

The Senate

Finance and Public Administration
Legislation Committee

Budget estimates 2013–14

June 2013

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Membership of the Committee

Members

Senator Helen Polley (Chair)	ALP, Tasmania
Senator Scott Ryan (Deputy Chair)	LP, Victoria
Senator Richard Di Natale	AG, Victoria
Senator the Hon John Faulkner	ALP, New South Wales
Senator Arthur Sinodinos	LP, New South Wales
Senator the Hon Ursula Stephens	ALP, New South Wales

Participating members

Senators Abetz, Bernardi, Bilyk, Mark Bishop, Boswell, Bushby, Kim Carr, Cormann, Faulkner, Fierravanti-Wells, Fifield, Heffernan, Humphries, Kroger, Ludlam, Mason, McKenzie, Moore, Parry, Payne, Polley, Pratt, Rhiannon, Ronaldson, Ruston, Ryan, Siewert, Sinodinos, Smith and Stephens.

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Chapter 1

Budget Estimates 2013–14

1.1 On 14 May 2013, the Senate referred the following to the Senate Finance and Public Administration Legislation Committee (the committee):

- Particulars of proposed expenditure in respect of the year ending on 30 June 2014;
- Particulars of certain proposed expenditure in respect of the year ending on 30 June 2014; and
- Particulars of proposed expenditure in relation to the parliamentary departments in respect of the year ending on 30 June 2014.

Portfolio coverage

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

- Parliament;¹
- Prime Minister and Cabinet Portfolio; and
- Finance and Deregulation Portfolio.

Portfolio Budget Statements

1.3 The Portfolio Budget Statements (PBS) for 2013–14 for the parliamentary departments and portfolios under the committee's oversight were tabled on 14 May 2013. The committee notes in this year's statements some agencies have consolidated existing programs or outcomes and some have moved to reporting at program level rather than at the program component level. These included the Department of the Parliamentary Services, the Department of the Prime Minister and Cabinet (PM&C), the Australian National Audit Office and the Australian Public Service Commission. The committee notes the explanation included in the PM&C Portfolio Budget Statement that:

The changes to the level of disclosure, and the consolidation of programs, in the 2013–14 PB Statements does not reduce the transparency of information, nor does it change the accountability of PM&C. The level of disclosure reflects the current and future direction of PM&C and ensures readability is consistent across agency statements in line with guidance set by the Department of Finance and Deregulation.²

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.

2 *Portfolio Budget Statements 2013–14, Prime Minister and Cabinet Portfolio*, p. 21.

Hearings

1.4 The committee held public hearings from Monday 27 May to Thursday 30 May 2013. The parliamentary departments were examined on 27 May, the Prime Minister and Cabinet Portfolio on 27 and 28 May, and the Finance and Deregulation Portfolio on 29 and 30 May 2013.

1.5 The committee took evidence from the President of the Senate, Senator the Hon. John Hogg; Senator the Hon. Stephen Conroy, Minister for Broadband, Communications and the Digital Economy and Leader of the Government in the Senate, and Senator the Hon. Jan McLucas, Minister for Human Services, representing the Prime Minister; and Senator the Hon. Penny Wong, Minister for Finance and Deregulation, together with officers of relevant departments and agencies. The committee expresses its appreciation for the assistance of the President, Ministers and the officers who appeared before it.

1.6 The Office of the Commonwealth Ombudsman and the Office of the Inspector-General of Intelligence and Security were released from the hearing on 28 May 2013 without examination, while the following agencies were not required to attend the hearings:

- Albury-Wodonga Development Corporation;
- ASC Pty Ltd;
- Australian River Co Ltd;
- Independent National Security Legislation Monitor;
- National Australia Day Council; and
- COAG Reform Council Secretariat.

Questions on notice and Hansard transcripts

1.7 Most departments and agencies provided answers to questions on notice from the additional estimates hearings in February this year by the due date of 2 April 2013. However, the committee again notes the late submission of a number of answers to questions on notice for the Finance and Deregulation Portfolio, with only six out of a total of 97 outstanding answers provided by the due date.

1.8 The committee has set 12 July 2013 as the date for the return of answers to questions on notice arising from the Budget Estimates hearings. This information, together with the Hansards transcripts of proceedings of hearings, are published on the committee's website at:

http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=fapa_ctte/estimates/bud_1314/index.htm

Note on references

1.9 References to the estimates Hansard are to the proof Hansard; page numbers may vary between the proof and the official Hansard transcript.

Chapter 2

Parliamentary departments and portfolio issues

2.1 This chapter summarises some of the matters raised during the committee's hearings on the Budget Estimates 2013–14.

Parliamentary departments

Department of the Senate

2.2 The committee thanks the Department of the Senate for again providing, in advance of the hearings, a report on recent trends in committee workload. This report indicated continuing high levels of workload in the committee office, and which were comparable to the levels in the previous parliament. In response to questions on the committee office workload, the Clerk of the Senate advised the committee that there had been a modest increase in committee resources. In addition, moving staff and distributing work across committee office staff is also used to address the demands of the increased and uneven workloads across committee secretariats.¹

2.3 The committee followed-up on what appeared to be a discrepancy between earlier evidence of the Department of the Senate and the Department of Parliamentary Services (DPS) concerning consultation with the Parliament House architect on the new Senate meeting rooms.² This was later clarified by DPS which confirmed that formal moral rights consultation had been undertaken with Mr Romaldo Giurgola.³

2.4 Other areas of interest to the committee included the contract for the rolling refurbishment program for furniture in senators' suites, and staff movements and rotations.⁴

Parliamentary Budget Office

2.5 Prior to the hearing, the Parliamentary Budget Office (PBO) provided the committee with a report on the office's key performance and staffing data. The committee welcomes PBO's advice that it proposes to provide a report of this nature before each estimates hearing.⁵

2.6 The committee commenced examination of the PBO with requests for an update on staffing and workloads in the office.⁶ In response to questions concerning the PBO's access to information from departments and agencies, the Parliamentary Budget Officer advised that there has been a positive response and is continuing to

1 *Committee Hansard*, 27 May 2013, p. 4.

2 *Committee Hansard*, 27 May 2013, p. 5.

3 *Committee Hansard*, 27 May 2013, p. 29.

4 *Committee Hansard*, 27 May 2013, pp 3–4 and 5–6.

5 *Committee Hansard*, 27 May 2013, p. 8.

6 *Committee Hansard*, 27 May 2013, pp 7–9.

improve.⁷ However, he noted restrictions in accessing detailed taxpayer-protected confidential information from the Australian Taxation Office (ATO). At present, the PBO can only obtain a one per cent de-identified sample, compared to a 16 per cent de-identified sample available to the Treasury. He further advised that legislation is currently before the Parliament which would provide the PBO with the same access to ATO information as the Treasury and noted that '[i]t is important for us to have that access if our costings are going to be as credible as the Treasury revenue costings.'⁸

2.7 The PBO was also questioned on the report, *Estimates of the structural budget balance of the Australian Government 2001–02 to 2016–17* released by the PBO on 22 May 2013. Senators sought details concerning the timing of the release, modelling and the peer review process.⁹

Department of Parliamentary Services

2.8 The Secretary of DPS provided a detailed opening statement to the committee which included an update on the finalisation of the senior management team, the reforms to governance arrangements, and the implementation of cultural change.¹⁰

2.9 The committee was advised of the trial, beginning in the sitting period commencing 17 June 2013, of removing Hansard editors from the two main chambers other than for question time. The Secretary of DPS explained that this would remove the need for staff to walk to and from the chambers, and therefore reduce overtime requirements each day by approximately one hour. There would also be a benefit to work health and safety.¹¹ Senators sought further information on the reasons for the trial, the timing of the trial and lack of consultation with the Hansard reporters and editors who undertake this work. The committee was advised that senior Hansard staff were of the view that the trial was best conducted in a busy time to provide the most effective test of this change.¹²

2.10 DPS was also questioned on the reconfiguration of editor booths in the Hansard area to create offices and meeting rooms in order to accommodate other sections of the department which have vacated space for staff of the PBO. Senators again asked about the level of consultation with staff on these changes and the Secretary advised that some consultation had occurred but undertook to provide on notice the exact level.¹³

7 *Committee Hansard*, 27 May 2013, p. 9.

8 Mr Phil Bowen PSM, Parliamentary Budget Officer, *Committee Hansard*, 27 May 2013, p. 10.

9 *Committee Hansard*, 27 May 2013, pp 11–19.

10 *Committee Hansard*, 27 May 2013, pp 19–20.

11 *Committee Hansard*, 27 May 2013, p. 20.

12 *Committee Hansard*, 27 May 2013, p. 28.

13 *Committee Hansard*, 27 May 2013, p. 30.

2.11 Given the importance of Hansard to the Parliament, the committee subsequently undertook a tour of the Hansard offices to observe the progress of the trial and reconfiguration of the office space.

2.12 In light of the evidence that visitor numbers to Parliament House were up 30,000 from the same period last year, the committee sought reasons on the need for the current review of visitor services costing \$245,000. The Secretary of DPS responded:

The review we are undertaking at the moment has two elements. One is that we have created, as part of our restructure, a new Parliamentary Experience Branch, which will include Visitor Services staff within it. But we are also doing a much broader review of other ways we can expand the visitor experience in Parliament House. Included in that is looking at our arts services programs, our event management and so on.¹⁴

2.13 In response to questioning about the cost of the review, the Secretary assured the committee that:

I am very confident that we will gain revenue benefit from this review that will more than compensate for the cost of it...

It will look at ways in which we can best structure ourselves, but it is principally around revenue raising and ensuring that we provide a contemporary service to people who use this building—in terms of individual visitors but also people who attend events.¹⁵

2.14 One particular area of interest was the tender process for the contract for the review of visitor services. The committee was advised that 12 applications were submitted and the tender evaluation panel made its assessment against the documentation provided by the tenderers and no interviews were conducted.¹⁶ The committee will closely monitor the outcome of this review.

2.15 The committee sought an update on the progress of completion of the document, *The Architect's Design Intent for Parliament House Canberra: Central Reference Document* (Central Reference Document—CRD). It was advised that, although it was viewed by the department as a critical document, because of resourcing and prioritisation issues, DPS has prioritised the completion of conservation management plan (CMP). The Secretary stated:

We see a very direct link between the material that is available in the existing central reference document, the original tender documents, a lot of the papers and materials that were developed during the construction period of the building, the plans we hold, and other material, such as speeches and articles by Mr Giurgola. These all form part of the basis of material that

14 Ms Carol Mills, Secretary, Department of Parliamentary Services, *Committee Hansard*, 27 May 2013, p. 22.

15 Ms Carol Mills, Secretary, Department of Parliamentary Services, *Committee Hansard*, 27 May 2013, pp 22–23.

16 *Committee Hansard*, 27 May 2013, pp 40–41.

will be used by the consultants in writing the conservation management plan.

If, in doing that plan, they find particular limitations in any areas, that might be enhanced by the central reference document. We would potentially reprioritise those particular elements. But at this stage the first and foremost exercise is to develop the conservation management plan.¹⁷

2.16 As the committee indicated in its final report on the inquiry into the performance of DPS, it acknowledges the importance of the CMP, but it reiterates its support for the completion of the CRD.¹⁸ The committee will continue to monitor the progress toward completion of the CRD document.

2.17 Other areas of interest to the committee during examination of DPS were the transfer of information and communication technology (ICT) from the Department of Finance and Deregulation to DPS, events relating to the 25th anniversary of Parliament House, possible introduction of paid parking in the Parliament House car park, recent recruitment of staff in the department, and an update on the condition of the marble façade.

Prime Minister and Cabinet Portfolio

Department of the Prime Minister and Cabinet

2.18 The committee revisited the topic of the newly established Australian Cyber Security Centre and requested an update on progress. The committee heard that the centre's board of governance has been established, a coordinator from the Defence Signals Directorate has been appointed, and a decision on the centre's location was expected to be made by mid-June.¹⁹ In relation to its functions, it was confirmed that its operations were defensive only and aimed at protecting Australian networks.²⁰

2.19 The committee sought information on aspects of the National Disability Insurance Scheme (NDIS), including details of consultation processes between the Commonwealth and other jurisdictions with regard to board appointments, the processes leading to the proposal to increase the Medicare levy to part-fund the NDIS, and progress on the finalisation of the NDIS rules.²¹

2.20 The Department of the Prime Minister and Cabinet (PM&C) was also questioned in some detail on the case of the Australian citizens, Mr Matt Joyce and Mr Marcus Lee, who faced charges in the United Arab Emirates. In particular,

17 Ms Carol Mills, Secretary, Department of Parliamentary Services, *Committee Hansard*, 27 May 2013, p. 43.

18 Senate Finance and Public Administration Legislation Committee, *The Performance of the Department of Parliamentary Services – Final Report*, November 2012, p. 44.

19 *Committee Hansard*, 27 May 2013, p. 62.

20 *Committee Hansard*, 27 May 2013, p. 85.

21 *Committee Hansard*, 27 May 2013, pp 63–67.

senators sought details of briefings for, and representations by, the Prime Minister. Questioning on this topic was covered over both days of PM&C's appearance.²²

2.21 Senators also questioned PM&C about the processes, including consultation with the Prime Minister, around the re-appointment of two office holders. In the first instance, the committee sought details on the re-appointment the Australian Electoral Commissioner, which was announced on 12 April 2013. The expiry of the Commissioner's current term was noted as being 4 January 2014 and questioning focussed on the timing of the re-appointment. The processes leading to the re-appointment of the Chief Executive Officer (CEO) of the Indigenous Land Corporation were also canvassed.²³

2.22 A range of other topics were also pursued during the committee's examination of PM&C, including the programs and expenditure for the social inclusion unit; funding for independent schools under the National Plan for School Improvement; the blocking of Australian websites under section 313 of the *Telecommunications Act 1997*; security clearance processes for staff of the Prime Minister's Office; the cost and size of the delegation to the Rio+20 United Nations Conference; and the staffing, costs and forward agenda of the Council of Australian Governments.

Office of the Official Secretary to the Governor-General

2.23 The Official Secretary to the Governor-General provided a summary of the work undertaken by the Governor-General since the last estimates hearing in February. The committee then briefly examined the Office and focussed questioning on the timing of the appointment of the new Governor-General.²⁴

2.24 The Official Secretary advised the committee:

My office is not involved in any way in the selection of a new Governor-General. There is no prescribed time frame for that. I think it would be beyond my terms of reference to comment.²⁵

Australian National Audit Office

2.25 During examination of the Australian National Audit Office (ANAO), the committee canvassed issues associated with the Public Governance, Performance and Accountability Bill 2013. The Chair noted at the beginning of questions that the Bill has been referred to the committee and that it is general practice not to allow questioning on bills currently before committees. However, the Chair further advised that as the committee has indicated that it will not be undertaking an inquiry into this Bill, questions pertaining to the Bill would be permitted.²⁶

22 *Committee Hansard*, 27 May 2013, pp 100-108; and *Committee Hansard*, 28 May 2013, pp 15-17.

23 *Committee Hansard*, 28 May 2013, pp 18-21.

24 *Committee Hansard*, 27 May 2013, pp 45-47.

25 Mr Stephen Brady CVO, Official Secretary to the Governor-General, *Committee Hansard*, 27 May 2013, p. 47.

26 *Committee Hansard*, 28 May 2013, pp 24-25.

2.26 In particular, the committee sought the Auditor-General's views about the adequacy of the consultation period for the Bill. The Auditor General responded:

I guess I was making the point that, perhaps in different circumstances, some more time for consultation in respect of a draft bill would have been, I think, helpful to increase the awareness of the proposals within it and to bring everyone on board with the new approach. There are some good ideas in it as well, which I mentioned. I appreciate these matters of timing are matters for the government at the end of the day, but I was just comparing it, essentially, with prior cases where Finance has had the opportunity to consult more broadly on legislative provisions.

...

I think it could be made to work, and my point was that, if we had a bit more time, it could be refined to further the objectives which the government is seeking to achieve through the legislation.

...

...I would have thought that a further six months to allow consultation on the specific legislation would have been desirable to get the feedback, because there will be many bodies who will not have seen the legislation in detail ahead of when it was introduced into the parliament.²⁷

2.27 The committee also questioned the ANAO on the performance audits of Treasury's preparation of tax expenditure statements and the methodology used.²⁸

Australian Public Service Commission

2.28 The committee pursued a range of topics during examination of the Australian Public Service Commission, including the level of data collected by agencies on unscheduled absences, costs associated with unscheduled absences, the handling of a complaint by Ms Melinda Tankard Reist concerning a tweet by an officer of the ATO, the number and trends of APS employees, employee engagement, levels of bullying and harassment, and the Public Governance, Performance and Accountability Bill 2013. In addition, the committee canvassed the implementation of the recommendations of the report, *Ahead of the game: Blueprint for the reform of the Australian government administration* concerning an APS culture of continuous improvement.²⁹

National Mental Health Commission

2.29 The committee acknowledged the contribution of Ms Robyn Kruk AM, the founding CEO of the National Mental Health Commission (NMHC) after she noted her imminent retirement.³⁰

27 Mr Ian McPhee, Auditor-General, *Committee Hansard*, 28 May 2013, pp 24–26.

28 *Committee Hansard*, 28 May 2013, pp 26–30.

29 *Committee Hansard*, 28 May 2013, pp 30–42 and 47–54.

30 *Committee Hansard*, 28 May 2013, p. 43.

2.30 The NMHC was briefly examined on a range of issues, including the appointment process for a new CEO, the role of commissioners, the role and level of involvement of the NMHC in recent government mental health initiatives, and an update on the progress of implementation of recommendations of the national report card.³¹

Office of National Assessments

2.31 The committee questioned the Office of National Assessments (ONA) about the convention not to release content of assessments, citing an example where information previously sought by the committee, was not provided on this basis. The Director-General of ONA confirmed the continuation of the longstanding practice of successive directors-general of not commenting on intelligence issues in public.³² In light of this advice, the committee then questioned ONA about its annual exchange with the Lowy Institute for International Policy and asked whether there was inconsistency with the practice of not releasing content of assessments. The Director-General responded:

I understand the point you are making. I think there is a distinction. I am not trying to split hairs here. To take the example of the question you asked earlier, it was a very specific question about an ONA view about a specific issue. That would go directly to the contents of ONA assessments which are provided to the government and we would not discuss those with Lowy in that form. We just would not.

...

We do not have discussions with Lowy about ONA assessments and do not talk to Lowy about the analytical judgements that we are providing to government. I will fall back upon the example I provided. It is possible to have a discussion about the global economy and where it is headed with experts outside of government without crossing those lines.³³

Finance and Deregulation Portfolio

Department of Finance and Deregulation

2.32 The committee questioned officers from the Department of Finance and Deregulation (Finance) on a range of areas within the Budget documentation. Clarification was sought on the expense measures figure, decisions taken but not yet announced in the Budget, and savings expected over a 10 year period as a result of not proceeding with the 2012–13 Budget measure, Spreading the Benefits of the Boom.³⁴ The department also provided detailed year-by-year gross figure costs of the NDIS.³⁵

31 *Committee Hansard*, 28 May 2013, pp 42–47.

32 *Committee Hansard*, 28 May 2013, p. 55.

33 Mr Richard Maude, Director-General, Office of National Assessments, *Committee Hansard*, 28 May 2013, p. 57.

34 *Committee Hansard*, 29 May 2013, pp 13–17.

35 *Committee Hansard*, 29 May 2013, pp 19–22.

2.33 The committee asked about the implementation processes for the new Commonwealth Grant Guidelines which come into effect on 1 June 2013, and sought and update on the progress on the AusGrant initiative.³⁶

2.34 Referring to the department's most recent annual report, the committee sought an explanation of the 3.1 per cent variation between the original budget estimate of expenses and the final budget outcome (FBO) for 2011–12. This compared to the key performance indicator of a maximum difference between the original estimate and the FBO, on an accrual basis, of 1.5 per cent. The Secretary of the Department advised the committee:

I can talk in general terms about what we tried to do to ensure the accuracy of the estimates, and I think we have been through some of this before. The way I see it is that it is basically a continuous improvement exercise. We try and work very hard with agencies who are responsible for the estimates to ensure that they have the best available models for modelling expenditure. It is a particular difficult task in relation to demand-driven programs, which generally tend to be the large ones. Those are things like the age pension, family tax benefit and so forth. They are big programs, and very small changes in the number of people eligible or the average rates of payments can have very major financial consequences.

It is important to us and important to the government of the day that those estimates be as accurate as they possibly can be. We do not always get it right—quite clearly we do not. But we do reasonably well. We keep working on the models. Where we see the final outcome varying from the estimate—particularly if it is an estimate that was made reasonably late in the piece—we would go back to an agency and say: 'Look, this model does not seem to be predicting this correctly or close enough. Let's sit down jointly and work our way through to see if we can improve the accuracy for the next time around.' We do that on the big programs. That is a process.³⁷

2.35 The committee also questioned Finance extensively on the modelling of forward expenditure in relation to irregular maritime arrivals (IMAs). The Secretary explained that it is a complicated system and provided a detailed response to the committee. He began by outlining the cost drivers, which include the number of IMAs already in Australia, the forecasts of arrivals over the forward estimates, operational decisions as to how IMAs are placed in the detention network, and the length of time taken to resolve asylum claims.³⁸ He emphasised that the estimates of the number of arrivals is a volatile figure and conceded that 'I would go so far as to say that this is the most difficult part of the budget for us on the expenses side to estimate and get right.'³⁹

36 *Committee Hansard*, 29 May 2013, pp 23–25.

37 Mr David Tune, Secretary, Department of Finance and Deregulation, *Committee Hansard*, 29 May 2013, p. 29.

38 *Committee Hansard*, 29 May 2013, p. 29.

39 *Committee Hansard*, 29 May 2013, p. 30.

2.36 In relation to the current budget, he explained:

You will notice that in this year's budget that there is a large increase in the allocation for IMAs. That is driven by two things: the number of arrivals—the stock that has come into the country in recent times—and the estimate. We have adjusted the estimate for 2013–14 and 2014–15. Also, because of this new model, we actually have a lower unit cost. So we have higher numbers but a lower unit cost. That still gives you a big increase in the estimate. That is basically the story.

The other bit that I should add is that because of this huge volatility in the number of arrivals we have come to the view that it is really not feasible—not sensible—to try and push the estimated number of arrivals out too far. You will notice in that box that I talked about that is on page 6-50 in *Budget Paper No. 1* that we have decided to move to a projection based model. The first two years are estimates that go into the budget. The latter two years of the forward estimates are projections. In effect, we use a technical assumption for the last two years. The technical assumption that we have adopted—because we are trying to get the trend for planning purposes—is the 10-year moving average. That leads to those figures being derived for the two latter years of the forward estimates.⁴⁰

2.37 The committee asked Finance a series of questions on regulation policy. Senators sought an update on the processes and progress of the review of the Office of Best Practice Regulation handbook and were advised that the department was on track to meet its target release of 1 July 2013. The committee also asked about the treatment of election policies in the handbook, that is, whether they are subject to a regulation impact statement (RIS). It was confirmed that current arrangements would continue, where all policies are subject to the RIS requirements, but only an implementation RIS is required for election commitments.⁴¹

2.38 The Minister and Finance officers provided a detailed description of objectives and intended benefits of the proposed reforms under the Public Governance, Performance and Accountability Bill 2013.⁴² The committee again raised the issue of consultation processes and, in particular, whether suitable time has been allocated for consideration of the legislation. It was noted that, prior to the release of the legislation, there was a 30-month consultation period. The Minister elaborated:

If I had put out a draft bill without all of that consultation and had longer, I would not get the criticism you are just making but I would get criticism because the bill would not have been worked through a consultative process before it was actually put out. You cannot dismiss 30 months of very detailed consultation, including on the proposition document, which really was fining down what the bill would look like, and the broader framework. I do not think it is reasonable to dismiss that process and just say we have

40 Mr David Tune, Secretary, Department of Finance and Deregulation, *Committee Hansard*, 29 May 2013, p. 30.

41 *Committee Hansard*, 29 May 2013, p. 33.

42 *Committee Hansard*, 29 May 2013, pp 50–53.

had five or six weeks on the bill. We have 2½ years of consultation on this.⁴³

2.39 The Secretary also addressed the timing of the legislation and the impact on the commencement date:

My view is that we have about a year's work ahead of us if the bill is passed to do the rules and go through the consultation around that—bring it back to the JCPAA discussions and various other fora. We can toss more resources at that, and we would if it were necessary. The other issue here is that you really need to commence this at the beginning of a financial year, otherwise you have chaos. It is either 1 July 2014 or it is July 2015–16, or whatever. That is the key point: if we do not have it now, we lose a year, basically.⁴⁴

2.40 Other areas of interest to the committee during examination of Outcome 1 of Finance included, progress of the COAG Business Advisory Forum, the budget treatment of the Clean Energy Finance Corporation following the budget mandate direction issued on 16 April 2013, forward estimates for the National Plan for School Improvement, operations of the Independent Communications Committee and details of two recent government advertising campaigns.

2.41 On the final day of hearings, the committee's questioning centred on issues under Outcomes 2 and 3 of Finance, including requirements for maintaining or archiving old websites, accessibility of government websites by mobile devices, cloud computing policy and strategic direction, an update on construction projects, parliamentarians travel entitlements, processes for checking compliance with parliamentarians printing and communication entitlements, and the transfer of electorate ICT service to DPS.

Future Fund Management Agency

2.42 The committee began its examination of the Future Fund Management Agency (FFMA) with questions concerning investment performance against relevant market performance. The FFMA reported that across its portfolio the agency was ahead of expectations and doing well relative to market trends.⁴⁵

2.43 The committee asked about processes leading to the decision to exclude primary tobacco producers from the portfolio. The agency confirmed that there was no intervention by government in taking this decision. It further advised that during consideration of its tobacco holdings, the Board reviewed the overall exclusions policy and determined that there would be no other additional exclusions in addition to land mines and cluster munitions.⁴⁶

43 Senator the Hon. Penny Wong, Minister for Finance and Deregulation, *Committee Hansard*, 29 May 2013, p. 55.

44 Mr David Tune, Secretary, Department of Finance and Deregulation, *Committee Hansard*, 29 May 2013, p. 56.

45 Mr David Neal, Chief Investment Officer, Future Fund Management Agency, *Committee Hansard*, 29 May 2013, p. 5.

46 *Committee Hansard*, 29 May 2013, p. 6.

2.44 An explanation was sought on the reason for the difference in the accounting methodology for unfunded superannuation liability between the budget and final budget outcome figure. It was explained to the committee the reason for the difference in the projected figures and the ex post figures is a discount rate issue:

The unfunded superannuation liability as at 30 June is expected to be around \$143 billion...Accounting standards require us to use the long-term bond rate, which has been around three per cent. In looking at the forward projections, we use the actuarially determined earnings rate on the fund, which is around six per cent. So the variance between the final budget outcome figure from last and the figure I have just quoted is explained in large part by the discount rate that is being used.⁴⁷

2.45 The committee also engaged the FFMA in discussion about its investment policy and how it factors in differing views and predictions on the global economy. The FFMA responded:

It is really about trying to build a portfolio that we believe still has within it the return potential to deliver against our mandate over the long term whilst being as protected as we can be—we cannot fully protect the portfolio—from those sorts of outcomes. Obviously the amount of protection that we build into the portfolio—the amount of lower risk investments that we put in—reflects our view as to how much we believe or do not believe that Adrian Blundell-Wignall may be right and the balance of opinion that we strike there. But the core is to make sure that you always have a portfolio that is as diversified as possible for those outcomes. That is really the key.⁴⁸

2.46 The committee also raised the issue of management of conflicts of interest, particularly in relation to senior staff leaving and returning to the organisation,⁴⁹ and the agency's acquisition of a share in Perth airport and the alleged threats of legal action concerning its valuation.⁵⁰

ComSuper and Commonwealth Superannuation Corporation

2.47 The issue of workplace bullying within ComSuper was raised. When questions about a specific complaint were asked, the Minister expressed concern that estimates hearings are not the appropriate place to pursue individual grievances. The committee then sought general details on the number of complaints and the processes for dealing with complaints within the organisation.⁵¹

2.48 Other matters raised included, the impact of the policy to increase the tax for those earning more than \$300,000 a year for defined benefits scheme members, and

47 Dr Stein Helgeby, Deputy Secretary, Governance and Resource management Group, Department of Finance and Deregulation, *Committee Hansard*, 29 May 2013, pp 6–7.

48 Mr David Neal, Chief Investment Officer, Future Fund Management Agency, *Committee Hansard*, 29 May 2013, p. 11.

49 *Committee Hansard*, 29 May 2013, p. 8.

50 *Committee Hansard*, 29 May 2013, p. 9.

51 *Committee Hansard*, 29 May 2013, pp 38–39.

management of conflicts of interest of board members with multiple directorships across superannuation boards.⁵²

Medibank Private

2.49 The CEO of Medibank Private provided a detailed opening statement which updated the committee on current issues, including the increase of 10 per cent in payments of benefit costs, the impact of changes to products – such as the means testing of the rebate, the reformulation of the second brand AHM, membership growth, the launch of Anywhere Healthcare, and the operation of Garrison Health Services which provides services to the Australian Defence Force.⁵³

2.50 A range of topics were covered during examination of Medibank Private, including non-health related business, the impact of the Private Health Insurance Administration Council seeking to extend its supervisory jurisdiction, the 24-hour nurse advice line, the Medibank community fund, and research on mental health.⁵⁴

Australian Electoral Commission

2.51 The committee took evidence from the Australian Electoral Commission on a range of topics, including discrepancies between donor disclosure and party disclosure; the definition of 'associated entities' and processes for determining if an organisation is deemed to be an associated entity, particularly in regard to GetUp!; differing disclosure threshold amounts for donations across different jurisdictions; an update on planning and preparations for the federal election and referendum; automatic enrolment; the offence of multiple voting; and the timing and processes regarding the reappointment of the Electoral Commissioner.⁵⁵

Senator Helen Polley Chair

52 *Committee Hansard*, 29 May 2013, pp 40–43.

53 *Committee Hansard*, 30 May 2013, pp 4–5.

54 *Committee Hansard*, 30 May 2013, pp 5–16.

55 *Committee Hansard*, 30 May 2013, pp 47–74.

Appendix 1

Departments and agencies under the Committee's oversight

Parliament

- Department of the Senate
- Parliamentary Budget Office
- 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 Australia Day Council
- National Mental Health Commission
- 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

Appendix 2

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