates Hansard*, 27.5.09, p. 82

the work that is being done through the financial services working group, which Senator Sherry is overseeing, that requires an investment initially in departmental and other time in order to develop the simplified product disclosure statements that will hopefully provide savings for both consumers and business over time. But some savings over time, such as removal of particular types of regulation processes, things like that, they do provide savings for government.<sup>16</sup>

4.12 Finance was also asked about a further round of microeconomic reform scheduled as part of the Nation Building and Jobs Plan. Ms Page commented that in addition to a role in relation to a reform of the legal profession through the Business Regulation and Competition Working Group of COAG, Finance is conducting a review of pre-2008 subordinate legislation. Ms Page explained further, stating:

That involves scrutinising the Commonwealth database, the FRLI database, which has about 30,000 items. We are in the middle of filtering that so that we can go to agencies and say, 'Of all of these instruments, these are the ones that appear to us to impose costs on business'—in other words, those that are in fact economic regulations. There are a lot of things in the database that are gazette notices, notification, court notices and things like that.

So what we are doing at the moment is working with agencies, and we have a first tranche of agencies that we are working with at the moment, showing them what we think the major pieces of economic regulation are. Then we are working with them essentially to refine further the nature of the regulation—what the purpose of it was, at the age of it, whether or not it has been recently reviewed—and on the basis of that we will prepare a report for our minister to say, 'There is a scope here,' perhaps for further review, perhaps not, depending on what we find. As a secondary effect of that process, we may even be able to identify further redundant regulation for clean-up or removal.<sup>17</sup>

4.13 When questioned about the Government's previously announced 'one-in, one-out' policy towards new regulation, Ms Page stated:

The government has instituted the 'one in, one out' policy. The way in which it works is that ministers are asked to identify scope for an offsetting regulation. It is not mandatory that they have to provide one. Part of the reason for that is that the deregulatory agenda has expanded since that initial commitment by the government.

There are a range of other things that ministers have done. They have provided various offsets in the form of redundant regulation as part of various clean-ups. Some of them are involved in various reviews at the moment. But we do have some examples of offsets that are provided from time to time by ministers. It is proving to be quite an important discipline—when people are proposing regulation, they are starting to think about how

---

16 Ms Susan Page, Finance, *Estimates Hansard*, 27.5.09, pp 82–83

17 Ms Susan Page, Finance, *Estimates Hansard*, 27.5.09, p. 85.



---

it will affect the stock of regulation that they have and whether or not there is scope for any further rationalisation.<sup>18</sup>

### ***Gershon Review of ICT***

4.14 Finance provided an update of the implementation of recommendations from the *Review of the Australian Government's Use of Information and Communication Technology* by Sir Peter Gershon. Finance informed the committee that they have completed phase 1 of the 'business-as-usual' review and realised savings of approximately \$110 million across 51 agencies.<sup>19</sup> 'Business-as-usual' refers to ICT expenditure on the normal operations, as opposed to projects that alter an agency's ICT capability.<sup>20</sup>

4.15 The committee also heard that Finance had revised down the expected savings from implementing the Gershon findings. This was the result of collecting improved data since the publication of the review, which suggested less savings were available from 'business-as-usual' activities. The revised saving figures were \$298.2 million in 2010–11, \$303.1 million in 2011–12 and \$306.1 million in 2012–13.<sup>21</sup>

### ***Travel entitlements***

4.16 There was extensive questioning of the Ministerial and Parliamentary Services (MAPS) branch of Finance over travel entitlements. The committee questioned MAPS over media reports alleging that Senator McLucas had incorrectly drawn a travel allowance while in Canberra.

4.17 The committee was informed that the Special Minister of State had requested a brief on the matter, and the advice given by MAPS was that Senator McLucas was within entitlement and that the protocol for investigation of alleged misuse of entitlements did not need to be invoked.<sup>22</sup>

### ***Other issues discussed***

4.18 Other issues discussed with Finance included its role in the decision to convert Medibank Private to for-profit status, the balance of the three nation building funds, the public sector superannuation liability, consultancy costs across government, government procurement, the Commonwealth grants framework, ministerial staff travel and Comcar.

### **ASC Pty. Ltd.**

4.19 ASC Pty. Ltd. (formerly the Australian Submarine Corporation) appeared before the committee for the first time. The committee discussed the history of the plan to privatise the company, which has been put on hold due to the global financial

---

18 Ms Susan Page, Finance, *Estimates Hansard*, 27.5.09, p. 86.

19 *Estimates Hansard*, 27.5.09, p. 105.

20 *Estimates Hansard*, 27.5.09, p. 105.

21 *Estimates Hansard*, 27.5.09, pp 105–106

22 *Estimates Hansard*, 28.5.09, pp 14–15.

crisis and related factors.<sup>23</sup> The committee also discussed consultancy costs related to the postponed sale, the company's relationship with the Defence Materiel Organisation and the economic benefits of the company's activities.

### **Medibank Private**

4.20 Issues discussed with Medibank Private included its conversion to for-profit status, the impact of the Medicare Levy Surcharge, the use of generic prostheses and the prevalence of fraud.

#### ***Conversion to for-profit status***

4.21 The committee sought advice from Mr Savvides, Managing Director of Medibank Private, on the initiation of the discussion to convert Medibank to for-profit status. In response, Mr Savvides stated:

...it is not a new idea. All I am really dealing with here is the word 'initiating'. From the time of the previous government, when Medibank was being reviewed for sale and there was a process in play for preparation of that event if it did take place, Medibank back at that time, with the help of their external auditors, started to put in place the process of accounting as a for-profit, in the event that that might happen. If you were to walk inside of our organisation, especially in the finance department, and see what our people do, you would have seen the capability starting to be reflected. So it is quite an old idea. It goes back several years.

In our conversations with our shareholder and finance department, which are regular conversations, it is not something that we do not talk about. We are in parallel mode and we are ready to move if we need to move. So 'initiation' is the wrong word. When the correspondence occurs between the chair and the shareholder, that correspondence is about making sure that both sides understand. Certainly, the board is expressing its view about what it thinks is important and, if there is a decision by the owner to make a change, then the organisation is obviously ready because it has been in parallel mode for some time.<sup>24</sup>

4.22 When asked what Medibank's assumptions were about tax and dividend policy after the conversion, Mr Savvides declined to go into detail on the grounds that it was commercial-in-confidence information. He later provided further information stating:

The payment of tax and dividends only occurs if there is surplus or a profit for a converted company. That is an after-the-event distribution. As I said earlier the fund has a strong balance sheet with reserves beyond the capital adequacy requirement. If in fact the fund has covered its risk, paid its claims, paid its overheads, met its margin requirement for its corporate plan

---

23 *Estimates Hansard*, 27.5.09, p. 58.

24 Mr George Savvides, Medibank, *Estimates Hansard*, 27.5.09, p. 65.

---

to achieve a certain profitability and delivered a surplus then it is distributing after having achieved all of its required obligations.<sup>25</sup>

### **Future Fund Management Agency**

4.23 There was an extensive discussion with the Future Fund Management Agency (FFMA) concerning the fund's current investment strategy. FFMA indicated to the committee that they have been targeting higher rates of return on their investments in the last three months. Mr Paul Costello, General Manager of FFMA, provided more detail to the committee stating:

The best way to observe that is in the lowering of the proportion of cash held in the portfolio as the proportion of other higher return seeking assets grows. That has always been the expectation—and it has been commented on continuously since we began—of the rate at which the Future Fund program would become invested. By definition, that is reducing the cash holding to a more normal size for a long-term program like ours and replacing that with a range of other exposures in equity markets, debt markets, property markets and a range of other areas.<sup>26</sup>

4.24 Other matters discussed with FFMA included its policy towards hedge funds, and expectations of the future inflation rate.

### **Australian Electoral Commission**

4.25 The committee spent considerable time questioning the Australian Electoral Commission (AEC) on the decision to close electoral education centres in Melbourne and Adelaide. The committee heard that the closure of these centres will yield savings to the AEC of \$620,000. Mr Ed Killesteyn, the Electoral Commissioner, stated that the decision was made with regard to falling attendance at the centres, the continuation of outreach education programs and the need to ensure the maintenance of the core capability of the AEC to conduct elections and manage the roll.<sup>27</sup>

4.26 The committee also questioned the AEC extensively on the process by which new addresses are registered on the electoral roll after electors moved, followed by a discussion of the enrolment of members and senators in their electorate in the event that they reside outside that electorate.

4.27 Other issues discussed with the AEC included progress in assisting people with disabilities to vote more easily, and allegations of undeclared campaign donations.

---

25 Mr George Savvides, Medibank, *Estimates Hansard*, 27.5.09, p. 68.

26 Mr Paul Costello, FFMA, *Estimates Hansard*, 27.5.09, p. 113.

27 Mr Ed Killesteyn, AEC, *Estimates Hansard*, 28.5.09, pp 35–36.



## Human Services Portfolio

5.1 The Committee took evidence from the Department of Human Services (DHS), Centrelink, Medicare and Australian Hearing on Thursday, 28 May 2009.

### Department of Human Services

#### *Agency staffing*

5.2 The Department of Human Services (DHS) provided information on why the Portfolio Budget Statement for 2009–10 did not include a breakdown of staff between the core department, the Child Support Agency (CSA) and CRS Australia (CRS) as it had in previous years. Ms Helen Williams, Secretary of DHS, stated that a process of consolidation of processes across the department had been implemented. In explaining the reasons for this initiative, she stated:

The CRS and the child support program have always, as you know, been part of the department. When I looked across the department, I was concerned about a couple of things: firstly, that as head of the department I did not have proper accountability for the whole department—it was not pulling together properly—and, secondly, that I could see that, as we are all pressed for resources, we would get a lot more efficiency and effectiveness if, in fact, I brought together the enabling areas of the department—that is, things like human resources, financial planning, information technology et cetera.<sup>1</sup>

5.3 The committee heard that this process was already underway with the child support program, making it difficult to give a separate staffing figure for the CSA. As CRS had not yet undergone the process of consolidation, the secretary confirmed the number of staff in CRS to be 2090 as at 31 March 2009.<sup>2</sup>

#### *Increased resources for Child Support Agency*

5.4 In discussing the increase in staffing for the department as a whole, the Secretary informed the committee that the majority of the increase in staff from 2008–09 to 2009–10 was due to an increase in funding for the child support program (CSP).<sup>3</sup> Ms Williams provided more detail to the committee, and stated that Cabinet approved an increase in funding of \$239.7 million over four years to:

...firstly to maintain customer services for separated parents; CSP is funded according to the size of the case load and the complexity of cases. There was also a further amount to prevent growth in uncollected child support debt on 2008-09 levels. This measure also ensures that CSP has dedicated resources to support its efforts in pursuing those parents who are non-

---

1 Ms Helen Williams, DHS, *Estimates Hansard*, 28.5.09, p. 55.

2 *Estimates Hansard*, 28.5.09, p. 57.

3 Ms Helen Williams, DHS, *Estimates Hansard*, 28.5.09, p. 57.

compliant and not paying or minimising their child support. So the major increase in staffing was through that redone funding agreement.<sup>4</sup>

5.5 The department noted that uncollected debt as at 30 April 2009 was \$1.07 billion – \$793.4 million domestic debt and \$274.4 million international debt.<sup>5</sup>

### ***Optical Surveillance***

5.6 The committee heard that CSA had conducted a successful 12-month optical surveillance pilot program that was due to conclude in July 2009. During the course of the pilot program, eleven cases had been investigated, with six cases referred for prosecution and three cases where collection options had been identified.<sup>6</sup> The department could not confirm whether the program would continue, and agreed to take the matter on notice.<sup>7</sup>

5.7 Other issues discussed with the committee included the treatment of redundancies with regard to child support payment assessments, the DHS response to a report by the Commonwealth Ombudsman, departure prohibition orders and the relocation of the Job Capability Assessment program to the Department of Education, Employment and Workplace Relations.

### **Centrelink**

5.8 The committee discussed overpayment by Centrelink to overseas pensioners due to incorrect declarations of foreign pensions. It also spent considerable time examining call centre performance, changes in staffing levels, and continuing plans to deliver customer services through the internet.

### **Medicare Australia**

5.9 The committee briefly examined Medicare Australia. The notable issues covered during this examination included the opening of new centres in Western Australia and New South Wales, the rural health workforce, and the prevalence of fraud in the Medicare system.

### **Australian Hearing**

5.10 The committee also briefly examined Australian Hearing. A substantive issue covered was the 25 per cent increase in rural outreach sites, with a focus on the Northern Territory.

---

4 Ms Helen Williams, DHS, *Estimates Hansard*, 28.5.09, pp 59–60.

5 *Estimates Hansard*, 28.5.09, p. 62.

6 *Estimates Hansard*, 28.5.09, p. 73.

7 *Estimates Hansard*, 28.5.09, p. 74.

## Department of Climate Change

6.1 The Department of Climate Change sits in the Prime Minister and Cabinet portfolio, but produces a separate Portfolio Budget Statement that also incorporates the Office of the Renewable Energy Regulator. The committee took evidence from the Department of Climate Change on Friday, 29 May 2009.

### Main issues discussed

#### *School essay competition*

6.2 The committee questioned the department on the subject of the 'Think Climate Change, Think Change Competition', which is an essay competition for school children. Concerns were raised about the judging for the competition as the website appeared to indicate that the department would be responsible for selecting winning entries. In response to these concerns, Dr Martin Parkinson, secretary of the department, commented that three judges will undertake the final judging: two educators and Mr Parkinson as the third member.<sup>1</sup>

6.3 Dr Parkinson went on to inform the committee that the competition had been quite successful so far with more printed material required because of demand:

There have been 422 requests for materials as of 19 May, 566 requests for school packs, 722 poster packs and we are told by the consultants who we have been working with on this that this is, at this stage, one of the most successful competitions that they have ever seen.<sup>2</sup>

#### *Carbon Pollution Reduction Scheme 2009 Exposure Draft*

6.4 The committee, following up on a question on notice from the Senate Standing Committee on Economics, asked for clarification of a statement made in the commentary attached to the Carbon Pollution Reduction Scheme 2009 Exposure Draft. The statement included the term 'major economies' and a definition of this term was sought.<sup>3</sup> Mr Blair Comley, Deputy Secretary of the department provided the following response:

Firstly, the point to note is that document is not now the most recent document because the bill is now in parliament and therefore it is the explanatory memorandum that is the most relevant document. Secondly, that was released before the 4 May announcement by the government which clarified the target-setting process and put more specificity around the economies. The Prime Minister's press release with the Treasurer and the Minister for Climate Change and Water of 4 May indicated that the conditions hooked off advanced economies and major developing economies and that the:

---

1 Dr Martin Parkinson, DCC, *Estimates Hansard*, 29.5.09, p. 7.

2 Dr Martin Parkinson, DCC, *Estimates Hansard*, 29.5.09, p. 7.

3 *Estimates Hansard*, 29.5.09, p. 8.

... 'major developing economies' refers to non-Annex 1 members of the Major Economies Forum.<sup>4</sup>

6.5 The department tabled a list of these economies at the hearing, which is available from the committee website. Subsequently, the committee also asked for clarification of the term 'advanced economies' and was informed by Mr Comley that the term:

... refers to the Annex 1 parties to the UNFCCC 'and at least some other high/middle income economies'. The press release also makes it clear that the precise nature of which high and middle income economies are not part of the Annex 1 would be a matter for negotiation.<sup>5</sup>

### ***Treatment of the coal industry under the Carbon Pollution Reduction Scheme***

6.6 The department provided an explanation as to why coal was not considered an emissions-intensive trade-exposed industry for the purposes of the Carbon Pollution Reduction Scheme (CPRS). Mr Comley, stated:

There are two principal reasons why certain coal activities were not considered part of the EITE regime. The first is the dispersion of emissions in coal production. If you look at the emissions intensity of producing a tonne of saleable coal, it varies across different mines by a factor of around 1,000. So the most emissions-intensive mine is around 1,000 times the emissions intensity of the least emissions-intensive mine. Therefore, if coal were to qualify under the EITE program and you applied the standard EITE rules, you would be providing significantly more permits than the actual emissions of a large number of mines. That was the principal reason. That led to the use of the coal sector adjustment scheme, which targets emissions of the gassiest mines directly rather than using the EITE principles.

The second question that would also have to be addressed is the question of, to put it bluntly, whether coal is coal. As you would be aware, Senator, different qualities of coal are actually quite different. They command very different prices in both domestic and international markets. So often when people talk about the 'coal industry', you would have to ask the question: is thermal coal and coking coal et cetera the same thing?<sup>6</sup>

6.7 Following on from this, there was a discussion of the department's progress in developing activity definitions. The department stated that they were making good progress, with 14 activity definitions thought to be finalised as at 1 May 2009.<sup>7</sup>

### ***Prime Minister's press announcement***

6.8 Questions were asked about a joint announcement by the Prime Minister, the Treasurer and the Climate Change Minister on 4 May 2009. The announcement included a statement that the Government was committed to a reduction in Australia's

---

4 Mr Blair Comley, DCC, *Estimates Hansard*, 29.5.09, p. 8.

5 Mr Blair Comley, DCC, *Estimates Hansard*, 29.5.09, p. 9.

6 Mr Blair Comley, DCC, *Estimates Hansard*, 29.5.09, p. 15.

7 *Estimates Hansard*, 29.5.09, p. 16.



---

carbon pollution by 25 per cent below 2000 levels by 2020 if the world agrees to an ambitious global deal to stabilise levels of CO<sub>2</sub> equivalent at 450 parts per million or lower by mid century.<sup>8</sup>

6.9 The department confirmed that the words 'by mid-century' were in error, and that the statement should not have set a target date.<sup>9</sup> The department pointed out that the error was confined to the press statement. The explanatory memorandum before Parliament, the white paper and previous speeches did not repeat the error.<sup>10</sup>

### ***Consideration of Waxman-Markey Bill***

6.10 The committee asked the department to elaborate on the assistance to industry provided by the proposed US climate change legislation commonly known as the Waxman-Markey Bill. Specifically, the department was asked to make comment on suggestions that assistance to industry under the Waxman-Markey Bill was more generous than under the proposed CPRS in Australia.

6.11 The department informed the committee that the emissions intensity threshold used to establish whether an industry qualified for assistance was in fact set higher under the Waxman Markey Bill compared to the CPRS. Secondly, the Waxman-Markey Bill did not include eligibility criteria taking into account 'value-added', and was restricted to the manufacturing sector. Thirdly, there was more flexibility under the CPRS for an industry to qualify as trade exposed. Finally, the department informed the committee that unlike under the CPRS, the proportion of permits that can be allocated to emissions-intensive trade-exposed industries is fixed, initially at 15 per cent, with the proportion set to reduce over time.<sup>11</sup> The department agreed to provide further detail on notice, including a comparison of how the electricity sector is handled under each proposed scheme.

### ***Other issues***

6.12 Other issues discussed with the department included the proposed operation of the Australian Carbon Trust, costs of a call centre and advertising campaign administered by the department, a report by Concept Economics, the Renewable Energy Target, the methodology used to account for carbon stored in forests and coal-fired power stations under the CPRS.

**Senator Helen Polley**  
**Chair**

---

8 *Estimates Hansard*, 29.5.09, p. 17

9 *Estimates Hansard*, 29.5.09, p. 17.

10 *Estimates Hansard*, 29.5.09, p. 20.

11 *Estimates Hansard*, 29.5.09, p. 21



## Appendix 1

### Departments, agencies, authorities and companies under the Committee's oversight

#### Parliamentary departments

##### *Financial Management and Accountability Act 1997 (FMA Act):*

- Department of the Senate; and
- Department of Parliamentary Services.

#### Prime Minister and Cabinet Portfolio

##### *FMA Act:*

- Department of the Prime Minister and Cabinet;
- Department of Climate Change;
- Australian Institute of Family Studies;
- Australian National Audit Office;
- Australian Public Service Commission;
- National Archives of Australia;
- 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;
- Office of the Privacy Commissioner;
- Old Parliament House; and
- Office of the Renewable Energy Regulator.

##### *Commonwealth Authorities and Companies Act 1997 (CAC Act):*

- National Australia Day Council Pty Ltd

#### Finance and Deregulation Portfolio

##### *FMA Act:*

- Department of Finance and Deregulation;

- Australian Electoral Commission;
- Commissioner for Superannuation;
- Australian Reward Investment Alliance; and
- Future Fund Management Agency.

***CAC Act:***

- Australian Industry Development Corporation;
- Australian River Co. Ltd.;
- ASC Pty. Ltd.;
- Australian Technology Group Limited;
- Medibank Private Limited; and
- Tuggeranong Office Park Pty. Ltd.

**Human Services Portfolio**

***FMA Act:***

- Department of Human Services (includes Child Support Agency and CRS Australia);
- Centrelink; and
- Medicare Australia.

***CAC Act:***

- Australian Hearing Services

## Appendix 2

### Transition tables<sup>1</sup>

#### Department of Parliamentary Services

##### Department of Parliamentary services - transition from Outputs to Programs Framework

###### 2008-09 Budget year

Outcome: Occupants of Parliament House are supported by integrated services and facilities, Parliament functions effectively and its work and building are accessible to the public.

Output Group 1: Library Services

Output Group 2: Building and Occupant Services

Output Group 3: Infrastructure Services

Output Group 4: Parliamentary Records Service

Administered items: Works Programs

###### 2009-10 Budget year

Outcome: Occupants of Parliament House are supported by integrated services and facilities, Parliament functions effectively and its work and building are accessible to the public.

Program 1: Library Services

Program 2: Building and Occupant Services

Program 3: Infrastructure Services

Program 4: Parliamentary Records Service

Program 5: Parliament House Works Programs

#### Department of the Senate

The department continues to have the one outcome, which changed from:

- Effective provision of services to support the functioning of the Senate as a House of the Commonwealth Parliament

to:

- Advisory and administrative support services to enable the Senate and Senators to fulfil their representative and legislative duties.

The department manages two programs:

- Other Departmental; and
- Parliamentarians Remuneration and Entitlements (administered).

‘Other Departmental’ consists of its five offices which correspond directly to the five output groups it used in the previous budgeting framework.

---

<sup>1</sup> Please note that all tables are taken directly from the relevant department's Portfolio Budget Statement.

## Department of the Prime Minister and Cabinet

### 2008–09 Budget year

**Outcome 1: Sound and well-coordinated government policies, programs and decision making process**

#### Output Group

##### Output Group 1.1: Economic and Industry

Departmental outputs:

*Economic and industry policy* P 1.1

*COAG Reform Council* P 1.1

##### Output Group 1.2: Social policy

Departmental outputs:

*Social policy* P 1.1

*Work and family* P 1.1

*Social inclusion* P 1.1

##### Output Group 1.3: International and national security policy

Administered items:

*National counter-terrorism committee* P 1.2

Departmental outputs:

*International policy* P 1.2

*National security policy* P 1.2

*APEC taskforce* Note 2

### 2009–10 Budget year

**Outcome 1: Coordination of government activities; policy development; advice and program delivery to support and inform the Prime Minister, Cabinet and the Cabinet Secretary**

#### Program 1: Prime Minister & Cabinet

##### 1.1: Domestic policy

Departmental items:

*Economic and industry policy* OG 1.1

*Social policy* OG 1.2

*Work and family* OG 1.2

*Social inclusion* OG 1.2

*COAG Reform Council* OG 1.1

*Office of the Commonwealth Coordinator-General* Note 1

##### 1.2: National security and international policy

Administered items:

*National counter-terrorism committee* OG 1.3

Departmental items:

*International policy* OG 1.3

*Homeland and border security* OG 1.3

*Defence, intelligence and research coordination* OG 1.3

*International strategy* OG 1.3

## Department of the Prime Minister & Cabinet (continued)

### 2008–09 Budget year

Output Group 1.4: Strategic policy	
Departmental outputs:	
<i>Strategic policy</i>	P 1.3

Output Group 1.5: Support services for government operations	
Administered items:	
<i>National Australia Day Council</i>	P 1.4
<i>Prime Minister's official residences</i>	P 2.1
<i>Allowances and support to designated &amp; former Governors-General</i>	Note 3 P 2.1
<i>State occasions and official visits</i>	P 2.1
<i>Compensation and legal</i>	P 1.4
Departmental outputs:	
<i>Cabinet support</i>	P 1.4
<i>Support to official establishments</i>	P 2.1
<i>Support for ministerial offices</i>	P 1.4
<i>Ceremonial and hospitality</i>	P 2.1
<i>Freedom of information and privacy policy</i>	P 1.4
<i>2020 Summit</i>	Note 4
<i>Government communications</i>	Note 5
<i>Pacific Islands Forum</i>	P 1.4

### 2009–10 Budget year

1.3: Strategic policy and implementation	
Departmental items:	
<i>Strategic policy &amp; implementation</i>	OG 1.4

1.4: Support services for government operations	
Administered items:	
<i>National Australia Day Council</i>	OG 1.5
<i>Compensation and legal</i>	OG 1.5
Departmental items:	
<i>Cabinet support</i>	OG 1.5
<i>Support for ministerial offices</i>	OG 1.5
<i>Freedom of information and privacy policy</i>	OG 1.5
<i>Pacific Islands Forum</i>	OG 1.5

### Program 2: Official and ceremonial support

2.1 Official and ceremonial support	
Administered items:	
<i>Prime Minister's official residences</i>	OG 1.5
<i>Support to designated &amp; former Governors-General</i>	OG 1.5
<i>State occasions and official visits</i>	OG 1.5
Program support:	
<i>Support to official establishments</i>	OG 1.5
<i>Ceremonial and hospitality</i>	OG 1.5

P = Program  
OG = Output group

- 1 The Office of the Commonwealth Coordinator-General was established as a new activity in 2009.
- 2 Funding for the APEC taskforce terminated in 2007–08. Some residual costs have been incurred in 2008–09. No expense is anticipated in 2009–10.
- 3 Policy responsibility and administration of the superannuation arrangements for former Governors-General will transfer from PM&C to the Department of Finance and Deregulation on 1 July 2009.
- 4 Funding for the 2020 Summit terminated in 2007–08.
- 5 The Government Communications Unit was abolished in 2007–08 and the aggregated media buying function and AUSPIC transferred to the Department of Finance and Deregulation.

## Department of Climate Change

### 2008-09 Budget year

**Outcome 1:** The well being of present and future generations of Australians is improved by contributing to effective national and global responses to climate change through policy advice, negotiations and program delivery

Output Group 1.1: Reducing Australia's greenhouse gas emissions

**Administered Items:**

*Greenhouse action to enhance sustainability in regional Australia*

**Departmental Outputs:**

Reducing Australia's greenhouse gas emissions

Output Group 1.2: Adaptation to the impacts of climate change we cannot avoid

**Administered Items:**

*Climate Change Science Program  
Australian Centre for Climate Change Adaptation*

*Climate Change adaptation strategies for the Serpentine Jarrahdale shire and city of Mandurah*

**Departmental Outputs:**

Adapting to the impacts of climate change we cannot avoid

Output Group 1.3: Helping to shape a global solution

**Administered Items:**

*Influencing international climate change*

**Departmental Outputs:**

Helping to shape a global solution

### 2009-10 Budget year

**Outcome 1:** Reduction of Australia's greenhouse gas emissions, adaptation to the impacts of climate change, and negotiation of an effective global solution, through the development and implementation of a national response to climate change; and bilateral,

Program 1.1: Reducing Australia's greenhouse gas emissions

**Administered Items:**

*Australian Carbon Trust  
Climate Change Action Fund*

**Program Support:**

Reducing Australia's greenhouse gas emissions

Program 1.2: Adapting to Climate Change

**Administered Items:**

*Climate Change Science Program  
Australian Centre for Climate Change Adaptation*

**Program Support:**

Adapting to Climate Change

Program 1.3: Helping to shape a global climate change solution

**Administered Items:**

*Influencing international climate change*

**Program Support:**

Helping to shape a global climate change solution



## Department of Finance and Deregulation

### Transition from Outputs to Programs Framework

#### 2008-09 Budget year

##### Outcome 1: Sustainable Government Finances

Output Group 1.1: Budget	
Budget Advice	P 1.1

Output Group 1.2: Financial Management	
Public Sector Superannuation	P 1.2
Financial Framework	P 1.1
Financial Reporting	P 1.1
Office of Evaluation and Audit	P 1.1
Deregulation and Regulatory Reform	P 1.1

##### Outcome 2: Improved and more efficient government operations.

Output Group 2.1: Government Business	
Government Business	P 2.1
Enterprises Ownership and Divestment	P 2.1
Insurance & Risk Management	P 2.3
Special Claims & Land Policy	P 2.1

Output Group 2.2: Property and Construction	P 2.2
---	-------

Output Group 2.3: Procurement Framework	P 2.1
---	-------

##### Outcome 3: Efficiently Functioning Parliament.

Output Group 3.1: Services to Senators, Members and their staff	P 3.1
---	-------

##### Outcome 4: Effective and efficient use of information and communication technologies by the Australian Government.

Output Group 4.1: Australian Government Information Management Office	P 2.1
---	-------

#### 2009-10 Budget year

##### Outcome 1: Informed decisions on Government finances and continuous improvement in regulation making through: budgetary management and advice; transparent financial reporting; a robust financial framework; and best practice regulatory processes.

Program 1.1: Budget, Financial Management and Deregulation	
Budget Advice	OG 1.1
Financial Framework	OG 1.2
Financial Reporting	OG 1.2
Office of Evaluation and Audit	OG 1.2
Deregulation and Regulatory Reform	OG 1.2

Program 1.2: Public Sector Superannuation	
Public Sector Superannuation	OG 1.2

Program 1.3: Nation Building Funds	
Building Australia Fund	NEW
Education Investment Fund	NEW
Health and Hospitals Fund	NEW

##### Outcome 2: Improved Government administration and operations through, systems, policy and advice on: procurement; Commonwealth property management and construction; government enterprises; risk management; and application of information and communications technology.

Program 2.1: Government Business and ICT	
Government Business	OG 2.1
Enterprises Ownership and Divestment	OG 2.1
Special Claims and Land Policy	OG 2.1
Procurement Framework	OG 2.3
Australian Government Information Management Office	OG 4.1

Program 2.2: Property and Construction	OG 2.2
--	--------

Program 2.3: Insurance and Risk Management	OG 2.1
--	--------

##### Outcome 3: Support for Parliamentarians, others with entitlements and organisations as approved by Government through the delivery of entitlements and targeted assistance.

Program 3.1: Ministerial and Parliamentary Services	OG 3.1
---	--------

## Department of Human Services

### Transition from Outputs to Programs Framework

#### 2008-09 Budget year

Outcome 1: Effective and efficient delivery of social and health related services, including financial assistance to the Australian community.

Output Group 1.1: Core Department	
Administered Items:	
<i>Job Capacity Assessment</i> <sup>1</sup>	
<i>Other Administered</i>	P 1.1
Departmental Outputs:	
<i>Core Department</i>	P 1.1

Output Group 1.2: Child Support	
Administered Items:	
<i>Child Support (Registration and Collection) Act 1988</i>	P 1.2
<i>Special Appropriation - Child Support s77 - Unremitted Deductions</i>	P 1.2
<i>Special Appropriation - Child Support s78 - Unexplained Remittance</i>	P 1.2
<i>Special Account - Child Support Trust</i>	P 1.2
Departmental Outputs:	
<i>Child Support</i>	P 1.1

Output Group 1.3: CRS Australia	
Departmental Outputs:	
<i>CRS Australia</i>	P 1.1

#### 2009-10 Budget year

Outcome 1: Informed government decisions on, and access to, social, health and child support services for Australians through policy development and advice, and the coordination and delivery of services.

Program 1.1: Human Services	
Administered Items:	
<i>Other Administered</i>	OG 1.1
Departmental Items:	
<i>Central Department</i>	OG 1.1
<i>Child Support</i>	OG 1.2
<i>CRS Australia</i>	OG 1.3

Program 1.2: Child Support	
Administered Items:	
<i>Child Support (Registration and Collection) Act 1988</i>	OG 1.2
<i>Special Appropriation - Child Support s77 - Unremitted Deductions</i>	OG 1.2
<i>Special Appropriation - Child Support s78 - Unexplained Remittance</i>	OG 1.2
<i>Special Account - Child Support Trust</i>	OG 1.2

<sup>1</sup> From 1 July 2009 the Department of Education, Employment and Workplace Relations will administer the Job Capacity Assessment program.

## Appendix 3

### Index to Hansard Transcripts<sup>1</sup>

*Page no.*

#### **Monday, 25 May 2009**

##### *Parliamentary Departments*

Department of the Senate.....	4
Department of Parliamentary Services .....	12

##### *Prime Minister and Cabinet Portfolio*

Office of the Official Secretary to the Governor-General .....	43
Department of the Prime Minister and Cabinet .....	72

#### **Tuesday, 26 May 2009**

##### *Prime Minister and Cabinet Portfolio*

Department of the Prime Minister and Cabinet .....	4, 48
Office of the Privacy Commissioner .....	38
Australian Institute of Family Studies .....	45
Australian National Audit Office.....	91
Australian Public Service Commission .....	108
Old Parliament House .....	111
Office of the Inspector General of Intelligence and Security .....	112
Office of National Assessments.....	114

#### **Wednesday, 27 May 2009**

##### *Finance and Deregulation Portfolio*

Department of Finance and Deregulation.....	2, 78
ComSuper .....	52
ASC Pty. Ltd.....	57
Medibank Private.....	60
Future Fund Management Agency .....	112

---

<sup>1</sup> Page numbers correspond to the proof *Hansards*. Sometimes there are slight variations with the final version.

**Thursday, 28 May 2009***Finance and Deregulation Portfolio*

Department of Finance and Deregulation (MAPS) .....	2
Australian Electoral Commission .....	32

*Human Services Portfolio*

Department of Human Services .....	55
Centrelink.....	83
Medicare .....	99
Australian Hearing .....	106

**Friday, 29 May 2009***Prime Minister and Cabinet Portfolio*

Department of Climate Change .....	2
------------------------------------	---