

The Senate

Finance and Public Administration
Legislation Committee

Budget estimates 2011–12

June 2011

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Chapter 1

Budget Estimates 2011–12

1.1 On 10 May 2011, the Senate referred to the Finance and Public Administration Legislation Committee (the Committee), the following documents for examination and report:

- particulars of proposed expenditure in respect of the year ending on 30 June 2012;
- particulars of certain proposed expenditure in respect of the year ending on 30 June 2012; and
- particulars of proposed expenditure in relation to the parliamentary departments in respect of the year ending on 30 June 2012.

Portfolio coverage

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

- Parliament¹;
- Prime Minister and Cabinet portfolio, including the Department of Regional Australia, Regional Development and Local Government; and
- Finance and Deregulation portfolio.

1.3 Appendix 1 lists the departments, agencies, authorities and companies under the portfolios mentioned above.

Portfolio Budget Statements

1.4 There were few changes to the portfolios under the Committee's oversight in the respective Portfolio Budget Statements. The only notable change was to the Department of Regional Australia, Regional Development and Local Government (DRARDLG) following the natural disasters of late 2010-early 2011. The Prime Minister announced on 7 February 2011, new governance arrangements within the department to provide coordination and oversight of the Commonwealth Government's contribution to the recovery and reconstruction effort.

1.5 The Commonwealth National Disaster Recovery Taskforce (the Taskforce) was established to provide strategic direction and oversight of the Commonwealth Government's contribution to reconstruction efforts in response to the disasters. The

1 As a matter of comity between the Houses, 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.

Taskforce also provides secretariat support to the Australian Government Reconstruction Inspectorate chaired by former Federal Minister for Finance, Mr John Fahey AC.²

Hearings

1.6 The Committee held public hearings on Monday, 23 May through to Thursday, 26 May 2011. Over the course of the four days' hearings—totalling over 37 hours—the Committee took evidence from the President of the Senate, Senator the Hon John Hogg; Senator the Hon Chris Evans, Minister for Tertiary Education, Skills, Jobs and Workplace Relations; Senator the Hon Mark Arbib, Minister for Sport, Minister for Indigenous Employment and Economic Development and Minister for Social Housing and Homelessness;³ Senator the Hon Nick Sherry, Minister for Small Business;⁴ and Senator the Hon Penny Wong, Minister for Finance and Deregulation, together with officers of the departments and agencies concerned. The Committee expresses its appreciation for the assistance of the President, Ministers, Departmental Secretaries and the officers who appeared before it.

1.7 Old Parliament House was the only agency released from the hearings without examination.

1.8 The following agencies were dismissed prior to the hearings: Office of the Australian Information Commissioner; National Australia Day Council; Australian Sports Commission; Australian Sports Foundation Ltd; Australian Sports Anti-Doping Authority; Australian National Maritime Museum; Australian Film, Television and Radio School; Bundanon Trust; Australia Business Arts Foundation; Albury-Wodonga Development Corporation; Australian River Co Ltd; and ASC Pty Ltd.

1.9 The Hansard transcripts of evidence are available on the internet at: <http://www.aph.gov.au/hansard/index.htm>

1.10 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, 8 July 2011.

1.11 Further written information from departments and agencies will be tabled, as received, in the Senate. This information is available on the Committee's website: http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/index.htm

2 Department of Regional Australia, Regional Development and Local Government, *Portfolio Budget statements 2011-12, Budget related paper no. 1.15B* pp 3-5.

3 Senator the Hon Mark Arbib replaced Senator the Hon Chris Evans as Minister at the table after the dinner break on Monday, *Estimates Hansard*, 23 May 2011, pp 87-97.

4 Senator the Hon Nick Sherry replaced Senator the Hon Chris Evans and Senator the Hon Mark Arbib as Minister at the table after the afternoon tea break on Tuesday, *Estimates Hansard*, 24 May 2011, pp 63-83.

Procedural and other matters

Requests for officers to appear

1.12 The Committee requested the appearance at the estimates hearings of Mr John Fahey, recently appointed chair of the Australian Government Reconstruction Inspectorate and Mr Bret Walker, the new Independent National Security Legislation Monitor. Mr Fahey was unable to attend the hearing due to prior commitments, however, Mr Walker attended to provide evidence and the Committee thanks him for making himself available.

Provision of answers to questions on notice

1.13 At the commencement of the estimates hearings a number of answers to questions on notice remained outstanding from the Additional Estimates hearings of February 2011. The Committee had set 15 April 2011 for the date by which answers were to be provided.

1.14 When the Finance and Deregulation portfolio appeared on 25 May 2011, nearly six weeks after the date for receipt of answers, seven answers remained outstanding. In particular, the Committee's attention was drawn to an unanswered question concerning the provision of legal advice by the Director of Public Prosecutions to the Australian Electoral Commission (AEC). At the Committee's hearing of 22 February, the AEC initially sought to make a claim of public interest immunity in relation to the provision of this advice. The Minister then took the question on notice.⁵

1.15 During the hearing of 26 May, the AEC indicated that the response to the question had been provided to the Special Minister of State in mid March 2011. Following consideration of this matter by the Committee, the Chair expressed concern that answers to questions from the Additional Estimates remained outstanding. The Chair indicated the seriousness of the matter and requested that the answers be provided as soon as possible.

1.16 All remaining answers from the Finance and Deregulation portfolio were provided to the Committee on Friday, 27 May. The Committee acknowledges the speed with which the answers were provided following the hearing, however the Committee notes that the estimates process is an important accountability mechanism and committees expect timely responses to the questions put to departments and agencies.

5 See paragraph 1.19 of the Committee's previous report: Senate Finance and Public Administration Legislation Committee, *Additional estimates 2010-11*, March 2011, pp 4-5.

Evidence provided by the Department of Parliamentary Services

1.17 The examination of the Department of Parliamentary Services (DPS) again canvassed issues in relation to the sale, in late 2010, of billiard tables from Parliament House.

1.18 At the Additional Estimates, DPS indicated that its policy was to require a heritage assessment of any items being disposed of, or declared surplus, and that in the case of the billiard tables, they were assessed as having no heritage value.⁶ In an answer to a question on notice seeking the provision of the heritage assessment, DPS provided a copy of the 'Declaration of surplus or unserviceable items form' dated 6 July 2010 and the asset register with an undated hand written annotation.⁷

1.19 During questioning on the asset register and the hand written annotation provided, DPS indicated that '[t]he recollection of the officer is that it was signed after 21 February, so it was after the estimates hearing in February'.⁸ In relation to whether a heritage assessment had been undertaken, Mr David Kenny, DPS, stated that 'I think it is clear that the advice at the last estimates was not correct, that a heritage assessment had already taken place'.⁹ Further, Mr Kenny commented:

The realisation that the heritage assessment had not taken place—I became aware of that at about 20 past one this afternoon...there was some more investigation being done internally as to the history, noting that the history of all the billiard tables, in terms of the records available to us, was not clear—therefore it took a little bit longer to work through—but at about 20 past one I was advised that the heritage assessment had not been done at the time of the sale.¹⁰

1.20 The Committee has requested that DPS provide the original version of the Declaration of surplus or unserviceable items form and the asset register with the heritage assessment annotation. The Committee will then consider the matter further.

Australian National Audit Office

1.21 During the Committee's examination of the Australian National Audit Office (ANAO), the Committee canvassed the ANAO's role in auditing third party contractors. When questioned on the impact this would have on the ANAO's workload, the Auditor-General stated:

6 *Estimates Hansard*, 21 February 2011, p. F&PA 31.

7 Additional Estimates 2010–11, *Department of Parliamentary Services, Answer to question on notice, No 27*.

8 *Estimates Hansard*, 23 May 2011, p. F&PA 43.

9 Mr David Kenny, Department of Parliamentary Services, *Estimates Hansard*, 23 May 2011, p. F&PA 43.

10 Mr David Kenny, Department of Parliamentary Services, *Estimates Hansard*, 23 May 2011, p. F&PA 44.

I have said to the public accounts committee that we would not be looking for any additional resources for this purpose. We currently do somewhere between 45 and 55 performance audits a year, and I at least saw it as a substitution issue. If we were going to do further work, in particular audits, then we would adjust our program elsewhere...It is all relative.¹¹

1.22 The Committee welcomes the expansion of the ANAO's role in relation to third party contractors in Government projects. The Committee will continue to monitor the effect of these third party audits on the ANAO's workload and resources.

11 Mr Ian McPhee, Australian National Audit Office, *Estimates Hansard*, 24 May 2011, pp F&PA 35-36.

Chapter 2

Consideration of portfolios, departments and agencies

2.1 The following discussion provides an overview of the issues canvassed during the estimates hearings. The order is not based on hierarchy but rather on the order in which the portfolio issues arose during the hearings.

Department of the Senate

2.2 The main issue discussed with the Department of the Senate was the effect of the changeover of the Senate taking place from 1 July 2011. The Committee questioned the department on how it will cope with this changeover, particularly with the swearing in of new Senators in July. There are twelve new Senators arriving in Parliament House. The Usher of the Black Rod explained the process for helping retiring Senators leave their offices and new Senators settling in. He also noted that the process for office allocations was based on a seniority list relating to Senators' positions on the ballot.¹

2.3 In addition, the department explained the current level of activity of the Committee office, and similarly to last estimates, the Committee discussed the fluctuating workload of the office and how the department deals with staffing in this environment. Questions were also put to the department on how it supports committee staff during inquiries that deal with sensitive issues.

2.4 Other issues covered by the Committee included updates to Odgers' Australian Senate Practice, public education and awareness activities relating to the Senate,² the issue of vision impaired access to submissions provided to committees and the work currently being carried out to improve access to committee inquiries online. The Clerk noted that she would update the Committee on the progress of the department on this issue at the next round of estimates.³

Department of Parliamentary Services

2.5 The Committee opened questioning of the Department of Parliamentary Services on the establishment of the proposed Parliamentary Budget Office (PBO). The department explained that the Department of Finance and Deregulation (Finance) currently has oversight of the office. However, DPS commented on the structure of the PBO; with the Secretary stating 'conceptually I envisage it as being the fourth

1 *Estimates Hansard*, 23 May 2011, pp F&PA 4-8.

2 *Estimates Hansard*, 23 May 2011, pp F&PA 3-4.

3 *Estimates Hansard*, 23 May 2011, pp F&PA 8-12.

parliamentary service department, accountable to the parliament, not to executive government'.

2.6 The Committee discussed with DPS the funding for the Office, possible staffing arrangements and its possible location within the Parliamentary Library. In relation to the start date of the office, DPS noted that it had received advice from Finance that 'they would be hoping for all of the legislation to be in place and appointments to have been initiated voluntarily so the new PBO could operate from early in 2012'.⁴

2.7 The Committee questioned DPS on current work to improve disability access to Australian Parliament House (APH) and advice DPS received from the Disability Discrimination Commissioner, Mr Graeme Innes, on his experience in the APH carpark. DPS explained the action taken following this advice and other changes to parking conditions for easier access to the APH childcare centre.⁵

2.8 The Committee raised the issue of recent media coverage of bullying allegations within DPS. During questioning on this issue, it was revealed that the Parliamentary Librarian is currently responsible for the human resources functions of DPS. Further questions on the bullying allegations within DPS covered the induction processes for new staff and the incidence of bullying with the department. The Committee noted the significance of this issue and its intention to pursue the matter at future estimates hearings.⁶

2.9 Following on from previous estimates, the Committee questioned DPS on billiard tables from Parliament House that were sold in late 2010. The heritage assessment of the tables was discussed (see also paragraph 1.17) and the qualifications of the disposal delegate responsible for writing the heritage assessment. The Committee also questioned DPS on where, and when, the tables had been auctioned and the decision relating to which of the tables were to be auctioned.⁷

2.10 Questions to the Parliamentary Library covered the scope of the legal advice the Library is able to offer, the cost of the Library's press clippings and the progress of the indexing backlog.⁸

2.11 The Committee questioned the department on several security issues relating to Parliament House including: parliamentary security officer vacancies; plans to change the security measures at the Senate and House of Representatives entrances; and, cost savings related with remote or electronic access.⁹ In addition, issues relating

4 *Estimates Hansard*, 23 May 2011, p. F&PA 14.

5 *Estimates Hansard*, 23 May 2011, pp F&PA 16-19.

6 *Estimates Hansard*, 23 May 2011, pp F&PA 19-23.

7 *Estimates Hansard*, 23 May 2011, pp F&PA 23-25, 33-37, 43-48.

8 *Estimates Hansard*, 23 May 2011, pp F&PA 25-30.

9 *Estimates Hansard*, 23 May 2011, pp F&PA 30-33.

to the building operations included participation in Earth Hour, catering arrangements, status of the solar panel trial currently being carried out and the planned office furniture makeover.¹⁰

2.12 The Committee also questioned the department on IT issues including recent outages, IT security, the merging of Parliament House and electorate office computer systems and the possible use of iPads through the APH wireless network.¹¹

Prime Minister and Cabinet Portfolio

Office of the Official Secretary to the Governor-General

2.13 Mr Stephen Brady, the Official Secretary to the Governor-General, noted in his opening statement that a range of austerity measures had been implemented at Government House to cut costs and create efficiencies. This has led to significant savings for the office, while at the same time the Governor-General 'has attended almost double the number of external engagements, has hosted over 40 per cent more internal events and is patron of 50 per cent more community organisations'.¹²

2.14 The Committee discussed the Australian wedding gift to the Duke and Duchess of Cambridge and the Governor-General's trip to the United Kingdom for the ceremony, including the functions she attended.¹³ In addition, the Committee questioned the Official Secretary on various contracts for the office and the Governor-General's upcoming travel.

2.15 Following on from last estimates, the Committee canvassed the travel arrangements for the presentation of the unit citation for gallantry to veterans of Delta Company, 6th Battalion Royal Australian Regiment.¹⁴

2.16 Lastly, the Official Secretary provided the Committee with the Governor-General's gift-registry, the Office's revised gift policy and some information on recent gifts received by Her Excellency.¹⁵

Department of the Prime Minister and Cabinet

2.17 The Committee discussed the involvement of the Department of the Prime Minister and Cabinet (PM&C) in relation to its support of the COAG reform agenda and the timeframes for considering the work of the Housing Supply and Affordability

10 *Estimates Hansard*, 23 May 2011, pp F&PA 19, 37-43.

11 *Estimates Hansard*, 23 May 2011, pp F&PA 43-51.

12 Mr Stephen Brady, Office of the Official Secretary to the Governor-General, *Estimates Hansard*, 23 May 2011, p. F&PA 53.

13 *Estimates Hansard*, 23 May 2011, pp F&PA 53-54.

14 *Estimates Hansard*, 23 May 2011, pp F&PA 54-57.

15 *Estimates Hansard*, 23 May 2011, p. F&PA 57.

Working Party, the finalisation of the development assessment reform agenda and the identification of future reform agendas. Other COAG issues covered include the review of payroll tax, directors' liability reforms, the planning, zoning and development assessment processes and the reforms of the standing structures of COAG.¹⁶

2.18 The COAG Reform Council (CRC) secretariat appeared before the Committee for the first time as part of the Prime Minister and Cabinet portfolio. The officers of the secretariat provided the Committee with information on the reporting process of the COAG Reform Council and the process for COAG considering these reports. Following on from issues raised at previous estimates, the Committee noted that there was no specific indigenous affairs council, the CRC secretariat stated that '[h]ow COAG works out how to do its Indigenous relationships across its states and territories and its ministerial councils is an issue for the jurisdictions. It is not one for the council'.¹⁷

2.19 The Committee recommenced questioning of the department on the establishment and role of the National Mental Health Commission. PM&C noted that it will be a separate executive agency and that:

The functions of the commission will include managing and administering the annual National Report Card on Mental Health and Suicide Prevention...It will include: collating, analysing and developing data and analysing emerging trends and indicators in mental health; providing policy advice to government in consultation with relevant lead agencies.¹⁸

2.20 The Committee commented on the establishment of the Office of the Not-for-Profit sector. Questions relating to this Office covered staffing, the relationship between the Office for the Not-for-Profit sector and the Australian Charities and Not-for-Profits Commission and the establishment of the online portal to reduce the reporting process. Other questions to the department covered the volunteer management program.¹⁹

2.21 In addition, the Committee discussed the Commonwealth Heads of Government Meeting (CHOGM) to be held in Perth later this year. The Committee canvassed the cost of the opening ceremony, the staffing of the CHOGM taskforce and the security and level of involvement of law enforcement agencies at the event.²⁰

16 *Estimates Hansard*, 23 May 2011, pp F&PA 59-66.

17 *Estimates Hansard*, 23 May 2011, pp F&PA 66-70.

18 Mr Ben Rimmer, Department of the Prime Minister and Cabinet, *Estimates Hansard*, 23 May 2011, p. F&PA 77.

19 *Estimates Hansard*, 23 May 2011, pp F&PA 87-97.

20 *Estimates Hansard*, 23 May 2011, pp F&PA 111-114.

2.22 The Committee covered the topic of WikiLeaks and the advice the department provided to the Prime Minister on this matter. PM&C noted that it chairs the Interdepartmental Committee for managing across Government the issue of WikiLeaks and 'certainly provided briefing[s] to the Prime Minister ahead of the first publication of that material [the department of state cables] on the internet'. PM&C also stated that 'following a meeting of the interdepartmental committee...we agreed that, given the very slow release of the material into the public domain, task force members could continue to assist in that coordinated effort from their home agencies'.²¹

2.23 Further issues relating to national security and international policy raised by the Committee were the allegations made in *The Age* relating to delays by the Prime Minister to read and sign urgent material provided to her. PM&C stated 'the documents were for information...there was no immediate action that we officials were waiting for. The urgency of which you speak is certainly not apparent from our point of view'.²² Other national security issues raised included the decrease in funding for the national security area, the cyber policy coordination unit, the Australian Government's policy position in relation to Libya and the National Counter-Terrorism Plan.²³

2.24 Other issues raised by the Committee in PM&C outcome 1 included:

- the mining tax;
- the leaders' debate commission;
- staffing at PM&C;
- entitlements of the Prime Minister's partner;
- communicating with the Prime Minister via email;
- the process for approving Minister's international travel;
- Community Cabinet meetings;
- Parliament House Briefing Room;
- new medals and awards announced by the Prime Minister;
- the Royal Coach Britannia, a gift for the 80th birthday of Queen Elizabeth II;
- electricity costs at Kirribilli House and staffing at the official residences; and
- the Prime Minister's wine cellar.

2.25 The main areas of interest for the Committee relating to the Office for the Arts, PM&C outcome 2, were the effect of the portfolio-wide efficiency dividend on

21 *Estimates Hansard*, 23 May 2011, pp F&PA 114-118.

22 *Estimates Hansard*, 24 May 2011, p. F&PA 6.

23 *Estimates Hansard*, 24 May 2011, pp F&PA 11-17.

agencies, possible effects of the luxury car tax exemption for public museums and art galleries, and the most recent formal visits from the Prime Minister and/or responsible Minister to each institution. In addition, the department discussed its work on the National Cultural Policy and the findings of the review by Mr Harold Mitchell on the private sector's support for the arts in Australia.

2.26 The Committee questioned the department on the appointment of the Chief Executive Officer of the Indigenous Australian Art Commercial Code of Conduct, the decision to deny funding to Co-opera and the progress since last estimates of the resale royalty scheme.²⁴

2.27 Screen Australia discussed the announcement by the Government of the \$56 million support package for the film and television industry. The Committee also noted the budget measure to provide funding to re-instate the Australian Bureau of Statistics screen industry survey to deliver the latest comprehensive data on the sector.²⁵

2.28 The following specific issues were raised with individual agencies:

- input by the Australia Council to the National Cultural Policy;
- the National Archives noted that it has changed the way Cabinet records are released, by releasing a selection rather than all Cabinet records to save on resources;
- the National Library of Australia provided details on its monetary assets and its upcoming touring exhibitions;
- the current storage requirements of the National Film and Sound Archive, particularly for nitrate film, were discussed along with the Australian films compulsory collection policy; and
- the National Gallery of Australia noted the exhibitions that would be postponed to meet budget cuts and the extra costs associated with the extension of the Gallery.²⁶

2.29 In relation to PM&C outcome 3: sport and recreation, the Committee noted the Government's increased funding of sport over the forward estimates. The department provided an update on the Active After-School Communities program and its extension to December 2012. The Committee briefly discussed the process leading up to the 2015 Asian Cup and the review being undertaken by Mr Warwick Smith into the administration of football during this lead-up period.²⁷

24 *Estimates Hansard*, 24 May 2011, pp F&PA 88-95.

25 *Estimates Hansard*, 24 May 2011, pp F&PA 66-70.

26 *Estimates Hansard*, 24 May 2011, pp F&PA 70-88.

27 *Estimates Hansard*, 24 May 2011, pp F&PA 95-99.

Australian Public Service Commission

2.30 The Committee questioned officers of the Australian Public Service Commission (APSC) on the general decline of people with disabilities being employed in the Australian Public Service. In response to this decline, the Public Service Commissioner stated:

We have got a number of strategies in place at agency level to establish forums to share good practice. There is the disability steering group. Recently we have amended the commissioner's directions regarding recruitment activity to make it easier to recruit people with a disability.²⁸

2.31 The Committee discussed the requirements of the Public Service Commissioner to issue certificates of dismissal to senior employees. In particular, the Committee canvassed the dismissal case of Ms Jane Wolfe and the legal proceedings surrounding the dismissal and subsequent re-instatement.²⁹ The Committee also covered CPSU bargaining relating to the APSC and the progress of work following the release of the report, *Ahead of the Game: Blueprint for the Reform of Australian Government Administration*.³⁰

Australian National Audit Office

2.32 The Australian National Audit Office (ANAO) responded to questions from the Committee in relation to the private member's bill, Auditor-General Amendment Bill 2011, and the effects this could have on its powers if passed by the Parliament. The Committee also noted the process for the Office to decide on audit topics, several recent performance audits and the effect of the efficiency dividend on the agency.³¹

2.33 The Committee discussed the possibility of the ANAO auditing third party contractors and the impact this would have on the agency's workload (see paragraph 1.21). The issue of auditing inter-jurisdictional government agencies was also raised. The Auditor-General explained how this could be approached:

I always say it is important when these bodies are established that, as part of the governance arrangements, consideration be given to the auditing arrangements...If it is controlled by the Commonwealth, it is subject to financial statement audit by us, and generally speaking, we can do performance audits...I think when it comes to Commonwealth-state bodies, unless there is something that has been arranged or agreed by ministers, we

28 Mr Stephen Sedgwick, Australian Public Service Commission, *Estimates Hansard*, 24 May 2011, p. F&PA 23.

29 *Estimates Hansard*, 24 May 2011, pp F&PA 24-31.

30 *Estimates Hansard*, 24 May 2011, pp F&PA 31-34.

31 *Estimates Hansard*, 24 May 2011, pp F&PA 35-44.

would not have a natural entree to be doing the audit, nor would I wish to be doing the audit without the cover.³²

Australian Institute of Family Studies

2.34 The Committee questioned the cuts to the Australian Institute of Family Studies due to the efficiency dividend and other savings measures. The Committee also discussed the findings of the recently published report, *Families in Australia 2011: Sticking together in good and tough times*, and the Institute's study being carried out into adoption practices in Australia.³³

Office of the Commonwealth Ombudsman

2.35 The Committee focussed its questioning of the Office on its Immigration Ombudsman role, in particular the power to review individual cases of people who have been in detention for a certain amount of time. The Ombudsman stated:

There are two aspects to our supervision of those folk. The first is a statutory one that when somebody has been in immigration detention for two years or more we are required to do a review of the circumstances and we report to both the minister and we provide a de-identified report that is tabled in parliament. By another arrangement with the former minister for immigration, we undertake similar reviews at six months. When we first started doing that a couple of years ago the numbers in that were in the hundreds. Now, of course, they are in the thousands. I guess we are really struggling to find a way of meaningfully interviewing that many people and providing reports to the secretary of the department about aspects of, say, mental health or suitability of people remaining on Christmas Island rather than being brought on the mainland and things like that.³⁴

2.36 The Committee also noted several of the Ombudsman's reports to the Government on the situation of Christmas Island and other reports currently in development on similar issues.³⁵

Independent National Security Legislation Monitor

2.37 This was the first appearance of the Independent National Security Legislation Monitor before the Committee at an estimates hearing. The Committee questioned Mr Bret Walker on the staff numbers and budget of his office, the overall responsibilities of the role and the reasons behind the delay of his appointment.³⁶

32 Mr Ian McPhee, Australian National Audit Office, *Estimates Hansard*, 24 May 2011, p. F&PA 37.

33 *Estimates Hansard*, 24 May 2011, pp F&PA 44-50.

34 Mr Allan Asher, Office of the Commonwealth Ombudsman, *Estimates Hansard*, 24 May 2011, p. F&PA 50.

35 *Estimates Hansard*, 24 May 2011, pp F&PA 50-53.

36 *Estimates Hansard*, 24 May 2011, pp F&PA 53-56.

Office of the Inspector-General of Intelligence and Security

2.38 The Office of the Inspector-General of Intelligence and Security answered questions in relation to the Office's increased staff levels, the Government's independent review of the intelligence community and the Intelligence Services Legislation Amendment Bill currently before the Parliament and the possible affects this bill could have on the work of the Inspector-General.

2.39 Following on from topics raised at previous estimates rounds, the Committee discussed the progress of the current inquiry into the arrest and detention overseas of Mr Mamdouh Habib and the number and content of complaints received relating to Australian Intelligence Community agencies.³⁷

Office of National Assessments

2.40 The Office of National Assessments was questioned on staffing levels, external contracts relating to legal, cyber and nuclear proliferation advice provided to the Director-General and the progress of the planned reallocation of the Office.

Department of Regional Australia, Regional Development and Local Government

2.41 The Committee opened questioning of the Department of Regional Australia, Regional Development and Local Government on the National Disaster Recovery Task Force and the arrangements in place for the funding to Victoria and Queensland following the recent natural disasters. In response, the department stated 'the elements [of the two agreements with the Commonwealth] are substantially the same' however, as Queensland has a Reconstruction Authority the governance arrangements are different.³⁸

2.42 In response to questions on the differences in the roles of the Australian Government Reconstruction Inspectorate and the National Disaster Recovery Task Force, the department stated:

In terms of the oversight, in terms of the value-for-money framework that we put in place through the national partnership agreements, the government decided to set up an inspectorate function, headed by John Fahey, to look at how best those Commonwealth and state dollars should be spent to ensure that they were well targeted and we were actually getting value for money for the dollars. The task force was set up in the department in February to provide a range of functions, particularly to support the secretariat function, to support me on the Queensland Reconstruction

37 *Estimates Hansard*, 24 May 2011, pp F&PA 57-63.

38 *Estimates Hansard*, 25 May 2011, p. F&PA 3.

Authority board, to support the sub-committee of cabinet; and to support a range of administrative functions.³⁹

2.43 Further, DRARDLG provided information on the Inspectorate's role on the ground, the process for replacing or upgrading infrastructure affected by the floods and the involvement of local small businesses in the reconstruction effort. Assistance to small businesses, and the differences between the Premier's appeal and the Natural Disaster Relief and Recovery Arrangements (NDRRA) were issues also raised by the Committee.⁴⁰

2.44 During the hearing, the Committee questioned DRARDLG on the range of programs and grants it administers to fund projects in regional Australia and local government areas. The Committee discussed the Regional Development Australia Fund and the Community Infrastructure Grants program, particularly the merit process for receiving funding from these initiatives, and the effects of the minerals resource rent tax and the efficiency dividend.⁴¹

2.45 Following on from previous estimates, the Committee discussed the Northern Australia Sustainable Futures program including the progress of the North Australian Beef Industry Study and the Cairns plan which aims at improving the economic situation of that region. In addition, the Committee questioned the Office of Northern Australia on its regional branches and the department provided a copy of the governance arrangements of the North Australian Ministerial Forum.⁴²

2.46 In relation to local government, the department provided information on the process of the recognition of local government. The officers stated that the Australian Local Government Association works with individual councils 'to build support within the local government sector...they have developed what we might call a toolkit, or packages of materials for local governments to use in selling the case for constitutional recognition within their communities'.⁴³

2.47 In addition, the Committee canvassed the issue of Norfolk Island and the current proposals for reform of the governance arrangements of the island. The lack of funding in the Budget for Norfolk Island after the 2010–11 forward estimates was raised and the department stated:

The Norfolk Island Chief Minister has written to the minister seeking further support next year. That request is still being considered by the government. As the secretary has noted, we are working in partnership with

39 Ms Glenys Beauchamp, Department of Regional Australia, Regional Development and Local Government, *Estimates Hansard*, 25 May 2011, p. F&PA 3.

40 *Estimates Hansard*, 25 May 2011, pp F&PA 3-12.

41 *Estimates Hansard*, 25 May 2011, pp F&PA 12-31.

42 *Estimates Hansard*, 25 May 2011, pp F&PA 31-39.

43 *Estimates Hansard*, 25 May 2011, p. F&PA 42.

the Norfolk Island government. No decisions have been made for future years.

The department noted '[t]he objective around putting Norfolk Island on a more sustainable financial footing does require a number of reforms to be implemented by the Norfolk Island government'.⁴⁴

2.48 The Committee traversed the issues relating to the Norfolk Island reforms, particularly the importance of tourism to the territory's economy, the meetings that have taken place leading up to the distribution of the reform road map, the running of the hospital services and superannuation entitlements for residents. Further, the Kingston and Arthurs Vale Historic Area funding arrangements were discussed, with the Committee noting the historical importance of the area.⁴⁵

2.49 Other issues canvassed during the appearance of DRARDLG included its involvement in the Regional Sponsored Migration Scheme and the Cooperative Research Centre for Remote Economic Participation. The department also provided updates on the East Kimberley Development Package, the Australian Centre for Excellence in Local Government and the national assessment framework it is conducting, Regional Development Australia committees and the funding of the Women in Local Government organisation.

National Capital Authority

2.50 During the appearance of the National Capital Authority (NCA), the Committee discussed a presentation by the Chairman of the NCA in which he claimed that Canberra was 'the most successful continued planned city in human history'. Proposals for First and Second World War memorials were also discussed, including the process and involvement of the Canberra National Memorials Committee.

2.51 The Committee questioned the NCA in relation to a media article published in the *Canberra Times* commenting on a speech by the Chief Executive Officer and the role of the Hawke review in improving the Commonwealth and ACT Governments' interaction in planning the capital.

2.52 Other topics raised with the NCA included floating turbines in Lake Burley Griffin to improve water quality, effects of the efficiency dividend and the progress of the Immigration Place project as a landscape-based commemoration to the contribution of migrants to Australia.

44 *Estimates Hansard*, 25 May 2011, p. F&PA 45.

45 *Estimates Hansard*, 25 May 2011, pp F&PA 44-51.

Finance and Deregulation Portfolio

Medibank Private Ltd

2.53 Following on from previous estimates, the Committee questioned Medibank Private on the payment of the special dividend and regular dividends to the Government. Further questions covered the value of Medibank, the lower than average premium increase and the total reserves of the company.

2.54 The Committee commented on the recent changes to private health insurance rebates to which Medibank responded:

we would... continually work away at providing members as much value as we can through our core products. More recently we have been increasing our level of health management services that we are offering to members through our product suite. We have launched a new product suite in the market earlier this year, and a range of other services that are designed to improve that ongoing value proposition of the private health insurance product.⁴⁶

2.55 In response to the Deloitte research which projected a drop of 1.6 million people over five years from private health insurance, Medibank stated that it had carried out some internal modelling and that its 'best guess...would be somewhere in the range of about 2½ per cent of the membership might downgrade their product in some way, shape or form'.⁴⁷

Department of Finance and Deregulation

2.56 The Committee opened questioning of the Department of Finance and Deregulation on the Government's planned savings measures in the Budget Papers, the total stock of Commonwealth Government Securities and the definition of savings over the forward estimates.

2.57 The Committee followed on from questioning from previous estimates relating to the review of the financial situation of the War Memorial. Finance had corrected the date of the initial conversation between the Secretary of the Department of Veterans Affairs and the Secretary of Finance.⁴⁸ This led the Committee to question the department on processes for correcting evidence provided to the Committee at estimates.

2.58 The Committee questioned Finance on the Office of Best Practice Regulation and the obligations of government departments and agencies to comply with the

46 Mr Michael Sammells, Medibank Private, *Estimates Hansard*, 25 May 2011, p. F&PA 70.

47 *Estimates Hansard*, 25 May 2011, pp F&PA 71-72.

48 *Estimates Hansard*, 25 May 2011, pp F&PA 77-81, *Estimates Hansard*, 26 May 2011, p. F&PA 37.

regulatory rules set by the Office, including exemptions granted on the basis of exceptional circumstances. The Committee noted that 'one of the departments that did not publish an annual regulatory plan was the department of finance', however Finance indicated that this was due to no additional regulatory activity in the department for the financial year.⁴⁹ The Committee also discussed the independence of the Office and the content of Regulation Impact Statements.

2.59 Act of grace and other discretionary payments were discussed with the department. The Committee looked at payments resulting from the home insulation program in particular, as well as the process for claims for payments across all Government programs.⁵⁰

2.60 The Committee canvassed the issue of additional expenditure contained in the Budget Papers where a decision has not been announced on how the money is to be spent. Finance explained:

There could be a range of reasons that it could be in there. One element of that might be it was a decision taken late in the budget process. It could be that; I am not saying it is. Often there is no opportunity to reflect that in the budget papers because you have to go back into the budget papers and if it is very late in the process you cannot do that. Other times it might just be that the government chooses not to announce it in the budget...but still to include it in the bottom line so that it is transparent at the time of the budget.⁵¹

2.61 Other issues canvassed by the Committee included the operating costs of offshore processing centres, which detention centres are Commonwealth owned and the insurance costs of these buildings. The Contingency Reserve and what initiatives are being funded through this, costings of the set-top box initiative and the efficiency dividend across the Public Service were also raised with the department.

2.62 The Committee returned to issues from previous estimates including any policy costings carried out by Finance for the Greens or independent members and the take-up by Commonwealth departments of the services of any Australian Disability Enterprises.

2.63 The department answered questions on the public sector superannuation accumulation plan, and the balances and expenditure of the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund.

2.64 In addition, the Committee noted the new work point guidelines for the Public Service, the productivity improvement from IT services, the involvement of Finance

49 *Estimates Hansard*, 25 May 2011, p. F&PA 85, *Estimates Hansard*, 26 May 2011, p. F&PA 28

50 *Estimates Hansard*, 25 May 2011, pp F&PA 97-104.

51 Mr David Tune, Department of Finance and Deregulation, *Estimates Hansard*, 25 May 2011, p. F&PA 95.

in the appointment of Mr Michael Quigley as CEO of the NBN Co., the cost to Commonwealth property as a result of the recent natural disasters, whole-of-government travel savings and the Comcar fleet.

2.65 The Committee questioned Finance on ministerial and parliamentarians' staff numbers, including the Caucus Communications Team. The increase to staff for the Greens and Independents announced in the Budget was also raised. Lastly, the Committee discussed the transfer of all members and senators IT support matters to DPS and the management report requirements for parliamentarians.

Australian Reward Investment Alliance

2.66 The Committee opened questioning of the Australian Reward Investment Alliance (ARIA) on the agency's conflict of interest policy, the make-up of the Board of Trustees and the break-down of investment of total assets, particularly in relation to hedge funds.

ComSuper

2.67 The Committee commented on the staffing decrease expected for ComSuper over the next financial year due to contracting activity of the agency. Other issues discussed included occasions of attempted fraud relating to overpayment of pensions, claims made by the CPSU relating to a bargaining claim and the break-down of the members and customers of ComSuper. As with other agencies, the Committee also discussed the effect of the efficiency dividend.

Future Fund Management Agency

2.68 The Committee returned to topics covered at previous estimates with the Future Fund including its sell-down of Telstra shareholdings, the current balance of the Fund and the investment strategy of its assets. In addition, the Committee discussed the Fund's investments in emerging market currencies, the extent of Government oversight of the Fund and the factors taken into account with international investments.

2.69 There was extensive questioning of the Future Fund on its recent divestment in ten companies involved in the manufacturing of cluster munitions including defence company Lockheed Martin Corp. In relation to the Board's decision to divest in the companies, Mr David Neal stated:

Its position on these issues is that if an economic activity for an entity based in Australia is illegal in Australia then that should not really be considered as an investment. If it contravenes an international convention that Australia has ratified, it should also not be considered as an investment.⁵²

Further, the Future Fund stated that the decision was made independently of the legislation, the Criminal Code Amendment (Cluster Munitions Prohibition) Bill 2010, currently before the Senate.⁵³ The Committee questioned the Fund on how it arrived at its decision to divest in the ten companies and why it has not gone further to divest in companies that are known to manufacture nuclear weapons.⁵⁴

Australian Electoral Commission

2.70 The Committee questioned the Australian Electoral Commission (AEC) on donations to the Australian Labor Party (ALP) from companies likely to be located outside Australia, the entity status of the organisation GetUp and requirements for ballot boxes at polling booths. The extra funding provided to the AEC in the Budget and the scope of media work by the Commission in the lead up to federal elections were issues also canvassed by the Committee.

2.71 The Committee returned to matters covered at previous estimates relating to the organisation Coastal Voice inc and its relationship with the ALP leading up to the 2007 federal election, and the court proceedings surrounding this matter.

Senator Helen Polley

Chair

53 *Estimates Hansard*, 26 May 2011, p. F&PA 18.

54 *Estimates Hansard*, 26 May 2011, pp F&PA 18-22.

Appendix 1

Departments and agencies under the Committee's oversight

Parliament

- Department of the Senate
- Department of Parliamentary Services

Prime Minister and Cabinet Portfolio

- Department of the Prime Minister and Cabinet
- Australia Business Arts Foundation
- Australia Council
- Australian Film, Television and Radio School
- Australian Institute of Family Studies
- Australian National Audit Office
- Australian National Maritime Museum
- Australian Public Service Commission
- Australian Sports Anti-Doping Authority
- Australian Sports Commission (AIS)
- Australian Sports Foundation Ltd
- Bundanon Trust
- COAG Reform Council secretariat
- Independent National Security Legislation Monitor
- National Archives of Australia
- National Australia Day Council
- National Capital Authority
- National Film and Sound Archive
- National Gallery of Australia
- National Library of Australia
- National Museum of Australia
- Office of National Assessments
- Office of the Australian Information Commissioner

- Office of the Commonwealth Ombudsman
- Office of the Inspector-General of Intelligence and Security
- Office of the Official Secretary to the Governor-General
- Old Parliament House
- Screen Australia

Finance and Deregulation Portfolio

- Department of Finance and Deregulation
- Albury-Wodonga Development Corporation
- Australian Electoral Commission
- Australian Reward Investment Alliance
- Australian River Co Ltd
- Australian Technology Group Ltd
- ComSuper
- Future Fund Management Agency
- Medibank Private Ltd

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