



## Policy costing

Australian Federal Integrity Commission and Commonwealth Parliamentary Standards Commissioner	
Person/party requesting the costing:	Dr Helen Haines
Date costing completed:	14 October 2020
Expiry date of the costing:	Release of the next economic and fiscal outlook report.
Status at time of request:	Submitted outside the caretaker period <input checked="" type="checkbox"/> Confidential <input type="checkbox"/> Not confidential
Summary of proposal: The proposal would establish two new government functions with effect from 1 July 2021. <ul style="list-style-type: none"><li>• The Australian Federal Integrity Commission (AFIC) would be an independent statutory agency responsible for implementing a new national integrity strategy and preventing corruption in federal public administration.<ul style="list-style-type: none"><li>- The AFIC framework would include a comprehensive anti-corruption research program, the creation of a national anti-corruption action plan, and dedicated education, training and prevention functions. AFIC would also have strong investigatory powers to allow it to hold hearings and make findings in relation to allegations of serious and/or systemic corruption in federal public administration.</li><li>- AFIC would require eight statutory leadership appointments and employ around 197 staff.<ul style="list-style-type: none"><li>○ The Australian Commission for Law Enforcement Integrity (ACLEI) would be subsumed into AFIC. ACLEI's funding and current staff would be redirected to AFIC less any merger related savings.</li></ul></li><li>- Funding of \$14.5 million each year would be provided for external legal, research, policy advice contracting and independent auditing services.</li><li>- A Corporate Services and Facilities branch would also require funding to manage travel expenses and other contracting services. This funding would be indexed over time.</li></ul></li><li>• The Office of the Commonwealth Parliamentary Standards Commissioner (CPSC) would be an independent function, within the Department of Parliamentary Services. The Commissioner would assist the Presiding Officers, the Privileges Committees, the Prime Minister and AFIC with the assessment, investigation and resolution of alleged breaches of a new parliamentary code of conduct, and to create and maintain a new register of interests for all parliamentarians. A Commonwealth Parliamentary Standards Commissioner would lead the office.<ul style="list-style-type: none"><li>- A Parliamentary Integrity Adviser would be appointed to support the CPSC by providing independent, confidential advice and guidance to Members of parliament and their staff on how to honour the applicable codes of conduct.</li><li>- The CPSC would employ approximately 15 staff.</li></ul></li></ul>	

Detailed policy specifications are provided at [Attachment A](#).

## Costing overview

The staffing and specified operating costs for the two new agencies is expected to decrease the fiscal and underlying cash balances by \$187.3 million over the 2020-21 Budget forward estimates period. This impact entirely reflects an increase in departmental expenses.

This financial impact relates to the proposal's staffing and specified operating costs only. Costs of accommodating staff have not been included in this costing because of the high level of uncertainty surrounding cost of constructing, leasing and fitting-out suitable buildings.

The proposal would have ongoing financial impacts beyond the 2020-21 Budget forward estimates period. Estimates extending to 2030-31 are included at [Attachment B](#).

This costing's estimates are relatively certain as they are largely based on specified staff numbers and the average cost of employing each person. Each staff member's average cost amount, over the medium term in particular, is moderately sensitive to wage cost indexation rates and the effect of the efficiency dividend.

**Table 1: Financial implications (\$m)<sup>(a)(b)</sup>**

	2020-21	2021-22	2022-23	2023-24	Total to 2023-24
Fiscal balance	-2.0	-61.5	-61.8	-62.3	<b>-187.3</b>
Underlying cash balance	-2.0	-61.5	-61.8	-62.3	<b>-187.3</b>

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) Figures may not sum to totals due to rounding.

## Assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal:

- There would be a 20 per cent saving in corporate costs from ACLEI being subsumed by AFIC.
- Remuneration for the ten new statutory appointments would be comparable to similar existing full-time public office appointments.
- AFIC's travel and contracting services (including annual audit and printing services)<sup>1</sup> are estimated to cost \$10 million per annum, based on information from ACLEI's 2018-19 Annual Report.
- Staffing costs equal to 5 per cent of the first year's staffing costs would be required in the year prior to AFIC and CPSC commencing operations in order to implement the proposal.

## Methodology

Staffing costs were calculated by multiplying the specified number of staff within each agency by average staffing costs for each APS level. The specified number of staff included:

---

<sup>1</sup> All other operational expense amounts were explicitly specified in the proposal.

- AFIC: 10xSES1, 36xEL2, 34xEL1, 27xAPS6, 47xAPS5 and 43xAPS4 level staff
- CPSC: 1xSES1, 4xEL2, 5xEL1 and 5xAPS6 level staff.

The average staffing costs for each APS employee are included in the standard departmental costing template provided by the Department of Finance over the 2019-20 Budget forward estimates period. The PBO extended this costing template beyond the forward estimates period by indexing costs and allowing for the impact of the efficiency dividend. The costing template includes: base salary amounts, superannuation, long service leave, staff training and development, HR support, organisational services and ICT services on a per employee basis.

Remuneration for the ten new statutory appointments was estimated using publicly available information about the remuneration of other full-time public office appointments, which were also determined by the Remuneration Tribunal.

All estimates were rounded to the nearest \$0.1 million.

## Data sources

Australian Commission for Law Enforcement, 2019. Annual Report of the Integrity Commissioner 2018-19. [Online] Available at [https://www.aclei.gov.au/sites/default/files/19468\\_aclei\\_-\\_annual\\_report\\_2018-19-accessible.pdf](https://www.aclei.gov.au/sites/default/files/19468_aclei_-_annual_report_2018-19-accessible.pdf) [Accessed on 24 September 2020]

Remuneration Tribunal, 2020. Remuneration Tribunal (Remuneration and Allowances for Holders of Full-time Public Office Determination 2020).

The Department of Finance provided indexation parameters as at the 2019-20 Mid-Year Economic and Fiscal Outlook.

## Attachment A – Detailed policy specification

### Australian Federal Integrity Commission (AFIC)

- The AFIC executive would comprise the following full-time Canberra based statutory appointments, whose salaries would be determined by the Remuneration Tribunal.
  - Australian Federal Integrity Commissioner (Chair)
  - Law Enforcement Commissioner (currently the ACLEI Commissioner)
  - Whistle-blower Protection Commissioner
  - Assistant Commissioner for Public Interest and Research
  - Assistant Commissioner for Assessment and Referrals
  - Assistant Commissioner for Education, Training and Prevention
  - Chief Executive Officer
  - AFIC Parliamentary Inspector
- AFIC would include the following sub-branches and staffing requirements:
  - Offices of the Commissioners, Assistant Commissioners and CEO
    - ◆ The Commissioner will need an Executive Officer (EL1) and Executive Assistant (APS5)
    - ◆ The Commissioners and CEO would have an Executive Support and Secretariat Unit to manage correspondence, internal reporting and Commissioner meetings. This would require a unit head (EL1) and 2 supporting staff across the APS4 to EL1 levels.
  - Corporate Services and Facilities
    - ◆ Branch Head – 1 x SES1
    - ◆ Media and Communications – 1 x EL2, 4 supporting staff across APS4 to EL1.
    - ◆ Information Technology – 1 x EL2, 4 supporting staff across APS4 to EL1.
    - ◆ Building Services – 1 x EL2, 4 supporting staff across APS4 to APS6.
    - ◆ Procurement and Contracting – 1 x EL2, 2 supporting staff across APS5 to EL1.
    - ◆ Human Resourcing – 1 x EL2, 4 supporting staff across APS5 to EL1.
    - ◆ Reception and Front Security – 1 x EL1, 4 supporting staff across APS4 to APS6.
    - ◆ Hearings Operations – 1 x SES1, 1 x EL2, 4 supporting staff across APS4 to EL1.
    - ◆ Corporate Counsel – 1 x SES1, 1 x EL2, 4 supporting staff across APS4 to EL1 – all legal
  - Whistleblower Protection Unit
    - ◆ Branch Head – 1 x SES1
    - ◆ Advice and Support – 1 x EL2, 10 supporting staff across APS4 to EL1
  - Assessment and Investigations
    - ◆ Branch Head – 1 x SES1
    - ◆ Outbound Referrals – 3 x EL2, 10 supporting staff across APS4 to EL1.

- ◆ Investigations – 2 x SES1, 8 x EL2, 30 supporting staff across APS4 to EL1 – all legal
- ◆ Operations and Warrants – 2 x EL2, 5 supporting staff across APS4 to EL1
- ◆ An external legal contracting budget of \$5 million per year
- Public Interest Research
  - ◆ Branch Head – 1 x SES1
  - ◆ Internal Research – 3 x EL2, 8 supporting staff across APS4 to EL1
  - ◆ External Research – 3 x EL2, 8 supporting staff across APS4 to EL1
  - ◆ An external research contracting budget of \$5 million per year
- National Policy and Stakeholder Coordination
  - ◆ Branch Head – 1 x SES1
  - ◆ Policy – 3 x EL2, 8 supporting staff across APS4 to EL1
  - ◆ Stakeholder Coordination – 2 x EL2, 6 supporting staff across APS4 to EL1
  - ◆ An external policy contracting budget of \$2 million per year
- Education, Training and Prevention Initiatives
  - ◆ Branch Head – 1 x SES1
  - ◆ Education and Training – 2 x EL2, 6 supporting staff across APS4 to EL1
  - ◆ Prevention Initiatives – 2 x EL2, 6 supporting staff across APS4 to EL1
  - ◆ An external contracting budget of \$2 million per year
- ACLEI would be entirely subsumed by AFIC
  - ◆ ACLEI's entire funding would be reallocated to AFIC less any merger related corporate cost savings.
- AFIC would have its own building in Canberra with a bespoke high-tech hearing room and a public gallery (around 50 observers), and 2 smaller hearing rooms (around 10 observers).
- AFIC would also have a smaller corporate presence in Sydney, Melbourne, Brisbane and Perth with no hearing rooms.
- The AFIC Parliamentary Inspector would be based in Parliament House and would have functions similar to other Parliamentary Inspectors. This would require a generous budget to be able to engage high-quality independent auditing services to assess whether AFIC has enough resources to fulfil its stated purposes under the Act every three years (estimated at \$500,000 per year).
- A new Parliamentary Joint Committee for the Australian Federal Integrity Commission would also be created and would need a dedicated secretariat function.

#### **Commonwealth Parliamentary Standards Commissioner**

- The CPSC and Parliamentary Integrity Advisor would be full time statutory appointments with their pay being determined by the Remuneration Tribunal. Both appointments, and their supporting teams, would be based in Parliament House.
- Resourcing would need to be around 15 people:
  - ◆ Unit Head – 1x SES1
  - ◆ Assessment, Investigation and Referral Team – 1 x EL2, 1 x EL1, 1 x APS6

## ~~OFFICIAL: Sensitive~~

- ◆ Education and Prevention Initiatives – 1 x EL2, 1 x EL1, 1 x APS6
  - ◆ Register of Interest Team – 1 x EL2, 1 x EL1, 1 x APS6
  - ◆ Parliamentary Advisor Team – 1 x EL2, 2 x EL1, 2 x APS6
- The CPSC would also have access to a dedicated boardroom that can only be used for the purpose of Commonwealth Parliamentary Standard matters.

## Attachment B – Australian Federal Integrity Commission and Commonwealth Parliamentary Standards Commissioner – financial implications

**Table B1: Australian Federal Integrity Commission and Commonwealth Parliamentary Standards Commissioner – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31	Total to 2023–24	Total to 2030–31
Departmental expenses													
<i>Australian Federal Integrity Commission</i>	-1.8	-68.2	-68.5	-69.1	-70.0	-71.2	-72.6	-74.5	-76.7	-79.3	-82.0	-207.5	-733.8
<i>Commonwealth Parliamentary Standards Commissioner</i>	-0.2	-3.8	-3.8	-3.8	-3.9	-3.9	-3.9	-4.0	-4.0	-4.1	-4.1	-11.5	-39.4
<i>Australian Commission for Law Enforcement Integrity</i>	-	10.5	10.5	10.6	10.8	11.1	11.5	12.0	12.6	13.4	14.2	31.7	117.4
<b>Total departmental expenses</b>	<b>-2.0</b>	<b>-61.5</b>	<b>-61.8</b>	<b>-62.3</b>	<b>-63.1</b>	<b>-64.0</b>	<b>-65.0</b>	<b>-66.5</b>	<b>-68.1</b>	<b>-70.0</b>	<b>-71.9</b>	<b>-187.3</b>	<b>-655.8</b>
<b>Total</b>	<b>-2.0</b>	<b>-61.5</b>	<b>-61.8</b>	<b>-62.3</b>	<b>-63.1</b>	<b>-64.0</b>	<b>-65.0</b>	<b>-66.5</b>	<b>-68.1</b>	<b>-70.0</b>	<b>-71.9</b>	<b>-187.3</b>	<b>-655.8</b>

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the underlying cash balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.