

# Chapter 4

## Finance and Administration Portfolio

4.1 The Committee took evidence from the Department of Finance and Administration, Future Fund Management Agency, Comsuper, CSS and PSS Boards and the Australian Electoral Commission on Wednesday, 24 May and the Department of Finance and Administration (in continuation), the Department of Human Services, Centrelink, Medicare Australia and the Child Support Agency, on Thursday, 25 May.

### Department of Finance and Administration

4.2 Issues raised by members of the Committee and other senators in attendance included:

- Answers to QON;
- Transfer of the Citizenship Visits program to the Department of Employment, Science and Training;
- Leaked email of DoFA staff member on assignment in the Solomon Islands;
- Use of ethanol fuel in Comcar vehicles;
- Act of grace payments relating to the Iraq war;
- Budget contingency reserve;
- DoFA's role in defence procurement;
- Future Fund Management Agency (FFMA) including staffing, operations, proposed structure and investment strategy;
- Implications of extending public sector benefits to same sex couples;
- Implications of budget superannuation changes on public sector superannuation;
- Indexation rates;
- Office of Evaluation and Audit evaluation of family violence programs;
- Sale of Snowy Hydro Corporation, Telstra and Medibank Private;
- Members of parliament staffing numbers and allocations;
- Ministerial and Parliamentary Services training for parliamentary staffers;
- Training of Comcar drivers; and
- Australian Government Information Management Office's (AGIMO) role in the implementation of the proposed government services access card.

4.3 The hearings presented an important opportunity for senators to examine the Future Fund Management Agency (FFMA) which was established in April 2006. The Committee is particularly pleased the chair of the board for the fund and agency head, Mr David Murray, ultimately agreed to appear to address senators' interests in his view on the operation of the fund.

4.4 The Committee reiterates its view that the appearance at hearings of agency heads, even those serving in a part time capacity such as Mr Murray, is crucial for the scrutiny and accountability of bodies in receipt of public funds. This is particularly the case for a body such as the FFMA which is to be entrusted with a significantly large sum of public money.

4.5 Members also took advantage of the appearance of departmental officials to seek explanations for contingency funds in the budget papers for various departments. This questioning reflected the paucity of explanatory information in the portfolio budget statements (PBS) about the purpose for which certain funds are to be used. For example, it was noted that the PBS for the agriculture portfolio contains an allocation of \$10 million for 'other decisions yet to be announced'.

4.6 The Committee heard that allocations for undisclosed purposes are not a new development but have featured in previous budget papers. The Committee was also told that the decision about when to disclose the purpose of such funds lies in the hands of the government. The inclusion of contingency allocations without any specified purpose points to weaknesses in the accountability framework of the appropriations process.

4.7 The Committee examined in detail AGIMO's role in developing and implementing the government services access card. Questioning focused on, among other things, the degree of consultation with stakeholders to address privacy concerns. Scrutiny of the access card program continued in the subsequent examination of the Department of Human Services (DHS).

### **Australian Electoral Commission**

4.8 Issues raised by members of the Committee and other senators in attendance included:

- Voter education programs;
- AEC investigations into funding and disclosure matters;
- Voting arrangements for Australian citizens overseas; and
- Voter registration in remote areas.

4.9 Following the custom of past hearings, the AEC briefed the Committee on recently concluded investigations. Mr Bodel, Director, Funding and Disclosure, also informed the Committee of three investigations under way which fall outside the AEC's ongoing audit program. These investigations are into:

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- The Greg Maguire matter, which the Finance and Public Administration References Committee referred to the AEC;
  - A complaint of Mr Kelvin Thompson MP regarding alleged breaches of the Electoral Act by Commonwealth government departments; and
  - Possible third-party returns by the Exclusive Brethren during the 2004 federal election.

4.10 While the Committee records its appreciation of the AEC's continued briefings on investigations, it is disappointed at the inability of commission staff to answer questions related to a certain contract for advertising. The absence of the responsible officer on the ground of ill-health – which is perfectly understandable – did not obviate the commission of its responsibility to have available during estimates hearings other staff or readily accessible information to address matters raised by senators.

4.11 As noted in previous Committee reports, staff turnover and unforeseen absences require departments and agencies to have adequate information management systems in place to safe keep corporate knowledge and deal with such contingencies. In the case of estimates hearings, the dates for which are settled well in advance, this should be routine.

### **Department of Human Services and agencies**

4.12 The Committee examined the department together with Centrelink, Medicare and the Child Support Agency. Issues raised by members of the Committee and other senators included:

- Answers to questions on notice;
- Government services access card;
- Welfare to Work contact trial;
- Welfare to Work guidelines;
- Centrelink 'Refresh' IT systems upgrade;
- Tasmanian Medicare Smart Card trial;
- Child support reforms; and
- Staffing of the Child Support Agency.

4.13 The perennial issue of late answers, unsatisfactory answers or refusals to answer questions taken on notice again attracted attention during this budget estimates round. Of particular interest on this occasion was the recent development of the department and its agencies recording the time taken and cost of preparing answers. Officers informed the Committee that the minister had requested that these figures be recorded for all answers to questions from the Senate and the House of Representatives.

4.14 Officers also explained the 'costing method' for calculating the time and cost of answers. While hourly rates depend on the rank of the officers involved in preparing answers, the calculation of time appears to be no more than an *estimate* made by those officers.

4.15 The Committee also discovered that there is a fixed minimum rate of one hour at \$40 per answer, regardless of the time spent on a question. This would seem to explain the incongruous situation of the department recording costs for responses which merely repeat earlier responses that refuse to disclose information or answer senators' questions, often on the ground that it would be *too costly* to do so.

4.16 If the department is to continue to provide estimates of the costs of answering questions, the process might be improved by a more concrete and less speculative means of assessing costs.

4.17 The Committee also examined at length the proposed government services access card. A broad range of aspects relating to the proposed card were raised, including:

- Privacy issues;
- Consultation with stakeholders;
- Information to be stored on the card;
- Technology to be employed;
- Central information database;
- Security issues; and
- Estimated cost savings and benefits.

4.18 The Committee heard that planning was in its initial stages and many elements of the card were yet to be finalised. Officers claimed that no comparable program of such a scale had to date been undertaken in Australia.

### **Acknowledgements**

4.19 The Committee expresses its appreciation of the service provided by the secretariat, broadcasting and transcription services provided by the Department of Parliamentary Services and the service provided by the Black Rod's office and committee room attendants in preparing the rooms and providing refreshments for members and witnesses during the hearing.

4.20 The Committee also wishes to thank all ministers and departmental and agency officers for their assistance.

**Next hearings – Supplementary budget estimates 2006-07**

4.21 By resolution of the Senate, the Committee is scheduled to consider the supplementary budget estimates for the 2006-07 financial year from Monday 30 October through Thursday 2 November 2006.

4.22 While the Committee endeavours to follow the usual convention relating to the order of appearance of witnesses, it reminds ministers, departments and agencies that they need to be prepared to be available on the above days.

**Senator Brett Mason**

**Chair**

