

The Senate

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Standing Committee on  
Finance and Public Administration

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Budget estimates 2008–09

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# Abbreviations

AAO	<i>Administrative Arrangements Order</i>
AEC	Australian Electoral Commission
ARIA	Australian Reward Investment Alliance
Bill no. 1	Appropriation Bill No. 1
Bill no. 2	Appropriation Bill No. 2
CEO	Chief Executive Officer
Climate Change the committee	Department of Climate Change Senate Finance and Public Administration Committee
CSA	Child Support Agency
DHS	Department of Human Services
DPS	Department of Parliamentary Services
EIF	Education Investment Fund
Electoral Act	<i>Commonwealth Electoral Act 1918</i>
Finance	Department of Finance and Deregulation
Future Fund	Future Fund Management Agency
HEEF	Higher Education Endowment Fund
the Minister	the Minister for Finance and Deregulation, the Hon Lindsay Tanner MP
OPH	Old Parliament House
PAES	Portfolio Additional Estimates Statements
PB Statements	Portfolio Budget Statements
PHIAC	Private Health Insurance Administration Council
PM&C	Department of the Prime Minister and Cabinet





# Budget Estimates 2008–09

## Introduction

1.1 On 13 May 2008, the Senate referred to the Finance and Public Administration Committee (the committee) for examination and report the following documents:

- Particulars of proposed expenditure in respect of the year ending on 30 June 2009;
- Particulars of certain proposed expenditure in respect of the year ending on 30 June 2009;
- Particulars of proposed expenditure in relation to parliamentary departments in respect of the year ending on 30 June 2009;
- Particulars of proposed supplementary expenditure in respect of the year ending on 30 June 2008; and
- Particulars of certain proposed supplementary expenditure in respect of the year ending on 30 June 2008.<sup>1</sup>

### Portfolio coverage

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

- Parliamentary departments;<sup>2</sup>
- Prime Minister and Cabinet portfolio;
- Finance and Deregulation portfolio; and
- Human Services portfolio.

Appendix 1 lists the departments and agencies under the portfolios mentioned above.

### Restructure of portfolios

1.3 The committee notes that two portfolios under its purview have undergone structural reorganisation since the committee last reported on estimates.

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1 *Journals of the Senate*, 13 May 2008, pp 365–366.

2 As a matter of comity between the Houses, it is traditional that 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.

## *Prime Minister and Cabinet*

1.4 Following an amendment made to the 25 January 2008 Administrative Arrangements Order (AAO) on 1 May 2008, the Government announced two major additions to the responsibilities of the PM&C portfolio. These are:

- transfer of the National Archives of Australia from the Finance and Deregulation portfolio (Finance);<sup>3</sup>
- the announcement of plans to establish Old Parliament House (OPH) as an executive agency under the *Public Service Act 1999*. This is planned to come into effect from 1 July 2008, whereby the OPH will be transferred to the PM&C portfolio from the Environment, Water, Heritage and the Arts portfolio.<sup>4</sup>

1.5 There have been four additions to PM&C department output group structure since the Additional Estimates 2007–08. These are reflected in Table 1.1 below.<sup>5</sup>

*Table 1.1: Changes to the PM&C outcome/output structure*

<b>Outcome/Output</b>	<b>Previous Wording</b>	<b>Revised Wording / Changes</b>
Output 2.3	N/A	Social Inclusion
Output Group 4	Support Services for Government Operations <sup>6</sup>	Strategic Policy
Output 5.6	N/A	Freedom of Information and Privacy Policy
Output 5.7	N/A	2020 Summit <sup>7</sup>

1.6 In his opening statement, Senator Faulkner elaborated on the changes to the ministerial reporting arrangements within the PM&C portfolio, explaining that:

...the Prime Minister has asked that the Auditor-General and the Inspector-General of Intelligence and Security work directly to me... The changed arrangements will bring together, under the same reporting arrangements, a range of statutory officeholders whose responsibilities encompass advice and reporting on ethical administration, including the Commonwealth Ombudsman, the Australian Public Service Commissioner, the Merit

3 Department of the Prime Minister and Cabinet, *Portfolio Budget Statements*, May 2008, p. 3.

4 Department of the Prime Minister and Cabinet, *Portfolio Budget Statements*, May 2008, p. 3.

5 The full output structure is provided in Appendix 2.

6 The creation of the new Output group for Strategic Policy has resulted in Support Services for Government Operations being renumbered as Output Group 5.

7 Output 5.7 is included for 2007–08 only, see Department of the Prime Minister and Cabinet, *Portfolio Budget Statements*, May 2008, p. 20.

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Protection Commissioner and the Privacy Commissioner. Just for the information of the committee, I retain responsibility for cabinet business and processes, the Cabinet Implementation Unit, community cabinet, honours and awards, the National Australia Day Council as well as matters relating to integrity and government...<sup>8</sup>

### ***Finance and Deregulation***

1.7 As mentioned above, the amendments to the 25 January 2008 Administrative Arrangements Order made on 1 May 2008 resulted in National Archives of Australia being transferred to the PM&C portfolio. However, the outcome structure of the department remains unchanged.

1.8 During the hearings, the commitments made by the Labor Party under *Operation Sunlight* were discussed, particularly the vetting of outcomes and outputs. It was explained that Finance will re-evaluate all Commonwealth agency outcomes against set criteria, which will then be approved by the minister.<sup>9</sup> It is thought that this review will be conducted by the end of 2008, in time for the new outcomes to be used in the 2009–10 Budget.<sup>10</sup>

1.9 Since the Additional Estimates 2007–08, the Future Fund Management Agency's (Future Fund) outcome structure has broadened in scope to now include managing investments of other Australian Government Asset Funds.<sup>11</sup> The Agency now manages the investments of the Higher Education Endowment Fund (HEEF) and as such, the outcome structure has been revised to reflect this. The management and investment strategy of HEEF will continue until its closure, whereby its funds will be subsumed into the Education Investment Fund (EIF).<sup>12</sup> The FFMA has also been given the responsibility of managing two additional funds as announced in the 2008–09 Budget. The management of both the Building Australia Fund and the Health and Hospital Funds are to be undertaken by the Future Fund.<sup>13</sup>

1.10 As a reflection of the changes to the outcome statement, the Future Fund has now published two outputs to accompany their outcome statement. The issue of a lack of outputs was initially highlighted in the committee's report on *Annual reports (No. 2*

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8 Senator the Hon John Faulkner, Special Minister of State and Cabinet Secretary, *Estimates Hansard*, 26 May 2008, p. 63.

9 Ms Kathryn Campbell, General Manager, Financial Management Group, Department of Finance and Deregulation, *Estimates Hansard*, 28 May 2008, pp 66–67.

10 Ms Kathryn Campbell, General Manager, Financial Management Group, Department of Finance and Deregulation, *Estimates Hansard*, 28 May 2008, p. 68.

11 Department of Finance and Deregulation, *Portfolio Budget Statements*, May 2008, p. 129. The full output structure is provided in Appendix 2.

12 Department of Finance and Deregulation, *Portfolio Budget Statements*, May 2008, p. 127.

13 The Hon. Wayne Swan MP, Commonwealth Treasurer, Commonwealth of Australia, *Budget: Budget Speech 2008–09*, 13 May 2008, p. 10.

of 2007).<sup>14</sup> Due to the addition of new investment funds for the Future Fund to manage, the committee expects the output structure to be modified further, once the managerial arrangements for the new funds are finalised. The changes to the Future Fund's outcome and outputs structure are displayed in Table 1.2 below.

*Table 1.2: Changes to the Future Fund's outcome/output structure*

<b>Outcome/Output</b>	<b>Previous Wording</b>	<b>Revised Wording / Changes</b>
Outcome	Enhanced capacity for the Australian Government to offset unfunded superannuation liabilities	Managing and growing publicly funded investments to meet future financial needs and contribute to the prosperity of future generations of Australians.
Output 1.1	N/A	Management of the Future Fund
Output 1.2	N/A	Management of the Higher Education Endowment Fund

1.11 There have been minor changes to the outcome and output structure of the Australian Electoral Commission, with some slight reshuffling of output groups occurring since Additional Estimates 2007–08. The addition of output 3.1.3—*Communication strategies and services*, serves to further target participation in electoral events.<sup>15</sup>

## Hearings

1.12 The committee held public hearings on Monday 26, through to Thursday, 29 May 2008. Copies of the committee's transcripts of evidence are tabled in four volumes of *Hansard*. Copies of *Hansard* are available on the internet at the following address: [www.aph.gov.au/hansard](http://www.aph.gov.au/hansard).<sup>16</sup>

1.13 In accordance with Standing Order 26, the committee is required to set a date for the lodgement of written answers and additional information. The committee resolved that written answers and additional information be submitted by Friday, 11 July 2008.

1.14 Further written explanations furnished by departments and agencies will be tabled, as received, in the Senate. That information is also available on the committee's internet page: [www.aph.gov.au/Senate/committee/fapa\\_ctte/estimates/index.htm](http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/index.htm). As a matter of Parliamentary Privilege, all information is 'tabled' on receipt.

14 Senate Finance and Public Administration Committee, *Annual Reports (No. 2 of 2007)*, September 2007, pp 12–13.

15 Department of Finance and Deregulation, *Portfolio Budget Statements*, May 2008, p. 79.

16 Appendix 3 provides an index to the Hansard transcripts.

1.15 The committee notes its appreciation that the vast majority of agencies that submitted their responses to Questions on Notice from Additional Estimates 2007–08 (February 2008), by the specified deadline of 4 April 2008.

1.16 Over the course of the four days' hearings—totalling over 41 hours—the committee took evidence from: the President of the Senate, Senator the Hon Alan Ferguson; Cabinet Secretary and Special Minister of State, Senator the Hon John Faulkner, representing the Prime Minister; Minister for Superannuation and Corporate Law, Senator the Hon Nick Sherry, representing the Finance Minister; Minister for Human Services, Senator the Hon Joe Ludwig; and Minister for Climate Change and Water, Senator the Hon Penny Wong, together with officers of the departments and agencies concerned.

1.17 The committee also notes that it has become difficult for Senators to analyse whole-of-government Budget measures, and cross portfolio matters, within certain committees. Notably this includes issues surrounding Indigenous policy which covers agencies which appear before separate committees including Centrelink and the Department of Families, Housing, Community Services and Indigenous Affairs.

1.18 The following agencies were released from the hearings without examination: the Office of National Assessments; the Office of the Inspector-General of Intelligence and Security; the Australian Institute of Family Studies, the National Archives of Australia, Health Services Australia and the Office of the Renewable Energy Regulator.

### ***Acknowledgement***

1.19 The committee wishes to acknowledge its appreciation of Senators John Watson and Andrew Murray for their long standing service and contributions to the committee. Both Senators will retire from the Senate on 30 June 2008. Senator Murray has served on the committee for the 12 years, since his election to the Senate in 1996, whilst Senator Watson served the committee for 18 years, and has served the Senate since 1978. Both Senators have shown a strong commitment to the value of excellence in public administration matters, and their knowledge and experience in this and other areas will surely be missed.

### **General issues**

1.20 The sections of the report that follow list various issues considered by the committee and discuss some of these in detail. The order is not based on hierarchy but rather the order in which those issues arose during the hearings.

1.21 Three general issues that apply to all agencies under the oversight of the committee are: the application of an 'efficiency dividend' across the public sector; changes to the presentation of the 2008–09 Portfolio Budget Statements (PB Statements) and Budget Papers; and the transparency of funding allocated by the government in the appropriation bills. These issues are discussed below.

## Efficiency dividend

1.22 Following on from the committee's previous examination of the government's broad application of an additional annual two per cent efficiency dividend saving<sup>17</sup> (2007–08 to 2010–11), the committee heard evidence from agencies about its effect on their operations, and on the recruitment of staff across the public sector more broadly.

1.23 The government has identified a total saving in dollars from the efficiency dividend of \$1.8 billion over five years.<sup>18</sup> Evidence presented to the committee suggests that some agencies will have to diminish the range of their activities due to a reduction in the allocation of financial resources. For example the Australian National Audit Office informed the committee that:

We have been able to make some efficiencies, but the reality is that we will be reducing our performance audit program to some extent to cope with the reduction in our budget. The consequences are, of course, that we will produce fewer reports in the years ahead.<sup>19</sup>

1.24 Similarly, officials from the Department of Human Services (DHS) informed the committee that a major effect of the efficiency dividend will be the reduction in the number of staff.<sup>20</sup> Senator Coonan questioned DHS officials about how the efficiency dividend will affect staffing numbers. In response, an official from DHS stated that the agency has already adapted accordingly:

In moving forward we have developed a new structure for the department, taking into account the government's priorities...As I said, there were 15 positions that we cannot afford to fill...I spoke with each of these people and at that time we also provided them with a letter saying that they could be potentially excess.<sup>21</sup>

1.25 Senator Brandis also questioned officials from Finance about the impact of the efficiency dividend on their operations. Whilst Finance has undertaken to provide

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17 Senate Finance and Public Administration Committee, *Additional estimates 2007–08*, March 2008, pp 5–7. For the 2008–09 financial year the two per cent efficiency dividend is on top of the pre-existing 1.25 per cent efficiency dividend. This makes the total of 3.25 per cent saving for each agency that it applies to.

18 Australian Government, 'Part 2: Expense measures', *Budget Paper No 2: Budget Measures 2008–09*, Canberra, May 2008, p. 321.

19 Mr Ian McPhee, Auditor-General, Australian National Audit Office, *Estimates Hansard*, 28 May 2008, p. 3.

20 For an overview and further analysis on the effect of the efficiency dividend on average staffing levels across all portfolios see: Department of Parliamentary Services, *Budget Review 2008–09*, Research Paper, no. 31, 2007–08, pp 186–190.

21 Ms Kerri Hartland, Acting Secretary, Department of Human Services, *Estimates Hansard*, p. 33.

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a compressive answer to the question of which programs have been affected on notice, an official stated:

In relation to IT services, for instance, we have reduced a number of positions. We have dropped contractors in our architecture team. This has had the effect reducing the pace at which we can change our IT environment, but we are able to maintain it in a position that allows the department to continue to function.<sup>22</sup>

1.26 In line with the continuing pattern and use by governments of efficiency dividends the committee reiterates its recommendation that: the Department of Finance and Deregulation report to the government and the Parliament on the long term effect of efficiency dividends on the outcomes and services provided by different types of government agencies. This report should be completed by the last Parliamentary sitting fortnight of 2008.<sup>23</sup>

### **Changes to the Portfolio Budget Statements**

1.27 The Minister for Finance and Deregulation, the Hon Lindsay Tanner MP (the Minister) has sought to change the format and content of the PB Statements in line with the government's *Operation Sunlight* policy. These changes were put into effect for the 2008–09 Budget (May 2008). The following analysis provides an overview of the main changes. Further discussion on the changes to the PB Statements is included in Chapter 4 of this report.

1.28 During the committee's hearings several Senators questioned officials about the new format of the PB Statements. In regards to the inclusion of information in Budget Paper No. 4, Senator Murray stated that he felt there was more transparency in the information provided.<sup>24</sup>

1.29 An official replied that it will be only after the conclusion of the 2008–09 Budget Estimates hearings that a proper analysis of the effect of the changes will be able to be made.<sup>25</sup> The committee agrees that this will most likely also be the case for a realistic assessment of the PB Statements.

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22 Mr Michael Burton, General Manager, Financial and e-Solutions Group, Department of Finance and Deregulation, *Estimates Hansard*, p. 84.

23 Senate Finance and Public Administration Committee, *Additional estimates 2007–08*, March 2008, p. 7. See: [www.aph.gov.au/Senate/committee/fapa\\_ctte/estimates/add\\_0708/report/report.pdf](http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/add_0708/report/report.pdf) (accessed 17 June 2008).

24 Senator Murray, *Estimates Hansard*, 28 May 2008, p. 61.

25 Dr Ian Watt, Secretary, Department of Finance and Deregulation, *Estimates Hansard*, 28 May 2008, p. 62.

### **General changes**

1.30 According to the *2008–09 Portfolio Budget Statements Constructor's Kit* the 2008–09 PB Statements differ significantly from the 2007–08 PB Statements in an effort to increase the transparency and accountability of government expenditure.<sup>26</sup> Some of the changes include:

- An 'Agency Resources Statement' designed to consolidate all of the resources available to an agency over the Budget year into one table;
- Formatting that is intended to closely align PB Statements with agency Annual Reports. Specifically, the formatting of Section Two: Outcomes and Planned Performance, to enhance the 'clear read' principle between PB Statements and Annual Reports; and
- A move away from agencies including information about processes and activities towards information about results and impacts.

1.31 The previous PB Statements contained 5 sections. The 2008–09 PB Statements now contain 3 sections:

- the Strategic Direction Statement;
- the Agency Resource Statement; and
- Budget Measures.

### **Portfolio diagram**

1.32 The Portfolio diagram should now include a link between junior Ministers and the agencies and bodies over which they have responsibility. Finance states that this will improve the transparency of Ministerial control and responsibility.<sup>27</sup>

### **Portfolio Resources**

1.33 The Portfolio Resources diagram (showing the total financial resources available for a portfolio) is now broken down by agency.<sup>28</sup>

### **Strategic Direction Statement**

1.34 This statement replaces the 'Agency Overview' section used in the 2007–08 PB Statements. The focus of the previously used 'Agency descriptions' will move from

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26 Department of Finance and Deregulation, *Portfolio Budget Statements Constructors Kit: Officer Instruction for Producing Portfolio Budget Statements*, March 2008. This document was tabled during the committee's 28 May Estimates hearing. See: [www.aph.gov.au/Senate/committee/fapa\\_ctte/estimates/bud\\_0809/finance/tailed\\_documents/PBS\\_Constructors\\_28-05-08.pdf](http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/bud_0809/finance/tailed_documents/PBS_Constructors_28-05-08.pdf) (accessed 11/06/08).

27 Department of Finance and Deregulation, *Portfolio Budget Statements Constructors Kit*, p. 13.

28 Department of Finance and Deregulation, *Portfolio Budget Statements Constructors Kit*, p. 15.



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overview descriptions of processes and activities to a statement that explains an agency's major ongoing and new functions, and challenges in the year ahead.<sup>29</sup>

### ***Agency Resource Statement***

1.35 This is a single resource statement that will consolidate the four tables previously used to outline available funding to provide a complete picture of the resources available to the agency over the Budget year (the previous tables used in the 2007–08 PB Statements were: Appropriations and Other Resources; Other Resources Available to be Used; Special Appropriations; and Movements in Special Accounts).<sup>30</sup>

1.36 The Agency Resource Statement provides carry-forward amounts and the balances of Special Accounts to increase the transparency of agency resources and to fully demonstrate all available resources.<sup>31</sup>

### ***Budget Measures***

1.37 The Budget Measures section is designed to highlight new government decisions made in the Budget. It includes measure titles, the budget and three forward year estimates. Agencies are required to indicate by footnote when measures link to other agencies to allow packages of measures to be easily identified and located in Budget Paper No. 2 and across different PB Statements.

### ***Outcomes and Planned Performance***

1.38 The Outcomes and Planned Performance section of the PB Statement provides the link between government resources and government performance. Agencies are now required to state performance information indicators and set mandatory measurable targets which are intended to provide the reader with the information required to judge the agency's performance in contributing towards its outcomes.

### ***Outcomes and Planned Performance (Outcome Strategy)***

1.39 The Outcome Strategy replaces the 'Summary of Contributions to Outcomes' diagram used in the previous 2007–08 PB Statements, with a shorter statement focused on the key strategies to be undertaken in contributing towards the outcomes. It is intended to provide a bridge between the organisational management structures and strategies with the outcomes set by government. It is intended that the 'clear read' principle between the PB Statements and the Annual Report will be more visible with the strategies outlined at Budget and the results reported in the Annual Report.

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29 Department of Finance and Deregulation, *Portfolio Budget Statements Constructors Kit*, p. 19.

30 Department of Finance and Deregulation, *Portfolio Budget Statements Constructors Kit*, pp 21–23.

31 Department of Finance and Deregulation, *Portfolio Budget Statements Constructors Kit*, p. 23.

### ***Outcome Resource Statement***

1.40 The Outcome Resource Statement is designed to provide further detail to the Agency Resource Statement. It should provide the connection between resources available and the agencies planned results and performance. This information will be grouped according to Output Groups rather than the source of funding received.

### ***Output Groups and Performance Information***

1.41 The major change in this section is the emphasis on performance reporting that is more 'inclusive and results focussed'.<sup>32</sup> Finance states that Output groups are to be more inclusive than previously used or specified in guidance, encompassing departmental outputs (agency goods and services, including policy advice and the facilitation and delivery of administered items) and administered items or programs (both through Annual Appropriation and Special Appropriation).<sup>33</sup>

### ***Explanatory Tables and Budgeted Financial Statements***

1.42 The Explanatory Tables and the Budget Financial Statements provide technical financial information of the agency's operations over the Budget and three forward years.

### ***Financial Statements***

1.43 An agency's Financial Statements provides the technical and more detailed financial movements for the year ahead. Four tables will now only be required in certain circumstances, where an agency has a substantial balance sheet.<sup>34</sup> The tables are:

- the Departmental capital budget statement;
- the Departmental property, plant, equipment and intangibles–summary of movement statement;
- the Schedule of administered capital budget statement; and
- the Schedule of administered property, plant, equipment and tangibles–summary of movement.

## **Improving the transparency of Portfolio Budget Statements**

1.44 A key component of the Estimates process is the examination of PB Statements and Portfolio Additional Estimates Statements (PAES). The relationship between Appropriation Bills and PB Statements or PAES is an essential

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32 Department of Finance and Deregulation, *Portfolio Budget Statements Constructors Kit*, p. 35.

33 Department of Finance and Deregulation, *Portfolio Budget Statements Constructors Kit*, p. 28.

34 Department of Finance and Deregulation, *Portfolio Budget Statements Constructors Kit*, p. 47.

aspect of the committee's examination of the expenditure and performance of departments and agencies.

1.45 The primary function of the PB Statements is to assist members of parliament in the scrutiny of changes to proposed expenditure. This is clearly outlined at the beginning of each PB Statement:

The purpose of the 2008–09 [PB Statements] is to inform Senators and Members of Parliament of the proposed allocation of resources to Government outcomes by agencies within the portfolio...A key role of the PB Statements is to facilitate the understanding of proposed annual appropriations in Appropriation Bills No. 1 and No. 2 2008–09.<sup>35</sup>

1.46 The relationship between the PAES, the PB Statements and relevant Budget Papers was discussed in detail in a previous report of the committee: *Transparency and accountability of Commonwealth public funding and expenditure*.<sup>36</sup> In relation to the level of information provided in these budget documents, the committee made the following recommendation:

The committee recommends that expenditure should be reported at the levels of programs in the budget documents, including in the schedules to the Appropriation Acts.<sup>37</sup>

1.47 The committee notes the recent statement made by the Minister, and welcomes that he intends to respond to the recommendation outlined above by the second half of 2008.<sup>38</sup>

1.48 As part of the Estimates process, the committee seeks to determine whether funding for *newly established programs* has been correctly allocated in Appropriation Bill No. 2 (bill no. 2), and not in Appropriation Bill No. 1 (bill no. 1) which is for the ordinary annual services of government as specified in the Compact of 1965.<sup>39</sup>

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35 Prime Minister and Cabinet Portfolio, *Portfolio Budget Statements*, May 2008, p. xi.

36 Senate Standing Committee on Finance and Public Administration, *Transparency and accountability of Commonwealth public funding and expenditure*, March 2007, pp 37–42.

37 Senate Standing Committee on Finance and Public Administration, *Transparency and accountability of Commonwealth public funding and expenditure*, March 2007, p. 75.

38 The Hon Lindsay Tanner MP, Minister for Finance and Deregulation, *Interim response to the Senate Finance and Public Administration Committee report: Transparency and Accountability of Commonwealth Public Funding and Expenditure*, received 16 April 2008. See: [www.aph.gov.au/Senate/committee/fapa\\_ctte/completed\\_inquiries/2004-07/funding\\_expenditure\\_06/gov\\_corro/gov\\_correspondence.pdf](http://www.aph.gov.au/Senate/committee/fapa_ctte/completed_inquiries/2004-07/funding_expenditure_06/gov_corro/gov_correspondence.pdf) (accessed 17 June 2008).

39 The Hon Harold Holt MP, Treasurer, *House of Representatives Hansard*, 13 May 1965, pp 1484–1485. There have been modifications to the Compact since 1965. For details of the modifications, and comments made by the Senate Appropriations and Staffing Committee see: Senate Appropriations and Staffing Committee *2005–06 Annual Report*, p. 4. See: [www.aph.gov.au/Senate/committee/app\\_ctte/annual/2006/report.pdf](http://www.aph.gov.au/Senate/committee/app_ctte/annual/2006/report.pdf) (accessed 17 June 2008). See also Senate Appropriations and Staffing Committee, *2006–07 Annual Report*,

Disclosure of appropriations in the PB Statements is an important component of overall government transparency and disclosure to Parliament. For this reason, understanding the PB Statements is central to the Estimates process.

1.49 Although anecdotal evidence suggests that the government is, in some instances, working towards improving the format and content of the PB Statements, insufficient information still appears to have been provided, making it unclear as to which appropriation bill funding for new programs is allocated.

1.50 In scrutinising the most recent PB Statements of the portfolios under the committee's purview, there was little detail provided of appropriations in bill no. 2 across all portfolio areas. In many instances, such information was limited to equity injections. This may indicate that newly established programs (not considered to be ordinary annual services of government) had been inappropriately placed in bill no. 1.

1.51 Furthermore, the expenditure contained in the appropriation bills was highly aggregated, posing further difficulties for the committee in ascertaining whether funding had been correctly appropriated or not.

1.52 The committee has identified the following list of programs or projects that may have been inappropriately placed in bill no. 1. Because of the lack of information provided in PB Statements, the list below is somewhat uncertain and certainly incomplete.

### ***Prime Minister and Cabinet***

- *Australia 2020 Summit* (\$2.6 million in 2007–08)<sup>40</sup>
- *Tackling climate change – emissions trading scheme – design and implementation* (\$68.8 million over five years, \$11.9 million in 2007–08, \$15.5 million in 2008–09)<sup>41</sup>
- *Tackling climate change – climate change adaptation strategies – Western Australia* (\$0.2 million in 2008–09)<sup>42</sup>
- *Tackling climate change – Garnaut climate change review* (\$2.3 million over two years, \$1.6 million in 2007–08, \$0.7 million in 2008–09)<sup>43</sup>

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pp 3–4. See: [www.aph.gov.au/Senate/committee/app\\_ctte/annual/2007/report.pdf](http://www.aph.gov.au/Senate/committee/app_ctte/annual/2007/report.pdf) (accessed 17 June 2008).

40 Prime Minister and Cabinet Portfolio, *Portfolio Budget Statements*, p. 19; and *Budget Paper No. 2*, p. 279.

41 Department of Climate Change, *Portfolio Budget Statements*, p. 16; and *Budget Paper No. 2*, p. 105.

42 Department of Climate Change, *Portfolio Budget Statements*, p. 16; and *Budget Paper No. 2*, p. 105.

43 Department of Climate Change, *Portfolio Budget Statements*, p. 16; and *Budget Paper No. 2*, p. 105.

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***Finance and Deregulation***

- *Deregulation – implementing government’s agenda* (\$4 million over four years, \$1 million in 2008–09)<sup>44</sup>
- *Removal of differential treatment of same-sex couples* (\$34.5 million in 2008–09, divided between several agencies)<sup>45</sup>

***Human Services***

- *Health and hospital reform – dental health – Teen Dental Plan* (\$490.7 million over five years, Medicare component \$4 million in 2007–08, \$8.1 million in 2008–09)<sup>46</sup>

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44 Finance and Deregulation Portfolio, *Portfolio Budget Statements*, p. 17; and *Budget Paper No. 2*, p. 183.

45 Finance and Deregulation Portfolio, *Portfolio Budget Statements*, p. 17; and *Budget Paper No. 2*, p. 87.

46 Human Services Portfolio, *Portfolio Budget Statements*, p. 97; and *Budget Paper No. 2*, p. 210.



# Parliamentary Departments

2.1 The committee took evidence from the parliamentary departments on Monday, 26 May 2008.

## Department of the Senate

2.2 The following issues of interest in relation to the Department of the Senate are discussed below:

- appropriations allocated to the Department of the Senate;
- the participation by the Clerk of the Senate in the 2020 Summit in a private capacity;
- the relevance of answers provided by Ministers to Questions on Notice;
- the registration of Member's and Senator's interests; and
- Parliamentary Privilege.

### *Appropriations allocated to the Department of the Senate*

2.3 The President of the Senate, Senator the Hon Alan Ferguson, explained to the committee the rationale behind the reduction in various appropriations allocated to the Department of the Senate. In addition to one-off efficiency dividend saving of two per cent, the department sought to reduce its appropriation of funds by \$400 000 due to the low level of parliamentary activity caused by the 2007 Federal election.<sup>1</sup> The President also stated that the department reduced its unspent appropriations from previous years by \$11 316 000, and that an amount of \$10 200 000 in unspent appropriations remains from previous years which is available for various purposes:

An amount of \$10.2 million remains...which is available to fund ongoing technology upgrades and improvements in the senator's facilities, to provide long-term cover for the department's balance sheet and to maintain the ability to contribute to parliament-wide projects.<sup>2</sup>

### *2020 Summit*

2.4 Senator Fifield questioned the Clerk of the Senate about his participation in the 2020 Summit. The Clerk informed the committee that he participated in a private capacity.

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1 Senator the Hon Alan Ferguson, President of the Senate, *Estimates Hansard*, pp 2–3.

2 Senator the Hon Alan Ferguson, President of the Senate, *Estimates Hansard*, pp 2–3.

2.5 Senator Fifield sought information about which ideas the Clerk personally presented to the summit. The Clerk stated that he presented a total of 20 proposals, five of which were adopted by the 'governance stream'.<sup>3</sup> A list of the 20 proposals was subsequently tabled.<sup>4</sup> Additional information also provided to the committee by the Clerk reveals that six, not five, of his proposals have now been adopted in the 'absolutely final version' of the 2020 Summit report which was issued after 26 May 2008.<sup>5</sup>

### ***Answers provided by Ministers to Questions on Notice***

2.6 Opposition Senators questioned the Clerk about Parliamentary procedures, including: what options are available to Senators to pursue answers to Questions on Notice provided by the government, that they believe may not have been answered satisfactorily; the operation of the House of Representatives and Senate schemes for the registration of interests; and the application of Parliamentary Privilege and its possible effect on court proceedings.<sup>6</sup>

2.7 The Clerk informed the committee that an option is available for Senators to pursue answers to Questions on Notice that they believe are not satisfactory, whereby a committee agrees to report the matter to the Senate.

### ***Registration of Member's and Senator's interests***

2.8 On the question of the differences between the operation of the House of Representatives and Senate schemes for the registration of interests, the Clerk informed the committee that the Senate has no responsibility for the House of Representatives scheme. Mr Evan's pointed out the differences between each house's resolutions, but could not go to the detail of the House of Representative's administrative arrangements. This information was subsequently provided to the committee in an answer to a question taken on notice.<sup>7</sup>

2.9 The Clerk also informed the committee that officials from the Senate are not in a position to give advice to Senators about which particular interests should or

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3 Mr Harry Evans, Clerk of the Senate, *Estimates Hansard*, 26 May 2008, pp 3–4.

4 Mr Harry Evans, Clerk, Department of the Senate, *Parliamentary reform proposals for the 2020 Summit*, tabled 26 May 2008. See: [www.aph.gov.au/Senate/committee/fapa\\_ctte/estimates/bud\\_0809/parliament/taled\\_documents/2020\\_Parliamentary\\_Reforms.pdf](http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/bud_0809/parliament/taled_documents/2020_Parliamentary_Reforms.pdf) (accessed 11 June 2008).

5 Mr Harry Evans, Clerk, Department of the Senate, *Additional information relating to evidence given about the 2020 Summit*, tabled 2 June 2008. See: [www.aph.gov.au/Senate/committee/fapa\\_ctte/estimates/bud\\_0809/parliament/taled\\_documents/Harry\\_Evans\\_020608.pdf](http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/bud_0809/parliament/taled_documents/Harry_Evans_020608.pdf) (accessed 11 June 2008).

6 *Estimates Hansard*, 26 May 2008, pp 48–53.

7 Department of the Senate, answer to questions on notice, 26 May 2008, received 26 May 2008. See: [www.aph.gov.au/Senate/committee/fapa\\_ctte/estimates/bud\\_0809/parliament/P14.pdf](http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/bud_0809/parliament/P14.pdf) (accessed 12 June 2008).



should not be on the register, as it would be contrary to the rules of the scheme. For this reason it is up to individual Senators to decide for themselves as to which interests they decide to register.<sup>8</sup>

### ***Parliamentary Privilege***

2.10 Opposition Senators also sought information about the relationship between Parliamentary Privilege and legal proceedings. Senator Colbeck raised with the Clerk allegations of bribery that had recently been aired in the media. The Clerk informed the committee that statements given to the Senate and evidence given to Parliamentary committees is protected by Parliamentary Privilege. This was further qualified by the Clerk:

Part of that protection means that evidence cannot be examined in any substantive way in a court or tribunal. It could be that if someone were prosecuted for a criminal offence, they could claim in their criminal trial that their inability to examine the parliamentary evidence meant that they could not claim in their criminal trial and therefore the charge should be dismissed. This is a problem that has been drawn to the attention of committees over a number of years.<sup>9</sup>

### **Department of Parliamentary Services**

2.11 The following issues of interest relating to the Department of Parliamentary Services (DPS) are discussed below:

- the appointment of a new Secretary;
- 20<sup>th</sup> anniversary celebrations of the opening of Parliament House ;
- environmental impacts and performance; and
- media access within Parliament House.

#### ***The appointment of a new Secretary***

2.12 Mr Alan Thompson appeared before the committee for the first time since his appointment to the position of Secretary. The President informed the committee of Mr Thompson's previous experience working with the New Zealand and Australian State and Territory public sectors.<sup>10</sup>

#### ***20<sup>th</sup> anniversary celebrations of the opening of Parliament House***

2.13 The twentieth anniversary of the opening of Parliament House was celebrated on 9 May 2008. The President informed the committee of the success of various events that were held to mark the anniversary. This included the annual Open Day,

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8 Mr Harry Evans, Clerk, Department of the Senate, *Estimates Hansard*, pp 48–50.

9 Mr Harry Evans, Clerk, Department of the Senate, *Estimates Hansard*, p. 52.

10 Senator the Hon Alan Ferguson, President of the Senate, *Estimates Hansard*, p. 4.

which was coordinated jointly by the three parliamentary departments, and attracted 8622 visitors to the building.<sup>11</sup>

### ***Environmental impacts and performance***

2.14 Continuing on from the committee's previous examination during Additional Estimates 2007–08, the committee examined DPS's commitment to lowering the department's impact on the environment. Of particular interest to the committee were the topics of energy and water conservation.

2.15 The committee heard evidence that there have been considerable water and energy savings since Parliament House opened over 20 years ago. The Deputy Secretary stated that:

...[W]e have reduced the electricity consumption by just under 40 per cent... gas consumption by 74 per cent and CO<sub>2</sub> equivalent emissions by 52.4 per cent, and there has been a total energy consumption reduction of 58.3 per cent...water consumption this year is down a bit over 40 per cent, compared to what it was before our current level of restrictions started.<sup>12</sup>

2.16 The committee welcomes the further improvements announced by DPS, and given the high level of attention that Parliament House receives from the Australian public, it believes that the improvements made over the last 20 years can act as an example of best practice environmental building management to others.

2.17 DPS also informed the committee that there are plans underway to make further improvements to energy and water use within Parliament House. These plans include: the completion of an energy audit; inserting environmental considerations in tender guidelines; and the completion of a review of the amount of water used in landscaping which is expected to yield increased water savings of up to 50 per cent.<sup>13</sup>

2.18 Senator Murray suggested that DPS's excellent track record on environmental initiatives be promoted to a wider audience. Although various methods including publishing information in annual reports and on DPS's website is already used, DPS agreed with Senator Murray's assessment.<sup>14</sup> Subsequently the two documents from

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11 Senator the Hon Alan Ferguson, President of the Senate, *Estimates Hansard*, p. 2.

12 Mr David Kenny, Deputy Secretary, Department of Parliamentary Services, *Estimates Hansard*, p. 15.

13 Mr David Kenny, Deputy Secretary, Department of Parliamentary Services, *Estimates Hansard*, pp 15–16.

14 Mr David Kenny, Deputy Secretary, Department of Parliamentary Services, *Estimates Hansard*, pp 16–17.

which DPS based its evidence were tabled. These documents are available from the committee's website.<sup>15</sup>

### ***Media access within Parliament House***

2.19 With recent press reports relating to allegations that staff from a Minister's office, and the Prime Minister's office, denied media access within Parliament House, Senators questioned officials about what restrictions are placed on journalists who wish to photograph or film within the building.<sup>16</sup> The President and DPS officials informed the committee that it is the Presiding Officers who ultimately determine the policy relating to photography and filming within the public and private areas of Parliament House.<sup>17</sup> The committee was told that the policy is set out in a document titled *Guidelines for Filming and Photography in Parliament House* (October 2005). This document was subsequently tabled before the committee.<sup>18</sup>

2.20 With the suggestion that there had been some confusion about how the Presiding Officer's policy for photography and filming should be applied, the Secretary spoke of the need to communicate the intention of the guidelines more clearly to others:

...These guidelines...are written very much to provide guidance to the media reps about what their rights and obligations are. Two things come out of that for me. One is that it would be useful for us to circulate them through the ministers' offices so that the staff in those offices understand the guidelines. It also may be useful...for us to simply clarify the rights and obligations of the media...<sup>19</sup>

2.21 Other matters of interest raised during the examination of DPS included:

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- 15 *Estimates Hansard*, 26 May 2008, p. 17. Department of Parliamentary Services, *Environmental Performance Initiatives*, tabled 26 May 2008. See: [www.aph.gov.au/Senate/committee/fapa\\_ctte/estimates/bud\\_0809/parliament/taled\\_documents/Enviro\\_performance\\_initiatives\\_26-5-08.pdf](http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/bud_0809/parliament/taled_documents/Enviro_performance_initiatives_26-5-08.pdf) (accessed 12 June 2008); and Department of Parliamentary Services, *Parliament House Energy and Water Consumption*, tabled 26 May 2008. See: [www.aph.gov.au/Senate/committee/fapa\\_ctte/estimates/bud\\_0809/parliament/taled\\_documents/Parliament\\_House\\_Energy\\_and\\_Water\\_consumption\\_26-5-08.pdf](http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/bud_0809/parliament/taled_documents/Parliament_House_Energy_and_Water_consumption_26-5-08.pdf) (accessed 12 June 2008).
- 16 *Estimates Hansard*, 26 May 2008, pp 21–27.
- 17 Mr David Kenny, Deputy Secretary, Department of the Parliamentary Services, *Estimates Hansard*, p. 21.
- 18 Parliament of Australia, *Guidelines for Filming and Photography in Parliament House*, tabled 26 May 2008. See: [www.aph.gov.au/Senate/committee/fapa\\_ctte/estimates/bud\\_0809/parliament/taled\\_documents/Filming\\_Photography\\_guidelines\\_26-5-08.pdf](http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/bud_0809/parliament/taled_documents/Filming_Photography_guidelines_26-5-08.pdf) (accessed 12 June 2008).
- 19 Mr Alan Thompson, Secretary, Department of Parliamentary Services, *Estimates Hansard*, 26 May 2008, p. 26,

- the functioning of the bollards;<sup>20</sup>
- the allocation of available office space for DPS staff within Parliament House;<sup>21</sup>
- allegations of damage to office suites for which contrary evidence was adduced;<sup>22</sup>
- Parliamentary Library staff turnover;<sup>23</sup>
- the freeze of wages to Senators and Members;<sup>24</sup>
- the participation of Parliament House in Earth Hour;<sup>25</sup>
- the booking of Parliament House facilities for functions during Budget week;<sup>26</sup>
- the participation of DPS staff in the 2020 Summit and costs incurred to DPS;<sup>27</sup> and
- the application of an internet filter on Member's and Senator's computers.<sup>28</sup>

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20 *Estimates Hansard*, 26 May 2008, pp 5–7.

21 *Estimates Hansard*, 26 May 2008, pp 8–12.

22 *Estimates Hansard*, 26 May 2008, pp 12 and 19–22.

23 *Estimates Hansard*, 26 May 2008, p. 18.

24 *Estimates Hansard*, 26 May 2008, pp 12–13.

25 *Estimates Hansard*, 26 May 2008, pp 27–28.

26 *Estimates Hansard*, 26 May 2008, pp 31–34 and pp 40–42.

27 *Estimates Hansard*, 26 May 2008, pp 29 and 44–46.

28 *Estimates Hansard*, 26 May 2008, pp 35–39.

## Prime Minister and Cabinet Portfolio

3.1 The committee took evidence from the Department of the Prime Minister and Cabinet (PM&C), the Department of Climate Change and portfolio agencies from Monday, 26 May to Thursday, 29 May 2008.

3.2 The following issues raised with PM&C are discussed below:

- the government's election commitments;
- Prime Minister's overseas travel;
- establishment of the Office of Work and Family;
- National Policy Commission on Indigenous Housing;
- Office of National Security;
- Staff employed in the Prime Minister's official residences;
- Official functions held at the Prime Minister's official residences;
- Funding for community cabinet meetings;
- Charter letters; and
- the 2020 Summit.

### Department of the Prime Minister and Cabinet

3.3 At the commencement of the committee's examination of the Department of the Prime Minister and Cabinet, Senator the Hon John Faulkner, the Special Minister of State and Cabinet Secretary, began by informing the committee that he would be the sole Minister representing the Prime Minister during PM&C's appearance. He stated that the rationale behind this decision was to alleviate concerns raised during the committee's previous examination of the department whereby there was some uncertainty surrounding the separation of Ministerial responsibilities held between himself and Senator Evans.<sup>1</sup>

3.4 Senator Faulkner also informed the committee of recent changes to the *Administrative Arrangements Order* that have effected the department. This was followed by an explanation from a PM&C official who informed the committee of recent staffing and organisational changes within the department.<sup>2</sup> For a further explanation of the effect of these changes on the department see Chapter 1 of this report.

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1 Senator the Hon John Faulkner, Special Minister of State and Cabinet Secretary, *Estimates Hansard*, 26 May 2008, p. 63.

2 Senator the Hon John Faulkner, Special Minister of State and Cabinet Secretary, *Estimates Hansard*, 26 May 2008, p. 63 and Mr Mike Mrdak, Deputy Secretary, Department of the Prime Minister and Cabinet, *Estimates Hansard*, 26 May 2008, p. 63.

### ***Government's election commitments***

3.5 Opposition Senators questioned Senator Faulkner extensively about the government's election commitments. Senator Minchin drew Senator Faulkner's attention to an answer provided in response to a Question on Notice, which sought a list of each election commitment the government had made and the allocation of agency or department that is responsible for its implementation.<sup>3</sup>

3.6 Senator Faulkner replied that he believed the answers provided to the questions on notice were satisfactory, and that all of the government's election commitments were currently available on the ALP's website.<sup>4</sup> Senator Faulkner subsequently tabled the list that he identified on the ALP website for the benefit of the committee.<sup>5</sup>

3.7 However Opposition Senators were not satisfied that a clear assessment of each promise is identified on the website, and that Senator Faulkner had provided a clear explanation as to which government agencies and departments will be responsible for delivering each promise.<sup>6</sup> Senator Faulkner agreed to take on notice a series of questions seeking further information about the government's election commitments.

### ***Prime Minister's overseas travel***

3.8 Opposition Senators questioned PM&C officials about the details of the Prime Minister's overseas travel between 27 March and 13 April 2008.<sup>7</sup> Officials provided the committee with the dates and places of the Prime Minister visit. Senator Faulkner took a series of questions on notice that sought further information about the breakdown of the costs incurred from the Prime Minister's trip. Senator Faulkner stated that the answers could not readily be provided because of the recent nature of the travel.<sup>8</sup>

### ***Establishment of the Office of Work and Family***

3.9 Government and Opposition Senators questioned PM&C officials about the establishment of the Office of Work and Family. Officials informed the committee

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3 Senator the Hon Nick Minchin, *Estimates Hansard*, 26 May 2008, p. 79.

4 Senator the Hon John Faulkner, Special Minister of State and Cabinet Secretary, *Estimates Hansard*, 26 May 2008, p. 79.

5 Department of the Prime Minister and Cabinet, *ALP Policy*, tabled 26 May 2008. See: [www.aph.gov.au/Senate/committee/fapa\\_ctte/estimates/bud\\_0809/pmc/taled\\_documents/Australian\\_Labor\\_Party\\_Election\\_Committments\\_26-05-08.pdf](http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/bud_0809/pmc/taled_documents/Australian_Labor_Party_Election_Committments_26-05-08.pdf) (accessed 16 June 2008).

6 *Estimates Hansard*, 26 May 2008, p. 80.

7 *Estimates Hansard*, 27 May 2008, pp 5–19.

8 Senator the Hon John Faulkner, Special Minister of State and Cabinet Secretary, *Estimates Hansard*, 27 May 2008, p. 19.

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that its role will be to facilitate the coordinated development of policies that affect work and family life. Furthermore, the Office of Work and Family will manage the relationship between PM&C and the Australian Institute of Family Studies which recently joined the portfolio under changes to the *Administrative Arrangements Order*.<sup>9</sup>

3.10 An official also outlined two specific outputs that the Office of Work and Family will be responsible for: the production of the State of the Family report; and providing advice with the development of family impact statements for cabinet decisions.<sup>10</sup>

### ***National Policy Commission on Indigenous Housing***

3.11 Senator Minchin questioned officials on the status and purpose of the National Policy Commission on Indigenous Housing. Specifically, Senator Minchin sought to know why some people with political party connections were invited to join the commission whilst others were not.

3.12 An official provided the committee with evidence based on a letter from the Prime Minister to the Leader of the Opposition that expresses the Prime Minister's intention that the commission should be above day-to-day politics.<sup>11</sup> The letter was subsequently tabled before the committee and details that the only politicians to be on the commission should be the Prime Minister and the Leader of the Opposition.<sup>12</sup>

### ***Office of National Security***

3.13 Senator Trood followed up on his previous questions of the Office of National Security from the committee's examination of Additional Estimates 2007–08.

3.14 Senator Trood asked for information about the numbers of staff employed within the office, and questioned officials on the status of the *National Security Statement*. An official informed the committee that the statement is expected to be

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9 *Estimates Hansard*, 26 May 2008, pp 108–110 and Ms Serena Wilson, Acting Deputy Secretary, Social Policy Division, Department of the Prime Minister and Cabinet, *Estimates Hansard*, 27 May 2008, p. 25.

10 Ms Serena Wilson, Acting Deputy Secretary, Social Policy Division, Department of the Prime Minister and Cabinet, *Estimates Hansard*, 27 May 2008, p. 25.

11 *Estimates Hansard*, 27 May 2008, pp 25–27.

12 Department of the Prime Minister and Cabinet, *Correspondence from the Prime Minister the Hon Kevin Rudd MP to the Leader of the Opposition the Hon Brendan Nelson MP regarding the Indigenous Joint Policy Commission*, tabled 27 May 2008. See: [www.aph.gov.au/Senate/committee/fapa\\_ctte/estimates/bud\\_0809/pmc/tailed\\_documents/Corro\\_Dr\\_Nelson\\_27-05-08.pdf](http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/bud_0809/pmc/tailed_documents/Corro_Dr_Nelson_27-05-08.pdf) (accessed 16 June 2008).

completed towards the end of June, and that it will be up to the government as to when the completed statement will be released.<sup>13</sup>

3.15 Senator Trood also sought information about the status of an ongoing review into homeland and border security. An official stated that the expected date of completion for the review is 30 June 2008 and that terms of reference did exist but that they have not been officially released by the Prime Minister.<sup>14</sup>

3.16 On the subject of recent commentary on the Prime Minister not visiting Japan whilst visiting other countries including China during his inaugural official overseas travel, Opposition Senators questioned officials from the Office of National Security about the rationale and implications of the Prime Minister's itinerary.<sup>15</sup>

3.17 An official stated that they did realise that there would be some cause for concern from Japan. And, nevertheless, a tight programming schedule for the Prime Minister's overseas travel made this unavoidable. The official stated:

The decision was taken to go to China on account of the invitation to the Boao forum. I think it is wrong to characterise the situation you are referring to now in this instance to Japan as having dropped off. As you are aware, visits to Japan are planned...Whenever you plan visits you go to one country before another...there can be issues around it...at the end of the day [it is] a matter of programming and where one can put the visits together.<sup>16</sup>

3.18 The committee notes that subsequent to the Budget Estimates hearings, the Prime Minister has completed a trip to Japan.

#### ***Staff employed at the Prime Minister's official residences***

3.19 Opposition Senators questioned PM&C officials about the current numbers of staff employed at the Prime Minister's official residences. Senator Faulkner informed the committee that the number of full time equivalent staff currently employed at the Lodge is 5.4 whilst at Kirribilli House two people are employed.<sup>17</sup>

3.20 Pursuing further the committee's examination of PM&C during Additional Estimates 2007–08, Opposition Senators examined the financial arrangements that the

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13 Mr Duncan Lewis, Deputy Secretary, Department of the Prime Minister and Cabinet, *Estimates Hansard*, 27 May 2008, pp 55–56.

14 Mr Duncan Lewis, Deputy Secretary, Department of the Prime Minister and Cabinet, *Estimates Hansard*, 27 May 2008, p. 56.

15 Mr Duncan Lewis, Deputy Secretary, Department of the Prime Minister and Cabinet, *Estimates Hansard*, 27 May 2008, pp 57–63.

16 Mr Duncan Lewis, Deputy Secretary, Department of the Prime Minister and Cabinet, *Estimates Hansard*, 27 May 2008, p. 60.

17 *Estimates Hansard*, 27 May 2008, pp 41–54.



Prime Minister has put in place to reimburse funds for services provided by one of the household assistants employed at the Lodge.<sup>18</sup>

3.21 Senator Faulkner stated that an arrangement is in place whereby the Prime Minister will pay 60 per cent of the staff member's salary which covers the component of child care provided. Furthermore an official from PM&C informed the committee that the voluntary reimbursement of funds will be recorded in the department's financial statements and annual report.<sup>19</sup>

3.22 Opposition Senators also questioned Senator Faulkner about a member of the Prime Minister's staff that was identified as the Prime Minister's travel assistant.<sup>20</sup> Senator Faulkner informed the committee that the correct title for the position was in fact an executive assistant, and that the person in this position carried out various functions including assisting with invitations, gifts and travel arrangements.<sup>21</sup>

### ***Official functions held at the Prime Minister's official residences***

3.23 During previous Estimates hearings the committee has pursued issues surrounding the use of the Prime Minister's official residences for private and state functions. Opposition Senators followed up on previous questions surrounding an official state function held on Australia Day 2008 at the Lodge. Particularly, Senators asked for a full list of people who had attended the function. Senator Faulkner informed the committee of his intention to adopt a new approach and tabled this information on a six monthly basis for the benefit of transparency for the first time.<sup>22</sup>

3.24 In relation to Senator Faulkner's undertaking to table lists of attendees, he qualified under what circumstances this information would be presented before the committee in the future:

I hope the committee would agree that private dinners and the like are in a very different category. One of the issues that arises is how one defines an official function or a non-official function. I think that is very simply and easily done, because an official function is one where CERHOS and the

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18 Mr Mike Mrdak, Deputy Secretary, People, Resources and Communications Division, Government Division and Cabinet Division, Department of the Prime Minister and Cabinet, *Estimates Hansard*, 26 May 2008, pp 52–53.

19 Mr Mike Mrdak, Deputy Secretary, People, Resources and Communications Division, Government Division and Cabinet Division, Department of the Prime Minister and Cabinet, *Estimates Hansard*, 26 May 2008, pp 52–53.

20 *Estimates Hansard*, 27 May 2008, p. 42 and *Estimates Hansard* 28 May 2008, p. 28.

21 *Estimates Hansard*, 27 May 2008, p. 44.

22 *Estimates Hansard*, 27 May 2008, pp 65–72; Department of the Prime Minister and Cabinet, *Reception to celebrate Australia Day 2008: The Lodge, Canberra, Saturday, 26 January 2008*, tabled 27 May 2008. See: [www.aph.gov.au/Senate/committee/fapa\\_ctte/estimates/bud\\_0809/pmc/taled\\_documents/Aus\\_Day\\_Reception\\_InviteList\\_27-05-08.pdf](http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/bud_0809/pmc/taled_documents/Aus_Day_Reception_InviteList_27-05-08.pdf) (accessed 16 June 2008).

Department of the Prime Minister and Cabinet have an organising role, as opposed to a private dinner...<sup>23</sup>

### ***Funding for community cabinet meetings***

3.25 In the 2008–09 Budget Papers the government has allocated funding until 2010–11 for the provision of community cabinet meetings, to be held throughout various regions of Australia. Opposition Senators questioned PM&C officials about how the aggregate funding for the meetings would be spent by the department.<sup>24</sup>

3.26 An official informed the committee that the current plan is for the funding to service approximately 10 to 12 community cabinet meetings during 2008–09. Although PM&C could not predict the costs for each meeting because the nature of the meeting will vary, an official stated that the cost for a recent community cabinet meeting in Penrith was \$36 445 which did not include staffing payments.<sup>25</sup>

### ***Charter letters***

3.27 Opposition Senators continued on from the committee's previous Estimates hearings and examined the details surrounding the proposed charter letters to be drawn up between ministers and the Prime Minister.<sup>26</sup>

3.28 Senator Faulkner informed the committee that he did not receive a charter letter from the Prime Minister, but instead participated in a formal, minuted discussion in relation to the benchmarks that were set for his performance. He also stated that he was not aware of whether other ministers had received charter letters or not, and resolved to take this question on notice.<sup>27</sup>

3.29 Senator Faulkner outlined that it is the Prime Minister's intention to meet again with each minister in July 2008 to undergo the exercise of conducting formal meetings, instead of producing charter letters.<sup>28</sup> Opposition Senators question Senator Faulkner about the specific details contained in the minute of the meetings and the dates and duration of meeting held between ministers and the Prime Minister.

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23 Senator the Hon John Faulkner, Special Minister of State and Cabinet Secretary, *Estimates Hansard*, 27 May 2008, p. 66.

24 *Estimates Hansard*, 27 May 2008, p. 75.

25 Dr Wendy Southern, First Assistant Secretary, Government Division, Department of the Prime Minister and Cabinet, *Estimates Hansard*, 27 May 2008, p. 75.

26 *Estimates Hansard*, 26 May 2008, pp 85–90 and 120–124; *Estimates Hansard*, 27 May 2008, pp 79–85 and 95.

27 Senator the Hon John Faulkner, Special Minister of State and Cabinet Secretary, *Estimates Hansard*, 27 May 2008, p. 82.

28 Senator the Hon John Faulkner, Special Minister of State and Cabinet Secretary, *Estimates Hansard*, 27 May 2008, p. 83.

3.30 On the issue of whether Senator Faulkner would be prepared to table his minutes before the committee he took the question on notice.<sup>29</sup>

### **2020 Summit**

3.31 Opposition Senators questioned PM&C about the department's involvement in the recent 2020 Summit. Particularly, the details discussed included the costs associated with the event and the allocation of contracting services.<sup>30</sup>

3.32 A PM&C official informed the committee that the estimated cost of the organisation and delivery of the 2020 Summit will reach approximately \$2.6 million which is the amount that was budgeted for the event.<sup>31</sup>

3.33 The committee heard evidence that a \$56 000 media management contract was awarded to CMAX Communications, which is run by the wife of the Defence Minister's media adviser. Officials told the committee that CMAX was recommended to the department by a ministerial staffer in the Prime Minister's Office, and that the company was appointed by direct tender apparently due to time constraints.<sup>32</sup>

3.34 Officials told the committee that they were unaware of the personal relationship between the company and a ministerial adviser and that they had appointed the company on the basis that it was listed on the government's communications contracting panel.<sup>33</sup>

3.35 After receiving a briefing on the matter from PM&C, Senator Faulkner contacted the Minister for Defence, recommending that he (the Minister for Defence) refer the matter to the government staffing committee so that that committee could talk directly to the Defence Minister's staffer in order to understand the relationship.<sup>34</sup>

3.36 Opposition Senators also raised the issue that CMAX had changed its name on 22 April several days before the story broke in the *Age* on 25 April. Two weeks later the company sought to de-register.<sup>35</sup>

3.37 Senator Faulkner acknowledged that mistakes were made in awarding the contract to CMAX and that the government would learn from them.<sup>36</sup> An official also

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29 Senator the Hon John Faulkner, Special Minister of State and Cabinet Secretary, *Estimates Hansard*, 27 May 2008, p. 84.

30 *Estimates Hansard*, 27 May 2008, pp 97–113.

31 *Estimates Hansard*, 27 May 2008, pp 97 and 99–100.

32 *Estimates Hansard*, 27 May 2008, pp 102–104.

33 *Estimates Hansard*, 27 May 2008, p. 103.

34 *Estimates Hansard*, 27 May 2008, p. 106.

35 *Estimates Hansard*, 27 May 2008, pp 109–110.

36 Senator the Hon John Faulkner, Special Minister of State and Cabinet Secretary, *Estimates Hansard*, 27 May 2008, pp 111–112.

agreed that it had not completed the appropriate due diligence processes in appointing CMAX.<sup>37</sup>

3.38 Opposition Senators also asked a series of questions on the planning and organisational arrangements regarding the 2020 Summit. The committee was told that the former Deputy Secretary responsible for the 2020 Summit, Dr Morautu, was no longer with the department and that there were no other officials that could answer questions on the subject. In many instances senators were forced to accept that questions were taken on notice because no officials could respond to the committee's questions.<sup>38</sup>

3.39 Other matters of interest that were examined by the committee include:

- the administration of the honours system;<sup>39</sup>
- the government's knowledge and views concerning the rendition of Mr Mamdouh Habib;<sup>40</sup>
- the establishment of the COAG Unit and COAG Budget measures;<sup>41</sup>
- the government's decision to increase the Medicare levy surcharge threshold;<sup>42</sup>
- what procedures PM&C will follow to investigate the alleged leak of Cabinet and other documents;<sup>43</sup>
- standards of Ministerial ethics;<sup>44</sup>
- the *Lobbying Code of Conduct*;<sup>45</sup> and
- Freedom of Information requests and conclusive certificates.<sup>46</sup>

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37 Mr Mike Mrdak, Deputy Secretary, Department of the Prime Minister and Cabinet, *Estimates Hansard*, 26 May 2008, p. 112.

38 *Estimates Hansard*, 26 May 2008, pp 99–102.

39 *Estimates Hansard*, 26 May 2008, p. 67.

40 *Estimates Hansard*, 26 May 2008, pp 91–95.

41 *Estimates Hansard*, 26 May 2008, pp 110–115.

42 *Estimates Hansard*, 26 May 2008, pp 115–120; *Estimates Hansard*, 26 May 2008, pp 131–132.

43 *Estimates Hansard*, 27 May 2008, pp 3–5.

44 *Estimates Hansard*, 27 May 2008, pp 76–79 and 86.

45 *Estimates Hansard*, 27 May 2008, p. 92.

46 *Estimates Hansard*, 27 May 2008, pp 93–96.

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## The Australian National Audit Office

### *The effect of the efficiency dividend*

3.40 The committee examined what affect the Government's two per cent efficiency dividend would have on the Australian National Audit Office's budget and delivery of the 'performance audit program'.

3.41 The Auditor-General informed the committee that the two per cent efficiency dividend will equate to a loss in the agency's budget of approximately \$1.26 million over the 2008–09 financial year. In relation to the delivery of the ANAO's performance audit program the Auditor-General stated the number of performance audits will have to decrease to cope with the reduction in budgeted expenditure.<sup>47</sup>

3.42 The Auditor-General stated that this was not in the best interests of fulfilling the ANAO's mandate to improve the performance of Federal public sector administrative practices:

I have said elsewhere that I did not think the reduction was in the interests of the parliament, given the nature of our work being a stimulus for better administration. In fact the chair of the Public Accounts and Audit Committee made the point in parliament:

The Audit Office is the front line in ensuring government accountability and probity...

She went on to say:

...the modest budget of the Audit Office should be seen as a cost-effective mechanism for curbing waste and excess, and identifying areas for better administration on behalf of the parliament and the Australian community.

I happen to agree with the JCPAA on this matter and I would have preferred the budget process to be able to be more discriminating.<sup>48</sup>

For a further discussion on the efficiency dividend see Chapter 1 of this report.

### Office of the Privacy Commissioner

3.43 The Office of the Privacy Commissioner appeared before the committee for the first time since the December 2007 change to the Administrative Arrangements Order, which brought the office under the committee's oversight.

3.44 Senator Mason questioned the Privacy Commissioner about recent reports in the media relating to allegations that the Australian Anti-Doping Authority provided

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47 Mr Ian McPhee, Auditor-General, Australian National Audit Office, *Estimates Hansard*, 28 May 2008, p. 3.

48 Mr Ian McPhee, Auditor-General, Australian National Audit Office, *Estimates Hansard*, 28 May 2008, p. 4.

Medicare with a list of athlete's names, and had asked Medicare to provide a list of potential drug cheats.<sup>49</sup>

3.45 The Privacy Commissioner stated that because no individual had made a complaint to the commission about the allegations that she had decided to use the agency's legislative power to open an 'own motion investigation'.<sup>50</sup>

3.46 The Privacy Commissioner also informed the committee that this investigation has not yet been completed. Senator Mason asked the Privacy Commissioner to outline what law government agencies are required to follow when undertaking the data matching of people's personal details. The Privacy Commissioner informed the committee that:

Essentially there are two guidelines. One set of guidelines is mandatory and one set of guidelines is voluntary. The first set which is mandatory, is those that relate to a data-matching act, which covers the way the tax office, Centrelink and the Department of Veterans' Affairs match information using the tax file number. There are also voluntary guidelines that have been issued by a previous Privacy Commissioner in 1998 that cover the way other agencies data match, including the way, say, [the] ATO would also data match when they do not use the tax file number.<sup>51</sup>

### **Department of Climate Change**

3.47 The following issues raised with the Department of Climate Change (Climate Change) include:

- the emissions trading scheme;
- Professor Ross Garnaut's employment contract; and
- whole-of-government approach to climate change;

### ***Responsibilities of the Department of Climate Change***

3.48 The Minister for Climate Change, Senator the Hon Penny Wong, informed the committee that the government has allocated \$59 million over the next four years for the establishment of the department.<sup>52</sup> The Minister stated that the major areas that her department will focus on include:

...to lead the development of a whole-of-government strategic framework for international and domestic climate change policy, international climate change negotiations, coordinating the development and implementation of various climate change policies on the domestic front, and primarily leading

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49 *Estimates Hansard*, 27 May 2008, p. 114.

50 Ms Karen Curtis, Privacy Commissioner, *Estimates Hansard*, 27 May 2008, p. 114.

51 Ms Karen Curtis, Privacy Commissioner, *Estimates Hansard*, 27 May 2008, p. 114.

52 Senator the Hon Penny Wong, Minister for Climate Change and Water, *Estimates Hansard*, 29 May 2008, p. 93.

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development and implementation of the emissions trading scheme. We are also charged with implementing the expanded Renewable Energy Target, implementing legislation of greenhouse emissions and energy consumption reporting, and developing a strategic approach to climate change adaptation...<sup>53</sup>

### ***Emissions trading scheme***

3.49 Senator Wong also told the committee about the timeline and processes involved in implementing the government's 'cap-and-trade' emission trading scheme.<sup>54</sup>

3.50 Senator Johnston, questioned Senator Wong and officials about whether reports were correct that one reason why Professor Garnaut will release a draft report before issuing a final report, is because of a delay in finalising economic modelling. An official stated that Senator Johnston was correct in his assessment. The official elaborated on the reasons why a delay would take place, this includes that the modelling will be jointly undertaken between Treasury and Climate Change.<sup>55</sup>

3.51 Senator Johnston also pursued questions relating to whether Professor Garnaut's green paper (to be released during June or July 2008) will address measures to assist households. Professor Garnaut replied that 'analytically' it will, although such analysis will be dependent on the modelling which will mean that the final August report will include this information in detail.<sup>56</sup>

### ***Professor Garnaut's employment contract***

3.52 Senator Johnston questioned Climate Change officials about the details of Professor Ross Garnaut's employment contract.<sup>57</sup> Senator Johnston raised concerns about the use of a standard form employment agreement for Professor Garnaut's contract, for example he asked why the contract specifies working hours of 36 hours and 45 minutes.<sup>58</sup>

3.53 An official replied to Senator Johnston's question stating that the contract was made in line with the standard hours set out in the collective employment agreement

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53 Senator the Hon Penny Wong, Minister for Climate Change and Water, *Estimates Hansard*, 29 May 2008, p. 93.

54 Senator the Hon Penny Wong, Minister for Climate Change and Water, *Estimates Hansard*, 29 May 2008, pp 94–95.

55 *Estimates Hansard*, 29 May 2008, pp 94–95.

56 *Estimates Hansard*, 29 May 2008, pp 95–96.

57 *Estimates Hansard*, 29 May 2008, pp 96–101.

58 Senator David Johnston, *Estimates Hansard*, 29 May 2008, p. 96.

for staff working with the Department of Environment. The official also stated that in hindsight it may have been beneficial to have used a specific consultancy agreement.<sup>59</sup>

### ***Whole-of-government approach to Climate Change***

3.54 Australian Green's Senator, Christine Milne questioned Climate Change officials about how the government intends to develop a whole-of-government approach to implementing climate change policy across government departments. In reply an official stated:

In those areas, [the portfolio areas identified by Senator Milne] essentially what we have tried to do is put in place a strategic framework for the government, and then the individual departments are responsible within that for their own areas of development. We have attempted to engage early in the process when departments are thinking about some of the issues, but at this stage I think it is true to say that it is still a work in progress.<sup>60</sup>

3.55 On the question of what influence Climate Change currently has over various portfolios an official replied that departmental officials are consulting, and have in some cases developed close working relationships at officer levels.<sup>61</sup>

3.56 Senator Milne also questioned officials about government policies that she believed, if implemented, would be contrary to the need to lower carbon emission. These policies included building roads and freeways under AusLink funding for 2009–14.<sup>62</sup> Senator Wong replied to this line of questioning that:

The government made a range of election commitments, and we intend to honour our commitments to the electorate...In terms of infrastructure, obviously there are a range of issues associated with the impact of climate change that do over time need to be taken into account or integrated into some of our strategic planning around infrastructure...<sup>63</sup>

3.57 Other matters of interest that were discussed relating to Climate Change included:

- the need for Climate Change to take into account a new set of accounting practices to ensure uniform reporting;<sup>64</sup>

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59 Dr Martin Parkinson, Secretary, Department of Climate Change, *Estimates Hansard*, 29 May 2008, p. 97.

60 Dr Martin Parkinson, Secretary, Department of Climate Change, *Estimates Hansard*, 29 May 2008, p. 104.

61 Dr Martin Parkinson, Secretary, Department of Climate Change, *Estimates Hansard*, 29 May 2008, p. 104.

62 Senator Christine Milne, *Estimates Hansard*, 29 May 2008, p. 105.

63 Senator the Hon Penny Wong, Minister for Climate Change and Water, *Estimates Hansard*, 29 May 2008, p. 105.

64 *Estimates Hansard*, 29 May 2008, pp 97–98.



- which industries will be included in the emissions trading scheme;<sup>65</sup>
- staffing arrangements;<sup>66</sup>
- the Minister for Climate Change and Water's minuted discussions with the Prime Minister relating his expectations;<sup>67</sup> and
- election commitments relating to Climate Change.<sup>68</sup>

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65 *Estimates Hansard*, 29 May 2008, pp 105–108.

66 *Estimates Hansard*, 29 May 2008, p. 108.

67 *Estimates Hansard*, 29 May 2008, p. 108.

68 *Estimates Hansard*, 29 May 2008, p. 109.



# Finance and Deregulation Portfolio

4.1 The committee took evidence from the Department of Finance and Deregulation (Finance) and portfolio agencies on Wednesday, 28 May and Thursday, 29 May 2008.

4.2 The committee examined a range of topics including the following which are discussed below:

- Ministerial and Parliamentary Services;
- changes to the Portfolio Budget Statements; and
- the *Charter of Budget Honesty Act 1998*.

## Department of Finance and Deregulation

### *Ministerial and Parliamentary Services*

4.3 Considerable time was spent examining officers from the Ministerial and Parliamentary Services business group. The committee was provided with the usual insightful information on staffing levels.<sup>1</sup>

4.4 Senator Faulkner informed the committee that on 1 July 2008, when the Senate reflects the changes in distribution of Senators due to the 2007 Federal election, there will be additional staff positions created to support Australian Greens' Senators. During the hearing, Senator Faulkner declined to outline the specifics of the increase in staffing numbers allocated to the Australian Greens as a letter from Senator Faulkner advising of the changes had not been received by Senator Brown. Senator Faulkner advised the committee that he would take on notice the question of how many staff the Australian Greens' Senators would be entitled to.<sup>2</sup>

4.5 Senator Faulkner informed the committee that there is currently a total of 5 Ministerial staff with personal classifications that are paid above the standard salary range usually applied to other staff. This compares to over 30 who were employed at the higher level at the end of the last government.<sup>3</sup> This led Opposition

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1 Department of Finance and Deregulation, *Government Personal Position as at 1 May 2008*, tabled 28 May 2008. See: [www.aph.gov.au/Senate/committee/fapa\\_ctte/estimates/bud\\_0809/finance/taled\\_documents/Government\\_Personal\\_Positions\\_28-05-09.pdf](http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/bud_0809/finance/taled_documents/Government_Personal_Positions_28-05-09.pdf); Department of Finance and Deregulation, *Government staff personal classifications*, tabled 28 May 2008. See: [www.aph.gov.au/Senate/committee/fapa\\_ctte/estimates/bud\\_0809/finance/taled\\_documents/Govt\\_Personal\\_Classifications\\_28-05-08.pdf](http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/bud_0809/finance/taled_documents/Govt_Personal_Classifications_28-05-08.pdf).

2 Senator the Hon John Faulkner, *Estimates Hansard*, 28 May 2008, p. 15.

3 Senator the Hon John Faulkner, *Estimates Hansard*, 28 May 2008, p. 17.

Senators to question Senator Faulkner extensively about the decision making process for appointing staff with personal classifications.<sup>4</sup>

### *Changes to the Portfolio Budget Statements*

4.6 The committee discussed the different content and form of the recently released Budget Papers. Senator Abetz highlighted concerns about the new structure of the Portfolio Budget Statements (PB Statements) asking why there was a reduction in the number of pages devoted to the presentation of Budget information for various agencies.<sup>5</sup> A Finance official informed the committee that some previous information that was duplicated has now been placed into an 'agency resource statement' located within the PB Statements:

...key financial information was spread throughout the document and often repeated. What we were trying to do was to allow agencies just to provide the information in one place rather than at various times throughout the document.<sup>6</sup>

4.7 The issue of the changes to the PB Statements is further discussed in Chapter 1 of this report.

4.8 Senator Abetz sought a copy of the document *Portfolio Budget Statements Constructors Kit* that Finance has developed to provide advice to agencies about how they should be presenting their Portfolio Budget Statements.<sup>7</sup> This was tabled before the committee.<sup>8</sup>

4.9 The decision to no longer mandate the capital budget statement, and the property, plant, equipment and intangibles in PB Statements was also raised.<sup>9</sup> The Secretary of Finance responded that it did not make much sense for smaller agencies to have to include this information if it did not relate to them. He also explained that although these items may not be included in the PB Statements, they would still be included in financial statements.<sup>10</sup>

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4 *Estimates Hansard*, 28 May 2008, pp 16–20.

5 *Estimates Hansard*, 28 May 2008, pp 53–60.

6 Ms Kathryn Campbell, General Manager, Financial Management Group, Department of Finance and Deregulation, *Estimates Hansard*, 28 May 2008, p. 55.

7 Senator the Hon Eric Abetz, *Estimates Hansard*, 28 May 2008, p. 54.

8 Department of Finance and Deregulation, *Portfolio Budget Statements Constructors Kit*, tabled 28 May 2008. See: [www.aph.gov.au/Senate/committee/fapa\\_ctte/estimates/bud\\_0809/finance/tailed\\_documents/PBS\\_Constructors\\_28-05-08.pdf](http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/bud_0809/finance/tailed_documents/PBS_Constructors_28-05-08.pdf) (accessed 16 June 2008).

9 *Estimates Hansard*, 28 May 2008, p. 60.

10 Dr Ian Watt, Secretary, Department of Finance and Deregulation, *Estimates Hansard*, 28 May 2008, p. 60.

4.10 Senator Murray also questioned officials about the changes to the Portfolio Budget Papers more broadly. Specifically, Senator Murray asked whether Finance has received any feedback about the resource statement contained in Budget Paper No. 4. The Secretary responded positively, and stated that he believed that the document enhances the transparency of the Budget Papers.<sup>11</sup> Furthermore he stated:

I think one of the tests of Budget Paper No.4, as it stands now, will be after this round of estimates hearings rather than still very much at the beginning of them. Whether it attracts any attention on other committees and gets any commentary and use will be one indication of whether or not the changes are useful.<sup>12</sup>

### ***Charter of Budget Honesty Act 1998***

4.11 Senator Fifield questioned Finance about the commitments the government made under *Operation Sunlight*, to amend the *Charter of Budget Honesty Act 1998* in order to provide access to the Opposition in the pre-election period to government costing resources.<sup>13</sup> The Secretary replied that Finance will provide advice to the government about this commitment, but that there were other priorities relating to the implementation of *Operation Sunlight* that needed to be addressed more urgently in the current Budget round (2008–09). He added that any other commitments would be addressed towards the second half of 2008.<sup>14</sup>

4.12 Other matters that the committee discussed during the examination of Finance included:

- car parking arrangements and alterations at Commonwealth Parliamentary Offices;<sup>15</sup>
- register of private interests for ministerial staff;<sup>16</sup>
- certification of management accounts;<sup>17</sup>
- the supply of, and technical support for PDAs to Members and Senators;<sup>18</sup>

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11 *Estimates Hansard*, 28 May 2008, pp 61–62.

12 Dr Ian Watt, Secretary, Department of Finance and Deregulation, *Estimates Hansard*, 28 May 2008, p. 62.

13 Senator Fifield, *Estimates Hansard*, 28 May 2008, pp 63–64.

14 Dr Ian Watt, Secretary, Department of Finance and Deregulation, *Estimates Hansard*, 28 May 2008, p. 64.

15 *Estimates Hansard*, 28 May 2008, pp 20–24.

16 *Estimates Hansard*, 28 May 2008, pp 24–26.

17 *Estimates Hansard*, 28 May 2008, pp 27–28.

18 *Estimates Hansard*, 28 May 2008, pp 38–40.

- the addition of the COAG working group to the responsibilities of Finance;<sup>19</sup>
- the progress made in implementing *Operation Sunlight*;<sup>20</sup>
- the government's deregulation agenda;<sup>21</sup>
- the application of the efficiency dividend;<sup>22</sup>
- advice given by Finance in relation to changes to the Medicare levy surcharge;<sup>23</sup> and
- consultants employed to undertake an audit into the Northern Land Council.<sup>24</sup>

## **Medibank Private**

4.13 The committee discussed a range of issues during its examination of Medibank Private, including:

- an overview of Medibank Private's performance;
- the effect of the changes to the Medicare levy surcharge;
- private health insurance premiums; and
- board appointments.

### ***Medibank Private's performance***

4.14 The Managing Director of Medibank Private informed the committee of the private health insurance fund's performance over recent years:

The fund over the last five years has performed very well. It had a tough journey back in 2002. The fund lost \$175 million. Since that time, we have had a steady and progressive improvement to our business performance, and the margin improvement continued right through on a steady basis, so that last year our financial results showed a net profit around \$295 million, with a revenue line-up of just over \$3 billion...<sup>25</sup>

4.15 Senator Cormann questioned the Managing Director about the company's role in the overall Australian health system, and what was the size of the share that the company delivered in private hospital services across Australia. A response was

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19 *Estimates Hansard*, 28 May 2008, pp 62–63.

20 *Estimates Hansard*, 28 May 2008, pp 64–69; *Estimates Hansard*, 28 May 2008, pp 75–78.

21 *Estimates Hansard*, 28 May 2008, pp 82–83.

22 *Estimates Hansard*, 28 May 2008, pp 83–86.

23 *Estimates Hansard*, 28 May 2008, pp 69–74.

24 *Estimates Hansard*, 28 May 2008, pp 89–92.

25 Mr George Savvides, Managing Director, Medibank Private, *Estimates Hansard*, p. 40.

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provided that Medibank Private is the largest procurer of hospital services in the country.<sup>26</sup>

### ***The effect of changes to the Medicare levy surcharge***

4.16 With the government's recent Budget announcement to increase the threshold of the Medicare levy surcharge, Senator Cormann asked the Managing Director about a range of issues concerning the effect on Medibank Private's operations.

4.17 Senator Cormann asked whether Medibank Private had been advised by the government of its plans to change the Medicare levy surcharge prior to the release of the Budget on 13 May 2008. The Managing Director replied that he was not advised of the government's plans in advance.<sup>27</sup>

4.18 In response to questioning from Senator Cormann about the likely outcome of the changes of the Medicare surcharge will have on its customer base, the Managing Director of Medibank Private replied:

We would expect that the Medicare levy surcharge changes that have been made or indicated will contract the growth in that particular cohort of members who come through on those salary bands. We have seen the Treasury assumption document. Out of that, and we are not necessarily saying it is exactly the same view we have, but, if you use it as a guide, it has the ability to slow down our hospital growth rate probably by about, at the light end, seven per cent and maybe up to 10 per cent.<sup>28</sup>

### ***Private health insurance premiums***

4.19 Senator Fielding asked several questions relating to the basis on which private health insurance companies seek approval to increase their premiums. Senator Fielding was particularly interested to know if increases in premiums are granted by the government above the consumer price index, which is often used to justify increases.<sup>29</sup>

4.20 The committee was informed that the Private Health Insurance Administration Council (PHIAC), the regulator of the sector, sets the criteria for increases. Senator Fielding asked Medibank Private whether they would be prepared to table their submission to PHIAC. The Managing Director stated that it was highly sensitive commercial document, whilst Senator Sherry indicated that he would consider the issue of supplying the document on notice.<sup>30</sup>

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26 *Estimates Hansard*, 28 May 2008, pp 40–41.

27 *Estimates Hansard*, 28 May 2008, p. 43.

28 Mr George Savvides, Managing Director, Medibank Private, *Estimates Hansard*, pp 45–46.

29 Senator Fielding, *Estimates Hansard*, 28 May 2008, p. 49.

30 *Estimates Hansard*, 28 May 2008, p. 49.

### ***Board appointments***

4.21 Senator Bernardi questioned Senator the Hon Nick Sherry, representing the Finance Minister, about whether the government has decided to reappoint board members who hold appointments that expire in June 2008. Senator Sherry replied that he would provide this information on notice to the committee.<sup>31</sup>

### **Australian Reward Investment Alliance**

4.22 The committee discussed a range of issues during its examination of the Australian Reward Investment Alliance (ARIA), including:

- scrip lending, margin lending and short selling.

### ***Scrip lending, margin lending and short selling***

4.23 Several Senators were interested to question the ARIA about the practices of scrip lending, margin lending, and short selling. Senator Watson questioned officials on whether ARIA participates in scrip lending.<sup>32</sup> An official from ARIA replied:

No...securities are lent through an arrangement with our custodian and the transaction of lending securities is undertaken by our custodian rather than by ARIA itself...there are strict purposes for which stock is lent under our agreement with our custodian. Our rights to dividends, franking credits, bonus issues, voting rights and every other entitlement that goes with out shares is preserved. We do not participate in vote renting I think is the expression.<sup>33</sup>

4.24 Senator Watson asked when Senator Murray could expect to receive answers to Questions on Notice that he had provided to ARIA well before the hearings: in order to facilitate a more informed discussion of the topics he wished to discuss. The committee was informed that ARIA had sent the answers to the Minister's office where they were yet to be cleared.<sup>34</sup> On 13 June 2008 the answers to these questions were tabled.<sup>35</sup>

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31 *Estimates Hansard*, 28 May 2008, pp 52–53.

32 *Estimates Hansard*, 28 May 2008, p. 93.

33 Mr Peter Carrigy-Ryan, Acting Chief Executive Officer, Australian Reward Investment Alliance, *Estimates Hansard*, 28 May 2008, p. 93.

34 *Estimates Hansard*, 28 May 2008, p. 94.

35 Senate Finance and Public Administration Committee, answers to questions on notice, 12 May 2008 (received 13 June 2008). See: [www.aph.gov.au/Senate/committee/fapa\\_ctte/estimates/bud\\_0809/finance/index.htm](http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/bud_0809/finance/index.htm) (accessed 18 June 2008).



4.25 Officials were asked by Senator Watson whether ARIA participates in the practice of margin lending. It was stated that ARIA does not margin lend because it is a regulated superannuation fund that is not leveraged and does not borrow.<sup>36</sup>

4.26 When asked if ARIA participates in short selling an ARIA official replied that it does. In defence of the practice the official stated:

There would be some hedge fund managers who are engaged by [ARIA] who participate in what is known as short selling...that practice is in accordance with the law and those managers operate under investment mandates and investment agreements entered into with ARIA. One of the requirements in those investment management agreements is that the managers comply with the law.<sup>37</sup>

## **Future Fund Management Agency**

### ***Status of the Future Fund***

4.27 Senator Brandis opened his examination into the operations of the Future Fund Management Agency (the Future Fund) with general questions relating to the status and value of the fund. A Future Fund official informed the committee that the performance of the fund generated a return of 2.7 per cent during the last financial year until April 2008. This figure is expected to move towards, and possibly over and above, four per cent by the middle of May 2008 due to a recovery in the equity markets.<sup>38</sup>

4.28 Furthermore it was stated that the components of the fund were estimated to be spread across three areas: 30 per cent invested in equities; 5 per cent in debt instruments; and 65 per cent in cash. When asked to state what the 30 per cent invested in equities is currently valued at the official from the Future Fund stated that it was worth \$14 billion.<sup>39</sup>

4.29 When asked to comment on whether the spread of two thirds of the Future Fund's investment located offshore was thought to be appropriate, it was stated that the balance between funds invested offshore and in Australia was right and appropriately diverse for the type of fund it is.<sup>40</sup>

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36 *Estimates Hansard*, 28 May 2008, p. 95.

37 Mr Peter Carrigy-Ryan, Acting Chief Executive Officer, Australian Reward Investment Alliance, *Estimates Hansard*, 28 May 2008, p. 96.

38 Mr David Neal, Chief Investment Officer, Future Fund Management Agency, *Estimates Hansard*, p. 104.

39 Mr David Neal, Chief Investment Officer, Future Fund Management Agency, *Estimates Hansard*, p. 104.

40 Mr David Neal, Chief Investment Officer, Future Fund Management Agency, *Estimates Hansard*, p. 105.

4.30 When asked by Senator Brandis to provide the aggregate value of all equities in the fund as its highest point in the current financial year, Senator Sherry and officials responded that the answer to this question would be provided on notice.<sup>41</sup>

***Margin lending, stock lending and short selling practices***

4.31 Senator Murray examined the Future Fund's approach to margin lending, short selling and stock lending practices.<sup>42</sup> The General Manager of the Future Fund explained that the Future Fund does not have a policy regarding margin lending because it is prohibited from any form of borrowing, and that for this reason margin lending would be an illegal activity for the Future Fund.<sup>43</sup>

4.32 On the question of the Future Fund's stock lending practices Senator Murray defined his question between two different classes to stock lending: profit taking; and stock lending for the purposes of voting. In reply the General Manager stated:

The legislation does specifically permit the board of guardians to engage in securities lending. You would appreciate that securities lending is a practice used by many institutional investors, both here and around the world. The Future Fund does not engage presently in securities lending. We have decided to wait until the current reviews of market activity with respect to securities lending is finalised.<sup>44</sup>

4.33 Responding to Senator Murray's question in relation to the practice of lending shares for voting rights, the General Manager stated that he was aware of that the value of voting rights transfer to the party who is lent shares. Similarly to the practice of stock lending Senator Murray was concerned that the Future Fund does not currently have a fixed view on whether it condones the practice of lending shares. The General Manager acknowledged Senator Murray's concern and agreed to convey Senator Murray's concerns to the Future Fund's board.<sup>45</sup>

4.34 On the question what practices does the Future Fund currently maintain in relation to short selling, the committee was informed that there is currently no mandate with any investment manager used by the Future Fund to adopt this practice, and it is a practice that the Future Fund will not engage in.<sup>46</sup>

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41 *Estimates Hansard*, 28 May 2008, p. 105.

42 *Estimates Hansard*, 28 May 2008, pp 110–113.

43 Mr Paul Costello, General Manager, Future Fund Management Agency, *Estimates Hansard*, 28 May 2008, p. 110.

44 Mr Paul Costello, General Manager, Future Fund Management Agency, *Estimates Hansard*, 28 May 2008, p. 111.

45 *Estimates Hansard*, 28 May 2008, pp 111–112.

46 Mr Paul Costello, General Manager, Future Fund Management Agency, *Estimates Hansard*, 28 May 2008, p. 110.

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### ***Building Australia, Higher Education and the Health and Hospitals Funds***

4.35 Senator Fifield questioned Finance officials about the differences between the Future Fund and the three newly announced funds: the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund.<sup>47</sup>

4.36 The Secretary of Finance replied that there were substantial difference including: the proceeds of the Future Fund are not to be drawn down until the value of the fund has reached a specific target, whilst the other funds are designed to be accessed for specific spending purposes from the financial year 2009–10. The Secretary also stated that resources from the funds not including the Future Fund will be subject to ‘advisory processes’ about how the resources will be spent.<sup>48</sup>

### **Australian Electoral Commission**

4.37 The committee explored the following issues with the Australian Electoral Commission (AEC):

- current investigations into compliance matters; and
- electoral advertisements.

#### ***Current investigations into compliance matters***

4.38 Following on from previous practices the AEC provided an update on compliance matters that it is currently investigating.<sup>49</sup>

4.39 The AEC outlined the specific matters, which include: an allegation involving payment of legal fees; donations made by the Transport Workers Union to the ALP in New South Wales; and contributions made by trade unions to the ALP.<sup>50</sup>

4.40 The AEC informed the committee that there is currently a smaller number of investigation matters because there is an increase in the awareness of people's legal obligations under the *Commonwealth Electoral Act 1918* (Electoral Act). An official stated that there were several reasons for this:

It has mainly [been because of] the internet and by letters that we have been making people aware of their obligations, and particularly with the new 314AEB obligations on third parties. The first lodgements under that obligation were required in February. We are still going through and evaluating those who indicated that they did not have an obligation to return, and we will be doing various compliance audits to ensure that we are

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47 Senator Fifield, *Estimates Hansard*, 28 May 2008, p. 115.

48 Dr Ian Watt, Secretary, Department of Finance and Deregulation, *Estimates Hansard*, p. 115.

49 *Estimates Hansard*, 29 May 2008, pp 3–4.

50 *Estimates Hansard*, 29 May 2008, p. 3.

reasonably satisfied that they are current in indicating that they did not have any reportable expenditure above the \$10,300 limit.<sup>51</sup>

### ***Electoral advertisements***

4.41 Senator Carol Brown questioned AEC officials about the legislative framework that defines under what circumstances electoral advertising must be authorised. Specifically Senator Brown was interested in advertising in newspapers that mimic news content.<sup>52</sup>

4.42 The committee was informed that this is difficult to determine as the definition of electoral matter in the Electoral Act is very wide. In the case of newspaper content an AEC official stated that there are two relevant provisions of the Electoral Act that apply. Furthermore, that even if it was believed that a criminal offence had occurred, that the chances of successfully convicting someone was remote:

Our problem is that, if we are going to police this, we are dealing with a criminal offence and we would need to have evidence of the requisite criminal standard of proof to be able to successfully do a prosecution. There is a grey area there. We have published on the internet Electoral Backgrounder No. 15: Electoral Advertising. We try to give an explanation as to what the legal requirements are. But there is a grey area there.<sup>53</sup>

4.43 Other matters examined by the committee with the AEC include:

- consultation between the government and the AEC about the Commonwealth Electoral Amendment (Political Donations and Other Measures) Bill 2008;<sup>54</sup>
- the AEC's submission to the Joint Standing Committee on Electoral Matters;<sup>55</sup>
- current Federal electorate redistributions;<sup>56</sup>
- the Electoral Reform Green Paper;<sup>57</sup>
- the AEC's financial statements;<sup>58</sup> and
- Key Performance Indicators and targets.<sup>59</sup>

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51 *Estimates Hansard*, 29 May 2008, p. 4.

52 Senator Carol Brown, *Estimates Hansard*, 29 May 2008, p. 4.

53 *Estimates Hansard*, 29 May 2008, p. 5.

54 *Estimates Hansard*, 29 May 2008, pp 5–6.

55 *Estimates Hansard*, 29 May 2008, pp 6–7.

56 *Estimates Hansard*, 29 May 2008, pp 8–10.

57 *Estimates Hansard*, 29 May 2008, pp 10–16.

58 *Estimates Hansard*, 29 May 2008, pp 17–18.

59 *Estimates Hansard*, 29 May 2008, pp 19–20.

# Human Services Portfolio

5.1 The Committee took evidence from the Department of Human Services (DHS), Centrelink and Australian Hearing on Thursday, 29 May 2008.

## Department of Human Services

5.2 The main subjects of discussion relating to DHS<sup>1</sup> included:

- absence of the Secretary from the Budget Estimates hearings;
- staffing levels;
- Members and Senators attending community consultations; and
- child support income assessment calculations.

### *Absence of the Secretary from the hearings*

5.3 On 26 May 2008, 3 days before the committee was scheduled to examine DHS, the committee received a letter from the Secretary of DHS, stating that she would be unavailable to attend the Budget estimates hearings.<sup>2</sup> Senator Coonan questioned DHS on why the Secretary of the department would not be appearing before the committee. A DHS official stated that the Secretary was attending an international social sector forum in Brussels. Senator the Hon Joe Ludwig, Minister for Human Services, apologised to the committee for the inconvenience that this may have caused.

5.4 The committee is disappointed that the Secretary of DHS did not attend the Budget Estimates hearings, as the hearings present one of the few opportunities for Senators to put questions to the Secretary. The committee expects that in the future that Departmental Secretaries, as well as all SES officers will make themselves available for Estimates hearings unless there are exceptional circumstances. The committee encourages these staff to diarise Estimates hearings, the dates for which are generally known well in advance.

### *Staffing levels*

5.5 Following on from the committee's previous examination during Additional Estimates 2007–08 of staffing levels within DHS, Senator Coonan questioned officials about what affect the efficiency dividend has had on the staffing levels across the department. This information was provided to the committee on both a portfolio and departmental basis.

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1 Note that the Department of Human Services includes the Child Support Agency and CRA Australia.

2 Correspondence received 26 May 2008, Ms Helen Williams AO, Secretary, Department of Human Services.

5.6 Senator Ludwig drew the committee's attention to the statistics relating to the Human Services Portfolio average staffing levels:

...[T]here is an average staffing level and we use that as the base for all staff across the portfolio...The total is 35 399 in 2008–09. This reduction, which we are now referring to, results of course from a number of factors such as the abolition of the access card, completion of some of the child support reform measures and increased gains being made at Medicare Australia. In terms of Centrelink, which is where staffing will reduce marginally by less than one per cent, average staffing levels across the portfolio including SES will reduce by 816, or 2.3 per cent in 2008–09.<sup>3</sup>

5.7 An official from DHS also outlined the specific implications for the result in the decrease in staffing numbers for the department. The official informed the committee the reduction will cause the loss of 15 staff from the department.<sup>4</sup>

5.8 Other noteworthy issues raised by the committee with DHS included:

- appointments made by the government to statutory authorities, executive agencies and advisory boards.<sup>5</sup>

### ***Members and Senators attending community consultations***

5.9 Senator Coonan also questioned officials about the protocols that are in place for Members and Senators to receive information packs when invited to attend community forums.<sup>6</sup>

5.10 A CSA official stated that the department contacts local Members of Parliament six weeks before a community forum to invite them to attend. Once a Member of Parliament confirms that they will attend a session, an information pack is then sent out.<sup>7</sup> For the benefit of the committee the information pack was tabled.<sup>8</sup>

### ***Child support income assessment calculations***

5.11 Senator Coonan questioned CSA officials about how the agency conducts client income assessment calculations. Specifically, Senator Coonan examined the

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3 Senator the Hon Joe Ludwig, Minister for Human Services, *Estimates Hansard*, 29 May 2008, p. 32.

4 Ms Kerri Hartland, Acting Secretary, Department of Human Services, *Estimates Hansard*, 29 May 2008, p. 33.

5 *Estimates Hansard*, 29 May 2008, p. 30.

6 Senator Coonan, *Estimates Hansard*, 29 May 2008, pp 25–26 and 88–89.

7 Ms Samantha Palmer, Deputy General Manager, External Relations, People and Assurance, Child Support Agency, *Estimates Hansard*, 29 May 2008, p. 88.

8 Child Support Agency, *Community Information Sessions*, tabled 29 May 2008. See: [www.aph.gov.au/Senate/committee/fapa\\_ctte/estimates/bud\\_0809/human\\_services/taled\\_documents/CSA\\_Community\\_Info\\_Session29-05-08.pdf](http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/bud_0809/human_services/taled_documents/CSA_Community_Info_Session29-05-08.pdf) (accessed 18 June 2008).

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issue surrounding checks and reviews that are put in place by CSA to identify any weaknesses in income calculations.<sup>9</sup>

5.12 A CSA official informed the committee that clients are notified of an assessment based on information that CSA has stored in its existing database together with the information that a client has supplied in response to mail-outs and other requests for information. The official also referred to the ‘online estimator’ that is available for clients to gauge the likely impact of the new child support scheme in terms of their personal circumstances.<sup>10</sup>

5.13 In relation to the new arrangements for determining child support income calculations, Senator Coonan questioned officials as to their assessment of its application so far. A CSA official replied that change is often viewed with uncertainty by clients, but that CSA had put in place additional staff to answer all inquiries that the agency has received from clients.<sup>11</sup>

### **Centrelink**

5.14 The main subjects of discussion relating Centrelink included:

- the appointment of a new Chief Executive Officer;
- compliance issues and data-matching;
- baby bonus payments; and
- changes to income testing for the seniors health card.

#### ***Appointment of a new Chief Executive Officer***

5.15 With the recent announcement of the resignation of the Chief Executive Officer (CEO), Senator Coonan sought details about what action Centrelink is undertaking to find a replacement.<sup>12</sup>

5.16 A DHS official stated that the current CEO will finish on 24 June 2008. Furthermore a merit based process will be used to select an appropriate candidate using a selection process as per the normal public service process. The committee was informed that an interim arrangement will be put in place whereby the Deputy

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9 Senator Coonan, *Estimates Hansard*, 29 May 2008, p. 27.

10 Mr Matt Miller, General Manager, Child Support Agency, *Estimates Hansard*, 29 May 2008, p. 27.

11 Mr Matt Miller, General Manager, Child Support Agency, *Estimates Hansard*, 29 May 2008, p. 28.

12 Senator Coonan, *Services Estimates Hansard*, 29 May 2008, pp 30–31.

Chief Executive Officer of the Customer Service division will act in the position of CEO until a replacement is found.<sup>13</sup>

### ***Compliance issues and data-matching***

5.17 Senator Coonan questioned Centrelink about the practice of data-matching people's financial and other information between government agencies including the Australian Taxation Office and Australian Customs.<sup>14</sup>

5.18 Senator Ludwig provided the committee with a useful account of the two Budget measures that were introduced to support the data-matching program:

There are two elements to the data matching program announced in the budget; data matching with banks and the ATO. For banks the 2008-09 budget provided...\$138.9 million [in] funds to allow Centrelink to expand. It is to expand the Commonwealth Bank data matching scheme and to start working with other major financial institutions. In respect of the ATO, the data matching program...is also being expanded.<sup>15</sup>

5.19 Although a Centrelink official could not inform the committee about the estimated savings from the data matching programs, the committee was informed that 41 500 people are expected to have their bank accounts reviewed over the next four years.<sup>16</sup>

### ***Baby bonus payments***

5.20 Senator Coonan raised with Centrelink issues surrounding the administrative processes behind the payment of the baby bonus. The committee was provided with specific information including how many baby bonus payments have been made, and an outline of the changes that have been made to income thresholds.<sup>17</sup>

5.21 A Centrelink official informed the committee that for the 2006–07 financial year, 286 896 people received payments that were previously referred to as maternity payments. Senator Ludwig informed the committee about the government's new arrangements for the administration of the payments will include the introduction of an eligibility means test for families earning up to \$150 000.<sup>18</sup> Senator Ludwig justified the government's decision stating:

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13 Ms Kerri Hartland, Acting Secretary, Department of Human Services, *Estimates Hansard*, 29 May 2008, p. 31.

14 *Estimates Hansard*, 29 May 2008, pp 38–47.

15 Senator the Hon Joe Ludwig, Minister for Human Services, *Estimates Hansard*, 29 May 2008, p. 39.

16 Mr Jeff Whalan, Chief Executive Officer, Centrelink, *Estimates Hansard*, 29 May 2008, p. 39.

17 *Estimates Hansard*, 29 May 2008, pp 48–49.

18 Senator the Hon Joe Ludwig, Minister for Human Services, *Estimates Hansard*, 29 May 2008, p. 48.



Income tests will be based on the family's income in the six months following birth on a pro rata annual basis, that is, \$75,000 over six months. This will ensure that the timing of the birth within a financial year does not affect the family's eligibility. The income threshold will also be indexed annually and the new means test will affect less than 6 per cent of families, that is, 16,000 out of 293,000 expected births in 2008-09. It will be paid in 13 fortnightly instalments from the date of the claim. Paying the baby bonus in a fortnightly instalment better supports families who often experience a drop in income after the birth of a child.<sup>19</sup>

### *Changes to income testing for the seniors health card*

5.22 Senator Coonan also questioned Centrelink officials about changes that the government intends to make to the eligibility requirements for people seeking a seniors health card.

5.23 The committee was informed that there will be four elements taken into account when assessing the income of people applying for a seniors health care card.<sup>20</sup> An official stated:

For the purpose of determining eligibility for this card the adjusted taxable income test will change. The changes include gross income from a superannuation income stream with a taxed source. That will be added to the customer's income. Income that is salary sacrificed to superannuation will be added to the customer's income. Net losses incurred through financial investments will be added to the customer's income and both members of a couple for all health care card holders will have income assessed on the same tax year. In previous years we have accepted income tax assessed in different years.<sup>21</sup>

5.24 Other issues that the committee examined in relation to Centrelink included:

- the development of an income management card;<sup>22</sup>
- child protection pilot and school attendance and enrolment pilot;<sup>23</sup>
- Keeping System Fair multimedia campaign;<sup>24</sup>
- Changes to Welfare to Work;<sup>25</sup>
- staffing levels;<sup>26</sup> and

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19 Senator the Hon Joe Ludwig, Minister for Human Services, *Estimates Hansard*, 29 May 2008, p. 48.

20 Ms Natalie Howson, General Manager, Centrelink, *Estimates Hansard*, 29 May 2008, p. 50.

21 Ms Natalie Howson, General Manager, Centrelink, *Estimates Hansard*, 29 May 2008, p. 50.

22 *Estimates Hansard*, 29 May 2008, pp 55–61.

23 *Estimates Hansard*, 29 May 2008, p. 62.

24 *Estimates Hansard*, 29 May 2008, p. 64.

25 *Estimates Hansard*, 29 May 2008, pp 65–73.

- different types of payment cards.<sup>27</sup>

### **Medicare Australia**

5.25 The committee briefly examined Medicare Australia. The notable issues covered during this examination included:

- the use of the Medicare Card;<sup>28</sup> and
- the establishment of new Medicare offices.<sup>29</sup>

### **Australian Hearing**

5.26 The committee also briefly examined Australian Hearing. The notable issues covered during this examination included:

- the provision of universal newborn hearing services;<sup>30</sup>
- the provision of hearing services within the Northern Territory;<sup>31</sup>

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26 *Estimates Hansard*, 29 May 2008, pp 73–77.

27 *Estimates Hansard*, 29 May 2008, pp 77–83.

28 *Estimates Hansard*, 29 May 2008, pp 84–85.

29 *Estimates Hansard*, 29 May 2008, p. 86.

30 *Estimates Hansard*, 29 May 2008, pp 89–90.

31 *Estimates Hansard*, 29 May 2008, pp 90–91.

- reforming the Hearing Services Consultative Committee;<sup>32</sup> and
- support for people with hearing impairments entering the workforce.<sup>33</sup>

**Senator Helen Polley**

**Chair**

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32 *Estimates Hansard*, 29 May 2008, p. 91.

33 *Estimates Hansard*, 29 May 2008, p. 91.



# Appendix 1

## Departments and agencies under the Committee's oversight

### Parliamentary departments

- Department of the Senate; and
- Department of Parliamentary Services.

### Prime Minister and Cabinet Portfolio

- Department of the Prime Minister and Cabinet;
- Department of Climate Change;
- Australian Institute of Family Studies;
- Australian National Audit Office;
- Australian Public Service Commission;
- National Archives of Australia;
- Office of the Commonwealth Ombudsman;
- Office of the Inspector-General of Intelligence and Security;
- Office of National Assessments;
- Office of the Official Secretary to the Governor-General;
- Office of the Privacy Commissioner; and
- Office of the Renewable Energy Regulator.

### Finance and Deregulation Portfolio

- Department of Finance and Deregulation;
- Australian Electoral Commission;
- Commonwealth Superannuation Administration;
- Australian Reward Investment Alliance;
- Australian River Company Ltd;
- Future Fund Management Agency;
- Medibank Private Ltd
- Australian Industry Development Corporation

**Human Services Portfolio**

- Department of Human Services (includes Child Support Agency and CRS Australia)
- Centrelink;
- Medicare Australia;
- Australian Hearing; and
- Health Services Australia.

## Appendix 2

### Changes to Outcome / Output Structures

#### Department of the Prime Minister and Cabinet

Outcome/Output	Details
<b>Outcome 1</b>	<b>Sound and well coordinated government policies, programs and decision making processes</b>
<u>Output Group 1</u>	Economic and Industry Policy
Output 1.1	Economic and Industry Policy
<u>Output Group 2</u>	Social Policy
Output 2.1	Social Policy
Output 2.2	Work and Family
Output 2.3	Social Inclusion
<u>Output Group 3</u>	International and National Security Policy
Output 3.1	International Policy
Output 3.2	National Security Policy
Output 3.3	APEC Taskforce <sup>1</sup>
<u>Output Group 4</u>	Strategic Policy
Output 4.1	Strategic Policy
<u>Output Group 5</u>	Support Services for Government Operation
Output 5.1	Cabinet Support
Output 5.2	Machinery of Government
Output 5.3	Support to Official Establishments
Output 5.4	Support for Ministerial Offices
Output 5.5	Ceremonial and Hospitality

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<sup>1</sup> Activity is reported against Output 3.3: APEC Taskforce 2007–08 only reflecting the lapsing nature of these activities.

Output 5.6	Freedom of Information and Privacy Policy
Output 5.7	2020 Summit <sup>2</sup>
Output 5.8	Government Communications <sup>3</sup>

### **Future Fund Management Agency**

<b>Outcome/Output</b>	<b>Details</b>
<b>Outcome</b>	<b>Managing and growing publicly funded investments to meet future financial needs and contribute to the prosperity of future generations of Australians</b>
Output 1.1	Management of the Future Fund
Output 1.2	Management of the Higher Education Endowment Fund

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2 Activity is reported against Output 5.7: 2020 Summit for 2007–08 only reflecting the lapsing nature of these activities.

3 The PM&C PBS p. 21 states: 'With the abolition of the Government Communications Unit (GCU) and transfer of AUSPIC to the Department of Finance and Deregulation, the outputs have been renumbered with GCU and AUSPIC being reported against Output 5.8 Government Communications in 2007–08, for the period that these functions were part of the Department of the Prime Minister and Cabinet'.



# Appendix 3

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1 Page numbers correspond to the proof *Hansards*. Sometimes there are slight variations with the final version.

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