



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

STANDING COMMITTEE ON COMMUNITY AFFAIRS

ESTIMATES

(Budget Estimates)

MONDAY, 28 MAY 2007

CANBERRA

BY AUTHORITY OF THE SENATE

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**SENATE STANDING COMMITTEE ON
COMMUNITY AFFAIRS
Monday, 28 May 2007**

Members: Senator Humphries (*Chair*), Senator Moore (*Deputy Chair*), Senators Adams, Allison, Boyce, Carol Brown, Patterson and Polley

Participating members: Senators Barnett, Bartlett, Bernardi, Mark Bishop, Boswell, Bob Brown, George Campbell, Carr, Chapman, Crossin, Eggleston, Chris Evans, Faulkner, Ferguson, Fielding, Forshaw, Heffernan, Hogg, Hurley, Hutchins, Joyce, Kemp, Kirk, Lightfoot, Ludwig, Lundy, Marshall, McEwen, McGauran, McLucas, Milne, Nash, Nettle, O'Brien, Parry, Payne, Robert Ray, Siewert, Stephens, Stott Despoja, Watson, Webber, Wong and Wortley

Senators in attendance: Senators Adams, Barnett, Bartlett, Boyce, Carol Brown, Conroy, Crossin, Eggleston, Chris Evans, Humphries, Joyce, Ludwig, Lundy, McGauran, McLucas, Moore, Patterson, Siewert, Stephens and Webber

Committee met at 9.06 am

FAMILIES, COMMUNITY SERVICES AND INDIGENOUS AFFAIRS PORTFOLIO

In Attendance

Senator Scullion, Minister for Community Services

Department of Families, Community Services and Indigenous Affairs

Executive

Dr Jeff Harmer, Secretary
Mr Wayne Gibbons, Associate Secretary
Mr Geoff Leeper, Deputy Secretary
Ms Glenys Beauchamp, Deputy Secretary
Mr Bernie Yates, Deputy Secretary

Group Managers

Mr Roger Barson, Group Manager, Program Operations
Ms Gwenda Prince, Acting Group Manager, Women and Youth
Ms Liza Carroll, Group Manager, Children
Ms Kate Gumley, Acting Group Manager, Strategic Interventions Taskforce
Mr David Hazlehurst, Group Manager, Families
Mr Bruce Hunter, Chief Financial Officer and Group Manager, Business and Financial Services
Mr Sean Innis, Group Manager, Social Policy
Mr Robert Knapp, Group Manager, Indigenous Land and Housing
Mr Tony Kwan, Chief Information Officer and Group Manager, Information Management and Technology
Ms Cate McKenzie, Group Manager, Housing and Disability
Dr Loucas Nicolaou, Chief Internal Auditor, Audit and Fraud
Ms Fiona Smart, Acting Group Manager, Child Care Management System

Ms Kerrie Tim, Group Manager, Indigenous Leadership Development
Ms Peta Winzar, Group Manager, Communities
Mr Andrew Wood, Group Manager, Corporate Support
Ms Donna Moody, Group Manager, Funding and Governance
Ms Lynne Curran, Group Manager, Office of Indigenous Policy Coordination

Cross outcomes

Mr Bruce Hunter, Chief Financial Officer and Group Manager, Business and Financial Services
Mr Sean Innis, Group Manager, Social Policy
Mr Tony Kwan, Chief Information Officer and Group Manager, Information Management and Technology
Mr Andrew Wood, Group Manager, Corporate Support
Dr Loucas Nicolaou, Chief Internal Auditor, Audit and Fraud
Mr Roger Barson, Group Manager, Program Operations
Ms Christine Bruce, Branch Manager, Procurement and Contract Management
Ms Lesley Daw, Branch Manager, Property and Security
Ms Jill Farrelly, Branch Manager, Network Support
Mr Anthony Field, Branch Manager, Legal Services
Ms Alanna Foster, Acting Branch Manager, Social Security Relationships and Compliance
Mr Steve Jennaway, Branch Manager, Budget Development
Mr James Koulouris, Branch Manager, Corporate Strategy
Mr Andrew Lander, Branch Manager, Communication and Media
Mr Michael Pahlow, Branch Manager, Financial Services
Mr Michel Lok, Branch Manager, Financial Services
Ms Susan Black, Branch Manager, Ministerial, Parliamentary and Executive Support
Mr Stephen Walker, Branch Manager, People
Ms Michalina Stawyskyj, Branch Manager, International
Mr Andrew Whitecross, Branch Manager, Research and Analysis
Ms Deborah Winkler, Branch Manager, Service Delivery and Performance

Outcome 1: Greater self-reliance and economic, social and community engagement for Indigenous Australians**1.1 Whole-of-government coordination of policy development and service delivery for Indigenous Australians**

Ms Kerrie Tim, Group Manager, Indigenous Leadership Development
Ms Donna Moody, Group Manager, Funding and Governance
Ms Lynne Curran, Group Manager, Office of Indigenous Policy Coordination
Dr Alison Smith, Branch Manager, Intergovernmental and Welfare Reform
Mr Brian McMillan, Branch Manager, Indigenous Programs Investigations

1.2 Services for Indigenous Australians

Ms Liza Carroll, Group Manager, Children
Mr David Hazlehurst, Group Manager, Families
Mr Robert Knapp, Group Manager, Indigenous Land and Housing
Ms Donna Moody, Group Manager, Funding and Governance
Ms Lynne Curran, Group Manager, Office of Indigenous Policy Coordination

Ms Kerrie Tim, Group Manager, Indigenous Leadership Development
Ms Kate Gumley, Acting Group Manager, Strategic Interventions Taskforce
Ms Robyn Fleming, Branch Manager, Family Relationship Services
Ms Christine Freudenstein, Acting Branch Manager, Indigenous Housing and Infrastructure Reform

Dr Paul Omaji, Branch Manager, Leadership Policy and Repatriation
Mr Sanjeev Commar, Acting Branch Manager, Strategic Interventions
Mr Greg Roche, Branch Manager, Land
Mr Simon Rosenberg, Branch Manager, Indigenous Housing and Infrastructure Services
Mr Geoffrey Richardson, Branch Manager, Leadership Delivery
Dr Alison Smith, Branch Manager, Intergovernmental and Welfare Reform
Mr Brian McMillan, Branch Manager, Indigenous Programs Investigations

1.3 Incorporation, regulation and capacity building of Indigenous corporations

Ms Laura Beacroft, Registrar of Aboriginal Corporations
Ms Toni Matulick, Deputy Registrar
Mr Joe Mastrolembro, Deputy Registrar

Outcome 2: Seniors, people with disabilities, carers, youth and women are supported, recognised and encouraged to participate in the community

2.1 Support for the aged

Mr Sean Innis, Group Manager, Social Policy
Dr Nick Hartland, Branch Manager, Seniors and Means Test

2.2 Support for people with disabilities

Ms Cate McKenzie, Group Manager, Housing and Disability
Mr Evan Lewis, Branch Manager, Mental Health
Mr Ben Wallace, Branch Manager, Disability
Ms Lee Emerson, Branch Manager, Carers

2.3 Support for carers

Ms Cate McKenzie, Group Manager, Housing and Disability
Ms Lee Emerson, Branch Manager, Carers

2.4 Support for youth

Ms Gwenda Prince, Acting Group Manager, Women and Youth
Ms Michelle Wilson, Acting Branch Manager, Youth Bureau

2.5 Support for women

Ms Gwenda Prince, Acting Group Manager, Women and Youth
Ms Donna Griffin, Branch Manager, Safety, Leadership and Communication
Ms Janet Stodulka, Branch Manager, Policy Research and International

Outcome 3: Families and children have choices and opportunities

3.1 Support for families

Ms Liza Carroll, Group Manager, Children
Mr David Hazlehurst, Group Manager, Families
Ms Robyn Fleming, Branch Manager, Family Relationship Services
Ms Pamela Kinnear, Branch Manager, Child Support Policy
Ms Vicki Rundle, Branch Manager, Child Care and Children's Policy
Mr Philip Moufarrige, Acting Branch Manager, Children's Programs

Mr Mark Warburton, Branch Manager, Family Payments and Policy
Mr Justin Mein, Acting Branch Manager, Child Care and Children's Policy Budget Taskforce

3.2 Child support

Mr David Hazlehurst, Group Manager, Families
Ms Robyn Fleming, Branch Manager, Family Relationship Services
Ms Pamela Kinnear, Branch Manager, Child Support Policy Branch

3.3 Child care support

Ms Liza Carroll, Group Manager, Children
Ms Fiona Smart, Acting Group Manager, Child Care Management System
Mr Philip Brown, Branch Manager, Child Care Compliance
Ms Allyson Essex, Branch Manager, Child Care Management System Taskforce
Dr Gabrielle Phillips, Branch Manager, Child Care Performance Management
Ms Kathryn Shugg, Branch Manager, Child Care Services and Policy
Ms Vicki Rundle, Branch Manager, Child Care and Children's Policy
Mr Justin Mein, Acting Branch Manager, Child Care and Children's Policy Budget Taskforce

Outcome 4: Strong and resilient communities**4.1 Housing support**

Ms Cate McKenzie, Group Manager, Housing and Disability
Ms Clare Wall, Branch Manager, Housing Policy and Support

4.2 Supporting financial management

Ms Peta Winzar, Group Manager, Communities
Ms Elizabeth Stehr, Branch Manager, Money Management and Community Programs

4.3 Community recovery

Ms Peta Winzar, Group Manager, Communities

4.4 Community partnership and delivery

Ms Peta Winzar, Group Manager, Communities
Mr Tony Carmichael, Branch Manager, Community Strategy

Aboriginal Hostels Limited

Mr Keith Clarke, General Manager
Dr Kamlesh Sharma, Assistant General Manager/Company Secretary

Indigenous Land Corporation

Mr David Galvin, General Manager
Ms Jodie Lindsay, Chief Financial Officer

Tiwi Land Council

Mr Marius Puruntatameri, Deputy Chairman
Mr Andrew Tipungwuti, Manager
Mr John Hicks, Executive Secretary

Australian Institute of Family Studies

Professor Alan Hayes, Director
Dr Matthew Gray, Deputy Director Research
Ms Sue Tait, Deputy Director Corporate and Strategy

CHAIR (Senator Humphries)—I declare open this hearing of the Senate community affairs committee into annual estimates. I want to welcome Minister Nigel Scullion, Dr Jeff Harmer from FaCSIA and officers of that department. The Senate has referred to this committee the particulars of proposed expenditure for 2007-08 and particulars of proposed supplementary expenditure for 2006-07 for the portfolios of Families, Community Services and Indigenous Affairs, and Health and Ageing. The committee is due to report to the Senate on 21 June 2007—I think it should be 2008—and Friday, 27 July this year has been set as the date for the return of answers to questions taken on notice.

The committee's proceedings today will begin with the examination of Families, Community Services and Indigenous Affairs. I propose to call on the supplementary and budget estimates in the order of the circulated program. I will ask in a moment whether there are any proposed variations to that program, but without any such proposals that is the order in which we will take the programs and the outputs today. Officers and senators are well versed in the privilege protections and immunities and the scope of questioning for estimates. If you need reminding, the secretariat has a copy of the usual rules applicable to estimates hearings. I do not propose to read them out now. I am sure almost all of us are very familiar with those rules as it is.

Before we proceed to formally welcome the minister and Dr Harmer, I ask whether there are any proposals to vary the order of proceedings as laid out in the circulated program. I note that Senator Evans wanted to ask some questions about audit reports in the corporate matters/cross outcomes section of the proceedings. I assume there is no problem with doing that. Dr. Harmer, did you want to raise question about that?

Dr Harmer—If Senator Evans's questions are about the financial audits, that will be fine, but if they are about the ANAO report into our community programs, the people for that will appear under 'communities', which will be in outputs 4.3 and 4.4, at the close of the committee hearing tomorrow.

CHAIR—Okay.

Senator CHRIS EVANS—I do not think that is acceptable. That is scheduled for 10 o'clock tomorrow night, and, Dr Harmer, the questions go to you and the minister. The Auditor-General has now reported, we have got the evidence about those programs and we want to ask you about what actions come out of those. Certainly, if you want to bring up officers who can help us with the details of the programs, that will be helpful, but, as you know, the Auditor-General has done the report now. We are dealing with his findings rather than asking which ones you funded. I would, of course, be interested in some detail about those funding programs. We have not had much luck getting that out of you in the past, but I certainly will ask for it again.

Dr Harmer—I would be much more comfortable going into questions. I understand the senator's point about questions for me and the minister, but I will need the people who have been across those programs here. If the senator wants to reorganise and reschedule 4.2 and 4.4, I am happy to do it. If I could have an indication of time, that would be helpful.

CHAIR—The program that has been put together has had input from the opposition. It reflects, basically, priorities for other members of the committee. It may be possible to bring forward 4.3 and 4.4.

Dr Harmer—It is really 4.4 that is the difficulty.

CHAIR—We could reorganise the program to bring it forward if that is the wish of the committee.

Senator CHRIS EVANS—It is a very important report. I am sure that Dr Harmer and Senator Scullion were expecting questions about it. It only came out last week. I do not think that it is appropriate for us to get onto it maybe at 10 o'clock tomorrow night. I do not think that would treat the Auditor-General's report with the seriousness it deserves, and, while it may be necessary for the department to bring forward some officers, I would have thought we could find a time. I do not know how long it is going to take you, Dr Harmer, to get them here, but my major questions will be for you and the minister.

If the secretary feels he needs the support of other officers, Mr Chairman, I would appreciate it if we could find a time when he thinks he can bring them forward, and we could come back to it then.

CHAIR—My suggestion is that we have some negotiations about reordering the program, and, if it is possible to reorganise the program—bearing in mind what has already been suggested to officers about their requirements to appear here—we could negotiate some other arrangements.

Dr Harmer—I want to make the point that there is no doubt we were expecting questions in this area. It is an important report, and we were expecting broadly that the schedule provided to us was the schedule we were operating on—and those questions go to 4.4.

CHAIR—That is a reasonable expectation. Let us see whether it is possible to reorganise those things to suit all parties.

Dr Harmer—I am happy to do that.

Senator CHRIS EVANS—I need to make it very clear, Mr Chairman, that I am not accepting the suggestion that the department not be accountable for this report before 10 o'clock tomorrow night. That is not negotiable as far as I am concerned. I want to make it clear.

CHAIR—Yes.

Senator CHRIS EVANS—I think it is perfectly reasonable for me to raise it under corporate matters. It is an ANAO report which is analysis of the corporate management of the department that has found the department has failed in its responsibilities in a number of respects. It is a very important issue, so I will not participate in any suggestion that it is not dealt with seriously and in a timely manner. I am happy to have a discussion, but Dr Harmer's latest contribution concerns me if it suggested in any way that we are not going to get to it at an appropriate time.

Dr Harmer—I feel I need to respond. I was making no such suggestion and I had volunteered already to change it. I am happy to have the people here—I just do not have them

here at the moment. I was planning that they would be here for 4.4 and I am happy to bring them at an earlier time.

CHAIR—That is fine. Can I suggest that if there is a requirement to deal with items or officers in 4.4 earlier than tomorrow night, we make some attempt to reorganise the program so that they can be brought forward today at some point. You need to consider how you would like to restructure it and what we put back till tomorrow. I rely on you to make a suggestion about a reorganisation of the program.

Senator CHRIS EVANS—I would like to do that—maybe in a discussion with Dr Harmer—in the next 10 minutes.

CHAIR—That is fine. We will get on with the rest of the business while you are having a think about that. Are there any other proposals to vary the agenda?

Senator CROSSIN—You mentioned the Tiwi Land Council this morning. I do not know whether they are planning to head home on this evening's plane. Could we bring them on at perhaps 1.30 pm straight after lunch? Even if we have not finished output groups 1, we could perhaps interrupt our proceedings.

CHAIR—I think that is a reasonable suggestion. I do not think there is any problem with that, so we will take that as read. If we are still in output groups 1.1 to 1.3 we will suspend at 1.30 pm to bring the Tiwi Land Council on and then resume whatever we were doing at the end of their evidence. There being no other proposals for variation, I officially welcome Senator Scullion, the Minister for Community Services and Minister representing the Minister for Families, Community Services and Indigenous Affairs, and departmental secretary Dr Jeff Harmer and officers of the department. Minister, do you wish to make an opening statement?

Senator Scullion—No.

[9.16 am]

CHAIR—The first issue we are dealing with is cross outcomes and corporate matters. I suggest that the committee begins with any questions on the portfolio overview, on pages 3 to 12 of the portfolio budget statements.

Senator STEPHENS—Good morning, gentlemen. I wonder if we could start with the department's reported budget position. Thank you for the response to the question that I placed on notice. I am looking at the table on page 173. In that table you reported that your operating deficit was anticipated to be \$4.746 million; are you still on track to meet that operating deficit?

Mr Hunter—We have done budget reviews through the financial year and we believe that we are on track for that. We are certainly not going to go over that \$4.7 million deficit, and we may do a little better.

Senator STEPHENS—In your budget estimate for 2007-08 you have reported the \$968,000 surplus that you are anticipating. Can you explain to the committee the reason for the \$5 million turnaround in performance?

Mr Hunter—The \$4.7 million deficit in 2006-07 was a carry-over from the OIPC which came across with machinery of government changes. For 2007-08 we have done budget

reviews and we are basically trying to live within our means. That is one of the principles that we have set for the 2007-08 budget, internal and external. On that basis we believe that we can bring it back to a break-even position.

Senator STEPHENS—Can you tell us how you have trimmed your sails to get to that position?

Mr Hunter—It is a significant budget, so we have aimed to say, ‘What is the total revenue coming into the department in 2007-08, and what does that mean?’ I cannot give you a breakdown at this point of how we are allocating those funds across the year, but we are looking to bring that into a break-even budget and we are going through our budget process as it stands at the moment. We are looking to have that finalised within the next month.

Dr Harmer—We have put a lot of effort into the financial management of the department. Mr Hunter, who is the new chief finance officer, has been working very hard with the group managers and others to manage our financial affairs so that we do come in very close to our estimate. We have been making trimmings and changes during the year with the aim of coming very close to our estimate, and we are reasonably confident we will do it.

Senator STEPHENS—Mr Hunter, is it just coincidental that the \$4.7 million coincides with the reported increase in revenue from funding for the new policy initiatives of \$59 million, but the expenses on the new policy initiatives is \$53.3 million? Is that coincidental?

Mr Hunter—No. The \$59 million is basically the movement from 2006-07 to 2007-08, which—all in all, with the new policy proposals that we are getting through the door in 2007-08—amount to around \$58 million on the departmental side. However, comparing the expenses, the \$53 million is taking 2006-07 to 2007-08, which is including the \$4.7 million deficit. All in all, you need to add that back. So you have got \$53 million plus the \$4.7 million, so you are up around the \$58 million, and that is based on those movements alone.

Senator STEPHENS—If we could move on to advertising, Dr Harmer, that would be helpful. We have a table that was provided on the website and to the February estimates about advertising and market research which comes from your annual report, appendix 3. I am interested in finding out where we have moved from there, if we may. I wonder if you could provide an update to the committee for each department and agency as to the amount that was spent or will be spent on advertising campaigns in 2006-07 and 2007-08?

Dr Harmer—I think we might take that one on notice. We can answer high-level questions about advertising. If you have specific questions about individual program advertising, they will be best dealt with as we go through the various programs.

Senator STEPHENS—Okay. In terms of the total figure then—

Dr Harmer—I may be wrong. My people at the table may have that at their fingertips, but I suspect they do not.

Mr Wood—Senator, you asked not just for the department then but also portfolio agencies. Certainly I cannot talk to portfolio agencies. The only campaign we have at the moment that is running or approved for the period that you are talking about is the Violence Against Women—Australia Says No campaign. Certainly we have answered many questions on notice around the costs of that particular campaign.

Senator STEPHENS—So that is the only campaign that the department is actually running?

Mr Wood—In terms of mass media campaigns.

Senator MOORE—There is still nothing on child care?

Dr Harmer—We will be able to answer that definitively when we have got the childcare people here

Senator MOORE—Okay. Dr Harmer, just while Senator Stephens is looking at the questions we want to get out of this section, could you remind us of the methodology for advertising in your agency? How many people work on it, what is the delegation and, in terms of the process, can you tell us what the structure of the unit is that does the advertising?

Mr Wood—I will get Andrew Lander, the Branch Manager of our Communication and Media branch, to answer your questions on that.

Senator MOORE—Thank you. What we are trying to find out is, in terms of FaCSIA—because it has such a wide range of areas under its umbrella—the structure of your advertising process. Whatever the unit is called—every department calls it something different—that coordinates advertising, what is the process, the delegation and the number of people that are in that unit?

Mr Lander—The majority of our advertising is conducted through our campaigns and marketing area. In total there are approximately 20 people at any one time. They don't all look after advertising. They look after a range of communication initiatives and activities. I would suggest that at any one time there might be perhaps two or three looking after advertising.

Senator MOORE—So what is the structure, Mr Lander? Public affairs officers—can you give us that? Have you a table that you can give us with the current structure of your advertising campaigns unit?

Mr Lander—Yes, I do.

Senator MOORE—That will be fine. We can get that on notice. Have you got a copy of what the current work program is for that area, across the structure of the area and what they are working on?

Mr Lander—Yes, I do.

Senator MOORE—Can we get a copy of that because I think that would link in to the questions that Senator Stephens is asking. If we saw what the unit was doing then we would be able to trace through, program by program, the components of that. Is it possible to get that fairly quickly?

Mr Lander—I am sure it is. Will we look towards the end of the day?

Senator MOORE—We would like it earlier than that, because it is in terms of the questions that we are asking about the way the unit operates and how it all links together. That might be a good mode for how we proceed.

Dr Harmer—We will try to get it for you as soon as we can.

Senator MOORE—That would be good. That would be the timing for us to return to those questions, then, Dr Harmer?

Dr Harmer—It will be up to you, Senator. If we have got it here, you can ask us about it.

Senator MOORE—We want to get a picture of the whole department. If we are then going to go segment by segment we don't want to be told that we do not have the right people around to answer those questions on that basis.

Dr Harmer—We will do our very best. As you know, this is a very big department.

Senator MOORE—Yes, it is a very big department—and a lot of money.

Dr Harmer—Indeed.

Senator STEPHENS—My original question of Dr Harmer was: can we be provided with an update that matches appendix 3, which is the advertising and market research.

Dr Harmer—The answer to that is yes. We will take it on notice.

Senator STEPHENS—We might put the advertising details to one side and go to staffing issues, if we may, picking up on Senator Moore's questions there. The estimates figure for staffing levels across your department indicates an increase of 118 since last year.

Dr Harmer—That is correct.

Senator STEPHENS—What is the current staffing level in the department?

Dr Harmer—I will rely on my colleagues here. I think it is about 2,900—pretty close to 2,900, but I am sure the number will be—

Mr Wood—As at 30 April, the figure was 2,950.

Senator STEPHENS—So where have the increases come if you look at table 3.1?

Dr Harmer—Senator, 118 will come from new policy provided for in the 2007 budget and we will be able to provide you program by program with where they come from. We may need to take that on notice just at the moment. I don't know that we can do it program by program at the table.

Mr Leeper—The PBS provides details of changes in staffing levels at an outcome by outcome level. So, for example, at page 141 you will see that there is a five full-time equivalent increase in the staffing resources for outcome 4, and those figures are throughout the booklet.

Senator STEPHENS—Can you tell the committee whether these are increases in the number of people working in the department or is it improvements in the accuracy of the staffing model?

Mr Leeper—These would be increases in staffing levels allocated by the government through the budget process. So they represent real and ongoing increases in staffing levels from one financial year to the next.

Senator STEPHENS—Are you able to provide the committee with the level at which these excess staff positions have been categorised, and how many are in the Senior Executive Service?

Dr Harmer—We can give you an estimate but these are figures that are provided for the increase for 2007-08. It will depend a little bit on the tasks and the manager involved as to the level at which they recruit. We will be funded for 118 and managers have the ability to make decisions about levels within that funding. We can probably give you an estimate for how many SES we expect to recruit in that 118 but it would only be an estimate.

Senator STEPHENS—How many Indigenous staff are employed by FaCSIA?

Dr Harmer—I will get my people to give you the figures. We have about 8.4 per cent Indigenous, which is about four times the Public Service average.

Mr Wood—The number is 248 staff, as at 30 April.

Senator STEPHENS—How many of those are full time?

Dr Harmer—The majority would be full time.

Mr Wood—I may not have the breakdown by Indigenous staff. I only have the breakdown by the whole of the department.

Dr Harmer—I think virtually all of them would be full time. There would be some part timers but the proportion would be small.

Senator STEPHENS—If you could check that and take that on notice, that would be helpful.

Mr Wood—Yes, Senator.

Senator STEPHENS—How many of those Indigenous staff do not work in the Office of Indigenous Policy Coordination?

Mr Wood—Certainly, a number of Indigenous staff work in the state-territory network—a fairly high proportion that is not part of the OIPC structure. I would not have the exact figure here but I can certainly get it for you.

Senator STEPHENS—If you could, that would be useful. Can you also advise the committee how many of the Senior Executive Service are Indigenous.

Dr Harmer—We can give you that. It is about seven per cent.

Mr Wood—There are eight staff, which is around seven per cent.

Dr Harmer—Roughly the same proportion in the SES as we have in the department generally.

Senator CROSSIN—Dr Harmer, you have 248 Indigenous staff in FaCSIA out of a total of how many?

Dr Harmer—2,957.

Senator CROSSIN—How many of those work in ICCs?

Dr Harmer—We can probably give you that figure.

Senator CROSSIN—When can you give us that figure?

Dr Harmer—We may be able to give it to you now.

Mr Wood—Of the staff in the state and territory network, 145 or 17.16 per cent are Indigenous. With respect to separating that down to ICC versus the broader state network, I do not have that figure with me. But the ICCs work to the state and territory manager in their state and are part of the network within that state. So 145 staff in the state-territory network or 17.16 per cent of staff in the state-territory network self-identify as Indigenous.

Senator CROSSIN—The remaining 100 are based where—in Canberra?

Mr Wood—Correct. In fact, I could work those out backwards.

Senator CROSSIN—Yes, thank you. I would like to know exactly how many Indigenous people are placed in ICCs.

Mr Wood—I will take that on notice.

Senator CROSSIN—Do we still have the same number of ICCs around the country now as we have always had?

Mr Wood—Yes.

Senator CROSSIN—None have closed and none have opened? It is the same?

Mr Yates—Compared to day one, there are some changes. We have established an office in Dubbo, for example. We can give you the details of anything that has changed since 2004, if that would help.

Senator CROSSIN—I am really only after changes in the last 12 months.

Mr Yates—There have not been any closures or openings through that period.

Mr Wood—To pick up on your question about the number of indigenous staff in ICCs, the answer is 93.

Senator CROSSIN—Do you have a state and territory breakdown of those?

Mr Wood—Yes. There are 14 in New South Wales, 16 in the Northern Territory, 34 in Queensland, six in South Australia, two in Tasmania, one in Victoria and 20 in Western Australia.

Senator MOORE—What is the total staff of the ICCs?

Mr Wood—Two hundred and sixty five—

Senator SIEWERT—How does it—

Mr Wood—of whom 93 are indigenous.

Senator CROSSIN—Are there any ICCs in capital cities that have been absorbed into departmental offices?

Mr Wood—Where we have resources in capital city offices, we have an accommodation strategy to collocate, but that does not change their function; it just assists with the administration and corporate governance of those areas.

Senator CROSSIN—Where is that occurring?

Dr Harmer—Wherever we can. We are trying to make sure that our operations in each of the state capital are efficient. Where we had two separate officers for the department before,

we are trying—where we can and where there is an accommodation strategy that will work—to combine them so that we operate from one office rather than two in each of the capital cities.

Senator CROSSIN—So you have the ICC sitting next to the department.

Dr Harmer—Yes.

Senator MOORE—Dr Harmer, where has it happened? I know that is your strategy—

Dr Harmer—It has happened in South Australia, from memory.

Mr Wood—We are currently in the process of doing it in New South Wales and Victoria.

Senator MOORE—That is Sydney and Melbourne.

Dr Harmer—And Adelaide.

Senator MOORE—It has happened in Adelaide, Sydney and Melbourne?

Mr Wood—It is happening in Sydney and Melbourne—in fact they are literally moving in this month, from memory.

Senator MOORE—Has it already been decided that it is going to happen in all the other capital cities?

Mr Wood—The high-level property strategy is to collocate our operations in state capital cities.

Senator MOORE—What is the time frame, Mr Wood, in terms of Brisbane, Darwin, and the others that I cannot remember?

Dr Harmer—We do it where we can as leases come up. We are trying to be efficient. We do not want to waste resources for rent. When an opportunity provides itself and there is a deal that is financially advantageous to the department, we will take it. But that is our objective.

Senator MOORE—Dr Harmer, do you have a program for the property at the moment in terms of where you own buildings, where you lease them, and what the lease dates are? Can we get that?

Dr Harmer—Yes, certainly.

Senator MOORE—That would be lovely.

Senator CROSSIN—Dr Harmer, is there any discussion about the future role of ICCs? Is there an intention that they will change?

Dr Harmer—We are undertaking a review of ICCs at the moment. The process of review started in March. We anticipate a report in July. Mr Gibbons or Mr Yates can correct me, but I think we are expecting a report in July on the ICCs.

Senator CROSSIN—Who is conducting that report? What are the terms of reference?

Mr Yates—KPMG are undertaking that review. We can provide you with the terms of reference in detail, but essentially it is two stages. First, there will be a review of the operations of the ICCs identifying where there are good practices that we would want to build on and any areas of weakness. Stage two of the review will identify a strategy for improving

the overall performance of the ICCs against the model that was articulated by the Secretaries Group on Indigenous Affairs some time ago.

Senator CROSSIN—What is the definition of good practice in an ICC? What is the benchmark against which that review will measure the ICCS?

Mr Yates—The fundamentals are the basic operating parameters and intentions that were laid down for ICCs on a whole-of-government basis. We are exploring what the successful performances of those ICCs are in terms of working cooperatively across agencies; working cooperatively and engaging well with Indigenous communities, other stakeholders, state government personnel, private sector NGOs and the philanthropy sector; and the development of effective local and regional agreements. They are the kinds of considerations to which we will have regard.

Senator CROSSIN—Will it take into account the reviews of the SRAs that was done?

Mr Yates—Those reviews are still proceeding. We will obviously progressively be feeding in the results of all of the evaluation work that we have done, whether it is the COAG trials or the SRA reviews. We will try to feed those into our consideration of the evaluation work that is going on.

Senator CROSSIN—So it is due in July for public release?

Mr Yates—That will be considered by the government at the time. We hope that we might be able to complete it by the end of June.

Senator CROSSIN—Last estimates you told us that the national office had devolved \$500,000 to state managers. Is that \$500,000 to each state manager?

Mr Yates—Yes. This was a move as part of devolving the capacity of state managers and also ICC managers to respond more readily to opportunities for agreement making at the local level. We moved delegations of up to \$100,000 to individual ICC managers and delegations of up to half-a-million dollars to our state and territory managers.

Senator CROSSIN—An SRA that comes in at less than \$100,000 can be approved by the regional ICC?

Mr Yates—Yes, by the ICC manager.

Senator CROSSIN—So up to \$500,000 can be approved by the state or territory ICC manager?

Mr Yates—The state or territory manager of the department.

Senator CROSSIN—Over and above that, approval goes to Canberra. Is that correct?

Mr Yates—They would refer the matter to Canberra.

Senator CROSSIN—It was not actually a devolution of \$500,000 per state and territory; it was a devolution of responsibility up to \$500,000.

Mr Yates—For any particular project or initiative.

Senator CROSSIN—Yes.

Mr Yates—If in a particular state they had multiple initiatives, they would have the capacity to approve half-a-dozen or more up to half-a-million dollars. It is only if a particular project went beyond half a million dollars that they would need to refer it to Canberra.

Senator CROSSIN—I understand.

Senator SIEWERT—Who are they talking to in terms of stakeholders?

Ms Curran—KPMG has been talking to a range of people. They have talked to the staff in the ICCs, the Australian government agencies that are based in ICCs and to organisations as well.

Senator SIEWERT—Which organisations?

Ms Curran—It would depend on the particular community. The evaluation is focused on eight ICCs, and I can give you those details if you would like them. They are Alice Springs, Kalgoorlie, Ceduna, Rockhampton, Darwin, Sydney, Perth and Wagga Wagga.

Senator SIEWERT—How were they selected?

Ms Curran—It was felt that these ICCs were a good representative group of the types of ICCs that we have and it is urban, regional and remote.

Senator SIEWERT—Which is your remote centre?

Ms Curran—Ceduna, Alice Springs and Kalgoorlie.

Senator SIEWERT—I think we might have a different definition of ‘remote’. These organisations: are they community based organisations that work with these ICCs?

Ms Curran—Yes.

Senator SIEWERT—Are they actually talking to individuals besides the organisations?

Ms Curran—Yes. I would have to go to the details of who they have spoken to in each of those locations, but they are talking to people.

Senator SIEWERT—There is a difference between talking to organisations and talking to individuals in the community to see how things are actually impacting on individuals within the community.

Ms Curran—I do not have that level of detail with me, I am sorry. I will get back to you with that.

Senator SIEWERT—If you could, thank you.

Mr Wood—I would like to read a couple of things into the record. The number of Indigenous staff out of the total of 248 who work part time is 13. From having done the sums, the number of Indigenous staff in the national office is 103 out of that total of 248. The secretary and I mentioned the total staffing figure for the department. That was actual staff. The FTE figure is 2,589.

Senator STEPHENS—Dr Harmer, as part of FaCSIA’s reconciliation action plan, the department committed to employing a specialist in Indigenous human resource issues. Has that occurred?

Mr Wood—We have established a position within our people branch that is responsible for human resource management and workforce planning around our Indigenous staff. That position is occupied by a full-time officer and is supported by a couple of staff. An Aboriginal and Torres Strait Islander retention and attraction strategy has been endorsed by the secretary and has been implemented by our people branch.

Dr Harmer—We are very keen to maintain our number one position in the Commonwealth public service for the proportion of staff that is Indigenous. To do that, we have put quite a lot of specific effort into our recruitment and retention strategy for Indigenous staff.

Senator STEPHENS—Is the department, for example, setting targets for Indigenous recruitment?

Mr Wood—We have said that our target is to remain the highest employer of Indigenous staff in Commonwealth departments. We aim to retain the highest percentage of Indigenous staff.

Senator MOORE—What level is the position in your people's branch, Mr Wood?

Mr Wood—It is an assistant director, executive level 1.

Senator MOORE—Earlier, you gave us the number of Indigenous staff in the national office. Are any of those Indigenous staff in that unit?

Mr Wood—There are.

Senator MOORE—I am just trying to find out how many.

Mr Wood—There is certainly two; maybe three.

Senator STEPHENS—Is that position occupied by someone who is an Indigenous person?

Mr Wood—Yes.

Senator MOORE—So the specialist dealing with employment is not Indigenous?

Ms Curran—They are.

Senator MOORE—I thought I heard you say no.

Mr Wood—It is, senator.

Senator MOORE—I just wanted to clarify.

Senator STEPHENS—The budget provided the department with \$16.5 million over four years to convert CDEP positions to employment. How many CDEP positions does that represent?

Dr Harmer—We will need to take that on notice. It is primarily in the childcare area, so the people from that area will know that. We may be able to get it for you in advance of that, but if we do not then if you want to raise it when the childcare area is before you they will be able to give you that exactly.

Senator STEPHENS—Are there any within the department itself?

Dr Harmer—I do not believe we employ staff under that provision.

Dr Harmer—No, these are positions in service provision in childcare. They are positions that were funded from CDEP which we have been funded to convert to real jobs.

Senator CROSSIN—Dr Harmer, can I get some clarification about that? So this is actually almost like a cross-subsidy move? This is money from DEWR and CDEP moving across to FaCSIA, which you will then hand on to childcare centres in order to pay people working in childcare centres under the childcare award as employees. Is that correct?

Mr Gibbons—It is money appropriated to the portfolio in the budget so that the childcare area of the department no longer needs to cross-subsidise the programs that it funds through CDEP. The people who are employed to deliver childcare services in the areas covering Indigenous need will be recruited by the organisations to fill normal jobs that are not part of CDEP.

Senator CROSSIN—You are going to get us the number. This will mean, then, that Indigenous people working in a childcare centre in a remote community—a community more remote than Kalgoorlie—will be in those childcare centres under the childcare award on wages rather than CDEP. Is that correct?

Mr Gibbons—That is the aim of the program. Jobs that come about as a result of government services will be progressively moved away from CDEP to become real jobs.

Senator STEPHENS—Is there a process of converting positions in which employees are already working under CDEP? Is that happening as well? If it new positions?

Mr Gibbons—It is with the jobs that exist now.

Senator STEPHENS—So it is converting existing positions.

Mr Gibbons—At the moment, the childcare area makes a grant or makes funds available to an organisation to run childcare services. The assumption had been to date that the staff that are needed to run the services would be part of CDEP and we would top up the wages. We are moving away from CDEP and will provide the funds needed to employ those people—on a full-time or part-time basis as the need dictates—in real jobs not CDEP subsidised jobs.

Senator STEPHENS—When is this going to start?

Mr Gibbons—The funds have been made available so that jobs in the childcare sector can be transferred away from CDEP next financial year.

Senator STEPHENS—From 1 July?

Mr Gibbons—Yes.

Mr Yates—There is sort of a rolling program over four years, but around about 825 jobs in total across the various departments will be turned into real jobs as a result of this. Last year, this process started in the health area when 130 full-time equivalent positions were turned into real jobs. It is a rolling program which commenced last financial year and which will progress over the next four years.

Senator STEPHENS—For a total of 825 jobs.

Mr Yates—The 825 were the result of this year's budget initiative, last year's initiative affected 130 jobs.

Senator STEPHENS—Is there any estimate or project of how many will be converted in 2009-10?

Mr Yates—We would have to get the details of how it is being staged over the forward estimates period, but we will seek to do so.

Senator STEPHENS—If you could, thank you.

Senator CROSSIN—So are you saying that it will be 825 over four years?

Mr Yates—That is correct; that is all of the portfolios.

Senator CROSSIN—Only in child care.

Mr Yates—No, that is all of the portfolios. I do not have the specific number for FaCSIA. I think it is around 100, but we will check that for you.

Dr Harmer—We will get you the number for child care, but the figure that Mr Yates is referring to covers aged care and some education as well. It is a range of portfolios that are funding organisations where the support staff are being subsidised through the CDEP. A range of portfolios—us, Education, Science and Training; and Health and Ageing—have received funding to convert jobs to real jobs.

Senator CROSSIN—A breakdown by portfolio would be actually—

Mr Yates—Certainly, Senator.

Senator CROSSIN—Just let me get this really clear then: is this a transfer of money from DEWR into the different portfolio areas?

Dr Harmer—It was part of the single Indigenous budget submission. It was a new allocation for these positions.

Mr Yates—There are two components. Some of it is sourced from CDEP and then there is new money to enable the jobs to be turned into full award wage paying jobs.

Dr Harmer—It is a combination.

Senator CROSSIN—Do we have a breakdown of each of those components?

Mr Yates—The budget documentation points to the additional new money being \$97.2 million. Some \$65.9 million in CDEP program savings will be redirected as a contribution to the initiative.

Senator CROSSIN—So \$65.9 million from CDEP moves across to be part of that \$97.2 million to convert CDEP positions?

Mr Yates—In addition to the \$97.2 million.

Senator CROSSIN—This will be 38 hours a week, so it will not be a mixture of CDEP and top-up; it will be a full-time, regular job.

Mr Yates—It will be a regular job. I expect most of them will be full time, but there may be some that are part time.

Senator CROSSIN—Yes, I understand. This will also enable the providers of those services now to budget for long service leave and annual leave.

Mr Yates—They will be required to meet those obligations, yes.

Senator CROSSIN—Can I go back for a minute to the number of Indigenous staff. You tell me you now have 248. That is as at the end of April?

Mr Wood—That is right.

Senator CROSSIN—In January you told us you had 231 staff, so that is an increase of 15. How many new staff have you had in FaCSIA since January? If you have had 15 new Indigenous staff, how many staff in total have you had?

Mr Wood—Since January?

Dr Harmer—I doubt whether Mr Wood would have that figure. We will take it on notice. I know that the number of Indigenous staff has increased. Obviously we have had some separations, but our number recruited has exceeded our separations. So the number of Indigenous staff has gone up. I cannot remember the figure.

Mr Wood—I can confirm that, since January, 14 additional Indigenous staff have joined us. But in terms of the total number of staff that have joined the department since January, I do not have that figure.

Senator CROSSIN—Would you be able to get that to us today?

Dr Harmer—We will do our best.

Senator McLUCAS—Can the department point me to the number of staff of FaCSIA who report as having a disability?

Mr Wood—Going back to your previous question, we understand that the number of staff in total who have joined FaCSIA since January is 66. The number of staff in the organisation with disabilities—

Dr Harmer—That means that the proportion of Indigenous staff will have increased slightly since January.

Mr Wood—Correct. I do not have the actual number, but 4.51 per cent of the department's staff self-identify as having a disability.

Senator McLUCAS—How does that compare with the APS generally?

Mr Wood—I am sure it is very good.

Senator McLUCAS—I am comforted.

Dr Harmer—It is above the average, but I am not sure by how much. We will try and get that.

Mr Wood—It is above the average, but I am not sure what the *State of the service report* currently reports.

Senator McLUCAS—How many individuals does 4.51 per cent mean?

Dr Harmer—It must mean about 120.

Senator McLUCAS—How does that compare over time?

Dr Harmer—I will let Mr Wood do the calculation, but in the Public Service in general there has been a slight decline. In fact, one of the reasons the management advisory committee did the report was that there was concern amongst senior people in the Public Service that it was declining. We have been looking at options and strategies to try to reverse that downward trend.

Mr Wood—The actual number is 133 staff, using that percentage, but I do not have previous years' figures with me.

Senator McLUCAS—Is it possible, though, to provide that, over time?

Mr Wood—Yes.

Senator McLUCAS—Let us say over the last five years. Is that reasonable?

Mr Wood—No. I think the relevance over the last five years is going to be a bit hard to relate to current, given the number of MOG changes and things.

Senator McLUCAS—I understand.

Dr Harmer—We have had a lot of machinery of government changes, which would make it a pretty meaningless figure over that period.

Mr Wood—And difficult to collect.

Senator MOORE—What about the last two years, since FaCSIA took on OIPC, which was the major—

Dr Harmer—We can certainly do it for the last two years.

Mr Wood—Certainly from, say, January 2006, when we took over.

Senator MOORE—That seems to be the core of the current department.

Mr Wood—From when FaCSIA was formed in January 2006, and onwards.

Senator McLUCAS—Can the department indicate—Dr Harmer, you might be able to assist—why so many of the questions to FaCSIA were so late in coming back to the committee?

Dr Harmer—I can. If you recall, at the February hearings a large number of the questions were not received until about four or five days after. There was a very short period of time between the end of the Senate estimate hearings, when we received the questions and when they were due—about five weeks. We have done our best. By 10 April, which is 10 days late, we had about 50 per cent in. By 19 April we had almost three-quarters in and by last Friday we had them all in.

We have done our best in the tight time frame, in a period when the department was extremely busy with budget matters. It is a very busy time of the year for us, the March to end of May period, and as much priority as I give—and we do give priority to the questions on notice—we have taken a little longer. I do make the point that the number of questions taken at additional estimates this year, 2007, was about double the amount of number taken at that time last year, so there was an additional workload on us this year.

Senator McLUCAS—Do you compare FaCSIA with other departments?

Dr Harmer—We do.

Senator McLUCAS—Do you compare the fact that FaCSIA, I think, was probably one of the poorest performers in getting questions back to the committee?

Dr Harmer—It depends on your measure. We were one of the five or six departments that did not have any in on time, and in that regard we probably would be regarded as one of the poorer. But a little while after that—for example by about 10 April, when we had 50 per cent in, and certainly by early May, when we had over three-quarters in—we would have compared, I think, very favourably with most of the departments.

Senator McLUCAS—We received four questions last Friday and eight the day before.

Dr Harmer—Yes.

Senator McLUCAS—In the last week we have received quite a number. You would understand that makes it very difficult to examine those answers and then prepare appropriately for the next round of estimates.

Dr Harmer—I do understand that.

Senator CROSSIN—Can I just ask a question about questions on notice, while we are on that subject. Minister Scullion, could you provide me with an answer. Both Senator Siewert and I asked you questions regarding the Tiwi Land Council, and I think the response was that it is a statutory authority, so you were not able to answer those questions and that we should ask questions to that authority directly. Can you give me a reason why that was your answer?

Senator Scullion—As I recall, Mr Chairman, these individual organisations can be called before estimates, as they were at the last set of estimates and as they are now. I would take the opportunity to thank the senator for the consideration about the adjustment of timing for the Tiwis—they have travelled a long way. My response to the question went to the fact that the Tiwi Land Council are best suited to provide answers with regard to their operations, and I provided that answer at the time. All I can do in terms of the answer to the senator's question is reiterate the answer that I gave at that stage.

Senator CROSSIN—These were actually questions that were put on notice, not associated with any round of estimates, so I am not sure what you are suggesting there. Are you saying that we need to wait for estimates in order to ask questions rather than have a continual flow of information? I have before me questions that Senator Ian Campbell has answered to Senator Milne on behalf of the Tiwi Land Council. I have questions that Senator Coonan has answered on behalf of the Australian Broadcasting Corporation. She advises that she passed the questions on to the ABC, the ABC answered those questions and then she redirected them back.

I have an example of where Senator O'Brien asked questions of the Australian Electoral Commission and they were sent to the AEC by Senator Abetz and forwarded back to Senator O'Brien. Senator Minchin forwarded questions on to ASIC. My question is: what is this parliament expected to do to get information from the Tiwi Land Council when we are in-between estimates if we cannot put questions on notice to the minister and expect those questions to be passed on to the statutory authority?

Senator Scullion—I just checked with the secretary—and perhaps somebody else can lean over and quickly give me some advice on the matter—but my response to the senator was with regard to my particular answers at the last set of estimates and a statement that I made at the last set of estimates. I am not aware of a question on notice that was passed to us in-between estimates with regard to getting information provided by the Tiwi Land Council. I certainly would have thought that that was quite an appropriate process, but at this stage I am not aware of any particular questions that have been passed to me or my department in that time. If you are able to provide us with some more information on that—

Senator CROSSIN—Yes. My question on notice was numbered 2480. I do not know if I have Senator Siewert's questions—they were in the House of Representatives *Hansard* two weeks ago. These are questions that I put on notice about two weeks after the last round of estimates. They went on notice through the Table Office. I am wondering why they were not forwarded to the Tiwi Land Council on my behalf and why the answers were not then funnelled back through to me.

Dr Harmer—That would be the normal practice. We will check that. We would normally support the senior or junior minister in channelling those answers through. There may have been some slip-up in the department in terms of getting them through.

Senator CROSSIN—Okay. We have the Tiwi Land Council today at 1.30 pm. If in fact we do not get a chance to answer all of the questions that we want to ask, I am assuming that questions that we put on notice through the estimates round will be sent to the Tiwi Land Council for answering. Is that not correct?

Dr Harmer—Yes, they will. They will be directed back directly to the estimates committee. Separate organisation such as the Tiwi Land Council provide their answers—as I understand it—directly.

Senator Scullion—Convention at previous estimates that I have been involved with certainly has it that any questions on notice can be provided to those people who have given evidence, which includes the Tiwi Land Council. There is no need for me to intercede or be an intermediary in that process. A question on notice can be provided directly to any organisation that comes before estimates.

Senator CROSSIN—On a cross-portfolio issue, in 2005 the department provided a whole-of-government analysis of the portfolio. It was headed 'Australian government Indigenous expenditure by portfolio'. It was six pages long and it outlined every program related to Indigenous expenditure in every portfolio. I did not see such a document produced last year. I am wondering if there is any intention to produce such a document this year.

Mr Yates—That is now incorporated as part of the annual report of the Secretaries Group on Indigenous Affairs. The most recent one of those was released last year for 2005-06. That report seeks to provide additional information across the range of Indigenous programs, including that summary table.

Senator CROSSIN—Where do I find that, on the OIPC's website?

Mr Yates—Correct.

Senator CROSSIN—When was that released?

Mr Yates—In about November last year. There will be another around the same time this year.

Senator CROSSIN—Okay. But that is in November—that is halfway through the budget cycle. My understanding is that this came out pretty soon after the 2005 budget. Is there no intention to do it sooner than that?

Mr Yates—Not that I am aware of, but I can take that on notice.

Senator McLUCAS—Going back to questions on notice, on 19 April this year I placed a number of questions on notice through the Table Office. My understanding of the rules suggests that they are now overdue for answering. The numbers were 3139 through to 3143. Can I get an understanding of why they have not been answered?

Dr Harmer—I may need to take that on notice. We will get an answer for you as quickly as we can.

Mr Wood—Do you remember what the topic was?

Senator McLUCAS—Child care.

Dr Harmer—We will try and get you an answer today and, if not, by the time child care comes up tomorrow.

Senator McLUCAS—I would like those answers tomorrow at the appropriate time, when we talk about child care. Last week we wrote to the department indicating that we wanted to get an understanding of programs that fund women and youth organisations. Thank you for your response to the request. We then put in an amended request, you would be aware, Dr Harmer.

Dr Harmer—Yes.

Senator McLUCAS—Is that going to be able to be complied with?

Mr Wood—I spoke to the acting executive director of the Office for Women on Friday and passed on the response we got from the chair of the committee. They are working to respond to the revised focus of the question.

Dr Harmer—We will do our best in the short time to get that in the new definition.

Mr Wood—The question was asked about what the current rate of people with disability is within the public sector more broadly. The answer is 3.29 per cent.

Senator McLUCAS—Thank you.

Senator CROSSIN—I want to go to the use of the Indigenous Land Fund money. I will just take you to page 51 of your PBS. You itemised \$94.5 million from the Indigenous Land Fund special account that was available for spending on departmental purposes. Does this mean that this source of income can be used by FaCSIA for purposes other than transfers to the ILC?

Mr Hunter—The \$94 million is what we expect in 2007-08 to be the return of the account, the land account, not what actually gets paid to the ILC, or the Indigenous Land Corporation. I can take you through that calculation, if you would like.

Senator CROSSIN—All right. So the \$94.5 million is money you expect to earn on interest, for example, or other such revenue generated from the ILC account?

Mr Hunter—From the land account; that is right. It is about a six per cent return now.

Senator CROSSIN—What is the total amount of money in the ILC account at this stage?

Mr Hunter—As at the end of April it was \$1.61 billion.

Senator CROSSIN—The table on page 54 shows that in 2006-07 earnings on the fund were \$97.4 million and payments to the land council were \$96.4 million.

Mr Hunter—That is right.

Senator CROSSIN—However, if you go to page 247 of the PBS, it shows that no earnings from the land fund will be received from the ILC in 2007-08. Is that correct?

Mr Hunter—Yes. I can talk you through it.

Senator CROSSIN—Can you explain to me why there is such a difference?

Mr Hunter—Just bear with me; I will try to explain it the best I can.

Senator CROSSIN—I think I have the lingo.

Mr Hunter—The way to describe it is that it is a little bit of apples and oranges. The point is that the \$97 million you are seeing on page 51 for 2006-07 is the return on the fund in 2006-07—so the actual return, not what goes to the Indigenous Land Council.

Senator CROSSIN—Yes. I know the difference.

Mr Hunter—Then we are also estimating the income next year at \$94½ million. Going forward—so the table on page 54—

Senator CROSSIN—So you are actually expecting the ILC land fund to return less this year than last year.

Mr Hunter—No. We will get \$97 million in 2006-07 and \$94½ million in 2007-08. That is what the actual fund is earning in each of those financial years. However, the payment to the land corporation is based on the closing balances of the two preceding years. I am looking at the table on page 54. You can see that the 2006-07 opening balance was \$1,546,000. We are earning around \$97 million in interest but we are paying out \$96 million to the ILC. So the net movement is only about a million dollars for the closing balance—from the opening balance of this year to the closing balance of this year. Because of the payment to the ILC, the money going to them this year is based on the return from 2005-06 to 2004-05. So when we are talking about 2007-08, the formula will say it is the balance in 2006-07 against the balance in 2005-06. Because we are only having that \$1 million movement, there is no return coming back to them because the actual return is less than one per cent. With the indexation factor that we are using, which we are estimating to be 4.6 per cent, that is a negative return. That is why it is a zero.

Senator CROSSIN—Would that explain why there is such a small proportion of earnings to the ILC?

Mr Hunter—They will receive \$96 million this year. We are expecting part of that payment to be \$71.8 million this financial year, but we have also made additional payments of

\$24.5 million to the ILC for some adjustments to the formula for 2004-05 and 2005-06. So that is how the \$96.4 million is derived this year for the ILC.

Senator CROSSIN—So it might look like the ILC is receiving no earnings on the 2007-08 budget.

Mr Hunter—Because the closing balances for 2005-06 to 2006-07 are so close, with only that \$1 million difference basically, they will not receive any payment from the ILC, based on the realised real return. However, the fund in real terms will grow by \$94.5 million at the estimate at this point.

Senator CROSSIN—So all of that money is actually retained in the special account. It is not used by the department in any way at all—is that correct?

Mr Hunter—That is correct.

Senator CROSSIN—I wanted to ask a few quick questions about the ongoing situation with the death of Mr Sadlo, which I understand occurred while Mr Sadlo was working with ATSIC. Is this a matter for that cross-portfolio area?

Dr Harmer—There are a lot of blank faces at the table. I am not aware of this issue. Could you repeat the name, please?

Senator CROSSIN—It is Sadlo. It is a matter that goes back to 2004, regarding a possible inquiry into what I understand was the death of this person when he worked at ATSIC.

Dr Harmer—I think we would have to take that on notice.

Senator CROSSIN—It refers to the compensation being sought by the family for this person.

Dr Harmer—There are a lot of blank faces here. We will do our best to track it down. Your question is?

Senator CROSSIN—My question is really whether or not there has been any response to the family about an additional inquiry in relation to compensation for Mr Sadlo's widow, Mrs Sadlo. I really want to obtain an update on what is happening or whether the department is taking no further action. I will leave it with you. You can come back to us about it.

Dr Harmer—I will track it down and try to get some details. I suspect, given that the senior people here at the table do not appear to know much about it, that it may be being handled by some other agency as a compensation matter or something. I will try and get you the answer to that.

Senator CROSSIN—All right.

Senator McLUCAS—Perhaps Minister Scullion can assist the committee. Can you explain the portfolio responsibility split between Minister Brough and Minister Scullion, please.

Senator Scullion—Probably the best way to approach that is to go through what I am responsible for. The remaining items are what my senior minister, Minister Brough, is responsible for. I am essentially responsible for housing as it relates to the day-to-day running of the Commonwealth-State Housing Agreement. I am responsible for disability through the

day-to-day running of the state and territory disability agreement. In saying that, the negotiations of the agreement and the formulation of the agreement are the responsibility of the senior minister, Mr Brough.

I am responsible for youth affairs. I am responsible for volunteering. I am responsible for the payment side of disaster recovery. I am responsible for the day-to-day running of shared responsibility agreements and I am also responsible for the management and implementation of recommendations from the gambling ministers conferences that occur from time to time. Other matters outside of those which I have indicated are the responsibility of the other minister.

Senator McLUCAS—Why is that not on the website?

Dr Harmer—Probably we need to update.

Senator McLUCAS—There is confusion in the community about which minister we should be speaking to about which particular issue.

Senator Scullion—Perhaps you could enlighten me about what particular area that would be in. It would be very useful for me to know.

Senator McLUCAS—Disability, essentially. People say, ‘Who do we talk to? Do we talk to Minister Scullion or to Minister Brough?’

Senator Scullion—As you would understand—perhaps this is the reason it is not indicated on the website—it is quite clear that, with regard to the direct negotiations of the state and territory disability agreement, that is the responsibility of the senior minister because the negotiations of the new agreement have been with him. The day-to-day running of the current agreement and the operations of that current agreement fall to me. One would understand that there is an area of overlap there in terms of policy. Thank you for that. I will try to effect some changes to the website to make that clear, if that is the case.

Senator McLUCAS—Thank you.

Proceedings suspended from 10.25 am to 10.44 am

CHAIR—We will resume our estimates hearings. I understand that there are some answers to questions that were asked before the morning tea break. Mr Wood, do you have some answers?

Mr Wood—A question was asked about the number of people with disabilities who identify within the department going back prior to current figures. We have the figure as at the time the two payrolls were brought together, which was May 2006. At that point the new FaCSIA had 3.72 per cent of staff identifying that they had a disability. That number was 93 compared to the current 133.

Secondly, a question was asked by Senator Crossin about a particular staffing matter in New South Wales. I can advise that we understand a claim was lodged with Comcare Australia by the family and that Comcare Australia disallowed the claim. We are not aware that an appeal has been lodged in relation to that.

Senator CROSSIN—I will have a look at that. I might follow up after Senator Evans.

CHAIR—We are now proceeding to ask questions about the audit report.

Senator CHRIS EVANS—I have a few process questions first. When was the department audited and when did it receive the draft of the auditor's report?

Ms Winzar—I am afraid I do not have the precise dates with me of when we received the draft audit report. We have had a series of conversations with the Australian National Audit Office over the last couple of months. The first discussion paper they gave us, having done the field work and their investigation, was in late November—I think 28 November—last year. We had a formal exit interview with the Australian National Audit Office on 21 February this year.

Senator CHRIS EVANS—Why has it taken so long?

Ms Winzar—Taken so long from the exit interview point?

Senator CHRIS EVANS—That, plus if the discussion was on 28 November, it seems to have taken quite a long time to come to light, as it were. Unfortunately, I dealt with the ANAO in estimates before the report was released. It just happened to be a coincidence, otherwise I would have had a chat with them about it. It turned out that it came out the day after, or two days after, we had dealt with the ANAO.

Dr Harmer—The timing was in their hands and we have done all that we were asked to do in terms of comments back to them and turnaround time. I think we have basically met our timeline. ANAO reports are in their hands in terms of timing.

Mr Carmichael—On 28 November in that discussion there was a range of information provided to the department that was not factual. We were providing—and making sure of the accuracy of the report—some of the information that the ANAO had to take back. Then they had to go through a process of natural justice with the people who were adversely named in the report, particularly the elected officials. They spent some time in writing to those elected representatives of government and then getting feedback from them. A lot of the delays were in terms of good due process with the ANAO.

Senator CHRIS EVANS—Were there any officers of the department who it was considered needed to have the principles of natural justice applied to them prior to publication of the report?

Mr Carmichael—No.

Senator CHRIS EVANS—So it was only the two former ministers who required that process. Is that right?

Mr Carmichael—There were three.

Senator CHRIS EVANS—Could you name them for me?

Mr Carmichael—They would have been Senator Vanstone, Senator Patterson and former minister Larry Anthony.

Senator CHRIS EVANS—Can you tell me for which matters they were offered the opportunity to answer the claims made against them prior to final publication of the report?

Dr Harmer—They were just sent, as I understand it but I could be corrected, copies of the report. Because they were the ministers named, they were given an opportunity, in the same way the department was given an opportunity, to make comment. I do not think there was

anything specific. They were just provided I think a full copy, but it may have been a segment.

Senator CHRIS EVANS—You do not know for certain?

Dr Harmer—It was handled by the Audit Office.

Senator CHRIS EVANS—So they wrote to each of those ministers. Do you know roughly when they wrote to them?

Mr Carmichael—They wrote to them some time after our meeting on 28 November but these are matters between the ANAO and those ministers, and they were only informing us of these processes because it was going to delay us getting a final draft report back.

Senator CHRIS EVANS—As I said, I thought there was a bit of a delay. In part, that was because the ANAO was corresponding to three former ministers offering them the application of natural justice prior to the final report being tabled. Do you know whether those ministers replied?

Mr Carmichael—You would have to ask the ANAO.

Senator CHRIS EVANS—You have no knowledge of that?

Mr Carmichael—No.

Senator CHRIS EVANS—So you did not get to see their replies?

Mr Carmichael—No.

Senator CHRIS EVANS—Were you then, if you like, reinterviewed about matters after the ANAO had the benefit of the answers from the ministers?

Mr Carmichael—Not specifically about their interaction with the ministers.

Senator CHRIS EVANS—What happened on 21 February? Is that when you signed off on the report?

Ms Winzar—At that meeting in late February, we had an exit discussion with the Audit Office. My recollection is that there were still a couple of pieces of information that they sought from us to confirm the conclusions that they had drawn from documents on file and so on. They were asking for other pieces of information. In the next couple of weeks we provided that information to the Audit Office and they concluded their report.

Senator CHRIS EVANS—Dr Harmer, I see that you have accepted the findings of the ANAO report and the recommendations.

Dr Harmer—Yes, we have. We found it quite a helpful report dealing with a very complex part of our administration.

Senator CHRIS EVANS—It is pretty critical, though, isn't it?

Dr Harmer—It is, and we take it very seriously.

Senator CHRIS EVANS—Do you have an understanding of how this process was allowed to develop?

Dr Harmer—I do not. Most of the criticism of the process was before my time and, in fact, before the time of the officers at the table. Grants programs are intensive programs to

administer. It is, quite frankly, not too difficult in most grants programs to find that there are improvements that you can make in running them. In my experience over 30 years in the Public Service, these are areas that traditionally are challenging for officials, and rarely when the ANAO looks at these sorts of programs do they find that it is perfect, that there are not improvements you can make.

Senator CHRIS EVANS—I know it was challenging, because it was a report. I do not blame the department for that but there are consequential criticisms of the department for failing to stop the report or failing to provide the checks that the department is supposed to provide. These are quite important failings, aren't they?

Dr Harmer—I do not think, in my reading of the report, that you could describe it as a report really.

Senator CHRIS EVANS—You do not think so?

Dr Harmer—Not in my reading.

Senator CHRIS EVANS—I would challenge you to find a more critical ANAO report. It seems to me that they basically said there was a report performed here and that you, the department—and I make the point that it is not you as an individual, but you are the one in the chair—failed to do its job to make sure that the decisions were administered in accordance with the law and in accordance with the process. This is an outright report in which the public sector provided no check on that process.

Dr Harmer—Notwithstanding the fact that it was not something that I had direct knowledge of, I do not think it is a fair description.

Senator CHRIS EVANS—How would you describe it?

Dr Harmer—The way the ANAO described it was that they found that FaCSIA has established good procedures to administer the audited programs. However, the administration of the approval process for community organisations, one-off grants and VSEG Round One for 2004 was seen as below the standard accepted by Australian government agencies. I do accept that. It was not something that I had any direct involvement in but beyond that they seem to be saying that we have established pretty reasonable processes to administer the grants.

Senator CHRIS EVANS—They found that your process for accessing the grants was good. I can see that. But they also found that you made payments to organisations that were not subject to the tick-off by the minister, that you changed your records to reflect ministerial decisions rather than the recommendations of the department and that a whole range of practices occurred which were clearly far less than satisfactory. You paid money for grants when the applicants did not actually meet the criteria for the grants. That is what the ANAO found.

Mr Carmichael—My reading of the ANAO report is that no moneys were paid to any applicant that did not have ministerial support and that there is no transgression of the Financial Management Act other than that in some cases, for good practice, we should have resubmitted to the minister. But they were not claiming that that was in conflict with the Financial Management Act; they were talking about that in terms of good practice.

Senator CHRIS EVANS—Mr Carmichael, that is a very interesting use of the phrase ‘ministerial support’. What you implemented was not what the ministers had signed off on on these two occasions. You actually applied a decision that was not reflected in the paperwork and that was not approved formally or properly.

Dr Harmer—For the context of this, there are a vast number of grants to community organisations in both the Local Answers Initiative and VSEG. Over the period of time, the vast majority of those grants were managed very well by the department. Because of the large number it is not unusual that some were found to be wanting in process. But to go back to your comment earlier, having been in the Public Service for a long time and having read a lot of ANAO reports, I think that this is a long way short of being a damning report. This is actually quite a good report. It acknowledges the department’s very serious attempts to reform its process and address the concerns. We were well down the track in addressing the concerns raised in the ANAO report before the ANAO came in for the second audit. Our discussions with the ANAO indicate that they were pretty happy with the sorts of things we had done. That is reflected in some of the comments made. Historically, they had a concern, but that was some time ago.

Senator CHRIS EVANS—I have dealt with these issues of legacy projects, Dr Harmer, and it does not wash. There is a continuum of responsibility for departments. While it gives you an uncomfortable moment here, without having direct responsibility, I intend giving Senator Scullion an uncomfortable moment or two as well, and he was not directly involved in the decision making either. But can you tell me of any occasion where the ANAO has found it necessary to write to three ministers to give them the opportunity to answer criticisms of them under the principles of natural justice before filing its report?

Dr Harmer—I cannot name one, but I would be surprised if it has not happened. At any time when the ANAO does a review of grants type programs, I imagine that would be reasonably common practice.

Senator CHRIS EVANS—I accept that it was difficult dealing with this when the political fix was put in, particularly by Minister Anthony. His rotting of the process left you in a very difficult position. But the Audit Office has—

Senator Scullion—Mr Chairman, I must protest. Making assertions that clearly have absolutely no basis in fact as part of the estimates process is a time-honoured process. But when people start to make statements instead of simply asking questions—statements that are blatantly incorrect, and I am quite sure that the estimates process will demonstrate that—I would just like you to bring the senator to order.

CHAIR—It would be more helpful, Senator Evans, if you simply asked a question rather than making a statement.

Senator CHRIS EVANS—I am happy, later on, to take Senator Scullion to the variations by Minister Anthony. Over 70 per cent of his variations were put into National Party electorates in the political fix. But we will come to that. Senator Scullion, if you are prepared to argue that this was due process, we will have that discussion then.

Senator Scullion—Mr Chairman, all I am asking—and I think it is quite a reasonable request—is that just the questions be put, not some blatant assertion that besmirches a very

good minister. I think that the opportunity will be given, as the senator indicates, to question me on those matters at an appropriate time.

CHAIR—Senator Evans, you can have a debate with the minister at any time. It would be helpful to ask the officers questions.

Senator CHRIS EVANS—I accept that. I was trying to make the point to Dr Harmer that I do not hold the department responsible for the minister's actions.

CHAIR—I am sure you do not, but the question is: what questions are you asking of Dr Harmer or his officers?

Senator CHRIS EVANS—I am asking Dr Harmer this. He said that he thought the report was generally pretty good for the department. I refer him to clause 15 of the overall audit conclusion, which says:

FaCSIA's administration of the approval processes for the one-off grants to community organisations and VSEG Round One 2004 was below the standard expected of Australian Government agencies.

That is pretty strong criticism, isn't it?

Dr Harmer—It is. Having read the report and having viewed the documentation, that would probably be correct. Its comments were that the administration was below the standards. We accept that. We have made very substantial changes to the process since that time and I feel very confident now that we have got very good processes in place. Across all of the areas that the ANAO was critical of, such as transparency, guidance to staff and promulgation of the grants process itself, we have managed to make significant reforms.

Senator CHRIS EVANS—But it also finds, at clause 66:

There were also a number of organisations that were approved for funding by the then Ministers whose applications FaCSIA had appraised as not consistent with the VSEG guidelines and, in terms of the department's appraisal, should not be funded. There was no evidence to suggest that any senior FaCSIA executives advised the then Minister for Children and Youth Affairs that, in the absence of additional information, such applications either did not satisfy the VSEG programme guidelines ...

This basically says that you did not stand up for process in the face of the fix being put in. You failed in your duties to make sure that the Commonwealth moneys were administered in accordance with your own guidelines.

Senator Scullion—Mr Chairman, perhaps I can just be of assistance there. It is useful to take the entire reporting context. I would just take the senator to paragraph 26, if I could just read it for the benefit of the record. The ANAO recognised:

There can be many reasons for Ministers funding, or not funding, projects contrary to departmental advice. For example, these decisions may be made taking into account the Minister's perspective on factors such as 'national interest, affordability, strategic considerations and other whole of government situations'. They may also be made on the basis of a Minister giving a higher priority to one or more assessment criteria than the department. Or they may be made for reasons not encompassed by the programme objectives and guidelines.

The ANAO recognises the nature of lawful discretion. There is no suggestion here in this report that I have seen that that is the case. A reflection from the same people who wrote the report in section 26 and section 66 is probably notable.

Senator CHRIS EVANS—Thank you for that. That is correct. That is probably the one line you can find in the whole report that does not say that your mate Larry Anthony put in a political fix, rorted the process and abused his trust as a minister.

Senator Scullion—Chair, I would just like to draw your attention to the order of the senator's statements in this matter, and I assure you they are quite incorrect, and the report in essence, as the senator would be aware, in fact, exonerates the minister of all accusations made by—

Senator CHRIS EVANS—Oh, rubbish! It says he put in a political fix and he rorted the system.

Senator Scullion—There is nowhere in the—

Senator CHRIS EVANS—It is there in the ANAO report.

CHAIR—It would be helpful if you did not interrupt each other. Senator Scullion was making a point.

Senator Scullion—Chair, the assertions of rorting and political fixes are nowhere to be seen in this report, and that is a fact. Again, I would ask you to bring the senator to order.

Senator CHRIS EVANS—I will take you to that section in a minute, Senator Scullion.

CHAIR—Can we ask questions of the minister or the officers, please.

Senator CHRIS EVANS—Is Senator Scullion able to explain to the committee, given that he likes that section of the report, why in paragraph 28 the report says:

... the then Ministers were not able to explain to the ANAO the reasons why they reached different decisions to the department's funding recommendations in respect of 120 applications in VSEG Round One 2004 and 32 applications in Local Answers Round Two, the distribution of which favoured Coalition electorates.

That is, they were unable, under the grounds quoted previously for ministers' decisions, to explain why these decisions were taken. There was no basis for them, other than they put extra funds into coalition electorates. Do you know why they made those decisions, Senator Scullion, or are they purely political, as suggested by the ANAO?

Senator Scullion—Again, Mr Chairman, it is wonderful to quote particularly highlighted aspects of the report out of context. Perhaps I can read the preceding five lines. The report said:

It would have been prudent for Ministers to annotate reasons for these decisions. Such documentation may have allowed Ministers to demonstrate that: the programme parameters, as established by the Government and advised to the public, were being met; and that all applicants were treated fairly. In the absence of such documentation, the then Ministers ...

It goes on as the senator suggested. The process of not annotating the reasons for that aspect of the decision was part of the administrative recommendations that the secretary has just gone to.

Senator CHRIS EVANS—Basically, it says that not only was there no paperwork but that the ministers, when questioned, could provide no reasons, other than the fact that each and every decision favoured a coalition electorate and was made by the minister without

paperwork and without explanation, and no reasons could be advanced for the decision. That is clearly not acceptable and it is clearly a decision based on politics, not on any proper exercise of their roles as ministers.

Senator Scullion—Mr Chairman, again I would refute the rhetoric flowing in whatever that question or statement may have been. There is a fact regarding looking equitably at the distribution of funding. Certainly, there does not seem to be any indication of impropriety on behalf of the minister for providing 10 per cent more funding to Labor electorates than to the coalition under Local Answers. I think it is great to see that the coalition minister was cleared of that.

Senator CHRIS EVANS—He was not cleared at all.

Senator Scullion—Certainly, the fact was that the minister allocated, over the three Local Answers funding rounds, average Local Answers funding—

Senator CHRIS EVANS—The fix only went in on election year.

Senator Scullion—to Labor electorates which was around 10 per cent higher than the average Local Answers funding to its coalition electorates. All I am saying is that, if there is any assertion that the minister at the time has somehow said, 'We're going to favour one electorate over the other,' quite clearly, if you look at the statistics, yes, Labor had 10 per cent more of the funding allocated to their electorates in that particular round. Again, the ANAO has said that they have looked carefully at the statistics and the supporting documentation. They have indicated that, with respect to the minister at the time, there was no impropriety in allocating that.

Senator CHRIS EVANS—That is nonsense.

Senator Scullion—There is no point in saying that 10 per cent more went to Labor electorates than to coalition electorates in one aspect of the inquiry and then suddenly—and I am talking about less than one per cent of the decisions—making some sort of claims on another area. Again, I think that, in the interests of further informing the Australian public and further informing the Senate on these matters, we should ensure that we are quoting within the context of the complete report.

Senator CHRIS EVANS—Dead right, Senator Scullion, so I ask you to answer this: what is your answer to the ANAO's key conclusion at 6.30? It says:

The only factor that had a statistically significant and independent influence on the Minister's decision to increase the number of VSEG 2004 Round One grants provided to an electorate was whether the electorate was held by the National Party.

That is a clear, precise accusation from the ANAO that the minister put in the fix—a political fix—in favour of the National Party. That is not me; that is the ANAO. That is what the Auditor-General of this country says—that the only reason, the only explanation possible, the only statistically significant influence possible, was whether or not the electorate was held by the National Party.

Senator Scullion—Again, I bring to the attention of the committee the other pieces of information that are contained in the report. Whilst that may appear to be a statistical piece of

information, another statistical piece of information that I think is in balance in that matter is that 10 per cent more funding went to Labor Party electorates in that same round of funding.

Senator CHRIS EVANS—I do not think it was that same round of funding. There is clear evidence in the report that the department's recommendations were based on the applications, and an attempt to spread the decisions between states and between electorates. There was a close correlation between the number of applications and original recommendations made. The department is to be congratulated on that. On that question, the audit report did find that the department had acted in a proper manner. The problem came when those recommendations went up to the minister, when the minister then sat down and decided that he would decide which grants were made. It was clear that in a very large number of them, he intervened to ensure that most of the changes he made went to National Party seats, including being very generous to his own seat. He went through and changed the recommendations to pour money into his own seat in his fight for re-election. That is what the ANAO report finds—that he put the fix in in favour of the National Party and that he put the fix in in favour of himself in his own seat. It is all in black and white and all in the ANAO report.

Senator Scullion—Again, Mr Chairman, there are a startling number of statements. Again, I would take the minister to my original statement and go to paragraph 26 of the same report. It is disappointing that the administrative processes at the time were unable to document what the minister's discretionary capacity was around that matter and to what discretionary aspects he looked to make those changes. That is disappointing. As the department has said, they have now ensured that this will not happen again. In fact, the report applauds the changes in that matter which ensure that the ministers now have the capacity to revisit those issues. But, again, paragraph 26 clearly indicates that there are a number of reasons under which the minister may quite lawfully and properly make amendments. I am quite sure that the minister has done so in this case. To suddenly suggest that he was doing it for some other reason is a slur not only on the communities, and the communities that were wishing to have these volunteer supporting grants, the small equipment grants, but also on the communities that supported those grants. I think we should go to the entirety of the report rather than looking at any particular area that we can point to that suggests some sort of mischief.

Senator CHRIS EVANS—I am not making slurs, Minister; I am reading you slabs from the ANAO's findings. They said that the minister—

Senator Scullion—I am sorry; I was only referring to your remarks about rorting and ripping off the system—those sorts of remarks that perhaps are not indicated in the report.

Senator CHRIS EVANS—That is what the ANAO found—that he put the fix in to National Party electorates and he pork-barrelled his own electorate contrary to the advice of the department. It went to the stage that he funded grants which the department recognised were not even in accordance with the guidelines. Not only did he pick winners in his own electorate over higher ranked applications but he actually made the department spend money on applications that did not meet the guidelines. If that is not a political fix, what is?

Senator Scullion—As I have said, there are a number of reasons under which ministers across portfolios use discretion. In this case, the minister's discretion and the nature of his discretion was not recorded, and that has already, as I have said, gone to the administrative

aspects that have been dealt with here by the secretary. As I have said, in the totality of the report, one can use statistics, and certainly it could equally be said that Minister Anthony has been pork-barrelling the Labor electorates. Of course that would be somewhat laughable, but that is the indication on the same sort of basis of discretion being used and those electorates receiving more funding. But, again, this simply goes to legitimate use of ministerial discretion. There have been changes since 2004. There is no doubt about it; we accept the ANAO's recommendations that the minister and the department should annotate the reasons for discretion, and that is now a widely accepted process within the department.

Senator CHRIS EVANS—Yes, but the key finding does not support that. The audit report found that ministers could use their discretion—that is right—although discretion outside the guidelines seems to me to be totally inappropriate. I think there are issues that go to whether the law has been broken in this regard. I do not share your assessment. I think that some of this activity does border on criminal because it went well outside the discretion and applied funds that were clearly outside the guidelines for the programs. That is what the ANAO found.

CHAIR—Senator Evans, alleging criminal conduct is a very serious step to take under parliamentary privilege. I just caution you to be careful. If you have evidence of that, it would be helpful if you pursued that in some appropriate way but to make the accusation without being able to follow it up—

Senator Scullion—Perhaps, Mr Chairman, the senator would be good enough to provide us with some more information—certainly the report does not—if he has it. I think it is a great opportunity to back his claims up with some facts. I would certainly be more than happy to receive that, Senator.

Senator CHRIS EVANS—There is a long way to go on this, Senator Scullion—there is a long way to go. Some organisations who found that they were approved by the minister and then were duded afterwards by some dirty deal where the office got in and changed the recommendations might ask whether they have been treated fairly under the law, whether by having been approved on the minutes signed by the ministers and then not received their funding they have a legal claim on that. There is also a legal question, it seems to me, whether by funding organisations that were not included on the ministerial minute, that were not signed off to be paid, someone has breached the law in giving Commonwealth money to people who did not receive ministerial approval. The defence in all this is that they spoke to the minister's office and then fixed up the department's own records so that there was no disparity between what was recommended and what was approved. All that is in the report.

CHAIR—Again, Senator, allegations of criminal conduct are very serious. And if you have a long way to go, as you say, in this matter, then when and if the evidence ever appropriately points to that sort of conduct, that is when such allegations should be made. At this point I think you can see there is not evidence of that and therefore I would ask you not to make such allegations under privilege until you have the basis on which to make those claims.

Senator CHRIS EVANS—Mr Chair, I accept your knowledge is such that you have made a decision about whether any criminal activity—

CHAIR—No—

Senator CHRIS EVANS—All I am suggesting is that there are questions about whether this has occurred.

CHAIR—Senator Evans, I am not making any suggestion. I have no idea whether there is criminal activity or not. The point is I would not make such allegations or accept such allegations until I see the evidence of it. If you do not have the evidence then I think, with respect, you should not make the allegations either under parliamentary privilege.

Senator CHRIS EVANS—Thank you, Mr Chair.

CHAIR—Do you have a comment to make, Dr Harmer?

Dr Harmer—I was just going to confirm, because there was perhaps an implication in what Senator Evans said that the department had participated in some criminal activity, that there is no suggestion in the report that there was anything criminal. Certainly from our understanding of the process, as Minister Scullion said, the minister had the freedom under the guidelines and the administration of the programs to make decisions. They indicate that it is best practice that the minister annotate the reasons, but it is not a requirement. In context, the minister was being asked in 2007 or 2006 for the reasons, remembering that was a few years before that. At that stage, Minister Anthony was not part of the government or able to access information, so it would have been pretty amazing if he was able to remember individual cases at that time. Just in fairness in terms of the timing there is an issue there.

The other thing is that there is a scale involved here. Again, as I mentioned before, it was some time ago. Looking at the figures, Minister Anthony at the time in that first round in 2004 changed only a small proportion—I think it is less than four per cent—of the recommendations of the department in that round. One further point is that there was no doctoring of records from the department end even back then. As far as I am aware, while the practice certainly was a long way from best practice in the department, the department operated within the law, absolutely.

Senator CHRIS EVANS—Dr Harmer, how then do you explain paragraph 6.22 where it says:

Subsequently, the then Minister for Children and Youth Affairs' office advised FaCSIA of the 120 changes that the Minister wished to make. FaCSIA then amended the entries regarding the 120 affected applications in its database such that the department's funding recommendations in the database agreed with the then Minister for Children and Youth Affairs' changes.

You changed your records to reflect the fix he put in—on two occasions.

Dr Harmer—There is no doubt that that is very poor practice on the department's part. As I mentioned earlier and as has been acknowledged by the ANAO, there has been very significant reform to that and processes have been put in place to ensure that that would not happen now.

Senator CHRIS EVANS—Doesn't the finding indicate that you funded organisations as a result of the minister's office contacting you to change your recommendations, that you then applied funds to organisations that were not formally authorised, that the minister signed off on the original list and that you funded according to the list supplied by his office subsequently?

Dr Harmer—I think what that indicates is that the minister exercised his right to make the decision. He was the decision maker under the FMA Act. As would be required, we would make the payments to the organisations that the minister had decided to fund.

Senator CHRIS EVANS—But that was not the minute he signed, was it?

Ms Winzar—Your summary is correct, Senator, that the minister signed off on the original minute recommending funding decisions. The failure in our administrative processes was to not confirm in writing the precise organisations which changed—those who had originally been recommended for funding but the minister had decided were not to be funded and, equally, those who had not been recommended for funding that the minister had decided to fund. So the failure of process was the absence of any follow-up written confirmation between the department and the office about the final list.

Senator CHRIS EVANS—On what authority do you pay when the minister has actually minuted a different decision? How can you fund an organisation when the minister has not formally authorised it; and how do you fund another organisation when the minutes say they should have received funding and they never got it? What is the legal basis for that?

Ms Winzar—The legal basis for that decision to fund or not to fund is the minister's determination, in this case, that these were organisations which were to be funded.

Senator CHRIS EVANS—The report says quite clearly that there was no paper trail. I think the phrase the officer used before was 'had enjoyed ministerial support'. His office came in and said, 'We want these 120 changes made.' You then changed your database to reflect the political officer's view, rather than the official decisions signed by the ministers. How do you get away with that?

Dr Harmer—The minister is the decision maker in this.

Senator CHRIS EVANS—Yes. Where is the paperwork to show that?

Dr Harmer—Ms Winzar has already indicated that there was poor practice on that occasion.

Senator CHRIS EVANS—There was none on that occasion. What is to stop you being sued by the organisations that were approved but did not get the money?

Dr Harmer—I think there is quite a difference between organisations that are recommended for funding through a departmental process and the final decision made by the minister, which is his or her entitlement, to fund particular organisations. I do not think it is a reasonable description to call those organisations that were on the department's recommended list knowing that the minister was the decision maker.

Senator CHRIS EVANS—As I said, I agree with you. That is not what I said.

Dr Harmer—I thought you said they were duded.

Senator CHRIS EVANS—They were. You had a minute signed by the minister that said 'organisation ABC ought to be funded.' At some stage the minister's office rang you up and said, 'No. I do not want C to get it; I want D to get it because it is in my electorate,' but the minute said that C ought to be funded. Did you carry out those fundings or did you just take

their money away without any formal decision to do that? It seems to me you took the money off them without getting a formal decision to act in that way.

Dr Harmer—None of the people at the table, including me, were involved in that. So it is quite difficult to—

Senator CHRIS EVANS—That is what the ANAO report says.

Dr Harmer—Sure, but they did not indicate, other than that the department ought to have kept a better record, or say that the minister did not have a right to change the department's recommendations. And they did not say that the department was not required to pay the organisations once the minister had determined who should be funded. That is what happened.

Senator CHRIS EVANS—You are saying to me that your process is that you get the minister to sign off—not on recommendations—on a decision and you change that because the minister's office rings you up and puts a political fix in.

Dr Harmer—No.

Senator CHRIS EVANS—That is all they need to do—give you a call and say, 'Take the money off A; put it into my electorate because I have another 15 applications that I want to fund in my electorate because I am worried about losing my seat,' which thankfully happened.

Dr Harmer—I am saying the process is that the applications come in, the department does an assessment and makes recommendations to the minister, knowing that it is the minister's call and the minister's judgment and decision about whether he or she accepts the department's decision or not. In the event that the minister chooses to not accept the department's recommendations in some cases and recommend other organisations for funding, it is our job to then arrange payment for those organisations. The fault which the ANAO picked up in that process three years ago was that the department did not manage the paperwork in that very well. We would accept that and we would acknowledge—I am sure the ANAO would as well—that we have operated to remedy that administrative practice.

Senator CHRIS EVANS—I am asking you a separate question. I do not know whether I am making myself clear, Dr Harmer, or whether you are being obtuse. I agree with you on that analysis, no problem—we are on the same page. But what the ANAO report found is that the minister signed off on your recommendations. That was the official minute. You did not implement that. You implemented some list that came out of the minister's office that put in a huge transfer of decisions in favour of the National Party and his own electorate. In doing that, you then amended your own records to reflect the decision as if that was your application. It looks like a cover-up because your own records were changed. Your own records were changed to reflect the fact that you had a political interference from the minister's office rather than a formal decision that was minuted and advised to you. How can that occur?

Ms Winzar—It is not a process which occurs any longer, at least in the last two funding rounds which I have been involved in with these particular programs. Any variations from the recommendations for funding that are put up by the department are documented and we confirm any changes in writing between the department and the office.

Senator CHRIS EVANS—I am pleased to hear that. I am still a little sceptical, given this report, and given that for three years I have been pursuing you about the details of this, and for three years I met a blank wall. For three years you have refused to provide any information on this. It seems now that your own records were altered to reflect the political fix rather than your recommendations. Quite frankly, I am losing confidence in those assurances and I want to get to the bottom of this. How is it that the department participated in this in such a way that it was not even clear from the records that the amendments had been put in by the minister? It was not even clear in your own records that your recommendations had been changed. Are you now able to supply me with the list that compares the recommendations made by the department and the decisions taken by the minister?

Dr Harmer—We can do that.

Senator CHRIS EVANS—Thank you. You were not able to provide it in earlier events for me.

Dr Harmer—I do not think it is quite fair to say that you have been after this information for three years and we have not given it to you. I have not been in the portfolio for three years, but in my recollection we have done our very best to answer your questions on these matters. There are a couple of occasions where you have asked questions about grants that were not ours, and we took them on notice and provided answers, but I do not think it is fair to say that we have not been cooperative in providing answers to your questions.

Senator CHRIS EVANS—We will go through that, and we will come to the gang of eight in a minute which has been part of our focus. I go back to November 2005; someone can help me with the small grants program. The best I got out of you at one stage—and you did not provide the sort of information that DOTARS provided in the regional rorts case, a similar program where the National Party abused that process—was that you did finally admit to me that the percentage of grants—this you used as your defence—was a very small percentage of the total, but we were not able to get that information. Are you now able to provide for me, Dr Harmer, the list of the applications recommended by the department and the list finally approved? Is that right?

Dr Harmer—I am advised that we can give you that.

Senator CHRIS EVANS—How long will that take?

Dr Harmer—We will take it on notice.

Senator CHRIS EVANS—What does that mean, Dr Harmer? Are you able to get it to me within the next two days?

Dr Harmer—We will do our best.

Senator CHRIS EVANS—Thank you. I think the actual successful applications are described on your website. I certainly have the ones from 2005. I am not sure if 2004 is still there as well.

Mr Carmichael—It should be.

Senator CHRIS EVANS—What we need is the—

Dr Harmer—I suspect a lot of it is on the website.

Senator CHRIS EVANS—But not your recommendations.

Dr Harmer—No, that would not be on there.

Senator CHRIS EVANS—No, that is right.

Dr Harmer—That would not be on there, because it is a part of historic—

Senator CHRIS EVANS—And clearly you provided that to the Auditor-General because they were able to identify the 120 where the minister intervened.

Dr Harmer—We always cooperate with the Auditor-General.

Senator CHRIS EVANS—Thank you, Dr Harmer. Some of the questions will obviously follow when I can have a look at that. When were the payments for the 2004 round actually made to organisations?

Mr Carmichael—The payments are made soon after the ministerial submission comes back from the minister's office. They are made within a couple of weeks. We can give you those dates. We do not have those with us but we can tell you when the decision was made. All payments flow within days of that decision coming back.

Senator CHRIS EVANS—Some of the Auditor-General's report deals with this question of how long certain decision making processes took. I was just interested then in the payments—whether there was an issue. I am not sure that he looked at the timing of the payments.

Mr Carmichael—There is not an issue of timing of payments. The only thing that becomes an issue with the Volunteer Small Equipment Grants program is that they are small organisations. We write out to the successful ones. There are a large percentage of those who do not get back to us in a timely way and we have to pursue them to actually provide their money to them because their administrative ability is not all that great in some cases. Any delays are generally with the recipient.

Senator CHRIS EVANS—But I understood you did not require much in the way of acquittal from them, and that was after you sent them the cheque. Is that right or not?

Mr Carmichael—We do not require very much administration from them, but even when we send them a letter saying, 'Here's \$3,000,' we get met oftentimes with silence, so we have to follow up. That can take a number of months. Some of these are quite small organisations.

Senator CHRIS EVANS—Do you send the cheque with that letter?

Mr Carmichael—No. We send an offer of funding agreement. Then they have to respond.

Dr Harmer—In these small grants, there is a balance always, as you would appreciate, between appropriate accountability and tying small organisations up with small grants and red tape. So we do our best. We have done quite a little bit of work in the organisation over the last year or so on trying to improve our processes to make sure that we do not tie organisations up with red tape—unnecessary processes in acquittals and processes like that.

Senator CHRIS EVANS—I appreciate that. But part of the timing issue is whether or not it is organised for the local member to present the cheque, isn't it?

Ms Winzar—In terms of making payments, that is not an issue for us. In terms of the payments, as Mr Carmichael has indicated, we write to the organisation and they have to write back to us. With regard to the Volunteer Small Equipment Grants round that was finalised this year, the application process began last calendar year. So in the intervening period some office-bearers have changed; some have died. In some cases the organisation itself has folded or merged with another organisation. So getting confirmation of those details back to us before we can then process the payment does lead to some delays in some cases.

Senator CHRIS EVANS—Remind me: the 2004 round we were referring to was the second round in 2004, wasn't it?

Mr Carmichael—There were two rounds.

Senator CHRIS EVANS—There was a second one brought in quickly before the election. Did you get new applications for that or did you use the old applications?

Dr Harmer—We may have to take that on notice. As I mentioned before, none of the officers at the table were involved in that round. We will try to get the answer for that. I suspect there was a new round of applications, but we will confirm that.

Senator CHRIS EVANS—I should know; I just am not sure. I just had a moment of doubt. Dr Harmer, you and I have been over that ground before.

Dr Harmer—We have.

Senator CHRIS EVANS—You ought to learn the phrase the defence department uses. They are called 'legacy projects' in that department.

Dr Harmer—That is not the answer here.

Senator CHRIS EVANS—That is the excuse for everything they cannot explain.

Mr Carmichael—In 2004, round 1 opened on 4 February 2004 and closed on 4 March. VSEG 2004 round 2 opened on 29 May 2004 and closed on 18 June.

Senator CHRIS EVANS—So in four months in the election year we got two rounds in. Just so that I am clear, though, when Mr Anthony approved, I think, 22 applications for his own electorate, including the changes that he made, did he present the cheques or did you send them out by mail?

Mr Carmichael—We would have written to the organisations. I am uncertain what the ceremonial angle was back then but we could probably follow that up.

Senator CHRIS EVANS—I see Dr Harmer has been reported as being concerned about the time taken up in the Public Service with helping backbenchers to look good and the coordination of these things. What was the process? Do you send them the cheque or do you send it to the local member so that they can present the cheque?

Dr Harmer—I am very glad you raised that issue.

Senator CHRIS EVANS—I was going to come to that a bit later, but we can do it all here, if you like.

Dr Harmer—Let us do it now. I wrote to the *Canberra Times* following that report, and they printed my letter, which said that at no stage during that conference—I am not sure who

reported to the journalist, but they got it very badly wrong—did I say anything like that we were tied up working on things for backbenchers or Meals on Wheels, which was also referred to. It was a total hearsay report to the journalist, and I said that in my letter. There is no factual basis to that very poor article in the *Canberra Times* to which you are referring.

Mr Carmichael—On your specific question, Senator, local members never give out cheques; we always do a direct deposit to the recipient organisation after we have exchanged correspondence.

Senator CHRIS EVANS—So Mr Anthony did not get to give the 22 grants in his own electorate; he did not get to deliver the cheques for them.

Mr Carmichael—No.

Senator CHRIS EVANS—I do not know how he did it, but one of the ones that took my fancy was the Rotary Club of Kingscliff. I am sure they are a very good organisation. They got \$2,640 for a fairy floss machine and a juicer. I hope the fairy floss machine is going full bore. For instance, was that one of the decisions that Mr Anthony took that was outside your recommended applicants?

Mr Carmichael—I could not comment on whether that was one of them. In terms of the sort of equipment you mention, that is compliant with the VSEG guidelines. They are there to support volunteers if volunteers are fundraising, as I am sure that organisation is doing, and these are the sorts of things they need. They are eligible items under the VSEG program. I can tell you when the payments were paid by EFT. For, say, 2005 VSEG payments, they were made from 23 June 2005 until 29 July 2005.

Senator CHRIS EVANS—So from June to July the payments were made. And you are not sure what arrangements were made for ceremonial awarding of the grants. Are they handled by the minister's office or by you?

Mr Carmichael—They would be handled by the minister's office.

Senator CHRIS EVANS—So you were not engaged in some organisation of the administration of the grants other than the correspondence?

Dr Harmer—We were only involved in the administration.

Senator CHRIS EVANS—The administration of the presentation?

Mr Carmichael—No.

Senator CHRIS EVANS—When you provide me with the list of approvals made compared with recommendations, will that include the breakdown by electorate?

Mr Carmichael—No. We never provide electorate information in ministerial submissions.

Senator CHRIS EVANS—I know that nine of the 82 were in Gippsland and six were in Richmond, but we are just going to have to go through and check the rest, are we?

Dr Harmer—As Mr Carmichael said, we do not provide the information by electorate.

Senator CHRIS EVANS—That is obviously information the minister's office had to go through and do. Why did both ministers sign off on the VSEG round 2?

Mr Carmichael—That is just the administration. There is a senior and a junior minister, and they are both responsible.

Senator CHRIS EVANS—But the actual decision making was done by Minister Anthony, the junior minister?

Mr Carmichael—He was the delegated person to make the decisions.

Senator CHRIS EVANS—Do we know whether the minister advised on VSEG round 1 all members of parliament or just coalition members prior to the round of the grants?

Mr Carmichael—That is not known to us.

Senator CHRIS EVANS—We know that they wrote only to coalition members on the 2005 grants. Do we know about the 2004 grants?

Mr Carmichael—That information is not known by the department.

Dr Harmer—We are not part of that process.

Senator CHRIS EVANS—Surely the minister's office would advise you if they are out promoting your schemes.

Dr Harmer—Not necessarily.

Senator CHRIS EVANS—No? Can you tell me what the process is now? You said you have improved systems. Do you record any decisions the minister makes that are not in accord with your recommendations?

Ms Winzar—That is correct, either via discussion or via email communication, and then we will get a consolidated set together. We will confirm any changes to the recommendations that the department has made. We will confirm those in writing with the minister's office so that we have a clear paper trail.

Dr Harmer—We have also made quite a few other reforms to the process, including the provision of up-to-date manuals and guidance for staff et cetera. So it is quite a significant administrative reform that we have been undertaking.

Senator CHRIS EVANS—What now do you require of the minister when they make decisions to promote applications that you rated lower than the recommended applications? In Mr Anthony's case, a whole range of applications that you rated quite low were funded. Do you now require the minister to justify the decision?

Dr Harmer—We cannot require the minister to justify a decision. What we can do, and what we do, is suggest that the ANAO have indicated that it is good practice for the minister to indicate the reasons for not accepting the department's recommendation. But the department cannot, and there is no legal requirement for us to, require the minister to do anything like that; we can simply suggest that it is good practice. The minister is not required to do it.

Senator CHRIS EVANS—On all your proposals now, do you include a note in the advice to the minister to that effect?

Mr Carmichael—Yes, we do.

Senator CHRIS EVANS—When did that commence?

Mr Carmichael—After the ANAO made recommendations that we should include that advice to the minister.

Dr Harmer—The ANAO produced a best practice guide, I think after that 2004 round. It certainly has informed our reforms to our grants administration.

Senator CHRIS EVANS—Is there any evidence yet as to the response from the current minister on that process? I mean, has it started occurring?

Ms Winzar—In the most recent funding round that I recall, I think the minister's annotation was that the funding decisions were to be made in line with the discussions we had had with him, going through each of the individual applications. We subsequently confirmed the detail of that in writing so that we had the paper trail.

Senator CHRIS EVANS—Yes. That did not quite answer the question, though. Did the minister, in approving that round, provide written reasons for the alterations?

Ms Winzar—No.

Senator CHRIS EVANS—So your advice has not been followed in the latest round?

Ms Winzar—That is correct.

Senator CHRIS EVANS—Which round was that? Was that the VSEG?

Ms Winzar—That was in relation to the Local Answers drought round.

Senator CHRIS EVANS—I guess other senators will get to that when we get to the particular section. What is the size of that program?

Ms Winzar—We had around \$10 million to allocate for Local Answers projects specifically targeted at communities that were highly impacted by the drought.

Senator CHRIS EVANS—What, typically, were the sizes of the grants?

Mr Carmichael—They can be up to \$300,000 but they vary, depending on the sorts of projects. We ensured that there was a variety of projects funded.

Senator CHRIS EVANS—Were they by application?

Mr Carmichael—That was by application.

Senator CHRIS EVANS—And then ministerial decision on their allocation?

Mr Carmichael—That is right.

Senator CHRIS EVANS—All right. No doubt we will come to that later on. I wanted to take up the question of the legality of the decision making process with you, Dr Harmer. I know the chairman is a bit sensitive about this issue in terms of proper process and I accept his caution. There is a clear finding in this report that the minister approved funding for projects which were not consistent with the guidelines and, in terms of the department's appraisal, should not be funded—that is, they did not fit the criteria. On what basis can one hand out cash, allegedly under a program, when it does not meet the requirements of the program? How is that legal, or how can that expenditure be justified if, on your own advice, the funding does not fit the rules set down for the program?

Dr Harmer—I think it is possible that a minister may discover, or come to the position of, facts that indicate that it is within the parameters. We have a certain amount of information which we are able to make judgements on. It is possible that the minister made contact with the organisation, or the office did, and was able to gain additional information which convinced him or her that they were consistent.

Senator CHRIS EVANS—So there is no check on a minister approving grants completely outside the guidelines. If the minister takes that decision, they can just hand out money as they choose. The guidelines have no binding effect on the minister.

Dr Harmer—In paragraph 26 the ANAO give their view of why this might be. They say:

There can be many reasons for Ministers funding, or not funding, projects contrary to departmental advice. For example, these decisions may be made taking into account the Minister's perspective on factors such as 'national interest, affordability, strategic considerations and other whole of government situations'. They may also be made on the basis of a Minister giving a higher priority to one or more assessment criteria than the department. Or they may be made for reasons not encompassed by the programme objectives and guidelines.

So the ANAO clearly contemplate, without being critical here, that a minister may make decisions for a whole range of reasons which the department is not familiar with, including reasons of program objectives not encompassed by the guidelines. They do not, as far as I am aware, criticise that heavily. They accept that that is part of a ministerial prerogative in decision making.

Senator CHRIS EVANS—I thank you for reading that paragraph into the record. I think Senator Scullion did that earlier. I accept that that is the government's main line of defence—that is: 'We can do whatever we like; we do not have to meet the rules.' I am therefore asking you if you would confirm for me that the minister approved funding under VSEG round 2 to applications that the department considered should not be funded and that were not consistent with the guidelines.

Dr Harmer—I would have to take advice on that as it was some time ago. I was not present, nor were the officers here.

Senator CHRIS EVANS—Read paragraph 66 and tell me whether that is what it says. I am really asking you if you dispute the finding. You have accepted the report. That is the finding in paragraph 66.

Mr Carmichael—How we frame the advice to the minister is that we go through a merit process, we have our highly recommended projects and we will describe ones that do not meet the guidelines. We will describe ones that have a lower priority. We do not generally give the advice: 'Don't fund any of these,' because we know, as Dr Harmer quoted from the ANAO report, that ministers can make different decisions from the department. We provide our best advice and then ministers make their decisions. We do not say, as a general rule, 'Do not fund any of these.'

Senator Scullion—I think Senator Evans has made a fine point. It has been generally accepted that the administrative processes of documenting these issues should have been better. But as the senator would be aware, and as most people here would be aware, any organisation that is making an application, whether it is a small grant application or any

application, continues to follow that up. It is not just a matter of putting something in the mail and going off. We are being lobbied by community organisations to ensure that their particular program is amplified and about the benefits of that program. In some of those discussions there may be something that comes up as part of the nature of the organisation that changes it and that may be amplified. That information will get to the minister in time. No doubt that would have an impact on the minister making a decision within his discretion.

I want to amplify the fact that it is unfortunate that we are not able to now go to the nature of the information that would have altered the minister's discretionary decision, but there are many ways over quite long periods of an application period—it is quite common that community organisations provide extra material and extra information in the context of that particular community. I am quite sure the minister would have gone to that in his decision.

Senator CHRIS EVANS—Thank you for that, Minister. Dr Harmer, coming back to the point, paragraph 66 of the Auditor's report says:

There were also a number of organisations that were approved for funding by the then Ministers whose applications FaCSIA had appraised as not consistent with the VSEG guidelines ...

You can confirm for me that that is right?

Dr Harmer—We would not dispute that. We have had many opportunities to talk with the ANAO about the report, so that would be correct. However, as we have mentioned a couple of times already, the guidelines are simply that—guidelines—and the ministers have discretion. As the ANAO also say a little bit earlier, there are lots of reasons for ministers perhaps considering other factors that may or may not take them outside the guidelines.

Senator CHRIS EVANS—We have established that our sole line of defence is paragraph 26. We have read it twice, but it does not answer the other criticisms, does it? We have a minister approving programs that you have said are outside the guidelines. The second point the Auditor makes which is of interest is as follows :

There was no evidence to suggest that any senior FaCSIA executives advised the then Minister for Children and Youth Affairs that, in the absence of additional information, such applications either did not satisfy the ... guidelines, or were relatively weak ...

That is basically saying that you did not front the minister. You did not show any courage and say to him, 'Hang on; this ain't right.'

Dr Harmer—They don't talk about me personally, Senator. I want to make that quite clear.

Senator CHRIS EVANS—Dr Harmer, this is what they pay you the big bucks for—to be in the hot seat.

Dr Harmer—Indeed. I also make the point that the ANAO was saying that there was no evidence. They are not saying it did not happen. Given that it was three years ago and I was not there, I would be loath to say that it did not happen. It is quite possible that there were discussions. There may have been a phone call or a discussion which was not recorded where senior FaCSIA officials may have made that point. But there was no evidence, so I have to accept that.

Senator CHRIS EVANS—There was no minute of that discussion having occurred?

Dr Harmer—No.

Senator CHRIS EVANS—Were officers who were the relevant officers at the time interviewed in this process?

Dr Harmer—I would have to take that on notice. I do not know. Mr Carmichael advises me that they were not.

Senator CHRIS EVANS—They were not?

Dr Harmer—They were not. So they were never asked that question.

Senator CHRIS EVANS—The ANAO concludes that there was no evidence to suggest it happened, but we cannot put it any higher than that?

Dr Harmer—No.

Senator CHRIS EVANS—Can I take you now to the VSEG 2005 round which was handled by the then Minister for Family and Community Services. It was obviously a big round, with over 10,000 funding recommendations. On this question about letters of recommendation from members of parliament, the minister made very few amendments to those recommended by the department. I accept that, but the finding of the ANAO is that 13 of the 14 organisations that the FaCS minister changed had a letter of support from an MP and 12 of those were supported by a coalition member of parliament's letter. The Auditor expressed concern about that process because applicants had been advised that attachments would not be taken into account. What is the normal rule applied when these rounds are held, in terms of supporting letters from members of parliament et cetera?

Mr Carmichael—We are very explicit that we do not want supporting documentation. They do not form part of our merit selection process—not in the advice going to the minister. But as Senator Scullion has mentioned, ministers do get other advice. How it was dealt with in the minister's office would not be something we are aware of.

Senator CHRIS EVANS—But you are aware that the ANAO found that there was a lack of fairness in this process as a result of the minister taking those letters of support into account after it was specifically excluded in the guidelines?

Mr Carmichael—I noted their concern.

Senator CHRIS EVANS—What is occurring now?

Dr Harmer—We are not able to stop letters of support that might come in from anyone in relation to support for a grant. Mr Carmichael said that we do not take them into account in our assessment, but that does not mean that a minister might not take them into account in their assessment.

Senator CHRIS EVANS—Despite the guidelines indicating that they should not be provided?

Dr Harmer—For the department's assessment, that is true.

Senator CHRIS EVANS—For the department's assessment. You see, Dr Harmer, my worry is your assurances about the changes to systems. They do not seem to be very effective, and there is a reason for that. As you said, in the latest Local Answers fund drought round, the minister made changes to the recommendations and provided no justification. We now know that ministers are accepting letters of support from coalition members of parliament, who are

clearly influencing their decisions, despite their being precluded or discouraged in the applications. It does make me wonder whether your assurances hold any water.

Ms Winzar—It is not correct to say that, in the Local Answers drought round, the minister provided no justification for changed decisions. I think what I said was that he provided no record of the reasons for the changed funding recommendations.

Senator CHRIS EVANS—I am sorry, I might be dense. What is the distinction?

Ms Winzar—The distinction is that, in extensive discussions with the department, the reasons for changes to the recommended funding were clear, but in annotating the ministerial minute that went across for the funding approval he had indicated that he did not provide any detail of the reasons for the decisions on individual cases. So it is not true to say that there was no justification for the minister's changed funding decisions. It is true to say that there was no record by the minister of the reasons for those changes.

Senator CHRIS EVANS—Is there a record kept by the department of the reasons for those changes?

Ms Winzar—Yes, there is.

Senator CHRIS EVANS—So you keep the record of what the minister said to you.

Ms Winzar—Yes, that is correct.

Mr Carmichael—That is in accordance with the recommendations in the ANAO report.

Senator CHRIS EVANS—Were any of those reasons advanced as to the fact that these were grants to marginal electorates?

Ms Winzar—No. The reasons were that the government wanted to emphasise opportunities to support families with children who were badly affected by the drought. In one case I think there was a piece of local information that suggested that the impact of the drought was much more significant in one part of the electorate than in another—thus, if there were other good-ranking organisations in the area most badly affected by drought, that would be preferable to fund. It was for those sorts of reasons.

Senator CHRIS EVANS—Were they reasons driven in part by letters from the local members?

Ms Winzar—Not that I am aware of.

Senator CHRIS EVANS—You are not aware of whether there were letters of support from members of parliament taken into account in that decision-making process?

Ms Winzar—Our discussion at the moment is in relation to the Local Answers drought funding round. There is not the same restriction on letters of support that there has been in the VSEG guidelines.

Senator CHRIS EVANS—Is VSEG the only one that discourages letters of support?

Mr Carmichael—Part of the rationale for why VSEG does not want supporting documentation is that we try and keep it a simple process, and it is also an online system. It is much more difficult, if you are doing it online, to marry up other supporting documentation at a later time.

Senator CHRIS EVANS—Let us turn to the Local Answers funding decision, which I think was also made in 2005. Here, the minister did not accept 3.9 per cent of the recommendations for the second round held in 2005. The minister made a total of 32 changes, deciding not to fund 10 organisations recommended by the department and to fund 22 alternative organisations which were lower rated by the department.

It just so happens that the Auditor found that the minister added nine grants to organisations in Liberal Party electorates, four grants to organisations in National Party electorates and one grant to an organisation in an electorate held by the Country Liberal Party. I suspect, therefore, Senator Scullion, that it was in the Northern Territory. So you did not miss out on the largesse either. So the 14 organisations considered to be favoured by the minister were all from coalition electorates, and two organisations in Labor Party electorates had their grants removed. So there were two fewer grants to them. Is it true that in this round as well there was no documentation justifying the minister's decision?

Ms Winzar—That is correct.

Senator CHRIS EVANS—Was there any record inside the department of the reasons for the minister's decision?

Ms Winzar—Paragraph 71 of the Audit Office report notes that it could not find any documentation in our records of the basis for those variations in funding decisions.

Senator CHRIS EVANS—Does the department have any understanding as to why the decisions to vary their recommendations and to make 14 extra grants to coalition electorates was made?

Ms Winzar—No.

Senator CHRIS EVANS—So again we have the situation where ministerial intervention highly favourable, in fact totally favourable, to the coalition was made with no paper trail and no justification given.

Senator Scullion—Mr Chair, I mentioned this in a response to the senator's question a little earlier. Over the same time as the three Local Answers funding rounds, average Local Answers funding to Labor electorates was 10 per cent higher than average Local Answers funding to coalition electorates. I know he is not suggesting any impropriety in giving more to Labor, but I think it is really important that you see these activities in the context of the report. The report clearly indicates that in Local Answers funding on this occasion—I am not suggesting any impropriety—10 per cent more money was spent in Labor electorates than in the coalition's. I think that is an important point to make.

Senator CHRIS EVANS—It certainly is. I agree with you, Senator Scullion, because it highlights the difference between what happens when the department makes the grants and when Liberal and National Party ministers put in the fix. It highlights my argument. When the department makes a fair assessment, there are fair results. But when you put in the political fix, when you corrupt the process, we get a very different result. So I agree with you. You have established that the fix was put in.

CHAIR—Senator, is there a question here?

Senator Scullion—Chair, all I have sought to do is to very clearly make the point that, under this minister's watch, in Local Answers funding the Labor Party electorates got 10 per cent more than the coalition. It is a pretty interesting fix, that is all I can say.

Senator CHRIS EVANS—I think the 10 per cent actually relates to the size of the grants, Senator Scullion. You might like to check whether your evidence is right, or whether you expressed that properly. I will go back and have a look myself, but I thought the 10 per cent was related to the size of the grants awarded.

Senator Scullion—Just for the record, I am quoting straight from the ANOA report, which I thought was more valuable than other sources.

Senator CHRIS EVANS—Which paragraph? I thought it referred to the size of the grants, not the number.

Senator Scullion—Sorry, no—you are right.

Senator CHRIS EVANS—I am sure you are not deliberately misleading, but my understanding is different.

Senator Scullion—You can go to paragraph 54, under 'Local Answers'.

CHAIR—Were any whiteboards used in making these decisions, Minister or Dr Harmer?

Dr Harmer—Not that I am aware of.

CHAIR—Not that you are aware of. Thank you.

Senator CHRIS EVANS—It is not one I could have made, but I thank you, Chair, for making it.

CHAIR—I am happy to be of help.

Senator CHRIS EVANS—There is a reference made in the committee report that you ought to read. It is very interesting.

Mr Carmichael—Just to follow up on your earlier question. The decisions are recorded on that round—that is, Local Answers, round 3. We just do not have the reasons for the changes.

Senator CHRIS EVANS—That was which round, Mr Carmichael? Wasn't that in round 2, the Local Answers round?

Mr Carmichael—Yes.

Senator CHRIS EVANS—So on this occasion you did not alter the database. You have got a distinction between what was recommended and what was approved?

Mr Carmichael—Yes.

Senator CHRIS EVANS—Are you able to provide that to us as well?

Mr Carmichael—We can provide that to you.

Senator CHRIS EVANS—Thank you. Can I turn to the gang of eight approvals, which I have attempted to pursue ad nauseam with Dr Harmer, without success. Clearly the ANAO has more success than I have at estimates.

Dr Harmer—Can I just comment on that. If I recollect correctly, when you were asking about it last time I think I made the point that, given that the ANAO were dealing with it and that we expected the ANAO to report before the next estimates, it would be wise to wait for that, which is what has happened.

Senator CHRIS EVANS—That was your defence last time, Dr Harmer. The time before that, you did not have that available to you.

Dr Harmer—I had it last time, though.

Senator CHRIS EVANS—Yes. The time before that you had a different reason for not being able to provide me with any help—sorry, to provide me with information that was helpful.

Dr Harmer—Thank you.

Senator CHRIS EVANS—I know there is a slight difference there. I know these were election promises and that they got sent over to you to fund after the election, and that is fair enough. Everyone knows how that works. These were sent over to you and they said, ‘You have got to fund them,’ but I think they sent you the money as well to pay for them. The \$560,000-odd came across as well; is that right?

Dr Harmer—Correct.

Senator CHRIS EVANS—So you were not out of pocket, and that is fine. But that always intrigued me. I just want to understand. The ANAO in paragraph 83 said:

This was required given that two of the projects, as set out in the funding agreement signed by the recipients, varied from the purpose for the funding as set out in the documentation relating to the Government’s election commitment announcements and one of the projects was not included in the 9 April 2005 Ministerial Minute.

I presume the one that stood out was the Swan Italian Sporting Club, in the electorate of Hasluck. Is that correct?

Mr Carmichael—I think that is one. There is a very good reason why those two needed to be slightly modified. They were announced in the broad in the election campaign. But we needed to ensure that we had something that was feasible so, in undertaking to ensure good public accountability on those two projects—which the ANAO also supported that we did, and including the other six—and that we administered them appropriately, we needed to negotiate reasonable projects that were feasible and achievable, but they needed some slight modification. On that occasion, we should have gone back to our minister and got the new projects in their slightly modified form reapproved, and that is what the ANAO is suggesting in its report that we did not do.

Senator CHRIS EVANS—Which two projects are we talking about, Mr Carmichael?

Mr Carmichael—The two are the Eastern Access Community Health Group and the Ovingham Sports and Social Club.

Senator CHRIS EVANS—What was different between what was announced in the election campaign and what was funded for the Eastern Access Community Health Group?

Mr Carmichael—I do not have that information before me, but we can probably organise to provide it in the next couple of hours. It will not be difficult. I just do not have that information in front of me at this point.

Senator CHRIS EVANS—We have explored this before but I just was not sure why there was an election announcement, and then you funded it for different reasons. What about the Ovingham Sports and Social Club?

Mr Carmichael—Ovingham was upgrading the oval and public facilities, including building a public toilet for people with disabilities.

Senator CHRIS EVANS—And that was the election promise, or what happened?

Mr Carmichael—That is what we funded.

Senator CHRIS EVANS—What did they promise in the election?

Mr Carmichael—What I think you will find is that the broad intent is similar, but the details of the projects needed to be negotiated, and I can provide what those differences were a little later, but I do not have it in front of me.

Senator CHRIS EVANS—Thanks very much, I am happy to wait for that. Why then was the Swan Italian Sporting Club different, and why was it excluded from the minute of 9 April?

Mr Carmichael—From memory, that one was announced by our then minister, so it had a different process and it came into our responsibilities in a different way, that was all.

Senator CHRIS EVANS—That was funded for exactly the same project as was announced during the election campaign?

Mr Carmichael—Yes. As noted in the ANAO report, some of the projects came from DOTARS, and that did not. It came from our then minister announcing it in the campaign, and so it just had a different route into our responsibilities.

Senator CHRIS EVANS—That was an announcement by the FaCSIA minister during the campaign?

Mr Carmichael—Yes.

Senator CHRIS EVANS—Not by the junior minister?

Mr Carmichael—No, I think it was the senior minister.

Senator CHRIS EVANS—Apart from that there is no other reason why the Swan Italian Sporting Club one stands out?

Mr Carmichael—I think that is the only reason.

Senator CHRIS EVANS—What grant program was it provided under in the end? Was that funded under the \$560,000 that came across?

Mr Carmichael—Yes. What happened was that once the projects were all identified, and they were identified that we were going to manage them, then money was appropriated separately for their delivery, and so it does not come under any particular program—that was a one-off. It was a specific grant to fund those eight projects.

Senator CHRIS EVANS—But the FaCSIA one was within your portfolio. This was your business. You could not find a program that fitted it?

Mr Carmichael—No, in the main these were not projects that would fit under any of the existing FaCSIA programs. A lot of them are capital works, and we do not tend to fund capital works anywhere in our programs.

Senator CHRIS EVANS—Ah, that was the difference. Because it seemed to me that the Swan Italian Sporting Club would fit under the local grants-type thing but it was because it was for capital works.

Mr Carmichael—And it is also very big compared to what we would normally fund under those sorts of programs.

Senator CHRIS EVANS—What did you fund that one for?

Mr Carmichael—It was an election commitment.

Senator CHRIS EVANS—No, in terms of the funding. I thought it was only about \$15,000.

Ms Winzar—It was \$30,000.

Mr Carmichael—Yes, \$30,000. That one would be much larger than anything we would fund under, say, a volunteer small equipment grants program.

Senator CHRIS EVANS—Yes. Again we have this evidence that you did not send a further minute to the then minister seeking approval for those spending proposals under the financial management act regulations. I note in the minute from ANAO they talk about the requirements under the FMA, and then they note that the minister was not aware of the last four of those terms when she signed the ministerial minute and she could therefore not, at that point, confirm that the final funding details for the individual programs were consistent with the government's intentions, as for some projects this changed after the point. So you have got the minister again signing off in ignorance when you did not even know what she was signing off on.

Mr Carmichael—What happened there is that we certainly did send a ministerial submission to the minister signing off on the eight, but consequently we needed to renegotiate some of the project details. The ANAO have pointed out that we should have then resubmitted the final project plans back to the minister for final agreement, and we acknowledge that that was an administrative shortcoming.

Senator CHRIS EVANS—When is the next round of the Volunteer Small Equipment Grants Program to be announced?

Mr Carmichael—It was announced last Friday.

Senator CHRIS EVANS—Was it?

Mr Carmichael—Yes.

Senator CHRIS EVANS—What was the extent of that grant round?

Ms Winzar—The most recent one opened last Friday.

Senator CHRIS EVANS—This was just the opening?

Ms Winzar—Yes.

Senator CHRIS EVANS—How long is it open for?

Mr Carmichael—It will be open for four weeks.

Senator MOORE—Is that standard, Mr Carmichael?

Mr Carmichael—Yes.

Senator CHRIS EVANS—Has the minister written to members of parliament advising them of this?

Mr Carmichael—I do not know the answer to that question.

Senator CHRIS EVANS—Can you take that on notice for me, please, who the minister has written to encouraging applications. Maybe you know this, Senator Scullion. Are you handling this, or is the senior minister handling this latest round?

Senator Scullion—The latest round will be handled by the senior minister.

Senator CHRIS EVANS—They are not letting the National Party in charge again, is that right?

Senator Scullion—I am not a member of the National Party.

Senator CHRIS EVANS—I am never quite sure what your status is, Senator Scullion. What are you a member of?

Senator Scullion—I am a member of the Country Liberal Party. By convention, I sit with the National Party.

Mr Carmichael—I do have the answer to that question now. All parliamentary members will be notified, I understand, by today that the VSEG round is open.

Senator CHRIS EVANS—Right. It closes in four weeks. What is the budget allocation?

Mr Carmichael—I should know. I can look it up.

Dr Harmer—We can get you that.

Ms Winzar—It is about \$16 million.

Senator CHRIS EVANS—What was it last year?

Ms Winzar—Each one of them is slightly different.

Senator CHRIS EVANS—I know. It tends to go up in election years.

Mr Carmichael—There was some budget announcements around VSEG, and an increase in the funding, so it will be \$16 million per year over the next four years.

Senator CHRIS EVANS—What was it last year?

Mr Carmichael—\$6 million.

Senator CHRIS EVANS—We had a peak in 2004 up to \$12 million, as I recall. Then my recollection is that it went back down to \$6 million or so. Are we going to have another peak in 2007?

Mr Carmichael—No, it will be consistent over the next four years. The genesis of the VSEG program came out of the Year of Volunteers, and it was an ad hoc program. Since that time, the government has invested in it and now it is a recurrent program. It will be consistently now into the future at \$16 million per annum.

Senator CHRIS EVANS—Ad hoc is dead right, Mr Carmichael. You nailed it in one.

Mr Carmichael—It was funded out of unexpended Stronger Families and Communities money. Now it has got its own line item and so it is identified in the budget papers separately now.

Senator CHRIS EVANS—Can you tell me how much the program was worth last year?

Ms Winzar—The total outlays were around \$16 million for that too, even though it was done in two parts, one of around \$10 million and one around \$6 million.

Senator CHRIS EVANS—So you had two rounds last financial year?

Ms Winzar—I think we might have used the same round to do two lots of funding release, because we had such an overwhelming number of applications. We could not possibly meet the demand within the original allocation of \$6 million.

Senator CHRIS EVANS—Is there definitely only going to be one round on this calendar year?

Mr Carmichael—I am not sure. Those decisions are yet to be made, but we have certainly got one now.

Senator CHRIS EVANS—Has there been any decision taken to have a second round?

Mr Carmichael—Not yet.

Senator Scullion—One of the reasons that we have decided to put such a significant increase into this very important program is that in one of the programs it is almost invariably oversubscribed. So the number of rounds may have to be increased as a function of subscription and application, and so that decision may not be able to be made until the end of the first round. It is just a more commonsense approach. It is dependent on the nature of the applications. All the indications are that it is a very popular program that assists essential volunteering in our communities.

Senator CHRIS EVANS—That is right, Senator Scullion. You will get no argument from me, and I think it will be oversubscribed as word spreads of the program. Lots of organisations are looking for a hand with small or large grants. But are you saying to me that there will be another round potentially with increased money, or it will all be met out of the \$16 million?

Senator Scullion—I am indicating that there may be another round, but that will be met out of the \$16 million. It is a function of the number of applications in the first round, and a decision will be made whether a second round is needed to be made within the first year.

Senator CHRIS EVANS—I do not quite see how that works. You have got a bucket of money and you have got a bucket of applications. Why does dividing it twice, unless you change the size of the bucket, make any difference?

Senator Scullion—You may not have to, but you asked the question, ‘Will there be subsequent rounds?’ I have said only within the \$16 million allocated, and that is my advice at the moment. Because this is a significant increase on previous years, the number of applications may not reach the total amount, and so to acquit the amount that we know needs to be spent in the community it may be possible to open a second round.

Senator CHRIS EVANS—I thought the evidence was that it was not a significant increase on previous years.

Dr Harmer—I think what the senator means is that it is a significant increase on an individual round. We did not have one individual round last year of \$16 million.

Senator CHRIS EVANS—What did we allocate for the program?

Dr Harmer—We had two rounds that added to \$16 million, I think.

Senator CHRIS EVANS—But did we allocate \$16 million, or was there a post-budget supplementary appropriation to get it to \$16 million?

Mr Carmichael—We got supplementary funding. We had 15,000 applications, which was an unheralded number of applications. A lot of those were of a high quality and were not able to be funded, so the government decided to appropriate further funding to be able to support funding more of those applications. I guess what Senator Scullion is saying is that we are not sure if that was pent-up demand or we are going to get the same sort of response this time, but we do have up to \$16 million per annum to spend, and I guess if we do not spend it in this round we might have to consider another one before the end of this financial year to expend the money in accordance with the way it was appropriated. We are expecting that we will get a good response, because we also have a VSEG sport component to this VSEG round, so we are actually going to highlight that we are supporting sporting organisations. There will be some extra flexibility around sporting organisations that support training and coaching and things that we have not funded under VSEG before, because of feedback from those organisations that that is the sort of stuff that they are looking for funding for.

Senator CHRIS EVANS—So you are unlikely to be undersubscribed, I suspect. I know my soccer club will be in on it now.

Dr Harmer—The truth of it is, as Senator Scullion has indicated, that there has been no decision yet because we just do not know.

Senator CHRIS EVANS—I might add that I will not be putting a letter of support in, because I do not want to ruin their chances! But I might ask Julie Bishop to do the right thing. What is the answer to the earlier question? Was the \$16 million originally allocated, or was it \$6 million and then a further \$10 million, or was it \$10 million and a further \$6 million?

Ms Winzar—We had around just over \$3 million in the 2005-06 appropriation. My understanding is that that was rolled over to 2006-07. There was also then an allocation of \$3 million—I think it was actually \$3.024 million—in 2006-07. So between them, that notched up just over the \$6 million that we had available and, because we had so many applications, we sought supplementation to deal with some of those, and we were provided with another \$10 million at additional estimates.

Senator CHRIS EVANS—So you doubled the size of the scheme at additional estimates, effectively.

Ms Winzar—Effectively, yes.

Mr Carmichael—That still did not fund all the suitable applicants, but we were able to get much further down the list with the additional money.

Senator CHRIS EVANS—What sorts of numbers did you have that you were not able to fund that you regarded as suitable?

Dr Harmer—I do not think we have got that with us.

Mr Carmichael—For the first part of the round we were able to fund 2,828 organisations. With the additional \$10 million we were able to fund an additional 4,428 organisations, and that is out of a total of more than 15,000 applicants.

Senator CHRIS EVANS—Thanks for that. Minister, I might just for your information refer you to footnote No. 38, where the ANAO reports on its regression analysis—

Senator Scullion—Could you provide me with a page on that at all?

Senator CHRIS EVANS—Mine is on page 24 to 26, but that is of the summary.

Senator Scullion—Page 31. Go on.

Senator CHRIS EVANS—It says:

The ANAO conducted regression analysis to assess the extent to which the net additional grants per electorate due to the Minister's changes could be explained by the political party holding the electorate, among other factors. This analysis found that the hypothesis that the decision by the Minister to add an organisation to the VSEG funding list was unrelated to the party holding the electorate in which the organisation is based was strongly rejected (at a statistical confidence level of over 99 per cent).

Despite your claims about the grant, Minister, the ANAO found that there was a direct link, at a level of over 99 per cent certainty, that the political fix was put in, and that the claim that it was not is strongly rejected by the ANAO. They found that the system was rorted.

Senator Scullion—I would say that that may be the senator's interpretation, but again one needs to look at other aspects of the report. Quite clearly the ANAO have accepted the propriety of the minister in using his discretion—it was a wide based discretion—and he was not unlawful or showed no impropriety in moving outside of that. It is unfortunate that they are not able to gauge the appropriateness or otherwise of those decisions, and the department has accepted that—we have all accepted that. And since 2004 the administrative processes are now in place to guarantee that the ANAO or estimates committees can in fact scrutinise that. It was interesting to note that the process has been one that does not require the minister to provide an annotation on this because often ministerial annotations are not available to estimates. In fact, the ANAO report goes to a recommendation for the department to annotate on behalf of and therefore is acceptable to scrutiny by estimates committees.

Senator CHRIS EVANS—Is that a statement of fact, Minister, that they will all be available to estimates?

Senator Scullion—Just the answer to your question today—

Senator CHRIS EVANS—I am just ascertaining whether that is the case or not.

Dr Harmer—We now keep record of the decisions made by the minister.

Senator CHRIS EVANS—Yes, but will you be saying that is confidential advice between you and the minister or not—defence number one? Senator Scullion just commented you were not providing it. I was just interested in whether he was flashing outside the off stump or whether that was right. I suspect he was flashing outside the off stump.

Dr Harmer—We have to take advice on that.

Senator Scullion—In any event, whilst the ANAO report goes clearly to the propriety of this, I think anybody who reads the report clearly would not accept some of the broad-ranging accusations that have been made in this regard. I think the whole issue goes to whether or not information had been known to the ANAO then the statistics would have changed. That is quite clear, because further information would have been added to the mix of the formula under which the ANAO made its determination. It is also said that it would be very useful in the future if the ANAO could factor in the nature of the discretionary interventions from the minister. But to say that this is somehow rorting or some other thing, I say again that on the same minister's watch there is other statistical information to show he has been pretty even-handed because 10 per cent more was given to Labor electorates than to coalition electorates. As I said, I would commend people to the actual facts of the report.

Senator CHRIS EVANS—That is what I just quoted to you, Minister, and you do not have any answer for it because it was a rort. The ANAO said that the claim that you just made was strongly rejected. They said it is a nonsense; it was a National Party fix. It got put in and the following minister put in a Liberal National Party fix, but on each occasion the fix has been put in and the ANAO say your defence does not hold up—it is a nonsense.

Senator Scullion—The report definitively does not contain any of those remarks in regard to a political fix or a rort. What it says is that there is a statistic that points to something, but in other areas of the report quite clearly the indications are, that should the information have been provided in terms of the nature of the minister's discretion, then that statistic may well have been somewhat different. You must take these recommendations as a whole rather than selectively take the recommendations from part of this report to make what I consider quite spurious allegations, particularly if you take other aspects of the report it could be said that somehow he was pork-barrelling Labor electorates, which in this context seems somewhat unlikely.

Senator CHRIS EVANS—Yes, it is a bit of a long bow, Minister, given the ANAO's clear pointers. Dr Harmer, can you tell me whether you sought any legal advice in relation to these matters and dealings with the ANAO about processes involving the department?

Dr Harmer—I haven't—not that I am aware of anyway—and that is because there is no suggestion in any interaction we have had with the ANAO or anything in their written report that indicates there is any legal issue.

Senator CHRIS EVANS—No, I meant in terms of the status of grants you made that were not properly minuted, the status of grants not made to organisations that were approved.

Dr Harmer—There is no suggestion in our interaction with ANAO that there is any legal requirement. They go out of their way in a range of places in the report to indicate that

ultimately it is a ministerial decision. It is good practice that the minister indicates the reasons but it is not a requirement.

Mr Carmichael—Senator, we get legal advice on every process we run. So with the VSEG round we have just announced we get probity advice and legal advice around how we should run it and frame it. But we have had no legal advice at all around the ANAO report.

Senator CHRIS EVANS—You have undertaken to get back to us with the list of recommended applications and approved applications for the two rounds we have been discussing. When I asked you about providing the electorates, you said you do not keep that information.

Dr Harmer—We said we do not provide that to the minister when we make the recommendations.

Senator CHRIS EVANS—I appreciate the distinction. You can, though, provide me with a list that includes the electorates. I notice you provided that to Mr Bowen when you gave him a list of the 2005 grants.

Dr Harmer—I think we can do that. The point I was making is that we do not do that—

Senator CHRIS EVANS—I accept the clarification. I would appreciate, then, if the lists you are getting for me could include that information as well. I will come to those questions when we get those lists.

CHAIR—Do we have answers to questions taken on notice in respect of advertising?

Dr Harmer—I am going to check that out at lunchtime. Maybe I will give it to you after lunch. It may take us a little longer to get the information Senator Evans wanted, so it may not be today.

CHAIR—That is noted.

Proceedings suspended from 12.32 pm to 1.38 pm

Tiwi Land Council

ACTING CHAIR (Senator Moore)—We will start. I know that the chair is on his way, but I think it is probably better that we do because we are going to have a tight time frame. My understanding is that Senator Crossin will be starting the questions with the Tiwi Land Council now so that we can fit in better with travel plans. I invite the presenters of the Tiwi Land Council to come to the table. Good afternoon, gentlemen. Thank you for your time. Have any or all of you been at Senate estimates before? I think I recognise a couple of the witnesses from previously.

Mr Hicks—Yes. I am the Secretary of the Tiwi Land Council. Our deputy chairman is Marius Puruntatameri, who is here for the first time.

ACTING CHAIR—Welcome.

Mr Hicks—And Andrew Tipungwuti you may remember. He manages the land council.

ACTING CHAIR—We will go straight to questions so we can get going. We will go straight to Senator Crossin.

Senator CROSSIN—Mr Hicks, thanks for making the trip down today. I did actually want to start by just getting on record the fact you will have realised by now, of course, that I had put 43 questions on notice to the Tiwi Land Council through the minister following last year's estimates process. I think it did not go through the committee. They were put on notice through the *Notice Paper*. I think Senator Siewert also asked a number of questions through the *Notice Paper*. It has come to light this morning that you will not have seen any of those 43 questions from me.

Mr Hicks—Yes, we have. We received them back in December—I think it was December. They were answered. They were returned in January, I think. I see we have just received question No. 2820.

Senator CROSSIN—Yes.

Mr Hicks—It seems to be exactly the same question that we answered back in December.

Senator CROSSIN—Some of them would be substantially different, I believe—that is, the definition of what red tiwi might be, minutes of meetings and whether meetings were held in the Tiwis or in Darwin. I am not sure that I have seen the answer to Senator Siewert's questions, which are along similar lines—that refer to the clearing of the forestry production. But there is nothing we can do about it now. If Minister Brough's office has refused to pass them on to you, we will just simply reassess the questions and put them on notice to you through this committee process before the deadline. When are questions due by? This Friday? This is for our questions to be put.

CHAIR—The reporting date is 21 June. I also notice that 27 July has been set as the date for the return of answers to questions taken on notice. In other words, it is 21 June for the purposes you are seeking.

Senator CROSSIN—I do not know if Senator Siewert wants to follow up her questions on notice.

Senator SIEWERT—I have some questions in question on notice No. 3075. I was told the Australian government does not hold the information and that we should more appropriately seek the information from the Tiwi Land Council. So I will resubmit those questions. Perhaps I can ask them after Senator Crossin has asked some questions. I will attempt again to ask them then.

Senator CROSSIN—I want to start by asking you if you have seen the press release issued by Minister Brough on 9 May which states that the Tiwi Land Council has signed a 99-year lease.

Mr Hicks—The minister said on 9 May that the Tiwi Land Council has signed a 99-year lease?

Senator CROSSIN—Yes. Have you seen his press release of 9 May?

Mr Hicks—No, I have not.

Senator CROSSIN—It starts by saying:

Minister for Families, Community Services and Indigenous Affairs, Mal Brough, today welcomed the first 99 year lease over a township on Aboriginal land...

Mr Hicks—No, I have not seen it. The land council has not signed a lease. The minister has been negotiating with the traditional owners. The Tiwi Land Council's role in this is to facilitate those negotiations, to provide independent legal advice and support the landowners as they discuss with the Commonwealth their use of their land. The second phase of this is that we know the landowners agreed with the Commonwealth that they wanted to proceed with this matter. We now consult with the community, seeking their views and opinions.

Senator CROSSIN—Was anything signed in Mr Brough's latest visit to the Tiwi Islands?

Mr Hicks—Yes, it was. It was a memorandum of understanding that both the Commonwealth and the traditional owners of the land had consensus ad idem—that they had agreed together that they wished to enter into these arrangements.

Senator CROSSIN—So are you able to provide this committee with a copy of that MOU?

Mr Hicks—I have not got one here.

Senator CROSSIN—But can you take it on notice and provide a copy of that to this committee?

Mr Hicks—We are not a party to it. I cannot undertake, on behalf of my chairman and others, to provide something that has not come to the land council. It is a memorandum between the Commonwealth and the people who own the land.

Senator CROSSIN—So who signed the MOU?

Mr Hicks—Who signed it?

Senator CROSSIN—Yes.

Mr Hicks—The Kerinauia family. The head owner, Mr Walter Kerinauia.

Senator CROSSIN—How many signatures would be on the MOU?

Mr Hicks—I understand there would be 131, maybe more.

Senator CROSSIN—Signatures on that MOU?

Mr Hicks—I beg your pardon?

Senator CROSSIN—One hundred and thirty-one signatures on the MOU?

Mr Hicks—I am aware that 131 of the total 271 men, women and children who are the owners of that land had agreed to enter into these arrangements with the Commonwealth and advised the land council accordingly that that is what they wanted to do.

Senator CROSSIN—So 131 out of 271?

Mr Hicks—The 271 is men, women and children. I cannot give it to you here, but the 131 would have to be 80 or 90 per cent of the adult owners over the age of 18 who are able to give their advice.

Senator CROSSIN—So what was actually signed on 9 May?

Mr Hicks—A memorandum of understanding between the Commonwealth and the landowners.

Senator CROSSIN—And the Tiwi Land Council would have overseen that signing?

Mr Hicks—We were present at the signing, yes.

Senator CROSSIN—You are saying 131 signatures are on that MOU?

Mr Tipungwuti—I think the majority of the group were there in the presence of the signing of the traditional landowner Walter Kerinauia.

Senator CROSSIN—So only Walter Kerinauia's signature is on that MOU?

Mr Tipungwuti—I am pretty sure that Walter signed it himself on behalf of the whole clan group of the Mantuyupwi group, being the traditional owners of Nguui.

Senator CROSSIN—Can we get that clarified because we are talking about land that is going to be leased possibly for many, many years to come. I would really like a very precise answer about how many and who signed this MOU.

Mr Hicks—The process of it has gone on for two years, but the intensive negotiations between the Commonwealth and the traditional owners of the land have been going on since December 2006. The traditional owners have shifted the Commonwealth in terms of the things they wanted to achieve.

Senator CROSSIN—Mr Hicks, we are really pressed for time. I might get to that in a moment. I am really after how many people signed whatever was signed on 9 May and who that would have been.

Mr Hicks—The minister came up to a formality that 131 traditional owners agreed to in April and executed a document that I believe they had sent down to the minister and advised him that they had accepted the offer that the Commonwealth had made. The minister merely came up on 9 May—if you say it was 9 May—and executed an agreement with the senior landowners and the other landowners present.

Senator CROSSIN—9 May is the day of his press release. What we are just trying to ascertain is who signed the memorandum of understanding.

Mr Hicks—Here is a picture of who signed it. It is the senior landowner.

Senator CROSSIN—So there is only one signature on the MOU?

Mr Hicks—I would imagine so.

Senator CROSSIN—So it was not overseen by the Tiwi Land Council?

Mr Hicks—Yes, it was.

Senator CROSSIN—So how many signatures are on the MOU?

Mr Hicks—The senior landowner, Mr Kerinauia.

Senator CROSSIN—Just one signature, then?

Mr Hicks—One signature on behalf of the others, reinforcing the letter that they had sent to the minister earlier with 131 names on it.

Senator CROSSIN—So one signature on behalf of 131 others?

Mr Hicks—Who had already, the week prior or maybe two weeks prior, sent their agreement to enter into these arrangements with the Commonwealth.

Senator CROSSIN—Mr Hicks, I had heard reports that people had been given \$50 or a cash amount to actually go down and sign or indicate their support. What was the basis of that payment?

Mr Tipungwuti—The traditional owners of Nguju have access to their own accounts from the resources of their land. On that particular day they accessed a fee. I am not sure what it was, but if it is stated \$50 that was it. It was not out of Commonwealth funds or the Tiwi Land Council or Minister Brough's office paying them to take the leasing.

Senator CROSSIN—How did the funds get into these accounts? Is it from profits derived from the forestry plantation, Mr Hicks?

Mr Hicks—They are not from profit. They are from lease moneys. The Mantuyupwi people also have access to money from fishing, fishing camps, recreational fishing tours in the area and Tiwi tours; they receive money from them.

Senator CROSSIN—And so those moneys go into an account that that family can access?

Mr Hicks—Into their land use fund, yes.

Senator CROSSIN—And it just happened to coincide that on the day people were asked to signal their agreement to this proposal they were also given a payment from that account?

Mr Hicks—No. Nothing coincides because you have to draw cash. A week prior to this, they were aware that this meeting was happening. They said they would like to draw down upon \$50 each for this particular meeting. So that was facilitated.

Senator CROSSIN—What do you mean by 'for this particular meeting', or was the money to be given out at that particular meeting?

Mr Hicks—I think they generally do not get paid for going to their meetings and they had been going to many meetings over these issues with the Commonwealth. I think they felt this was a final part of their negotiations. They have accepted the offer, which was the final offer that the Commonwealth agreed to. I cannot put words in their head but I imagine they thought instead of having a glass of champagne they would like \$50, and it was their money.

Senator CROSSIN—So 271 payments of \$50 were made, or 131 payments?

Mr Hicks—One hundred and thirty-one.

Senator CROSSIN—I see. So is there now some sort of deadline to sign? I am assuming the MOU is simply that; it has no legal status. Would that be correct?

Mr Hicks—Yes. In terms of legal status, I think we are obliged, as you are aware, under the act to fulfil the three-part test. The first part of that test is that the traditional owners of the land concerned have been consulted and understand the nature and the purpose.

Senator CROSSIN—How many traditional owners would you be talking about here?

Mr Hicks—The 271.

Senator CROSSIN—All right. You do not consult children, though, do you?

Mr Hicks—No, we do not. One hundred and thirty-one or—

Senator CROSSIN—So how many are we talking?

Mr Hicks—It is a society about which my deputy chairman and colleagues know exactly what went on, as do many other Tiwis. I think there were many copies of the final agreement handed out. I have seen them at various places on the Tiwi Islands. I would think a large number of people knew.

Senator CROSSIN—So the MOU has no legal status. Is that correct? Either party can walk away from it?

Mr Hicks—In terms of the traditional owners agreeing to something, yes, I would think there is certainly a contract, if it is an implied contract, that they have agreed to this offer of the Commonwealth. They have notified the land council that they want to go ahead with this. The land council now has the role to consult with the other people affected and to assess whether the offer is itself reasonable. Those processes are going ahead. I think the Commonwealth is also in discussion with the landowners' own independent legal advisers about final leases and other arrangements to do with it. So it would take some weeks, if not months, I would think.

Senator CROSSIN—Your independent legal advice is coming from which firm?

Mr Hicks—Middletons.

Senator CROSSIN—And they have experience in the land councils legislation?

Mr Hicks—Yes, they have. They have 231 solicitors, I think. A number of them are experienced in understanding it, yes.

Senator CROSSIN—So do you actually have a deadline from the minister's office to sign some sort of final legal agreement?

Mr Hicks—No. The minister has made it clear for a long time that there is no force, there is no deadline.

Senator CROSSIN—Can I just go back to the payment that people were made from their land trust. Are people often paid a sitting fee or are they regularly paid money out of this account?

Mr Hicks—This is their own account. They often ask. Many of them have not got the resources in their own account. But this is their private money. It is not the taxpayers' money. Yes, they do have meetings. Yes, they often rather like to receive \$20 or \$40 or something like that.

Mr Puruntatameri—If the people wish to have an enterprise or a development happening in their community, I think all Tiwis respect each other because of their wishes of implementing programs and development to help the economy on the island. Therefore, I think whatever costs that they acquire because of their wish to set programs on the island and development, we should respect that it is their own money from their own initiatives.

Senator Scullion—I would suggest boldly that it is in fact private money usually beyond the scope of Commonwealth Senate estimates, to be frank.

Senator CROSSIN—So these people are paid money on a regular basis out of this fund?

Senator Scullion—Again, I will formalise my previous statement by saying that matters of estimates are those matters that quite properly deal with funds provided by the

Commonwealth. I can understand why the activities of the land council and those issues we provide for through the land council should be within scrutiny. But private funds privately owned by Tiwi Islanders should not come under scrutiny. I think the use of the term 'respect' by the chairman in this regard should be given some scrutiny.

CHAIR—I think the minister raises a reasonable point.

Senator CROSSIN—What we are trying to, reasonably, categorically discount is whether or not these people were actually paid money to sign up to this agreement, which you might put into the guise of a sitting fee. This is your opportunity to categorically discount that by suggesting to me that perhaps people are paid this money regularly or they are paid sitting fees quite often and that in no way the payment of this money coincided with the day that 131 people agreed to this proposal. If you are not prepared to discount that, that is fine. It will stay on the record.

CHAIR—I do not think that is a fair question. The use of these people's money, which is their money for whatever purpose, be it appropriate or otherwise, is not a matter that comes before the estimates committee any more than what you or I use our salary for is a matter for estimates. I think, with respect, that the question is out of order.

Senator CROSSIN—The matter will still lie there, then, with people having a number of questions about that matter.

Senator Scullion—I am not so sure if the senator has been listening to the responses. I certainly heard the response from the chairman as indicating that it was in some way by way of celebration. This may well be a part of the tradition of the Tiwi Islands. As the senator alluded to, there are matters that are often a convention of islander people or Indigenous people. As you can see, by trying to get together 131 people on any given day, these people are not just hanging around waiting for a meeting; they are going to have to give up their work. They are going to have to stop doing what they are doing to go and attend the meeting. Sometimes this adjustment is an assistance. As the senator would know, this is a well-known convention in these matters. I think that the chairman has already said quite clearly this was in the nature of a celebration. This is an issue that has been going on for some time in the community. Because the question at that stage was not put, he did not have the opportunity perhaps to refute the outrageous allegation by the senator. But I think she should listen carefully to the answers that have been provided.

CHAIR—In any case, it is a matter for them, not for the Senate estimates committee.

Senator CROSSIN—I am seeking to clarify the process by which this agreement has been reached. I understand what you are saying, Minister Scullion, but this is an opportunity for certain matters to be put before the public. If you do not want to discredit them, that is fine. I will move on. I will ask Mr Hicks what—

Mr Hicks—If I may, I will categorically deny that the Tiwi people, either the Mantuyupwi people or any other people, are capable of being bribed by money. I really think it is absolutely offensive that this sort of discussion happens about Aboriginal people. It does not happen down at the St Mary's footy club or anywhere else. As the chairman has said, this is their private money. Never do they undertake to be bribed by this sort of behaviour. It is white people's perception. It is totally wrong. Fortunately, there seems to be some empirical

evidence starting to come out that the participation of Aboriginal people in the use and activities of their own land that my employers worked out 30 years ago is right. But to consider that they are capable of being bribed by a \$50 sitting fee is very offensive.

Senator CROSSIN—What arguments were put to the Tiwi people as to why a section 19 lease would not be appropriate in this instance?

Mr Hicks—We have actually had recent legal advice about this. In terms of a township, we now have section 19A. Inasmuch as you apply section 19 leases to a township, you actually reduce its value as a township. There does seem to be some strength in that argument. Section 19 allows individual blocks of land to be carved up. In Nguiu there are 473 blocks, I think. If you choose to pick out a block or two, three or four and the people who are wanting these blocks are the dependent service industries like local government and others that are rightly the role of the Commonwealth to support, they are not able to pay very much money. We have letters from local government wanting to quickly get 17 blocks and, by the way, on the cheap. You know we are an organisation that helps the Tiwi people. We have a legal obligation to assure that any leases entered into are reasonable. There is certainly legal advice that inasmuch as you diminish a township or a potential township lease by issuing under section 19 little blocks, you may in fact reduce the value of the community itself.

Senator CROSSIN—So no doubt the 131 traditional owners discussed this and are aware that there was another option?

Mr Hicks—Yes, they did. They discussed it in the context of the leases that have already been issued at Nguiu and the absence of any rents being paid. Telstra actually have a 99-year lease issued in 1979. They pay. I do not know that anyone else does. I note that one of your questions under 2020 was about the Nguiu club. The Nguiu club does not have a lease and never has had a lease.

Senator CROSSIN—It would have a lease if this proposal goes ahead?

Mr Hicks—I would think it would have to be one of the first to get a sublease, yes.

Senator CROSSIN—I see.

Mr Hicks—And a reasonable one. I think the considerations of section 19 leases, yes, they have discussed that. I have seen the minutes of their meetings. Their considerations are that they are de minimis. They are small, little blocks. The necessity to deal with a multiplicity of 473 different sublessees is not something that they wish to entertain. I think the offer of the community lease—that it was a combined statutory body—was attractive. That was part of their final negotiations. In fact, that is what they held out. I think their final negotiation was, ‘Dear Minister, we agree with the different terms. However, we are not going to proceed until you advise us about who or what is actually going to hold this lease.’ The minister came back with what they thought was a remarkable solution—to entrench it in the land rights act itself as a statutory officeholder. I think that was—

Senator CROSSIN—So you have been consulted about the legislation that was tabled last week?

Mr Hicks—We have received a media release about it but we have not—

Senator CROSSIN—You were not consulted about the structure of what is in it?

Mr Hicks—We were informed that the minister was going to—I do not know the procedure—place before the parliament a bill or an instrument to change the land rights act. We in fact consulted our colleagues in the Northern Land Council about this. They said, ‘What a great solution.’

Senator CROSSIN—Did you see the legislation or were you consulted about the legislation before it was tabled?

Mr Hicks—No. I have not seen the legislation.

Senator CROSSIN—You have not seen the legislation?

Mr Hicks—No.

Senator CROSSIN—Mr Hicks, can I ask you if any surveying and/or evaluation of the new township has occurred yet? Can you give me a rough idea of what the town is actually worth?

Mr Hicks—Yes. We undertook an evaluation. We did it as part of the land council. It cost \$55,000. It was a thorough evaluation—a certified valuation. It valued every block and every asset on the land. It came to a total of \$54 million, maybe \$54-something million.

Senator CROSSIN—So I could purchase Nguu if I had \$54 million? Is that what you are telling me?

Mr Hicks—Pardon?

Senator CROSSIN—I could purchase Nguu if I had \$54 million?

Mr Hicks—\$54 million? Well, I do not think the land owners would sell it to you for that. I am not a valuer, but they valued it under a system, I think, called deprival value. It was not so much a replacement value, but in the principles of valuation it seemed to be an agreeable way to value assets.

Senator CROSSIN—So under section 19A as opposed to section 19, if you had gone down the section 19 lease, I understand individual by individual could have negotiated what rent they want for their block. But this will not happen now. Is that correct? Is that your understanding? Under section 19A, who will actually determine how much lease per block will be charged? Will this be done by the entity?

Mr Hicks—You are pushing my knowledge of it. The traditional owners have a role to play through a consultative forum. They have the majority members in it. They certainly have a significant role to play in the not-for-profit organisations, of which there are many. In fact, I think there are only three on Nguu not in the class of not-for-profit.

Senator CROSSIN—I am assuming those organisations will be arguing they should not be paying any lease. Is that right?

Mr Hicks—I think they accept that they have to pay a rent and are not paying it. The minister has made it clear that for those who are renting houses now, nothing will change unless they elect to purchase their own house, in which case they would need a sublease.

Senator CROSSIN—Once they purchase their own house, though, they are also up for the total maintenance and upkeep of that house, aren't they? Is that right, Minister Scullion? You are nodding your head. Is that correct?

Mr Hicks—I am getting out of my depth here. I am not privy to the mechanics of—

Senator CROSSIN—Senator Scullion seems to be nodding. Is that correct? Once they purchase their house, they have to maintain it?

Senator Scullion—I was not nodding my head at having a vast legal knowledge of the application. I was simply nodding my head with assent about the fact that if you own your own house, one would reasonably assume you would be responsible for the maintenance.

Senator CROSSIN—Will that absolutely be the case under this 99-year lease proposal if people go ahead and seek to buy their house? That is, they will not be able to go to any organisation or—

CHAIR—I think Mr Hicks has indicated he is not in a position to answer that question.

Senator CROSSIN—It is a pretty crucial question to be able to answer because it goes to the very heart of why there are going to be 99-year leases on Nguiu—that is, in order to let people buy their home.

CHAIR—Well, that may be the case, but it is a question of whether the witness has the legal capacity to answer that question. Mr Hicks, you are not a lawyer, are you?

Mr Hicks—Yes, I am. Currently at Nguiu there is \$670,000 per year, as I understand it, paid in rent by the owners of houses. There should be \$670,000 per year paid in maintenance on those houses. The rent is paid to Tiwi Islands local government. We understand that maybe a lot less than \$670,000 is paid in the maintenance of houses. The short answer to your question is that, yes, the owner of a house is obliged to pay for the maintenance on that house, I would think, but I am not certain.

Senator CROSSIN—What have people been told on the islands, then? If we go down this path of the 99-year lease and you seek to buy your home, you will not be paying rent into this fund. You will actually be paying back either Westpac or IBA a loan. So they will have no right to be able to request assistance for the maintenance on their home. Is that the proposal? Is it something different—that they will have to pay for the upkeep on their house out of their own funds if they seek to purchase their house? Mr Puruntatameri, what do you understand will be the situation if you buy your house?

Mr Puruntatameri—I do not know what specifically local people have been told about buying houses. But there is certainly information going out to people to update about the latest issues in relation to this issue. But it is a very complex issue that people need to understand. That, I think, is one of the things why there has to be further consultation, which is happening at the moment, until such time as people do understand more about the issues.

Senator CROSSIN—I am looking at a PowerPoint presentation entitled 'Australian Government's Final Offer'. It simply says that houses will be available for rent or purchase. It actually talks about how the government's Home Ownership on Indigenous Land Program will be available. But what exactly does it mean, Mr Hicks, if people purchase their home? Will they or won't they under this proposal be up for the maintenance of their houses forever?

Once they start to purchase their home, who is going to maintain a new toilet or a hole in the wall that is created by an accident or replace light fittings if they are smashed? Who will be paying for that once people start to buy their own home?

Senator Scullion—A number of these questions go to a great deal of detail. It is the case that the ILC and members of the department will be in a position to answer the detail of some of these questions when they come before estimates in the near future. Perhaps some of these questions can be either set aside or taken on notice, because the nature of the detail of these questions is obviously something that they would be able to answer very clearly.

CHAIR—Is that acceptable, Senator Crossin?

Senator CROSSIN—No, it is not. The Tiwi Land Council is the body under the auspices of the land rights act that acts on behalf of these people. I would assume that if people on Nguuu have now signed an MOU, some of these very crucial questions ought to be answered. The very reason we are given by this government that 99-year leases are preferable is so Indigenous people can buy their own home. I am now asking questions about what people believe will be the implication once they have purchased their home. An amount of \$670,000 is currently available on that island out of rental money to pay for maintenance of the homes. What will happen once people start to purchase their own home? Who will be responsible for paying for the maintenance of that home?

CHAIR—I do not think this is an important question.

Senator CROSSIN—It is crucial to why this government policy has been put in place.

CHAIR—I do not doubt that is the case, but I am saying to you that it may be that there are other parties who are better able to answer that question as to what the effect of those changes would be.

Senator CROSSIN—Why should there be other parties when the Tiwi Land Council, like the Northern Land Council and the Anindilyakwa Land Council, have the responsibility under the act to represent these people on these matters?

CHAIR—There is no doubt they represent these people, but the question is whether they have the knowledge to answer the legal questions that you are asking about the effect of these leases—the legal implications of the leases. There are other officers who do have that capacity to answer that question.

Senator CROSSIN—My question is: if you cannot answer this question, why was the MOU signed? If you do not know what is going to happen once houses are purchased, what is the point of this?

Mr Hicks—The anticipation is that what the minister and the Mantuyupwi people have achieved is to establish a township that is able to respond to the normal economic life of the nation. Regarding my illustration of the \$670,000 a year as the maintenance pool, the current Tiwi tenants in houses pay the \$670,000. They anticipate that for that they get maintenance on their houses. Under the current system, it is unlikely that they do. There are 43 houses that are derelict and abandoned. The illustration I was trying to give was that the current tenants of houses really understand that the money they pay is a contribution towards the maintenance of their house. I have spoken to the housing organisation and others who are very impressed at

how sincerely and seriously the Tiwis take this obligation to ensure the maintenance of their house and their ability to pay it. If they choose to purchase their own house, as I understand it, through the Indigenous Business Australia home ownership scheme, they have to sign various contracts. There are cooling off periods. There is certainly an understanding of the components of maintenance, of insurance and of repaying things.

Senator CROSSIN—I have no doubt that that is the current situation. But let's go five years down the track. Some families at Nguiu could seek to get a loan from IBA or Westpac. Westpac is actually offering better deals than IBA, but we will come to that when the IBA representatives come before us. If I am repaying a loan to IBA, I am not putting money in to this fund, am I? There is no rental money. I am actually repaying a home loan.

Mr Hicks—Yes, but—

Senator CROSSIN—Wouldn't there be an expectation on the community that I would not be entitled to dip into the maintenance fund if I have not put into it because I am purchasing my home?

Mr Hicks—The current rent is \$22 per adult person living in a house. Some of these appalling houses have 17 people living in them. I do not know what rent you pay in Darwin, but it is a huge amount. I understand that under the IBA structure a person on quite a small income would be able to secure a reasonable mortgage. But I really assure you that Aboriginal people, in my experience—and that has been specifically with the Tiwis—have a very serious obligation to and connection with the house they live in and their contribution to being able to live there. I think transferring that to this ownership concept, which is what forms the basis of all of Tiwi society—I note you engender capacity building; fundamental to capacity, of course, is ownership—is what the Tiwis have been working on to secure their participation. The Commonwealth scheme of section 19A opportunities is certainly consistent with Tiwi notions of ownership and capacity building.

Senator CROSSIN—Sure. What I am trying to ascertain is the obligations on people if they buy their home on Nguiu once the 99-year lease deal is signed. Will they be up for the maintenance of the house themselves? Do they fully understand and appreciate that and the cost it will be to them? I am not talking about the current situation with the rent and the rental fund and the maintenance fund. I am talking about what will be the obligation of people when they buy their home, even in 10 years. Who will pay for the maintenance of the houses? That is my question.

Senator Scullion—I understand that at the start of this consultation process on the Tiwi Islands—I am sure the representatives of the Tiwi Islands around the table will look to this—some 40 questions and answers were circulated throughout the island as a preface to some of the negotiations. They were simple questions about who will be responsible for this and who will be responsible for that. Clearly, one of the questions was about who will be responsible for the maintenance of the house. They indicated that that will be the owner. But my submission a little earlier was that a number of circumstances change. Each individual circumstance may allow capacity for an individual or a family to provide. It is just the normal notion of anybody who is going to get a mortgage for a house. The reason I was suggesting that it may well be beneficial to wait to ask these questions of individuals like the IBA or the

ILC—the IBA in this case—is that they are going to be much better informed about this hypothetical situation. Again, it is a hypothetical situation of what is going to happen in the circumstance when someone borrows a house. I think that the Tiwi Land Council are very able to answer questions with regard to the lease arrangements and the head lease, but these questions are now going to the nature of the detail of individuals on the Tiwi Islands and what may be the arrangements in terms of their houses and all those sort of things. As I said, just in terms of better informing the committee, I would have thought that those questions should wait until the department official arrives.

CHAIR—I think with respect, Senator, that point about what will happen in the future and what the legal effect of those agreements will be is a matter that can be potentially answered by others. The question you have asked is also hypothetical in that the leases are not yet operative. What will happen under those leases is a matter, to some extent, of speculation.

Senator CROSSIN—Thank you, Chair. I categorically disagree with you. I cannot believe that people would sign up for a 99-year lease deal and not be fully aware of or understand the future implications down the track. So you cannot say—

CHAIR—Your question was about the effect of the leases, not their understanding of them.

Senator CROSSIN—No. My question is: once the 99-year lease deal is signed and a person at Nguuu buys their own home, how is the maintenance on that home to be paid for?

CHAIR—As I said, (a) that is hypothetical because it has not been signed yet and (b) it is a matter that these witnesses have indicated they do not have the information to be able to answer.

Senator CROSSIN—It cannot be hypothetical because it goes to the very essence of why the 99-year lease policy is being pushed. It is to encourage people on Nguuu to buy their own home. Before you sign up to the deal, you must be absolutely, categorically certain about what that means for you when you go to buy your own home under a 99-year lease as opposed to a section 19 lease.

CHAIR—When that occurs, they will be able to answer that question. But it has not yet occurred.

Senator CROSSIN—I do not agree with you there. You are debating this point. You cannot say, ‘I’m going to sign sight unseen and all will be revealed when I go to buy my own home.’ I am asking either the minister or the Tiwi Land Council to answer this, because there has been stacks of consultation about this: what does this mean when I buy my home on Nguuu?

Mr Hicks—With respect, you are talking about a 99-year lease under section 19A, which is quite another thing because there is no compulsion on anyone there to get a sublease and buy their own house.

Senator CROSSIN—But if they do?

Mr Hicks—Then you are talking about another thing, which is, if they choose to buy a house, what happens to maintaining that house.

Senator CROSSIN—Correct.

Mr Hicks—I do see on your agenda, Chair, that you have the IBA here.

CHAIR—Yes.

Mr Hicks—I really think, as you suggest, they are in a better position to answer. I have not got the detail here, but I have seen it. Part of the principles of lending under these situations to the IBA at least is that there is a viable and a professional housing maintenance organisation resident in the community. At Nguu there is. I would be very sure that for a person who wishes to purchase a house, the maintenance obligations, setting aside income for maintenance, will be part of that. I have read it. The IBA would clearly be in a position to advise you.

Senator JOYCE—So you are saying that it would be determined whether or not there would be the capacity for maintenance?

Mr Hicks—Yes.

Senator JOYCE—That seems a pretty logical answer.

Senator CROSSIN—But, Mr Hicks, why would that be the case? Currently, with any of the banks or IBA—look at the agreement that was put before people at Nama and Wudapuli just two weeks ago—there is no assessment of capacity to maintain. It would just be a straight assessment as to whether or not you could afford a loan and at what interest rate that loan repayment would be. If this matter is still yet to be decided, Mr Puruntatameri, what is your understanding of what obligations people would be under if they bought a home?

Senator JOYCE—I have never seen a loan agreement yet where they did not make an assessment as to whether or not you could maintain the premises. If you buy a house yourself, you have to do an assessment of whether you can maintain the place.

Senator CROSSIN—But that is exactly the point I am getting at, Senator Joyce. Is that going to be the situation at Nguu, Mr Puruntatameri?

Mr Puruntatameri—My colleague here has reminded me that there is a negotiating team that is set up to deal with this issue. I respect that your questions are hypothetical. As the chair mentioned, as this issue arises, the appropriate committee will deal with those issues along with the traditional owners. I think, Mr Chair, we would like to leave it at that. We are not in a position to answer some of those nuts and bolts questions or hypothetical questions that you raise, with respect, Senator Crossin.

CHAIR—I appreciate that. You might want to put some of these questions on notice. Perhaps they can be answered with appropriate advice in due course.

Senator Scullion—If I can just reiterate: these questions are fundamentally about the 99-year leases. Perhaps there are extensive questions to go for many more hours and we will get to other aspects of it. The notion of purchasing your own home is in fact an offer currently as part of this from the Australian government. So the details of that offer are best known by the department officials. I take this opportunity to say that there are a number of other important aspects of having a 99-year lease. I know the tenant has not got to them and they are outside this process. It is very clear that with business opportunities in Nguu—I know the council

have been very excited by those things—there is the whole notion of agreements about land and public housing and a whole range of issues. It is all about moving from communally owned land to land that is normalised. The people of the Tiwi Islands have indicated their wish to ensure that they can enjoy the fruits of the Australian economy in the same way as every other Australian can. This issue is not just about home ownership. Since the home ownership offer has been principally offered by the Australian government, the details of that are best known to the department officials. I think that is the area under which those questions should be taken.

CHAIR—I uphold that effectively as a point of order. If you have questions about the effect of those agreements, could you defer them to the other part—

Senator CROSSIN—Mr Hicks—

CHAIR—Excuse me. You should put them to the witnesses who will be coming later, who will be in a position to be able to answer those questions.

Senator CROSSIN—I understand that. But, with all due respect, my understanding is that this is now information that those departmental officers have passed on to the people of Nguiu through the Tiwi Land Council. Based on that information, they have signed an MOU. Based on what information? An incredible lack of detail, I would have thought, is the basis on which the MOU has been signed.

CHAIR—You are entitled to make that statement. I reaffirm that the question of what has been offered to them is a matter you should put to the people who made the offer rather than those who have received the offer and are not in a position to answer questions about what that represents in legal terms.

Senator CROSSIN—Mr Hicks, is part of the 99-year lease deal also that two resort developments will be established at Nguiu?

Mr Hicks—It is certainly not part of the deal. I understand there is interest. The traditional owners have advised us that they have been approached by a couple of organisations. One of them, I think, is the Darwin Airport Resort, which you would be familiar with. It is a little habitat development. They are interested in establishing a hotel there. I believe they are one of the proponents. The last time I spoke to Walter Kerinauia, he said that they were thinking that they might put it up for tender in terms of inviting expressions of interest about who might build such a place. I think the home and away games with the Tiwi Bombers in the NTFL will mean that each alternate week Nguiu is obliged to host one of the teams from the mainland. I think there are some hotel people who think that might provide opportunities for overnighing on the Tiwi Islands. Certainly Nguiu has not got any—

Senator CROSSIN—So are there one or two resort developments that might be in the pipeline?

Mr Hicks—I am not familiar, really, with whether it is one or two. I have only ever heard of one. But there may be some other applications from somebody. As I understand it, there might be two or three different parties who wish to develop a resort hotel at Nguiu.

Senator CROSSIN—So nothing has come through the land council, then, by way of any expression of interest?

Mr Hicks—No. We have received advice from the traditional owners that they wish to proceed with it. The land council facilitates things. We have no role in deciding for ourselves the activities of the traditional owners.

Mr Puruntatameri—Whatever business or whatever other initiatives that the traditional owners are involved in with this 99-year lease, whatever initiative that they wish to put on the table or whatever they want, there are people among the traditional owners who want to progress the community on their own to make improvements in health, education and other areas. This is an important step to make those changes. I think it is positive. This is a positive change. With respect, I do not think people should put impediments on the progress of the Indigenous people, wherever they are—certainly in this case the Tiwi people. If it is their initiative and their way of going about doing things to make improvements for their own people, I think we should support them because this is an important step in trying to make improvements where we can.

Senator CROSSIN—Mr Puruntatameri, thank you. No-one is suggesting otherwise here. Our job at estimates is to make sure that the improvements you have been offered are actually sound and do not undermine or seek to ensure that people sign up to something they do not fully understand the implications of.

Senator Scullion—Some of the questions from the senator go to the heart of her previous statement—that people may not understand in the Tiwi Islands. I just think it may be valuable to correct the record. There were 42 questions and answers provided, but these were not just provided. These were questions that were asked by the government negotiating team. They said: ‘These are 42 questions that we may have some specifics on. Can you give us a written answer for each of the questions.’ The government has done just that. Those questions—

Senator CROSSIN—Are you happy to table those for this committee?

Senator Scullion—Those questions have been widely circulated on the Tiwi Islands and I am delighted to table them.

Senator CROSSIN—Good. Thank you.

Senator JOYCE—How long did that process go over?

Senator Scullion—The actual negotiating team was on 8 November last year. I am not able to say when they exactly started. But perhaps the CEO can provide advice.

Mr Hicks—The Northern Territory government tabled this proposal in September 2004.

Senator JOYCE—2004.

Senator CROSSIN—I think, to be fair, the concept—

Senator SIEWERT—I am a little concerned that we are running out of time. Senator Joyce can perhaps ask some questions a bit later.

Senator JOYCE—That is fair enough. We will try not to interrupt the flow.

Senator CROSSIN—Senator Siewert wants to ask some questions.

CHAIR—In that case, we will pass to Senator Siewert.

Senator SIEWERT—I would like to go back to the MOU. You said it has been widely circulated, as I understand it—the MOU that has been signed?

Mr Hicks—I do not think it has been widely circulated. I think it may be in confidence. But it was signed. We were present when it was signed. I think Senator Crossin has the PowerPoint, which details the Australian government's final offer which the landowners accepted.

Senator SIEWERT—I think what Senator Crossin was trying to get to before, or certainly what I was trying to understand, is what is actually on the table and how it is going to operate. Could you tell me, from what you understand, what is actually on the table?

Mr Hicks—The full detail of the offer? Do you want to know that? Yes. I can provide you a copy of what Senator Crossin has. That is the final offer that was accepted. I had it here a minute ago.

Mr Puruntatameri—While John is looking for that, from our perspective, as the Tiwi people on the island, we have acknowledged each other in respect of whatever the traditional owners wish to have on their land. The Tiwi Land Council members, which my colleague here and I are part of, have accepted that and respected that if there are any developments or any proposals put forward to the owners on the island, the Tiwi Land Council says: 'Okay, this is not an issue that we should make a decision on. Let's consult with the traditional owners.' From that respect, the Tiwi Land Council does that. I am just letting you know what the processes are. The Tiwi Land Council says: 'Okay, we respect each other so we should respect the traditional owners. So put the ball in their court and let them make the decision.' I just thought I would let you know about that process.

Senator SIEWERT—I do understand what you were saying before. One hundred and thirty-one people have agreed to the MOU.

Mr Hicks—The majority of the traditional owners. A significant majority. I do not know how many.

Senator SIEWERT—What happens for the people that have not agreed or signed up?

Mr Hicks—Well, they did not because they were not there. That is a very patronising thing to say. The landowners have a consensus decision-making process that is part of tradition. Their decision-making processes involve enormous and extensive consultation, which has been exacerbated by mobile phones and computers, which the Tiwis are very able to use. There is broad discussion through the night and at various activities about the 99-year leasing itself. You say 131 have signed. They happened to turn up on the day, and they were the vast majority. I have been present at one of these meetings where there were 189 of the 271 there. There was a period between September 2004 and about July 2005 when they thought a little bit, I think like Senator Crossin, 'What is this tricky government up to?'—and by that they were talking about the Northern Territory government. The change has occurred through the things that they are seeing on their community; the changes they are seeing perhaps throughout Aboriginal Australia; the influence of the use of land for forestry and other things, which you have asked important questions about. That is how they arrive at their decisions. To say '131 agreed', well, they just happened to be there on the day.

Senator SIEWERT—I accept the point. Let me approach it from another perspective. My understanding is that part of what the community will gain is being able to buy their own homes. They are the homes they are living in now. It will be through the IBA. Is that correct?

Mr Hicks—This is interesting. It has been focused on buying your own home. This is the first time in 100 years anybody has bothered to ask the owners of the land about this 400 hectares that happens to be Nguui. That is what excites them, that they are now part of a consultative forum that actually gets referred to. You are focusing on home ownership when the minister himself has said, 'If you want to buy your own house, you can buy your own house.' I think there are many who will.

Senator SIEWERT—Mr Hicks, I was trying to move on. I was trying to ask what else. That is an ability. I understand there will be more money invested in providing new houses as well?

Mr Hicks—Yes.

Senator SIEWERT—What I want to know is also what else. I want to come back to ask a question on housing in a minute.

Mr Hicks—The consultative forum that the Commonwealth have agreed to is providing the legitimacy of the owners of land to do a deal themselves, not through an organisation like a land council. Yes, we have to sign off and we have to do the consulting procedures. But the delivery of dependency for 40 years into Aboriginal communities has involved the strengthening of organisations that do it, to the detriment—and I think the nation would appreciate that it is to the detriment—of Aboriginal people. Organisations delivering dependent services have not encouraged the people to participate. The only group in Australia that seems to have done it is the AFL football, because the people participate. This is what the minister has done at Nguui. Finally, the owners of the land are participating in its development, its use and its ongoing purpose. They have never had that before. It has been the role of local government or a housing association or some other body—and there are 78 of them in Darwin. If you go to Nguui, you will see the planes lined up every day with the well-meaning and often very capable people. Two things the Tiwis have is land and labour. The nation has undermined the value of labour through the CDEP. It must not undermine the value of land. It is the land that the landowners themselves are able to use. It is those connections in terms of this 99-year lease that the minister has captured the excitement of the people about.

Senator SIEWERT—What happens if people do not want to participate in buying the home that they are in or buying a home, if they do not want to participate in that process? I am not assuming that everybody wants to. I am assuming that some people would prefer for it to stay as it is or to continue to rent. How is the system going to operate for those people? Are they still able to do that?

Mr Hicks—Absolutely. There is no compulsion to buy a house.

Senator SIEWERT—So the body that the rent goes into will continue to exist? The process of maintenance as it exists now will continue?

Mr Hicks—As I understand it, yes.

Senator SIEWERT—Has that been confirmed?

Mr Hicks—Yes, it has. There is a handout that the Commonwealth is about to print. It does answer that question for you.

Senator CROSSIN—Does that specify what the amount of rent will be?

Senator SIEWERT—Is the existing situation going to continue, or will rents go up, for example?

Mr Hicks—It is two pages which answers a number of those questions. On page 2 it discusses once the lease is signed. It discusses the small print. This is different to the copy I have only in the way that it has been set out, but here it does say that there is no compulsion for an existing tenant to move from a tenancy to an ownership situation. You asked whether the rent will go up. They are currently paying \$22 per adult living in a house. If there are 17 adults in a house, that is a lot of money. I think it will be normalised in the sense that a house will be a house. Because the Commonwealth is building 25 new ones, we hope never again that are there 17 people in a house.

Senator CROSSIN—Mr Hicks, can you table that piece of paper? Can that be tabled for the committee's reference?

Mr Hicks—The copy I have is 'What's the Deal?'

CHAIR—Are you happy to table that, Mr Hicks?

Mr Hicks—Yes.

CHAIR—Thank you. That is tabled.

Mr Hicks—This one is one that Senator Siewert wanted a copy of.

CHAIR—That is the PowerPoint, is it?

Mr Hicks—It is.

Senator SIEWERT—Did everybody see a copy of the MOU?

Mr Hicks—A number did. There were a large number there on the day. I cannot remember how many were there, but a large number saw it. Whether they all saw it or not I do not know.

Senator SIEWERT—I have a separate lot of questions on forests.

Senator CROSSIN—I will put my forest questions on notice.

Senator SIEWERT—I have a lot of forest questions. I will put most of them on notice. I would like to ask the questions that I asked on notice before which did not get answered. As I understand the conversation previously, you provided the information and it was the minister's office that did not pass it on. Is that correct?

Mr Hicks—I have not got them here. I did download the questions you asked, but I have not downloaded the answers that we made to them. But they fill a fair whack on our computer, I must say.

Senator SIEWERT—These are the ones I asked on the 26th?

Mr Hicks—Yes. Some of them you asked. What were the numbers you asked?

Senator SIEWERT—My question number is 3075, and there were six of them.

Mr Hicks—I have questions 51 and 52. No, I have not got them. Were they those you asked which we received in our office in December 2006—would that be about right?

Senator SIEWERT—These were the ones I asked in March. I asked a series in March as well.

Mr Hicks—March this year?

Senator SIEWERT—Yes.

Mr Hicks—No, I have not seen them.

Senator SIEWERT—These relate to income from the seven shipments of logs that were exported to Asia.

Senator JOYCE—Who has the right to the vegetation in the 99-year lease?

Mr Hicks—The rights to the vegetation?

Senator JOYCE—On a 99-year lease?

Mr Hicks—It is over the 400 hectares of the township. That is it. The forestry is subject to a 30-year lease. You asked about the logs?

Senator SIEWERT—Yes. I asked a series of questions last year about the value of the logs that were exported. I am just asking for an update. Since that time, the company has again been saying that lots of money was made out of those logs. Yet what you have said earlier at estimates was that in fact the community did not make any money out of the logs. I am just looking at what the company is saying and is reported as saying and what we were told earlier.

Mr Hicks—We are happy to respond, but you do appreciate that this is not taxpayers' money or that the Commonwealth is in any way involved. It is a risky business; it is one of those risks we alluded to when we were here last. That has in fact happened again. The Australian dollar was then 74c; it is now 83. And the price of shipping has gone up 26 per cent in 12 months. Correspondingly, the value that we get from the logs has deteriorated. You asked a question about what we did with that money?

Senator SIEWERT—No. I am asking for the discrepancy. The company claims that the shipments were worth a lot of money.

Mr Hicks—The company does?

Senator SIEWERT—Yes—or companies, as there are a number of companies involved.

Mr Hicks—We were being paid \$5 a tonne that the company negotiated with us. As I understand it, it is now making a loss of \$3.50 a tonne. But there are forward contracts on the ships. Our first load of rutile sand goes out in June this year, so they are hoping that through the use of the port, which the Tiwis own, and our share of the stevedoring on that port we will be able to modify the losses. There are forward commitments on ships, but I think you would be aware from other things—we are not hugely involved in shipping like the ports of Melbourne, Sydney and Newcastle—that the price of shipping is very risky for those who use it and it does affect the value of our logs.

Senator SIEWERT—I will put the rest of my questions on notice.

CHAIR—Thanks, Senator Siewert. Are there further questions of the Tiwi Land Council?

Senator CROSSIN—We could keep you here all night, but we will not be that cruel to you.

Mr Hicks—Thank you, Chairman, and thank you, Senator.

CHAIR—Thank you for your time here today. Before we continue with cross outcomes and corporate matters, which is what we were going to do before, can I get an indication from the people around the table as to whether Aboriginal Hostels Ltd and the Indigenous Land Corporation are required for questions?

Senator CROSSIN—What is the question? When would we want them?

CHAIR—Are they required for questions? You might recall that last time around—I think it was in the February sittings—we had them here but we did not end up reaching them. They had to go away, having been here all day, not having had questions asked of them.

Senator CROSSIN—If my memory serves me correctly, we had Aboriginal Hostels at about 10.50 pm the last time.

CHAIR—They had very little time to answer questions—put it that way. To avoid that situation, can I ask, first of all, whether there are questions for those two agencies.

Senator CROSSIN—I certainly have questions of Aboriginal Hostels. I am just looking to see if there are questions for ILC in here.

CHAIR—They were requested, but I wonder whether there are actually questions for them.

Senator CROSSIN—There are questions for ILC. That is why we have asked those two authorities and agencies and not others.

CHAIR—In the ordinary course of events, we would now resume on cross outcomes and corporate matters. We would then go to output groups 1.1 to 1.3 and then on to Aboriginal Hostels and the ILC. Could I take it as read that we will not reach Aboriginal Hostels or ILC before dinner?

Senator CROSSIN—Correct.

CHAIR—Could I ask those agencies to hang around until after dinner. Hopefully we can move to them fairly quickly after dinner. We hope we will not need to delay them much beyond the end of the dinner break at about 7.30 pm. We will see whether we can do that. We will now resume on cross outcomes and corporate matters. Senator Crossin had some questions.

Dr Harmer—Before we start, we took a question on notice about the composition of our communications team and their projects. I have that summary sheet here, which I can table. It indicates the number of staff in the group and the sorts of projects they are working on.

CHAIR—That would be helpful, thank you.

Dr Harmer—We also took a question from Senator Evans. We said we thought we could provide him with information in relation to the recommendations of the department and then the outcome of the 2004 round one for VSEG and the 2005 round two for Local Answers. We

can provide him with half of that. In further checking, we discovered that the department's recommendations are actually advice to the minister. We have a practice not to make that available. It is a convention in Senate estimates. Therefore we cannot do that, but we can provide the results of both those rounds. I just wanted to make sure that that was clear. In fact, the results of both rounds are on our website. But the advice we put to the minister in terms of recommendations is advice and therefore not available. We can, hopefully later today, provide the answers to questions on notice around the selection of the six or eight projects that were passed over to us from Transport. We will be in a position to provide that later today. Thank you.

CHAIR—Thank you very much.

[3.01 pm]

Cross outcomes

Senator CROSSIN—I wanted to follow up on the Indigenous Land Fund questions. Have there been any changes in the way in which the formula is calculated for the Indigenous Land Fund?

Mr Hunter—We engaged an independent consultant to do a review on the calculation and the methodology. That showed certainly that we accrued interest into the calculation, which is part of why we made additional payments for 2004-05 and 2005-06 this financial year, which added up to \$24½ million for those two components.

Senator CROSSIN—So the change is that you now add accrued interest and you did not before?

Mr Hunter—Under the previous methodology used to do the calculation under DIMA, it did not include accrued interest. The advice that we have received suggests that we should use that, which is what we have done. That is where the additional money has come from.

Senator CROSSIN—The Indigenous Land Fund, as I understand it, is supposed to be self-sustaining. Is that correct?

Mr Hunter—Yes.

Senator CROSSIN—So there is no actual money going from the FaCSIA budget into the ILF?

Mr Hunter—From FaCSIA's budget into the ILF?

Senator CROSSIN—Yes.

Mr Hunter—No. But FaCSIA does have people working on the land fund. We use our own departmental funds to manage that. There is no contribution from FaCSIA into the land fund.

Senator CROSSIN—I return to the issue I raised about Mr Sadlo. I think you indicated to me that you believe there had been no appeal. My understanding is that in fact there was an appeal.

Dr Harmer—No-one at the table was aware of an appeal. But I think we did some checking in the luncheon break, and Mr Wood may have something to add.

Mr Wood—I received some additional information literally about five minutes ago. I will pause occasionally if I go into any specific information that maybe you do not want on the public record yet in terms of the amounts of money et cetera.

Senator CROSSIN—Before you go there, just to save that, all I simply want to know, really—the reason why I have raised this case; I do not want to go to the specifics of the case and I do not want to go to the details of the case—is whether or not we can get an assurance from this committee that the minister's office will actually respond to Mrs Sadlo this week. She first raised the matter back in November last year through Senator Carr's office.

Mr Wood—I cannot make an undertaking on behalf of the minister's office.

Senator CROSSIN—Perhaps I will ask Senator Scullion that question, then.

Senator Scullion—Perhaps I will take it up with the minister.

Senator CROSSIN—I think we need to do a bit better than that. I have before me information suggesting that the minister's office has been contacted eight times through Senator Carr's office on this matter since 25 October last year. There has not been one response to date. What we are simply seeking, even if it is just to advise Mrs Sadlo formally that nothing further can be done, is a commitment to this committee that at least the minister's office will contact her in some way or another very soon.

Senator Scullion—I have just said that I will take it up with the minister. That is as much as can be done.

Mr Wood—Can I correct the record. I did say there had not been an appeal. Comcare did determine an amount payable. The widow did appeal that. The Administrative Appeals Tribunal confirmed the original amount was correct, so that appeals process has been completed.

Senator CROSSIN—Mr Wood, the department would not be aware, then, that Mrs Sadlo has been trying for well over 18 months to contact the minister's office?

Mr Wood—We would not be aware of direct communication with the minister's office if it is not referred on to us, no.

Senator CROSSIN—So in the last 18 months none of those matters have been referred back to the department for advice?

Dr Harmer—Not that we are aware of.

Senator CROSSIN—How soon can you make yourself aware of it or otherwise?

Dr Harmer—What is your question?

Senator CROSSIN—My question is: has the minister's office contacted you about Mrs Sadlo's contact to them in the last 18 months?

Dr Harmer—We have said not that we are aware of. But we can very quickly check to find out whether that has happened or not. Mr Wood indicates that that has not happened.

Senator CROSSIN—There has been another request from Mrs Sadlo that psychologists' bills be reimbursed. That is not a request that has come to the department?

Mr Wood—Correct. It has not come to the department.

Senator CROSSIN—And it has not come to you through the minister's office either?

Mr Wood—It has not come to the department.

Senator CROSSIN—So, if it has been a request of the minister's office, it has just stayed in the minister's office and been ignored?

Dr Harmer—Not necessarily ignored. It is possible that the minister's office has made contact with the appropriate organisation, and that organisation may not be FaCSIA. It may be another body of government.

Senator CROSSIN—Thanks. We will move on.

CHAIR—Are there any other questions on cross outcomes?

Senator STEPHENS—I am wondering if you can provide some information—either the minister or you, Dr Harmer—about Minister Brough's recent trips to Hopevale, Galiwinku and the Tiwi Islands and other remote areas. Can you advise the committee who actually travelled with the minister on those visits and the capacity in which they travelled?

Dr Harmer—I think we would probably need to take that on notice. I do not know personally. I did not travel with him. I do not know who precisely did. We can get that information.

Senator STEPHENS—Are you able to advise which departmental staff travelled?

Mr Gibbons—The most recent visit to Galiwinku and Tiwi did not include a visit to Hopevale but was a separate visit. So which one?

Senator STEPHENS—Both.

Mr Gibbons—On the visit to Galiwinku and Tiwi, he was accompanied by Ms Gumley from the national office, Ms Edwards from our Darwin office, who has been the lead negotiator on the land arrangements, and myself. We also had on the leg from Darwin to Tiwi another officer from the Darwin office who looks after the Tiwi. As I recall, the minister was accompanied by a member of his staff.

Senator STEPHENS—What about members of the press? Were there any members of the press?

Mr Gibbons—As I recall now, there were no members of the press on the minister's flight, but we will double-check that for you.

Senator STEPHENS—If you could check. In the event that there were journalists or media representatives on those flights, could you provide details of who they were and the expenses that were met by the department in relation to those journalists and whether or not the journalists' organisations contributed anything. That would be helpful. Is that possible today?

Mr Gibbons—We will take that up with the minister's office.

Senator STEPHENS—Thank you.

CHAIR—Are there any further questions in this area?

Senator CROSSIN—Just give me some advice here about this. I have a whole series of questions that go to, of course, some of the activities that have been occurring in the Territory. I am not sure if they actually come under 1.2, 1.3 or still all of cross outcomes—CHPs and NARS funding?

Mr Gibbons—That would be under outcome 1.

Senator CROSSIN—I do have general cross portfolio questions here. We then have ABA?

Mr Gibbons—Outcome 1.

Senator CROSSIN—Not cross portfolio?

Mr Gibbons—It depends whether you are looking at the disbursement of ABA funds or the management of the fund itself, the investment income from the fund.

Senator CROSSIN—Disbursement.

Mr Gibbons—That is outcome 1.

Senator CROSSIN—I think these will be cross portfolio areas. They relate to some of the key 2006-07 funding commitments. Home ownership on Indigenous land—\$2.9 million over four years to FaCSIA and \$3.2 million in the first year. How much of that money has actually been spent?

Dr Harmer—I think these would be all outcome 1 questions. If you give me an indication of the areas, I think from the way it is going you are probably throughout cross programs.

Senator CROSSIN—This is the petrol-sniffing program, the family income management program, the scouting program and the Cape York institute.

Dr Harmer—All of those will be in outcome 1.

Senator CROSSIN—And Indigenous community leadership.

Dr Harmer—Outcome 1 or outcome 4.

Senator CROSSIN—I will go back and start at the beginning. I have questions about the Tiwi Islands.

CHAIR—So you have finished with corporate affairs?

Senator CROSSIN—It would seem that way.

CHAIR—That being the case, I thank the officers involved in those overview issues. We will move now to outputs 1.1 to 1.3. Is the committee happy to do that?

Senator CROSSIN—I will keep going through the questions.

[3.16 pm]

CHAIR—We will take that as read. We will deal with output groups 1.1, 1.2 and 1.3. I invite questions from Senator Crossin.

Senator CROSSIN—Dr Harmer, I just want to go to the minister's press release of 9 May regarding the Tiwi Islands entitled 'Breakthrough agreement on Aboriginal land in the NT'. We have now been able to ascertain exactly that the Tiwi islanders actually signed a memorandum of understanding that day, not a 99-year lease. Is that correct?

Dr Harmer—I am going to ask Mr Gibbons to take those questions.

Mr Gibbons—I am sorry. The minister was asking me something. Could you repeat the question.

Senator CROSSIN—Sure. The people on the Tiwi Islands actually signed a memorandum of understanding that day, not a 99-year lease, as has been specified in the minister's press release?

Mr Gibbons—They signed a memorandum of understanding. The minister's press release, in referring to a lease, made clear in the second-last paragraph, I think, that there was a bit more process involved that was to be conducted by the land council before a formal lease could be signed.

Senator CROSSIN—I am sorry. I cannot actually see that in the second-last paragraph. It just actually says the formal grant of the lease will proceed. It does not indicate to me that there is something else to be signed.

Mr Gibbons—It states:

The formal grant of the 99 year lease will proceed once the Tiwi Land Council completes the steps set out in the Land Rights Act to confirm the agreement of traditional owners, consult with other community residents and ensure the lease is appropriate.

That was meant to convey to the public at large that the process had not completed. When the minister addressed members of the Tiwi community in Nguiu at his most recent visit, the day that the memorandum was signed, he made clear in statements to the assembled community, which included both traditional owners and other Tiwis, that it was an agreement that would be followed by a lease when the process that is set out in the land rights act had been completed.

Senator CROSSIN—They are not the words conveyed to the nation, though, through the press release, where he talks in the first paragraph about welcoming the first 99-year lease. The second-last paragraph does not mention anything else to be signed. It just actually says that the grant will proceed. I do not think there is a clear indication here to the rest of the nation through the media that this was an MOU that was signed rather than a 99-year lease. What is the legal status of the MOU now that we have ascertained it was not actually a 99-year lease that was signed?

Mr Gibbons—The document does have a legal status. It is a document that commits both parties to proceed. It triggers a process under the land rights act. It is a very important part of the process because it is the agreement with the owners of the land.

Senator CROSSIN—Is there a copy available for this committee to look at so we can ask questions about it?

Mr Gibbons—I will ask the minister if he will allow us to table the document. I will do so before the end of the day.

Senator CROSSIN—What are the binding obligations on behalf of the federal government under this MOU?

Mr Gibbons—The government is committed, subject to the completion of the statutory process set out in the land rights act, to enter into a 99-year lease through the Commonwealth entity and to provide the payments and the assistance to the community and the traditional owners that are set out in the agreement.

Senator CROSSIN—What is the statutory obligation of the people on the Tiwi Islands under the MOU?

Mr Gibbons—As I interpret it, they are agreeing to enter into a lease subject to the land council fulfilling the role that it is required to follow in these circumstances that are set out in the land rights act.

Senator CROSSIN—Is there an opt-out clause for either party?

Mr Gibbons—I believe that it is possible for either party to walk away from the arrangements, but I am not aware of any intention or prospect of that.

Senator CROSSIN—Is there an opt-out clause for either party specified in the MOU?

Mr Gibbons—Not that I am aware of.

Senator CROSSIN—What are the penalties or legal ramifications if either party breaches the MOU?

Mr Gibbons—I do not know whether I am qualified to answer that. I am not aware of any, but I am not a lawyer.

Senator CROSSIN—Is there a clause in the MOU that specifies that?

Mr Gibbons—As I said, I am not aware of that.

Senator CROSSIN—Are you not aware that there is a clause in the MOU that specifies what penalties there would be if either party breaches the MOU?

Mr Gibbons—Correct.

Senator CROSSIN—So there is no penalty specified in the MOU for a breach of it?

Mr Gibbons—I have said I am not aware of that. The process is being conducted in good faith by both parties. Until the statutory process that is set out in the land rights act is completed and a lease is signed between the lands trust and the entity, it will not be final.

Senator CROSSIN—In what way is it legally binding if it has no penalties?

Mr Gibbons—I am not aware that I said it was legally binding. I said it triggers a process set out in the land rights act that on completion will lead to a lease for 99 years.

Senator CROSSIN—So you do not believe it is legally binding?

Mr Gibbons—I think the document itself makes it clear that it is not binding. When I have the minister's advice, I will perhaps be able to table it and you will be able to see. But I think it is clear on reading the document, from memory, that it is a statement of intent by both parties and it is not legally binding.

Senator CROSSIN—I see.

Dr Harmer—It represents an agreement which is a contract, so to some extent it is a legal document. But to describe it as legally binding is probably not accurate.

Mr Gibbons—Can I add too that it has triggered action on the part of the Tiwi Land Council to fulfil its duties. It also permitted the Commonwealth to proceed to make arrangements to deliver some of the housing and other infrastructure that it has committed.

Senator CROSSIN—So what date are you expecting any final lease agreement to be signed or reached?

Mr Gibbons—We have not set a date. We understand there is a process that I think I heard the Tiwi CEO earlier today indicate could take six to eight weeks. We have not set a deadline.

Senator CROSSIN—Following the minister's press release on 9 May, the *Australian* and the *Age* ran articles, one of which was entitled 'Indigenous home deals first sign-on'. You would be aware, I am sure, of these articles. In the *Age*, there was an article entitled 'Aborigines to own their own homes'. There is a clear, I think, intent following the press release that Indigenous people on the Tiwi Islands had actually signed a 99-year lease. Did the department or yourself do anything to actually correct the record about the accuracy of these newspaper articles?

Mr Gibbons—The significance of the prospect of a 99-year lease in Tiwi is that for the first time it will be possible for Commonwealth programs that are available to assist Indigenous people on Indigenous land purchase their own homes to operate. You will be aware that in another location this has actually started to operate. The deal that has been struck with the Tiwis goes beyond home ownership. In fact, it is not centred on home ownership. It is centred on improving housing and other conditions for Tiwis. But certainly home ownership is an important objective, even if only a few are able to take it up.

Senator CROSSIN—Let us go back to the question I asked. I actually asked you a question that directly related to the minister's press release of 9 May, which says that the minister:

... today welcomed the first 99 year lease over a township on Aboriginal land...

We have ascertained a number of times today that in fact that is not correct. All that was actually signed was a memorandum of understanding. I asked you following the newspaper articles on 10 May in both the *Age* and the *Australian* whether either you or the department sought to correct the information that was conveyed in those newspaper articles.

Senator Scullion—I think we should amplify aspects of the media release that makes absolutely clear the nature of what can be reasonably described as a goodwill agreement. It has some place in law, as others here have alluded. I will read again out of the same media statement. It says:

The formal grant of the 99 year lease will proceed once the Tiwi Land Council completes the steps set out in the Land Rights Act to confirm the agreement of traditional owners, consult with other community residents and ensure the lease is appropriate.

There is no point in embarking on meeting the requirements of the process under the Aboriginal Land Rights Act until such time as you have an agreement between the two principal parties, which is the Commonwealth and the traditional owners of the Tiwi Islands. We have heard today the extensive consultation that has happened on the Tiwi Islands for a very long time—since 2004. Clearly, you have heard the senior traditional owners and others

from the Tiwi Islands. Any suggestion about the veracity of this being a document that is somehow misleading or the fact that there is going to be a 99-year lease on the Tiwi Islands I find misleading in itself.

As the Tiwi Islanders have said today, they are very excited about the prospect. On behalf of the government, I can tell you we are very excited about the prospect. Whilst we are actually delivering this in other areas, there is a question that this document somehow is airy fairy. This document reflects the arrangement and the confidence that both the Tiwi Islanders and the Commonwealth have with regard to this matter. The media statement clearly says the formal part of that process will happen after we have met the requirements of the Aboriginal Land Rights Act. We all know that that is the case. But the reason we are having a bit of a celebration and we are saying that this is a great day for the Tiwi Islanders really reflects on the evidence that has been provided by the Tiwi Islanders today.

Senator CROSSIN—Mr Gibbons, for the third time I will try to ask the question. Given that the minister's press release welcomes the first 99-year lease over a township and given that Minister Scullion himself just then said the formal grant of the 99-year lease was yet to occur and would proceed into the future, did you or the department seek to correct the newspaper articles that were printed in the *Australian* and the *Age* on 10 May—

Mr Gibbons—Senator, it is not my—

Senator CROSSIN—which, I might add, clearly do not mention a memorandum of understanding at all? Was there any attempt to actually get these journalists to accurately report what had occurred on the islands that day?

Dr Harmer—If we spent time correcting articles in newspapers that either picked up only part of a minister's press release or misinterpreted it, we would be doing virtually nothing else. I will be corrected by Mr Gibbons, but I would be very surprised if we spent time on that. The press release the minister issued was quite clear—that this was an important first step. It made it clear that there were a range of steps that needed to follow this, the memorandum of understanding signing, before a formal agreement could be done. But we would not have, unless I am much mistaken, spent time calling lots of journalists trying to reframe a story and asking whether they could please look at the whole of the press release.

Mr Gibbons—I was present on the Tiwi Islands when the minister spoke publicly about the agreement. There were a number of press officers present, including from the *Age* and the *Australian*. I, in the company of another officer, spent almost half an hour explaining the circumstances of the agreement et cetera with them. I know that the minister's public comments on the day left no-one in any doubt that this was an agreement in principle that would lead to the signing of a 99-year lease subject to the completion of the statutory processes set out in the act.

Senator CROSSIN—I take it the answer is no?

Mr Gibbons—It is not my role to follow up newspaper articles across the country.

Senator CROSSIN—Dr Harmer, is your department aware that the Tiwi local government sought an injunction on the 99-year lease agreement based on the information that was conveyed in the minister's press release of 9 May, which we have now been able to ascertain

today was actually a memorandum of understanding, not the signing of a 99-year lease? Are you aware that that action occurred?

Mr Gibbons—I am aware that an attempt was made to secure an injunction from the Supreme Court of the Northern Territory the day before the minister's visit. No injunction was granted, to my knowledge.

Senator CROSSIN—For the committee's purpose, could you tell us why that was the case?

Mr Gibbons—I was not present in the court.

Senator CROSSIN—Are you sure? You must be aware of the reason why the injunction was not granted. What is your understanding of why the injunction was not granted?

Mr Gibbons—I do not know. I was not present in the court.

Senator CROSSIN—So you have not read anything to do with the injunction and the decision?

Mr Gibbons—I have heard some rumours, but I have not seen a decision of the court or had any formal advice that I would be prepared to convey.

Senator CROSSIN—So a public servant in your position who has probably got the carriage of this has not read or cannot provide this committee the reasons why that injunction was not granted?

Senator Scullion—I would not find any surprise at all, if an injunction was not granted, in somebody just simply moving on. Reading the details of the Supreme Court transcript when something does not affect the processes of government one would think is a huge investment in time. Mr Gibbons has clearly put on the record he is not aware of it. He has also said he has not read the transcript or reports of the court on that day. There is a suggestion that that is somehow incompetent or that somebody of his standing should. We should look to the simple fact as asserted by Senator Crossin that the injunction was not successful. I can understand very much why Mr Gibbons may not have gone to the reasons why something was unsuccessful. Had it had an impact on what may have happened on the island on that day, that may be a different story. But continuing a line of questioning with regard to something that is vaguely associated with the delivery of this process on the island is not making the contribution that questions here should.

CHAIR—I think there is a point to that.

Senator CROSSIN—I do not think there is any point to that because I think we are entitled to ask whatever questions we want to ask at Senate estimates.

CHAIR—With respect, you are entitled to ask questions about issues within the competence of the department or the officers concerned. If there is another officer who was assigned by the department to attend the court proceedings, that officer could be called. Mr Gibbons was not there and the court is not an agency of this department, so he is not in a position, with respect, to answer questions about what transpired on that day in the court. In any case, we have come to 1.35 pm. We still need to break for some refreshment. Do you have any more questions in this area?

Senator CROSSIN—I probably just have a couple on the Tiwis and then I want to move somewhere else, unless Senator Siewert has questions.

CHAIR—You might want to ask a couple more questions. We will then have a break and come back to someone else.

Senator CROSSIN—Mr Gibbons, have you or the department actually received some legal advice as to the nature of the injunction that was sought from the Tiwi local government?

Mr Gibbons—The only advice that I was provided with that was reliable was that there was no injunction granted. From our perspective, that left the way open for the minister to proceed the following day. That is what he did. Just for the record, I have had several pieces of contradictory information as to why an injunction was not granted. But because the court did not issue an injunction, I have not felt it necessary to follow up why.

Senator CROSSIN—Where did those sources of advice come from?

Mr Gibbons—From the community in one case.

Senator CROSSIN—A lawyer in the community?

Mr Gibbons—I do not know. The issue for us was whether there was an injunction or whether there was not an injunction. If there was an injunction, we would of course had to comply. Because there was no injunction, we proceeded.

Senator CROSSIN—Isn't the issue really that the injunction was not granted because only an MOU was signed that day, not a 99-year lease, despite the fact that the minister's—

Senator Scullion—Mr Chairman—

Senator CROSSIN—Excuse me. I am speaking, Senator Scullion. This is despite the fact that the minister's press release on that day leads you to believe that a 99-year lease had been signed.

Senator Scullion—Mr Chairman, the reason I am interdicting is just on a point of order. Mr Gibbons has already answered the question. He has no knowledge of those matters or has read reports on those matters. So why ask a further question that would have to be dependent on either being there, visiting it or reading a report on it? Obviously the senator has to go to the answer to the first question.

Senator CROSSIN—Because I find it fairly incredulous that the department that has carriage for this—and there is an injunction sought by the Tiwi local government based on what we have now ascertained today is inaccurate and misleading information in the minister's press release is not granted—

Senator Scullion—Again, I cannot accept that.

Senator CROSSIN—has no-one at the table who has any knowledge of why the injunction is not granted.

Senator Scullion—Mr Chairman, I must protest. These statements are just simply being made. Instead of asking a question, the senator is making statements that we have already had questions on. The officers have shown very clearly that the statements that the senator has just

reasserted are in fact incorrect. We have made direct statements from the media statement provided by the minister. We have said we are not in control of the media. The media reported probably quite accurately on the feelings but perhaps not on the facts. We have pushed the media statement and indicated that the facts of the matter are exactly what is in the press statement. We have reiterated that. To now just make some broad assertions rather than asking a question is really not a proper way to use the time of the estimates committee.

CHAIR—I ask you to direct the question to the minister or one of the officers at the table, Senator Crossin.

Senator CROSSIN—Dr Harmer or Mr Gibbons, did the department provide advice to the minister's office about the content of the press release of 9 May?

Mr Gibbons—Can I just go back to the previous question. I should make it clear that it was an ex parte application. The Commonwealth was not represented in the court.

Dr Harmer—To answer your question, we provide a great deal of policy advice to the minister, including material which the minister and his office use to prepare press releases. But we do not prepare press releases for the minister.

Senator CROSSIN—When a press release comes out that has information in it that is inaccurate, do you then provide advice to the minister's office about the inaccuracy of the information in the press release?

Dr Harmer—We constantly provide information to the minister's office about matters that he wants to release material to the press on. As Minister Scullion has just mentioned, the press release the minister issued that day was quite accurate in stating that this was an important first step towards a 99-year lease. It made clear at the end of the press release, as I understand it—I am not familiar with the detail—that there were a number of other steps to be taken before it would be formally signed.

Senator CROSSIN—I do not actually see 'important first step' anywhere on these two pages. Has the department sought any advice about whether an application for an injunction may be possible if a 99-year lease is signed?

Mr Gibbons—The department has comprehensive legal advice on the broad issue of the 99-year lease but I am not at liberty to divulge the advice that is available to the government.

Senator CROSSIN—I did not ask you to do that, did I?

Mr Gibbons—I know, but I am just making it clear.

Senator CROSSIN—I deliberately did not ask you to do that and you know that. I asked you whether or not you have sought legal advice on whether or not an injunction can be sought if a 99-year lease is signed.

Mr Gibbons—We have advice on all of the issues that might arise in the context of securing a lease with the Tiwi land owners.

Senator CROSSIN—I will move on to something else after the break.

Proceedings suspended from 3.41 pm to 3.55 pm

CHAIR—The committee will resume its hearings into estimates for Family, Community Services and Indigenous Affairs. We were in the midst of questions on output groups 1.1 to 1.3. I think Senator Siewert had some questions in this area.

Senator SIEWERT—I have some on Tiwi, but I have different ones for later and would like another opportunity then.

CHAIR—Sure.

Senator SIEWERT—I want to settle the question or get some more information on the question that I was asking of the Land Council. As I understand it, money from rent will now go to go to the traditional owners; in fact it says that here. Is the proposal that all rent money will go to the traditional owners?

Mr Gibbons—The deal is that money from leasing the land will go to the traditional owners. It is a little complex, so I will read it for you. By rent I assume you are talking about the lease of the land, not rent from housing.

Senator SIEWERT—It would be helpful if this piece of paper actually clarified that, because it actually says 'rent'.

Mr Gibbons—I will now table for the committee the memorandum of understanding that was signed by the senior traditional owner and the minister on 17 May, which sets out in a little more detail the arrangements. Let me go specifically to your question. The deal provides for rent from the lease to be paid to traditional owners. It will be \$5 million up-front, which will cover years one to 15 of the lease. From year 16 the traditional owners will receive all the income from subleases less operating costs, and those operating costs cover the operation of the very small entity that holds the head lease and issues the subleases. Should the subleasing income at Nguui exceed \$5 million plus operating costs in the first 15 years, then the surplus will be paid to the traditional owners. There are other benefits, but that specifically addresses your question.

Senator SIEWERT—Which fund does the \$5 million up-front come out of?

Mr Gibbons—The \$5 million will be sourced from the Aboriginals Benefit Account.

Senator SIEWERT—How is that repaid to the ABA?

Mr Gibbons—That is not repaid to the ABA.

Senator SIEWERT—It is just coming straight out of the ABA?

Mr Gibbons—Yes.

Senator SIEWERT—From which fund is the money coming for the 25 new houses that are being built?

Mr Gibbons—That is coming from money appropriated by government.

Senator SIEWERT—That is coming out of the new housing package, which I know we will move on to later?

Mr Gibbons—That will come this current financial year out of the Community Housing and Infrastructure Program.

Senator SIEWERT—Those 25 houses are out of this year's budget for CHIP before CHIP is wound-up?

Mr Gibbons—That is correct. As you know, CHIP goes for the next financial year before it winds up. We would hope that this dry season we could start construction of the 25 houses that have been committed to Nguu, subject to signing of the lease, and that will come out of next financial year's CHIP funding.

Senator SIEWERT—We were talking about this earlier but, on your calculations, how many houses have too many people—17 or 18—in them? How many people need additional housing up there?

Mr Gibbons—In the negotiations, as I recall, the Tiwi agreed that 25 additional houses, together with an upgrade of the existing housing—remembering that a good number of the existing houses are in pretty poor condition, so a maintenance blitz on all existing houses—would bring the community to a situation where there was no overcrowding.

Senator SIEWERT—You are expecting, therefore, that by the end of next financial year everybody will be housed appropriately?

Mr Gibbons—I think it will probably take two dry seasons to complete the housing construction. So, at the end of the second dry season, we would expect to have completed the 25 new houses. I do not have with me the draft schedule for the maintenance but, if we have not completed it, we would be very well advanced on that as well.

Senator SIEWERT—Going back to the \$5 million, the \$5 million is paid upfront out of the ABA?

Mr Gibbons—Yes.

Senator SIEWERT—Money from the leases is paid to the entity?

Mr Gibbons—The traditional owners lease the township of Nguu to the entity. The entity is then responsible for issuing subleases to government, local government, businesses, individuals, public housing et cetera, and the revenue from those leases will go back to the traditional owners minus the running costs of the entity. In the first 15 years, the agreement provides for a payment of \$5 million from the ABA to the traditional owners. If over that first 15 years the rental from the subleases exceeds that amount plus operating costs, they will get the surplus. Thereafter, they will get all of the income from the entity in respect of Nguu after operating costs have been deducted—so, the more business activity, the more economic activity in the township, the more the reward to the traditional owners. It is a normalised environment, in other words.

Senator SIEWERT—So the money is being repaid, but it does not go to the traditional owners and then they pay it back to ABA?

Mr Gibbons—No, they do not pay it back to ABA.

Senator SIEWERT—Sorry? What you are saying is that—

Mr Gibbons—It is not a loan; it is a payment to traditional owners.

Senator SIEWERT—From the ABA?

Mr Gibbons—From the ABA.

Senator SIEWERT—You said that any money on top of the \$5 million that is made—

Mr Gibbons—Will go to the traditional owners. That is not the ABA. They are the 270-odd people who are recognised as the owners of the area of Nguju that is being leased.

Senator BARTLETT—Where does the first \$5 million go? Does that go back to the TOs as well, or does that stay with the entity?

Mr Gibbons—That gets paid to the traditional owners. It is not a loan; it is a payment.

Senator BARTLETT—What is the difference between the first \$5 million going to the traditional owners if anything above the \$5 million—

Mr Gibbons—It is a guarantee. In the first 15 years—

Senator BARTLETT—You get \$5 million anyway?

Mr Gibbons—You get \$5 million anyway, and the prospect is that you will get more, depending on the degree of economic activity in the town.

Senator BARTLETT—They are already getting \$5 million up-front, and then any extra money that comes in at all through subleasing will go to them as well?

Mr Gibbons—Minus the operating costs.

Senator BARTLETT—What is the significance of whether any revenue from sublease minus operating costs exceeds \$5 million if it is getting to them anyway?

Mr Gibbons—It is broken into two parts: in the first 15 years they get a guarantee minimum of \$5 million.

Ms Gumley—Should the lease make more than that, the TOs wanted to be certain that those profits would go to them.

Senator BARTLETT—But if it makes less than that, they will get \$5 million.

Ms Gumley—A guaranteed \$5 million.

Senator BARTLETT—If it makes less than that, do they still get that money?

Mr Gibbons—Yes.

Senator BARTLETT—So they are getting \$5 million plus all earnings above costs?

Ms Gumley—Less the operating costs.

Senator CROSSIN—That \$5 million up front is for the first 15 years; is that correct?

Mr Gibbons—That is correct.

Senator CROSSIN—So there is not \$5 million every year for 15 years?

Mr Gibbons—No, it is \$5 million.

Senator CROSSIN—Five million dollars now and you do not get any more money, unless it makes a profit, for 15 years; is that correct?

Mr Gibbons—That is correct in respect of this part of the deal, yes.

Senator SIEWERT—It is not very much a year.

Senator CROSSIN—That is right.

Senator SIEWERT—Are the 25 houses that are going to be built solely going to be built on the basis of purchase?

Mr Gibbons—No, they are for public housing.

Senator SIEWERT—Where does the rent from those houses go?

Mr Gibbons—The Northern Territory public housing authority will manage those houses, and the rent paid by the occupants will be part of the public housing sustainability arrangement.

Senator CROSSIN—Will it be rent at market rates or rent at \$22 a head per house as is currently the situation?

Mr Gibbons—No, it will be at public housing market rates.

Senator CROSSIN—It will be at public housing market rates.

Mr Gibbons—And as the houses in Nguiu are upgraded, an appropriate rental will be introduced. So there is a normalisation of rental and tenancy arrangements.

Senator SIEWERT—For the existing houses?

Mr Gibbons—For the existing houses.

Senator CROSSIN—What do you anticipate will be an average rental once the houses are upgraded?

Mr Gibbons—It depends on the type of house. I am talking here of the existing stock. As you know, there are quite a variety of houses. It will be based on the normal public housing arrangements but will have regard to the number of bedrooms, facilities in the house et cetera. A four-bedroom house is going to cost more than a two-bedroom house, et cetera.

Senator CROSSIN—Territory Housing will determine that rental?

Mr Gibbons—That is correct, yes.

Mr Knapp—It would be based on the similar arrangements where it is a percentage of the income of the family in that house. I understand around 20 to 25 per cent of income would be the upper amount that you will be looking at for rent for those public houses, as is usual in public housing authorities around Australia.

Senator SIEWERT—With the \$5 million being paid up front that goes to the traditional owners, is the land council the body that receives that money as their representative?

Mr Gibbons—No, it is paid to the traditional owners.

Senator SIEWERT—It is paid to each of the traditional owners?

Mr Gibbons—It is paid to the traditional owners, yes, as is the income that flows from the head lease.

Senator CROSSIN—What would be included in operational costs and what do you think the projected amount will be?

Mr Gibbons—First of all, there will be only one entity no matter how many head leases there are across the Territory. The Tiwi's share of operating costs of that entity will only cover that part of the entity's duties in respect of subleasing in Nguuu. It is not an onerous task, it is not a local government, it is not a planning body; it is simply a legal entity that holds a head lease and issues, on application, payment of the determined amount for a sublease to an individual, a business or a government agency. There is not much work associated with that—keeping the records et cetera. We expect that the costs will be low. Then there is the cost of the principal officer, the statutory office holder, and any staff needed to carry out those functions.

Senator CROSSIN—Can I just get this clear then: if the people on Nguuu are the only ones who agree to this 99-year lease and this Commonwealth entity that is going to be established, let us say, has three people working in that office, probably based in Darwin, will the costs of their salaries and the costs of running their office be considered to be operating costs?

Mr Gibbons—Operating costs, but I do not think it would need three staff if it was only Nguuu.

Senator CROSSIN—Let us say it is only one staff or two staff members—someone to answer a phone.

Mr Gibbons—Yes, that is right.

Senator CROSSIN—Have you got an idea of how much that will be? Are we talking about \$500,000 a year or \$200,000 a year?

Mr Gibbons—We do not yet.

Senator CROSSIN—You do not have a costing for that?

Mr Gibbons—I do not have a costing here.

Senator CROSSIN—Where would you have a costing then?

Mr Gibbons—I can calculate it.

Senator CROSSIN—Is it in a shoebox somewhere?

Mr Gibbons—I can calculate it.

Senator CROSSIN—My understanding, then, according to this, is that, from the 16th year, any profit that is made on the leases will only be given to the traditional owners once the operating costs for the entity are deducted from it; is that correct—if that is the only entity that operates at that stage or that is the only leasing arrangement that operates at that stage?

Mr Gibbons—In respect of Nguuu, they will receive all of the revenue from leasing minus operating costs. If the operating cost involves the employment of one staff member, the payment to that person will come first.

Senator CROSSIN—Plus the office, the electricity, the paper, the phone bills that that one person will generate?

Mr Gibbons—That is correct.

Senator CROSSIN—So under this plan, after the 16th year, the Commonwealth government will not put one cent of its money towards the entity?

Mr Gibbons—The Commonwealth contribution is set out in the agreement. The agreement is that, after a period, the entity will be self-funding from the revenue from leases.

Senator CROSSIN—What if it is not? If it is not, who will pay that cost in the 17th year of operation?

Mr Gibbons—If there are no further leases and it makes no money in the 17th year then there is no revenue.

Senator CROSSIN—But what if it makes not enough money to pay the running costs of the entity? Who will be liable for the operating costs of the entity in the 17th year if not enough profit is generated to pay the full costs?

Mr Gibbons—If the entity in its 17th year is not issuing subleases, there is no demand for subleases, then there will be no costs.

Senator CROSSIN—That is not what I asked. I asked what happens in the 17th year if the amount of revenue from the leases is not enough to pay the cost of the entity. Let us say there is one person and an office—around \$90,000—and in the 17th year the revenue from the leases is only \$50,000. Who makes up that \$40,000 difference?

Mr Gibbons—We do not believe it will come to that for a number of reasons. An important one that you heard the land council say today was that there are a number of leases on the island under section 19 for which no rent is being paid. Under the arrangements, both the Commonwealth and Territory governments and some private organisations like Telstra will have to pay normal commercial rates for the properties that they necessarily operate in Nguiu, and that is going to produce sufficient revenue to pay the minimal costs associated with holding the head lease in an entity.

Senator CROSSIN—That still does not answer my question.

Mr Gibbons—No, I think it does, with respect.

Senator CROSSIN—What is the fallback plan if the amount of revenue coming in is not enough to pay for the entity? What is plan B?

Mr Gibbons—The entity, in consultation with the traditional owners, will set the level at which the leases that need to be held by government—for example, schools, services, Telstra facilities et cetera—are to be paid.

Senator CROSSIN—Schools do not currently pay leases anywhere else in the Northern Territory.

Mr Gibbons—If they are on private land they have to.

Senator CROSSIN—You would be charging the Catholics money to lease the school?

Mr Gibbons—That is a possibility. I am not saying that. It has to be determined in consultation with the traditional owners. This is about normalising. We are talking here about private land that is being leased to an entity to be sublet so we start the beginning of an

economy. That means that Telstra, the Commonwealth, Centrelink, Northern Territory offices et cetera, will need to pay rent just like we do in every other location around the country.

Senator CROSSIN—Is there a business plan or a business case developed for this model?

Mr Gibbons—I do not quite understand what you mean by ‘business plan’. There was certainly a case for this model.

Senator CROSSIN—Where is the case for this model? Is there evidence, documented research or calculations for this model that you could produce for this committee?

Mr Gibbons—Look at every town in Australia.

Senator CROSSIN—No, I am not asking about every other town. Not every other town in Australia is actually leased under section 19A of the Aboriginal Land Rights (Northern Territory) Act 1976.

Mr Gibbons—No, but it operates in a similar way.

Senator CROSSIN—I am asking you if there is a business case or a business plan for this model that actually establishes an entity and where profits from the leases will pay for the entity. Is there a business plan or case for this proposal?

Mr Gibbons—I suggest you look at every small town in Australia that operates on an arrangement very similar to this. The only difference is the underlying freehold arrangements. The ACT is another example. This is about normalising the environment to introduce an economy, and that is clearly what the traditional owners wanted to see in Tiwi. It also helps the non-traditional owners because it gives them access to transferable leases which enable them, if they wish, to get into the loan market for residential or business purposes.

Senator SIEWERT—The \$5 million that is being paid into the new association is being set up through changes in the land rights act, is that correct?

Mr Gibbons—No. The \$5 million is being paid to the traditional owners as compensation for the lease. The entity is simply a legal construct that holds that lease and issues subleases; it does not do anything else.

Senator SIEWERT—I do not mean the entity. It says here, ‘The funds to be paid to a new association as per the Aboriginal Land Rights Act.’ I presumed that was the association we were talking earlier that was being set up under the land rights act.

Mr Gibbons—Sorry, what are you reading from?

Senator SIEWERT—The overheads.

Mr Gibbons—I think that is referring to the traditional owners association.

Senator SIEWERT—Yes. Is that association is getting the \$5 million?

Mr Gibbons—The traditional owners are getting the \$5 million.

Senator SIEWERT—Yes, that association.

Mr Gibbons—I do not know what their association is called, but they will get it, yes.

Senator SIEWERT—What I understand you said before is that that association is getting the rents from the leases. Is that the \$5 million?

Mr Gibbons—That is in compensation for the lease.

Senator SIEWERT—Will that body get anything over the \$5 million.

Mr Gibbons—That is right.

Senator SIEWERT—Which body will be doing the servicing of land, the normal services you expect a local government to provide?

Mr Gibbons—There are a number of things there. As you know, the Northern Territory government has committed to changing local government arrangements—introducing them for the first time in some areas and amalgamating them in others. Tiwi will have a local government in its own right that will have certain roles and responsibilities. As part of this deal, we have undertaken to service the land for the new houses. If others want to come in and construct buildings for various purposes, they will have to pay the cost of servicing the land, as they do anywhere else. For example, if the Commonwealth wanted to build a new Centrelink office in Nguiu, it would have to secure a lease and pay the cost of building, including the servicing.

Senator SIEWERT—It would pay rates.

Mr Gibbons—That is right.

Senator SIEWERT—Who would the rates go to in this instance?

Mr Gibbons—It would go to local government.

Senator SIEWERT—What about for the houses that are built on the new leases?

Mr Gibbons—For the public housing, the Territory housing authority would have to pay the costs. The tenants would pay normal public housing rent.

Senator SIEWERT—What about the existing houses?

Mr Gibbons—Where an individual wants to obtain a loan and buy a house, they would do so in the same way as they do in Darwin or anywhere else.

Senator SIEWERT—There would be rent for the land and then you would pay rates as well; is that what you are saying?

Mr Gibbons—That is right. That will come with normalisation through a combination of the lease-back and local government reform. That is the only way to make these things sustainable.

Senator SIEWERT—I am still struggling with this \$5 million issue. It says here about paying back that it will happen ‘once the \$5 million is recouped by the head lease authority.’ Are you saying is that money is going to come out of the ABA and go direct to the new association?

Mr Gibbons—To put it another way, the deal guarantees the traditional owners an absolute minimum of \$5 million for the first 15 years. Anything over and above that after operating costs is theirs as well. If it is slow to take off, if the only leases issued in the first five years are for the existing government services and the public housing, for example, and that does not generate more than \$5 million, then they will at least get \$5 million.

Senator SIEWERT—Will local government be putting rates on every block?

Mr Gibbons—The entity is not a layer of government; it is not a planning authority. Local government will have a role and that will be determined by the Northern Territory government when its program of consultation and decision making is complete, and the normal Territory government planning rules will apply. All the entity does is achieve a situation where there is a block lease over the entire town that can be subdivided and issued through subleases.

Senator SIEWERT—We have essentially got three bodies: the entity; local government, once it is formed; and the association?

Mr Gibbons—The traditional owners association, yes.

Senator SIEWERT—As I understand it from the document that has been tabled, the association is the body that then holds the moneys that are generated by the rents on the leases.

Mr Gibbons—Yes, that is correct.

Senator SIEWERT—It says that the operational costs will not include the initial survey of the town boundary. Is that being paid for out of the ABA?

Mr Gibbons—Correct, that will be paid for. A full survey will be needed before this scheme can operate and, as part of the deal, that will be paid for.

Senator SIEWERT—By the ABA?

Mr Gibbons—I think the Commonwealth is paying that part of it.

Senator SIEWERT—As I recall, when we were debating the changes to the Land Rights Act, I thought it was said that it was going to come out of the ABA.

Mr Gibbons—I have to take some advice on that. I cannot remember.

Dr Harmer—It will be either the ABA or the Commonwealth. We should be able to get you that quite quickly.

Senator SIEWERT—There is a difference between the ABA and the Commonwealth.

Dr Harmer—Yes.

Mr Gibbons—I am told it is the Commonwealth that will pay.

Senator SIEWERT—How much is that likely to be?

Mr Gibbons—I did see an estimate, but I do not have it in my head. We can get that for you. It is only an estimate at this stage.

Senator SIEWERT—Is my understanding correct, though? Originally when this was debated, we did talk about the fact that it was proposed to come out of the ABA?

Mr Gibbons—I am not aware of that.

Senator SIEWERT—We were talking in general; we were not talking about specific cases at the time, if I remember correctly.

Mr Gibbons—That might have been considered at one stage. It was decided that the Commonwealth will pay for that.

Senator SIEWERT—The only cost that is coming out of the ABA is the \$5 million?

Mr Gibbons—Correct.

Senator SIEWERT—Let me use a case example because I am still struggling with this \$5 million. ABA hands over \$5 million to the new association that is set up under the act. Just say there is \$8 million that then comes in.

Mr Gibbons—The owners association is not set up under the act; the owners are recognised by the act. If they form an association, that is their business. There are traditional owners who are recognised in the Tiwi context in particular areas: Bathurst Island Tiwi owners, Nguiu Tiwi owners and others. It is the traditional owners from Nguiu about whom we are talking. They can be identified, they are recognised in law and they are the signatories to the agreement. They lease the land to the entity and they get paid through the arrangement. If they form an association, that is a decision of theirs. It is not a statutory body, it is not necessary under the act et cetera. It is something they determine that they want to do. I think they have an association but I am not aware of what its structure is.

Senator Scullion—Just for clarity, the piece of paper you have in front of you is the Tiwi Islanders' PowerPoint presentation not the government's. I just add that for context. I was not aware of that, either.

Senator SIEWERT—Thank you for that clarification. It is worthwhile having that clarification but it also implies that if this is an interpretation of what the government is saying, some of the information that has been presented may not be what the government is actually saying. Thank you for that clarification.

Senator BARTLETT—Is there anything, of which you are aware, that is factually wrong in these overheads?

Mr Gibbons—Not that I am hearing. I do not think it says that the association is a statutory body. I think that was the Senator's interpretation, not the document's. The only statutory body is the Tiwi Land Council and the entity will be headed by a statutory office holder.

Senator SIEWERT—Back to my example. If whoever is holding the money has been given \$5 million and makes \$8 million, in effect that does not stack on top of the original \$5 million. Do you see what I am saying? Is that original \$5 million that the organisation has been given, repaid to the ABA?

Ms Gumley—No, it is not a loan.

Mr Gibbons—No, it is not a loan.

Senator SIEWERT—You get \$5 million and it makes \$8 million and that stacks on top.

Mr Gibbons—Where is the other \$3 million?

Senator SIEWERT—They are given \$5 million upfront.

Mr Gibbons—Yes.

Senator SIEWERT—If, into the future, over the next 15 years, it makes \$8 million—

Mr Gibbons—I see, yes.

Senator SIEWERT—that is really only an additional \$3 million.

Mr Knapp—The understanding is that once the costs are taken out—and remember this is over 15 years—that is effectively the profit, and that will be provided to the community on top of the \$5 million. If, say, the profit is \$4 million, then it will be the \$5 million that was paid in advance plus that profit, \$4 million—the difference between the revenue received and the costs borne by the entity and other associated operating costs.

Mr Gibbons—I understand what you are asking now. They do not have to repay the \$5 million; the \$5 million is theirs. If revenue is \$8 million after operating costs, they get that as well.

Senator SIEWERT—That is what I wanted to get to, thank you. It is a total of \$13 million?

Ms Gumley—Less operating costs.

Mr Gibbons—Yes.

Senator SIEWERT—Thank you. I am glad we cleared that up. I will not take up any more time. I am pleased to finally get to that.

CHAIR—You have some questions, Senator Bartlett, on output 1.2. Would you like to ask those questions now?

Senator BARTLETT—Yes I would, just on housing matters more broadly, such as the CHIP and the ARIA program. Perhaps I will start with the budget announcement and go out from there. The minister stated, in amongst all the budget papers, that the Community Housing and Infrastructure Program would be abolished and replaced by a new expanded Australian Remote and Indigenous Accommodation program and that \$293.6 million would be put into that program. Is that \$293.6 million new, extra dollars going into the ARIA?

Mr Gibbons—It is new money to the budget for Indigenous housing, yes.

Senator BARTLETT—It is all going into ARIA?

Mr Gibbons—It is going into ARIA, yes.

Senator BARTLETT—Is there any more detail about how ARIA is going to operate? I know some of the statements are saying that it is only going to remote communities, and that it is only going to be applied to houses that have ownership transferred to government housing authorities or made available for purchase. Is that an accurate interpretation?

Mr Gibbons—That is picking some elements of it. It needs to be put into some context. I am happy to give you some more information. You will be aware that the government reviewed the CHIP. It was facing a situation where, over the last five years, together with the states the Commonwealth had built about 650 houses a year. So over five years that was about 3,200 houses. Over that five-year period there was a net increase in housing of 471 houses. When you look at the situation in remote Australia it had actually gone backward; we had a net decrease of 100 houses. The arrangements that were followed through CHIP were clearly not working well in remote Australia. The amount of CHIP funding that would go into remote Australia under CHIP over a four-year forward estimate period in today's dollars is about \$700 million. That is going to be increased over the next three years to \$1.3 billion.

The approach will be to focus on a combination of new houses and a blitz on maintenance and restoration of existing houses. It is important that a number of changes are made. If we do not achieve longer life out of the existing houses, which last between eight and ten years in remote Australia, we will never get ahead of demand. There are going to be some changes in the way houses are acquired and managed and also in the incentives arrangements that operate in the program.

In the past we have distributed the CHIP money across hundreds of organisations, and they have gone out and bought houses in small volumes in various remote locations and have paid a pretty high dollar for pretty average housing. One of the first objectives of the new program is working in partnership with the states and territories that cover remote Australia to achieve the economy that comes from purchasing on the scale that we will be able with the new budget. We want to leverage that to reduce the cost of construction. We believe that we will not achieve that reduction if we do not establish a local Indigenous workforce in remote Australia, so we will be moving to set up arrangements that enable Indigenous people to be brought in on a long-term basis to the construction and associated industries such as transport and civil engineering. By letting a contract for a long term such as four years, with the scale that is possible with the amount of money available, we think we can make a reasonable start on that.

Senator BARTLETT—What sort of contract would that be—a maintenance contract?

Mr Gibbons—We will not be issuing hundreds of small contracts; we will be going to the market for a number of larger contracts to extract the maximum value out of industry.

Senator BARTLETT—This is for construction and maintenance?

Mr Gibbons—For construction and associated works. As part of the conditions of purchase, we will be tying in arrangements for Indigenous training and employment in the sector. I cannot take that any further because the government has under consideration a number of options to achieve that; but that is one of the priorities.

Another priority is to look at new materials and technologies to achieve lower cost construction techniques. For example, over the last dry and into the wet we have been doing some experiments to get new foundation and house platform technologies certified in the Northern Territory to a category 5 cyclone rating, which has fairly significantly reduced the cost for the slab over traditional concrete footings. We will soon be experimenting with some new steel sandwich materials that are lightweight and very strong and obviate the need to build frames for houses. All these are aimed at getting a higher quality product and a lower cost construction. As I said, we do not want to do this without cooperation with the states and territories. In recent negotiations with the Territory and Western Australia, we have secured agreement to the principles I have just outlined. Over the next few months, now that the budget is out, we will be resuming negotiations with those two jurisdictions as well as Queensland, South Australia and New South Wales about entering into arrangements along the lines I have just outlined.

Senator BARTLETT—There are quite a few strands I could go down out of all those but I recognise time constraints. Firstly, I appreciate the need to work things out further and cooperate with state and territory governments, but what is the role envisaged of existing

Indigenous community housing organisations, of which there are a large variety of course? Is there any overall role for them or is it different depending on where they are based?

Mr Gibbons—There are community housing organisations that operate without any government support now, and nothing in the arrangement disturbs their situation. There are many, though, that struggle and receive ongoing funding from the Commonwealth as a condition of participation in the maintenance program. The recent survey done by the ABS of Indigenous housing in remote Australia showed there is a very large number of houses in need of significant repair. We are asking that the houses transfer to the management of the relevant state public housing authority. In return, the Commonwealth will invest significantly in upgrading the houses and bringing them up to a standard acceptable to the housing authority, and all future housing built for public housing will be managed by the relevant state housing authority.

Senator BARTLETT—I appreciate what you are saying, that some Indigenous community housing organisations struggle, but I presume you are not saying they all struggle?

Mr Gibbons—A great majority do.

Senator BARTLETT—The minister's own statement said that some have been well-managed; we could have a debate over whether that is 10 per cent, or 30 per cent or whatever. Is it basically the case now that none of them will get any future funding through this program?

Mr Gibbons—The only way they will get funding is if they agree to hand over the management of the houses to the relevant state public housing authority or to make the houses available for purchase by the tenants occupying the houses.

Senator BARTLETT—They would not necessarily hand over the title to the state authority, just the management of it?

Mr Gibbons—The issue of title is very complex. Most of the houses were built with public funds and there are caveats over the houses. Basically, the Commonwealth and indeed some of the state and territory jurisdictions want to see ownership and management transferred to the public housing authorities, and that is what the government has decided it wants to progress with this new program.

Senator BARTLETT—Is that for all Indigenous community housing organisations regardless of any assessment of their—

Mr Gibbons—Those who want to continue to receive public funding.

Senator BARTLETT—What sort of money would they receive if they transferred the management and ownership over to the state housing authority?

Mr Gibbons—If the Indigenous community wants to continue to have those houses maintained by public funds—

Senator BARTLETT—There would be no further funding to the organisations themselves?

Mr Gibbons—That is correct.

Senator BARTLETT—Is that for all of this new money under the Australian Remote Indigenous Accommodation, ARIA—none of it will be going to Indigenous community housing organisations?

Mr Gibbons—I am speaking about remote Australia—the ARIA fund is focussed on remote Australia—and the answer is yes.

Senator BARTLETT—Will we still have the existing continuing money for Indigenous housing under the CSHA?

Mr Gibbons—The Commonwealth State Housing Agreement is a separate agreement that is running until the end of next financial year

Senator BARTLETT—I appreciate that; I am just trying to clarify.

Mr Gibbons—It has to be renewed and renegotiated, and that will proceed quite separate from this. Also, that is focused on urban regions.

Senator BARTLETT—Is the Aboriginal housing component of that and how that deals with Indigenous housing organisations not affected by what you have just said?

Mr Gibbons—For the next financial year, which is the last year of the existing agreement, there is an Aboriginal Rental Housing Program component that remains in that mix.

Senator BARTLETT—After that it depends on what happens with the CSHA?

Mr Gibbons—It is open for negotiation.

Senator BARTLETT—We may get a chance to get to that later on. At the moment CHIP is managed through you, or your section. For how long have you been managing that?

Mr Gibbons—Mr Knapp is the manager of the division that looks after CHIP.

Mr Knapp—CHIP has been part of the responsibility of this portfolio since the transfer from ATSIC, and that was mid-2004.

Senator BARTLETT—Regarding your role in the next 13 months, how is the program going to run in terms of funds for the Indigenous community housing organisations? Some of them have had funding put on hold in recent times pending review of their management and those sorts of things. What is happening with that?

Mr Knapp—There is a transition funding strategy already in place, a targeted funding approach for those organisations that get funding for housing, infrastructure or municipal services. They are currently being negotiated with the relevant communities so that funding can be agreed for 2007-08 under the current CHIP agreements. We have Indigenous housing and infrastructure agreements in place with each of the states and territories. They will continue to run for 2007-08 and then expire at the end of that period. We will be starting to talk to individual state and territory government officials about how the new arrangements under ARIA will work over the next financial year so that we can have the new arrangements in place along the lines that Mr Gibbons has discussed with you from 1 July 2008.

Senator BARTLETT—My understanding is that there have been a number of community housing organisations that have had funding or payments put on hold, for want of a better

word—that is the way it has been described to me in recent times. Is that accurate and where is that at?

Mr Knapp—There would be some organisations that have not received funding because of issues over governance or viability. I would like to make the point that the Commonwealth only provides funding to a small proportion of Indigenous community housing organisations in any one year. The states themselves provide some funding as well. As Mr Gibbons said, there are a number of organisations that manage on their own without funding support. It is not as though there has been an ongoing support either by the Commonwealth or by the states for all Indigenous community organisations. As a general rule we have been funding about a third of all Indigenous community housing organisations. There are many that do not get funding from the Commonwealth already.

Senator BARTLETT—Can you give us, maybe on notice, an indication of how many organisations you have suspended funding to in this current year?

Mr Knapp—I think we have been providing answers to questions both through estimates and also through questions asked in parliament on that issue, so we can reproduce that information.

Senator BARTLETT—Just where that is up to now, and what is intended from here until 13 months time with those groups and the remainder of the funding.

Mr Knapp—Including those that will be getting funding in 2007-08.

Senator BARTLETT—In amongst that I presume there will be a number that will get funding in 2007-08 for the last time?

Mr Knapp—It will be dependent on how they respond to the opportunities that will be available under ARIA for repairs and upgrades to their housing and the arrangements about the transfer to the relevant state or territory public housing authority.

Senator BARTLETT—Didn't Mr Gibbons just say that, under ARIA, in effect they will not get money; they are not eligible because the money will not flow unless it is handed over to private ownership.

Mr Knapp—That is right, they have to meet those criteria. If Indigenous community housing organisations want to receive funds from 2008-09 onwards, they will be specifically for repairs and for upgrades, and in return the houses will be transferred to state ownership or private ownership.

Mr Rosenberg—One aspect that might be of interest to you is that, while what Mr Knapp and Mr Gibbons have said is absolutely right about the intention for organisations that receive operational funding, quite a large proportion of the money we now provide is indeed municipal services funding for organisations that might actually be already in remote areas. It may well be that, depending on the arrangements that are made with the states and territories under ARIA or as we approach ARIA, we will maintain those arrangements or they will be refined in some way.

Senator BARTLETT—I am just trying to focus on the community housing organisations themselves and what the future holds for them after the end of next financial year. They may

be able to still receive funding for this sort of maintenance work or something, to play a role doing that?

Mr Rosenberg—I am drawing a distinction between those that, at the moment, are essentially housing providers, and in that case the intention is very much that the stock would move to a public housing authority or to private home ownership, and those that might be resource agencies in remote areas. We actually fund significant resource agency input so that remote communities can continue with services.

Senator BARTLETT—These would be organisations that do not have any housing stock of their own?

Mr Rosenberg—Correct.

Senator BARTLETT—The entire amount of this new funding of ARIA is for remote areas. Have we got a definition of what remote is?

Mr Knapp—The policy is not set that there has to be a specific definition of remote, but we certainly will be guided by the definition that is used by the Australian Bureau of Statistics of 'remote' and 'very remote' as a guide to those communities that it would be focusing on in terms of access to housing funds under the new arrangements.

Senator BARTLETT—I am just trying to get a rough guide. That would not be somewhere like Palm Island or Yarrabah that is relatively close to Townsville or Cairns; you would be talking about somewhere like—

Mr Knapp—For example, virtually all the Northern Territory would be considered remote as would north-western New South Wales, south-western and western Queensland and the cape once you move away from Cairns. A lot of Western Australia is remote or very remote. So it is a large part. There are maps available that show the area, but a significant amount of Indigenous communities will be eligible for funding under this program.

Senator BARTLETT—In terms of the housing needs for some of those other communities like those I mentioned which I doubt would come under that rule?

Mr Knapp—Because the funds are still available under the Aboriginal Rental Housing Program through the Commonwealth-State Housing Agreement for Indigenous housing, then it will be up to the states as to how they use funds to provide support to those communities that fall within urban and regional areas as against remote or very remote.

Senator BARTLETT—Regarding the requirements that are being put in place for access to ARIA funding, the new housing money, on the one hand it is transferring title to state housing authorities, basically to the housing commission or housing department or whatever it is—

Mr Knapp—Yes.

Senator BARTLETT—shifting away from community ownership and back into state ownership. To think you would be adopting a nationalisation program—it is very interesting. To go the other way, title may be also transferred to private ownership. How is that likely to work? Particularly given that title is fairly complex in many cases, is it just a matter of putting the house on the market, or is it going to have to be—

Mr Gibbons—Senator, most of the houses that were built, as I said earlier, were built with public-resourced funds, and they were subject to a caveat that they could not be sold without the agreement of the Commonwealth. There are few exceptions to that; the great majority fall into that situation. Where a housing association—and some have already done this—wants to offer the houses for sale to the tenants, the Commonwealth would agree, because it holds the caveat. The Commonwealth home loan program is available for them to access, or they can go to a bank. It depends on the location, I suppose, and the nature of the market in that location as to whether they would want to use the normal High Street bank arrangements or whether they would go through IBA.

Senator BARTLETT—Is it the Commonwealth in all cases or would it be state caveats as well in some cases?

Mr Gibbons—I am talking about the houses that were funded through Commonwealth housing, but there are houses that were funded under basically similar arrangements by various state jurisdictions.

Senator BARTLETT—Basically the government authority would be saying, ‘We will untie the caveat as part of an agreement for this to be put on the private real estate market.’

Mr Gibbons—It will be offered for sale to the tenant, not put on the open market.

Senator BARTLETT—How is the price for that, the value, going to be determined?

Mr Gibbons—That will be determined on a location-by-location basis. There are some houses that are really of very low value in environments where there is no appreciating market; there are others where the houses are extraordinarily valuable.

Senator BARTLETT—Who determines that?

Mr Gibbons—They will be valued.

Senator BARTLETT—By whom?

Mr Knapp—State or Commonwealth valuation organisations which do these valuations would be approached to provide those valuations for us or for the state government so that a proper price is put on any houses that residents would wish to buy.

Mr Rosenberg—This is not a new thing for us. We occasionally get requests from tenants and from housing organisations that wish to dispose of a property or two and, depending on the conditions and if the property is to go to the tenant, we sometimes allow that, depending on the valuation and other conditions.

Senator BARTLETT—I just have a couple more questions on this; I am conscious of time. Would that be similar to what was done with the houses on an outstation near Wadeye that had some media coverage recently? I remember reading that on the front page of the *Australian*.

Mr Gibbons—That was a separate arrangement; they were new houses. The situation out in these very remote locations for the past 30 years has involved the Commonwealth or the state building a house at very high cost—half a million dollars in today’s value gets you a three-bedroom house. As soon as the house is completed and handed over to the housing association, it has depreciated to \$50,000 or \$100,000, and it lasts eight years because no one

takes responsibility for it, et cetera. We have been experimenting with the construction of a house and with leasing it to a family—traditional owners—who own the land, for a couple of years. If they establish a record as a sound tenant and make their payments, it is then transferred to a lease-purchase arrangement at the depreciated value of the house. The result is that at the end of the repayment period of 15 or 17 years the house is theirs. The expectation is that in a situation like that, with personal commitment to the house, the house will last certainly a lot longer than the eight or 10 years average that we are experiencing now. We hope that we would get more than 40 or 50 years, which is the norm.

Senator BARTLETT—The money for that has been coming out of CHIP?

Mr Gibbons—Yes, and it will come out of ARIA in the future. To fill in the picture for you, there are three ways that the Commonwealth will support Indigenous homeownership. Firstly, there is the Home Ownership Program called HOP run by IBA; that is really out there in the mainstream, targeting people who live in areas where there is a housing market. Secondly, there is a new program, the Home Ownership on Indigenous Land Program, which is targeting people who want to buy a house on Indigenous-owned land in an environment where maybe the market is stagnant or there is no real appreciation in value possible. Thirdly, there is the lease-purchase arrangement that we have started in a number of remote communities and plan to extend once the ARIA program gets underway.

Senator BARTLETT—Regarding the point you made in your context-setting statement about the setting up arrangements for Indigenous workforce regarding longer term contracts for construction and maintenance, will that be an agreement with state housing authorities, given their ownership?

Mr Gibbons—Our objective is to reach an agreement with the state or territory government because, if we pool our resources, we can achieve more, though we are prepared to go it alone—\$1.3 billion we believe is sufficient to achieve the objectives. There are indications from two jurisdictions at least that they are prepared to join with us.

Senator BARTLETT—Which two are those?

Mr Gibbons—One of them I can name: it is the Northern Territory. Over and above the regular \$95 million we spend in the Northern Territory on housing, we have just announced a \$143 million investment in housing infrastructure. Part of that agreement involves combining our contribution with their contribution to leverage more lower cost, better quality housing and to try and leverage Indigenous employment. If we do not do that, we are tied to fly in, fly out European building tradespeople that come at great expense.

Senator BARTLETT—I appreciate that. It is a point that comes up a lot in a number of places I have visited around Queensland with regard to existing state housing in Indigenous communities, and why that does not happen already.

Mr Gibbons—It has been very difficult. When you distribute the money to 600 organisations and they buy three or four houses—

Senator BARTLETT—I am talking about the state government owned housing in these communities which I would have thought is a critical mass for the sort of thing you are talking about—putting the community housing to one side. If, for access to the funding

through this new program, the ARIA program, housing is going to be transferred to state housing authorities, then will the housing authority that is getting that housing be required to sign up to this agreement about Indigenous workforce as well, as part of that condition? Is that the intention?

Mr Gibbons—Sorry, I missed the last part of that.

Senator BARTLETT—To use the Queensland example, Queensland does not do this at the moment. I think they probably could already—but that does not matter: they do not. You are putting in place a program with a big bunch of extra money and, to access that money, housing has got to be transferred potentially to the state authority. As part of the conditions for the housing going into state government ownership, do they have to sign up to this arrangement for utilisation of an Indigenous workforce?

Mr Gibbons—Desirably, yes, but I am not sure yet whether the minister is going to make it a condition that they sign up to an Indigenous workforce. Certainly we will be negotiating with the Queensland government. If they want us to spend a large amount of Commonwealth money in Queensland, they will be encouraged to sign up to the full range of conditions.

Senator BARTLETT—One final question: you have been working with Indigenous Community Housing Organisations on some of the things to do with management issues. In terms of the ongoing effort they have been making regarding improvement to management and governance, will there be continuing support for those organisations—not through the ARIA but with the other existing Aboriginal housing money?

Ms Freudenstein—Part of the current Indigenous housing agreements is called Healthy Indigenous Housing funding. That is a separate stream of funding that has been provided for governance and development and that will continue through next year.

Senator BARTLETT—Is that stream of funding separate?

Mr Knapp—It will be part of the ARIA program once it starts. What Ms Freudenstein is talking about is part of the CHIP. Also, as part of ARIA, there are what are called national projects, including governance issues, that will continue to receive funding under the new arrangement—for example, programs researching the quality of housing and innovative housing projects will continue. The very successful Army Aboriginal Community Assistance Program, AACAP, will continue under the new ARIA arrangements as well. Those programs are seen as very important parts of improving overall housing quality and as well as addressing governance issues for Indigenous Community Housing Organisations.

Senator BARTLETT—Will that apply to those organisations and aspects of the program that are not in rural and remote areas?

Mr Rosenberg—To give you an example, Senator, at the moment, as my colleagues have mentioned, we have a range of governance reviews of Indigenous Community Housing Organisations in Queensland—as you may be aware. That is assisting us to make sensible recommendations to the minister about funding for 2007-08 but it will also eventually assist with negotiations with the Queensland government in terms of any stock transfers to their public housing system. They will know the state of the properties; we will know the state of

the organisations and how well they are performing and therefore we will be able to organise a proper transition.

Senator BARTLETT—What about all those in urban or non-remote areas?

Mr Rosenberg—What I have just described applies to the transition arrangements. We will be discussing with the Queensland government what potential there might be for organisations with housing in urban areas to be taken up by Queensland state housing authority.

Senator BARTLETT—When you say ‘taken up by’, that is in terms of their relationship with them rather than taking control of stock?

Mr Rosenberg—No, the stock actually transferring to the Queensland government.

Senator BARTLETT—After the next financial year the expectation in terms of any government funded Indigenous housing, whether it is urban or remote or through ARIA or federal contributions at the CSHA level, would all be with housing stock transferring to state management?

Ms Freudenstein—We are particularly talking about the ARIA funds. Where an urban or regional housing organisation wanted to transfer their ownership either to the state housing authority or to be sold to one of the tenants, they might be eligible for the repairs and maintenance funding. With regard to the ARHP funding, we have not made any—

Senator BARTLETT—Where I am getting a bit confused in trying to nail the last bit of this down is with the ARIA funds; my understanding was that it was totally for remote areas.

Ms Freudenstein—The focus is on remote.

Senator BARTLETT—Not focused, but is it only on remote or is there—

Mr Knapp—Some funds. As Ms Freudenstein was saying, while the focus is on remote some funds will be available for those Indigenous Community Housing Organisations in urban and regional Australia that wish to have their houses transferred to state ownership or private ownership by their tenants. That is broader than remote and that opportunity will exist for urban and regional but new housing funded through the ARIA program will be focusing completely on remote areas.

Senator BARTLETT—Focusing completely equals only?

Mr Knapp—Yes, that is correct.

Senator BARTLETT—Urban based may be able to access some money if they hand over the title, and anything else to do with urban comes under the rental housing program. We might talk about that later if I stop and provide some time for other people.

Senator SIEWERT—Following on from where Senator Bartlett left off—and I apologise if you have answered this before and I did not understand—will any of the ARIA housing money require head leases?

Mr Gibbons—Some locations may well do—for example, in the Tiwi, a condition on the construction of the houses is the head lease. The Commonwealth is not going to build houses anymore except in circumstances where it can secure the asset, which means leasing the

underlying land or the public housing authority. In areas where the land is owned by a communal organisation, we will either be seeking a lease for the land necessary for the public housing or in those areas of the Northern Territory, the large townships that we are seeking to lease back, it will offered as part of the negotiations for the lease-back deal. We will not be building houses except in circumstances where the underlying land can be leased by the public housing authority to protect it in public hands.

Senator SIEWERT—Where the underlying land can be leased?

Mr Gibbons—Yes. Land tenure arrangements vary so much across Australia that there is no one-size-fits-all. The principle is that, whatever situation we confront locally, we cannot proceed with construction unless the public housing authority can lease the land.

Senator SIEWERT—The public housing authority, not the individual?

Mr Gibbons—No, we are talking the provision of public houses here. If an individual wants to buy a house, they have to be able to lease the land for 99 years. No lender will lend to them unless there is a security of tenure for the individual.

Senator SIEWERT—ARIA will be providing money for private housing as well though, won't it?

Mr Gibbons—Some of the money will be available for people who want to enter into lease purchase arrangements in a number of situations but the bulk of the money would come from the IBA home loan program or the Home Ownership on Indigenous Land Program. From memory, there is \$105 million in the Home Ownership on Indigenous Land Program available to be lent.

Senator SIEWERT—I do not have any more questions in relation to this part of housing.

Senator CROSSIN—I have a couple of questions. I want to go back over dissecting some of the figures for housing. You may have gone through them when I was out, and I apologise for that. In the revised estimates, I note you expect to spend \$60 million less on CHIP this year than originally estimated; is that correct?

Mr Knapp—That is correct.

Senator CROSSIN—Why is that?

Mr Knapp—It is because we have entered into arrangements, as Mr Gibbons has already mentioned, involving the expenditure of significant amounts of funds with states such as Western Australia and the Northern Territory. However, we are entering into agreements with them which involve a performance based approach to funding. Even though we have entered into commitments with those states and are having discussions with other states, the actual expenditure will not occur until 2007-08. In terms of actual expenditure and money out the door, we are not spending that money this financial year but we will be spending it next financial year.

Senator CROSSIN—When did you discover the underspend?

Mr Knapp—I beg your pardon?

Senator CROSSIN—When was the revised estimate of \$60 million less on the underspend identified?

Mr Gibbons—The decision was taken early in the financial year to direct money to agreements with the states and territories. The negotiations commenced last calendar year. For example, only last week or the week before, an agreement was announced with the Western Australian government—that was \$51 million for investment in the Kimberley. That will not be spent this financial year. The minister has requested the money be rephased into the next financial year to meet the commitments that he signed up to with the Western Australian government.

Similarly, with the Northern Territory government, we commenced negotiations in May of 2006 for a program that involves \$143 million—that agreement was announced jointly a couple of weeks ago. Similarly, all of that money will not be spent this financial year; it will be spent over the next 18 months to two years. The minister has factored that into the request for rephasing.

Senator CROSSIN—But in the revised estimates you expected to spend \$60 million less than originally estimated; is that correct? Over what period; 2006-07?

Mr Gibbons—Yes, for the remainder of this financial year.

Senator CROSSIN—When was the \$60 million less to be spent on CHIP actually realised; was it July or December—in the revised estimates?

Mr Knapp—We were aware of it such that it was included in the portfolio budget statement documentation. We discussed it with the department of finance; it was included in the budget documentation.

Senator CROSSIN—It has only appeared in the May PBS; is that correct?

Mr Knapp—That is when it first publicly appeared because that was when it became clear that we would not be able to expend the money this financial year.

Senator CROSSIN—Even though negotiations started with the Territory government in May of last year, the public realisation of the underspend of the \$60 million occurred in this year's PBS?

Mr Gibbons—It was a question of juggling at what point the agreement with the states would allow us to release money to the states. It was not a question of us spending less or not managing it effectively; it was a question of us making a judgment as to when, following confirmation of the agreement, we would be able to release money to various jurisdictions. That is an uncertainty that is outside our control.

Dr Harmer—If I can just clarify to make sure you understand it: it was planned that that money would be available for the states or territories quite a lot earlier. It was not until in the lead-up to the preparation of the portfolio budget statements that it was quite clear that we would not be far enough down the track with the negotiations to expend it this year. It is not an underspend in a sense; it is a rephased money. It was anticipated to be spent this year but in the end it will not be.

Senator CROSSIN—Will that money be rolled over?

Dr Harmer—Yes.

Senator CROSSIN—The \$293 million is over four years; is that correct?

Mr Knapp—The \$293 million is new funds starting from 2007-08.

Senator CROSSIN—But it is over a four-year period?

Mr Knapp—That is correct.

Senator CROSSIN—When we talk about it being a substantial down payment, we mean a down payment that will be over four years; is that correct?

Mr Knapp—Yes, that is correct.

Senator CROSSIN—Minister Brough's media release of 8 May did not make it clear at all that the \$293 million would be over four years. If you read it, you would assume that the \$293 million was for this financial year only. That mean that there has only been an additional \$8.8 million allocated for 2007-08; is that correct?

Mr Knapp—That is correct for 2007-08—that is the new funds. Obviously, there is still a significant amount of money from the existing CHIP and ARHP funds that will be available for expenditure in 2007-08.

Senator CROSSIN—But absolutely new money for 2007-08 is only \$8.8 million?

Mr Knapp—That is correct because the new program, ARIA, does not start until 2008-09.

Senator CROSSIN—Is it planned to allocate the \$4.8 million in 2013-14?

Mr Knapp—There has been no specific decision past the first four years.

Senator CROSSIN—That is right. My question is: why is the amount allocated over four years? If you have a look at your forward estimates from 2007-08 to 2013-14, why does the amount allocated fall so much in the last two years of the forward estimates than in the years 2006-07?

Mr Gibbons—You are talking about new money allocated.

Senator CROSSIN—Yes, that is correct.

Mr Gibbons—Because it is on top of the existing.

Mr Knapp—Senator Crossin, could you please give the reference where you found the 2013-14?

Senator CROSSIN—In your FaCSIA document budget at a glance, it shows that the forward estimates for 2007-08 to 2013-14 show figures of \$8.8 million, \$94.6 million, \$86.6 million and \$103.9 million.

Mr Knapp—That is for the new money.

Senator CROSSIN—Over the four years—that is the new money. Then amounts of \$121.4 million, \$30.4 million and, by 2013-14—the end of the seven-year strategy—only \$4.8 million. Why does it fall to only \$4.8 million at the end of the seven-year cycle?

Mr Knapp—That is not part of the four-year program, but it is an indication that was included in a footnote to a table in that document. The intention is that we are looking at a lot of housing expenditure happening as soon as possible. Over the four-year program, we will be looking at a ramping up of expenditure on housing. As you noticed, the \$8.8 million is just the

start of the program and then there is a significant ramping up of expenditure into the forward estimate years.

Senator CROSSIN—What are you actually saying? It is just too far away to make an accurate assessment of what it would be?

Mr Knapp—Yes. The issue is that those numbers in footnote 11 on page 2 of that document to which you are referring are indicative only since at this stage, we are only looking at the forward estimates period. The \$293.4 million refers to the forward estimates period, which is to the year 2010-11.

Dr Harmer—I am not sure of that footnote—I am just having a look. I think we had better take it on notice because I am not sure that that is correct.

Senator CROSSIN—Could you clarify that for me.

Dr Harmer—Yes, thank you.

Senator CROSSIN—Mr Knapp, you said that the ARIA program does not start until 2008-09; is that correct?

Mr Knapp—That is correct.

Senator CROSSIN—What will the \$8 million in 2007-08 be spent on?

Mr Knapp—About \$6.2 million goes to the Torres Strait Regional Authority, TSRA, for their major infrastructure program. They are also being funded through the funds that were announced in the budget. The remaining funds will be used for departmental expenditure associated with the establishment of the new ARIA program.

Senator CROSSIN—In fact, out of the \$8.8 million of new money for housing, if you set aside the TSRA project, there will not actually be any new houses built with that money; is that correct?

Mr Knapp—No, new houses will be built, but they will be using the existing funds for CHIP and ARHP. From 2008-09, ARIA kicks in and there will be funds specifically available under ARIA: new funds available for new housing and repairs and upgrades of housing.

Dr Harmer—The key is that the new program does not start until the beginning of 2008-09.

Mr Knapp—That is correct.

Dr Harmer—The funding under CHIP will continue for 2007-08 while we negotiate with the states and the Indigenous housing organisations for the new arrangements. The new funding—the boost in funding, the \$293 million, the minister talked about—will be provided from the beginning of 2008.

Senator CROSSIN—I understand that. ARIA will actually replace CHIP?

Dr Harmer—Yes.

Senator CROSSIN—It will provide assistance for Aboriginal people to either directly purchase or lease purchase a home; correct?

Dr Harmer—Correct.

Mr Knapp—It is also for repairs and maintenance; it is not just for new housing and for the lease-purchase arrangements.

Senator CROSSIN—Is it only subject to communities signing 99-year leases?

Mr Knapp—No, it is not.

Senator CROSSIN—Will the Indigenous Home Ownership Program still be in place?

Mr Knapp—Yes, the home ownership program and the Home Ownership on Indigenous Land Program will still be in place.

Senator CROSSIN—They were the ones that were carried over from ATSIC to ATSI to FaCSIA; is that correct?

Ms Freudenstein—The IHOP is an IBA program; the Home Ownership Program is actually with DEWR.

Senator CROSSIN—Yes, but it is the one that was with ATSIC that has gone to that portfolio; is that correct?

Ms Freudenstein—Yes.

Senator CROSSIN—In the demise of ATSIC; correct?

Mr Gibbons—The home ownership program is the one that originated in ATSIC.

Senator CROSSIN—That is right.

Mr Gibbons—But there is a new program that runs parallel with that which is the Home Ownership on Indigenous Land Program.

Senator CROSSIN—Do you have the funding figures for the next four years for the Aboriginal Rental Housing Program?

Mr Knapp—That program continues until the end of 2007-08 and then it will be subject to the negotiations associated with the Commonwealth State Housing Agreement.

Senator CROSSIN—What is the funding for that?

Mr Knapp—For 2007-08 it is about \$94 million.

Dr Harmer—It is ninety-something million dollars. As is the practice with agreements that come to an end, I do not think it is shown in the forward estimates; it will be the subject of renegotiation over the next 12 months.

Senator CROSSIN—Can you try and fill in the gap and tell me what ninety-something million is?

Dr Harmer—We can give you the exact figure—

Mr Rosenberg—For this year it is \$94.4 million. With indexation, it will be a little more than that for next year, but we will get you the exact figure.

Senator CROSSIN—What about the national Aboriginal housing strategy?

Mr Knapp—That operates within the CHIP funds. There is no specific allocation for that program for 2007-08 onwards. It is absorbed within the CHIP and ARIA funding; there is no specific allocation.

Senator CROSSIN—How much is actually in the Home Ownership on Indigenous Land Program?

Mr Knapp—That is the \$104.7 million from memory over the four-year program. That funding will continue to be available for housing and home loans through IBA so that is unchanged.

Senator CROSSIN—Going back to the minister's press release: what housing programs are included in the \$380 million figure provided in that release?

Mr Knapp—The \$380 million refers to CHIP and ARHP funding for a particular financial year.

Senator CROSSIN—Which particular financial year?

Mr Knapp—For 2006-07. It is about how much will be spent on those two programs. In 2005-06, it was roughly around the same.

Senator CROSSIN—Will the Aboriginal Rental Housing Program sit separately?

Dr Harmer—Yes.

Senator CROSSIN—Within the Commonwealth State Housing Agreement?

Dr Harmer—Yes.

Senator CROSSIN—It will not be rolled into ARIA?

Mr Knapp—That is correct; it will not be rolled into ARIA.

Senator CROSSIN—NAHS three-year program—will it be rolled out soon?

Mr Knapp—As I indicated earlier in a response to a question, NAHS is part of CHIP; it is not separately identified anymore. It is part of the general program of expenditure on Indigenous housing.

Senator CROSSIN—At the end of 2008 we will not be talking about CHIP and NAHS; we will just be talking about ARIA—is that correct?

Mr Knapp—That is correct.

Senator CROSSIN—So HOIL is a four-year program?

Mr Knapp—That is right. It will continue to be funded as part of the ARIA program for those elements of ARIA that are funded within our portfolio. IBA will still get their funding for the home loans.

Senator CROSSIN—Can you tell where the money is coming from that has been talked about in relation to Alice Springs town camps?

Mr Gibbons—That was part of the negotiation with the Northern Territory government for the \$143 million.

Senator CROSSIN—I am talking about town camps, not the temporary accommodation.

Mr Gibbons—No, the town camps.

Senator CROSSIN—What bucket of money is it coming out of?

Mr Gibbons—That is coming out of CHIP.

Senator CROSSIN—Is the \$143 million just for the town camps?

Mr Gibbons—No, the \$143 million was for the Northern Territory over and above the normal payments, and it included \$60 million for the town camps.

Senator CROSSIN—\$60 million for the town camps.

Mr Gibbons—For the town camps, yes.

Senator CROSSIN—Were you talking about \$143 million for the Territory?

Mr Gibbons—Yes.

Senator CROSSIN—The \$60 million is coming out of the CHIP money?

Mr Gibbons—All of the \$143 million was sourced from CHIP; \$60 million of that was for infrastructure and housing in town camps. In addition to that, there was \$10 million from the ABA for the short-term accommodation and another \$10 million—

Mr Knapp—Another \$10 million came from the Connecting Neighbours.

Mr Gibbons—From the Connecting Neighbours program that had already been allocated to the town camps.

Mr Knapp—That is funded through CHIP?

Mr Gibbons—Yes, that is also funded through CHIP.

Senator CROSSIN—Let me just get this clear: of the \$60 million for the Aboriginal town camps, \$10 million of that was coming out of ABA; the other \$50 million—

Mr Gibbons—No, I will start again. There is \$143 million that was offered and accepted recently by the Northern Territory government which included \$60 million to upgrade housing infrastructure in the town camps. That was on top of \$20 million that was offered earlier for infrastructure in town camps and short-term accommodation, \$10 million of which is coming from the ABA.

Senator CROSSIN—Sorry Mr Gibbons, I want you to break this down as low as we can possibly go. I do not want to get money for the short-term accommodation mixed up with the town camps.

Mr Gibbons—No.

Senator CROSSIN—Can you clearly tell me how much money is allocated to just the town camps? Is it all coming out of CHIP or is some of that ABA money?

Mr Gibbons—All the money for the town camps is coming out of CHIP.

Senator CROSSIN—That is \$60 million?

Mr Knapp—That is correct. The \$60 million includes \$10 million for Connecting Neighbours.

Senator CROSSIN—When was the \$10 million for Connecting Neighbours allocated or is it all part of the package?

Mr Knapp—No, the \$10 million was already allocated to the Northern Territory government last financial year, 2005-06.

Dr Harmer—But not spent or committed.

Mr Knapp—No, not spent as yet.

Senator CROSSIN—I understand all that. How much does the temporary accommodation have allocated to it?

Mr Knapp—That is \$10 million—that is the ABA funds.

Senator CROSSIN—So for the temporary accommodation there is no CHIP money, no housing money, just ABA money?

Mr Knapp—That is ABA funds for the short-term accommodation.

Senator CROSSIN—If we take \$60 million out of the \$143 million, what is the other money allocated to? How much housing money is going to Galiwinku?

Mr Gibbons—That is to be determined.

Senator CROSSIN—Is it coming out of that \$143 million?

Mr Gibbons—It will come out of that \$143 million.

Senator CROSSIN—It will.

Mr Gibbons—But the exact quantum of houses is to be determined. At this stage I recall we have committed to 10 houses in Galiwinku.

Senator CROSSIN—Will the 25 houses promised at Nguui come out of CHIP money?

Mr Gibbons—They will come out of that.

Senator CROSSIN—How much is that?

Mr Gibbons—I do not have that figure with me.

Senator CROSSIN—Can you find that for me? What about Halls Creek?

Mr Gibbons—That is a separate package of funding. It is \$51 million for Halls Creek, related communities and Kalumbaru, and that is out of CHIP as well.

Senator CROSSIN—Of the \$143 million for the Northern Territory, \$60 million of that is going to the town camps, you cannot tell me how much is going to Galiwinku and you cannot tell me how much is going to Nguui. What will be left over and on what else is it going to be spent?

Mr Gibbons—There is work to be done in the Wadeye area and in Groote Eylandt, and there are some other locations that have yet to be agreed jointly with the Northern Territory government.

Senator CROSSIN—In the press release of 8 May, Minister Brough stated:

The Price Waterhouse Coopers review of CHIP found in some cases houses in remote communities were costing in excess of \$600,000.

How does that compare to other CHIP or NAHS figures in remote communities?

Mr Gibbons—I think I said earlier in response to another question that construction costs in remote Australia are high. It depends on the location. Central Australia is lower cost than northern Australia. For locations such as Wadeye, Galiwinku or Tiwi, where one has to

depend for part or all of the year on transport by barge, those costs are even higher. The average cost for a three- to four-bedroom house in today's dollars has been between about \$475,000 and \$500,000, but there are locations where it has been higher than that.

Senator CROSSIN—For the Top End?

Mr Gibbons—For the Top End, yes.

Senator CROSSIN—I have another question about the Pricewaterhouse review. It seemed critical of the NAHS program, in particular the management fees. It said they were high and paid in advance to the program managers—this is the report at page 70. What have been the management fees paid for each of the last six years and what proportion of the NAHS program has this been?

Mr Knapp—We will take that on notice.

Senator CROSSIN—Can you also tell me what NAHS projects are still in train for the period of the current arrangements or the program?

Mr Knapp—Certainly, there are still some projects to be completed. There is expenditure in a plan for housing in Wadeye, which is still underway, but we are no longer going ahead with the NAHS program once we start the ARIA arrangements. NAHS will cease as a separate program.

Senator CROSSIN—Can you take on notice for me then more details about exactly what NAHS projects are in train and the estimated cost of each of those?

Mr Knapp—It will be the running down of programs that have already been put in place.

Senator CROSSIN—Have the management fees already been paid on these?

Mr Rosenberg—The management fees would already have been set by contract. They will be paid on a recurrent basis depending on the delivery.

Senator CROSSIN—Can you provide me with the cost of each and the management fee for each of the NAHS projects?

Mr Rosenberg—Yes.

Senator CROSSIN—Is this in line with the normal practice of paying fees? Are they paid in stages or are they paid up-front in advance?

Mr Rosenberg—They are probably best described as lumps rather than stages. We would usually pay a large block for the first stage, and then depending on progress we pay some later.

Senator CROSSIN—They would get the bulk of their money up-front?

Mr Rosenberg—That is true, yes.

Senator CROSSIN—Is that normal practice?

Mr Rosenberg—I think in the construction industry, yes it would be.

Senator CROSSIN—Just finally, the Pricewaterhouse report, again on page 70, identifies further problems with NAHS. They say:

As part of this review we observed houses that were built without the necessary services—

so water, power and sewerage—

There was also evidence of housing delivered with major faults.

Nama and Wudapuli might fall into that category I guess. How does that happen?

Mr Knapp—I think it is fair to say that we recognise that we need better ways of delivering housing and that is why we are taking a different approach to the provision of housing now. The innovative and affordable housing project, on which we are working with IBA, is an example of how we are looking at different ways in which we can deliver housing to remote communities. We recognise, both through the review and through our own analysis, that the way the NAHS programs were operating were not getting the best outcomes that we were hoping for. As I indicated, the NAHS program is no longer continuing; we are just winding down the projects that we currently have in place and a quite different approach will be taken to managing the building of houses in remote Australia.

Senator CROSSIN—As of when?

Mr Knapp—That is already starting. The various projects that we are now looking at, including some of the housing we will be building in places like Nguiu, Wadeye and so on, will be based on a differing approach to managing the building of those houses.

Senator CROSSIN—Mr Knapp, when I was last out at Wadeye, one of the houses you had built at either Nama or Wudapuli, actually the roof was leaking in a new house, and in the other house, when the electrical equipment was put in the house it blew up the generator on the outstation. Who actually signs-off on these houses when they are supposed to be completed?

Mr Knapp—I am not aware of either incident, so I would have to take on notice and find out what those issues are.

Senator CROSSIN—Who actually signs-off on houses when they are completed?

Mr Knapp—If you are talking about the houses that were completed earlier this year, IBA was project managing those houses. It would be a matter for them to work with the contractors that they had in place to make sure the houses were completed properly and in line with the contracts that they would have had in place. I would have to follow up with IBA to find out.

Mr Gibbons—The power situation of Wudapuli is not the responsibility of the housing provider. It was recognised that the generator set there was not capable of meeting the extra demand that is coming to that area. Now that the dry is with us, that will be attended to.

Senator CROSSIN—Really? The houses that were built out there though, were they actually funded out of the CHIP or NAHS programs?

Mr Knapp—They were.

Senator CROSSIN—Did you totally hand that over to IBA to actually manage did you?

Mr Gibbons—I will repeat some of the information I gave in response to Senator Bartlett, while you were out of the committee, which will answer your queries. One of the problems we faced in delivering housing is that although we have had a reasonable amount of money to spend, it has been distributed to a lot of small organisations who have bought one, two or

three houses at a time. There has been no ability to leverage the scale to get a better deal from the market. There has been little discipline in the types of materials and the construction techniques used.

In the future, hopefully in partnership with the states and territories with which we are negotiating now, we are going to spend the \$1.3 billion that is committed to the remote housing program over the next four years, to buy on a much bigger scale so that we can achieve a number of objectives. Firstly, we want to introduce training and establish an Indigenous workforce on which we can rely over the longer term to build on site in these areas.

Senator CROSSIN—We might go to some of those issues a bit later about that.

Mr Gibbons—Secondly, we want to use new materials and technologies to reduce the cost and improve the quality. The third one was the scale. We are working at implementing these arrangements in a phased way. At Wudapuli and Nama, we experimented with some new platform foundation technologies that reduced the cost over traditional concrete arrangements. Concurrently, IBA have been to tender to secure a supplier or suppliers for about 100 houses, and we are going to test new materials and technologies in that context. They are to be built this dry season. By the time ARIA is ready to commence, we hope to have established appropriate construction methodologies, selected the various technologies we want to use, and invested in arrangements to lock in long-term Indigenous training and employment opportunities.

Senator CROSSIN—No doubt you will imagine I have got many questions about Wadeye—and I will get to the specifics of all of that soon, I am hoping—but I want to know specifically who actually checks and signs off on houses when they are built?

Mr Knapp—The building company is responsible for signing off to say that the house is ready for occupancy.

Senator CROSSIN—Who checks that within the department? For the two houses at Wadeye, if IBA were in charge of those, you are telling me that IBA would have that responsibility, but let us just set those two aside.

Mr Knapp—Just to clarify, the building company is not IBA; it would have been the company Wild Geese Building and Maintenance Group.

Senator CROSSIN—Yes, I understand that. Let us just leave those two houses aside for the moment. Under CHIP and NAHS, what responsibility does FaCSIA have to ensure that the buildings are built and comply, and are signed off? Do you just get paperwork from the builders to say it is all okay?

Mr Rosenberg—We employ a contractor projects manager to handle all that for us. We do not have that expertise in-house to make those technical assessments, so we pay for that advice.

Senator CROSSIN—If you get advice that says, ‘We can’t accept these five houses because there are still faults,’ the program or project manager you contract ensures those faults are rectified before the houses are handed over to you as stock—is that correct?

Mr Rosenberg—That would certainly be our intention, yes.

Senator CROSSIN—You had no role to play in the two houses that IBA managed? They would have had a project manager who should have signed off on those houses—is that correct?

Mr Rosenberg—Yes.

Senator CROSSIN—Can I just go back to the town camp money, the \$60 million. I started off by actually asking you whether you expected to spend \$60 million less on CHIP for this year. Is that the \$60 million that was allocated to the town camps?

Mr Knapp—No, that is not.

Senator CROSSIN—It is just a coincidence it is the same amount, is it?

Mr Knapp—It is a coincidence. The funds were put aside for the expenditure on not only Northern Territory but also Western Australia, and also possibly for other states. That expenditure will now be re-phased into 2007-08.

Senator CROSSIN—You did not organise a backup plan in terms of the underspend? If the states and territories did not come on board quickly with these agreements, you did not decide to allocate that money and get some houses up and going regardless, or was that a decision of the government to not do that?

Mr Gibbons—If we are negotiating to enter into a commitment with a state, with an envelope of funds that the parliament has made available, in good faith we cannot go and spend it somewhere else and hope that when the state is ready to sign that we can find additional money. We have to put it aside to meet obligations that arise out of our negotiations.

Senator CROSSIN—Can I just get you to clarify the CHIP money for me. Our calculations do not show that this is coming up right. The figure for the CHIP money for 2007-08 is \$312 million—is that correct?

Mr Knapp—For 2007-08, yes, it sounds about right—around \$312 million.

Senator CROSSIN—That is a net reduction over that year—is it not? If you are actually rolling over \$60 million, then should not the amount for 2007-08 actually be \$350 million?

Mr Knapp—That is still to be included in the appropriations. The appropriation that shows in the budget papers is prior to the rollover.

Senator CROSSIN—You are telling me the PBS is not accurate?

Mr Knapp—No, I am saying the \$60 million is accurate. It has been taken out of the figures for 2006-07, but the 2007-08 figure does not yet show that \$60 million.

Senator CROSSIN—You said to me earlier that you realised that and decided to publicly declare that in this PBS. Why is it not in there?

Mr Rosenberg—Just to clarify. The figure in the PBS for this year is the estimate of our expenditure. The appropriation has not changed; it is estimating we will spend \$60 million less. What Mr Knapp is saying is that the approval for that \$60 million to transfer to next year's appropriation has not yet occurred.

Senator CROSSIN—When is it likely to occur or will it never occur?

Mr Rosenberg—As I think we mentioned before, the minister for finance is considering that request right now.

Senator CROSSIN—It may not happen—is that what you are telling me?

Dr Harmer—It might not, but we would expect it to. We can never guarantee it, but there is a decision to be made.

Senator CROSSIN—The actual CHIP allocation for 2007-08 is \$312 million?

Mr Knapp—Currently, yes.

Senator CROSSIN—That does not include the \$60 million you expect to rollover—is that correct?

Mr Knapp—That is correct.

Mr Rosenberg—Yes.

Senator MOORE—I have been listening and the fact that that had not been agreed was not clear in the previous answer, so I am relieved that that has been clarified.

Mr Gibbons—With respect, I recall saying that the minister had a request to re-phase the money.

Senator MOORE—Someone had asked whether it was a rollover and it was agreed it was. It is fine; it is now clear.

Dr Harmer—We are proposing it is. We are optimists about getting it.

Senator MOORE—I am just pleased that what has been approved and what has not is now absolutely clear.

Senator CROSSIN—You never know, there might be a desperate need to have an advertising budget come out of the blue, so CHIP money would fill that gap nicely. There is \$1.3 billion over the next four years—is that correct?

Mr Gibbons—For remote Australia, yes.

Senator CROSSIN—\$1.3 billion of CHIP money over the next four years?

Mr Gibbons—CHIP ARIA money.

Senator CROSSIN—You have provided us with a breakdown of that year by year?

Mr Knapp—The figures appear in the portfolio budget statements showing the break up.

Senator CROSSIN—Are they the real ones or the hopeful ones?

Mr Knapp—They are the real ones.

Senator CROSSIN—Can we take that as being gospel?

Mr Knapp—To 2010-11, the numbers that appear in the portfolio budget statement are correct.

Senator CROSSIN—That is all I have for housing.

Senator SIEWERT—Is the money for Halls Creek already allocated in the budget? I think you said there was \$51 million earmarked for Halls Creek—is that correct?

Mr Gibbons—We have concluded an agreement with the Western Australian government to contribute \$51 million to be spent in the East Kimberley region, including Halls Creek. That money is currently sourced from CHIP from this financial year. I will not complicate it by getting into the re-phasing issue, but it could be influenced by the re-phasing of the \$60 million.

Senator SIEWERT—What do you mean by could be influenced?

Mr Knapp—That money will be expended in 2007-08 for Western Australia. The commitment has been made this year but the expenditure will occur in 2007-08 and perhaps in 2008-09 as well, depending on how quickly matters progress in Halls Creek or other locations for Western Australia. We have a \$51 million commitment publicly announced by the minister.

Senator SIEWERT—You said you concluded an agreement. What are the conditions of that agreement?

Mr Gibbons—The conditions are consistent with the new directions that I explained in response to Senator Bartlett's question: protection of the public assets by land-tenure arrangements. It is part of a package where the Western Australian government is committing, from memory, \$65 million for a range of measures. Our money is going towards public housing and infrastructure, by and large. Western Australia is contributing money for housing, rehabilitation services and drug and alcohol measures. Some of our money is available for servicing land for home ownership, and the conditions attached to that are that individuals must be able to lease that land. The Western Australian government has agreed to facilitate that.

Ms Gumley—The exact amount is \$51.4 million from the Australian government, and the Western Australian government contribution has been costed at \$60.85 million.

Senator SIEWERT—You say that announcement has been made. Could you tell me when that announcement was made?

Mr Gibbons—Two weeks ago. We can get you a copy.

Senator SIEWERT—That would be appreciated.

Mr Knapp—Can I take the opportunity to correct some information and to answer an earlier question. The ARHP allocation for 2007-08 will be \$95.9 million.

Mr Gibbons—Chair, could I correct some information I provided earlier?

CHAIR—Certainly.

Mr Gibbons—Unfortunately, I made a mistake in responding to your questioning about Tiwi and the \$5 million up-front payment.

Senator SIEWERT—I am glad I am not the only one who has been confused in that case.

Mr Gibbons—I should have read my notes more clearly. We have guaranteed the TOs the \$5 million benefit for the first 15 years of the lease; this is a guaranteed minimum advance payment of what the lease may earn. We have agreed that if the lease earns more than this \$5 million, we will pay the extra income to the TOs less the operating costs. On the example that you provided, Senator, if in the first 15 years the lease income was \$8 million, the TOs would

get the \$5 million plus an additional \$3 million, less operating costs, over and above that advance payment. It is not a loan; it is an advance payment that is non-repayable if there is no income. Income over and above that is payable to them after operating costs are taken out. The \$5 million will remain with the entity for subsequent lease purchase, head-lease arrangements, if necessary.

Senator SIEWERT—The \$5 million that goes back to the entity?

Mr Gibbons—No, the traditional owners will get \$5 million regardless. If the lease earns more than \$5 million in that first 15 years, they will get over and above the \$5 million less operating costs. The first \$5 million of the income will stay with the entity. From the traditional owners' perspective, they have got everything that has been earned less operating costs, but they have been guaranteed \$5 million regardless.

Senator SIEWERT—I am not understanding that.

Mr Gibbons—So that it is clear, I will produce a statement and make it available to the committee.

Senator SIEWERT—If you could, because, in a sense, there are two \$5 millions: the \$5 million that is provided up-front, and if the money comes back from the leases that presumably goes somewhere.

Mr Gibbons—That stays with the entity to fund another head lease in some other community.

Senator SIEWERT—Yes, I have got it now.

Senator CROSSIN—Just tell me that again. It stays with the entity to fund another head lease in some other community?

Mr Gibbons—If necessary, yes.

Senator CROSSIN—If another community signs up?

Mr Gibbons—That is correct.

Senator SIEWERT—In a sense, you have taken \$5 million from the ABA and created a rolling fund?

Mr Gibbons—Yes. It ensures the TOs get all of the revenue from the lease minus the operating costs.

Senator SIEWERT—I appreciate that. I wanted to know what happens to the \$5 million once it is recouped from the leases, which is why I was asking about it going back to the ABA. You have cleared it up; you have essentially created a rolling fund.

Mr Gibbons—Yes. What confused me was somebody's suggestion that it was a loan. It is not a loan in that they do not get it and have to repay it; it is an advance on income.

Senator SIEWERT—Yes.

Senator CROSSIN—Can you point out where in the PBS the breakdown of the \$1.3 billion is for the CHIP program?

Mr Knapp—It certainly appeared in the budget documentation.

Senator CROSSIN—I know it is very unusual to get a question about what is actually in the PBS at estimates, but I just thought I would test your mettle.

Dr Harmer—We are shocked.

Mr Knapp—The break-up of the \$293 million does not appear specifically.

Senator CROSSIN—This is the \$1.3 billion?

Mr Knapp—The figures that appear on page 31 of the PBS, ‘A better future for Indigenous Australians: Indigenous housing and infrastructure reforms,’ add up to \$293 million. It is the new funds, because the remaining funds are really ongoing funds now being reallocated to the ARIA program.

Senator CROSSIN—You will need to take me through that again. I have what you refer to on page 31.

Mr Knapp—That is the split of the new funds that have been provided. There is the \$8.8 million that you mentioned earlier.

Senator CROSSIN—The \$8.814 million is new. Where it says ‘resourcing’, is that new?

Mr Knapp—That is right. That bottom line in bold shows the new funds to be provided in 2007-08, over and above the CHIP funds that will be allocated for 2007-08.

Senator CROSSIN—Where do I find those funds in this PBS? Are you telling me that it is this table, which is actually not numbered, I have to say?

Mr Knapp—The last line of figures on that page.

Senator CROSSIN—Yes, which corresponds to the amount of the total under outcome 1.

Mr Knapp—Yes.

Senator CROSSIN—The \$8.8 million, the \$94.5 million, the \$86.4 million and the \$103.7 million are all new moneys for each of those years?

Mr Knapp—That is correct.

Senator CROSSIN—A breakdown of the \$1.3 million is not in the PBS?

Dr Harmer—The CHIP money is not in it; it is ongoing. It is not a new measure in the PBS.

Senator CROSSIN—Where would I find it?

Dr Harmer—It would be in the budget.

Senator CROSSIN—This is a statement of your money this year, so where would I find it in here?

Mr Knapp—It is not in the PBS.

Senator CROSSIN—\$1.3 billion is not in the PBS anywhere?

Mr Knapp—Because it is not part of a new measure.

Senator CROSSIN—Is this not an account of all of the money that you are going to spend in the coming year?

Mr Knapp—It will appear under outcome 1 as part of the total appropriations, but you cannot specifically see the \$1.3 billion as an individual line.

Senator CROSSIN—Point to me where I would find it hidden then in the PBS?

Mr Jennaway—The PBS document covers money in the forward estimates period for all the new measures that we have and for all the new money. It only then covers the aggregates for the remainder of all our programs where existing money is already in the portfolio. So in this document you cannot specifically find it. We only have numbers in the forward estimates released publicly in aggregate.

Senator CROSSIN—On what page do I find the aggregate of what is already existing? It is not in there.

Mr Jennaway—As I just explained, by program it is not in the portfolio budget statements. That is consistent with all our programs.

Senator CROSSIN—You are trying to tell me that you cannot show me in here at all where any of the existing housing money is? We are talking about an amount of \$60 million that is going to be rolled over into 2007-08. There is no page in this document that has that \$60 million on it?

Mr Knapp—While there is nothing that appears in that document—

Dr Harmer—We will produce you a table for the four years.

Senator CROSSIN—No, I am trying to get to the bottom of why I cannot find the figures in this document. We talk about \$60 million that has not been spent on Indigenous housing that you are going to roll over, and it is not mentioned in this document at all. That is essentially what you are telling me, isn't it?

Mr Jennaway—The \$60 million you are referring to, which is the reduction in the estimates for CHIP, should be appearing in the 2006-07 reduced amount in total in this document.

Senator CROSSIN—What page would that be on?

Mr Jennaway—If we were to go to outcome 1; page 64 has community housing and infrastructure, and the 2006-07 dollars are shown there as \$232.053 million and that should include the reduction of \$60 million for 2006-07.

Senator CROSSIN—It should or it does?

Mr Jennaway—That is what I am saying, that reduction is reflected in that revised estimate.

Senator CROSSIN—It does include the \$60 million?

Mr Jennaway—It does, yes.

Senator CROSSIN—The \$60 million that you are hoping to roll over to 2007-08: where do I find that in this booklet?

Mr Knapp—Because that decision was not made in time to be included in here, it does not appear in the rephasings page that appears later in the document.

Mr Jennaway—That is correct; that \$60 million is only in here insofar as it is a revised estimate for this financial year, showing the reduction, in that smaller number, for 2006-07. These are only estimates of expenditure in total, and so what happens to it subsequently, as I think Mr Knapp has already mentioned, is subject to a decision by the minister for finance at this stage. It will not show up, in a sense, in documents until that decision has been made. In all likelihood you will then see it in the additional estimates document, which we will table later in the year.

Senator CROSSIN—You can bet your bottom dollar we will raise it, though, because it will be in this transcript. The \$60 million is not actually accounted for in this PBS then?

Mr Jennaway—No.

Mr Knapp—The amount for 2007-08 does not appear in this document.

Senator CROSSIN—And it is not showing either in the 2006-07 actual? You have just told me the \$232.053 million does not include the \$60 million.

Mr Jennaway—Correct.

Senator CROSSIN—If in fact you get approval to roll over that \$60 million, there will be an absolute, categorical guarantee that the expenditure will be \$372 million for CHIP in the next financial year?

Mr Jennaway—I would not want to say absolutely categorically because it may not represent new money that is being allocated to us, in which case there would be a note in the text that would explain it. So that \$60 million will either be in the table or it will be observable in the document in text.

Dr Harmer—That is a technicality, Senator. There will be a \$60 million addition to the current estimate for CHIP in 2007-08 which will be available for expenditure in that year.

Mr Jennaway—In that sense it would show as a movement of funds.

Senator CROSSIN—Dr Harmer, are you actually offering to provide me a breakdown of the \$1.3 billion?

Dr Harmer—Yes.

Senator CROSSIN—I will have that. Let us get this absolutely clear then: it is currently only under consideration by the minister that that \$60 million will roll over next year—you do not have a firm commitment to go ahead and allocate and use that yet. Is that right?

Dr Harmer—We are quite confident but we have not yet got the approval.

Senator CROSSIN—Absolute guarantee. Thank you.

CHAIR—Before we move to further questions I might note the presence in the committee room of former senator, and former distinguished chair of this estimates committee, Sue Knowles. We welcome her back to her old haunts. But the committee recommends you go get a life and do something else—it is tempting to rush up here, but I urge you to resist that temptation! Senator Bartlett, you have some questions.

Senator BARTLETT—Could I ask about the measure that was announced in the budget called Foundations for Indigenous Welfare Reform. It is \$10 million for the first stage of

welfare reform focused around the community of Hope Vale. Firstly, I just want a clarification. The budget papers say that is from existing resourcing, that there is no new money for that. Could I get an indication of which pool of existing resources it is coming from?

Ms Gumley—It would be CHIP fund.

Senator BARTLETT—So the money is being spent on housing, but on condition of a bunch of other related measures to do with welfare reform?

Ms Gumley—And related measures. There would be some construction around the land servicing and some family income money management that relates to moving towards home ownership as well.

Senator BARTLETT—Is that in terms of quarantining Centrelink payments or other sorts of income payments towards rent?

Ms Gumley—No. As part of their new tenancy agreements, families will need to make an automatic payment for their rent. It can be through family income management but it could also be through Centrepay or it could also be through their direct debit with their banking institution.

Senator BARTLETT—When it lists the \$10 million spending and then talks about areas like those you mentioned, plus school attendance and alcohol management, is any of the \$10 million going towards things like alcohol management programs or school attendance or are there conditions attached to the \$10 million?

Ms Gumley—No. In relation to school attendance, it actually is around shared responsibility agreements. So families will sign up an individual responsibility agreement. That is a voluntary agreement. Through that they would then make commitments around family income management, school attendance et cetera. The \$10 million is broken up so that there is an amount of roughly \$5.6 million to develop a block of freehold land which is close to Hope Vale and is known as Miller's Block. It will be to construct one display home, and then provide for something that is called Pride of Place for current housing on DOGIT land, so actually land within Hope Vale, and for the existing arrangements. The Pride of Place is in two segments. The first one is Pride of Place external, which is valued at \$2,500. Families need to contribute time and effort towards that, but it will largely go to renovations at their property in the externals such as putting in a driveway, maybe a shade structure—something to that effect.

The second segment is Pride of Place internal where, providing they meet conditions around school attendance for period of 12 months as well as family income management and paying their rent for that period, they will be eligible for a \$7,500 internal upgrade to their existing property. There is also a business precinct that is going to be constructed within Hope Vale to provide opportunities to effectively incubate new businesses in the region.

Senator BARTLETT—The money to construct the business precinct comes out of the CHIP program as well?

Ms Gumley—That is correct.

Senator BARTLETT—How many years is the \$10 million stretched over?

Ms Gumley—Over two years.

Senator BARTLETT—This year and next financial year?

Ms Gumley—2007-08 and 2008-09, I think.

Senator BARTLETT—Some of it will actually come out of ARIA, I guess?

Ms Gumley—Sorry, I would need to double-check on that. The funding is coming out from this year and it will be paid to an entity that will manage that funding.

Senator BARTLETT—Sorry, I am having trouble hearing you in return this time.

Mr Knapp—The \$10 million will be coming out of this financial year, 2006-07.

Senator BARTLETT—Without revisiting all of what Senator Crossin was going on about, the total \$10 million will come out of that \$232 million?

Ms Gumley—It will be expensed this year. I think that is also included in that estimate in the PBS of expenditure this year.

Senator BARTLETT—It is obviously not going to be all done in the next month or so, so would you say it is going into some holding body or something?

Ms Gumley—Yes; that is still under negotiation, but that is the way it will be managed.

Senator BARTLETT—To save time, is there material you can table that details whether it is a formal agreement? You still have things to finalise as part of this, by the sounds of it?

Ms Gumley—There is a tripartite agreement that has been signed by the Hopevale Council, the Cape York Institute and the Australian government. We can table that document.

Senator BARTLETT—That would have a breakdown of where the \$10 million is being spent on the different parts?

Ms Gumley—Yes, it does. We could probably also provide something that gives you a table with that in a more condensed format as well.

Senator BARTLETT—Thank you, that would be appreciated. Whilst we are still on Cape York, does the Cape York Digital Network come under your patch or is that something else?

Ms Gumley—No.

Senator BARTLETT—Is it under this outcome?

Senator CROSSIN—Mr Knapp, could you take two questions on notice from me?

Mr Knapp—Yes.

Senator CROSSIN—In the minister's budget release about the new housing arrangements, he does actually mention that it is a seven-year program. The \$1.3 billion is over four years, is that correct?

Mr Knapp—That is correct.

Senator CROSSIN—Are you able to provide me a breakdown then of the seven years? If it is a seven-year program, is there a breakdown for seven years?

Mr Knapp—No, there is not a breakdown for seven years. The first four years were announced in the budget, but the minister is looking forward to the program continuing past that four year period.

Senator CROSSIN—The other three years do not actually exist yet; it is only a suggestion that this would be a seven-year program, but it has not been funded for seven years?

Mr Knapp—It is a first phase of a seven-year program.

Senator CROSSIN—You cannot provide me a breakdown over seven years—only the first four of seven?

Dr Harmer—We are just talking about the forward estimate for the first four years. That is all.

Mr Knapp—Correct.

Senator CROSSIN—Thank you.

Senator BARTLETT—I will continue. On the Cape York Digital Network, there was an announcement in the budget of an extra \$2.2 million. Is that new money for the four financial years after this one?

Ms Moody—Yes, that is new money. It starts in 2007-08.

Senator BARTLETT—Can you tell me how much has been spent on the Cape York Digital Network to date?

Ms Moody—I do not have that with me. I will take that on notice.

Senator BARTLETT—It has been going on for five years now, I think?

Mr Gibbons—Four or five years.

Senator BARTLETT—Could you provide annual ones over that period of time. I am interested in what it has been spent on to date and what has been established to date out of it, which I guess you can fold into that question on notice. What is the new money is going to be spent on? The ministerial statement just said the new initiative is new money providing funding for existing online centres. Is it just money to keep the centres operational rather than any new capital equipment or new sites around the place?

Ms Moody—It is largely to keep the current centres operating. There are six current centres that operate, and this will continue funding for them.

Senator BARTLETT—Can you give me an idea of what those operational costs are; is it just staffing or maintenance?

Ms Moody—It would be a combination. Certainly it would be some staffing, because there is some training and IT skills transfers into those communities that the digital network assists with. It would also be rent and service provider costs and IT type costs as well. I can probably get a breakdown of that.

Senator BARTLETT—Thank you. Regarding of the ongoing operation of these sites, are they being examined to see if there are ways to make them self-sustaining or self-funding in some sort of way, or is it likely to just need continuing ongoing long-term government resourcing?

Mr Gibbons—There are two parts to it: one is the actual communications backbone. In the early days of the Cape York Digital Network, funding went to set up a proprietary network, if you like. It was cobbled together using existing relatively poor bandwidth in that part of Australia. As technology has advanced, as communication services have improved, it had morphed into a mainstream backbone. The second part of it was making use of that connectivity for video conferencing, internet access, medical, education and other purposes, and that involved the development of local skills to exploit the technology et cetera. This is funding that will keep the backbone going, because there is still a bit more development before it can be bought just off the shelf from mainstream providers, and also for keeping the centres alive that are using the technology to benefit the communities in a range of ways—education et cetera. Beyond that, it will be looked at again.

Senator BARTLETT—Is it expected that some of this new funding will go to expanding bandwidth and those sorts of things?

Mr Gibbons—Consolidating the backbone. I think from memory it is to expand a couple of locations where the service can be accessed. We can check that for you.

Senator BARTLETT—Not adding new ones, but just improving the capacity of existing ones?

Mr Gibbons—I will have to take that on notice.

Ms Moody—I can tell you how much money it has received in the past from the government.

Senator BARTLETT—Sure.

Ms Moody—There was a grant in 2001 of \$5.2 million under the Networking the Nation initiative. There was a further \$750,000 provided in 2006-07 to continue to support the operational costs of the existing communities, and then that has led to this measure now to continue that service.

Senator BARTLETT—Thank you for that. If there is any more to add to what you took on notice before, I am particularly interested in a breakdown between the six different centres. My other question is: do these charge a fee for service at all? Do they raise any revenue at the moment?

Mr Gibbons—I do not believe so.

Ms Moody—We will take that on notice.

Senator BARTLETT—If it is yes, then a bit of detail on top of the ‘yes’ would be good.

Ms Moody—We think there might be some fee for service but not enough to be self-funding.

Senator BARTLETT—I am assuming it would be less than what is needed to be self-funding, but I want to get an idea about, if there is any, how much, what for, and what the potentials might be. Thank you.

CHAIR—It is almost 6.30 pm. Unless there is anyone with a quick question in this area we might adjourn for dinner. Are there many more questions?

Senator STEPHENS—Can I just ask about advertising?

Senator CROSSIN—I have got two other questions, just quickly.

CHAIR—Are there any other questions on advertising that we can take at this point, Dr Harmer?

Dr Harmer—Is there some guidance about when we are likely to get to 4.1? I have people who are, at the moment, scheduled to come at 7.30 pm for 4.1. I am not sure how much longer we have got to go on outcome 1, and I think the plan is to have Aboriginal hostels and the ILC immediately after dinner, which would be a good thing because they have been around for a long time. To give my people some guidance about 4.1, an indication of how much longer we will be on outcome 1 would be good.

CHAIR—Can I ask if people could estimate how much time each will require for questions on outcome 1? Are there any more questions on output 1?

Senator SIEWERT—Yes, I have a few more.

CHAIR—Ten minutes worth?

Senator SIEWERT—Yes.

Senator BARTLETT—I have 10 or 15 on education.

CHAIR—Say 25 minutes?

Senator CROSSIN—Is that 1.1, 1.2 and 1.3?

CHAIR—Yes, that is right.

Senator CROSSIN—Two hours, probably.

Dr Harmer—Is that on top of the Aboriginal hostels and the ILC?

Senator CROSSIN—Yes. I want to talk about town camps, Wadeye, the ABA funding and a whole heap of other budget measures.

Dr Harmer—No problem. I am just trying to judge the time.

CHAIR—We obviously still have a fair bit to deal with in output group 1. Can I ask what kind of time we require with Aboriginal hostels and the ILC? You have questions on those two Senator Crossin, haven't you?

Senator CROSSIN—Aboriginal hostels and the ILC will probably take me no more than 20 minutes or half an hour.

CHAIR—Are there others with questions in those areas? That being the case, we will deal with Aboriginal hostels and ILC immediately after dinner, let them get away, then we will come back to output group 1.

Dr Harmer—It sounds to me about 10 o'clock for 4.1.

CHAIR—By the sound of it, we are looking at 10 o'clock.

Senator MOORE—We might have to renegotiate that over dinner, Dr Harmer.

Senator CROSSIN—Do we know how long community support needs? You think a fair bit of time?

Senator MOORE—I am trying to check that and there is no one in the office. I am concerned, Dr Harmer, about the advertising issue, because we raised that early this morning and were dependent on the response that we had. Senator Stephens has a number of questions on advertising.

CHAIR—Can we come back to that in a minute. I want to know whether we are likely to get onto 4.1 this evening at all. We have got a couple of hours.

Senator CROSSIN—Can I just make a suggestion? If we do Aboriginal hostels and ILC at 7.30 pm, I am happy to go back to output group 1.1, 1.2 and 1.3 at 9 o'clock if 4.1 needs two hours. What I do not get to by 9 o'clock, I will put on notice.

CHAIR—That would be helpful. Thank you, Senator Crossin. The plan is that we do Aboriginal hostels and ILC at 7.30 pm. We will then go from approximately 8 o'clock until 9 on output—

Senator SIEWERT—Does that include the advertising?

Senator CROSSIN—No, it does not.

Dr Harmer—To clarify, I tabled a question at the beginning of the session on communications, the staffing in our communications area and the projects they are working on; is that the question you are talking about?

Senator STEPHENS—No, that was an original question. I want to actually go to the projected advertising campaigns and activities program by program.

Dr Harmer—In that case, the only campaign we are working on, as far as I am aware, is the Violence Against Women—Australia Says No campaign and the women's program which is on tomorrow at 2.5. I am not aware of any other campaign in the portfolio, but I would have to be guided by specific questions to the officers in each program. We will not be able to do that tonight.

Senator STEPHENS—We will do it tomorrow.

Dr Harmer—The only campaign of which I am aware is the women's program 2.5.

Senator STEPHENS—We will do it agency by agency.

Dr Harmer—You can see from the answer I tabled the staffing in our communications area and what they are working on, and you will be able to judge from that whether there are things you want to ask as we go through the individual subprograms.

CHAIR—I understand we are now dealing with advertising in 2.5. Senator Moore and Senator Stephens, is your understanding that 2.5 is when we will deal with advertising issues?

Senator MOORE—Yes.

Senator STEPHENS—Sure.

CHAIR—We are looking at allocating approximately an hour, or an hour and a quarter, to the rest of output 1. You two have quite a lot of questions and I am not sure how we will divide that time but we will work out some way of doing that during the break.

Senator CROSSIN—Can I just clarify one quick thing before we go to dinner?

CHAIR—Yes.

Senator CROSSIN—Dr Harmer, I asked you a question about the seven-year program and you gave me an answer where you said that you can give me the forward estimates for four years of the—

Dr Harmer—We will give you the \$1.3 million breakdown, yes.

Senator CROSSIN—On page two of this document in front of me, the *2007-08 FaCSIA Budget at a Glance*, there is a footnote 11 on forward estimates to 2013-14. Is footnote 11 this seven-year program?

Dr Harmer—We talked about that one before; I think there is an error in that footnote, which we have taken on notice.

Senator CROSSIN—You will come back to me about that one?

Dr Harmer—Yes, we will. Sorry to be persistent, but I have a lot of people here from various places. ORAC is here for 1.3. Are there any questions for ORAC?

Senator CROSSIN—Yes. I have some questions about Mutitjulu which I am hoping to do before 9 o'clock.

Dr Harmer—Okay, thank you.

CHAIR—Can I state what I understand the plan to be. At 7.35 pm we will start on Aboriginal hostels and ILC and we will take 15 to 20 minutes on those issues. Then we will resume on output 1 until 9.00 pm, and at 9.00 pm we will start on output group 4.1 and that will take us to the end of the night. That is the agreed plan. Thank you very much.

Proceedings suspended from 6.35 pm to 7.34 pm

Aboriginal Hostels Ltd

Indigenous Land Corporation

CHAIR—I call to order the estimates hearings of the Community Affairs Committee. Before the break we had determined that we would proceed now to deal with both Aboriginal Hostels Ltd and Indigenous Land Corporation. I welcome officers from those bodies and I invite questions from Senator Crossin.

Senator CROSSIN—Referring to pages 192 and 193 of the PBS, are the measures that are listed on the far left-hand side new hostels that will be built?

Mr Clarke—These are the new hostels that we will be building. If I could take you to the first line, which is the additional funding for upgrading of fire safety, we conducted a survey of all our hostels nationally and we found that a lot of them needed to be upgraded to the standards that are required. The second one is for accommodation for a secondary hostel in Kununurra, which is for 40 secondary students. Those students will be from the surrounding Kununurra area, which may include parts of the Northern Territory, who then will go to the Kununurra High School. The third one is support for renal dialysis hostels. At this stage, we aim to have three hostels: one in the Northern Territory, at a place to be determined—off the top of my head, I am thinking Nhulunbuy—one in Queensland, again at a place to be determined—I am thinking Townsville—and one in Western Australia, possibly either in the

Kalgoorlie area or in the Port Hedland area. Those are the measures that are budgeted for next year.

Senator CROSSIN—Is the fourth one there hostels for Nhulunbuy and Borroloola?

Mr Clarke—We have yet to talk to FaCSIA, but there has been a budgeted allocation for partnerships for secondary education, either for recurrent or for construction. I have advised FaCSIA through the budget process that there may be some possibility for secondary education in Nhulunbuy and in Borroloola. Those probably will be tied to partnerships. I will be talking to the McArthur River mines about a partnership possibly in Borroloola, and I have yet to talk to people in Nhulunbuy. Those are just possibilities that we may be involved in.

Senator CROSSIN—Would that be extending your existing hostel in Nhulunbuy to cater for secondary students?

Mr Clarke—That is right.

Senator CROSSIN—You would extend what you currently have there?

Mr Clarke—We would have to extend because we cannot mix students with adults.

Senator CROSSIN—So you would not build a separate entity?

Mr Clarke—We would probably have to.

Senator CROSSIN—Co-located in the same area?

Mr Clarke—That is difficult because we have a duty of care with students under the age of 18.

Senator CROSSIN—How much is that? That is \$1.2 million in the forward estimates for 2009-10, is it?

Dr Sharma—The figures in the forward estimates are just the operating funds for a possible 40-bed hostel in Nhulunbuy and Borroloola. We have not been allocated any capital. As Keith was saying, we have to liaise with FaCSIA about the details down the track.

Senator CROSSIN—What about the other two measures—not the fire safety but the other two? Do they include capital?

Dr Sharma—The capital is on page 193. For Kununurra, we have a shortfall of \$5.4 million. We already have \$4 million of AHL's own funds set aside and the Australian government has given us the shortfall, so construction on that will start. For renal dialysis, we have been given \$7.1 million for the next financial year and, as Keith mentioned, we will hopefully start research and planning with Townsville and Nhulunbuy.

Mr Clarke—The other budget measure which is good news for our clients is the construction of an aged care nursing home in Perth, and that is at the bottom of page 193. We hope to start those two hostels, Kununurra and Perth, next financial year.

Senator CROSSIN—You are currently managing the hostel section of the Indigenous Youth Mobility Program. Is that correct?

Dr Sharma—That is right.

Senator CROSSIN—How many young people would you have under your care there?

Mr Clarke—By midway through this year we hope to have about 250 beds, and we are heading towards that target. We have ups and downs because occupancy fluctuates. Sometimes the students get homesick and go. We are aiming to keep them there longer. Sometimes the training providers are not able to recruit the numbers of students, and we sometimes also find it difficult to rent properties. We have 10 sites throughout Australia, which I will go through very quickly. We have Perth, Darwin, Cairns, Townsville, Toowoomba, Newcastle, Canberra, Adelaide and Dubbo.

Senator CROSSIN—These are mainly houses?

Mr Clarke—Mainly houses. We try to make them large family houses and have house managers in there, who can do the managing and the cooking and promote a family-friendly environment so that they do not get homesick as quickly.

Senator CROSSIN—What is the average age of the young adults in these houses?

Mr Clarke—Anything from 16 to 24. We separate those who are under 18, because of the duty of care, so we are looking for young adults at this stage.

Senator CROSSIN—Can you take on notice for me, or you might have a table with you there, the number of young adults in each of the 10 places you specified. I would like an idea of how many would be in somewhere like Canberra as opposed to Darwin.

Mr Clarke—No problem.

Senator CROSSIN—Finally, I want to go back over some questions to do with the AWA from last year. Thank you for the letter that you sent to Senator Humphries, the chair, following my letter of 16 February. Can I clarify a number of things with you, though. You say in this letter that AHL did not receive any directives or pressure from the Australian government to offer AWAs but it was in keeping with or in line with policy parameters for the Australian Public Service. Can you provide me with a copy of whatever you are referring to: policy or policy parameters. Is it written?

Mr Clarke—It was the old Work Choices legislation that came out.

Senator CROSSIN—I think it is still the Work Choices legislation.

Mr Clarke—I am not sure if it changed its name.

Senator CROSSIN—It depends who you talk to, I think, Mr Clarke.

Mr Clarke—That was the legislation that we followed.

Senator CROSSIN—So you are saying there was no real policy parameter—you just decided to put to the board AWAs in accordance with the Work Choices legislation?

Mr Clarke—That is right. Running a seven-days-a-week, 24-hours-a-day operation with hostels, we thought that it would give us a bit more flexibility than we have had in the past, because in some remote areas it is difficult to recruit staff and also to retain staff. We have had certified agreements three times, which is about nine years worth, and as a management we thought, 'We're trying to run a company,' and that it would be best to give the AWAs a go.

Senator CROSSIN—In answers to questions you provided to me, you said no comparative document was issued to the employees that compared the AWA to the enterprise agreement. Is that correct?

Mr Clarke—That is correct, because the offer I gave all staff would have probably been the same offer I would have given in a certified agreement—that is, a four per cent pay rise, which is the government standard, over three years, totalling 12 per cent. That is the logic that we took as a management team.

Senator CROSSIN—Where is your AWA officer situated?

Mr Clarke—The AWA officer or office?

Senator CROSSIN—In your answer to me you say that Aboriginal Hostels Ltd has a dedicated AWA officer.

Mr Clarke—That is right.

Senator CROSSIN—Where is that person based?

Mr Clarke—He is situated in our human resources section here in Canberra. He has an 1800 number that staff can ring and discuss anything. AWAs are not compulsory, so people can choose not to do it. But if they need to have advice, he is available. We have put out information sheets attached to pay slips so that it gives staff more opportunity to see what is happening.

Senator CROSSIN—I do not want to labour the point; we have been over this. The AWAs are not compulsory, you are right. But if you wanted to access that 12 per cent wage increase, you had to sign an AWA, didn't you?

Mr Clarke—Yes, that is right.

Senator CROSSIN—How many employees now have signed up to the AWAs and how many have not?

Mr Clarke—Kamlesh could tell you the number of employees, but I understand about 85 per cent have signed up.

Dr Sharma—Out of the 489 staff we have, 414 have already signed AWAs and we have 75 who are still considering.

Senator CROSSIN—How many employees took up the option of having a comparison completed by the Office of the Employment Advocate?

Dr Sharma—At this stage I am not aware of any staff who have actually taken that option, but we are going to forward the AWA template that we offer to staff to that office for assessment as well, to do a no-disadvantage test against the award.

Senator CROSSIN—That is what you did, isn't it? The AWAs are identical. I hope you were not pattern bargaining here, but AWAs were actually identical across—so if you were a hostel manager in Cairns, you got the same AWA given to you as a hostel manager in Broome, for example, did you?

Mr Clarke—That is right.

Senator CROSSIN—That is right?

Mr Clarke—On individual cases, and that is where we have the flexibility. If I have a nurse in Alice Springs that we find hard to retain—you may be aware, Senator, nurses are very hard to retain in remote areas—we are able to offer some incentive for them to stay on, over and above the four per cent.

Senator CROSSIN—How many AWAs were actually varied outside the ones that were identical?

Mr Clarke—I would have to take that on notice.

Senator CROSSIN—Could you also tell me where those positions are based. You also, in your answers to me, told me that the pay rise is four per cent. Is there four per cent on signing, then after 12 and after 24 months? Is that the way the three are structured?

Mr Clarke—Four per cent on signing, four per cent the following year and four per cent the third year.

Senator CROSSIN—Your answer to me says that these wage increases are not guaranteed.

Mr Clarke—They are guaranteed if you perform satisfactorily. We have the view that, if you are not performing satisfactorily, you undertake to improve inefficiencies to bring them up to standard so that they can get the four per cent.

Senator CROSSIN—Who is developing the satisfactory performance criteria?

Mr Clarke—Each individual supervisor, each regional manager.

Senator CROSSIN—He does that in conjunction with whom?

Mr Clarke—He does that in conjunction with my assistant general manager operations, but generally the regional manager, for example in Darwin, will appraise each of their staff each year to see that they have achieved a satisfactory standard.

Senator CROSSIN—Are the performance criteria standard across classifications and around the country?

Mr Clarke—Yes, generally.

Senator CROSSIN—Who has developed those?

Mr Clarke—We have done that in consultation with our regional managers, who have better experience on the ground at what sort of performance is expected from each individual classification at the hostel.

Senator CROSSIN—Do you have an employee consultative committee or did you consult employees about the criteria?

Mr Clarke—I would have to say no to that because I consult my divisional managers and my hostel managers about the criteria expected of their subordinates.

Senator CROSSIN—So the bosses have developed the performance criteria, in isolation?

Mr Clarke—Yes.

Senator CROSSIN—No union input? No employee input?

Mr Clarke—A lot of these criteria are carried over from the last 20 to 30 years of AHL operations. We feel confident in judging that those are reasonable performance standards.

Senator CROSSIN—So, Mr Clarke, there are now no increments inside each salary classification? Is that correct?

Mr Clarke—That is correct.

Senator CROSSIN—What happens? You appoint me as a hostel manager and I will only get the three wage increases in the life of my employment?

Mr Clarke—That is right, and if your particular circumstance and your particular performance is quite out of the norm, then we discuss and agree to a performance agreement and something that may be above the normal four per cent.

Senator CROSSIN—In the past if I were an administrative officer, how many salary increments would there have been in my level, without a wage increase? I am talking about normal, annual increments.

Mr Clarke—There are different salary increments to different salary levels. I think the average is about three or four increments.

Senator CROSSIN—If I do not choose to sign the AWA and I stay on the enterprise agreement, I could move up to four salary increments. Is that correct?

Mr Clarke—That is right. Some have chosen that. Some of that 15 per cent who have not signed have chosen to stay on the certified agreement because some of them will probably win out better with the salary increments.

Senator CROSSIN—But if I choose to sign the AWA, then I will not move up incrementally within my salary structure? I will only get a wage increase, not both?

Mr Clarke—Yes. That depends: if you are brand-new and you are only on increment 1, if you choose to sign the AWA you get four per cent.

Senator CROSSIN—You will just get the basic salary increase?

Mr Clarke—Yes.

Senator CROSSIN—Not an incremental increase?

Mr Clarke—No.

Senator CROSSIN—In the previous three enterprise agreements you had, did people get incremental increases as well as salary increases?

Mr Clarke—That is right.

Senator CROSSIN—Maternity leave has been diminished by two weeks. You have gone back from 14 weeks to 12 weeks maternity leave pay. Is that correct?

Mr Clarke—That is quite right. We just adopted the Australian standard of 12 weeks.

Senator CROSSIN—You did not think of adopting the international ILO standard of 14 weeks, and staying with the 14 weeks?

Mr Clarke—No. We have adopted the Australian one.

Senator CROSSIN—So you have gone backwards? Women have gone backwards if they work at AHL, have they?

Mr Clarke—I would not see it that way. People need to be paid a pay rise and managers suggested that, if we come back to the Australian standard, that can contribute towards the pay rise.

Senator CROSSIN—So women having babies had to give up two weeks paid leave in order to fund the pay rise? Is that what you are telling me?

Mr Clarke—If that is the way you look at it, yes.

Senator CROSSIN—That would be right, then. Annual leave: AHL staff had four weeks annual leave? Is that what it has gone back to now? You are saying that prior to the 1998 certified agreement they had four weeks leave. What happened in 1998?

Mr Clarke—In 1998 we decided as management to increase from four to six, to reduce the amount of sick leave that was taken by staff. At discussions at the AWA time, we found that the sick leave reduction did not eventuate. That exercise, we felt, was fruitless, so we have come back to the Australian standard.

Senator CROSSIN—But if you are in a remote locality, you have five weeks leave not six weeks leave now?

Mr Clarke—That is right. Five weeks leave, but if you work 10 Sundays you get an additional week, which works out to six weeks.

Senator CROSSIN—Mr Clarke, has the Office of the Employment Advocate looked at any of these AWAs to see if they meet the no-disadvantage test?

Mr Clarke—From 1 May they have, or we will be.

Senator CROSSIN—No, have they? Not will they; have they?

Mr Clarke—Not to my knowledge.

Senator CROSSIN—So anyone who signs one of these AWAs as of a fortnight ago will have that AWA automatically checked by the Office of the Employment Advocate, as I understand it.

Mr Clarke—That is right.

Senator CROSSIN—This legislation was introduced today.

Mr Clarke—That is right.

Senator CROSSIN—You will now have a situation in your workplace, will you not, that, if some of these 75 sign an AWA tomorrow, they will have it automatically checked?

Mr Clarke—That is right.

Senator CROSSIN—But you will have 414 who have not had their AWA checked.

Mr Clarke—That is right.

Senator CROSSIN—Are you planning to do anything about that as management?

Mr Clarke—We have not planned, but I will possibly have a look at that in the future.

Senator CROSSIN—I also want to ask you about your Christmas party that you held here in Canberra. Is it true that your regional managers dressed up as AWAs as part of the Christmas party?

Mr Clarke—Yes.

Senator CROSSIN—What was written on their T-shirts?

Mr Clarke—It was a Christmas tree, I think. I cannot recall what it was.

Senator CROSSIN—Were they the scrooges of Christmas, seeing that you have taken two weeks maternity leave off women?

Mr Clarke—I do not think it was in that context. They are involved in the AWA process as well and they thought it was a gesture to just wind down for the year. I do not think that anyone took any objection to what they did.

Senator CROSSIN—Not that you have heard of?

Mr Clarke—Not that I have heard of, no.

Senator CROSSIN—Given that nearly 70 of your people have not signed an AWA, you do not think that some people might have been offended by that?

Mr Clarke—Well, now and again you do get people offended. I am not too sure. As management, when we make decisions, the odd person gets offended. If they come and tell me, fine, I will know about it, but no-one has spoken to me.

Senator CROSSIN—You did not think it was inappropriate?

Mr Clarke—I thought it was just a gesture that the regional managers made. At that stage, it was Christmas time, it was a wind-down time, and I assumed that everyone thought that it was a bit of a joke and a bit of ‘let your hair down’ time.

Senator CROSSIN—Well, if 70 people have not signed your AWA, you might also think it is a bit of a joke, really.

Senator Scullion—Well, 413 have.

Senator CROSSIN—If you want a wage increase, you have no choice: you have to sign it if you want a wage increase. There is not much choice there, I would have thought.

Mr Clarke—The intention of it is not to disadvantage staff. The intention is to give them a pay rise and to have in mind that we can continue to provide an excellent service to the residents of the hostels. To give them a pay rise meant that we had to look at the staffing structure and the operations. We have tried not to touch the hostel operations because it would mean affecting the residents, and we have tried to keep away from that. The intention is to give them a reasonable deal, to give us a bit of flexibility and to continue to provide a good service for the residents.

Senator CROSSIN—All right; thank you.

CHAIR—They are all the questions we have for Aboriginal Hostels. Thank you very much, gentlemen. We now have questions for ILC.

[7.57 pm]

Indigenous Land Corporation

Senator CROSSIN—Mr Galvin, I hope you all do not dress up at Christmas time in fancy-dress costumes.

Mr Galvin—Sometimes—cowboy outfits this year!

Senator CROSSIN—We reserve that for the Territory.

Mr Galvin—Cross-pollinating.

Senator CROSSIN—Can you tell me how much the ILC has received as income from the Indigenous Land Fund?

Mr Galvin—In total?

Senator CROSSIN—No, in 2006-07.

Mr Galvin—We have received \$24,543,000 to date.

Senator CROSSIN—How much are you expecting in total for 2006-07?

Mr Galvin—It is \$96,420,000.

Senator CROSSIN—And you have only received \$24 million to date?

Mr Galvin—That is correct.

Senator CROSSIN—What will happen to enable you to get that extra \$72 million in only five weeks?

Mr Galvin—We are getting our final payment on 30 June. That is what happens. We usually get paid a draw-down on 30 June of every year. That is when we usually get our payment.

Senator CROSSIN—That is when you will get the bulk of your money—on 30 June each year?

Mr Galvin—That is correct.

Senator CROSSIN—For the year to come or the year just gone? I hope my family budget does not work that way!

Mr Galvin—It is for the year just gone.

Senator CROSSIN—How much income are you anticipating in 2007-08?

Mr Galvin—Zero from the land account.

Senator CROSSIN—From the Indigenous Land Fund?

Mr Galvin—Yes.

Senator CROSSIN—Why zero?

Mr Galvin—That is the calculation that we have been presented with.

Senator CROSSIN—I do not recall any figure of zero being given to me today, unless I have miscalculated it.

Mr Hunter—We did talk about that being zero in 2007-08.

Senator CROSSIN—I thought there was some sort of calculation that you adjusted that was two years behind or something.

Mr Hunter—That is the one that Mr Galvin has just talked about for this year—the \$96.4 million. That is based on the return for 2005-06 over 2004-05, the closing balances. The adjustments that we have made through this year of \$24½ million, which the ILC have received year to date, is where, as we talked about, the interpretation of the calculation now includes accrued interest. That is where we have made the adjustment for \$24 ½ million for 2004-05 and 2005-06 payments. However, the payment that we will make to them, which will be an additional \$71.8 million as at the last business day in June for this financial year, relates to 2005-06 and 2004-05. To take that forward into 2007-08, it goes backwards; it will then be referring to 2006-07 over 2005-06. Because we are expecting interest this year of \$97.7 million less a payment to the ILC of \$96.4 million, the growth in the land account is basically around the margins of \$1 million and, because the calculation uses a non-farm deflator, that is going to have a negative return in 2007-08.

Senator CROSSIN—So you are making that adjustment next year by deducting the accrued interest—is that correct?

Mr Hunter—Sorry, Senator?

Senator CROSSIN—Is the accrued interest into the equation now—making that deduction?

Mr Hunter—The accrued interest is in the calculation for the \$71.8 million and it is also part of the equation for us to derive that it will have a negative return next year, because we are then estimating what the non-farm deflator will come to. On the basis of this year, it is around 4.8 per cent for this calculation, and next year we are estimating it to be around 4.6 per cent. Because the return will only be around the \$1 million, it is going to be less than one per cent. You are taking 4.6 per cent away from less than one per cent, so it will have a negative return.

Senator CROSSIN—We heard this morning that the formula for determining the ILC's income has changed. Just bear with me while I try and get this right.

Mr Hunter—Can I just clarify. The formula has not changed; it is the interpretation of the calculation that has changed. Whereas before it did not include accrued interest, the independent advice that we have received and agreed with says that it should be part of the calculation. That is the interpretation issue.

Senator CROSSIN—Where did this independent advice come from?

Mr Hunter—We engaged Ernst and Young in December last year to do that. They have worked with FaCSIA and the ILC to make sure that we have got the methodology right.

Senator CROSSIN—ILC are being compensated for the last two financial years. Is that correct?

Mr Hunter—Yes.

Senator CROSSIN—Has the ILC been fully compensated, in your view?

Mr Hunter—We are applying the calculation under the legislation correctly, Senator.

Senator CROSSIN—How much is that compensation now?

Mr Hunter—For 2004-05 and 2005-06 it was \$24.5 million. Do you want the breakdown of that for each year, single figures? It is \$24.5 million for those two years and then this year you can see the estimate was \$25 million in the PBS at the start and is now \$71.8 million.

Senator CROSSIN—Did the consultative forum outsource the investment advisory services?

Ms Lindsay—The consultative forum is a forum which is made up of two ILC directors and delegates of the minister. It is to advise on the investment policy of the land fund. The actual administration of the land fund is done by FaCSIA so any tendering for service is actually done by FaCSIA, not by the consultative forum.

Senator CROSSIN—Do FaCSIA outsource the investment advisory services?

Mr Hunter—No. At this point in time, the investment strategies that we can do under the land account are quite restricted by the Financial Management Act under section 39, so they are low-risk, low-return investments. At this point in time, in discussions with the consultative forum we have chosen that it is not the best value for money to be going for that advice, but it is quite a significant cost for the return that we expect to get, because of the low-risk, low-return investments that we have got. At this point we have the \$1.6 billion fund in a series of term deposits, long-term bonds and cash, which is yielding on average just over six per cent.

Senator CROSSIN—The investment, management and custodial services have not been put out to tender?

Mr Hunter—No. It had gone out at DIMIA but there were issues with that tender and we withdrew that process.

Senator CROSSIN—For my sake: the consultative forum has which directors and which appointees of the minister?

Ms Lindsay—The consultative forum has two ILC directors. They are currently our chair and one of our other directors. The other members of the consultative forum are a delegate of the minister of finance, who was—

Mr Hunter—That would be me, Senator.

Senator CROSSIN—Have any tenders been requested? No, you have just simply—

Mr Hunter—At the last consultative forum we discussed the process and whether we should go forward, and it was agreed at that forum that it probably was not the best value for money, with the restrictions that we currently have under section 39 of the FMA Act. So we are certainly talking, at the consultative forum, about those strategies.

Senator CROSSIN—Has there been a discussion but not a decision to actually tender out any of the services?

Mr Hunter—No. At the consultative forum we had agreement that we would not pursue the tender at this point in time.

Senator CROSSIN—Because?

Mr Hunter—Because of the value for money option for the return that we are going to get.

Senator CROSSIN—Can you tell me how much funding and compensation has been paid in total to the ILC?

Mr Hunter—Funding and compensation, Senator?

Senator CROSSIN—I asked you before if you thought the ILC was being well compensated or had been compensated, so is that part of the \$24.5 million or is that simply the payment due to it this year?

Mr Hunter—I am not sure. The compensation, as in the accrued interest issue, amounted to an original payment of over \$4 million to the ILC in 2004-05. With the new formula, like the new interpretation with the accrued interest included, the payment was \$9.3 million. So it is a difference of \$5.2 million or \$5.3 million. In 2005-06 the original payment was \$23.8 million and the revised, with accrued interest, took it to just over \$43 million. So the difference there is \$19.2 million or \$19.3 million. That is where the \$24.5 million comes from.

Senator CROSSIN—Mr Galvin, would the ILC have any input into this or objections to the way this is now being done, or is it just simply something you have been told that you have now got to actually accept—the way it has been recalculated?

Mr Galvin—No. In fact, we have done it in cooperation with FaCSIA. We think that the way we are operating now through the consultative forum and through the working relationship with FaCSIA is going very well. It is a very complicated formulae to get your mind around. Ernst and Young, we believe, have come up with the best interpretation of the real realised return and we are happy with that. The board had advice from our members on the consultative forum that this was something that the ILC should accept because it was done professionally and properly, and the board is happy with the result.

Senator CROSSIN—I asked some questions before about realised real return. Is that what we are now talking about when you actually account for any accrued interest?

Mr Hunter—That is right, and that is as defined under the ATSI Act.

Senator CROSSIN—I do not think I brought those answers with me, but at some stage you answered that the ILC had not agreed with or accepted the department's interpretation of the new realised real return. Is that changed now?

Mr Galvin—Yes. There was a dispute on it. The ILC had a different opinion a couple of years past, but now we have accepted the Ernst and Young investigation into it.

Senator CROSSIN—What changed your mind?

Mr Galvin—We just thought that Ernst and Young's opinion was what the ILC had arrived at two or three years ago to coincide with our opinion, and we believed they were on track.

Senator CROSSIN—Was it because Ernst and Young did it or were you told you had to accept this or you would not be funded?

Ms Lindsay—No. Ernst and Young provided us with the most rational argument that we had received to date on the realised real return. The 'realised real return' is a set of words set out in our act with no hint about the definition.

Senator CROSSIN—So Ernst and Young just explained it better than anyone else to you, did they?

Ms Lindsay—No. It was rational argument behind each part of that realised real return, which was something that was far superior to any advice we had received before.

Senator CROSSIN—Has there been any dispute about DOFA's application of this formula?

Ms Lindsay—DOFA have not applied this formula at all. The department of finance have never provided us with an opinion on the calculation.

Senator CROSSIN—What was the outcome of the ANAO audit then?

Ms Lindsay—Apologies; I am not aware of which audit you might be referring to.

Senator CROSSIN—Just let me find a reference to it. My understanding is that DOFA requested an audit under section 20 of the Audit Act by the ANAO of the correct interpretation of realised real return in 2004-05. Are you aware of that request?

Ms Lindsay—No, we are not.

Senator CROSSIN—Or the outcome of that request?

Ms Lindsay—No, we are not.

Senator CROSSIN—So you cannot tell me how that might differ to the interpretation you are now using?

Ms Lindsay—No. As far as the ILC is aware, when we asked DOFA to provide an opinion on the realisable return, they advised the consultative forum—it was actually ATSIC at that point in time—to go and seek their own opinion. They did not provide us with an opinion.

Senator CROSSIN—Even though DOFA themselves were requesting an audit under section 20 of the act in relation to that.

Mr Galvin—We do not know about that.

Ms Lindsay—We are not aware of any audit.

Senator CROSSIN—You do not know where that is at or what happened?

Mr Galvin—No.

Senator CROSSIN—DOFA did not tell you they were doing that?

Ms Lindsay—No.

Senator CROSSIN—How has this reduced budget affected your land acquisition and management program?

Mr Galvin—It has not to date.

Senator CROSSIN—How will it in the future then?

Mr Galvin—For the next five years, as set out in the portfolio budget statements, it should not affect it. We have cash reserves from which we earn about \$25 million a year. If we average out the payments across those years, we should be able to conduct our land acquisition and our land management functions as per normal.

Senator CROSSIN—At this stage you are not looking at scaling back any programs?

Mr Galvin—Absolutely not.

Senator CROSSIN—There will not be a need for you to do that in the coming financial year?

Mr Galvin—Absolutely not.

Senator CROSSIN—You believe the \$25 million will provide you with enough ongoing revenue to keep up the current level of activity.

Mr Galvin—Yes, plus the revenue that we will receive on 30 June as well.

Senator CROSSIN—Just clarify for me: why do you get that each year so late, on 30 June?

Ms Lindsay—It is in accordance with the formula set out in the act.

Senator CROSSIN—That it is released on that date.

Ms Lindsay—It actually says that the ILC will receive it on the last business day of the year.

Senator CROSSIN—Have the number of property acquisitions decreased in the last 12 months?

Mr Galvin—Yes, they have.

Senator CROSSIN—By how many and how much?

Mr Galvin—We will take that on notice.

Senator CROSSIN—Too hard?

Mr Galvin—We will take that on notice.

Senator CROSSIN—Okay. So you have sold properties as a result?

Mr Galvin—The ILC board does not sell any property lightly. In my time at the ILC I think we have sold four properties, so that would be over nearly six years. One was in the Territory, Neenan Station, which had been purchased—without going into great detail—wrongly, and in the end we sold that. The second one was at Cunnamulla: Wittenburra-Turn Turn Station. We went through an exhaustive process to determine whether the people who had put in for it actually were going to go out there and do things and utilise that property. As I say, through an exhaustive process over about a year we determined that unfortunately, no, they were not and we sold it at auction. The last one was Mount Dare, which is in South Australia, where the people just lost interest; it was essentially a roadhouse. We could not get anybody to show any interest in that and we sold that as well.

Senator CROSSIN—Mr Galvin, is there an amount of funding the ILC needs as a core operating base each year?

Mr Galvin—For administration?

Senator CROSSIN—Yes.

Mr Galvin—Thirteen million dollars approximately.

Senator CROSSIN—You need \$13 million. So without any revenue coming in next year, you will be drawing down on your \$25 million reserves. Is that correct?

Ms Lindsay—Our balance has currently got \$235 million in reserves. The annual income off that is about \$25 million. So to maintain our level of activity we will be using the interest off our investments and we will be drawing down on some investments, yes.

Senator CROSSIN—Do you get any idea what sort of income you will get in 2008-09 budget?

Mr Galvin—Yes, \$26.3 million.

Senator CROSSIN—So it will be zero in 2007-08 and then \$26 million?

Mr Galvin—Yes; in 2009-10, \$1.8 million, and in 2010-11, \$28.6 million.

Senator CROSSIN—You are going to get us a list of properties that you might have divested in the last 12 months.

Mr Galvin—We are going to get you a list of properties that we have purchased. 'Divested' is a different matter.

Senator CROSSIN—I wanted to know by how many property acquisitions had decreased.

Mr Galvin—No, they have not decreased. They have increased.

Senator CROSSIN—They have only increased?

Mr Galvin—Yes.

Senator CROSSIN—Are there any that you have sold off or got rid of?

Mr Galvin—No, only those three that I have mentioned.

Senator CROSSIN—I see.

Mr Galvin—They were a long-term type. We do not like selling properties but occasionally, unfortunately, we have to.

Senator SIEWERT—What were those three properties again? I came in halfway through. I apologise.

Mr Galvin—Mount Dare.

Senator SIEWERT—Where is that?

Mr Galvin—In South Australia.

Senator SIEWERT—Yes.

Mr Galvin—Wittenburra-Turn Turn, which is near Cunnamulla in Queensland, and Neenan Station, which is close to Katherine.

CHAIR—Are there further questions?

Senator CROSSIN—I do not have any more questions of the ILC.

CHAIR—All right. No further questions?

Senator SIEWERT—You have just answered the one that I particularly wanted.

CHAIR—It looks like we have covered those issues very well. Thank you very much to the officers of ILC for your attendance here tonight. Our plan is to deal with the remainder of output group 1 between now and nine o'clock; not a lot of time.

Senator CROSSIN—I have talked to Senator Lundy and we propose that we go through with outcomes 1.1, 2 and 3 until 9.30, and then go to outcome 4, is it?

CHAIR—Yes, 4.1. I am not sure how you want to divide the time, but I know Senator Bartlett has questions as well in this area. Do you want to kick off, Senator Crossin, and we will see how we go.

Senator CROSSIN—I want to go through some of the initiatives in the budget here. I think I have asked this but I am going to do it again because it is in this section that we prepare about different budget 2006-07 commitments. The program Home Ownership on Indigenous Land: \$29.2 million over four years to FaCSIA and \$3.2 million in the first year. All of these come from page 193 of the PBS. How much has been spent to date of the Home Ownership on Indigenous Land budget?

Ms Gumley—Senator, page 193 relates to Aboriginal Hostels in the versions that we have.

Senator CROSSIN—I have 193 here. Sorry, it is the 2006-07 budget that I am looking at—last year's—and I want to ask you about it in relation to this year's. So I have actually got 193 from the 2006-07 PBS because I want to compare last year's PBS to the figures in this year's PBS.

Mr Knapp—The expenditure on the HOIL Program, which is what you are talking about—the Home Ownership on Indigenous Land Program—was \$104.7 million.

Ms Freudenstein—\$107.2 million, I think—over four years for the whole initiative.

Mr Knapp—Yes, sorry, \$107.2 million.

Ms Freudenstein—IBA is the lead agency for that. There are two components in FaCSIA. There is one that is in our outcome and one in outcome 4, communities group.

Senator CROSSIN—If we go to page 193 of the 2006-07 PBS, there is \$3.2 million listed as expenditure in the home ownership program for 2006-07.

Mr Knapp—I have not got it in front of me, but—

Senator CROSSIN—My question is: will \$3.2 million have been spent this year?

Mr Knapp—No, \$3.2 million would not have been spent. In terms of the program itself, certainly under outcome 1 there was no expenditure because the housing type expenditure that would have been there would have been related to getting agreement to land tenure arrangements and, while we are making progress, that has not advanced sufficiently to allow for that to happen.

Senator CROSSIN—Has the \$3.2 million been rolled over into 2007-08?

Mr Knapp—That is part of the \$60 million that we talked about earlier in the evening.

Senator CROSSIN—It is part of the \$60 million?

Mr Knapp—That is correct.

Senator CROSSIN—It is part of the \$60 million that you are waiting on, to be rolled over?

Mr Knapp—Yes, that is right, that we are talking with the Department of Finance and Administration about.

Senator CROSSIN—What else does that \$60 million consist of then? \$3.2 million from the home ownership Indigenous Land Fund.

Mr Knapp—The remainder is around those funds that we are looking to expend in 2007-08 in Western Australia, Northern Territory and hopefully some other states as well.

Senator CROSSIN—Moving down that page from last year, the substance abuse, the petrol sniffing, is \$2.4 million in 2006-07. Will that be all spent this year?

Ms Gumley—There has been funding provided to an integrated youth service in the Northern Territory for funding over three years, and it is \$12 million. That includes \$8 million in operational funding and \$4 million in refurbishment of facilities.

Senator CROSSIN—Did that \$12 million come out of the \$15 million over the four years?

Ms Gumley—Some of the funds have come out of that amount of money. Some of it has been supplemented through the flexible funding pool as well.

Senator CROSSIN—Did all of this \$2.4 million in last year's PBS go into just one \$12 million program?

Ms Gumley—No, it has not all gone into one \$12 million program. There are some other initiatives that are going to go into the newly announced petrol sniffing regions in the East Kimberley area and in the area north-west of Alice Springs.

Senator CROSSIN—Is this for 2007-08?

Ms Gumley—Yes, in 2007-08.

Senator CROSSIN—I am trying to track money now. I am not talking about new money.

Ms Gumley—Okay, for this financial year.

Senator CROSSIN—I am talking about money for this financial year. What I want to get a handle on is: in relation to petrol sniffing, reducing substance abuse, what would have been the total amount of money allocated in 2006-07 towards that petrol sniffing output? It tells me it is \$15 million here over four years. Right?

Ms Gumley—Yes.

Senator CROSSIN—With \$2.4 million to be spent in 2006-07. Will that \$2.4 million be spent in 2006-07?

Ms Gumley—The administered component of that initiative that you mentioned, reducing petrol sniffing, will be spent for this financial year.

Senator CROSSIN—How much of that \$2.4 million is that?

Ms Gumley—The whole amount will be spent this year. Slightly less than half of that was on departmental funds and the remaining was on administered funds, so there was a total amount of \$2.04 million for this year.

Senator CROSSIN—You are saying the department has used \$1.2 million just to fund itself in order to administer \$1.2 million in the petrol sniffing program?

Ms Gumley—The budget provided funds in a departmental and administered appropriation and that was the split that was provided, and the funds for the petrol sniffing administered funds will be spent this year.

Senator CROSSIN—But not the \$1.2 million out of that.

Ms Gumley—Yes.

Senator CROSSIN—Or the lot?

Mr Gibbons—The lot.

Senator CROSSIN—The whole lot?

Ms Gumley—The whole lot.

Senator CROSSIN—Just take me to the \$12 million you were talking about. Is that new money you are talking about in 2007-08?

Ms Gumley—The \$12 million, the integrated youth service, is a combination of funding from different agencies. It was a multi-agency initiative that was funded. There was funding provided through the budget for FaCSIA, DEST and the Attorney-General's Department.

Senator CROSSIN—Is that on pages 193-194 of last year's PBS?

Ms Gumley—Only our component will be shown in a FaCSIA measure, but in the measure from last year, for 2006-07, there was \$55.2 million. For DOHA there was \$20 million to expand Opal. FaCSIA received \$15 million over the four years for non-clinical support services to assist families to deal with the impact of substance abuse. AGD got another \$15 million to prevent, to divert and to be involved in rehabilitation and restorative justice, and DEST received \$5.1 million; so, over the four years, totalling \$55.2 million.

Senator CROSSIN—I want to dissect the figures that are on page 193 of last year's PBS. You can see what I am trying to do—I am trying to track where the figures you put in last year's PBS for 2006-07 have now been spent or not spent. That is what I essentially want to know. Under 'Petrol sniffing', you are telling me that all of that \$2.4 million will have been spent—half in departmental funds and the other half in administered programs.

Ms Gumley—Slightly less than half in departmental, yes.

Senator CROSSIN—What administered programs has that \$1.2 million gone into?

Ms Gumley—That has contributed to the petrol sniffing strategy in relation to the integrated youth services and also the facilities that we have put on the ground to support that.

Senator CROSSIN—Going down this list, the Family Income Management program, \$5 million in 2006-07: has all of that been spent, or will be spent?

Ms Gumley—I am sorry, I do not have the same document that you have in front of you.

Senator CROSSIN—It says ‘Extending Family Income Management and improving family payment outcomes for Indigenous children’ had a \$5 million spend for this financial year.

Ms Gumley—I am sorry, I do not have the document in front of me.

Senator CROSSIN—I am talking about the 2006-07 PBS.

Mr Yates—What page are we on, Senator?

Senator CROSSIN—193. That is where I have been for the last 10 minutes.

Mr Yates—I am afraid 193 is actually Aboriginal Hostels.

Senator CROSSIN—No, I am talking about—

Mr Yates—Yes, I know. I have got 2006-07. There is nothing on that page relevant to what you are talking about.

Senator CROSSIN—It is clearly the budget measures 2006-07, 193-194.

Ms Gumley—I think the ones you have been asking about—extending family income management and improving family payment outcomes—

Senator CROSSIN—Is that under Centrelink?

Ms Gumley—are outcomes 3 and 4.

Senator CROSSIN—I figured that out as I looked at it. Is establishing a national Indigenous scouting program under outcome 1?

Ms Gumley—No, that comes under the Youth Bureau.

Senator CROSSIN—So we will ask for that tomorrow. The Cape York Institute welfare reform project?

Ms Gumley—That is outcome 1.

Senator CROSSIN—That had been allocated \$2 million for this financial year. Has that been spent?

Mr Yates—I understand that the bulk of that has been spent, as at the end of April. We can give you the specifics on that.

Senator CROSSIN—Yes, the specific amount would be good. What are the outcomes to date from that program?

Mr Yates—Those resources were to support research undertaken by the Cape York Institute. The report is due in September this year. I think an interim report is due this month, and it may have been received.

Senator CROSSIN—In 2007-08 there is \$10 million from existing resources to the Cape York housing program. Is that money coming out of the CHIP funding?

Mr Gibbons—Yes.

Senator CROSSIN—Is there an expectation that you will spend that \$10 million in the coming 12 months?

Mr Gibbons—We have already answered that question. Yes, Senator, it will be expensed this year.

Senator CROSSIN—Is this part of the \$60 million you are waiting to be rolled over or is it separate to that?

Mr Gibbons—I understand it is going to be expensed this year, so it would not be part of the \$60 million.

Senator CROSSIN—There is \$23 million over four years for the Indigenous community leadership program, with \$4.4 million in 2006-07. Has that been spent this year? A voice from the back of the room says it will be spent.

Ms Tim—Yes.

Senator CROSSIN—It will be spent, but how much of that \$4.4 million has been spent to date?

Ms Tim—I do not know the exact figures for it now, but most of that money has been spent. In this next couple of months we have some major programs we are also rolling out that will conclude the expenditure for the rest of the financial year. Most of the funding for the Indigenous leadership program usually gets rolled out in the second part of the financial year. We spend the first half of the year developing the leaders, the second half of the year engaging with them and then it is them rolling out their activities.

Senator CROSSIN—Is this the program that predominantly brings the women Indigenous leaders to Canberra?

Ms Tim—For the first two years the program focused on developing Indigenous women's leadership. The new program this year—the Indigenous community leadership program—expanded that to include the capacity to roll out the programs to men and to youth.

Senator CROSSIN—Do you anticipate spending all of that money?

Ms Tim—Yes.

Senator CROSSIN—I wanted to move to Wadeye next. Mr Gibbons or Mr Harmer, in the last estimates \$6 million had been set aside in December 2006 to deliver housing in the Wadeye township. Is that still the case?

Mr Gibbons—\$6 million was appropriated in the last budget under CHIP to start our work pursuing low-cost innovative housing. To this point in time, it has been used in the Wadeye region and, on conclusion of the tender that I mentioned in an earlier answer, will be used in another couple of locations, I believe, this northern dry.

Senator CROSSIN—There was to be \$9 million allocated in housing to Wadeye all up. Is that correct?

Mr Gibbons—Are you talking about under NAHS?

Senator CROSSIN—I am not entirely sure, now that housing is all rolled into one, but my notes tell me that \$9 million was allocated to housing in Wadeye in December 2006. I am trying to work out if that is the \$6 million plus \$3 million.

Ms Gumley—Yes. There was \$6 million set aside in the NAHS funding, and that is going to construct 15 houses in the Wudapuli township this dry season.

Senator CROSSIN—So there is \$6 million from NAHS funding for how many houses?

Ms Gumley—Fifteen.

Senator CROSSIN—At the Wudapuli outstation?

Ms Gumley—No, at the Wadeye township. The houses at Wudapuli and Nama are in addition to that.

Senator CROSSIN—In relation to the houses at Wudapuli and Nama, is that the additional \$3 million?

Ms Gumley—No, they have been sourced through the \$6 million that Mr Gibbons mentioned earlier for that innovative affordable housing. The remaining \$3.5 million from the original NAHS funding arrangement has been included in the funds for the strategic intervention with the Northern Territory. So that will go into Wadeye's portion of that.

Senator CROSSIN—Let me start at the beginning. What was the total amount of money allocated last year for funding housing at Port Keats, no matter what program it came out of?

Ms Gumley—It would have been around \$9.5 million. The total amount allocated, did you say?

Senator CROSSIN—Yes.

Ms Gumley—There was \$9.3 million in NAHS funding and then the additional houses at Wudapuli and Nama at around \$3 million.

Senator CROSSIN—That is what I thought I had asked. So there was \$9.3 million in NAHS funding, of which \$6 million will go to 15 houses at Wadeye. Is that correct?

Ms Gumley—In the township, that is correct.

Senator CROSSIN—The other \$3.3 million will go towards—

Ms Gumley—Will go to houses. It is yet to be determined but it will go to the Wadeye region.

Senator CROSSIN—So, it is yet to be determined?

Ms Gumley—Yes, and that will be the subject of discussions between the community and the Northern Territory government, as part of that strategic intervention package that Mr Gibbons mentioned earlier.

Senator CROSSIN—\$3 million was set aside for the five houses at Wudapuli, Nama and Perrederr. Is that right?

Ms Gumley—Yes, although houses have only been constructed so far at Wudapuli and Nama. Those funds will pay for more than five houses.

Senator CROSSIN—Do we know how many?

Mr Rosenberg—It is unclear at this point, but we will certainly have a bit of spare change.

Senator CROSSIN—You have built five homes already between Wudapuli and Nama. Is that correct?

Ms Gumley—No, we have built four.

Senator CROSSIN—What has the cost of each of those homes been?

Mr Gibbons—We will have to take that on notice.

Senator CROSSIN—Why?

Mr Gibbons—We do not have the costs with us. The project is still running. We have plans to build more. I will take it on notice, Senator.

Senator CROSSIN—You said to me in the last estimates that you thought each house would be around \$420,000. Is that still the case?

Mr Gibbons—That is our expectation, but there are other issues that we took on. Given the need to have this project run partly through the wet season, we also included upgrades to one of the roads. I do not have those figures with me.

Senator CROSSIN—What are the other issues? What other issues did you take on?

Mr Gibbons—When you construct houses during the wet season, you have to pay higher transport costs because, as you know, the road to Wadeye is closed in the wet, so you have to barge things in through Wadeye.

Senator CROSSIN—Yes. What are the other issues that you have taken on though? Are you just talking about the cost to transport the buildings on roads that are not sealed and getting bogged occasionally?

Mr Gibbons—Yes, that is one of the issues. The other was the road upgrade.

Senator CROSSIN—Let us go to the first point about the cost of the machinery getting bogged. The information to me is that Wild Geese Building and Maintenance Group Pty Ltd got bogged on the road to Port Keats. You will remember that I asked you questions about this in February. My understanding is that cost of that was \$13,803 and that, in fact, that is a cost that will be recovered from that company. Is that your understanding?

Mr Gibbons—As I recall, IBA advised that at the last estimates. That is what we have been advised.

Senator CROSSIN—That is not a cost that FaCSIA will incur, is it?

Mr Gibbons—No, as I understand it.

Senator CROSSIN—Are you trying to tell me then that—

Mr Gibbons—What I am talking about is that we wanted to have enough of these houses completed in the wet because we wanted to be ready in the dry to go with a fairly large tender contract. The houses involved the introduction of some new technology for foundation and platform that had to be certified by the Northern Territory authority for category 5 cyclone purposes. We had an option of waiting until the wet was over or proceeding during the wet. We proceeded during the wet and that imposed additional transport costs on us.

Senator CROSSIN—All right. There is \$6 million going to the Wadeye township, \$3.5 million going to more houses in that region that are yet to be determined and \$3 million being spent on the three outstations. Are you trying to suggest, Mr Gibbons, that the upgrade or maintenance of the road will come out of that \$3 million?

Mr Gibbons—I think the road probably comes out of CHIP, if I recall correctly.

Senator CROSSIN—So the answer is that it will come out of the \$3 million?

Mr Gibbons—No. I just said that I think it will come out of CHIP, but I will have to check that.

Senator CROSSIN—All right.

Mr Gibbons—The number of houses that we end up building will depend on demand. We have had a number of families sign up to date. A number of them have received their houses and moved onto the first phase of the lease-purchase program. Others are undergoing assessment.

Senator CROSSIN—I still really want to get a handle on how many houses you think you are going to be able to build for \$3 million, plus fix the road. If your estimate to me in February was around \$420,000, that tells me that four houses have cost you about \$1.6 million to date out of \$3 million. Would that be right?

Mr Gibbons—I do not know. I will have to take that on notice.

Senator CROSSIN—And get it to us by the morning?

Mr Gibbons—We will see what we can do, but I will have to take it on notice. We are not managing the construction.

Senator CROSSIN—How much money have you given to IBA. How do you pay IBA? Do you pay IBA on receipt of invoices from them or have you given them the \$3 million in a lump sum to manage on your behalf?

Mr Gibbons—I am not sure. I will have to take that on notice.

Senator CROSSIN—Do you have a financial officer here who could answer that question for me? How is IBA accountable for the money that you are giving them to manage on this project?

Ms Gumley—We have a funding agreement with IBA.

Senator CROSSIN—What is in the funding agreement?

Ms Gumley—The funding agreement has a number of different schedules relating to different works that they are managing for us.

Senator CROSSIN—Tell me what they are.

Mr Rosenberg—There is a schedule for that contract specifically applying to this particular project—the Wadeye outstation housing.

Senator CROSSIN—So what happens? Does that say, ‘If you build one house, we will give you some money, or if you put the footings in, we will give you some money, or we’re

going to give you \$1 million up-front'? What is the nature of the relationship between you and IBA?

Mr Rosenberg—There is more detail than that, but we will have to take on notice the parameters of the contract.

Dr Harmer—We will provide you with an answer to the nature of the contract and what it specifies.

Senator CROSSIN—Can you give me a broad description now of how that is paid. Is it paid on invoices? Is it paid in a certain number of lump sum payments over the period of the project? Is there a lump sum payment up-front and then the rest not until completion?

Mr Gibbons—There is an amount paid up-front, but IBA are contracted by us to undertake a number of projects—Wudapuli is one of them. They will be doing work for us in Galiwinku. We will get them involved in Tiwi; Alice Springs is another area where they are doing work.

Senator CROSSIN—I just want to know about these four houses. What money have you given IBA so far? The houses are up, they are constructed and people are living in them. How much of the \$3 million have you given IBA to date?

Mr Gibbons—I said that I will take that on notice.

Senator CROSSIN—I cannot believe that you do not have a finance officer here who could tell me the answer.

Senator Scullion—Chair, you can only allow this harassment to go on for so long. On two occasions the officers have said that they will take it on notice and I think that that is in fact what should happen.

CHAIR—That is what the officer has offered to do, Senator Crossin. Are there other questions that you have in this area?

Senator CROSSIN—Mr Harmer, I want an explanation as to why you do not have somebody from your accounting department or a financial officer here given this is the budget portfolio estimates where we actually talk about and examine expenditure of moneys that departments hold and why someone cannot answer that question for me tonight. Have you not brought somebody along that holds the financial records? Can you not tell me how much money you have even given IBA under this project to date?

Dr Harmer—It is not unusual for us to take questions on notice. We come along and my folder is this thick, and most of my officers have got folders that thick. We try to anticipate the questions. We have got the biggest spending Commonwealth department across 66 programs; we spend almost a quarter of the budget. It is a very big portfolio. I have had a lot of people here all day and, if we do not have a particular piece of information, in the past it has been accepted that we can take it on notice. We will, in good faith, take it on notice and provide you with the answer, but the officers who are here do not have the information.

Senator CROSSIN—You told me back in February though that \$3 million was to be spent on providing houses in the five outstations. You do not think it is unreasonable that in May, some four months later, I would ask you how much of that \$3 million has been spent?

Dr Harmer—I think it is quite reasonable, and it is probably reasonable for us that we—

Senator CROSSIN—So why is the information not here?

Mr Gibbons—I can tell you this tonight: we transferred \$6 million to IBA to enable them to undertake a number of projects for us. In respect of the Wudapuli-Nama projects, I will have to take that on notice.

Senator CROSSIN—I would like the answer sometime tomorrow, if that is possible.

Mr Gibbons—That may be possible but it may not because part of the contract is still being delivered. I will have to contact IBA and see whether they have the figures that you are after available tomorrow.

Dr Harmer—We will do our best, as we always do, to provide the answers.

Senator CROSSIN—Can you tell me the cost of at least one of the houses at Wudapuli?

Mr Gibbons—I do not have the figures in front of me, so I cannot be held accountable for this figure. I was interested sometime back in the per bedroom cost of houses and I know that a four-bedroom house under traditional construction methods was costing around \$475,000. I think we managed to achieve the construction of a seven-bedroom house in Wudapuli. If you discount the costs that we incurred because we proceeded during the wet and had to pay barge costs instead of road transport costs, it comes out at somewhere around \$430,000.

Senator CROSSIN—The Perrederr road, I understand, was to be fixed once the dry season returned. Has that started?

Mr Gibbons—As I understand it, a survey is underway. The civil engineer's advice was that the road should not be constructed on the original course because it would be too expensive, so it is going to be built around some swampy land, and the survey work and the examination of the sacred sites is underway.

Senator CROSSIN—What is the anticipated cost of that road?

Mr Gibbons—I do not have that with me.

Senator CROSSIN—Can you take that on notice then?

Mr Gibbons—We can, but I am not sure we can provide that until the full survey is complete.

Senator CROSSIN—What is the budgeted amount for that road? What is the amount you have budgeted for?

Mr Gibbons—The minister has made a commitment to the Northern Territory government that it will be built, that the Commonwealth will convert the road from Peppimenarti to Perrederr to an all-weather unsealed road. It will proceed to honour that commitment in due course.

Senator CROSSIN—What is the anticipated budget allocation for that?

Mr Gibbons—I have not got those figures with me. I will take that on notice.

Senator CROSSIN—Can you perhaps point to where in the PBS is the allocation for the housing money for Port Keats—the \$9.3 million and \$3 million—or the allocation for the road? What outcome will that come under, or where would I find any of those in the PBS?

Mr Gibbons—That will come out of the CHIP funding.

Senator CROSSIN—Which we have already allocated. We have already discovered tonight it is not actually in here. Is that right?

Ms Gumley—It is only new measures that are in the PBS.

Senator CROSSIN—So I would not be able to find that at all in there?

Mr Gibbons—It will not be itemised.

Mr Pahlow—It will be in there in aggregate. We have already agreed to provide you with a table of the ARIA funding. We can provide you with what we will spend on CHIP. We have probably already done that for 2006-07 and 2007-08.

Senator CROSSIN—I am not sure if you can answer this question for me. The house out at Wudapuli I am looking at is a seven-bedroom house. Are the kitchen and the bathroom or the wet area external to this plan?

Ms Gumley—The house at Wudapuli that you are referring to, the very large property, has four toilets. It is an eight-bedroom house, so it is a very large house. It has an external laundry and toilet and shower areas, and the kitchen is internal to the house.

Mr Gibbons—We built additional toilet and washing facilities to accommodate families who live in a number of neighbouring houses who did not have adequate facilities.

Senator CROSSIN—There is no external shed for storing bikes or car tyres in or anything like that attached to this home?

Ms Gumley—No.

Senator CROSSIN—Is there a concrete path up to the front door?

Ms Gumley—No.

Senator CROSSIN—Is there any concrete around the house at all?

Mr Gibbons—No.

Senator CROSSIN—There is no garden?

Mr Gibbons—Sorry; there is a concrete step. There is no garden, no.

Senator CROSSIN—No garden and no concrete path; it is just a house in the middle of the dirt. Is that correct?

Mr Gibbons—It is a house on a site chosen by the traditional owners.

Senator CROSSIN—So there are no additional external features at all?

Mr Gibbons—No.

Senator CROSSIN—Before I get to purchasing the property, can I ask some questions about the lease agreement. I am not sure whether it is appropriate that you or IBA answer them, so I am happy to take that on advice. Who would have checked to see if this lease agreement was actually consistent with the Northern Territory tenancy act?

Ms Gumley—That would be IBA.

Senator CROSSIN—Did anybody at the table check what IBA's advice was? Do you know if it is consistent with the tenancy act?

Mr Knapp—It would have been a requirement that IBA did that checking and made sure that it was consistent with Northern Territory legislation or appropriate legislation, not only the tenancy act.

Senator CROSSIN—Do you know for certain if it was?

Mr Knapp—I could take that on notice.

Senator CROSSIN—Yes, thank you; I would like you to take that on notice.

Mr Knapp—Okay, I will.

Senator CROSSIN—Who is responsible for providing the proper rubbish bin with a closed, fitting lid?

Ms Gumley—Inside or outside the house?

Senator CROSSIN—That is a good point, because it does not actually say that in this tenancy agreement. It just says that the tenant must put rubbish in a proper rubbish bin with a closed, fitting lid. My question is, who is responsible for purchasing the rubbish bin with the closed, fitting lid?

Mr Gibbons—I would say the tenant.

Senator CROSSIN—This tenancy agreement does not say that. Could you take that on notice for me.

Mr Gibbons—Yes. They own the house and they are leasing it.

Senator CROSSIN—You are saying I should direct these questions to IBA.

Mr Gibbons—We can take them for you.

Dr Harmer—We are happy to approach IBA.

Senator CROSSIN—Okay.

CHAIR—Senator Crossin, could I interpose. I appreciate that asking questions about who purchases rubbish bins in a particular house in the Northern Territory may be considered important by you, but there are other people who have questions to ask before 9.30. I wonder if it is possible to cross over to them and return to this issue if there is time.

Senator CROSSIN—If you want to let me finish questioning in this area, which will be another five minutes—I have just a few more questions here—I am happy to do that.

CHAIR—You are happy for that to happen. All right, please proceed.

Senator CROSSIN—Thank you. I want to know if a condition of this tenancy agreement is that you must keep the house locked at all times. Are you aware of that?

Mr Knapp—No, I am not.

Senator CROSSIN—You are not aware of that fine detail of the tenancy agreement?

Mr Knapp—No, we are not. IBA is responsible for the tenancy management for the Wadeye houses. We will take your questions on notice and pass them on to IBA for their advice.

Senator CROSSIN—Another question on notice I have is: if there are 13 people living in the house and only two keys are provided, how are the tenants expected to keep the house locked at all times?

Dr Harmer—We are getting close to where it would be more appropriate to ask the third party who we have engaged to run this, which is IBA. We have taken quite a few questions and are prepared to pass them on, but your questions now are getting to the point where they really need to be asked of the agency responsible, and it is not us.

Senator CROSSIN—All right. DEWR will be with us in the next couple of days. Who is responsible for working out the budget planner with the people who sign this rent agreement?

Mr Knapp—Again, I would expect it would be IBA, on the basis that they manage the tenancies.

Mr Rosenberg—We also have our financial information management services work with the tenants to ensure that they are up to speed on budgetary knowledge and are in the best possible position to fulfil the obligations of tenancy.

Senator CROSSIN—I have in front of me a budget planner that has obviously been worked out with two people who have signed a tenancy agreement for one of these houses. Can you tell me if someone from FaCSIA has worked this out with the family concerned or whether IBA would have done that?

Mr Rosenberg—I am not familiar with that document.

Senator CROSSIN—It is called a budget planner. Can you tell me whether FaCSIA would have done that with this family or whether IBA would have done it?

Dr Harmer—We can take that on notice. The people who run the financial management programs in the department are under paragraph 4.2 and will be here tomorrow.

Senator CROSSIN—Do you know if someone from the ICC was involved in devising this budget plan?

Mr Rosenberg—I cannot say.

Dr Harmer—Probably we can find that out by tomorrow.

Senator CROSSIN—I would like to know who I should be asking questions of about this.

Dr Harmer—Sure.

Senator Scullion—Mr Chair, if the senator is good enough to table the document, it might assist with the speed.

Senator CROSSIN—I do not need to table this document. I simply want you to tell me who would have negotiated this budget planner with the family. You do not need a document to answer that question.

Dr Harmer—It is a budget plan in relation to the tenants of one of the houses in the Wadeye outstation?

Senator CROSSIN—Wudapuli. That is correct.

Dr Harmer—We will do our best to find out.

Mr Rosenberg—Without seeing it, I can only assume that our financial information management people had a role in it, but I cannot tell you precisely what role because I was not part of that process. But we can certainly find out for you.

Senator CROSSIN—I am sure if you made a phone call to the ICC in the morning, in Darwin, they would be able to tell you that.

Dr Harmer—To be able to be helpful, we would probably need to see the document.

Senator CROSSIN—I do not think you do because it does not have FaCSIA written on, or IBA. It is not signed. I am simply asking you if there is somebody in your department who would have sat down with this family and devised this budget. You want a separate question?

CHAIR—Senator Crossin, this is not *20 Questions*. If you have a document that is relevant to answering this question, unless it is a confidential document of some sort, and I assume it is not, wouldn't it be helpful to table it?

Senator CROSSIN—It may well be. It has people's names on it and it has people's personal monetary details on it. I do not want to go to the issue here of what might be in this document. I simply want to know which department or agency is responsible for sitting down with this family and devising this budget?

Dr Harmer—In my experience, it is very unwise for officials from a department to answer questions on a piece of paper that they have not seen.

CHAIR—Absolutely.

Dr Harmer—From the past we know that it is quite fraught to assume we know, to answer questions and then find that we do not, that it is a different piece of paper prepared by someone else. It is difficult without it.

Senator CROSSIN—Let me put it this way to you. On *Insiders* on Sunday and repeatedly through the media, the minister has talked about people, in particular at Wadeye, being able to purchase their own home and that is coupled with information about how to plan and budget and manage your money. Who has the responsibility of doing that task?

Dr Harmer—I think it is quite likely that the people from our 4.2 area of FaCSIA do that, but to be absolutely sure I (a) need to have a look at the document and (b) need to check with them. They are not here.

Senator CROSSIN—Dr Harmer, I do not believe you need to look at the document. I am simply asking you: when the minister says publicly on television on Sunday, 'When Indigenous people seek to purchase a house, we can also provide them with assistance in planning their budget and how to manage it,' who does that? FaCSIA or IBA?

Dr Harmer—FaCSIA does run financial management programs. We run them in the Cape and they are called family income management and we run them in the Northern Territory and I think they are called money management or something. What I do not know, and cannot answer tonight, is whether those people have been involved in the development of that. That is what I do not know.

Senator CROSSIN—Can you find that out?

Dr Harmer—Yes.

Senator CROSSIN—If it is in fact your department and not IBA, I can ask people that question under outcome 4.2. Is that correct?

Dr Harmer—Correct.

Senator SIEWERT—I want to follow up some questions that I asked in November on FaCSIA and local government authorities, on the local government authorities taking over some of the municipal services for Indigenous communities. I asked a series of questions, and I do not think you quite answered all of the questions. For a start, in an answer you said that in South Australia the review of the provision of local government services is due for completion in June-July 2007. Firstly, I am wondering if that is on track.

Mr Knapp—I assume that is to do with municipal services type issues that you raised?

Senator SIEWERT—Yes.

Mr Knapp—With South Australia, I cannot give you an indication as to when that is due to be completed, but I am happy to take that on notice and find out.

Senator SIEWERT—It says in the answer you gave that it is due in June-July 2007.

Mr Knapp—Yes, but I would need to confirm that that date will be met. I do not have that information in front of me to give you, to confirm that it will be finished in June and July. I would rather give you accurate information.

Senator SIEWERT—That would be appreciated. Could you tell me if that review is going to be publicly available?

Mr Knapp—Again, I will have to take that on notice. Because it involves a number of parties, including local government authorities and the South Australian government, I would have to check again to see what is planned in terms of any publication of the outcomes of that review.

Senator SIEWERT—Thank you. Also you said in your answer that no councils had been defunded. That was in South Australia. Is that still correct?

Mr Knapp—Yes, Senator, that no councils have been defunded in terms of the total funding that they get through the MUNS program.

Senator SIEWERT—Is that true for all Australia, not just South Australia?

Mr Knapp—I cannot generalise that comment, but with regard to South Australia—you are talking about the community councils here, aren't you?

Senator SIEWERT—Yes.

Mr Knapp—The encapsulated communities, as they are called—I think there are eight of them in South Australia—are all still receiving some funding.

Senator SIEWERT—All are receiving some funding? Should I rephrase it to ask: have they had their funding cut?

Mr Knapp—Some of them have had elements of their funding transferred to a local government authority. Davenport is an example of that one. But the Davenport community, for example, is still receiving funding for non-municipal services and we are discussing with them funding for 2007-08 for non-municipal services. We are still in the process of having discussions with the Port Augusta City Council with regard to the delivery of municipal services.

Senator SIEWERT—Is anybody checking to ensure that the community is happy with the services they are receiving?

Mr Knapp—We are in regular contact with the Davenport community in terms of what services and funding they need for the upcoming financial year. There have been tripartite meetings involving Davenport, Port Augusta City Council and us and also the South Australian ALT to work through a number of the issues that have arisen with the transition that we are going through there.

Senator SIEWERT—When do you expect that process to be finalised?

Mr Knapp—Our hope is that we can complete those discussions by the end of June so that we can go into 2007-08 with an agreed position, but we are still having discussions with all those parties.

Senator SIEWERT—Can I briefly ask you about *Bringing them Home*. What role does OIPC have in implementation of the recommendations from the report?

Ms Tim—The programs that the Office of Indigenous Policy Coordination used to have under the *Bringing them Home* report transferred over to the department of health three years ago. In relation to the report, we contribute to the MCATSIA coordination, at the national level, of the implementation of those recommendations. So while each of those recommendations were not addressed individually, the 54 recommendations were broken up into a range of themes. I think it was the 2003 report to MCATSIA which set out those themes—I think there are six or seven themes—which I am happy to read out if you would like to hear them.

The key role that we now play is that we help coordinate the Australian government's response to MCATSIA on how we are going with the implementation of those programs and progress with the *Bringing them home* report.

Senator SIEWERT—I appreciate that those programs have been transferred to Health. What I was after was what you were doing to continue the coordination role. How do you implement that coordinating role? Do you look at some of the key recommendations and how they should be implemented in policy or the other programs that the department runs?

Ms Tim—We will take that on notice.

Dr Omaji—Leadership Policy and Repatriation is the section within FaCSIA that looks after MCATSIA. I do not think they are here now.

Mr Yates—By way of background, the Ministerial Council for Aboriginal and Torres Strait Islander Affairs periodically reviews the state of play with regard to the implementation of the report's recommendations. It had a major evaluation several years ago, and that secretariat, which is currently housed in the Western Australian Department of Indigenous Affairs, has

responsibilities for reviewing that periodically. As and when invited, all jurisdictions provide input to a sort of a stocktake that is coordinated by that secretariat. There has not been one done recently, to my knowledge, but we would check on that.

Senator SIEWERT—While I am aware of some of the reporting that has been going on or is expected to be done at a jurisdictional level, I was wondering whether OIPC takes an oversight view to see what role the Commonwealth are playing and whether they are paying attention to the recommendations in your policy development.

Mr Yates—As and when that sort of periodic review is done, we would take the lead role in coordinating the Commonwealth's input. A major part of that input is currently the responsibility of the Department of Health and Ageing because they manage the key program that is part of the Commonwealth's response to a number of the recommendations. So we would coordinate the relevant agencies' input to that review.

Senator SIEWERT—What about ensuring that there is coordination across all programs? I appreciate that Health would be looking across the three programs, but what about ensuring coordination across all the programs to ensure that special needs—for example, of the stolen generations—are taken into account?

Mr Yates—The primary lead agency is Health and Ageing, because they have the predominant program responsibilities. I do not think there is a standard sort of regime that applies across every program to ask Indigenous people when they are accessing a service whether they are a member of the stolen generation or not. As you would appreciate, Senator, it is quite a challenge already just to have a consistent Indigenous identifier in all of our programs to enable us to properly assess the nature and extent of Indigenous take-up and access to our full range of programs. That is certainly where most of our energy and effort is going in assisting a more complete information base and performance information about the use of services by Indigenous people more generally.

Senator SIEWERT—I have other questions on that, but I will wait to ask Health. I also have some questions on stolen wages, but I will put those on notice in view of the time.

Senator BARTLETT—I wanted to check on one aspect of the budget component to do with the education funding. There are a few different measures in there. It is talking about \$218 million overall in new funds over four years, the bulk of which seems to be an extra 860 places in the Indigenous Youth Mobility Program and the Indigenous Youth Leadership Program scholarships. All the material seems to be aimed at remote communities. Is it exclusively remote communities or is there some scope for it to apply in other areas? How do we define 'remote'? Is it the same as the 'remote' we have with the ARIA housing or is it a different 'remote'?

Mr Yates—This is essentially the responsibility of the Department of Education, Science and Training, but in terms of our familiarity with the Indigenous budget package, you are right, the focus of those initiatives is in the remote areas, where many Indigenous students do not have access to secondary school and it is only through access to these sorts of opportunities that they can gain such access and get a secondary education or access to a TAFE course or to university.

Senator BARTLETT—I wanted to get an idea of the criteria. Perhaps to save time you could provide it on notice in terms of—again, being focused on remote areas—whether that means exclusively remote areas or whether it is those communities that do not have secondary colleges. I can think of some communities where there is a secondary college but perhaps it might not be as high a standard as what might be available through these programs.

Ms Curran—It has two components. It has a boarding school component and a scholarship component. You asked about the two programs. The Indigenous Youth Mobility Program is going to have an additional 860 places, to bring the total number to 1,500. A number of those students would be going to major centres. We would have to take on notice with our colleagues at DEST the exact guidelines as to whether they have to be from remote areas to take advantage of that program.

Senator BARTLETT—Perhaps you could provide all those guidelines. I am particularly interested in whether it is solely geographically based—lines on maps—or whether it is to do with what is available in a locality. Again, I use the Queensland examples of Palm Island or Yarrabah, which are not remote but might not have senior schools.

Ms Curran—Yes.

CHAIR—Any further questions in this area?

Senator CROSSIN—I have quite a lot of questions I will either put on notice or ask IBA about. Mr Gibbons, I want to ask you a question that goes to an answer that I received. It is question No. 058, from the *Hansard*. I asked whether local Indigenous people would be involved in the construction of the houses at Wadeye and whether they would be undertaking any formal training. Is it the case that there were three local Indigenous people working on the construction of the houses at the outstations?

Mr Gibbons—As I understand it, there were, Senator, engaged by the contracting builder.

Senator CROSSIN—They were on CDEP and their wages were being topped up by the contractor. Is that correct?

Mr Gibbons—I do not know. I would have to take that on notice.

Senator CROSSIN—You do not have to take it on notice. I am reading the answer from you to question 058. Your answer to me says:

These are Community Development Employment Program (CDEP) workers whose CDEP payments are being topped up by the contractor.

Can you tell me why the contractor did not pay for their total wage?

Ms Gumley—Could you clarify if these were the workers at Wudapuli that were involved in the construction of the houses?

Senator CROSSIN—The answer to question 058 from February estimates of this year is that there are three local Indigenous people working on the construction of the houses in the Wadeye region. They are the only houses I know of that have been constructed, so I am assuming we are talking about the houses at the outstation. Is that correct?

Mr Gibbons—There was, as you know, a program run in Wudapuli, and now continuing in Wadeye, to clean, paint and repair houses, and Indigenous people were involved in that process.

Senator CROSSIN—This is your answer, Mr Gibbons, so perhaps you would be able to clarify for me whether these three local Indigenous people were actually working on the construction of the houses at the outstation.

Ms Gumley—I think that it is relating to the houses at the outstation, and it may well have been that the three were only on CDEP plus top-up because they did not have formal qualifications and the construction company took them on at short notice to be able to employ local labour. But I would need to confirm that for you, Senator.

Senator CROSSIN—My question to you then was why didn't the company actually take them on as employees?

Ms Gumley—My understanding is that they did take them on as employees but were given the wage subsidy through CDEP and then they topped up the remainder of their salary.

Senator CROSSIN—That is not what your answer says to me. Your answer says to me that they were CDEP workers—

Ms Gumley—Yes.

Senator CROSSIN—with the payments being topped up by the contractor. Did the contractor employ them or were they actually CDEP workers employed by the organisation who has CDEP workers at Wadeye?

Ms Gumley—I would need to take that on notice.

Senator CROSSIN—Okay. Also, even if they received on-the-job training, why was that not linked to an accredited course? Your answer says this to me:

Local Workers are receiving on the job training but are not currently linked to an accredited course.

Why not?

Ms Gumley—They were not linked to an accredited course because of the duration of the work, the short time they were put on for, and in this preliminary stage when we were building display homes we were not certain about what the level of demand would be. When we get to the point where we have additional families signing up we will have many more houses going in, and it is the intention that we will have local employees, with them being in an accredited training program.

Senator CROSSIN—Local employees under what arrangement?

Ms Gumley—That they would be employed by the contractor.

Senator CROSSIN—You also say to me:

An assessment of their skills will be undertaken at the end of construction—

Has that happened?

Ms Gumley—I would have to take that on notice, Senator.

Senator CROSSIN—The sentence goes on:

to identify opportunities and linkages to related training courses.

Ms Gumley—Yes, I would have to take that on notice.

Senator CROSSIN—Who will do that?

Ms Gumley—Certainly that would be part of the feedback that the construction firm would give us. As an example from the other exercise that Mr Gibbons mentioned earlier, one of the local men that were involved in the house clean-up and painting at Wudapuli actually ended up getting a job with the painting firm that was conducting the major renovation work in Wadeye. Where there is the possibility for that articulation to happen, we try and facilitate that.

Senator CROSSIN—What is the name of that painting firm?

Ms Gumley—I would have to take that on notice, Senator.

Senator CROSSIN—You built four houses on the outstations in the last six months at Wadeye.

Ms Gumley—Yes.

Senator CROSSIN—And none of these three workers have completed even one module of job training as an accredited course? No training has been provided in that six months that can go towards any accredited course for these local employees?

Ms Gumley—I would have to take that on notice, Senator.

Senator CROSSIN—I think the answer to that would be, ‘Yes, that’s right.’

CHAIR—Let us see what the answer is, Senator, before we put words into the witness’s mouth.

Senator CROSSIN—I am pretty certain that is what the answer is.

CHAIR—We will see.

Senator CROSSIN—That is what your answer tells me in 058.

CHAIR—Have you got further questions, Senator Crossin?

Senator CROSSIN—I will put them on notice, thanks.

CHAIR—All right. It being 9.30 anyway, that is convenient. I thank officers in output group 1.1, which we have now finished. We will now proceed to and conclude the evening with output group 4.1, Housing support. Officers in other areas are not required to hang around.

Dr Harmer—Can I take it that we will not have questions for ORAC, which is outcome 1.3?

Senator CROSSIN—I am going to have to put them on notice now.

[9.30 pm]

CHAIR—We move now to output group 4.1, Housing support.

Senator LUNDY—Over the last few months, many state and territory governments have announced significant housing affordability packages to assist families paying skyrocketing

rents and buying their first home. Has the department looked at any of these measures to tackle housing affordability and done any assessment?

Dr Harmer—Of the state measures?

Senator LUNDY—Yes.

Dr Harmer—We would be aware of some of them, but I do not know whether we have done any analysis of them.

Senator LUNDY—Are you monitoring their impact in any way?

Ms Wall—Yes, we are, but obviously some of them are very recent budget announcements so we cannot monitor their impact as yet because they will not be happening until next financial year.

Senator LUNDY—But do you plan to monitor the impact?

Ms Wall—Certainly, to the extent that they are using Commonwealth-State Housing Agreement funds, we will most definitely be monitoring the impact.

Senator LUNDY—Sure.

Ms Wall—But even outside that, we will certainly be looking at their effectiveness.

Senator LUNDY—That is what I was looking for: if you had a program in place to monitor their impact. Have you commissioned any research or modelling to look at the feasibility of new policy initiatives, perhaps using state or territory initiatives as inspiration?

Ms Wall—There is quite a bit of work that is being done jointly with the states as part of the program of work that has been agreed by housing ministers; so, yes, quite a range. But, as I said, we are doing it jointly with the states.

Senator LUNDY—I think I have asked this before: has the department considered or done any work on the setting up of a federally backed shared equity scheme to assist first home owners to buy a house?

Ms Wall—There is some work on that that we are doing jointly with the states.

Senator LUNDY—I know various states are doing that kind of thing, but I am asking whether you are working on a federal scheme of that nature.

Ms Wall—At this stage the work is happening, and as far as the costs and benefits are concerned it is irrelevant whether it is funded by a state or the Australian government, so the work is being done jointly.

Senator LUNDY—In this case, though, the Commonwealth could lend a portion of the purchase price of a first home loan to low-income households. Have you considered doing that?

Mr Leeper—This goes to whether the department is providing advice to the minister on possible policy responses. We have provided advice on a range of matters. Possible schemes that may be introduced by the states or potentially by the Commonwealth would come under that broad remit. We do try and brief the minister on developments in the housing sector relevant to both social security type clients and also in the broader housing area, but I believe that would come under the broad heading of policy advice.

Senator LUNDY—I am not asking about advice because I know you cannot answer that, but are you expending any of your resources on the development of a scheme that would see the Commonwealth lending some portion of the purchase price of a first home to low-income households, or any households, to improve affordability—for first home buyers in particular?

Dr Harmer—There is a whole range of work we are doing in the housing area, particularly in the lead-up to the renegotiation of the Commonwealth-State Housing Agreement. There have been many suggestions about different ways we can go. There is a meeting of housing ministers in Darwin in July. There is considerable work going on for us to make sure that the minister is prepared for that. I do not think that we can go into the individual bits and pieces of that in advance of the discussions that he will have with the housing ministers. We cannot pre-empt or foreshadow the sorts of discussions he will have with housing ministers. I assume that state jurisdictions will be preparing papers, talking about the sorts of things that they are doing. We will be very interested in that. We will be clearly briefing the minister as part of our analysis of what the states are up to.

There will be a lot of work going on between now and July, in particular, and on the back of that a lot of work that AHURI—Australian Housing and Urban Research Institute—are doing which we are involved in. Mr Leeper is on the board. There is quite a lot of activity going on, but I do not think that, at this stage of the cycle for the renegotiation of the CSHA, it would be very helpful for us to be specific about the individual bits and pieces that we are doing.

Senator LUNDY—Tell me if I am interpreting you correctly, or can you clarify: are you telling me that you cannot tell me whether or not you are working on a Commonwealth shared equity arrangement because that would constitute advice to the minister, or can you tell me that you are not?

Dr Harmer—It depends what you mean by ‘working on’. It is quite likely that we have, and will again, provide policy advice to the minister on schemes that are initiated by the states, by way of policy advice to the minister for discussions that he might have with his colleagues et cetera. I do not think that we can go into individual bits of that.

Senator LUNDY—I am interpreting that as, because it would constitute advice to the minister, you cannot give me any information about whether or not you are actually preparing a policy along the lines I described.

Dr Harmer—I certainly cannot answer that question. But I can, as I said, indicate that there are a whole range of things that we are working on and you can imagine that, if the states have initiated new programs, particularly in preparing for the ministerial meeting in July, we would be doing some work on those and providing policy advice to the minister on it.

Senator LUNDY—I will try one more time with the minister. Minister, are you working on a policy that would see the Commonwealth lend some portion of the purchase price of a first home to low-income households?

Senator Scullion—Senator, clearly we would have to agree that this is an issue of growing concern for the Australian community. As you would be aware, there are a number of

incentives that this government has already provided through the economy. I do not want to continue to draw your attention to those issues at this stage.

Senator LUNDY—I am sure we will work through them as the night goes on.

Senator Scullion—Perhaps I will take the opportunity to move through some of them now.

Senator LUNDY—Well, do not, because I am sure that I will come to them as the night goes on.

Senator Scullion—Okay. I will allow you to draw those out. It is reasonable to say that this government will continue to have a look at ways in which we can best serve the Australian community in every way, and so we are continuing to formulate policy to improve the provision of services and, as is the convention in this place, this formation of policy is not something that we generally discuss at estimates.

Senator LUNDY—But it would have to be one of the options that you would have up for consideration, surely. Everyone else is heading in that direction or has done it. Is that right?

Senator Scullion—As I said, that is something that we do not discuss at estimates.

Senator LUNDY—Okay. Has anyone from the department assessed the National Affordable Rental Incentive proposal put forward by Professor Julian Disney, Chair of the National Affordable Housing Summit group?

Ms Wall—Yes, we have certainly looked at that proposal, and a number of other proposals that have similar features. We are doing some joint work, once again, with the states on a range of proposals, including the NARI proposal, the Home Link proposal as proposed by a Queensland minister, and a number of other variants of those sorts of proposals. We are approached quite often. People have ideas with some of those common elements.

Senator LUNDY—Has the department formed a view on the NARI proposal? For example, would it improve affordability for the target groups?

Senator Scullion—I think with the NARI proposal in particular, we are very encouraged that people of this sort of calibre are putting their minds to these sorts of issues. But generally the NARI proposal, as you would be aware, Senator, goes to relationships between states and territories and the Commonwealth, and I have no doubt that this may well be one of a suite of options that are available for discussion through the CSTDA, but beyond that I obviously commend those individuals for their work and all those matters are under current review. It is not for me to say whether they are or are not discussed between now and the CSTDA, but one would assume that, because it goes to the essence of a partnership approach to these things, it may well be discussed at the next CSTDA negotiations.

Senator LUNDY—Sure.

Dr Harmer—I think the NARI proposal is based on fairly significant government subsidy for the provision of lower cost housing. Clearly, if the production of housing is subsidised by the government, it will make it more affordable than otherwise.

Senator LUNDY—To what extent has the department analysed proposals like the NARI proposal and compared them with other proposals that have come forward? I certainly take on board your point, that is a pretty obvious observation, but I am trying to get a feel for how

much work the department is doing to compare and analyse and do all that preparatory work, which I am sure would be a prerequisite for the next meeting in July.

Dr Harmer—We clearly are doing work on all of these sorts of issues. We have limited resources in the department. We do not insource much of our research work, we rely on AHURI and other research bodies. We draw on that data and data from ABS et cetera. We are constantly reviewing that sort of information.

Senator LUNDY—How would you rate it, compared to other proposals? Do you have a sort of ready-reckoner on the worthiness of the various proposals put forward that you are able to share with the committee?

Dr Harmer—Some elements of it look reasonably promising, but there is also quite a significant cost in terms of the subsidy for the scheme. There is quite a large subsidy and, depending on the period over which you want the housing to be made available for low-income renters, the higher the subsidy and at some point there is a trade-off obviously between that method of increasing supply and other methods. There would be many who would suggest that if the land supply was better managed and there was a lot more land available for the construction then that, properly managed, might be almost as effective.

Senator LUNDY—In terms of assessing the assumptions in that NARI proposal, are you doing that in-house or have you outsourced that, as you mentioned, to AHURI or another external group?

Dr Harmer—We have been doing some work on that but, given the profile of that proposal with the Housing Industry Association and various others involved, there will be no shortage of analysts having a look at it, and we would be drawing on their information and analysis.

Senator LUNDY—Have you commissioned any analysis of it?

Dr Harmer—We have been looking at it ourselves.

Senator LUNDY—You have been doing it in-house?

Ms Wall—We obviously have some capacity in-house to analyse proposals, yes, but there is also, as I said, some more general work that has been done with the states. Queensland Treasury is actually doing some modelling on behalf of the Commonwealth and state housing offices.

Senator LUNDY—Has the department done any of its own calculations about the level of incentive required to stimulate new construction on housing for low- to middle-income households?

Ms Wall—We have taken advice from a number of sources in relation to that.

Senator LUNDY—What were your conclusions?

Dr Harmer—I do not think we could, in advance of providing advice—although I am assuming that we have provided some advice already to the minister and we will continue to do so. I think that would constitute advice to the minister, Senator.

Senator LUNDY—Have you done assessments on, for example, households earning less than \$100,000, or under \$50,000, or under \$80,000? If you cannot tell me the outcomes, at least tell me what you are investigating.

Dr Harmer—I am sure in our analysis we would have taken income into account.

Senator LUNDY—Specifically low to middle income?

Dr Harmer—Given that the proposal is centred on improving access to lower income and middle-income households, you would assume that that would be the focus of the analysis because that is the basis of the proposal.

Senator LUNDY—I would assume so. I was just seeking your confirmation.

Ms Wall—We do work across a whole range of income levels, family circumstances and geographic locations.

Senator LUNDY—But you are doing work on low- to middle-income housing?

Ms Wall—That would be the focus of the work because they are the people who are generally having difficulties in the housing market.

Senator LUNDY—Yes, I would assume so.

Dr Harmer—They are the people the Commonwealth is traditionally focused on assisting through the CSHA \$1 million a year and the \$2.2 billion a year under rent assistance. They are both programs targeted at lower income—

Senator LUNDY—Have you commissioned any external consultancies or research, or other project work, on housing affordability?

Ms Wall—We provide \$1.25 million a year to the Australian Housing and Urban Research Institute to undertake a wide range of research. That is partly funded by us, partly funded by the states, and partly funded through a partnership agreement with the universities. That is where the bulk of our research is undertaken.

Mr Leeper—I think, to amplify Ms Wall's answer—and I am a director of AHURI—the money provided by the Commonwealth, the states and the paying institutions is put into a collective area where research priorities are determined. Whilst the Commonwealth has some input to those priorities, I would not represent that to you as the Commonwealth commissioning research in its own right. The AHURI space is a collective space where different priorities are brought to bear.

Senator LUNDY—Yes. That is not what I am referring to.

Mr Leeper—That is why I provided the clarification.

Senator LUNDY—I wanted to know if there was anything over and above that research fund.

Ms Wall—There has been some research that I mentioned, at the last estimates for example. We are managing the evaluation of the Commonwealth-State Housing Agreement on behalf of the states and the Commonwealth. There was also another project on an independent audit of housing assistance, which has been mentioned at estimates previously. That was funded by the Australia government.

Senator LUNDY—What is the status of that audit report? Did that come out at the last estimates, or is it still continuing?

Ms Wall—That report has been completed.

Senator LUNDY—Since the last estimates?

Ms Wall—That is probably right, yes.

Dr Harmer—It will be available for ministers I think at the July meeting.

Ms Wall—For discussion.

Senator LUNDY—It will not be made public until that meeting?

Dr Harmer—No, it is done for ministers, so it will be their decision as to whether they want it to go public or not.

Senator LUNDY—Thank you. And, sorry, the other piece of research you mentioned?

Ms Wall—The evaluation of the Commonwealth-State Housing Agreement.

Senator MOORE—Ms Wall, are there any departmental staff research fellows or departmental staff working in AHURI on leave?

Ms Wall—Not from our department, no.

Senator MOORE—There have been in the past though, haven't there?

Ms Wall—A few years ago now, yes.

Senator MOORE—That process is not continuing?

Ms Wall—There is nobody there at the moment.

Senator LUNDY—In an answer to a question on notice, the National Action on Affordable Housing was mentioned. Does that come under that \$1.25 million fund, or is that something separate?

Ms Wall—No, that is just a framework of work that is being done jointly by Commonwealth and state housing officers for consideration by housing ministers. There are some pieces of research as part of that work. For example, as I mentioned a few minutes ago, some modelling work is being done by Queensland Treasury as part of that package. There are some other pieces of work that are being managed effectively by different states.

Senator LUNDY—Is the department the lead agency for the National Action on Affordable Housing?

Ms Wall—There is no particular lead agency for that work. It is being managed jointly by the Commonwealth and state offices.

Senator LUNDY—Which Commonwealth offices?

Ms Wall—It is being managed through the Housing Ministers Advisory Committee and through the PRWG—the Policy and Research Working Group.

Mr Leeper—In effect the Commonwealth representative is the Department of Families, Community Services and Indigenous Affairs.

Dr Harmer—Ultimately, it will be me and whoever I delegate it to. I attend officials meetings. I have with me Mr Leeper, Ms Wall and Ms McKenzie. They variously attend subcommittee meetings et cetera.

Senator LUNDY—What work has been undertaken by that particular National Action on Affordable Housing group, given that it is separate to the \$1.25 million worth of research and it is not research that is conducted by the department?

Ms Wall—There are a few particular bits of work that have been the focus of the National Action on Affordable Housing. The first one is building the capacity of the community housing sector. The second part is looking at housing need on a geographic level, in particular focusing on planning and development processes. The third part is looking at current subsidies and how they might be used to attract private sector investment into lower cost housing, then identifying a package of measures that might have the potential to increase access to affordable home purchase and private rental. All that work is basically being pulled together for consideration by ministers.

Senator LUNDY—How does that interrelate to the sort of work that you are doing at the moment but cannot tell us about because it constitutes advice to the minister?

Mr Leeper—At the last hearing I indicated that there is a standard process for consideration of possible renewal of Commonwealth funding arrangements with the states. I also indicated at the last hearing that the time line for the first submission that we would make to cabinet, seeking broad guidance on an approach to a possible next Commonwealth-State Housing Agreement—which I point out expires on 30 June 2008—is due by the end of June; therefore, we are doing work in preparation for such a submission to go to cabinet. As Dr Harmer has pointed out, our ministers and Minister Scullion are due to meet with other housing ministers on 4 and 5 July. So we are really describing to you a process where we are developing advice, leading to the development of a submission to cabinet as a first stage in what is a three-stage process for potential renewal of an agreement that expires in 12 months time.

Dr Harmer—Senator, what Mr Leeper is actually saying is that we have gone about as far as we can in terms of talking about the work we are doing.

Senator LUNDY—Sure. What is the Commonwealth's financial contribution to the research effort on those five points under the National Action on Affordable Housing?

Ms Wall—We contribute money through our national priorities fund. There is a separate appropriation for that.

Senator LUNDY—Could you point to where that is in the PBS, please.

Ms Wall—Yes. Go to 'National housing priorities', page 150. It refers there to funding of organisations, so part of that money goes into Community Housing Federation of Australia for joint work that we would do with the states, basically to assist housing ministers.

Senator LUNDY—But that does not break down the overall figure of \$4.2 million for the national housing priorities. Can you give me the numbers within that particular initiative?

Ms Wall—I would have to take that on notice. I have not got the breakdown with me.

Senator LUNDY—You cannot tell me what the number is up against the national housing priorities, as opposed to the research fund of the Homelessness Strategy, or indeed the Household Organisational Management Expenses program?

Dr Harmer—We can probably get it, but I suspect Ms Wall has not got it at her fingertips.

Senator LUNDY—Is it over \$1 million?

Ms Wall—It is not, no. The figure that comes to mind is \$420,000, but I just have to confirm that.

Senator LUNDY—Continuing on with the Commonwealth-State Housing Agreement, I know the current agreement is due to expire in June 2008. At what point is it normal for it to be signed prior to that expiry date? Is it something that has a relationship with the budget cycle? Would it be signed in June two weeks before it expires, or months before? What is the normal practice?

Dr Harmer—The normal practice, as for all of these Commonwealth-state agreements, is that there is quite a lot of negotiation right up until pretty close to the expiry, and I would anticipate that that will be similar for the CSHA.

Senator LUNDY—So it could go right up to the wire, depending on the negotiations.

Dr Harmer—Indeed.

Senator LUNDY—I appreciate your previous answers but is the Commonwealth able to place on the record any intention to change the type of funding or the funding balance between the states and the Commonwealth?

Dr Harmer—That would be quite central to the early positioning of the department, yes.

Senator LUNDY—I thought you might say that. Could you tell me how much money each of the states and territories owe to the Commonwealth as far as Commonwealth-state housing debt is concerned?

Dr Harmer—We would be able to give you that answer but I do not know that it warrants a witness. Ms Wall may have it. She is very efficient.

Senator LUNDY—Thank you. I am also interested in how much money the states get in their base funding under the Commonwealth-State Housing Agreement for both 2005-06 and 2006-07.

Ms Wall—Can I go to this first question first: what is the amount of money that is owed from the states to the Commonwealth? \$3.7 billion.

Senator LUNDY—Do you have the state and territory breakdown for that figure?

Ms Wall—Yes, I do.

Senator LUNDY—Could you provide that, please.

Ms Wall—For New South Wales, \$1.411 billion. These are estimates, I should say. Victoria does not owe anything; Queensland owes \$433 million; WA, \$538 million; South Australia, \$677 million; Tasmania, \$254 million; ACT, \$219 million; Northern Territory, \$194 million.

Senator LUNDY—Can we go to the next question now, which is how much each of the states get in base funding under the Commonwealth-State Housing Agreement for both financial years 2005-06 and 2006-07; I presume, the estimated actuals.

Mr Leeper—Did you mean the amounts of money paid by the Commonwealth to the states under the agreement? Is that what you are asking?

Senator LUNDY—Yes.

Mr Leeper—I have got figures over the five years from 2003-04 to 2007-08.

Senator LUNDY—Could you give me the ones for 2005-06.

Mr Leeper—I will just ask my colleague to have a look at those.

Senator LUNDY—If you have got the table there, does that break it down over the financial years or is it a total?

Ms Wall—Sorry, do you want base funding for 2005-06 across all states?

Senator LUNDY—Yes.

Mr Leeper—\$752.6 million.

Senator LUNDY—Is that the total?

Mr Leeper—That is the total for the base funding for the states for 2006-07. The 2005-06 figure for base funding for all of the states is \$743.9 million.

Dr Harmer—On top of that, they get a range of other assistance.

Senator LUNDY—I appreciate that. Do you have a state by state breakdown for each of those numbers?

Mr Leeper—Certainly. Are you happy for me to read it in?

Senator LUNDY—Yes, please. I have a table here, ready and waiting.

Mr Leeper—2005-06—I am rounding these to the nearest decimal place—New South Wales, \$243.5 million; Victoria, \$180.2 million; Queensland, \$141.2 million; Western Australia, \$72 million; South Australia, \$55.4 million; Tasmania, \$21.6 million; ACT, \$16.9 million; and NT \$13.2 million. For 2006-07: New South Wales, \$245.3 million; Victoria, \$182.1; Queensland, \$144.2; Western Australia, \$73.1 million; South Australia, \$55.7 million; Tasmania, \$21.8; ACT, \$17 million; and NT, \$13.4 million.

Senator LUNDY—You said you had a table for the last five years of those numbers. Are you able to table that for the committee?

Mr Leeper—It is part of another document, but I can quickly read it out if you wish me to, for the base funding totals.

Senator LUNDY—Yes. For the totals, if you can just provide that document with the breakdowns for the previous years that would be useful as well, but if you could give me the totals now that should do me for the time being.

Mr Leeper—Certainly. For 2003-04 to 2007-08, the base funding across the five years: New South Wales, \$1.22 billion.

Senator LUNDY—Do you just have the totals in 2003-04?

Mr Leeper—I do not have what it is in total, I am sorry; just year by year. Year by year for all the states combined?

Ms Wall—Yes. Is that base funding?

Mr Leeper—Yes, base funding 2003-04, \$725.2 million; 2004-05, \$733.8 million; 2005-06 and 2006-07 we have given you; 2007-08, \$765.2 million.

Senator LUNDY—Can you give me the state by state breakdown for 2007-08, please.

Ms Wall—You will find that in Budget Paper No. 3: federal financial relations’.

Senator LUNDY—Excellent. It might be as quick to give me the page number, then. What budget paper is that?

Ms Wall—It is page 85, Budget Paper No. 3.

Senator LUNDY—Does the department acknowledge that the Commonwealth contribution to the Commonwealth-State Housing Agreement has declined in both real and nominal terms since 1996? For example, they are due to contribute \$964,932 in 2007-08 in total as compared to \$1 billion.

Dr Harmer—It is a matter of fact that it has declined in real terms.

Senator LUNDY—Yes. Can I ask the department: is that because there is a view that the need for public housing is less than it was?

Dr Harmer—It is more likely that it reflects the priority that the government has on assisting people through rent assistance, which has gone up pretty substantially in that time, and the consideration by successive Commonwealth ministers that if we provided more money it would not necessarily mean more assistance or more housing.

Mr Leeper—The expenditure in nominal terms under the Commonwealth-State Housing Agreement has varied between \$125 million and \$1.06 billion between 1995-96 and 2007-08 at different times, but it is certainly true to say that each year, from 2003-04 onwards, it has increased in nominal terms. Dr Harmer is correct. In real terms there has been some decline, but the nominal outlays for the CSHA have risen in each of the past five years.

Senator LUNDY—How is the need for public housing assessed by the department? That is, how is housing affordability benchmarked by the department?

Dr Harmer—The states have constitutional responsibility for housing and we provide the money to them. They administer the funds. They make the policy in relation to rent setting and therefore, I suspect, what is affordable.

Ms Wall—You asked two separate questions there, Senator.

Senator LUNDY—Feel free to answer them both.

Ms Wall—One was about housing affordability and one was about public housing.

Senator LUNDY—Yes. How is housing affordability benchmarked by the department? The other question is: how does that relate to the department’s assessment of the need for public housing?

Dr Harmer—Ms Wall can add to this, but the Australian government has never accepted an affordability benchmark in relation to housing any more than it has accepted a benchmark in relation to poverty, for example. I think it is fair to say that we would regard a benchmark as not appropriate. Affordability varies according to household size. Households make different preferences in expenditure for consumption of housing versus other goods et cetera. They make trade-offs et cetera. It is very difficult to pretend that there is an affordability benchmark.

Senator LUNDY—I also want to ask, to get this on the record, whether the government has a view on the threshold of household income that is spent on housing before housing is considered to be unaffordable for that household.

Mr Leeper—As far as I am aware, neither the government nor the department has signed up to any particular benchmark, because of the points Dr Harmer has just made. Consumption of housing is not an objective matter. Households may choose to invest more or invest less of their income in housing for a particular family composition, location and income level. Therefore, it is difficult to say that a particular proportion of expenditure on housing represents affordable or unaffordable expenditure, because of the choices that individual households will make.

Senator LUNDY—Thanks for that. I wanted to get that on the record. Can the department provide the most up-to-date figures for Commonwealth rent assistance, in particular the lowest, highest and average rents paid by CRA recipients. I would like these figures on a state by state breakdown. I know at last estimates we got a couple of the numbers in terms of the overall recipients and averages, but I wanted a further breakdown.

Dr Harmer—I doubt whether we would be able to give you that tonight, Senator.

Ms Wall—Can I clarify the question. The highest amount of rent that somebody who is getting rent assistance pays? Is that the question?

Senator LUNDY—Yes, and the lowest and the average. I think we have had some of the average figures provided in the past—for example, the average on 10 June 2005 was \$81 and the average on 24 November 2006 was \$87.

Ms Wall—We can give you the amount of rent that somebody would have to pay to receive any rent assistance, depending on their family circumstances. The minimum fortnightly rent if you are single with no children would be \$92.60.

Mr Leeper—The maximum amount of rent assistance is triggered at a fortnightly rent of \$231.27 for that household composition.

Ms Wall—Households may be paying more than that but they would not get any more rent assistance than the maximum amount. These figures are all available in the Centrelink publication.

Senator LUNDY—Are you able to provide a state by state breakdown of the lowest, highest and average rents paid? Is that in the Centrelink document?

Mr Leeper—The amount of rent required to be paid in order to begin receiving rent assistance and to get the maximum rate of rent assistance will not vary from state to state because the scheme is identical across all of the states.

Dr Harmer—It will only vary according to household income, composition and rent paid.

Mr Leeper—Average rents paid may vary from state to state, but I think we would need to take that on notice. The parameters of the scheme are national.

Senator LUNDY—Yes, I appreciate that. It is really looking at the state by state breakdown to see what those state variations are in the amount of rent assistance that is paid.

Dr Harmer—It would vary only because of the average rents in the state capitals.

Senator LUNDY—Yes, I understand that. That is why I am asking the question.

Ms Wall—The figures we provided earlier are in *A guide to Australian government payments* by Centrelink.

Senator LUNDY—In the answers to questions on notice last time, we were advised that as at 24 November 2006 there were 942,000 recipients of Commonwealth rent assistance. What is the number recipients for the financial year 2006-07? Have you done another assessment of the number of recipients since 24 November 2006?

Mr Leeper—We could give you the number currently in place, but the financial year averages will not be completed until 30 June. It is a demand-driven program.

Senator LUNDY—I expected so.

Dr Harmer—The number will go up in 2007-08 because of the budget measure to expand the eligibility for rent assistance to students.

Senator LUNDY—We will come to that. I was going to ask you what the projections were for the next financial year. Is there an up-to-date figure on the number of recipients of CRA?

Ms Wall—There will be a slightly more up-to-date figure than that one, but that is relatively recent, being November 2006.

Senator LUNDY—How often do you do that, or are you able to draw that number out with the press of a button?

Mr Leeper—Because rent assistance is dependent on the grant of primary income support payments and also family tax benefit, you could if you wished to, I suppose, extract the data every fortnight. It is a question of how often we would need to do that data extraction. I think it is done quarterly.

Senator LUNDY—When was the last time you did it and what was the number?

Ms Wall—The latest figure we have is for 27 April 2007, and there were 955,000 income units receiving rent assistance.

Senator LUNDY—Given the changes in the budget, what are your forecasts for the numbers of recipients, notwithstanding the difficulty in making that determination given it is based on eligibility criteria of other programs?

Dr Harmer—I suspect we do have an estimate for the number of new entrants brought in by the measure. Yes, 11,000.

Mr Leeper—We can certainly say we estimate 11,000 new entrants. What we cannot tell you is where the number of recipients might otherwise go driven by demand factors for income support payments.

Senator LUNDY—Yes, I think we have been around that track every estimates, haven't we?

Mr Leeper—But I can tell you that we estimate that the expenditure on rent assistance in the 2007-08 financial year will be \$2.37 billion.

Senator LUNDY—That anticipated my next question nicely. How much of that is in the budget measure to be attributed to the expansion of the program? Can you point me to the page of the budget paper?

Dr Harmer—It will probably be in DEST's budget papers rather than ours. As you might remember, Senator—I think we covered this last time—because of the responsibility for the primary income support payment now being spread across DEWR, DEST and FaCSIA, expanding rent assistance to the student group is a DEST measure and therefore is in their budget papers. We may have it—I do not know.

Mr Leeper—We estimate the cost of extending it to up to 11,000 students at \$87 million over four years.

Ms Wall—That is starting from 1 January 2008.

Senator LUNDY—Do you have the numbers across the out years, or can you give me the reference in PBS?

Dr Harmer—It would be in the DEST PBS, which we would not have with us, so you will need to ask them.

Senator LUNDY—Are there any other changes to the eligibility criteria in other portfolios that would otherwise impact upon the amount of CRA paid?

Ms Wall—Not on the amount paid, no. There are some increases that have been working through the system because of the extension of family tax benefit that was announced in the last budget. That will flow through to higher rent assistance payments.

Senator LUNDY—Are you able to give an indication of how much higher rent assistance? Can you point me to where in the budget papers that measure was costed out over the out years?

Ms Wall—We have the overall figure for rent assistance, which is \$2.37 billion for 2007-08, as we mentioned.

Senator LUNDY—That would flow through beyond that.

Dr Harmer—It will be on the forward estimates, I assume.

Senator LUNDY—I would love it to be in the forward estimates somewhere.

Ms Wall—The rent assistance is linked to each of the separate programs for eligibility so it is not all in one place.

Dr Harmer—They are not identified separately.

Senator LUNDY—No, I know that. I am just trying to do this efficiently. I know that you do not have numbers in the out years for the cost of Commonwealth rent assistance but, given we now have a number for 2007-08, I am thinking that if there are any other changes to the eligibility criteria within other portfolios that you may well be able to point to those measures in the budget papers, which would enable us to extrapolate the increased cost of the out years, even though you will not do it.

Mr Leeper—I will give you the four-year figure so that I can give you the page reference. It is in the budget measures document, *Budget Paper No. 2*.

Senator LUNDY—What is the budget measure?

Mr Leeper—This is the one for extending rent assistance to Austudy recipients, at page 113. The four-year figures are listed there and the total is \$86.9 million.

Senator LUNDY—What are the actual figures?

Mr Leeper—2007-08, \$13.2 million; 2008-09, \$24.0 million; 2009-10, \$24.5 million; 2010-11, \$25.1 million.

Dr Harmer—The reason the first year is lower is because it is only a half-year, in effect, because it starts on 1 January.

Senator LUNDY—Are there any other budget measures that impact on the payment of Commonwealth rent assistance that you can point to?

Mr Leeper—Not that we are aware of, no.

Senator LUNDY—The point Ms Wall mentioned that is still washing through: changes to family tax benefit B. In last year's budget, was that, did you say?

Ms Wall—That was announced in last year's budget, that is right. If you look at the overall figures for rent assistance you will see it going up and you might question why, and that is part of the explanation.

Senator LUNDY—Okay. Are you able to provide—we will be able to find that, I am sure.

Mr Leeper—I would anticipate that would be in *Budget Paper No. 2* from last year. I am sorry, we do not have a copy of that with us.

Senator LUNDY—Thank you. Going back to my questions about the average rent: rather than the subsidy paid by CRA, we want the figures of the actual rents paid by CRA recipients. That information is not in the Centrelink document that you identified.

Ms Wall—No, it will not be. Some of that information will be in the Productivity Commission report, the report on government services.

Senator LUNDY—Do you have that information here?

Ms Wall—No, I do not, because it is basically in an appendix that does not come with the main report.

Senator LUNDY—That is not much good.

Dr Harmer—But it would be on the website?

Ms Wall—That is right, yes, it would be.

Dr Harmer—You would be able to get it from the website.

Senator LUNDY—It is in the appendix of the Productivity Commission report.

Mr Leeper—I believe it is called ‘Review of government services’.

Senator LUNDY—Will that break it down on a state by state basis?

Ms Wall—Yes, it does.

Senator LUNDY—I will come back to that if I need to. Has the department considered or calculated the impact of increasing the rate of Commonwealth rent assistance to cushion the most vulnerable Australians against rapidly rising rents?

Dr Harmer—You are asking us really about policy advice to government. I do not think we should answer that.

Senator LUNDY—Have you done any research in that area?

Dr Harmer—By way of preparing the minister and the government for forthcoming negotiations with the states, I imagine we have. I do not know for sure but I would suspect that we have done some work on that and various other options.

Senator LUNDY—I am asking the question in the context of the Prime Minister having been noted making a comment that the government may help private renters by increasing their rent assistance.

Dr Harmer—I do not think he actually said that, Senator.

Senator LUNDY—What did he actually say?

Dr Harmer—He said he was looking at assistance to renters. People jumped to the conclusion that he was talking about the rent assistance program. I do not think he was.

Senator LUNDY—Given that is the basket your policy eggs have been in for the last 10 years, it is a reasonable assumption, is it not?

Dr Harmer—Not necessarily, because there are lots of ways you could assist renters without doing it through rent assistance. We do already.

Senator LUNDY—I am sure you are right. What did the Prime Minister mean? Do you know what he was talking about?

Dr Harmer—I assume he was talking about considering options to assist renters, just what I said.

Senator LUNDY—He was just floating the concept out there that some renters might need assistance, so there was not any substance to it.

Dr Harmer—I do not know. I was not there.

Senator LUNDY—No, but I am sure if anyone was in a position to have a grasp on what he was talking about, you would have been.

Dr Harmer—I am pretty confident he did not say ‘increased rent assistance’. I think he said ‘assistance to renters’.

Senator LUNDY—Do you think the Australian population would be aware of the subtle difference of those two phrases?

Dr Harmer—I do not know.

Senator LUNDY—No, I suspect not. Australian economists agree that new spending to increase the supply of affordable rental homes or homes to buy are the only policy options that will work. Saul Eslake, the chief economist at the ANZ, argues that increase in demand side subsidies are doomed to fail. Given that view of the Australian economists for the need to act on the supply side, what measures is the government considering or doing work on to improve or to lower the high proportions of rent paid by low- and middle-income families?

Dr Harmer—That sounds awfully like the question we said we cannot answer.

Senator LUNDY—My interpretation of that is that you are doing work on it but you cannot say what.

Dr Harmer—No, I do not think you can take it as that. You can take it, as we said earlier, that in this period leading up to, it is as between ministers, which will go to the Commonwealth-State Housing Agreement and what happens after that. Clearly we are doing a lot of work, but I do not think a minister would appreciate us talking in advance of him having discussions with his state ministerial colleagues. We will work with him.

Senator LUNDY—Sure. Perhaps I can ask the minister if he agrees that supply side action is needed to help solve this problem?

Senator Scullion—There is no doubt that this is an issue that will need a suite of answers. I do not think there is any single answer.

Senator LUNDY—Is this supply side part of the answer?

Senator Scullion—No doubt supply has been identified as an issue; supply and the associated issues with land release. Most of the supply side issues, as have been identified by most of the experts in this area, are clearly the responsibility of the states and territories and we continue to encourage the states and territories through many processes and meetings, including the CSTDA, to ensure that they start moving on those areas. Clearly, supply and demand are two principal issues on affordability of any commodity or availability of any commodity and I think the notion that supply would be outside of it is obviously not an acceptable notion but, as I said, the supply is principally driven by many of the issues that the states and territories are in fact responsible for.

Senator LUNDY—Thank you, Minister. One of our perennial questions at estimates is that we are still waiting on the public tabling of the review into housing affordability and the rent assistance program. What was the result of the FOI request that we discussed at the last estimates?

Ms Wall—It is subject to an appeal process at the moment.

Senator LUNDY—Can you just step me through the timetable, because I know in February you were going through the rigours of assessing the FOI request. Can you step me through the time frame of what has happened since then. When was it rejected? When was the appeal lodged? What happens next?

Ms Wall—I do not have the details with me, other than the applicant has put in an appeal against the decision.

Senator LUNDY—Which I presume was to not release it?

Ms Wall—That is right.

Senator LUNDY—On what grounds?

Dr Harmer—On what grounds did he appeal?

Senator LUNDY—No, what grounds did the government state for not releasing it? I know the government had never released it, but since then the FOI process has been completed.

Dr Harmer—There was a review of an Australian government program, and we involved, as I understand it, a range of people who were interviewed. They were given assurances when they were being interviewed that their views and opinions would not be released publicly, and so they were able to be quite open. In view of the fact that we might want to use that methodology again, we wanted to stick to that commitment. That is why we have not released it, and I think that would probably be the grounds on which we decided to not agree to the FOI request.

Senator LUNDY—That is what I want to know. Were they the grounds that it was knocked back?

Dr Harmer—I am sure they were the grounds.

Ms Wall—It is all documented as part of the appeal process. I do not know that it is appropriate for us to get into the details of individual applicants.

Senator LUNDY—I am just curious, because I have a whole series of questions here about it and I want to get an update.

Ms Wall—It is going through an appeal process. That is all I can say at the moment.

Senator LUNDY—On the issue of the confidentiality agreement—I know I have asked this before—as part of the consideration of the FOI request, could it be an option to de-identify the source of the comments or the comments themselves and summarise the views expressed in a way that would satisfy your commitment to the participants that their identities remain confidential but this important information still enter the public domain?

Ms Wall—We looked at a range of possibilities, and a certain amount of information was released to the applicant, but we made the decision that that was as much information as we should release. As I said, that is now going through an appeal process.

Senator LUNDY—What is the timetable for that appeal process? What happens next?

Mr Leeper—We are just trying to retrieve a document which might assist in terms of dates.

Dr Harmer—Going back to the question about de-identifying and reproducing, it is a matter of resourcing as well in terms of the workload involved in doing that. That would always involve taking people off some tasks to do that, and there are limited resources.

Senator LUNDY—Yes, but there is also considerable public interest in it. We ask questions about it every estimates. I know there is a great deal of interest from stakeholders in

this particular report. Surely to use resources to do that de-identifying process is drawing a bit of a long bow, don't you think?

Dr Harmer—We do a lot of evaluations of Australian government programs, and they are not necessarily released. They may be for internal use. Particularly if we interview people who we have assured that their views will remain confidential, we are very careful about it.

Mr Leeper—In relation to where the matter is up to, in summary the applicant was notified of the department's decision on 14 August last year. An application for internal review was received on 7 September, and there were a number of grounds for that which I would struggle to explain. I think our decision was affirmed. An application was made to the Administrative Appeals Tribunal on 2 November last year. The FaCSIA departmental statement of reasons relevant to that review was sent to the tribunal and to the applicant on 7 December. At this stage I am advised that there is a directions hearing in front of the tribunal on 4 June, and we expect that coming out of that there will be a date set down for a hearing. Essentially, as Ms Wall has said, the applicant has appealed the department's decision and we await further direction from the AAT.

Senator LUNDY—Thank you. Do any officers from the Housing Support Branch in the department sit on any intergovernmental task forces, working groups, working parties, committees or whatever, looking at the interaction of Commonwealth rent assistance and other measures to stimulate employment?

Mr Leeper—As Dr Harmer has described, there is a broad administrative structure which supports the Housing Ministers Conference. I know at least two, and I am sure Ms Wall will correct me if there are any more. Immediately below the Housing Ministers Conference there is a Housing Ministers Advisory Committee and reporting to that committee is a policy and research working group. Both of those are Commonwealth-state officials meetings.

Ms Wall—And the Standing Committee on Indigenous Housing as well.

Senator LUNDY—Is there any involvement from DEWR?

Ms Wall—Not on those working groups, no.

Senator LUNDY—Is there any interactivity between the Housing Support Branch and DEWR?

Dr Harmer—If we felt the need to have input from that department, we would gain it from them here and take that information to the meeting.

Senator LUNDY—I want to work through the 2007-08 budget estimates for programs that relate to homelessness, and you might be able to point me to the appropriate pages in the portfolio budget statement. The Supported Accommodation Assistance Program for 2007-08, both the base funding and the innovation investment fund?

Mr Leeper—The Supported Accommodation Assistance Program is contained at page 152 of the portfolio budget statements.

Ms Wall—On page 140 there is a list of appropriations.

Senator LUNDY—What has the most consolidated list? 'Homelessness and housing'—is that administered appropriations?—2007-08, \$4.179 million.

Ms Wall—Can you tell me which page you are on?

Senator LUNDY—I was looking at 140.

Ms Wall—‘Homelessness and housing’ is a combination of a number of programs that previously appeared separately. They include the National Homelessness Strategy, national housing priorities, national housing research fund and the Household Organisational Management Expenses program.

Senator LUNDY—Can you break that figure down for me and give it to me for each of those programs?

Dr Harmer—We can take that on notice.

Senator LUNDY—I have some numbers that I think they are. Can I run them by you so that you can confirm or deny.

Ms Wall—I can tell you if they are roughly right.

Senator LUNDY—I think we can do a bit better than that. The National Homelessness Strategy, \$2.5 million.

Mr Leeper—Which year are you talking about, Senator?

Senator LUNDY—2007-08.

Mr Leeper—No, in 2007-08, out of the \$4.179 million you have identified on page 140, \$2.04 million of that is the National Homelessness Strategy. The other three components are ‘National housing priorities’, \$0.395 million; ‘National housing research’, \$0.42 million, and ‘Household Organisational Management Expenses (HOME) program’, \$1.324 million.

Senator LUNDY—\$2.04 million?

Mr Leeper—Yes. The other three components are the national housing priorities, \$0.395 million; national housing research, \$0.42 million; and the HOME program, Household Organisational Management Expenses program, \$1.324 million.

Ms Wall—That corrects the information I gave you earlier where I said that the national housing priorities was \$420,000. In fact, it was—

Senator LUNDY—Sorry, it was \$0.395. Thank you. What about Reconnect?

Dr Harmer—Reconnect is a youth program under output group 2.4, scheduled for tomorrow.

Senator LUNDY—I see. Are you able to give me an overall number quite easily?

Dr Harmer—I do not think there is anyone here that would have a number on that, but there will be someone here tomorrow after lunch who will be able to do that.

Senator LUNDY—Okay, thank you. The crisis payment to those in severe financial hardship and forced to leave home?

Ms Wall—That is a different output group too.

Senator LUNDY—What output was Reconnect under?

Mr Leeper—Output group 2.4 contains Reconnect.

Senator LUNDY—What was the output that the crisis payment comes under?

Mr Leeper—It is under the general outcome group, in outcome 2.

Senator LUNDY—And the crisis accommodation program?

Ms Wall—That is part of the Commonwealth-State Housing Agreement, so that is part of 4.1. Do you want the amount for that?

Senator LUNDY—Yes, the capital for the SAAP services dwellings.

Ms Wall—\$41.842 million in 2007-08.

Senator LUNDY—Thank you. Just going back to the SAAP programs, I have a few specific questions about the base funding and the innovation investment fund as well. It has \$175,616,000 on page 140. Is that the number?

Ms Wall—That is right.

Senator LUNDY—The figure below that is the Innovation and Investment Fund?

Ms Wall—That is right.

Senator LUNDY—Across all of those programs, albeit we are missing a couple, do you have an overall figure that the federal government will direct in 2007-08 towards homelessness-specific services? I am guessing it would be all those programs added up, but if there are any more you care to nominate—

Ms Wall—I do not think the crisis payment is actually a homelessness-specific service.

Senator LUNDY—It is specifically avoiding homelessness, wouldn't you say?

Ms Wall—The crisis accommodation program is.

Senator LUNDY—I am just trying to get an idea of what overall figure is being spent. For the purposes of this, I had grouped that as part of what I would consider a suite of resources to help those who are homeless or at risk of becoming homeless. But if you do not have an overall number, we will add it up ourselves.

Mr Leeper—I do not think we have that figure, I am sorry.

Senator LUNDY—Thank you. According to the Australian Institute of Health and Welfare, there are significant numbers of people who are being turned away from emergency accommodation. Has the department conducted any research or investigated as to why this is occurring?

Ms Wall—We have quite a comprehensive data collection process associated with the SAAP program, which does include information on people who are seeking assistance and cannot be accommodated at the first service that provides that assistance.

Senator LUNDY—Do you think the SAAP services are providing value for money?

Mr Leeper—I think to answer that question would put us into the realms of commenting on policy. It is not appropriate for officers to express views about those issues.

Senator LUNDY—Do you think counting turn-aways is an effective way to gauge the effectiveness of SAAP services?

Ms Wall—There are some performance indicators for measuring the effectiveness of SAAP services.

Senator LUNDY—Is counting turn-aways one of them?

Ms Wall—That is not one of the performance indicators that we use.

Senator LUNDY—What performance indicators do you use?

Mr Leeper—They are set out at page 152 of the portfolio budget statement.

Senator LUNDY—Each of these indicators is what you are talking about there?

Mr Leeper—That is correct, yes.

Senator LUNDY—On the effectiveness, quality, quality assurance, quality client satisfaction and quantity?

Mr Leeper—Yes.

Senator LUNDY—Can you just explain the bottom two numbers—for number of clients assisted annually and number of occasions of support—and what the difference is in those two descriptions?

Ms Wall—One of them is counting every time that somebody uses a service, and one is people that might use a service more than once.

Senator LUNDY—Which is which?

Dr Harmer—The bottom number is the one that includes double use.

Senator LUNDY—So 180,000 use it more than once?

Mr Leeper—No, I think 180,000 refers to the number of occasions of support.

Ms Wall—It would not be counting each occasion of support?

Mr Leeper—And 106,500 people used those 180,000 occasions. A proportion of them used the service more than once.

Senator LUNDY—What proportion of SAAP clients find long-term accommodation after six months, a year, two years? Do you follow that up and do you have figures?

Mr Leeper—There is indicated there a target, towards the top of the page, that 45.4 per cent of clients who exited SAAP support would move to independent housing and not return within six months.

Senator LUNDY—Do you measure that after one year and after two years as well?

Ms Wall—I am not aware that we do. I can take that on notice.

Senator LUNDY—Because my question would be, if you do not, why not?

Ms Wall—We are, as I said, doing quite a bit of work trying to improve the SAAP data collection process, so those sorts of issues are being discussed as part of that work.

Senator LUNDY—Is conducting that assessment—in addition to after a six-month period—after a 12-month period and after a 24-month period being considered?

Mr Leeper—I think Ms Wall has indicated that we cannot answer authoritatively whether or not we are doing that assessment at the present time, which is why we have asked if we could consider that on notice, please.

Senator LUNDY—Okay.

Dr Harmer—That is quite difficult information. If we imposed that request on a SAAP service, we would be requiring them to do a lot of work. They are busy enough providing services to the people who come through the door.

Senator LUNDY—You would probably have to give them some resources to do it.

Dr Harmer—Indeed. There is a trade-off always between resources to collect data compared to resources to provide the services, which is what we usually get from the services when we talk about increased need for data. There is always that trade-off.

Senator LUNDY—Do you think it is important information to know, Minister?

Ms Wall—We are doing some work at the moment on using a key system so that we can identify a client who might turn up again two years later or might turn up at another refuge somewhere else. We are also doing some work with the Australian Institute of Health and Welfare around those sorts of issues and that will certainly assist us in identifying where clients are finding that they are having to return to the services, how many people and in what sorts of circumstances. That will help us, to some extent, to answer that question.

Senator LUNDY—Thank you. Going to those numbers down the bottom, 180,000 versus 106,500, I am not very good at determining percentages but what percentage does that mean for clients that are returning more than once?

Ms Wall—We cannot tell straight from those figures.

Senator LUNDY—You are as good at maths as I am!

Ms Wall—But there is certainly some information in the SAAP data collection in relation to that.

Mr Leeper—Senator, 106 over 180 is about 60 per cent.

Senator LUNDY—So you will be able to work that out.

Ms Wall—Yes. We might have to take that on notice, but we do have the information.

Senator LUNDY—If you could provide it, thank you. If you could also provide us with the percentage that have had more than one contact over the last five years, I think that would be interesting information.

Ms Wall—Yes. We will see what we can do.

Senator LUNDY—Thank you. Are any additional measures being considered or worked on by the department to prevent homelessness and to assist those who are at risk of homelessness or are homeless?

Ms Wall—There are additional programs—for example, the mental health initiatives—that we have got within the department, and other work in relation to domestic violence. The causes of homelessness are very diverse and obviously it is useful to work on a whole range of those in a preventative way so that people do not end up turning up at SAAP services.

Mr Leeper—But as for new proposals, you will not be surprised to hear me say that that would be in the realm of policy where, again, we could not speculate. But there are a number of programs, as Ms Wall has referred to, that are structured around trying to avoid the situation.

Senator LUNDY—If you could take on notice, nominating all of those that you consider fall into that category, and provide that to the committee, that would be excellent. Are any boarding houses funded by SAAP?

Ms Wall—SAAP provides funding for the support services. The physical structures are funded through the crisis accommodation program in the Commonwealth-State Housing Agreement.

Senator LUNDY—So the answer is no?

Ms Wall—If you are talking about the physical structure of a boarding house, the answer is no.

Senator LUNDY—Does SAAP support accommodation in boarding houses?

Ms Wall—The distribution of the funds from SAAP is undertaken by the state governments and, yes, some state governments do use those funds to support boarding houses.

Senator LUNDY—Do you have that information?

Ms Wall—We have some information. Some boarding houses are also supported through the community housing program under the Commonwealth-State Housing Agreement, so we can certainly have a look and see what information we can find on boarding houses.

Senator LUNDY—Specifically related to the SAAP program.

Ms Wall—You would like the information for SAAP?

Senator LUNDY—Yes.

Ms Wall—We will see what we can do.

Senator LUNDY—Thank you. Does the Commonwealth have a regulatory role regarding SAAP services or are they completely governed by state and territory governments?

Ms Wall—Other than for the requirements in the Supported Accommodation Assistance Program Agreement and legislation, the Australian government does not have a regulatory role. Most of that is undertaken by the states.

Senator LUNDY—Is there any regulatory role that you would play with SAAP services?

Ms Wall—Not specific to SAAP services.

Dr Harmer—No. It would be the states. Regulation of the services would be a state matter, not ours.

Senator LUNDY—Going to the SAAP Innovation and Investment Fund, I want to follow up the answers that you provided to questions on notice from the February round. The department advised that \$5.2 million worth of Commonwealth funds have been spent out of the total of \$6.7 million which had been allocated. Can you provide a list of the projects

which have been funded from this pool of money? I note that there is also a state contribution to that, but I am presuming that you do still have a list of the projects funded.

Dr Harmer—At this point, I might just say that we have taken a lot of questions on notice and have agreed, where we can, that we will provide information. I should mention that our minister has a view that there is a limit to the resources that he is prepared to divert, if it takes a lot of extra work—for example, checking up on other portfolios or chasing down material from the states. We will provide often, where we can, the information that is readily available but diversion of resources from following up—

Senator LUNDY—I think you have been quite effective in pointing me to the PBS and referring me to other documents.

Dr Harmer—Yes. We are doing our best, Senator.

Senator LUNDY—I do not think that I have placed too onerous a burden on you. This is about expenditure of money under an investment fund—

Dr Harmer—We may be able to continue to point you to the right place.

Senator LUNDY—and I would have thought that the projects for funding would have been right there at your fingertips so that you could lay them on the table for us to see the good work that the department is doing in making these investments. It is probably an odd question—

Dr Harmer—Ms Wall is about to give you the—

Senator LUNDY—for you to make this statement around.

Dr Harmer—Yes. It may have been the wrong one, but the point is—

Senator LUNDY—I suspect so.

Ms Wall—I have a list of seven pages of projects that were approved as at 10 May 2007.

Senator LUNDY—Seven pages? If you could table those, that would be terrific, and then that will avoid putting it on notice. Can you tell me why \$5.2 million of \$6.7 million has been spent.

Ms Wall—As at 19 February, \$5.2 million was allocated. The remainder of the projects were yet to be allocated at that date.

Senator LUNDY—So you expect to expend the full \$6.7 million by the end of the financial year?

Ms Wall—That is right.

Senator LUNDY—It is working towards that.

Ms Wall—Yes.

Senator LUNDY—Do you have a state breakdown, or does that document that you are able to table list the projects with the state and territory assigned to them?

Ms Wall—Yes, it does.

Senator LUNDY—Does it also list the value of the project?

Ms Wall—Yes, it does.

Senator LUNDY—Terrific. What happens to these projects when this initial money or funding from the Innovation and Investment Fund expires? Whilst I appreciate that there are obviously myriad projects being funded, I would like to ask the question in the general as to what happens next, once their funding runs out.

Ms Wall—In the final two years of the SAAP V Agreement, the funding for the innovation and investment projects will be given to the states and they can continue those projects. They will have funding available to do that, if they wish to do so. They may wish to extend them. It may have been that some of them decided they were an interesting innovation but not necessarily worth extending. But there is funding available for them to be continued within the current agreement.

Mr Leeper—As Ms Wall said, the list is seven pages long, but importantly it also indicates which states are doing which projects, and we have an intuitive reaction that says we might consult one before we table it, so if we could do that quickly tomorrow, we could still, if they are agreeable, table the document tomorrow in the hearings, if you would not mind.

Senator LUNDY—Sure. That is fine. I do not have a problem with that. Is there any mechanism within the innovation fund on assessing these projects, about their capacity to find more secure and permanent funding?

Ms Wall—As I said, they are funded under the SAAP agreement.

Senator LUNDY—All right. Perhaps you could tell me how you showcase these projects, or how you plan to promote them so others can learn from these innovations, or be inspired by them or perhaps not reinvent the wheel in another state.

Ms Wall—That is right. There will be a midterm evaluation of the SAAP program. Part of that evaluation will be picking up the useful information from all of these innovation and investment projects and sharing it nationally.

Senator LUNDY—How will you share it?

Ms Wall—We are still actually discussing that at the moment with our state and territory counterparts, but there is a range of options. We are also looking at having a SAAP homelessness clearing house so there will be information with the view that potentially this sort of information will also be available on that as well.

Senator LUNDY—According to the department's website a national action plan is to be developed in 2005-06 that will list the objectives for the Innovation and Investment Fund. Was that action plan ever developed?

Ms Wall—Yes, it was.

Senator LUNDY—Is it publicly available? I did think my webpage search techniques might leave a bit to be desired. I could not find it.

Ms Wall—I will need to check that.

Senator LUNDY—Was it the intention that it be a public document?

Ms Wall—As I said, I need to check. It is a Commonwealth-state joint project so we cannot unilaterally make decisions about that if they have not already been made.

Senator LUNDY—Sure. I am just asking the question. What consultation did FaCSIA undertake with other non-government organisations in developing that action plan?

Ms Wall—We basically consulted through the states and relied to a large extent on their networks to provide input in relation to that plan.

Senator LUNDY—How will the Innovation and Investment Fund be evaluated, and how will the findings of such an evaluation—presuming it is going to occur—be used in implementing the current SAAP agreement and designing the next SAAP agreement?

Ms Wall—We are still working through some of those processes with the states at the moment.

Senator LUNDY—So you have not finalised the evaluation process?

Ms Wall—We have certainly finalised some—for example, the information that we will need to collect—and we are working on those sorts of arrangements. We are working towards a midterm review of the SAAP agreement and then we will look at reviewing the arrangements—in particular the Innovation and Investment Fund—and the potential for innovations to be adopted more broadly across the SAAP sector. As I said, at this point we need to discuss with the states about making some of that information public. It is not something that we can unilaterally release.

Senator LUNDY—Notwithstanding that, those evaluations will be used, I presume, by all parties in designing the next SAAP agreement?

Ms Wall—That has certainly been the previous practice.

Senator LUNDY—What criteria or facts do you use to determine whether the Innovation and Investment Fund will be included as an element of the next SAAP agreement? Positive evaluations?

Dr Harmer—It will be difficult to answer that, I suspect, until we have seen what the evaluation is.

Senator LUNDY—But that is the point, isn't it? If you get positive evaluations about this—

Dr Harmer—If it is positive we are likely to suggest to ministers that they should have another one. If it is negative or neutral it will be open to do something else.

Senator LUNDY—It is 11 o'clock. I have a couple of questions about the National Homelessness Strategy. With your indulgence I want to ask a few about demonstration projects and the evaluation of those demonstration projects.

CHAIR—It is the convention of the chair, Senator Lundy, that we do finish promptly on time.

Senator LUNDY—Okay.

CHAIR—You can put them on notice. That would be fine.

Senator LUNDY—I will put those last few questions on notice. Thank you very much.

CHAIR—All right. I thank officers of the department who have attended today.

Committee adjourned at 11.00 pm