

Chapter 2

Issues

2.1 This chapter lists some of the key issues raised for each department, agency and statutory office holder examined during the committee's hearings on the Additional Estimates 2015-16.

Parliamentary departments, 8 February 2016

Department of the Senate

- Current high number of Senate committee inquiries (pp 3-4)
- Accommodation of Mr Trent Zimmerman MP in the Senate Wing (pp 4-6)
- Security breaches in the Senate car park being brought to the attention of the Usher of the Black Rod (pp 6-7)
- Update on enterprise bargaining process (p. 7)
- Staff retention (pp 7-8)
- Approval and funding arrangements for international travel undertaken by the President of the Senate, including Department of the Senate responsibility for the costs associated with a trip to New Zealand by the President of the Senate in September 2015, changes in the arrangements which removes a requirement of concurrence by the Prime Minister, proposed changes to the future funding model which would transfer funding from Department of Finance to the Department of the Senate under a budgeted line item instead of a five trip uncapped funding allocation (pp 8-28)
- Cost of postage for items sent from the MIKTA (Mexico, Indonesia, the Republic of Korea, Turkey, Australia) Conference (p. 29)
- Representation on the Parliament House security review taskforce (pp 31-32)

Parliamentary Budget Office (PBO)

- Allocation of car parking for senior executive service officers of PBO in Parliament House (pp 33, 35-36)
- Salary sacrificing arrangements, including novated leases for vehicles (pp 34-37)
- Statistics on the completion time for costing requests (pp 37-38)
- Update on the new workflow management system project (pp 38-39)
- Self-initiated research program – Higher Education Loan Program (p. 40)
- Costing processes in relation to taxation and the underlying assumptions and parameters used, categories of reliability (pp 40-41)
- Costing the taxation of superannuation pensions and contributions – assumptions (pp 41-43)

- Costing of tobacco excise revenue and the data used (pp 44-46)

Department of Parliamentary Services (DPS)

- Tailgating incident in the House of Representative Carpark and subsequent security breach of unauthorised access into the building – inconsistent evidence provided to the committee (pp 47-48)
- Incidents of inappropriate entrance to the Parliament House car parks and subsequent advice to the Usher of the Black Rod (p. 49)
- Potential conflicts of interest arising from DPS officers referring consultancy work to outside companies where they were previously employed (pp 49-51, 66-67, 69)
- PSS officers - new grades for security officers, current numbers, impact of enterprise agreement on new employment model for PSS officers (pp 51-52)
- Update on the Parliament House security works, including upgrading of ministerial wing lunch rooms in the procurement process, and proposed operation of the new internal entrances to the ministerial wing (pp 53-59)
- Parking costs for motorbikes in the public car park (p. 56)
- Works undertaken in the Prime Minister's Office (PMO) and Cabinet suite, including installation of a new oven (pp 60-62)
- Wages of employees under the Limro contract for cleaning services at Parliament House and update on recent industrial action (pp 62-63)
- Changes to Prime Minister's suite after change of Prime Minister in 2015 (pp 64-65)
- Repair to the damaged marble table in the Cabinet suite, including the amount of the invoice issued to replace the marble (pp 65-66)
- Use of external investigators (pp 66-67)
- Correspondence from the former Prime Minister to the Presiding Officers requesting consideration of an extension to Parliament House by extending the ministerial wing (pp 67-69)
- Early termination of the lease for the provision of florist services in Parliament House (pp 69-70, 72)
- Follow-up on the investigation underway following a complaint by a member of the media regarding an incident involving the use of a temporary bollard (p. 70)

Parliamentary Service Commissioner

- Report on the process to fill the vacancy in the office of the Secretary of the Department of Parliament Services (p. 72)
- Parliamentary Service Commissioner Annual Report 2014-15 (p. 73)

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- Update on the proposal to transfer the responsibility for determination of remuneration of Australian Parliamentary Service statutory office holders from the Presiding Officers to the Remuneration Tribunal (pp 73-76)
 - Update on the Baxter structural review of DPS, including date of completion and presentation to the Presiding Officers, costs, and consultation process upon release (pp 73-74, 77-79)

Prime Minister and Cabinet Portfolio, 8 February 2016

Office of the Official Secretary to the Governor-General

- Mr Truss' letter to the Governor-General indicating support for a Turnbull government and whether a new letter of support would be required under a new National Party leader (p. 83)
- Changes to the ministry on 21 September 2015 and whether ministers not retaining a ministry or executive appointment submitted letters of resignation (pp 83-85)
- Resignation letter from former Minister Briggs (pp 85-87)
- Whether the Governor-General has received any formal advice about former Minister Brough's stepping aside from ministerial duty (pp 87-88)
- Farewell lunch hosted by the Governor-General for the outgoing Secretary of the Department of the Prime Minister and Cabinet (pp 88-89)

Office for Women (Department of the Prime Minister and Cabinet)

- Circulation of the Convention on the Elimination of all Forms of Discrimination Against Women report to the states (p. 90)
- Minister's attendance at the Third World Conference of Women's Shelters (p. 90)
- Update on the review of the alliances and the final KPMG report (pp 91-93)
- Office's interaction with areas of policy that impact on women, particularly in relation to the early childhood education package, filling of the Human Rights Sex Discrimination Commissioner position, and review of maternity services in Australia (p. 93)
- Source of grant funding for the Luke Batty Foundation (p. 94)
- Grant for Technology to Keep Women Safe Digital Challenge under the National Plan to Reduce Violence Against Women (p. 95)
- Interagency committee to monitor the implementation and evaluation of the Women's Safety Package – membership (pp 95-96)
- Progress on the G20 commitment in relation to increasing women's workforce participation (p. 96)
- Variation to grants on the list released on 12 October 2015 (p. 97)

Australian Public Service Commission

- Jurisdiction of the Public Service Commissioner and involvement in the investigation into the complaint by a public servant about the conduct of former Minister Briggs (pp 98, 100-105, 106-107)
- Involvement in policy work about the possibility of outsourcing Commonwealth services to offshore locations (p. 99)
- Arrangements for provision of an entitlement of breastfeeding leave in the Australian Public Service and the status if contained in an enterprise agreement or policy (pp 106-107)

Independent National Security Legislation Monitor (INSLM)

- Current inquiries and upcoming work program, including in relation to metadata laws (pp 108-113)
- Increases in staffing and update of other resources (pp 109, 114)
- Report on the operation of section 35P of the *Australian Security Intelligence Organisation Act 1979*, including reasons for the lateness, government response to recommendations and timeline for implementation (pp 109-111, 113)

Department of the Prime Minister and Cabinet (PM&C)***Outcome 1***

- Ministerial re-shuffle and the revocation of the commission of those no longer in the ministry, including the variation in practice of such ministers submitting a letter of resignation (p. 116)
- Advice sought by the Prime Minister from the Secretary of PM&C under the Statement of Ministerial Standards in relation to the matter of former Minister Stuart Robert's trip to China, including processes of inquiry and communication devices taken on the trip (pp 117-129, 131)
- Coalition agreement to form government in a letter dated 15 September 2015 (pp 130-133)
- Role played by PM&C and processes followed in the matter of the investigation into the alleged misconduct of former Minister Briggs (pp 133-137)
- Leaked National Security Committee document referred to the Australian Federal Police by the Secretary of the Department of Immigration and PM&C involvement in referral (pp 137-139)
- Tweet from former Minister Andrews on the Hawkei decision (pp 139-140, 142-143)
- Article by the former Prime Minister Abbott's adviser Mr Andrew Shearer in *The National Interest* regarding the future submarine project (p. 141)

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- Advice on whether the Prime Minister's private interests have potential to conflict with official responsibilities (pp 144-146)

Prime Minister and Cabinet Portfolio, 22 February 2016

Department of the Prime Minister and Cabinet

- Changes to the PM&C Portfolio following the swearing in of the new Turnbull ministry on 18 February 2016 and the changes to the Administrative Arrangements Order (p. 4)
- Post implementation review in relation to the *Tobacco Plain Packaging Act 2011* (pp 4-6)
- New expense measures taken since the 2015-16 budget, including Towards Constitutional Recognition of Aboriginal and Torres Strait Islander Peoples and the Geocoded National Address File (pp 6-11)
- Coalition agreement and whether there were any changes ahead of The Hon Barnaby Joyce MP being sworn in as Deputy Prime Minister (pp 11-14)
- Status of the Reform of the Federation White Paper and current timeline (pp 14-16)
- Advice provided to Prime Minister Turnbull on a plebiscite on marriage equality (p. 16)
- Video equipment currently held in the Prime Minister's Office (p. 17)
- Changes to cabinet processes under Prime Minister Turnbull (p. 17)
- The Lodge renovations, including handover to PM&C, processes for the selection of soft furnishings, engagement of Adelaide Bragg and Associates through direct tender, installation of a specialised luggage lift, information available to the media (pp 18-27)
- Security and mail redirection services provided to the Point Piper home of Prime Minister Turnbull (p. 26)

Australian National Audit Office

- Development of the work plan, including processes and the criteria for prioritising work (pp 28-29)
- Resourcing and capability (p. 28)

Office of the Inspector-General of Intelligence and Security (IGIS)

- Staffing and resources, particularly to meet the increased scope and oversight requirements following amendments to national security laws since 2008 (pp 29-31)
- Outreach activities by the office since the appointment of the new Inspector-General (p. 31)

- Confirmation that the Office of the IGIS has not received a complaint about alleged activity by officers of the Australian Secret Intelligence Service in relation to the covert recording of Timor Leste cabinet members (p. 32)
- Current legislative framework and investigative powers (pp 33-36)
- Number and breakdown of complaints for the last financial year (p. 36)

Digital Transformation Office (DTO)

- Schedule of six current projects, including resourcing and budgeting processes, expenditure to date, evaluation processes and criteria, extent of engagement with line departments to ensure understanding of the requirements for delivery of services (pp 37-42)
- DTO interface with the Department of Finance (pp 41-42)

Finance Portfolio, 9 February 2016

ASC Pty Ltd (ASC)

- ASC's financial position, including the \$22 million profit in 2014-15 and the major factors behind the improvement to the bottom line and turnaround from previous year, and outlook for current financial year (p 4-5)
- Government announcement in August 2015 to implement a continuous build of surface warships in Australia, including Future Frigates and Offshore Patrol Vessels (OPV), including engagement with ASC prior and subsequent to the announcement, and ASC's understanding of the announcement and future processes (pp 5-8)
- Job losses in shipbuilding, retention of workforce and capability and the potential impact of building OPV in South Australia and provision of local content as part of the supply ship build (pp 8-17, 19-20, 22, 49-58, 59)
- Consideration of privatisation of ASC (p. 18)
- Air Warfare Destroyer program, including timeline of delivery of vessel and build efficiencies (pp 18-19)
- Submarine sustainment (p. 21)
- Involvement of ASC in the future submarines project (p. 21)
- Level of information in the ASC annual report about executive remuneration (p. 58)

Future Fund Management Agency (FFMA)

- Divergence of international interest rates and the FFMA response in regard to investment decisions (p. 23)
- FFMA reduction in exposure to international government bonds (p. 24)
- Update on performance and positioning of the funds, including performance of the private equity portfolio, percentage in cash holdings (pp 23-24, 29)

- Performance of the Medical Research Future Fund (MRFF) and rationale for its profile which comprises a higher proportion of debt securities as part of the asset portfolio than the Future Fund (p. 25)
- Establishment and operation of the Biomedical Translation Fund (pp 26-28)
- Infrastructure exposure, including listed or direct investment infrastructure, FFMA involvement in the management of infrastructure assets (p. 29)
- Integration of carbon exposure risk into investment decisions and disclosure of carbon exposure risk (pp 30-31)
- FFMA recognised as Sovereign Investor of the Year (pp 31-32)
- DisabilityCare Australia Fund, including update on performance, level of mandated returns, decision not to publish the estimates for the fund balance figures beyond 2015 in the Portfolio Additional Estimates Statements (pp 32, 33-34)
- Emerging markets investment strategy (p. 32)
- Australian based hedge funds (p. 34)

Australian Electoral Commission (AEC)

- Descriptions/terminology used for funds received on disclosure returns, particularly in relation to the term 'subscription to a political party' (pp 35-36)
- Required information on party disclosure forms, including whether there has been consideration of an amendment to require information on the donor's major commercial interest and position (p. 36)
- Application of the law and possible offences when an elector gives false information when presenting at a polling station to vote, and the issue of multiple voting (pp 36-38)
- Process for the removal of an elector from the Electoral Roll because of 'unsound mind' (p. 38)
- Outreach by AEC to assist those people with a mental health condition or intellectual disability to enrol and vote (pp 39-40)
- Submission of disclosure returns from Foundation 51 and whether the AEC consider it to be an associated entity (pp 40-46)
- Proposals to remove group voting tickets for Senate voting and the impact on the time to count the votes (pp 46-47)
- Estimated time period required to implement changes if there were amendments to the Senate voting system (pp 47-48)
- Update on the process for the closure of polling booths (p. 48)

Commonwealth Superannuation Corporation (CSC)

- Inability to roll over the balance of a Public Sector Superannuation scheme fund to another fund of choice (p. 59)

- Update on merger of ComSuper into CSC (pp 59-60)
- Level of information on executive remuneration available in the annual report (p. 60)
- Investment strategy and asset mix to account for instability in world financial markets, performance in meeting target rates of return (pp 60-61)
- Operation of the new administration fee arrangement for recovery of costs for the Public Sector Superannuation Accumulation Plan (PSSap) scheme (p. 61)

Department of Finance (Finance)

General

- Update on the progress on the department's move to the new building, including timeline, new information technology environment, costs of move, office space for the Minister (pp 61-64)
- Belcher Red Tape Review, including decision to release the review, main agencies responsible for regulations impacted by recommendations, progress on implementing recommendations, estimates of efficiencies derived from implementation of the recommendations which impact on Finance (pp 64-68)
- Treasurer's statement in December 2015 that Government payments as a share GDP have been brought back to 25.9 per cent (p. 68)

Outcome 1

- Finance's role in the costing process for new policy proposals, particularly in regards to the school funding policy (pp 69-73)
- Statement in the Mid-Year Economic and Fiscal Outlook (MYEFO) on the budget repair strategy and consistency with the medium term fiscal strategy (pp 76-77)
- Statement in MYEFO on the impact of policy decisions on the underlying cash balance and how this is reconciled with the statement that all the policy decisions of government have been offset (pp 77-78)
- MYEFO measure on the Medicare Benefits Schedule – Changes to diagnostic imaging and pathology services bulk-billing incentives, and the basis of the claim that it is not expected to impact on people (pp 79-80)
- MYEFO measure on Mental Health – streamlining (pp 80-81)
- Work being done by Finance and Department of Defence to meet compliance with the application of the accounting standard relating to fair value measurement of defence weapons platforms (pp 81-83)
- Automotive Transformation Scheme funding (p. 83)
- Finance's role in the Government's ICT agenda (p. 84)
- Finance's organisational and staffing arrangements which include the operation of a surge capability (pp 85-86)

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- Finance's role in leading whole-of-government reforms and efficiencies (pp 86-88)

Outcome 2

- Update on the implementation and usage of the National TelePresence System (pp 88-89)
- Intra Government Communications Network, including decision not to privatise this entity and introduction of service level agreements (pp 89-91)
- Australian Taxation Office lease for new office accommodation in Gosford (pp 91-95)
- Update on market testing of private sector interest to upgrade and operate the Australian Securities and Investments Commission Registry Business (pp 96-97)
- The Lodge renovations – details of scope of works, contract variations, budget estimates and final costs, and post-project assurance review (pp 98-103)
- Commonwealth property disposal policy and whether housing affordability outcomes have been considered (pp 103-106)
- Methodology to calculate the savings figure of \$200 million delivered by Operation Tetris (pp 106-107)
- Forensic review of Defence Housing Australia by KordaMentha in regard to accounting information, technology and business reporting systems to improve transparency and the costs of providing services (pp 108-109)
- Update on the scoping study in relation to the Australian Rail Track Corporation (pp 109-110)
- Update on further consultation processes regarding the future ownership options for Australian Hearing (p. 110)
- Functional and efficiency reviews of government departments, processes and role of Finance (pp 111-112)
- Government advertising campaigns, including current campaigns, operation of the Service Delivery and Coordination Committee, current processes for the development and launch of advertising campaigns (p. 112)

Outcome 3

- Changes to the government staffing profile (p. 115)
- Update on the *Members of Parliament (Staff) Act 1984* enterprise agreement (p. 115)

Cross Portfolio Indigenous Matters, 12 February 2016

Indigenous Business Australia (IBA)

- Discussion of the *ANAO Report No.11 2015-16 Performance Audit, Indigenous Home Ownership Program* and how the recommendations are being addressed (pp 4-6)

- Discussion of processes in place to verify that customers cannot access mainstream finance (pp 4-6)
- Analysis of customer base against the average family income (pp 6-7)
- Aboriginal and Torres Strait Islanders' difficulties to accumulate a house deposit due to the needs of extended families (p. 8)
- Ongoing review of the service delivery model (pp 8-9)
- Creation of a new marketing position which has driven 25 per cent of IBA's enquiries (pp 8-9)
- Closing the gap data regarding housing rates and improvements (p. 9)
- Discussion of the Forrest Review recommendations relevant to IBA (pp 9-10)
- Possibility of selling off housing loans (p. 9)

Office of the Registrar of Indigenous Corporations (ORIC)

- Clarification that if a poor commercial decision is made by an organisation, ORIC can only look at whether proper processes were followed (p. 11)
- Data for criminal convictions and significant civil penalty actions against individuals and corporations (p. 11)
- Development of terms of reference for a review which would encompass areas of ongoing concern including: building the capacity around informed consent; the need for independent directors; management of royalties; and making corporate decisions in a cultural framework (pp 11-13)
- Provision of a free corporate governance training program and a free legal service (p. 13)
- Update on issues with the Western Desert Lands Aboriginal Corporation (pp 13-14)

Outback Stores Pty Ltd

- Data on and strategies to reduce sugar consumption in communities and the need for more community engagement (pp 13-15)
- Data on and strategies to increase sales of fruit and vegetables (p. 18)

Office of Township Leasing (OTL)

- Township leasing model (p. 19)
- An agreement with the Northern Territory Department of Housing has been concluded which sets out a process for the sale and transfer of public housing into private hands (pp 19-20)
- The mechanism for township leases which relies on an advance from the Aboriginals Benefit Account (ABA) to the traditional owner corporation which is repaid by the OTL to the ABA (p. 19)
- Alice Spring town camps and tenancy management services (pp 19-23)

- Update on Gunbalanya and Pirlangimpi township leases (pp 20-22)
- Tabling of annual reports for the following organisations and whether any extensions had been requested (p. 23)
 - Indigenous Business Australia, Annual report 2014-14
 - Aboriginal Hostel Limited, Annual report 2014-15
 - Indigenous Land Corporation, Annual Report 2014-15

Department of Prime Minister and Cabinet

Outcome 2- Indigenous

- Tabling of the *Closing the Gap Prime Minister's Report 2016* and areas of improvement (pp 23-24, 28)
- Update on the Remote School Attendance Strategy (pp 24, 37-39)
- Indicative data from the Indigenous procurement policy (pp 24, 35-36)
- Update on the work to improve the Indigenous Advancement Strategy funding processes (p. 24)
- Update on national partnership agreements (pp 24-27, 29)
- Funding of NGOs and balancing the need for long-term funding certainty with the need to ensure service delivery standards (pp 26-27)
- Additional funding to support the Referendum Council on Constitutional Recognition for Aboriginal and Torres Strait Islander people, the Constitutional recognition taskforce and work with the Attorney-General's Department (pp 27-28)
- Changing the National Partnership Agreement on Remote Indigenous Housing (NPARIH) to the Remote Indigenous Housing Strategy, negotiations with the jurisdictions and engagement with the Community Development Programme (pp 30-35)
- Indigenous staffing in PM&C and voluntary redundancies (pp 36-37)
- Funding for the Custody Notification Service in NSW and securing long term funding (pp 40-41)
- Work with jurisdictions to transition people from prison to work and address recidivism (pp 41-43)
- Justice targets for COAG (p. 43)
- Trial sites for the Empowered Communities model (pp 43-47)

Department of Health

- Australian General Practice Training Salary Support Programme: the process to develop policy guidelines that started from January 2016; and ensuring placements are not restricted to 12 months (pp 47-49)

- The intention, over 2016, to look at broader workforce issues for Aboriginal medical practices (pp 48, 49)
- Arrangements for Aboriginal and Torres Strait Islanders concerning the 17 over-the-counter medications removed from the Pharmaceutical Benefits Scheme (PBS) (pp 49-50)
- Update on the roll out of low aromatic fuel (pp 50-52)
- Funding for the Rheumatic Fever Strategy (pp 52-53)
- Funding for sexual health services to Aboriginal and Torres Strait Islander teenagers and maternal and child health programs (p.53)
- Update on the roll out of renal infrastructure projects (pp 53-55)
- Opportunities for discussion of Commonwealth–state issues around Indigenous health (p. 56)
- Tendering process for primary health care services and some Mothers and Babies Services transferred to Primary Health Networks in 2015-16 with funding due to expire at the end of this financial year (pp 56-58)
- Life expectancy data being used for Closing the Gap measurements (p. 58)
- Refreshing the Aboriginal Benefits Account board and consultation with the land councils who nominate individuals (pp 58-59)

Senator Cory Bernardi
Chair