

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 Budget Estimates 2017-18. Page numbers to the proof Hansard are indicated in brackets.

Parliamentary departments, 22 May 2017

Department of the Senate

- The roles of the President of the Senate and Department of the Senate in relation to the recovery of payments to former Senators Day and Culleton (3-6, 11, 15-17)
- Update on enterprise bargaining process (6-8)
- Departmental budget appropriation (9-11)
- President's recent official international travel (11-15)
- President's staffing allocation and arrangements, particularly in relation to Mr Eric Hutchinson (17-21)
- Current online format for the Register of Senators' Interests and possible future approaches (21-22)
- Department's paper procurement, including recent assessment and criteria (22-25)
- Furniture replacement program (25-26, 28)
- Progress in moving to a funding mechanism for the Senate independent of Executive Government (26-27)
- IT initiatives to achieve efficiencies for Senators and the department (27-28)
- Protocols in Senate to be observed on the passing of Prince Philip (28)

Parliamentary Budget Office (PBO)

- Completion of Mr Phil Bowen's term as Parliamentary Budget Officer and replacement process (29)
- Resourcing, including use of seconded staff during peak periods (29-30)
- PBO response to the findings and recommendations of the Independent Review of the PBO commissioned by the Joint Committee on Public Accounts and Audit, including possible future management of the Intergenerational Report, changes to forecasting arrangements and broader scope for the post-election report of election commitments (30-35, 36-38)
- Workplan (35-36)

Department of Parliamentary Services (DPS)

- Parliament House security upgrade, including the perimeter fence cost, and contract variations for group 2 works (40, 45-48)
- Sanction imposed on an officer following a breach of the code of conduct incident which resulted in a penalty of demotion (40-41)
- Functional review into provision of security services in Parliament House (42, 115)
- Security staffing (43)
- Incident of 25 June 2016 and process for the Human Resources review (43-45)
- Negotiation process for the renewal of contract for Aussies café (48-49)
- Inadvertent disclosure of parliamentarians' and staff mobile numbers in the publication *Parliamentarians' Mobile and Telecommunications and Data Services Expenditure on Entitlements* reports (49-52)
- Increase in departmental resourcing and average staffing level (ASL) from previous year (109-110)
- Security staffing, including car park patrols, and whether rostering/shift arrangements were in accordance with provisions in the enterprise agreement (111-114, 118)
- Indigenous employee figures for the department and Indigenous procurement contracts (115-117)
- Pass Office processes for issuing parliamentary passes (118)
- Parliamentary Librarian's gin on sale in the Parliament House Gift Shop (119)
- Parliamentary Library resourcing (119)
- Loan of chesterfield lounges used by former Prime Minister Howard to the Australian Defence Force Academy library (120)
- Location of Parliament House Switchboard operators in the basement (120)
- Status of the Parliament House cleaners' pay level (121)
- Update on enterprise bargaining process (121-122)
- The issuing of a pass to Mr Justin Jedlica to access Parliament House to attend a budget night function (123)

Parliamentary Service Commissioner

- Change in arrangements for appointment of a Commissioner's representative on senior executive service selection panels for parliamentary departments (108)
- Appointment of an Acting Parliamentary Service Commissioner in the last year (108-109)

Prime Minister and Cabinet Portfolio, 22 May 2017

Independent National Security Legislation Monitor (INSLM)

- Status of security clearance for the INSLM (56-57)
- Budget resourcing, staffing and processes to monitor efficiencies in the office (57-58)
- Statutory deadline for the preparation of reports for three current reviews by 7 September 2017 (58-59)
- Future work program (59)
- Meetings with ministers (59)

Office of the Official Secretary to the Governor-General

- Office's budget for 2017-18 (60)
- Processes in place to monitor expenditure (61)
- Capital works at Admiralty House (62-64)
- Advice to the Office regarding the announcement by Buckingham Palace that Prince Philip would step down from public duties (64-65)
- Protocols in place to be implemented on the passing of The Queen (65-66)
- Purchase of event chairs for use at Government House and media lighting equipment (103-104)
- Order of Australia, including quotas for each level, and nomination and selection processes (104-107)

Office for Women [part of DPMC]

- Funding for Women's Alliances over the forward estimates which excludes a CPI increase (66-68)
- Office's engagement with Treasury regarding modelling on the effective marginal tax rate and impact on women as a result of the tax and transfer measures in the Budget (68-72)
- Work of the taskforce to respond to G20 commitments, including target to reduce the gender gap in workforce participation by 25 per cent by 2025 (69-72)
- Involvement of the Office in the tender process in relation to the 1800 RESPECT helpline contract (72-75)
- Impact of the 2017-18 Budget on women, including analysis from the National Foundation for Australian Women and the Office's analysis of budget measures from a gender perspective and provision of advice to government, and the publication of a women's budget impact statement (75-76, 80-83)
- 'If not, why not?' reporting initiative on gender balance on government boards (77)

- Funding in the budget to expand Specialist Domestic Violence Units (77-78)
- Extension of funding in the Budget for tackling homelessness (78)
- Cessation of funding for the Woodrow Wilson and Public Service Partnership (78-79)
- Budget measures impacting women, including strengthening the family law system through establishing parenting management hearings (79)
- The next time use survey conducted by the Bureau of Statistics (79-80)

Australian Public Service Commission (APSC)

- Guidance on the provision of gender neutral bathrooms in Australian Public Service (APS) agencies (83-85)
- Guidance to APS officers on impartiality and engagement with political events, particularly in relation to public officials attending events sponsored or promoted by members of parliament (85-90)
- Working hours in relation to the Australian Taxation Office (ATO) enterprise bargaining (91-93)
- Policies to promote diversity in APS recruitment (94-95)
- Communique of the Secretaries Equality and Diversity Council concerning agreement to develop measures to meet the G20 target to reduce workforce participation gender gap by 25 per cent by 2025, including APS Gender Equality Strategy 2016-19 (95-99)
- Timeline in relation to APSC knowledge and contact with the ATO regarding code of conduct inquiries into some staff in regard to alleged fraud (99-102)
- Use of labour hire companies in the APS (102-103)

Australian National Audit Office (ANAO)

- Performance Audits on *Future Submarine – Competitive Evaluation Process and Replacement Antarctic Vessel* (125)
- Performance Audit: *Apprenticeship Training – alternative delivery pilots* (126-131)

Office of the Inspector-General of Intelligence and Security

- Staffing and budget (131-132)
- Forward work program (132-132)
- Jurisdiction in relation to acts outside Australia (133)

Office of the Commonwealth Ombudsman

- Defence Force Ombudsman expanded function to provide for reparation payments under the Defence Abuse Reparation Scheme (134-136)
- Investigation into the unlawful access by an Australian Federal Police (AFP) officer of a journalist's metadata without a warrant (136)

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- Increase in staffing and funding (136-137)

Prime Minister and Cabinet Portfolio, 23 May 2017

Digital Transformation Agency (DTA)

- Update on DTA's oversight, policy and delivery roles (4-5)
- Function, purpose and adequacy of resourcing (5)
- Organisational structure (6)
- Digital Investment Management Office's review of government ICT procurement projects and programs over \$10 million (7-10)
- Total expenditure on ICT budget by government (10-11)
- DTA involvement in NAPLAN roll out (11)
- Role of DTA in the development of the new look myGov website with Department of Human Services (12-13)
- Transformational project concerning health and aged care payments (13-15, 17-18)
- Funding over the forward estimates (15-17)
- Cybersecurity advisory function (17-18)
- New Chief Executive Officer's attendance at a dinner on budget night (18-19)

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

- PM&C's awareness and engagement in regard to the alleged fraud against the ATO, and PM&C engagement with Plutus Payroll (20-24)
- PM&C's involvement in arrangements associated with engagement of Mr Drew Clarke and Mr Greg Moriarty as the Chief of Staff to the Prime Minister (24-26, 52)
- Cybersecurity, including ANAO Cybersecurity Follow-up Audit, PM&C management of its cybersecurity risk, framework of responsibilities within government, and directions for use of communication systems such as Wickr and WhatsApp (26-33)
- PM&C involvement in the development of the Foreign Policy White Paper (33-35)
- Acting arrangements processes for the Prime Minister and Deputy Prime Minister (35-37, 52-53)
- Arrangements for the Prime Minister's attendance at functions and compilation guest lists, particularly in relation to a Budget night function attended by Mr Justin Jedlica (37-40, 45-51)
- Declarations of private interests by members of the Cabinet (41-42)
- PM&C advice on a proposed alternative form of *Advance Australia Fair* (42-44)

- Sustainable Development Goals, including update on progress of Australia's response and PM&C's coordinating role (54-57)
- Prime Minister's hospitality expenditure through Official Establishments and PM&C corporate support for the Prime Minister's Office (57-60)
- Employment of Mr Brett Whitely in the office of the Hon Angus Taylor MP (60-61)
- Legal advice provided to the Hon Dr David Gillespie MP regarding his interest in a company with a contractual arrangement with the Commonwealth and the application of section 44 of The Constitution (61-65)
- Budget 2017-18 measures - \$20m departmental supplementation for additional taskforces and the position of Special Adviser Cybersecurity and Counterterrorism Coordinator (65-69)
- ASEAN-Australia Leaders' Summit (66-68)
- Housing Affordability Taskforce (68-70)
- Release of documents to former ministers or prime ministers, particularly in relation to Mr Abbott's access to departmental briefs relating to the Australia-China extradition treaty (70-72)
- PM&C contracts with PLMC Consulting established by Ms Peta Credlin (73)
- Business Council of Australia and APSC secondee program with the private sector, including placements to Bupa and Australian Unity, and management of potential conflicts of interest for returning officers (73-74, 119)
- Disposal of Australian National Flag – consultation paper on flag (74-76)
- Commonwealth Redress Scheme for survivors of institutional childhood sexual abuse, including responsibilities across departments (76-77)
- Guidance to Ministers on expenditure for the conduct of public business under the Statement of Ministerial Standards, particularly in relation to a dinner hosted by the Hon Angus Taylor MP on 23 August 2016 (77-84)
- CERHOS functions, including details of guests attending the Prime Minister's summer reception at Kirribilli House on 21 January 2017 (80-87)
- Functions and meetings at Point Piper (84-86)
- Snowy Hydro 2.0 announcement – PM&C involvement (87-91)
- City Deals Program, including Progress on City Deals for Townsville and Western Sydney, guidance sought from Premier of Western Australia on interest for a city deal, processes to establish a city deal for the Northern Territory (91-94, 108-113)
- Market research expenditure (95-98, 115)
- Forum on small business involving the Minister for Small Business and senior public officials and application of the Statement of Ministerial Standards (99-100)

- Infrastructure and Project Financing Agency and Infrastructure Financing Unit (100-108)
- Senate Order 20C concerning disclosure of meetings between former ministers, current ministers and public officials – government compliance with the order (103-104)
- Process for appointment of ambassadors and high commissioners (114, 117)
- Refit of PM&C office accommodation (117-119)
- Regulation impact statements on the government's announcement to ban gambling advertisements for broadcast and online platforms, and decision to establish a broadband performance monitoring scheme (120)
- Monitoring of departmental waste (121)

Finance Portfolio, 24 May 2017

ASC Pty Ltd (ASC)

- ASC workforce details and forecast job losses (4-7, 10-11)
- Budget capital measures: ASC Pty Ltd – equity injection; and Australian Naval Infrastructure Pty Ltd – supporting shipbuilding infrastructure (8-10)
- Naval Shipbuilding Plan (11-12)
- Local build content for the future submarine program (12-13)
- Offshore patrol vessel build status, including number of vessels and location of build (13-14, 20)
- Air Warfare Destroyer program update (14-15, 20-21)
- Future submarine program, engagement with DCNS (16)
- Location of Collins Class and future submarine sustainment program (16-17)
- Australian Naval Infrastructure Pty Ltd - progress on structural separation, establishment and proposed governance and operating arrangements (18-19)
- Security of classified and proprietary information in relation to the future submarine program with DCNS (20)
- Collins Class performance and availability (20-21)

Future Fund Management Agency (FFMA) and Program 2.8

- Decision to defer drawdowns of the Future Fund (22-23)
- Reduction of the investment mandate and impact on the budget (23-26)
- Chairman's remuneration (27)
- Office's hospitality budget (27-28)
- FFMA's awareness of the government's proposed bank levy prior to public announcement and whether the announcement impacted on subsequent investment decisions (28)

- Arrangements and protocols for interactions between FFMA's Chair, Chief Executive Officer and government (29)
- Arrangements for how directions are communicated between the agency and contracted fund managers (30)
- Chairman's public statements about the government's proposed bank levy (31)

Commonwealth Superannuation Corporation and Program 2.7

- Update of schemes in regard to membership numbers and values (32)
- Tracking of inactive accounts (32)
- Legislation before the Parliament that will enable people who leave public sector employment to retain membership of PSSap post-employment and expected number to be captured under this change (32-33)
- Profile of complaints from members (33)
- Regulations effective from 1 July 2017 to put into effect a 2016 budget announcement to stop the option for payments of invalidity benefits from military superannuation savings to be paid as a lump sum, affecting the tax treatment of those payments, including advice from CSC to affected recipients (33-35)
- Delayed superannuation contribution payments to PSSap members in March and April 2017 due to issues with the transition to a new IT platform late last year by the contracted scheme administrator Pillar Administration (35-37)

Department of Finance (Finance)

General

- Organisational structure (53-54)
- 2017-18 Corporate Plan (54-55)
- New budget measures which may impact on Finance staffing allocation and resourcing (55-56, 58)
- Staff moved to DTA and IPEA (56-57)
- Use of labour hire companies and staff engaged under Labour hire arrangements (76-77)
- Annual survey of staff (108)

Outcome 1

- Unlegislated budget repair measures proceeding and not proceeding (38-40)
- Government fiscal strategy (40-42, 51-53)
- Surpluses building to more than 1 per cent of GDP (43)
- Process to determine the wage growth forecast, and Finance attendance at the Joint Economic Forecasting Group (43-45)
- Calculation of wage cost indices (45-46)

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- Movements in projected payments growth (46)
 - National Disability Insurance Scheme funding gap and decision to increase the Medicare Levy by 0.5 per cent (47-48)
 - Update on previous budget and MYEFO measures (48-50)
 - Expenditure on the 'big four' consulting companies: Deloitte, Ernst & Young, KPMG and PricewaterhouseCoopers; and work by Finance to encourage SME consultants under the Commonwealth Procurement Rules (50)
 - Impact on the Budget of decisions taken but not yet announced (59-61)
 - Net debt (61-62)
 - Equity investment of \$8.4 billion to the Australian Rail Track Corporation as part of the capital measure for delivery of inland rail, and Finance role in this measure (63-67)
 - \$10 billion funding for the National Rail Program in the Budget (67-68)
 - Budget measure: Energy for the Future – solar thermal in Port Augusta comprising an equity investment of \$110 million (69)
 - Presentation of net operating balance in 2017-18 Budget (69-70)
 - NBN Co credit rating process valuation, re-profiling of the equity contribution in 2017-18 budget, and government loan (71-73)
 - Expiration of National Skills Partnership agreement (74-75)
 - Movements in the tables for the Australian Government Budget Finance Statements, including increase in interest and dividend income (77-79)
 - Gateway reviews in the 2017-18 Budget (80)
 - Establishment of the NDIS Quality Safeguards Commission (81)
 - Modernisation fund, including governance, allocation and criteria to assess bids (81-86)
 - Higher Education reform measures (81-84)
 - Decentralisation program, including Finance's role in designing a business case template, Australian Pesticides and Veterinary Medicines Australia's relocation to Armidale (86-91)
 - Savings from functional and efficiency reviews (91-92)
 - Size of Australian Public Service (92-93)
 - Budget measure: Overseas Allowances for Australian Government Employees – efficiencies (94-95)
 - Budget measure: Broadcasting and Content Reform Package – funding for Australian film and television content and SBS (95)
 - Funding provisioned for same-sex marriage plebiscite (96-97)
 - Concessional loan to the University of the Sunshine Coast (97)

- Accounting treatment of some budget measures, including 'social impact investing market – trials' (97-98)
- Agency advice units and costing processes for new policy proposals and input from Finance (99-105)
- Excess hours staff work in the lead up to the budget (105)
- Update on progress of the new central budget management system (108-111)
- Status of AusGovBoards (111)

Finance Portfolio, 25 May 2017

Department of Finance

Outcome 1 (continued)

- Shared and common services program and the current status of the Shared Services Office, including consultation and examination of this approach in other jurisdictions, Finance's responsibility regarding the ANAO's recommendations, and new governance arrangements from 1 July (5-10)
- Placement of the net operating balance figure in Budget Paper No. 1 Statement 1, Table 1: Budget aggregates (10-12)
- Finance process for monitoring the draw down of appropriations in allocated programs across departments (14-17)
- Budget measure: Snowy Hydro expansion – Finance role (17-18)

Outcome 2

- Finance response to the allegations of tax fraud by Plutus Payroll, including exposure of departments' and agencies' payroll services (19-20)
- Finance's role in establishing processes to mitigate against fraud of public sector agencies when contracting services and the application of the Commonwealth Contracting Suite (20-32)
- Finance staff on 457 visas (32-33)
- Employment arrangements with private contractors requiring security clearances (33-35)
- Changes to the accounting standards resulting in change to financial statements (35-36)
- Subscription service on the Finance and Minister's websites (36-38)
- Government business enterprise director induction material (39)
- Red tape reduction work in Finance (39-42)
- Procurement of a mobile voice, video and chat service application (44-46)
- Shared delivery office (47)
- Work by the DTA to reduce duplication (48)

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- Commonwealth governance policy requiring sunset or review dates to be set for the creation of new bodies (50)
 - Remote work policy across the public sector and within Finance (51)
 - Staffing profile in relation to gender breakdown (51-52)
 - Secondment opportunities (52)
 - Decentralisation program, in relation to Finance consultation on the policy, allocation of resources in Finance, and timeframe (52-55)
 - Status of the government's position in relation to the recommendations of the Commission of Audit (55-56)
 - ASL staffing cap (56-57)
 - Media monitoring across the public service (57)
 - ICT procurement functions retained in Finance (58-59)
 - ASIC Registry Scoping Study and decision not to proceed to sale (59-60)
 - Scoping study on the proposed sale of Australian Hearing, including allocation of departmental resources (60-61)
 - Status of renovations to The Lodge, including any work since the Prime Minister moved in in January 2016 and final costs (61-62)
 - Update on Operation Tetris (62-66)
 - Whole of government travel expenditure, including reporting (67-69)
 - AusTender redevelopment, data on SMEs, breakdown of data, level of limited tendering (69-70)
 - Paper procurement, including whole of government, and Finance procurement (71-72)
 - Application and impact of the new economics benefits test, and procurement arrangements above the \$4 million threshold (72-73)
 - Statement by the Special Minister of State on the current status of the matter of the debts owed to the Commonwealth by former senators Day and Culleton (73-74)
 - Government campaign advertising expenditure, including campaigns underway, government response to ANAO finding in relation to the higher education advertising campaign, and finance guidance to agencies (74-76)
 - Independent Communications Committee membership (77)
 - Tax integrity public information campaign (77-78)
- Outcome 3 and Independent Parliamentary Expenses Authority (IPEA)*
- Statement by the Special Minister of State on the new IPEA (80-81)

- *Members of Parliament (Staff) Act 1984* [MOP(S)] staff paid within published salary bands and mechanism within the MOP(S) Staff Agreement to be paid outside bandwidth (81)
- Employment arrangements and level of the salary of the former Chief of Staff to Prime Minister Turnbull, Mr Drew Clarke (81-84, 88-89)
- Payments for printing services to a company owned by Senator Hanson's Chief of Staff and framework for the management of potential conflicts of interest for MOP(S) staff (84-88)
- Application of the salary band system to Mr Greg Moriarty, Chief of Staff to the Prime Minister (90-91)
- Minister Porter's Chief of Staff salary level and whether it is above the bandwidth (92)
- Members' and Senators' Support Unit (92-94)
- Use of electorate offices for commercial business (94)
- MOP(S) staff employees engagement with media in relation to personal actions/public commentary, disciplinary action of staff – remedies available (97-98)
- IPEA staffing, budget, number of inquiries and development of new processes (98-103)
- Parliamentarians' printing and communications entitlement (103-104)

Australian Electoral Commission (AEC)

- Recordings of the Chief of Staff to Senator Hanson regarding the upcoming Queensland election and the Electoral Commissioner's advice that the AEC considered there was no breach against the *Commonwealth Electoral Act 1918* (105-116)
- Allegations that Pauline Hanson's One Nation party may have breached donation disclosure rules by failing to declare a plane donated by a party supporter, and advice from the Electoral Commissioner that the matter is now the subject of a formal investigation (105-120)
- Conduct of a compliance review of Pauline Hanson's One Nation party by the AEC (106-107)
- Operation of sections of the Act relating to the disclosure of gifts (120)
- Disclosure of donations made directly to the candidate and not the party; Review of party websites regarding how they solicit donations, particularly in relation to the One Nation website (120-124)
- Budget and staff cuts to the Northern Territory Office of the AEC (124-128)
- Enrolment figures for the Northern Territory (125)

Cross Portfolio Indigenous Matters, 26 May 2017

Indigenous Land Corporation (ILC)

- Divestment policy in relation to pastoral properties and division of property and stock (5-8)
- Land acquisitions (8)
- Agency resourcing, including funding for the Northern Territory Real Jobs program (8-9)
- Agency resourcing (9)
- Proposal to amend the land account investment parameters to provide long-term sustainability of primary source funding (10)
- Progress on legislative changes to enable the application of the land account to sea country (10-11)
- Non-renewal of office lease for National Congress of Australia's First Peoples and relocation transition assistance (11-12, 14)
- Indigenous positions at Voyages Indigenous Tourism, including 16 funded positions under NT Real Jobs, of which 7 are filled (13-14)

Indigenous Business Australia (IBA)

- Indigenous Business Sector Strategy, including new funding arrangements for IBA through the Indigenous Advancement Strategy administered by PM&C under a contractual arrangement, new focus on Indigenous entrepreneurs and start-ups, consultation process and position of the board (15-21)

Office of the Registrar of Indigenous Corporations (ORIC)

- ORIC Examination of Winun Ngari Corporation and the issue of a compliance notice (21-22)
- Trends in incorporation of Indigenous bodies under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* and the *Corporations Act 2001* (22-23)
- Statistics on compliance rates and breaches (23)
- Level of Indigenous staffing in ORIC (24)

Department of Prime Minister and Cabinet - Outcome 2- Indigenous

- Funding arrangements for the \$138 million Indigenous education package (26, 49)
- Process and timeline for the review of Closing the Gap targets (26-27)
- Indigenous Remote Service Delivery Special Account (28)
- Budget measure for Closing the Gap employment services, including \$5 million funding for employment services in Yarrabah Qld, and additional funding of \$17.6 million to assist Indigenous prisoners to improve access to services prior to release (30-31)

- Budget measure on the ParentsNext national expansion (29-30)
- Budget funding for Indigenous Protected Areas (31-32)
- Indigenous Ranger Groups (32)
- Community Development Program, including independent evaluation process and publication of interim report, new employment model for remote areas, and youth engagement strategy (33-42)
- National Partnership on Remote Indigenous Housing conclusion and its renegotiation to the form Remote Housing Strategy (42-46)
- Legacy asbestos issues in the Northern Territory (46)
- Consultation on the Budget's Higher Education Reform package (47-49)
- More Aboriginal and Torres Strait Islander Teachers Initiative program cessation of funding (50)
- Update on the safety and wellbeing of Ms Rosie Ann Fulton (51)
- Budget measure: Enhanced research and evaluation in Indigenous affairs, including funding allocation and arrangements (51-54)
- MJD Foundation funding arrangements (54)

Department of Health

- Suicide prevention trial sites (55-56)
- Syphilis outbreak in Far North Queensland, Kimberley region of Western Australia and Western and Eyre regions of South Australia; and Multijurisdictional Syphilis Outbreak Working Group (56-57, 59-60)
- Budget for the implementation of the National Aboriginal and Torres Strait Islander Health Plan, including the Implementation Plan Advisory Committee (57-59)
- Primary Health Networks accountability framework for delivery of services (59)

Senator James Paterson
Chair