Special Minister of State

Incoming Government Brief – Secretary’s Overview

Congratulations on your return to government and your appointment as the Special Minister of State. I look forward to working with you and your staff.

As Special Minister of State (SMOS) you will have the responsibility for administering several complex and highly politically sensitive issues, including parliamentary entitlements, government campaign advertising and electoral matters.

In addition to these traditional areas of policy responsibility for the Special Minister of State, I understand that you have agreed with Minister Wong that you will also have responsibility for a diverse range of technical and service delivery activities that Finance oversees, such as the Australian Government Information Management Office (AGIMO), property management and administration of the Official Establishments. For the first time, these existing elements of Finance will be drawn together under the banner of the new Government Business Office, which will report to you. My senior departmental officers and I will work with you and your staff in implementing this arrangement.

Parliamentary entitlements will form a significant part of your responsibilities. You are responsible for administering the entitlements provided under a complex framework of legislation and also determinations of the Remuneration Tribunal. This can be a very sensitive area with many of your colleagues in parliament, the media and the general public.

The accompanying material in this folder provides you with an overview of the Department’s operations, including key issues that I consider are likely to require your attention in the short to medium term. This specialist material has been prepared around your responsibilities within the portfolio. It would be useful to have an early opportunity for senior officials in the Department to have a meeting (or a series of meetings) with you and your office to discuss these issues. Minister Wong has also received a copy of this material.

Finance prides itself on its focus on serving the Government of the day. It has a key objective to ensure the highest quality of public sector resource management that is conducted in an efficient, effective and ethical manner. As an overview of how the Department is structured and functions the final document in this folder, “Finance Portfolio” will give you a feel for the Department and the other portfolio entities.

Further to this material, I have some early suggestions you may wish to consider as you settle into your role.
Firstly, a key stakeholder associated with Government campaign advertising is the Chair of the Independent Communication Committee, Dr Allan Hawke AC, and you may wish to consider meeting him early in your term.

Secondly, the Australian Electoral Commission reports directly to you. I propose that you write to the Commissioner, Mr Ed Killesteyn PSM, detailing your expectations of him.

Minister, once again, welcome to the portfolio and on behalf of all the staff in Finance, we look forward to working with you and your staff.

David Tune
September 2010
Secretary’s overview
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Subject Area: Parliamentary Entitlements

Description of the Special Minister of State’s Role:

Under the Administrative Arrangements Order, the Special Minister of State (SMOS) has responsibility for administering a range of Acts concerning parliamentary entitlements. As SMOS you also administer the entitlements provided under a variety of Regulations and Determinations of the Remuneration Tribunal.

Current Issues/Election Commitments:

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Key Legislation/ Policy Parameters:


Senior Executive Contacts:

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<th>Name</th>
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Subject: Enterprise agreement for MOP(S) Act employees – formation of an Employee Consultative Group

Description:

The Commonwealth Members of Parliament Staff Enterprise Agreement 2010-2012 (Enterprise Agreement) covering employees under the Commonwealth Members of Parliament (Staff) Act 1984, requires that an Employee Consultative Group (ECG) be established within three months of the Enterprise Agreement's commencement.

Reason for Importance:

The ECG will consist of employee representation proportional to MOP(S) Act employee numbers on a party basis, along with representatives of the Community and Public Sector Union, the Australian Services Union, and the Media, Entertainment and Arts Alliance. You may nominate a representative to attend ECG meetings and you will be represented by Finance. ECG Secretariat support is undertaken by Finance.

The ECG is an important avenue for MOP(S) Act employees to be consulted on matters relating to their employment including changes to, or the establishment of, guidelines to the Enterprise Agreement. The ECG is required to meet at least four times in each calendar year.

The Enterprise Agreement commenced operation on 29 April 2010, however, the process for establishing the ECG was not completed prior to Parliament being prorogued. The ECG is re-established following each election to reflect changes to staff numbers on a party basis.

The interpretation and administration of the Enterprise Agreement continues to be assisted by the previous collective agreement’s guidelines. However, many new or amended provisions will require guidelines to clarify their administration.

Action required in 2010:

- Approve a Ministerial Circular for issue to all Senators and Members and their employees regarding the process for establishing the ECG.

- Sign letters to the major political parties’ leaders and the Chief Government Whip inviting their offices to co-ordinate the selection of employee representatives.

- Sign letters to each Independent Senator and Member informing them that Finance will co-ordinate the election process for Independent employee representatives, initially by calling for nominations from interested employees. (Finance co-ordinates the selection of representatives as there is no party structure for Independent Members to undertake this task).
Subject: Review of parliamentary entitlements and establishment of a Parliamentary Integrity Commissioner

Description:

The committee for the review of parliamentary entitlements, chaired by Ms Barbara Belcher AM, provided its report to the former Special Minister of State (SMOS) on 9 April 2010. The Government has yet to consider its response or to release the report publicly.

The agreements between the Prime Minister and the Australian Greens and the Independents refer to the establishment within 12 months of a Parliamentary Integrity Commissioner to, in part, provide advice, administration and reporting on parliamentary entitlements; investigate and make recommendations to the Privileges Committees on individual investigations; and provide advice to Parliamentarians on ethical issues.

Reason for Importance:

On 8 September 2009, the former SMOS announced the establishment of an independent committee to review the parliamentary entitlements framework and indicated that the report would be released publicly.

Finance has received two Freedom of Information (FOI) requests for the report. A decision on access has been deferred under section 21 of the FOI Act until a decision by Government has been made to release the report.

There is public and media expectation that the Government will introduce further reforms, particularly to post-retirement travel and overseas study travel entitlements. The possible role of the Parliamentary Integrity Commissioner, particularly the proposals in relation to parliamentary entitlements and investigations, will need to be considered in the context of the Government’s response to the report.

Financial Implications:

Costings for any response to the Belcher Report will need to be settled. Budget provision of $373 million has been made for parliamentary entitlements in 2010-2011.

Action required in 2010:
Subject: Responsibilities, powers and discretions in relation to parliamentary entitlements

Description:

Under the Administrative Arrangements Order, the Special Minister of State (SMOS) has responsibility for administering a range of Acts concerning parliamentary entitlements – including the Parliamentary Entitlements Act 1990 (PE Act), the Ministers of State Act 1952 and the Members of Parliament (Staff) Act 1984. The SMOS is also responsible for administering the entitlements provided under a variety of Regulations made under the PE Act and determinations of the Remuneration Tribunal.

Reason for Importance:

As SMOS, you will frequently be asked to exercise powers, including discretions, under legislation and determinations covering a range of parliamentary entitlements. The entitlements framework is complex and requires you to make decisions on the approval and allocation of entitlements. You will be lobbied directly by colleagues and your Office is often the first port of call for colleagues, the Opposition, the media and others in relation to entitlements matters.

It is important that decisions are correct in law and consistent with the entitlements framework approved by the Government. It is also important to consider precedents set by previous decisions along with the possibility of establishing a new precedent.

As SMOS, you may have allegations of the misuse of parliamentary entitlements brought to your attention. Such allegations are dealt with in accordance with the Protocol followed when an allegation is received of alleged misuse of entitlement by a Senator or Member, which was tabled in parliament on 31 October 2000. On 12 August 2003, the Protocol was extended to include the staff of Senators and Members.

Action required in 2010:

Consider authorising certain powers and discretions to be exercised by specified employees or positions within Finance, consistent with the practice of previous Ministers.
Subject Area: Electoral Policy

Description of the Special Minister of State’s Role:

As Special Minister of State, you are responsible for electoral matters, including the administration of the Commonwealth Electoral Act 1918 (Electoral Act) and related electoral legislation, and the Australian Electoral Commission (AEC), a statutory authority in the Finance portfolio. The Electoral Commissioner reports to you and electoral policy advice is provided by Finance and the AEC. Your responsibilities also include consideration of progressing electoral reforms commenced in the Government’s first term.

Current Issues:

- Progress electoral reform
- Introduce legislation to give effect to the High Court’s decision on the constitutional validity of the close of rolls provisions in the Electoral Act
- Finalise outstanding Government responses to four parliamentary committee reports relating to electoral matters

Key Legislation/Policy Parameters:

The Electoral Act; the Electoral and Referendum Regulations 1940; the Referendum (Machinery Provisions) Act 1984; and the Representation Act 1983.

The Joint Standing Committee on Electoral Matters (JSCEM) regularly conducts inquiries into a range of electoral matters, including of the conduct of federal elections. The reports are tabled in Parliament and the Government responds to JSCEM’s recommendations that often require amendment of electoral legislation.

Decisions by the Government on the disclosure threshold and reporting of political donations, banning foreign donations, requiring verification of expenditure for public funding, and removing the requirement for proof of identity for provisional voting have yet to be enacted in legislation.

Senior Executive Contacts:

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<tr>
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Subject: Electoral Legislation Program

Description:

On 6 August 2010, the High Court found the close of rolls provisions in the *Commonwealth Electoral Act 1918* (Electoral Act) to be constitutionally invalid. Reasons for the decision are not expected to be given until later this year.

On 1 September 2010, the Prime Minister entered into an agreement with the Australian Greens which included the immediate reform of political funding and election campaigns with legislation to lower the threshold and increase the frequency of disclosure of political donations, ban certain donations, tie public funding to genuine campaign expenditure, and create a truth in advertising offence in the Electoral Act. Proposals relating to a majority of these measures were introduced during the Government’s first term but were not passed by the Parliament prior to prorogation (the *Commonwealth Electoral Amendment (Political Donations) Bill 2009*).

The agreement with the Greens also included: a national inquiry by a truly representative committee of the Parliament into a range of options for the reform of political party funding and election campaigns for final report by 1 October 2011, in order for legislation to be dealt with in 2012; the establishment of a Leaders’ Debate Commission; the re-introduction of above the line voting legislation by Senator Bob Brown which the Government would consider; and the investigation of fixed three year terms. Development of electoral reform proposals was acknowledged in the agreement between the Prime Minister and Mr Wilkie on 2 September 2010 and in the parliamentary reform agreement of 6 September 2010 between the Independents, the ALP and the Coalition.

Government responses to four parliamentary committee reports also are outstanding. In addition, it would be desirable for legislation to be progressed to implement the High Court’s 2007 decision on prisoner voting (Roach). Policy consideration also needs to be given to online enrolment with the use of an electronic signature following a Federal Court decision on 13 August 2010 which found one elector’s enrolment by this means to be acceptable.

An Electoral Reform Taskforce, comprising officers from PM&C, Finance and the AEC, was established by the Government in its first term. The former Special Minister of State (SMOS), supported by PM&C and the Taskforce, released green papers on campaign finance (in 2008) and broader electoral reforms (in 2009). The former SMOS, who was also Cabinet Secretary, sought electoral policy advice from three sources: PM&C; Finance; and the AEC. Finance continues to be available to provide electoral policy advice.

Reason for Importance:

Legislation to give effect to the High Court’s decision needs to be introduced. The challenge and decision may have implications for the conduct of the election and the outcomes of challenges lodged with the Court of Disputed Returns. Re-introduction of the electoral legislation would meet commitments made to the Australian Greens, Mr Wilkie, Mr Windsor and Mr Oakeshott in September 2010.
Action required in 2010:

An early decision about lead carriage by Finance, the AEC or PM&C on outstanding electoral reform issues and government responses, would enable the matters to be progressed.
Subject Area: Government Advertising

Description of the Special Minister of State’s Role:

The Special Minister of State/Cabinet Secretary is responsible for advertising campaign policy and the Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies.

Although not directly involved with each campaign, the Cabinet Secretary’s advice or intervention may be sought should a matter arise that affects the Government’s broader messaging or policies which cannot otherwise be resolved.

The Cabinet Secretary has the discretion to exempt a campaign from compliance with the Guidelines on the basis of a national emergency, extreme urgency or other compelling reason.

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Key Legislation/Policy Parameters:

Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies.

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</tbody>
</table>
Subject: Ministerial support for good processes in developing government advertising campaigns

Description:

The changes to campaign advertising review processes, including the Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies (the Guidelines) implemented on 31 March 2010, need to be bedded down.

Finance provides expert advice to agencies undertaking campaigns. The value that Finance can contribute to government advertising campaigns stems from its extensive campaign advertising experience, expertise and whole-of-government coordination role. Most agencies undertake advertising campaigns infrequently.

Reason for Importance:

The Government has committed to reduce government advertising expenditure by $60 million over the forward estimates period, which will require improved campaign management.

Savings may be considered initially from advertising campaigns identified in the 2010-11 Budget totalling around $192 million over 4 years including: climate change; health reform; National Broadband Network; Language, Literacy and Numeracy Skills; and Paid Parental Leave.

Additionally there are a number of other advertising campaigns that will continue in forward years including Defence Force Recruitment and Television Digital Switchover.

The quality of government advertising has a direct impact on the results of the campaign and the contribution the campaign can make to broader government objectives.

There is significant scrutiny of government advertising including through the media, the Parliament and the public. Closer adherence to the Guidelines and appropriate campaign development timeframes should improve the processes and accountability. It should also lead to better government advertising campaigns, including the final creative and quality of materials and presentation of messaging.

Current Funding:

There is no central allocation for campaign advertising. Funding generally is sought and provided on a campaign basis.

Action required in 2010:

- Consider writing to the Prime Minister and Ministers requesting their support, and that of their portfolio agencies, of the Guidelines.
Subject: Governance of campaign advertising

Description:

The governance framework for campaign advertising comprises Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies (Guidelines) supported by an Independent Communications Committee (ICC) which reviews campaigns for compliance with the Guidelines. Governance arrangements also include biannual reporting on campaign expenditure, selection of communications consultants, quarterly reporting of campaign advertising expenditure to Cabinet and use of the Central Advertising System to buy advertising.

Reason for Importance:

The Government has committed to report to the Parliament twice a year on government advertising campaigns undertaken by agencies subject to the Financial Management and Accountability Act 1997 (FMA Act). The report has previously been jointly released by the Special Minister of State/Cabinet Secretary and Finance Minister. A full year report for 2009-10 is due to be tabled by 30 September 2010.

A member of the three person ICC resigned in June 2010 and a new member will need to be appointed to ensure that a quorum can be achieved. This is in hand.

Following changes to campaign advertising review arrangements, announced on 31 March 2010, the accompanying guidance for agencies is being revised. This guidance informs agencies about the Guidelines and details the processes and policies for the development, implementation and approval of major advertising campaigns. Draft guidance should be released to agencies for comment before being finalised in December 2010.

The Government committed to reduce campaign advertising expenditure by $60 million over the forward estimates period, which will require improved campaign management. Savings may be considered initially from advertising campaigns identified in the 2010-11 Budget, which total around $192 million over 4 years.

Current Funding:

Finance receives approximately $1.6 million annually to coordinate and administer the campaign framework and provide expert assistance to agencies undertaking campaigns.

Action required in 2010:

- Subject to machinery of government arrangements, consult the Finance Minister and agree to publish and table the 2009-10 Full Year Report on Government Advertising Campaigns, before 30 September 2010.

- Agree to the appointment of a new member of the ICC.

- Agree to the release of draft Guidance on Developing Advertising and Information Campaigns to affected agencies for comment.
Subject Area: Australian Government Information Management Office (AGIMO)

Description of the Special Minister of State’s Role:

As the Special Minister of State, you are responsible for the Government’s efficient and effective use of ICT. ICT expenditure by Financial Management and Accountability Act agencies is around $4.3 billion per annum and represents a major component of agency operating costs. The ICT Reform Program introduced in 2008 following Sir Peter Gershon’s Review of the Australian Government’s use of ICT, has largely been delivered and has realised $1 billion in savings over the period 2009-10 to 2012-13. It provides a platform for further activities to engage with people and business, improve government efficiency and capability, and enable better service delivery.

As the Special Minister of State, you with your colleagues are responsible for leading the strategic vision for the Government’s ICT use. You are also responsible for delivering the Government 2.0 agenda and leading the Government in being open, transparent and more collaborative with people.

You have an opportunity to use ICT to increase the productivity of the APS and the nation. You could look to strengthen the role of AGIMO to drive standard approaches across agencies to reduce cost, improve service delivery and provide greater transparency. Other international governments such as the UK and US have recently strengthened the central coordination of ICT to address their current fiscal circumstances and improve governance.

Current Issues:

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</table>
Subject: Lead agency arrangements for a reduced number of government internet gateways

Description:

Government has agreed that Finance manage a program to reduce the number of Australian Government internet gateways to the minimum required for improved security, reliability and operational efficiency. This will see a reduction from about 124 gateways to between four and eight over the next four years.

This program of work was developed from a recommendation of the E-Security Review 2008 led by the Attorney-General’s Department and a study funded through the 2009-10 E-Security Review Budget Measure.

Reason for Importance:

An internet gateway manages the connection between an agency’s ICT network and the internet. Information passing through an agency’s internet gateway includes email, web-based transactions and website pages. Internet gateways help protect agency networks from cyber threats, such as computer viruses and other software designed to infiltrate or damage a computer system, inappropriate content and employee misuse.

A reduced number of gateways will provide improved security through a more consistent approach to gateway management, accreditation, monitoring and incident response. Gateways will be hosted by selected lead agencies that will, in turn, be allocated client agencies. These agencies will share gateway services on a cost recovery basis.

Financial Implications:

Current arrangements require agencies to meet transition costs and allow them to retain any small operational cost reductions and administrative savings.

Action required in 2010:

- Approve lead agencies to deliver shared internet gateway services in September 2010.
- Approve services to be delivered through lead agencies in September 2010.
- Approve lead agency cost recovery arrangements, in September 2010.
- Approve the assignment of client agencies to lead agencies in December 2010.
Subject: Increasing efficiency in ICT expenditure

Description:

In accordance with Government direction, ICT coordinated procurement contracting activities, conducted by Finance, cover some $500 million (about 14 per cent) of whole-of-government ICT expenditure annually. These have achieved savings of greater than 20 per cent in those areas already largely finalised, including Microsoft software and desktop computers.

The annual government expenditure on data centres is almost $900 million. The Government’s Data Centre Strategy, released by the former Finance Minister in March 2010 and led by Finance, is aimed at avoiding $1 billion in costs over 10-15 years by coordinating data centre procurement. Its initial activity, the interim data centre panel, has already produced leasing savings of greater than 25 per cent for those agencies with an approved requirement.

While some further areas for investigation have already been identified, such as server hardware, software licence agreements with large, commonly used vendors and centrally provided common platforms for services such as website and email, scope exists for further, tightly targeted, efficiency projects in the whole-of-government ICT area. Examples, in increasing degree of complexity, include increased standardisation, a panel for public cloud computing utilising cheap resources for processing unclassified data, and a whole of government electricity arrangement to support the data centre strategy.

Reason for Importance:

Excluding Defence and the Australian Intelligence Community agencies, the Government spent some $3.7 billion on ICT in 2008-09. The Finance-led business-as-usual (BAU) budget reduction activity, concluded in October 2009, reduced this in 2009-10 by $110 million and in the successive years by some $300 million annually, representing a decrease of some 14.5 per cent in BAU funding. While more efficiency is desirable, further generic reductions are unlikely to be productive.

Over 90 per cent of ICT expenditure is conducted by the 26 largest agencies. Benchmarking conducted by AGIMO indicates that the economies of scale achieved by some of these agencies are not enjoyed by all large agencies and most smaller agencies. Finance’s approach to the coordinated procurement activities has generated cooperation among agencies and a willingness to pursue further opportunities.

Action required in 2010:

- Agree to the continued development and implementation of targeted coordinated ICT procurement activities.

- Task AGIMO with identifying further areas of ICT expenditure to be investigated for their suitability for coordinated procurement, by December 2010.
Subject: A strategic vision for the Government’s use of ICT

Description:

In 2008, Sir Peter Gershon led an independent review of the Australian Government’s use of ICT. The ICT Reform Program implemented his recommendations and strengthened ICT governance, increased capability across Financial Management and Accountability (FMA) Act agencies and delivered $1 billion in savings from FMA Act agencies over the period 2009-10 to 2012-13.

Finance is developing, in consultation with government agencies and the private sector, a draft strategic vision focussing on enabling better service delivery across government through the more efficient and effective use of ICT that you may also wish to take to Cabinet. It includes the potential application of cloud computing by Government, a new way to deliver ICT that improves the agility and asset utilisation of computing resources.

There are further opportunities to improve the return on ICT investment. On 31 July 2010, the Government announced, as an election commitment, its intention to return $447.5 million from the ICT re-investment fund established as a result of the Gershon Review to the budget. Notwithstanding this, we suggest that the Secretaries’ ICT Governance Board (SIGB), chaired by Finance, continue to provide advice to Government in relation to future investments in ICT to agencies to ensure that proposals deliver the best return on investment in support of Government programs and operations.

Reason for Importance:

A new strategic vision for the Government’s use of ICT will set the agenda and governance arrangements for the next five to ten years. It provides an opportunity to focus attention on the considerable value of ICT to achieving the Government’s service delivery and policy objectives, and to recognise the Government’s own ICT use is an important driver of national productivity and operational efficiencies of Government. It would enhance Australia’s place as a leading international digital economy, leveraging off the National Broadband Network and stimulating innovation.

It could include a stronger role for AGIMO to provide greater coordination of ICT initiatives to provide clarity over ICT investment priorities for agencies, particularly at a whole-of-government level. This would give the ICT industry visibility of how and where they can contribute.
A strong central coordinated approach to ICT investment at a whole-of-government level is needed to deliver productivity gains and underpin ongoing savings. These savings are typically in addition to those which Commonwealth agencies could achieve independently.

Action required in 2010:

- Agree that Finance work with agencies through SIGB to identify ICT investment proposals that offer savings to be brought forward in the budget process.
Subject: ICT enablement of service delivery improvements and APS reform

Description:

There is scope to improve government service delivery through an integrated approach featuring consistent, repeatable business processes across agencies and common ICT platforms providing online services. This approach will make it easier for people and business to interact with government.

AGIMO has an ongoing, important role in providing centrally coordinated, common approaches to ICT infrastructure such as australia.gov.au, the primary online entry point to the Australian Government, as well as procedures supporting improved service delivery, such as improved authentication arrangements.

From early 2011, the whole-of-government online user account on australia.gov.au will be extended This will simplify access allowing users to provide information, such as a change of address, once and have it relayed to all the government services that they choose. To take advantage of these advances, agencies should design and deliver systems to work together, according to a whole-of-government model.

As lead agency and to deliver service efficiency, AGIMO hosts social media tools, such as blogs, on govspace.gov.au to enable citizens to collaborate with government in policy and service design. AGIMO issues guidance to agencies to maintain consistent approaches to this work.

Reason for Importance:

Both the 2008 and 2009 surveys of Australians’ use and satisfaction with e-government services showed that while 38 per cent said that their last contact with government was via the internet, more than 60 per cent could be encouraged to use the internet rather than more expensive channels.

People are expecting improved, personalised services, like those they receive from the private sector. These require more coordinated approaches across government.

There is significant scope to improve the quality and responsiveness of government service delivery including through greater use of ICT platforms for those who wish to use them. Smart investment in common ICT platforms will better realise the value inherent in technology advances and assist in achieving service reforms but cannot do so alone. Improved service delivery generally requires significant initial investment and downstream efficiencies depend on a willingness to close less cost-effective delivery channels such as shopfronts.

Action required in 2010:

- Lead, in consultation with your ministerial colleagues, improvements to government service delivery through a more integrated whole-of-government approach.
- Lead the continued adoption of australia.gov.au as the primary entry point to the Australian Government for information and services.
Subject: Continued implementation of Government 2.0 and the Declaration of Open Government

Description:

Government 2.0 is about: the application of Web 2.0 collaborative tools such as blogs and wikis and practices to the business of government; open access to public sector information; and leadership, policy and governance to achieve necessary shifts in public sector culture and practice towards a more open government.

On 22 June 2009, the former Finance Minister announced the formation of a ‘Government 2.0 Taskforce’. The Taskforce was asked to explore opportunities for government to increase its engagement with the community. On 22 December 2009, the Taskforce released its report.

On 3 May 2010, the Government broadly accepted the Taskforce’s recommendations. The central recommendation, a Declaration of Open Government, was made by the former Finance Minister on 16 July 2010.

Finance leads the implementation of the Government 2.0 program in consultation with a steering group of key agency executives.

Reason for Importance:

Government 2.0 and the use of Web 2.0 collaborative tools and approaches allows government to better engage with citizens to achieve a more open, responsive and innovative government. These are some of the central tenets of the Declaration.

Government 2.0 supports:

- The ICT Reform Program that began in response to the Review of the Australian Government's use of ICT; and

- The legislative changes and the establishment of the Office of the Australian Information Commissioner that promote openness and transparency and include a new framework for agency-driven proactive publication of government information.

- The APS Reform Blueprint which also called for more open and innovative government.

Action required in 2010:

- Endorse the principles of the Declaration of Open Government, possibly via an opening post on the AGIMO blog.

- Agree a process for working with Senators and Members with particular interests in this area (we will provide separate advice on this).
Subject Area: Property

Description of the Special Minister of State’s Role:

As the Special Minister of State, you have overall policy responsibility for the strategic management of non-Defence Commonwealth-owned property in Australia, including construction, major refurbishment, acquisition, ownership and disposal of real property.

Current Issues/Election Commitments:

Issue: Key Date (2010)

- Transfer of Malabar Headland to the NSW Government
  By 31 December
- Prime Minister’s Official Establishments – state of the buildings, urgent ‘make safe’ works, and proposed transfer to Finance
  As soon as possible after PM&C agrees to the terms of the transfer

Key Legislation/Policy Parameters:


Senior Executive Contacts:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ms Jan Mason</td>
<td>Deputy Secretary</td>
<td>(02) 6215 3504</td>
</tr>
<tr>
<td>Mr Rick Scott-Murphy</td>
<td>First Assistant Secretary, Property and Construction Division</td>
<td>(02) 6215 2720</td>
</tr>
<tr>
<td>Mr Andrew Smith</td>
<td>Assistant Secretary, Property Branch</td>
<td>(02) 6215 2682</td>
</tr>
</tbody>
</table>
Subject: Transfer of Malabar Headland to the NSW Government

Description:

On 1 August 2010, the Prime Minister announced that around 70 hectares of additional National Park and conservation reserve will be created at Malabar Headland (the site). This follows a decision to transfer the site to the NSW Government for conservation and reaffirms the Labor Party’s 2007 Election Commitment.

Reason for Importance:

The site has significant environmental and heritage values, but more than half its area is contaminated. Licensed users, including shooting organisations, have used the site for many years and are reluctant to leave. Previous attempts to relocate the shooters have been unsuccessful. Finance has undertaken a comprehensive due diligence process, however, implementation of the remediation and transfer has been hampered by the significant costs involved. The NSW Government has previously indicated its view that the proposed transfer requires the Commonwealth to arrange and fund remediation of site contamination and relocation of the shooting organisations. The Commonwealth’s holding is made up of 3 Lots (Lots 1, 2 and 4).

In June 2010, the former Finance Minister and the Minister for Environment Protection, Heritage and the Arts (Minister Garrett) agreed to transfer Lot 4 to the NSW Government, followed some time later by Lot 2. Lot 4 has significant environmental and cultural values, but only minor contamination and relatively few encumbrances. Transfer of Lot 2 is more problematic because of its proximity to areas used by the shooting organisations, unknown levels of contamination, including the potential for unexploded ordnance and old fortifications that require heritage protection. Lot 1 (the largest part of the site) is heavily contaminated and currently used by the shooting organisations.

On 13 July 2010, the then Parliamentary Secretary to the Prime Minister wrote to your predecessor agreeing a staged transfer approach, noting that Minister Garrett would enter into negotiations with the NSW Government and that formal approval for any transfer would rest with the Finance Minister.

Financial Implications:

Action required in 2010:

Agree how to progress the commitment to handover Lot 4 followed by Lot 2, including budget approval of funding to facilitate the necessary remediation works.
Subject: Prime Minister's Official Establishments -- state of buildings, urgent 'make safe' works, and proposed transfer to Finance

Description:

Finance and PM&C are working to facilitate the transfer of the Prime Minister's Official Establishments (PMOEIs), i.e. The Lodge and Kirribilli House, from PM&C to Finance's domestic non-Defence Commonwealth property portfolio.

Reason for Importance:

On 14 January 2010, the Acting Prime Minister wrote to the former Finance Minister confirming an in-principle agreement to transfer asset management responsibility for the PMOEIs to Finance, indicating an expectation that the transfer would be budget neutral.

The due diligence process for the transfer of the PMOEIs has established that the current condition of The Lodge is likely to be non-compliant with the relevant building codes, and that the property is in need of refurbishment to ensure the long term viability as a residence and workplace for the Prime Minister and staff.

Financial Implications:

Urgent 'make safe' works have been identified as essential for The Lodge and it is highly desirable that these works, [redacted], are completed before the Prime Minister occupies the building. Finance can assist PM&C in undertaking these works by agreement on a fee for service basis whereby PM&C would pay and Finance would deliver the work through its Property and Construction Division.

Finance and PM&C have agreed on the quantum of operational budget to be transferred to the Property Special Account on transfer of the properties. The remaining issue to be resolved, in order for the transfer to proceed, is agreement on the occupancy charge to be paid by PM&C for ongoing use of the properties.

Finance's Budget Group has advised PM&C that the Department would support supplementation for the difference between the current appropriation and the new occupancy fee through Additional Estimates [redacted].

Action required in 2010:

Agree the terms of transfer and the role Finance should take, if any, in facilitating the urgent make safe works prior to the transfer.
Subject Area: Special Claims, Land Policy and the Moorebank Project Office

Description of the Special Minister of State’s Role:

You are responsible for administering Comcover, the Australian Government’s self-managed insurance fund, the act of grace and waiver of debt mechanisms under the Financial Management and Accountability Act 1997, the development of an intermodal terminal at Moorebank, Sydney, and for Commonwealth land and public work policy.

Current Issues/Election Commitments:

<table>
<thead>
<tr>
<th>Issue</th>
<th>Key Date (2010)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moorebank intermodal terminal project</td>
<td>30 November</td>
</tr>
<tr>
<td>Current litigation and major claims</td>
<td>By 30 December</td>
</tr>
<tr>
<td>Commonwealth property disposals policy</td>
<td>Ongoing</td>
</tr>
</tbody>
</table>

Key Legislation/ Policy Parameters:


Senior Executive Contacts:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ms Jan Mason</td>
<td>Deputy Secretary</td>
<td>(02) 6215 3504</td>
</tr>
<tr>
<td>Mr John Edge</td>
<td>First Assistant Secretary, Government Business Special Claims and Land Policy</td>
<td>(02) 6215 3552</td>
</tr>
<tr>
<td>Mr Robin Renwick</td>
<td>First Assistant Secretary, Moorebank Project Office</td>
<td>(02) 6215 2117</td>
</tr>
<tr>
<td>Mr Michael Hirschfield</td>
<td>Assistant Secretary, Moorebank Project Office</td>
<td>(02) 6215 2125</td>
</tr>
<tr>
<td>Mr Owen Hammond</td>
<td>Assistant Secretary, Moorebank Project Office</td>
<td>(02) 6215 2552</td>
</tr>
<tr>
<td>Dr Guy Verney</td>
<td>Assistant Secretary, Special Claims and Land Policy</td>
<td>(02) 6215 2555</td>
</tr>
<tr>
<td>Mr Philip Smith</td>
<td>Assistant Secretary, Insurance and Risk Management</td>
<td>(02) 6215 3805</td>
</tr>
</tbody>
</table>
**Subject:** Moorebank intermodal terminal project

**Description:**

The Government committed $70.7 million of a $300 million provision in the Nation Building Program towards the development of a business case, designs, approvals and an implementation strategy to develop an intermodal terminal (IMT) (an IMT transfers freight from one transport mode is transferred to another, for example between road and rail) at Moorebank, Sydney (the Study). The site is currently occupied by the Army’s School of Military Engineering and other Defence units.

**Reason for Importance:**

The Government’s 2007 election commitments provided for $300 million towards the development of an IMT at Defence’s Moorebank site. On 12 May 2009, Infrastructure Australia identified the development of a Moorebank intermodal precinct as part of its ‘priority pipeline’. The IMT would address Sydney’s critical shortage of intermodal terminal capacity and will also complement other government rail investments.

**Financial Implications:**

The $70.7 million to develop the Study was appropriated over two years in the 2010-11 Budget, to Finance ($35.5 million) and the Department of Defence ($35.2 million), offset from the $300 million provided for in the Nation Building program.

The cost of relocating Defence from the Moorebank site and development of an IMT by 2015 should Cabinet agree to the project, would impact on underlying cash and the fiscal balance, as funds for the expected full cost have not been set aside in the Nation Building Program.

**Action required in 2010:**

- Finance to continue the Study and appoint the Lead Adviser, Legal Adviser, Communications Adviser and Communications Researcher. These appointments will assist in identifying and addressing local residents’ concerns through consultation and in the design of the project.

- Provide an interim report to Cabinet outlining the status of community consultations and concerns as well as other issues, including project scope and design, and funding.
Subject: Current litigation and major claims

Description:

There are currently four cases which potentially have significant implications for the Commonwealth.

*Sydney Airport Corporation Limited (SACL) Stamp Duty Litigation* – The Commonwealth initiated legal action against the NSW Office of State Revenue to overturn a stamp duty assessment related to the sale of SACL. The disputed amount (with accumulated interest) is $536.6 million, with interest costs of $0.6 million per week. The trial is scheduled to commence in October 2010.

*Equine Influenza (EI) Litigation* – Two legal actions have commenced arising from the outbreak of EI in Australia in August 2007 for which the Commonwealth may be liable. Commentators estimate horse industry losses at over $1 billion. Trial dates in 2011 are expected.

*Pan Pharmaceuticals Limited (Pan): Flow-on Litigation* – Four flow-on legal actions (including a class action financed by IMF Limited) have commenced against the Commonwealth and five Therapeutic Goods Administration officers. Damages are estimated at $100 million to $200 million. Trial is set for 7 March 2011, with mediation late in 2010.

*Home Insulation Program (Program) Litigation* – Finance has been notified of claims relating to the deaths of insulation installers; electrocution of householders and inspectors; house fires; and loss of business due to the Program’s termination.

Reason for Importance:

These claims are significant for the Commonwealth in terms of financial exposure, reputation risk, precedent value or potential for flow-on claims.

Current Funding:

The above claims, excluding the legal costs for the SACL litigation which is funded by Departmental funding, are funded from a special account. Legal costs and settlements impact on fiscal and underlying cash balances.

Action required in 2010:

- The Government may have to make decisions/statements around the Pan mediation.
- Finance may require additional Departmental funding in 2010-11 to fund the SACL litigation.
Subject: Commonwealth property disposal policy

Description:

The Commonwealth Property Disposals Policy (CPDP) requires that surplus Commonwealth land, having no alternative efficient use, is disposed of on the open market. The exception is where the land is considered suitable for increasing the supply of housing, improving community amenity or creating new jobs. In these circumstances, a priority sale (direct) to local or state governments or a Commonwealth authority, may be undertaken.

Reason for Importance:

Under the CPDP, a priority or concessional sale (below market value) may be made to local or state governments where the sale would facilitate housing and/or community outcomes. Where Commonwealth property is sold to facilitate these outcomes, the sale must be approved by the Finance Minister, the Minister with responsibility for the property and, the Minister for Housing.

Finance has played an active role in the disposal of surplus Commonwealth land. Since December 2007, the Government has agreed to dispose of 31 Commonwealth properties totalling an estimated area of 757.64 hectares (ha). The Premier of New South Wales, the Hon Kristina Keneally MP, has written to the Prime Minister complimenting Finance’s role in negotiating priority sales.

In accordance with the CPDP, agencies are required to report their property holdings to Finance in an annual Land Audit (the Audit). The 2009 Audit estimated the Commonwealth’s total property holdings at 2,752 properties (totalling 4,486,901 ha).

Action required in 2010:

• Finance is working with relevant Agencies to extend the Audit to include details of underutilised Commonwealth land. Once an acceptable definition of underutilised land is agreed, a decision to include this definition in the CPDP would be required by you.
Structure of the Department of Finance and Deregulation (Finance)

As one of the Australian Government’s central agencies, Finance plays an important role in assisting the government to shape and deliver its agenda, particularly its fiscal and economic agendas, better practice regulation reform and the operations of the government.

Finance assists the government to achieve its policy objectives by contributing to three outcomes:

**Outcome 1** – Informed decisions on government finances and continuous improvement in regulation making through: budgetary management and advice; transparent financial reporting; a robust financial framework; and best practice regulatory processes;

**Outcome 2** – Improved government administration and operations through, systems, policy and advice on: procurement; Commonwealth property management and construction; government enterprises; risk management; and application of information and communications technology; and

**Outcome 3** – Support for parliamentarians, others with entitlements and organisations as approved by government through the delivery of entitlements and targeted assistance.

Figure 1 provides a diagrammatical representation of Finance’s outcomes and programs structure.

**Figure 1: Structure of Financial Outcomes and Programs**

<table>
<thead>
<tr>
<th>OUTCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Informed decisions on government finances and continuous improvement in regulation making through: budgetary management and advice; transparent financial reporting; a robust financial framework; and best practice regulatory processes.</td>
</tr>
<tr>
<td>2. Improved government administration and operations through, systems, policy and advice on: procurement; Commonwealth property management and construction; government enterprises; risk management; and application of information and communications technology.</td>
</tr>
<tr>
<td>3. Support for parliamentarians, others with entitlements and organisations as approved by government through the delivery of entitlements and targeted assistance.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PROGRAM</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Budget, Financial Management and Deregulation</td>
</tr>
<tr>
<td>1.2 Public Sector Superannuation</td>
</tr>
<tr>
<td>1.3 Nation Building Funds</td>
</tr>
<tr>
<td>2.1 Government Business and ICT</td>
</tr>
<tr>
<td>2.2 Property and Construction</td>
</tr>
<tr>
<td>2.3 Insurance Risk Management</td>
</tr>
<tr>
<td>3.1 Ministerial and Parliamentary Services</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OUTCOME GROUP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Advice</td>
</tr>
<tr>
<td>Financial Framework</td>
</tr>
<tr>
<td>Financial Reporting</td>
</tr>
<tr>
<td>Deregulation and Regulatory Reform</td>
</tr>
<tr>
<td>Public Sector Superannuation</td>
</tr>
<tr>
<td>Building Australia Fund</td>
</tr>
<tr>
<td>Education</td>
</tr>
<tr>
<td>Health and Hospitals Fund</td>
</tr>
<tr>
<td>Government Business</td>
</tr>
<tr>
<td>Enterprises Ownership and Divestment</td>
</tr>
<tr>
<td>Special Claims and Land Policy</td>
</tr>
<tr>
<td>Australian Government Information Management Office</td>
</tr>
</tbody>
</table>
Functions

Finance assists in assisting the government achieve its objectives in a wide range of policy and program areas. Finance’s role is to help the government shape and deliver its agenda, particularly its fiscal and economic agendas, by providing high quality advice and services.

Executive Board is Finance’s peak governance and advisory body. The Secretary chairs the board and all Finance Deputy Secretaries are members. The board’s role is to provide corporate leadership and strategic direction, set goals for the department and manage its overall performance. The board usually meets weekly.

Finance is organised into six business groups:

Asset Management and Parliamentary Services (AMPS) manages the Australian Government’s business and non-defence property assets and manages special claims, insurance and risk management operations. The group also provides current parliamentarians and their staff, and former senators and members, with a range of facilities and services.

AMPS comprises three divisions:

- **Government Business, Special Claims and Land Policy Division** provides shareholder advice on Government Business Enterprises (GBEs), manages specific major asset sales, advises the Finance Minister on Commonwealth land and public works policy and the discretionary powers of the Financial Management and Accountability Act 1997;

- **Property and Construction Division** manages major capital works projects on behalf of the Australian Government and individual government agencies. It also manages the non-defence portfolio of properties; and

- **Ministerial and Parliamentary Services** supports the efficient functioning of Parliament. The division provides advice to the Special Minister of State on parliamentary entitlements. It also supports the Australian Political Exchange Council.

Australian Government Information Management Office (AGIMO) works to achieve greater value for money in ICT investment and procurement across the Commonwealth. AGIMO does this by supporting the government’s ICT procurement reforms, improving the quality of ICT management in the APS, enhancing the capacity of the APS workforce to deliver ICT programs and making online government services more accessible.

AGIMO comprises two divisions:

- **Policy and Planning Division** provides analysis of significant ICT proposals, practical guidance to agencies, programs to develop ICT skills and support to governance bodies in responding to emerging technologies and issues. Through architecture and standards, it provides the foundation to share data and systems between agencies; and

- **Agency Services Division** coordinates and supports common, whole-of-government ICT products and services. The division provides the networks that link agencies in Canberra and senators and members in their electorates with the classified communications network.
**Budget Group** supports the government in the preparation and ongoing management of the budget, and advises on whole-of-government expenditure and non-tax revenue policy issues.

Budget Group comprises five divisions:

- *Budget Policy and Coordination Division* provides advice on whole-of-government budget trends and policy issues, budget processes and methodologies for compiling budget estimates. This division also coordinates the annual Budget process;

- *Strategic Policy Division* provides analysis and advice on longer term budgetary issues and economic conditions affecting the budget, conducts strategic reviews of major policies and programs, and assists better evaluation of spending; and

- the other three divisions: *Government and Defence; Industry, Education and Infrastructure; and Social Policy*, provide whole-of-government advice on expenditure and non-taxation policy issues and the financial implications of new policy proposals brought forward by relevant portfolios.

**Chief Operating Officer Group** (COOG) works with the Secretary, Executive Board and other business groups within the department to enhance, promote and sustain Finance’s role as a trusted and professional adviser to the government.

COOG comprises three divisions:

- *Corporate Services Division* supports the achievement of Finance’s outcomes by providing strategic advice to the Secretary and Executive Board on corporate governance and departmental administration;

- *Chief Financial Officer Division* provides cost effective, timely and reliable delivery of financial and business services, through innovative, practical, and responsible solutions, that drive improved organisational performance; and

- *Chief Information Officer Division* supplies cost effective, innovative and practical IT solutions to Finance’s business groups.

Reporting directly to the Secretary, the *Office of Chief Audit Executive* provides high level support and advice to drive a risk management culture through the internal audit program, and acts as an independent source of advice on business performance and control.

**Deregulation Group** advises on scope to reduce the impacts of regulation at both the Commonwealth and Commonwealth/State levels.

Deregulation Group comprises two divisions:

- *Deregulation Policy Division* provides advice to the government on better regulation policy and secretariat support to the Finance Minister as chair of COAG Business Regulation and Competition Working Group; and

- *Office of Best Practice Regulation* advises agencies on the Australian Government’s regulatory impact analysis requirements, examines regulation impact statements, and monitors
and reports on their performance. It has a similar role for COAG in relation to national regulatory proposals.

**Financial Management Group** (FMG) is focused on achieving the highest quality public sector resource management for Australia. It aims to lead public sector resource management and governance across government.

FMG comprises four divisions:

- **Financial Framework Division** develops policy and delivers guidance, training and information on the Commonwealth's financial framework;

- **Funds and Superannuation Division** provides policy advice to the government on its investment funds and superannuation schemes;

- **Financial Reporting and Cash Management Division** prepares and publishes the Commonwealth's consolidated financial statements. The division is responsible for the Central Budget Management System Redevelopment (CBMS) Project; and

- **Procurement Division** is responsible for Australian Government procurement strategy and implementation, including whole-of-government advertising.

Appendix A provides biographical details of the Secretary and Deputy Secretaries.

Appendix B shows Finance's organisational structure as at 1 July 2010.

Appendix C provides contact details for key Finance staff.

**Financial position**

Finance's departmental activities, funded primarily by way of appropriation, are referred to as Budget Funded Operations (BFO). For 2010-11, BFO will receive Government funding of $230.9 million, dropping to $196.3 million in 2013-14. The drop in funding across the forward estimates is due primarily to the following large, but short-term, projects that will be delivered to Government:

- a scoping study into the proposed Moorebank Intermodal Terminal, jointly with the Department of Infrastructure, Transport, Regional Development and Local Government, at a cost of $35.5 million across 2010-11 and 2011-12;

- the redevelopment of CBMS,

- the continued implementation of reforms to the Australian Government's superannuation arrangements, at a cost of $22.3 million.

Finance's departmental Special Account Operations (SAO) are largely funded from other agencies and are quarantined for specific purposes:

- Comcover (insurance activities) has budgeted claims expenses of around $113.0 million each year;
PROTECTED

- Property (non-defence domestic property portfolio) has a sizeable capital works program, including $348.0 million for the Commonwealth New Building Project (ASIO Central Office), and $175.0 million for the redevelopment of the Villawood Immigration Detention Centre, both due for completion in 2013-14; and

- Coordinated whole-of-government procurement activities, involving expenditure of around $67.2 million each year.

Finance carries out the following administered activities on behalf of the government:

- provides entitlements to members of Parliament and their staff;
- administers the Australian Government’s non-defence superannuation schemes;
- administers the Nation Building Funds; and

- responsibility as either sole or joint shareholder for the oversight of seven GBEs.

Figure 2 provides a summary of Finance’s financial results for 2009-10 and the budget for 2010-11.

Figure 2 – Financial results and budget

<table>
<thead>
<tr>
<th>Departmental operations</th>
<th>2009-10 Actual</th>
<th>2010-11 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenue</td>
<td>Expense</td>
</tr>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Budget Funded Operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Account Operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Services Special Account</td>
<td>32</td>
<td>(97)</td>
</tr>
<tr>
<td>Comcover</td>
<td>107,503</td>
<td>(108,435)</td>
</tr>
<tr>
<td>Property Management</td>
<td>108,535</td>
<td>(141,646)</td>
</tr>
<tr>
<td>Coordinated procurement contracting</td>
<td>58,086</td>
<td>(56,924)</td>
</tr>
<tr>
<td>Total</td>
<td>274,156</td>
<td>(307,102)</td>
</tr>
<tr>
<td>Total Departmental</td>
<td>520,508</td>
<td>(545,832)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Administered Operations</th>
<th>Administered Revenue</th>
<th>Administered Expenses</th>
<th>Surplus / (Deficit)</th>
<th>2010-11 Budget Administered Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Ministerial and Parliamentary Services</td>
<td>362,386</td>
<td>(385,597)</td>
<td>(23,211)</td>
<td>(372,651)</td>
</tr>
<tr>
<td>Superannuation</td>
<td>7,231,245</td>
<td>(5,875,112)</td>
<td>1,356,133</td>
<td>(5,954,043)</td>
</tr>
<tr>
<td>Nation Building Funds</td>
<td>1,034,803</td>
<td>(2,018,451)</td>
<td>(983,648)</td>
<td>(2,941,613)</td>
</tr>
<tr>
<td>Other</td>
<td>89,892</td>
<td>(8,013)</td>
<td>81,879</td>
<td>(3,664)</td>
</tr>
<tr>
<td>Total administered</td>
<td>8,718,326</td>
<td>(8,287,173)</td>
<td>431,153</td>
<td>(9,271,971)</td>
</tr>
</tbody>
</table>

Note: The department’s loss of $25.3 million for 2009-10 was due largely to a technical accounting adjustment in the investment property portfolio. This loss does not impact on the overall financial sustainability of the department.

7 September 2010

Finance Portfolio — 12.5

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Staffing profile

As at 30 June 2010, Finance had 1846 full time, part time and casual staff (including 222 casual COMCAR drivers) working in six business groups. There are 1574 Finance staff employed on an on-going basis.

Finance has a unique mix of staff for a central agency with a wide range of operational, policy and project skills. Finance conducts targeted recruitment programs including for Indigenous staff and graduates across disciplines such as architecture, accounting, communications, economics, engineering, finance and law. Our targeted recruitment programs are aimed at maintaining a diverse, highly qualified and professional workforce that is representative of the Australian community. Our current aims include increasing the proportion of Indigenous staff and staff who identify as having a disability within our current staffing numbers. Staff from these identified groups, as well as female staff at the SES level, are currently under represented in our staff profile.

Being a central agency with responsibility predominantly for policy design and analysis, Finance’s staff profile in terms of classification differs from the wider APS Finance employs comparatively more staff at the Executive Level (EL1 and EL2), and comparatively less staff at the APS1-4 level, than the APS average.

Finance has a younger workforce than the APS average (Finance’s average age is 38 years, compared with 42 years for the APS). 68 per cent of Finance’s ongoing employees are aged 44 and under. Finance’s gender profile is 49 per cent male and 51 per cent female, compared with 42.5 per cent male and 57.5 per cent female in the APS.

Figure 3 shows the age and classification profiles of our ongoing staff as at 30 June 2010.

### Figure 3 – Age and classification profiles

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Finance</th>
<th>APS*</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 25 Yrs</td>
<td>177</td>
<td>4.6</td>
</tr>
<tr>
<td>25-34 Yrs</td>
<td>469</td>
<td>24.4</td>
</tr>
<tr>
<td>35-44 Yrs</td>
<td>422</td>
<td>28.4</td>
</tr>
<tr>
<td>45-54 Yrs</td>
<td>348</td>
<td>29.9</td>
</tr>
<tr>
<td>&gt; 55 Yrs</td>
<td>158</td>
<td>12.7</td>
</tr>
<tr>
<td>Total</td>
<td>1,574</td>
<td></td>
</tr>
</tbody>
</table>

* Figures from the Australian Public Service Commission’s *State of the Service Report 2008-09*

### Ongoing Staff by Classification

<table>
<thead>
<tr>
<th>Classification</th>
<th>Finance</th>
<th>APS*</th>
</tr>
</thead>
<tbody>
<tr>
<td>APS1-4</td>
<td>318</td>
<td>37</td>
</tr>
<tr>
<td>APS5-6</td>
<td>452</td>
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<td>EL1-2</td>
<td>693</td>
<td>26</td>
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<tr>
<td>SES</td>
<td>111</td>
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<tr>
<td>Total</td>
<td>1,574</td>
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</tr>
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</table>

Our age profile and progressive strategies to help attract, develop and retain a diverse, high-performing staff mean that Finance is able to redeploy staff to meet emerging priorities.

Many of Finance’s HR policies target staff retention because we recognise the high costs of recruiting good staff and the importance of retaining knowledge and experience. Recent years have seen an improvement in staff retention with turnover rates falling from 20 per cent in 2006-07, 18 per cent in 2007-08, and about 12 per cent in 2008-09 and 2009-10. The department’s experience is similar to that of the APS overall but further initiatives are being actively pursued to continue to reduce the department’s turnover rate.
A breakdown of Finance employee turnover by year and comparative APS employee turnover figures is at Figure 4.

Figure 4 – Finance turnover

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Number of ongoing staff</th>
<th>Voluntary ongoing separations</th>
<th>Total ongoing separations</th>
<th>% voluntary separations by total separations</th>
<th>% voluntary separations by ongoing staff</th>
<th>% voluntary separations by ongoing staff</th>
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<tr>
<td>2006-07</td>
<td>1281</td>
<td>250</td>
<td>252</td>
<td>99</td>
<td>20</td>
<td>7</td>
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<tr>
<td>2007-08</td>
<td>1330</td>
<td>239</td>
<td>240</td>
<td>99</td>
<td>18</td>
<td>8</td>
</tr>
<tr>
<td>2008-09</td>
<td>1426</td>
<td>164</td>
<td>164</td>
<td>100</td>
<td>12</td>
<td>7</td>
</tr>
<tr>
<td>2009-10</td>
<td>1574</td>
<td>194</td>
<td>196</td>
<td>99</td>
<td>12</td>
<td>TBA</td>
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</tbody>
</table>

* APS figures from the Australian Public Service Commission’s State of the Service Report for relevant years, rounded to the nearest whole number.

Finance’s Learning and Development Framework is highly regarded both within and external to the department. We provide postgraduate study assistance programs for existing staff and these programs are very well supported. Assistance comprises access to a comprehensive learning and development calendar of events, and support for staff in terms of time off work to study, and/or financial assistance for course costs.

The Department of Finance and Deregulation Collective Agreement 2010-2011 (Finance CA) was approved by the Department of Education, Employment and Workplace Relations on 9 July 2009. It came into effect on 16 July 2009 and will expire on 15 July 2011. It sets the terms and conditions of employment for the vast majority of non-SES employees. Terms and conditions of employment for most SES employees are provided by Section 24(1) determinations under the Public Service Act 1999, which mirror the conditions in the Finance CA. There are five SES employees whose terms and conditions of employment are prescribed by AWAs. These AWAs, and a small number for APS level staff, are in the process of being terminated by Fair Work Australia.

The Australian Public Service Commission has implemented a cap on the number of SES employees as a result of recommendation 6.2 of Ahead of the Game, Blueprint for the Reform of Australian Government. The SES cap for Finance, set by the APSC, is 115 ongoing positions and one temporary position, including long-term acting SES. Finance has implemented internal processes to ensure it does not breach the cap.

Locations

Finance is located across five buildings in Canberra’s parliamentary precinct as well as one site in Fyshwick and two sites in Hume. We have a presence in all states and territories through COMCAR and the management of Commonwealth Parliament Offices and overseas deployees.

Finance has staff deployed in Indonesia, Papua New Guinea and the Solomon Islands as part of the department’s role in supporting improved public sector governance and financial management in the Asia-Pacific region. There are a further two overseas placements — one as Principal Advisor/Senior Analyst with the New Zealand Treasury and the other as part of a two-year exchange program with the Treasury Board Secretariat in Ottawa, Canada.
Portfolio agencies

Australian Electoral Commission (AEC)

The AEC provides the Australian people with an independent electoral service that meets their needs, encourages them to understand and participate in the electoral process, and supports free and fair electoral processes throughout the world.

Australian Reward Investment Alliance (ARIA)

ARIA administers the Commonwealth Superannuation Scheme, the Public Sector Superannuation Scheme, and the Public Sector Superannuation PSS accumulation plan (PSSap) in accordance with the relevant acts and trust deeds.

ComSuper

The Commissioner for Superannuation, through ComSuper, provides administrative services for the defined contribution and the defined benefit superannuation schemes for the Australian Government’s public sector and Australian Defence Force employees.

Future Fund Management Agency (FFMA)

The FFMA supports the Future Fund Board of Guardians in managing investments on behalf of government. The board invests to accumulate assets for the purpose of offsetting the unfunded superannuation liabilities of the Australian Government which will fall due on future generations. The board also manages investments to grow other Australian Government asset funds to provide financing sources for substantial future investments in the Australian economy.
Appendix A: Biographies of Senior Staff

Mr David Tune PSM
Secretary
Department of Finance and Deregulation

Mr David Tune began his career in the Australian Public Service in 1976 as a graduate clerk in the Department of Environment, Housing and Community Development, having completed a bachelors degree in economics at the University of Adelaide. He later progressed to the Department of Social Security before being appointed Private Secretary to the Minister for Social Security, Senator the Hon Donald Grimes, in 1983.

Mr Tune joined the Department of the Prime Minister and Cabinet in 1985 to work on social security, health, veterans’ affairs and taxation policy matters. He was seconded to the British Cabinet Office from 1986 to 1988, supporting the British Prime Minister’s Adviser on public sector efficiency.

He returned to the Department of Social Security in 1990 with responsibility for the implementation of a number of complex policy changes and, in 1997, played a leading role in re-focusing the department’s business in light of the creation of Centrelink.

From 1997 to 1998, Mr Tune was seconded to the Taxation Reform Taskforce in the Department of the Treasury where he developed tax reform measures on family assistance, compensation and income tax.

He was appointed Executive Director, Strategic Framework and Coordination, in the Department of Family and Community Services in 1998, responsible for strategic direction in relation to the implementation of tax reform, research and evaluation, strategic policy, Budget development and coordination.

Mr Tune returned to the Treasury in 2001 as the General Manager of the Business Income and Industry Policy Division and the Social Policy Division. In 2006, he was appointed Deputy Secretary of Treasury’s Fiscal Policy Group.

He was appointed Associate Secretary, Domestic Policy Group, in the Department of the Prime Minister and Cabinet in July 2008. Here he had responsibility for coordinating policy advice to the then Prime Minister on matters as diverse as health and ageing, infrastructure, workforce participation, economic and fiscal policy.

Mr Tune commenced as the Secretary of the Department of Finance and Deregulation on 31 August 2009.

Mr Tune was awarded the Public Service Medal in the 2009 Australia Day Honours List.
Ms Jan Mason  
Deputy Secretary  
Asset Management and Parliamentary Services

Ms Jan Mason was appointed Deputy Secretary of the newly formed Asset Management and Parliamentary Services Group in the Department of Finance and Deregulation in April 2010. Prior to this Ms Mason was Deputy Secretary of the former Corporate and Parliamentary Services Group from August 2007 and Deputy Secretary/General Manager of the former Ministerial and Parliamentary Services Group from January 2001 to 2007.

Ms Mason joined the APS in 1991 from the NSW Public Service. She has worked in a number of different sectors including public, private and the community.

These roles have involved management of diverse business units, commercial advisory experience in large public share offers, leadership of major contract negotiations, policy development and strategic oversight of large-scale projects, as well as complex service delivery operations.

Ms Mason holds degrees in Arts (University of New England) and Social Science (Charles Sturt University) and a postgraduate diploma in Continuing Education (University of New England).

Ms Ann Steward  
Deputy Secretary  
Australian Government Information Management Office

Ms Ann Steward was appointed to the role of Australian Government Chief Information Officer in July 2005. In this role Ms Steward is also the Deputy Secretary of Australian Government Information Management Office within the Department of Finance and Deregulation.

Ms Steward has held a number of senior strategic policy development and managerial positions in the ICT public service sector including: General Manager, IT Planning and Refresh, in Centrelink’s IT Group (2003–05), Principal Adviser, e-Strategy, the National Office of the Information Economy (2002–03) and Director of e-Government, UK Government (1998–2002).

Ms Steward has over 30 years of public sector experience in Australia and the UK, and has participated in Organisation of Economic Cooperation and Development, Group of Eight (G8) and University of Canberra forums aimed at driving change in ICT business transformation and integrated electronic service delivery.

Ms Steward holds a Bachelor of Applied Science from the University of Canberra.
Mr David Martine was appointed Deputy Secretary, Budget Group in May 2010.

Prior to this appointment, Mr Martine held the position of Chief Adviser (International) in the Commonwealth Treasury, and from February 2009 the position of General Manager, Financial System Division. In this role he was responsible for advising the Treasurer on financial system policy, including the prudential framework, competition and access to financial services, along with aspects of superannuation policy. He was also appointed to the board of the new NBN company for a five month period as an interim Director and Chair.

From 2001 to 2008, Mr Martine held various General Manager positions within the Commonwealth Treasury. In these roles he was responsible for advising the Treasurer and Assistant Treasurer on a range of policy issues, including on international taxation, fiscal and budget policy, and micro-economic reform.

Prior to 2001, Mr Martine held various management and policy officer positions within the Department of Finance and the Department of Defence.

Mr Martine holds a Bachelor of Economics (Honours) and a Master of Business Administration.

Ms Jenet Connell was appointed Chief Operating Officer and Deputy Secretary in the Department of Finance and Deregulation in July 2010. Prior to this, Ms Connell was an Executive Manager within the Biosecurity Services Group of the Department of Agriculture, Fisheries and Forestry from December 2007.

Ms Connell joined the APS in 2003 from the private sector in Western Australia, spending almost five years as Group Manager within the (then) Department of Employment and Workplace Relations. Prior to joining the APS, Ms Connell spent 12 years as a senior executive within the WA Public Service – working in workplace relations and small business policy.

Ms Connell has been responsible for a range of functions during her career to date, including: corporate services, major IT projects, legislative reform, regional service delivery, compliance and program delivery.

Ms Connell holds a Masters in Organisational Psychology (Curtin University of Technology in WA) and has extensive experience in organisational development, reform and change management.
Ms Susan Page
Deputy Secretary
Deregulation Group

Ms Susan Page has been the Deputy Secretary, Deregulation Group since October 2008.

Prior to this, Ms Page has held senior positions in the Departments of Infrastructure, Finance and Communications, where she has had responsibility for a range of industry policy matters including the establishment of Infrastructure Australia, management of the government’s major road and rail investment program, Auslink; Budget oversight of the government’s major industry departments and agencies and for changes to government media and broadcasting policy.

Ms Page joined the Australian Public Service in 1980 as a graduate.

Ms Page holds an Arts degree (Hons) from the University of Newcastle.

Mr Stein Helgeby
Deputy Secretary
Financial Management Group

Mr Stein Helgeby joined the Department of Finance and Deregulation as Deputy Secretary of the Financial Management Group in February 2010, following a lengthy period in the Victorian Department of Treasury and Finance.

While in Victoria, from 1999 to 2010, Mr Helgeby held positions of responsibility for budget and financial management, long-term policy research, taxation, business tax reform and intergovernmental relations. He also served in the Department of Premier and Cabinet in Victoria.

Prior to moving to Victoria, Mr Helgeby worked in the then Department of Finance and Administration from 1989 until 1999, working in Budget and financial management areas.
## Appendix C: Key Departmental Contacts

### Secretary’s Office

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Business Group</th>
<th>Work number</th>
<th>Mobile Number</th>
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<tbody>
<tr>
<td>David Tune</td>
<td>Secretary</td>
<td>Secretary’s Office</td>
<td>(02) 6215 3445</td>
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<tr>
<td>PSM</td>
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<tr>
<td>Cameron Heath</td>
<td>Executive Officer</td>
<td>Secretary’s Office</td>
<td>(02) 6215 3527</td>
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<tr>
<td>Pandora Livanes</td>
<td>Executive Assistant</td>
<td>Secretary’s Office</td>
<td>(02) 6215 3481</td>
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<tr>
<td>Rosanna Gagliardi</td>
<td>Executive Support</td>
<td>Secretary’s Office</td>
<td>(02) 6215 3654</td>
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### Deputy Secretaries

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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<th>Mobile Number</th>
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<tr>
<td>Jan Mason</td>
<td>Deputy Secretary</td>
<td>Asset Management and Parliamentary Services (AMPS)</td>
<td>(02) 6215 3504</td>
<td></td>
</tr>
<tr>
<td>Ann Steward</td>
<td>Deputy Secretary</td>
<td>Australian Government Information Management Office (AGIMO)</td>
<td>(02) 6215 1600</td>
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<tr>
<td>David Martine</td>
<td>Deputy Secretary</td>
<td>Budget</td>
<td>(02) 6215 2302</td>
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<tr>
<td>Jenet Connell</td>
<td>Deputy Secretary</td>
<td>Chief Operating Officer (COOG)</td>
<td>(02) 6215 2566</td>
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<tr>
<td>Susan Page</td>
<td>Deputy Secretary</td>
<td>Deregulation</td>
<td>(02) 6215 1677</td>
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<tr>
<td>Stein Helgeby</td>
<td>Deputy Secretary</td>
<td>Financial Management (FMG)</td>
<td>(02) 6215 2668</td>
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