



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

STANDING COMMITTEE ON FINANCE AND PUBLIC  
ADMINISTRATION

ESTIMATES

**(Additional Budget Estimates)**

MONDAY, 23 FEBRUARY 2009

CANBERRA

BY AUTHORITY OF THE SENATE



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**SENATE STANDING COMMITTEE ON  
FINANCE AND PUBLIC ADMINISTRATION**

**Monday, 23 February 2009**

**Members:** Senator Polley (*Chair*), Senator Fifield (*Deputy Chair*), and Senators Cameron, Jacinta Collins, Hanson-Young, Moore, Parry and Ryan

**Participating members:** Senators Abetz, Adams, Arbib, Barnett, Bernardi, Bilyk, Birmingham, Mark Bishop, Boswell, Boyce, Brandis, Bob Brown, Carol Brown, Bushby, Cash, Colbeck, Jacinta Collins, Coonan, Cormann, Crossin, Eggleston, Farrell, Feeney, Fielding, Fisher, Forshaw, Furner, Hanson-Young, Heffernan, Humphries, Hurley, Hutchins, Johnston, Joyce, Kroger, Ludlam, Lundy, Macdonald, Marshall, Mason, McEwen, McGauran, McLucas, Milne, Minchin, Nash, O'Brien, Payne, Pratt, Ronaldson, Ryan, Scullion, Siewert, Stephens, Sterle, Troeth, Trood, Williams, Wortley and Xenophon

**Senators in attendance:** Senators Abetz, Bilyk, Boswell, Boyce, Bob Brown, Cameron, Cash, Collins, Ferguson, Fifield, Forshaw, Johnston, Lundy, Marshall, Mason, Milne, Moore, Parry, Ronaldson, Ryan, Trood and Xenophon

**Committee met at 9.01 am**

**PARLIAMENT PORTFOLIO**

**In Attendance**

Senator the Hon. John Hogg, President of the Senate

**Department of the Senate**

Mr Harry Evans, Clerk of the Senate  
Dr Rosemary Laing, Deputy Clerk of the Senate  
Mr Cleaver Elliott, Clerk Assistant, Committees  
Mr Richard Pye, Clerk Assistant, Procedure  
Ms Maureen Weeks, Clerk Assistant, Table Office  
Mr Brien Hallett, Usher of the Black Rod  
Mr Nick Tate, Deputy Usher of the Black Rod  
Mr Joe d' Angelo, Chief Financial Officer

**Department of Parliamentary Services**

**Portfolio overview and major corporate issues**

Mr Alan Thompson, Secretary  
Mr David Kenny, Deputy Secretary  
Ms Roxanne Missingham, Parliamentary Librarian  
Ms Judy Konig, Chief Finance Officer  
Ms Freda Hanley, Assistant Secretary, Product and Service Development Branch  
Mr Terry Crane, Assistant Secretary, Strategy and Business Services Branch

**Output 1—Parliamentary Library services**

Ms Judy Hutchinson, Acting Assistant Secretary, Information Access Branch  
Dr Jane Romeyn, Assistant Secretary, Research Branch

**Output 2—Building and occupant services**

Ms Karen Griffith, Assistant Secretary, Building Services Branch

**Output 3—Infrastructure services**

Mr John Nakkan, Assistant Secretary, Infrastructure Services Branch

**Output 4—Parliamentary records services**

Ms Therese Lynch, Assistant Secretary, Content Management Branch

**CHAIR (Senator Polley)**—Good morning everyone. I declare open this hearing of the Senate Standing Committee on Finance and Public Administration. The Senate has referred to the committee the particulars of proposed additional expenditure for 2008-09 for the parliamentary departments and the portfolios of Prime Minister and Cabinet, Finance and Deregulation and Human Services. The committee may also examine the annual reports of the departments and agencies appearing before it. The committee has fixed 9 April 2009 as the date for the return of answers to questions taken on notice. The committee's procedures today will begin with its examination of the parliamentary departments followed by the Prime Minister and Cabinet Portfolio, including the Department of Climate Change. Examination of the Finance and Deregulation Portfolio and the Human Services Portfolio will commence tomorrow.

I propose to proceed by opening with general questions of the Department of the Senate and then calling on outcomes and outputs in the order listed in the program. Under standing order 26 the committee must take all evidence in public session. This includes answers to questions on notice. I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action may be treated by the Senate as contempt. It is also regarded as contempt to give false or misleading evidence to a committee. The Senate, by resolution in 1999, endorsed the following tests for relevance of questions at estimates hearings: any questions going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purpose of estimates hearings.

I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has the discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. The Senate has also resolved that an officer of a department of the Commonwealth or a state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted.

If a witness objects to answering a question, the witness should state the grounds upon which the objection is taken and the committee will determine whether it will insist on an answer, having regard to the ground which is claimed. Any claim that it would be contrary to the public interest to answer a question must be made by the minister and should be accompanied by a statement setting out the basis for the claim. An officer called to answer a question for the first time should state their full name and the capacity in which they appear.

Witnesses should speak clearly and into the microphones to assist Hansard to record proceedings. Mobile phones should be switched off.

[9.04 am]

### Department of the Senate

**CHAIR**—I welcome the President of the Senate, Senator the Hon. John Hogg, the Clerk of the Senate, Mr Evans, and officers from the Department of the Senate. Senator Hogg, do you wish to make an opening statement?

**The PRESIDENT**—Just very brief statement, thank you, Chair. You will be aware from my statement in the chamber on 3 February that Mr Brien Hallett has joined the Department of the Senate as Usher of the Black Rod. Mr Hallett appears today in his new role.

I would also like to mention the financial position of the Department of the Senate. The Clerk has advised me that he expects to report a balanced or break-even budget result for this financial year, following the surpluses reported in recent years. The main reason for this change in the department's financial situation is due to the increased support to Senate committees after the understandably reduced activity in the 2007 election year. The Clerk and his senior managers will monitor the situation carefully and will continue to brief me about this issue as we head towards the end of the financial year. That is all I wish to say as an opening statement. Thank you. We will take questions.

**CHAIR**—Mr Evans, do you wish to make an opening statement?

**Mr Evans**—No, thank you, Senator

**Senator FIFIELD**—Mr Evans, congratulations on the budget situation. The President, I think, said this financial year the budget should be in balance for your department.

**Mr Evans**—Yes, as distinct from having a surplus, which it has had for about the past decade.

**Senator FIFIELD**—I think you are going to be held up, Clerk, as someone to be admired because I do not think surplus budgets, or even budgets in balance, are things that we are going to see very much of in times ahead. Congratulations!

**Mr Evans**—We have stressed here before that our expenditure depends entirely on the level of activity in the Senate.

**Senator FIFIELD**—We aim to be busy people. Clerk, I want to ask you about something which came up in the House a little while back. The issue was whether the Lord's Prayer would be continued. Speaker Jenkins floated whether the daily prayer—the Lord's Prayer and the preamble to it—should be continued in the House. Has the Senate taken a look at changing the way that parliament starts its day?

**Mr Evans**—It is a question that has arisen from time to time, but it is not under any current examination so far as I know.

**Senator FIFIELD**—So the Lord's Prayer is safe in the Senate as far as you are aware?

**Mr Evans**—It is not a matter for me to say. That is entirely a matter for the Senate .

**Senator FORSHAW**—I notice we did not start with it this morning, but it is obviously a different matter that—

**Senator FIFIELD**—Are you suggesting we should, Senator Forshaw?

**Senator FORSHAW**—I make no comment. I leave it to a higher authority.

**Senator FIFIELD**—I know there are people who will appreciate that very much.

**Senator FERGUSON**—I have one question on the balanced budget in the Senate. Have you any idea of the quantum of extra finance that was required to service the extra work that committees have taken on? You said there was a surplus in the past 10 years but that we would just break even this year. I was just a bit keen to know what the extent of that extra cost might be for committees.

**Mr Evans**—The extra expenditure from last financial year on the committee system we estimate to be about \$1.3 million.

**Senator FERGUSON**—What was our surplus in previous years? Was it larger than \$1.3 million?

**Mr Evans**—Do you mean the surplus of the whole department?

**Senator FERGUSON**—Yes.

**Mr Evans**—The surplus has been about \$1.6 million each year—\$1.6 million last year.

**Senator FERGUSON**—What does this extra \$1.3 million in expenditure entail? Is it on personnel? Is the bulk of the expenditure on extra personnel that might be required to service the committees, on extra hours that are worked or on extra travel time? I am just curious to know how that extra \$1.3 million, or whatever it is, was spent.

**Mr Evans**—Largely on extra staff. We have added about 12 staff to the committee secretariat to cope with the increased workload.

**Senator FORSHAW**—How many select committees have been established since the new parliament commenced?

**Mr Evans**—Six or eight, I think, but they are not all still operative.

**Senator FORSHAW**—There were three, I think, established pretty much on the second day of the first session of the new parliament.

**Mr Evans**—That is correct. There was a multiplication of them in the new parliament.

**Senator FORSHAW**—Would it be reasonable to assert that that would make up a large part of the additional cost or contribute to that additional cost for committees?

**Mr Evans**—Yes, that would be a large part of it and additional activity on behalf of the other committees.

**Senator FORSHAW**—Thank you.

**Senator MOORE**—Mr Evans, is it possible to get a breakdown of that expenditure in terms of the process over the last financial year?

**Mr Evans**—Yes, we can do that.



**Senator MOORE**—That would be very useful. My observation, and that is all it can be, is that there has been a great workload on various committees with extra pressure on the staff involved, and I know that everyone is looking at that. It is a real concern to see the way some of the secretariats have had to work with very tight deadlines and sometimes with staff not being available. It would be useful to see exactly where the staffing is and what processes are in place.

**Mr Evans**—We will get as detailed a breakdown as we possibly can. It is true that the workload has increased but we are not complaining.

**Senator MOORE**—Well you cannot, really.

**Mr Evans**—I think you could say it has increased from a low level of activity in the previous year for obvious reasons.

**Senator BOB BROWN**—Mr Evans, can you tell us if there is an ongoing audit of the Senate and various components of this building as to its energy efficiency and water efficiency?

**Mr Evans**—That is a question for the Department of Parliamentary Services.

**Senator BOB BROWN**—Here is one that might be for the Senate, the President or the Clerk. I refer to the Murray report, the *Review of operating sunlight: overhauling budgetary transparency*, from June last year and under the heading Isolating ordinary annual services, it says:

The Australian Constitution is very explicit. As far as possible, it seeks to avoid any prospect of the funding for the usual services of Government being refused or interrupted. Such events can cause great harm. The Constitution provides that appropriations should distinguish between those expenditures that are part of the ordinary annual services of the government, and those that are not. As new propositions, the latter should be capable of being rejected.

Then it goes on to say:

Several parliamentary committees and the Australian National Audit Office (ANAO) have identified a growing number of examples of expenditure measures that are incorrectly included in appropriation bills reserved for the ordinary services of government, which are not subject to direct amendment by the Senate.

It gives examples of tsunami relief, the Work Choices advertising campaign in 2006 and the 2008 ordinary annual 2020 Summit expenditure. There has been quite a lot of review of this over the years but, so far as I know, nothing has been done to effectively resolve the issue and to make it clear that the Constitution is being upheld and that the Senate does have the opportunity to reject appropriations that are not really part of the annual ordinary appropriations. What measures have been taken to make it clear that the Senate is not being gotten around, increasingly, by measures that are not part of annual ordinary appropriations being classified as such?

**Mr Evans**—This is a long, ongoing and as yet unresolved matter. There have been a number of reports by the Appropriations and Staffing Committee on the matter, which is the committee that is handling the matter on behalf of the Senate. That committee is still awaiting a response from the Minister for Finance and Deregulation. It has been promised that a

proposition for fixing the problem will be put forward by government, but the committee still awaits that response.

**Senator BOB BROWN**—Can you tell this committee what the lines of such a proposal from the government ought to be?

**Mr Evans**—They ought to be that expenditure for the ordinary annual services is in the ordinary annual services bill and expenditures that are not are in the other bill. The difficulty is in the interpretation of ‘ordinary annual services.’ The government collectively, which in reality means the Department of Finance and Deregulation, adopted the view that anything under an existing outcome is part of the ordinary annual services. As you know, the outcomes are extremely broad, vague and all-encompassing and so completely new programs are turning up in the ordinary annual services bill. This was pointed out by the Audit office, and it has certainly been taken up by the Appropriations and Staffing Committee. This situation is not in accordance with the past determinations of the Senate on the subject and, as I say, that committee has put this view to government over the last five years and it still awaits a substantive response from the government on fixing up the problem.

**Senator BOB BROWN**—I think this is quite a serious matter. I find it difficult to understand, and you might be able to explain it to me, how expenditure on a one-off government advertising campaign on an issue that is of passing importance to the government can be part of the annual ordinary expenditure, or how dealing with tsunami relief, as important as that is, can be seen as annual ordinary expenditure, when it is a very special, one-off, major expenditure by government. Maybe I should ask the question in this way: in the absence of government giving a definition of what ordinary annual expenditure is, might not a better way be for the Senate to insist on a definition being applied? Would that threaten annual ordinary expenditure if the Senate were to insist upon it?

**Mr Evans**—The Senate gave a definition 40-odd years ago and, on a couple of occasions, has made minor modifications to that definition, and the current situation is not in accordance with that definition. The current situation is wildly out of kilter with that definition, and that is the problem that remains to be resolved. Really, the only solution to the problem is for completely new programs and policies of government to go in the non-ordinary annual services bill, and that view has been endorsed by the Appropriations and Staffing Committee. There does not seem to be any reason why we cannot get back to that situation, but, as I say, government is yet to present its substantive response to the points raised by the committee.

**Senator BOB BROWN**—We are in a position where, on the face of it, the Constitution has been breached in that the Senate does not have the opportunity to reject, or for that matter explicitly accept, one-off items of expenditure, because they are incorporated into the annual expenditure. What is the option for the Senate? When push comes to shove, is the only option available for the Senate the blocking of annual ordinary expenditure?

**Mr Evans**—When you say that the Senate does not have the opportunity to reject, of course the Senate can reject any appropriation bill and can object to anything in an appropriation bill and refuse to pass the bill while the objectionable item remains in the bill. As you suggest, it is very difficult for the Senate to, in practice, hold up the annual appropriation bills generally and the ordinary annual services bill in particular. In practical

terms it is very difficult to do that. Something will have to be done soon because there is always something that puts this problem on the backburner, and currently it is the global financial crisis. We cannot deal with this problem with the ordinary annual services while the global financial crisis is threatening. There is always something that shoves this problem to the back of the queue, but something will have to be done soon, otherwise the distinction between ordinary annual services and everything else will be lost. We will soon get to a situation where there is only one bill presented and the other bill disappears altogether, and that would be a great loss for accountability because you then simply cannot distinguish between the ordinary ongoing normal expenditure of government and new expenditure.

**Senator BOB BROWN**—In effect, the governments, serial, have been depending on the Senate to not cause a constitutional crisis in order to be able to continue a practice which effectively is flouting the Constitution.

**Mr Evans**—That about sums it up—yes.

**Senator BOB BROWN**—Clerk or President, recommendation 11 in Mr Andrew Murray's report was that the government includes sunset clauses in all future standing appropriations. Has that happened or will that happen? Do you know?

**Mr Evans**—It certainly has not happened and I do not think it is going to happen. That is dealing with a different problem, the standing appropriations problem. Standing appropriations or special appropriations have continued to multiply.

**Senator BOB BROWN**—To the point where it is 75 per cent of overall government expenditure, or over \$200 billion per annum.

**Mr Evans**—Over 80 per cent now, I would think. The last time we looked at it, it was over 80 per cent and, as I said, they continue to multiply. One of the innovations of then Senator Murray was for us to do a little list of new standing and special appropriations in legislation, and we have continued to do that. There is about a page, or perhaps a little bit more than a page, of new standing appropriations in legislation so far this parliament, and they continue to multiply. Again, that presents a significant problem for accountability because it is difficult to keep track of government expenditure when it is spread around all these special appropriations. As the Audit Office points out, there are always accountability and managerial problems with those special appropriations.

**Senator BOB BROWN**—The Murray report recommended on special or standing appropriations that their operation be given greater attention by the government conducting a housekeeping exercise and repealing standing appropriations that are redundant. I understand that there are many of those.

**Mr Evans**—Yes, there probably are. The government has given an undertaking to, in effect, assist the parliament in keeping better track of standing appropriations—how many there are and how much money is in them.

**Senator BOB BROWN**—How many have been repealed?

**Mr Evans**—I could not say. I do not know of any particular ones.

**Senator BOB BROWN**—Recommendation 3 is that, at least annually, the Department of Finance and Deregulation undertake a review of those appropriations and report to parliament as to whether there is a continuing need for them. Has that happened?

**Mr Evans**—I think the government, in response to the Murray report, has given some agreement to that proposition. I am in a bit of difficulty because Senator Murray's report was, of course, not a Senate committee report—it was not one of ours, so to speak. Although I have looked at the report and the government response to it, I am not fully aware of what is happening as a result of the government response to the report. Also, it followed on from the government's Operation Sunlight document. There are some things happening as a result of that, but I am not totally familiar with them. Standing appropriations are still a big problem.

**Senator BOB BROWN**—How much sunlight came out of Operation Sunlight?

**Mr Evans**—I would hesitate to say. I think it is a bit like that symbol you see on the weather chart on television with the sun peeking out from behind a big cloud.

**Senator BOB BROWN**—A lot of cloud in front of it.

**Mr Evans**—Yes.

**Senator BOB BROWN**—Thank you, Chair.

**CHAIR**—Thank you. We will go through the output groups.

**Senator PARRY**—I do not know who the responsible person would be, but I just want to talk about security and who controls security in the Senate. I understand that the Department of Parliamentary Services is the management indicator, but does the Black Rod have any direct control over security?

**Mr Evans**—Yes. There is a system in place whereby the mechanics of security are provided by the Department of Parliamentary Services but the Usher of the Black Rod remains the security adviser to the President and the Senate. There is the security management board which coordinates security policy between the Senate department and the Department of Parliamentary Services and provides advice to the presiding officers on the subject.

**Senator PARRY**—Who has the ultimate say in security measures for Parliament House?

**Mr Evans**—The presiding officers.

**Senator PARRY**—Jointly?

**Mr Evans**—Jointly, subject to the direction of either or both houses. Although there is joint control, it is recognised that each presiding officer has a certain amount of ability to act independently in their own house.

**Senator PARRY**—So, in essence, a presiding officer is on advice from the Black Rod and the Department of Parliamentary Services?

**Mr Evans**—Yes.

**Senator PARRY**—Thanks, Chair.

**CHAIR**—If there are no further questions for the Department of the Senate, we will move on to the Department of Parliamentary Services.

[9.28 am]

### Department of Parliamentary Services

**CHAIR**—Mr President, would you like to make an opening comment?

**Senator Hogg**—I will make a brief statement. Earlier this month, the Department of Parliamentary Services celebrated its fifth anniversary. DPS has made some significant achievements of late, most notably the opening of the childcare centre and completion of stage 1 of the staff dining room refurbishment, as well as the implementation of the new ParlInfo search system. The Capital Hill Early Childhood Centre commenced operations on 2 February, bringing to fruition some 10 years of effort to introduce such a facility to Parliament House. After 20 years of service, the staff dining room was due for refurbishment. Stage 1 was completed on time and the staff dining room reopened on 2 February. It is expected that stage 2, involving the florist and work on the dining area, will be completed in March 2009. The new ParlInfo search was introduced in September 2008. Implementation was very successful, and I understand the vast majority of feedback has been positive. The committee should note that budget management is an increasingly important focus for DPS. As has been mentioned previously, there has been an increase in parliamentary activity in recent times, particularly committee work, which has a significant impact on DPS costs.

**Mr Thompson**—Madam Chair, if I might also offer a few comments. The President has already outlined some quite important achievements we are very proud of over the last few months, including ParlInfo, the childcare centre and the staff dining room stage 1. If you look at where we are placed now—and I am harking back slightly to the discussion with the Department of the Senate—the parliamentary workload is much higher now. That is placing significant pressure on our budget, just as it is on the Department of the Senate and the House of Reps, for that matter. We have made representations to the JCPAA about that issue, and it harks partly to activity in both chambers and a great deal to the activity of the committee systems for both chambers, but especially the Senate committees, which have been very, very busy, as senators would be well aware. That is adding a lot to our costs.

In addition, we have another bit of bad news: it looks like we will be paying more for electricity in the future. We have just gone out to tender as part of a whole-of-government tender, and the price will go up quite an amount—about \$700,000 per annum. On the revenue side, of course, we still have the problem that we were given last year of a two per cent productivity dividend, and overlaid over that is a further set of initiatives related to the IT review by Sir Peter Gershon, which will also harvest some money back from us into a whole-of-government IT investment pool. So there are some significant challenges for us to manage our budget. That said, we believe—very similar to the Department of the Senate—that for the year we are in, 2008-09, we will come in very close to online, but obviously we are still looking at how we will manage into the year beyond that. Once we get further information from the department of finance we will be in a better position to assess that.

All of that said, looking to the future, we still have a lot of other project work that is happening around this building. Completion of the staff dining room is one. Further advancement of the couch grass trials is another. It is pleasing to note that, as of today, the sports field is now open for business, and that particular trial of couch grass has gone very

well, and that will reduce water usage, on the sports field at least, by 50 per cent compared with the old planting of fescue grass. So we will be looking to expand that over the next year.

Another interesting one for a lot of senators and members is that we are moving pretty quickly to implement wireless for IT in a range of committee rooms, and that will take away the need for you to come around the front and plug in blue leads and the like. That will happen over the next year. Another one we do hope to progress—and this is subject to funding—is a digitisation initiative for both the *Hansard* record back to 1901 and a lot of our broadcast records, which are still analog. We believe that we will much better protect them for the future and give a lot better access if we can digitise. The final one, minor but significant, is to install a big tank under the front car park so that we have a much better way of managing all that recycled water that we use in the front water feature without wasting any. So they are the sorts of activities that we have active internally.

The final point I will mention—and it is significant for all senators and members—is that we are now actively working with the department of finance, the Department of the Senate and the Department of the House of Reps to transfer the operational responsibility for electorate office information technology out of the finance department into our department. That is something that David Kenny can elaborate on, but it will move it much closer to being a one-stop shop, as compared with the current slightly confusing set of lines of communication about electorate office IT. I will leave my opening remarks at that point.

**CHAIR**—Thank you very much.

**Senator FIFIELD**—Mr Thompson, you referred to the fact that the Parliament House electricity bill was likely to go up, I think, by \$700,000 as a result of a whole-of-government tender. What would be the alternative to the whole-of-government tender?

**Mr Thompson**—Senator Fifield, that is a great question and we are asking ourselves that.

**Senator FIFIELD**—Would you be paying less if you were not part of the whole-of-government tender?

**Mr Thompson**—No. We had gone out three years ago and we were very fortunate to go out as a department at a time when the electricity sector had a bit of spare capacity. We obtained very favourable tariffs for this building. That contract will come due and will complete on 30 June 2009. Late last year we thought about either going out by ourselves again just for Parliament House or whether we should join forces with a range of other Australian government agencies. We believe, and I think correctly, that we will get the best buying power by combining our needs with those of some other very big agencies like the Department of Defence. We have done that and the prices have come back. It has been a good result for people like Defence, I am told, because they had a very high price but for us—

**Senator FIFIELD**—Defence purchases of all sorts do not have a great track record but this might be an exception so that is good news.

**Mr Thompson**—By all accounts we are now in a situation where the surplus electricity or surplus energy in the system is much lower so the price that we will be charged now per annum will be about \$700,000 higher. We are looking at our options right now but at this stage it does appear that we will need to frame our budget with that as a reality.

**Senator FIFIELD**—It was at your initiation that you looked at taking part in a whole-of-government tender?

**Mr Thompson**—Yes.

**Senator FIFIELD**—And comparing it with the alternative of going on your own?

**Mr Thompson**—That is right, yes. There was nobody mandating it. Mandating it for us was completion of our current contract and we had to do something.

**Senator FIFIELD**—Thank you for that.

**Senator CAMERON**—What is the percentage increase on your power bill?

**Mr Kenny**—The annual bill is about \$2.4 million so roughly it is a bit under 30 per cent; \$700,000 of the \$2.4 million.

**Senator CAMERON**—Thank you.

**Senator BOB BROWN**—There is a row of lights in my room at the moment which you cannot turn off and they burn all day. I have had this issue before, quite uselessly. What can we do to get an audit which looks at which of those lights—like lights in the stairwells which are sunlit all day but have half a dozen lights on all day and some all night—to at least determine smart switches, which I note have appeared in one or two places, but to really end the useless use of power in some components of the building?

**Mr Thompson**—Senator Brown, I will start the answer and perhaps ask David to end it. Late last year we kicked off an energy audit for the building with a firm called Parsons Brinckerhoff. The final document arrived in the last couple of weeks and they have quite a range of ideas about how we could reduce electricity demand including some recommendations about changing the nature of the actual bulbs and also, from memory, moving to a movement-activation situation for quite a lot of the lighting especially in offices. David, could you just illuminate us on that?

**Mr Kenny**—Our energy strategic plan sets a goal of reducing consumption by at least 10 per cent on 2006-07 consumption. Our plan, based on having the audit done, is to have the audit identify where our energy is growing in terms of how much goes into lights and how much goes into the large building infrastructure, heating, cooling, that sort of thing. Now that we have the report it contains—and I have not seen it yet—recommendations on what we should do in order to reduce the consumption to get that 10 or 10-plus per cent savings. Obviously, as Alan has said, things such as using lamps that require less energy to produce the same level of light and using technology so that lamps are on less often, such as movement activation, are some of the things we will be looking at.

**Senator BOB BROWN**—Can you explain why there are a row of lights in my room for which there are no switches, which you cannot turn off and which burn morning, noon and night regardless?

**Senator FERGUSON**—Are they the ones at the back behind your desk?

**Senator BOB BROWN**—No, in the ceiling above the windows.

**The PRESIDENT**—I understand that they are there for security purposes.

**Senator BOB BROWN**—Now?

**The PRESIDENT**—I do not understand why they are on throughout the day. This has not come to my attention since I have been in this job, but a long time ago I asked the very same question that you ask, and I understood it was for security reasons. There may be an officer present who is able to say if that is correct or otherwise.

**Mr Kenny**—I have just been advised that they should not be on during the day, assuming that we understand correctly, never having been in your office—

**Senator BOB BROWN**—You are welcome to visit!

**Mr Kenny**—I have just been advised that they should not be on, so we will look at it.

**Senator BOB BROWN**—And they are on all weekend. Could you tell me why, when it is an internal courtyard, they should burn all night? What security reason is there? I am thinking about much wider security here—the security experts tell us that climate change is the biggest security issue facing the planet's future. Why should an internal room have lights burning all night? Who is watching? Does that area have a camera on it that if somebody passes through that light is going to tell somebody? It just does not add up. There is no rationale for it.

**Mr Thompson**—Could we take that on notice? Our offices are very similar to yours with a similar aspect, and at night time our lights are off. I am a bit puzzled that yours are on. It is the same end of the building—

**The PRESIDENT**—Senator, it may well be that they are seeking to protect you more than anyone else.

**Senator BOB BROWN**—They are making the presumption that I am there all weekend.

**The PRESIDENT**—We heard you were hardworking.

**Mr Thompson**—Ours are certainly off at night time.

**Senator FIFIELD**—Mr Thompson, you mentioned the water feature at the front of Parliament House and the installation of a tank in the car park to help with recycling. In honour of Senator Faulkner, I should ask if the water feature is no longer leaking. Is it watertight now—no leaking issues?

**Mr Kenny**—There was a problem several years ago which was fixed as a result of some quite significant engineering activity. We do not believe there is any problem anymore.

**Senator FIFIELD**—That is good news. I am just wondering which area would be responsible for the parliamentary computing network. Is that DPS?

**Mr Thompson**—Yes.

**Senator FIFIELD**—This matter goes to when staff go to log on as new account holders. When that is done, a box tagged 'Client category' lists the various parties represented in the parliament, all of which are familiar to us, but one stands out. One of the options is 'Pauline Hanson's One Nation'. To the best of my knowledge there is no-one still representing that party in the parliament.

**Mr Kenny**—Are you referring to a form?



**Senator FIFIELD**—No. I will pass this document across to you. It is when a new staff member is seeking to be registered for an account and you have to type your details in. It gives a pop-up box of options. It gives staff the option of registering as a Labor Party staffer, or Liberal Party or Country Liberal Party or Pauline Hanson's One Nation. I am just wondering: does One Nation only live in the parliamentary computing network?

**Mr Kenny**—That would just be a menu that apparently has not been updated. We will get it updated.

**Senator FIFIELD**—Okay. So you do not keep parties which are no longer represented in the system for a certain period of time and have it that once a party is not represented they are removed?

**Senator HOGG**—It also leaves out the Liberal-National Party.

**Senator FIFIELD**—Because they are not recognised.

**Senator HOGG**—I know. But some people might like to wear that tag.

**Senator FIFIELD**—But they should not be represented, either, in the federal parliament, because we only recognise the Liberal Party of Australia.

**Senator HOGG**—I understand that.

**Mr Kenny**—It is obviously an old menu which we need to update.

**Senator FIFIELD**—Terrific. Thank you for that. I have some questions for Ms Missingham.

**CHAIR**—Can I ask one question before you go off IT? Could you outline to us when these proposed changes—bringing the EO equipment into your department—are going to happen and what that will mean to our electorate offices.

**Mr Kenny**—Currently, responsibility for support for IT rest in part with the Department of Finance and Deregulation, in part with the chamber departments—the House of Representatives and the Senate departments—and by DPS. We are looking at moving responsibility to one organisation so that all IT support will be consistent across Parliament House and electorate office—so across the whole parliamentary computing network.

The first stage is for us to agree with the Department of Finance and Deregulation how we will transfer electorate office support from them to us. That decision has been taken in principle, so we are just working through the details. We expect to have that done this financial year—hopefully, before the end of this financial year. Then we will have some further discussions with the chamber departments about whether we do anything different in terms of what they do and what we do. The intention is quite simply to improve service levels and to deliver a consistent service, so that what you get in your electorate office and what you get in Parliament House is the same IT environment.

**Senator PARRY**—Does that also include hardware? Hardware has been a real issue, with different hardware from Senate IT compared to that from the Department of Finance and Deregulation. Will that address those issues?

**Mr Kenny**—Yes, it will, although the issue of entitlements will remain the responsibility of the Department of Finance and Deregulation. But we would expect that the hardware that you get will be the same. It will certainly all be coming from one organisation.

**Senator PARRY**—Would that then alleviate the situation that we have at the moment where senators and members cannot have a docking station in their electorate office that is compatible with their Parliament House office? In fact, that is probably nearly an entitlement issue, because we are not allowed to remove the Senate laptop from Parliament House, and we are not allowed to bring our EO laptop here and interchange them. That is a gross waste of infrastructure.

**Mr Kenny**—I would hope that the overall improvement would see more flexibility. I can be fairly definite in saying that the hardware that you have here and the hardware that you have back at home will be the same product with the same software.

**Senator BOYCE**—It would be encouraging to know that there was some progress on that, Mr Kenny.

**Senator PARRY**—When you say that the Department of Finance and Deregulation would be administering the entitlement, that is simply the entitlement and nothing else? They simply say, yes, a senator or member is entitled to X, and then the implementation of the physical hardware and the day-to-day operational aspects, such as dealing with difficulties and problems, would all be run through the Department of the Senate?

**Mr Kenny**—Through DPS.

**Senator PARRY**—DPS. That sounds like it would be very good if it happens.

**Mr Kenny**—It will happen this year.

**Senator PARRY**—Excellent.

**Senator FIFIELD**—Ms Missingham, can you give us an update on the new parliamentary information system and how that is travelling.

**Ms Missingham**—As the President said, we introduced the new ParInfo system on 12 September and we ran it parallel with the old system until December to give people a chance to become familiar. One of the challenges for people in the parliamentary environment is that, when parliament is sitting, it is a very, very busy time, so we have been trying to provide ongoing staff. When we did the cut-over and stopped supporting the old system, we introduced a new system to ingest data. It appeared from the statistics that the majority of users had transitioned to the new system. We are now trying to help everyone who is not experienced enough with the new system. We have had about 800 people doing training and we are asking everyone who has a problem to contact us so we can work through helping them online or, if we need to make some system changes, to make it easier to do that.

**Senator FIFIELD**—Thank you for that. I would like to check as to whether Parliamentary Library staff, Research Branch staff, were asked for their views in late 2008 as to the workability of the new ParInfo system.

**Ms Missingham**—We involved research staff in the focus groups to determine the specifications for the new systems, in the training, and then we had meetings to make sure

that, if issues were identified, we could work on those. One of the areas in which we have decided to do some work is in producing some guidelines based on some of the very difficult questions that we received, to help people through offering better training and also by providing some documentation to support their work.

**Senator FIFIELD**—Were there any significant problems discovered during the early testing of the system—problems identified by research staff in the Parliamentary Library?

**Ms Missingham**—A lot of the things that we thought were problems have been solved through screen design—putting the source on it and arranging the display so that it is easier for people to read things. It has been very helpful to have a testing period through all of this when people could give their feedback and we could do that design work. We have made small tweaks to the system, and we anticipate we will continue to make small tweaks when people say it would be easier to do things in a different way.

**Mr Thompson**—Could I just add to that. We have just given an award to the little project team that actually delivered this. In talking to them, they offered the view that obviously individual officers have a particular preference for this little feature or that feature, but overall what they have tried to do is mediate and find a set of preferences that the majority of staff are comfortable with. It is inevitable that, as you change from one system to a new one, some people will be keen on a particular aspect of the old system. It is regrettable but, nevertheless, it is just a reality of bringing in a new system.

**Senator FIFIELD**—Were the Parliamentary Library staff, the research staff, asked to email evidence of deficiencies that were revealed in the trialling to directors and managers?

**Ms Missingham**—Every person who uses ParlInfo is asked, at the bottom of the page, if they have any comments or any issues, to communicate with ParlinfoSearch. There is a mailbox set up and we have provided phone numbers. Ever since it was introduced, we have asked every user for feedback.

**Senator FIFIELD**—Would it be possible for those emails—obviously with the identifier of who sent them removed—to be tabled?

**Ms Missingham**—We log them. I can tell you that in the last week we have had four inquiries about alerts—people asked for assistance with creating, modifying or deleting alerts. We had five questions from external users about searching bills and two questions from bills staff. We had one inquiry from an internal user and one from an external user of ParlInfo during that period.

**Senator FIFIELD**—What time period does that cover?

**Ms Missingham**—That was for the week of the 16th to the 20th.

**Senator FIFIELD**—What about for the period from late 2008 until today?

**Ms Missingham**—We can provide you with those statistics. What we found is that, when the system was introduced, there were a lot more inquiries than there are now. Now we are getting basically a couple a week.

**Senator FIFIELD**—When did the system go live?

**Ms Missingham**—On 12 September.

**Senator FIFIELD**—If it would be possible for the emails themselves to be tabled—obviously with the identifiers removed as to—

**Ms Missingham**—It might be better for us to give you a summary of the issues that have been raised.

**Senator FIFIELD**—A summary would be useful, but could we have the actual emails as well?

**Ms Missingham**—We have logged every one. We can give them to you but there will be hundreds and hundreds of pages. In terms of usefulness to you, if we could give you a summary—

**Senator FIFIELD**—Sorry, I am just talking about the ones from the library staff.

**Ms Missingham**—I think it might be best if we give you some information by categories.

**Senator FIFIELD**—Are there hundreds and hundreds from the library research staff—of suggestions?

**Ms Missingham**—We asked people in the beginning to tell us everything they thought, and sometimes they thought things and then they had a different thought and they would send us a supplementary email, another supplementary email and another supplementary email.

**Senator FIFIELD**—I am just talking about the emails from the Parliamentary Library research staff.

**Ms Missingham**—We will give you information on those.

**Senator FIFIELD**—That would be good. Would there be any reason why the old system could not run simultaneously with the new system?

**Ms Missingham**—Amongst other system changes that were made, we had a new ingest system built and that ingest system cannot load material to the old system; it can only load it to the new system.

**Senator FIFIELD**—So it is not technically possible to have two systems running side by side?

**Ms Missingham**—No. The old system was specified and built in 1995-96, so it had reached the end of its life.

**Senator FIFIELD**—Sure. Okay. You are no doubt aware, but we are getting feedback that there is quite some discontent amongst the research staff of the Parliamentary Library about how user-friendly the system is and some of the old features not being transferred across to the new system. These are concerns of experienced researchers. I am also aware of a number of colleagues and other users of the system who have similar concerns. I am really just endeavouring to get a handle on the degree of concern and the extent to which those concerns are being addressed. It would be helpful if you could provide that information.

**Ms Missingham**—Certainly.

**Senator FIFIELD**—Thank you. Thank you, Chair.

**Senator BOYCE**—I wanted to ask a few questions about the childcare centre. It is now open and functioning?

**Mr Thompson**—Yes.

**Senator BOYCE**—Did the building come in on budget?

**Mr Thompson**—Yes, Senator Boyce. It was about \$2.5 million for the refurbishment. We have to put one caveat on it: there is a 12-month defect period, so we are only two or three weeks into that. Obviously, if other things crop up, that might affect the cost, but at this stage it looks like it has been delivered at the budget figure of \$2.5 million.

**Senator BOYCE**—Is the childcare centre fully utilised at the present time?

**Mr Thompson**—Perhaps Karen Griffith could give us the latest. It started out, from memory, with about 15 clients and it has been growing a little bit. Its capacity at this stage is about 30. There are bookings that will lead us up towards that figure by 30 June. Karen will have the details.

**Mr Kenny**—If I could add to that, when the centre was designed it was designed to cater up to 22. Now that it is complete it has been accredited to 30. So obviously how the childcare operators manage the numbers that they can fit in—

**Senator BOYCE**—I find that intriguing. I hope every childcare centre can work out how to achieve that.

**Mr Kenny**—Certainly. However, how Anglicare manage the number of places, I think they are saying that they will want to have no more than 25 permanent bookings. That is correct, isn't it, Karen?

**Ms Griffith**—Yes.

**Senator BOYCE**—So, 25 permanent bookings. Might I ask—obviously without any identifiers whatsoever—how many politicians' children are currently using the childcare centre?

**Ms Griffith**—There is one.

**Senator BOYCE**—And how many would you anticipate by 30 June—you say you have more?

**Ms Missingham**—Fifteen children commenced at the centre when it opened and there are another 10 children due to commence in the centre prior to the end of June. I am not aware how many of those children are children of members or senators.

**Senator BOYCE**—I have some questions about the air-conditioning. Is this the time to ask them, Chair?

**CHAIR**—We are dealing with general questions at the moment before we go through the outputs.

**Senator CAMERON**—Mine is a general question on the air conditioning. I am just wondering, given that we had an outage of one of the units, what the long-term life of those units is, whether there is some thought to the cost effectiveness of units in the future and whether some research is being done now. That is a long-term issue, I think, that we have to have a look at. One of the things since I have been here that I have really been concerned about is radiant heat in terms of the design of the building. I am sure that must be a huge cost.

When you talk about 30 per cent increases in electricity, I think the radiant heat is a real issue in this building. Surely, if we get more effective measures in terms of radiant heat, that would cut the cost of power. It seems to me to be a real problem.

**Senator BOYCE**—Insulation on the outside?

**Senator CAMERON**—That is one of the options. I just do not know whether it is cost effective or what the cost of that is—that's all.

**Mr Thompson**—I will answer some of this and ask David to answer some parts, and I will deal with it in reverse order. I think it would be fair to say, if we were going out into a design competition for this building in 2009, some of the design parameters would be different and some of the existing features of this building, by way of a lot of windows and glass pointing straight up at the sun, would simply not be there. But that is history. It is a magnificent building but, particularly for those glass link ways and some of the other skylights, it does offer a lot of scope for both heat loss in winter and heat gain in summer.

In terms of the chiller units, we have three big ones—four megawatts each—and one of those did fail at a bad time and it did leave building occupants uncomfortable for about 36 hours, and we apologise for that. Interestingly, it was not any of the moving parts. It was some solid-state components, some thyristors, that actually failed. They either work or they do not, as you might be aware. It is very hard to detect them beforehand. Those three big units, though, actually have not worked all that hard since they were installed some 20 years ago. Left to their own devices, now that we have fixed up this solid-state component, we would expect those to have quite a long life. We are not leaving it at that, but I am just saying they are not old and decrepit or anything like that. I guess our choice will be about moving to different technologies, more energy-efficient technologies, not because the units are old but just because we might be able to save some energy.

Another of our units, a medium-sized unit, which is the one we have been using most of the time for the last 20 years, is more worn out and we are looking right now at repairing and replacing its motor at this stage. But overall I think we do need to start looking at improved technologies, and that energy audit we mentioned before does allude to some opportunities around the chillers and heat generation as well as ways that we could reduce the energy consumption of the whole building. In particular, they are proposing a trigeneration concept, but I have not got into the detail of exactly what that would be.

**Mr Kenny**—Alan has just mentioned trigeneration. It has been recommended that we explore how trigeneration technology could be implemented in Parliament House, and we are looking at that. We are seeking some further engineering expert advice on how we would implement trigeneration and what it would mean in terms of our operations and our costs. Additionally, and at the same time as the trigeneration, we are looking at going to tender for some new chiller equipment which will use different technology to what we currently use.

At the moment, the hot air is expelled from the building via the cooling tower, which is in fact quite a large consumer of water in the summer months. On very hot days, we go over 150 kilolitres per day—do I have the right number of zeros? Yes. That water just evaporates, and so we are looking at putting in place technology which does not require so much reliance on

getting rid of water, but also that will be new engineering as well. So that and the trigeneration are two things that we will move on this year.

**Senator CAMERON**—The main point of my question is in terms of heat generated in the building and heat loss through radiant transfer. Has any analysis been done on the cost of that to the operation of the building?

**Mr Kenny**—I do not know because, as I said earlier, I have not yet received our energy audit report, which may well have some advice on that.

**Senator BOYCE**—You mentioned that one chiller has gone, and that is being replaced?

**Mr Thompson**—No. We were able to buy some new bits for the one that failed and we got it back into action within 36 hours. A second, smaller, one is under a fair bit of repair right now; it is only half the size.

**Senator BOYCE**—What is the normal life expectancy for the chillers?

**Mr Thompson**—If they are used solidly, perhaps 20 years. But the big ones get used for only a very limited time each summer, so we would say that they would still have a lot of life.

**Senator BOYCE**—So if they are running 24 hours a day, all year, you would expect—

**Mr Thompson**—Perhaps 20 years.

**Senator BOYCE**—A lot of equipment runs better if it runs all the time rather than if it is stop, start. What would you see the life expectancy of components of the air-conditioning system being?

**Mr Thompson**—I will ask John Nakkas, who looks after our infrastructure services, to answer that question.

**Mr Nakkas**—The large chillers would have around 10 more years of service life. The baseload chiller, which is the intermediate one, is probably within five years of its overall end of life. We did have the chiller component reconditioned 12 months ago, which will give us several more years of operational life.

**Senator BOYCE**—What would be the replacement cost of that within five years, as a ballpark figure?

**Mr Nakkas**—Probably around the \$1 million mark.

**Mr Kenny**—Noting that the activities that I referred to a minute ago, which may recommend that we use different technology, may have an impact on what that cost is.

**Senator BOYCE**—Obviously, and possibly initially be more expensive, but we will not know until we get there. Mr Thompson, the building is 20 years old and there are certain features in parts of the infrastructure that appear to be getting a bit tired, and at the same time you are telling us about concerns about your budgetary constraints. How do those two tensions get managed? Have we got enough funds to keep the building as it should be—that is, the showplace of Australian democracy?

**Mr Thompson**—The budget for DPS is in two parts. The component that is of significant concern is our operational budget, and that is driven very largely by the business levels in both chambers and in the committees, and it is under a fair bit of pressure. However, most of

our assets, particularly the big ones, come out of the administered funds bucket, and there is less pressure there. So, subject to something that was touched on earlier, so-called Operation Sunlight, which might make it more difficult, at this stage we do not see the extra capital cost of an upgrade of our energy equipment being a show stopper. It is much more about finding the right technical solution, not just a solution that is ideally right but also one that is proven technology. Quite a lot of these new energy technologies operate as a prototype somewhere, but what we want for a building that has the demands that this building has is something that is absolutely proven. So at this stage we have had the energy auditors come in and we are beginning to look at other technologies such as trigeneration and so on. We would like to move into a new situation with a new set of equipment to both heat and cool the building, and we do not see the capital cost of that as being a show stopper. The bigger deal is to get proven technologies that we can install and that will operate very reliably.

**Senator BOYCE**—But, of course, there are lot of other capital costs associated with Parliament House which you must have coming in the future. You did mention ‘subject to Operation Sunlight’. Are you concerned that you will not have the resources to meet those costs?

**Mr Thompson**—At this stage, there is a possibility that it will be much harder to obtain funds. We are in the situation, we think, along with a lot of the Australian Public Service departments, where we do not have all the detail about Operation Sunlight. Some of the detail has been put in front of us, and we were a certain way through having it implemented for next financial year, and then the Department of Finance and Deregulation decided to defer its implementation for a year. So it will not affect us until perhaps 18 months from now.

**Senator BOYCE**—But you do not know what effect it is going to have?

**Mr Thompson**—And we do not know exactly what effect it will have yet.

**Senator BOYCE**—So you are telling me that you do not have a lot of sunlight on the budget process at the moment?

**Mr Thompson**—That is right, yes.

**Senator BOYCE**—My biggest concern, as I said, is that this building remain a showplace, which it obviously has to be. What have you put into effect to try to ensure that that happens? What would you do in a budgetary crisis situation?

**Mr Thompson**—Our approach to the Operation Sunlight set of issues is to make sure we have good plans for all of the key things we believe need to be done to maintain this building as one of Australia’s iconic and operational buildings and to have those plans in place so that if Operation Sunlight moves us onto this cash appropriation model then at least we can, as we move into that model, explain to the government—I guess it will be the Minister for Finance and Deregulation—how the program will need to be committed. If the finance department can see firm plans, say, for our energy systems, then that provides us with a much better way of retaining adequate funding for those—

**Senator BOYCE**—At the moment you retain your own funds for what you perceive to be the capital outlays you will need into the future. What could happen is that you will end up having to ask the minister for finance every time you want to build a new cooling tower, for



instance. That is probably a bad example, as that will not happen too often, but you may end up having to ask the minister for finance every time you want to undertake a major capital work here?

**Mr Thompson**—That is our broad understanding. Above a certain threshold figure—I think it is a million dollars or thereabouts—yes, we would need to go back as part of a budget-bidding process.

**Senator BOYCE**—So you will be bidding with everyone else to try to create a priority here. Have you been involved in PPPs? What has been the success rate of DPS in that area?

**Mr Thompson**—On the recurrent side it has been quite low.

**Senator BOYCE**—What do you mean by that, Mr Thompson?

**Mr Kenny**—By PPPs, do you mean—

**Senator BOYCE**—Proposals for new—

**Mr Kenny**—I think you are referring to NPPs. I understand PPPs to be quite different.

**Senator BOYCE**—I am asking about funds through the policy proposal process.

**Mr Kenny**—Roxanne put in an NPP last year which was not successful.

**Senator BOYCE**—When you say ‘quite low’, I guess—

**Mr Thompson**—It has been some years since we have had a major successful one.

**Senator BOYCE**—What have you asked for? What sorts of proposals have you put in for? What things have you proposed? Is it possible to get a list of what was proposed?

**Mr Kenny**—We could, yes.

**Senator BOYCE**—It would be good to have a list perhaps for the last two years with success or failure of each proposal shown thereon, if you could.

**Mr Kenny**—Because we receive administered funding for maintaining the building, we do not need to do new policy proposals to get that.

**Senator BOYCE**—Nevertheless, as we have said, there are capital expenditures that are needed to be made to sustain the building.

**Mr Kenny**—We have some capital money and at the moment we receive an allowance for that.

**Senator BOYCE**—At the moment DPS is using its own capital to do that. Is that right?

**Mr Kenny**—No. We receive two sorts of capital money: one for administered assets such as the building and one for departmental assets such as our computers. We receive money for each of those each year. What I am saying is that it has been suggested under Operation Sunlight that that will not happen in the same way.

**Mr Thompson**—We are still learning how that might unfold. It is interesting. To look at this building in terms of those classic, recurrent-type new policy proposals it is quite some time since DPS or its predecessors were successful. But if you look at the capital side, over the last few years it is very tangible with changes and improvements to the building—the

security wall around Parliament Drive, the staff dining room, the childcare centre, various bits of security equipment—have all been invested out of the administrative bucket.

**Mr Kenny**—The security wall was not.

**Mr Thompson**—Okay.

**Mr Kenny**—Our most recent and successful NPP was the security wall.

**Senator BOYCE**—The security wall, yes.

**Senator LUNDY**—Can I ask a couple of questions about the security?

**CHAIR**—We are doing General first. Senator Ferguson has the call, so we will go to Senator Ferguson and then we will come to you, Senator Lundy.

**Senator FERGUSON**—Thank you Madam Chair. I was pleased to hear about the opening of the new couch grass on the sports field this morning. Could you bring us up to date with the state of play in relation to the replacement of the grass around Parliament House? I do not mean only around Parliament House, I also mean on the building, covering it.

**Mr Thompson**—Thank you, Senator Ferguson. I think the people involved with the landscape here have been very aware that we are in the Murray-Darling Basin and are in the middle of Canberra, which has its own water shortages, yet here we have this lush, green grass. A bit over a year ago some very modest little trials of couch grass were conducted adjacent to Parliament Drive in the north-east corner and the south-east corner. There were four different types of couch grass and they indicated very promising opportunities to replace the current blend of grasses with something that used about 50 per cent or a bit less of the water. It is very walkable and it is lush green for about nine months of the year but it has this one feature, as compared with the current grass, in that it will brown off somewhat over winter. We had those trials and I think we all agreed they worked pretty well. For this year, this summer, we have two trials: one is of a viewing strip adjacent to the Senate heading roughly north-west and the other was of the sports ground. I think we would say as of now we are pretty happy with both of those trials. There was a bit of learning particularly with the viewing strip where we had one approach and now we have done it with a second approach.

**Senator FERGUSON**—Where is the viewing strip?

**Mr Thompson**—The viewing strip is just to the north of the sports field and it runs down towards State Circle.

**Senator FERGUSON**—Which of the couches did you finally choose?

**Mr Nakkan**—On the Senate playing field we are using Grand Prix and on the viewing strip we are using Conquest.

**Mr Thompson**—Without finalising what we do next, I believe that we will sit down with the landscape team, including John and Paul Janssens, soon and work out where to next. My own view would be that we would propose to the presiding officers, because it would be their call, that the next phase of this would not be to attempt to go right up and over the roof but may well be to attempt an expansion of the use of couch grass on the Senate side of Parliament Drive and the House of Representatives side. There are quite large areas adjacent to the road on both sides and if we could get those fixed up and possibly also the fairly sad

area either side of the ministerial wing, which is now not watered and is beginning to look very dusty, that would be good.

**Senator FERGUSON**—I would have thought that might be the first priority.

**Mr Thompson**—It is possible; it is just that that involved reactivating the irrigation there. At this stage we have not got to a final landing but our feeling is we will do something about the Senate side, the House of Representatives side and the min wing, and once we have got that proven to then have a further serious discussion about what we do about the big ramps.

**Senator FERGUSON**—And what is now the estimated cost of replacing all of the grass?

**Mr Thompson**—John, have we done a full estimate?

**Mr Nakkan**—No. It would largely depend upon the method of replacement. There is a lot of volatility in the price, depending upon how we replace it.

**Mr Thompson**—If we just did a quote, what was the cost for the sports field?

**Mr Nakkan**—In its entirety, the sports field and the viewing strip are less than \$15,000.

**Mr Thompson**—We are not talking big money.

**Senator FERGUSON**—But we are talking reasonable money to replace all of the grass at Parliament House?

**Mr Thompson**—Yes.

**Senator FERGUSON**—And when would you anticipate that it would be finished? Everybody talks about what a showpiece this place is, but if we are going to have strips of couch and strips of ordinary grass in different places it will not look all that flash for a while. When is the anticipated finishing date?

**Mr Thompson**—At this stage we see the next summer planting season as being the time when we do the lower strips on both sides of Parliament Drive and then probably the year after will be when we will take some decisions about how much, if any, to do of the big ramps. Interestingly, if you are on the ground you cannot see all the grass at any one time. It is only from an aircraft that you see the whole site. For the big ramps, it would be unacceptable to, say, do half a ramp and not the other half. That would look awful from, say, Northbourne Ave and Commonwealth Avenue. But providing we did a whole ramp at one time it would not seem patchy.

**Senator FERGUSON**—Is the replacement of the grass budgeted for in this year's estimates?

**Mr Kenny**—No.

**Senator FERGUSON**—It has been talked about for a fair while. I was wondering when the money was going to be budgeted or allocated.

**Mr Kenny**—We have not prepared a budget for next year yet and therefore we have not started asking questions about what we will use the available money for.

**Senator FERGUSON**—Did you budget for the trials this year?

**Mr Kenny**—John, did you have a line item?

**Mr Nakkan**—I do not know; it is part of the administered program.

**Mr Kenny**—It was a general administered program and some money goes in there for—

**Mr Nakkan**—Turf replacement.

**Senator FERGUSON**—In the absence of Senator Heffernan I really should ask a question about budget night allocation of tables! I notice that in the letter sent out in relation to the allocation, which I think met with the general agreement of everybody that I know, contained a closing date of early in February for the application for tables in the Great Hall. I do not have the letter in front of me. Have you had any contact at all with IHG or anybody in relation to the take-up of tables and whether or not it is likely that they will all be taken up in the Great Hall?

**Mr Thompson**—The closing date was 12 February. In terms of the take-up, Karen Griffith—I may ask her to join us—has been in contact with IHG most recently.

**Ms Griffith**—Of the 75 tables, 13 have been booked so far.

**Senator FERGUSON**—By 12 February 13 tables had been booked?

**Ms Griffith**—Yes. IHG contacted the offices with allocated tables on 19 February, but I think most of the offices said they would get back to IHG and IHG would do a follow-up again this week.

**Senator FERGUSON**—I thought 12 February was a bit of an ambitious timetable because many people would not make any decisions about budget night until much later. If there is not a greater uptake, there is going to be a very small crowd in the Great Hall on budget night, isn't there?

**Senator BOYCE**—A deficit crowd for a deficit budget do you think, Senator Ferguson.

**Mr Kenny**—The date of 12 February was for the five special reserved allocation.

**Senator FERGUSON**—Only for those? I did not read it that way.

**Mr Kenny**—The date of 26 February is for general applications.

**Senator FERGUSON**—I think it would be wise to keep track of it or keep in touch with them, particularly at the end of March, or when we finish in March, to see what sort of bookings there are. We should not have the same complaints that we had last year. Are you responsible for the Blackberry trial—the pilot—or is the Department of Finance and Deregulation?

**Mr Kenny**—The Department of Finance and Deregulation is paying for it and managing it, but we are providing some support.

**Senator FERGUSON**—Have you had any feedback at all from them yet?

**Mr Kenny**—We have had quite a lot and it has been very useful in that it has been, in many ways, appreciative. People have also been pointing out to us things that they believe would be improvements. That has been coordinated through POITAG. The trial is continuing. We are actively using it as a trial to learn how to do it best.

**Senator FERGUSON**—I noticed Senator Lundy using hers a while ago. That is why I was tempted to ask. As someone who has had his Palm Trio in the drawer for the past three

months, I am very curious to know if and when there is likely to be a rollout to either senators or members, if it is decided that it will proceed. Do you have any idea when that might take place?

**Mr Kenny**—I will see if we can get for you the time frame for the trial to finish.

**Senator FERGUSON**—The trial finishes at the end of February, as I understand it.

**Senator POLLEY**—That is my understanding.

**The PRESIDENT**—I understand the trial is for one month. I stand to be corrected.

**Senator FERGUSON**—I think it finishes at the end of February.

**Senator LUNDY**—I think it will extend beyond February by a week, if it goes for a calendar month.

**Senator FERGUSON**—Will POITAG have some input into the decision making?

**Mr Kenny**—I would be surprised if POITAG did not have a very clear view, or certainly a very definite view.

**CHAIR**—The question was: will they have input? They may have views, which I think they have held in the past.

**Mr Kenny**—At this stage it will be a decision for the Finance people or, presumably, the Special Minister of State.

**Senator FERGUSON**—This is my final question. Comcar is not under your department, is it?

**Mr Kenny**—No.

**Senator FERGUSON**—I was pretty sure of that. I have a couple of questions about that.

**CHAIR**—I would like to clarify where in the proceedings you definitely want to talk about PDAs—the BlackBerry trial. Do you want to deal with it under general business?

**Mr Kenny**—Depending on how detailed—

**Senator LUNDY**—I certainly have some questions in that area. I have questions about the building as well. I will come back to the IT stuff. Following a number of events at Parliament House, in the Members Hall, a couple of its constituents have raised with me what they see as a bit of a hazard around the reflection pool during public events, where little boxes with plastic flowers—I do not actually think they are plastic flowers but little pot plants—are placed around the reflection pool. The feedback I have is that there have been a number of near misses, trips and falls associated with that temporary effort to try and prevent people from breaking their ankle when social gatherings and functions occur in that area. Is it possible to have a suitably designed structure that could come and go that could render that area—a quite critical and symbolic area of the building—safe during public functions?

**Mr Thompson**—We could ask Karen to join us. Senator Lundy, I will say it has been vexed inside Parliament House for, I understand, quite some time. Some ideas were floated about something that could be put into slots or the like in the ground, but each idea seemed to have some problem. Perhaps Karen could say something about that.

**Ms Griffith**—We have commenced a project to look at other ways. It was raised with us a couple of times previously, so we have just started the project approval process to look at how we can address the issue you mentioned.

**Senator LUNDY**—That is good news. I know it is an ongoing issue. This year, with very major functions in that area, I have had this specific feedback. Are you consulting Romaldo Giurgola, as one of the lead architects for this building, as part of that project?

**Ms Griffith**—That would be done as part of the project process.

**Senator LUNDY**—That is good. I shall report back to my constituents that there has been by progress on the matter. I think the current treatment of it is unsatisfactory. I understand that is the general consensus. Thank you.

**Ms Griffith**—Thank you.

**Senator LUNDY**—I would also like to ask about the security issue, which was mentioned before. Has there been any post-installation analysis of the new secure arrangements, including the one-way traffic around the building, the use of the bollards et cetera, as to whether that has had any impact, particularly on visitation and tourism numbers to Parliament House? There was a concern expressed at the time the new security arrangements were put in place that they would inhibit visitation. Has there been any evidence of that?

**Ms Griffith**—Not that I am aware of. I think that in the current climate people have just become used to security arrangements at certain buildings and at airports. I think it has just become a way of life for people now. I have definitely not had any specific complaints about it.

**Senator LUNDY**—Have you done any qualitative analysis of it, though, or is it not something that you have investigated?

**Ms Griffith**—The one-way road?

**Mr Kenny**—Of whether the arrangements are working or—

**Senator LUNDY**—Of the impact on visitation by the security measures—whether they have had a negative impact, a positive impact or, as you say, no impact at all.

**Mr Kenny**—We have not. But, as Karen said, we have not been given any indication that people are staying away. I also think that the new security arrangements that came in a couple of years ago do not really have any impact on access to the building for visitors. Some people who use the building a lot reacted to the one-way road and the slip roads, where access became a lot harder, but visitors would not use the slip roads and, unless they visited a lot, I would not have thought they would have been impacted by the one-way road.

**Senator LUNDY**—Has the one-way road created any other issues that are noticeable, that you can report back to this committee?

**Mr Kenny**—There is still some work to be completed with the one-way road, which is why we still have those plastic orange bollards. That work is now in the final stages of design. That was in response to a report that was done into the implementation—a post-implementation review, if you like—and it recommended that a number of things be changed to make it better. We are now in the final stages of designing those and deciding how to go

about it. That is to do with improvements to intersections and making it clearer at exit points from car parks and those sorts of things. When that is done the orange plastic bollards will be removed.

**Senator LUNDY**—Okay, thank you.

**Mr Thompson**—Senator Lundy, I think the other point to make is that the one-way system is having some beneficial results in terms of removing traffic jams and reducing safety hazards in the morning peak. To that extent it is working really well. I am advised that beforehand there were quite some problems. When the bollards were in but it was two-way traffic it was quite chaotic and a bit dangerous. So to that extent it is working well. But in terms of visitation numbers, I do not think it would have much effect, simply because the vast majority of tourist type visitors come to the front entrance and things have not changed there very much at all.

**Senator LUNDY**—Thanks for that. On the issue of tourism, Mr Thompson, could you describe the sorts of interactions that Parliament House has with the other major national capital attractions in Canberra, as far as the opportunities to coordinate efforts to promote this particularly wonderfully building in the context of visitors to the national capital.

**Mr Thompson**—Yes. I am a relative newcomer here, but I know we have not been a strong player amongst the various tourist attractions here—that is for sure. We well and truly understand that we are the No.1 or No. 2 visitor attractor in this city—the other one being the War Memorial—and we hope that we provide a great visitor experience. But we have not been proactively engaged with the other venues at this stage.

I have certainly started to get to know those people and I would certainly expect to work more closely with them to promote tourism for the whole of the ACT, but in terms of being actively involved in a specific program, not at this stage. We did, of course, go along to the meeting that you convened just before Christmas to look at a whole-of-Canberra initiative.

**Senator LUNDY**—Needless to say, I am encouraging you very specifically to participate in those activities, just because you are, as you say, No. 1 or No. 2 as far as attraction goes. It is the national capital institutions that I think there would be a lot of mutual benefit in working more closely with. On the fountains, as much as I love PVC pipe and shadecloth, what are perhaps the short-, medium- and long-term plans, given the water situation, which I doubt will ever go away? Are there any plans for a more long-term treatment of the empty water fountains in the courtyards around the building?

**Senator JACINTA COLLINS**—That is my question too.

**Senator LUNDY**—Is it?

**Senator JACINTA COLLINS**—I tried to stop them putting them in when they did the gardens each side of the ministerial wing but, alas, no-one sought to follow that advice at the time. Now we have empty features.

**Mr Thompson**—I think we all agree that the green shadecloth and the white PVC pipe is not a durable solution at all. Richard Thorp, one of the original architects, has written to me about that and he has proposed some options, although his did appear to involve switching quite a lot of the fountains back on. That was in the lead-up to this summer, so we have not

responded to that yet. My own view is that we probably need to find, if you like, a solution which gets rid of all that shade cloth and may involve reactivating some of those features, possibly using recycled water or possibly using rainwater collected in tanks or those big rubber bladders or whatever, and then converting some of the other water features to some other purpose. But we have been very busy with our other project work over the last little while. We have just focused on getting a long-term answer for the front fountain, which we are doing with a big tank which will go in underneath, and then we are going to focus back on the rest of the water features.

**Senator LUNDY**—I certainly understand why it would not necessarily be a priority, but again it is obviously not a satisfactory solution for the long term.

**Mr Thompson**—We well and truly understand. It is just that it has been one thing at a time. Once we install this big tank under the main, central exterior water feature, that will let us deal with that in a reasonable way and then we will come back to the rest of the water features in the rest of the building.

**Senator LUNDY**—Yes. Again, I get feedback from constituents, particularly following the open day of parliament last year. That was another raging success, but again it drew these sorts of comments.

**Senator MOORE**—Can I follow up on that. I just want to get a clarification, Mr Thompson. I share Senator Lundy's view about the role of this building in overall tourism and on having integrated tourism services in the area. You said that you were intending to get more involved. Is that actually a key work program for your position into the next 12 to 24 months?

**Mr Thompson**—It is something I want to talk with the Presiding Officers about, but I have certainly had overtures from the other organisations—notably from the War Memorial—to be much more involved, yes. My simple view of the obligations of the Department of Parliamentary Services is that No. 1, front and centre, is to support the operations of parliament, but No. 2 is to support visitation and education in this building. At the moment, we still have a visitation level of something like 800-and-something thousand per annum, which makes us quite a large venue. Even on a Sydney or Melbourne scale, that is quite a large—

**Senator MOORE**—Does that include school groups?

**Mr Thompson**—Yes. There are about 100,000—

**Senator MOORE**—You have a trapped audience there.

**Mr Thompson**—Yes. When you break up who comes here, they are an interesting group. You can segment them various ways. We have the schoolchildren, we have lots of people—adults—in buses from around Australia, we have the foreign holidaymakers, we have foreign businesspeople and then we have this other interesting category of people from business conferences in Canberra, and they will frequently have a major event in the Mural Hall or in the Great Hall. At one level, you would not call them tourists, but they are very important to the Canberra economy, because those are the very people who are occupying all those hotel beds and driving employment in the hospitality sector.



**Senator MOORE**—Can we be advised through on of those valuable circulars that come out so regularly if there is some plan for the involvement of this building in a more integrated way in Canberra tourism?

**Mr Thompson**—Yes.

**Senator LUNDY**—I would like to ask some questions about information technology in the building. What is the current status of internet streaming of sessions of parliament and the parliamentary committees?

**Ms Lynch**—Can I have a little bit more information? What in particular about the webcasting would you like to know?

**Senator LUNDY**—Last time I made inquiries, both houses of parliament were being streamed when they were sitting and up to three committees.

**Ms Lynch**—That is correct.

**Senator LUNDY**—Is that still the current status?

**Ms Lynch**—That is correct. We certainly always do the chambers. Committees are often done at the request of the committee secretariat or the committee chairs.

**Senator JACINTA COLLINS**—Is it only by request?

**Ms Lynch**—I will have to check on that. I am not entirely certain about that.

**Senator JACINTA COLLINS**—I keep kicking myself that I have not asked that it happen on various occasions when we are having hearings. It is process that we all understand would be useful.

**Ms Lynch**—I will take that on notice, find that out for you and get back to you shortly.

**Senator LUNDY**—That would be interesting. I understand that there are bandwidth capacity limits, but are there any plans to stream more or to make it possible to stream more committees consecutively—for example, during the estimates sitting when the House is also sitting?

**Ms Lynch**—Not at this stage.

**Senator LUNDY**—Is the constraint still the bandwidth constraint?

**Ms Lynch**—Up until recently there was a bandwidth constraint. I understand from my colleague that we have recently obtained more bandwidth. We can negotiate on how much to allocate to streaming the committees.

**Senator LUNDY**—To use an example, if the House was being streamed, how many users could effectively view that content without deterioration of the service?

**Ms Lynch**—I am advised that we can currently have 700 concurrent users.

**Senator LUNDY**—That has improved dramatically since last time I asked, which was quite a few years ago now. That is good.

**Senator JACINTA COLLINS**—I notice that the screen has increased quite a bit in size, which is an improvement. Can you explain how or why that has occurred and tell us if there are plans to enhance that even further?

**Ms Lynch**—There are no plans at this stage.

**Senator JACINTA COLLINS**—How did we get to the stage that we are able to make the screen about four times the size it had been previously?

**Ms Lynch**—I was not aware that there had been any changes. Over what timeframe are you talking about?

**Senator JACINTA COLLINS**—In the last month. If you bring up the webcast, the screen is about four times the size it was.

**Ms Lynch**—The standard size was about three or four inches. I do not know why you previously could only see such a tiny—

**Senator JACINTA COLLINS**—Are you suggesting that it might be my computer resolution?

**Ms Lynch**—It could be.

**Senator LUNDY**—What are the current arrangements with various broadcasters for the television coverage of parliament and what are the plans for the future?

**Ms Lynch**—In terms of current arrangements, we provide all the content that you see on any television station around the country. It is produced by DPS broadcasting staff. We currently provide the service to any operator who requests it and we provide it up to the point that they pick it up with their own infrastructure. That includes all of the commercial stations in Australia at the current time. We have no plans at the moment to expand that to include international suppliers, although currently they can choose to take the feed if they want to.

**CHAIR**—I think we should break now.

**Proceedings suspended from 10.45 am to 11.01 am**

**CHAIR**—Welcome back. I understand, Mr Kenny, that you have a response to an earlier question.

**Mr Kenny**—I will ask Therese to respond.

**Ms Lynch**—Senator Lundy just before the break asked how we actually decide what gets webcast. The answer to that is that the committee secretariat requests broadcasting on HMS, and on that request we always then automatically broadcast by webcast streaming. We can broadcast up to a maximum of seven televised events at once. That will normally include two chambers in a sitting week, the Main Committee and four parliamentary committees. At any point, if we exceed the ability to televise, we would then ask the committees to prioritise, but that does not often happen.

Formerly 700 people could concurrently view the webcast of parliament. On 12 February, I have just been advised, we increased the bandwidth allocated to webcasting and now 1,080 people can watch the webcast via the Parliament House website can currently.

**Senator JACINTA COLLINS**—If we televise internally, is there a fair chance then it is being webcast as well at the same time?

**Ms Lynch**—Yes, it is. If you can see it on HMS, the likelihood is that it is also being webcast at the same time. The only time it would not be was if there were more than seven going at any given time.

**Senator JACINTA COLLINS**—On those occasions when I have gone looking for a committee that I am participating in from my office and it is not being televised, that is more that the secretariat has not sought to have it done as opposed to any other factor?

**Ms Lynch**—Very likely, yes.

**Senator JACINTA COLLINS**—Okay. Thank you.

**Senator MOORE**—Ms Lynch, do you keep or can you keep records as to how many people are webcasting? If you have increased it to over 1,000 from 700, was that because more than 700 people wanted to watch?

**Ms Lynch**—Yes, I was just advised during the break that on 12 February we were receiving a number of complaints that people could not access the broadcast.

**Senator MOORE**—That is tragic!

**Ms Lynch**—It is nice to know that they are watching, Senator.

**Senator MOORE**—They actually ring up or complain that they are trying to get on to something? If there is a particularly controversial issue in the committee or something of that nature, people might ring up?

**Ms Lynch**—There certainly is a contact point on the website.

**Senator MOORE**—Is there a way of finding out whether the access is being utilised?

**Ms Lynch**—I will need to check on that. I will take that one on notice. There are certainly systems around which will tell us that. We are in the process of actually trying to get some of that software together so we have a better handle on how many are accessing at any given time to help with planning and load balancing and the like. But I do not think it is in place as we speak.

**Senator MOORE**—Thank you.

**Senator JACINTA COLLINS**—I have some questions in relation to Hansard. I noticed that in one of my inquiries the time delay in getting access to *Hansard* when it had been outsourced and when we were travelling away from parliament was about a week. I am curious about what sort of audit you are doing of the time frames we are looking at when we are not using *Hansard*.

**Ms Lynch**—The turnaround times for committee transcripts are negotiated with the committee secretariats at the time of the committee booking, when the transcript and the broadcasting are reserved. The normal turnaround is five days. There are also turnarounds of three to five days and within 24 hours. You should not see any difference in the turnaround whether it is done by an outsourced organisation or one of our service providers or by Hansard in house.

**Senator JACINTA COLLINS**—So, if we want our *Hansard* records immediately, for some reason, that is something we need to know and stress through the secretariat when a hearing is occurring.

**Ms Lynch**—That is correct—noting that, particularly in sitting weeks, 24-hour turnarounds do put particular pressure on Hansard. In sitting weeks we normally outsource 24-hour turnarounds, but that comes at an additional cost to the department.

**CHAIR**—Senator Moore has a follow-up.

**Senator MOORE**—Ms Lynch, one of the things we have noticed is that, particularly when we are travelling, there is an increase in outsourcing. We recognise the Hansard staff and we can see that there is outsourcing. Do you have any records of what the balance is now of the use of Hansard staff travelling from Canberra and the use of outsourced services across the country?

**Ms Lynch**—I do not have any statistics on hand to say what the percentage is. But certainly we are moving to doing more outsourcing to support away committees, particularly because it is cheaper to do that than to send two staff from our branch to travel to support the away committee. It is very much an issue of resource allocation and resource management.

**Senator MOORE**—Do we have any costings on that?

**Ms Lynch**—Do you mean in terms of how much it costs for—

**Senator MOORE**—In terms of the background to that, one of the things with Hansard is that there becomes a sense of familiarity when you are operating in a committee process, particularly with sensitive issues, if there are people there with whom you have worked and who know the system well. It is not that I have any complaint about any of the people who have provided this service elsewhere, but it seems to have traditionally been something that people who have worked here have enjoyed doing in terms of the process; it has added to their experience, and it was actually part of their conditions of service that travel was provided at times. It seems to me that there has been a decision to change that, and I am just wondering what the background to that is and how it has been negotiated.

**Ms Lynch**—If I can start with the first question—

**Senator MOORE**—It was a very general question, I know, but it is all relevant to the issue.

**Ms Lynch**—With the first component, we do have numbers and costings for comparison of outsourcing some away committee support and doing it in house. I do not have them with me; I will need to take that one on notice.

**Senator MOORE**—That is fine.

**Ms Lynch**—On the second part, yes, you are right: a number of staff do enjoy the travel aspects of the job; they do like to see the whole committee hearing taking place. But at the moment for us it is an issue of resource management and getting the most that we can out of the available funding.

If I can refer to another point that you made, it is not actually a condition of service that we provide our staff with opportunities to travel. That is just something—

**Senator MOORE**—That has always happened.

**Ms Lynch**—that has always happened up until now—correct. But we are trying to be more efficient and make the money stretch as far as it possibly can, particularly given the increase in the committee work and in the number of away committees. That has put a lot of pressure on our budget this year.

**Senator MOORE**—So there is no blanket decision that all travelling committees will be outsourced—it is now a balance in terms of some—

**Ms Lynch**—At the moment we decide which is going to be the cheaper and most cost-effective of two options.

**Senator MOORE**—So it is like travel; it is looking per committee at what is the cheaper option for each committee.

**Ms Lynch**—Correct. It is based on the location. For example, if we have a committee in Broome, we have two people out of the office for three days—a day there, a day back and a day to support the committee.

**Senator MOORE**—Minimum.

**Ms Lynch**—Minimum, indeed. It is a long way to go and it is expensive travel. We have worked out for a lot of the major locations where it is more cost-effective to outsource, and whether or not we do it ourselves it is based on that decision only.

**Senator MOORE**—When was that policy introduced?

**Ms Lynch**—It would probably have been in September last year when we really started to hurt, given the number of away committees, particularly in the last six months.

**Senator MOORE**—And we will be able to see over a period of time what the cost impact of that will be, but relatively soon now—particularly with the downtime over Christmas; I think that is getting shorter for committees, that downtime over Christmas—we will be able to look at a 12-month or two-year period and how on—

**Ms Lynch**—Certainly, it is something we can easily compare going back to 2005-06 in terms of the amount of committee work that we are supporting and the impact of this year in particular on the budget and travel compared to the last couple of years.

**Mr Thompson**—I might just add, and it goes right back to some earlier points that were being made even when the Department of Senate people were here, a significant step up in chamber activity and a huge step up in committee activity has meant it has been both a dollar problem for us and also a physical staffing problem. Therese and her team have had to work out ways of servicing committees both here and elsewhere within the available dollars and within the available number of people we have.

**Senator MOORE**—I certainly understood the issue of staffing because we could see with the number of committees travelling that that was going on. I was unaware personally of the actual policy decision about a costing element. We will be keeping our eye on that to see how it goes.

**Mr Thompson**—As of October last year—I think these figures are still right—the level of committee activity appears to be about 100 per cent higher than for the year before. That is a huge step up, and it is proving to be quite problematic.

**Senator JACINTA COLLINS**—How much higher than the year before that, or a comparable year?

**Mr Thompson**—Yes, 2007-08 was a quiet year because of the election, but, from what we can see, the current level of business activity across the whole parliament is roughly the equivalent of the Howard government's first term in office. It would seem that a new government coming to power drives a lot of chamber activity and a huge amount of committee activity.

**Senator JACINTA COLLINS**—So it is comparable to that earlier period?

**Mr Thompson**—Yes.

**Senator JACINTA COLLINS**—I want to go back to the discussion we had earlier about IT and the consolidation of the various IT functions. Is there a process dealing with parliamentarians' general entitlements and what considerations may develop through that process about our entitlements?

**Mr Kenny**—No, I do not think there is. The process we are looking at is how we do support. The issue of entitlements will remain within the finance department. We will not be looking at it. What we might get to is the issue of how you interpret an entitlement. For example, if you have access to a laptop computer, then what software goes on that laptop computer and its capacity—how big it is and how big the disk drive is and that sort of thing. I would think that there would be some room for a discussion.

**Senator JACINTA COLLINS**—Senator Parry made the point about the docking stations issue. I recently purchased my own screen and keyboard in order to operate more safely in my electorate office with my laptop. But if those areas are going to potentially change over time, it would be useful for senators and members to understand.

**Mr Kenny**—Absolutely.

**Senator JACINTA COLLINS**—Has there been any consideration given to some process to keep us aware of how those developments are occurring or allow us to have some input?

**Mr Kenny**—Not specifically yet, because we are just starting to work with the finance people mainly to work out how things will operate in the future. Your point probably should be fed into that process, under the general issue of engagement with electorate office users. That is a nice general heading.

**Senator MOORE**—Is that a POITAG issue?

**Senator JACINTA COLLINS**—It may be a useful POITAG issue.

**Mr Kenny**—POITAG might well wish to have a discussion about it. POITAG's role is to provide advice to the presiding officers about IT issues, and so clearly it can do that in this case. But the status of it is that the Special Minister of State and the presiding officers have agreed that we should proceed to do this and our officers are working with finance officers to work out the details.

**Senator BOYCE**—We currently have a customer service survey by DPS. Can I ask about the cost of that survey?

**Ms Missingham**—DPS is planning to do a customer survey in the middle of this year, so if you have one, it could be the Department of the Senate's survey.

**Senator BOYCE**—Maybe they could have consolidated the two, but never mind, perhaps next time. Once we get the computers sorted out, we can work on that one. I want to ask about the cost and scope of that survey. These are done biannually. Is that correct?

**Ms Missingham**—The Department of Parliamentary Services has only done one survey so far and that was in 2007. That was done by staff internally, so there were no consultants or contractors and there was not an additional cost for that. We have not decided—we are in the process of developing a proposal for the DPS survey, and the costs and the methodology have not been proposed yet.

**Senator BOYCE**—And that is the first survey you have conducted?

**Ms Missingham**—This will be the second one. The first one was in 2007.

**Senator BOYCE**—The 2007 one was the first one you conducted?

**Mr Kenny**—The first one since DPS was created. And we are required to do it once per parliament.

**Senator BOYCE**—We all look forward to good communication both ways.

**The PRESIDENT**—Chair, I can help Senator Boyce with respect to the senators survey. I have some information here. It is being conducted by Ipsos-Eureka Social Research Institute. Eureka were selected to undertake the 2005 survey following a tender process. In view of the success of the 2005 and 2007 surveys, they were again asked to quote for the 2009 survey. The quote was accepted and there will be a fresh tender process when it is run in 2011. The cost of the 2009 senators survey will be \$22,790. This compares with a cost in 2007 of \$21,890. The results of the survey will be in the 2008-09 annual report.

**Senator BOYCE**—Thank you.

[11.17 am]

**CHAIR**—As there are no questions for output 1, Library Services, output 1.1.1, Research Services, or output 1.2, Information Access Services, we will move on to output 2, Building and Occupant Services.

**Senator MOORE**—Mr Thompson, I have some questions about the commercial arrangements in the building. We know that at the beginning of this financial year the catering arrangements changed and in your opening comments you talked about physical changes that have happened on the ground floor. My understanding is that there are contracted arrangements in the building and also a couple of licences. Is that right?

**Mr Thompson**—There is contacted catering arrangements and contacted cleaning arrangements as well. Then we have a large number of so-called licence holders, including the press gallery, Aussies general store, the bank and the florist.

**Senator MOORE**—They own the licences. Are they published?

**Mr Thompson**—They are not public domain documents because it is a commercial arrangement.

**Senator MOORE**—And the catering contracts are published?

**Mr Thompson**—No, not the extreme commercial detail. We can outline the broad parameters for the committee now.

**Senator MOORE**—When we talked about the catering one at previous estimates, we talked about the change in the process. My issue is to do with the changes that have occurred on the ground floor in terms of the refurbishing of the staff dining room. My understanding is that that is complete.

**Mr Thompson**—No, stage 1, the servery, is complete. Stage 2 will occur over the next six to eight weeks.

**Senator MOORE**—And is that part of the commercial arrangements with the caterer?

**Mr Thompson**—I guess it is the chicken and egg thing. It had been well recognised quite some years ago that the staff dining room was overdue for a refurb. The floor was leaking, the gear was old and so on. The flow of people did not work. We then move into early 2008, when we were looking to find a new contractor to run that operation. We ultimately awarded that contract to W Catering, and we certainly committed as part of it to undertake the refurbishment. In fact, the intent to refurbish predated the involvement of W Catering.

**Senator MOORE**—But in terms of the arrangements about taking up the contract there was an expectation that there would be a refurbishing—

**Mr Thompson**—Yes.

**Senator MOORE**—and that that would happen within a set period of time.

**Mr Thompson**—Yes.

**Senator MOORE**—And you are on track?

**Mr Thompson**—Yes, we are on track with that.

**Senator MOORE**—The florist—

**Senator FORSHAW**—Before we move to the florist, who did the design work for the new layout in the staff cafeteria? Did the new contractor have an input into that?

**Mr Thompson**—Yes, they did.

**Senator FORSHAW**—I would have thought they would have, but I just wanted to be clear.

**Mr Thompson**—Perhaps I will ask Freda to join us because she can give us the detail—the name of the architect and so on. The intention was to involve an operating caterer because they would have far clearer ideas than we would about what would make the servery and the rest of it work very well.

**Senator FORSHAW**—I suppose what I was more interested in was: what involvement did the catering contractor have in the new design, and what flows from that if the total cost is being picked up by the government or the parliament?



**Ms Hanley**—The caterer was involved in looking at designs and was certainly consulted as part of the designs. We employed LFA Architects, who were responsible for the whole design. As part of the design process we also brought in a catering expert.

**Senator FORSHAW**—So it was not just the catering company—

**Ms Hanley**—No.

**Senator FORSHAW**—Because if that contract was to be tendered again and taken up by a new contractor it would not necessarily follow that they would agree with the original design. You had an expert.

**Ms Hanley**—We did; yes.

**Senator FORSHAW**—Who was that?

**Ms Hanley**—I cannot remember.

**Senator FORSHAW**—Take it on notice.

**Senator MOORE**—A catering expert.

**Senator FORSHAW**—I will not pursue that any further.

**Senator MOORE**—So, that was the process with the caterers. Upstairs, with the people who have won the dining room contract, there have been no plans to make changes to the setup in that contract arrangement?

**Mr Thompson**—That was the bigger contract, which IHG won against competition. There were two serious bidders—the Hyatt on the one hand, who had had the contract for some 10 years, and IHG. IHG are now operating in both the Great Hall and, of course, the members' dining room and so on. There is no specific commitment there, although it would be fair to say that if you walk around those kitchens you will see that over time we are going to have to do some refurbishment. They are clearly 20 years old and need of some upgrade.

**Mr Kenny**—We did do some work on the kitchen on the floor, from memory, in the summer of 2007.

**Senator MOORE**—Since the department has been DPS?

**Mr Kenny**—Yes.

**Senator MOORE**—So under the DPS arrangements there has been some work done.

**Mr Kenny**—There was work done on the kitchen there but it was not a complete refurbishment like we have done on the ground floor staff dining room.

**Senator MOORE**—And the arrangement with the florist in terms of a licence process—that business has moved around a lot. It certainly had a high profile where it was. In the first stage of the new contract of the dining room there was a high profile area for the florist in that you saw it and all those kinds of things. That is not there at the moment.

**Mr Thompson**—Perhaps I could take you back a little bit, because the florist had been occupying that nook on the south side of the corridor which ultimately has become part of the childcare facility.

**Senator MOORE**—Sure; yes.

**Mr Thompson**—As the design and the commitment to the childcare facility took effect—and that was in the middle of last year—it became very clear that the florist would need to move somewhere.

**Senator MOORE**—Out of a building site.

**Mr Thompson**—Not least because there was going to be a huge amount of building work for the childcare facility. So we negotiated. We held discussions with the florist and negotiated for her to move on an interim basis into a site within the staff dining room. I guess you would say it was on the north side of where the cash registers were.

**Senator MOORE**—Yes.

**Mr Thompson**—There was an open plan area on the north side of the cash registers. Then, once our plans began to firm up for the staff dining room, we then looked at options for where she could operate while the staff dining room was being refurbished. We held discussions with her, we looked around the building and in the end she opted for a site near Post Office.

**Senator MOORE**—On the first floor?

**Mr Thompson**—That is on level 1. That had two pluses: one was that the Post Office tends to be fairly busy over the Christmas period, and; secondly, it was the best approximation we could make to a walk-by type of location for the florist, because a lot of people were using the Queen's Terrace Cafe as their cafeteria, if you like, over that summer period when we were refurbishing on the ground floor. So she has had the access to that area over the summer period.

It would be fair to say that we had hoped initially to be able to offer her back a space in the staff dining room on 2 or 3 February as we opened the new staff dining room. Two things have got in the way. One was that she was very concerned about being moved too close to Valentine's Day, because that is a major trading time for her. Secondly, we were having some trouble being sure that we would finish her bit of the staff dining room by 2 or 3 February. I must say that we are investing some \$128,000 in the fit-out for the florist site.

So, in the end, we landed in a situation where we deferred attempting to finalise the florist location in the new staff dining room for a few weeks, and we now hope to have her installed either next week or the week after. That has kept her clear of the Valentine's Day problem, but we are certainly aware that she has been moved around a great deal.

**Senator MOORE**—So the design of the new set-up is an approved design between the business and yourselves—the design of the new florist set-up has been approved?

**Mr Thompson**—I will have to ask Karen Griffiths to join us and perhaps Freda. My understanding is that the florist is broadly happy with the design but would prefer it not to be quite so close to the servery. Our problem is, if you want a walk-by trading location in there, I do not think we have identified any other possible location.

**Ms Hanley**—That was, if you like, the highest traffic spot where the florist could reasonably be fitted in, and certainly she was consulted as a part of the design process.

**Senator MOORE**—So that has been fitted in with the design for the dining room area?

**Ms Hanley**—Yes.

**Senator MOORE**—Have you consulted a floral expert as well as a dining room expert?

**Ms Hanley**—No, I do not think we consulted a floral expert in this instance.

**Senator MOORE**—It is just in terms of the whole process, because basically, my understanding—

**Senator FORSHAW**—Try the ABC on Saturday morning!

**Senator MOORE**—My understanding is that it has been several months now in terms of this process and there has been an impact on business.

**Mr Thompson**—Yes. She had to move from the old staff bar area, I think in about—when was that?

**Ms Hanley**—It was late June, early July that work in the old staff bar started.

**Senator MOORE**—That is when all the discussion was going on. So there is one move, then a second move and then a planned third move. It just seems to me that that is probably a difficult thing maintain your business and maintain your profile when people are not sure. It is really a limited market in terms of the people who use that business. Has there been any compensation process worked out—or discussion process in terms of that? The reason I am asking is that the florist maintains a high quality of service for people in this building. I know that many members of parliament use the service for office decoration and also for gifting. We have had discussions in this place before about what services are available in-house and which you have to leave the building to access. On that basis, the florist provides a very positive service. So within that context, as consumers, I am interested to know how this arrangement is working.

**Mr Thompson**—We have given the florist rent relief and we have also been active, certainly since Christmas, in attempting to recognising that she is in a temporary location by offering some marketing opportunities, getting a lot of information out of the building and so on. It will be best to ask Karen to outline those things.

**Ms Griffith**—The licence fee for the florist was waived from when she had to move out of the staff dining room on 5 December.

**Senator MOORE**—Okay.

**Ms Griffith**—As Alan said, we have helped her with a lot of marketing advice to building occupants of how they can order flowers and how they can still access her services. As mentioned before, we gave her the temporary cart setup where the major traffic flow was during the refurbishment of the staff dining room. I think we have sent out a number of circulars. So we have been working with her—

**Senator MOORE**—So it is a cooperative process.

**Ms Griffith**—Absolutely. We have been working with her. One of my staff has been working with her pretty well full time to help her market the business and to let people know how they can access her. We know it has been difficult for her but unfortunately that was probably inevitable given the situation.

**Senator MOORE**—The terms of the licence that will be negotiated; is it a new one that will be negotiated?

**Ms Griffith**—The florist licence expires next month so it was due for renewal.

**Senator MOORE**—How long does a licence last? Is there a standard time frame for the licences?

**Ms Griffith**—It is usually three by three or five by five.

**Senator MOORE**—In terms of the renegotiation of the licence from now on, will this kind of process that has gone on be part of those negotiations for the new licence?

**Ms Griffith**—Sorry?

**Senator MOORE**—The kind of process that has gone on for the last 12 months, looking at the market and all of those things, will that be part of the negotiations for the new licence?

**Ms Griffith**—There are a couple of alternatives for negotiating a licence fee, which we are discussing with the florist at the moment.

**Senator MOORE**—Is that commercial-in-confidence; the terms of that process?

**Ms Griffith**—I think there are probably two ways we can do it. Either on a percentage of turnover plus a contribution to overheads or—

**Senator MOORE**—Right. That is standard.

**Ms Griffith**—There is either that one—the percentage of turnover—or one based on dollar per square metre rate. We can negotiate that with the florist.

**Senator MOORE**—What is the turnover time between when a licence expires and the new one is negotiated?

**Ms Griffith**—We hope to have it in place by the end of March.

**Senator MOORE**—That is standard practice, that it is always negotiated before the next one comes through?

**Ms Griffith**—Yes, we try to. There are some that do go over but we try to negotiate.

**Senator MOORE**—In terms of the relationship between anyone with a licence and the department as the landlord, I suppose would be the term, do you see what the percentage of turnover is? Is that something that is discussed or that is entirely not your business?

**Ms Griffith**—In the florist case, she is just paying a flat fee under the current licence. But we are tidying up all licences. It was a very ad hoc arrangement so we are tidying them up as they become due and looking at a more structured approach.

**Senator MOORE**—Into a standard format of those two options? And everybody would know that?

**Ms Griffith**—Yes.

**Senator MOORE**—Individual details would be unknown, of course, in the commercial process.

**Ms Griffith**—Yes.

**Senator MOORE**—But the expectation would be to have a licence arrangement with DPS as these are the two options? And everyone would be treated the same.

**Ms Griffith**—Yes.

**Senator MOORE**—Thank you.

**Mr Thompson**—Senator, I would just like to make one more point. We would very much like the florist operation to be successful in this building and that is one of the reasons we are spending quite a large amount of money on the fit-out in the staff dining room and on about \$11,000 worth of new fridges down below for her as well.

**Senator MOORE**—That is in the basement for her stock?

**Mr Thompson**—Yes, that is in the basement in a storeroom. We are making quite a big commitment to endeavour to have this as a very successful operation. I guess the other dimension to a florist operation is that she certainly provides a service inside the building but she also has quite a range, as we understand, of events that she caters for outside as well.

**Senator MOORE**—I think that is the operation with a business of that kind, which makes it slightly different to maybe some of the other licensees that you have.

**Mr Thompson**—It is, yes.

**Senator FORSHAW**—Does she cater for large functions in the Great Hall?

**Ms Griffith**—She can, yes. It is up to the function organisers to decide what sort of decoration they are having in the hall and who does it.

**Senator FORSHAW**—So, if it is a private organisation, they engage whoever they want to?

**Ms Griffith**—That is right. But what I will say is—

**Senator FORSHAW**—But what if there is a head of state dinner or function?

**Ms Griffith**—That is organised through the ceremony and hospitality unit of the Department of the Prime Minister and Cabinet.

**Senator FORSHAW**—Yes, they usually do it. So there is no arrangement whereby she has first offer or first refusal?

**Ms Griffith**—That would be an arrangement between her—

**Senator FORSHAW**—Okay.

**Ms Griffith**—But what I will say is that IHG do put her business card in the packs that they send out for people booking functions.

**Senator FORSHAW**—Thank you.

**Senator JACINTA COLLINS**—I am not sure if I am in the right place, but I have a question, while we are on functions, about the set out of functions in the sense of dinners that occur in the Mural Hall. I have had this discussion in the past in terms of how they lay themselves out and the extent to which that becomes difficult for members and senators, particularly senators attending committee hearings, and I have noticed in the last 12 months that that is becoming a problem again. Mr Thompson, I am not sure whether you recall what I am talking about here, but a problem that a number of senators find is that they come through the doors in the central area to make their way to a committee room and all of a sudden find

themselves essentially in the middle of a dinner function. Are there guidelines about how dinner tables can be set up and established in that space, so that it does not interfere with the operations of the parliament?

**Ms Griffith**—I would have to take that on notice.

**Senator JACINTA COLLINS**—As I said, it is a problem that has been raised in the past—and addressed in the past, I should say, but I have noticed that that is not currently the case. If you could look at that, please.

**Ms Griffith**—Shall do.**CHAIR**—Okay. Any further questions on output group 2?

**Senator FORSHAW**—I have a quick question—I am not sure whether this is the right area—on lifts in the building. Is this the right area to ask about lifts?

**Mr Thompson**—Yes.

**Senator FORSHAW**—I have wondered about this for many years, but I am going to ask the question now. Is there a problem with the lifts in this building where, you press the button to go up, a lift arrives and the light comes on to go down, then you hop in the lift and press the up button and it goes back up. I do not have a major complaint about the service. I got stuck in a lift in Sydney last week, at a Senate committee hearing, which was not pleasant—that was not a parliamentary building. Has anybody else ever raised this problem? There just seems to be something a bit skew-whiff, if that is the correct word, with the indicators.

**Mr Thompson**—I have had it happen to me.

**Senator FORSHAW**—It has been happening to me for years! I have never worried about it—I just get in, press a button and hope I go up or down.

**Mr Nakkan**—Can I clarify that. So, you call for a lift at a floor and one of the indicating lights comes on. Is it an up or down light?

**Senator FORSHAW**—Let's say you press the up button. The lift arrives and indicates 'down' so you do not get in it. But, if it is empty and you get in it, you can hit the up button and sometimes it will go up. It just seems to me that it is not registering on the outside what the lift may or may not—

**Mr Nakkan**—Say you are on the first floor. If it were called to the ground floor, and the person who called that lift has—

**Senator FORSHAW**—This is generally a ground floor issue, I find.

**Mr Nakkan**—Okay. If the person who has called that lift has walked away or caught the other lift, it will still continue in the same direction—if it has been called to the floor below.

**Senator FORSHAW**—I find that all sorts of things happen. I don't intend to worry about it. I just get in the lift and press a button as to where I want to go.

**Mr Nakkan**—Certainly, if the indicator is showing 'up' and you want to go up and it does not go up, that is a real problem. But it will indicate the direction that it is travelling in.

**Senator FORSHAW**—But I am saying that on the outside it does not always do that. You can walk up to the lift and, even if the lift arrives, it will flash that it is going to go down, without even pressing the button sometimes—or, if you press the button to go up and the lift

arrives, it might light up to show that the lift is intending to go down. There are two lifts; this is one of them. So someone might wait there and think, 'Hang on, where's that one going to go?' You hop in the lift, press the button to go up and it does go up. It is just a bit odd.

**Senator MOORE**—Use the stairs.

**Senator FORSHAW**—I always use the stairs coming down, I can assure you of that.

**Mr Nakkan**—If the lift has already been called to a different floor, that will be its priority. Some lifts also have a home floor. If it is travelling in the home direction, it may continue to travel in the home direction.

**Senator FORSHAW**—Do not worry about it. I have put up with it for all these years, so—

**Senator PARRY**—I want to clarify this: are we at 2.1, security services? We seem to have gone to 3.1 and we went to be 2.3.

**CHAIR**—No, we have been dealing with building and occupant services, output group 2.

**Senator PARRY**—We went to 2.2. Are we now back to 2.1?

**CHAIR**—We have been at 2; we are not at 2.1.

**Senator PARRY**—I want to talk about security services for the building. Am I correct in assuming that there are four entry and exit points in the building: ministerial, Senate, House of Representatives and the public entrance?

**Mr Thompson**—No, there are seven in total.

**Senator PARRY**—Could you tell me what the other three are.

**Mr Thompson**—The other three are the loading dock, the—

**Senator PARRY**—Is the loading dock purely for the delivery of goods?

**Mr Thompson**—Yes, but if you are talking about security then it is another point of entry into the building.

**Senator PARRY**—Do members of staff use the loading dock as a regular entry point?

**Mr Thompson**—Our landscape staff would regularly. Their depot is just beyond and so they would bring plants and their tools into the building that way.

**Senator PARRY**—What are the other two?

**Mr Thompson**—At the ministerial entrance, there is both a ground floor entrance and a basement entrance. At the main public entrance, there is one at ground level and then there is one below.

**Senator PARRY**—With the ministerial entrances on the ground floor and in the basement, I presume the delineation is that ministers and their staff arriving in the basement car park would come through the basement entrance. Is the top ministerial entrance for members of the public as well?

**Mr Thompson**—The typical users of the ground floor entrance at the ministerial end tend to be Commonwealth public servants who are visiting various ministers and—and I have been party to this—and an awful lot of interstate visitors from state governments and the like. Typically, they arrive there and then come to these rooms.

**Senator PARRY**—Can you give us a cost for maintaining each of these individual security points? They each have a scanning device and require personnel.

**Mr Thompson**—There are substantial costs in having seven locations. We acknowledge that. But it is driven by the fact that it is not a high-rise building but a huge plan area. Starting back in the mid-1980s when this building was being designed, the notion of seven access points was seen to be convenient. Then there was the advent of a greater security risk, and so we now have seven locations, seven sets of metal detectors and seven lots of security staff.

**Senator PARRY**—How many staff are required per security point?

**Mr Thompson**—That varies. Typically, at quiet times into the evening, the Senate exit—to use that as a good example—will have one staffer. A classic busy time would have been this morning. There would be up to three or four staffers at times like that.

**Senator JACINTA COLLINS**—Are there only seven? Are there not extra screening devices at the senators entrance and the members entrances?

**Mr Thompson**—At the Senate and House of Representatives, there are entrances for senators and members and entrances for others. To that extent, you have extra—

**Senator JACINTA COLLINS**—Extra again.

**Mr Thompson**—again at both the House of Representatives and Senate sides.

**Senator PARRY**—And there is a double up in staff off a morning when there is that small opportunity for senators in particular to enter. I have noticed that there is usually two staff on the Senate express lane, if I can call it that, compared to the regular line. Since the implementation of the security points, has there been a review of how many we need and their purpose? Has there been any discussion or review of that in the history of the parliament?

**Mr Thompson**—We are actively looking at how we operate those services right now. I do not know that this is the right forum in which to go into all the detail, but we are very conscious that this total operation is relatively high cost and we are looking at ways that we can deliver a high level of security to the building without inconveniencing the people who come and go from the building at a lower cost. That is a work in progress right now.

**Senator PARRY**—If we leave the public aside—and I think we would all accept that the public needs screening as they enter Parliament House—what is the risk factor of senators, members, public servants and staffers? What risk analysis has been attributed to those people entering the building every day?

**Mr Thompson**—Are you talking about—

**Senator PARRY**—What is the perceived risk of senators, members, staff and public servants entering the building on a daily basis?

**Mr Thompson**—That is a very good question. It is worth recognising that we have a two-tier system for the building at the moment. We have metal detectors all around the perimeter, and that includes the loading dock. That is about treating everybody as equals, if you like, as they come into the building. Then we have a much higher level of sensitivity for people going into the two galleries: the Senate and the Reqs.

**Senator PARRY**—That is an internal measure after the external parameter.



**Mr Thompson**—I am just making the point that, at the moment, it is a system which does not differentiate between a member of the public, a senator, a minister or a staff member. They are all treated the same.

**Senator PARRY**—The question is: what is the perceived risk of a senator, a member or a staff member entering on the daily basis, who have obviously gone through some form of security clearance in the first instance in order to be here? There must be a perceived risk, otherwise we would not be doing this. So what is the perceived risk?

**Mr Thompson**—If you hark back to the events of eight years ago, the perceived risk was about major public buildings like this being at risk by people bringing in weapons and the like. The system was put in place in 2002 or 2003.

**Mr Kenny**—We might have to take this on notice because you are asking about things that go back quite a long time. Certainly I can recall coming into this building and being scanned before 2001. So, regarding the process by which those decisions were taken, the risk assessments that were made and all the analysis—I would presume by agencies outside this building as well—we would have to go through our files.

**Senator FIFIELD**—Sure. On that, my recollection—and it could be incorrect—is that members and senators were included in the security screening because of a concern that it might be seen as discriminating against other occupants of the building if members and senators were not screened. That was my understanding at the time, but you may want to check that. If the screening does go to genuine concerns in relation to security, with regard to members and senators, then I would be interested as to whether there are different concerns about members as opposed to senators—whether members are seen as a higher security risk than senators, for instance.

**Mr Kenny**—There are more of them.

**Senator FIFIELD**—Indeed. Anyway, it would be useful to go back to find out what the rationale is—whether it is because of perceptions of discrimination or whether it actually goes to genuine issues of security.

**Mr Kenny**—As I said, we can take the history on notice. What I can tell you is that I am not aware of there being any distinction based on the side of the House or the side of the building. That is based on recalling discussions at the security management board, which, as the Clerk of the Senate said earlier today, is the committee under our legislation responsible for providing advice to the Presiding Officers on security in the building.

**Senator FIFIELD**—I was being a little tongue in cheek. I just focus on the point as to whether there are distinctions between categories of building occupants in terms of risk—be they members and senators, public servants, staff et cetera.

**Mr Kenny**—I think the distinction is passholder and non-passholder.

**Senator CAMERON**—I think it was about whether there is a risk to the nation. I do not know where that leaves me!

**Senator FORSHAW**—Following up on that, can you let us know—and take this on notice—what the arrangements are in all of the state parliaments.

**Senator PARRY**—Senator Forshaw, I am getting there, so if I could pursue my line of questioning that would be good.

**Senator FORSHAW**—I am sorry; I thought you were moving to another area.

**CHAIR**—Yes, it is still Senator Parry.

**Senator PARRY**—Thank you, Madam Chair. On that issue, I know that as of this morning, as of 10.34 am, every state parliament in this country allows every member of the parliament and every staff member who is a passholder to have access without screening, to go in and out as many times as they like. They do not perceive the occupants of the building—the people who they trust, those elected to be there—as security risks.

I suggest that is a serious matter that your department needs to review in light of seven security points—or nine if we count the doubling up of the senators and members doors—and so allow passholders who have appropriate security screening to enter this building and exit freely. It is problematic for senators and members at times—and I am sure for public servants—to queue up in a long queue when they enter this building and also to leave this building either to greet people or to move in and out quickly through or from the entrance ways. In particular it inhibits the role of a senator or a member and, I am sure, that of senior staff too. So I think that is a matter for review. I think there could be considerable cost savings to the Commonwealth—in fact, huge cost savings to the Commonwealth—by undertaking that review and modifying our procedures to fit with a real security risk, not into some ad hoc system. Mr Kenny has indicated 2001; he has gone back that far. This should be reviewed on an annual basis, rather than being a matter that just comes up occasionally. I feel as though it is an unwarranted procedure for this parliament to have that sort of level of screening of people, those who are supposedly trusted, elected by the country, and also trusted senior staff and passholders.

**Senator FIFIELD**—They are treated the same as lobbyists.

**Senator PARRY**—Yes, they are treated the same as lobbyists. That is right. They are placed in that category. I gather from the nods, Mr Thompson, that that is something that you will take on board.

**Mr Thompson**—Yes, Senator.

**Senator PARRY**—I think it needs to be addressed sooner rather than later, especially given the economic climate and the level of service and the access to this building that I think members expect.

**Senator FERGUSON**—I have a question for Mr Thompson. How many permanent employees are there in Parliament House?

**Mr Thompson**—My understanding is, in terms of people, we have about 900 in DPS and then I think Senate and Representatives each have about 150. That would take it to about 1,200 parliamentary service employees. Then, of course, you have ministerial staff, members of parliament staff, the lobbyists and the press gallery as well.

**Senator FERGUSON**—How many passes have been currently issued to date to people not in Parliament House?

**Mr Thompson**—As of late last year it was about 8,000—thereabouts.

**Senator FERGUSON**—Is it right that every one of those passes will activate the bollards?

**Mr Thompson**—They were all activating the bollards. We have made some adjustments recently.

**Senator FERGUSON**—What sort of adjustments?

**Mr Kenny**—When you say ‘activate the bollards’, Senator, do you mean—

**Senator FERGUSON**—I mean that if they swipe the bollards will go down. They—anyone of those 8,000 people—can be in a taxi or any private vehicle, swipe their cards and the bollards will lower and they can gain access.

**Mr Kenny**—I will confirm whether they can still do all the bollards or whether they are restricted to one set.

**Senator FERGUSON**—The one that we use to swipe to go down to the underground car park can also be used to swipe for the entrance to the Senate, the entrance to the Reps and the driveways at the side. So, basically, any one of those 8,000 people can access the doors of Parliament House.

**Mr Kenny**—The policy that restricts access to all slip roads has been improved and we are currently implementing it.

**Senator FERGUSON**—Sorry? So the policy—

**Mr Kenny**—We changed the policy, and it has been approved by the presiding officers, so that not everyone who has a pass can lower each set of bollards.

**Senator FERGUSON**—How many would be able to lower the bollards? How many people now cannot lower the bollards?

**Mr Kenny**—A pass allows you to lower the bollards. When the system was put in place—

**Senator FERGUSON**—Hang on; you said that the policy has been changed.

**Mr Kenny**—So that you cannot lower all the bollards.

**Senator FERGUSON**—But you can always lower the ones that get you an entry up the driveway to the Senate or the driveway up to the House of Representatives.

**Mr Kenny**—What I am saying is that under the new policy certain passholders will be able to lower one set but not the other two.

**Senator FERGUSON**—I do not quite follow you.

**Mr Thompson**—We are in midstream in the sense that a change of policy has been approved but we have not fully implemented it by asking each passholder which of the three ramps they want to use.

**Senator FERGUSON**—So a card will be able to be programmed so that they can use it to get in one entrance, and one entrance only. Is that what you are saying?

**Mr Kenny**—They can use it on one set of bollards.

**Senator FERGUSON**—One set of bollards.

**Mr Thompson**—Yes. Now that would not apply, for example, to the COMCAR drivers. Their passes will apply to all three.

**Senator FERGUSON**—No; I understand that.

**Senator FIFIELD**—Will lobbyists count as passholders, for instance, if they have a pass?

**Mr Kenny**—The answer is: yes, they do count as passholders. However, the pass policy has restrictions about what the different categories are able to do, and not all are able to have the full suite of access. We can provide you with a copy of that policy.

**Senator FIFIELD**—That would be good.

**Mr Kenny**—That would be easier than me trying to memorise it.

**Senator FERGUSON**—When did this policy come into force, and why weren't we notified?

**The PRESIDENT**—It came into force on 2 February, and the whole thing with the new policy is that it will take time to implement it—until they can sort out, as we understand it, the various categories of people who will have the access. But the intent is to cut down on the carte blanche that currently exists and to make it more restrictive while not denying those who have the right to access that ongoing role.

**Senator FERGUSON**—Under this new policy, who is likely to have carte blanche access to any of the bollard entrances? I presume it will be members and senators and COMCAR drivers. Will the diplomatic community?

**Mr Kenny**—It is probably best if we provide the committee with a copy of the policy.

**The PRESIDENT**—Chair and Senator Ferguson, for the sake of the discussion it might be helpful if I table a copy of the operating policies and procedures, 10.1 Parliament House passes. It is dated 4 February. I will table that and that will assist. I cannot recall all the detail now, Senator Ferguson as you will understand when you go through these. It is certainly designed not to limit the rights of those people such as ourselves, COMCAR drivers and so on, who currently have that right. It is to ensure that those who do not have a need to use their pass do not have that right afforded to them.

**Senator FERGUSON**—I am really only making this point to support what Senator Parry is calling for in the way of the security measures. I know how difficult it is because I have been in that position before. You have a situation where, in state parliaments, any member or staff can walk in without any security screening whatsoever and in the Commonwealth parliament we have what is supposedly very strict security arrangements. I do not object to being screened. I do not have any problem with that at all, and I do not think most members and senators do either, but when that is backed up with a policy of 8,000 passes, any one of those 8,000 will be able to access Parliament House somewhere. Even if they do not have carte blanche, they will be able to access somewhere—it would seem to me that we have a mixture of a very strict security policy in relation to scanning, and a very lax security policy when it comes to being able to access the parliament.

If we are going to have bollards—if we are going to try and restrict access and if there is any purpose in restricting it—you have to restrict the number of people who can access it.

Otherwise it is pointless. I do not think it would be all that difficult for somebody who wanted to create mischief to get hold of a pass and to get in. I just think it is time that you should maybe consider having a review of the whole security measures along the lines that Senator Parry has suggested in the light of what we do in our state parliaments.

**Senator CAMERON**—Are you saying we should be alert but not alarmed?

**Senator FERGUSON**—I haven't got a fridge that is big enough.

**Senator PARRY**—Following on, I would like to get to the general issue of security and consistency. We have covered the security screening stations, or the points on entry, but my colleagues and I have observed security staff walking in and out without having to go through additional screening. Presumably they have come in and gone out. Obviously they trust each other, which I completely accept; I think security staff should be able to walk in and out without screening because they are carrying firearms and the like. But that is then inconsistent with senators and members and other public servants. Also, I have seen cleaning staff go through the security point and get checked but then go backwards and forwards as they have needed to and not be checked again. If people wish to create mischief, there is ample opportunity for them to do it in that manner.

In relation to the bollards and the stopping points, I have always been concerned about how a car full of explosives could be parked easily outside the Senate entrance—I understand extra-thick material has been used at the entrance to the buildings—because the bollards do not necessarily stop that. If we are serious about perimeter security we would have one checkpoint at which every vehicle would be searched, so this seems to be a token method that does not particularly address the real security needs; it just seems to be a token measure, for aesthetics more than for practicality.

Equally, if we are concerned about security I think members, senators and other visitors trapped between those bollard points would be a target for anyone serious about creating mischief or, indeed, any abuse or whatever of any member or senator. So I would like to see that included in the review that is undertaken in relation to the entry points for vehicle access. I invite any comments you have.

**The PRESIDENT**—Could I just defend previous presiding officers. I do not think the decisions they took were token security decisions. I do not think that is fair to them. They were given a risk assessment of what should be done—and I am even talking about prior to Senator Ferguson—and they were faced with the fact that they could establish a one-point security point to enter this place. But the advice that I believe they were given in those days was that it was very complex to go down that path and the risk, even though it was high, did not warrant that at this stage. So I just want to say that my predecessors, regardless of what their political persuasion might be, took the risk factors associated with this place very seriously and the regime that they have put in place is undoubtedly the best given the circumstances of the design of this place, the potential risk and the threat to the occupants of this building. We will take on board the comments that you have made. Undoubtedly DPS will do a review and, whilst I have been in this job for almost six months, I have not had a full briefing on the security arrangements—it is actually set down for later this week—so this will

actually engender some life into the discussions that I have with the departmental officials later this week.

**Mr Thompson**—I would just make the point that we are quite in tune with wanting to refine and improve the security here. In the last few months we have done two things: one is to refine, and to later implement, the policy of who has access to the three ramps—that is not yet finished—and the other, which is already in place, concerns the decisions we took in about autumn last year in relation to the ministerial entrance. Courier vans were driving right up into the ministerial wing top car park, but we have now moved to a situation where vans can no longer go up there. Couriers still come up, but they come up in a sedan or a station wagon. That was a giant step forward in terms of risk. So we are in tune with that. Right now we are reviewing the internal operations of our PSS staff and the sorts of comments we are getting today are in tune with the next round of reviewing and improvements that we would like to make.

**Senator PARRY**—If I could just respond to the President of the Senate. I am aware of previous Presiding Officers, and in fact had discussions when the bollards were being introduced, and I know that they were acting on advice and within budgetary constraints and other matters, but it appears that the entire plan—

**CHAIR**—Is there a question there, Senator Parry, rather than a statement?

**Senator PARRY**—Yes. I would like to know whether the entire plan was considered and not adopted, because it appears as though there was only part of a plan implemented, which does not seem to fit a strong security measure.

**The PRESIDENT**—As I understood it, the previous Presiding Officers adopted a plan in total for the security of this building. I do not think they demurred in any way from taking on the responsibility that they should have—and I know you are not inferring that. Undoubtedly, we can revisit that when we look at the suggestions that have been made today.

**Senator PARRY**—My final question is: could we have a clear undertaking that this will be taken on as a matter of urgency rather than just as a matter of due course?

**The PRESIDENT**—I think the fact that they are meeting with me later this week will now see that it is a matter that is dealt with expeditiously, and of course they then need to go out and do the appropriate research, talk to the appropriate people who can give them an update on the risk assessment for this place, and then they will bring a report back to the Presiding Officers. Hopefully, that is sooner rather than later.

**Mr Kenny**—I need to clarify two points, which I think is necessary. The first one is that we operate at a threat level at the moment which is why the bollards work the way they do. At higher threat levels, access is much more restricted—including, for example, that all vehicles would be stopped and searched and bollard operation would cease. They would be permanently up. That is in the context of the overall security strategy. On the second point, Senator Parry, you made a reference to firearms. Our security staff do not carry firearms.

**Senator PARRY**—What about walking around the perimeter of the building?

**Mr Kenny**—The AFP outside do have firearms.

**Senator PARRY**—Do they ever enter the building?

**Mr Kenny**—They do not bring their firearms in.

**Senator PARRY**—What do they do with them when they enter the building? Where do the firearms come to rest?

**Mr Thompson**—There are little lockers adjacent to—

**Mr Kenny**—Little firearm safes, yes, that they put them in.

**Senator PARRY**—Is there a clear delineation between AFP operations and internal security arrangements?

**Mr Kenny**—Yes, although their people and our people work closely together. For example, they each do exercises during the year, and several of those exercises are conducted jointly. But they have their own separate ones as well.

**Senator PARRY**—Even during the hours of, say, midnight to 8 am, there are no firearms worn internally in the building whatsoever. Is that what you are saying?

**Mr Kenny**—That is correct. Firearms can be worn with the permission of the Presiding Officers, and occasionally people doing special visits will be permitted to carry firearms.

**The PRESIDENT**—That is signed off by the Presiding Officers when that happens. That does not happen as a matter of course.

**Mr Kenny**—Except for the Prime Minister's CPP guys—the close personal protection detail. They carry firearms.

**Senator JOHNSTON**—Mr Thompson, can I ask who is responsible for the CCTV cameras for Parliament House?

**Mr Thompson**—In an operational sense, we are. They all feed back into our operations room.

**Senator JOHNSTON**—I do not want to know much about them, other than to know that the Presiding Officer has overseen, to some extent, the system—seen how it operates and seen the level of manning. I think that is a very important part of the briefing that I am hoping the President is going to get in the next couple of days. I think that, as Presiding Officer, he should be aware of exactly what the capability is for monitoring at all hours of the day and night.

**Mr Thompson**—Yes. As a department, we are responsible for setting them up and then monitoring them, which we do through our operations room. It is our intention, and I trust we do, to fully run that system in accordance with the agreements that have been struck from time to time with the Presiding Officers.

**Senator JOHNSTON**—I would just like to know that the Presiding Officer has seen and inspected the network as such and knows how it operates and is satisfied with it.

**The PRESIDENT**—The short answer to that is that I have not seen it at this stage.

**Senator JOHNSTON**—I hope you will.

**The PRESIDENT**—I know about its operation but I have not physically walked over to see it.

**Senator JOHNSTON**—I think it is important that you do.

**The PRESIDENT**—Yes.

**Senator FERGUSON**—There is one other issue, in relation to passes: has there been a change of policy in relation to the spouses of former members of parliament?

**The PRESIDENT**—Not that I am aware of, but we can take that on notice.

**Senator FERGUSON**—I only ask because I understand that, in the past, former members of parliament's spouses had passes—in the same way that our spouses or partners have passes—to get into Parliament House and they now have to get a visitors pass every time they come.

**The PRESIDENT**—We have given away our only copy; if someone wants to hand a copy back we can give it to the—

**Senator FERGUSON**—I have not got that out of there.

**The PRESIDENT**—As far as I know, that was not raised and has not been changed.

**Senator FERGUSON**—It was brought to my attention by the wife of a former senator or House of House of Reprs member—I cannot remember—who said that whenever she comes to Parliament House now she has to be signed in as an escorted or unescorted visitor. So, if she comes to this place without her husband with her—he might have come the day before—there has to be some arrangement for her to get signed in. I am just wondering if you could check that, because that was what was said to me.

**The PRESIDENT**—We will check it, but—

**Senator FERGUSON**—If it is the case, I think that some consideration ought to be given to reinstating what I think was the original policy, where the partners or spouses of former senators or members were able to get photographic passes.

**Mr Thompson**—Can we come back to you, Senator?

**Senator FERGUSON**—Yes, certainly.

**Senator LUNDY**—I would like to ask some broad questions about the management of IT, particularly the way in which the Department of Parliamentary Services needs to work with the department of finance to coordinate IT services to members and senators. One of the issues has always been coordination between the two. From a senators' and members' point of view and the perspective of my role in the Presiding Officers Information Technology Advisory Group, I am interested to know what strategies there are to try and improve the interaction between DPS and Finance and to make sure that some of the glitches in the communication between those two bodies stop occurring, because they have caused issues and problems.

**Mr Kenny**—The solution—if that is the right word—to the great majority of the problems that we are aware of will be when DPS takes over responsibility for electorate office and network support so that you will have one organisation doing all the decision making, providing the support and being accountable for it. At the moment there are four organisations who all have some responsibility, and they do not always, historically, take the same decisions about issues such as what software you can have, what your hardware looks like and how it



all works. As a result of a decision that has been taken jointly by the Special Minister of State and the Presiding Officers, we are now working with Finance to transfer the responsibility for all electorate office IT support to DPS. Then we will have one organisation responsible and, as I said, accountable.

**Senator LUNDY**—That is good news. I think that will probably help the coordination issues and on that basis it will create a far more accountable and more efficient way in which we can resolve the sorts of challenges that we confront as senators and members. As far as the role of the POITAG group goes, is it the intention—I do not know whether this is a question for Senator Hogg—to continue using that group to provide feedback to the department about the issues and decisions that are made by DPS in that regard?

**The PRESIDENT**—Senator Lundy, there is no intention as far as I know to change that policy at all.

**Senator LUNDY**—That is good news. I think that will resolve a lot of the glitches that have occurred. Thank you.

**CHAIR**—I have some questions in relation to PDAs. I was wondering if you could update us as to what PDAs are now in service to senators and members, and how many PDAs have been returned and senators and members going back to using a mobile phone?

**Mr Kenny**—I will have to take that second part on notice, Senator, in terms of the statistics. At the moment apart from the trials of the BlackBerry, which is a different and more functional version of a PDA than is currently being used, there has been no change to the PDA policy or the way that they are issued. I think there is a great deal of expectation that the BlackBerry trials will result in the new BlackBerry technology or the different BlackBerry technology being available to all senators and members rather than just through the trial. But that is a decision that has to be taken by the Special Minister of State.

**CHAIR**—I have put a heck of a lot of questions on notice and it just astounds me that a lot of information was unable to be provided. Over the last two years there has been a lot of concern about the increase in cost and the problems that senators and members were experiencing, when their PDAs were initially introduced, with lack of reliability, phones dropping out and the cost. Would you be able to provide to us—and I take it you will not be able to give it to us now—on notice the costs of senators and members telephones and PDA accounts over the last four years to see whether or not there has been an increase due to the inefficiency of the first PDAs that were rolled out?

**Mr Kenny**—You would have to ask the Department of Finance and Deregulation because they are the ones that look after that.

**CHAIR**—Thank you Mr President, thank you gentlemen. We will move now to the Governor-General group. Any other questions can be put on notice.

[12.17 pm]

**PRIME MINISTER AND CABINET PORTFOLIO**

**In Attendance**

Senator the Hon. John Faulkner, Special Minister of State

**Office of the Official Secretary to the Governor-General**

Mr Stephen Brady, Official Secretary to the Governor-General

Mr Mark Fraser, Deputy Official Secretary to the Governor-General

Mrs Sharon Prendergast, Director, Australian Honours and Awards Secretariat

Mr Stephen Murtagh, Director, Corporate Services

**Department of the Prime Minister and Cabinet**

**Overview**

Mr Mike Mrdak, Deputy Secretary, Governance

**Economic and Industry Policy**

**Output group 1**

Dr Rhondda Dickson, First Assistant Secretary, Industry, Infrastructure and Environment Division

Mr Dominic English, First Assistant Secretary, Economic Division

Mr Steven Clively, Assistant Secretary, COAG Unit

**Social Policy**

**Output group 2**

Ms Serena Wilson, First Assistant Secretary

Ms Liza Carroll, First Assistant Secretary, Office of Work and Family

Ms Kym Peake, Executive Coordinator, Productivity and Inclusion

Ms Michelle Patterson, Assistant Secretary, Social Inclusion Unit

Mr Shane Hoffman, Assistant Secretary

Ms Yael Cass, Assistant Secretary

Ms Helen McDevitt, Assistant Secretary

**International and National Security Policy**

**Output group 3**

Mr Angus Campbell, Acting Deputy National Security Adviser

Dr Richard Davis, First Assistant Secretary, Defence, Intelligence and Research Coordination Division

Dr Rob Floyd, First Assistant Secretary, Homeland and Border Security Division

Mr Hugh Borrowman, First Assistant Secretary, International Division

Mr Frank Leverett, Assistant Secretary, Ceremonial and Hospitality, International Division

Mr Garry Fleming, Assistant Secretary, Homeland and Border Security Division

Mr John Geering, Acting Assistant Secretary, Defence, Intelligence and Research Coordination Division

Mr Duncan Lewis, Associate Secretary (National Security Adviser)

**Strategic policy****Output group 4**

Mr Ben Rimmer, Deputy Secretary, Strategic Policy and Implementation

Mr Mike Mrdak, Deputy Secretary, Governance

**Support Services for Government Operations****Output group 5**

Mr Mike Mrdak, Deputy Secretary, Governance

Ms Barbara Belcher, First Assistant Secretary, Government Division

Dr Wendy Southern, First Assistant Secretary, Cabinet Division

Mr John Cairns, First Assistant Secretary, Ministerial Support Unit

Dr Susan Ball, Acting First Assistant Secretary, Corporate Services Division

Ms Kym Partington, Chief Financial Officer

Mr Kim Terrell, Assistant Secretary, Cabinet Implementation Unit

Ms Alex Marsden, Acting Assistant Secretary, Official Establishments Unit

**Australian National Audit Office**

Mr Ian McPhee, Auditor-General

Mr Steve Chapman, Deputy Auditor-General

**Improvement in public administration****Output group 1**

Mr Peter White, Group Executive Director, Performance Assurance Services

Mr Matt Cahill, Group Executive Director, Performance Assurance Services

Mr Brian Boyd, Executive Director, Performance Assurance Services

**Assurance****Output group 2**

Mrs Dianne Rimington, Group Executive Director, Corporate Services

**Output group 3**

Mr Warren Cochrane, Group Executive Director, Assurance Audit Services

Mr Michael Watson, Group Executive Director, Assurance Audit Services

Mr Michael White, Executive Director, Performance Assurance Services

Mr Robert Holbert, Senior Director, Performance Assurance Services

Mr David Crossley, Executive Director, Performance Assurance Services

Ms Fran Holbert, Executive Director, Performance Assurance Services

**Australian Public Service Commission**

Ms Lynelle Briggs, Australian Public Service Commissioner

Ms Carmel McGregor, Deputy Public Service Commissioner

Ms Annwyn Godwin, Merit Protection Commissioner

Ms Karin Fisher, Group Manager, Corporate

Mr Roger Tarlinton, Director, Policy Group

Ms Louise Brown, Director, Programs Group

Ms Nicole Pietrucha, Group Manager, Evaluation

Ms Clare Page, Group Manager, Better Practice

Mr Patrick Palmer, Group Manager, Regional Services

Mr Steve Ramsey, Principal Legal Adviser

**Office of the Inspector-General of Intelligence and Security**

Mr Ian Carnell, Inspector-General  
Office of National Assessments  
Mr Peter Varghese, Director General  
Mr Derryl Triffett, Assistant Director, General Corporate and IT Services  
Mr Patrick Keane, Director, Business Management  
Ms Laura Rennie, Accountant, Corporate Services

**Office of the Privacy Commissioner**

Ms Karen Curtis, Australian Privacy Commissioner  
Mr Timothy Pilgrim, Deputy Privacy Commissioner  
Mr Mark Hummerston, Assistant Privacy Commissioner  
Mr David Richards, Finance and Services Manager

**Office of the Commonwealth Ombudsman**

Professor John McMillan, Commonwealth Ombudsman  
Mr Ronald Brent, Deputy Commonwealth Ombudsman  
Dr Vivienne Thom, Deputy Commonwealth Ombudsman  
Ms Jill Jepson, Senior Assistant Ombudsman, Corporate and CFO

**National Archives of Australia**

Mr Ross Gibbs, Director-General  
Ms Cheryl Watson, Assistant Director-General, Corporate Services  
Ms Karen Sheppard, Chief Finance Officer, Corporate Services

**Old Parliament House**

Ms Jenny Anderson, Director  
Mr Andrew Harper, Deputy Director, Corporate and Heritage Branch  
Ms Kate Cowie, Deputy Director, Exhibitions, Research and Programs Branch  
Ms Karen Hogan, Chief Finance Officer

**Department of Climate Change****Executive**

Dr Martin Parkinson, Secretary  
Mr Howard Bamsey, Deputy Secretary  
Mr Blair Comley, Deputy Secretary

**Response to climate change****Output Group 1**

Ms Jan Adams, First Assistant Secretary, International Division  
Mr Ian Carruthers, First Assistant Secretary, Adaptation and Land Management Division  
Mr David Rossiter, First Assistant Secretary, Greenhouse and Energy Data Office Division  
Mr Barry Sterland, First Assistant Secretary, Emissions Trading Division  
Ms Shayleen Thompson, First Assistant Secretary, Strategies and Coordination Division  
Mr Russ Campbell, Assistant Secretary, Electricity Sector Branch  
Ms Helen Grinbergs, Assistant Secretary, Coordination and Frameworks Branch  
Mr Robert Twomey, Chief Financial Officer  
Ms Jenny Wilkinson, Assistant Secretary, Household and Industry Assistance Branch  
Dr Steve Hatfield Dodds, Assistant Secretary, Analysis and Projections Branch

**Office of the Renewable Energy Regulator**

Mr Amarjot Singh, Acting Renewable Energy Regulator

**Office of the Official Secretary to the Governor-General**

**CHAIR**—Good afternoon and welcome. As no-one wishes to make an opening presentation we will move straight onto questions.

**Senator FIFIELD**—Mr Brady, it is good to see you. Have there been any fresh appointments in your office since last we met?

**Mr Brady**—There has been one, Senator. I have tried to regularise the organisational structure of the office and I have appointed a third director, and that person is the director of an executive and protocol branch. That makes three now.

**Senator FIFIELD**—Thank you for that. You have certainly been much travelled since last we met across this table. I was wondering, did you accompany the Governor-General to Abu Dhabi?

**Mr Brady**—Yes, I did.

**Senator FIFIELD**—The Governor-General gave a speech there at the World Future Energy Summit, which received some coverage. In the Governor-General's speech her opening line was:

It is a great privilege to be here representing Australia at the World Future Energy Summit.

I am wondering in what capacity the Governor-General was there. Was the Governor-General representing the government or the Prime Minister? What exactly was her representational role there?

**Mr Brady**—I think it would be fair to characterise her role as representing Australia in a head of state capacity. Her speech in Abu Dhabi was made in front of 2,000 delegates. It was commented on very favourably that she had come to Abu Dhabi by the Crown Prince of Abu Dhabi, by the Minister of Foreign Trade and by the Mother of the Nation of the UAE. So her attendance certainly benefited Australia. The speech that she made was a non-political speech. I think it was very important that Australia be represented and she was happy to take that role as head of state.

**Senator FIFIELD**—You say that the Governor-General was representing Australia rather than representing the government of Australia.

**Mr Brady**—Absolutely.

**Senator FIFIELD**—So there is that distinction. Do you know if the Prime Minister or the Minister for Climate Change and Water had been invited to speak at that conference? If so, was the Governor-General's attendance in any way in their stead?

**Mr Brady**—That was not put to me when the invitation came through. It was put on the basis that Australia should be represented, and the Governor-General was happy to take that on.

**Senator FIFIELD**—Do you know if the Prime Minister or the climate change minister were invited before the Governor-General?

**Mr Brady**—I am not aware. I had a feeling that the previous Governor-General had been invited during his term of office—that the invitation had come to him.

**Senator FIFIELD**—Did either the Prime Minister's personal office or the climate change minister's personal office provide any assistance with the writing of the speech that the Governor-General gave?

**Mr Brady**—From my recollection, the speech was drafted in the Department of Prime Minister and Cabinet, and it was drafted on the basis that it be rigorously non-political. They were my express instructions. The speech, I think, was done in PM&C. I do not know whether it went to the office of the minister for climate change, but you will see in the actual speech that it referred to the achievements of the previous government as well as the current government.

**Senator FIFIELD**—Thank you for that. So after the draft came from PM&C there was no input subsequent to the speech arriving at Government House that you are aware of from the minister's office or the Prime Minister's office?

**Mr Brady**—Not to my recollection. I would have to check. I may have had some email correspondence with the PM's office, but that would have been to make absolutely certain that they were aware that the speech was to be rigorously non-political.

**Senator FIFIELD**—But there would have no input to the speech from the Prime Minister's office or the minister's office?

**Mr Brady**—I would have to double check, but I do not recollect that in any case.

**Senator FIFIELD**—If you could, that would be appreciated. Obviously you cannot account for what may have happened while the speech was being drafted in PM&C and what the inputs to that may have been. I think the last time you gave evidence, Mr Brady, you took the committee through the thinking in the office of the Governor-General when an invitation comes so as to not put the Governor-General in a position which could be deemed to be in any way a matter of political controversy. The request to speak at this conference would have gone through that same consideration. I guess that, given the fact that the Governor-General spoke at the conference, the decision was taken that the subject matter of climate change was not deemed to be currently politically controversial or potentially controversial in the future. Is that correct?

**Mr Brady**—I think we took the point of view that this was an occasion where Australia, as a large energy supplier, could be represented at the highest level but still deliver a speech that was non-political. I can only say that the benchmark of that was the response from the Crown Prince of Abu Dhabi and others, who congratulated the Governor-General subsequent to her speech. It was very important to the UAE, who had placed much emphasis on the success of their conference, that it be represented at senior levels. The Governor-General, through her status, was the senior representative at the conference, I think I am right in saying. But great care was taken to ensure that the speech itself was not a speech that you would perhaps expect from a politician but from somebody in her position.

**Senator FIFIELD**—Do you also take into consideration, when determining whether to accept an invitation such as this, that, although something could be seen today as not being

contentious, it would be theoretically possible, for the current government even, to decide to take a different position on some of the matters the Governor-General spoke about and which may accurately reflect the position of the government of the day? Odd things can happen in governments; governments can change their views. I am just wondering how that might potentially place the Governor-General in the situation where this government decided to take a different tack.

**Mr Brady**—I take your point. A process of some rigour is gone through in accepting any invitation that perhaps might be at the margins. This invitation was seen as an opportunity really to put the best foot forward for Australia, and from a logistical point of view it was achievable because the Governor-General was going to stage her visit to Afghanistan—which at that point was not publicly revealed—and so it was possible to do.

**Senator FIFIELD**—I would just hate to see governments, which sometimes change their minds, leaving the Governor-General in an awkward position. Thank you for that, Mr Brady.

**Senator FERGUSON**—Can I just ask one question?

**CHAIR**—We have about two minutes remaining.

**Senator FERGUSON**—I will just ask one question as a follow-up. Mr Brady, I noticed that you very appropriately referred to an address by our ‘head of state’ the Governor-General. But my question really is that, when you are saying that she is there representing Australia, how many other countries at this conference were represented by their heads of state?

**Mr Brady**—I would have to look at the list. We were only there for a very short period of time. I am not sure, but I think the conference went for over a week. So I could not say with any accuracy—

**Senator FERGUSON**—Do you know of any other heads of state that addressed it rather than governments or government representatives?

**Mr Brady**—I really would have to go back and look at the list.

**Senator FERGUSON**—Could you have a look.

**Mr Brady**—I will do that.

**Senator FERGUSON**—Because it is one thing to say that the Governor-General is representing Australia but, if every other country there was represented by a government representative, putting the government’s point of view, it throws a different light on it.

**Mr Brady**—I take your point, Senator. I will provide that.

**Senator FERGUSON**—Thank you.

**Senator FORSHAW**—My first question: are you able to provide the committee—take this on notice—with a list of the activities or official program of the Governor-General since she was appointed?

**Mr Brady**—I would be very happy to, but perhaps briefly I could summarise the energy that the Governor-General has displayed in the last five months of her office. You would be aware that she has visited the fire affected parts of Victoria, and the flood ravaged Far North Queensland. She has attended 100 separate events throughout Australia. She has presented the

Victoria Cross to Trooper Donaldson, as well as having another investiture. She has hosted over 55 official functions. She has received 125 separate callers. She has delivered 58 speeches. She has represented Australia at the commemorative services for the 90th anniversary of the Armistice in France. She has conducted the first state visit ever to the Republic of Malta. She has made a state visit to the Republic of Singapore and the first state visit by an Australian Governor-General to Timor. She became the first Governor-General not just to visit our troops in Afghanistan but to overnight there. As we have discussed, she represented Australia at the World Future Energy Summit. She has presided over 10 meetings of the federal Executive Council. She has assented to over 80 pieces of legislation, received the credentials of 18 ambassadors and so forth. I can quite happily break that down.

**Senator FORSHAW**—Thank you, if you can. The other question related to some media reports—the one I am looking at is for 8 February in the *Sun Herald*—which state that the Governor-General has dumped \$6.5 million plans to renovate the residences because of the economic downturn. Can you outline what decision has been made and what the impact of that is? I will not quote all of the article, in the interests of time, but it refers to a number of planned improvements to buildings or changes to the two residences.

**Mr Brady**—I think this is worth putting on the public record. With the current economic situation, which really spares no agency—nor should it—I took the decision that some of these very large expenditure proposals should not go forward. The construction of an extension to Government House was one which I felt simply could not be justified. The proposal for that extension was in the vicinity of between \$3.5 and \$5 million.

**Senator FORSHAW**—Was that the proposed function and reception area?

**Mr Brady**—Yes. There was to be the installation of air-conditioning at Admiralty House. I did not feel comfortable, in this environment, in approving \$885,000 for air-conditioning. There were to be repairs to the marine barracks at Admiralty House. That was to cost \$100,000. There were to be repairs to another part of the Admiralty House's seawall. That was to cost \$70,000. There was to be a lighting upgrade at Government House of \$75,000; a building management system installation at Government House costing a quarter of a million dollars; Government House drainage repairs of \$30,000; Government House roadway repairs and resurfacing of \$90,000; and some other work of \$50,000. So in effect \$6,553,000 worth of work will not proceed at this point.

**Senator JOHNSTON**—Mr Brady, who is responsible for the protocol and invitation list with respect to the presentation of Victoria Crosses?

**Mr Brady**—The invitations to the ceremony?

**Senator JOHNSTON**—Yes.

**Mr Brady**—The invitations to the ceremony were based upon the number of people who could fit into the drawing room at Government House. There were a finite number of bodies that we could fit in. I am guessing a little, but I think that was around 160.

**Senator JOHNSTON**—I am not so much concerned with the capacity; I am concerned with who organises the guest list and who makes the decisions as to timing and invitations.



**Mrs Prendergast**—Recommendations were made within Government House and also by the Department of Defence and the Department of Prime Minister and Cabinet.

**Senator JOHNSTON**—Do you have the timing of when those recommendations were received by your office?

**Mrs Prendergast**—I cannot tell you exactly what time those came in.

**Senator JOHNSTON**—I can tell you that I received a phone call at my office on 14 January advising me that I would receive an important phone call on Thursday 15 January. At 6 pm on the night of 15 January, while I was some several hundred kilometres away from Perth, I received a phone call from you, Mr Brady, and was told that there was a ceremony for the presentation of a Victoria Cross in Canberra the following morning. It seems very clear to me that either you did not know that I was from Western Australia, because it was impossible for me to catch an aircraft at such late notice, or the protocol structure and advice to invitees was such that the intended outcome was that many people would not be able to make it at short notice. It is up to you to tell me what the story was there, because I would very much have liked to have attended such an important ceremony but was given no opportunity. Can you explain that to me please?

**Mr Brady**—I recall our affable conversation. First of all, let me just say that 16 January was a day of historical significance for all Australians, because of the investiture of Trooper Donaldson. The investiture was a wonderful occasion.

**Senator JOHNSTON**—Sadly, I am left with a very sour taste in my mouth about that particular date, given the result.

**CHAIR**—It would be good manners to allow the witness to answer. Then you can have another bite at the cherry.

**Mr Brady**—Secrecy surrounding the event was deemed necessary for a number reasons. It was decided to gazette the award and hold the investiture at the same time, given how special the occasion was. That effectively were the parameters within which we were working. The telephone calls were made to all invitees within a very short timeframe. I started making telephone calls within a few hours of the time that I spoke with you. I spoke to Keith Payne, the last VC recipient. We just managed to get him on a flight with about half-an-hour's notice. Mr Turnbull was contacted—

**Senator JOHNSTON**—At the same time that I was?

**Mr Brady**—Similarly, yes. General Gillespie, the Chief of Army, instructed all his generals to appear in Canberra without reason. He provided no—

**Senator JOHNSTON**—I was not given that courtesy. I would have attended if I had known. If the Secretary to Her Excellency had rung me suggesting that there would be an event in Canberra on the Friday which they thought that I would very much like to attend, that is all I would have needed to know. On the Wednesday, I could have booked a flight and made arrangements. But I was not even given that luxury. I would have flown blind. Indeed, the Leader of the Opposition was put in the same boat: we were not trusted.

**Mr Brady**—That is not the case. Every person was treated in the same way.

**Senator JOHNSTON**—The demographics and geography of our country is something that I would expect you to understand.

**Mr Brady**—The decision to hold the knowledge of the event and to ensure that this very significant moment in our nation's history did not appear in the media prior to its announcement was critical to the success of the occasion. In fact, the family of Trooper Donaldson was not aware of the award until the citation was read out.

**Senator FERGUSON**—Why did it have to be secret?

**Mr Brady**—The decision was made that—

**Senator JOHNSTON**—But who made the decision?

**Mr Brady**—for maximum effect—

**Senator FERGUSON**—The maximum effect for whom?

**Mr Brady**—For Trooper Donaldson and for the country. This was something that had not happened for over 40 years and it warranted preservation until the actual moment of the ceremony.

**Senator JOHNSTON**—And for fear of having the media alerted, without control by your office, I was effectively excluded and the Leader of the Opposition was given virtually no notice.

**Mr Brady**—The Leader of the Opposition was the only person to be given the courtesy of a telephone call from the Governor-General herself.

**Senator JOHNSTON**—Yes, but at such a late hour he has had to make arrangements. I could not even make the arrangements.

**Mr Brady**—Let me just—

**CHAIR**—This is your final question, Senator Johnston.

**Senator CAMERON**—Point of order, Chair. I think this questioning is really going to the bottom of the rabbit's burrow. I do not think we should be demeaning the presentation of a VC to one of our brave soldiers by this kind of approach—

**Senator JOHNSTON**—I am certainly not doing that, Senator—

**Senator CAMERON**—Well, it sounds like it to me.

**Senator JOHNSTON**—even though you would like to think so.

**Senator CAMERON**—It sounds like it to me.

**CHAIR**—Thank you, Senators. There is a point of order before the chair. We have run out of time. Senator Johnston, did you have—

**Senator JOHNSTON**—No, I am finished, thank you.

**Proceedings suspended from 12.41 pm to 1.42 pm**

**CHAIR**—Good afternoon, and welcome, Minister. Mr Mrdak, I understand you have an opening statement.

**Senator Faulkner**—Chair, Mr Mrdak and Mr Lewis both have brief opening statements. Perhaps I could advise the committee, as I just advised you informally, that Mr Lewis has to go to an urgent appointment and will leave at about 2.30 pm. So if there are any questions to Mr Lewis directly about his opening statement, perhaps I could invite senators to ask him before he leaves. Obviously other officials will also be available.

**Mr Mrdak**—If I may, I would just like to give a brief outline to the committee of some recent structural and organisational changes which have occurred in the department which may assist the committee in terms of its examination of our additional estimates. Since the last meeting of the committee there have been two significant organisational changes announced by the government in relation to our organisation. The first is in relation to the coordination of the implementation of the Nation Building and Jobs Plan. As senators would be aware, on 5 February this year the Prime Minister and the COAG first ministers signed a national partnership agreement which sets out implementation arrangements for the Australian government's Nation Building and Jobs Plan. One of the key elements of the arrangements is the appointment of a coordinator-general in each jurisdiction with responsibility to put in place implementation and monitoring arrangements to ensure the key milestones in the national partnership agreement are met in relation to delivery of the infrastructure projects; also to problem-solve and deal with blockages or implementation issues; and, finally, to ensure that issues are dealt with quickly and effectively in relation to the implementation of the programs.

The Prime Minister announced that I would take on the role as the coordinator with our department, and a coordination unit has been formed within the Department of the Prime Minister and Cabinet. We have now built a small team of officials to assist me in undertaking this task. We have also established governance arrangements with each of the states and territories, which have similar arrangements in each jurisdiction, to ensure the implementation of the plan. My colleague Mr Lewis will now make a brief introductory statement in relation to the second element, which is the revised national security arrangements.

**Mr Lewis**—I thank the committee for the opportunity to make this opening statement and also for your indulgence with regard to the fact that I need to get away at about 2.30 pm. I will be very happy to take general questions prior to that time and the Deputy National Security Adviser and senior staff will still be here to take further down detail during the course of the committee's proceedings.

First of all, I draw senators' attention to the national security statement which was delivered by the Prime Minister to parliament on 4 December last year. Without wanting to repeat its content, I do want to emphasise a few issues raised in the statement. The national security statement sets out the government's strategic direction on national security. It notes three fundamental issues: first, the modern global environment is increasingly complex and interconnected; second, our current security environment is increasingly characterised by a complex and dynamic array of continuing and emerging challenges; third, Australia needs a new context of national security that can embrace and respond to our current operating environment.

These issues were all really an echo of the Smith review, the review that was done on homeland and border security by Mr Ric Smith and completed last year. The Smith review report also noted that Australia requires an all-hazards approach to national security, a strategic framework for national security, leadership to provide increased strategic direction and greater connectedness within the national security community. Before I continue my opening statement, I will make a few comments about this review of homeland and border security. Senators would be aware that the government accepted all 45 recommendations of the review. You would also be aware that the national security statement was the platform through which a number of review recommendations were announced. Arguably the most significant finding and recommendation of the review was not to move to a department of homeland security but rather to enhance and strengthen the existing network model that we have had in the past. In essence, this is the concept of delivering a national security community with a national security adviser providing community leadership and coordination.

Of the recommendations of the review for which PM&C is responsible, four have been implemented, including the delivery of a national security statement, the appointment of a national security adviser, the establishment of a national security and international policy group within PM&C to support the national security adviser, and the establishment of a national intelligence coordination committee, or a NICC. However, the first step in improving national security policy advice coordination and governance was through the appointment of a national security adviser. I was appointed to that position at an associate secretary level in the department on 4 December last year. In this role, I provide advice to the Prime Minister on all policy matters relating to the security of the nation and oversee the implementation of all national security policy arrangements. I am also responsible for providing improved strategic direction within the national security community, supporting whole-of-government national security policy development and our crisis response, and promoting a cohesive national security culture.

Two key focuses of mine over this year will be, first, overseeing the development of a coordinated budget process for national security, the first of which will be prepared in a complete form in the 2010-11 budget. The second priority will be settling the establishment of the National Intelligence Coordination Committee, the NICC. I chaired the inaugural meeting of that committee last week. I will continue to report to the Secretary of Prime Minister and Cabinet, who continues as chair of the Secretary's Committee on National Security—you may have heard this referred to as SCONS—and the secretary will remain the principal departmental officer attending the national security committee of cabinet.

As the national security adviser I also head the National Security and International Policy Group. This group was established on 10 December last year. PM&C was allocated, you might recall, \$7.1 million in the 2008-09 budget. Staff from existing national security and international policy elements were brought together to form the National Security and International Policy Group, which now consists of three new divisions, two of which are within the Office of National Security and those two are the Defence Intelligence and Research Coordination Division on the one hand and the Homeland and Border Security Division on the other. The third division in the group structure is International Policy Division

which has not changed essentially from the last time this committee sat and the International Strategy Unit, both of which remain unchanged.

The National Security and International Policy Group complements the department's broader structure with other groups, domestic policy, strategic policy implementation and governance. My group also now comprises five new senior executive appointments. First, the position of deputy national security adviser at the SES band 3 level will focus on supporting the committee structure to allow the national security adviser to focus on strategic policy particularly with an international focus. The deputy national security adviser will report to the national security adviser and will be the Commonwealth's crisis manager chairing the nation's crisis committee and co-chairing the national counterterrorism committee. Mr Angus Campbell, who is with us today, is currently acting in that position.

I would like to make a final comment by way of conclusion. The National Security and International Policy Group is currently focused on several key developments which we are working towards with continued but renewed vigour and focus. The first is promoting a more collegiate and interconnected national security community, that is, developing a maturing and greater sense of community within the national security agencies and departments. The second is giving effect to the Prime Minister's active level of international engagement and working towards enhancing Australia's profile in the international community.

**CHAIR**—As there are no questions on the opening statement from Mr Lewis, we will move onto general questions.

**Senator Faulkner**—If any senator wants to ask any questions of Mr Lewis before he leaves because of logistics that I outlined earlier, he is available for senators.

**Senator RONALDSON**—Mr Mrdak, can you provide me with an accurate list of all the days that the Deputy Prime Minister or any other person has been Acting Prime Minister since December 2007? Do you have that information available?

**Mr Mrdak**—I do not have it readily available, Senator, but I can take that on notice if you do not mind and come back to the committee as quickly as possible.

**Senator RONALDSON**—For some reason there seems to be an issue about getting this information as one of my colleagues in the other house was telling me. I do not imagine it is something that is going to be terribly hard to find, is it?

**Mr Mrdak**—I would not think so.

**Senator RONALDSON**—Could you get back to me this afternoon in relation to that?

**Mr Mrdak**—We will certainly try to, Senator.

**Senator RONALDSON**—Thank you. Mr Mrdak, the CMAX contract in the ANAO's report, recommendation 1 said:

ANAO recommends that the Department of the Prime Minister and Cabinet enhance transparency and accountability relating to decisions to spend public money on consultants by improving its documentation of the engagement process, so as to provide an accurate record of inquiries undertaken and the key reasons for the decisions.

What action has been taken so far in relation to that?

**Mr Mrdak**—The department, as you will recall from when we discussed this last year, Senator, initiated a number of steps. Firstly, we initiated an internal audit review of our procurement practices last year in advance of the ANAO report. In response to both that report and the ANAO report, we have taken a number of steps. Our chief executive's instructions in relation to procurement and the guidelines have been updated to ensure that we are fully up to date with the procurement requirements that have been put in place. We have also taken steps to run training courses and information sessions for our staff in relation to procurement issues to make sure that all of our people who are undertaking procurement are aware of the FMA reg 9 and regulation 10 requirements and we are properly documenting the decisions being made in relation to contract procurement. As you will know, this ANAO report identified, as did our internal audit process, a number of deficiencies in the way in which the reg 9 advice was provided for that CMAX contract. We have discussed that previously in this place. Finally, we have taken steps to ensure that all of our senior management is well aware of the procurement guidelines as they apply and operate. So we have taken those steps, and we have also implemented a number of measures which the internal auditor advised in relation to our tracking of contracts and the central corporate advice and support we provide to our line areas in relation to procurement.

**Senator RONALDSON**—Is that document, the new directions to agencies, publicly available?

**Mr Mrdak**—Our chief executive's instructions?

**Senator RONALDSON**—Yes.

**Mr Mrdak**—Yes, I will be happy to provide that for the committee.

**Senator RONALDSON**—Thank you very much. Does that have processes in place for particularly the documentation of the engagement process so as to provide an accurate record of inquiries? Under those directions, what requirements are there now to report back in relation to an accurate record of inquiries undertaken?

**Mr Mrdak**—The requirement is as per regulation 9 of the FMA provisions, which requires that decisions to expend moneys are consistent with government policies and are an effective and efficient use of Commonwealth resources. What we have set out in our guidance for our staff is how to best ensure that we have made all of the right steps in terms of checking the procurement processes that have been undertaken and provided advice to the decision maker to enable the decision maker to reach a reg 9 decision.

**Senator RONALDSON**—So this documentation you are going to provide me with will actually allude specifically to the accuracy of records of inquiries and the key reasons for the decisions?

**Mr Mrdak**—It is the chief executive's instructions, which are mandatory for all of our staff under the Public Service Act. They make clear the expectations of the reg 9 and reg 10 requirements of the FMA—

**Senator RONALDSON**—So there is specific reference in that new direction, is there, to an accurate record of inquiries undertaken and the key reasons for decisions?

**Mr Mrdak**—The Chief Executive's instructions draw strong attention to the FMA requirements, and then we have guidance material which I would be also happy to provide to you, which instructs our people on how they should go about procurement processes which does address some of those issues, yes.

**Senator RONALDSON**—I would assume that, given this recommendation and given everything that surrounded this CMAX contract, that those directions would make very specific reference to the ANAO report recommendation, which were quite clear as to what their expectation was to improve the documentations of the engagement process and that openness and transparency. So you are telling me that this documentation I will get will make specific reference to those issues raised by the ANAO?

**Mr Mrdak**—In the documentation and also the additional training we provide for our staff, yes.

**Senator RONALDSON**—Mr Mrdak or Minister, I want to, while we are on consultancies, I want to now turn to an article in the *Australian Financial Review* on 18 February which indicated that the Rudd government spent some \$553 million on external consultancy contracts since coming to government in November 2007 and they actually spent \$30 million more on consultancy contracts during the first year in power than the Howard government spent in the last full financial year in office. Is that correct?

**Senator Faulkner**—I can provide some assistance to you on this and no doubt Mr Mrdak will also be able to do so.

**Senator RONALDSON**—Were those figures accurate?

**Senator Faulkner**—That is what I was going to go to, if I could, Senator. I think it is important to realise that consultancies on tenders.gov show only the contract award price. You would probably be aware of that. You would probably also be aware that it is not necessarily at all actual financial year expenditure. I did make a comment last week about this and I notice that the Minister for Finance and Deregulation has also made a comment about this. I read in the press today that that figure is found of course in annual reports. I can say to you that the contracts listed on tenders.gov span more than one financial year. So the critical point that you raised in your question is the need for us, when making comparisons, to ensure that we actually do compare apples with apples.

**Senator RONALDSON**—What then was the level of actual expenditure in the first year of the Rudd government?

**Senator Faulkner**—When you say 'first year' I do not know if those figures are available—I can check with Mr Mrdak—but in the financial year 2007-08 there was in fact a reduction in consultancies. That is not to be unexpected because of the government transition and the election and the like. I am doubtful, but I will just check with Mr Mrdak, that figures are available for, say, the first year of a government. I doubt that that is a reporting period. If Mr Mrdak can help you that would be good.

**Mr Mrdak**—I am advised that for the 2007-08 financial year, the 24 departments of state and large FMA agencies reported a 20 per cent or \$89 million reduction in overall expenditure on consultancies compared with the previous year. I am advised that there was a reduction

from expenditure of \$447 million in 2006-07 to \$359 million in 2007-08. That is my advice. I am happy to take it on notice if there is any further information I can provide.

**Senator RONALDSON**—So you are saying that there was about an \$88 million reduction from the financial year before that. Is that right?

**Mr Mrdak**—Yes, that is the advice I have been given.

**Senator Faulkner**—Which is of course the point I was making concerning the reporting period. I appreciate the point that you made about the first year of the current government.

**Senator RONALDSON**—Will you take that on notice Mr Mrdak. I am a bit surprised, given that this was very widely reported, that someone has not actually done those figures in response to a fairly likely question from me, but if it has not been done that is fine.

**Senator Faulkner**—It would not be a reporting period, Senator.

**Senator RONALDSON**—If you could let me know what they were that would be terrific.

**Mr Mrdak**—The information I have given is what has been drawn from the annual reports, as the Senator indicates, of actual expenditure in financial years.

**Senator RONALDSON**—So you are suggesting that you cannot get those figures for me.

**Senator Faulkner**—What has been said here is something that I think you would appreciate—that is, these figures are made available, as you know, but the best way to make comparisons is on a financial year to financial year basis, and what Mr Mrdak has been able to say in answer to your earlier question is to indicate what the situation was with financial year 2007-08.

**Senator RONALDSON**—It might be better for you in answering my question but it might not be an accurate assessment, so I am asking if it is not possible to ascertain what the actual expenditure on consultancies was from November 2007 until November 2008. I am hardly asking for top-secret documentation.

**Senator Faulkner**—As I have expressed to you, because it is not the normal reporting period, in order to ascertain that information PM&C would have to literally go back to each agency with that period and ask them which particular consultancies fell in that time period; it is not the timing framework in which these reports are normally made. You would have to go back and do it on an agency by agency basis.

**Senator RONALDSON**—I will ask you another question, Mr Mrdak: that figure of 447, was that actuals or was that longer term contracts?

**Mr Mrdak**—Actual expenditure, from their annual reports of all of the departments and what are called the MAC agencies—the management advisory committee agencies—which are the large agencies, including tax and others.

**Senator RONALDSON**—I look forward to getting that information. Thank you for undertaking to do that for me.

**Senator Faulkner**—Senator, before you move on, I have told you it is an extremely difficult calculation to make outside the normal reporting requirements. It would require PM&C to go to 24 management advisory committee agencies to try to establish which of



these consultancies fell in that period. I would respectfully say that the difficulty with this is there would be no other information to compare it with because these are done on a financial year basis. You say from November 2007 to November 2008, or whatever. What would be the validity anyway of the statistic given there is no comparative data? That is the difficulty. It is not a matter of not assisting you, but as long as you understand that the comparisons that are made within government are done on a financial year basis.

**Senator RONALDSON**—How you run government is entirely up to you, Minister, but I would have thought, given that quite damning information in the *Australian Financial Review*, you would be pretty anxious to knock it on the head, particularly given Minister Tanner's comments in March 2007 that you are going to slash \$395 million from the use of consultants. At best we have \$88 million, and I will be interested to see the final figures on that, so what happened to the \$395 million cut? And how do you reconcile the rather remarkable contradiction between Mr Tanner's comments in March 2007 and the actions in the very best case scenario of a reduction of only \$88 million.

**Senator FAULKNER**—I reconcile them in the way I have outlined to you and with what has been said publicly about the need for any examination of this to compare apples with apples. I honestly suggest to you that the only valid comparative data that are available are the figures on a financial year basis, which are provided to you for financial year 2007-08, which obviously we can compare to financial year 2006-07 and, if you like, financial year 2005-06. That can be done both for the value of such consultancies and for the number of consultancies.

**Senator RONALDSON**—But I am seeing two big green apples, Minister; two big green apples that look absolutely identical. One apple says \$447 million and one apple says \$359 million. And for all intents and purposes, they are absolutely identical apples. I again ask you: how can you reconcile the commentary from Mr Tanner in March 2007 that there would be \$395 million slashed from the use of consultants—I remember the political rhetoric around then, that there was an 'appalling overuse of consultants'—which has suddenly, in the best case scenario, dwindled to \$88 million.

**Senator Faulkner**—I always stand ready to be corrected if I am wrong, but my recollection of the time when Mr Tanner made his announcement is that it in fact related to savings across the forward estimates period. I do not know if you appreciate that or not, but that is certainly my understanding. That related to savings from financial years 2007-08, 2008-09 and 2009-10. I will certainly check if my recollection is not correct, but I am pretty confident you will find that that is the case. Just for the record: you said \$359 million; it was actually \$395 million, so it was actually a higher figure.

**Senator RONALDSON**—I think I said 395. I will remind you of Mr Tanner's comments in an *AFR* article on 2 October 2007:

People are obviously cynical because of a history of oppositions being principled and high-minded and then not being so much so in government ...

I just wonder if they might be words that are coming back to haunt Mr Tanner.

**Senator Faulkner**—I doubt it. Obviously we are not examining estimates for the Department of Finance and Deregulation, but you would appreciate, when the opposition was

in government, that billions were spent on consultancies over those 11½ years. I and many other members of the then opposition expressed concern about this, particularly after the slashing and burning of the public sector, the loss of corporate knowledge and the like. And this has been an issue that has been examined at this particular committee now for many years. But what we have undertaken to do, if it is possible, is to provide additional figures. But I do stress with you, because I think it is a very proper point to make, the difficulty in trying to get this information. It is a real 'make work' task to establish a new reporting period and then ask agencies to fit in what they can in that period. Anyway, we have undertaken to do what we can to assist you.

**Senator RONALDSON**—Thank you. Mr Mrdak, is there any indication at the moment what the value for consultancies will be for 2008-09?

**Mr Mrdak**—For our department?

**Senator RONALDSON**—No, for the whole-of-government consultancy. You have the figures there for the 2006-07, 2007-08—any indication as to what they might be?

**Mr Mrdak**—No. As the minister has outlined, while departments will publish details of contracts entered into on AusTender, they would essentially be the outer bounds of contracts. The actual expenditure will not be reported until the annual reports for the preceding year.

**Senator RONALDSON**—So are you able to comment on this further matter raised in the *Australian Financial Review* story, which revealed a 150 per cent increase in the value of consultancy contracts in the wake of the May 2008 budget? Are you able to comment? The department have seen this article, haven't they? This was brought to your attention. Presumably you were expecting some questions today.

**Mr Mrdak**—Yes.

**Senator RONALDSON**—It would have been more unbelievable if you had said no.

**Mr Mrdak**—I can only reiterate what I said earlier: we can provide information on actual expenditure, to do comparisons of years, but I cannot assist any further. I do understand there have been some revisions to the amounts from the initial *Fin Review* article following some further examination, but I cannot assist you any more in relation to that comment.

**Senator FAULKNER**—Senator, you would also appreciate there are definitional issues in relation to consultancies. For example, in the *Fin Review* article, one of the consultancies mentioned was for \$37.25 million for Aspen Medical. That in fact turned out to be a health delivery contract and wrongly assigned as a consultancy. These issues are also relevant—not only the reporting period, but also the definitional issue that is involved.

**Senator RONALDSON**—This same news report said that 'haphazard and lazy disclosure makes scrutiny difficult'. Would you agree with that comment?

**Mr Mrdak**—I do not know the context in which the article reached that conclusion. But certainly, as you are aware, departments are obliged to report within a period of entering a contract on the AusTender for those consultancies above \$10,000, as the minister has outlined. As far as I am aware, while there may be some delays as departments finalise contracts and work through issues, all departments seek to meet that timeline. But as the minister has also

outlined, the AusTender lists contracts in full, which may run across financial years. So I do not think it is as accurate or as definitive as portrayed in the article.

**Senator RONALDSON**—Minister, would you describe \$359 million spent on external consultants as simply scandalous or do you think it is reasonable?

**Senator Faulkner**—Well, I do not use labels like that. I do accept that any—

**Senator RONALDSON**—Mr Tanner does.

**Senator Faulkner**—I am just making the point that any consultancy that is let needs to be able to be justified by agencies and by ministers responsible for agencies. You talk about the link between transparency and accountability, and I accept that link. I have said publicly for many years that obviously in terms of ensuring a high level of accountability there needs to be clear transparency in these issues. But in the provision of transparency I think the point that I have made to you is a proper one: that we need to compare like with like. We need to ensure that there is no double counting such as in the situation where, in the *Financial Review* article, a not insignificant amount of expenditure was reported in 2007-08 and appeared in the Rudd government's first twelve-month column. We have to sort out the definitional issues. While I make those points I accept the general principle that you put forward about transparency. It is one I have always accepted and I am happy enough to continue to accept it because it is right.

**Senator RONALDSON**—Well, I will look forward to seeing the 2008-09 figures. We will see what is and what is not 'simply scandalous', to use Mr Tanner's own benchmark on behalf of the government—which I am sure will make fascinating reading if the AFR report is right. In fact, I think it was in August 2007 that Mr Tanner made his comment at the National Press Club. I am sure you and I will await with great interest the outcome of that.

Unless I am mistaken, the question PM34b from the Supplementary Budget Estimates, 20 to 23 October last year, remains unanswered. That was a question I asked on notice:

Can the committee be provided with a list of all personal staff who have travelled with the Prime Minister on each of his overseas trips, can this itemised list include airfares, car transport, travel related allowances, accommodation costs and mobile phone bills incurred whilst overseas?

If the answer has been provided then accept my apologies, but the last answer I got was:

The information required to answer this question is not available to the Department at this stage; it will be provided to the Senate Committee when it becomes available.

Has that been lodged, and I do not have a copy of it through my own issue, or has it not yet been—

**Mr Mrdak**—No, we are currently finalising that. There was a similar question asked on notice—question 750, from recollection, in the Senate. My understanding is that the information has now become available and an answer will be provided both on notice and to this committee very shortly.

**Senator RONALDSON**—Mr Mrdak, with the greatest respect, these are issues that you know have been in the public domain. It just seems a bit odd to me that the only question that remains unanswered—and this is from October, so that it is four or five months ago—is the one with some political sensitivity. I would not have thought, quite frankly, that the information requested was something that was going to require five months of work to obtain

an answer. It just seems to me a little convenient that we will get this information after these estimates.

**Senator Faulkner**—Let me deal with the political elements of your question and then I will defer to Mr Mrdak to deal with the process elements. It is not fair to ask him to deal with the political elements. It is not accurate, first of all, Senator, to say that the question has not been answered. It has been answered, and the answer makes absolutely clear, given the information is available, that supplementary information will be made available. Because the information was unavailable, in order to provide all the information the question required, it will be provided at a later date. The department, I think, is fulfilling that obligation. I think it is a little unfair for you to suggest that this might be the only question that was asked that had some sort of political element to it. That was not the interpretation that I had. I am a little surprised that you thought it was—

**Senator RONALDSON**—That is not what I said at all. It is the only question that I think has not been answered and it happens to be probably the most political question.

**Senator Faulkner**—We had better go and check the *Hansard* record. I am just making the point to you that I think the department's record of answering questions has been excellent. I appreciate that and I would be disappointed if the committee did not. It stands in stark contrast to what occurred during the life of the previous government. Having said that in relation to the political spin that was included in your question, I will see if Mr Mrdak can help you with the process elements—elements to which it is appropriate for an official to respond.

**Senator RONALDSON**—I just want to double-check, Minister. You think that the answer given on 5 December—to a question of, I think, 23 October—an answer which says 'The information required to answer this question is not available to the department at this stage and will be provided to the Senate committee when it becomes available,' is an answer?

**Senator Faulkner**—Let me say this to you, Senator: I wish that during the life of the previous government there had been such frankness and transparency in answers. Yes, there is an answer. It is an indication that the information is not available and gives a commitment that, when it is available, it will be made available to this committee. It is both totally appropriate—

**Senator RONALDSON**—There was a four-month delay.

**Senator Faulkner**—Because it takes some time to have the information available to answer your question. During the life of the previous government, the answer was: 'The information is not available'—end of story, no comeback, nothing. I think you are being very ungenerous in what you are suggesting. I think this is a very appropriate way of dealing with these sorts of matters. For a government to make this information available at the earliest opportunity—if it is not available when a senator asks the question—is proper and reasonable. Frankly, I think it does not warrant criticism. That is my view. I have never criticised such approaches in the past. I just wish we had had more of that sort of approach.

**Senator RONALDSON**—I actually think I am being very generous, Minister. I suspect that when you were on this side of the table you probably would have referred to it as some

sort of cover-up. I think I am actually being incredibly generous, which of course is my nature—to be overly generous in these situations.

**Senator Faulkner**—I can assure you, Senator, I only referred to cover-ups when there were cover-ups. I had to say it fairly regularly because it was a pretty regular occurrence.

**Senator RONALDSON**—It is all a matter of definition, but this is lurching towards a cover-up, I would have thought. I will wait with great interest for this information to be received after these estimates.

**Senator Faulkner**—For the record, it is worth making the point that this is asking for very detailed and complex information.

**Senator RONALDSON**—Oh, come on!

**Senator Faulkner**—Well, all travel since 3 December, itineraries, detailed breakdown of costs and of accompanying staff and family—it is a great deal of information. As soon as it is available—and Mr Mrdak says it will be available very soon or is close to being provided to ministers—

**Senator RONALDSON**—You know why it is so detailed, don't you?

**Senator Faulkner**—As soon as it is made available—

**Senator RONALDSON**—I will tell you why it is so detailed: because the Prime Minister is never here; he is constantly overseas.

**Senator CAMERON**—Is that a question?

**Senator RONALDSON**—If that is right—that it takes a lot of time to get this information—it is because he is never here.

**Senator Faulkner**—I am trying to deal with the questions you are asking as seriously as I can. I am happy, again, to give you an undertaking. There will be no delay in the Prime Minister's office or the minister's office about this. As soon as this information can be made available, it will be—and it stands in very stark contrast to the way these issues were dealt with in the life of the previous government.

**Senator CAMERON**—You should write the minister a masterclass on questioning at estimates!

**Senator PARRY**—Is that a question?

**CHAIR**—Senator Ronaldson has the call.

**Senator RONALDSON**—What an extraordinary intervention for someone so new to the place. Mr Mrdak, can you detail the countries that the staff have been to and the length of time for each of those trips? Actually, I might put that on notice. That might be easier.

**Senator Faulkner**—We are happy to provide that on notice for you.

**Senator RONALDSON**—There is a bit more to it. I will not take the time of the committee with that. I will put those more detailed questions on notice. I am happy to give someone else a go and then come back to it.

**Senator FIFIELD**—Minister, you may direct this question where it should go. Senator Minchin had questions on notice about meetings which the Prime Minister had with heads of missions. The answer to question 575 was that, as of 27 August 2008, the Prime Minister had met six heads of mission in Australia. The Prime Minister had met one head of mission on four occasions and the other five heads of mission on one occasion each. It went on to note that obviously the Prime Minister did have occasion to bump into heads of mission at various functions. I want to follow up on those answers. Which head of mission did the Prime Minister meet with on four occasions?

**Mr Mrdak**—I am not sure I can do that readily. If you do not mind I will try to chase that up quickly and come back to you before the end of the day—if I can.

**Senator FIFIELD**—If you could, that would be great. Thank you very much. Also, which countries do the other five heads of mission that have met with the Prime Minister represent? If you could take that on notice.

**Mr Mrdak**—I will take that on notice and come back to as quickly as I can.

**Senator FIFIELD**—Also, since 27 August 2008, how many heads of mission in Australia have met with the Prime Minister as opposed to having a chance meeting at a function?

**Senator Faulkner**—That, I think, might be very difficult to establish today. Perhaps other sources apart from PM&C would need to assist us there—possibly, the Department of Foreign Affairs and Trade, possibly the Prime Minister's office and the like. In order to provide you with an accurate answer, I suspect that that may be difficult, because it goes beyond information that the Department of the Prime Minister and Cabinet have provided. We will do our best. I am just flagging with you that that may not be possible to provide you with today.

**Senator FIFIELD**—But you will use your best endeavours, Mr Mrdak?

**Senator Faulkner**—We have got to go to more than one source here, I think—more than just Department of the Prime Minister and Cabinet. Possibly.

**Senator FIFIELD**—Possibly, because it may well be that PM&C do keep a record of those things.

**Senator Faulkner**—Yes, indeed. I am not sure.

**Mr Mrdak**—I will check that.

**Senator FIFIELD**—Could you also check how many times each head of mission has met with the Prime Minister and which countries these heads of mission represent?

**Mr Mrdak**—Certainly.

**Senator FIFIELD**—I would appreciate that; thank you very much.

**CHAIR**—We are still on general questions. Senator Ronaldson?

**Senator TROOD**—May I, madam chair, if it is convenient?

**CHAIR**—I gave the call to Senator Ronaldson. If he is not ready, then I am quite happy for you to proceed, Senator Trood.

**Senator RONALDSON**—Yes, I will come back after Senator Trood.

**Senator TROOD**—Thank you. When I walked in I heard my colleague Senator Ronaldson mention consulting, and I thought it might be a convenient moment to ask about the Boston Consulting Group, with whom I gather the department has spent some time. I am wondering, Mr Mrdak, whether you could tell us how many contracts the department has let for Boston Consulting Group's activities.

**Mr Mrdak**—Since the election of the Rudd government we have let no contracts with Boston Consulting Group in the Department of the Prime Minister and Cabinet.

**Senator TROOD**—Has Boston Consulting not done any work in the department?

**Mr Mrdak**—Not under contract. We had officers seconded from Boston Consulting Group to assist us in the formation of the strategy and delivery division last year. In that situation the firm allowed staff to effectively take leave from the firm to work for us as Commonwealth officers. But we have not entered into any contracts or consultancy arrangements with the firm.

**Senator TROOD**—So you had a person from Boston Consulting, did you say?

**Mr Mrdak**—We had a person last year who took leave from the firm whom we engaged for a fixed period of six months as a senior person to assist us to establish the strategy and delivery division within the department. That person took leave without pay from the organisation and joined us for a fixed period.

**Senator TROOD**—And that person was not paid by PM&C—is that what you are saying?

**Mr Mrdak**—He was paid by PM&C as a PM&C officer, because he had taken leave for a period from the company to come and work with us.

**Senator TROOD**—Was your department the only department that paid this person, or Boston, as a result of his employment?

**Mr Mrdak**—I am not aware of any arrangements he may have had with Boston Consulting. My understanding is that he took leave without pay from the company and we paid him at the SES band 2 level, at the division head level that we pay in the APS, for him to work with us for a six-month period.

**Senator TROOD**—So that was six months from when—the beginning of the government's period of office?

**Mr Mrdak**—No, he joined us around May last year, when the department announced its intention to form a strategy and delivery division, which was one of the outcomes of the audit that was undertaken of the department early last year in terms of boosting our strategic capacity. This officer was identified by us as someone who had experience in these types of areas, and we seconded him from the firm, as I said, on a leave without pay arrangement, for a six-month period from about May. He concluded his work with us around about November last year.

**Senator TROOD**—So he has returned to Boston Consulting. Is that right?

**Mr Mrdak**—That is my understanding, yes.

**Senator TROOD**—And he was the only person from the Group that did any work for you?

**Mr Mrdak**—That was an employee of that company. We have recruited people from that company, under normal recruitment processes. The current executive director of the strategy division is a former employee of that company. So we have people who formerly worked for that company, but we have not had any contractual or any other ongoing relationship with the company itself.

**Senator TROOD**—How many people have you recruited from Boston Consulting?

**Mr Mrdak**—I would have to check to be—

**Senator TROOD**—Could you take that on notice.

**Mr Mrdak**—Certainly. I am aware of one, but I will check that for you.

**Senator TROOD**—But the person who was employed on secondment was not subsequently employed in the department?

**Mr Mrdak**—No, he returned to Boston Consulting Group.

**Senator TROOD**—But there are other people who were previously employed by Boston Consulting who—

**Mr Mrdak**—That is right—who have permanently left their employment with the company to join the Australian Public Service.

**Senator TROOD**—And were they recruited in an open recruiting round?

**Mr Mrdak**—Yes. All of our permanent appointments are done through normal APS open recruitment processes. Any SES recruitment also includes a representative of the Public Service Commission on the recruitment panel.

**Senator TROOD**—Which parts of the department have those people gone to?

**Mr Mrdak**—I would have to check. Are you talking about the Boston Consulting Group former employees?

**Senator TROOD**—Yes. Are they largely in the strategy and—

**Mr Mrdak**—I am certainly aware of one who is head of our strategy and delivery division now. I will check in relation to other areas of the department.

**Senator TROOD**—So have those people actually begun with the department? Have they taken up their positions?

**Mr Mrdak**—Yes. This person's job was advertised around the middle of last year. We then ran an open process for the position, parties were interviewed and this person was implemented. They left employment with the Boston Consulting Group to join the department.

**Senator TROOD**—Are there any other positions open at the moment? Obviously, I do not wish to canvass with the committee your recruiting process, but are there any positions open in the department at the moment?

**Mr Mrdak**—Yes. We have recently advertised. Mr Lewis, the National Security Adviser, briefly outlined to the committee that there are a number of recruitment processes now underway for the national security group. In the light of the government's national security



statement last year and the additional resourcing being provided, we also have recruitment action taking place across the department in a number of key areas. We have recently advertised, for instance, for the head of our corporate division, which became vacant recently. So we have a number of senior executive and general recruitment processes open.

**Senator TROOD**—Perhaps you can let me know on notice how many positions are open as of today's date.

**Mr Mrdak**—Certainly.

**Senator TROOD**—Could you also advise the committee of the number of people formally with the Boston Consulting Group whom you have employed, please.

**Mr Mrdak**—Certainly.

**Senator TROOD**—I am sorry that I was not here when Mr Lewis was before the committee. Has he been—

**Senator Faulkner**—I indicated that Mr Lewis had an urgent meeting to go to at 2.30 and was only able to stay until then. But there are other officials available to us.

**Senator TROOD**—Perhaps, Mr Mrdak, you can help me with this. How many employees in the national security division happen to be women?

**Mr Mrdak**—I will check that and come back to you. We will be able to get you that information very quickly.

**Senator TROOD**—It may be an easy sum to do, and I may even be able to do it. But perhaps you can tell me how many women are employed there and what percentage that is of those employed in that division.

**Mr Mrdak**—Overall in the department, my recollection is that the gender balance is around 68 or 69 per cent women. I will check the exact details of the national security group, but I would imagine that it would be at least 50 per cent and probably more.

**Senator FORSHAW**—Could you tell the committee what involvement PM&C had in the bushfire response.

**Mr Mrdak**—I will draw on the officers involved, if I may, and bring them to the table.

**Senator FORSHAW**—I am after a summary of the involvement of PM&C in the response to the bushfire tragedy in Victoria.

**Mr Campbell**—PM&C coordinates the provision of information and situation reports to the Prime Minister on response, assistance and recovery issues in relation to natural disasters generally. There are a couple of lead government agencies that we work with. The Attorney-General's Department, and in particular the Emergency Management Australia component of the Attorney-General's Department, is responsible for disaster response and the administration of the natural disaster relief and recovery arrangements. We work in a holistic advisory sense with EMA in regard to response issues. The Department of Families, Housing, Community Services and Indigenous Affairs has carriage of community recovery and administration of the Australian government disaster recovery payment arrangements. We work with them.

PM&C was first notified of the extreme fire danger in Victoria by EMA, via their national bushfire situation update, which they release to officials routinely. This one was on 6 February. We then kept receiving further updates and advice. We were notified of the crisis situation that had arisen on Saturday, 7 February. We commenced ensuring information was being provided to the Prime Minister's office and then participated in a range of Commonwealth government committee meetings looking at both the response and the recovery support that could be provided to the Victorian government, through the Victorian government to the Victorian people and directly to the Victorian people. That process is ongoing. It was initiated from that Sunday and has been ongoing since. Currently, PM&C is represented in a interdepartmental committee arrangement that is meeting on a daily basis to provide support and to identify mechanisms by which the Commonwealth and the Victorian government can work together to be of assistance.

We also had a participatory assisting role in the organisation of the memorial day activity that was held yesterday, through our ceremonial and hospitality branch, but that was a supporting function to the lead by the Victorian government.

**Senator FORSHAW**—I refer to the Australian government's Commonwealth Counter-Disaster Task Force. Could you explain what that body is?

**Mr Campbell**—Sure, Senator. The Australian government's Counter-Disaster Task Force is a body that either PM&C chairs or, on occasions, EMA chairs for PM&C. It is looking at immediate response issues, as opposed to a twin committee arrangement, the Australian government disaster recovery committee, which is chaired by FaHCSIA and looks at issues of longer term recovery.

**Senator FORSHAW**—So the task force is like a permanently established body?

**Mr Campbell**—No. The Australian government's Counter-Disaster Task Force sits when necessary in response to a disaster.

**Senator FORSHAW**—That is what I was going to go on and say.

**Mr Campbell**—Similarly, the Australian government disaster recovery committee sits in response. In this particular circumstance the Counter-Disaster Task Force met, as did the disaster recovery committee, but those functions were subsumed by the establishment, on 11 February, of a Commonwealth-Victorian bushfire task force which the PM directed be established in order to coordinate the Commonwealth response to the bushfires. That task force, the Commonwealth-Victorian bushfire task force, began, on 12 February, meeting daily. It was initially chaired by the Prime Minister with key portfolio ministers represented and senior officials present. More recently it has been chaired by Minister Macklin as the lead minister involved. PM&C has been participating throughout.

**Senator FORSHAW**—Thank you for that, Mr Campbell.

**Senator RONALDSON**—Mr Campbell, you may have already answered this question—and if you have, my apologies. I was just having some discussions with a colleague. Has PM&C got permanent representation in the Premier's office from a coordination point of view?

**Mr Campbell**—No, we do not. As in a seconded officer in the Victorian Premier's office?

**Senator RONALDSON**—Yes.

**Mr Campbell**—No.

**Senator RONALDSON**—Has any thought been given to that not so much to protect the Commonwealth's interest but to have some input into coordination?

**Mr Campbell**—We have looked at the arrangements and we have now established very effective positive working relationships with the Premier's department, our counterpart, which have been built off relationships that have grown over a range of other emergency management and counterterrorism response mechanisms. So that goes to the Premier's department. As well, we have very close and positive relationships between FaHCSIA and the Victorian Department of Human Services and a number of other departments. So we have not got, nor would we normally have, a seconded officer in the Premier's office, but we do have enduring and very strong relationships.

We also have the opportunity through a number of ministerial advisory council meetings for Minister Macklin to present a Commonwealth perspective. Also, as you would know, the appointment of Major General Cantwell to work for the Victorian government as the interim head of the Victorian bushfire recovery authority has been very helpful in ensuring that as much support as possible is being provided and that a person who knows the Commonwealth's response capabilities is there as much as are FaHCSIA officers and so forth. So I do not think that we are absent a liaison capacity.

**Senator RONALDSON**—What are the relative contributions of the Commonwealth and the states? I think we are putting the vast bulk of the money in, aren't we?

**Mr Campbell**—In general summary, because we are using the NDRR arrangements, the Natural Disaster Relief and Recovery Arrangements, there will typically be a cost contribution of 50 per cent attributed to the Commonwealth and 50 per cent attributed to the state or territory that is affected by the incident. If the event in a cost sense rises substantially above a certain barrier, the Commonwealth starts to kick in 75 per cent of the costs. They are nationally agreed and long-established arrangements.

**Senator RONALDSON**—Is there any indication at this stage about what the Commonwealth and state contributions are likely to be?

**Mr Campbell**—I do not think that that will emerge fully for some time. Typically, NDRR arrangements are resolved at the end of the financial year because they look at the cost with regard to disaster events across the financial year for any affected jurisdiction. So, if there was a bushfire, a flood and a cyclone, all of those costs would be aggregated to determine the amount of contribution the Commonwealth provided in support. Estimates at the moment would be estimates, and the entire process is still unfolding and there are bushfires that are still active, so it may be some time.

**Senator RONALDSON**—Is Major General Cantwell directly responsible to the Victorian government, to cabinet? Is my understanding correct?

**Mr Campbell**—That is right. He is a currently serving member of the Australian Army who has been seconded and works for the Premier and the government of Victoria as the interim head of their authority for reconstruction and recovery.

**Senator RONALDSON**—Had any thought been given to giving Major General Cantwell some stand-alone powers in relation to his activities and his group?

**Mr Campbell**—The thought had been that it would be most effective if he was provided and there was a clear and unitary sense of command and control that was focused on the head of the Victorian government and the Victorian government. So, no, he does not have a residual or a sidebar authority or reporting mechanism that provides him a line to the Commonwealth in that sense.

**Senator RONALDSON**—I am just trying to get this clear, and it is no more or less than general interest. Is Major General Cantwell responsible for the allocation of Commonwealth funds or is his role separate to the arrangements you were talking about before?

**Mr Campbell**—His role is separate. It is about organising the initial stages of that recovery effort. The Commonwealth funds that we discussed under the Natural Disaster Relief and Recovery Arrangements are not something that he determines; rather, they are under established baskets of activity, and, if activated, the funding from the Commonwealth and the state flows naturally through that process.

**Senator RONALDSON**—So does Major General Cantwell work at the direction of the Victorian government?

**Mr Campbell**—Yes, that is right. And he will, as you know, be superseded in that appointment by Commissioner Nixon when she takes up the position on an ongoing basis shortly.

**Senator RONALDSON**—What is the changeover date for that, do you know off the top of your head?

**Mr Campbell**—I believe it is a couple of weeks from now, but I do not know it off the top of my head.

**Senator RONALDSON**—I understand the weather back in Victoria today has turned for the worse as well. I do not know whether that is correct or not.

**Senator Faulkner**—Sorry, I missed that, Senator.

**Senator RONALDSON**—Just the weather in Victoria. I think it has turned for the worse again. Mr Mrdak, can I take you to questions—this is from the supps in October—PM32b and 32c, in relation to PM&C's cooperation with the CMAX investigation. In PM32c I had asked for details, in chronological order, of every meeting, interview, phone call, email and discussion that had occurred between PM&C and the Deputy Prime Minister's office in relation to the CMAX issue. I asked that the nature of each be detailed, and the answer was:

There were no meetings, interviews, phone calls, emails or discussions between PM&C and the Deputy Prime Minister's office.

I accept that answer, obviously. In 32b I actually asked the same question but in relation to PM&C, PMO and the minister's office, and the response was:

The Department is not able to accurately record details of each meeting, interview, phone call, email and discussion that has occurred between the Department and the Prime Minister's office and the Cabinet Secretary and his office since the ANAO advised on 20 August 2008 that it would be undertaking a performance audit of the CMAX Communications contract for the 2020 Summit.

The ANAO themselves said on page 12, paragraph 10, that:

... the performance audit did not consider the actions of persons employed or engaged under the Members of Parliament (Staff) Act 1984 other than the extent to which their actions may have affected PM&C's procurement activities.

Mr Mrdak, on what basis did PM&C make the decision not to provide the information I had requested in question PM32b?

**Mr Mrdak**—I do not know if there was a specific decision to not provide it. What I was reflecting in that answer was the fact that I could not accurately provide details of every conversation and the like that would have taken place around the CMAX issue between the department, the Prime Minister's office and the minister. So I was simply reflecting the fact that what would be involved would be a large task and I could not accurately at this stage give you a full listing. What you asked for was, in chronological order, every meeting, interview and phone call. There would have been the regular discussions that I have with the minister's office and with the Prime Minister's office in relation to a broad range of issues where matters in relation to this audit would have come up or matters in relation to the CMAX contract may have come up. I am just not in a position to give you an accurate record in the way you have asked for every one of those occasions.

**Senator RONALDSON**—I put it to you that I think it is reasonable to assume from the second part of your answer on notice that you had indicated that you were not prepared to provide this because the ANAO were performing a performance audit. In light of your answer that too much work would have been involved, why would you put the words in:

... since the ANAO advised on 20 August 2008 that it would be undertaking a performance audit of the CMAX Communications contract for the 2020 Summit.

when there was no reference at all in my question on notice on 20 August or any other time, except from the start of this process?

**Mr Mrdak**—Sorry, Senator, it may have been a clumsy use of words by me in relation to answering the question. The point I was simply trying to make there is that the ANAO, in examining all of our records and files, would have similarly been unable to provide any more detail in relation to a number of the discussions and the like, as I have been unable to in my answer today. I think that that was a clumsy joining of facts on my part and I do apologise. What I was really trying to outline there is that I cannot accurately recall the details as to what you have asked in relation to every conversation or discussion that took place. Also what I was trying to say in the answer was that the ANAO would of course, as they have done, be thoroughly examining all of our records and files and, I would think, would be able to reiterate my advice to you that I am not able to give you the information you asked for.

**Senator RONALDSON**—Did you advise them of meetings, interviews, phone calls, emails and discussions? From recollection, when that supplementary was asked—in fact, it may have been in the May estimates—they said they would be looking at all matters, including emails, phone discussions et cetera.

**Mr Mrdak**—They certainly had access to all of our file material. They interviewed officers, including me, in relation to the handling of these matters. As I said, regarding what you have asked for in relation to every meeting, interview, phone call and discussion, I cannot

give you an accurate chronology or details because there would have been many discussions that I would have had throughout that period in relation to these matters—many as part of broader discussions.

**Senator RONALDSON**—You provided that information to the ANAO, presumably, from what you have said.

**Mr Mrdak**—Certainly the ANAO has had access to what essentially you have as well, Senator, which is the information that is on our files, which I am able to detail—

**Senator RONALDSON**—I do not have access to anything, because you will not give it to me.

**Mr Mrdak**—Regarding answers I have given previously to this committee in relation to the details—and the ANAO has had access to all of our files in undertaking this audit report—I am simply unable to give you any more information than what is available, which I have given this committee or which has been available to the ANAO.

**Senator RONALDSON**—But, Mr Mrdak, you have not provided me with the details of meetings, emails, phone calls et cetera. That is the very point of the question. Clearly you have provided it to the ANAO and, if you can provide it to the ANAO, why won't you provide it to me?

**Mr Mrdak**—Sorry, Senator. What I have provided to the ANAO is in discussions with them and access to our files. They have been able to see the records we have. I do not have any more information that would enable me to fully answer your question, to the detail you have asked.

**Senator RONALDSON**—Regarding the information you have given them, presumably about emails, meeting dates, phone calls et cetera, it must have been detailed for you to give it to the ANAO.

**Mr Mrdak**—There is some detail but not to the extent to which you have asked me this question. You have asked me to—

**Senator RONALDSON**—Because I asked for everything and you cannot provide me with everything, you have provided me with nothing. Is that the response?

**Mr Mrdak**—I can certainly provide you with details of what is recorded on our files, Senator, but I cannot answer in detail the nature of the question you have asked.

**Senator RONALDSON**—Mr Mrdak, with the greatest respect, I would have thought that, if you could not provide all this information, your answer would have been: 'This is the information that I can provide to you and there is other information I can't.' Clearly you have had to provide it to the ANAO, at whatever level—emails, phone calls, meetings, discussions—these other issues, which the ANAO said they were going to seek information on. You provided it to the ANAO but you are not providing it to me because you say you cannot give me everything. Is that the rationale?

**Mr Mrdak**—The ANAO has had access to all of our files, Senator. I would be happy to go back and review this answer in the light of the position. I am starting to now understand a little bit more about what you are seeking. I am happy to go back and review the answer

again, Senator, and provide you with some further detail, but I certainly would not be able to provide you with that level of detail in relation to every meeting, interview and phone call that took place in relation to these matters.

**Senator RONALDSON**—The question was fairly clear, wasn't it? I will just read it out again:

Please detail, in chronological order, every meeting, interview, phone call, email and discussion that has occurred between the Department of PM&C and the PMO or Senator Faulkner and or his office in relation to this issue. Please also detail the nature of each?

It is a fairly simple and straightforward question.

**Mr Mrdak**—Certainly, Senator, in relation to where there has been recorded minutes taken of a meeting or a discussion has taken place, I can certainly provide you some details of that. What I am saying, Senator, is that I do not believe I can provide the level of detail in respect to every item you have asked for. But I am happy to review that answer in the light that I now have a clearer understanding of what you are seeking.

**Senator RONALDSON**—It might not be any clearer, Mr Mrdak, because all I am doing is repeating the question which you had before and I repeated again. You now say it is clear. I am not too sure why it was not clear the first time I asked the question.

**Mr Mrdak**—I think the difficulty I had, Senator, was you asked for every meeting, interview, phone call and the like. I cannot provide that level of detail because a number of those would not have records retained of them.

**Senator RONALDSON**—Surely that should have been the answer, shouldn't it? 'These are the ones that I have records of. This the information that I have provided to the ANAO because those details were available.' I am still perplexed by the commentary about the ANAO performance audit. I took that to read that because they were doing it you were not able to provide the information, but that is not the situation, is it?

**Mr Mrdak**—No, Senator. What I was trying to capture there was the fact that I could not accurately provide all the information you sought and, as I said, the ANAO has had access to all our records. But I am happy to review this answer in the light of this discussion.

**Senator RONALDSON**—Thank you. Mr Mrdak, I now turn to some reports in the *Launceston Examiner* on 8 December that the government would spend \$5.12 million on advertising the economic stimulus package. I think it was actually \$28 million to advertise the first stimulus package. I think \$17.2 million administering the payments and an additional \$5.12 to advise the recipients of the payments. It was the \$5.12 in advertising to the recipients of the package what the payments were going to be. Is that an accurate report of the expenditure?

**Senator Faulkner**—Senator, this is something that—I will check with Mr Mrdak—I doubt PM&C has a great deal of knowledge of. It might be better for questions to be asked at the estimates of the Department of Finance and Deregulation before this committee tomorrow. But also my recollection is—and I will certainly come back to you if I am wrong—I think the lead agency in relation to this is also FaHCSIA. The process elements in terms of the department of finance's responsibilities with contract oversight and the like are appropriately

asked of them. But I think you will find the lead agency is FaHCSIA so the questions are best directed in both those portfolios. But I have not seen the *Launceston Examiner* article and, if I am wrong about FaHCSIA, I will let you know as soon as possible.

**Senator RONALDSON**—I am happy to wait until tomorrow to find out.

**Senator Faulkner**—I am pretty sure it is but no doubt someone will correct me if I am wrong. I do not have a copy of the article but I listened carefully to you reading it out and I think that FaHCSIA is the lead agency. Perhaps it might be easier for me if you could shoot me through a copy of the article at some point and we will ensure that the information that has been provided is accurate.

**Senator RONALDSON**—I will leave that for finance then. Mr Mrdak, I have some standard questions about the number of DLOs and ministerial officers. Can you provide the committee with an update of the total number of DLOs currently located in each ministerial and parliamentary secretary office?

**Mr Mrdak**—Yes, Senator. I will take that on notice but the numbers have remained unchanged as far as I am aware. There is a total of 70 DLOs across ministerial offices.

**Senator RONALDSON**—Mr Mrdak, can I now take you to a contract that was awarded under PM&C to a Ms Julie McCrossin to facilitate discussion at a national security conference. Are you aware of that contract?

**Mr Mrdak**—Yes. I might ask Mr Campbell to deal with this. This was in the context of our pandemic planning role in relation to the national pandemic response strategy. Mr Campbell will provide some further detail.

**Mr Campbell**—Senator, your question?

**Senator RONALDSON**—Are you aware of it?

**Mr Campbell**—I am aware of it, yes. I was present as the senior PM&C representative at that workshop.

**Senator RONALDSON**—Ms McCrossin is better known as a comedienne, I think, isn't she?

**Mr Campbell**—I think she is known as a very accomplished and widely skilled public speaker, and one of her capabilities is in the comedienne mode—for which she was not engaged at this workshop.

**Senator RONALDSON**—What, she wasn't engaged to tell gags?

**Mr Campbell**—No, she wasn't. She was there to facilitate a workshop.

**Senator RONALDSON**—What is her experience as a facilitator, from your recollection?

**Mr Campbell**—I would have to refer you to her CV, but I note that in the process of identifying her it was clear that she had facilitated a wide range of similar activities for a range of organisations and government agencies.

**Senator RONALDSON**—She has had work since, I gather, from the federal government, but can you give me an overview of some of those jobs she had performed prior to—



**Mr Campbell**—I would not be able to give you that detail here. As to her role, if you are interested in her activity on that day, I can discuss that.

**Senator RONALDSON**—Were you involved in the awarding of this contract?

**Mr Campbell**—No, I was not.

**Senator RONALDSON**—Is there anyone here who was?

**Mr Campbell**—I do not believe so, no. We can get some more detail on the contract process, if you would like.

**Senator RONALDSON**—I gather it was a direct procurement.

**Mr Campbell**—That is correct.

**Senator RONALDSON**—And I gather that, with a direct procurement, you would be looking for evidence of past experience. If Ms McCrossin was not there to entertain, or not there as an entertainer, you would be looking for some past experience in relation to facilitating discussion. It was a national security conference, wasn't it?

**Mr Campbell**—It was a pandemic exercise workshop. So it would not be correct to characterise it simply by the term 'national security' in that, while it is covered by the duties—

**Senator RONALDSON**—I would have thought that a pandemic episode is actually a national security episode.

**Mr Campbell**—Indeed, it is. What I wanted to point out was that it spans such a wide range of implications for the nation that no particular traditional national security skill was necessarily required as a facilitator. For example, knowledge of defence, diplomacy or intelligence matters—the traditional national security space—is not where this workshop was; it was much more with regard to a range of communications, social and economic issues as much as the implications for the viability of society.

**Senator RONALDSON**—So was it a workshop in relation to appropriate responses to pandemics?

**Mr Campbell**—Yes, that is right—developing awareness in a range of areas with regard to both how communications processes might work and also the implications and reactions that you might see as a pandemic developed across the country.

**Senator RONALDSON**—So an understanding of what—national health implications? You go through them for me.

**Mr A Campbell**—Sure. There are health implications; issues of social distancing; the manner in which people might still be able to sustain social communities, even to the point of provision of food and basic services—

**Senator RONALDSON**—Intergovernmental relationships?

**Mr A Campbell**—intergovernmental relationships; the manner in which messages would be communicated to the public—a very wide range of issues.

**Senator RONALDSON**—This is pretty serious stuff, isn't it?

**Mr A Campbell**—Indeed.

**Senator RONALDSON**—So where was Ms McCrossin's knowledge in relation to health issues, intergovernmental arrangements and national security implications?

**Senator Faulkner**—Perhaps I can help you a little here. The first thing I recall about Ms McCrossin is that she presented *Life Matters* on Radio National, which I think is a pretty serious conversation about health matters. That was at least for a couple of years. I suggest that perhaps in her role as a meeting facilitator you might care to look at some of the agencies that she has been doing this sort of work with at the Commonwealth level. It is quite a long list, including the Department of Defence, a range of state government agencies and cultural institutions. I can run through them.

**Senator RONALDSON**—That is why I am asking the question—so I can elicit that very information. So thank you for your assistance in that regard, but I would have thought that what I wanted to find out was what experience she had in relation to those matters.

**Senator Faulkner**—Okay, well, let me provide that to you. I can only use, as you can, the client list that is available.

**Senator CAMERON**—She has even done the King's School.

**Senator Faulkner**—Senator Ronaldson asked the important question. Let me run through it. First of all in relation to the media, four organisations are listed: ABC TV and ABC Radio; Foxtel; Network 10 and SBS TV. In relation to federal government and agencies: Air Services Australia; Attorney-General's Department; Australian Film Commission; Australian Taxation Office; Child Support Agency; Comcare; Department of Defence; Department of Family and Community Services; Department of Finance and Administration; Department of the Prime Minister and Cabinet, Office of the Status of Women; Department of Transport and Regional Services; Health Insurance Commission; Human Rights and Equal Opportunity Commission; Law and Justice Foundation of New South Wales, which I am not sure is entirely a federal government agency; and the National Advisory Council on Suicide Prevention.

In relation to state government agencies and cultural institutions you will find: AIDS Action Council of the ACT; Art Gallery of New South Wales; Art South Australia; Commission for Children and Young People; Hornsby Girls High School; Independent Commission against Corruption; National Council of Jewish Women; the New South Wales Attorney General's Department; New South Wales Cabinet, Office of Children and Young People; New South Wales Department of Community Services; New South Wales Department of Education and Training; Victorian Department of Education and Training; New South Wales Ombudsman; New South Wales Police; New South Wales Police Training Academy; OTEN Film and Video Unit; Powerhouse Museum; State Library of New South Wales; Sydney Girls High; TAFE; Victorian Department of Human Services; and WorkCover NSW.

In relation to local government: Baulkham Hills Shire Council; Local Government Association of Queensland; Local Government Managers of Australia NSW; Manly Council; National Regional Economies Conference; Randwick City Council.

In relation to health—which you specifically asked for as well: Australian Council for Safety and Quality in Health Care; Australian Health Promotion of Association WA;

Australian Divisions of General Practice; Australia and New Zealand Health Management Network; Australian Medical Council Strategic Review; Australasian Society of HIV Medicine; Australian College of Health Service Executives; Blue Mountains Women's Health Centre; Cancer Council of New South Wales—

**Senator RONALDSON**—That is all very interesting. Can I go back to Mr Campbell.

**Senator Faulkner**—I have not completed it. I am happy to finish there.

**Senator RONALDSON**—I want you to table it.

**Senator Faulkner**—I do not have a document to table. What I am doing is what one normally does at estimates—checking information on the available sources.

**Senator RONALDSON**—I am very pleased your staff have been so quick to jump onto this.

**Senator Faulkner**—It is not a matter of staff, Senator. Anyone could do this. If I can do it, blimey, you should be able to.

**Senator RONALDSON**—I asked the question of Mr Campbell but I am glad that you are able to add to it.

**Senator Faulkner**—Let me conclude. If you do not want me to go through these issues—it is a serious point.

**Senator RONALDSON**—I am happy for you to go through it; it is just a matter of time I would have thought.

**CHAIR**—I am having trouble following matters when we have questions put to witnesses. It would be helpful if they could answer. I find it a bit confusing when they are chatting.

**Senator Faulkner**—I am happy to not go through all the detail here, but I suggest to you on the public record that it is quite an exhaustive client list. I will make the point without going through all the details that this occurs in the areas of media, federal government agencies, state government agencies, cultural institutions, local government, health, legal, professional, university, community and private sector. It is quite an exhaustive and exhausting list. I can certainly give you—

**Senator RONALDSON**—I think Mr Campbell answered my question that this was not a gag-telling exercise.

**Senator Faulkner**—As you can obviously see from the client list, there is a very significant—

**Senator RONALDSON**—It was a very serious conference.

**Senator Faulkner**—I accept that.

**Senator RONALDSON**—Hence my question to Mr Campbell to make sure what the nature of that facilitation was, because I am sure you are probably aware, Minister, that it caused some mirth in the papers. I am sure that you would agree with me that, given the nature of the particular conference, that was probably not an accurate reflection of the—

**Senator Faulkner**—But lots of things in the papers cause mirth. I have always found that one has to be a little careful about these things and perhaps go behind the mirth in the newspapers.

**Senator RONALDSON**—Hence my questions to my Campbell.

**Senator Faulkner**—I have got a laugh out of the newspapers in the last few days, but I try to get behind those issues.

**Senator RONALDSON**—Hence my question to Mr Campbell, because it was a direct procurement. Mr Campbell has indicated to me that it was a serious conference and it was treated accordingly by both Ms McCrossin and the participants. So, thank you.

Mr Mrdak, I now move to the issue of any increase in staffing at the Lodge since October 2008—I think there were 2.4 staff at the Lodge—and Kirribilli. Has there been any increase in staffing and if so can you provide us with job descriptions for that increase?

**Mr Mrdak**—There has been no change in the overall staff numbers at either of the residences since we last discussed it. The only change since the change of government has been the move of staff from Kirribilli to the Lodge to reflect the living arrangements of the Prime Minister and his family.

**Senator RONALDSON**—Mr Mrdak, has there been any damage reported to suite MG-8 since October 2008 that you are aware of?

**Senator Faulkner**—It sounds like it is a matter for the Department of Parliamentary Services. Anyway, let's just check.

**Senator RONALDSON**—I was asking Mr Mrdak. If he has not got that I will put it on notice.

**Mr Mrdak**—I have not heard of any such reports.

**Senator RONALDSON**—At the supplementary estimates, Minister, PM&C responded in relation to what assets were in MG-8, so I presume you are happy to answer those questions.

**Senator Faulkner**—Is MG-8 the Prime Minister's office?

**Senator RONALDSON**—This is from the answer that was given where there were a large number of staff located in the cabinet suite, and the MG-8 area was the response, I think. Is that correct?

**Senator Faulkner**—Yes.

**Mr Mrdak**—There are a number of Prime Minister's office staff located in that area.

**Senator RONALDSON**—There are 10 work points in MG-8 according to your answer. Is that correct?

**Mr Mrdak**—Can you give me a reference number to that answer?

**Senator RONALDSON**—This is PM33c. I asked:

How many staff are located in the Cabinet Suite MG-8 area? That is, how many offices and workstations are located in that suite?

The answer was that the cabinet suite MG-8 area contains three offices and 10 work points and the number of staff located in cabinet suite MG-8 varies as the unit is used by PM&C to support cabinet meetings.

In PM33a, I asked you to itemise and date any new assets that have been added to MG-8, including but not limited to scanners, fax machines, printers, digital cameras, laptops, desktops, photocopiers, televisions, DVDs, DVD recorders and computer software, since 1 December. You gave me a very detailed list of those assets.

I presume that if there are 10 work points—and this certainly applies to the use of computers—that only 10 people can work in MG-8 at any one time.

**Mr Mrdak**—There are 10 work points, as we have indicated. In support of cabinet meetings, there will often be a larger number of people working in that area, depending on the various note takers and the like who are working at cabinet meetings. The number of people in that area can vary, as we have indicated, but that is the number of work points formally established.

**Senator RONALDSON**—Presumably, only one person can work at a work point.

**Mr Mrdak**—Yes.

**Senator RONALDSON**—Unless they are sitting on each other's laps.

**Mr Mrdak**—That is right.

**Senator RONALDSON**—There are 61 computers, 16 printers and six televisions installed in MG8, according to the information that you have provided. How is it that there is a requirement for six computers each for the 10 staff who are operating those work points.

**Mr Mrdak**—We have provided an answer in PM33a which covers all of the assets in the Prime Minister's office suite, as well as the cabinet suite.

**Senator RONALDSON**—MG-8 and the cabinet suite.

**Mr Mrdak**—That is right. What we have provided in PM33c relates to the cabinet suite area, which is a subset of the overall Prime Minister's office area.

**Senator RONALDSON**—So what you are putting to me is that there are other work points that these computers that these 61 computers would be located at?

**Mr Mrdak**—Yes.

**Senator Faulkner**—Let us be clear: as I understand it—and I do not have the answer to the question in front of me—the first question was about the Prime Minister's office and the cabinet suite. The second question was answered directly in relation to the cabinet suite, which is MG-8.

**Senator RONALDSON**—The question was:

How many staff are located in the Cabinet Suite MG-8 area? That is, how many offices and workstations are located in that suite?

That is—

**Senator Faulkner**—Yes. You have just pointed out that—

**Senator RONALDSON**—That is both, isn't it?

**Senator Faulkner**—It is both.

**Mr Mrdak**—PM33a relates to both and PM33c relates to the cabinet suite, which is a separate office which supports the cabinet room.

**Senator Faulkner**—So it appears that there are many more than provided to you in that answer, because it is the full office.

**Senator RONALDSON**—What office is MG-8?

**Mr Mrdak**—My understanding is that is the Prime Minister's office.

**Senator RONALDSON**—So my question about how many staff are located in the cabinet suite MG-8 is about both the cabinet suite and MG-8. Do you accept that?

**Mr Mrdak**—That is right. We have given you an answer at PM33c which gives the work points of the cabinet suite. We have not given you the number of work points in MG-8.

**Senator RONALDSON**—The answer was:

The Cabinet Suite MG-8 area contains three offices and ten work points.

**Mr Mrdak**—We have not been as clear as we should have been. We are talking there about a portion of the MG-8 area, which is the cabinet suite. Your question was:

How many staff are located in the Cabinet Suite MG-8 area?

We have interpreted that as the cabinet suite, not the whole of the PMO.

**Senator RONALDSON**—I will accept that at face value.

**Senator Faulkner**—I think you should, Senator. I also make—

**Senator RONALDSON**—Minister, thank you very much for that intervention.

**Senator Faulkner**—I was just about to indicate that I may have made a mistake a little earlier, because I did not realise that MG8 was the actual number of the Prime Minister's office. I assume you were referring to the Prime Minister's suite. If I did inadvertently do that, now that I have learnt what the situation is, let the record stand corrected.

**Senator RONALDSON**—As I said, Mr Mrdak, I will take that on face value. Can you perhaps just rejig some of those previous answers to clarify?

**Mr Mrdak**—Certainly.

**Senator Faulkner**—Can I just be clear on this last point? Senator Ronaldson, are you interested in what is occurring in the cabinet suite opposite the Prime Minister's office or the cabinet suite and what is described as the Prime Minister's office? Can you just be clear on that? I am not clear; I am not suggesting that you are not, but it is just so that we do not have this problem at any subsequent estimates round. You are aware that there are two areas.

**Senator RONALDSON**—There is entry 8 and there is the cabinet suite. My question on notice related to the cabinet suite and MG8. So we are going to get some clarification of those.

**Senator CAMERON**—Mr Mrdak, you have been appointed the Commonwealth Coordinator-General for the government's Nation Building and Jobs Plan. What are the

implications for the office of Prime Minister and Cabinet in relation to that appointment, and what are your priorities in relation to that appointment?

**Mr Mrdak**—In taking on this role I have essentially gone off line from my normal duties as a deputy secretary of the department. Since the COAG meeting on 5 February I have put together a small team of officers. We currently have a staff of six officers who have been seconded, either from other agencies or from within Prime Minister and Cabinet to support me. This is a dedicated team. Our role, as set out in the COAG National Partnerships Agreement is to ensure the implementation of the COAG decisions in relation to the fiscal stimulus package on infrastructure. My key role is essentially to ensure that we build working relationships with senior people in the state and territory governments and across the Commonwealth agencies, to make sure that we have developed full implementation plans and work plans for each of the items of infrastructure to be delivered, to make sure that those milestones are being met, and, where they are not being met or where there are problems, to deal with them quickly at a senior level.

The states and territories have all agreed to appoint equivalents to me in each jurisdiction. That has happened. We have also appointed coordinators in each of the line agencies, both federally and in the state and territory governments, who will also have responsibility for effectively delivering. This is important, as the Prime Minister has said. Effectively, governments can have some assurance that there is an individual who is responsible, either in a line agency or across the whole of the jurisdiction, for delivery of the timeframes.

In terms of the implications for our department, this is quite a different role for this department in terms of project management. It is a much more operational role but it does sit with our normal role of responsibilities to work closely with the other jurisdictions to meet COAG timeframes.

**Senator BOB BROWN**—I want to ask about the Prime Minister's ministerial statement on the Nation Building and Jobs Plan in which he announced the proposal for insulating ceilings and putting in solar hot-water systems in which he said, inter alia, that the program would include a reduction in emissions of some 49.9 million tonnes. What I want to ask is: is that so? What has the Prime Minister or his department got to say about the very compelling evidence, as we have seen in the newspapers from the Australia Institute and Dr Dennis, that emissions saved through this program—that is, insulating ceilings and putting in solar hot-water services—will simply allow other polluters to keep polluting more, if you are going to have a five per cent target. Dr Dennis says:

Fewer emissions from an individual mean more emissions from an aluminium smelter. Fewer emissions from one state simply mean more emissions from another state.

Consider this example. If a family installs a solar hot water system on their roof, they will need to purchase less electricity. The coal-fired power stations that supply that power will burn a bit less coal and, as a result, will produce fewer emissions. Now that the power station has lowered its emissions, it will need fewer permits, freeing up spare permits that it can then sell to the aluminium industry or any other large polluter.

Was the Prime Minister not wrong when he said of the insulation program:

Once fully implemented, the initiative could result in reductions of greenhouse gas emissions by 49.9 million tonnes by 2020, or the equivalent of taking one million cars off the road.

In effect, that is not so, is it? He had it wrong. It simply will allow aluminium or coal producers, for example, to keep polluting more than they otherwise would have, because they will get the pass-on of the permits from all of the households in Australia reducing their emissions.

**Mr Mrdak**—I can only comment that those estimates of greenhouse gas emissions were developed by the Department of the Environment, Water, Heritage and the Arts and the Department of Climate Change and provided to the government in relation to the energy savings—

**Senator BOB BROWN**—Well, they are the government, aren't they?

**Mr Mrdak**—They are government agencies who have specialisation in developing these estimates. They have provided that advice to the Prime Minister and the Prime Minister has relied on that advice in the comments he has made. I think it is generally accepted that ceiling insulation and the incentives to move away from electric hot-water to solar systems are two of the largest efficiency gains that can be made to individual households. They also, as the government has made clear, have benefits for a number of low-income groups and the like in terms of their standard of living in reducing energy costs. They are key factors in the government's decision making. In relation to the issue of how this may impact on the trading of permits under the Carbon Pollution Reduction Scheme, I am not able to give you a detailed answer. You may wish to take that up with the Department of Climate Change.

**Senator BOB BROWN**—No, I am taking it up with the Prime Minister's department because it has been being canvassed in the press now for some weeks. It is a very clear torpedo to the argument that householders are going to contribute to the nation reducing greenhouse gases under this Carbon Pollution Reduction Scheme of the government's. We are going to deal with legislation on this a little later in the year, and it is very, very important that we understand that the government understands that every householder in Australia, if Dr Denniss is right, and I cannot see why he would not be, who tries to reduce greenhouse gas emissions is in fact just allowing the coal or aluminium industry or another polluting industry to pollute more than they would have otherwise—in other words, not to reduce their pollution by the amount that all the households in Australia are going to reduce pollution by.

**Mr Mrdak**—As I say, I am sorry; I do not fully understand the assumptions being used by the gentleman you have mentioned, so I could not—

**Senator BOB BROWN**—Did you not understand the example I gave?

**Mr Mrdak**—I did, but I have not worked through the assumptions underlying the judgments that he has made. Without—

**Senator BOB BROWN**—Has the Prime Minister looked at this?

**Mr Mrdak**—The experts would be in the Department of Climate Change. I am sure they have worked through these issues. What I would refer you to is the fact that the statements by the Prime Minister are based on estimates he was advised of by the experts in this field in relation to greenhouse gas emissions which will be available from the implementation of this measure. In relation to the other matters, I could not comment.

**Senator BOB BROWN**—If Mr Denniss is right, the Prime Minister is wrong.



**Mr Mrdak**—Again, without understanding his assumptions and how he has reached his view, I cannot give you a comment. Others may have done that work; I have not.

**Senator BOB BROWN**—His views have been public for a week and they have been gaining potency. In fact, in the *Australian* newspaper, Lenore Taylor's article was front page on the weekend. Have you or the Prime Minister not decided to review the assessment in light of this argument that the Prime Minister has been wrong on the matter?

**Mr Mrdak**—I am sorry; these would be matters for another portfolio. I certainly have not been involved. I will check with my colleagues as to whether there has been any review of that material or in relation to that media article, but, as I say, all I can comment on is that the statements by the Prime Minister have been based on advice provided to him about the emissions benefits of the measures being put in place.

**Senator BOB BROWN**—I just want to—

**Senator Faulkner**—If I could perhaps go on, Senator. I fear this will not be of assistance to you, but I am sure you understand the point that I cannot, representing the Prime Minister, say to you what, if any, action the Prime Minister might have taken in answer to the question that you have asked. This is only something I could check for you. You would appreciate that I do not want to provide you with an answer that is guesswork. I think you probably understand why, representing the Prime Minister, I cannot provide an answer to you at the table. I can undertake to do so if you would like me to do so, however.

**Senator BOB BROWN**—I would like you to do so, because, firstly, I cannot understand how, a fortnight into this compelling argument against the position the Prime Minister put forward in his statement, there has been no comment from the Prime Minister—and the public disquiet about it is getting bigger every day. The second thing, and let me be quite clear about this, is that the Greens—and I am sure the other Senate entities—are going to deal with very serious legislation which the minister has said will be before the Senate in June. This argument fires a torpedo into a central tenet of what the government is proposing that the Senate should pass. It is a very serious matter that we must clear up. It just cannot be allowed to ride, and I would appreciate it if, before the end of committees this week, we could get a clear response from the Prime Minister or the government—the minister herself—to the argument. I have seen some reference to it from Senator Wong, but it has been most unconvincing and unsatisfactory.

**Senator Faulkner**—While I note your comment in relation to Senator Wong, I would make the point to you that of course I am more than happy to take the issue on notice for the Prime Minister and to put to him the time constraints that you have mentioned. I can also respectfully say that, at some point, this committee will examine the estimates of the Department of Climate Change and that I am happy to pass on to my colleague Senator Wong that you have raised this issue. The officials or the minister there may be able to give you more information than I can. I hope you appreciate that this information is not available to me or to Mr Mrdak, but that is the best spirit I can apply to this. If it assists you, I will flag with my colleague, at the earliest available opportunity, this matter that you have raised and indicate to her that you may well raise it at estimates when her department is being examined by this committee.

**CHAIR**—Which will be this evening.

**Senator BOB BROWN**—I would thank you if you would do that, but I would like a response from the Prime Minister, and I—

**Senator Faulkner**—I have said that I appreciate and have acknowledged your request. I have said that I have taken your request on notice. And I have gone beyond that by saying I will try to see if it is possible to provide a response within the time frame that you have asked for. I cannot do any more than that. I cannot say to you any more than that I will ensure the Prime Minister is aware of your questioning and that the timing of your question is known to him. I can do no more than that. And I will do that—I know that does not provide the sort of guarantee you are looking for, but it is the best I can do at this stage.

**Senator BOB BROWN**—May I just signal this: I am looking for a response, but the consequences of not having this matter cleared up are very grave. I do not think the minister has shown due diligence in responding to it. It is a very simple matter which needs a very simple clearing up, and it is very, very important that we get an answer to it.

**Senator Faulkner**—Senator, I can certainly pass on that you have raised the issue here, which I had intended to do anyway. I can say to the Prime Minister how seriously you consider the issue is. I have said that I will do that. I am being pretty frank with you in saying I do not think I can go beyond that, but I will definitely do that.

**Senator BOB BROWN**—I appreciate that. Thank you very much.

**CHAIR**—I would like to bring to the committee's attention that when we reconvene at four o'clock after our short break, the Office of National Assessment is coming forward. According to the schedule we adopted at our private meeting this morning, we are concluding PM&C at 6.30. I just wanted to check with everyone that the Department of Prime Minister and Cabinet will not be required afterwards, because we have Department of Climate Change coming on at 7.30.

**Senator RONALDSON**—I do not think we will. I have not got a lot left. I think we will comfortably get to Department of Climate Change tonight.

**CHAIR**—Excellent.

#### **Proceedings suspended from 3.41 pm to 4.15 pm**

**CHAIR**—Welcome back. Thank you for your patience. We have determined that there will be questions for the Office of the Inspector-General of Intelligence and Security. In the meantime we are going back to general questions of the Department of the Prime Minister and Cabinet.

**Senator Faulkner**—We have the inspector-general at the table.

**CHAIR**—You will be needed, but not at this time. We are still waiting on Senator Brandis to arrive.

**Senator RONALDSON**—Madam Chair, if I may, I understand that Senator Brandis did have some questions but he is downstairs in the Legal and Constitutional Affairs Committee. If the inspector-general is happy to wait a bit longer, we can get a message to Senator Brandis. If that suits the committee.

**CHAIR**—Could you give us some indication of the length of time we are going to wait?

**Senator RONALDSON**—We have lots of questions to go on with. As soon as Senator Brandis gets up here we can resume.

**CHAIR**—Hopefully that is sooner rather than later.

**Senator RONALDSON**—I have some general stuff to go on with. Mr Mrdak, can I take you back to those 70 DLOs that we were talking about earlier on. Are any of those DLOs based outside of Canberra or Parliament House that you are aware of?

**Mr Mrdak**—Not that I am aware of, no.

**Senator RONALDSON**—Can you make some inquiries and take that on notice?

**Mr Mrdak**—Certainly.

**Senator RONALDSON**—If they are based outside Canberra or Parliament House, can you indicate where they are based?

**Mr Mrdak**—Certainly. My expectation is that they would be based in Canberra, but I will check that.

**Senator RONALDSON**—That is my expectation as well, but I need to ask the question. Do any of the DLOs travel with their ministers back to their electorate offices or non-Canberra ministerial offices in non-sitting weeks, do you know?

**Mr Mrdak**—Not that I am aware of. There may be occasions where DLOs certainly accompany ministers on official matters where they are undertaking business in another city or location, but I am not aware that they would accompany a minister back to, say, their electorate during a non-sitting week for any work. There may be occasions, as we know, when they travel to an electorate office when the minister is working from his electorate office or ministerial office to undertake work, but I am not aware of anything other than that.

**Senator RONALDSON**—Could you take that on notice?

**Mr Mrdak**—I will check that.

**Senator RONALDSON**—Have any rules been put in place by the PM to ensure that DLOs do remain in Canberra during those non-sitting weeks? Has there been any directive given in relation to DLO travel?

**Mr Mrdak**—Not that I am aware of. Arrangements for DLOs have largely remain unchanged for successive governments in relation to the expectations that they are officers of the Australian Public Service and therefore they engage in work, as do all APS officers, which is apolitical and relates to the ministers' portfolio responsibilities.

**Senator RONALDSON**—There was reporting late last year about the community cabinet. Are you aware of what the cost of those has reached? I do not know whether there have been any since—

**Mr Mrdak**—Yes. The latest community cabinet was last week in Campbelltown, New South Wales. I will get the latest figures. There have now been 10 community cabinet meetings.

**Senator Faulkner**—That is right.

**Mr Mrdak**—We gave detailed cost breakdowns up until November. I will be happy to provide to the committee the latest costs on notice.

**Dr Southern**—In response to a question on notice last time, we gave costs for community cabinet meetings up to and including the Launceston meeting. There was one further meeting held in 2008 near Geelong at Corio. The cost for that meeting that we have to date is \$56,804. As Mr Mrdak indicated, we had another community cabinet meeting last week in Campbelltown, but I do not have the final costs for that meeting as yet.

**Senator RONALDSON**—It was reported back in December that the costs had reached nearly \$2 million and that some 4,385 people had attended those cabinets, which is about \$400 per person, and that approximately 119 questions had been asked over those then nine sessions, which worked out at about \$14,300 per question. Are you able to comment on the veracity of those figures?

**Senator Faulkner**—Those figures do not take account of the number of one-on-one meetings that ministers have held with members of the community and organisations. I believe that there have been nearly 640 of those. You are aware of the cost of the community cabinets. I respectfully suggest that there always will be a cost in consultation, but I believe that there is also a very significant benefit to the community cabinet process. Having attended all of them to date, there has been a very positive response from the communities in which they have been held. It is obviously an opportunity for members of the public in those communities to address issues of concern first hand. Many people have taken the opportunity to do that in a range of areas around Australia.

Of course there are costs in taking cabinet ministers and officials to a range of communities. But as you look at the costs, do not forget the real benefits that the communities believe that they receive. More importantly than that, it is very beneficial to the ministers and officials who attend as well. That focus is sometimes lost. Firsthand opportunities to hear issues of concern directly from Australians right around the country is something that should not be underestimated. Yes, there is a cost; there always is for good process and consultation.

**Senator RONALDSON**—There certainly is: well in excess of \$2 million.

**Senator Faulkner**—But there is very much a benefit as well.

**Senator RONALDSON**—What procedure is used to choose the locations of the various community cabinet meetings?

**Mr Mrdak**—The timings and locations of community cabinet meetings are settled by the Prime Minister's office.

**Senator RONALDSON**—Without any input from PM&C?

**Mr Mrdak**—We certainly have worked with the Prime Minister's office in relation to setting a forward schedule of dates for the year ahead, so they are known, and the minister has ensured that there is a clear set of dates going out for the whole year in relation to when the meetings will be held. But determining the locations of those matters is a matter for the Prime Minister's office.

**Senator RONALDSON**—Minister, what is the procedure used to choose locations for these community cabinets?

**Senator Faulkner**—As you would know from where they have been held, community cabinets have been held in every state and in a whole range of areas—

**Senator RONALDSON**—Just go through the seats for me, and tell me who the members of parliament are in those seats.

**Senator Faulkner**—I would have to check who the members of parliament were. I think the last one was held, for example—if you want to know the seat—in the seat of Macarthur, held by Mr Farmer, but I—

**Senator RONALDSON**—And the others?

**Senator Faulkner**—I was about to make the point to you that I will have to check who all the local members are, but I think—

**Senator RONALDSON**—The rest are in Labor seats, aren't they?

**Senator Faulkner**—They may be.

**Senator RONALDSON**—So is that the determining factor for where these community cabinets are held?

**Senator Faulkner**—I don't think that is true. I think you might find that the first of the community cabinets was held in Canning Vale in Western Australia, for example. I do not think that is a Labor seat. The last community cabinet meeting was held in Campbelltown, New South Wales, which is not a Labor seat—but, senator, don't be so cynical.

**Senator RONALDSON**—So, on what basis was that chosen?

**Senator Faulkner**—That has been explained to you. These are decisions—

**Senator RONALDSON**—What has been explained? Has the Prime Minister made the decision? You are the Cabinet Secretary. On what basis was the decision made to go into Mr Farmer's seat, for example?

**Senator Faulkner**—It was thought that a community cabinet in south-western Sydney would be a very appropriate location, given the challenges that that community faces. I can say to you that it was very warmly and well received. I think for you to look at this from the point of view of the political geography would be a mistake.

**Senator RONALDSON**—Minister, with the greatest of respect, I think that is exactly what the Prime Minister has been doing in relation to where these community cabinets have been held. And I think there is a very good reason for most people to think this is a \$2 million re-election strategy on behalf of the Prime Minister.

**Senator Faulkner**—I actually don't think most people do think that, and anybody who does think that would be mistaken. This is something that the government committed to, as you would be aware, before the election. I think you will find that the places they have been held, the communities in which they have been held, have been very appropriate. Now, we know that we cannot go to all Australian communities. There is a limit to the number of times these meetings can take place. But the government has only been in office for a short time. We have had 10 community cabinet meetings. The locations have ranged from an Aboriginal community like Yirrkala in the Northern Territory to Newcastle in New South Wales—

**Senator RONALDSON**—So, Mr Mrdak, have you—

**Senator Faulkner**—Let me conclude, Senator. Every state and the Northern Territory have been visited. It is certainly the intention of the Prime Minister and the government to keep this level of regular contact and consultation going right through the life of the government.

**Senator RONALDSON**—So, Mr Mrdak, has PM&C been asked, for example, to provide demographic information in relation to these electorates that have been chosen?

**Mr Mrdak**—Sorry, in terms of the decision to have an event at that—

**Senator RONALDSON**—Have you been asked to provide demographic or socioeconomic information to the Prime Minister's office to assist them in deciding where to choose these particular venues? I take it the answer is no.

**Mr Mrdak**—No.

**Senator RONALDSON**—So there has been no consultation with the department at all as to where they are to take place?

**Mr Mrdak**—There are discussions that take place between our community cabinet team and the Prime Minister's office in relation to forward meetings, in relation to arrangements, in relation to building on the experience of the last meetings, but—

**Senator RONALDSON**—Look, that is a great answer, Mr Mrdak, if you are speaking on behalf of the Prime Minister, but I am asking you: are you given a *fait accompli* as to where these are going to be held; do you have any involvement at all? Do you provide any feedback as to what locations are to be chosen?

**Mr Mrdak**—We provide advice in the sense that often members of parliament will write to the Prime Minister asking that community cabinets be held in their electorates. Obviously we provide advice in relation to responses to those. There are ongoing discussions between our team and the Prime Minister's office, but at the end of the day a decision is reached by the Prime Minister's office on locations. We then work with them to find the right school once we have been advised of that location.

**Senator RONALDSON**—As I said before, this is straight out of the Prime Minister's office in relation to the location—

**Senator Faulkner**—So are you suggesting, Senator Ronaldson, that if the opposition wins the next election you are going to abandon community cabinets? Is that what you are saying?

**Senator RONALDSON**—I am asking Mr Mrdak some questions. You spent a lot of time on this side of the table, Minister—

**Senator Faulkner**—I did, far too long.

**Senator RONALDSON**—asking questions about the use of taxpayers' funds and overtly political expenditure.

**Senator Faulkner**—I do not believe—

**Senator RONALDSON**—What I am putting to you is that these are sites that are chosen by the Prime Minister. The department has no input into the choosing of those sites at all. You apparently have no input in relation to the choosing of those sites—or do you?

**Senator Faulkner**—From time to time I have expressed some views about it. But let me—

**Senator RONALDSON**—So what criteria do you use when giving that advice?

**Senator Faulkner**—assure you the decision rests, as you have been told, with the Prime Minister's office. I am not the decision maker in relation to—

**Senator RONALDSON**—So what input do you have? What questions does he ask you before he makes the decision?

**Senator Faulkner**—I certainly have made some suggestions, and I will continue to do so. But the critical point in my view, and I say this to anyone who will listen—I am very happy to say it to you—is that the community cabinet meetings have been an overwhelming success. I think they are good for the government and its ministers given that they have an opportunity to hear firsthand issues of concern from people who live in those communities. There also seems to be a very positive response from the communities where those community cabinet meetings are held. Yes, I acknowledge to you that you cannot hold a community cabinet without bearing some expense. There is a cost to this, but there is also a massive benefit which far outweighs the cost. I would commend this to you, Senator Ronaldson, I would commend it to the opposition, and I would hope that some time in the future, when you win government, you will continue this because it has proven to be very successful.

**Senator RONALDSON**—Minister, any amount of community engagement is worthwhile, but we have already heard from Mr Mrdak that he does not have any involvement in it. You have as good as said that you do not have any involvement.

**Senator Faulkner**—I have not 'as good as said' anything; I have made it clear what the position is.

**Senator RONALDSON**—Is someone walking around the Prime Minister's office with a T-shirt with a Mackerras pendulum on it? What is the decision? Is this driven by the Mackerras pendulum, because there seems to be absolutely no decision-making process except out of the Prime Minister's office for the most appalling political reasons. I am surprised, given the time you spent on this side, given the time that you were attacking the waste of taxpayers' money for political purposes, that you can keep a straight face and defend, in my view, what is completely and utterly indefensible. And if you have a couple of those T-shirts that you walk around in spare, I would like to have one for my collection.

**Senator Faulkner**—Well that, Senator, is an attempt, after an abysmal estimates performance, to get—I do not think a cheap headline, because I do not think it is worth the headline—some commentary somewhere.

**Senator RONALDSON**—Will you tell me what the rationale is for making the decisions about where these community cabinets go, where you are spending \$2 million of taxpayers' money? It comes straight out of the Prime Minister's office. You are not involved, Mr Mrdak is not involved; this is absolutely a purely political decision, which you simply cannot justify.

**Senator Faulkner**—I am about to answer your question now, if you would do me the courtesy of listening to the answer. If what you suggested was correct, about the marginality of seats or an electoral pendulum being relevant, then perhaps you would not hold a

community cabinet in the seat of Newcastle, which is the only seat in the history of the Commonwealth of Australia that has been held by one political party since Federation.

**Senator RONALDSON**—Who is the member for Newcastle? You see, it is mainly Labor members and marginal seats—

**Senator Faulkner**—Will you please let me finish, Senator!

**CHAIR**—Senator, can I just remind you that you have put a question.

**Senator Faulkner**—I am just making the point that your allegation is not true. I think it would be a better thing for the opposition to acknowledge that community cabinets are an overwhelmingly positive thing for both government and the communities where they are held. It is a great pity—

**Senator RONALDSON**—The issue is not the community; do not put words into my mouth, Minister!

**Senator Faulkner**—that during the life of the Howard government someone did not take an initiative like this, but I would commend to you their importance and significance. I would suggest to you that it is something the opposition should take on board as a policy commitment, to keep these community cabinets going if you win government at the next election. They are important, they are appreciated, your colleague Pat Farmer, for example, welcomed the community cabinet meeting. The last one that was held was in his electorate in Campbelltown literally a few days ago. They do play an important role. It is critically important consultation with the community, and very important for ministers and senior officials to hear firsthand what the concerns of the community are. And, yes, Senator, there is a cost to that, but I say to you again: it is overwhelmingly a benefit for all concerned. So there is a cost, but the benefits far outweigh those costs.

**Senator RONALDSON**—Prime Minister Howard managed to have a large number of community consultations and those sorts of forms, but it was not at the taxpayers' expense. He did not spend \$2 million doing it. The fact that you do not have any involvement, apparently, that Mr Mrdak does not have any involvement, apparently, means this is a fair indication that this is purely a political stunt. If you were genuine about it, I think the community cabinet—in fact any engagement—would be held the way former Prime Minister Howard did it, with community meetings or community cabinets. But you are abusing this right that you have been given to hold these, and I say to you again: it is nothing but a cheap political stunt. I ask Mr Mrdak: can you provide me with an estimate of how much has been spent on ministerial staff travelling expenses? Are staff accompanying cabinet ministers entitled to a travel allowance that covers more than just the cost of transport? If that is the case, could you provide us with details of what is covered under the travel allowance? Are there any specific prerequisites that a place must meet for a community cabinet to take place? Are there any specific media management costs associated with the community cabinets? If there are, could you please provide those. Are there any advertising costs associated with community cabinets? Again, could you provide details of those please.

**Senator Faulkner**—Before I ask Mr Mrdak to respond to that series of questions, which he may or may not be able to do at the table—



**Senator RONALDSON**—I assume he will take them on notice.

**Senator Faulkner**—he may or may not have the information available to do that—let me deal with your editorial comments before you asked the questions. Senator, do not underestimate the importance to a government of any political persuasion of hearing from real people in their local communities.

**Senator RONALDSON**—That is exactly what I said before, so do not put the political spin on this.

**Senator Faulkner**—Don't underestimate the fact, Senator Ronaldson, that those people who come and meet ministers directly and speak from the floor at community cabinet meetings often have very different views to those of the ministers and officials they are addressing. And don't underestimate the fact that this is an initiative that has been warmly received in communities. But, most importantly, don't underestimate the positive impact it has on both ministers and officials to be able to hear those comments first hand. And in conclusion I can assure you that the government treats all those inquiries and issues very seriously. We respond quickly to requests and questions. The government makes sure that it is on the ball about those sorts of issues. Now I will ask Mr Mrdak if he does have any information to assist you with your 10-part question.

**Mr Mrdak**—In relation to—

**Senator RONALDSON**—Excuse me, Mr Mrdak, for interrupting. And, Senator Faulkner, I would not if I were you underestimate the relevance of the Prime Minister having sole ownership of this process.

**Senator Faulkner**—The Prime Minister is the Prime Minister is the Prime Minister, and that is a decision that the Prime Minister makes and I think that it is quite appropriate for the Prime Minister to make such a decision.

**Senator RONALDSON**—What criteria does he use?

**Senator Faulkner**—The Prime Minister makes this decision—

**Senator RONALDSON**—On what basis?

**Senator Faulkner**—and it is appropriate that Prime Minister's make decisions about where the Prime Minister's cabinet meets, and even you should know that.

**Senator RONALDSON**—What criteria does he choose?

**Senator Faulkner**—I can assure you also that the Prime Minister and government receive a lot of communications from people who are very keen to have a community cabinet meeting in their local communities.

**Senator RONALDSON**—But what criteria does the Prime Minister use?

**Senator Faulkner**—He takes those issues and a range of others into account.

**Senator RONALDSON**—So from what you are saying he has discussed it with you has he?

**Senator Faulkner**—The Prime Minister made it clear that he thought it would be appropriate given—

**Senator RONALDSON**—You said he discussed the criteria?

**Senator Faulkner**—I am giving you an example, Senator. The Prime Minister made it quite clear that he felt that given the pressure that families in south-western Sydney were under he thought it would be appropriate for the community cabinet to meet in Mr Pat Farmer's electorate of Macarthur at our recent meeting, and we did so.

**Senator RONALDSON**—Were the demographics in Macarthur showing stress on families greater than other seats in the area?

**Senator Faulkner**—You should not be so cynical.

**Senator RONALDSON**—I am asking you a question.

**Senator Faulkner**—Don't bring things back to seats. People in the local community attend these community cabinets. I do not think they really care where the electoral boundaries are on the map. You might, Senator, but I suspect that others do not.

**Senator RONALDSON**—But is family stress in Macarthur greater than it is elsewhere in that area.

**CHAIR**—Senators, it is very hard for Hansard to make an accurate record if you are talking over the top of each other. You put a question to the witness and the witness answers.

**Senator Faulkner**—With respect, Chair, I am not speaking over the top of Senator Ronaldson. I am just trying to answer the question that was asked.

**Senator RONALDSON**—So is the family stress in Macarthur greater than it is in other areas around there?

**Senator Faulkner**—It may well not be, but the point here is—

**Senator RONALDSON**—Well why did you go there if it is not the greatest stress area?

**Senator Faulkner**—The point is that last calendar year there were nine community cabinet meetings. The Prime Minister is hoping to hold at least as many in this calendar year. Reasonable people would appreciate that it is not possible to go to all communities, but to try to keep a balance in terms of ensuring that all the states are visited, which was achieved in our first year. We managed to go to an Indigenous community and the like. So I think it is a pretty representative group of locations. You cannot go everywhere, but we can certainly do our best and I can assure you—

**Senator RONALDSON**—You just get used to political—

**Senator Faulkner**—Please let me finish. I was going to make the point that the communities we attended actually welcomed the cabinet's presence.

**Senator RONALDSON**—So Macarthur was chosen because it is a high stress area for families, but you have now just acknowledged that there might be other areas around there that are more highly stressed. So again I ask you the question: if family stress was the basis on which Macarthur was chosen but there are other areas around there that are more highly stressed, why was Macarthur chosen?

**Senator Faulkner**—Senator, do not put up a straw man—

**Senator RONALDSON**—They are your words, Minister. I am just giving you your words.

**Senator Faulkner**—I actually talked about families under pressure.

**Senator FAULKNER**—Families under pressure—stress and pressure are probably the same thing.

**Senator Faulkner**—Sorry—I spoke about families under pressure in south-western Sydney. That is what I said. An appropriate location for the community cabinet was found. Senator, do not think that people—apart from perhaps you and one or two cynics—worry about where electoral boundaries happen to fall. People sometimes travel from some considerable distances to attend these community cabinet meetings—they really do. Generally I have found—and I have talked to a lot of them—they are positive about the experience.

**Senator RONALDSON**—It was chosen on the back of pressure and family stress. You then acknowledged that there might be other areas in Sydney that were suffering more. I have again asked you, if that was the criteria and there are other areas that were worse, why you chose Macarthur, and you do not have an answer, so I might leave that. Could I go on to Mr—

**Senator Faulkner**—Senator, it was a very good central location in south-western Sydney. You have to look at things like accessibility and the like—somewhere where people can go with maximum ease.

**Senator RONALDSON**—So that was discussed with you, was it?

**Senator Faulkner**—Senator, you also have to take account of whether there is an appropriate venue available, and there are security concerns and those sorts of issues that are of consideration. But at the end of the day the positive thing about this is that you have the cabinet going out to these communities, wherever they may be. I do believe, from the feedback, it is positive for communities. I stress again to you: it is certainly positive for cabinet ministers like me to hear concerns firsthand from community members and organisations.

**Senator RONALDSON**—Mr Mrdak, can you advise me how many days between 30 December 2008 and 1 February 2009 that Mr Rudd was at Kirribilli House?

**Mr Mrdak**—I would have to take that on notice. I am not in a position to give you that information today.

**Senator RONALDSON**—Do you know if Mr Rudd attended the Boxing Day Test in Melbourne?

**Mr Mrdak**—I do not. I would have to take that on notice.

**Senator RONALDSON**—If he did, do you know how many days he was there?

**Mr Mrdak**—Again, Senator, I have no knowledge of that matter. I will take that on notice, if that is okay.

**Senator RONALDSON**—If he did, do you know whether he flew from Sydney or Canberra?

**Mr Mrdak**—Again, the Prime Minister was on periods of leave during that time. I would have to take that on notice.

**Senator RONALDSON**—If he did, do you know whether he returned from Melbourne to Sydney or Canberra?

**Mr Mrdak**—Again, if I could wrap those questions up and come back to you—

**Senator RONALDSON**—Do you know whether his travel was on a VIP or by commercial aircraft?

**Mr Mrdak**—No, I do not know.

**Senator RONALDSON**—Did any family members travel with him to Melbourne?

**Mr Mrdak**—I do not know. I will take that on notice.

**Senator RONALDSON**—Has the department done any calculations as to the greenhouse gas emissions that may have been caused by this travel to the Boxing Day Test?

**Mr Mrdak**—We have done no such calculations.

**Senator RONALDSON**—Could you do so for me?

**Mr Mrdak**—I can make inquiries as to whether that is possible. As I said, I do not know the circumstances of whether he did or did not travel to that Test. I will endeavour to find out.

Senator, if I may return to your earlier questions in relation to community cabinet, I can provide you with some information, if that is okay. We do not have details of ministerial staff who may have travelled with ministers to community cabinet and the costs involved. That would be an issue you may wish to raise with the Department of Finance and Deregulation. In relation to advertising, we undertake advertising to notify the community of a forthcoming meeting—to notify people and seek people's registration for community cabinet. I can give you the advertising costs. We do that through local newspapers. I could give you those: Canning Vale, WA, advertising costs were \$7,819.22; Narangba, Queensland, advertising costs were \$1,821.95; Penrith, New South Wales, \$3,274.44; Mackay, Queensland, \$1,613.15; Yirrkala, Northern Territory, \$726; Hallett Cove, South Australia, \$4,389.40; Newcastle, New South Wales, \$4,468.75; Launceston, Tasmania, \$1,740; and Corio, Victoria, \$1,485. Those were our advertising costs for notifying the community and seeking registration. As I said earlier, in relation to the other costs for community cabinet, ministers and their staff, I would ask that you place those questions to the Department of Finance and Deregulation.

**Senator RONALDSON**—Can you give me a breakdown on the exact nature of each of those costs, please, and whether it was radio, print or television.

**Mr Mrdak**—It was all newspapers. We only used local and community newspapers.

**Senator RONALDSON**—Can you detail the nature and cost of official gifts received by the Prime Minister since December 2007?

**Mr Mrdak**—I will take that on notice. I am not personally familiar with any gifts he has received in that period.

**Senator RONALDSON**—Can you also advise me how many of these have been retained by the Prime Minister.

**Mr Mrdak**—Again, I will take that on notice.

**Senator RONALDSON**—What happens to gifts which are not retained by the Prime Minister? Where are they located? Are they displayed?

**Mr Mrdak**—I will check that. But, predominantly, they are retained by the ceremonial and hospitality area of the department if they are not retained by the Prime Minister under the existing provisions.

**Senator RONALDSON**—What happens to consumable gifts—wine, et cetera—received as official gifts but not taken by the Prime Minister? Are they consumed elsewhere or stored indefinitely? What happens to consumables?

**Mr Mrdak**—I will check. But, predominantly, they are stored. I will check in relation to consumables, though.

**Senator RONALDSON**—Thank you again, Mr Mrdak.

**Senator FIFIELD**—Minister, you are no doubt aware that the former chief of staff to Mr Fitzgibbon is now a lobbyist—you may be aware from reading the newspapers or you may be aware from just general talk. The *Canberra Times*, where I came across this, said:

A former senior Labor staffer has taken a job with a prominent Government and public relations consultancy, but the firm says this will not breach the Federal Government's new code of conduct for lobbyists.

Daniel Cotterill, the former chief of staff to Defence Minister Joel Fitzgibbon, has been appointed to handle defence issues with Hill & Knowlton Australia.

Minister, you would be aware of clause 7.2 in the Lobbying Code of Conduct which you introduced and which says that the relevant staff:

... shall not, for a period of 12 months after they cease their employment, engage in lobbying activities relating to any matter that they had official dealings with in their last 12 months of employment.

I am seeking a reassurance that this is not actually a breach of the code. You may or may not know the answer to this, but are you aware when Mr Cotterill ceased to work for Mr Fitzgibbon?

**Senator Faulkner**—I believe it was some time late last year—I think in October 2008. It is possible that one of the officials here might be able to assist you. My understanding of this situation is that a firm called Hill and Knowlton employed the gentleman concerned and that that company has stated publicly that he would not be engaged in any lobbying activities for at least the 12 months after he ceased employment, under the MOP(S) Act. You might also have checked that the name of the gentleman—that is, Mr Cotterill—does not appear on the lobbyists' register.

**Senator FIFIELD**—If he is not listed on the register, that means, of course, that no minister, no MOPS staffer in a minister's office and no bureaucrat is able to have contact with him.

**Senator Faulkner**—Would you run that by me again.

**Senator FIFIELD**—You said that Mr Cotterill or Hill and Knowlton are not on the register? Sorry, just remind me if it was Mr Cotterill or Hill and Knowlton who was not on the register.

**Senator Faulkner**—I am certainly aware of comments that were made. The chief executive of Hill and Knowlton indicated that Mr Cotterill would be doing no government lobbying until the prohibition period had expired. The chief executive of that company has made it clear that the company fully abides by the lobbyists code of conduct, which is pleasing to hear. I can say, confirming that, that Mr Cotterill's name—you have probably checked this anyway, Senator—does not appear on the lobbyists register. That was the point that I was making.

**Senator FIFIELD**—Which means that no minister, no staff of the minister and no public servant can have a professional dealing with him given his name is not on the register. That is how it operates, isn't it?

**Senator Faulkner**—The code is explicit about this. Obligations are placed on the individual concerned but are also, as you are aware, placed on ministers and their offices in accordance with the provisions of the code. If you want a more precise answer, I will actually need to read into the record the relevant elements of the code. But I know from previous discussions on this, Senator, that you are well apprised of the provisions of the code.

**Senator FIFIELD**—Indeed. But you can appreciate that it could look to the casual observer that the former staffer in question is merely being warehoused until the clock ticks past 12 months?

**Senator Faulkner**—What is I think critical here is that the company concerned, the individual concerned or no-one involved in government in the broad is in breach of the code. I have heard no suggestion that that is not the case.

**Senator FIFIELD**—But the firm promises not to avail itself of Mr Cotterill's knowledge of defence matters?

**Senator Faulkner**—The firm has made, as I am sure you have seen, Senator, some quite strong public statements about this. There are obligations on Mr Cotterill—you would appreciate that—and there are also of course, as you know, obligations on all of us who work in government.

**Senator FIFIELD**—Indeed. We will take it on trust that the code is being observed by all parties.

**Senator Faulkner**—You have to be clear about this.

**Senator FIFIELD**—But it does revolve around trust to some extent, obviously.

**Senator Faulkner**—The key thing is, as you appreciate, what is prohibited here is lobbying activity. If I were to meet the gentleman concerned in the corridor and say, 'Good afternoon' or the like, that would not be prohibited, as you would appreciate. I have not met the gentleman concerned in the corridor, but I am sure you understand that that is the case. I think the best thing here is this: if you at look at definitions under the code, there is a very clear and precise definition of lobbying activities. I think you are aware of this, Senator, but I would certainly commend that to you if you are not aware of it. I can now confirm to you that the date Mr Cotterill concluded his employment was—and I think I said it was in October 2008—24 October 2008.

**Senator FIFIELD**—Thank you for that. While I was out of the room, did you discuss the local government summit? Has anyone covered that?

**CHAIR**—No. But the Office of Inspector-General of Intelligence and Security has been waiting, because there were going to be some questions. I know that Senator Trood is still waiting on some information. But if we could get a timeframe, that would be good.

**Senator TROOD**—Five or 10 minutes, I think.

**CHAIR**—We will keep going with general questions.

**Senator FIFIELD**—In relation to the local government summit held on 18 November, would officers be in a position to provide full details of the cost of that?

**Mr Mrdak**—The cost of the summit was met by the Department of Infrastructure, Transport and Local Government, not by this portfolio. You may wish to address that question to them.

**Senator FIFIELD**—We will do that. That would go to all costs, such as any external contractors engaged for the purpose of hosting the summit?

**Mr Mrdak**—Yes.

**Senator FIFIELD**—So I will put all matters to do with cost relating to that to them. Thank you.

**Senator BOYCE**—My questions relate to the increase in part-time workers between your report of 2006-07 and 2007-08. You had an increase of part-time workers from 3.9 per cent to 8.2 per cent.

**Mr Mrdak**—In the department?

**Senator BOYCE**—In the department. That is a fairly big increase. Why was that?

**Mr Mrdak**—I would have to have a look at that issue. I could not give you an answer immediately. But I am happy to go away and have a look to see if there is a rationale for why that took place. There may have been some change in the way that we work. Often, people returning from maternity leave and the like choose to move to part-time work, and we try and facilitate that as much as possible. But I will come back to you with some more detail.

**Senator BOYCE**—I guess what I am getting at is whether there were operational reasons, policy reasons or other reasons—down the list, so to speak.

**Mr Mrdak**—I will check as to what detail we have.

**Senator BOYCE**—Also, could you tell me what the situation has been since—in 2008-09. Has there been a continued increase in part-time workers? You also mention in your report that you offer part-time work to provide flexible work provisions. Could you give me some ideas of what you mean when you say ‘flexible work provisions’.

**Mr Mrdak**—A number of our employees choose to tailor their working hours around their family circumstances. We try and provide for that wherever we can, subject to the work area enabling it. I know for instance that in our corporate division we have a number of people who are working on a part-time basis because they have small children or other family or carer responsibilities. We try to tailor the work around that, particularly when they are doing

roles which involve processing or that type of work, which enables that to be done. Obviously, in some of our other areas we are not as able to do that, because of the day-to-day demands of the work area. But we try wherever possible to tailor to people's personal preferences in relation to part-time work.

**Senator BOYCE**—I guess you have partly answered my next question. When you talk about part-time and flexible work, this could be an individual; it needn't necessarily be the case that a group of part-time workers would work a standard variation?

**Mr Mrdak**—It is all very much driven by the individual. Generally, what will happen is that an individual will come to their work supervisor—

**Senator BOYCE**—How is that negotiated? How is it recorded?

**Mr Mrdak**—Generally, an individual will come to their work supervisor. Under our collective agreement, we have arrangements in place under which people can come forward with suggestions on how they would like to work part-time to meet their family or carer responsibilities. They will sit down with their supervisor and work out a proposal. In some cases, it will not be as possible as in others, because of the work demands of the area. But wherever possible we try and tailor the work arrangements so that people are able to take advantage of working part-time. That generally happens at the work level basis between a person and their supervisor and then will generally be signed off by the SES officer responsible for that area.

**Senator BOYCE**—How would that then be changed? Would it only be changed at the request of the employee or would it be assessed every 12 months?

**Mr Mrdak**—It will vary, depending on the circumstances. Some people will choose to do it for a limited period, such as six months as a transition back to the work force after maternity leave. Some people will choose to do it for longer, depending on their personal circumstances. Some arrangements will have a review date. Generally, we have a twice a year performance review cycle. As part of that performance review cycle, people will often have a discussion about their work arrangements with their supervisor and it may occur in that discussion. Or there may be a threshold point within each arrangement such that it is reviewed at six months or 12 months.

**Senator BOYCE**—I just have another couple of questions, and you will probably have to take these on notice. I want to know the average number of hours worked by part-time staff in the department.

**Mr Mrdak**—I will take that on notice, if you do not mind.

**Senator BOYCE**—And the other question I had was the average number of hours that part-time staff have agreed to work. There have been a number of concerns about the workload on people in PM&C and I just want to be very sure that part-time work is not being used as some sort of a cover for people being paid for less than they are actually doing.

**Mr Mrdak**—Certainly, I can assure you on that—that would not be the case. I will take on notice the actual hours that people have put in place for part-time work. I do not see that that is a situation in most cases. We do try and flexibly allow people to work part-time wherever possible.



**Senator BOYCE**—But we have heard of cases of full-time workers who have worked extraordinarily long shifts: over 12 or 14 hours—around the clock, in one particular case. I would be interested to know what part-time workers have worked overtime on their shifts and what the quantum of that is, please.

**Mr Mrdak**—Certainly. If we can identify that I will come back to you on notice.

**Senator BOYCE**—Thank you.

**CHAIR**—Do you have any more questions, or are we ready to go, Senator Trood?

**Senator TROOD**—I am happy to do the Inspector-General.

**Senator Faulkner**—That just concludes general questions, does it, not examination of the department?

**CHAIR**—My understanding is that we are still going to come back to general questions.

**Senator TROOD**—My understanding, Senator, is that we are suspending general questions so that we can deal with Mr Carnell, who has been waiting patiently in the wings, and then we are going to return to general questions. Is that right, Madam Chair?

**CHAIR**—That is correct.

[5.08 pm]

#### **Office of the Inspector-General of Intelligence and Security**

**Senator TROOD**—My apologies, Mr Carnell, for the delay in bringing you to the table. I just wanted to begin by asking you a couple of questions about a newspaper report that was from late last year, regarding your activities in an investigation that you undertook with regard to the information held in ASIO files about politicians. Perhaps you can just enlighten the committee as to why you undertook that inquiry and what the result of it was.

**Mr Carnell**—I decided that I would conduct some inspection activity. For me, under my legislation, there is inspection activity and then the more formal inquiries, but I decided I would do some inspection activity. I decided to look at that topic not because there was something that had caused me concern but because I thought that it was an appropriate thing for an inspector-general to do, given that such a topic is inherently sensitive. We have a history in Australia—at least from decades ago—of suspicions that agencies might hold an amount of inappropriate material or they might even be accused of meddling in domestic politics. So I thought it was useful to do a low-key inspection activity. You would expect to find some material on currently serving parliamentarians in ASIO's records, simply because of the question of providing protection to certain public officeholders. Parliamentarians may themselves be the subject of threat and ASIO's threat assessment role means that it will collect some material. The results of the inspection work were very reassuring—

**Senator TROOD**—For whom, Mr Carnell?

**Mr Carnell**—For me, in the sense that—

**Senator TROOD**—And for politicians, may I ask?

**Mr Carnell**—Yes, I think you can be comforted that there are not large amounts of inappropriate holdings.

**Senator TROOD**—So when you say ‘inspection activity’ you mean the information held on files about politicians. Is that in relation to contemporary politicians or past politicians as well?

**Mr Carnell**—In this exercise it was currently serving parliamentarians.

**Senator TROOD**—Is that federal parliamentarians or across state and federal?

**Mr Carnell**—It was federal.

**Senator TROOD**—How widely did your investigations traverse? Was it just ASIO’s collections of this material or was it elsewhere?

**Mr Carnell**—It was ASIO only.

**Senator TROOD**—When you say it was reassuring, what does that mean exactly? Does it mean that you found relatively little information about currently serving politicians in ASIO files, or was it that whatever information was there was manifestly small and whatever matters it mentioned were not ones about activities that should be of particular concern to anybody?

**Mr Carnell**—Both. There was not, in relative terms, a large amount of material, and what there was was entirely legitimate for ASIO within its legislative charter to be holding.

**Senator TROOD**—So are you giving our politicians a clean bill of health? Including the minister, of course.

**Senator Faulkner**—Thank you for your concern, Senator.

**Senator TROOD**—Absolutely, Minister.

**Mr Carnell**—There was nothing in the exercise that we conducted that caused concern. Of course, we did not go and examine all of ASIO’s holdings. Let me briefly tell you what the methodology was. We reviewed what there was by way of written policy and procedure. We then took a 10 per cent sample of the current parliamentarians in the federal parliament and we did searches—

**Senator TROOD**—So you took 10 per cent of members of the House and Senate, I assume.

**Mr Carnell**—Yes.

**Senator TROOD**—And you chose some names randomly—is that right?

**Mr Carnell**—It was not entirely random but, yes, we made sure that there was both House of Representatives and Senate people, and we made sure there were people from all parties.

**Senator TROOD**—So you took a representative sample across all parties represented in the parliament. In that sense it was not random.

**Mr Carnell**—Yes, we made sure it had that balance. There were a couple of minor procedural issues that I have since had discussion with ASIO about, but—

**Senator TROOD**—I am sorry, Mr Carnell—procedural issues about the way they had collected material or the kind of material they had collected? What are you talking about?

**Mr Carnell**—No, about the storage of it.

**Senator TROOD**—So, what, the length of time it had been stored? What sort of things were you concerned about with the matter?

**Mr Carnell**—I would not say it was a concern. I simply thought that it would be preferable to have certain record keeping practices refined. I am reluctant to say a bit more, to be perfectly honest. I am happy to have travelled down this path, but there is a point where, from a security point of view, I need to draw—

**Senator TROOD**—I understand that.

**Mr Carnell**—I have tried to be accommodating, because it is an important topic.

**Senator TROOD**—I certainly do not wish you to betray anything that might trespass on operational activities of ASIO. That is not what I am interested in. But there was a report about this activity. This is the first one of these reports or investigations that has actually been undertaken, as I understand it, and that is presumably why you were showing an interest in the field. Is that right?

**Mr Carnell**—It is certainly the first exercise in my time as Inspector-General. I am not immediately aware of my predecessors doing anything, but I cannot rule it out.

**Senator TROOD**—So when you say you had some concerns about ASIO's collecting activities, do you mean just in relation to politicians or do you mean ASIO's activities more generally?

**Mr Carnell**—I am always keenly interested in all of ASIO's collection activities. I see that as a fundamental reason for the existence of my office—to make sure that ASIO does only collect where there is a legitimate purpose and by proportionate means.

**Senator TROOD**—I think that is an appropriate assessment of your role, but this inquiry upon which you embarked, as you have said to us, highlighted some shortcomings in their collection activities. I am not quite clear on whether or not that was specifically in relation to the material regarding politicians or in relation to collection activities across the range of ASIO's activities.

**Mr Carnell**—I need to clarify. The minor points I raised concerned record keeping rather than actual collection.

**Senator TROOD**—I see.

**Mr Carnell**—While the issues that I was raising there were primarily, I suppose, relating to how ASIO might deal with a sensitive category of records, I do have a more general interest in ASIO's record keeping. But this was essentially a specific exercise with specific interests.

**Senator TROOD**—I see. And you drew your anxieties to ASIO's attention, presumably?

**Mr Carnell**—'Anxieties' would be overstating it, but I had discussions.

**Senator TROOD**—'Concerns', perhaps?

**Mr Carnell**—I wrote and we had a discussion, and there was no fundamental disagreement between us.

**Senator TROOD**—So ASIO accepted that they could lift their game or there was room for improving the way they were keeping their records. Is that right?

**Mr Carnell**—On the relatively minor matters that I raised, yes.

**Senator TROOD**—I see. Have you since determined whether or not they have implemented the changes which you thought were necessary?

**Mr Carnell**—Not yet, but I do not think ASIO think that I lack persistence. I can always return to these matters.

**Senator TROOD**—Good. In relation to the general inquiry on this topic in relation to currently serving politicians, you said you were ‘reassured’ about the results—is that right?

**Mr Carnell**—Yes. I commonly do inspection activities as a pilot, in a sense, to see whether I should build it in to be a very regular part of the program or we should do more. If I found things that concerned me, I would consider elevating it to a formal inquiry, where we would again give it a more intrusive examination. But I need to be proportionate in my activities and only explore areas and then formally inquire into those which are going to be most productive.

**Senator TROOD**—So you did not see any need to prosecute this issue any further beyond—

**Mr Carnell**—Not at this time, no.

**Senator TROOD**—I suppose we can all breathe a collective sigh of relief, can we—those of us here and the minister?

**Senator Faulkner**—The minister was not too worried about it, I would have to say.

**Senator TROOD**—I was not worried, either, but I am pleased to have the assurance from the Inspector-General that he thinks we have nothing to worry about.

**Mr Carnell**—On what I saw, you have nothing to worry about.

**Senator TROOD**—Thank you.

**Senator Faulkner**—Was that ‘you’ plural or singular?

**Senator TROOD**—One does not know whether one was part of the random sample!

**Senator Faulkner**—That was a joke; it is all right.

**Senator TROOD**—I appreciate that. I take it that I am in the collective group one way or another, and we can all take reassurance from your remarks, Mr Carnell. Let’s move on. Last year, in relation to your activities and the evidence I think you gave before a parliamentary committee with regard to the independent terrorism bill that was before the parliament, I think I am right in saying that you were adamant that you did not wish to be saddled with the responsibility that was perhaps envisaged of becoming the independent inspector for terrorism, as proposed in that bill. Is that correct? I think you said before the legal and constitutional affairs committee that you were concerned about a possible politicisation of your role and you were also anxious about the resources that might be demanded by undertaking that role. Is that correct?

**Mr Carnell**—Certainly there were those two risks if a model were adopted of having my office attempting to carry out that function. I hesitate on some of your earlier words. I would not say I was adamant and I would not use the expression ‘saddled’, but it is certainly the case that I thought, as per my written submission to the committee, that there was probably a preferable model which was having a fresh, independent statutory position.

**Senator TROOD**—Has your view on that matter changed?

**Mr Carnell**—No.

**Senator TROOD**—So you would still be concerned, to put it at least at that level, were there to be an inclination for your office to be required to undertake that kind of role?

**Mr Carnell**—Yes.

**Senator TROOD**—Can I take it that you have a similar grounds for being concerned on the matters of both politicisation and the issue of resources?

**Mr Carnell**—Yes.

**Senator TROOD**—Is there anything else that exercises your mind about this particular possibility?

**Mr Carnell**—No, they are the two concerns. Perhaps I could add that I take the government to have committed, by virtue of an announcement that the Attorney-General made in December—

**Senator TROOD**—I was going to go to that.

**Mr Carnell**—to create a fresh, independent statutory position. In the Attorney-General’s release in December, I think it was referred to as the national security legislation monitor. At least on my reading of it, that is the same sort of position about which we had that discussion last year.

**Senator TROOD**—You are referring to the Attorney’s response to the Clarke report on the Haneef case—is that correct?

**Mr Carnell**—Yes. In that he indicated that the government was accepting I think 10 recommendations from Mr Clarke’s report, but the Attorney also took the opportunity to respond to a number of outstanding recommendations in the national security sphere. That included indicating that the government would adopt the Australian Law Reform Commission’s recommendations concerning the sedition provisions and it also responded to two reports by the parliamentary Joint Standing Committee on Intelligence and Security. The parliamentary Joint Standing Committee on Intelligence and Security had strongly recommended that there be created a new independent position of reviewer. So the response to that recommendation of the PJCIS was that the government would introduce legislation as a priority to create a position that was referred to in those papers as national security legislation monitor.

**Senator TROOD**—I am just looking at the minister’s remarks in December that you referred to. He said:

... National Security Legislation Monitor to review the practical operation of counter-terrorism legislation on an annual basis or as required in respect to a particular case or event.

Do you have any concerns that that might move into your area of responsibility or do you see that as an independent and different kind of activity that is being undertaken?

**Mr Carnell**—I see a relationship between my role and, for that matter, that of the ombudsman—although perhaps I should not attempt to speak for him—and this new monitor position, but I do not see it as essentially duplicating or overlapping. I do think that there is an area which neither the ombudsman nor I cover and that is really a criminal law policy area. So the key questions are about the nature of the criminal offence provisions in the Criminal Code, how those are handled in terms of prosecutions being laid and how classified material is handled in court. I think there is plenty of meat for the monitor to look at in that area.

**Senator TROOD**—Have there been any discussions between your office and the Attorney's office about the creation of this monitor role?

**Mr Carnell**—I am aware, but only very generally, that the Attorney-General's Department are doing work to implement or pursue those announcements of the Attorney-General, but I have not been closely involved, at least to date.

**Senator TROOD**—And there has been no formal consultation with your office about it? Your advice has not been sought on the matter, or anything of that kind?

**Mr Carnell**—I think they are well aware of my views from the committee inquiry last year.

**Senator TROOD**—I think it would be strange if they were not aware of them. But they have not sought to gain your insights, with the intelligence experience that you have as Inspector-General, as a way of informing their own decisions about the way in which the monitor is set up? There has been no particular contact with your office on this subject?

**Mr Carnell**—There has not been formal contact in the sense of correspondence or papers, but I do from time to time talk with people in that area of the Attorney-General's Department. It is informal, but we very occasionally talk. They were my colleagues at one time. They also seem to like the coffee that is served in the cafeteria in the Department of the Prime Minister and Cabinet building. So we bump into each other and we talk about issues generally, but it is not a part of the formal processes of government as they would normally be regarded.

**Senator TROOD**—Perhaps you can help me out on this matter, Mr Carnell. The Attorney's statement to which I referred, where there is mention of the National Security Legislation Monitor being created, also refers to your office having an extended mandate. It says that the mandate will enable the IG, by direction of the Prime Minister, to extend inquiries to cover other agencies. Again, this will occur where a security or intelligence issue can only be adequately examined by looking beyond the Australian intelligence community. I am just wondering what you understand that particular proposal to mean. Is that proposal not in fact a response to something you have asked for, or is it a proposal which has come forth without consultation to your office?

**Mr Carnell**—It is a proposal that I had put forward at an earlier time.

**Senator TROOD**—Before the minister's announcement?

**Mr Carnell**—Yes. I had in fact made comment along those lines in one of my annual reports. I think it must have been my 2006-07 annual report. I put a chapter in there where I

reflected on my first term in this position, and I did suggest that there could be some useful amendments to the legislation—and one of them was this sort of proposal. In my act there is a provision which allows the Prime Minister to require me to conduct a particular inquiry into a particular matter. I should say that how the Inspector-General then conducts such an inquiry is up to the Inspector-General, consistent with the legislation. The commissioning of an inquiry can be directed by the Prime Minister. This is not a provision that, in my time, has been used. But it struck me that that would be an appropriate means of allowing the Inspector-General to go beyond the AIC agencies, if necessary, in a particular inquiry. Given the nature of counter-terrorism activities, there can be a number of departments and agencies involved in a matter. That it can only occur by the direction of the Prime Minister means that you would not have an Inspector-General romping around the place. There would be no own-motion capacity or capacity for it to be triggered by a complaint. That is a way of controlling it, as it were, because the Inspector-General's focus should be the six AIC agencies.

I see it as adding to the menu of inquiry possibilities that exist to look at particular matters. I think that other elements in that Attorney-General's announcement show that government needs a better menu of inquiry options. Particularly going to that are questions as to what powers a reviewer has, and what protections there are for witnesses and the reviewers themselves. I think the Commonwealth Ombudsman and I can have good powers and protection in our legislation and we can cover many issues that relate to departments and agencies.

That is not to say that we should be the only people that might inquire into those matters. There will be some matters that warrant a royal commission. There will be some matters that involve the private sector, or the actions of ministers themselves. Those are areas in which, at least, the Inspector-General should not go, but when it is an intelligence and security matter, in which my office obviously has knowledge and expertise and which lends itself to an inquiry by my office, I think this is a good option that could be considered.

**Senator TROOD**—Would this extend to any other agency, or are you expecting that this would be limited to a nominated range of agencies beyond the six for whom you are responsible?

**Mr Carnell**—My preference would be that it not be limited—that it be any other Commonwealth department or agency, because there is this control of there needing to be a Prime Ministerial direction.

**Senator TROOD**—When do you expect this legislation to materialise?

**Mr Carnell**—My understanding is that the intention is that it, along with a number of other things here, be introduced to parliament in the course of this calendar year. But I emphasise that you had best put that to Attorney-General's Department because they have the policy and legislative responsibility.

**Senator TROOD**—Mr Carnell, are you absolutely confident that it is coincidental—that the two matters are not related? That is to say, are you confident that the creation of the national security legislation monitor and the extension of your powers are not happily coincidental and might lead to you ending up with the independent role of terrorism monitor, about which you have been so critical.

**Mr Carnell**—Yes, I am confident. In as much as the positions may adjoin each other, I am sure that friction need not arise, or that problems need not arise. I see no significant risk.

**Senator TROOD**—Friction or tension between monitors is one concern, clearly. I see that point. I was less concerned about that problem, because that seems to be a risk in all of these arrangements. I was more anxious that you were confident that the independent monitor of terrorism responsibility, about which we spoke earlier, was not going to end up on your desk as part of your mandate, with this extended mandate that you have been given, even though you had spoken very strongly against it in the first place.

**Mr Carnell**—The item that is numbered 4 in part of the Attorney-General's press release is quite a narrow proposition and it does not carry any of the risks that I talked about in relation to the monitor responsibility being given to the Inspector-General's office.

**Senator TROOD**—Are we to take it that the Attorney-General, having been enthusiastic about expanding your responsibilities here has now decided on a different path? Is that your conclusion from his remarks?

**Mr Carnell**—I do not know that the Attorney-General was very enthusiastic about the notion of giving the role to my office. My understanding is that the Attorney-General was considering a range of options at one stage, one of which could have been to give it to my office. But I do not think it ever advanced beyond that stage of policy development of having a number of possibilities being examined.

**Senator TROOD**—Well, he certainly spoke of it frequently, which to my mind betrays an interest at least in the possibility that you might assume those responsibilities.

**Mr Carnell**—I think that it was an option—one of several options—but that at the end of the deliberations they have decided to establish an independent position.

**Senator TROOD**—So you are now confident, insofar as your office is concerned, that option is no longer on the table.

**Mr Carnell**—I have no reason to think otherwise.

**Senator TROOD**—I see. Thank you, Mr Carnell. Madam Chair, that concludes the questions I have as to the inspector-general's office.

**CHAIR**—As there are no other questions, I thank Mr Carnell for his patience this afternoon and inform him he is no longer required.

**Mr Mrdak**—Madam Chair, with your indulgence I want to correct two matters. Senator Fifield asked me earlier a question in relation to the costs of the local government summit. I indicated we had not incurred any costs. I want to correct this. I have been advised that in fact we did contract with the Nous group to provide some advice to us at a cost of \$75,000.75. It provided consultancy support advice for preparation of the agenda and some strategic advice in relation to that matter. The rest of the costs were borne by the department of infrastructure.

Secondly, Senator Ronaldson asked earlier a question in relation to which portfolio would have carriage of the costs of the government advertising campaign on the Economic Security Strategy. Those questions should go to FaHCSIA. They were incurred by FaHCSIA and Centrelink last year.



**CHAIR**—Thank you very much.

**Mr Mrdak**—Mr Campbell has one correction, Madam Chair.

**Mr Campbell**—Madam Chair, Senator Trood asked earlier a question with regard to the number of staff and the number of female staff and percentage working in what I believe he said was the National Security and International Policy Group. Senator Trood, is that the area?

**Senator TROOD**—It was, Mr Campbell.

**Mr Campbell**—There are 116 staff in the National Security and International Policy Group working under the National Security Adviser within the Department of the Prime Minister and Cabinet. Of that 116 there are 56 female staff. We calculate that as a 47 per cent staff mix of females within that group, Senator.

**Senator TROOD**—Thank you, Mr Campbell.

**CHAIR**—We will now go back to general questions. Senator Trood, did you have some?

**Senator TROOD**—I have some which probably fall within the purview of Mr Campbell. They are about general national security matters.

**CHAIR**—Please go ahead.

**Senator TROOD**—Mr Campbell, I was hoping to ask Mr Varghese about this but apparently he has come and gone so you are a target of opportunity.

**Senator Faulkner**—I am sure he was reluctant to leave, Senator!

**Mr Campbell**—Senator Trood, you would appreciate that I cannot speak to intelligence assessment issues.

**Senator TROOD**—I understand that. I appreciate that. I will not press those on you. But I did want to ask you whether or not your group or division is doing any work on the global financial crisis at the moment and if you are doing any writing of or preparation of policy or anything in relation to that issue.

**Mr Campbell**—Not directly on the global financial crisis as it is now unfolding. We are certainly interested to consider what might be the policy implications, if over time it is appropriate, with regard to, in our particular sense, the question of security implications or the general question of international stability and security that might arise. They are preliminary at the moment given the continuing unfolding nature of that financial crisis.

**Senator TROOD**—What sort of activity are you undertaking there?

**Mr Campbell**—Some staff are looking at that very question.

**Senator TROOD**—So how would you frame that question for the purposes of the staff activity?

**Mr Campbell**—It would be: ‘What might be the policy implications in the security arena arising from the progressing global financial crisis?’ In order to make some judgments, staff would need to draw on a range of both public and assessment materials, that either are available now or may over time become available.

**Senator TROOD**—How much progress is being made in that analysis?

**Mr Campbell**—It is very preliminary. As you would appreciate, the entire experience is unfolding.

**Senator TROOD**—I do indeed appreciate that, but I also note that with some intelligence agencies—I realise you are not an intelligence agency—some assessments are already emerging about this link. Perhaps we could call it the geostrategic consequences of the global financial crisis. I note some testimony from Admiral Blair in the United States, I think last week, gave some insight as to American thinking on this point. Have you reached any preliminary views on this as yet?

**Mr Campbell**—No. I am aware of Admiral Blair's testimony, but I am not in a position to offer a judgment at this time.

**Senator TROOD**—So you are yet to provide any insight to the Prime Minister's office about this. Is that the situation?

**Mr Campbell**—I do not wish to discuss what materials we do provide.

**Senator TROOD**—No, I have not asked you what you—

**Mr Campbell**—No, I understand that. My point is that, as you appreciate, I do not make intelligence assessments. Intelligence assessments, should they be being developed here in Australia, are necessarily separate from what Admiral Blair was speaking to. I of course am interested in the policy implications for Australia, based on assessments, and I am just suggesting that it is too early at this time to make considered policy judgments and offer those for consideration by the Prime Minister.

**Senator TROOD**—But, Mr Campbell, this is a crisis—if that indeed is what it is—which has now been going on for quite some period of time. The Prime Minister himself has made the observation that it may be a crisis as severe as the Great Depression of the 1930s. If that assessment is correct then we know that the Great Depression of the 1930s had what might be regarded as quite catastrophic geopolitical consequences. So is it not possible that you might have taken the Prime Minister's lead here and recognised that this is a very serious situation, that there are indeed likely to be quite serious consequences, some of which are entirely unpredictable—as I think you are saying to me—and that it behoves the Australian national security office to do some serious thinking about this particular issue?

**Mr Campbell**—I am not suggesting that the implications of the global financial crisis are unpredictable in toto, but rather that at this time in the sequence of its unfolding I am not of a view with respect to the security implications—which, typically, and with regard to the Great Depression, unfold over slightly longer time frames—that appropriate policy judgments are now available to offer. But I do agree with your general premise that they will emerge. What we are now seeing are the obvious and immediate first-order and typically financial, economic and social impacts arising, but the geostrategic factors take a little longer to unfold. I think what is worse than a considered piece of advice on those sorts of issues is early or ill-considered—

**Senator TROOD**—It seems to me that as much information as can be gathered on this potentially perilous situation is an objective that perhaps should recommend itself to your office.

**Mr A Campbell**—I agree.

**Senator TROOD**—On that point, are you aware of the intelligence agencies doing any work in this field? I am unable to ask ONA obviously.

**Mr A Campbell**—I am not comfortable discussing intelligence issues and, as I have not prepared with regard to what the protocols are on discussing those sorts of tasking activities, I would request that that question might be taken on notice for the Director-General, ONA.

**Senator TROOD**—I am happy for you to take it on notice. Can you respond to this then: have you asked any of the intelligence agencies to investigate these matters?

**Senator Faulkner**—The question is a similar one, perhaps formulated in a different way. I have been listening very carefully to your interchange with Mr Campbell. Over the years that I was on the other side of the table, if I had asked some of the question you have asked it might have been suggested by a minister at the table that it is advice to government and answers should not be forthcoming. They were treated generously but, as Mr Campbell said, it would not be appropriate to answer questions in relation to the tasking of intelligence or security agencies and to advice coming from them. That does cross the line, which I think you would probably appreciate. While one can take these things on notice it is unlikely that a very fulsome answer would come forward because of the sorts of protocols that, you understand, exist in relation to these sorts of issues.

**Senator TROOD**—Minister, as you would have been over a long period of time, I am often disappointed by the lack of fulsomeness in the answers that one receives to some issues, but that should not prevent us from asking them when they are appropriate. I have been very cautious by being concerned not to ask Mr Campbell of the advice that he may have been providing.

**Senator Faulkner**—There is never a limitation on any senator asking any questions, beyond the grounds of decency and the standing order, that they care to ask. But it is reasonable to say to senators on some occasions—and I am always reluctant to do this and do it only where I believe it is absolutely appropriate—that because of the nature of the questions it would be inappropriate to answer them. Even if the question were taken on notice it would be unlikely that a fulsome answer, to use your terminology, would be forthcoming.

**Senator TROOD**—Mr Campbell has taken that question on notice and I will be grateful for any response, fulsome or otherwise, that he is able to provide to me.

**Mr A Campbell**—I am not sure that you heard the last part of my comment. I was assuming that the question of the assessment work that they are undertaking was being taken on notice of the Director-General, ONA to respond to.

**Senator TROOD**—Okay. Perhaps I could ask whether or not you have set a deadline to complete your current inquiry into this field?

**Mr A Campbell**—No, I think this will be ongoing for some considerable time.

**Senator TROOD**—Are you hoping to reach some preliminary conclusions in the near future or are we looking further down the track at six months or something of that kind?

**Mr A Campbell**—We will provide advice as quickly and as routinely as we can in an ongoing sense.

**CHAIR**—We are now going to move on to the Australian National Audit Office.

**Senator Faulkner**—Does that conclude examination of the department?

**CHAIR**—Yes.

[5.50 pm]

#### **Australian National Audit Office**

**CHAIR**—As there are no opening statements we will proceed with questions.

**Senator RONALDSON**—Mr McPhee, how many federal government advertising campaigns have you been required to report on so far?

**Mr McPhee**—Senator Ronaldson, we have provided 24 reports, from memory. The reason being that sometimes we provide reports on partial campaigns just to allow the particular elements to proceed in advance due to timing reasons.

**Senator RONALDSON**—Those reports are all published on your website, aren't they?

**Mr McPhee**—They are all published on our website. My review opinion is tabled on our website.

**Senator RONALDSON**—Have you at any stage, after receiving this advertising material, expressed concern to any department about its content?

**Mr McPhee**—We have quite an involved process with departments, Senator, and on occasions we raise issues with them about the campaigns and the basis for the decisions relating to those campaigns. So the answer is yes.

**Senator RONALDSON**—What is the normal turnaround time between the initial presentation material to yourselves and the final decision being made on its content?

**Mr McPhee**—It varies. Clearly we prefer a longer period but I think probably the shortest in broad terms, if I may, would be a week. For the longer ones we would get advice and communicate with departments over several weeks.

**Senator RONALDSON**—When you are reviewing these, what is the most fundamental question you are looking at? What is your starting point in relation to it?

**Mr McPhee**—As you appreciate the guidelines cover a range of matters. We are looking to see what level of support there is for adherence to the guidelines by the department. Typically and importantly we look at the basis for their decisions around the nature of the campaign. We are looking for research that they may have done to justify the nature of the campaign that is proposed.

**Senator RONALDSON**—Is that the question that underpins the rest of the decision making?

**Mr McPhee**—Not entirely but it is central to decisions around the design and implementation of the campaign. For instance if you have a direct mail-out to people, what is the justification for then having radio and further, if there is television, what is the

justification for having television as well. We are looking for research material or support to justify the nature of the campaign and of course that goes to the cost benefit issue as well.

**Senator RONALDSON**—I assume you have not rejected any advertising material since you commenced this process?

**Mr McPhee**—We have managed to be satisfied as to the nature of the various campaigns. Sometimes departments have proposed to adopt a particular approach which we were not persuaded with and at the end of the day they have understood our perspective and have been willing to modify the campaigns so that we were comfortable.

**Senator RONALDSON**—Are you planning to conduct a full audit of advertising conducted under the current government at any stage?

**Mr McPhee**—We may; we do not have any plans afoot at present, but we appreciate that it is a topic that has generated interest in the past and is likely to going forward. It certainly is within the planning spectrum of audits that we would consider in the future.

**Senator RONALDSON**—It is on your future work plan, is it?

**Mr McPhee**—It is not specifically on the future work plan, as far as I am aware, but it conceivably is. The Audit Office, probably every five years, has tended to do something in the area of government advertising so conceivably it would again feature on our specific work program.

**Senator RONALDSON**—When was the last one? Can you remember? I cannot remember off the top of my head.

**Mr McPhee**—We are currently actually doing one on government advertising arrangements relating to the arrangements that existed prior to November 2007 which should be tabled within the next month or so. I will ask Mr Holbert to inform you of the previous audits we have done.

**Mr Holbert**—The audit prior to the current audit was in relation to elements of the community information education program surrounding the tax reform process—the A New Tax System policy. That was undertaken around 1999. I would have to check that to be certain. Prior to that there was a more comprehensive audit in 1995.

**Mr McPhee**—We could take that on notice and provide you with specific advice on that.

**Senator RONALDSON**—What is the report that is about to be released in relation to?

**Mr McPhee**—It is in relation to the prior arrangements—the contracting arrangements around a number of advertising campaigns that were undertaken prior to November 2007.

**Senator RONALDSON**—Under the former government, in other words?

**Mr McPhee**—Under the former government, correct.

**Senator RONALDSON**—What is the rationale for doing that at this stage, post the new government, given the last one was on the new tax system?

**Mr McPhee**—I think the audit had probably started prior to the change in government.

**Senator RONALDSON**—So that was 15 or 16 months ago?

**Mr Holbert**—Yes, it started in July 2007.

**Senator RONALDSON**—And it is looking at arrangements back to when?

**Mr McPhee**—We chose several campaigns as case studies, so it would go back a few years.

**Mr Holbert**—The campaigns were from between 2004 and 2007.

**Senator RONALDSON**—You obviously took the view that, despite there being a change in government, it was still appropriate to proceed with that audit.

**Mr McPhee**—Correct. There are some important lessons in terms of public administration for departments, and sometimes these lessons are consistent whether there is a change in government or not. Without going into the details of this audit, there is some experience to be gained from continuing this report and publishing it, yes.

**Senator RONALDSON**—Do you intend reviewing the operations of the guidelines as opposed to the advertising—the micro sense as opposed to the macro?

**Mr McPhee**—We worked on the basis that we will provide feedback to the department of finance and, as appropriate, to the minister on how the guidelines are holding up from our perspective. So we have been providing some, if you like, feedback in relation to those as we gain experience and as agencies gain experience of the guidelines.

**Senator RONALDSON**—Are you able to comment on strict content or whether it is appropriate value for money? What are the criteria for determining that?

**Mr McPhee**—It is not just value for money. It needs to be related to the program. It needs to be factually based. The guidelines are quite specific in terms of the considerations that departments are expected to take into account and which we, in turn, look to ensure departments have take into account. From memory, the guidelines go to four or five pages and are quite detailed, so we would do look at each of the elements to ensure there is some support for the position being taken.

**Senator RONALDSON**—My understanding is that there might have been some overtly political advertising that was the subject of renegotiation with a department since the implementation of the guidelines. Is that correct?

**Mr McPhee**—I do not know about ‘overtly political’ but we have had discussions with a number of departments around content and approach to the advertising campaigns. As I said earlier, we have managed to have a resolution that I think is satisfactory to enable us to be able to provide a clear opinion in relation to the guidelines.

**Senator RONALDSON**—Can you give me a very quick snapshot of an event or a program that required some renegotiation?

**Mr McPhee**—Let me give you a reasonably straightforward example, and it goes to the use of colour in press advertisements. One agency was looking to run a range of advertisements in colour in the press and we asked the question: what is the basis for the need for colour? We took as a standard, I guess, the principle that the parliament itself uses in relation to publications that come to the parliament, and that is that colour is okay when it is important to convey something that might be complicated and colour will assist significantly

in getting the communication across. In relation to the particular campaign that we dealt with, there was a couple of categories of benefit. We were not fully over the line in terms of the need for using colour and the additional cost that came with that.

**Senator RONALDSON**—So there was a cost basis approach?

**Mr McPhee**—That was a cost basis issue. In that case the department very reasonably understood our perspective and we took steps to be able to deal with that situation going forward. In future the ads were in black and white. That is a cost benefit one, but there are other considerations as well. The good thing is that departments have been willing to listen to us, as we listen to departments. I have not come across anything that has been offensive to me to date in terms of the final resolution and the final review opinion that we provide.

**Senator RONALDSON**—That is an interesting point. Are these guidelines so wide that it is very much a subjective view as opposed to an objective view? They are very wide, aren't they?

**Mr McPhee**—There are areas where either the guidelines or the supporting material could be enhanced over time. That is not a surprise; in the light of experience you do expect that. To give you an example—sticking with the cost benefit issue—it is often the case that by spending more money you can get a more effective campaign. You can repeat the message and you can go from 95 per cent coverage to 98 per cent or 100 per cent coverage if you want to spend more money. The question is: where sensibly is the balance in that environment? So we have just raised the issue about whether further guidance could be provided—not necessarily as part of the guidelines but supporting the guidelines—to give departments a steer.

The other issue that comes into play is the budgetary arrangements around this. For instance, if a department is provided with a certain amount of money on a no win, no loss basis, meaning that if they make savings it returns to the budget, then there is not always a strong incentive on departments to necessarily limit their spending on the budget. You have got a budget of \$x million. You get a more effective outcome, and we accept that, but it is all about the marginal return. Or the question is: is it all about the marginal return? So we think there is scope for more of a steer to departments and to the auditor in that space. But in the meantime we are willing to take what I think is a reasonable position on these campaigns but pull agencies up where we think there may be scope for greater economy or for addressing other concerns that we may have.

**Senator RONALDSON**—Have you in any formal way gone back departments, in the widest sense, with some suggestions about a future interpretation of the guidelines?

**Mr McPhee**—There is an interdepartmental committee that oversights the advertising arrangements which is chaired by the Department of Finance and Deregulation, so that is one avenue. We can go back and convey some of our experience and see if there is a common understanding around it. If not, often Finance will take it on board to see if they can develop some material or provide guidance to agencies in that light.

**Senator RONALDSON**—So there has been nothing formal put to the government yet in relation to how it might be strengthened or otherwise, but you will have a review at some stage in relation to the guidelines themselves?

**Mr McPhee**—I have written to the minister in relation to a number of areas in the guidelines. The government always intended that at some point the guidelines would be reviewed. Given that we had had six months experience and had had a number of matters come to attention where I thought the guidelines could be enhanced, I wrote to the minister and mentioned those to him, and I think we provided the Department of Finance and Deregulation with a copy of the information as well.

**Senator RONALDSON**—Are you prepared to provide the committee with that?

**Mr McPhee**—I would be uncomfortable about providing the exact letter, Senator Ronaldson, but I would be happy to indicate the areas that I believe would benefit from attention. The reason I say that is that the JCPAA is having an inquiry early next month, about 11 March, on this very issue, and I am expecting them to ask me that question and I think it is appropriate that I flag the areas where I think the guidelines, or the related supporting information, could be improved. So, rather than release the letter to the minister, I am happy to provide you with the areas I have highlighted to the minister, if that is appropriate.

**Senator RONALDSON**—Let us start with that and we will see how it goes.

**Mr McPhee**—Thank you.

**Senator RONALDSON**—Thanks.

**CHAIR**—That is it; there are no further questions. Thank you very much for appearing before us today.

**Mr McPhee**—Thank you, Chair.

**CHAIR**—We now move on to the Office of the Privacy Commissioner.

[6.07 pm]

#### **Office of the Privacy Commissioner**

**CHAIR**—Questions? Senator Abetz.

**Senator ABETZ**—Just a few.

**Senator FAULKNER**—Our plan, Chair, as I understand it, is to deal with the Office of the Privacy Commissioner and the Australian Public Service Commission, if we can, before the dinner break. Is that still the plan?

**CHAIR**—Yes, and, if we finish that, that is it. So I am sure committee members will be mindful of the time; we are finishing at 6.30. Senator Abetz, you have the call.

**Senator ABETZ**—I have a few very quick questions to the Office of the Privacy Commissioner. First of all, in relation to the Fair Work Bill, were you proactively consulted by the government in relation to the drafting of the legislation or after the legislation was tabled? Did you then make the submission to the Senate inquiry?

**Ms Curtis**—We obviously knew the Fair Work Bill was an issue for the department of employment and workplace relations during the year and we did make contact with them late in 2008, before the bill was tabled.



**Senator ABETZ**—Okay. The fact that you felt it necessary to make a submission to the Senate inquiry would suggest to me that some of the views that you may have expressed at that time were not necessarily adopted by the government.

**Ms Curtis**—Under the legislation, the powers of the commissioner involve providing advice to the government and to parliamentary inquiries. My office, in 2008, made about 20 submissions, and a lot of them were to parliamentary inquiries, and previously, in 2007, it was a higher number. So it is not unusual for our office to make submissions to parliamentary inquiries.

**Senator ABETZ**—I am not saying it was, but you said that you proactively had submitted to government in relation to the drafting of the Fair Work Bill. Is that correct?

**Ms Curtis**—We spoke to the department before the bill was tabled in October-November last year.

**Senator ABETZ**—Right.

**Ms Curtis**—So the bill was at an advanced stage and many of the issues that we were concerned with had probably already been addressed.

**Senator ABETZ**—So the matters that you canvassed in your submission to the Senate inquiry were additional to those matters that were canvassed earlier.

**Ms Curtis**—We discussed those matters with the department and we thought that greater clarification could be put into the legislation to ensure that it was clearer on the right of entry and the protected ballot provisions—that privacy was indeed being protected.

**Senator ABETZ**—Thank you for that. As a senator I was particularly interested in your recommendation that the inspection and copying of records by union officials should be limited to those records and documents that are—all senators would be interested in this—‘directly relevant’. We have had our standing orders changed in the Senate, requiring ministers’ answers to be directly relevant to the issue that is being asked about. Can I say that the definition of ‘directly relevant’ allows canvassing of a whole range of issues in answers. So I am just trying to get some confirmation from the Privacy Commissioner that directly relevant has a legal definition, which would suggest that it has to be very narrow and very specifically focused. We do not need your helpful intervention; I do confess I am asking this somewhat tongue-in-cheek, Minister.

**Senator Faulkner**—I understand that. I was merely going to correct the record because you were almost right in your preliminary comments before you asked the question, but I do not believe that the standing orders of the Senate have been amended. I think you will find that we are dealing currently with some sessional orders. I know that, being very anal about these things, you would not want the Senate committee to be misled.

**Senator ABETZ**—That is little stuff. The white flag has to be raised on that, thank you, Minister. Is there any jurisprudence that the commissioner relies on to assist us with what ‘directly relevant’ may actually mean so that the scope of any inspection and copying is thus narrowed?

**Ms Curtis**—Our view was that ‘directly relevant to the suspected breach’ is what we should be examining. Directly relevant means that some of the employee records may contain

more information than could be relevant to the suspected breach. So we were suggesting that it should be rewritten or looked at to ensure that it was a narrow interpretation of directly relevant documents. For instance, you would not need to know about a person's mental health, and that could often be on someone's employee record file.

**Senator ABETZ**—Criminal record or whatever.

**Ms Curtis**—Or indeed their wages may be garnisheed et cetera.

**Senator ABETZ**—Child support payments. These are matters that I have been able to raise in the Senate hearings. That would also, I assume, assist the employer, because I understand that in the Fair Work legislation those documents have to be made available for inspection by the employer, so the employer could unwittingly be in breach of the legislation as it currently stands. What is relevant as opposed to narrowing the focus could cause some ambiguity.

**Ms Curtis**—I think it could be useful to have clarification for the employers, the permit holders and the employees.

**Senator ABETZ**—Thank you very much. I think that is all I needed on that. I appreciated your submission to the Senate inquiry.

**Ms Curtis**—Thank you.

**Senator ABETZ**—We were told, in fact, that the government was considering your submission and discussions were taking place. Without going into what those discussions entail, can you confirm that there are ongoing discussions between your officers and the government on this?

**Ms Curtis**—I understand the minister actually put out a media release at the time our submission was made welcoming some of the technical amendments and suggestions that we put forward, and we have had other conversations with departmental employees.

**Senator ABETZ**—Or she has done that with a whole range of people, who then became somewhat upset when they saw the final product, so we will reserve judgment on that. Thank you very much.

**CHAIR**—My understanding is that that concludes your requirement to be here. Thank you very much.

[6.16 pm]

#### **Australian Public Service Commission**

**CHAIR**—We now call the Australian Public Service Commission. Good evening, Ms Briggs. Did you want to make an opening statement?

**Ms Briggs**—Thank you. No, I do not, but I do want to express my appreciation to the committee for agreeing to the later scheduling of my appearance due to my commitments in Sydney—thank you for that. I would also like to introduce my new deputy, Ms Carmel McGregor, who transferred to the commission late last year from the Department of Immigration and Citizenship.

**CHAIR**—Thank you and welcome.

**Senator MASON**—Good evening, Ms Briggs. I feel like it is groundhog day. I am back to ask questions about absenteeism, as you have probably guessed.

**Ms Briggs**—I am not surprised!

**Senator MASON**—I noted that in late 2006 you developed many initiatives, including *Fostering an attendance culture: a guide for APS agencies*. What key policies did you introduce in late 2006 to combat absenteeism in the Australian Public Service?

**Ms Page**—The strategies contained in those publications were largely around giving managers, line managers and HR managers, strategies to try and improve engagement in the workplace. We did some research that showed that agencies that had some success in keeping their rates of unscheduled absences low were agencies where there was a strong alignment of the outcomes of the organisation with the individual's own personal interests and outcomes, and also agencies where they managed to have a very strong alignment of the skills of their employees and the jobs that they were doing, which led to increased employee engagement. So the tools that we prepared, which were a guide for APS managers and a guide for HR managers, were largely centred on giving agencies strategies to implement those sorts of ideas and innovations in their own agencies.

**Senator MASON**—For what it is worth, I thought it was very creative, and there seemed to be many innovative policies. However, outcomes are what is important. What have the outcomes been from late 2006 until now in terms of absenteeism in the APS?

**Ms Briggs**—The level of recorded absence has increased in the last 12 months.

**Senator MASON**—Yes, I had the feeling it was big because I looked at the state of the service report. So it has gotten worse.

**Ms Briggs**—Yes, it has. It has gone from 9.4 days per employee in 2006-07 to 10.1 days per employee during 2007-08.

**Senator MASON**—I think I am right in saying that, in terms of sick leave in the report—that is the most recent one, of course, the *State of the Service Report 2007-08*—the rate was 7.7 days per employee, an increase on the previous year's level of 7.3 days. So it is an increase of 0.4 days. Is that correct?

**Ms Briggs**—That is right. That appears to be largely what drove the trend. If you had been working, as I was, over the course of much of last year, you would have been struck by how many people had that terrible series of influenzas. People who had not taken any sick leave in 20 years were off for several weeks. So I think that is largely the driving factor here.

**Senator MASON**—Are you aware of the report that was flagged in the *Telegraph* a while ago, the 2008 absence management survey prepared by Direct Health Solutions?

**Ms Page**—Yes.

**Senator MASON**—You are aware that it mentions that the average Australian employee takes about 8.62 sick days a year? Public servants take 10.8 days and private sector workers take 7.86 days, so, roughly, there is about three days a year difference. What do you put that down to?

**Ms Page**—We always caution, when making comparisons against sectors and against workplaces, that we have no common reporting mechanisms, we have no common definitions with the private sector. We do not even know the reporting periods that they use. We know that the APS has a significantly enhanced suite of leave available to its employees, which often is not available in the private sector.

**Senator MASON**—And you are the model employers too, in effect, it is fair to say.

**Ms Page**—We have often prided ourselves on being able to provide people with opportunities to care for their families, for instance, in situations when they have needed to do that. It is very difficult for us to compare when we do not know the methodology or the format that Direct Health Solutions used in putting together that comparison, but we did note, obviously, that the outcome they came up with was significantly higher than that which we reported in the *State of the service* report.

**Senator MASON**—Yes. What is worrying from parliament's point of view is that, despite this effort—I am sure you put a lot of effort into it, Ms Briggs, and indeed the entire commission did—it is getting worse, not better. We have spent money and time trying to draft innovative policies to address this issue, but it is getting worse and not better. Why is it, for example, in some of the departments in the APS absenteeism is quite low, indeed even lower than the private sector average, and yet—I hope the departments do not mind me doing this, but the distinction is so great; it is not just one or two days a year, really we are talking sometimes more than 10 days a year difference, which is enormous—if you compare, for example, HREOC, the Human Rights and Equal Opportunities Commission, it is somewhere below six days a year and the Department of Health, it does not seem very healthy, is over 14 days a year. There are huge differences. Are you trying to find out what works in some and what does not work in others? Is it all about esprit de corps? What is it about?

**Ms Page**—We do spend a lot of time talking to agencies that are doing well in this front. We know some things about them. Generally speaking, they are the smaller agencies that are able to manage this issue, and I guess that in itself leads to considerations around their workforce profile. For example, we know that large agencies that may employ a significant number of women are likely to have higher rates of unscheduled absences because the reality is that very often those people have considerable caring responsibilities outside of the workplace, so there are those demographic factors that we know. But I guess the thing that we found, in looking at the smaller agencies, is that those that do it well are the ones that have the capacity to really do that skills alignment in terms of their staff—

**Senator MASON**—Which you mentioned before.

**Ms Page**—yes—and to engage their employees in what they are doing.

**Senator MASON**—Let us go straight to the heart of the issue here—that is: despite all of our efforts, it is getting worse not better. The commissioner has mentioned influenza. Okay, that may well be an issue. Is there anything else, any other reasons or excuses we can come up with as to why it is getting worse and not better?

**Ms Page**—We talk to agencies. They regularly get us in to talk about it when they notice that their figures may be increasing. I think the resounding thing over the last six or eight months has been that it was a particularly bad winter. A lot of agencies are finding that.

Agencies are also talking about their ageing work profile and that having some impact on the ability of their employees to withstand issues of illnesses when they go through the workplace. But there does not seem to be any other message coming to us from agencies about why they are struggling with this issue.

**Senator MASON**—It is worrying, isn't it? Despite all of this effort, it is not getting better, it is getting worse. Doesn't that worry you? It worries me.

**Ms Briggs**—Yes, it worries me too. There are some lessons in this for us. One of the things Ms Page has not yet mentioned is the need for line managers in particular agencies to really focus on this issue.

**Senator MASON**—I have been asking questions, as the minister will recall, for five or six years now. It is just getting worse. Perhaps I should stop and it might get better.

**Ms Briggs**—This is only the second year we have collected these data. You cannot say there is a trend in 12 months. We have to see what happens. The reason we are collecting the data is so we can see if there is a trend here—

**Senator MASON**—I appreciate the transparency, too. I do appreciate the transparency, and you are quite upfront about it. But, if the average number of unscheduled absences is a bit over 10 days a year, is that a coincidence? How many days are public servants allowed to take without having to supply, for example, a medical certificate?

**Ms Briggs**—That is a good question. It generally varies from agency to agency. In our own agency, for example, this is something that we have identified as an issue, and I have taken it up directly with my executive level 2 managers. We could not police that electronically, so we are now doing it directly, by those managers checking it themselves.

**Senator MASON**—Have you thought about uniform guidelines? This is obviously an issue that has to do with consultation with unions and the workplace, but is there some relationship between those departments that have fewer unscheduled absences and those that have much more in relation to leave entitlements, appropriate reasons for leave and so forth? In other words, does that make a difference?

**Ms Briggs**—Not a lot, no.

**Senator MASON**—So there is no relationship between—

**Ms Briggs**—Not a lot. You cannot say there are tight relationships in these areas, but what we do know is that the larger agencies—and in particular those with big client service interactions—seem to have higher rates of unscheduled absence.

**Senator MASON**—Despite all the concern about Prime Minister and Cabinet—given that the Prime Minister himself and his department work very hard—that is not one of the departments that has very high unexplained absences. In fact, it is in the second lowest band. So it is not just about hard work.

**Ms Briggs**—No, it is not. It is about commitment and engagement within the workplace and about people feeling that they are doing valued work. There is no doubt that that plays a part in this.

**Senator MASON**—All right, so we had influenza; we have—maybe—an ageing workforce. Anything else?

**Ms McGregor**—As Ms Briggs said, there is certainly a distinction between small and large agencies. The larger agencies tend to have dispersed service delivery networks, they can also encompass call centre operations and, irrespective of whether they are in the private or public sector, those workforces tend to have higher numbers of unscheduled absences. So it is not totally an APS phenomenon.

**Senator MASON**—No, I accept that.

**Ms McGregor**—There is something about the job design, the work design and—as Ms Briggs and Ms Page have said—that alignment, commitment, focus and staff members' feelings that they are working on something meaningful. There are certainly factors that influence that sort of attendance pattern, as well.

**Senator MASON**—We average it out across the sectors, and still there is a distinct difference that is costing the community literally billions of dollars a year. That is why I have kept coming back for half-a-dozen years, Ms Briggs, asking these questions. And it just gets worse. So maybe, Minister, I should not come back—I do not know.

**Senator Faulkner**—If you decide not to come back and ask questions, Senator Mason, I will understand why you have made that decision—and I can assure you we will be able to cope with it.

**Senator MASON**—Ms Briggs, I will be back some time next year to ask questions about this, and I hope things get better, because we will have 12 months more data to compare. Any trend lines will then have been established—is that right?

**Ms Briggs**—I think that after three years you can see if there is a trend, yes—absolutely. Normally, a trend would be three years in one direction, so we will see what happens here. But I think you are absolutely right to draw attention to this, Senator. I do that in virtually all of my discussions around the *State of the service report*. I pointed out to agencies in those discussions—and indeed to secretaries, when I talk to them about the report—this increase in the rate of absence and said to them all that this is one place we can look to for productivity improvements in order to meet the government's efficiency requirements levied on agencies. So it is a very important area, and I think you are very right to raise it, Senator.

**Senator MASON**—I understand the flu and I understand an ageing workforce, but I am not sufficiently convinced it is as simple as that.

**Senator Faulkner**—We look forward to seeing you in a year's time, Senator.

**Senator MASON**—Thank you, Minister.

**CHAIR**—Thank you, Ms Briggs, and your department. Minister, we will see you tomorrow.

**Senator Faulkner**—You will indeed.

**Proceedings suspended from 6.30 pm to 7.31 pm**

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**Department of Climate Change**

**CHAIR**—Good evening and welcome. As there are no opening statements we will move to questions.

**Senator ABETZ**—I dare say there are a few issues here that will go into other areas as well. First of all, Minister, I was wondering if you could tell us whether the government remains committed to its timetable for the introduction of the CPRS through parliament by June this year?

**Senator Wong**—The government remains committed to the timetable of the commencement of the scheme in 2010 and the government will be releasing exposure draft legislation in the near future. Obviously the timetable we indicated of a June debate is a matter, in part, in the hands of the Senate including members of the opposition.

**Senator ABETZ**—Yes, but is it still the government's intention that that timetable be met?

**Senator Wong**—That is the government's intention.

**Senator ABETZ**—It is. Thank you. You tell us that the draft legislation or exposure draft is to come out shortly. Can we get a bit of definition on what 'shortly' might mean?

**Senator Wong**—I am not announcing the date now, Senator, if that is what you are asking. Shortly is an accurate indication of when it will come out.

**Senator ABETZ**—If you are not willing to do that, I suppose it begs a few other questions and that is: how does the government plan to introduce the bills, I assume in May, and have them passed by June as there are only three sitting weeks.

**Senator Wong**—As I said, Senator, the timing for passage is not a matter the government controls. That is a matter the crossbenches and the opposition will obviously have a role in. The government has made clear what its views are, and we are of the view that it is better for this nation to act sooner than delay further when it comes to climate change, and that is why we are keen to proceed with the legislation on the timetable you are referring to. As I said, the actual time for the debate in the Senate is not a matter the government ultimately will be able to dictate to the Senate, as you know.

**Senator ABETZ**—Thank you for that, Minister, but we were given a \$42 billion package to pass within 48 hours without Senate inquiry. The Senate then voted to have an inquiry. I am just wondering is the government going to take the same sort of ham-fisted approach to the CPRS and say, 'Here it is. Pass it within 48 hours, or else.'

**Senator CAMERON**—That is decisive, not ham-fisted.

**Senator ABETZ**—Yes, decisive action. Just keep saying it; you might believe it one day. The question I ask is: is it the government's intention to submit the legislation to a Senate inquiry, would it be supportive of such a move and would it then support that for the exposure draft or for the final legislation that we will be asked to vote upon.

**Senator Wong**—Ultimately, these are decisions that will be before the Senate. I think there would be merit in the exposure draft being the subject of a Senate committee inquiry, and that will be a matter we will discuss with the crossbenchers and the opposition. Obviously, is the case that as a matter of normal practice legislation in the Senate is referred to a legislation

committee, so I would assume that that would be the practice that would be adopted by the Senate on this occasion.

**Senator ABETZ**—All right. For the draft?

**Senator Wong**—You made some comments about the \$42 billion package. I would make the point that the opposition determined to oppose that before it had engaged in any inquiry—any Senate inquiry or other inquiry—into the stimulus package. If you are going to argue that you should have the opportunity to consider something before you oppose it, one wonders why the opposition chose to simply oppose an economic stimulus package without going through—

**Senator ABETZ**—Because it was so obviously bad and we had our alternative package for consideration, which of course the government refused. But let's not get sidetracked on that little discourse. Can I ask—

**CHAIR**—Can I just remind enthusiastic committee members that when you put a question to the witness it is polite to wait until they finish answering. If we continue to talk over the top of each other, it makes it very hard for Hansard to record proceedings. Senator Wong, have you finished?

**Senator Wong**—Yes, thank you.

**Senator ABETZ**—I understand that as a result of the legislation there will need to be—I was going to say a 'mass' of regulations—a lot of regulations drafted and considered, and of course the regulations will have, I assume, a huge impact on the actual operations of the scheme. I am wondering: will we be given the benefit of seeing those regulations in draft form? I understand the government is going to have an exposure draft of the bill, so I am just wondering whether we are also going to be given the benefit of draft regulations that might dovetail in with the draft legislation.

**Senator Wong**—I did anticipate, when we were considering these matters, that view. Obviously, it is not the case that all legislation has its accompanying draft regulations or delegated legislation with it, but I do take your point about the merit of having a range of these issues clear at the time the legislation is being debated.

You may or may not have noticed that my department released a guidance paper last week in relation to one aspect—a very substantial aspect—of the information that we will require in order to draft those regulations. That was a guidance paper on the data on emissions intensive trade exposed activities that will need to be provided in order for the policy decisions in the white paper to be drafted. The government is very mindful of the importance of progressing that task. That is something we will have to work in cooperation with the business community on, because a significant amount of that information is actually information that individual companies or industries would have. Mr Comley or Dr Parkinson can expand on that if you need it.

**Senator ABETZ**—Just so I get it clear, we are not going to be told when the exposure draft of the bill is going to be released?

**Senator Wong**—I said I was not announcing the date tonight, but it will be very shortly.



**Senator ABETZ**—Very shortly, right. Before the next sitting of the Senate on—somebody can help me—8 March, is it?

**Senator Wong**—With respect, that is really asking the same question in a different way.

**Senator ABETZ**—It is trying to get a parameter around what time the Senate will have to consider any legislation, be it the draft exposure or the final version. While an inquiry into the draft exposure might be interesting, I personally would prefer—and I do not know what the crossbenchers and others think—an investigation into the final legislation as well.

**Senator Wong**—That is interesting, because you started your questions—

**Senator ABETZ**—I am concerned about the government's timetable of wanting it passed by 30 June.

**Senator Wong**—If Senator Brandis is right, you have already said that you are going to oppose it. Is that not your position?

**Senator ABETZ**—I am always very interested in investigating matters, as you know.

**Senator Wong**—Have you decided to oppose it, Senator Abetz?

**Senator ABETZ**—If you want to reverse roles, I made this offer to you last time: offer your resignation any time and you will be allowed to ask questions. Minister, did you give a speech last Friday on the ETS—all of three days ago?

**Senator Wong**—There have been a few things happening. I gave a speech at the Australian Business Economists lunch on Friday in Sydney.

**Senator ABETZ**—Did you release an embargoed copy of that speech on Thursday to a journalist?

**Senator Wong**—My recollection is that we did.

**Senator ABETZ**—Are you able to tell us what time that was released?

**Senator Wong**—No.

**Senator ABETZ**—You are not able to? It seems that very shortly after that speech was made available to a journalist we had the House of Representatives committee looking into the ETS closed down. I am wondering if there was a consequential closure of that committee as a result of questions being asked about your speech.

**Senator Wong**—No.

**Senator ABETZ**—Was it just a coincidence? I suppose that is what I am asking.

**Senator Wong**—I do not even really understand what you are putting to me. I can tell you that this speech was in my diary for some time. One of the things that I wanted to do in that speech was to point out, frankly, some of the highly exaggerated and inaccurate claims in the opposition's policy in relation to some of your leader's claims about how much emissions reduction could occur from things like forest carbon sinks. We released the speech ahead of time. I do not understand what it is that you are suggesting. You seem to be putting some complicated plot to me. I do not quite understand what you are saying.

**Senator ABETZ**—No, I am just asking if it was a coincidence.

**Senator Wong**—What? That I was giving a speech?

**Senator ABETZ**—No. The House of Representatives committee, like your speech, had been well and truly pencilled in quite a time beforehand.

**Senator Wong**—Sorry? The committee hearing?

**Senator ABETZ**—The House of Representatives committee that was shut down on Thursday by the Treasurer. Do you know the one that I am talking about?

**Senator Wong**—Yes, I do, but I do not know what the relevance is to my speech.

**Senator ABETZ**—It was closed down on the same day as your embargoed speech hit the media. I am asking whether there was any coincidence about certain matters contained in your speech and matters that were going to be examined by this House of Representatives committee, including Labor members on that committee believing that certain issues were in fact worthy of investigation.

**Senator Wong**—I still am not really clear about what you are asking, but I can tell you that the timing of the release of my embargoed speech was a matter considered in my office and—

**Senator ABETZ**—I accept all that.

**Senator Wong**—this speech had been in the diary for some time. I am not really sure about the connections that you are drawing. There is a very long bow being drawn—in fact, so long that I do not quite see the interaction.

**Senator ABETZ**—Very defensive, Minister.

**Senator Wong**—It is really not.

**Senator ABETZ**—I asked whether it was just a coincidence. I would have thought that if you were not so defensive you would have said, ‘Yes, Senator, it was absolutely a coincidence; completely unrelated.’

**Senator Wong**—But I am not even sure what you are asking was a coincidence.

**Senator ABETZ**—That very shortly after the release of your draft speech to a journalist it was found necessary by the Treasurer to close down the House of Representatives inquiry. I want to know whether there was a causal effect or whether it was a coincidence.

**Senator Wong**—There was no relationship in terms of the timing of those two events.

**Senator ABETZ**—All right. So you are saying that the closing of that committee by the Treasurer was unrelated to some comments in your speech—

**Senator Wong**—I am saying that what the Treasurer did in relation to the committee is a separate matter. The issue of the timing of the release of my speech—it was in the context of, I think, a couple of speeches the following day—was really an issue in terms of my office and what was being given on embargo to the media. It was not in relation to the inquiry.

**Senator ABETZ**—All right. Did you have any involvement as climate change minister in making the decision to close down the House of Representatives inquiry?

**Senator Wong**—That was not a decision made by me.

**Senator ABETZ**—Were you involved or consulted in any way, shape or form before—

**Senator Wong**—I was advised.

**Senator ABETZ**—You were advised? At least we know the pecking order now. So the Treasurer advised you that that was what he was going to do. All right; thanks for that. On the CPRS, what is the total dollar amount over the four years of its operation that the CPRS will take out of Australian industry in emission permits?

**Senator Wong**—Sorry; what does ‘take out of Australian industry in emission permits’ mean?

**Senator ABETZ**—What Australian industry will have to pay for emission permits. I would have thought it was fairly obvious—

**Senator Wong**—Is this under our scheme or under the scheme that your leader says he is going to put in place with larger targets?

**Senator ABETZ**—Once again, if you want to role reverse, I am more than happy to oblige you, but the whole government might need to resign.

**Senator Wong**—I have to say it is just extraordinary to me, after listening to you and Senator Boswell—and I respect you have a particular position, where you do not want these matters to be the subject of government policy—that you are now a part of a party that is seeking to run an allegedly greener policy.

**Senator ABETZ**—Senator, please.

**Senator Wong**—I just wonder if you support it.

**Senator ABETZ**—I think you asked me a few questions when I was in government—

**Senator Wong**—Do you support Mr Turnbull’s policy, Senator Abetz?

**Senator ABETZ**—as to the importance of having greenhouse action. Is it because you do not know the answer that you are obfuscating—

**Senator Wong**—No, I am just genuinely interested—

**Senator ABETZ**—or can Mr Comley help us? What is the total dollar amount over the first four years of its operation that the CPRS will take out of Australian industry in emission permits?

**Senator Wong**—I notice, Senator—

**Senator ABETZ**—It is \$49 billion, isn’t it? It is no secret.

**Senator Wong**—I just want to know, and I have asked you twice now, if you support Mr Turnbull’s policy. You have declined to answer.

**Senator ABETZ**—Chair, I raise a point of order. The minister has now confirmed that she has deliberately breached the standing orders of this committee—

**Senator CAMERON**—Point of order: that is a complete fabrication.

**Senator ABETZ**—by asking questions, which is not—

**Senator CAMERON**—It is absolutely typical.

**CHAIR**—I am sorry; I am trying to listen to Senator Abetz’s point of order.

**Senator ABETZ**—That sock we were wanting for the fair work hearing should find its way here for Senator Cameron.

**CHAIR**—Senator Abetz, you had a point of order. Do you want to carry on with that, because time is very precious?

**Senator ABETZ**—And for the minister to deliberately filibuster by trying to ask questions of committee members is neither helpful nor in the spirit of these estimates. If the minister agrees to that, we can move on. Can we have a figure?

**Senator BOSWELL**—Chair, I have a point of clarification: what time have we got here tonight?

**CHAIR**—We are dealing with the Department of Climate Change and after this we have the Office of the Renewable Energy Regulator. We are here to 11 pm.

**Senator BOSWELL**—As long as we all get a fair go—that is all.

**Senator CAMERON**—Chair, I have another point of order.

**CHAIR**—Can I just deal with one at a time. If there is an issue with the timing that is allocated to each of the parties and individuals, you are quite within your rights to raise it, Senator Boswell. But we have been running very much to schedule today, so perhaps you might want to leave any criticism or concern until later in the evening. Senator Abetz has the call.

**Senator ABETZ**—Thanks, Chair. Now, what is the figure? After all that obfuscation and asking me questions, I would have thought that figure would be front of mind. Can somebody confirm that it is \$49 billion?

**Senator Wong**—Obviously, it would depend on the carbon price—the cost on Australian industry. I can ask one of the officers to take you through the UEFO figures which were released in February 09, which gives a cost estimate.

**Senator ABETZ**—It was with the stimulus package, to remind you, Minister.

**Senator Wong**—There were also figures released with the white paper. I was just clarifying which were the more recent.

**Mr Comley**—The figures in the white paper are the same as the figures in the Updated Economic and Fiscal Outlook.

**Senator ABETZ**—Yes, and the figure is?

**Mr Comley**—Senator, just a second. There is not a figure over a four-year period. I do not think that the number you have suggested is correct. Let me just tell you why that is the case. I think you have been looking—

**Senator ABETZ**—What is the correct figure then? Time is of the essence and—

**Mr Comley**—The question, in a sense is: what is the question? I think the number you are working off is what is listed: the revenue from issuing permits in either table E3 in the white paper or on page 47 of the UEFO, but that is not the revenue that the government receives from the permits. That is an accounting convention that asks the question: if you auctioned all the permits what would be the revenue that arose from those permits at that time? So that is

not the net revenue flow to the government. The other thing about any figure here is, as you are aware—

**Senator ABETZ**—What is the figure? If it is just a hypothetical figure then we could have thrown in any figure.

**Mr Comley**—I am just going to go through the components of that. The way the fiscal balance is calculated is effectively to include the gross revenue if it was all auctioned. Then it lists separately the allocation of permits back to businesses and others that would come off that fiscal balance. So in the table on E3 of the white paper, in the 2011-12 year, there would be revenue, if they were all auctioned, of \$12 billion, but associated with the total package there would also be \$6 billion payments to households, \$2 billion as a fuel tax adjustment—

**Senator ABETZ**—I am sorry, but a \$6 billion payment to households does not offset the cost to industry, and that is what I am pursuing. With great respect, I know that you are across all the figures and the detail, but I am trying to nail down, given the shortage of time, the specifics in relation to industry.

**Mr Comley**—Then there is \$3.1 billion, which is assistance to emissions-intensive, trade exposed industries. There is another \$700 million that is allocated to business in strongly affected industries and another \$700 million which is a mixture of measures—some to business, some to households—in the climate change action fund. So the net impact of all those measures is minus \$500 million against the fiscal balance.

**Senator ABETZ**—For which year?

**Mr Comley**—That is for 2011-2012.

**Senator ABETZ**—Yes, and the fiscal balance does not tell me the figure for industry, does it?

**Mr Comley**—No, Senator—

**Senator ABETZ**—Would you please concentrate on the industry figure that I have asked for.

**Mr Comley**—What I am saying—

**Senator ABETZ**—If we do not know, say so.

**Dr Parkinson**—Senator, with respect, Mr Comley is attempting to help you understand the components.

**Senator ABETZ**—With great respect, I have read the components, and telling me the subsidy that households are getting, and how it is going to be offset in relation to fiscal outlooks, is all very interesting for the overall general picture, but I have asked a specific question about industry.

**Dr Parkinson**—That is right—

**Senator ABETZ**—If I ask about household subsidies, give me that information. If I ask about the fiscal outlook, tell me that figure, but I asked about industry and I expect an answer.

**Dr Parkinson**—Senator, you asked about industry and you put a number out there. It is not a number that is in either UEFO or in the table Mr Comley is referring to. He is explaining to you what the numbers are in the documents that have been released by the government.

**Senator ABETZ**—Yes, but I am not asking about the numbers in the documents. I am asking about the numbers—

**Dr Parkinson**—Senator, you proposed—

**Senator ABETZ**—Excuse me, Dr Parkinson, I am asking about the cost to industry. I am willing to accept that my figure of \$49 billion is wrong. Tell me what the figure is for industry over four years.

**Senator Wong**—The point is that Mr Comley is trying to explain to you that to get that assessment you have to look not only at what the cost is but what is then given back to industry as industry support and assistance.

**Senator ABETZ**—Yes, but being told—

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**Senator Wong**—If I could finish. It is really logical. You asked: what is the cost to industry? Mr Comley is attempting to take you through the figures which are in UEFO and the white paper, which show the projected permit price given certain decision, what the projected revenue therefore is and what then goes back to industry out of that revenue. So your question needs to be answered recognising not just what cost results from the permit sale but also what permit revenue is then given back to Australian industry.

**Senator ABETZ**—Yes, and being told what Australian households get will not assist in that regard and what it all means in the fiscal outlook does not tell me. So what is it going to cost Australian industry over four years? Can I have that figure and then, if you insist on balancing it out, which would have been my follow-up question, what is the money that is going to go back to industry?

**Mr Comley**—With respect, Senator, the reason I started outlining it in this way is that, even if you take the question of the assistance for low- and middle-income households as an example, which you would prefer not to consider, I understand—

**Senator ABETZ**—No, with respect—don't verbal me. The question is time this evening and we want to use this time to get answers to the questions we actually ask.

**Mr Comley**—I understand that, Senator Abetz, but you asked the question of what the cost on industry is. The household and assistance package is predicated on the basis that households will pass on the carbon cost to consumers at least in some industries. So the idea that you can completely ignore the assistance package to lower-middle-income households in calculating the cost impact on business would be an incorrect way of analysing this question.

**Senator ABETZ**—All right: what percentage of the household income is going to find its way back to assist industry? If that is such an important figure, tell me the detail of that.

**Dr Parkinson**—Senator, I think we can turn it around the other way.

**Senator ABETZ**—No, please do not turn it around the other way. Answer the question.

**Dr Parkinson**—Perhaps the better way to come at this is the question: what is the cost of taking action to the Australian economy as a whole?

**Senator ABETZ**—I am sorry; if I may intervene, it is all very nice of Dr Parkinson to tell me how I should ask my questions. If he wants to ask questions, run for the Senate and get yourself elected to ask them.

**Senator Wong**—Dr Parkinson is attempting to assist, Senator Abetz.

**CHAIR**—Senator Abetz do you have a question?

**Senator ABETZ**—Yes, I do—

**Senator Wong**—That sort of personal attack an officer is really unnecessary.

**Senator ABETZ**—and when the official tries to rephrase the question to make it easier for himself to answer—

**CHAIR**—Sorry: having two people speak at the same time makes it impossible for Hansard to record. It is even difficult for me.

**Senator ABETZ**—That is fair comment. Can I re-ask my question?

**CHAIR**—If you could rephrase it, but I remind all senators that public servants are here in their capacity as public servants. I would appreciate it if we at least adhere to the standing orders.

**Senator ABETZ**—Thank you, Chair. With great respect to public servants, I suggest that they should seek to answer the questions put to them rather than trying to rephrase and then answer questions they may have been anticipating. If you do not know, take it on notice. My question was: what is the total dollar amount over the first four years of its operation that the CPRS will take out of Australian industry in emission permits.

**Mr Comley**—Obviously, that depends on the price but, as I was trying to explain, if you look at the 2011-12 numbers—

**Senator ABETZ**—At \$25 a tonne.

**Mr Comley**—\$25 a tonne is the amount used for both the white paper and the UEFO estimate.

**Senator Wong**—Senator Abetz may or may not have the white paper or UEFO here. It might be of assistance to him to have the table in front of him.

**Senator ABETZ**—I have read the table. I know that I have specific questions and I want answers to the specific questions, having read the documentation because the documentation does not answer my questions. With great respect, I think that is the difficulty that the people at the table are finding—that they cannot answer specific questions because it is not in the documentation.

**Senator Wong**—No, it is because you are seeking to ask the question in a way that is asking us to exclude matters which we do not think it is appropriate to exclude. What you want us to answer is a figure which fails to recognise the assistance to Australian industry from the revenue of the sale of permits.

**Senator ABETZ**—That is the next issue.

**Senator Wong**—Well, you cannot ask the question, ‘What is the cost?’, if you are essentially saying, ‘I don’t want to know what the real cost is; I only want to know what the permit price is.’

**Senator ABETZ**—No, what I indicated earlier, just for clarity, is that I want to know the cost to Australian industry over the first four years at \$25 per tonne, which is the suggested amount. And, once we have that figure, tell me how much you think industry will be compensated. Then I can take B from A and possibly get a net figure.

**Senator XENOPHON**—If I may, I have a supplementary question further to that line of questioning.

**Senator ABETZ**—Yes.

**Senator XENOPHON**—Dr Parkinson, is it relevant to consider the gross cost of permits as distinct from the net cost of permits? Is that factored in? I do not know whether that is the line that—

**Dr Parkinson**—In terms of the tax deductibility?

**Senator XENOPHON**—Yes, and also in terms of the free permits and those sorts of things. That has to be relevant, doesn’t it?

**Dr Parkinson**—That is exactly right. Essentially, what we are engaging in here is attempting to parcel up an amount, which needs to be thought up holistically, into a whole series of little buckets with different names on them. If you do that, you can take any one particular element. For example, you could take the fact that assistance to emissions intensive trade-exposed industries of \$3.1 billion in 2011-12 was seen as a very large handout to them—if you just took that in isolation. But if you consider the total amount conceptually that could be raised if everything was auctioned—how much goes to the EITEIs; how much goes to the strongly affected industries; how much goes to households, a significant proportion of which will be recycled back to business; how much goes to the recipients of funding under the Climate Change Action Fund, again which is going to be predominantly business—you do get back to saying that the sensible way to think about this is in terms of the macroeconomic costs to the Australian economy, and if all you are doing there is focusing on the cost of action, on average over the period it is around one-tenth of one per cent of GDP. But, again, even that is only a partial estimate, because that does not take into account the cost that you avoid from having attempted to achieve mitigation.

**Senator XENOPHON**—Further again, finally—I don’t want to interfere with Senator Abetz’ line of questioning—

**CHAIR**—And then we have a supplementary from Senator Campbell.

**Senator XENOPHON**—So it is a case of what is the gross pre-tax cost, the gross post-tax and then the same on a net basis? That is the relevant question, isn’t it?

**Dr Parkinson**—You could ask it that way. Then we go back to what Mr Comley was trying to say in the first place. The tables go out to 2011-12. They indicate that at \$25 a tonne or thereabouts in 2010-11, if all permits had been auctioned, you would have raised around \$11.5 billion. And in 2011-12—



**Senator ABETZ**—That is from one year?

**Dr Parkinson**—That is right.

**Senator ABETZ**—And over four years?

**Dr Parkinson**—The years 2010-11 and 2011-12 are out through the period of the forward estimates.

**Senator ABETZ**—So we do not have an estimate for four years?

**Senator XENOPHON**—In terms of the dollar value.

**Dr Parkinson**—No.

**Senator Wong**—That is why I said it might be useful to have the document in front of me. This was all published in December and also in February.

**Mr Comley**—It is important to realise that, for example, a component that clearly, without any qualification, goes directly to business is the fuel tax adjustment. So, in practice, the same people who would have the permit liability would have a reduction in excise liability of essentially the same amount. In 2011-12 that is \$2 billion of that amount. And the \$3.1 billion in assistance to emissions intensive trade-exposed industries is permits that they never have to purchase—they are allocated directly to them; they were never auctioned in the first place.

**Senator ABETZ**—So you are very anxious to tell us the subsidies—

**CHAIR**—Sorry, Senator Abetz, but Senator Cameron has the call. He has a follow-up question on the same issue.

**Senator CAMERON**—While we are on this issue of costs to industry, what sort of costs are typically involved in converting agricultural land to carbon sinks? Do you have a per-hectare cost of that?

**Senator ABETZ**—Chair, on a point of order: I do not mind if Labor—and Senator Milne and Senator Xenophon and Senator Fielding—has a bracket of a certain amount of time because I think that would make it easier to manage. But, with great respect, if Senator Cameron is asserting that that is somehow a supplementary to my specific question, I think it is drawing a long bow. I do not mind if Senator Cameron has a bracket of 15 minutes, that is fine; I will get myself another cup of tea and come back. I do not mind genuine supplementaries, but, with respect, I do not think Senator Cameron's is.

**Senator CAMERON**—I thought it was very genuine.

**CHAIR**—I agree, Senator Abetz; it was not a supplementary. And if we are going to be efficient with our time then they need to be supplementary to the previous question. You will get the call later, Senator Cameron.

**Senator ABETZ**—Mr Comley, you were very quick and able to tell us what the benefits to industry would be and we had certain sums provided to us in relation to the fuel levy—I think it was \$3.1 billion, was it? So we have on the positive side of the ledger very positive figures quickly given out to us, but when I asked what the actual cost is, there is a reluctance to provide that figure. Now for one year I think we have been told about \$11 billion.

**Dr Parkinson**—No.

**Senator Wong**—These figures are done at ‘budget only’—I think that is the phrase. So the way in which it is set out is the assumption that all of the revenue from the permits is obtained. In other words, so it can be identified as 11.5.

**Senator ABETZ**—That is right.

**Senator Wong**—And then you deduct the assistance. But, as Mr Comley explained to you in relation to the free permits, that revenue is obviously not actually received. The way it is accounted for in the budget papers is as if it is received and then given back. You need to take your 11.5 with understanding the way in which the actual practical effect on Australian business will occur.

**Senator ABETZ**—I do not know why we have this difficulty, but what I want to know is: what is the total cost as projected if they were all auctioned off over at least two years, I think you might have to offer, and then from that you subtract your free permits, fuel levy et cetera? I just want to know, but there seems to be a huge reluctance to tell us what the upfront total cost is before we start having all of the deductions that the departmental officials are so anxious to tell us about.

**Mr Comley**—It is not a matter of being anxious about not providing an answer that does not explain fully what is going on. For example, another way of presenting this is in the budget appendix of the white paper which does this in underlying cash, which picks up the actual cash that flows through the door to the government rather than making the notional assumption of the permit revenue. So if you look at Table E.2 of the white paper—and there would be a corresponding equivalent in UEFO—the revenue from the sale of permits for, say, 2011-12 is \$8.1 billion rather than the \$12 billion listed in the fiscal balance measure.

**Senator ABETZ**—So we have a \$12 billion figure. Somebody is giving us an \$8 billion figure.

**Mr Comley**—No—

**Senator ABETZ**—And then we have an \$11.5 billion figure as well. So depending on which one you read—look, if I may, I will leave that because we are clearly not getting anywhere on that issue. In relation to the Treasury modelling of the CPRS, that assumed China’s and the world’s emissions to grow substantially by 2030 due to very strong GDP growth. Is that right?

**Dr Parkinson**—That is right. It assumed that for developing countries there were different assumptions about different groups of developing countries. My recollection—Dr Hatfield Dodds can correct me if I am wrong—is that China is assumed to undertake action to pull its emissions back below business as usual growth rates, but they rise until somewhere in the 2030s. But I do not think the global emissions continue to rise—to the contrary.

**Senator ABETZ**—The world forecast in August 2008 was 3.7 per cent GDP growth. In the six months since that modelling was done, that has now been revised down to 0.5. In relation to China for the same period, the growth rate has been revised down from 9.8 to 6.8, and that must have, I would have thought, a substantial impact in relation to emissions growth.

**Dr Parkinson**—It will assist in slowing the rate of growth. There is no—

**Senator ABETZ**—And has that been modelled?

**Dr Parkinson**—Sorry, Senator—if you will allow me to finish. The flip side of that, though, is that the emissions growth was, up until the slowdown, going much faster than the projections had previously had. So even with this slowing it is unlikely that you will see a slowdown in emissions in aggregate across the world such as to give you any comfort. I will put it another way. It is almost certain that we will come out of whatever it is that transpires globally over the period ahead in a situation that is much closer to dangerous climate change than we are in today—and that is irrespective of how we have slowed.

**Senator ABETZ**—For you to make those assertions, are you relying on any modelling, any empirical evidence, or just a hunch?

**Dr Parkinson**—No. We know that the growth rate of emissions has exceeded the IPCC scenarios. They have for some time been growing at around or above the top end of the IPCC scenario range, and because they will continue to grow even though the global economy slows—and it is the level effect that is important, the stock of CO<sub>2</sub> in the atmosphere that is important, not the flows in—the flows in are going to remain positive. So you are going to continue to get rising stock levels, and that is going to lead you to a situation where, whatever you might define as dangerous, you are going to be closer to it over the next couple of years than you are today. The only way you would not get that is if emissions essentially either went negative globally or grew more slowly than the stock disappeared out of the atmosphere. While I cannot do that maths off the top of my head tonight, I would imagine that it is pretty close to impossible to see how you could do that.

**Senator ABETZ**—Right, but do we have any modelling for that? In the last few months growth has clearly declined substantially. Countries like Japan are now in recession, and therefore a lot of the parameters that were built into the report and modelling that we were provided six months ago are, with respect, out the window.

**Dr Parkinson**—It is a purely fundamental issue. Even if the economy contracts so we have negative GDP growth, you are still going to get positive emissions.

**Senator ABETZ**—Of course.

**Dr Parkinson**—Positive emissions are going to add to the stock of CO<sub>2</sub> in the atmosphere unless the existing stock of CO<sub>2</sub> disappears faster. So you are going to be in a situation where the atmospheric stock of CO<sub>2</sub> is likely to continue rising, unless you have a scenario about the global economy which would be pretty catastrophic.

**Senator ABETZ**—Once again, I am not sure that I have got an answer. Chair, can you give an indication to us as to how long we have on this segment so we can, in fairness, share out the time amongst other senators? It will also then prioritise everybody's questioning.

**Senator MILNE**—I have a supplementary.

**CHAIR**—You have a supplementary. Just before you ask that, in relation to the time, because I have no indication of what areas people want to address, I am just allocating the time in general for this evening. It is up to you to work out with your colleagues as to their priority and I will look after the minorities.

**Senator ABETZ**—Can you indicate to us then for the rest of the evening how much time you think the coalition senators would be entitled to.

**CHAIR**—You have until 8.30 pm before we go to the break.

**Senator ABETZ**—That is for the coalition senators?

**CHAIR**—Up until we go to the break and then we will go to the minorities and the Greens.

**Senator ABETZ**—Senator Milne has a supplementary and I do not mind if they are genuine supplementaries.

**CHAIR**—It is.

**Senator MILNE**—I just refer to Dr Parkinson's answer in terms of reduced economic growth and the impacts. Dr Parkinson, in your response you were referring to reduced growth levels et cetera. To what extent did your answer take into account the latest science in relation to the capacity of oceans and terrestrial sinks to slowing and their inability to take up carbon dioxide in relation to the point that Senator Abetz was making?

**Senator Wong**—Did you say 'slowing'?

**Senator MILNE**—Yes.

**Dr Parkinson**—Senator, conceptually, I did, but in terms of trying to do any maths about it, not at all. I was simply trying to make the point that at whatever level you are concerned about, whether it is 400, 450, 500 or 1,000 you are going to be closer to that level when we come out of this than we are today.

**Senator MILNE**—I am just asking—

**Dr Parkinson**—Sorry, if I am putting words in your mouth. If your concern is that the higher the level is the less capacity there is to continue to absorb then obviously that is the evidence.

**Senator BOSWELL**—What proportion of global emissions are India, China and the US responsible for, taken together?

**CHAIR**—Senator Boswell, can you start again? I am sorry, I could not hear you.

**Senator BOSWELL**—Can you advise what proportion of global emissions taken together are India, China and the US responsible for?

**Senator Wong**—There are a number of ways that question can be answered, Senator. We can give you, probably, as at today.

**Senator BOSWELL**—As at today.

**Senator Wong**—The question that Senator Abetz asked made the point—

**Senator BOSWELL**—I am asking the question: as of today.

**Senator Wong**—and talked about the growth in future emissions.

**Senator BOSWELL**—As of today, thank you. I do not want to take it on notice. Surely to goodness it is a very basic question and one that you guys should be able to answer.

**Senator Wong**—We can give you what is in the white paper.

**Dr Parkinson**—In 2005 the United States, 18.3 per cent; China, 18.3 per cent; and India, 4.6 per cent.

**Senator BOSWELL**—That is 2005. It is now 2009.

**Dr Parkinson**—That is right. These data come out with a lag. There are a range of—

**Senator BOSWELL**—What is the latest figure you have? Surely you have a figure after 2005.

**Dr Parkinson**—Senator, this was released 19 December of last year and it incorporates the latest data available.

**Senator BOSWELL**—Have all those countries undertaken to reduce emissions by specific targets?

**Senator Wong**—By specific targets?

**Senator BOSWELL**—Yes.

**Dr Parkinson**—President Obama has committed to reducing emissions by 80 per cent by 2050. The Chinese government has released a white paper climate change strategy which indicates a range of measures that they are undertaking.

**Senator BOSWELL**—So the answer is that they do not have specific emissions targets.

**Dr Parkinson**—Sorry, Senator, what I am saying is I do not actually have in my head exactly the contents of either the Chinese white paper or the Indian strategy. I do not know whether they have indicated that their actions would reduce emissions by a certain number of tonnes. We can take that on notice if you would like.

**Senator BOSWELL**—Is the department aware of a statement by President Obama which said:

To protect our climate and our collective security, we must call together a truly global coalition. I've made it clear that we will act, but so too must the world.

He goes on to say:

... that's how we will ensure that nations like China and India are doing their part ...

Are you aware of that statement?

**Dr Parkinson**—Not that specific statement, but he has made comments along those lines.

**Senator BOSWELL**—Can I give you another one. US Secretary of State, Hillary Clinton, stated:

No solution is feasible without all major emitting nations ...

Are you aware of that statement?

**Dr Parkinson**—Again, I do not know whether I have seen that specific comment from Senator Clinton, but it is not something that would come as a surprise.

**Senator BOSWELL**—Can I try this one on you. Is the department aware that President Obama's envoy, Senator Kerry, said:

... the only way you'll get a treaty that's passable in the United States Senate is going to be if there is global participation.

**Dr Parkinson**—Again, I have seen lots of comments along these lines from various senators and representatives of the new government, but I am not going to endorse any of those as a quote.

**Senator BOSWELL**—Senator Wong, you have obviously seen these statements?

**Senator Wong**—I could not swear that I remember every single word of the statements you have read out, but they are consistent with the US position.

**Senator BOSWELL**—Can I try this one. Is the department aware that Al Gore's fellow Nobel laureate, Rajendra Pachauri, who is chair of the United Nations Intergovernmental Panel on Climate Change, recently told an Indian audience:

Of course, the developing countries will be exempted from any such restrictions but the developed countries will certainly have to cut down on emissions ...

**Dr Parkinson**—I have no knowledge of that statement.

**Senator BOSWELL**—How is it that I can get these statements and you, with a huge department of supporters, are in the dark about it? Surely you read the papers. Let me continue. Would you please outline the concrete advantages to Australia of starting an ETS before our major trading partners do?

**Dr Parkinson**—Quite simple: there is underlying every one of the comments that you have read out—without saying whether or not they are exactly what people have said—a consistency with a particular policy approach—that is, a recognition of what is called common but differentiated responsibilities, which is that everybody will have to take action over time but that the developed countries have an obligation to move before the developing countries. So, if you look in the white paper, the Australian government's policy position is that it expects developed countries to take on comparable emissions reduction targets to that which we have proposed, and it expects major developing economies—

**Senator BOSWELL**—And what if they do not?

**Dr Parkinson**—If you will allow me to finish. And it expects major developing countries to restrain their emissions. There is nothing in any of the quotes from at least the first three people you referred to that is inconsistent with that.

**Senator BOSWELL**—What if the Indian government says: 'We cannot do it because our priority is to look after the people who are living in cardboard boxes. We want to feed them and clothe them and put them in a house.' And China has said that the developed countries have been using the environment for 200 years and they have only been doing it for 12 years, so it is not their turn. What if that happens and no-one does it? Are we going ahead?

**Senator Wong**—We take the view as a government that it is in Australia's national interest to act on climate change. We also agree—

**Senator BOSWELL**—Even if we have to go it alone?

**Senator Wong**—Can I just point out that that is in fact the position that Mr Turnbull has articulated.

**Senator BOSWELL**—I am not interested in—I am not asking a question about Mr Turnbull—

**Senator Wong**—We know you are not interested in Mr Turnbull.

**Senator BOSWELL**—I am asking what the government is going to do. As has been pointed out, if you want to ask Mr Turnbull I am sure he will take your call.

**Senator Wong**—I just think it is interesting that your line of questioning is inconsistent with your leader's policy.

**Senator ABETZ**—Just answer the question. Stop trying to second guess.

**CHAIR**—Senator Abetz, your interjections are not helping; I am trying to listen to Senator Boswell.

**Senator BOSWELL**—I am asking you specifically whether you believe it is in Australia's interest to go it alone when President Obama has said that he will not proceed unless he gets India and China on board. Are you prepared to go it alone?

**Senator Wong**—First, Australia is not going it alone.

**Senator BOSWELL**—Are you prepared to go without those three countries?

**Senator Wong**—Australia is not going it alone. Second, we have been very clear that we believe it is in Australia's national interest to take action on climate change—

**Senator BOSWELL**—And you are prepared to go without those three countries.

**Senator Wong**—and there are a great many reasons for that, one of which is that we are vulnerable in the face of climate change—we are vulnerable economically as well as environmentally. And it is in our interest also to advocate for a global agreement that effectively deals with climate change. The reality is that if we are not prepared to do the hard yards at home we are not going to be in a position of being able to do what we can to help build a global agreement. The next point I would make is that just as we have seen action on climate change being committed to by the European Union, just as we have seen President Obama indicate that he is prepared to take action on climate change and just as we have seen regional trading schemes in North America, we will increasingly in our view see action being taken on climate change. As a highly carbon intensive economy it is in our interest to commence the economic adjustment that enables Australia to compete in a world where there will be a carbon constraint. So, yes, we are interested in protecting to the jobs of today but we are also interested in ensuring there will be jobs in the future when Australia has to compete in a world where there is a global carbon constraint.

**Senator BOSWELL**—This is a filibuster.

**Senator Wong**—No it is not.

**Senator BOSWELL**—Yes it is.

**CHAIR**—Senator Boswell, you asked a question and Senator Wong is answering it.

**Senator ABETZ**—The answer has got to be relevant to the question.

*Senator Cameron interjecting—*

**Senator BOSWELL**—Doug, I will just tell your unionists you are cheering for this, and they will love you.

**Senator CAMERON**—I don't know when you would have ever met them.

**Senator Wong**—If I could make this point: the following is from the Howard government's report:

... waiting until a truly global response emerges before imposing—

**Senator BOSWELL**—On a point of order. Chair, this is outrageous.

**Senator Wong**—Let me continue:

—an emissions cap will place costs on Australia by increasing business uncertainty and delaying or losing investment. Already there is evidence that investment in key emissions-intensive industries and energy infrastructure is being deferred.

The point is, these are views that were presented to you in government.

**Senator BOSWELL**—Does the department agree that many Australian companies are world leaders in offsetting emissions and are efficient energy users? Has the department seen any evidence to suggest that CPRS will result in jobs or emissions being exported to countries that do not yet face a carbon price and have a poor record in emissions reduction? I am asking the officers.

**Senator Wong**—I am the minister at the table and I can take the questions. The reason that the government put in place substantial assistance measures to Australian industry is that we were very aware of the risk of carbon leakage, which is neither economically nor environmentally desirable.

**Senator BOSWELL**—Thank you. Can I give a couple of examples. I will give you an example of a company that may be forced to go offshore because of carbon leakage. The company is Visy. On 18 February a unionist made this remark:

Smithfield's Visy facility could be forced to shut down one of its two papermills and let about 80 employees go if the Federal Government's proposed carbon pollution reduction scheme is not significantly changed.

He said that this was despite the facility being 'an industry leader in offsetting emissions'. That is one example of an industry going offshore, and I am sure you are aware of it.

There is another one here for the cement industry. A report in the *Australian* on Saturday says that the cement industry faces 'an extra \$60million a year in costs'. According to the Cement Industry Federation, this would 'push production and jobs offshore to countries that had lower environmental standards'.

Example three concerns the steel industry. A report in the *Australian* last Wednesday states: Australia's second-biggest steelmaker says the Rudd Government's emissions trading scheme is likely to cause job losses and force new investments offshore.

... ..

If the carbon pollution reduction scheme boosted production from less efficient operations overseas, it could actually increase global emissions.

Is it true that in some cases—Visy and the cement industry—if Australia lost some of its domestic market to overseas competitors due to the CPRS making us uncompetitive, we would then be importing product made using higher emissions?



**Senator Wong**—There were a number of assertions in there.

**Senator BOSWELL**—No, I gave examples. The last part was a question.

**Senator Wong**—You asked a question about the cement industry. I will ask Dr Parkinson to deal with that, and then I will respond to other matters if they have not been traversed.

**Dr Parkinson**—There are a lot of things said in this debate, and in part it is because there is continuing uncertainty about whether or not the parliamentary process will result in an emissions trading scheme and exactly what form that will take. As was clear from the minister's comment, the task group on emissions trading of the former Howard government was very concerned about issues of business certainty. In a sense, people are positioning themselves in this debate and, because people do not know exactly the ultimate form of it, it is clear that—

**Senator BOSWELL**—I think people do know the ultimate form of it. I am trying to ask a question.

**Senator Wong**—And Dr Parkinson is trying to answer your question. You may not like—

**Senator BOSWELL**—Dr Parkinson is making an observation that no-one knows what they are doing. Visy are a bunch of idiots. OneSteel are a bunch of idiots and they do not know what they are doing, but you know everything. That is the implication.

**Senator Wong**—Senator Boswell, you are the only one who has used those words. Dr Parkinson is answering your question and I think he should be given the courtesy of being allowed to finish.

**Dr Parkinson**—To be clear, I am not impugning either the motives or the intelligence of anyone in this debate. What I am saying is that, at a time when the parameters of the government's scheme are on the table but there have not been final decisions, it is very hard for anybody to be definitive about this. But there is the Treasury modelling, which suggests the likelihood of carbon leakage in Australia is quite low. You can say, 'Well, that's only modelling,' but there have been studies in Europe that look at the actual extent of carbon leakage after the introduction of the European scheme which suggests that any leakage is minimal.

Just to pick up a particular example, you cited cement. I think cement is really interesting. This is an industry that would be receiving assistance at the 90 per cent rate but, if you recall, in 2004 the Australian Competition and Consumer Commission turned down Boral's takeover of Adelaide Brighton on the grounds it would have 'significant detrimental effects on competition' because 'imports were not likely to act as a competitive constraint on the remaining Australian cement producers'. Indeed, they went on to say:

- There are high barriers to entry in the cement industry to enter at a scale capable of competing effectively with the domestic cement manufacturers.
- Imports do not currently, and are not likely to, act as a constraint on the domestic cement producers. Cement users are unable to acquire competitive imports of cement on a long term and sustainable basis.

Cutting through that, what it really means is that it is highly likely that the cement industry in particular will be able to pass on the bulk of any costs it experiences to the end consumer.

**Senator BOSWELL**—Unlike you, Doctor, I have actually been in the market myself. I ran a business for 20 years while you have been—and it was a very competitive business and I understood how the market worked. I never sat behind a desk and offered gratuitous advice on how markets would work when I have never had—

**Senator CAMERON**—Point of order—

**Senator BOSWELL**—This is gratuitous advice. You are overriding the people of Visy, OneSteel and the cement industry. You are saying they do not know what they are talking about. That is the implication of what you are saying—

**Senator Wong**—Senator, your party was arguing this morning for a higher target—

**Senator BOSWELL**—You know everything that is going on, even though they are a bunch of idiots!

**Senator Wong**—You are arguing for a higher target. That is what your leader is arguing for.

**Senator ABETZ**—That is through a different mechanism, as you know.

**Senator Wong**—One that never puts in any cost.

**Senator BOSWELL**—I am not arguing about anything. I am trying to get some information and you are implying that these people do not understand their own industry. But you understand it all because you are a bureaucrat that has never been in the market in your life!

**CHAIR**—Is this a question or a statement, Senator Boswell?

**Senator CAMERON**—It is getting to the stage of abuse, and that is unacceptable.

**Senator BOSWELL**—I am trying to protect your unionists, Doug—a job that you should be doing and a job that you—

**CHAIR**—Senator Boswell! Can I just remind you that the estimates process is for questions and answers. It is certainly not here for platform speeches. So ask your questions. Senator Milne has a supplementary question as well.

**Senator CAMERON**—It is so rude when you do that.

**Senator BOSWELL**—All right, I will be very gentle. Senator Wong, according to the *Sydney Morning Herald* today, you said:

There is no point in putting a cost on carbon pollution in Australia if it simply results in jobs and emissions being exported to countries that do not yet face a carbon price.

What is the point of the government's emission trading scheme since it does just that?

**Senator Wong**—We disagree.

**Senator BOSWELL**—The minister is also quoted as saying:

To overlook the perverse environmental outcome that would result from emissions simply being exported to other nations is environmentally irresponsible, and disingenuous in the extreme.

Since we have it on good authority that emissions will be exported and jobs will be lost, and major trading competitors have not signed up to carbon reductions, will the department be advising the minister that the CPRS policy is 'irresponsible and disingenuous in the extreme'?

**Senator Wong**—They are my words—I wrote them—and they are consistent with what we have said all along, which is that it was important that the government managed this transition and that, in the policy decisions we make, we made sure we support current jobs and industry while we await this transition. There is a very substantial set of assistance to Australian industry set out in the white paper which will be the assistance that is put forward in the exposure draft legislation. I know there are some who have criticised the government for providing this assistance to industries that some describe as the 'big polluters'. That is not the view of the government. We do take the view that it is responsible to provide that assistance. But, at the same time, we have to start the task of reforming the Australian economy, because the reality is that climate change is not going to go away. If we simply decide again to defer action, we are making a decision to do two things: one is to impose more costs on our children and our grandchildren and the second is to impose higher costs on the economy overall, because the longer we wait the higher the cost will be. I noted Senator Abetz's interjection that you are going to go for a higher target but at no cost.

**Senator ABETZ**—I did not say that.

**Senator Wong**—There is a reason why a higher target and no cost sounds too good to be true. It is because it is too good to be true. The reality is that, if you want to transform an economy, that requires economic reform, and that is what the CPRS is. The coalition can dance around all it likes, but you are going to have to make a decision when this legislation comes into the Senate whether you want to support a scheme that will deliver for the first time a reduction in Australia's emissions from next year.

**Senator BOSWELL**—Senator Wong—

**CHAIR**—Senator Boswell, we are now going over to Senator Milne. You will be able to come back. Senator Milne had a supplementary question.

**Senator ABETZ**—Senator Boswell had a supplementary as well.

**Senator MILNE**—Can I just ask the supplementary on leakage and then you can ask yours?

**CHAIR**—Yes.

**Senator MILNE**—On the issue of leakage, the modelling Treasury used in its economic assessment stated:

... that fears of carbon leakage, for the emission prices explored in the CPRS scenarios, may be overplayed.

And that two of the economic models used in the analyses, the GTEM and the MMRF:

... are likely to overestimate carbon leakage and the relocation of production activities: the models are not forward-looking (so firms are assumed to take no account of the possibility of future emission prices in the new location), and do not account for adjustment costs associated with relocation.

The report also notes:

In reality, industry location reflects multiple factors, including access to skilled labour, legal and political stability, access to resources and quality of infrastructure.

And so on. My question is: what is the carbon leakage assumption used by the department in formulating its policy advice? In other words, how many jobs do you estimate are likely to be exported due to the CPRS and how much in terms of emissions are likely as leakage? If estimates are uncertain, what is your approximate range?

**Dr Parkinson**—The Treasury modelling comes up with a cost to the Australian economy, as I said earlier, of around one-tenth of one per cent of GDP. That cost was only the cost of action—that is, it took no account of the costs that were avoided. We would have to go back and see whether Treasury has specific details on the extent to which there was any leakage. As I said earlier, the assessment there was that it would likely be minimal as has been the case with an ex-post assessment of what actually happened in Europe. I would like to clarify that I was not criticising any participant in the private sector, but I am struck by the fact that I have been through this debate before in the eighties and nineties when firms talked about this particular cost impact in Australia being higher than elsewhere. Again, with the points that you have just raised, location decisions are made on the basis of a complex set of circumstances including political stability, exchange rates, access to infrastructure and so on. It is very hard to believe that a scheme that raises at the outset around one per cent of GDP notionally in revenue and gives more than that back, because the scheme is revenue negative over the first couple of years, is actually somehow going to lead to massive exodus. At the margin, there may well be, but that is always going to be at the margin in the same way people will move for a whole variety of other reasons.

**Senator ABETZ**—What is one per cent of GDP? Then I think I might have my figure.

**Senator Wong**—One-tenth of one per cent.

**Senator ABETZ**—What is that?

**Dr Parkinson**—The net cost of one—

**Senator ABETZ**—I thought you said in answer—

**Dr Parkinson**—The scheme raises one per cent of GDP notionally. That is the \$11½ billion to \$12 billion, Mr Comley was talking about at the outset. Notionally, it raises that. It does not actually collect that in revenue.

**Senator ABETZ**—Thank you for that. That is all I needed to know.

**Senator Wong**—Could we finish the answer?

**CHAIR**—I think it would be helpful if witnesses could complete their answers. Dr Parkinson have you concluded?

**Dr Parkinson**—There are two other things I think it is important to put on the record here. The first is that, because resources move, because the economy is dynamic and flexible, it creates jobs elsewhere, so you gain in the longer term there. I am having a senior moment and I have lost the other point—my apologies.

**Senator MILNE**—If I can come back while you are thinking about that, from what you have just said I take it that you are arguing that the likelihood of carbon leakage is minimal. It

is minimal because—I take it from what you have just said that you agree—skilled labour, legal and political stability, access to resources, quality of infrastructure and so on are as important in terms of relocation or location decisions as anything else. Given that, I would like to know—and this relates to the extent of compensation that you are providing to all these companies that are claiming that, if they do not get this level of compensation, they are heading offshore—what your assumption is in formulating the policy advice that they need 90 per cent or more of free permits.

**Senator Wong**—Hang on—it is 90 per cent or less. Let's be accurate. It is 90 or 60.

**Senator MILNE**—All right, up to 90 per cent of free permits. If the risk of leakage is not great, and I concur with that view, why are we giving them all these free permits?

**Dr Parkinson**—Sorry—the Treasury modelling is talking about the risk of leakage, having modelled essentially a mechanism of support. That is in the green paper. So, after that support, it is essentially saying there is minimal likelihood of carbon leakage. But if you turn it around the other way and say, if we gave no support—that is, at the extreme: if, rather than 60 per cent and 90 per cent, you took it down and gave no support—then we would increase, at the margin, the extent of leakage. So the policy has been addressed here to do two things: first, to help manage the carbon leakage problem and, second, to help Australian firms make the transition to a low-carbon environment.

**Senator Wong**—Senator, I am familiar with your views about this, but the point I did want to make, and it seems to sometimes not be part of the discussion, is that the cap still remains. We can have a separate discussion about the cap, because the free permits do not alter the environmental outcome. It is just a question of how much cost you impose on which sectors of the economy in the earlier parts of the scheme. So what you are essentially arguing about is not an environmental outcome. That is a separate discussion. You are arguing that you do not like the assistance measures.

**Senator MILNE**—No, I am asking for the rationale, the assumptions behind to risk. What are your assumptions about the risk and where did they come from, given that you have just conceded all these other issues are relevant to where companies basically locate? I want to know what the scenarios were, what the assumptions were and what the evidence was that jobs would be exported due to the Carbon Pollution Reduction Scheme and that emissions would go offshore. What is your assumption, given that the models that were run—two of them at least—overestimate the carbon leakage and relocation risks?

**Senator Wong**—Again, I do make the point that your argument is with the assistance measures. I again make the point that they do not undermine the environmental outcome. So really you have, I suppose, a moral or a policy argument against those assistance measures.

**Senator MILNE**—No, I am just asking for the rationale. I am not making an assumption about whether they are environmental or anything else.

**Senator Wong**—No, but the point is there is no alteration of the environmental outcome. It is just a question of how one achieves that—correct?

**Senator MILNE**—I am wanting—

**Senator Wong**—Perhaps Dr Parkinson may want to add to this—

**Senator MILNE**—It is a distraction from what I am asking here.

**Senator Wong**—I am happy to answer the question. We did take into account the Treasury modelling, which has a range of assumptions in it, as you know. We also took into account the consultation that was engaged with between different sectors of industry as well as the community and the government about the impact of the scheme. As you have heard tonight from Senator Boswell, there are some who still do not believe the assistance is sufficient and there are others in this debate who believe it is. But the answer to your question is the government took into account a range of factors and they included the Treasury modelling as well as the information provided to us in the consultation period between the green paper and the white paper.

**Senator MILNE**—If I may continue on—

**Senator BOSWELL**—Chair, can I just call a point of order. I am very respectful of Senator Milne's questions but I think there was an agreement that we were to have a till 9.40—

**CHAIR**—Which you did, Senator Boswell.

**Senator ABETZ**—No, 8.40.

**CHAIR**—Yes, 8.40, and that is what you had, Senator Boswell. Then Senator Milne had a supplementary question. We agreed that at the conclusion of the supplementary question you could come back with your final question.

**Senator MILNE**—We agreed that you could ask your question and then it would come back to me.

**Senator BOSWELL**—Okay.

**Senator MILNE**—If I could just continue on this, the issue for me is where did you get these assumptions about carbon leakage that justify the level of compensation? I appreciate the minister tellingly me that part of it was in consultation with the industry itself, and one would have to assume that there is a high level of self-serving capacity in that. But I would like to know what assumptions were made in the economic models about where these industries might relocate to. What are the assumptions about that?

**Senator Wong**—I am not sure the Treasury modelling went to that point. I could be wrong; I do not have Treasury officers here.

**Mr Comley**—Senator Milne, the issue here is actually that the EITE policy has explicitly two objectives, which is laid out in the policy position, and that is to reduce the likelihood of carbon leakage but also to provide transitional support to these industries. If you only had one of those objectives and it was purely a carbon leakage objective, then, other things being equal, you would have less generous assistance than is provided under the policy. But just to illustrate an example of why that last limb is there, you could have a situation of industry of someone who is undertaking quite a lot of capital investment, they then are faced with a carbon price which they may not have anticipated—some may have; some may not have had—and it may be that they do not change location at all. When you look at studies of carbon leakage all you observe is if that firm moves, but there could potentially be, with no assistance, a significant change in profitability. So the policy is a balance of the pure carbon

leakage argument with a transitional argument, which is not uncommon to policies such as tariff reforms where you do not change them overnight. So it is the balance of those two that led into the EITE policy.

**Senator MILNE**—Okay, and I appreciate the second part of your answer. But let us remove the issue of transformational, because you are making a case for stranded assets. That is the tobacco industry's standard argument. I want to come back to the issue of leakage, because that is the issue that is being run all over the place to justify up to 90 per cent free permits in relation to these industries. What I am hearing from you is that there is no real data there at all to support your argument that they deserve up to 90 per cent on the basis of leakage.

**Mr Comley**—I think the argument that industry is only raising the carbon leakage argument is not the experience I have had in consultations. It is both the carbon leakage and the question of the level of profitability for particular firms.

**Senator MILNE**—The stranded assets is another issue but I just wanted to clarify that because there has been a lot written about the need for these compensation provisions to prevent both the industries and jobs and the emissions going offshore. I have not heard anything from you tonight about the assumptions that were used about the number of jobs or any assumptions about where these industries might locate to, so I will come back after Senator Boswell to address the other issue of stranded assets and transformational policies. I will defer to Senator Boswell now.

**CHAIR**—Senator Boswell, you have one question so we can wrap your section up.

**Senator BOSWELL**—It is directed to Senator Wong. I have put a lot of suggestions to you and put different scenarios to you and quoted your own words back to you. Can you tell me: if India, China and America do not involve themselves in an emissions trading scheme, are you prepared to go it alone without those people coming on board?

**Senator Wong**—The US President has already indicated that they are prepared to take action on climate change, so I think that your—

**Senator BOSWELL**—If everyone else comes on board.

**Senator Wong**—Hang on.

**CHAIR**—Senator Boswell, you have asked a question. Will you allow the minister to respond, because we are wasting time.

**Senator BOSWELL**—I take your admonishment, Chair.

**Senator Wong**—I am making the point that you are asking me to respond to a scenario which is not in accord with the public statements of the President. I can outline again why the government does have a view we have to transform the Australian—

**Senator BOSWELL**—So you are prepared to go it alone?

**Senator Wong**—I can outline again why it is that the government believes that action on climate change is the economically responsible thing to do. The last time I did that, Senator Boswell, you accused me of filibustering. That happens to be what the government believes, and it is consistent with what we said to the Australian people before the election. The

coalition is going to have to make a decision in a few months time as to whether it will vote for action to reduce Australia's emissions from next year or whether it will, as a number in your party want to do, simply oppose action.

**Senator BOSWELL**—Thank you, Senator. Thank you, Chair.

**Senator MILNE**—I come back to the issue of carbon leakage and profitability—so coming to the second part of these large emitters and trade exposed. Those who use more than 0.5 petajoules of energy under the Energy Efficiency Opportunities Act were required to have identified the energy efficiency opportunities that existed for these companies. How many of those to whom you are allocating up to 90 per cent of free permits have actually implemented any of the energy efficiency opportunities they have been required to identify?

**Mr Comley**—The first point to make is that the government has not finally made the list of ET enterprises—well, certainly activities and therefore enterprises. The department is in the process now of undertaking data collection to establish what are the EITE activities and their emissions intensities. Following that process we will then be able to identify the likely liable parties. I think it would be premature at this stage to say who they are, because there is currently that data collection exercise going on.

**Senator MILNE**—Are you going to take into account the extent to which those companies have implemented the energy efficiency opportunities they have identified in determining whether and how many free permits they get? The flip side of it is: wouldn't it have been a better to auction the permits and then return some of the auction money to actually assist in implementing energy efficiency and therefore changing the profile rather than just giving them the free permits? But I will go back to the first one: what is your process for looking at the energy efficiency opportunities and actually requiring them to be implemented?

**Mr Comley**—The policy in the white paper is to not link the allocation of permits under the ET regime to a program such as EEO; it is to take historical baseline emissions intensity for an activity and use that as the baseline for allocation.

**Senator MILNE**—You argued to me earlier that the justification—

**Senator Wong**—This is very important—it is the industry average.

**Mr Comley**—Sorry, industry average.

**Senator Wong**—There are two ways—three ways, actually—in which there remains an incentive for these companies to improve their energy efficiency. The first is that the allocation is on the basis of industry average emissions intensity. In other words, if you are doing better, you will do better out of it. The second point is that no-one gets a free ride—even if you are at 90 per cent you still have a 10 per cent cost imposition. The final point is—and I cannot remember the economic term—that there is an opportunity cost in the sense that if you reduce your emissions you can trade the permits. You can sell the permits you do not need. So we are utilising the market in order to drive these energy efficiency measures for these firms rather than imposing a range of conditions. It is the case, Senator Milne—and I understood that the Greens did support an emissions trading scheme—that inherent in why you have a scheme is that you use a carbon price and a market mechanism to drive these efficiencies.



**Senator MILNE**—Well, auctioning 100 per cent of the permits is part of such a mechanism and it was a mechanism recommended by other notables, let me say.

**Senator Wong**—It is the case that we are proposing to auction more than the European Union at commencement.

**Senator MILNE**—The European Union's emissions trading system has some significant flaws, which they are desperately trying to overcome. Minister, I would suggest that we have not actually learned many of the lessons we could have learned from the European system, including its current collapse.

**Senator Wong**—I think we have actually sought to do that. I am not sure that I would agree with that.

**Senator MILNE**—I will come back to this issue. You said to me before that, apart from the carbon leakage argument, the issue was transformational—that you are trying to get these industries to transform. Therefore, I do not understand why you would not take into account the driver that is already there in legislation in terms of the energy efficiency opportunities that these companies have identified. If you do not do that, you are effectively rewarding companies for bad behaviour—for investing their capital in whatever else they wanted to invest it in and not in energy efficiency. They are big users, big emitters and then they get rewarded for it.

**Mr Comley**—I do not think I said this is about necessarily the transformation of the economy; I said this is about a transitional measure.

**Senator MILNE**—Transitional measure for those companies I thought you were implying.

**Mr Comley**—The point I am making there is that generally—not in all cases—in most major policies there is a phased introduction of obligations or a new regime reflecting both transformational, if you like, efficiency objectives but also concerns raised about equity, about changing the rules of the game in a situation imposing a cost. So that policy reflects a balance of those considerations which the government took into account.

The point about driving transformation comes back to this point of historical average, which is important. As the scheme commences, as the minister said, they have a full incentive to reduce their emissions for any given unit of output. So there is no reduction in the marginal abatement incentive for each unit of output within the EITE sector. So that full incentive applies from day one. The area in which the incentive is muted is on whether they change their level of output, which is the measure directly related to carbon leakage. That is where, in the first instance, they will either face 10 per cent of the carbon price or 40 per cent of the carbon price. Of course, over time, the carbon productivity contribution will reduce that rate of assistance, which will help drive that transformation.

**CHAIR**—Senator Milne, you have one more question before we go to someone else and then we will come back after the break.

**Senator MILNE**—Sorry, Chair, are you telling me that someone else wanted to ask a question?

**CHAIR**—Senator Cameron has been waiting to ask that supplementary question—and some more.

**Senator MILNE**—Okay, go for it.

**Senator CAMERON**—Dr Parkinson, there has been some discussion about converting agricultural land to carbon sinks. Has there been any analysis done of the cost of that conversion and the cost per hectare if you have that?

**Mr Carruthers**—Obviously cost will depend on the particular location. But, as a general guide, for environmental plantings and plantings in intermediate rainfall zones, market information suggests around \$2,000 a hectare as a planting cost.

**Senator CAMERON**—Another proposal is to use biochar. How far is that from being a viable technology? I understand it has only been used on a very small scale around the world.

**Mr Carruthers**—I refer the committee to a very recent document issued by the CSIRO in conjunction with a couple of eminent UK institutes which gives the status report on biochar research and points to the fact that there has been a limited range of field studies in the area. There are many remaining scientific questions which really need attention in this area.

**Senator CAMERON**—There are alternative proposals that indicate 150 megatons of abatement by 2020 through land based activities. What sort of scale of change would that involve?

**Mr Carruthers**—To achieve carbon sequestration through planting new forests at a scale of 150 million tonnes by 2020, approximately 30 million hectares would need to be established between now and 2020. So, to put that in some everyday sense, that would be equivalent to planting half the size of Tasmania every year with new forests, or a rate that exceeds the total planting that has been achieved so far in the Murray-Darling Basin.

**Senator CAMERON**—This may be a question for the minister. What risk do we run if we do not have a target in place for the next round of international negotiations?

**Senator Wong**—One of the issues that has not really had much discussion in Australia, or perhaps sufficient discussion, is the interaction between the domestic policy and the international policy. The fact is that we would anticipate that any agreement out of Copenhagen is going to require nationwide, whole-of-economy reductions to be specified by developed nations, similar to the way in which the Kyoto protocol operates. Developed nations would need to commit under the agreement to a reduction in emissions across the economy. The importance of a scheme such as the CPRS is that it provides a mechanism for Australia to meet that target. If Australia does not have a mechanism whereby we can start to reduce Australia's emissions, it makes it much more difficult for us to responsibly identify a target in international negotiations.

**Senator CAMERON**—Senator Boswell has quoted an unnamed delegate in terms of his environmental credentials. I have been talking to the AMWU, my old union, and they are very keen to not lose the opportunity for Australian industry to engage in the new technologies and the new industries that could arise from a carbon trading scheme and to move to a low-carbon economy. What opportunities are there for Australian industry?

**Dr Parkinson**—I will take that question. There are huge opportunities available for Australia if Australia takes early action. First, we manage the transition much more easily, as Treasury modelling pointed out. If you act early you reduce the cost dramatically because you

avoid stranding a lot of assets—locking a lot of high-emissions assets. In many ways, even more importantly, what you are doing is riding the wave of new technology. There are going to be clear advantages in some of these things, particularly where Australia has a natural comparative advantage anyway, such as in some of the renewables areas. But it is not just jobs that will come from that. There is going to be a whole range of jobs that will emerge under the broad heading of green jobs in all sorts of places in the economy. Indeed, the CSIRO recently did a study which suggested that over the next decade green jobs could contribute between 230,000 and 340,000 additional jobs. So there are a lot of opportunities, in terms of avoiding blocking in a high-emitting industrial structure, capturing the new wave of technology and creating a wide range of jobs well outside of just the new technology industries.

**Senator Wong**—Perhaps I could add to that. There are two facts that I often point to in order to describe this. The first is the Treasury modelling, which I think indicated a growth of 30 times in the renewable energy sector out to 2050, and the second is the estimates of the International Energy Agency of the sort of global investment which would be required to achieve a 50 per cent reduction by 2050. Their estimation is that, to achieve that sort of reduction, the world will need to invest I think US\$43 trillion. That is an enormous amount of investment. If Australia can develop the technologies to be part of that investment boom or investment wave, we position our economy in the decades to come far better than if we did not take action on climate change.

**Senator CAMERON**—To analyse where we are, if you have got minimal job losses through carbon leakage and hundreds of thousands of jobs available through adopting a low carbon economy and moving to that, you go for the low carbon economy and create the jobs and create the opportunities. That is the bare proposition.

**Dr Parkinson**—That is correct. As Mr Comley was saying, the EITE support is trying to do two things: avoid carbon leakage and help firms manage the transition. In that way, you are actually smoothing the adjustment path in Australia so that you end up with a much better outcome overall.

**Senator MILNE**—Just to come back to that, though, since you have argued that early adoption creates these opportunities, we have already lost 200 BP Solar jobs to overseas, Vestas left northern Tasmania a couple of years ago, no-one is manufacturing or even assembling wind turbines in Australia at the moment, Solar Heat and Power went to California and Zhengrong Shi is in China. Wouldn't you argue that, rather than being ahead of the game, we have already suffered considerable leakage and lost opportunity by failing to act until now?

**Senator Wong**—That is why the government wants to put in place the Carbon Pollution Reduction Scheme to introduce a price on carbon and renewable energy legislation to quadruple the amount of renewable energy in this country by 2020.

**Senator MILNE**—We will come to the renewable energy target in a minute. Have you done any modelling of the cost of not having acted?

**Senator Wong**—Not to date, in the sense of what we have lost because of the 12 years of the previous government. I think Dr Parkinson referred to the finding in the Treasury modelling of the economic advantage to acting earlier rather than later because you do not

lock in carbon intensive investment, infrastructure et cetera which you then have to turn around.

**Senator MILNE**—I will pursue that just before the break we are going into. Given that you acknowledge the jobs potential in those technologies, why do you take a policy position of opposing a gross feed-in tariff to complement renewable energy targets?

**Senator Wong**—We believe that that would result in a multiplicity of policy mechanisms at the federal level really seeking to achieve the same objective. I just want to go through the policies that the government is committed to: a carbon price from an emissions trading scheme—the CPRS; a fourfold increase in the renewable energy target in a decade—

**Senator MILNE**—We will get to that.

**Senator Wong**—But it is not to be dismissed as a policy mechanism—plus a half-billion dollar investment in renewable energy on top of what I think is called the Low Emissions Technology Fund Both of those are in Minister Ferguson’s area. So there are three policy mechanisms which are about investment in renewables, amongst other things, and we think that is a very substantial investment at the national level in renewable energy. Obviously, there are states that choose to take a feed-in tariff approach. That is an issue that has been discussed at COAG, as you know. I have heard you often quoting the German experience. I make the point that a feed-in tariff is used there in lieu of a renewable energy target. So it is not a cumulative policy, it is a one-or-other policy mechanism, and the choice made by the government was a renewable energy target.

**Senator MILNE**—Given the design of your renewable energy target, how are you going to bring on utility scale solar thermal under that renewable energy target?

**Senator Wong**—The renewable energy draft legislation was out for consultation. I think the consultation period closed on Friday. That is one of the views that has been put by one of the sectors. There are obviously other views put by other participants in the industry. The way I have described it is that you need to work out what is the most appropriate policy mechanism for the objective. It may be that we need to consider what is the best policy mechanism for new and emerging technologies as opposed to those that are immediately deployable. The most obvious examples are geothermal and solar thermal versus wind.

The question the government has to answer is: what is the best policy mechanism to deal with that? Do you pick technologies through a legislative target, or do you have a more technology neutral target but you assist those new and emerging technologies through direct assistance, through the Renewable Energy Fund? There is a legitimate argument that it is not the best thing to do in a market for the government to pick the technology. Rather, we would be better to use the public investment, through the Renewable Energy Fund, for those technologies. But those decisions obviously have not been finalised and they will also need to be agreed at COAG.

**CHAIR**—I think this would be a good time to take a break.

**Proceedings suspended from 9.16 pm to 9.32 pm**

**CHAIR**—We have one question of clarity from Senator Cameron.

**Senator CAMERON**—Dr Parkinson, you got us an answer on the question of the cost of converting agricultural land to carbon sinks. Do you have a global figure as to what it would cost the economy to do that?

**Mr Carruthers**—Yes. In response to your previous answer, I said that to achieve 150 million tonnes of sequestration by 2020 you would need to plant 30 million hectares of trees over the 10 years from now until 2020 or about three million hectares per year. I said that a rough estimate that would be reasonable would be an establishment cost of \$2,000 per hectare. So 30 million hectares over 10 years at \$2,000 a hectare would be about \$60 billion. That estimate is the direct planting cost. It does not include the cost of purchase of land or the opportunity cost in alternative uses for that land.

**Senator CAMERON**—And the actual benefit as a carbon sink would take a long time as well, would it not?

**Mr Carruthers**—There would be a progressive accumulation of carbon in the trees over a long time.

**Senator MILNE**—Mr Carruthers, you have just said that it would cost \$60 billion. Under the government's 100 per cent tax deduction for establishment costs of carbon sink forests, is that not a direct cost to the taxpayer as an offset mechanism for big polluters?

**Mr Carruthers**—The 100 per cent tax deductibility on establishment costs is a temporary measure until 2012 and, as explained on other occasions, is meant to provide incentive for early action pending the introduction of the Carbon Pollution Reduction Scheme.

**Senator MILNE**—Nevertheless, up until 2012 you could get a 100 per cent tax deduction for planting those forests, in which case a large polluter could transfer the cost to the taxpayer.

**Senator Wong**—The party that has put 150 megatonnes on the basis of things such as sequestration is Mr Turnbull and the coalition. We are not proposing to plant an area of trees half the size of Tasmania every year for 10 years, which is what Mr Turnbull would have to do at a cost of around \$60 billion.

**Senator MILNE**—I understand that. But the point I am making is that the legislation that the government passed enables the cost shifting to the taxpayer on behalf of those who would do so.

**Senator Wong**—I am not sure. We can traverse if you want, Madam Chair, the argument that the Senate had and I am aware of Senator Milne's views on the carbon sink legislation which was passed with the support of some of the opposition and Labor senators. We took the view that there was merit in providing an incentive for the establishment of forests. We also take the view that the voluntary opt-in for forestry under the CPRS provides a measure to enable that sort of carbon sink to be put in place.

**Senator XENOPHON**—In today's *Guardian* newspaper, Julian Glover has written a piece headed 'A collapsing carbon market makes mega-pollution cheap'. His argument is that with the trade in permits the European system was set to edge up the cost of emissions and boost green energy but that it has backfired and virtually turned subprime. I think there has been a collapse in the price of permits to about €8, down from last year's peak of €31. As I

understand it, because of the recession there has been a drop in output but the same number of permits. My question is: how would you propose to ensure that the CPRS sends credible signals for investment, particularly in green energy, in the event of a recession of uncertain depth and duration?

**Senator Wong**—I will ask Mr Comley to comment on Europe first and then I will come to your question.

**Mr Comley**—There has been a reduction in the permit price in Europe, that is true.

**Senator XENOPHON**—It is quite dramatic.

**Mr Comley**—It has been quite dramatic. It has been driven by a couple of things. One has been the change in economic growth, and a number of analysts have commented about uncertainty about future targets that is also feeding into the change in the price, as you would expect. In an emissions trading scheme there are some fluctuations in price that are driven by particular circumstances. Most of the investments that people are looking at of significance here are quite long-term investments, though. Just as in other markets where you have a price that is significant for an investment decision, investors will tend to look at trend prices or the underlying price dynamics rather than look at particular day-to-day volatility. So, just as businesses planning on exchange rates will try and look through day-to-day movements, they will also try to look through these short-term price fluctuations.

**Senator XENOPHON**—Mr Comley, I understand that. But if there is a recession or a downturn of uncertain length and the depth of the downturn or recession is uncertain, that will affect the trend in terms of using the current market mechanism, as is being used in Europe, to encourage renewables, won't it?

**Mr Comley**—It depends. Yes, the recession may have an impact, but the trend emissions growth versus your cap will also have a significant effect. So even if you are in a recession, the supply-demand balance for permits will change if you have a cap that is reducing over time, and even economies that are growing very slowly tend to also exhibit underlying emissions growth.

**Senator XENOPHON**—But the trend is still contingent on the depth of the recession or the downturn.

**Senator Wong**—I am not an economist, so someone is probably going to tell me how to explain this better. As I understand it, it is the case clearly that the strength of the economy at any given time is going to have an impact on the carbon price. In fact, I would argue that is probably one of the merits or strengths of a carbon trading scheme as opposed to a carbon tax because you have a mechanism which can, to some extent, respond to the economic circumstances. I think the point that Mr Comley was making is that the price is also affected by where the market thinks the scheme will go. In Europe the current commitment period is the end of the Kyoto period in 2012. The way in which we have sought to design the scheme has been to give firms, under the model that the government is proposing, around 15 years indication of the broad range of where the targets would be. Part of the reason for that is to try to give firms clarity and certainty to drive the investment you are talking about into the future. The market would have not just two years but up to 15 years indication of a reduction in emissions, which is the significant determiner of the price.

**Dr Parkinson**—If I might just add to that. Senator Milne made a comment earlier about the need to learn from Europe. One of the lessons that we took away from the European experience was the difficulties caused by shorter commitment periods. If you recall in the period to 2008 the European permanent price plunged to zero. Why? Essentially, they had overallocated and the permits had no value as of midnight on 31 December 2007. If you basically think of this as a long-term process whereby you are trying to create a long-term forward carbon price—the analogy is like the interest rate curve you get in the government bond market where you have interest rates effectively from now out beyond 10 years, so you have a price on those—the critical thing for us was to make sure we did not have fixed commitment periods. Then in the circumstances you see today where the European economy dips down, if you have a short commitment period and you take out a chunk of GDP growth, then all of the lost emissions in a sense have to be spread across that small period of time and that drives the price down significantly. If you have an open ended commitment period, which is in a sense the way the CPRS is proposed, firms still have a capacity to hang onto permits, to bank permits, that they do not need today and that actually helps them to smooth out the cost and will mean that the dips will be lower.

**Senator XENOPHON**—If I were to put it in another way, Minister, the government's position, to state it fairly, is that one of the advantages of the cap and trade model is that it provides for a fixed quantitative emissions target. That is one of the advantages.

**Senator Wong**—Certainty around the environmental driver, yes.

**Senator XENOPHON**—But isn't the flipside that it entails a significant degree of volatility in carbon permit price if emissions growth fluctuates? For example as a result of a downturn, as we have seen in Europe and are fearing here, that leads to uncertainty. Investors hate uncertainty and they are likely to respond by delaying investment—I am talking about green energy in particular. My question is: what mechanisms would you consider incorporating in the CPRS to handle the level of volatility that we have seen in Europe? Further to that would it not be appropriate to consider the merits of alternative mechanisms to supplement it? For instance, there is an argument about a tax—I am not endorsing this—or an intensity based scheme which might be less volatile and might send clearer investment signals.

**Senator Wong**—But that would essentially provide no certainty of an environmental outcome. That is the problem with an emissions intensity scheme and/or a carbon tax. They provide no certainty as to the environmental outcome and the emissions reductions. As I said in response to Senator Cameron, the government is also very conscious that, given where the negotiations are, we will have to be prepared to be in a position of being required to commit, if there is an agreement at Copenhagen, to an economy wide reduction. So, if you are serious about taking action on climate change and serious about building an international agreement, you need to be able to specify an environmental outcome with a reasonable degree of certainty.

If I can just make the point, though, the government did, I think, like the previous government, certainly in opposition, assess the relative merits of various policy mechanisms to reduce emissions. The reason cap and trade emissions trading was chosen is that it is, in our view, the most effective, most efficient model or mechanism to reduce emissions. A market

mechanism does ensure you get the lowest cost, and you can specify the environmental outcome. You correctly identify that, when you put in place a market mechanism, the government does not control the price. What you are discussing is the manifestation of that or the limits of that.

**Senator XENOPHON**—It has failed in Europe, though, or it seems to have at this point.

**Senator Wong**—What we have done, and I can turn to either Dr Parkinson or Mr Comley to give you more information on this, is that we made design decisions in the white paper which were about managing, as best you can when you set up a new market, the price volatility on either side. So you see the price cap which rises over time and a range of mechanisms such as the longer period of indication of environmental target to deal with the issue you are raising.

**Dr Parkinson**—And banking and borrowing.

**Senator Wong**—Banking and borrowing as well.

**Senator XENOPHON**—But, Minister, isn't banking and borrowing something that takes away from certainty? I can understand why it is incorporated in the design—

**Dr Parkinson**—Sorry, Senator, it goes the other way.

**Senator Wong**—It helps firms manage their price risk.

**Dr Parkinson**—When you talk about certainty, you need to distinguish between short term and long term. The carbon tax will give you short-term certainty over price, but it does not give you any certainty at all over the ultimate quantity reduction you are trying to achieve. In the situation we have, where the economy slows, if you have short commitment periods like in Europe, then you will actually get a more significant drop in the carbon price than you will under the CPRS. So in the CPRS you will get some changes, but that will be because firms are actually smoothing out their adjustment process over time. That is what gives us least cost abatement. That is, in a sense, the intellectual breakthrough point about the Australian scheme—that is important.

**Senator XENOPHON**—But if you have a trading scheme that incorporates intensity levels—as has been proposed in Canada, but who knows what they will do there—doesn't that allow, where there is a downturn, for situations where you get the same problem that you have seen in Europe, with a collapse in the price of carbon permits, which sends the wrong signal in terms of green energy?

**Mr Comley**—An intensity target obviously has the same issue of not having quantity certainty, but I think there is a step back from that, which is that, with an emissions trading scheme, if you are worried about volatility over a two-, three- or four-year time horizon—which is the sort of time horizon I think you normally talk about with macroeconomic cycles—the other thing that is likely to happen in an emissions trading scheme is you will have financial instruments which will allow short-term participants to hedge. If you are a green energy provider and you want to effectively lock in a carbon price, certainly over a two-, three- or four-year time horizon, it is very, very likely that financial instruments will exist to do that, which is what we see in electricity derivatives et cetera.



For time periods longer than that, it is really a question of the nature of the government's precommitment to provide stability to the system, because in a carbon tax world it will be a question of what the carbon tax is likely to be in four years plus. Even on an emissions intensity target, if a government decides that they ultimately want to meet a quantitative target, they would then have to adjust their emissions intensity target to be able to meet that quantitative target.

**Senator XENOPHON**—Either to you or to Dr Parkinson: given what has happened in Europe, you are confident that the design of this scheme is sufficiently different that we will avoid the collapse, almost a subprime meltdown, of the European permit system, where there has been a collapse in the price, sending the wrong signals in terms of green energy?

**Mr Comley**—Dr Parkinson may want to expand on this. I think we are confident that the expanded time horizon of the scheme gives greater price stability than you are likely to have in Europe, and Europe is actually driven by uncertainty partly about targets post 2012. But, also, the issue of what the spot price is, even in Europe, is not necessarily what is driving—

**Dr Parkinson**—Spot price is the price today rather than the future price.

**Mr Comley**—Yes. The price today is not necessarily an indication of what a green investor or another participant in the market is actually paying if they have taken hedging action at the moment. So, again, I think you have to look at not just what the market being traded and quoted is, but what the various economic actors are actually paying or receiving.

**Senator XENOPHON**—I have a final question on this line of questioning—

**Senator Wong**—Just so you are clear from the minister's perspective, I think the government's view is that the various design decisions in the scheme are aimed at reducing price volatility both on the downside and the upside.

**Senator XENOPHON**—In relation to that—and you may want to take this notice in terms of the modelling or to point me to it, through you, Minister, or Dr Parkinson or Mr Comley—has there been modelling, in terms of comparisons, to ensure that we do not get into a European type situation? What modelling has been done on that?

**Senator Wong**—Rather than modelling, perhaps the better way of explaining it—and we can take you through it—is that officers of the department actually engage very closely with the European Commission and business in Europe to learn from the experience of Europe. A number of key design decisions, some of which I have described, and also, frankly, the way in which the assistance under the Electricity Sector Adjustment Scheme, ESAS, is provided were informed by the policy experience in Europe.

**Senator XENOPHON**—But we have got a gateways every five years under this scheme—is that correct?

**Dr Parkinson**—That is right.

**Senator Wong**—Five years of caps and an additional up to 10 years indication of the gateway, which comes down to—would you like to do it, Martin? He likes giving the 'concertina' answers. You go right ahead, Martin.

**Senator CAMERON**—You must have done this a few times—it was like synchronised swimming!

**Senator Wong**—When his hands do this I know what is coming.

**Dr Parkinson**—I apologise, Minister. One of the key lessons we took out of Europe was the problem of short commitment periods and the volatility that that could potentially induce; but, more important than that, the uncertainty it created and so it dampened behavioural responses. If I had been an investor sitting in Europe running up to the end of the trial period—end of 2007, beginning of 2008—I would not have been prepared to take major investment decisions because essentially I was dealing with things that were effectively an option rather than a permit, so the option value dropped to zero when the option expired—that is, 31 December 2007. Looking at that, we wanted a long time period. How have we done it? We have given five years of fixed targets and then gateways out to another five years and another 10 years. So firms at any point in time have a maximum of 15 years; it concertinas down to 11 and then goes back out to 15 because—

**Senator XENOPHON**—You'd be a great piano accordion player—you know that, don't you?

**Dr Parkinson**—I am tone deaf.

**Senator Wong**—Give people longer term certainty because—you are exactly right, Senator—one of the purposes of the scheme is to drive the investment that we need.

**Dr Parkinson**—Just going back to why you do not get that out of a carbon tax, the relationship between a carbon tax and abatement is uncertain, and there is no reason why it should be stable over a cycle. Similarly with emissions intensity, because you are ultimately trying to hit a quantity target you have got this interaction between the rate of GDP growth as a proxy for production and the rate at which emissions intensity is decreased. So if you are worrying about quantities you are in the same world as you are about carbon tax: you have got to keep coming back and changing the rate of improvement in the intensity target or you have got to keep coming back and changing the tax rate. If you have to put those through the political process all the time you are actually not giving business certainty that they are going to see a rise in carbon price.

**Senator XENOPHON**—You do not see gateways as leading to some level of uncertainty?

**Dr Parkinson**—Gateways do not—

**Senator Wong**—Yes, the most certain thing would be to identify the cap 15 years ahead, but you also have to take into account a whole range of other factors, such as technological breakthroughs. There are other policy problems if you set it too fixed too far out. So the way we have designed it is to try and balance the certainty against the need for some flexibility—and at least constraining it within the gateways.

**Senator XENOPHON**—And the modelling includes that—in terms of the impact of gateways, in terms of the price of carbon? I mean: has the modelling taken into account the impact of gateways? Does the modelling you have done take into account certain gateways at a certain time or did you make certain assumptions with respect to gateways?

**Mr Comley**—Effectively, the modelling does not take gateways; it takes a number of trajectories—single-line trajectories—and says what the economic implications of those trajectories would be. So the modelling that was done for Treasury is not designed to answer the question of how short-term volatility affects the price; it is a longer term analysis. That modelling does not do that.

**Senator XENOPHON**—My final question relates to the whole issue of the emissions—do you call them EITEIs? Is that how you pronounce it? What is the acronym?

**Senator Wong**—Emissions intensive trade exposed industries.

**Senator XENOPHON**—Yes, I know what they are.

**Senator Wong**—Think of ‘Weeties’.

**Senator XENOPHON**—I know what it means; I just wanted to know the pronunciation—‘EITEIs’.

**Senator Wong**—I persisted with ‘TEEs’ for some months, but everyone else started calling them ‘EITEIs’.

**Senator XENOPHON**—Let us call them ‘EITEIs’ then. In the green paper, the government noted that the subsidies contingent on export performance were explicitly prohibited by WTO rules. Yet at the same time it is proposed to develop such a scheme of subsidies through EITEIs. They are; aren’t they—effectively, in terms of subsidies—by giving permits?

**Senator Wong**—No, they are not a subsidy.

**Senator XENOPHON**—If they are not a subsidy, they are a de facto subsidy. Aren’t they—in terms of the impact it would have on those?

**Mr Comley**—This is a question of WTO law, so we have to be a little bit circumspect, but there are a range of factors that move into a question of whether they are prohibited under the WTO, including the link between exporting subsidy. In the case of the EITEI policy, there is actually no link between whether you export and the provision of that assistance.

**Senator XENOPHON**—So, finally, in relation to this, is there a concern, in terms of the WTO, that EITEIs may be subject to criticism by other trading partners or may be the subject of action? Is that an issue that the government is alive to in terms of the fact that you may get some trading partners who will complain about EITEIs in the current form?

**Mr Comley**—I think the government has made it clear in the white paper that there is an intention to make any EITEI policy WTO consistent.

**Dr Parkinson**—The subsidy issue comes up to the extent that it is solely focused on exports and to the extent that these are emissions intensive trade exposed—that means they can be exposed to trade competition at home or abroad.

**Senator Wong**—Did you understand Dr Parkinson’s point?

**Senator XENOPHON**—Yes, I understand his point. It is obviously an issue that may well be before the WTO if one of our trading partners decides to complain about EITEIs.

**Mr Comley**—There is always an issue of what a trading partner may or may not take to the WTO. What we are saying is the white paper makes it clear the government's intention is to make it WTO compatible. On the previous discussion—

**Senator XENOPHON**—But it is uncharted territory—in a sense—with the WTO. Isn't it?

**Mr Comley**—The WTO has not looked at a precise Australian scheme for assistance to a set of industries—that is true. But the WTO implications of this were in the mix of considerations when the policy was designed. Can I just add something on the previous question. A colleague has brought to my attention that the IEA and the OECD have both produced reviews on the Australian ETS design compared with the European system. We would be happy to forward that material to you for your information.

**Senator XENOPHON**—Perhaps it would be more appropriate if you forwarded it to the committee.

**Mr Comley**—Yes, to the committee.

**Senator MILNE**—On the issue of what has happened in Europe and the time frames, from what you are saying I take it that the carbon price will fall too low because the financial crisis will go on indefinitely and you are assuming that, in a 15-year cycle, financial collapse might be for only a few years, so you will get recovery and even out the price over time. Is that the assumption?

**Senator Wong**—The government is working fairly hard to ensure that Australia is—it is consistent with our policy decision.

**Senator MILNE**—The key thing in Europe, it seems to me, is that the supply of permits now wildly outstrips the demand for them. So with the collapse, that is going to be an ongoing scenario. You are essentially telling us that it is because of the 15-year time horizon that we are not going to end up in a situation where the permit price is too low, with the government without the ability to increase the stringency of the target and so end up locking in the old economy rather than moving to the new. So your whole defence to that is the 15 years.

**Dr Parkinson**—It is not the 15 years per se; it is the fact that it is open-ended. Flip it around the other way and ask ourselves: what if we had one-year commitment periods? Then you would get massive price volatility.

**Senator MILNE**—I totally understand your point about a limited period and a long period. What I am putting to you, though, is that there is a high-risk strategy here on an assumption that economic cycles are going to return to normal.

**Mr Comley**—It is not a high-risk strategy in terms of meeting the quantitative targets that are set. The quantitative targets will still be met. It may turn out that that is achieved at a lower carbon price than previously anticipated but you will still track the same quantitative emissions reduction. I suppose the question for a government on that pathway is: if the carbon price is lower, what will that mean for target setting in the future in terms of what you consider feasible, but still meeting those targets?

**Senator MILNE**—Yes, but in my desire to drive the transformative nature of the economy it does not help much.

**Dr Parkinson**—It does, Senator, because you have still met exactly the same target.

**Senator MILNE**—Yes, but only if you have a stringent target. If you have a—

**Dr Parkinson**—Sorry, Senator. Whatever target you have, you will reach the transformation associated with that target. You might reach it, as Mr Comley says, at a lower permit price and hence at a lower cost to the economy, but you will not actually change the extent to which you hit the transformation that is associated with that cap.

**Senator MILNE**—If the cap drives the transformation—it is a chicken and egg situation, I suppose.

**Senator Wong**—The point is you may not think that the government's targets are the right ones—you have said that publicly and I know that that is your position. The point Dr Parkinson is making is that, for any given target, the scheme will deliver the economic transformation needed to achieve that target. It is a different question as to whether or not—

**Dr Parkinson**—Again, I apologise for putting words in your mouth, but I am saying that, if taking the government's five per cent target, we would have been at 120 per cent of 1990 levels by 2020 on business as usual. At the five per cent reduction, we are going to be five per cent below 2000 levels, about 96, so with 24 or 25 percentage points improvement. You are going to drive whatever transformation there is associated with a 25 per cent improvement. If the argument is that we should have a 40 per cent or a 10 per cent improvement, the scheme will drive whatever the transformation is and the fact that the price will be different under those things is not relevant, except to the extent that it means government is able or prepared then to take on different targets.

**Senator MILNE**—But the price is relevant in what you drive in terms of alternative energy sources, industry and so on.

**Dr Parkinson**—Senator, with respect, what is happening, with the degree of transformation you are getting, is an economy that is going to have 25 percentage points fewer emissions.

**Senator MILNE**—Yes.

**Dr Parkinson**—You can say that is not sufficient to give me geothermal energy or clean coal. That is a perfectly legitimate point to make.

**Senator MILNE**—And that is my point.

**Dr Parkinson**—But then you are bringing in a different objective. Then your objective is not how much emissions are; it is actually to get a particular technological breakthrough. You can do that in lots of different ways.

**Senator MILNE**—It is both. It is to reduce emissions and transform the economy at the same time.

**Dr Parkinson**—But if you want to achieve a least cost emissions abatement then you will get it in the way we have talked about. That will throw up the least cost technological solutions.

**Senator MILNE**—Which might be to keep on burning coal if the price is low enough.

**Dr Parkinson**—If you are burning coal and the price is low enough, then what you have done is abated somewhere else in the economy because the total amount of emissions has to be lower.

**Senator MILNE**—Anyway, you know where I am coming from.

**Senator ABETZ**—Senator Wong, can I take you back to the release of the exposure draft legislation that I asked about. In response to my question: ‘Would it be released by 8 March?’ you said that I was asking the question another way. Allow me to ask the question another way. Will you be living up to your timetable, as announced in table 16.2 in the Carbon Pollution Reduction Scheme?

**Senator Wong**—The end of February was what was in the white paper.

**Senator ABETZ**—That is right. Will you be living up to that?

**Senator Wong**—We will certainly be close to it.

**Senator ABETZ**—Will you be meeting it or not?

**Senator Wong**—I think I have answered that.

**Senator ABETZ**—No, you have not. It is a self-imposed timetable.

**Senator Wong**—We will be close to it, and—

**Senator ABETZ**—You must know—

**Senator Wong**—Senator Abetz, I have told you that we will be making an announcement about the date of the release of the exposure draft and I have told you that the exposure draft will be released shortly.

**Senator ABETZ**—Do you agree with me that late February does not include early March?

**Senator Wong**—March does come after February, Senator Abetz.

**Senator ABETZ**—Good. This is not a trick question. This is your timetable.

**Senator FORSHAW**—It might be a leap year.

**Senator ABETZ**—If it is a leap year, the 29th is still in the month of February, Senator Forshaw.

**CHAIR**—Thanks for that clarification. Senator Abetz, do you have a question?

**Senator ABETZ**—Yes. Will the government be living up to its own self-imposed timetable?

**Senator Wong**—I have answered that question.

**Senator ABETZ**—All right: I am obtuse. Is the answer yes or no?

**Senator Wong**—I have said we will be close to it. I have also said we will be releasing the legislation shortly. I will be indicating the date of that release in the near future.

**Senator ABETZ**—If you cannot even commit to something so basic it really throws into question the totality of your timetable. The release of the exposure draft is not subject to any parliamentary timetable or any Senate inquiry. It is completely within the hands of the government. If the government is not willing to abide by its own self-imposed timetable on

something like this then all those dates after that are really quite rubbery. That is the reality of it, isn't it, Minister?

**Senator Wong**—I do not think that is a question. That is a statement.

**Senator ABETZ**—Why can you not commit to your own timetable?

**Senator Wong**—I have answered this question.

**Senator ABETZ**—You have not—

**Senator Wong**—I have answered this question.

**Senator ABETZ**—but the record will disclose it.

**Senator Wong**—It might not be the answer you want, Senator, but I have answered the question.

**Senator ABETZ**—You made the timetable and now you are unable to tell us whether you are going to abide by it or not. Can I ask in relation to the article in late February's paper, Monday, 23 February—

**Senator Wong**—Would that be today?

**Senator ABETZ**—Which happens to be today. There is a commentary by Dr Dennis. Are officials aware of that?

**Senator Wong**—A commentary?

**Senator ABETZ**—Yes. There are some comments to the effect that, basically, if you have domestic mitigation programs all that does is free up more permits for industry and therefore you will not in fact get a reduction in the amount of greenhouse gases. Is that a view shared by the department?

**Dr Parkinson**—You will get the reduction in greenhouse gases that are consistent with the target. What voluntary action does in those circumstances is lower the cost of achieving any particular target and it takes you back into the realm in which you can then be more ambitious in future targets if you so wish.

**Senator ABETZ**—That is into the never-never.

**Senator Wong**—No, it is not, because it is capped each year.

**Senator ABETZ**—If you wish, in the current—

**Senator Wong**—No—you cannot get away with this, Senator Abetz. You cannot simply make assertions which are incorrect and then move on and not have people respond to them. It is not the never-never; the scheme itself enables a reduction every year for the first time in Australia's history. Amongst the measures the government can take into account when setting those caps is the extent of low-cost abatement, including energy efficiency measures.

**Senator ABETZ**—The government can—

**Senator Wong**—Yes—because it is an economy-wide cap.

**Senator ABETZ**—The government can but does not, as of necessity, have to. I think that is the point that Dr Denniss was seeking to make. I am not advocating for or on behalf of his position; I just want to know what the government's response to this articulated position is.

**Dr Parkinson**—Just to be clear then, Senator, if you are endorsing Dr Denniss's position—

**Senator ABETZ**—Can I just confirm exactly what I said. I am not arguing for or against. I made that perfectly clear. I am not arguing for anybody's position. I want to know what the answer is to Dr Denniss's assertions. We have a great amount of defensiveness in relation to questions that are being asked.

**Senator Wong**—No—the reaction was to some of the gratuitous commentary from you, Senator Abetz. That was the reaction. If you are going to engage in it you will get the response.

**Senator ABETZ**—Thank you for stepping into Dr Parkinson's mind.

**Senator Wong**—No—I reacted and I think I know why.

**Senator ABETZ**—We have moved on from you. We are now with Dr Parkinson. I just corrected him to say that I am not arguing for Dr Denniss's position, as Dr Parkinson was suggesting. All I want to know is: what is the response? Is it right, wrong or indifferent?

**CHAIR**—Can we allow Dr Parkinson to respond?

**Senator Wong**—The response is this: energy efficiency—

**Senator ABETZ**—If the minister did not intervene, we would, Chair—I agree with you.

**Dr Parkinson**—Senator, I think the minister and I would be saying the same thing, so I am more than happy to defer to her.

**Senator Wong**—Energy efficiency measures do two things, Senator Abetz. The first is that they save Australian households money, because they can reduce their energy costs, and I would have thought that would be something we could broadly agree is a good thing.

**Senator ABETZ**—That is not the issue, Chair. We are just winding down the clock.

**CHAIR**—You have put a question to—

**Senator ABETZ**—No, we are winding down the clock.

**CHAIR**—Sorry, Senator Abetz, you have put the question. There was interruption to Dr Parkinson. He has now deferred to the Minister. Will you allow her to answer the question so we can move on?

**Senator ABETZ**—We are winding down the clock on an irrelevant aspect.

**CHAIR**—I cannot direct a witness on how to respond to your question. You have put the question. Please allow the witness to respond.

**Senator ABETZ**—They have to be relevant, Chair.

**Senator Wong**—Household action enables the government to both meet and set ambitious targets, so it does contribute. So it is incorrect to say it is simply disregarded, Senator.

**Senator ABETZ**—Right. Dr Denniss says:

... the fact is once emissions trading comes in, every tonne of emissions saved by households simply frees up an extra permit that will allow big polluters to increase their emissions.

**Senator Wong**—What that statement fails to recognise is that each year a new cap is in place which reduces the amount of emissions.



**Senator ABETZ**—Could I ask, rather than winding down the clock: would the department please take on notice the article that appeared on page four of today's *Australian*. I am not advocating one way or the other; I just want to know whether a person who seems to have some eminence in this field is correct. And, if he is not, I would like to know. If you could go through the assertions in that article and respond to them on notice, I would be much obliged.

**Senator Wong**—I assume therefore, Senator, the Australia Institute's views on Work Choices would be views that you also think have eminence.

**Senator ABETZ**—I think I am the one asking the questions, Minister. You always fall into this habit of opposition, and I wish you well in that. Can I move on and ask: does the ETS make no distinction between commercial operations and those that are in fact research and development projects of a commercial scale? That is an assertion made by a Dr Tarr, the CEO of ZeroGen. Once again, I am not advocating; I am trying to find out information. Do you agree with that assertion? If so, why; if not, why?

**Mr Comley**—The scheme is based on an emissions threshold, so, provided that you are above the emissions threshold, the reason you are producing a particular set of emissions does not feature in whether you have a permit liability in the ETS.

**Senator ABETZ**—In other words, if you are solely into research and development and you are above the threshold, that will be potentially a significant cost on that research and development strategy.

**Mr Comley**—Whether it is significant depends on the particular circumstances, but the reason you are in the system is that you contribute emissions to the atmosphere, like any other activity, and, to ensure that the cap is met, they are all included under the ETS.

**Senator ABETZ**—So, when Dr Tarr states that the clear message was given that there will be no opportunity to alter the white paper to incorporate free permits or grants for first-of-a-kind technology, you are basically confirming that that is the case. Is that right?

**Senator Wong**—The policy in the white paper is there for all to see, Senator. I think what is at issue here—and I would prefer to talk in the abstract rather than about particular companies—is the way in which various aspects of industry might wish assistance to be delivered. We do have half a billion dollars that Minister Ferguson administers. I think it is called the Clean Coal Fund or low-emission coal fund. The point is that there is a significant amount of assistance that is available for those sectors of industry seeking to develop carbon capture and storage or low-emission coal technologies. In addition, as you know, the Prime Minister has advocated for and had very good responses internationally to Australia's Global Carbon Capture and Storage Initiative, including an institute. So we are very aware of the importance of government or public contribution to the development of this technology. The question is: is that best achieved through provision of free permits or some exemption from the scheme or through other mechanisms which already exist?

**Senator ABETZ**—What you are suggesting, then, is that, if you have an R&D project with first-of-a kind technology, as Dr Tarr is talking about, rather than being given an exemption, there is the possibility of being—if I can use the word—compensated through a different mechanism.

**Senator Wong**—There are assistance mechanisms for that type of technology, for those sorts of—

**Senator ABETZ**—That is clean coal, but what about others?

**Senator Wong**—We have a Renewable Energy Fund as well. But remember that this works in tandem, as Mr Comley reminded us, with a 25,000-tonne threshold. You do not trip that and therefore enter into scheme liabilities unless you are emitting a substantial amount.

**Dr Parkinson**—Senator, could I just make—

**Senator ABETZ**—Yes, but the chances are that clean coal would, if you are trying to get it onto a commercial scale.

**Senator Wong**—If you are operating a facility where you are sequestering the carbon, under the scheme, the sequestered carbon is not emitted for the purposes of your liability, so you have a commercial advantage already.

**Senator ABETZ**—Yes, but that is if it works.

**Senator Wong**—Correct.

**Senator ABETZ**—Whereas, if somebody does a trial on a first kind—and trials are sometimes bound to fail—but in those circumstances, although they are doing very good work in trying to get an outcome that would see a reduction in greenhouse gases, for whatever reason their attempt fails, they would be caught under the scheme.

**Dr Parkinson**—It is a policy decision whether or not you wish to support any particular—

**Senator ABETZ**—I understand that.

**Dr Parkinson**—if I could just finish—approach, and in what form you might want to provide that support. But the idea that, if you are a low emitter you have gained a competitive advantage over the high emitter, should not be lost. If you take the next step and say, ‘Let’s start to use the scheme to direct support here or there’, then you are actually running into the classic problem in public policy, which all governments have to deal with, and that is trying to hit too many objectives with the one instrument—and you end up achieving nothing.

**Senator ABETZ**—But the public policy decision, ultimately, is for the government. All I would do is flag that as an issue for further consideration. Can I move on to the New South Wales Greenhouse Gas Reduction Scheme and ask whether the government has any intention of introducing a transition period for those companies currently part of that scheme.

**Mr Comley**—Obviously, the New South Wales Greenhouse Gas Reduction Scheme is a New South Wales scheme, and the—

**Senator ABETZ**—With great respect, time is very short. I know that the New South Wales scheme is a New South Wales scheme. Can we please concentrate. I only have about another 20 minutes left.

**CHAIR**—Senator Abetz, can I remind you that we cannot direct the witnesses on how to respond. Allow the officer to respond and then you can follow up with a question, but you have to allow them to give their explanation.

**Senator ABETZ**—Yes, but there is an old trick of winding down the clock.

**CHAIR**—Mr Comley, you have the call.

**Mr Comley**—As was made clear in the white paper, the Commonwealth government is currently in discussions with the New South Wales government about appropriate transitional arrangements from the GGAS. Those conversations are ongoing, and I do not think it would be appropriate to comment further at this point.

**Senator ABETZ**—Thanks for that.

**Senator Wong**—Ultimately, Senator, it is a New South Wales scheme.

**Senator ABETZ**—Yes, I know that, but there will be consequences for those companies and industries that are locked into forward contracts under the New South Wales scheme if that is then somehow going to be gazumped by the federal scheme. It is great to know that that has been recognised, and Mr Comley tells us discussions are taking place—and, on that basis, I wish you well in those discussions and hope that it can be resolved.

**CHAIR**—Is there a question here?

**Senator Wong**—This was outlined in the white paper, Senator.

**Senator ABETZ**—I am responding to the minister's assertion that it is a New South Wales scheme. We all know that, but the federal government scheme is going to supersede it. It makes good sense that the government is in discussions about that, and that is what we have just had confirmed.

Can I ask in relation to our international negotiations whether the government has a specific trigger that will be used to determine whether the reduction target will be raised to 15 per cent by 2020.

**Senator Wong**—We have not identified, other than in broad terms, how the government will make that judgment.

**Senator ABETZ**—Has that been enunciated?

**Senator Wong**—Yes, it was in the white paper.

**Senator ABETZ**—So at this stage we do not have an assessment that all countries need to sign up, or which countries need to sign up.

**Senator Wong**—I will just get you the words.

**Dr Parkinson**—The words say 'major emitters to take action'. That means developed countries taking on broadly comparable carbon constraints and developing countries restraining their emissions—that is, restraining growth.

**Senator ABETZ**—So we are still pursuing this view that China, India and the US are going to do their bit.

**Senator Wong**—The text says:

... substantially restrain emissions, and advanced economies take on reductions comparable to Australia.

This is consistent with the convention to which Australia is a party that there will be different commitments taken on by different nations. So you would envisage one certain set of

commitments for developed nations and a different set of commitments for developing nations. The government's indication is consistent with that.

**Senator MILNE**—Isn't the 15 per cent you have put on the table as an absolute compromising the capacity of the developed countries to move on if you say that you will not go beyond 15 per cent, when everybody else is talking about a 25 to 40 per cent negotiating range?

**Senator Wong**—No.

**Senator MILNE**—Why not?

**Senator Wong**—Firstly, who else in the developed world, do you say, has put on the table a target in the terms you have outlined? The US has not put such a target on the table. Canada has not put such a target on the table. Japan has not put such a target on the table. New Zealand has not put such a target on the table. Even the EU has not put 40 per cent on the table. I think it is unfair—

**Senator MILNE**—No—

**Senator Wong**—No, Senator, you asked the question.

**Senator MILNE**—And you are verballing that: 25 to 40—

**Senator Wong**—I had not finished my answer. It is unreasonable for you to continue to put to us that all the world has signed up to 25 to 40 per cent when it is simply not true.

**Senator MILNE**—In Bali, was it Australia's position to refuse to allow the 25 to 40 per cent negotiating range to be included in the text and, instead, wanted it as a footnote?

**Senator Wong**—Is this Bali or Poznan?

**Senator MILNE**—I am going back to Bali where the 25 to 40 per cent target was on the table. Did Australia support that as a negotiating range or did we join several other recalcitrants in insisting it go in as a footnote?

**Senator Wong**—It would take quite a long time to discuss all that occurred in the negotiations in Bali. I made publicly clear at that meeting that we were not in a position to agree a 2020 target.

**Senator MILNE**—Why did you not tell the world what your target was in Poznan?

**Senator Wong**—Because the target was released with the white paper that the Prime Minister announced on, I think, 19 December.

**Senator MILNE**—But you knew before you went what the target was; how do you think the rest of the world thought about that?

**Senator Wong**—We as a developed nation have been prepared to put a target on the table. At this stage, the European Union has been prepared to do so, but other developed nations have not. As I said, we do not see these sorts of commitments from the USA as yet—we look forward to the new administration doing this. We do not see these commitments as yet from Japan, New Zealand, Russia and Canada.

**Senator ABETZ**—Is the department already fully staffed in preparation for the introduction of the ETS in 2010 or do we envisage employing more staff over the coming year and a half? If so, how many? You can take that on notice.

**Dr Parkinson**—I am happy to take that on notice. I will give you the details then. In short, we are still in the process of building up a regulator which will be spun out from the department.

**Senator ABETZ**—Could you indicate, on notice, the number of jobs. Minister, you were reported in recent times as saying that 11 of the hottest years in history have been in the last 12. Is that a statement that you stand by?

**Senator Wong**—That statement has since been updated because we have had another year. So, from memory, it is 12 of the last 13 years. I think this is using the UK Met figures. Mr Carruthers will find something for me on that.

**Mr Carruthers**—That is correct.

**Senator ABETZ**—But you agree you said that at the time?

**Senator Wong**—Yes, I have said that quite a lot.

**Senator ABETZ**—In answer to a question, I think to JSCOT, we were told that, in Australia, eight out of the 10 hottest years on record have occurred in the last 20 years.

**Senator Wong**—I cannot speak for the evidence that was given to JSCOT. If that was from this department, we could take that on notice.

**Senator ABETZ**—If you can take it on notice and just explain the apparent difference? I will not make the assertion that it is a difference—it may well be explainable.

**Mr Carruthers**—One statement is global and the other is Australian.

**Senator ABETZ**—So the minister's statement referred to global. Is that right?

**Senator Wong**—When I have used those figures, I understood I was referring to international figures.

**Senator ABETZ**—So yours was global?

**Senator Wong**—I am just checking with Mr Carruthers. I think they are UK Met figures. Is that right?

**Mr Carruthers**—That is right.

**Senator ABETZ**—Look, time is running very short. If you could take on notice to explain the difference for us that would be very helpful.

**Senator Wong**—The information I have now is that 13 of the 14 warmest years on record occurred between 1995 and 2008 and the reference is the Climatic Research Unit, University of East Anglia and the Met Office Hadley Centre UK.

**Senator ABETZ**—Can I ask this again—because I did ask on notice: it has been suggested by a number of people that there has been no increase in global average temperature since 1998. Does the department agree with that or not?

**Dr Parkinson**—I will happily take that. The department has answered that question before. It is misleading to argue, as has been suggested, that the earth has cooled since 1998. At annual and decadal scales the temperature is rising. You asked that question last time. I cited the answers that have been given to JSCOT where we explained why that 1998 figure was so misleading.

**Senator Wong**—Senator, I find it extraordinary that the opposition continues to question the science of climate change.

**Senator ABETZ**—Chair, this is winding down the clock again. This is not an answer. Chair, are you awake?

**Senator Wong**—Every estimates the opposition continues to question the science.

**Senator ABETZ**—Chair, can you stop the minister?

**CHAIR**—You have put a question—

**Senator ABETZ**—This is a waste of time.

**Senator FORSHAW**—Chair, I raise a point of order. I think that comment is a reflection on the chair that you should withdraw, Senator Abetz.

**Senator ABETZ**—I am more than happy to withdraw it, just as long as the minister is stopped.

**Senator FORSHAW**—If you want to call the chair you should call a point of order.

**Senator ABETZ**—I did call the chair and I was ignored.

**Senator FORSHAW**—No you did not; you just started shouting. You did not ask for a point of order.

**CHAIR**—Senator Abetz, I remind you again: you put a question to a witness and they are responding. If the minister then wants to add something, I cannot rule her out of order for doing that.

**Senator ABETZ**—You can if it is irrelevant—

**CHAIR**—You had not even let her complete—

**Senator ABETZ**—and especially if it is political.

**CHAIR**—Then you should have taken a point of order because I did not consider it out of order. Minister, do you have anything further to add.

**Senator Wong**—We can come along, Senator Abetz, to every estimates hearing and tell you again why the science shows that human activity has contributed to climate change. But it seems that coalition senators do not wish to look at the facts and continue to wish to argue the case. We even had your leader, Senator Minchin, today saying carbon dioxide is good for plants. This is the level of climate change scepticism—

**Senator ABETZ**—Point of order, Chair. This is just gratuitous political diatribe that does not answer the question.

**Senator Wong**—Senator Abetz, how many estimates hearings do you want us to come along to and provide you with the science, which is clear, and which was, frankly, clear when you were in government?

**Senator ABETZ**—What I asked was this: some people are saying that there has been no increase in average global temperature.

**Senator Wong**—Who are some people?

**Senator ABETZ**—It is well and truly known in the literature but, once again, Senator Wong, if you want to play the opposition role we are more than happy to switch but until such time as you are I suggest that you desist with questioning and winding down the clock. Dr Parkinson's answer to me said that there is no suggestion that global temperature is falling. The information I was given was not suggesting that it was; it was that there had been no increase. Going through the 26 pages of answers given to JSCOT I am still not sure whether that specific question was answered. It was like my question about Dr Denniss's assertions. I am not advocating one way or the other; I just want to get some answers to the questions that have been put to us through the public discourse. But if we are not going to get an answer, allow me to get back to the advertising.

**Senator Wong**—What is the question?

**Senator ABETZ**—We are not going to get an answer, that is why—

**Senator Wong**—You are asserting you will not get an answer; what is the question?

**Senator ABETZ**—The one that I put on notice. I got 26 pages of absolute guff that did not answer the question.

**Senator Wong**—The science?

**Senator ABETZ**—That is why—

**Senator Wong**—What you are referring to as 'guff'—

**Senator ABETZ**—I get somewhat agitated. If you are so sure about the science, Minister, you would be giving me the exact, direct reference without—

**Senator Wong**—You do not believe the science, do you?

**Senator ABETZ**—trying to swamp me in 26 pages of absolute nonsense.

**Senator Wong**—Senator, you do not believe the science, do you?

**Senator ABETZ**—I beg your pardon?

**Senator Wong**—You do not believe the science.

**Senator ABETZ**—Stop asking the questions. If you want a role reversal, I am more than happy to—

**Senator Wong**—The point is you describe what the department provides—

**Senator ABETZ**—A point of order—

**Senator Wong**—I am responding to that. You describe the department's answer as 'guff'.

**Senator ABETZ**—Twenty-six pages of it.

**Senator Wong**—If I could finish—you made the assertion. You ask a question about climate change science. We provide you with some 26 pages—

**Senator ABETZ**—Irrelevant material.

**Senator Wong**—demonstrating the science which confirms the reality of climate change, and you refer to it as ‘guff’. And you wonder why I make an assertion that there are those on your side of politics who simply do not believe that climate change is real.

**Senator ABETZ**—There are a whole lot of questions and answers in this that are completely unrelated to the question I asked. Look, let me move on, because time is very short. How much advertising money has been spent since 31 October 2008? I was given an update on notice and we were given figures up to 31 October. I would invite you to take on notice again how much has been spent since 31 October, and could you please then provide a cumulative total. Is the call centre up and running yet?

**Mr Parkinson**—What call centre are you talking about?

**Senator ABETZ**—I would have thought the climate change call centre that you refer to in an answer to me.

**Dr Parkinson**—Yes, that is the one around the white paper and answering questions relating to that. That has been running.

**Senator ABETZ**—That is up and running? Interesting. How much has been spent on that to date? Last time, on 31 October, \$83,000 had been spent.

**Dr Parkinson**—We will take that on notice.

**Senator ABETZ**—If someone were to have rung that number and been referred to the department of environment, that would not be correct?

**Ms Thompson**—I am advised that costs incurred as of 21 January 2009 for the call centre were \$83,000.

**Senator ABETZ**—The call centre is up and running as of when?

**Ms Thompson**—We would need to take on notice the date when the call centre commenced operations.

**Senator ABETZ**—Because I was told that the money spent on the call centre—costs, GST exclusive, incurred as at 31 October 2008—were as follows: call centre, \$83,000. So between 31 October 2008 and a date in January 2009, there have been no costs incurred by this active call centre.

**Senator Wong**—I wonder if we could perhaps take the question on notice, because I want to ensure that we provide you with the correct answer. You are reading off one of the written responses?

**Senator ABETZ**—I am indeed: written question reference CC9 of October 2008.

**Dr Parkinson**—Can I just correct what I said earlier, Senator. Costs incurred as at 21 January totalled—this is around the advertising—\$8.8 million, which I think is slightly different to what we had told you previously.

**Senator ABETZ**—If you could take all that—



**Dr Parkinson**—I am happy to take it on notice, but the call centre—

**Senator ABETZ**—I have a few minutes left, I am sorry.

**Senator Wong**—Dr Parkinson is answering—

**Senator ABETZ**—But I did not ask about advertising; I asked about the call centre.

**Senator Wong**—Yes, you did. You asked previously about advertising and you are getting an answer.

**Senator ABETZ**—And I asked you to take that on notice and I then specifically asked about the call centre. We have since discovered that from 31 October 2008 till 21 January 2009 the figure is still \$83,000 despite the call centre being up and running.

**Dr Parkinson**—The call centre contract ended on 30 November. You asked if the call centre was up and running after the time of the previous answer. There was \$83,000 spent on that contract that expired on 30 November 2008.

**Senator ABETZ**—So that money was incurred upfront. So how long did this call centre operate for?

**Dr Parkinson**—I do not have the figures at my fingertips. I am happy—

**Senator ABETZ**—I would have thought climate change might be an ongoing issue for a call centre. So we do not have any employees in it anymore? So it has been shut down? So it is no longer operational?

**Dr Parkinson**—We never had any employees in it. It was a contractual call centre.

**Senator ABETZ**—So if it closed on—when?

**Dr Parkinson**—The contract expired on 31 October.

**Senator ABETZ**—Why did we get a figure as to 21 January 2009 if it was no longer operational?

**Dr Parkinson**—It is the same figure.

**Senator ABETZ**—Sorry?

**Dr Parkinson**—It was the same figure.

**Senator ABETZ**—This is all on a \$83,000 contract, and we cannot get the detail.

**Senator Wong**—I have got the answer to the question on notice in front of me. This is as to the costs as at 31 October. We went through it. You are asking about additional costs in each of those categories since that date.

**Senator ABETZ**—Sorry?

**Senator Wong**—I now have the answer to the question on notice that you are referring to.

**Senator ABETZ**—Yes, thank you.

**Senator Wong**—There is the paragraph that says ‘costs’.

**Senator ABETZ**—Yes, the last dot point.

**Senator Wong**—And you are asking for any additional costs beyond 31 October 2008?

**Senator ABETZ**—Yes.

**Senator Wong**—For each of those categories?

**Senator ABETZ**—That is right, on notice.

**Senator Wong**—We can take that on notice. So that we are clear: for the five categories there you want costs over and above as in beyond 31 October 2008?

**Senator ABETZ**—That is right.

**Senator Wong**—Thank you.

**Senator ABETZ**—Together within the breakdown of costs which was kindly provided underneath in that second large paragraph.

**Senator Wong**—If any additional?

**Senator ABETZ**—Yes. But if I may revert back to the call centre, we were told that it was incurred as at 31 October. It then ran for another month without incurring any extra costs. Was the totality of the contract \$83,000?

**Dr Parkinson**—That is right.

**Senator ABETZ**—So where did this date of 21 January emerge from?

**Senator Wong**—I think you put that in.

**Senator ABETZ**—Well—

**Senator Wong**—Ms Thompson.

**Senator ABETZ**—Sorry; I think Ms Thompson volunteered that date.

**Ms Thompson**—That is the advice of the date on which the figure I had was assessed at.

**Senator ABETZ**—Right. And of course that is the figure that was applicable on 31 October—

**Senator Wong**—which would be explicable by Dr Parkinson's evidence about it being a contract matter, Senator .

**Senator ABETZ**—and on 30 November and is still correct on 23 February 2009?

**Ms Thompson**—Indeed.

**Senator ABETZ**—Thank you for that. Do we know how many calls were made to this call centre?

**Dr Parkinson**—We can find out for you.

**Senator ABETZ**—Thank you. Would you also tell us the dates between which it was actually operational? Was it always intended to only operate it until 30 November?

**Dr Parkinson**—We will provide you with that information.

**Senator ABETZ**—Was the contract terminated earlier than anticipated?

**Dr Parkinson**—We will provide you with that information.

**Senator ABETZ**—I would have thought you would know that, with great respect, Dr Parkinson. Were there any difficulties occasioned with the contract that warranted its earlier than otherwise planned termination?

**Senator Wong**—The secretary has taken these details on notice.

**Senator ABETZ**—As he is entitled to.

**Senator Wong**—He is entitled to do that without the gratuitous ‘I would have thought you would have known better’. We could probably have said that in relation to some of your questions where clearly you had not read the white paper.

**Senator ABETZ**—Are you finished?

**Senator Wong**—I just think a little bit of courtesy towards officials would be appropriate.

**Senator ABETZ**—Keep winding down the clock, Minister, and hopefully the chair will intervene sometime.

**Senator Wong**—I am happy to continue to answer questions.

**Senator ABETZ**—If not, we will—

**CHAIR**—Senator Abetz, you had your final question before. We have to move on.

**Senator ABETZ**—Thank you very much for getting me all that information on notice.

[10.45 pm]

#### **Office of the Renewable Energy Regulator**

**Senator RYAN**—My questions relate to the new solar rebate scheme.

**Senator Wong**—Just to make sure we have the right people, are you asking about Solar Credits, which is an aspect of the renewable energy legislation that was released?

**Senator RYAN**—I was actually going to ask for an explanation of how it operates in terms of being the replacement of the previous solar rebate scheme and about the value of the renewable energy certificates and how they relate to the replacement program. If this is not the right place to ask, I am happy to go elsewhere.

**Senator Wong**—We are happy to answer questions about the renewable energy target and the multiplier, which we have termed Solar Credits, and how we have given an approximation of what the value of those would be given the current REC price. In terms of the existing scheme, the name of which always escapes me—the Solar Homes and Communities Plan—that is in Minister Garrett’s portfolio, and I will be at the table tomorrow dealing with that.

**Senator RYAN**—I will hold my questions over till tomorrow then.

**Senator Wong**—But I think we can help you on Solar Credits.

**Senator RYAN**—No, I think my questions actually relate to the latter one.

**Senator Wong**—So not the renewable energy legislation.

**Senator RYAN**—They relate to what you described as being in Minister Garrett’s portfolio.

**Senator Wong**—Do you want us to let you know how Solar Credits works really quickly?

**Senator RYAN**—Yes, sure.

**Ms Thompson**—The renewable energy target exposure legislation that the government released in December last year actually proposed a new arrangement to provide support to small scale renewable energy systems, including solar PV. How the scheme actually works is that, under the existing mandatory renewable energy target, people who installed things like rooftop PV receive support by receiving the equivalent of a renewable energy target. At the moment, under the renewable energy target, that arrangement is one REC per megawatt hour of renewable energy generated. The Solar Credits arrangement actually creates a multiplier effect. So for the first years of the scheme the multiplier is set at five, but that support decreases over time until, by 2015, the one for one multiplier effect is returned. One of the advantages of this approach is, of course, that it provides installers of rooftop PV and other small systems with legislative certainty in terms of the support that they will receive over time.

**Senator RYAN**—That was helpful. It just confirms that I was asking in the wrong place initially.

**CHAIR**—Are there any further questions in this area? If not, thank you and good evening.

**Committee adjourned at 10.49 pm**