

# Finance and Deregulation Portfolio

4.1 The committee took evidence from the Department of Finance and Deregulation (Finance) and portfolio agencies on Tuesday, 19 and Friday, 22 February 2008. The committee discussed a range of topics including: savings measures by the new government; parliamentary staff and resources; the administration of government advertising; and the Future Fund Management Agency (the Future Fund). Several other noteworthy issues were also discussed.

## Department of Finance and Deregulation

### *Savings measures*

4.2 Considerable time was devoted to the scrutiny of the savings measures taken by the new government, with Senator Brandis seeking details of the decision-making process behind each of the government's individual economy measures.<sup>1</sup> The committee heard that a strategic budget committee of cabinet was established to identify potential savings, and that it was constituted by the Prime Minister, Deputy Prime Minister, Treasurer, and Minister for Finance and Deregulation.

4.3 The committee learned that 45 measures were identified by the strategic budget committee, and that a process took place to consult with relevant ministers, but that the government had not considered offering compensation for losses incurred by stakeholders relying on decisions of the previous government which were now subject to the cuts.<sup>2</sup> Senator Brandis was particularly keen to discover whether consideration had been given to the effect of the cuts on stakeholders in the case of each measure.

### *Government advertising*

4.4 The committee examined new arrangements relating to the administration of whole-of-government advertising. Whereas government advertising was previously administered by the Government Communications Unit (GCU) operating under the auspices of the Department of the Prime Minister and Cabinet, new administrative arrangements see the abolition of the GCU and the transfer of advertising administration to Finance. The committee heard that the two contracts currently on foot are to be re-tendered during the course of 2008.<sup>3</sup> Decisions relating to the conclusion of that process will be taken by the Department.

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1 Media Release, Minister for Finance and Deregulation, 6 February 2008.

2 *Estimates Hansard*, 19 February 2008, p. 51.

3 *Estimates Hansard*, 19 February 2008, p. 29.

### ***Ministerial and Parliamentary Services***

4.5 Considerable time was also spent conducting an examination of officers from the Ministerial and Parliamentary Services business group of the Department. The committee was provided with information on staffing levels which allowed direct comparison between the former and current government and opposition. The information tabled shows that government staffing numbers reduced by around 100 with the change of government, from 390 on 17 October 2007 to 292 on 1 February 2008. The committee later heard that the reduction would bring about a saving of approximately \$27 million per annum.<sup>4</sup>

4.6 Other tabled information indicates that opposition staffing levels had reduced over the same period from 98 to 70, with the relative proportion of staff classifications remaining essentially identical.<sup>5</sup>

4.7 Senator Murray sought information from officials as to the current compliance rate by Members and Senators of the certification of their monthly management reports. Officials informed the committee that there has been no change in the numbers of uncertified reports for the 2003–04, 2004–05 and 2005–06 financial years, with only eight reports uncertified in total. For the 2006–07 financial year, officials stated that there remains over 200 uncertified reports. Senator Murray sought the names of Senators and Members who have not certified their reports, for each month during 2006–07, but only after they have first been given an opportunity to clear their backlog. This remains a question on notice.<sup>6</sup>

### ***General issues***

4.8 The committee also explored the following; the:

- referral of estimates questions to other committees; and specifically the appropriate delineation in responsibilities to answer estimates questions between Finance and the agency directly administering the relevant program.<sup>7</sup>

### **ComSuper and the Australian Reward Investment Alliance**

4.9 The committee heard that ComSuper and the Australian Reward Investment Alliance (ARIA) had met the performance expectations of government, in spite of a number of challenges faced over the preceding year including implementation of the

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4 *Estimates Hansard*, 19 February 2008, p. 81.

5 Department of Finance and Deregulation, *Opposition Numbers [Staff]-Comparison by Classification*, tabled 19 February 2008. To access this document see: [www.aph.gov.au/Senate/committee/fapa\\_ctte/estimates/add\\_0708/finance/index.htm](http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/add_0708/finance/index.htm) (accessed 13 March 2008).

6 *Estimates Hansard*, 19 February 2008, pp 112-113.

7 See for example discussion in *Estimates Hansard*, 19 February 2008, p. 55.

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Better Super changes and the need to upgrade systems. Representatives of ARIA also informed the committee that, like most investors, the fund did have indirect exposure to the 'sub-prime' mortgage market.<sup>8</sup>

## **Future Fund**

4.10 The committee heard that the Future Fund constituted \$50.5 billion in assets, excluding shares in Telstra. Approximately 75 per cent of the holding were in cash, with the remainder in equities and listed property.

4.11 Drawn from the property portfolio, the committee heard evidence of a \$500 million investment in listed global property of which 50 per cent was weighted to US commercial property. Officials admitted that they made these investment as late as November 2007, when there was already fears about the US sub-prime mortgages and strength of the US economy more generally.<sup>9</sup> However, officials explained that the scale of their listed global property holding was relatively small (around 1 per cent of total holdings); that it was part of a diversification strategy and that despite losses in this area their total portfolio holdings rose 0.6 per cent from 1 July 2007.

## **Australian Electoral Commission**

4.12 The committee examined a number of matters in relation to the 2007 federal election, focussing initially on political donations from foreign sources. The committee reflected on the limited practical and legal ability of the Australian Electoral Commission (AEC) to check the veracity of donations received from overseas.<sup>10</sup>

4.13 The committee was also interested in the methods used by the AEC to facilitate voting by Australians living overseas and in remote locations in Australia, and heard that hours of operation for each of the 104 foreign voting locations were not centrally determined. The 2004 and 2007 elections saw the distribution of ballot papers to overseas posts occur increasingly through electronic means, utilising the Department of Foreign Affairs and Trade and AusTrade secure intranet systems. In the case of the 2007 election, this allowed voting to take place as early as 5 November. Larger posts were able to receive hard copy papers, which were not typically delivered until closer to the election day.<sup>11</sup>

4.14 The committee also examined voting arrangements for interstate voters in the town of Newman in Western Australia, where it was reported that ballot papers ran

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8 *Estimates Hansard*, 19 February 2008, p. 90.

9 *Estimates Hansard*, 22 February 2008, pp 9–13.

10 *Estimates Hansard*, 19 February 2008, p. 115.

11 *Estimates Hansard*, 19 February 2008, p. 117.

out and citizens were unable to vote.<sup>12</sup> The committee will receive a response from the AEC on notice.

4.15 Other matters touched on by the committee with the AEC include the:

- ability of the AEC to reclaim money paid to a candidate found to be ineligible to stand for election;<sup>13</sup>
- incidence of double voting;<sup>14</sup> and
- incidence of informal voting.<sup>15</sup>

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12 *Estimates Hansard*, 19 February 2008, p. 124.

13 *Estimates Hansard*, 19 February 2008, p. 120.

14 *Estimates Hansard*, 19 February 2008, p. 125.

15 *Estimates Hansard*, 19 February 2008, p. 127.