

Attachment A – OS Senate Estimates October 2022

Opening statement- Estimates October 2022

Thank you, Chair.

Paul Singer, Official Secretary to the Governor-General.

I welcome the opportunity to update the Committee on the Governor-General and Mrs Hurley's program of activity and the key achievements and priorities of my Office.

I would like, at the outset, to acknowledge the passing of Her Majesty The Queen in September.

The tributes and outpouring that followed spoke to Her Majesty's example, legacy and lifetime of service.

I take this opportunity to put on the record my appreciation to the staff of the Office for the role they played in our national response.

The Committee will appreciate that the need to respond to news from the United Kingdom was known to be inevitable and yet, news I hoped not to receive. It was a duty that we took seriously.

From facilitating the initial announcement, to the proclamation of His Majesty The King, supporting the Governor-General and Mrs Hurley to represent Australians in London, to opening up Government House to visitors seeking to pay tribute, I am proud of how my staff responded to the historic moment.

I am similarly proud of how my Office has continued to support the Governor-General and Mrs Hurley to engage with the Australian community.

This engagement takes many forms.

- From celebrating achievement and service through an increasingly diverse Order of Australia – this year 46% of awards were to women, an increase of 31% from 4 years ago.
- To offering comfort to those impacted by fires, floods and other natural disasters – including in the last week, visits to flood-affected communities in Tasmania, Victoria and New South Wales.
- To being active patrons and supporters of 239 different community organisations and much more.

Much of this work is undertaken out of the spotlight of media attention.

Across more than 2,400 official engagements, Their Excellencies have supported our community, given hope to those in their hour of need, and highlighted and celebrated the individuals and organisations who contribute so much to our nation.

The Australian Future Leaders Program was one such initiative.

Different, perhaps, in that the Governor-General proactively supported the design and establishment of a new, unique program to develop mid-career leaders from diverse backgrounds, the program was entirely in-keeping with the Governor-General's commitment to uplift, encourage, inspire and celebrate Australians.

Noting reporting, I want to make clear that funding decisions have always been a matter for government and made without input from the Governor-General and independently of my office.

Chair, I'm conscious that that there has also been public attention on the constitutional role of the Governor-General in the context of the appointment of the then Prime Minister to administer departments other than the Department of the Prime Minister and Cabinet.

I want to emphasise, ahead of any questions from the Committee, that the careful and thoughtful discharge of constitutional duties is the absolute priority of the Governor-General and my Office.

As the Committee would be aware, at the direction of the Prime Minister, the Secretary of PM&C and I have amended the previous process by which advice was provided to the Governor-General by the Prime Minister to now include both the office or offices an individual is recommended to hold and the department or departments the minister is recommended to administer, and that this information will now form the basis of a Gazette to communicate those changes. My Office welcomes this change to process and is committed to transparency and openness.

Finally, I wish to provide advice to the Committee with regard to the Senate Order for production of documents related to unanswered questions on notice:

- There was one question taken on notice by the Office during the Budget Estimates and 6 written questions on notice were received after the last hearing.
- Responses to all questions were sent to the Senate Committee by the nominated due date.

Thank you Chair.

Finance

Budget

- In 2022-23 **appropriations totalling \$35.018m** (2021-22: \$37.049m; 2020-21: \$28.206m) are available to the Office
- This includes **NPP funding in 2022-23 of \$3.069m** (\$2.416m for NEM and \$0.653m for IT modernisation), and an **additional \$0.5m received in MYEFO for Honours engagement**.
- In addition, the total appropriation also includes \$8.577m in carried over funds from prior years (Dept: \$7.110m + Admin: \$1.467m)
- The total appropriations include:
 - Departmental ordinary operations - \$23.057m (2021-22: \$15.952m)
 - Departmental Capital Budget - \$0.409m (2021-22: \$6.149m)
 - Departmental External Revenue - \$0.258m (2021-22: \$0.275m)
 - Administered ordinary operations - \$4.274m (2021-22: \$4.510m) - medals and associated expenses of the Australian Honours and Awards system.
 - Administered Capital Budget - \$3.002m (2021-22: \$2.707m)
 - Administered Special Appropriation – covering the Governor-General's salary - \$0.495m (2021-22: \$0.495m)
 - Prior year carried forward appropriations estimated to be \$3.523m primarily to fund provisions for annual and long service leave liabilities for employees and year end creditors.

Software as a Service – Technical Loss for 2021-22

- The Office was appropriated Departmental Capital Budget funding in the 2020-21 Budget for the uplift of ageing ICT infrastructure, totalling \$7.6m over the Budget and forward estimates.
- Consistent with the Digital Transformation Agency blueprint, the work includes migrating out IT systems and software to cloud computing arrangements, including services delivered through software-as-a-service mechanisms.
- Recent guidance from the Department of Finance regarding the accounting treatment for software-as-a-service **means that costs are to be expensed when incurred**.
- In 2021-22, this meant **\$3.2m of software-as-a-service related expenditure was reclassified from capital to operating expenses**, resulting in a technical loss for the year.
- The **loss will be reversed this financial year** with the reclassification of departmental capital budget funding to operating funding.

MYEFO Funding – Honours Promotion

- The Office received additional funding of **\$1.8m in the 2021-22 MYEFO** to increase public engagement with the Order of Australia.
- This will be provided over four years from 2021-22 to 2024-25, with \$0.5m a year ongoing funding thereafter.

Whole-of-Government Savings Measure

- The Office was advised by the Department of Finance on 12 Oct 22 that under the *Plan for a Better Future*, the Government is implementing a whole-of-government savings measure.
- This has **reduced the Office's departmental appropriation by \$259k.**

AusTender Reporting

- **Contracts over \$10k are to be published on AusTender within 42 days.**
- Over the **last 10 years, the Office has been 75% compliant**, compared to the **average reported by ANAO of 26%** (QoNs 1381 and 1382 from March refer to late publication examples of JLL contracts).
- Having refined our processes, our **compliance rate this FY is 84%. Goal is 100%. The Office's current finance system does not support compliance**, and this is the focus of the new financial management system.

Additional Funding – Honours and IT

- The **additional funding of \$18.023m** (announced in the 2020-21 Budget) over the forward estimates is to:
 1. support the processing of the National Emergency Medal (following the 2019-20 bushfires) - \$11.542m
 2. modernise our ageing ICT infrastructure - \$6.481m
- **National Emergency Medal**
 - the additional funding of **\$11.542m over four years** will enable the Office to administer the National Emergency Medal to recognise the sustained or significant service of Australians during three recently declared national emergencies:
 - **Tropical Cyclone Debbie**, 2017 (declared 6 Mar 2020)
 - received 4,503 nominations, approved 2,916
 - **North Queensland Floods**, 2019 (declared 6 Mar 2020)
 - received 3,773 nominations, approved 2,297
 - **Bushfires of 2019-20** (declared 2 Dec 2020)

- received 32,962 nominations, 25,618 approved (increase of 4,400 since last estimates)
- first presentation ceremony hosted at GH on 13 May for the ten Australian and US firefighters and first-responders who died during the 2019-20 bushfires.
- Subsequent ceremonies in Dubbo, Broulee, Eden, Narooma, Bega, Bermagui, Adelaide Hills, Kangaroo Island, Canberra and Bairnsdale.
- **System modernisation.** Part of the funding, \$3.463m, is allocated to an Honours System Modernisation Project, to transition the system from a single on-site server to a cloud-based solution that will improve security, reliability and timeliness in processing a much higher number of nominations.

	2020-21	2021-22	2022-23	2023-24	Item	Total
Departmental expenses	0.473	0.906	0.578	0.125	Transition support and staff and ongoing licensing costs.	2.082
Administered expenses	0.900	2.760	1.395	0.942	Cost of new medals (130,000 x \$45).	5.997
Departmental capital	1.159	1.861	0.443		Upgrade Honours IT systems (handle an increase in nominations) and office infrastructure.	3.463
Total	2.532	5.527	2.416	1.067		11.542
ASL	2.5	6.0	3.5		GHO3(2), GHO4(2), GHO6(1) and GHO71).	

- **ICT infrastructure**

- The additional funding of \$6.481m will help modernise the Office's ageing ICT infrastructure and implement the DTA Protected Utility Blueprint.
- It will address three critical risks
 1. Provision of services to the site
 2. IT access to heritage buildings
 3. Accumulated technical debt
- It will see the Office's ICT services migrated to the cloud (and the decommissioning of aged, at risk onsite infrastructure). It will bring the Office's ICT up to APS standards and ensure continuity of government.

	2020-21	2021-22	2022-23	2023-24	Item	Total
Departmental expenses		0.958	0.653	0.688	Initial migration and ongoing licencing costs.	2.299
Departmental capital	0.317	3.865			Fund front and back end modernisation costs including: transition costs to cloud servers; modernisation of user facing equipment in line with DTA Protected Utility Blueprint; and upgrade of FM system.	4.182
Total	0.317	4.823	0.653	0.688		6.481

Property and Projects

Kirribilli Point Battery Re-stabilisation

- The Office has **completed a project to stabilise Kirribilli Point and prevent further damage** to the historic Marine Barracks.
- The issue of the damage resulting from the self-seeded Moreton Bay Fig to the Marine Barracks has been **under active management for several decades** (since the 1987 Conservation Management Plan)
 - The Marine Barracks is the centrepiece of the Kirribilli Point Battery, one of only two remaining 1850's fortifications on Sydney Harbour.
- The **Moreton Bay Fig tree was removed in November 2018, and replaced immediately by a mature Norfolk Island Pine**
- The construction work included:
 - repair to underlying bedrock and concrete reinforcement
 - The **condition of the bedrock and lower sections of the stone retaining wall was very poor**, with substantial cracking and a **high risk of sudden and catastrophic failure. That has been avoided.**
 - stonemasonry and civil works
- The **total cost for the project was \$4.1m.**
 - The Office received NPP funding of \$1.828m in the 2018-19 MYEFO.
 - The additional funds were drawn from the Office's Administered Capital Budget.
- **Proud of the quality of works achieved in meeting our responsibilities under the *Environment Protection and Biodiversity Conservation Act 1999* in preserving the Marine Barracks and Kirribilli Point precinct.**

NPP and Establishment of the temporary Digital Services Team

- A new Director-level position was established early last year for an initial two year period to lead a newly formed Project Implementation Cell, responsible for the strategic management, coordination and delivery of all projects across the Office, including:
 - Kirribilli Point Battery Re-stabilisation
 - NPP funded ICT modernisation project
 - NPP funded Honours modernisation project
 - ongoing Administered Capital Budget funded projects
- Recently, following the completion of the Kirribilli Point project, the branch was reconfigured to **become the Digital Services team**, responsible for:
 - The strategic management, coordination and delivery of IT operations and significant IT investment projects to implement the NPP-funded Digital Transformation Program.

To mitigate the technical and procurement risk the Office has engaged **Strategic Reform** to provide additional client side resources.

- In November 2021, the Office engaged **Atturra Cloud and Applications** as the delivery partner for the Honours and Awards Redevelopment Project.
- In December 2021, the Office engaged **Ionize to provide client side surety advice** regarding the delivery on all IT projects within the programme.
- In January 2022, the Office engaged **Digital61 to plan and commence the Office on-premises system migration to the Microsoft cloud (Azure)**.

People and Services

DOS appointment

- Mr Barnes was appointed as Deputy Official Secretary on 1 July 2022.
- There was a remarkable response to the position advertisement, which was advertised on 22 April
 - over 400 enquiries
 - 90 very strong applications from an impressive and diverse range of candidates.
- Recruitment coordinated by Amanda O'Rourke Executive Search.
- Selection Panel included:
 - Deputy Secretary at Department of Social Services
 - First Assistant Secretary at Department of Prime Minister and Cabinet

- Mr Barnes brings to the role a wealth of relevant experience, a calming and considered approach, excellent judgement, and exceptional governance and financial management skills. His energy, passion and commitment will be invaluable in sharing the leadership responsibilities of the Office.

Staffing		
Branch	Headcount	FTE
Executive	5	5.00
Strategic Engagement	7	7.00
Honours and Awards	37	35.6
People and Services	37	32.6
Finance	4	4.00
Project Implementation	3	3.00
Communications	5	4.53
Total	98	90.7
Includes Casual positions	3	0.28

- **Labour hire:** the Office has utilised non-ongoing labour hire to assist with back-filling, provide specialised skills and/or address short term operational requirements.
 - Currently have **9 positions**

Rolls Royce

- In 2020-21: Used 22 occasions; registration \$1,429.90; maintenance \$8,341.95 (total of \$9,771.85)
- In 2021-22: Used 23 occasions; registration \$1,455.50; maintenance \$5,204.77 (total \$6,660.27)
- In 2022-23: Used 16 occasions

Enterprise Agreement

- The OOSGG Determination had a nominal expiry date of 5 Jan 22.
- Staff consultation commenced in Sep 21
- On 27 Sep 21, staff invited to vote for either a determination of negotiation
- Voting closed on 4 Oct 21, 96.3% staff voting for option 1 (determination)
- OOSGG put forward a pay offer of 1.9%
 - Approved by APSC on 17 Dec 21
 - Effective as of 13 Jan 22
- On 6 Oct 22, Government announced the Public Sector Interim Workplace Arrangements 2022 (the Interim Arrangements) to provide Commonwealth employees with a one-off 3 per cent pay increase, where

the pay increase falls during the operational term of the Interim Arrangements.

- In accordance with the recent Office Enterprise Agreement Determination, the next scheduled pay increase is due on 13 January 2023. Rather than the previously agreed Wage Price Index figure of 2 per cent, that pay rise will now be confirmed at 3 per cent.