

The Senate

Finance and Public Administration
Legislation Committee

Budget estimates 2012–13

June 2012

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Membership of the Committee

Senator Helen Polley (Chair)	ALP, TAS
Senator Scott Ryan (Deputy Chair)	LP, VIC
Senator Richard Di Natale	AG, VIC
Senator the Hon. John Faulkner	ALP, NSW
Senator Arthur Sinodinos	LP, NSW
Senator the Hon. Ursula Stephens	ALP, NSW

Senators in attendance

Senators Polley (Chair), Ryan, Di Natale, Faulkner, Sinodinos, Stephens, Abetz, Bernardi, Bilyk, Birmingham, Brandis, C Brown, Cameron, Cormann, Fierravanti-Wells, Fifield, Humphries, Johnston, Kroger, Ludlam, Marshall, Mason, Milne, Moore, Nash, Parry, Payne, Rhiannon, Ronaldson, Siewert, Singh, Smith, Thistlewaite, Wright and Xenophon.

Secretariat

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Chapter 1

Budget Estimates 2012–13

1.1 On 9 May 2012, the Senate referred to the Finance and Public Administration Legislation Committee (the Committee), the following documents for examination and report:

- particulars of proposed expenditure in respect of the year ending on 30 June 2013;
- particulars of certain proposed expenditure in respect of the year ending on 30 June 2013; and
- particulars of proposed expenditure in relation to the parliamentary departments in respect of the year ending on 30 June 2013.

Portfolio coverage

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

- Parliament¹;
- Prime Minister and Cabinet portfolio; and
- Finance and Deregulation portfolio.

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

Hearings

1.4 The Committee held public hearings on Monday, 21 May through to Thursday, 24 May 2012. Over the course of the four days of hearings—totalling over 33 hours—the Committee took evidence from the President of the Senate, Senator the Hon. John Hogg; Senator the Hon. Chris Evans, Minister for Tertiary Education, Skills, Science and Research; and Senator the Hon. Penny Wong, Minister for Finance and Deregulation, together with officers of the departments and agencies concerned. The Committee expresses its appreciation for the assistance of the President, Ministers and the officers who appeared before it.

1.5 The Independent National Security Legislation Monitor; the National Australia Day Council; the Albury-Wodonga Development Corporation; and the Australian River Co Ltd were not called by the Committee.

1 As a matter of comity between the Houses, 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 The Hansard transcripts of evidence are available on the internet at: <http://www.aph.gov.au/hansard/index.htm>

1.7 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, 6 July 2012.

1.8 Further written information from departments and agencies will be tabled, as received, in the Senate. This information is available on the Committee's website: http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=fapa_ctte/index.htm

Procedural and other matters

Provision of answers to questions on notice

1.9 At the commencement of the estimates hearings a number of answers to questions on notice remained outstanding from the Additional Estimates hearings of February 2012. The final two answers from the Department of Finance and Deregulation portfolio were provided to the Committee on Wednesday, 23 May. The Committee acknowledges the speed with which some answers were provided following the Additional Estimates hearing, however the Committee notes that the estimates process is an important accountability mechanism and committees expect timely responses to the questions put to departments and agencies.

Office of the Official Secretary to the Governor-General

1.10 During its examination of the Office of the Official Secretary to the Governor-General, Mr Brady, Official secretary provided evidence that the Governor-General had not engaged Mr Bob Ellis as a speechwriter. The Official Secretary provided a clarification of this evidence following information from the Governor-General that the Governor-General had on one occasion informally sought ideas from Mr Ellis for her 2011 Melbourne Cup speech. There was no payment from the Office for Mr Ellis's services and the information had not been previously communicated to any staff member at Government House, including the Official Secretary. In light of Mr Brady's prompt correction and the above information, the Committee accepted the evidence and clarification provided.

Chapter 2

Consideration of portfolios, departments and agencies

2.1 The following discussion provides an overview of the issues canvassed during the estimates hearings. The order is not based on hierarchy but rather on the order in which the portfolio issues arose during the hearings.

Department of the Senate

2.2 The Committee hearings commenced with the President of the Senate, Senator the Hon. John Hogg providing information on the progress of the review of the information and communication technology services for the Parliament. The President stated that Mr Michael Roche, a former public servant, had been selected to conduct the review. The President advised the Committee that Mr Roche is meeting with all interested stakeholders including the Presiding Officers, senators, members, the parliamentary information technology advisory group, parliamentary departments and other relevant Commonwealth agencies.¹

2.3 The Clerk of the Senate provided a brief review of the department's appropriations for the 2012–13 year and informed the Committee that the appropriation was \$428,000 less than that for 2011–12. The Clerk went on to note that the application for the 2012–13 year of the increased efficiency dividend of four per cent for the departmental appropriation and 20 per cent on capital will have a significant impact on the department's total budget. The reduction of funding has occurred concurrently with an expansion in responsibilities, including the support of additional committees. The Clerk noted the limited funds approved in 2011–12 to support new committees have not been commensurate with the department's requests.

2.4 The Committee was informed that the department has made a number of internal savings, including an incremental reduction in staff from the current number of 160 to 150 by 2014–2015. The Clerk advised the Committee that while the small reduction in staff numbers will have an effect on the services the department provides, the work of the Senate will continue at the highest possible level within available resources.²

2.5 The Committee canvassed issues in relation to the new parliamentary website including user feedback, problems with the Dynamic Red, compatibility with committee website information including the system to handle public submissions electronically and the CommDocs system.³ The Committee was informed that, with

1 *Estimates Hansard*, 21 May 2012, p. F&PA 2.

2 *Estimates Hansard*, 21 May 2012, p. F&PA 3.

3 *Estimates Hansard*, 21 May 2012, p. F&PA 4.

the exception of the staff costs involved in enhancing the electronic submission system, no additional costs for the Department of the Senate have arisen.⁴

2.6 Other issues canvassed by the Committee included accessibility of online material for vision-impaired people;⁵ and updates to *Odgers' Australian Senate Practice*, with the Clerk reporting the 13th edition has gone to print. The Committee also sought information on making the website and the core material more accessible across a range of electronic devices;⁶ the disturbance on Australia Day 2012; committee room bookings and cancellations; newspaper allocation to Senators;⁷ and membership of the new Parliament House Heritage Advisory Board.⁸

Parliamentary Budget Office

2.7 The President of the Senate provided an update of the Parliamentary Budget Officer selection process. The President noted that appointment of the Parliamentary Budget Officer is subject to the approval of the Joint Committee of Public Accounts and Audit with the Parliamentary Budget Officer expected to commence duty early in the 2012–13 financial year.⁹ In the interim, a working group comprising of the Deputy Clerks of the chamber departments and the Deputy Secretary of DPS has been created to support the establishment of the Parliamentary Budget Office (PBO).¹⁰ The working group is supported by an interim executive officer, Mr Matthew Fox, who is on a six-month secondment from the Department of Finance and Deregulation.¹¹

2.8 The Committee was advised that the PBO has an approximate budget of \$6 million per annum, with the majority of the cost expected to be staffing costs. Decisions related to accommodation are yet to be finalised.¹² Matters related to the level at which the PBO will be employed, the structure of the PBO, and the number of staff for the PBO were also canvassed.¹³

2.9 Mr Fox advised the Committee that his involvement was to undertake scoping work in order to present a series of options to the Parliamentary Budget Officer. This will cover a range of areas including accommodation; governance; the Parliamentary Budget Officer's responsibilities under the Parliamentary Service Act and the Financial Management and Accountability Act; and corporate matters. Although the PBO is a 'stand-alone fourth parliamentary department', it is expected that the

4 *Estimates Hansard*, 21 May 2012, pp F&PA 3–4.

5 *Estimates Hansard*, 21 May 2012, pp F&PA 4–5.

6 *Estimates Hansard*, 21 May 2012, pp F&PA 5–6.

7 *Estimates Hansard*, 21 May 2012, p. F&PA 7.

8 *Estimates Hansard*, 21 May 2012, p. F&PA 8.

9 *Estimates Hansard*, 21 May 2012, p. F&PA 13.

10 *Estimates Hansard*, 21 May 2012, p. F&PA 13.

11 *Estimates Hansard*, 21 May 2012, p. F&PA 13.

12 *Estimates Hansard*, 21 May 2012, p. F&PA 17.

13 *Estimates Hansard*, 21 May 2012, p. F&PA 14.

department will take advantage of existing resources where there are 'obvious synergies and to avoid unnecessary duplication or set off in a manner which would be inconsistent with the broader approaches taken by Finance and Treasury on the areas of work where there is overlap between the organisations'.¹⁴

Department of Parliamentary Services

2.10 The President of the Senate opened the hearing for the Department of Parliamentary Services (DPS) with an update of the recruitment process for the positions of Secretary and Parliamentary Librarian. The President indicated that the new Secretary, Ms Carol Mills, will take up the position on 28 May 2012 and that Dr Dianne Heriot had been appointed as Parliamentary Librarian on 11 May 2012. The President also took the opportunity to thank and acknowledge the outgoing secretary, Mr Alan Thompson, for his service to the Parliament and wished him well in his retirement.¹⁵

2.11 Some of the main areas the Committee discussed with DPS included Parliament House visitor numbers and tour groups; issues with the visitor guides including the number and foreign language expertise of guides; and the lack of a Parliament House open day in 2012.¹⁶ In relation to questions relating to the language expertise of staff, the Committee was advised that DPS does not advertise that foreign language tours are available due to the lack of language expertise and limited resources.¹⁷ The Acting Secretary, Mr Russell Grove, also stated that the open day for 2012 had been postponed until next year to coordinate with Parliament House's 25th anniversary. He also commented that 2013 was the 100-year celebration of the Australian Capital Territory and that holding the open day next year would therefore be more significant.¹⁸

2.12 In relation to the issue of visitor numbers to Parliament House, the Committee asked questions regarding the general decline in visitors and tour groups and what actions have been taken to reverse this trend and to promote Parliament House. DPS advised that a review of visitor services has been undertaken which will enable DPS to adopt a more proactive approach to marketing tours. In addition, DPS plans to spend \$16,000 on promoting Parliament House in regional newsletters to target visitors from regional and rural Australia.¹⁹

2.13 The Committee questioned DPS on current work to improve disability access to Parliament House and advice DPS had received from the Disability Discrimination Commissioner, Mr Graeme Innes, on his experience in the Parliament House car park.

14 *Estimates Hansard*, 21 May 2012, pp F&PA 14–15.

15 *Estimates Hansard*, 21 May 2012, p. F&PA 18.

16 *Estimates Hansard*, 21 May 2012, pp F&PA 20–25.

17 *Estimates Hansard*, 21 May 2012, pp F&PA 24–25.

18 *Estimates Hansard*, 21 May 2012, p. F&PA 25.

19 *Estimates Hansard*, 21 May 2012, pp F&PA 20–24.

DPS indicated that \$2.6 million has been set aside over four years for new capital works to improve accessibility to Parliament House. This work includes an upgrade to disability access to Parliament House including access in the public car park undertaken as part of a wider project on security. DPS stated that it has incorporated some of the issues raised by the Disability Discrimination Commissioner.²⁰ DPS tabled a list of projects it plans to undertake.²¹

2.14 The Committee also canvassed Wi-Fi access in electorate offices. In the previous Estimates hearings, DPS indicated there would be a decision made in relation to Wi-Fi access. DPS advised the Committee that while there is no technical barrier to providing Wi-Fi access, security of the connection to the parliamentary computing network could not be guaranteed. DPS undertook to advise senators on the availability of Wi-Fi in their electorate office.²²

2.15 Following on from the Committee's questions on IT issues, the Committee's focus turned to the installation of security gates to the Parliament House car parks. DPS indicated that eight gates, costing a total of \$2.8 million, had been installed. Other security issues canvassed included the BAE system and separation of the CCTV system from the parliamentary computer network.²³

2.16 The Committee also discussed the flawed mugs in the Parliament House gift shop which contained the incorrect spelling of President Barack Obama's name. The Committee was advised the initiative for the mugs emanated from a junior staff member and their production had not been authorised. Due to the 'sensitivity associated with the mistake', DPS made the decision to destroy the mugs (except for two mugs which had already been sold) and disposed of them in a concrete pour.²⁴

2.17 Other issues canvassed included feedback on the new website; enhancements made to the House of Representatives Chamber; the costs of changes to the Speaker's chair and desk; the location of a screen designed by Mr Romaldo Giurgola previously installed in the staff dining area; refurbishment to the kitchen and staff dining area; and 2020 help desk services.²⁵

20 *Estimates Hansard*, 21 May 2012, p. F&PA 32.

21 Department of Parliamentary Services, *Disability Access Proposal – Projects Funded to Proceed*, tabled 21 May 2012, *Estimates Hansard*, 21 May 2012, p. F&PA 32; tabled document available at http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=fapa_ctte/estimates/bud_1213/parliamentary/index.htm

22 *Estimates Hansard*, 21 May 2012, pp F&PA 28–30.

23 *Estimates Hansard*, 21 May 2012, pp F&PA 36–39.

24 *Estimates Hansard*, 21 May 2012, p. F&PA 48.

25 *Estimates Hansard*, 21 May 2012, pp F&PA 41–44.

Prime Minister and Cabinet Portfolio

Office of the Official Secretary to the Governor-General

2.18 Mr Stephen Brady, the Official Secretary to the Governor-General, provided a general overview of the Governor-General's activities during the three years and eight months of her term. He noted that the Governor-General had taken part in 2,700 official engagements, attended 934 separate events throughout Australia, hosted 502 official functions, delivered 618 speeches, presented 473 honours at 30 investiture ceremonies, received 662 individuals on official calls, received the credentials of 101 ambassadors and high commissioners to Australia, is patron of 317 organisations, presided over 82 meetings of the Federal Executive Council that has considered 2,402 agenda items, and assented to 563 pieces of legislation.²⁶

2.19 As noted in chapter 1, the Official Secretary was questioned about the Governor-General's use of speech writers and in particular whether she had employed Mr Bob Ellis.²⁷

2.20 The Committee discussed the delay in the gazettal of changes to ministerial appointments, to which Mr Brady offered to check on the details. In additional information provided to clarify the matter, it was noted that the appointment of Senator the Hon. Bob Carr as Minister for Foreign Affairs and changes to the Ministry have not yet been gazetted. However, this would occur at the earliest opportunity.²⁸

Department of the Prime Minister and Cabinet

2.21 The Committee discussed the involvement of the Department of the Prime Minister and Cabinet (PM&C) in the process of selection and appointment of Mr Ray Finkelstein QC as chair of the Independent Inquiry into the Media and Media Regulation. PM&C officers indicated they had not been aware of the process and they had no involvement in the short-listing or in any of the discussions. PM&C suggested that the matter be brought up with Department of Broadband, Communications and the Digital Economy.²⁹

26 *Estimates Hansard*, 21 May 2012, p. F&PA 55.

27 *Estimates Hansard*, 21 May 2012, p. F&PA 56; Office of the Official Secretary to the Governor-General, *Letter clarifying the Governor-General's Melbourne Cup speech*, received 21 May 2012; letter available on the Senate Finance and Public Administration Legislation Committee's website at http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=fapa_ctte/estimates/bud_1213/pmc/index.htm.

28 *Estimates Hansard*, 21 May 2012, pp F&PA 57–58; Office of the Official Secretary to the Governor-General, *Letter clarifying the Governor-General's Melbourne Cup speech*, received 21 May 2012; letter available on the Senate Finance and Public Administration Legislation Committee's website at http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=fapa_ctte/estimates/bud_1213/pmc/index.htm.

29 *Estimates Hansard*, 21 May 2012, pp F&PA 61–62.

2.22 As the Queen's Diamond Jubilee commemorations are to occur in 2012, information was sought on the Government's suite of events to commemorate the occasion and the process which led to the determination of these events. PM&C advised the Committee that it had engaged in a long consultation process, including with its counterparts in New Zealand and Canada and with all state governors and the Northern Territory Administrator, in order to canvass a range of options to put to the Prime Minister.³⁰ In response to a Committee question on why, unlike Canada, no commemorative jubilee medal had been issued by the Australian Government, PM&C informed the Committee that this decision was in line with past decisions to not issue medals for similar royal occasions.³¹

2.23 Among other issues discussed with PM&C were:

- the Queen's official Diamond Jubilee portraits provided through the Constituents' Request Program;³²
- the status and costs of the State Coach Britannia built by Mr Frecklington and Mr Frecklington's suggestion that the Commonwealth provide a further financial contribution of \$5 million so that the Commonwealth could provide the coach as a gift to Her Majesty the Queen from the people of Australia for her Diamond Jubilee;³³
- attendance of community cabinet meetings;
- the leaking of the video footage of the former Prime Minister in February doing out takes;³⁴ and
- Council of Australian Governments (COAG) role in relation to the National Disability Insurance Scheme.³⁵

2.24 The Committee sought information from the COAG Reform Council secretariat on the report of the Review of Capital City Strategic Planning Systems released in April 2012. PM&C clarified that the report had been completed in 2011 and that COAG had considered the report briefly at the last meeting. COAG then referred it to the Standing Council on Transport and Infrastructure for further consideration. COAG has not formally responded to the report but PM&C understood that COAG has committed to do so within six months of receipt of the report.³⁶

2.25 Other issues raised by the Committee with PM&C included:

30 *Estimates Hansard*, 21 May 2012, p. F&PA 64.

31 *Estimates Hansard*, 21 May 2012, p. F&PA 64.

32 *Estimates Hansard*, 21 May 2012, pp F&PA 67–70.

33 *Estimates Hansard*, 21 May 2012, p. F&PA 70.

34 *Estimates Hansard*, 21 May 2012, p. F&PA 104.

35 *Estimates Hansard*, 21 May 2012, p. F&PA 78.

36 *Estimates Hansard*, 21 May 2012, p. F&PA 91.

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- the in-country situation of Sri Lanka and that government's treatment of its own Tamil population;
 - WikiLeaks and the treatment of Mr Julian Assange;
 - the agreement signed between Australia and the United States on cyber-security (PM&C indicated questions were best directed to the Attorney-General's Department); and
 - the extent to which the National Security and International Policy Group also assist the Domestic Policy Group with monitoring international economic conditions.

2.26 In relation to the discussion on the national security and international policy, the Committee discussed monitoring of economic conditions overseas. PM&C indicated that it has:

...a very interactive approach to developing and synthesising policy taking into account developments internationally, which we glean also through diplomatic reporting. As you may be aware, there is also analytical capability in Treasury, the Department of Foreign Affairs and Trade, Prime Minister and Cabinet and the Office of National Assessments, which from time to time we can draw upon as well as open source information.³⁷

Australian National Audit Office

2.27 The Australian National Audit Office (ANAO) provided information to the Committee on issues relating to the Commonwealth Grant Guidelines; and the audit of the tender and procurement processes in relation to the Australia Network. The ANAO went through the chronology of events for the Australia Network tender process. In response to the Committee's questions on why the Department of Finance and Deregulation were not given the opportunity to comment on the ANAO's full audit report, Mr McPhee, Auditor-General, noted:

Very broadly, the responsibility for running this process was, in the first place, that of the Department of Foreign Affairs and Trade. They had the management responsibility for progressing this matter. So the audit was focused on the Department of Foreign Affairs and Trade in the main but the roles of other departments were also considered. It is normal for us when we put out our proposed reports or our draft reports for comment to be selective in what we give particular participants in the audit and to have regard to our policies on information security too—that is, there is no reason at that stage for the department of finance to see our commentary about the performance of the Department of Foreign Affairs and Trade. It was more focused on what Finance's roles and responsibilities in this process were at the time.³⁸

37 *Estimates Hansard*, 22 May 2012, p. F&PA 10.

38 *Estimates Hansard*, 22 May 2012, p. F&PA 40.

2.28 Other issues canvassed by the Committee included the information campaign about assistance to households in relation to the carbon tax.³⁹

National Mental Health Commission

2.29 The Budget Estimates hearing with the National Mental Health Commission (NMHC) opened with questioning and discussion on the NMHC's report card and strategic plan which is due in June. The NMHC also provided the Committee with a brief introduction to the road map. The road map is jointly produced by a group of senior officials supporting COAG, with the Department of Health and Ageing as the key Commonwealth agency responsible for the management of the road map. It was noted that development of the road map is still progressing with the expectation that the NMHC will have an ongoing monitoring role in relation to the road map. However, this is subject to COAG agreement as it is jointly sponsored by the Commonwealth and states and territories.⁴⁰

2.30 In relation to the questions on the report card and how that is addressed in terms of the Budget announcements of the national mental health reform program, the NMHC indicated:

...that access will continually come up in terms of being a key measure—not surprisingly—but it is not the only measure; it is actually the extent to which, if the services are available, they are responsive to the needs of the community and it is the profile of the workforce that actually supports those services as well. So as for the budgetary component, I can honestly say there is not a discussion in which budget does not come up, but in most instances the discussions actually have far more granularity in terms of looking at the complexity of making a whole raft of programs actually intersect more effectively. Budget is one component. It is certainly not the only component that is coming up for people to push first in a report card.⁴¹

2.31 Other issues canvassed included scrutiny of programs by the NMHC; suicide prevention; data on suicides; the Mental Health Nurse Incentives Program; consultation with stakeholders; and allocation of funding for the NMHC.

Australian Public Service Commission

2.32 In his opening statement, the Australian Public Service Commissioner, Mr Stephen Sedgwick, made three points:

- that the Minister for the Public Service and Integrity, the Hon. Gary Gray MP, had announced a new strategy to address the decline in the representation of people who have a disability in the public service;

39 *Estimates Hansard*, 22 May 2012, pp F&PA 47–48.

40 *Estimates Hansard*, 22 May 2012, p. F&PA 49.

41 *Estimates Hansard*, 22 May 2012, p. F&PA 50.

- the need to restore relativity between the pay of secretaries and those who report to them and pointed to recommendations by the Remuneration Tribunal that there should be limits placed on the extent to which that relativity could be eroded by subsequent pay rises from other APS employees; and
- that there had been 'ill-informed' press commentary in relation to how allegations that an agency head has breached the code of conduct were handled. The Commissioner noted that any formal investigation that he might initiate 'needed to give the accused person procedural fairness and the opportunity to respond to any potentially adverse matters under consideration even if, on its face, the matter seems straightforward'.⁴²

2.33 The Committee again sought information on absenteeism in the public sector. Aboriginal and Torres Strait Islander employment was also canvassed. The Commissioner acknowledged the trends for Indigenous employment are 'appalling' and employment levels have consistently declined over a period of time. This trend is anticipated to continue given the fiscal constraints agencies are experiencing and the general higher exit rate of Indigenous people from the public sector. To order to reverse this trend, a new Indigenous employment strategy will be implemented from 1 July 2012. The Pathways to Employment program will also continue. The APSC noted that the programs would be expanded to incorporate regional placements.⁴³

Office of the Commonwealth Ombudsman

2.34 The Committee welcomed the Acting Commonwealth Ombudsman, Ms Alison Larkins, to the hearing. The Committee noted that funding for the Ombudsman's office has decreased and sought more details. In her response, the Acting Ombudsman indicated that the decrease resulted from both the efficiency dividend and two terminating programs. One of the programs was for Christmas Island oversight and the other for oversight of the Northern Territory Emergency Response.⁴⁴

2.35 The Committee also discussed the investigation of a complaint against Australian Federal Police (AFP) officers in the International Deployment Group. The Acting Ombudsman stated that there were two roles: oversight of the AFP's own complaints handling process; and consideration of the complaints themselves. The Committee also canvassed the number of complaints received; and the level of resources available to investigate complaints.⁴⁵

2.36 The Committee canvassed the issue of the CSIRO's membership of the Australian Forest Products Association (AFPA). A discussion was undertaken as to the appropriateness of CSIRO's membership and the perception of partiality or lack of

42 *Estimates Hansard*, 22 May 2012, p. F&PA 56.

43 *Estimates Hansard*, 22 May 2012, p. F&PA 66.

44 *Estimates Hansard*, 22 May 2012, p. F&PA 69.

45 *Estimates Hansard*, 22 May 2012, p. F&PA 70.

transparency that may arise. The Acting Ombudsman advised that an investigation had taken place as a result of a complaint and noted that CSIRO indicated its intention to terminate its association with the AFPA.⁴⁶

Office of the Inspector-General of Intelligence and Security

2.37 The Office of the Inspector-General of Intelligence and Security (OIGIS) answered questions in relation to the public version of OIGIS's 2011 report into Mr Mamdouh Habib's case, which was released in March 2012. The implementation of the OIGIS's recommendations was discussed, particularly with regards to the AFP and ASIO. The Inspector-General advised the Committee that the agencies will report, by 30 June 2012, on their implementation, together with any updated policies. This information will be included in the OIGIS's annual report.⁴⁷

2.38 Other issues canvassed by the Committee included staff numbers and work priorities.

Office of National Assessments

2.39 The Office of National Assessments (ONA) was questioned on staffing levels, the reallocation of analytical responsibilities, and the assessment of Australia's role in Afghanistan.

2.40 Mr Allan Gynell, the Director-General, informed the Committee that:

...in the light of our budgetary situation, ONA decided to do away with the Atlantic branch, which covered the United States, Europe, Africa and Latin America. It was the smallest of all the branches and, with the retirement of the head of the branch, I decided to reallocate the analytical responsibilities within the rest of the organisation.⁴⁸

2.41 In relation to the reallocation of analytical responsibilities, the Committee that was informed that responsibilities for Europe had been moved to the branch covering the international economy; responsibility for the United States had been moved to the branch covering strategic issues and Africa was transferred the branch covering transnational issues. It was explained that the rationale for the reallocation was 'partly financial but it is also because one of our objectives in ONA is to drive an integrated analytical approach'.⁴⁹

46 *Estimates Hansard*, 22 May 2012, pp F&PA 70–71.

47 *Estimates Hansard*, 22 May 2012, p. F&PA 74.

48 *Estimates Hansard*, 22 May 2012, p. F&PA 79.

49 *Estimates Hansard*, 22 May 2012, p. F&PA 79.

Finance and Deregulation Portfolio

Department of Finance and Deregulation

2.42 The Committee opened questioning of the Department of Finance and Deregulation (Finance) on the Government's planned savings measures provided in the Budget Papers 2012–13; the total stock of Commonwealth Government Securities; the definition of savings over the forward estimates; and the role of the Joint Economic Forecasting Group.

2.43 The forecast of job losses in the Public Service was canvassed. The Minister for Finance and Deregulation, Senator the Hon. Penny Wong, noted that it had been a very difficult decision, in the context of a very tight budget, to impose a significant efficiency dividend and a supplementary efficiency dividend on the Public Service. Job losses are a result of voluntary redundancies and natural attrition.⁵⁰

2.44 Following from previous Estimates hearings, the Committee returned to questions on the Public Sector Superannuation accumulation plan (PSSap), and the balances and expenditure of the Building Australia Fund (BAF); the Nation Building Program; the Education Investment Fund (EIF); and the Health and Hospitals Fund.⁵¹

2.45 The Committee examined the Moorebank Intermodal Terminal project. Matters discussed included the process undertaken to identify sites for the Intermodal Terminal; the feasibility study; consultation process; estimated movements to and from the Terminal; issues with the use of the School of Engineering site; issues with the use of the SIMTA site and preparation of the business case for consideration by the Government.⁵²

2.46 The Committee also discussed:

- the appointment of Mr David Gonski as chair of the Future Fund;
- the funding arrangement and implementation of the National Disability Insurance Scheme;
- superannuation schemes of politicians, Commonwealth public servants and members of the Australian Defence Force;
- the Australian Government Information Management Office's (AGIMO) work related to the number and turnover of Commonwealth and states and territories government websites;
- the status of the NBN Co corporate plan and the current equity investment in the NBN Co;

50 *Estimates Hansard*, 23 May 2012, p. F&PA 23.

51 *Estimates Hansard*, 24 May 2012, p. F&PA 41.

52 *Estimates Hansard*, 24 May 2012, pp F&PA 55–59.

- audits of the allowances and entitlements of members and senators undertaken by Finance; and
- use of the TelePresence system and the availability of the network to Senate committees.

2.47 The Department of Finance provided answers to questions about its role in the advertising campaign related to household payments under the carbon tax package. The Department noted that a working group had been established to coordinate the campaign with the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) taking the lead role in coordination as it has policy responsibility. The Department of Finance's role was to coordinate meetings of the Independent Communications Committee (ICC) and to provide a brief on the advertising campaigns. The Department went on to provide the dates of ICC meetings and information on the use of language in the campaign.⁵³

2.48 The Committee also canvassed issues relating to Senator the Hon. Bob Carr's Sydney electorate office. The Department noted that arrangements were in place with the New South Wales Government to take over the lease arrangements for the office previously provided to Senator Carr as former Premier of New South Wales. The Committee sought information on the date of transfer of the lease arrangements. The Department also noted that it provides offices for parliamentary, electorate and official business, not for commercial purposes and took on notice questions concerning dates of finalisation of use of the office for business purposes.⁵⁴

2.49 The Committee also questioned the Department of Finance on ministerial and parliamentarians' staff numbers and costs, including the Caucus Communications Team. Lastly, the Committee discussed the transfer of all members and senators information technology support matters to DPS and the management report requirements for parliamentarians.

Medibank Private Limited

2.50 The Committee again questioned Medibank Private on the payment of the special dividend and ordinary dividends to the Government. Other questions covered the value of Medibank, the lower than average premium increase and the total reserves of the company.

2.51 The Committee also canvassed the issue of changes to the private health insurance rebate. The Committee sought information on when the changes to the rebate would flow through to members with Medibank noting that the changes are effective from 1 July 2012. Mr George Savvides, Managing Director, informed the Committee:

53 *Estimates Hansard*, 23 May 2012, pp F&PA 81–83.

54 *Estimates Hansard*, 24 May 2012, pp F&PA 7–9.

We have communicated now to all members about introduction of the changes and informing them of the impact of that for them and how they can talk to us about considering other ways of dealing with the costs that come that way for those who have the full increase of the premium, also noting that the Medicare levy surcharge is a consequential impact if they choose to leave the products. We do not want people leaving and then finding they have to pay more tax. I know the tax office has just given out some communication—that is helpful because it means the advisers and others who play in that sector in advisory roles in income tax returns are now better informed. Websites, retail branches and whatever are out there to help customers. We do not know the income of our customers, but around 20 per cent will have some impact as a result of the rebate changes, and we will be working with them to help them understand that and help them with choices that they need to make.⁵⁵

ComSuper

2.52 The Committee commented on the decrease in staffing numbers in ComSuper and was informed that despite reducing staff more slowly than expected, this would not have an impact on the targeted \$5.3 million savings.⁵⁶

2.53 Other issues discussed included progress on the outsourcing of the administration of the PSSap as well as IT. The targeted savings of \$5.3 million from the outsourcing from last budget estimates remain. As with other agencies, the Committee also discussed the effect of the efficiency dividend.

Commonwealth Superannuation Corporation

2.54 The Committee discussed staff allocation, efficiencies and returned to the discussion of the conflict of interest policy currently under review. The Chief Executive Officer provided information to the Committee on progress of the review and also indicated that the CSC Board has approved a board operations policy that deals with the establishment of the board and committees, functions, delegations, decision making, record keeping, code of conduct, remuneration, insurance and those sorts of things. The policies will become public in mid-June 2012.⁵⁷

2.55 The Committee discussed staff numbers prior to, and following, the merger of the Australian Reward Investment Alliance and Military Super.

Future Fund Management Agency

2.56 The Managing Director, Mr Mark Burgess, commenced the hearing with an update of the Future Fund's investment situation (the returns for the March quarter

55 *Estimates Hansard*, 24 May 2012, p. F&PA 27.

56 *Estimates Hansard*, 24 May 2012, pp F&PA 38–39.

57 *Estimates Hansard*, 24 May 2012, pp F&PA 39–40.

were plus 5.4 per cent) and noted that financial markets are very volatile which made it very important to have a 'medium-term view in the investment environment'.⁵⁸

2.57 The Committee discussed the new governance arrangements for the Future Fund with Mr Burgess noting that the governance framework is highly regarded internationally. The Committee also discussed the Fund's investment policy in relation to tobacco stocks and companies on a list provided by the International Campaign to Abolish Nuclear Weapons (ICAN).

2.58 The Committee also returned to topics covered at previous estimates with the Future Fund including the sale of non-financial assets, the current balance of the Fund and its investment strategy. In addition, the Committee discussed the Fund's foreign currency exposure, including a breakdown of its investments in developed and emerging market currencies, the extent of Government oversight of the Fund and the factors taken into account with international investments.

Australian Electoral Commission

2.59 The AEC commenced its evidence with an opening statement by the Australian Electoral Commissioner, Mr Ed Killesteyn, which provided both an overview and timeline of the AEC's analysis of the implications the Fair Work Australia report into the Health Services Union (HSU) national office for obligations arising from the disclosure provisions of Part XX of the *Commonwealth Electoral Act 1918*. Both the opening statement and timeline of events and actions taken by the agency were tabled. The Committee went on to explore in depth issues related to the analysis.⁵⁹

2.60 The Committee noted an extra \$48 million has been provided to the AEC in 2012–13 in addition to an extra \$10 million provided in the 2011–12 financial year. The Commissioner informed the Committee that the additional appropriation provided to the AEC was based on the outcome of a review that was announced by the Government prior to the last budget. The funds cover base funding, non-election funding, and the stabilisation of staffing for the AEC.⁶⁰ In relation to staffing, the AEC noted that there had been fluctuations of staff numbers over a number of elections. As a consequence, appropriations would build up for an election and then dramatically drop away post-election. The fluctuation in staffing levels created an unstable workforce within the AEC and was an inefficient way of managing the organisation and left little capacity for long-term planning. The Department of Finance and Deregulation had conducted a review which was taken into account by the Government when the extra appropriation was agreed to. The Commissioner noted

58 *Estimates Hansard*, 23 May 2012, p. F&PA 41.

59 *Estimates Hansard*, 23 May 2012, p. F&PA 85.

60 *Estimates Hansard*, 23 May 2012, p. F&PA 102.

that the extra funding does not provide extra staff but only covers the existing staff within the organisation.⁶¹

ASC Pty Ltd

2.61 The Managing Director provided an overview of the challenges faced by the ASC and its achievements. The Committee was also informed of progress in several areas since the Additional Estimates.⁶²

2.62 Much of the Committee's questions and discussions revolved around the issues of revenue, profit and dividends from the ASC's operations. Discussions covered sustainment work on submarines undertaken by ASC, a critical analysis of the ASC's budget conducted by the Australian Strategic Policy Institute from a defence perspective and the Coles review which is jointly sponsored by the Department of Defence and the Department of Finance and Deregulation.⁶³

Senator Helen Polley
Chair

61 *Estimates Hansard*, 23 May 2012, p. F&PA 102.

62 *Estimates Hansard*, 23 May 2012, p. F&PA 68.

63 *Estimates Hansard*, 23 May 2012, pp F&PA 69–72.

Appendix 1

Departments and agencies under the Committee's oversight

Parliament

- Department of the Senate
- Department of Parliamentary Services

Prime Minister and Cabinet Portfolio

- Department of the Prime Minister and Cabinet
- Australian National Audit Office
- Australian Public Service Commission
- Independent National Security Legislation Monitor
- National Mental Health Commission
- National Australia Day Council
- Office of National Assessments
- Office of the Commonwealth Ombudsman
- Office of the Inspector-General of Intelligence and Security
- Office of the Official Secretary to the Governor-General

Finance and Deregulation Portfolio

- Department of Finance and Deregulation
- Albury-Wodonga Development Corporation
- ASC Pty Ltd (formerly the Australian Submarine Corporation)
- Australian Electoral Commission
- Australian River Co. Limited
- ComSuper
- Commonwealth Superannuation Corporation
- Future Fund Management Agency
- Medibank Private Limited

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