



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

STANDING COMMITTEE ON FINANCE AND PUBLIC
ADMINISTRATION

ESTIMATES

(Supplementary Budget Estimates)

TUESDAY, 31 OCTOBER 2006

CANBERRA

BY AUTHORITY OF THE SENATE

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SENATE

STANDING COMMITTEE ON FINANCE AND PUBLIC ADMINISTRATION

Tuesday, 31 October 2006

Members: Senator Mason (*Chair*), Senator Forshaw (*Deputy Chair*), Senators Carol Brown, Fierravanti-Wells, Fifield, Moore, Murray and Watson

Senators in attendance: Senators Bernardi, Bob Brown, Colbeck, Carol Brown, Chris Evans, Faulkner, Fierravanti-Wells, Fifield, Joyce, Kemp, McGauran, Minchin, Moore, Nash, Parry, Robert Ray, Sherry, Siewert, Sterle, Watson, Webber and Wong

Committee met at 9.01 am

FINANCE AND ADMINISTRATION PORTFOLIO

Consideration resumed from 30 October 2006.

In Attendance

Senator Minchin, Minister for Finance and Administration

Senator Colbeck, Parliamentary Secretary to the Minister for Finance and Administration

Senator Kemp, Minister for the Arts and Sport

Department of Finance and Administration

Executive

Dr Ian Watt, Secretary

Mr Philip Methven, Executive Officer

General

Mr Jonathan Hutson, General Manager, Corporate Group

Mr Ian McAuley, Branch Manager, Parliamentary and Corporate Support

Mr Michael Hirschfeld, Branch Manager, Strategic Partnerships

Ms Philippa Crome, Branch Manager, Human Resources Services Branch

Mr Geoff Hill, Director, Portfolio Coordination Unit

Mr Glenn Black, Senate Estimates Coordinator

Ms Helen Roden, Senate Estimates Coordinator

Mr Dominic Staun, General Manager, Financial and e-Solutions Group

Ms Samantha Dickinson, FeSG Point Person

Mr Stephen Taylor, Branch Manager, Legal and Contracts Branch

Outcome 1

Mr Phil Bowen, General Manager, Budget Group

Mr Lembit Suur, Division Manager, Industry, Education and Infrastructure Division

Mr John Ignatius, Division Manager, Budget Policy and Coordination Division

Mr Peter Saunders, Division Manager, Government and Defence Division

Ms Jackie Wilson, Division Manager, Social Welfare Division

Ms Donna Phillips, Branch Manager, Budget Coordination Branch

Mr Tim Pyne, Branch Manager, Budget Analysis Branch

Mr Joe Roach, Branch Manager, Defence Capability Branch, Government and Defence Division

Ms Meredith de Mamiel, Budget Group Point Person
Ms Kathryn Campbell, General Manager, Financial Management Group
Ms Anne Hazell, Division Manager, Financial Reporting and Cash Management Division
Mr Brett Kaufmann, Branch Manager, Financial Reporting Branch
Mr Michael Culhane, Acting Division Manager, Superannuation Division
Mr Alan Greenslade, Branch Manager, Future Fund Branch
Mr George Sotiropoulos, Branch Manager, Superannuation Policy Branch
Ms Sandra Wilson, Branch Manager, Superannuation Branch
Mr Martin Cashel, Branch Manager, Superannuation Financial Branch
Dr Tom Ioannou, Governance Structures Branch
Mr Colin Plowman, Director of the Office of Evaluation and Audit
Mr Patrick Batho, Team Leader, Office of Evaluation and Audit
Mr Mike Loudon, Division Manager, Financial and Budget Framework Division
Mr Neil Robertson, Branch Manager, Simplification of the Financial Framework Project
Mr Marc Mowbray-d' Arbela, Branch Manager, Legislative Review Branch
Ms Trixie Makay, Special Adviser, Change Management, Budget Group
John Grant, Division Manager, Procurement Division
Ms Bronwyn Gould, Financial Management Group Point Person

Outcome 2

Mr David Yarra, Acting General Manager, Asset Management Group
Mr Robert Butterworth, Division Manager, Shareholder and Asset Sales Division
Mr Rick Scott-Murphy, Division Manager, Property and Construction Division
Dr Guy Verney, Branch Manager, Special Claims and Land Policy Branch
Mr Robin Renwick, Branch Manager, Asset Sales Branch
Mr Geoff Anderson, Branch Manager, Major Projects Branch, Immigration
Mr Robert Lenon, AMG Point Person
Mr Simon Lewis, General Manager, T3 Sale Taskforce
Mr Robert Higgins, Branch Manager, Company Issues and Project Management, T3 Sale Taskforce

Outcome 3

Ms Jan Mason, General Manager, Ministerial and Parliamentary Services
Ms Kim Clarke, Branch Manager, Entitlements Policy
Ms Carolyn Hughes, Branch Manager, Client Services
Mr Ken Sweeney, National Manager, COMCAR
Mr Greg Miles, Branch Manager, Entitlements Management
Mr Greg Smith, M and PS Point Person

Outcome 4

Ms Ann Steward, General Manager, Australian Government Information Management Office
Mr Patrick Callioni, Division Manager, Australian Government Information Management Office
Mr Brian Stewart, Branch Manager, Strategic Directions
Mr Trevor Smallwood, Branch Manager, Capability Building Projects Branch
Mr Michael Dupe, Investments and Enabling Projects Branch
Mr John Lalor, Branch Manager, Service Delivery Operations Branch

Australian Electoral Commission

Mr Ian Campbell, Electoral Commissioner
Mr Paul Dacey, Deputy Electoral Commissioner
Ms Barbara Davis, First Assistant Commissioner Business Support

Mr Tim Pickering, First Assistant Commissioner, Electoral Operations
Mr David Farrell, Australian Electoral Officer for New South Wales
Ms Gail Urbanski, Assistant Commissioner, Communications and Information Strategy
Mr Kevin Bodel, Director, Funding and Disclosure
Ms Paula Anderson, AEC Point Person

ComSuper

Mr Leo Bator, Chief Executive Officer
Ms Cindy Briscoe, Deputy Chief Executive Officer
Ms Michelle Crosby, Chief Finance Officer

Australian Reward Investment Alliance

Mr Steve Gibbs, Chief Executive Officer
Mr Peter Carrigy-Ryan, Chief Operating Officer

Commonwealth Grants Commission

Mr John Spasojevic, Secretary
Mr Malcolm Nicholas, Assistant Secretary
Mr Philip Parkins, Director, Corporate Services

Future Fund

Mr David Murray, Chairman, Future Fund Management Agency
Mr Rob Barnes, Future Fund Management Agency

Department of Human Services**Output 1: Core Department**

Ms Patricia Scott, Secretary
Mr Geoff Leeper, Deputy Secretary
Ms Kerri Hartland, Deputy Secretary, Office of Access Card
Mr Chris Dainer, First Assistant Secretary, Financial Analysis and Corporate
Mr Alex Dolan, First Assistant Secretary, Service Delivery Operations
Mr Jeff Popple, First Assistant Secretary, Policy and Strategy
Ms Marie Johnson, First Assistant Secretary, Office of Access Card Chief Technology Architect
Mr Nico Padovan, Acting First Assistant Secretary, Office of Access Card Product Delivery
Mr Phil Lindenmayer, Acting Assistant Secretary, Service Delivery Strategy
Ms Barbara Grundy, Assistant Secretary, Communications
Ms Kathryn Johnson, General Counsel
Ms Jenny Thomson, Assistant Secretary, Compliance and Development
Mr Noel Dobbie, Chief Financial Officer
Ms Judith Kendrick, Acting Assistant Secretary, Corporate

Output 2: Child Support Agency

Mr Matt Miller, General Manager
Mr Michael Belcher, DGM, Finance Management CFO
Mr Patrick Hadley, DGM, Information and Communication Technology CIO
Ms Christine Hagan, DGM, Service Delivery
Ms Alison Millett, DGM, Corporate Services
Ms Samantha Palmer, DGM, External Relations
Ms Cheryl Stevenson, DGM, Service Quality and Support
Mr Trevor Sutton, DGM, Business Strategy and Innovation

Output 3: CRS Australia

Ms Margaret Carmody, General Manager

Outcome 1: Centrelink

Mr Jeff Whalan, Chief Executive Officer

Ms Carolyn Hogg, Deputy Chief Executive Officer, Customer Service Group
Ms Natalie Howson, General Manager, Customer Service Strategy
Mr Grant Tidswell, General Manager, Customer Service Delivery
Ms Aurora Andruska, Deputy Chief Executive Officer, Stakeholder Relationships
Mr Paul Conn, General Manager, Employment, Disability and Education
Mr Gary Dunn, General Manager, Families, Seniors, Rural and Community
Dr Margaret Browne, General Manager, Business Integrity
Ms Moya Drayton, National Manager, Participation and Employment Services
Ms Eija Seittenranta, Acting Chief Information Officer
Mr Tuan Dao, General Manager, Core Business IT Systems
Ms Helen Skrzeczek, Acting General Manager, Corporate IT Systems
Mr Greg Divall, General Manager, IT Planning and Refresh
Mr Brendan Sargeant, General Manager, Access Card
Ms Mandy Ritchie, Chief Financial Officer
Mr Brendan Jacomb, National Manager, Legal Services
Ms Sheryl Lewin, General Manager, People and Planning
Mr Hank Jongen, General Manager, Communication
Mr Bob McDonald, General Manager, Centrelink Audit and Risk

Outcome 1: Medicare Australia

Ms Catherine Argall, Chief Executive Officer
Ms Joanna Davidson, Deputy Chief Executive Officer
Ms Philippa Godwin, Deputy Chief Executive Officer
Ms Linda Holub, GM Program Management Division
Ms Rona Mellor, Deputy Chief Executive Officer
Ms Ellen Dunne, GM Customer Services
Mr David Trabinger, GM eBusiness and Development
Mr Colin Bridge, GM, Program Review
Mr Graham Gathercole, Information Technology Services
Mr Craig Dalzell, Chief Finance Officer
Mr Carl Murphy, Manager, Human Resources

CHAIR (Senator Fifield)—Good morning. I declare open this meeting of the Senate Standing Committee on Finance and Public Administration. The Senate has referred to the committee the particulars of proposed expenditure for 2006-07 for the parliamentary departments and for the portfolios of Prime Minister and Cabinet and Finance and Administration, including the Department of Human Services and related agencies. The committee may also examine the annual reports of the departments and agencies appearing before it. The committee held hearings on 22, 23, 24 and 25 May 2006 and reported to the Senate on 20 June 2006. The hearing today is supplementary to the budget estimates hearings and is to consider matters relating to the written answers or additional information or otherwise relating to the proposed budget expenditure referred to the committee. The committee has fixed 15 December 2006 as the date for the return of answers to questions taken on notice. The committee's proceedings today will begin with its examination of the Finance and Administration portfolio, followed by the Department of Human Services and related agencies. I propose to proceed by opening with the Australian Electoral Commission and then calling on the departments and agencies listed on the agenda.

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 a contempt to give false or misleading evidence to a committee.

The Senate, by resolution in 1999, endorsed the following test of 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 purposes 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 a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise.

The Senate has resolved also 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 ground 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 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.

I welcome Senator Colbeck, Parliamentary Secretary to the Minister for Finance and Administration, and officers of the Australian Electoral Commission. Senator Colbeck, do you wish to make an opening statement?

Senator Colbeck—No.

[9.05 am]

Australian Electoral Commission

CHAIR—We will proceed to general questions to the Australian Electoral Commission. I welcome the Electoral Commissioner, Mr Campbell. Senator Ray will begin the questions.

Senator ROBERT RAY—In the financial year 2005-06, staff turnover at the AEC was 13.94 per cent. Can I ask, firstly, whether that is higher than in previous years and, secondly, how does this turnover compare with any similar Public Service organisations?

Mr Campbell—I will ask Ms Davis to take us through the details.

Ms Davis—Senator, that is higher than in previous years. I am not in a position to tell you exactly what the turnover percentage has been in previous years, but it has been running at low percentages, around two to five per cent. What we are attributing this quite significant rate of turnover to at the moment—and you mentioned similarities to other public sector agencies—is staff hitting the 54-11 mark. So we are looking at succession planning and other recruitment strategies to address this issue as we move forward.

Senator ROBERT RAY—You have had a particular problem with an age bulge, have you, at the AEC?

Mr Campbell—In the last couple of years, a significant number of our staff, particularly our divisional staff, have reached the age of 55—or, indeed, will do so in the next year or so. They are people who have been in the Public Service for anything up to 30 or 35 years. And, of course, as Ms Davis mentioned, at 55 you come to the choice factor in the Commonwealth Superannuation Scheme, the so-called 54-11.

Senator ROBERT RAY—When did you anticipate this? You must have had an age profile; you must have anticipated this over the last two or three years.

Ms Davis—That is correct. So there has been quite significant recruitment, particularly at our divisional office level, for divisional returning officers, where we have seen significant turnover both prior to the last federal election and since, towards the 2007 election. So each of our state managers has programs in place, by way of buddying programs, mentoring programs, to ensure that those divisional staff that may not have been through a federal election experience are well supported.

Senator ROBERT RAY—So you have covered-off the training for this increase of staff, just on 14 per cent this year and maybe next year?

Ms Davis—Yes, we are quite confident.

Senator ROBERT RAY—Thank you for that. I want to ask about consultants. I notice there are three consultants that you have employed: ODS Management Consulting at \$160,000; PALM Consulting Group at \$70,000; and Lindenmayer Consulting at \$40,000. Could you give me a quick summary of what those consultancies were for.

Mr Campbell—I will start with the second one, PALM, because there is a flow-through effect. After I joined the commission at the beginning of last financial year, in going through the background to a number of things you have just been discussing with Ms Davis and what was happening with our workforce, I had a review of the AEC undertaken by PALM Consulting, by one of their principals, a gentleman called Ross Smith. So that is the second one.

Senator ROBERT RAY—The former Finance officer?

Mr Campbell—Yes.

Senator ROBERT RAY—Oh, well—in good hands.

Mr Campbell—Yes. He had done some training for his organisation in the past. So we had a review and I then made some structural changes to the agency. The first consultancy was, as I said, picking up the issue that you and Ms Davis were speaking about. Bearing in mind that we do have a number of divisional returning officers for whom next election will be their first or who have only done one or two with us, I decided that the time was right to have a leadership and management program for all our divisional returning officers, and ODS Management Consulting are helping us to facilitate that. So, in effect, it is a program for our divisional returning officers.

The third consultancy has been discussed at earlier estimates by Senator Faulkner and me. You might recall that last December I made public the unfortunate fact that we received 301 postal votes in a division in Queensland that were never put into the count. Apart from the process that I went through with the political parties at that time, I had an investigation under the Public Service Code of Conduct into what actually happened. That was the Lindenmayer consultancy.

Senator ROBERT RAY—I see. In the last 16 months, where has the AEC been involved in assisting in the running of elections overseas?

Mr Dacey—As far as actually assisting with the running of elections, there have been two—Fiji and the Solomon Islands. That is actual conduct. We have been providing long-term assistance for six or seven years now to PNG. Those elections are expected in June next year. Also, at the moment one of our officers has been selected by the Secretary-General of the United Nations to be part of a team in the lead-up to the election in East Timor next year.

Senator FAULKNER—Is that providing advice as opposed to assisting in the running of elections? That is broader, isn't it?

Mr Dacey—It is providing advice. It is really a group of electoral experts that have been selected by the Secretary-General to give ongoing advice and views on different phases of the election. I was also the Vice-Chair of the International Mission for Iraqi Elections, which had a role over the 12 to 13 months of the electoral process in Iraq, providing advice and assistance.

Senator ROBERT RAY—Do we have a costing? How much have these various assistances cost? How many of them have been funded by AusAID?

Mr Dacey—All of the ones I have mentioned have been funded by AusAID. I am not sure whether we have the costs with us, but we can get those costs for you.

Senator ROBERT RAY—If you could take that on notice that would be fine.

Mr Campbell—There is just one other thing, Senator. We have one officer who is on leave without pay at the moment working in Afghanistan on electoral issues. But she is on leave without pay.

Senator ROBERT RAY—How do you go about doing a proper security evaluation to protect your staff who are involved in these elections?

Mr Dacey—We go through the normal Department of Foreign Affairs security briefings, procedures and processes. Staff on leave without pay, for example, if they are on leave without pay with the United Nations, would go through that organisation's security processes.

Senator ROBERT RAY—How much has been invested in the BRIDGE electoral administrators course?

Mr Dacey—I would have to take that on notice.

Mr Campbell—Do you have a time frame within which you want to—

Senator ROBERT RAY—Let us make it easy. Let us look at the last financial year. That might be the easiest one. I notice that you have an implementation manual. Would it be possible for the committee to have a copy of that?

Mr Dacey—Yes, it would.

Senator ROBERT RAY—Thank you. I notice that we had senior AEC officers observing elections recently in Canada, Fiji, New Zealand and Thailand. Who were these officers? What level of officer do we send to observe those elections?

Mr Campbell—In the 12 months that we are talking about—and, indeed, we have been to Gambia in the last four to six weeks—I, the deputy and all but I think two of the others have been SES officers. Two were senior EL2 officers, including our state manager in Tasmania.

Senator ROBERT RAY—When those people return, do they submit a written report on what they have observed?

Mr Campbell—It varies. If they are part of an official observing team, they will be part of the report. For example, Mr Hallett, who is no longer with us, was a member of the Commonwealth team in Fiji. Mr Daryl Wight, who is the state manager in Victoria, was in Tanzania. They formed part of the official Commonwealth observers. With regard to others, it is done more informally within the agency in terms of written notes or minutes or, indeed, sometimes even advice to the minister about what we saw. But there is not a formal reporting process in the same way as if you were part of the Commonwealth observing team.

Senator ROBERT RAY—I notice that you are doing a review of the continuous roll update. Who is doing that review?

Mr Campbell—It is being done by the AEC and it is being headed up by an officer in our roll management branch. It is being done, if you like, under the stewardship of the Electoral Council of Australia, which of course includes all of the state electoral commissioners.

Senator ROBERT RAY—So they are all consulted and involved in it?

Mr Campbell—The chair of the committee that is overseeing the working group is the ACT Electoral Commissioner, Mr Phil Green.

Senator ROBERT RAY—You have had enhanced powers, haven't you, to access state government information coming out of the last changes to the Electoral Act? How is that going? It could be an abrasive area.

Mr Campbell—I will ask Mr Pickering to take you through where we are at with those powers.

Mr Pickering—The strengthened powers of section 92 have been broadened to incorporate officers of state governments to provide information on application. We are currently utilising those powers to obtain drivers licence information in order to commence the proof of identity program for enrolment.

Senator FAULKNER—I note that on page 31 of the annual report—by the way, it is excellent pagination, very clear, whoever designed it—the tabulation there of people enrolled at 30 June by state or territory, 1999-2006, shows that for 2006, for the first time in the eight years that are recorded, there is a reduction in enrolees, which no doubt has got your attention also. Could the committee receive an explanation as to why, for the first time in this period, this has happened? It is quite unusual, I think, anyway, to have a reduction in the number of Australians enrolled.

Mr Pickering—I would be happy to, Senator. There appears to be no one single issue resulting in the lower enrolment. What we are doing by way of preliminary analysis is looking at whether or not there is a trend in the electoral cycle between federal elections, because we know that the federal election is a stimulus for enrolment and enrolments are higher in years of federal elections. Those statistics also show that, whilst there were drops in the major states, the states where we had state elections—Tasmania and South Australia—held their enrolment, but the other states dropped. We are starting to see a bit of a cycle, and the year after a federal election appears to be a quieter enrolment period than the year of a federal election. In 2005-06 there was no federal election and there was not an election in either of the larger states either.

We have a couple of issues. The first one is whether or not there is some form of trend between election cycles, and the other issue that we are looking at is whether or not our review exercises are as effective as they could be. With our preliminary analysis we are finding that mail may not be the most effective medium for getting to electors. Our letters, for example, could be improved—the way we express ourselves in our correspondence. Also, we are observing that more mail is required to be mailed out to get a similar number of responses to what we have got in the past. They are the sorts of issues that are affecting enrolment, and we have a fair bit of analysis being undertaken as we speak to look at those areas.

Senator FAULKNER—I have to say that sounds a little unconvincing to me. First of all, we know that in the figures from 1999 to 2006 there is only one year that shows a drop, which is 2006. Can you take me back to the last year when there was a drop? Obviously, in the recorded material in the annual report there has not been a drop in enrolment; and, with a growing population, you do not expect one. When was the last year there was a drop in enrolment, if there has been, prior to 1999?

Mr Campbell—I am advised—we do not have the figures here, although obviously we could get them by phone from the office very quickly—that 1996-97 was the last year.

Senator FAULKNER—You mentioned South Australia and Tasmania; I hear what you say about those two states. The way I read the table is that in every other state and territory—in other words, in six out of the eight states and territories—there has been a drop in enrolments. Is that right? The only two where there has been an increase are in fact South Australia and Tasmania.

Mr Pickering—Correct.

Senator FAULKNER—It seems to me that the pattern that has developed looks like it might be a national pattern and we ought to be looking for some national causative factors. Is that right? Six out of the eight states and territories have reduced enrolment. This is an unusual event. Something has happened. Is it a high priority for the Electoral Commission, Mr Campbell, to find out why?

Mr Campbell—Yes, Senator, it is indeed. When we saw these figures emerging towards the end of the last financial year we were obviously very concerned, even though, as we say in the report, there is a tendency for enrolment or its growth to drop away after a federal election. As you point out, for the first time for a number of years we have actually had a drop. One of the reasons that we have set up and established the CRU review that Senator Ray

asked about a minute ago was our concerns about this, and because we noted the national impact—although there may well be state effects. It is early days in going through that analysis.

I cannot give any answers, but I can give you one striking observation that really did concern us. On the day of the Queensland state election, which was 9 September, 46,000 people lodged enrolment cards at polling booths on that day. That tells us that there were 46,000 people in Queensland who thought they were on the roll but were not. They came in to vote but could not cast a vote and in effect lodged enrolment cards with us. If you add that 46,000 to the figure that is there at 30 June, you are actually back above the 2005 level—not by much; but I suppose it is about 40,000 above.

We are concerned, to answer your direct question, Senator Faulkner. We are not just playing to the thought that people will automatically come back and that it is a cycle—although there is possibly a cycle impact. As Mr Pickering said, and it is the reason that we set up the CRU review, we are also getting some strong anecdotal evidence that the effectiveness of CRU is diminishing the further we get away from the introduction of CRU. In other words, it is not diminishing in the sense that we match data but it is diminishing in the sense of the effectiveness of the letters and the letters going out to addresses. I am quite happy at a future estimates or at the next one to take you through where we are at with the review. But at this stage I share your concern and I have been sharing it for some months—since we knew about this.

Senator FAULKNER—In your review are you examining whether there may be a very significant problem here with roll maintenance, previously unidentified?

Mr Campbell—What do you mean by ‘roll maintenance previously unidentified’?

Senator FAULKNER—With maintaining the roll—the methodology that is being used; the continuous roll update and so forth.

Mr Campbell—That is what I am trying to say. That is what we are looking at. In effect, in the process of continuous roll update, step 1 is matching of data from other agencies, and you are aware of that. Then we go to the letter-writing process. We send letters out to addresses. In effect, the way that process is, if the person does not respond to the letter, the process has one inevitable conclusion: they get ejected off the roll. So are we running into a situation where we are getting caught up in antipathy or antagonism towards junk mail? Is our mail considered to be junk mail? Sometimes it is addressed to the resident, not to a name, because we do not know who is living there although we know it is occupied. So we are looking at that very particular issue and at what we might be able to do.

Mr Dacey—I would add that, in talking with our divisional officers, who do a lot of work, as you would understand, with the CRU process, one of the issues that is really coming out, particularly with younger people, is that there is not the realisation that there used to be in society that when you move you should change your enrolment address. There is a view—and it is a view expressed through correspondence, telephone calls and direct contact with our offices—which is: ‘Why do you want me to change my address? You know I’ve moved; why don’t you just change me?’ So there is a lack of understanding. I think one of the areas we also have to focus on is marketing that message that you have to change your address

formally by filling out a card when you move. People expect that, because other agencies automatically change your address when you move, we can do it as well. That is a trend that is emerging as well. But it is early days.

Senator FAULKNER—Specifically, I was going to ask you about the electoral roll in the Torres Strait. I read an article in a local newspaper about major concerns there during the recent state election in Queensland. I wanted to know whether there were particular problems and whether that had been identified by the AEC. The divisional returning officer for Leichhardt is publicly quoted as saying that there seems to be a higher than usual number of incidents involving voters not on the rolls. Is anyone from the AEC able to confirm whether the particular problem here has been identified? If so, is any remedial action being taken to try to address this situation?

Mr Campbell—The DRO has done a review of what happened in the Torres Strait in the September election and has provided a report to the state manager. I would have to speak to her to find out where she is up to with action following on from that review. But there certainly was a review done. I can provide that to you.

Senator FAULKNER—I would be interested in understanding the outcomes of the review; what, if any, follow-up action has been taken; and if this is just a small sample of broader problems or there are issue specific to the Torres Strait and Thursday Island, where they have been identified.

Mr Campbell—My understanding of what happened was that the DRO had two conclusions—but I will provide you with a response. The first conclusion was that it was not as severe a problem as some of the media might have put it. That is not to say that there was not a problem. Secondly, he thought it was, if you like, isolated to the area in which they were talking about. It was tied up with people moving in the area but not informing us. Therefore, when we were doing a roll check, we were not getting responses to letters. I will come back to you with a formal response about where the action is up to.

Senator FAULKNER—Finally, in these reviews that you are undertaking, are you also looking at the possible impact of legislative changes on enrolment? We know about data matching and all those sorts of developments that have occurred, but there have been a range of quite significant changes to electoral law. Some may have had an impact already; some may have an impact in the future. Is that an element of a term of reference of the review that you are undertaking?

Mr Campbell—For the review that is being undertaken, no, that is not a term of reference. Of course, the changes to the Electoral Act that you are talking about were only passed by the parliament—

Senator FAULKNER—That is what I am saying. I am not suggesting that any changes that postdate these impacts might be significant, but I am saying that there may be an issue into the future. There may be an impact on some more longstanding changes to legislation and there may be some in the future. It seemed to me a logical thing for you to include in your review.

Mr Campbell—Not in this review, because I am hoping that this review will be completed by the new calendar year. However, I hold a view that things like our roll management should

be subject to continuous review in one sense—that is, the continuous roll update. So we would be looking at that during the latter part of this financial year and in the early part of next financial year. But it is not strictly part of this review, because I hope this review will be completed early in January.

Senator FAULKNER—It is pretty stark that for the first time in a decade there has been such a reduction in enrolments. I think there is a real signal in these figures to all concerned that needs to be addressed.

Mr Campbell—There is one other review that I might mention. I think that the Joint Standing Committee on Electoral Matters, which is looking into youth civics and electoral education, might well also have some observations about this. Some of this drop-away will be young people.

Senator FAULKNER—I know that you support and are responsible, I am sure, for the change in the approach by the Australian Electoral Commission to early closure of the rolls, because the AEC had a different view on these matters until you became the Electoral Commissioner. We are now starting to see this problem highlighted in the way it has been. I am extremely concerned about the way it may be exacerbated by potential problems with early closure of the roll.

Senator ROBERT RAY—Could I ask for a progress report on the implementation of GENESIS. When will it be fully operational?

Mr Pickering—The GENESIS project, for those who are not aware of it, is a redevelopment of our roll management system. It has a number of facets associated with it. The first one is that it aims to move the location of our infrastructure controlling the roll management system from mainframe to mid-range. The second part of that process is to rewrite the suite of programs in a more modern language because the system at the moment is written in language which is 15 to 20 years old. Also, it is looking at opportunities to bring in flexibility—alternative ways and more efficient ways of undertaking the functions that the roll management system currently does. As to where the project is up to, it is a phased approach. Regarding the work undertaken so far, they are doing what is called a proof of concept. That stage is where certain facets of the functionality of the GENESIS system are written and loaded onto the mid-range to prove that it has the capacity to be able to perform at a level better than it is currently performing on the mainframe. It is a situation that requires a very clear understanding of what we currently have with RMANS, and that is not as easy as it sounds. The next stage of our work with GENESIS will be to develop a very clear set of requirements and functional statements outlining exactly what our current system produces so that there is a clear set of parameters for which the new development in the new language can be undertaken.

Senator ROBERT RAY—Okay. With regard to the Great Plains system, could we have a description of its capability and its costs and could you tell us whether there have been any problems in developing it.

Ms Davis—The Great Plains system is our newly introduced financial management information system. The introduction of that system has not been dogged by any major or significant problems. We have introduced at the AEC a human resources management

information system known as PayGlobal that has not run quite as smoothly since its inception, but we are now pleased to report that it is fully functioning and we have only a few minor issues that pertain to the original contract that remain to be resolved. So we are working very closely with both PayGlobal and the intermediary, Acumen, to ensure this is in place.

Senator ROBERT RAY—So, apart from GENESIS, Great Plains and PayGlobal, are there any other systems you are putting in? I am starting to think you might be developing an A-bomb or something over there!

Mr Campbell—There are no other systems.

Senator ROBERT RAY—That is it? Okay.

Ms Davis—There are always enhancements, of course, Senator, to existing systems, but the ones I mentioned are our major focus.

Senator ROBERT RAY—Okay. What was the level of efficiency dividend imposed on the AEC in this last budget?

Dr Watt—It was—

Senator ROBERT RAY—I was asking the victim, not the imposer! You can verify it, Dr Watt.

Mr Campbell—It was 1.25 per cent, the same as most other Commonwealth agencies.

Senator ROBERT RAY—You can verify that, Dr Watt?

Dr Watt—I certainly can, Senator. I am not sure I am the imposer, however! I do think it is government policy rather than my policy.

Senator ROBERT RAY—My apology. You are the enforcer.

Dr Watt—I think I preferred ‘imposer’, Senator, to be honest!

Senator ROBERT RAY—We looked at the staff turnover rate before. Has the AEC been involved in any unfair dismissal claims over the last financial year?

Mr Campbell—No.

Senator ROBERT RAY—That is good. Is Australia a paid-up member of the International Foundation for Election Systems?

Mr Dacey—No, Senator; it is not a membership organisation.

Senator ROBERT RAY—I have a vague memory from about 10 years ago of us dropping out of one of these international electoral organisations for the sake of \$90,000; this is not it?

Mr Dacey—No. It is a US organisation—

Senator ROBERT RAY—Can you think of the one that I am talking about, though?

Mr Dacey—The International Institute for Democracy and Electoral Assistance, IDEA, from Stockholm?

Senator ROBERT RAY—Yes.

Mr Dacey—Yes.

Senator ROBERT RAY—We are not a member of that?

Mr Dacey—There is no government funding for it, no.

Senator ROBERT RAY—No; but there used to be?

Mr Dacey—Yes. We are still a member. We are a non-financial member.

Senator ROBERT RAY—That is right. We get all the benefits but we do not pay the fee. I am not drawing any other analogies! In the last financial year, have there been any prosecutions for electoral fraud and, if so, how many have there been?

Mr Campbell—By ‘electoral fraud’—

Senator ROBERT RAY—You refer to it in your annual report, I think; I am using your terminology.

Mr Campbell—I think it is zero, but I do not want to mislead you; I will just confirm the zero.

Senator ROBERT RAY—It is not an ambush question. I am just—

Mr Campbell—No, I understand that, Senator, but I do not want to mislead either.

Mr Dacey—From memory, there could have been one or two cases that were referred but for whatever sorts of reasons there was no further action taken. So there have been no prosecutions.

Senator ROBERT RAY—Get back to me if that answer needs correction, if you could.

Senator FAULKNER—Could we just have our brief compliance status report? We normally get a—

Mr Dacey—Sure.

Mr Campbell—Do you want to do that now?

Senator FAULKNER—I thought it would be a useful time to do it. It is becoming a briefer report, which is good.

Mr Bodel—We have four special matters currently on the table. The first is the Tony Windsor Greg McGuire matter. During committee hearings by this committee into the Regional Partnerships and Sustainable Regions programs, it was revealed that Greg McGuire may have made disclosable donations to Tony Windsor. That matter is still under consideration, but it is my expectation that we may not end up with a result in that matter, mostly because the evidence we have to rely on is evidence protected by parliamentary privilege, which means that we cannot actually use our powers to demand the production of documents and that sort of thing.

The second matter is the Kelvin Thomson section 311A matter, which is about whether parliamentary departments have correctly reported against the Commonwealth Electoral Act in their annual reports. That matter is all but complete. I think we can wrap that one up fairly quickly.

The third matter is the Exclusive Brethren third-party return for the 2004 federal election. That matter is progressing considerably more rapidly than I had anticipated, and I expect that we will wrap that one up also in a very short time.

Senator FAULKNER—By ‘very short time’ what do you mean? Before the end of the calendar year, effectively?

Mr Bodel—Yes—before the end of the calendar year. We are just waiting on one matter in relation to that one. We have a new one that has not been notified at previous estimates hearings, and that is the Wielangta Fighting Fund. This was referred to us. It is a fund that is supported by Senator Brown, who, I understand, is taking some legal action to prevent logging in a forest in Tasmania.

Senator FAULKNER—Senator Bob Brown?

Senator ROBERT RAY—You need to be more specific about which Brown.

Mr Bodel—Senator Bob Brown.

Senator ROBERT RAY—Not Senator Carol Brown.

Mr Bodel—My apologies, Senator.

Senator FAULKNER—What is the fund called?

Mr Bodel—Wielangta. There is a question about whether that is an associated entity or not.

Senator FAULKNER—How did that one come to your attention?

Mr Bodel—That was referred to us as a complaint and it has been in the media since.

Senator FAULKNER—Yes. But it was formally referred?

Mr Bodel—Yes.

Senator FAULKNER—And so who referred it?

Mr Bodel—Senator Abetz referred that.

Senator FAULKNER—And was Senator Abetz the Special Minister of State when he referred that?

Mr Bodel—No, he was not.

Senator FAULKNER—Can you give me the date of referral of that matter? You can take it on notice.

Mr Bodel—Yes. I can get back to you with that.

Senator FAULKNER—Thank you.

Senator ROBERT RAY—While we are on that subject, I will ask about two other cases that you are apparently not investigating. I noticed in the Melbourne *Herald Sun* on Tuesday, 11 July 2006, that a journalist claimed that Mr John Pasquarelli has now revealed that a senior Liberal Party official paid him to run as an independent so he would direct preferences back to the Liberals. Is that more a matter of electoral fraud or is it a matter for you?

Mr Bodel—It is not a matter for funding and disclosure.

Senator ROBERT RAY—What does the commissioner say? Have you read the contents of this article and investigated it?

Mr Campbell—It was referred to the AFP and it is still with them.

Senator ROBERT RAY—If it is still with the AFP, I will not pursue it any further. Again, I am basing this next question on a newspaper report; the second qualification is that it is from the *Australian*. I am not sure how much credibility you want to give it. The *Australian* of 31 August, on page 2, says that a very prominent Queensland businessman and former member of the Liberal Party, Mr Russell Galt, ‘claims the federal Liberal Party set up a secret account that paid \$140,000 to end his court case against Dr Flegg’. Has there been any investigation about this account? Do we know whether it exists or whether it is just a rhetorical claim made by a disaffected party member?

Mr Bodel—We are not aware of the specifics of the case you are referring to, but I will look at it. As a general principle, we would not look into a claim about that until the correct disclosure period had come and gone, to see if it had been appropriately disclosed. It would largely depend on when the payment was claimed to have been made.

Senator ROBERT RAY—It was some time ago. The article goes on to claim that Senator Santoro and Mr Michael Johnson MP held functions to raise money for the account. If they raised—

Senator FAULKNER—The usual suspects.

Senator ROBERT RAY—They may have been flops. They would have to have exceeded, at that time, \$1,500, I think, for it to be declarable.

Mr Bodel—Yes.

Senator ROBERT RAY—You did not pick up this issue out of the newspaper at the time?

Mr Bodel—No, we did not.

Senator ROBERT RAY—Would it have been more helpful if some anonymous pimp had referred it to the Electoral Commission or the minister’s office? Would that have made a difference?

Mr Bodel—It is a fair point, Senator. We should have picked it up.

CHAIR—Mr Bodel, I have a question following up on something you said before. When you referred to the McGuire-Windsor matter, you said something along the lines of that could not be pursued because of issues of privilege. Could you just expand upon what you meant?

Mr Bodel—The AEC has powers to demand the production of documents and evidence in the pursuit of seeing whether someone has a disclosure obligation. All of the evidence that we have that a disclosure obligation exists came as a result of evidence to the committee. It is protected by parliamentary privilege, and we were a little concerned about exercising those powers in relation to evidence that is protected by parliamentary privilege.

CHAIR—To my understanding, though, you could not use the information which was in the parliamentary domain for the purposes of your investigation, but that would not preclude you from making your own independent inquiries.

Mr Bodel—That is correct. Those inquiries have been undertaken and we have not been able to draw any further evidence. So we have undertaken inquiries outside of the evidence that was given to the committee, but they have drawn a blank so we have fallen back on the evidence of the committee.

CHAIR—It is not privilege that is preventing the AEC from investigating?

Mr Bodel—No. It is just that we have followed all lines of inquiry and cannot go any further.

Senator ROBERT RAY—Has the Electoral Commission done population projections into the future, based on the Bureau of Statistics figures, and any calculations as to likely seat movements when the appropriate time comes—I think it is 13 months after the next election? Sometimes you do projections to see whether or not you think there will be movement.

Mr Campbell—Yes, Senator. You might be aware that there is a particular section in the act—section 63A—and you know that there is a projection time frame that is set up which is the norm. Section 63A enables the Electoral Commission to actually shorten that term if there is going to be a change in the state. So, when the process of setting up the redistribution was undertaken in Queensland, it was decided to use a shortened time there because all of the indications from the figures we have from the Bureau of Statistics say that, when we get to 12 months after the 2007 election, the quota will mean that Queensland will get another seat and will go from 29 to 30.

Senator ROBERT RAY—Is there any problem with supplying the committee with your projections?

Mr Campbell—No.

Senator ROBERT RAY—Yes, we can go to the Parliamentary Library and spend hours on it—

Mr Campbell—No; no problem. But to answer the second part of the question—or to go to the other side of the coin—if that occurs, the data tells us that it will either be an additional seat to go to 151 or it will be a loss of a seat in Victoria. South Australia, Western Australia and New South Wales, because of what has happened recently, will not lose, but Victoria is on the cusp.

Senator ROBERT RAY—On the cusp. Right. If you could supply us with those, that would be good.

Mr Campbell—Yes, sure.

Senator ROBERT RAY—Can you give us an update on the implementation of the Minter Ellison review on postal voting support services.

Mr Pickering—Senator, the recommendations of the Minter Ellison report were fed into the Joint Standing Committee on Electoral Matters as well—a copy of the report was provided to them—and a number of those recommendations came out as recommendations of the committee as well. All of those recommendations are being acted on and I would be happy to provide you with a status report, on notice, on those recommendations if that would help.

Senator ROBERT RAY—Yes, that would be good. Was there a separate early voting review?

Mr Pickering—Do you mean a pre-polling review?

Senator ROBERT RAY—Yes.

Mr Pickering—Yes. A review of our pre-polling arrangements has already been undertaken, and the current joint standing committee recommendations and the government response include some actions to be undertaken for pre-polling. As you would be aware, we are undertaking a trial, using state government buildings in Queensland, for the next election. That and the process for improving the advertising of pre-polling arrangements et cetera are all initiatives that are under way for the next election.

Senator ROBERT RAY—So that will just be a pilot type project?

Mr Pickering—It will be, yes.

Senator ROBERT RAY—You did a pilot project on informal voting in Port Adelaide, didn't you, in the last federal election?

Mr Campbell—Yes.

Senator ROBERT RAY—How did that go?

Mr Campbell—We have done three informal studies recently—one of the 2004 election, one of the Werriwa by-election in 2005 and one of Port Adelaide. We published them and they are on our website if people want to look at them. I will not go through the detailed methodology for the Port Adelaide study, but what we did find was that writing to people from non-English-speaking backgrounds and informing them of how to vote had an impact on some communities and not on others, because we were then able to look at what was happening at the polling booths where they normally voted. What was interesting is that, for the people who have been in Australia for a long time, those of Greek and Italian origin, the level of informal voting at the booths they were attending was exactly the same as everywhere else; there was no difference. People who are more recent arrivals, particularly those from Vietnam, have a higher level of informal voting, but, after we wrote to them and gave them the information, their level of informal voting actually dropped at those polling booths. So we are going to be using that as part of the public awareness activity we are going to try in the next election in a number of other divisions.

Senator ROBERT RAY—That is good.

Senator FAULKNER—At the budget estimates you mentioned some focus group work that was being undertaken. Can you give you me an update on that?

Mr Campbell—Sure. Ms Urbanski will take you through some of the findings that came out of those focus groups at the end of the financial year.

Ms Urbanski—At the time of the last estimates, we were about to undertake focus group research which was basically to inform the development of the AEC's comprehensive communication strategy, which is to take a longer term view—out to 2010. The research involved 28 focus groups all up. There were 16 focus groups held in Sydney, Brisbane, Adelaide, Rockhampton, Launceston and Goulburn, and they focused particularly on examining the attitudes of younger people towards enrolment and voting. We did break some of the groups up into 17-year-olds, 18- to 20-year-olds and 21- to 24-year-olds to see if there were any differences within those groups. Those attitudes were then compared to groups of the broader 30 to 50 age group.

In addition, we did four Indigenous focus groups and eight groups for people of non-English-speaking backgrounds. The idea was that, in developing our mainstream advertising campaigns, we needed to make sure that we would have something that would be culturally compatible with the Indigenous and non-English-speaking communities. So we did that extra work. That was the main part of the work on the findings. If you are interested, I can give you a little run-through on some of the key findings.

Senator FAULKNER—Who conducted this focus group research for you?

Ms Urbanski—The focus group research was undertaken by Eureka Strategic Research.

Senator FAULKNER—What was their brief? What was the aim of the exercise?

Ms Urbanski—Basically to undertake the qualitative research to examine the attitudes of the young people towards enrolment and voting. I have here the objectives. They were to explore the attitudes towards big picture concepts involved with voting and elections; look into participants' understanding and knowledge of procedural matters such as enrolment and the voting process; investigate key target groups and their attitudes to potential campaign messages; help find a relevant and motivating brand positioning for the enrolment and election processes; and uncover relevant touch points to specific target groups.

Senator FAULKNER—Do you want to run that brand one past me again?

Ms Urbanski—To help find relevant and motivating brand positioning for the enrolment and election processes.

Senator FAULKNER—What does that mean? That is in advertising-ese. I do not quite understand what that means.

Ms Urbanski—It is really to help us work through what would be the key messages that we would need to give through all of our advertising campaigns.

Senator FAULKNER—Mr Campbell, is there any reason why this research report could not be tabled to save a bit of time? I assume there is not.

Mr Campbell—Can I take that on notice. My advice is that it is traditional that it not be tabled until after the campaign. But I am not so sure that I would agree with that. Can I take that on notice. I have no problem, certainly, in giving to the committee the very detailed outcomes of what the research showed. But, as to whether I can give you the actual report or not, I have to take advice on that. I am getting the word here that traditionally it would not be the report.

Senator FAULKNER—Just so that you are clear, I am strongly of the view that this sort of research, particularly that conducted by what we hope is an independent Electoral Commission, ought to be made available. I cannot see a possible argument for it not to be made public. This is different to focus group research that might be undertaken in other agencies or departments. This is the AEC's and it is about matters that are critical in terms of public policy but also in terms of the electoral process in this country. I would hope that it could be tabled, and I would hope it could be tabled soon. But, as you give consideration to the timing of it, I just make the point about its unique nature here, given who is conducting it and the purposes for which it is conducted.

Mr Campbell—My inclination is to agree with you, but can I just go back and find out why that position has been held in the past. I will come back to you either with the report or with something very close to the report. Like you, I can see no reason for it. Some of the findings in there are quite interesting and are to do with the relationship between kids and their parents and what they learn from their parents, and proof of identity et cetera. There are some quite interesting findings.

Senator FAULKNER—Wasn't this supposed to be tied into the changes to timing of the closure of the rolls?

Mr Campbell—Two of the major issues that were raised in the focus groups were proof of identity and closure of the rolls, yes. I have no trouble in releasing that. But, because of that advice in the past, I would like to take it on notice. I can assure you that I will get something that will give you everything that was in the research.

CHAIR—Senator Fierravanti-Wells just wanted to jump in.

Senator FIERRAVANTI-WELLS—I will just take you back to some comments that I think you made, Mr Campbell, about informal voting, particularly in areas where there are non-English-speaking communities. Did I understand correctly that the attendance levels are there but there is high informal voting? In other words, they are attending at the polling both but there is a high instance of informal voting.

Mr Campbell—The turnout of this group on the rolls is pretty standard across the nation, at about 95 per cent. However, when you look at the informal vote by electoral division—take 2004—it varies quite substantially across divisions. It is a little higher on average in Queensland and New South Wales in part because of the state systems there. But then, when you put all those to one side, you will still come to divisions that have a significant number of people from non-English-speaking backgrounds, usually in the inner city or on the edge of the inner city, where on average the informal vote is higher than in other divisions.

Senator FIERRAVANTI-WELLS—Over the years, coming as I do from a different sort of background, I have always seen that as we approach elections there is usually a campaign of advertisements put in newspapers or perhaps radio advertisements that the Electoral Commission undertakes. Do I take it that you are broadening that strategy and that you have actually done some work in looking at ways to address that in the future? What alternative ways are you looking at in assisting that?

Mr Campbell—We did some of that in the last election. In 2004 we had extra meetings with community groups in Western Sydney and we had some rolling videos within polling booths in Western Sydney. We do not think the latter worked because we do not think that people will actually stand and watch a rolling video for four or five minutes at a polling booth. So we are using the research that we have done, not only to have national activity but also to recognise that a lot of the divisions are different when you look at their socioeconomic mix and that we should be treating these divisions differently. We are still planning because we are still quite a way away. I will ask Ms Urbanski to give a bit more detail of what we are planning.

Ms Urbanski—One of our key target groups is the non-English-speaking background group and, as part of our broad communications strategy we will be using lots of materials—

pamphlets, brochures and videos—and we will be working in community languages. We have just recently brought on board a non-English-speaking background panel of consultants who are going to help us do that work. We have also been doing some analysis of where the groups are. We have been doing demographic targeting so that at the state and divisional levels we will be able to look at local strategies that target specific community groups. We will be looking at the research findings, particularly with letters being written out to local community groups, to see whether there is more that we can do in that area. We are also going to talk to the department of immigration to get a little bit more of an understanding of how we might better reach individuals within the non-English-speaking background communities. We are also going to have similar discussions with Centrelink.

Senator FIERRAVANTI-WELLS—With the growth particularly of free-to-air broadcasting in different languages and the material available out there on pay TV and a whole lot of other media and ethno-specific media, will you be broadening the campaign to incorporate those media outlets in terms of getting the message out? For example, in the Italian community traditionally there was one SBS program but now of course you have free-to-air programs and those sorts of things and you also have other radio stations. Even for the Chinese and other smaller groups you do have community radio. Will you be encompassing that sort of strategy?

Ms Urbanski—I see the new communications strategy we are developing over the next five years as an opportunity to really take a fresh approach and to look more broadly than we have been doing. We certainly will be doing that. We have to work through Universal McCann, which is the government's media placement agency, and we will be seeking their advice. We will also be consulting with the various ethnic community associations to get more advice on where we will place our ads and how we will place them, and we are working to make sure that there is also a consistency in what we are delivering to these communities, in line with the broader messages. So I think, yes, we are going to be looking at this in as broad a way as we can.

Senator FIERRAVANTI-WELLS—Thank you.

Senator ROBERT RAY—I want to follow up the survey question. The AEC has, I think, asserted that it has found that only a minority of young people are aware that 17-year-olds could provisionally enrol. Was that information derived from a quantitative survey or did you drag it out of the qualitative stuff?

Ms Davis—Are you looking at the results of the focus groups? Something that has also been going for a couple of years now is the YES, which was the combined study in partnership with the academic institutions.

Senator ROBERT RAY—I do not know where you got it. You referred to a survey bringing this up. I am asking: what survey? I assume that if you put it in your annual report you know what survey it is.

Ms Davis—One would assume that at the time of the annual report—I am sorry, I do not have it in front of me—it would have been referring to the YES, the youth enrolment study, that has been ongoing with the University of New South Wales and the ANU for some time. It has been released in three reports.

Mr Campbell—It would have to be that report, Senator.

Senator ROBERT RAY—Coming from that information, have you developed any strategies to improve this target group's knowledge of provisional enrolment?

Mr Campbell—Yes. There is one other piece of impressive data that we put into that when we were thinking that issue through. In looking at enrolment by 18-year-olds, there is one state that does far better than all the other states, and that is Victoria. When you get further into the age groups, such as the mid-20s, Victoria comes back very much in line with the rest of the country but, with 18-year-olds, Victoria has a far higher level of enrolment. The only difference that we can see between Victoria and all the other states is that the Victorian commission sends out a birthday card at 17 and 18.

Senator ROBERT RAY—And they have separate enrolment—joint but separate.

Mr Campbell—Well, yes, but, in effect, if you look at it, we think the card has a more important factor to it; and so does Victoria.

Senator ROBERT RAY—Yes, but that is what enables them to send out the birthday cards.

Mr Campbell—Yes. So, what we are going to do with all the other state commissions is embark upon a similar process of birthday cards. Prior to the New South Wales election, the state commission, together with us—we provided the data—sent out letters to all 17- and 18-year-olds. The evidence that we are getting so far, which is only anecdotal, from talking to our staff, is that that appears to have triggered a blip in enrolments for 17- and 18-year-olds in New South Wales. So a major strategy is to go direct to the 17- and 18-year-olds.

Senator ROBERT RAY—Good. Excellent. With regard to the AEC's embracing of fee-for-service elections, how many organisations, excluding industrial ballots, have made use of the AEC's expertise?

Mr Campbell—Over what period of time?

Senator ROBERT RAY—Just give us a rough idea of the numbers.

Mr Campbell—You are asking for industrial and fee for service?

Senator ROBERT RAY—No, I am not asking about industrial.

Mr Campbell—So far this calendar year, my memory is that we have done something like 50 commercial fee-for-service elections—it is 55, as at two weeks ago.

Senator ROBERT RAY—Are they done on the basis of no profit or do you make a profit out of it? If so, where does the revenue go? Dr Watt is not in the room at the moment so you can zap your answer out quickly!

Mr Campbell—We never make a profit, Senator! A proposal will come in, we will cost it, and then we add in a margin for our management overheads, for things that you cannot build into the individual cost. Most of these elections are run from our divisional office, but we are not making super-maxi-profits.

Senator ROBERT RAY—I see.

Mr Dacey—Most of the elections are quite small at this stage. It is certified agreements and those sorts of things—those sorts of ballots.

Senator ROBERT RAY—So your main reason is not to be in it for a profit but to be in it to give your employees more experience.

Mr Campbell—More experience and a more even spread of work, particularly because we are getting a lot of staff in now who are younger and want more variety in their work. So it is also part of that activity.

Senator ROBERT RAY—We won't mention the word 'profit' again, because Dr Watt is—

Mr Campbell—He is back, is he!

Senator ROBERT RAY—I think you can give me a yes-no answer to this, but you do not have to: are there any revised proposals for the amalgamation of the AEC's divisional offices?

Mr Campbell—No.

Senator ROBERT RAY—Thank you. Do you know what percentage of AEC employees are on AWAs?

Ms Davis—About 25 per cent.

Senator ROBERT RAY—My question about AWAs does not mean I want to go into too much detail; I just want to know how they are negotiated with your employees. Is it on an individual basis or are they all given a standard AWA, take it or leave it?

Mr Campbell—There is obviously a base component of an AWA. In most cases—I cannot say all—there is an individual element to them, but sometimes that individual element might apply to another 20 per cent of the AWAs—for example, broadband for working at home and those sorts of issues.

Senator ROBERT RAY—What I am trying to get to is whether, when AWAs vary from the standard AWA, they are varied up and then the offer is made, take it or leave it, or they are negotiated with the individual?

Mr Campbell—Negotiated.

Senator ROBERT RAY—I ask because later on today we are going to look at a different system, and I was just trying to find out what another organisation did.

Mr Campbell—The negotiation starts out with the employee saying something and us responding; that is negotiation.

Ms Davis—Senator, there was a period in the AEC where, rather than the individual AWAs, we had some protracted certified agreement negotiations, in 2004. Quite a number of employees who transferred to AWAs at that time had the same terms and conditions, albeit under an AWA rather than a certified agreement umbrella.

Senator ROBERT RAY—The only point I am trying to get to here—it is no detailed examination—is the flexibility individuals have to negotiate with their employers—

Ms Davis—Sure.

Senator ROBERT RAY—because I take it that does not exist in another area, which we will be questioning later today. Has there been any change to AEC policy regarding freedom of information requests, especially in terms of fee waivers? Have you been given any new guidance by the government on this?

Mr Campbell—Not as far as I know.

Mr Dacey—If there were, we have not seen anything.

Mr Campbell—No.

Senator ROBERT RAY—Thank you. Why has the Electoral Commission decided to establish a centralised in-house legal services section?

Mr Campbell—Because, Senator, we had a number of issues relating to both the administration of the Commonwealth Electoral Act and general administration of the commission, and we thought in the end it would be more cost-effective to have a small cell and go out to a panel for various other advices, rather than going out to them all the time.

Senator ROBERT RAY—You do not know the history of all this, the use of the Australian Government Solicitor's office?

Mr Campbell—We have a panel and we use the Australian Government Solicitor, but it is not unusual for—

Senator ROBERT RAY—But you used to use them exclusively.

Mr Campbell—But it is not unusual for a Commonwealth agency to have its own small legal cell.

Senator ROBERT RAY—I did not say it was unusual. I think it is very beneficial, in fact. Could I just ask a technical question here. I was recently going through the Electoral Act for the first time in a while and I noticed the nomination form, which is form C. When a candidate nominates for a Senate election and signs the nomination form, including the three declarations at the end of the form, if they sign falsely does the AEC regard that as an offence under the Electoral Act? I know that they do not have to prove at that stage that they qualify for the three declarations, but if it turns out that they signed it knowing they did not qualify, is that a prosecutable offence—or am I asking you too much for a legal opinion here?

Mr Dacey—It has not, to my knowledge, ever occurred or been brought to our attention if someone suspected it might have occurred, but it is something that we would have to look at on an individual basis. But my preliminary, non-legal view would be: yes, we would be concerned if that was the case.

Senator ROBERT RAY—With regard to the AEC's production of *The Tally Board*, what is the market audience or target audience for that?

Mr Campbell—Members of federal parliament in the House and the Senate, their staff, state electoral commissions and the media.

Senator ROBERT RAY—What is the cost of this production? I have issue No. 2, August 2006. What does this cost to produce?

Ms Urbanski—I do not have that information with me, but we can get that for you. Could I also add that *The Tally Board* is also published on our website, so it is available to the general public.

Senator ROBERT RAY—I see. I have a series of question that Senator Faulkner is excluded from participating in because they concern him. In regard to the recent internal ballot for presidency, which, I am pleased to say, the person I voted for won by a mile—

Senator FAULKNER—And I am pleased to say that is me!

Senator ROBERT RAY—who referred Senator Faulkner's internet site to the AEC for investigation?

Mr Campbell—It was not the internet site. I got a letter dated 24 August from the Special Minister of State attaching a copy of the pamphlet.

Senator ROBERT RAY—And that was taken off the website?

Mr Campbell—Yes. But I did not go to the website. It was attached to a letter.

Senator ROBERT RAY—So someone else ran it off? And you think it is an offence that it not be authorised. So the Special Minister of State illegally took it off and circulated it?

Mr Campbell—I do not know who took it off the website.

Senator ROBERT RAY—Don't you?

Mr Campbell—All I am saying is that I got it attached to a letter dated 24 August.

Senator ROBERT RAY—I see, so someone else may have committed a crime on behalf of the Special Minister of State and he just compounded it by sending it to you?

Mr Campbell—I received it in hard copy attached to a letter.

Senator ROBERT RAY—Signed by the Special Minister of State?

Mr Campbell—Dated 24 August 2006.

Senator ROBERT RAY—And signed by a political opponent. Am I right or do you have knowledge that this complaint was based on an anonymous complaint?

Mr Campbell—The only place I have seen the word 'anonymous' used in this was in an article in the *Australian* newspaper which was dated 29 August. The issue of 'anonymous' was also raised in a letter that Senator Faulkner sent to me.

Senator ROBERT RAY—I see. When was the last time that the AEC interfered in an internal ballot of a major political party in this country?

Mr Campbell—I do not think that I would use the word 'interfere'.

Senator ROBERT RAY—We will use the word 'intervene'.

Mr Campbell—We did not intervene in the ballot either.

Senator ROBERT RAY—What did you do?

Mr Campbell—We have already gone through how this was raised with me. I had the issue raised with me that a document that was given to me breached section 328 of the Electoral Act. I spelled it out in detail in a letter that I sent to Senator Faulkner on 5

September. I went through the argument in there as to why it was viewed that it was, in our term, a technical breach because what it did not have was 'Authorised by John Faulkner'.

Senator ROBERT RAY—I think you can assume, for the sake of our discussion, that I have read all of the correspondence. I do not think you would find it strange that Senator Faulkner would consult with a colleague who has also dealt with matters in this area. I will get you to reaffirm this for the public record, because I have seen the correspondence you sent to Senator Faulkner. The AEC refused to comment on the issue when media inquiries were made and the AEC did not inform the media that this issue was before it?

Mr Campbell—Both of those statements are correct.

Senator ROBERT RAY—Yes. I am not going to ask you to speculate about how it got into the media; but, again, it was referred to you by the Special Minister of State?

Mr Campbell—Yes.

Senator ROBERT RAY—I can say for the record, Chair, that we did not put it in the media either.

CHAIR—No?

Senator ROBERT RAY—The knowledge that the Special Minister of State had referred it to the Electoral Commission was knowledge that only two parties had at that stage. It was then hawked around the gallery incessantly by a certain staffer, and not the one that we would normally nominate. I think I am right in asserting, and I would like it confirmed, that the AEC sought legal advice on this issue.

Mr Campbell—The draft letter, which then became the final letter, was prepared in the new legal services area of the commission.

Senator ROBERT RAY—I see. But I am asking you a different question; we may have a misunderstanding. Did the AEC seek legal advice?

Mr Campbell—Not outside the internal legal services area at that stage.

Senator ROBERT RAY—Apart from the preparation of the letter, did the new section of the AEC, one we are encouraging, provide legal advice to you?

Mr Campbell—The legal advice they provided to me was in the form of the draft letter.

Senator ROBERT RAY—Why did you not get legal advice on something like this? It is unusual for an internal party election to draw intervention or interference or guidance, or whatever other weasel word you want to use. Why did you not get legal advice?

Mr Campbell—Senator, I will answer that in two ways. One is to say that this section of the act was drafted or put in 22 years ago, which means that it is in one sense quite old.

Senator ROBERT RAY—Let me just say that this was 1984. At the time, I was a prominent member of the Joint Select Committee on Electoral Reform. I helped guide the matter through the party room and through the Senate, but mostly it was Gareth Evans, as the lead counsel, if you like. So I think we knew what the intention was at the time.

Mr Campbell—I suppose I was talking about the fact that communications and technology have moved well beyond 1984. The internet did not exist then.

Senator ROBERT RAY—I accept that. I thought I would say that some of us know what the intent of the act was.

Mr Campbell—And I was trying to point out that things like the internet have actually moved on since 1984. The advice that came from the legal services area was in the form of a draft letter. However, then I received Senator Faulkner's response to me, dated, from memory, the following day, 6 September. In preparing the draft letter we then consulted AGS, showing them all documents including the first letter, Senator Faulkner's letter and my proposed second response.

Senator ROBERT RAY—It would not surprise you that I went and consulted a Senior Counsel in New South Wales, a Queen's Counsel in Victoria and a professor of law. They all found the AEC ruling laughable. Having said that, that does not mean that your ruling was wrong, but they could find absolutely no basis in law. In fact, they found contrary to that. That is why I would have thought, even if you did not do so at the time—let's not try to fix things with hindsight—that it is still a matter you should have sought legal counsel's opinion on to verify whether in fact you got it right.

Mr Campbell—I hear what you are saying, Senator.

Senator ROBERT RAY—Will you at least commit to giving consideration to that course of action?

Mr Campbell—Consideration on a case-by-case basis.

Senator ROBERT RAY—You see, you did not seek a legal opinion this time. You sought legal drafting in response to this issue. As I said, I have sought legal opinion from three people—not your run-of-the-mill but your top-drawer legal counsel—and they found that you had erred in law. But there might be a different view. There might be a more sustainable view that you can have, but I think you should seek advice, rather than just rely on the drafting of a letter. Can I give you this piece of advice: interfering in a political party's activities, especially one in opposition, will not draw much fire but, as you saw with divisional returning officers, the moment you cross the line into the government area you will get belted from one end of town to another. That is not fair, but that is political reality.

Mr Campbell—Senator, I would like to question that. The first section 328 I got when I came into the job was from the opposition. It was an appeal that claimed that the first Work Choices ad, which was four pages, was not correctly authorised under section 328. I had a letter from the opposition spokesman and, in a very similar way, although I did not have the legal services area at that time, I went to AGS. The issue was that page 1 had the advertisement and the only page that was authorised was page 4. Under the act, all pages should be authorised, as you would be aware, unless there is a page break—in other words, if page 2 flowed onto page 3, there is a question about whether page 2 should be authorised. I found that the government was in technical breach and I wrote to the then Special Minister of State and asked the government to fix it.

Senator ROBERT RAY—I am sorry, but you are confusing the issue. There is no accusation here of partisanship—not with you, at least; with your predecessor on occasions, yes, but not with you ever. The issue is whether the action you took was properly based on the intention of the Electoral Act. As I said, having got some very powerful advice the other way,

for future reference I am just appealing to you, when these cases come up again—and it may not be the Labor Party; it may be the National Party or the Liberal Party or someone else—to have a proper basis in law. I know, as one of the authors of the 1984 changes, that it was not the intent at that stage to interfere in internal ballots. You argue that it may affect a future vote when the target audience was exclusively comprised of people who have pledged to vote for the Labor Party at each successive election.

Mr Campbell—I understand what you are saying about 1984. I am fully aware of your background in it and I respect your background in it. I suspect that this is an unintended consequence—at least, I do not suspect it; it was unintended. In looking at it and in the way the document was worded in terms of referring to next year's election, if you go back to the section 4 of the act and the definition of 'electoral matter', I still remain of the view that it is a technical breach.

Senator ROBERT RAY—And you acknowledge the fact that Senator Faulkner corrected it at the first available opportunity?

Mr Campbell—And I thanked him in my second letter for doing that. Yes, I acknowledge that.

Senator ROBERT RAY—I just thought we would put that on the public record.

Mr Campbell—I am happy to acknowledge that.

Senator ROBERT RAY—Parliamentary Secretary Colbeck, you are only representing the minister here, so it is a difficult question for you, but do you have any knowledge of which Liberal Party staffer went up and hawked that story around the gallery?

Senator Colbeck—No, I do not.

Senator ROBERT RAY—The minister could very appropriately have referred the matter to the commission in good faith. All of that good faith disappeared when it was run up to several newspapers before the final newspaper and the final journalist fell for the story—and only one at that. So that is very bad faith. This is not argued about the other section 328 case that was referred to them. It was not backgrounded in the media immediately. But you are in a position where you cannot possibly know, I suspect.

Senator Colbeck—I do not.

Senator FAULKNER—This may not actually be in your area, Mr Bodel. There is one possible compliance issue and when I checked the record I was surprised that it was not mentioned. There may be an explanation for this. Technically it may not even be a compliance issue. You can tell me. My colleague Senator Carr, at the last estimates round, I believe, placed on notice a question about a company called Kingston Investments. I do not know whether other witnesses at the table would know of this issue. I do not claim to be across the detail of it. The AEC did answer this question on notice. It relates to the alleged failure of this company to disclose under the act. Can you indicate to me what the status is, if it is your area of responsibility, with this particular company? I do not have a major background in this except that it was raised at the last estimates round. My colleague Senator Carr is not here.

Mr Bodel—Yes, this is my area. The question related to overseas donations, and Kingston Investments was one of the organisations that donated from overseas. We have not had a

disclosure return from Kingston Investments, and the question was whether we were continuing to pursue that—no, in fact the question was at what point we would cease to pursue that. The answer was that there is not really a point at which we cease to hope for a return from these people, but pursuing them becomes less and less of a priority over time.

Senator FAULKNER—But my question, Mr Bodel, appreciating all that, is—

Mr Bodel—Where is it up to?

Senator FAULKNER—Well, it is not on your list. So I suppose my question is why is it not on the list—the list of four, if you like, live inquiries.

Mr Bodel—It is not on the list of four live inquiries mostly because it is such an old matter that we are very unlikely to—

Senator FAULKNER—It is not on the list of live inquiries because it is dead!

Mr Bodel—It is very nearly dead, yes. I think that would be a fair statement.

Senator FAULKNER—Has the AEC responded to Senator Carr beyond the answer to his question on notice about this?

Mr Bodel—No.

Senator FAULKNER—Is it the view of the AEC, then, that the response to Senator Carr's question on notice is basically the end of the matter? Am I correctly reading between the lines?

Mr Bodel—Not quite. In response to Senator Carr's question we wrote a further letter to Kingston Investments to seek a production of the return and we have not had a response to that letter.

Senator FAULKNER—That is fair enough. In these instances, what do you do; do you leave it there? Is it appropriate, do you think, Mr Campbell, to provide further and better information to this committee or, in the circumstances, for the AEC to write to Senator Carr with an update of the situation?

Mr Campbell—I must admit I had not thought that issue through. I suppose it gets back to your comment of a minute ago: when does this one that might be live become dead? Of course, because it is an overseas company we are limited in what we can actually do. I think that probably what we should undertake to do after a reasonable period of time, if we still do not get a response, is write to the committee, given that it was raised by Senator Carr within the committee, and tell him what has happened. But I think your anticipation of the issue being dead might not be far from the truth.

Senator FAULKNER—That may be so, but that is not the point here. Let me just read you Senator Carr's question on notice:

At what point do you say that it is not likely that a return is going to be made [by Kingston Investments] for 2004-05 and you launch court proceedings?

That was the question, and that was answered by the AEC; let's be clear on that. I thought the answer was fair enough. But, if it is ongoing, to some extent that leaves the matter up in the air. And if there is a conclusion to the matter I would just suggest that it might be worthwhile informing the committee or the senator who raised the matter—I think the committee is more

appropriate—of that. Now, I do not know the background to this. I am not pretending to you in any sense that I am an expert on Kingston Investments; I am not. I am sure everyone at the table knows a huge amount more about this issue than I do. I am just trying to deal with the process issue—where we are left in relation to a matter raised by one of my colleagues at a hearing of this committee.

Mr Campbell—Senator, I agree with you, and we will include Kingston Investments in the list for our report back at the next estimates hearing.

Senator FAULKNER—It may be just to report that it is concluded.

Mr Campbell—That is right, but in effect we will close the loop on that.

Senator FAULKNER—From time to time, it is useful for the status report—which I think has saved a great deal of time for the committee—to perhaps include matters that have been finalised. I appreciate that this is not finalised but it sounds like it is pretty close to it.

Senator NASH—I have some questions surrounding Independent members of parliament acting together. I think some questions came to the AEC in the February estimates. Mr Campbell, I noted at the time that you responded to a number of questions from Senator Joyce and said:

Senator, while sometimes the wheels might turn somewhat slowly I can assure you that there are a number of issues that we will be watching in this regard.

As that was eight months ago, I am sure we are a little clearer on some of these questions. I have some quite specific questions, which I would like to deal with individually. In the view of the AEC, are elected Independent members of parliament entitled to act together in the following ways without being considered a political party? I will take them one by one—firstly, coordination of policies and parliamentary strategy.

Mr Campbell—I might ask Mr Bodel to first talk about the registration process, because I think to actually answer these sorts of questions we have to start back at the party registration part of the process.

Senator NASH—That is fine, as long as we quickly get to the answer to the question.

Mr Bodel—Quickly to the answer: basically, the only way that a group of people can be considered a political party for Commonwealth Electoral Act purposes is if they seek registration as a political party. No matter how this group of Independents act, they will not be a political party unless they apply for registration.

Senator NASH—So how does the AEC determine that if you have a group of members of parliament who belong to a political party, are registered and are obviously subject to the views of the AEC in that regard, and if you have another group of members of parliament who are not registered as a party and behave in exactly the same way? How does the AEC determine what should be the appropriate course of action?

Mr Bodel—The appropriate course of action is determined by the people themselves. They need to initiate the process of registration. The process of registration is not a process that the AEC can initiate.

Senator NASH—Let me be absolutely clear about this: so, as long as you do not choose to register, you can work as a group, do everything that a political party does and not be subject to the AEC's definition of the activities?

Mr Bodel—No. There are certain things you cannot do if you are acting as a group and you are not registered: you cannot have the name of your group on a ballot paper for the House of Representatives, you cannot nominate candidates without having 500 members, you cannot get funding as a group. There are a couple of other things, but I would probably need to take it on notice to be specific about the sorts of things you cannot do if you are not a registered political party.

Mr Campbell—We should also add, I think, what the requirements are in terms of political donations, because the act does have requirements of a group if they make political, expensive donations.

Senator NASH—I will come back to nominated candidates in a moment. Just on that point, if a fundraising activity were held by a group of like-minded, declared Independent candidates, would there be a disclosure obligation under the terms of the act?

Mr Bodel—Yes, there would.

Senator FIERRAVANTI-WELLS—On their individual disclosures?

Mr Bodel—That is correct.

Senator FIERRAVANTI-WELLS—So each of those people participating in the activity would have to then disclose their participation in that activity—

Mr Bodel—That is correct.

Senator FIERRAVANTI-WELLS—and potentially the amount of revenue or donation that came to them as part of their participation in that activity?

Mr Bodel—That is correct, yes.

Senator NASH—Just going back to nominated candidates, which you mentioned just before, can you tell me exactly what you mean by 'nominated candidates'?

Mr Bodel—In the nomination process for a political party, a political party can nominate all the candidates in a particular state without having to have the 500 signatures per candidate that is required under the act. Independent candidates, regardless of whether they are acting as a group, will have to have those 500 nominating signatures for each of their nominations.

Senator NASH—In light of that, could I draw your attention to a recent article, of 12 October, from the Independent member for Calare's website. The article says:

Former Telstra Country Wide manager Gavin Priestley, who lives in Orange and has a wool property at Hargraves in the Parkes electorate, is also coordinator of the Independent Candidate Advisory Network (ICAN). He'll be flying his plane around the new electorates over the next few months meeting the many people who've contacted ICAN wanting to help independent candidates. When we do make decisions on who runs where early next year there will be a network of helpers in place to maximise our chances.

How does the tenor of the quote about 'when we make decisions who runs where early next year' fit with the AEC's view of nominating a candidate?

Mr Bodel—Basically, they can agree on whoever they want to run as a candidate. That is not part of the AEC process. The AEC deals with the process once the nomination is provided. I do not think we have any role in determining who runs as candidates.

Mr Dacey—No. As Mr Bodel said, because they are Independent candidates we would treat them individually, as independent candidates, and they would all have to meet the individual requirements that an Independent candidate has for nomination.

Senator NASH—Do you have a definition of ‘independent’?

Mr Dacey—Not a candidate representing a party—that is our definition, not a formal definition.

Senator NASH—And the definition of a party?

Mr Bodel—The definition of a party is a registered political party within the requirements of the Electoral Act.

Senator NASH—Just on that point, which is quite interesting—and, again, this is from a paper and is obviously a journalist’s viewpoint—on Sunday, October 29, an article in the *Sun Herald* said:

The New South Wales independents deny that they constitute a political party, but their modus operandi is indistinguishable from an official anti-Coalition party. For example, the Mayor of Coonamble, Tim Horan, recently announced he would stand as an independent in the National-held seat of Barwon. In one press release, Horan tore into the Nats and their candidate, Kevin Humphries, a primary and secondary school principal of 20 years in Walcha, Tamworth and Boggabri. On checking the email trail, it emerged that the press release was sent to Horan by Rosemary Mort, electorate secretary to Richard Torbay, independent MP for the Northern Tablelands. Her accompanying email to Horan chirped: “Richard has okayed this and would be happy to give you a briefing on the issues if you give him a call—cheers Rosemary.”

Does the AEC have a view on that?

Mr Bodel—As I said, the thing that defines a political party is registration. Registration is entirely the prerogative of the people who wish to become a political party.

Senator NASH—So it is entirely a matter of once it becomes registered.

Senator FIERRAVANTI-WELLS—In other words, if a group of people hold themselves out as being a political party there is in effect nothing under Australian legislation that precludes them from doing so.

Mr Bodel—No, there is nothing. I think it is fair to say that there are, in addition to the example you are quoting, a number of organisations that purport to be political parties but are not registered under the Electoral Act. It is entirely legal to be a political party but not a registered political party.

Senator NASH—I think it would be quite useful for the committee to have a list of things they are not allowed to do if they are not registered as a political party. Could you provide a complete list of that to the committee.

Mr Bodel—Absolutely.

Senator NASH—Following on from February, when this was raised, has the AEC initiated any formal investigation into ICAN in order to test its validity? I am sure you are going to say that it comes back to the registration, but what have you actually done in the last eight months to test the validity of ICAN and whether or not it is a political party, apart from noting the fact it is not registered? Or did you just look at it and say, ‘They are not registered so we will not worry about it’?

Mr Bodel—No. ICAN is a separate question altogether.

Senator NASH—Separate to what?

Mr Bodel—ICAN is not a political party and it is not an Independent candidate. There is another definition in the electoral act, for an organisation that participates in the political process but is not a candidate or a political party. They are called third parties.

Senator NASH—But what if it is made up of candidates?

Mr Bodel—The Independents would be treated separately as having a separate disclosure obligation. ICAN will have a disclosure obligation as a third party. If it is made up of candidates, as you say, in the example you are citing, then not only the individuals who are part of ICAN would have a disclosure obligation but also ICAN itself would have a disclosure obligation. In effect there would be two disclosure obligations for the same organisation.

Senator NASH—Are the members of ICAN aware of that?

Mr Bodel—I am not certain at this stage. I will just go into—

Senator NASH—I gather they have asked you for advice on a number of things. I wondered if that might have been one of them.

Mr Bodel—I will just go into some of the details about third-party disclosures. This will tell you about how we anticipate ICAN will have a disclosure obligation. The legislation that passed in June introduced an annual disclosure obligation on third parties. It had previously been something that occurred after each election. As of 1 July this year, as of this financial year, ICAN will have a disclosure responsibility if they spend sufficient sums of money to meet the disclosure threshold. We will be looking at whether ICAN has a disclosure responsibility at the end of this financial year.

Senator NASH—Let me clarify it. Registration is obviously the trigger to be a political party. At this stage, it is really in the eye of the people out in the electorate—whether or not they determine that a bunch of Independents working together, looking like a political party, in their view really are a political party. Really, the AEC cannot make a determination until they register.

Mr Bodel—That is correct. However, regardless of how they behave, if ICAN are participating in the political process they will have a disclosure obligation.

Senator NASH—Chair, I have some questions on the redistribution which I will put on notice, but I just want to ask one question. With regard to the recent redistribution in New South Wales, I am interested in the commission’s thinking linking Cameron Corner—which is the point that links Queensland, New South Wales and South Australia, in the top of the state—in a community of interest with Albury, at the other end of the state.

Mr Campbell—That is not a matter for the commission. The commission did not have any role in the redistribution. The redistribution was done by a redistribution committee. Then the final process was done by an augmented committee, the redistribution committee. The commission does not have a view on that.

Senator NASH—That is fortunate.

Mr Campbell—I am on both those committees, but the commission does not have a view.

Senator NASH—Did you personally have a view, being on both those committees?

Mr Campbell—Yes. The final full report will be out, we anticipate, on 22 November, for both New South Wales and Queensland—two separate reports. In any redistribution, communities of interest are very interesting to work with. Some people see communities and some do not. The fundamental problem that faced both committees in New South Wales was the relative falling-away of population in the north-west corner of New South Wales—in country areas generally, but particularly in the north-west. To find a mix and match or putting together of communities—one division is not a whole community; you can have communities within a division. That is why the augmented committee decided to add the unincorporated area into Farrer, whereas the original committee did not: they had it in the proposed seat of Parkes because they saw it as a community of interest with the unincorporated area down in Broken Hill. That is probably the best way to answer your question.

Senator NASH—I want to ask you something else, and again you may need to give a personal answer. Do you have a view on the ability to govern adequately in a country like Australia, where we do have this population drift towards the coast, when we are doing it on a pure numbers game?

Mr Campbell—I think that the question of numbers, numbers games and whatever is for the parliament, not for me.

Senator NASH—I was only asking for your personal view.

Mr Campbell—The only observation I would make is that both committees understood the concerns that communities and members raised about mega-seats and the manageability of seats—large seats. Both committees also thought that there are advances in technology that sometimes advance it. But nobody can argue with the fact that, if you have a division that is two million square kilometres—and there is a division, not in New South Wales or Queensland, that is two million square kilometres—then, in terms of accessing your constituents who are in small communities, not in one big community, it might be different in terms of getting around than if you were in an inner city division. That is obvious. There is a whole history in this country about the question of the value of the vote and those sorts of issues.

Senator NASH—Indeed. That is for another day. Thank you. I will put the rest of my questions on notice.

Mr Bodel—I got my numbers a little mixed up. I should correct it: it is not 500 signatures you need to nominate as an independent; it is in fact 50. If you are a sitting independent, it is one—my apologies.

Senator FIERRAVANTI-WELLS—I have one last question following on from that. You made a comment about a sort of financial activity sum that they had to be involved in. What was that threshold?

Mr Bodel—The threshold for this financial year is more than \$10,300.

Senator FIERRAVANTI-WELLS—In other words, if an organisation engaged in political activity generates more than \$10,300 they have to financially disclose.

Mr Bodel—That is correct.

Senator CAROL BROWN—What is the current? Is it \$10,000?

Mr Bodel—It was more than \$10,000 for the previous financial year. It has been indexed to inflation and it is more than \$10,300 for this financial year.

Senator BERNARDI—As a question of confirmation, you said it is 50 signatures to register as an independent candidate at a federal election.

Mr Bodel—To nominate as an independent.

Senator BERNARDI—It is 500 to nominate as a party.

Mr Bodel—It is 500 to register a party.

Senator BERNARDI—Thank you.

Senator CAROL BROWN—I want to ask a question about the provision of electoral rolls. Other than senators and members of parliament, registered political parties, medical researchers, government agencies and the like, is there an ability under the act to give that out to commercial organisations?

Mr Pickering—The short answer is no. There is a provision in the Commonwealth Electoral Act for the Electoral Commissioner to exercise his discretion, but, in our memory, that has not been exercised.

Mr Dacey—We no longer sell the public electoral roll as we used to.

Senator CAROL BROWN—That was my next question: when did you stop selling it?

Mr Dacey—We stopped selling the roll in 2004. We were concerned about some of the implications of certain organisations buying the roll and using it for particular purposes.

Senator CAROL BROWN—When you stopped selling the roll in 2004, what were the requirements on the companies that had already purchased rolls that were current?

Mr Dacey—Even before we stopped selling the roll, there was a prohibition on commercial uses of the roll.

Senator CAROL BROWN—The reason I am asking these questions is I received a call and subsequently a copy of a letter that an elector was sent from a commercial business advertising their wares. On calling the number on the letter addressed to her—as far as she could remember she did not have any connection to the company; this is in June 2006, I think—she was told they had her address from the AEC and had purchased the information. They may have purchased it in 2004. When you decided that it was no longer a good idea to

sell the electoral roll to commercial businesses, was there any requirement on them to stop using the information that they had previously purchased? I am happy to give you the letter.

Mr Campbell—We need to check that it is a 2004 roll that was used, because that comes to us occasionally.

Senator CAROL BROWN—She has lived there I think 20-odd years.

Mr Dacey—But had it been even the 2004 roll there would still be a prohibition on commercial use of the roll information.

Senator CAROL BROWN—I am happy to give you the letter that I have here—

Mr Dacey—Does it relate to an airline company, Senator?

Senator CAROL BROWN—Yes, it does.

Mr Dacey—We have that and we are already investigating it.

Senator CAROL BROWN—Okay. How far into your investigation are you?

Mr Dacey—We are making inquiries of the companies associated with that. They have been advised—

Mr Campbell—Perhaps we could still have your details. It might in the end be a different individual but the same company as the group we are dealing with, so it would be good to have the details.

Senator CAROL BROWN—I am happy to give you a copy of the letter as long as the elector's name is withheld. It might be the same one.

Mr Pickering—May I just clarify something I said before to one of your questions? The legislation was changed recently to enable prescribed organisations in the broader context to obtain copies of the roll. Those organisations can apply to the AEC on the basis of verification of the identity of a person for the purpose of the Financial Transactions Reports Act 1988.

Senator CAROL BROWN—What section of the act?

Mr Pickering—Section 90B.

Senator CAROL BROWN—That is fine.

CHAIR—Mr Dacey, you were just going to follow up a question from Senator Ray before in relation to the international electoral commissioners club or whatever that international body is.

Mr Dacey—International IDEA, the International Institute for Democracy and Electoral Assistance, based in Stockholm.

CHAIR—To your knowledge, are the electoral bodies that are members of that organisation from countries that are themselves democracies in every case?

Mr Dacey—Yes, they are. I could provide the committee with a list of the member states.

CHAIR—I am just curious about that. Mr Campbell, in relation to the Faulkner matter which Senator Ray was raising before, under the Electoral Act you do not have discretion as to which matters you pursue? You are required to apply the act, not what you would like to be in the act or hope would be in the act—

Mr Campbell—I am responsible for the administration of a number of sections of the act and when an issue comes to me I apply those responsibilities.

CHAIR—And the method of conveyance of an issue to you is irrelevant once a matter is drawn to your attention?

Mr Campbell—That is right. As I pointed out in one of my letters to Senator Faulkner, the issue of anonymity was not relevant. I do not take that to be important to the importance or the substance of the issue but, in any event, as came out in the estimates earlier today, it was an anonymous reference to me.

CHAIR—Just for my benefit and for the benefit of the committee, could you just read out the relevant section of the act which was breached?

Mr Campbell—It is a bit hard to read out because it is a cross, if you like, between two sections. It is 328, which goes back to section 4 of the act, because you have to go back to your definitions. It is a page and a half so you may not want me to read it, but in essence it is saying that if you are publishing, distributing or causing to distribute an electoral advertisement, handbill, pamphlet, poster or notice, you must actually have the authorisation on it. In effect, even if the person signs it—and I had another case last year when a senior state politician actually signed the ad—it is still not authorised in accordance with the strict terms of the act. All I am doing is applying the wording of the act which, as I pointed out before, has been around since 1984.

CHAIR—But I just wanted to verify that you have no discretion at all—

Mr Campbell—No.

CHAIR—and you do not consider the manner in which something is conveyed to you.

Mr Campbell—The discretion will come, in effect, from what action I take, not what I find.

CHAIR—As there are no other questions for the Electoral Commission, thank you very much. We will adjourn until 11.15 am when we will return with the Department of Finance and Administration, outcome 3, Ministerial and Parliamentary Services.

Proceedings suspended from 10.59 am to 11.15 am

Department of Finance and Administration

CHAIR—I call the committee to order and welcome the Ministerial and Parliamentary Services section of the Department of Finance and Administration. We will take general questions on outcome 3.

Senator ROBERT RAY—I will ask a couple of the standard questions I always ask. Could you provide us with a list of government personnel as of 1 October 2006.

Mr Miles—I have two tables—

Senator ROBERT RAY—Do you have the variation one as well?

Mr Miles—That is correct.

Senator ROBERT RAY—That saved me a question. That is part of your efficiency dividend! I will come back to those at some later time in the hearing, I think. I wanted to ask

some questions, Parliamentary Secretary, about the progress or otherwise of the negotiations on certified agreements. I want to make it quite clear that I do not regard it as my job to be an advocate one way or another, but there are some aspects of the process I am still concerned with. I want to go through some process issues. It is not intended that I take sides, per se. When did the negotiations begin for a new certified agreement?

Ms Clarke—Our first meeting with the staff rep group—a group elected to represent all of the staff—was on 10 February 2006.

Senator ROBERT RAY—Do you know how many meetings you have had since then?

Ms Clarke—We have held 12 meetings.

Senator ROBERT RAY—Who in the department is responsible for the oversight of this matter?

Ms Mason—It is Ministerial and Parliamentary Services—me, as general manager of Ministerial and Parliamentary Services.

Senator FAULKNER—Who do you report through to on this particular matter?

Dr Watt—I am responsible, I suppose.

Senator FAULKNER—So you receive regular reports.

Dr Watt—I am kept involved and apprised of what is going on.

Senator FAULKNER—Do you report through to the Special Minister of State?

Dr Watt—The reporting link is from Ms Mason and her team to the Special Minister of State and his advisers rather than from me direct.

Senator ROBERT RAY—I actually asked who is responsible for it. To be more specific, who are the negotiators in your area, Ms Mason? It is a double-barrelled question. I have established one aspect.

Ms Mason—I have attended most, if not all, of the meetings with the staff representative group, along with a number of colleagues, including Ms Clarke.

Senator ROBERT RAY—How was the composition of the staff representative group determined?

Ms Mason—It was a representation intended to pick up representatives from the ALP, the Liberal Party, the National Party and Independents. The representation in terms of numbers was decided upon by the Special Minister of State.

Senator FAULKNER—Let's first of all hear what that representation is. I do not want the names, by the way. Let me make a comment in similar terms to the one made by Senator Ray at the commencement of these questions. I do not want to know the names, but let us hear the composition in terms of the representativeness that you spoke of earlier.

Ms Mason—May I correct or at least add to what I said earlier. I understand from my discussion with Ms Clarke that the employee consultative group suggested the representation for the staff representative group negotiating the collective agreement, and that was in turn endorsed by the Special Minister of State.

Senator ROBERT RAY—So who is this group who recommended that?

Ms Mason—It is the employee consultative group established when the last certified agreement was negotiated with staff. It was requested by staff as part of that negotiation, and agreed by the government.

Senator ROBERT RAY—That has four Liberal representatives; is that right?

Ms Clarke—That is correct. We have four Liberal representatives, three from the Labor Party, two from the National Party, and one representing Independent senators and members, including the Greens and the Democrats.

Senator ROBERT RAY—I see. I note the malapportionment there. So the National Party, with 16 members of parliament, get one representative to every eight staff members.

Ms Clarke—The proportions were actually based on the number of staff.

Senator ROBERT RAY—Oh, so you inflate Senator Boswell's staff to this mega amount and they get an extra vote. Jeez! Look, 16 members of parliament, or staff, get two representatives; the Labor Party get three—a one to 29 ratio and a one to eight ratio. I would have thought the ratio between the Labor Party and the Liberal Party was absolutely correct. The Liberal Party have more members of parliament here—not a lot more, by the way, because of the coalition arrangement. They should get four; the Labor Party, three; the Independents, one—you can understand that. But the two is just a total rort, isn't it, Parliamentary Secretary?

Senator Colbeck—This is an agreement about staff, not members of parliament, so it is an apportionment in relation to the number of members of staff, not members of parliament. And I think that is appropriate—

Senator ROBERT RAY—So how many National Party members of staff are there?

Ms Clarke—Senator, I will get that information as to what the staffing ratios were when the SRG was formed.

Senator FAULKNER—Let's go back a step. Is the employee consultative group extant?

Ms Clarke—Yes, it is still meeting.

Senator FAULKNER—Yes. What is the composition of that particular body? I think you are saying that it is different to that of the SRG; is that right?

Ms Clarke—I will get the representation brought up.

Senator FAULKNER—Ms Clarke, you have told us that the employee consultative group was responsible for providing advice on the structure of the SRG. That was Ms Mason's correction of her evidence just a moment ago. I would be interested in understanding first of all what the composition of the employee consultative group is which moves to recommending or putting proposals in relation to the SRG. Can we do that relatively quickly?

Ms Mason—Yes, we can. We are just checking the numbers. It is broadly similar to the representation of the staff representative group in terms of numbers. In fact, I would observe that there are some members who are common to both groups as well—some of the individuals, without naming names.

Senator FAULKNER—Yes. I would appreciate having that as soon as we can.

Senator ROBERT RAY—Are any consultants being used in this process? I think in a previous one at some stage there were.

Ms Clarke—We have had the assistance of Heaney Blaylock and Associates advising on workplace matters. One of the representatives from that company has come along to a number of the meetings.

Senator ROBERT RAY—Do they specifically advise on this matter or on numerous matters in the department?

Ms Clarke—I cannot comment about the department more widely, but we certainly get advice from a number of sources on matters relating to MOPS staffing and MOPS employment. One of those is from Heaney Blaylock and Associates.

Senator ROBERT RAY—Hang on. Let us listen to the question. You were not asked for the sources of your advice; you were asked what advice this company gives whether it is just on this matter or on a range of matters that are similar.

Dr Watt—Ms Clarke would not know that. I can get that information for you. We may have used them elsewhere. I am not particularly aware if we have.

Senator ROBERT RAY—Let us go back again. They presumably let a contract. Is the contract just on this matter or does it cover a wider group of matters? Once we get that answer we can move on.

Ms Mason—I think Ms Clarke has said in relation to this particular contract with Heaney Blaylock and Associates they have advised in relation to the new collective agreement and other issues related to MOPS staff. If your question is more broad as to whether the department has used Heaney Blaylock and Associates for other purposes—

Senator ROBERT RAY—No, it is not.

Ms Mason—that is something we need to check.

Senator ROBERT RAY—No, you do not need to check that. I am just trying to check what this contract is for. What is the value of this contract? Are you able to tell us that?

Ms Clarke—I can get that information. I do not have it on hand at the moment.

Senator FAULKNER—The dollar figure would be useful, but I would be interested in knowing precisely what the contractual responsibilities are of this particular group. Are you able to tell the committee what the contractual obligations of Heaney Blaylock and Associates are to MAPS? Can you do that?

Ms Clarke—I will certainly get the description of the consultancy, but in broad terms it is about providing advice on matters to do with workplace relations. I will get the description of the consultancy and read that out to you.

Senator ROBERT RAY—I think that on a previous occasion a facilitator was used—was it Miller and Associates? It was several years ago. Are you using a facilitator on this occasion?

Ms Clarke—No, we are not. Miller and Associates actually relates back to a study that was done, I think, in about 2000 which was not anything to do with a collective agreement, in a sense. Its findings did flow into the collective agreement but it was a separate exercise. Certainly in terms of facilitators, Ms Mason has been doing the chairing.

Senator ROBERT RAY—That is a saving. That is good.

Senator FAULKNER—Regarding Heaney Blaylock and Associates, when did the contractual period for that particular consultancy begin?

Ms Clarke—I will get that information for you. I do not have it on hand.

Senator FAULKNER—It is fair to say in broad terms that this issue has been ongoing for the best part of this year, 2006, hasn't it?

Ms Clarke—Yes, it has—this calendar year.

Senator FAULKNER—Exactly—in broad terms. Are you able to indicate whether they were involved from the beginning of the process?

Ms Clarke—Again, I will have to go back and look at the records.

Ms Mason—I would also add that the staff representative group involved in negotiating the collective agreement was elected, I think, towards the end of last year. So it depends on where you draw the line in terms of commencement of the process, but you could argue that it commenced with the election of the staff representative group, which first met, as Ms Clarke said, on 10 February 2006.

Senator FAULKNER—Sure, but we are broadly saying that, for most of 2006, this has been an ongoing issue. One of the things we are trying to understand is for how long this particular consultancy has been engaged during that period. What is their responsibility? What is their role and their involvement, and so forth? None of that at this stage is clear to me nor, I suspect, to other member of the committee.

Ms Mason—We are checking the facts, but I think it is fair to say that Heaney Blaylock and Associates has been involved, from my recollection, throughout the period. You asked about consultants involved in the process. We also have engaged the services of Minter Ellison lawyers to assist in the drafting of the new collective agreement.

Senator ROBERT RAY—Would they give you advice as to what items—within the scope of legislation, regulation, the Remuneration Tribunal and other determinations—are within the scope of your negotiating team to trade with the staff but do not impinge on the right of senators? Have they given you legal advice on that?

Ms Mason—No, Senator.

Senator ROBERT RAY—Let's go to that. A number of members of parliament—not only on my side but mostly on my side—have objected to the fact that one of the things on the negotiating table is the right to establish the overtime regime in an office. Senators and members would prefer to be able to allocate that amongst their staff without it being a tradable efficiency gain item in these negotiations. They really ask me: how can this be put down as a negotiating item? Could you explain it to me?

Ms Mason—Parliamentarians are authorised to engage staff on terms and conditions which are agreed in the framework set by the government for the engagement of MOP(S) Act staff. That issue is one of the elements of the framework that the government has considered as part of the negotiations.

Senator ROBERT RAY—Yes. But, you see, senators and members and, indeed, to an extent, ministers—although they are covered more by allowances—at the time of negotiating an agreement with the staff, had a particular regime of overtime, ESA et cetera. They have no say in that being traded off; no say in the way they structure the work patterns in their office. You are trading it away. What is worse is that there has been no consultation with members and senators to have this right traded away.

Ms Clarke—We were negotiating with staff with whom this agreement is with.

Senator ROBERT RAY—Hold on: no-one is denying your right to negotiate with staff; it is what you are able to negotiate with staff that does not impinge on the rights and responsibilities of members of parliament.

Ms Mason—We were negotiating matters within parameters that the government had given us with which to negotiate the agreement with staff. I understand there have been discussions with parliamentarians about the agreement and discussions between the Special Minister of State and colleagues about those matters.

Senator FAULKNER—What are the parameters that the government has given you? You just said there were parameters; I think we would be very interested to hear what they are.

Ms Mason—In broad terms, we were looking at an agreement which had a pay increase that was broadly in line with government policy for the negotiation of collective agreements.

Senator FAULKNER—How are these parameters communicated to MAPS?

Ms Mason—We look at the DEWR website to stay up to date with government policy in relation to negotiating agreements. We also receive periodic advices from DEWR about updates in that area. In relation to the specifics of what might be in an agreement for MOP(S) Act staff, those matters are covered in briefings between the department and the Special Minister of State, and I think you are aware that we do not normally go into the specifics of those briefings.

Senator FAULKNER—My question was: how? I did not go to the content of the parameters. How were the parameters communicated to MAPS? If you are seriously telling me that they are communicated by you going to the DEWR website and surfing the net, then I am starting to get very concerned. It is a process question—and you would appreciate this, Dr Watt—a method of communication which is perfectly proper for officials at the table and witnesses to provide answers on.

Dr Watt—I think Ms Mason answered a particular aspect of the question; she will go on and answer the next one.

Ms Mason—I certainly did mention the DEWR website. I also mentioned communiques we had received from DEWR from time to time. I also mentioned that these matters were covered in briefings between the department and the Special Minister of State. I could add to

that that there have also been discussions between departmental officers, the Special Minister of State and staff in that office, and so those are the mechanisms.

Senator FAULKNER—I appreciate that. Is there written guidance from the Special Minister of State on these parameters? Is there written guidance or is this all some conversation that has taken place in a dark backroom somewhere?

Ms Mason—The short answer is yes.

Senator FAULKNER—What is that written guidance?

Ms Mason—The written guidance is annotations and signatures on ministerial briefs.

Senator ROBERT RAY—So you brief and then the guidance comes back by an amendment to the brief—is that right?

Dr Watt—Comment and agreement—depending on the nature of the brief and the issue.

Senator ROBERT RAY—Is it an iterative process rather than guidance from the top? This is what I am trying to establish.

Ms Mason—I think the nature of negotiations and discussions with staff on such matters are by their nature iterative, and the briefing that the department provides—

Senator ROBERT RAY—Hold on: we are talking about guidance given to you by the minister's office. Within here, some of that guidance is in response to submissions you have put to the office and they have then either been annotated or approved. Am I to understand that the eventual guidance is an iterative process between the parliament and the minister, not something handed down from high from the minister?

Ms Mason—Correct and part of the mix—

Senator ROBERT RAY—Thank you. We are just trying to get the evidence on the table.

Ms Mason—Part of the mix is also briefing the Special Minister of State in relation to the views of staff expressed in the discussions that we have had with staff.

Senator ROBERT RAY—Of course, the guidelines here do not replicate the public service negotiations because otherwise they would be probably employed under the Public Service Act. We have a separate MOP(S) Act that recognises differences—differences in employer-employee relationship, don't we? It is a different relationship from any other part of the public service because we are technically the employers, but ceded to you is of course the administration—quite properly—of this.

Ms Mason—Correct.

Senator ROBERT RAY—So getting guidance from Dewsbury or wherever you got it from does not necessarily follow.

Ms Mason—I think there is a technicality in your question. The guidance from DEWR is in relation to policy parameters affecting agreement making in the public sector. Whilst it is true that public servants are covered by the Public Service Act, which is a different act from the Members of Parliament (Staff) Act 1984, they are both in the public sector and, yes, there are differences between them—differences in their terms and conditions of employment,

different pressures on them and so on—and they are taken into account in the agreements that are developed for both.

Senator ROBERT RAY—You referred earlier to discussions between SMOS and other parliamentarians about overtime but all this is well post the fact. There was no consultation before the start of the process that overtime could be traded off as part of a wages agreement. There was no consultation, was there?

Ms Mason—I do not claim to be aware of all of the consultations that have taken place nor—

Senator ROBERT RAY—No, but you cannot point to any.

Ms Mason—would I observe that the agreement is not settled at this point. The consideration period has not yet commenced.

Senator ROBERT RAY—That is not the point. You referred to discussions, which I also know about, between SMOS and other people about the overtime issue—in fact, they probably occurred in the last three or four weeks. I am saying that at the start of this process when overtime was put on the table as part of the negotiating process, there was no consultation with the actual employers—members of parliament: members of the House of Representatives and senators—was there?

Ms Mason—I am unable to comment. I am not aware of any consultation at that point, but that is not to say it did not occur.

Senator ROBERT RAY—I am usually aware of these things and I pretty much assure you: it never occurred. Can I ask what the department estimates that the cost of processing overtime for staff employed under the MOP(S) Act is currently? You can pick the period in which you answer it because I do not want to bind you to that. What is the cost for processing overtime forms?

Dr Watt—We would have to try and dig that figure out. We do not have that with us.

Senator ROBERT RAY—That surprises me because this is one of the trade-offs. Surely you have established what the figure is before you trade it off against an allowance. The cost of processing—isn't this one of the efficiency gains?

Dr Watt—It is a gain.

Ms Mason—It is certainly a gain. Have we put a figure on it? No, we have not.

Senator ROBERT RAY—Then how do you know that there will be gains? Surely you have quantified those gains against what you have offered as a permanent allowance.

Dr Watt—I think we can be confident there will be processing gains. If you cut down processing, you cut down administration and that cuts down costs. A different question is: are we able to quantify it?

Ms Mason—No, we are not.

Senator ROBERT RAY—I am just stunned that—

Senator FAULKNER—You are getting it on confidence, not on any mathematics or dollar figures—just confidence.

Dr Watt—That is correct.

Senator FAULKNER—I do not share your confidence necessarily.

Ms Mason—I think it is true to say that the processing of overtime forms that change frequently by departmental staff is a time consuming and complex task.

Senator ROBERT RAY—Totally conceded.

Ms Mason—It is also time consuming, we understand from our discussions with staff, for the electorate offices as well. We would see productivity improvements both within the department and in electorate offices with the abolition of overtime.

Senator ROBERT RAY—I agree with all that, but it stuns me that you have not quantified it so you know what the efficiencies will be that can be traded off for a pay rise.

Ms Mason—We certainly know there will be productivity improvements. We do not have a figure.

Senator ROBERT RAY—I know the sun will come up tomorrow but I do not know the temperature. It is staggering that you have not done that calculation.

Dr Watt—I am not sure that is a good analogy, Senator.

Senator ROBERT RAY—Have you got an average overtime cost per member of parliament?

Ms Mason—In terms of the number of overtime forms received by the department, we have not actually done the calculation but there are at least three staff in every electorate office. If you assume that they will be working overtime on occasion then you do a multiplication and you get a large number.

Senator FAULKNER—The word ‘assume’ is a real problem.

Ms Mason—The cost of overtime itself is an issue that Ms Clarke will deal with.

Senator ROBERT RAY—I have a cold and do not want to up the voice level, but I asked for the average cost, not the average number of staff or hours claimed. I asked for the average cost per staff member of overtime.

Ms Mason—Yes, we have that.

Senator ROBERT RAY—Thank you.

Ms Clarke—I am not sure that we do. What I have here is the average ESA overtime for the past three years by classification for staff employed in the full year.

Senator ROBERT RAY—You might just provide that rather than read it out, if it is a long list.

Dr Watt—No, it is a very short list.

Senator ROBERT RAY—All right. Then read it out.

Ms Clarke—It is a short list. It is taken over a number of years for classifications A, B and C. For 2003-04 the average ESA overtime figure per staff member for an EOA was \$5,069; for a B it was \$7,311; and for a C it was \$9,695.

Senator ROBERT RAY—Do you know what percentage of electorate office staff are on ESA?

Ms Clarke—I think it is around 49 per cent. I can get that confirmed. I do not have that number in front of me.

Senator ROBERT RAY—I do not have a follow-up question, so if you could provide it on notice I would appreciate that.

Ms Clarke—Continuing, for 2004-05 the average payment for an A was \$4,684; for a B it was \$7,511; and for a C it was \$9,186. For 2005-06 the average overtime ESA payment was \$7,325 for an EOA; \$6,941 for a B; and \$7,509 for a C. And I can give you the three-year averages for those, to save you the math.

Senator ROBERT RAY—Yes, if you like.

Ms Clarke—For an A, the three-year average is \$5,938; for a B it is \$7,245; and for a C it is \$8,767.

Senator ROBERT RAY—So if the department offer is accepted many members of staff that were not claiming more than \$7,000 in overtime will go to \$14,000 straightaway—is that right?

Ms Clarke—I do not understand how that would be.

Senator Colbeck—That would depend on the allocations made by the employer.

Senator ROBERT RAY—Of course it would. But the thing about averages is that they are averages. In some averages some employees may go from nought to \$14,000 for no extra effort. Very few will come from a higher figure down to the \$14,000 or whatever other level is accepted. In other words, there is an enormous incentive for some people who do not work extra hours to vote for this, because they get a lot more thousand dollars for no more work.

Ms Mason—Senator, we anticipate that the employing senators and members will take into account the work patterns of staff when they are allocating the revised ESA amounts within the office.

Senator ROBERT RAY—I think they will take that under as much advisement as you did the views of senators and members of trading off overtime, frankly. That will be the attitude.

Senator Colbeck—I disagree with that. Based on conversations that I have had with colleagues and the way that I operate my own office, I do not think that we would automatically put everyone on the top rate. I think that is unreasonable.

Senator ROBERT RAY—I did not say that. You cannot actually put everyone on the top rate.

Senator Colbeck—I understand that.

Senator ROBERT RAY—You have to structure it in several ways.

Senator Colbeck—In other words, members and senators will have to consider how to set their offices up because of the options that are available under the system.

Senator ROBERT RAY—Yes. But it is logical, taken from the averages, that some staffers are going to jump by up to \$7,000 or \$8,000 by being put on the top rate. Of course they would vote for it—it is money for old rope.

Ms Clarke—Senator, I have that information on the consultant Heaney Blaylock, and also on the ECG, so I will go through that. The difference between the representatives on the ECG and the SRG is that there is one Democrat on the ECG. The membership of that I will reiterate. It is four Liberal Party representatives, three Labor Party representatives, two National Party representatives, one Democrat representative and one representative of independent senators and members.

Senator ROBERT RAY—Has that body met this year?

Ms Clarke—Yes, it has met several times this year. It meets every two months.

Senator FAULKNER—So the only difference between the Employee Consultative Group and the SRG is that the Democrats got sliced off the SRG. That is the only difference, isn't it—there is no Democrat representative?

Ms Clarke—Subsumed into the Independents, yes.

Senator FAULKNER—They are not subsumed: there is one Independent and one Democrat on the ERG, and there is one Independent and no Democrats on the SRG—is that right or wrong?

Ms Clarke—There is one representative on the SRG that represents Independent senators and members and, given that the Democrats no longer have party status, they are considered to be Independents for this purpose so it represents the Greens, the Democrats and the Independents.

Ms Mason—I would note that the ECG was set up some time ago with the last collective agreement, and there have been changes in representation since that group was formed. So when the SRG was formed at a later date, it took account of those changes.

Senator FAULKNER—There have not been so many changes in representation that the Labor Party represents only 30 per cent of the parliament.

Ms Clarke—I can confirm from recollection that 49 per cent of staff are on ESA.

Senator ROBERT RAY—Thank you for that. Therefore any savings in overtime will only apply to 51 per cent processing the forms. Can you confirm that too, or have I got my logic wrong?

Dr Watt—No, it is a mathematical certainty.

Senator ROBERT RAY—Thank you, Dr Watt.

Ms Mason—Actually—

Senator ROBERT RAY—Actually, I told you.

Ms Mason—Some people do have both ESA and overtime, so it will be larger.

Senator ROBERT RAY—Those that work outside past seven o'clock at night can have additional overtime—I understand that.

Ms Mason—That is correct.

Senator ROBERT RAY—Do you have figures on how many staff employed under the MOP(S) Act earn in excess of \$14,000 in overtime and therefore even if they are put on the top level will have a reduced income?

Ms Clarke—I do not have how many earn in excess of the top rate of the proposed ESA. We know, having done some analysis, that we also gave to the staff rep group how many staff may potentially be financially disadvantaged under the new CA.

Senator FAULKNER—What were those figures?

Ms Clarke—There were 24 staff in the first year.

Senator FAULKNER—And in out years—24 staff potentially, or disadvantaged?

Ms Clarke—Potentially disadvantaged.

Senator FAULKNER—I do not understand the use of the word ‘potentially’.

Ms Mason—I think the use of the word ‘potentially’ relates to the fact that they would be potentially disadvantaged if the number of overtime hours worked remained constant throughout the period. We think that is quite unlikely because we think there will be changes in behaviour that occur because of the new collective agreement.

Senator ROBERT RAY—One of the difficulties, of course, is that some staff who travel or work in this building come in at eight in the morning and leave at 11 at night. I do not think they get much flexibility about that. I suspect quite a few of that 24 or others fall into that category.

Ms Mason—That is possible, but also staff in our discussions with them were telling us that there are a number of people who are working overtime hours but not receiving overtime as compensation for those hours. The revised ESA will give them a certain payment in recognition of that extra time worked.

Senator ROBERT RAY—How do they explain that they did not claim the overtime—their employer refuses?

Ms Mason—It was a combination of factors.

Senator ROBERT RAY—So in other words, some employers, members of parliament, have exploited their own staff. I cannot draw any other conclusion than that.

CHAIR—Or some staff might not get around to doing it—that is another explanation.

Senator ROBERT RAY—Claiming something is a possible explanation, but I was drawing on the evidence of the witness to assert the other.

Senator FAULKNER—Going back to when you talked about the potential impact over the next year, is any work being done beyond that?

Ms Clarke—Yes.

Senator FAULKNER—In other words, the out years.

Ms Clarke—In the out years up to the end of the agreement, the number declines. We have looked at what people are getting and at the total package—the additional increments of the

pay increase, superannuation on the ESA and things like that. The 24 declines to 12 in the second year and then down to eight in the third year, again, assuming that overtime patterns remain the same. Can I give you the information on Heaney Blaylock before I forget? The cost of that for 2005-06 is \$22,000. The description of the consultancy is: provision of advice relating to the employment framework for the staff of senators and members.

Senator FAULKNER—Provision of advice to whom?

Ms Clarke—To the department of finance.

Senator FAULKNER—What is the period of the consultancy? When did this mob kick off?

Ms Clarke—I said 2005-06, but I am not aware that that is not the case. I will have to get further advice on the date.

Senator ROBERT RAY—Can I go back to the original offer made by DOFA. I notice that the salary increase offer was reduced from five per cent to 4.5 per cent. Was that as a result of them increasing the offer in terms of ESA?

Ms Mason—The figure that you referred to was not a formal offer. That was part of the discussions. That was a possible offer to staff. Staff responded to that by telling us that the proposed ESA amounts were not, in their view, high enough. We went away and looked at those amounts and revised them and, yes, there was an adjustment downwards to the proposed annual pay increase.

Senator ROBERT RAY—In terms of any request for backdating of pay—and I am informed that that has been rejected by the department—how do you then handle the fact that you do not necessarily then have an incentive to settle early on these matters? You make a whole series of savings by simply not settling on the new pay rate.

Ms Mason—Backdating of pay increases is not within government policy parameters, so that was not a matter that was open to us. We have undertaken—and have done so throughout the process—to negotiate in good faith and as quickly as we can. We have met, as far as I am aware, all of the deadlines for the provision of information. We in fact only received the last of the staff representative group's proposals for the new collective agreement on 16 August, which was four days before the current agreement—it is still the current agreement, because it continues in force—nominally expired. We then had to analyse the most recent set of proposals, take it to government, seek guidance on the shape of the offer and go back to staff and discuss that. From memory I think those discussions took place on 10 and 13 October.

Senator ROBERT RAY—You say that you tried to do this in a timely manner. I am pleased about that. But on how many occasions did the department negotiating group either cancel or postpone meetings with the staff representative group after 28 August?

Ms Mason—We would have to take it on notice and check.

Senator ROBERT RAY—Did you? You did, didn't you—you just cannot remember when?

Ms Mason—I am not sure. We will check. I do not have an awareness that we have cancelled meetings. If we did it would have been because we did not have the information to

be able to discuss it with staff rather than because of any suggestion that we were attempting to delay the process. It is absolutely not the case.

Dr Watt—Can I pick up your incentives point. While an agreement delayed is a saving for taxpayers, all of the other incentives on this rush towards early completion rather than late completion. You do not want these negotiations to drag on. It involves a great deal of time and effort by Finance. We would much rather have a speedy solution than a slower one.

Senator ROBERT RAY—You understand that the nature of my question was not an allegation—it was just requiring an explanation of where the incentive was.

Dr Watt—While there might be an incentive there, as you said, there are other incentives that far outweigh it.

Senator FAULKNER—In relation to this issue of DOFA contact with the staff representative group, can you indicate, Ms Mason, to the committee whether in fact there has been any broader DOFA or MAPS briefing of MOP staff beyond the staff representative group or the employee consultative group?

Ms Mason—No, there has not been.

Senator FAULKNER—Has there been any direct contact between the consultant and the staff?

Ms Mason—The consultant was present for a number of the discussions with the staff representative group and was available to answer questions or provide information to them, as was the representative for the department as well. That was direct contact with staff within the staff representative group meetings.

Senator FAULKNER—Is it true that in previous negotiations MAPS staff have travelled to other capital cities and briefed staff?

Ms Mason—That is correct.

Senator FAULKNER—Has that happened on this occasion?

Ms Mason—No, it has not. The other contacts I think you are referring to would be at a later stage of the process than we are at in relation to this agreement. Certainly, it is our intention to do so—if your question is heading to whether we are planning to provide staff with information.

Senator FAULKNER—I am just trying to compare apples with apples. I appreciate that you may have formulated plans for activities later in the process. I am trying to understand whether, at a comparative stage of previous certified agreements, there had been meetings with staff in other capital cities.

Ms Clarke—Senator, my recollection from the previous agreement is that in the first agreement, which was 2000-01—it lasted only a year—there was no staff rep group involved. It was just direct negotiation with staff. And in fact we did go out at that stage and do the capital cities and tell staff what was in the proposed agreement. In the 2003-06 agreement, once there had been agreement reached, there were people going out explaining it and taking questions at the various state capitals. That was after agreement had been reached and there was sign-off—before the election.

Senator FAULKNER—So, at a comparative stage of where we are up to now with the CA, there had been no such meetings?

Ms Clarke—That is correct.

Senator FAULKNER—That is what I was asking. I am not trying to compare apples with oranges; I am trying to compare apples with apples.

Senator ROBERT RAY—Is there a specific level of employment under the MOP(S) Act that determines whether a staff member can be put under an AWA or not?

Ms Clarke—A level of employment?

Senator ROBERT RAY—Yes. Is there a level of employment that triggers whether a person is on a certified agreement or an AWA under the MOP(S) Act?

Ms Clarke—It is not under the MOP(S) Act. There is a framework such that—

Senator ROBERT RAY—I am sorry, but all our friends and ministerial staff and opposition staff are employed under the MOP(S) Act. Some of them are on AWAs.

Ms Clarke—Yes, indeed. The descriptions of the levels are not in the MOP(S) Act. But in the certified agreement, which is in fact a determination made under the MOP(S) Act, it covers adviser level staff and below. Staff above that are covered by AWAs.

Senator ROBERT RAY—And there is no overlapping group where you could be one or the other?

Ms Clarke—No, there is not.

Senator ROBERT RAY—I understand the privacy aspects of AWAs, but do you keep gross figures aggregating what an AWA at a specific level is—say, a media adviser? I only mention that as an example.

Ms Clarke—We have salary ranges for—

Senator ROBERT RAY—I understand salary ranges; we will come to that later in the afternoon in a different context. But do you keep figures that would, for example, show that the average AWA for a media adviser, either across the 34 in government or the six or eight or whatever it is in opposition, is X?

Ms Clarke—That is certainly information that would be available.

Senator ROBERT RAY—I am asking whether you keep it. I am not going to actually ask for it, but I am asking whether you keep it.

Ms Clarke—We see the individual AWAs, but I do not think we keep that information at hand. But of course it would be quite easy to collect should we need it.

Senator ROBERT RAY—I asked the Electoral Commission earlier how they negotiated their AWAs, so I will ask you. How do you go about negotiating an AWA with someone, as I think you said it would be, above adviser level?

Ms Clarke—The AWA is basically a template document that has been approved by the Prime Minister, because it is the employment terms and conditions under the MOP(S) Act. That agreement goes out to staff for signature. Decisions are taken by employers as to what

the salary levels will be. They are inserted in there and the agreement takes effect—that is it in a nutshell.

Senator ROBERT RAY—Yes. There is no negotiating with the individual, is there?

Ms Clarke—To the extent that you can negotiate whether you want a private-plated vehicle, for instance, if you are a senior adviser, or you would like to cash it out—

Senator ROBERT RAY—You see, everyone I have talked to who is on an AWA said they were given it and told to sign it or that was it. They were given no negotiating rights whatsoever. There are no individual negotiating rights; it is ‘take it or leave it’, isn’t it?

Ms Clarke—Certainly, there is the ability to ask for a certain salary within the salary range—

Senator ROBERT RAY—Ask who?

Ms Clarke—Your employer.

Senator ROBERT RAY—They cannot ask you, can they?

Ms Clarke—No.

Senator ROBERT RAY—I have not discussed this with government staffers on AWAs; I do not know enough of them, so I have had to go to others. But they all tell me it is a stand-and-deliver thing. I always thought AWAs were individually crafted contracts, suited to the particular peculiarities of individuals. Now I find they are all told, ‘Here you are; sign it or else.’ And certainly this is not the way the Electoral Commission approached it, given their evidence this morning.

Ms Mason—I think I said earlier that senators and members are entitled to engage staff on terms and conditions set out and agreed by government in terms of the framework for MOP(S) Act employees.

Senator ROBERT RAY—That is right. The government says, ‘Do X,’ and that is it.

Ms Mason—The AWA template is generally agreed. If staff wish to have something different from that offer, they can certainly ask their employer about different terms and conditions and different salaries. The employer in turn can write and seek the Prime Minister’s agreement to those differences if they wish.

Senator ROBERT RAY—But it is not a question of the employee negotiating with you about the AWA, is it? You have to stick by the template—

Ms Mason—I think you earlier described MAPS’s role as an agent on the government’s behalf in these matters. We do administer the framework. We administer the framework that has been agreed by government and, where there are different things requested, we provide briefings in relation to those matters and a decision is taken.

Senator Colbeck—Senator, I would not characterise an AWA as being a take it or leave it agreement for staff above the adviser level, because there certainly is a capacity for the staff to negotiate with their employer on the terms of their employment.

Senator ROBERT RAY—Well, let’s say the next round comes up, Parliamentary Secretary—and we will just talk about staff for opposition members. So the opposition leader

or whomever—Senator Evans probably has one or two staff on AWAs—can negotiate the conditions and write to the Prime Minister, can they?

Senator Colbeck—They can request certain conditions, such as, as has been indicated, having a private-plated vehicle or working a nine-day fortnight or a range of things of that nature that can be considered as part of the process. Those would be negotiated and then put into the AWA.

Senator ROBERT RAY—And when you deliver the AWA to these people—I assume you are the ones that send it to the staff concerned, are you?

Ms Mason—Yes.

Senator ROBERT RAY—You do not send it to the employer; you send it to the staff?

Ms Clarke—It has to be signed by both parties. I will have to find out what the process is.

Senator ROBERT RAY—This is an important process question. Does it come from you to the employee, who looks at it and then signs it in the presence of the employer; what is the process here?

Ms Mason—I think we need to check the addressing of those AWAs—whether they are sent to an office manager, to the employing senator or member, or to the staff member. But it is an AWA offer—which is then considered by the parties and, if agreed, signed by both and sent back to the department. If differences were requested, there would be a discussion between the staff member and the employing senator or member, and then there would be correspondence entered into, requesting a difference from the usual arrangement.

Senator ROBERT RAY—I think you are implying that I have a misconceived view of AWAs, which might be right, but it is based on the views of people who are on them. I was about to suggest that the next time an AWA is sent, if it is sent to the employee, you might point out that there is flexibility, that the employer may be able to vary up conditions and seek the Prime Minister's approval. That would leave a lot of those people in a position to feel it is not just a take it or leave it process but a process that may see variations.

Ms Mason—We will take that on board, Senator.

Senator Colbeck—Also, I would expect that, if you were in negotiations with someone that you wanted to employ on an AWA, you would undertake a certain level of negotiation prior to making an offer.

Senator ROBERT RAY—It is just whether the template allows it. The employer—this time being a shadow minister or you—may be so bound by the template that that is not possible. Anyway, what I am trying to deal with here, Parliamentary Secretary—

Senator Colbeck—So you are looking at flexibility issues within the template?

Senator ROBERT RAY—It is not only that—it is also maybe either the reality or the misconception on the part of staff members that they have no choice but to accept everything, that it is just laid down from on high. If there is flexibility, which AWAs in theory are supposed to have, I would just like to make sure that it is translated into reality—as the Electoral Commission does, as we heard this morning. We have just heard evidence that one

group is on AWAs and one group is on certified agreements. Has there been any consideration given by the department to shifting that boundary?

Ms Mason—I think it is fair to say that the focus for the department has been on negotiating the collective agreement for the reasons that you pointed to earlier—to make sure that there has not been a delay, or as minimal a delay as possible, in settling the framework for those staff. It is a separate issue as to whether the AWA framework should be extended and offers made to more junior staff. That is not something that we have spent a lot of time on to date.

Senator ROBERT RAY—You see, the more cynical would say that you might put downward pressure on a certified agreement in order to move people over onto AWAs. That is why it is a connected issue. You say that there has been only limited consideration. What consideration has been given, even if it is not connected to the certified agreement?

Ms Mason—I can confirm that there has been no downward pressure on the collective agreement because of any thinking about Australian workplace agreements.

Senator ROBERT RAY—Yes. Go on and answer the rest of my question, please.

Ms Mason—The rest of the question being?

Senator ROBERT RAY—You mentioned that there has some consideration, I think, given to moving people from adviser and below onto AWAs. You said that it is not connected with the certified agreement. I will take that on trust. Now I am asking you what consideration has been given separate to the certified agreement.

Ms Mason—The consideration is that the government's approved framework for industrial agreements contemplates both collective agreements and Australian workplace agreements. We think it appropriate, once we have a collective agreement in place with MOP(S) Act staff, to have a think about what sort of AWA framework might be established for staff at more junior levels.

Senator ROBERT RAY—You see, it becomes a serious question if a nod and a wink has been given to certain staffers around building—not by you—that they might move to AWAs and then they vote on the certified agreement. That is a problem for us. If they are all going to get in there and vote the certified agreement knowing that they are on a promise for an AWA, it does not make it a very good process.

Ms Mason—I cannot comment. I have no knowledge of those matters.

Senator ROBERT RAY—There are a couple of matters here that are related but they also interest me generally. When is it assumed that the eMOPS will be fully operational? I know that it is part of this agreement, but it also affects all of our offices as well.

Ms Mason—We are at the moment taking a pause, having a look at eMOPS and PEMS and thinking about whether it might be better to possibly consider some of those productivity improvements further down the track and instead look at other productivity improvements for this collective agreement.

Senator ROBERT RAY—We are coming back to the collective agreement in a minute. Let us excise these out as inextricably linked to the agreement. I assume you have not

scrapped the project, so let us go back to the project. When do you think eMOPS will be fully operational?

Ms Mason—I am not sure. We are actually taking pause, having a look at eMOPS at the moment and doing some review work to determine the suitability of that initiative for our business operations—the costs involved, the strategy going forward.

Senator ROBERT RAY—So you do not have an estimated cost or an estimated completion date?

Ms Mason—We do not have an estimated completion date and the costs are being reviewed and updated at the moment.

Senator ROBERT RAY—So you are thinking of actually taking eMOPS off as an efficiency measure in the negotiations?

Ms Mason—That is part of the thinking, that we will take a look at that and see whether it might be better to remove it from the draft agreement. An alternative might be to look at the productivity improvement that we have in mind for the second year of the agreement, which is nine per cent usage of the online travel booking system—an increase to, for instance, 15 per cent in the third year.

Dr Watt—That is still a very low level of usage.

Senator ROBERT RAY—I will come back to that in a moment, Dr Watt. Wasn't there always going to be a problem using eMOPS as an incentive if you have a differential take-up rate between, for instance, government staffers and opposition staffers? What would have happened if all opposition officers had reached it and few coalition ones or the reverse? Everyone would get penalised through no fault of their own, wouldn't they?

Ms Mason—We were looking at the usage of those systems by the totality of the MOPS workforce.

Senator ROBERT RAY—I know. I am wondering why, because you could well get one set of workers really applying themselves and other set just letting it go and then everyone gets penalised from a wage point of view.

Dr Watt—I think the point is that there are incentives for the individuals who use them, leave alone the collective incentives, because there are usually advantages in using online systems and people normally pick them up fairly quickly. So we would have been surprised if we had had huge differentials across political parties.

Senator ROBERT RAY—This is not opposition to using eMOPS, by the way; it is just that to use it as a punishment tool for pay rises when it may be out of their control seems to me—anyway, you are reconsidering it, so that is good.

Ms Mason—It was not ever intended as a punishment tool. Rather, it was intended to be one of the productivity improvements to assist us in justifying what I think is a pretty generous offer from the government. It was never intended to be a target that would not be met by staff. In fact, my recollection is that it was a matter suggested to us by the staff representative group.

Senator ROBERT RAY—There is a variety of interpretations. It could be used as a punishment tool—that is one possibility. Another one is just a bulldust productivity improvement to justify the pay rise. I do not know. It should be done if it is worth doing—I agree with that.

Ms Mason—I think the staff who suggested it were sincere in doing so.

Senator ROBERT RAY—Who suggested it to you?

Ms Mason—The staff representative group suggested it might be included as a productivity measure in the agreement.

Senator ROBERT RAY—eMOPS?

Ms Mason—Yes.

Senator ROBERT RAY—Thank you for that.

Senator FAULKNER—Ms Mason, could I go back to the issue I was canvassing with you before about staff consultation. Can you confirm that on 22 January 2001 the then Special Minister of State, Senator Ellison, wrote to all senators and members about certified agreement discussions? I was worried about what was told to me about negotiations and briefing of staff. You see, Senator Ellison wrote to all senators and members on 22 January 2001 about certified agreement discussions well in advance of the vote on the certified agreement on that occasion.

Ms Mason—Those matters we would need to check. I do not have—

Senator FAULKNER—I know you need to check it, because it is completely contrary to what I have just been told a few moments ago. I will give you the actual circular number: 2001/MIN005. In that, Senator Ellison writes to members and senators outlining next steps in the discussions on the certified agreement and that it was an opportunity for employees to provide comment in a series of discussions to be held in most capital cities—if my memory was not completely faulty—between 9 and 20 February 2001. It was 9 February in Canberra, 13 February in Melbourne, 14 February in Sydney, 15 February in Hobart, 16 February in Brisbane, 19 February in Adelaide and 20 February in Perth. In fact, Senator Ellison, properly, said that he would welcome support from senators and members in encouraging employees to participate in those discussions. He then indicates that he would keep senators and members informed of progress in discussions on the certified agreement. This is very different.

Ms Clarke—If you look at the *Hansard*, you will find I did actually answer that. I said that in that first agreement that lasted a year—which did not have a staff rep group to do the consultations on it—we actually went out to the capital cities and presented the offer on the table. Those discussions occurred under that certified agreement, which did not have a staff rep group to support it.

Senator FAULKNER—That was in 2001.

Ms Clarke—My recollection is that that is what we did for that agreement. I answered that correctly recently that that is what we did. Things have been done with staff rep groups under this agreement and in the 2003-06 agreement. If you look on the record, I said that we went out and spoke to staff in capital cities for that agreement.

Senator FAULKNER—You certainly did go out before the agreement and that is quite clear. My question went to whether that had occurred—and it seems to me that the record is absolutely clear in relation to that—and to what the processes were in relation to this certified agreement. Are you saying that the reason that is not occurring now and will occur ex post facto is due to the establishment of the staff representative group? Is that the argument that is being presented?

Ms Mason—There have been evolutions in the process for negotiating agreements over time. If I could point to an example. Ms Clarke talked about the first agreement, which was directly with staff and there was a series of meetings with staff to talk about the one-year agreement in 2001. The 2003-06 agreement had a staff representative group to collect and present the views of staff in the discussions. At that time, my recollection in negotiating the agreement with staff is that we had union representatives sitting in the room as observers to the process but not participating particularly actively in the discussions. There were some separate discussions with union representatives at that time.

If we take the current agreement as an example, there has been a CPSU representative present for most of the meetings and that person has participated actively in the discussions. These things do evolve. What we have in mind for the information of staff about the shape of the current agreement—when those matters are clear—is to have the information on the MOPS intranet site, which explains the offer to them. We are planning FAQ information to address the key concerns of staff. We are planning to update that FAQ information as we receive calls to the staff help desk and to answer the queries of staff in a timely way. We are not planning to have meetings in the various states and the reason is that we are seeking to conclude the agreement and have the pay increases paid as quickly as possible. If we have to build in a series of meetings in various states that will delay the process.

Dr Watt—I think the point that Ms Mason is making is that the communication channels are very different this time round.

Senator FAULKNER—Obviously. I accept that. They are very different indeed. Have MAPS been approached by anyone for any broader briefings than just briefings by the staff representative group?

Ms Mason—We were invited to attend a meeting of ALP staff at one point. We did not think that was particularly an appropriate thing to do, so we declined that invitation.

Senator FAULKNER—Is that the only invitation?

Ms Mason—I believe so.

Senator ROBERT RAY—What about 19 October? Did you address people then on this issue?

Ms Mason—No.

Senator ROBERT RAY—No-one from MAPS took up these matters on 19 October at a meeting here at Parliament House?

Ms Mason—Not that I am aware of.

Senator ROBERT RAY—Not that you are aware of?

Ms Mason—No. I am pretty sure I would know.

Dr Watt—Senator, we did hear a rumour that MAPS staff had attended/addressed a meeting at Parliament House.

Senator ROBERT RAY—I heard the same rumour.

Dr Watt—I can assure you that it is a rumour.

Ms Mason—It is not true.

Dr Watt—Organisations occasionally run on rumours, I discover.

Senator ROBERT RAY—I asked it as a factual question, not as an accusation.

Dr Watt—I appreciate that.

Senator ROBERT RAY—Just going back, Dr Watt and Ms Mason mentioned PEMS, which I think is the online booking system.

Ms Mason—No—Serko is the online booking system.

Senator ROBERT RAY—We have had a lot of acronyms today.

Dr Watt—Nowhere near as many as in Defence.

Senator ROBERT RAY—Yes. You can only fit 2,000 in your head and there are 2,005 in Defence!

Ms Mason—Serko is the online travel booking system for domestic travel.

Senator ROBERT RAY—What is the current uptake of that?

Ms Mason—The last time I had a report it was three per cent.

Senator ROBERT RAY—And who runs it? Does that run out of the old Carlson Wagonlit—

Ms Mason—Correct.

Senator ROBERT RAY—So it actually cuts you out of the system? You were never really in it but—

Ms Mason—We receive reports on the usage of it.

Senator ROBERT RAY—And the higher the uptake the more you can screw them down on contract price, to put it crudely?

Ms Clarke—I am not sure it is as simple as that. The contract price is essentially agreed. It is certainly more efficient to use an online system.

Senator ROBERT RAY—This particular online system is not an easy one by comparison with many others, is it?

Dr Watt—We do not use it very often ourselves, so it is a bit hard to comment.

Senator ROBERT RAY—Funnily enough, that was going to be my next question, so you better get ready for it.

Dr Watt—Perhaps we should.

Ms Mason—Senator, I do not think it is a particularly difficult system to use, but I would have to say, as Dr Watt has said, I have not used it and so am not in a good position to comment.

Senator ROBERT RAY—You see, I have gone around to all the officers and had the system explained. The feedback I got is that, yes, it is probably comparable, but it is quite difficult when compared to most other booking tasks that they do. It is not like falling off a sofa; it is a bit complex. Do you know about this, Mr Taylor?

Mr Taylor—I do not, and I have not heard that comment.

Senator ROBERT RAY—Dr Watt, what about setting the example: what is the percentage of uptake of online travel booking in the department of finance?

Dr Watt—I suspect I can get you that answer, Senator. Mr Hutson, the head of corporate, can talk about that.

Senator ROBERT RAY—I tell you what, why don't you think about it? I know that Senator Parry has a few questions before lunch break. We can come back to this after lunch.

Dr Watt—I would be delighted to think about that.

Senator ROBERT RAY—I will also give Mr Miles a question on notice. Mr Miles, thank you for the figures. One of the questions I will ask you is how many extra government staff have come since the cut-off date for the opposition staffing ratio in March? Do you understand what I mean?

Mr Miles—Yes, Senator.

Senator ROBERT RAY—So it is not really comparing the February, March or June figures, or the figures that we all have, but the figures as of then compared with now.

Mr Miles—Just the one total figure?

Senator ROBERT RAY—Yes. I want to know what the differential has gone up by—20, 30, 40 or whatever it is. I thought if I give you notice now you will not have to get your calculator out later.

Senator FAULKNER—Can I ask the parliamentary secretary a question, because I want to make sure that there is no tricky little answer in here, being provided to me in relation to briefings. So, just to cover things off, can I ask the parliamentary secretary representing the Special Minister of State whether the Special Minister of State was in fact responsible for providing a briefing to coalition staff.

Senator ROBERT RAY—On 19 October. Anyway, take that on notice.

Senator FAULKNER—Well—

Senator Colbeck—He was.

Senator FAULKNER—He wasn't?

Senator Colbeck—He was. He provided the briefing.

Senator FAULKNER—I am sorry?

Senator Colbeck—The Special Minister of State provided a briefing to coalition staff. I am not sure of the date.

Senator ROBERT RAY—19 October—does that help?

Senator Colbeck—Without a calendar—it would have been during the last sitting fortnight.

Senator FAULKNER—Yes. So the Special Minister of State provided the briefing to coalition staff, not MAPS.

Senator Colbeck—Yes.

Senator FAULKNER—Did the Special Minister of State use materials that were developed by MAPS?

Senator Colbeck—I will have to take that on notice. He had information there—

Senator FAULKNER—How cute these answers are!

Dr Watt—I do not think the answers are cute.

Senator Colbeck—It is not a cute answer. You asked me a question; I gave you an answer. There is nothing cute about it.

Senator FAULKNER—So it was not MAPS; it was the Special Minister of State who did the briefing.

Senator Colbeck—The Special Minister of State was requested by—

Senator FAULKNER—I think that is very cute, Dr Watt. Can you tell me, Dr Watt, what departmental—

Senator Colbeck—Senator Faulkner, there is nothing cute—

Senator FAULKNER—materials were used in the development of that briefing.

Dr Watt—Senator, you asked the—

Senator FAULKNER—I know the call has to go to Senator Parry here, because we agreed to that, but we will come back to this.

Dr Watt—Senator, I will—

Senator FAULKNER—But you might check that out over the lunch break.

Dr Watt—I will check that out.

Senator FAULKNER—Thank you.

Dr Watt—Senator, you asked us if we provided a briefing. We certainly did not. We are not aware whether any departmental materials were provided.

Senator FAULKNER—Perhaps you can let me know whether you provided briefing materials.

Dr Watt—We will do that, Senator.

Senator FAULKNER—Thank you.

Senator Colbeck—Senator, I am advised that the only information given to coalition members and senators at the time was information prepared in Mr Nairn's office.

Senator FAULKNER—Right.

Senator ROBERT RAY—Okay. We will follow that up after lunch.

CHAIR—Senator Parry.

Senator PARRY—Thank you, Chair. I have a question or two for Dr Watt and Ms Mason. I want to talk about the formula for calculating staff travel allowances—that is, for electorate staff—from their home base to Canberra. What is the basis of the calculation; how is that calculated and what is the formula used?

Dr Watt—Mr Miles will answer the question for you, Senator.

Mr Miles—I do not know if I have got the exact details here, but it is based on a certain number of trips to Canberra each year for each office. It has regard to the distance and the cost of individual airfares between Canberra and the electorate. It has regard to the distance between the electorate office and the airport for car and taxi costs. It has regard to the size of the electorate, because it factors in some intra-electorate travel as well. As for the actual number of trips per year that it uses in the calculation, I am not sure. I can take that on notice.

Senator PARRY—Would it be reasonable to suggest that the allowance should coincide with each sitting of parliament—as in, if there were, say, 20 sitting weeks, there would be 20 sitting weeks of travel?

Mr Miles—We have never said that it equates exactly with each sitting of parliament. It is always anticipated that, by the use of advance fare purchases and the like, some economies can be achieved. There have been occasions, such as when there have been extended sittings of parliament, where the minister has agreed to vary the budgets, but that is by exception.

Senator PARRY—You touched on intrastate travel as well, because the budget allocation for each senator and member caters for travel not just to and from Canberra but also intrastate. You indicated that the size of each individual electorate is taken into account.

Mr Miles—I believe so, but I would have to confirm that. I do not have those details.

Senator PARRY—If you could also provide that on notice. Also, is the formula identical for members and senators, or is there a difference between them?

Mr Miles—I believe it is identical, but again I can confirm that.

Senator PARRY—Would a senator's home base be regarded as the capital city of the state or an individual location?

Mr Miles—It is actually where the electorate office is located.

Senator PARRY—What is the process that would occur if a senator or member exceeds the budget that is allocated for travel?

Mr Miles—It has been the practice that the Special Minister of State may allow a senator or member to draw down from the coming year's budget. That is not automatic, though.

Senator PARRY—Are you aware of any complaints from any senators or members over the last three financial years about the inadequacy of the travel entitlement for staff?

Mr Miles—Not any particular complaints.

Senator PARRY—None at all that you are aware of that would indicate that maybe that allocation is not sufficient or is not meeting requirements?

Ms Mason—I am not aware that any specific complaints have been made to MAPS.

Senator PARRY—Finally, has there been any discussion within Ministerial and Parliamentary Services concerning global budgets for some of these things—aggregating some of the costs associated with travel? I realise that overtime is now out of that question because of the pending new agreement. I am referring to other costs so that senators and members could have greater discretion in the allocation of some of these allowances or entitlements for travel.

Mr Miles—Not to my knowledge.

Senator PARRY—Is there a position that Ministerial and Parliamentary Services has on that?

Dr Watt—No.

Senator PARRY—Is it more of a policy issue?

Dr Watt—It is not really an issue for us; it is a government issue. The government has until now been of the view that there should be very limited flexibility in terms of aggregating allowances.

Senator PARRY—I just want to go back to one more question that Mr Miles partially answered about the intrastate travel. Mr Miles, you indicated size of electorate et cetera and geographical placement. Is there a set number of nights away from a senator or member's base that staff would be expected to travel? You might want to incorporate that in any answers on notice.

Mr Miles—I am sorry, I do not understand the question.

Senator PARRY—You indicated that the intrastate and interstate travel for electorate staff is determined a little on geographical location and size of electorate—in particular the intrastate travel. I would like to know what the formula is. Is it five nights a year or 20 nights a year? What is that based upon when staff are away from the electorate base?

Mr Miles—I understand. I will get that for you.

Senator PARRY—That would be great. Thank you.

Senator BOB BROWN—Is it a good time for me to ask a couple of questions?

CHAIR—Sure.

Senator BOB BROWN—I want to ask some questions about the Australian Political Parties for Democracy program. Are you able to help me with that?

Dr Watt—Yes, certainly we can.

Senator BOB BROWN—Thank you. I have some answers from the minister to a question I put on notice on 7 July, which you might remember, about the nature and purpose of the program, who is administering it, and so on. In response he said, amongst other things, that

total program funding will be up to \$2 million per annum, comprising \$1 million each to the Liberal Party of Australia, on behalf of the coalition, and the Australian Labor Party. And in 2005-06, due to the timing of program implementation, up to \$0.5 million was available to each party. And that only those two organisations are eligible to apply for funding. Can you tell me why only those two parties are eligible for funding?

Dr Watt—That is the government decision.

Senator BOB BROWN—Was it a government decision or was it a bi-party decision—do you know?

Dr Watt—We are operating off a decision taken by the government.

Senator BOB BROWN—Is the minister able to answer that?

Senator Colbeck—No, sorry, Senator Brown. I cannot give you any further information than what you have received in your letter. And I have not seen a copy of the letter—

Senator BOB BROWN—Could you take on notice to inform the committee about the process of coming to that decision, if all parties were involved in that process and, if not, why not?

Senator Colbeck—Certainly.

Senator BOB BROWN—Part of that answer that I just got is that half a million was available to each party. It says, further on, ‘In 2005-06 the Liberal Party of Australia applied for and was granted \$0.2 million and the Australian Labor Party applied for and was granted \$0.5 million.’ Then it says, ‘On 7 September this year the Liberal Party of Australia’s application for \$1 million for the current financial year was approved, of which half a million has been paid as at 11 October.’ Can you tell the committee the conditions of that payment and what it will be used for?

Ms Clarke—Generally the grant application—and I just talk in general terms; I do not have the Liberal Party’s application with me—

Senator BOB BROWN—Can I break in there. Can that be supplied to the committee, please?

Ms Clarke—I will have to take that on notice.

Senator BOB BROWN—And the Labor Party’s application as well?

Ms Clarke—I will take it on notice. I can talk in generalities about what the money should be used for. Is that what you are looking for?

Senator BOB BROWN—No, I would like to specifically know what the allocated money is to be used for.

Ms Mason—The grants provided under the Global Democracy Program are provided in accordance with guidelines set out for the program, which describe the purposes that they can be used for.

Ms Clarke—The guidelines say that the grant funding may be used to assist activities consistent with the program’s objectives, including providing training, education and advice; supporting democratic activities and programs in overseas countries; providing assistance in

the conduct of local, regional or national elections in overseas countries; supporting the involvement of Australia's political parties in international activities that promote the objectives of the program, such as liaison with international organisations for the specific purpose of achieving the program's objectives; and visits by Australian party officials, but not Australian parliamentarians, to overseas countries or to support visits to Australia. The program objective referred to under those activities is that it aims to strengthen democracy internationally by providing support for the international activities of Australia's major political parties, encouraging the spread of strong and robust democracy as benefits Australia and its people.

Senator BOB BROWN—What are the political activities of Australia's major political parties that are encompassed by this funding?

Ms Clarke—That would be in the application forms, which we have taken on notice.

Senator BOB BROWN—Chair, if the application forms are not forthcoming, will there be an opportunity to come back and put specific questions about the nature of the applications from both parties?

CHAIR—We will be going, I understand, until about six o'clock with Ministerial and Parliamentary Services, so there will be the opportunity for you to come back to it.

Senator BOB BROWN—To which countries outside Australia do the application of current funding apply?

Ms Clarke—The guidelines are very broad. They allow for application outside wherever the political parties deem fit.

Senator BOB BROWN—So in an application a political party does not specify which country is going to be the object of the political party's work, either outside or inside Australia?

Ms Clarke—The application does. Then, of course, the acquittal documentation after the grant has been acquitted will tell us that as well. I am sorry, I thought you were referring to the guidelines, which are very broad.

Senator BOB BROWN—No, I was referring to the specifics. You see, \$1½ million has been allocated in the last month or two under these grants. What I wanted to know was specifically what that quite large amount of money has been allocated for.

Ms Clarke—We have taken that on notice.

Senator BOB BROWN—All right. The other question that you may be able to answer but might like to take on notice is this: did the minister authorise the final granting of the money? If not, who did? Was any alteration made to the applications for the grants when they came forward and before they were finally approved?

Ms Mason—In terms of authorising the payments, the applications fell within the guidelines approved by the government for the program. I authorised those payments. I do not recall any alterations having been made to the applications.

Senator BOB BROWN—Was that information in the applications referred to the minister for his knowledge?

Ms Mason—No, because the applications were within the guidelines approved by the minister there was no reference of the particular applications to the minister.

Senator BOB BROWN—Was any request made by the minister to have a look at the applications?

Ms Mason—No.

Senator BOB BROWN—Thank you.

CHAIR—We will adjourn until 1.45 pm, when we will resume with Ministerial and Parliamentary Services.

Proceedings suspended from 12.40 pm to 1.46 pm

CHAIR—I call the committee to order. We will resume with Ministerial and Parliamentary Services. Senator Ray will begin the questions.

Senator ROBERT RAY—I had promised to come back to the issue of online travel just briefly. Who put that on the table as an efficiency saving? Was it the department or the SRG?

Ms Mason—In our discussions with the SRG we pointed to the need to have productivity benefits and improvements as part of the package that we were negotiating with them. We invited them to suggest to us what those improvements might be. My recollection is that they thought the use of online systems was a productivity improvement that would be worthy of inclusion. I think Serko was included in those discussions.

Ms Clarke—Correct.

Senator ROBERT RAY—You gave direct evidence that eMOPS was put on the table by them. I am looking for an indication whether you are certain they did that with Serko or whether you think it is probable.

Ms Mason—It is not quite as clear cut as that. We were discussing it. We invited the group to suggest productivity improvements. My recollection is that they suggested that the new systems that we were planning to bring online would be matters that could be included under that heading.

Senator ROBERT RAY—Before the luncheon break, I alluded to the suggestion that the Serko system was a little complex and time consuming as opposed to being impossible. Do you think there is any possibility of the department providing some training? You do have a reputation of being good trainers. That might in turn see a lot more electorate staff and even ministerial staff—

Dr Watt—We would be happy to take a look at that, Senator. We would be happy to provide the training. Whether we are best placed to carry out the training or should get someone else to do it is another issue. But we would be happy to have a look at that—

Senator ROBERT RAY—That would be good.

Dr Watt—particularly if a number of people regard it as difficult. You also raised before lunch the question of how much use the department made of online bookings.

Senator ROBERT RAY—Yes—you have read my mind.

Dr Watt—Yes, I thought you might come back to this. I have to say, we do not. We are part of a cluster that books with Qantas Business Travel. We do not have an online facility as part of that booking arrangement, but you can certainly rest assured—not that you need to rest—that I will be looking more closely into why we do not have one. It may be that QBT are unable to make it available, but we will be looking, as part of a cluster, to see if we can make more use of such facilities. By and large, we are all familiar with making online bookings for booking our private travel. I suspect that many Australians now book over the web. It is a bit more complex when you are getting the best fare of the day, and that is part of the procurement process you go through when you acquire an airline trip. But we will certainly be having a look at why we cannot make more use of this in the department.

Senator ROBERT RAY—The reason I asked whether you were doing it is that it is the same issue as frequent flyer points. We got lectured by the department—not in your time; before your time—about how we should all use frequent flyer points. The moment I started asking about how many finance officers were doing it, the lectures at least stopped. If you at least commit to look into this, you are entitled to expect electorate staff to sign up to it, I think.

Ms Mason—In relation to training on the online travel booking system, when that software was rolled out to electorate offices some training was provided at that time.

Senator ROBERT RAY—Yes, there was.

Ms Mason—It may well be a good idea with the, hopefully, forthcoming collective agreement to again offer training to enable staff who may have started since that time to be familiar with the new system.

Senator ROBERT RAY—In addition to that, now that you are encouraging staff to get stuck in, I would have thought that you would have to offer a refresher course for those who have gone through one training session—

Ms Mason—Indeed.

Senator ROBERT RAY—if you want to really kick-start this.

Dr Watt—We take that point.

Ms Clarke—You asked about the process of signing AWAs. Just to confirm: the AWAs sent out are addressed to the employee. The employee then takes it to their employer for signature. Both parties sign after they have had a consideration period. Then it is sent back to MAPS for sending to the Office of the Employment Advocate.

Senator ROBERT RAY—So it goes to the employee—is that right?

Ms Clarke—Yes.

Senator ROBERT RAY—Again, being ever helpful, I am just suggesting that when those letters are sent out you at least include, not as gloss or anything, just a degree of flexibility that is available. A lot have the perception, ‘There it is, sign it or there is nothing else.’ I am not saying that is the situation, but that is the perception. I think you are possibly introducing in this process a new category description called casual. I think you are doing a calculation

that an extra 20 per cent of salary will be in lieu of various entitlements. Why did you come up with a figure of 20 per cent?

Ms Mason—In order to comply with Work Choices legislation, some of the staff currently engaged under the MOP(S) Act would fall into the category of casual employee. Work Choices, as I understand it, requires the loading for casual employees to be 20 per cent rather than the current 15. The proposed increase is from a 15 per cent loading to a 20 per cent loading, provided that the people concerned are genuine casuals. There will still be a category of non-going for temporary staff that may not be casual.

Senator ROBERT RAY—It is basically an external requirement that you have come up with a figure of 20 per cent—is that right?

Ms Mason—Yes, but it is not a 20 per cent increase; it is an increase from 15 per cent to 20 per cent.

Senator ROBERT RAY—Yes. In regard to the ballot on the certified agreement, what criteria did DOFA use to determine the eligibility of staff members to be included in that voters' roll?

Ms Clarke—My understanding is that the criteria, which is actually set out I think in Work Choices, indicates that those who will be employed under the agreement into the future should be able to vote on it.

Senator ROBERT RAY—Will all relief staff be admitted to the voting roll?

Ms Clarke—That is correct. There will have to be a cut-off point during the consideration period, because they cannot keep sending out ballots and updating the address list because the voting period has to occur or they will be too late. But, yes, relief staff are admitted—or anyone whose employment is covered under the agreement into the future.

Senator ROBERT RAY—You are not doing an early closure of the rolls, are you?

Ms Mason—We would seek to do it at the closest point to the ballot taking place to make sure that the most up-to-date staff are on it.

Senator ROBERT RAY—At least Dr Phelps got the implication—the only one in the room! Well done, Dr Phelps.

Senator FAULKNER—You are far too ironic.

Senator ROBERT RAY—Will the ballot be done electronically or by post?

Ms Clarke—My understanding is that it is going to be conducted by post. The AEC have advised that in certain circumstances where people live remotely and it might be difficult to get the ballot out there, they could do it by email. That is not their preference but that could be done in extenuating circumstances.

Senator ROBERT RAY—When you derive productivity gains out of MOPS staff, which in some ways could be seen as a transfer of responsibilities from your department to electorate offices and therefore you get efficiency gains such as not having to do the overtime, does that go to your own agreements within MAPS? In other words, can you harvest productivity for yourself by transferring responsibility to your electorate offices and thereby point out that you are entitled to a pay rise because you have had these productivity increases?

Ms Mason—The staff within MAPS are engaged on Australian workplace agreements and we are constantly seeking productivity improvements and efficiencies. I think that it is fair to say that over the years the complexity of the employment framework and the entitlements framework has only increased and the number of staff and the resources for MAPS have not necessarily matched that so there have been productivity improvements within MAPS over a long period of time. If we get some relief from that I think it would be a very good thing.

Dr Watt—MAPS funds its share of the efficiency dividend in Finance too. In theory your point is correct. If MAPS could find a way of transferring responsibility for certain functions to staff rather than doing it in Finance, or if we could find ways of reducing the amount of work that we have to do in terms of processing entitlements—just like any processing issue in Centrelink or whatever—and can get efficiency gains, then in the first instance the department harvests that. In the second instance we have got to find 1¼ per cent a year just to keep pace with the efficiency dividend, as we have discussed on other occasions. And in the third instance, if I could find that much I am sure that the budget group would be looking for me to return some money to the Commonwealth.

Senator ROBERT RAY—I have just one last area of the certified agreement. There are some changes to the redundancy provisions—deep down, buried in there. Was any thought given to grandfathering these in? In some ways, even though they are not unexceptional from an equity point of view, you are really penalising those that have stuck it out and rewarding those that cleared out and came back.

Ms Clarke—There has been no thought given to grandfathering those provisions.

Senator ROBERT RAY—I am asking why not really given that it has some equity. Those who stuck it out and never even thought of going or using the system get penalised now.

Ms Mason—I do not think that they get penalised. The changes, as I understand, that are proposed in the new collective agreement would mean that if a staff member took an enhanced redundancy benefit or a severance benefit which covered a particular period, say, 12 weeks, that is intended to cover them for the period while they search for other employment so that they are not without income for the period. If they were to regain MOP(S) Act employment during the 12-week period, they would repay the unexpired portion of that. So I do not see that they are disadvantaged because they would have had the benefit paid to them plus they would have the job and the income that attaches to the job.

Senator ROBERT RAY—Who put this on the table? Was it you or the SRG?

Ms Mason—It was us.

Senator ROBERT RAY—Do you understand that knowingly giving false or misleading information is a serious offence?

Ms Mason—Yes, Senator.

Senator ROBERT RAY—You do, that is good. I notice that you have put that on the bottom of our sign-off on acquittal—it has just recently appeared there.

Ms Mason—A long time ago, not just recently. I recall that being added to forms some three or four years ago. The reason it was added is to make sure that people were aware that

that was the case. The fact that it might not have been on a form did not mean that it did not apply.

Senator ROBERT RAY—You must have sent me some old forms, because this is the first time it has appeared on one of mine, I think.

Ms Mason—We can check the timing, if that is important to you.

Senator ROBERT RAY—It leads to the question: on how many of your documents does that statement appear?

Ms Mason—I would need to take that on notice.

Senator ROBERT RAY—Do you know how many times, let's say in the last three financial years, you have detected a breach of this particular statement?

Ms Mason—I think the answer would be zero, that I am aware of. Again, if I find something different from that, I shall correct my evidence.

Senator ROBERT RAY—Anyway, you do not mind if every now and then I ask that question of witnesses at the table, since you require us to sign underneath all the time?

Ms Mason—It is your prerogative, Senator.

Senator ROBERT RAY—Yes, I think it is too, and I might exercise it occasionally. We have had no members of parliament investigated for signing under this and having knowingly breached it?

Ms Mason—Correct.

Senator ROBERT RAY—That is very good news. Am I correct in saying that all questions taken on notice by MAPS division at the last estimates have been answered?

Ms Mason—Yes.

Senator ROBERT RAY—Elephant stamp. Can we record an elephant stamp for that, Secretary?

Dr Watt—I think you can record as many elephant stamps as you like.

Senator ROBERT RAY—Very good.

Dr Watt—You do not get many in this world.

Senator ROBERT RAY—It is a neck and neck race between you and PM&C, and you have put your neck back in front. They were not able to—

Senator FAULKNER—And they lost theirs.

Senator ROBERT RAY—I want to thank the department, too, while I have a chance, for the excellent tables they have provided in question F30 from last time. I know a bit of work went into it. It was an enormously helpful to our analysis. That is the last elephant stamp for the day, I suspect, but take it. Could I have an explanation as to why the band for principal advisers has risen by 39.38 per cent? I think it relates to the table that I mentioned. There was a 39.38 per cent increase. I might say, that is three times higher than the band increase for senior advisers.

Ms Clarke—I cannot specify exactly why that band has gone up, noting that, as you say, the other bands have gone up at the top, by 12.95 per cent in the case of a senior adviser and 24 per cent in the case of advisers. I can actually give you a bit of how this happens.

Senator ROBERT RAY—That would be good.

Ms Clarke—You will note that there was a period between July 2000 and January 2004 where there was no adjustment to those bands. We have a look at what is happening in the APS at that level. There is some data that is put together on behalf of DEWR by Mercer HR Consulting. We have a look at trends that are occurring during those periods and on that information we make recommendations accordingly. We also take into account what has been happening, I guess, with the performance review framework amounts to make sure that salaries are kept in line with classifications. So it is an iterative process.

Senator ROBERT RAY—So, when you did that table for us, was there any science to the choice of dates, being 26 July 2000 and 5 April 2005?

Ms Clarke—There was some science to that. There are obviously events that occurred in terms of when salary bands changed or when the performance review framework came into place, but I would have to take that on notice. I cannot answer accurately.

Senator ROBERT RAY—Would it be possible, on notice, to have this table recalibrated as of April 2006? We have the 2005 figures. Is it possible to have the 2006 figures going back to April? Again, if you have a more convenient date, an obvious date, I will accept that.

Ms Clarke—Yes, I will take that on notice. That can be done.

Senator ROBERT RAY—In question on notice F36—

Dr Watt—Can I just confirm that these are the February hearings rather than the May hearings? I asked if the last one was a May hearing but it was a February hearing, I think.

Senator ROBERT RAY—Was it?

Dr Watt—Yes, 14 February.

Senator ROBERT RAY—That might continue to confuse me because I did not make a note of that as I went through it. We might have the same problem when I refer to question F36. That question asked you to compare the amount of senior advisers allocated to the government in 1997 up to the more current date. That was an extra 39.4 senior advisers in the period.

Ms Mason—Yes.

Senator ROBERT RAY—And that has grown subsequently, as of 1 October, to how many? We had the figure of 79.4—that is, they doubled, but I was 0.6 short of saying they had doubled. So I am seeing if there are any more so that I can at least now claim that they have doubled in that nine years.

Mr Miles—I would have to add some figures together from here, I think.

Senator ROBERT RAY—I think I can see the reason. It is the variation table, isn't it, that would tell us more than anything else? It is complex, Mr Miles, isn't it? I will leave you working on that. I asked in question F36 on notice about senior advisers. Can I ask you to take

on notice the same question for media advisers? That covers all three categories listed here. That would be helpful. Can I ask when the salary bands were last altered?

Ms Clarke—I will have to get that information for you.

Senator ROBERT RAY—You will not be able to put your hands on it right away?

Ms Clarke—No. It will come.

Senator ROBERT RAY—So we have a pending answer on when the salary bands were moved and a pending answer on senior advisers. There was a third one, wasn't there?

Mr Miles—Senator, I have an answer on senior advisers employed by the government as at 1 October. The total is 81.4.

Senator ROBERT RAY—So we now have a doubling in the number of senior advisers in nine years. Thank you.

Ms Clarke—I found the piece of paper I was looking for. The salary bands were last updated and sent out on 11 May 2006.

Senator ROBERT RAY—Is it possible to table before the committee what the revised salary bands are?

Ms Clarke—Yes, it is.

Senator ROBERT RAY—This raises the question I always ask, so it will not surprise you: how many government staffers are currently being paid outside of the salary bands?

Ms Clarke—As at 1 October 2006 there were 12 government staff being paid above the relevant band for the classification.

Senator ROBERT RAY—Do you have a breakdown of the classification level of those people are being employed at—that is, principal adviser, senior adviser et cetera?

Ms Clarke—No, I do not have that information on hand.

Senator ROBERT RAY—Providing it is possible to provide it to me, would you like to take it on notice? I assume that it is possible; I think that we have had it before.

Senator FAULKNER—Is there a breakdown on how many are paid above or below the salary bands?

Senator ROBERT RAY—No-one is paid below.

Ms Clarke—That is a slightly different question. We have personal classifications—

Senator ROBERT RAY—We are coming to that—rely on us. If you could provide that on notice that would be useful. I do not want to know the individuals—and you would not tell me anyway—but just the classification so we can see whether there is a pattern of senior advisers or advisers being paid above the band. How many opposition staffers are being paid outside the salary band?

Ms Clarke—There are no non-government staff being paid outside the salary band. I do not think that we have had any requests—so none, at this stage.

Senator ROBERT RAY—That includes the minor parties—

Ms Clarke—That is correct.

Senator ROBERT RAY—I always ask this question: how many government staffers are the recipients of personal classification? I think the last time I looked at it it was somewhere in the thirties.

Ms Clarke—As at 1 October 2006 there were 41 government staff with personal classifications.

Senator ROBERT RAY—Just short of 10 per cent. How many are being paid at a higher rate and how many are being paid at a lower rate?

Ms Clarke—We have got 39 being paid at a higher rate and two being paid at a lower rate.

Senator ROBERT RAY—How many of these are special advisers?

Ms Clarke—Thirteen.

Senator ROBERT RAY—That is getting high. How many opposition staffers are the recipients of personal classification?

Ms Clarke—Ten.

Senator ROBERT RAY—All 10 are over rather than under?

Ms Clarke—Yes, they are.

Senator ROBERT RAY—Are there any other minor party staffers subject to personal classification?

Ms Clarke—I do not have the party that two of them belong to. There is a senator for Queensland and a senator for Victoria and the rest are all opposition officeholders.

Senator ROBERT RAY—I am now unclear whether it is 10 and two, or eight and two.

Ms Clarke—I am sorry, it is eight and two. Of the 10, eight belong to opposition officeholders and one belongs to a senator for Queensland and one to a senator for Victoria.

Senator FAULKNER—Can you identify the senator for Queensland and the senator for Victoria?

Ms Clarke—I cannot at this stage with these documents.

Senator ROBERT RAY—So the ratio of opposition to government for the first time is five to one. I think that the opposition had it at a slightly higher ratio than five to one to government, didn't they, and now it is unequal. I am sure that we can put in for a couple more in that case. Dr Watt, question F34, which I think was in May—and I should have kept the note—I asked a question about Mr Robb's staff, I think. At what level does Mr Robb have a personal classification for his staff? Is it a special adviser—actually, this new sheet might tell me. If you look at the staffing sheet, Mr Robb has a senior adviser, three advisers, one assistant adviser, one EAOM, one admin assistant, and he has lost one of his senior advisers, who, I think, all along was only temporary. Which one of those is the personal classification?

Ms Clarke—We will have to take that on notice, I am sorry.

Senator ROBERT RAY—Okay.

Senator FAULKNER—And could you take on notice, if you have not already, my question in relation to the senator for Queensland and the senator for Victoria, as I think you said, who had non-government staff that had personal classifications. I am not after the name of the staffer, of course; I am after the name of the senator.

Ms Clarke—Yes.

Senator ROBERT RAY—In relation to question F34, the estimate of the department, excluding electorate staff, for Mr Robb's staff costs was \$780,712 a year. Is that figure now adjustable because one senior adviser is not there?

Ms Clarke—I am sorry, could you repeat the question?

Senator ROBERT RAY—In regard to question F34, have there been any factors come into play that would alter your estimate of Mr Robb's staff costs, which, excluding electorate staff, are estimated to be \$780,712 a year? I notice that one senior adviser has been removed from his establishment. Does that downgrade those figures?

Ms Mason—Presumably, it would, Senator. We do not have a more up-to-date total than that, if that is your question.

Senator ROBERT RAY—I see.

Senator FAULKNER—Perhaps you could take that on notice too?

Senator ROBERT RAY—This is the highest staffing level of a parliamentary secretary in the history of the Commonwealth, isn't it, at one senior adviser, three advisers, an assistant adviser, an EAOM and a secretary? We have never had higher, have we? Is this the record?

Dr Watt—I do not think our collective memories go back that far enough to be sure of that comment.

Senator ROBERT RAY—I tell you what, I will give you tens and you can lay whatever you like on it!

Senator FAULKNER—But Mr Turnbull is closing the gap.

Senator ROBERT RAY—Is he?

Senator FAULKNER—He is indeed. And Mr Pyne, as a sop, has got the bronze medal at this stage, which is what Mr Pyne normally gets. He never gets the gold medal, does he, Senator Bernardi? That is the way it is. That's politics.

Senator ROBERT RAY—Mr Turnbull now has two advisers, an additional two advisers, an adviser and a secretary admin, and he has lost an EAOM. In all, he has six now—is that right?

Mr Miles—That is correct.

Senator ROBERT RAY—Plus a DLO—that is seven. That puts him only two behind Mr Robb. Now, what do you get, Parliamentary Secretary, for all the sterling work you do?

Senator Colbeck—I have an adviser, an assistant adviser and an EAOM.

Senator ROBERT RAY—Chickenfeed, isn't it?

Senator Colbeck—I am content with my lot, Senator Ray.

Senator ROBERT RAY—Very modest. Very commendable. And a good efficiency dividend. Parliamentary Secretary, we commend you. Perhaps this is an historical question, but can either the officials or the parliamentary secretary explain to me why officeholders have the discretion to have their staff on personal classifications and paid outside the salary band whilst members of parliament are totally constricted by the certified agreement into which they have no input whatsoever?

Ms Mason—I do not think our corporate memory goes back that far to cover the reasons why that is so, but it is part of the approved framework. I think you would know that the proposed collective agreement, if approved, will go some way to redressing that.

Senator ROBERT RAY—Yes. No-one got paid outside salary bands until the last few years; that is the truth of the matter. Personal classifications were of very limited use in the past. They are now considerable. It is true, isn't it, that office holders—and I am talking of all office holders now, not restricted to government—can appoint division 4 staff on any salary range option, whilst all other parliamentarians have to put their staff in at a certain level?

Ms Clarke—Yes, that is correct. There has been a determination made that allows office holders to do that.

Senator ROBERT RAY—Who made the determination?

Ms Clarke—The Special Minister of State.

Senator ROBERT RAY—When? I think it goes back a long while.

Ms Clarke—The original determination goes back quite a long while, but those determinations are fairly regularly updated, and that one, by my recollection, certainly has been.

Senator ROBERT RAY—I think this is very outmoded, this one. But, in appointing electorate staff, if you are an office holder you can put them at the top of the salary range and recruit the best person available, and if you are not you have to put them at a medium level of the range. I recommend, Parliamentary Secretary, that that is worth looking at, because it is not a partisan issue. So you might pass that on to the minister to have a look at.

Senator Colbeck—I am sure he is observing our contemplations.

Senator ROBERT RAY—I am sure he is at question time, enjoying himself. I hope he is not watching us! Senator Ian Macdonald, who I think is hard at work at another estimates committee now, asked question F24 on notice last estimates. I do not actually want to steal his ground, but he is not here. I take it that the figure of seven extra mobile phones allocated to Senator Boswell is because of his role as Leader of the National Party and are in addition to the other two mobile phones allocated to him.

Senator FAULKNER—Does Senator Boswell speak on these seven mobile phones all at the same time?

Senator ROBERT RAY—I would like a serious answer, Senator Faulkner!

Senator FAULKNER—Well, he is good at babble; I just wondered.

Ms Clarke—Those certainly would be in addition to his other two—one is for the electorate and one is for personal use—and then, under the Parliamentary Entitlements Act, there is a head of authority where he is allocated—

Senator ROBERT RAY—So he gets seven extra mobile phones. Now, Parliamentary Secretary, tragic news has come through on this: Senator Boswell's staff has been reduced from 10 to nine! I demand a reason why! Why has he been clipped one staff member? If you clip another two, he will have the same number of staff as the Leader of the Opposition in the Senate if you are not careful! Why has the number of his staff been reduced by one?

Senator Colbeck—I cannot give you that answer, Senator Ray. Obviously, there has been a decision made that—

Senator ROBERT RAY—Maybe one of his staff is running against him for preselection; everyone else is!

Senator Colbeck—I will leave that as a rhetorical question.

Senator FAULKNER—His staff will at least have the advantage of having a mobile phone to use against him!

Senator ROBERT RAY—Yes. Anyway, I have pursued Senator Boswell. He always comes and whinges to me when I pursue him, so I will not do it anymore.

Senator FAULKNER—I don't know why.

Senator ROBERT RAY—In relation to question on notice F39—I think I have asked before about the provision of car transport, Parliamentary Secretary, for life gold pass holders, and I think the answer was that the Members of Parliament (Life Gold Pass) Act of 2002 does not make provision for it and therefore the department certainly cannot take any independent action. But I notice that in the act, as provided in the answer to question F39, there is reference to 'a scheduled vehicular service'. What is that in relation to? The act lays out what the gold pass rights are, including air travel. It even has tram travel in there; I did not know that—No. 8 tram, here I come! Leaving that aside, the last thing listed is 'a scheduled vehicular service'. What does that refer to and can it be interpreted as a scheduled vehicular service out to the airport and back?

Ms Mason—We just have somebody checking that at the moment. I must say, I find it difficult to imagine what it might be, given the listings above it of air service, rail service, bus service, tram service, ferry service—

Senator Colbeck—Train?

Ms Mason—Yes, it could be by train.

Senator Colbeck—Rail service.

Ms Mason—Yes, rail is listed.

Senator FAULKNER—Is 'vehicle' defined in any Commonwealth act or regulation?

Senator ROBERT RAY—It is not 'vehicle'; it is 'vehicular'.

Senator FAULKNER—I know, but is 'vehicle' defined?

Dr Watt—I think that is why we have to take it on notice.

Ms Mason—It may be contemplating different types of transport in the future, but I am finding it hard to think of one at the moment.

Senator ROBERT RAY—Beam me up, Scotty!

Senator FAULKNER—Horse-drawn carriage?

Ms Mason—If it was scheduled, I guess.

Senator ROBERT RAY—I did ask a question about this in PM&C and you have provided material to us today with regard to the government's workforce relations task force. Is there any government staffing allocated to that? There was to a different task force at one stage. I think you might have one in this material. You have one here at adviser level.

Senator Colbeck—There is one task force adviser.

Senator ROBERT RAY—Where is that?

Mr Miles—That position was formerly allocated to Mr Robb. It has not been reallocated. It is not staffed.

Senator ROBERT RAY—So it is just vacant?

Mr Miles—It just has not been withdrawn from the establishment.

Senator ROBERT RAY—It has the same status—it did not go over to the other one. Thank you. How much does it cost per year to list MPs' office telephone numbers in directories? Is half a million a year in the ballpark?

Ms Mason—For listings?

Senator ROBERT RAY—Yes.

Ms Mason—I think we would need to take that on notice.

Senator ROBERT RAY—I just noticed my phone bill. The thing that prompted this is that you look at the average of your phone bill and suddenly in one month it jumped. When I rang and checked the reason for the jump, it was because they had billed my phone for advertised MPs' office telephones. So, firstly, I am questioning the cost of that and, secondly, I am asking why it is attributed to that telephone and whether it is properly attributed to that phone.

Mr Miles—We would have to check on that.

Dr Watt—We are happy to do so.

Senator ROBERT RAY—So I am asking about cost and why it is attributed there. It has to be paid for somewhere—I understand that. But it looks a bit strange when your phone bill jumps 500 per cent for one month. It triggers a question in people's minds. I think that Commander Communications has had its three-year agreement extended to the middle of 2008 for the provision of electorate office support. Have you done any customer satisfaction surveys to assess the performance of this contract?

Dr Watt—I think we need our CIO, Dominic Staun, for that. We will see if we can rustle him up. You have now moved beyond MAPS territory, but that is all right.

Senator ROBERT RAY—I assumed it was for electorate offices, but is this something that is awarded more widely?

Dr Watt—No. Electorate office IT is actually handled by our IT area. Mr Staun is here now.

Ms Clarke—I can answer a couple of questions in the meantime.

Senator ROBERT RAY—Thank you. I will just repeat my earlier question first. Mr Staun, we were talking about the telephone system contract that has been extended for services in electorate offices. Is there a customer satisfaction survey? You can think about that while we hear a couple of other answers.

Ms Clarke—The two personal classifications for the senators were for Senator Andrew Bartlett in Queensland and Senator Fielding in Victoria. Senator Robb's personal classification is an adviser.

Senator ROBERT RAY—One of the advisers has a personal classification?

Ms Clarke—I am sorry; an assistant adviser has a personal classification as adviser.

Senator ROBERT RAY—But that would be listed here as him having an assistant adviser, wouldn't it? On this sheet that we have here which lists Mr Robb's staff, he is listed as having one assistant adviser. Would that be that position or would it be upgraded into the adviser position?

Ms Clarke—This is subject to my colleagues' views, but I think it would be shown as an assistant adviser.

Senator ROBERT RAY—So in effect he has four advisers or four people classified as advisers, but one only goes with the individual?

Mr Miles—The establishment shown is the formal establishment. Any personal classifications are over and above that, or below it.

Senator ROBERT RAY—Okay.

Mr Staun—I am not quite sure what you are referring to. Is it mobile phones, landlined electorate offices, the combined TDA mobile phone trial we are doing the moment?

Senator ROBERT RAY—I read somewhere—and it may have been in a departmental communication—that the Commander communication system has had its three-year agreement extended to the middle of 2008 for the provision of electorate office support. I was wondering whether there had been any customer satisfaction surveys done to assess the performance of this contract.

Mr Staun—The answer is: no, not that I am aware of.

Mr Miles—We are not aware of any arrangement with Commander in respect of electorate offices.

Dr Watt—Perhaps we should check whether there is an arrangement and come back to you, Senator.

Senator ROBERT RAY—I will just defer to my colleague and see if I can dig it out.

Senator FAULKNER—Concerning the provision of flagpoles for electorate offices, in the first instance, so we can just be clear on the timing, when was that decision made?

Mr Miles—I do not have that information with me. I can find out for you.

Senator FAULKNER—So we do not know when it was done but it is a comparatively recent announcement, isn't it?

Ms Mason—My recollection is that it is in the last couple of years, but we have got people checking the exact date at the moment.

Senator FAULKNER—Are you able to indicate to the committee how many electorate offices have taken up this initiative and have actually had a flagpole erected in their electorate office?

Mr Miles—We can find out for you.

Senator FAULKNER—We do not know that?

Mr Miles—We do not have the information here, no.

Senator FAULKNER—I would like to know how many members of the House of Representatives have—and this entitlement is also open to senators of course, isn't it?

Mr Miles—That is correct.

Senator FAULKNER—You might establish that for us. What is the cost of these flagpoles?

Mr Miles—I do not know that there would be a fixed cost because the cost would depend on the nature of the flagpole that was used to suit a particular site.

Senator FAULKNER—Where you are going to stick it, I suppose.

Mr Miles—I think that is the main determinant of cost.

Senator ROBERT RAY—Why don't we get an average cost of the flagpoles so far?

Mr Miles—We will see what we can do.

Senator FAULKNER—This is paid for by your department.

Ms Mason—It would be paid for if we have arranged the installation. But in some cases there may be offices located within buildings that already have a flagpole attaching to them, in which case there would be no need to include an additional flagpole.

Senator ROBERT RAY—So what we are asking for is the average cost of installed flagpoles so far.

Senator FAULKNER—Are you able to come back before the conclusion of our hearing this afternoon with some information on this matter?

Mr Miles—I believe we should be able to.

Senator FAULKNER—Good. I would appreciate that. If you are able to indicate the costs that are being borne by the Commonwealth and the range of costs, that would be interesting. An average cost would be helpful but the sort of range involved would be appreciated. Is there any guidance or directive on what flags must be flown from a DOFA flagpole?

Dr Watt—I think it is a government flagpole, Senator. We fund it—

Senator FAULKNER—I know that you do not consider yourself part of the government, do you, Dr Watt? You never have really.

Dr Watt—Quite the reverse really.

Senator FAULKNER—There is a government and there is DOFA.

Dr Watt—Finance is not like that.

Senator FAULKNER—All right—the government get the flagpole.

Mr Miles—I think there probably is guidance, but I would have to check for you.

Senator FAULKNER—We would not have someone running up the Jolly Roger, for example, would we? Well, we might.

Mr Miles—Not if they asked us first. I will check on the nature of the advice that was given.

Senator FAULKNER—For example, is it limited to the Australian flag? Is it appropriate for the Aboriginal flag to be flown and so forth?

Mr Miles—I think there would be an expectation that it was one of those flags that were, for instance, provided under the—

Senator FAULKNER—I would like to know what, if any, guidance exists—that would be helpful—and how it is monitored. If you can come back to me with that, that would be very helpful. Thank you.

Senator ROBERT RAY—How many induction and office management information sessions for staff members have been held in this calendar year?

Ms Clarke—I will have to check. I do not have any information on induction and office management.

Senator ROBERT RAY—All right. If you take that on notice, you might also answer what the cost to the department of these sessions has been and whether there has been an evaluation process to see how successful these courses have been. If you could take all three parts on notice, I would appreciate that.

Ms Clarke—Certainly—yes.

Senator ROBERT RAY—With regard to the new Telstra ADSL upgrade, could I ask: what extra costs were involved? I am referring to the minister's circular 05 of this year, 2006. Incidentally, I must commend—I am handing out a lot of elephant stamps today—the Special Minister of State for putting these things in writing so we can all understand them. They are quite clear and they are extremely helpful.

Ms Mason—That is another one we will need to take on notice, in terms of the cost. Are you asking about the cost per installation or upgrade or the total cost?

Senator ROBERT RAY—The total cost.

Ms Mason—For the period since when?

Senator ROBERT RAY—Since the ministerial announcement.

Ms Mason—Okay.

Senator ROBERT RAY—You might indicate to me what the take-up rate of members of parliament has been. Has the department had any feedback as to how much better this system is, following the bandwidth upgrade? Also, you might like to take on notice: has the department had any feedback on the effectiveness of the spam filter associated with this? My next question you might have to take on notice. In Mr Nairn's ministerial circular 06, which referred to the use of entitlements during the Melbourne 2006 Commonwealth Games, one aspect was that, because of the increased cost of accommodation during the games, there were special provisions made for staff when staying in Melbourne during that period that exceeded the standard overnight rate of travel allowance payable. I am sure you will have to take this on notice: how many staff put in accommodation claims that were above the standard overnight rate of travel allowance? Could you take that one on notice?

Ms Mason—Yes.

Senator ROBERT RAY—I did not expect you to be able to tackle that one here. I notice that the Remuneration Tribunal determination now allows a senator or member to forgo a private-plated vehicle in exchange for an additional \$19,500 per year of electorate allowance. You do not have to receipt that, do you? Do you have to receipt that in any way to show that you spent that on travel or is it just a question of it enlarging the electorate allowance?

Ms Mason—It does not have to be receipted to us but it does need to be accounted for for the Taxation Office as part of the tax return.

Senator ROBERT RAY—It is taxable, in other words, and therefore it is between you and the taxman?

Ms Mason—That is right.

Senator ROBERT RAY—Again, you might need to take this on notice: how many members and senators have taken up this alternative?

Ms Mason—I will take that on notice.

Senator ROBERT RAY—Could you also take on notice whether there is any restriction on office holders who are entitled to a Comcar in their home state accessing this new entitlement. Do you understand the question? You are entitled to an electorate car and in some cases you are entitled to a Comcar. I want to know whether anyone has dispensed with the electorate car, substituted a Comcar and pocketed the \$19,500—though I very much doubt that that has happened.

Dr Watt—In relation to your Commander question, if you are drawing breath, Mr Staun has some information for you.

Mr Staun—Volante systems provide our support in electorate offices. They were taken over by Commander around the middle of this year. The situation is that electorate office IT support is outsourced by Finance to the Department of Parliamentary Services for maintaining the help desk and for the standard operating environment, and Volante systems do the screwdriver stuff out in the field. A survey was conducted by DPS late last year on IT client satisfaction and the results came in earlier this year, and we reported them to POITAG some months later. They conduct these surveys once every parliament. There were 507 responses received. The results for the survey regarding client support services were generally positive.

Overall, the highest levels of client satisfaction were found for the attitude, courtesy and helpfulness of client support-desk officers and on-site support officers. Skill in resolving problems rated nearly as highly, but there were lower levels of satisfaction in relation to keeping clients informed about the progress of their service calls.

The other issue that came out of this was a lack of satisfaction with the speed of connectivity to the electorate offices. We are currently investigating the quite likely outcome of upgrading the links from 512 to one megabyte which should improve that connectivity. And over the next month and a half we are replacing all the router fleet. We are hopeful that that will address the issue of connectivity.

Senator ROBERT RAY—Thank you for that answer. With regard to Minister Nairn's decision to allow the substitution of an electorate office desktop PC with a laptop, how many members and senators have taken up that option and what extra costs have accrued to the department by this option being exercised? You thought you could get away!

Mr Staun—I would have to get you that information. I will have it very shortly.

Senator ROBERT RAY—Thank you for that. In one of the commendable missives from the minister, he noted that it had come to his attention that some members and senators have been granting community groups access to their electorate office facilities and that some of these groups may have made excessive use of these facilities. Do we have any examples to illustrate this?

Mr Taylor—It does concern an allegation matter. Our standard practice has been—and it seems to have been accepted—that we do not comment on the specifics of any allegations. I know the circular was issued to remind others of the limits associated with the use of electorate office facilities by community groups, but the basis of it was over an allegation issue.

Senator ROBERT RAY—Let me make it quite clear: I will pursue whatever allegation I like without responding to the department's guidance. However, I also understand that if it is one instance, it is probably better not pursued here. But I do not give up the option in certain circumstances to pursue issues here. What you are saying is there is one blatant example that prompted the reminder to go out—is that right?

Mr Taylor—I would not say it was blatant.

Senator ROBERT RAY—It is just an example.

Mr Taylor—Yes, an example.

Senator ROBERT RAY—Only one—is that right? We are not talking about more than one, at the moment, that we know of—is that right?

Mr Taylor—That is correct.

Senator ROBERT RAY—Okay. I have to say, the guidelines are a bit loosey-goosey. It then says you can ring the entitlements manager if you need anything further on this. Now, that is a slight slide-back from oral advice, as opposed to written advice.

Ms Mason—I think that that circular really makes the point that it is an issue of judgment. In the case of the allegation that Mr Taylor has referred to, there was an allegation of

excessive use made in relation to a particular person. That caused us to reflect on what level of usage is reasonable and what level of usage may be considered excessive. It was thought prudent for a circular to be sent to senators and members saying, 'Please be careful about this issue,' because it is, after all, public money and its use needs to be defended.

Senator ROBERT RAY—Yes. We went through all these issues in 1997 at this committee—the use of facilities and all the rest.

Senator FAULKNER—While Mr Taylor is at the table, I have a question that I think is in his area of responsibility. I have been apprised of a situation in relation to the changed procedures with what happens to hard drives from exchanged equipment—after what I think is described euphemistically as 'computer refreshing'. Is this in your bailiwick, Mr Taylor?

Mr Taylor—No, it is not.

Dr Watt—I think we will need Mr Staun back to the table, Senator.

Senator FAULKNER—All right.

Senator ROBERT RAY—Let me slip one question in down the middle and we will come back to him. I notice that in ministerial circular No. 11 members and senators are reminded of the 60-day rule for the lodgement of travel allowance claims. How many times this calendar year has the minister granted an extension of time because of exceptional circumstances?

Mr Miles—We would have to check that.

Senator ROBERT RAY—I am not asking who, by the way; I am asking how many times he has had to do it.

Mr Miles—This financial year?

Senator ROBERT RAY—I do not know how you keep your records. I know you will not manipulate the records to give me the answer, so I leave the convenient date to you, generally—what is easiest to retrieve. You know that if I were to catch you manipulating the dates it would not be worth it.

This is another issue I touched on earlier, but in ministerial circular No. 12 the Special Minister of State encourages the use of frequent flyer points. We have been through this before. It is extremely difficult domestically in the life of a politician to often access frequent flyer points. You do not want to come to Canberra via Perth if you live in Melbourne. I understand that the departments are having equal problems in trying to utilise them. Is this just a friendly missive which we can ignore or should we take it seriously?

Ms Mason—It is not really to be ignored. I think it is well accepted and understood by people who attempt to use frequent flyer points that it can be difficult at times, particularly travelling during peak periods and particularly attempting to book frequent flyer travel at short notice. However, if one plans ahead and, for instance, attempts to book flights at the beginning of a parliamentary year, taking into account the forward travel, it may be possible to get some flights on frequent flyer points. It is more difficult returning to the electorate at the end of the sitting week because the House may rise at different times, but for the forward travel it might be possible. We simply encourage clients to attempt to make use of those frequent flyer points if they can.

Senator ROBERT RAY—I would have thought, looking at it in terms of overseas travel, where you are entitled to use that in lieu of your study leave, that there is no incentive to do so. Why not just spend the money rather than use frequent flyer points? If you loosened it a little to say, yes, you can book using your study leave and use your frequent flyer points to upgrade, I do not see the harm in that. I do not see a misuse of public assets, and you might actually be able to whittle the costs down a bit and save some money if people booked business or first class using their study leave. Anyway, that is just one suggestion from me.

Dr Watt—We have Mr Staun back on.

Mr Staun—I would like to answer the first question you asked. Thirty-five senators and members took up their entitlement to swap a laptop for a PC. The rough cost is about \$3,000 over three years for a laptop, compared to about \$1,200 for a PC. So we are looking at a difference of \$2,000—times 35, that is \$70,000 per year, over three years. Those PCs were replaced as part of our refresh.

Senator ROBERT RAY—Have any of them been stolen yet?

Mr Staun—None of the ones that were replacements, as far as I am aware. In the current financial year, we have had three laptops reported as stolen. The written-down value of those was \$4,300.

Senator ROBERT RAY—But were they laptops allocated to senators and members for personal electorate use, or were they the second laptops allocated to electorate officers?

Mr Staun—I would have to find that out for you.

Senator ROBERT RAY—There seems to be a bit of a drop-off in numbers. I would have said the numbers were higher in previous years.

Mr Staun—Since 2004, 13 laptops have been reported stolen. I can give you that in a year-by-year break-up.

Senator ROBERT RAY—Yes, if you could.

Mr Staun—In 2004, there were eight. So that leaves roughly five—two in 2005-06 and three, as I said, in 2006-07.

Senator ROBERT RAY—So it is dropping off a bit—or is it the fact that MPs are not taking the laptops with them because they know the rate at which they are being stolen? Anyway, that is a chicken and egg question. Senator Faulkner had a question for you.

Senator FAULKNER—I just wanted to ask if there had been any change in the computer refreshing process, as it is described. What happens with the hard drives from exchanged equipment? Because I have been informed, and I do not know if it is right, that there are some changed procedures in relation to that. Is that right?

Mr Staun—Not that I am aware of. The hard drives of all refreshed equipment are destroyed. My staff are listening to this; I will have a further answer for you shortly.

Senator FAULKNER—Don't staff in offices have to witness the procedures that take place and then sign a statement to that effect? And the statement has changed. Before, effectively, the exchanged equipment was sanitised before it was removed from the electorate offices. This is what used to happen: staff were invited to witness the procedure and they were

invited to sign off that the procedure had occurred. My understanding is that recently this changed to a formulation where staff are being asked to sign a declaration that the hard drives have been removed and left in the office in an unsanitised condition. The parliamentary secretary is nodding; he is probably far more expert in these matters than I am. Now he is shaking his head. You would have to be, Senator Colbeck; you would have to be, let me assure you! So I have received advice of this from staff—not staff in my own office, I quickly add—who have experienced these changed procedures recently, and I wondered if you could throw any light on it.

Mr Staun—I regret that personally I cannot, but I will have an answer for you very shortly.

Senator FAULKNER—Thank you for that. I would appreciate it if you could chase it down. DOFA provided staff in one office with a document entitled *Important information: hard drives removed from outgoing computer*, then instructions. A hardware refresh program was recently performed in your office and hard drives were left behind by the technician awaiting collection and the document outlines what staff need to do with the hard drives, what will happen to the hard drives, who they call for collection, and so on. I understand that is quite a significant change to the procedures and if you could chase it down we might be able to follow it through. My broad understanding is that the process is conducted centrally now and, as I read it, I think that is what has driven the change.

Mr Staun—And from my own inquiries there is some concern about this change.

Senator FAULKNER—I assume it is happening in state capitals.

Mr Staun—I will find out the answer for you shortly.

Senator FAULKNER—The last element of what I have said to you is an assumption and, given that it is my assumption about a matter that I do not pretend to be an expert on, you can take that with a fairly substantial grain of salt if you care to.

Mr Staun—I will detail the exact process.

Senator FAULKNER—However, with the other matter I think that I have faithfully reflected the processes that have occurred with staff and I think that what staff have been asked to sign in electorate offices has changed quite significantly. I would appreciate your feedback on that matter. It would be helpful.

Senator ROBERT RAY—Moving to the big issues, there was the sensational announcement from the minister on 26 June that he had agreed to the issuing of professional development certificates. How many of those have been produced so far?

Ms Clarke—I will have that information shortly. I can answer some of those questions you asked about induction and office management training.

Senator ROBERT RAY—Just send it to us on notice, will you? We have moved on psychologically. I do appreciate you getting it quickly, by the way. Is it in the table form?

Ms Clarke—It is best delivered verbally, I think.

Senator ROBERT RAY—I am being ungracious. I await the verbal delivery and apologise.

Ms Clarke—Thank you very much. In 2006—from 1 July 2005 to me 2006—we have conducted eight office management information sessions and 12 induction information sessions. Both of those run for half a day each. You asked about evaluation. In terms of induction training for 2006, 100 per cent of people attending said that it met their expectations. Sixty-one per cent rated the presenters as excellent. A further 36 said they were above average, so that is still pretty good. A hundred per cent said that they achieved their stated learning outcomes and 98 per cent said that they would actually recommend their workshop to their colleagues.

Senator ROBERT RAY—That is good.

Ms Clarke—I can run through the evaluation for office management in 2006. Ninety-eight per cent said that it met their expectations, 53 per cent rated the presenters as excellent, and 37 per cent rated them as above average. Ninety-eight per cent said that they have achieved their stated learning outcomes and 91 per cent said that they would actually recommend it to their colleagues.

Senator ROBERT RAY—So it was very positive.

Ms Clarke—Yes, it was.

Senator ROBERT RAY—Have you got the answer on certificates?

Ms Clarke—That is coming.

Senator ROBERT RAY—Parliamentary Secretary, I hope you will pass on to the Special Minister of State the gratitude of all MOP staff for the munificence of the minister in giving these certificates, although I have to say they have a preference for a pay rise. Psychic salary is one thing; however—

In relation to the provision of a colour laser printer with an inbuilt duplex unit—does that sound like I know about this?

Dr Watt—No.

Senator Colbeck—Not very convincing, Senator.

Senator FAULKNER—I think you know as much about this as I knew about the hard drives on those computers.

Senator ROBERT RAY—I would like to know how many electorate offices have taken up this option. As I understand it, this allows you to colour print on both sides at once, without refeeding it through and wrecking the machine.

Dr Watt—Mr Staun is the man to answer that. He will be back in a minute.

Senator ROBERT RAY—You do not think you can keep him in here?

Dr Watt—We might have to. He is showing great reticence.

Senator ROBERT RAY—I want to know at some stage how many and what the cost of the replacements was.

Ms Mason—We could probably deal with flagpoles and flags.

Senator ROBERT RAY—Okay.

Ms Clarke—We are still working on costs, but the decision on flagpoles was made on 27 February 2006. It was accompanied by a circular to all senators and members which talked about what is available. Also, in terms of what you can fly, it said:

Senators and members who choose to erect a flagpole at their electoral office are encouraged to join the Commonwealth Flag Network by registering at the Awards and National Symbols website, www.itsanhonour.gov.au. The Commonwealth Flag Network provides guidelines that apply to the Australian national flag and supplies email notifications of flag protocol for days of national significance.

Senator FAULKNER—Yes, but that is an encouragement; that is not a requirement. I read that too.

Senator ROBERT RAY—But we do not have costs or anything further on that?

Dr Watt—Not yet.

Senator ROBERT RAY—All right.

Senator FAULKNER—But do you think that is clear as to what flags can be flown?

Ms Clarke—Read in conjunction with the above paragraph, it says the supply of one Australian national flag per office is also available, so the implication there is that it is an Australian flag, and it is supplemented clearly by information that is put out by these orders.

Senator FAULKNER—That is what I wanted to know. Does this mean, for example, that a member or senator can fly, officially, the Aboriginal flag? Can you assist me with that?

Ms Clarke—You are correct; that is not addressed in this circular. I will have to take that on notice.

Senator FAULKNER—No, it is not. It would appear that that might not be appropriate under this guidance, but I am not going to be definitive about that. It just appears that way.

Senator Colbeck—I have just been advised that, yes, they can fly an Aboriginal flag, and in fact that has been encouraged during NAIDOC Week. That information is indicated on the website that was mentioned by Ms Clarke. So guidance in relation to flags is advised on that website.

Senator FAULKNER—What happens if a member or senator does not choose to join the Commonwealth Flag Network? I am not a member of the Commonwealth Flag Network. Mind you, there is not a flagpole at my office. I do not know if other members or senators—

CHAIR—I have one on the way.

Senator ROBERT RAY—I will have to fly mine internally.

CHAIR—If a senator or member were tempted to fly the red flag—

Senator FAULKNER—I imagine Senator Fierravanti-Wells would have a flagpole at her office.

Senator FIERRAVANTI-WELLS—In my office? Yes, a flag.

Senator FAULKNER—No, outside.

Senator FIERRAVANTI-WELLS—Oh, outside. No, it is a Telstra building.

Senator FAULKNER—So you have not joined the Commonwealth Flag Network either? What about you, Senator Bernardi?

Senator BERNARDI—I am hoping to have one in my next premises when I move next year.

Senator FAULKNER—You are hoping to? We are all hoping to, but you have not.

Senator ROBERT RAY—You are moving next year? We will follow that.

Senator BERNARDI—I am hoping that will be the case.

Senator FAULKNER—Senator Watson, as the father of the Senate you would have a flagpole outside your office, wouldn't you? You do not?

Senator WATSON—No.

Senator FAULKNER—Senator Colbeck has explained his experiences to us and he knows all about the website, but I suggest to you, Parliamentary Secretary, that perhaps more detail would be of assistance here. The guidance is a little vague.

Senator Colbeck—We will see what we can get you, Senator Faulkner.

Senator FAULKNER—I think if members and senators, for example, are being encouraged to fly the Aboriginal flag during NAIDOC Week that is absolutely appropriate. Obviously, there would be other times. But we have to try to make this a bit clearer. Anyway, we look forward to seeing the cost of the erection of these flagpoles, but it does not sound like it is going to be too great if the small sample of senators around this table is typical.

Senator ROBERT RAY—We are working on it. We had a question on colour printers.

Mr Staun—My staff are working on that at the moment. That is on the number taken up and the cost, as I understand it.

Senator ROBERT RAY—Yes. We will come back to it.

Mr Staun—I can answer Senator Faulkner's question.

Senator FAULKNER—Beautiful.

Mr Staun—You are, of course, correct—there has been a change in the process.

Senator FAULKNER—Hang on—I would not say 'of course, correct', but it is nice to be correct on this occasion.

Mr Staun—In the past, with refreshes, which are done with half of the equipment every 18 months, the hard drive was sanitised by running a software program which clears the hard drive. Of course, the staff were invited to witness that and sign a document. Then it was removed and brought back here to Canberra, where we destroy the hard drives.

Senator FAULKNER—I thought it might have been the case that it was central destruction.

Senator ROBERT RAY—And it is brought back by special courier in a blue envelope which I thought was incoming and I opened. I mucked up your entire system.

Mr Staun—I apologise for that.

Senator ROBERT RAY—No, it was my fault.

Mr Staun—We found that, with much more data being stored on hard drives now given that they have much greater capacity, the sanitisation was taking up to five hours, which was clearly inconvenient for the office, and disruptive. So what we do now is remove the hard drive from the machine. The PC is taken by the technician and a safe-hand courier takes that hard drive, brings it back to our office where we sanitise it and then destroy it. So it was simply to counter the inconvenience that was arising from previous methodology.

Senator FAULKNER—So the new methodology is both safe and thorough, is it? You can assure me of that?

Mr Staun—Yes. In effect, the procedure has not changed—just where it actually happens. The sanitisation and the destruction take place back here in Finance in Canberra.

Senator FAULKNER—Does this mean additional cost in terms of that process or not? That I suppose is the other issue that was raised with me. Do these changes mean some additional financial burden for the Commonwealth for something that appeared to be working relatively well previously?

Mr Staun—It would be very much at the margin. I think the judgement call made by my staff, which I think is correct, is that the inconvenience to the electorate office of having such a long period would more than outweigh the initial cost of having a safe-hand courier bring it back to Canberra.

Senator FAULKNER—Thank you for that. As I said, I am not an expert in these things. Did guidance go out about these things? There was another thing I was going to check with you. The new procedures seemed to come as a little bit of a surprise to one or two people. I was not sure whether any guidance had gone out about this or whether it had not gone out. Hence, you find out about the change when the refreshing of equipment takes place. Are you able to help me with that?

Mr Staun—The guidance was provided in the documentation that I think you have there. It lists through the process that will be followed and so on. I accept that there is—

Senator FAULKNER—But that is the guidance that you sign. In other words, you do not know about it until you are asked to sign it.

Mr Staun—I take that on board. Perhaps there could have been some forewarning. I am not too certain how much there was, but clearly the fact that the issue has been raised in your mind by a staffer suggests that we have not done it as well as we could have.

Senator FAULKNER—I think perhaps the issue here is that there has been a lack of notice. To say that the changed procedures have caused concern is too strong. It has just raised questions about why there has been a change and so forth. In relation to this particular matter, perhaps where the hardware refreshing projects are taking place, a bit of advance notice for long-serving staff—a lot of these staff have been around for a long time—might be useful so that they know of the changed procedure.

Mr Staun—I accept that. Perhaps just in part defence of my staff, I would say that often these things come to you when you are actually doing it. So the change in procedure to make sure the inconvenience is minimised—

Senator FAULKNER—There is no need to be defensive because there is no attack. Do not worry.

Mr Staun—Thank you.

Senator ROBERT RAY—On a slightly different matter, though—do not go yet: with regard to the directive making available the Adobe Creative Suite Premium and the voice-activated software, can I ask what the take-up rate of that has been in electorate offices?

Mr Staun—I will find that out exactly for you. I am not at all certain that the take-up rate exists at the moment, because the software is yet, I think, to be cleared through DPS.

Senator ROBERT RAY—I see. So it is not actually up and running?

Mr Staun—I will just check my notes. We are talking about DragonDictate and Adobe Creative. The Adobe Creative Suite requires an upgrade to existing Adobe and it is deployed on the SOE. That is due to be released at the end of this month. With regard to DragonDictate, there are some further complications, and that has a deployment date of 17 November.

Senator ROBERT RAY—We might take it up in February, then, when we have more information. So, when you come along in February, you might tell us about the then uptake rate, the cost of installation and whether you have had any teething problems. We might ask that question again in February.

Senator FIERRAVANTI-WELLS—With that technology, are you having some difficulties in the testing of it? I actually bought DragonDictate at my own expense and I had some technical problems in running it on our system. Is that part of the difficulty in deciding the take-up?

Mr Staun—We have an agreement with DPS. For the accreditation of new software it is a three-month period. The reason we have this agreement is that, inevitably with new software, you get associability problems and so on. You have to sort through those problems. It is very rare that you just implement software on a standard operating environment and it just works. So that is why we have that three-month period. As I said, with DragonDictate it has actually taken a bit longer than that. It will be another couple of weeks.

Senator FIERRAVANTI-WELLS—Just for your information, when I made inquiries about it I was told that we could run it on the system, but I have had problems with it. For those of us who did perhaps engage and purchase that—those of us who do have that software already and have purchased it—you might look at whether that is something—

Mr Staun—You are still having problems?

Senator FIERRAVANTI-WELLS—I did not use it because, of course, I could not get it to work properly on my system.

Mr Staun—I will follow that up.

Senator FIERRAVANTI-WELLS—Thank you.

Senator ROBERT RAY—This question is in relation to ministerial circular 2006/18, where it announces that travel allowance for each overnight stay in Canberra is increased. In that announcement it is put in the following terms: the travelling allowance for each overnight stay in commercial accommodation in Canberra is increased from \$175 to \$190. I was under

the opinion that Canberra was the one area where commercial accommodation was not a requirement—that it just applied for accommodation and, hence, there was a reduced rate. Is that right?

Ms Clarke—I will have to take that on notice.

Senator ROBERT RAY—You know what I am referring to? It says—

Senator FAULKNER—There is a flat rate of travel allowance—

Senator ROBERT RAY—In Canberra. It does not apply—

Senator FAULKNER—as opposed to—

Senator ROBERT RAY—The implication of that is that we would have to keep all our commercial receipts. And, for 40 or 50 per cent of parliamentarians who do not stay commercially, they have a big refund bill coming. I would prefer to think it is just an error.

Ms Clarke—I do not understand the wording, so I would need to have a look.

Senator ROBERT RAY—I hope it is not based on the determination wording, because then you may not have much flexibility. I hope it is just a mis-speaking.

Ms Clarke—I will have a look at it. I have answers to two other questions that you asked.

Senator ROBERT RAY—Thank you.

Ms Clarke—There have been 684 certificates of recognition of training issued from July 2005 to the current time. They are not issued for office management, induction or budget information sessions, because they are just precisely that—information sessions, not training. You also asked about the role the department played at a coalition briefing on the CA on 19 October.

Senator ROBERT RAY—Senator Faulkner did—yes.

Senator FAULKNER—That was when we established it was the Special Minister of State who gave the briefing on the staff CA, not ministerial and parliamentary—

Senator ROBERT RAY—It is our assertion that it was 19 October. We have not had evidence before the committee that it was not.

Senator FAULKNER—But if you can confirm that, that is fine.

Ms Clarke—I cannot. We looked at email traffic at around that time. We certainly answered questions that were asked of us and clarified data. We had also given a presentation to the staff rep group slightly before and we were providing information and clarification on the information in that so that seems to be the substance.

Senator FAULKNER—When you say you answered questions and clarified data, what do you mean by that—answered questions from whom in what context?

Ms Mason—Throughout the process and particularly towards the end when we had been looking at the effects of the proposed new agreement on staff and where people had been raising concerns or asking questions, we received questions from the office of the Special Minister of State in relation to facts and figures and we have answered those questions. We

have also provided large amounts of data to the staff representative group in response to their inquiries.

Senator FAULKNER—But you were able to assure us that you did not provide materials that were used at the briefing, or are you now sort of stepping back from that?

Ms Mason—I think you asked us whether we prepared a presentation, and we had not. We have certainly answered questions over a long period of time—possibly including around that time—in relation to facts, figures, data from a variety of people, including the office of the Special Minister of State.

Senator FAULKNER—By presentation, I mean materials. So you can be clear and categorical that that did not occur, let me ask this question: did MAPS provide materials for use by the Special Minister of State in his presentation to coalition staff?

Ms Mason—I think we have provided information. As to the use of it, I do not think I can give a definitive answer about how it might have been used. We had inquiries, as I said, from staff representative group members on both sides of politics. We have had a variety of inquiries from the office of the Special Minister of State and we have answered those various inquiries.

Senator FAULKNER—Was the purpose of the inquiries of the Special Minister of State for a presentation to coalition staff?

Ms Mason—That is not a question I think I can answer.

Senator ROBERT RAY—I will put it another way to assist you: when those queries came in, were you informed, ‘I want the answers to these questions because I’m going to a meeting of coalition staffers,’ or did the queries just come in and you answered them?

Ms Clarke—The queries come in and we answer them. It has been an ongoing process and particularly—

Senator ROBERT RAY—That is not the question. Of course we know queries come in, answers go back. The question was: when the inquiries came in were they prefaced by saying, ‘I’ve got to address a meeting et cetera, I need answers to these questions,’ or did they just come in as questions that you routinely responded to?

Ms Clarke—They came in as routine questions. They were not prefaced with: ‘I’m using this information for this purpose.’ It was—

Senator ROBERT RAY—That clears that up.

Ms Clarke—‘Explain this data; what does it mean?’

Senator ROBERT RAY—That wasn’t too hard.

Senator FAULKNER—Was MAPS informed either prior to or after the Special Minister of State’s briefing of coalition staff that the briefing either was to take place or had taken place?

Ms Mason—Yes. We were aware because we received an invitation to the ALP briefing of staff, which we declined because we did not consider it appropriate to attend something that seemed to be political in nature. We were aware—I cannot recall whether it was before or

after the fact—that there was a briefing taking place at a similar time for coalition staff. We were not invited to attend that and we did not attend.

Senator Colbeck—Can I clarify that the Special Minister of State did not brief the staff; a member of the staff briefed the staff.

Senator ROBERT RAY—You would have to say we are entitled to think that from the evidence given earlier today.

Senator Colbeck—I would concede that—yes.

Senator FAULKNER—We are now being informed that the briefing that took place of coalition staff was from at least one staff member of the Special Minister of State—is that what you are saying?

Senator Colbeck—Yes.

Senator FAULKNER—I just point out for the record, for what it is worth, that your description of ‘a meeting of ALP staff’ is strenuously denied. I am not going to get into an argument about whether it is right or wrong but, just so you know, the view of Labor Party members of that committee is that the proposal was put forward by Labor Party representatives for all staff, which is quite a different view. Now, I am in no position to judge, nor am I going to take make efforts to check; I do not think it is appropriate that I do. But, given the language that you have used, I indicate to you the information has been provided to me, which is a little different. I will make no further comment about that.

Let me come back to the question of the briefing via the staff of the Special Minister of State. Were you aware of that briefing prior to the briefing occurring? Or were you informed after the briefing? Let’s be clear on this: did the Labor Party briefing—I think you wrongly refer to it in those terms—happen?

Ms Mason—Is that a question to officials, Senator?

Senator Colbeck—I am not sure that the officials would know whether the Labor Party—

Senator FAULKNER—Then do not answer it. Just answer that part of my question which goes to when you became aware of the briefing of the staff member of the Special Minister of State. Was it before or after the briefing? That is all I was asking. You have said you were aware of it; I am asking when.

Ms Mason—I think that we would need to check, because I cannot recall whether we knew about it before or afterwards. We certainly knew about the ALP briefing, because we were invited to attend.

Senator FAULKNER—I have made the point, but I will make it to you one last time, that I have been informed that, while the initiative may have come from ALP members of the committee, it was proposed to be a briefing for all staff. So I take issue with the terminology you are using, for the second time. But I only take issue because of what I have been informed, Ms Mason. As I am not a staff member and am not directly or intimately involved, I can go no further.

Ms Mason—Apologies, Senator; I was going from my understanding that it had—

Senator FAULKNER—And you need to understand, Ms Mason, that I am going by my understanding.

Ms Mason—Certainly.

Senator FAULKNER—I am trying to make it clear that I am taking issue with the language that is being used—I have on two occasions now—because it is different to the understanding I have. I can go no further than that.

Dr Watt—We will check that. We will confirm what our understanding is.

Senator ROBERT RAY—Is it technically impossible for there to be an overspend on a relief-staff budget for an electorate office, because you just stop paying when the budget runs out?

Ms Hughes—Payroll and allowances are administered in my branch. It is not technically impossible. We run lots of reports to ensure that it does not occur, but I understand that in the last financial year we had two cases where, because we had gone to a new system, a new HRMIS, that an overspend did occur.

Senator ROBERT RAY—On two occasions?

Ms Hughes—Yes.

Senator ROBERT RAY—And you are confident that that will not reoccur with the new system?

Ms Hughes—Yes. We do very careful monitoring.

Senator ROBERT RAY—Thank you for that. In relation to the House of Reps members' printing entitlement, why was the figure of 45 per cent chosen as the value of the carryover?

Ms Clarke—It was a government decision that the carryover be 45 per cent.

Senator ROBERT RAY—So it was a ministerial calculation, not a departmental one?

Ms Clarke—Yes.

Senator ROBERT RAY—If each member of the House of Reps this year carried over 45 per cent from the previous year, am I right in saying they would have a total of \$32,625,000 to spend, potentially?

Ms Clarke—I have not done the maths, I am sorry.

Senator ROBERT RAY—You might take that on notice—

Dr Watt—We are happy to do that.

Senator ROBERT RAY—and see whether my maths is right. Part of the ministerial instrument on this entitles members of parliament to print postal vote application forms. Has that process been cleared with the Electoral Commission?

Ms Mason—I am not aware that we explicitly cleared that with the Australian Electoral Commission.

Senator ROBERT RAY—They have on occasion taken a dim view of political parties and others printing off their forms. I can remember that—I do not know if Senator Faulkner can—happening a couple of times. I would have thought it would be prudent.

Senator FAULKNER—In fact, major reprinting had to occur, I recall, on one occasion.

Senator ROBERT RAY—Yes. So it may be prudent to do so.

Ms Mason—Yes. We will take that on board.

Senator ROBERT RAY—Now, in relation to the printing of personalised letterhead stationery, you lay down what can go in it, but one of the things you exclude is ‘reference to membership of parliamentary committees’. I am wondering why.

Ms Clarke—I think we actually mirrored what is done for members of the House of Representatives, but if there are any concerns I am sure the Special Minister of State would be happy to reconsider.

Senator ROBERT RAY—We will get onto the Senate in a moment. The same thing applies to business cards. Certainly, in the Senate printing office—because it has done it for me—you can put down your parliamentary committee memberships on the back of the card, which is a natural entree, if you are overseas, to explain your interests et cetera. You cannot do that now under these guidelines, as I read them—not that you would ever know. There is no enforcement; I understand that. It is a nod and a wink. So you cannot include that in business cards either, can you?

Ms Clarke—Certainly, the circular states that printing on the stationery may only include a senator’s name, address, title, state and territory map, a description of the electorate, a photograph, the Commonwealth coat of arms and the Australian flag and/or the party logo. Insofar as it does not prescribe that you can put down your committee membership, that is correct.

Senator ROBERT RAY—What do you think, Parliamentary Secretary? Is that a reasonable proposition to at least consider—putting your parliamentary committee memberships on those things?

Senator Colbeck—I think it could be considered, Senator. It is not something I have done in the past myself, but it certainly could be considered.

Senator FAULKNER—‘Senator Fifield—Chair, Finance and Public Administration—

Senator ROBERT RAY—‘By public acclaim’.

CHAIR—Yes, I think we will pass on that!

Senator ROBERT RAY—Did you follow at all our discussion with the Senate President about the transfer of the Senate printing allowance?

Ms Mason—We did.

Senator ROBERT RAY—So you know we have been through the correspondence between the various presidents and SMOSs, and I do not think we will repeat the exercise here. Can you confirm there is no direct transfer of resources with this because it was a special allocation to the Senate anyway?

Ms Mason—Yes. The Senate simply stopped drawing on the special appropriation for that purpose.

Senator ROBERT RAY—Yes, so there is no need for us to get into that. Frankly, the estimates committee explored it with the Senate President and I do not think we need to take it any further.

Senator Colbeck—Senator Ray, in relation to ministerial memo No. 18, on overnight stays in Canberra, which you talked about, I have been advised that that is in fact an error in the memo. Reference to commercial accommodation should not occur in the memo.

Senator ROBERT RAY—Does that mean I get an elephant stamp for finding it?

Senator Colbeck—If you are so predisposed.

Senator ROBERT RAY—I would prefer that to a certificate.

Senator FAULKNER—When will the corrective circular go out?

Senator Colbeck—I have asked that question, but I have not had an advice at this point in time.

Senator FAULKNER—But you can assure the committee that, thanks to Senator Ray's diligence, a corrective circular will go out?

Senator Colbeck—I would consider that an appropriate response.

Senator ROBERT RAY—In relation to the networking of the electorate office photocopiers, I think you are networking the photocopiers to the computers. You have done a trial period. Could I be informed which electorate offices were used in the trial period.

Mr Staun—Certainly.

Senator ROBERT RAY—While you are looking that up, I will ask two more questions that we can get the answers to later. I would like to know who would determine the priority of the progressive connection of all electorate offices to the IT network. And could we be provided with a list of who has been connected so far and the details of what the costs are anticipated to be. Perhaps you can take those on notice.

Senator Colbeck—Is that in relation to the photocopiers? Is that what you are talking about?

Senator ROBERT RAY—Yes. This is a linking of the IT network to the photocopiers.

Senator Colbeck—Okay.

Senator ROBERT RAY—You understand the implications, don't you?

Senator Colbeck—I do.

Senator ROBERT RAY—Would you like to explain them to me? I know you cannot put them in layman's terms so—

Senator Colbeck—Quite simply, it is just connecting the photocopier to the computer system so you can print directly to the photocopier rather than to a printer.

Senator ROBERT RAY—Which will save costs long term, I would have thought.

Senator Colbeck—And time.

Senator ROBERT RAY—Yes. Anyway, could we find out who was used in the trial, who has been connected so far, what the priority list is and what the anticipated costs is.

Mr Staun—Yes.

Senator ROBERT RAY—Has a decision been made to award a second electorate office to electorates larger than 30,000 square kilometres?

Ms Clarke—That is correct.

Senator ROBERT RAY—What is the costing of that? You might have to take this on notice, but how many electorates are concerned?

Ms Clarke—That I can tell you; the costing we will have to take on notice. The electorates currently affected—you would be aware that there are a number of electorates that already have second electorate offices.

Senator ROBERT RAY—Yes, I am.

Ms Clarke—The new ones under the changed or additional arrangements are Gwydir—

Senator ROBERT RAY—Temporary, is it?

Ms Clarke—Sorry?

Senator ROBERT RAY—Isn't Gwydir due for abolition?

Senator FAULKNER—It has actually been abolished under the final boundaries in New South Wales.

Senator ROBERT RAY—So you might delay that one—you will make a saving!

Ms Clarke—I will continue to go through the list. Based on the information I have here, which must be some days old, there is Gwydir, Capricornia, Farrer, Mallee, Barker, New England, Riverina, Lyons, Hinkler, Wannon, Gippsland and Eden-Monaro.

Senator ROBERT RAY—That is how many in all?

Senator Colbeck—It is 12, including Gwydir.

Senator ROBERT RAY—How many of those seats are held by Independents? Perhaps you could go through the list again for us, slowly.

Ms Clarke—Yes. Gwydir.

Senator ROBERT RAY—National Party.

Ms Clarke—Capricornia.

Senator ROBERT RAY—Labor.

Ms Clarke—Farrer.

Senator ROBERT RAY—Liberal.

Ms Clarke—Mallee.

Senator ROBERT RAY—National Party.

Ms Clarke—Barker.

Senator ROBERT RAY—Liberal.

Ms Clarke—New England.

Senator ROBERT RAY—Independent.

Ms Clarke—Riverina.

Senator ROBERT RAY—National Party.

Ms Clarke—Lyons.

Senator ROBERT RAY—Labor Party.

Ms Clarke—Hinkler.

Senator ROBERT RAY—National Party.

Ms Clarke—Wannon.

Senator ROBERT RAY—Liberal Party.

Ms Clarke—Gippsland.

Senator ROBERT RAY—National Party.

Ms Clarke—Eden-Monaro.

Senator ROBERT RAY—Liberal Party. Gee, we've done well to get two out of that! Thanks for that. What I am asking on notice is what the annualised cost of the extra electorate office will be in each case, including, as I understand it, a fourth staff member. However, to set out the figures fairly, could I have an annualised cost, with the set-up cost separated out. It would be unfair to include the set-up cost in the annualised cost. Do you understand what I mean, Parliamentary Secretary? We need the set-up cost first—they will not be repeated—and then the annualised cost of this particular initiative.

Dr Watt—This is a hypothetical costing because the second electorate office has not been taken up necessarily in any or all of these cases.

Senator ROBERT RAY—Yes. I would have thought that, before such a proposal would have been agreed to, there would have been an estimated cost.

Dr Watt—We can give you an estimate, but the point is that it is an estimate, not an actual. That is the point I am making.

Senator ROBERT RAY—I accept the sense of that.

Senator Colbeck—There are some second electorate offices that already exist.

Senator ROBERT RAY—We are not talking about those. We are talking about this new decision and what it will cost.

Senator Colbeck—That may also impact on the set-up cost though.

Senator ROBERT RAY—Yes, it may well.

Senator FAULKNER—What is the situation in relation to Parkes?

Senator Colbeck—That is already on the list of the initial eight that already have the capacity to have two electorate offices. It in fact does have two electorate offices.

Senator FAULKNER—Where are those electorate offices in Parkes?

Ms Clarke—We would need to take that on notice. We can check quickly, but I do not have addresses of electorate offices in my briefing folder.

Senator FAULKNER—Okay. If you could check that I would appreciate it. What role does DOFA have in the announcement of a new ministerial office for western New South Wales—the press release dramatically issued by the Minister for Community Services on 7 September 2006? Are you aware of that?

Dr Watt—I do not think we are, Senator—not of that press release.

Senator FAULKNER—Can I suggest that in the break, which we are moving to soon, you go to http://www.johncobb.com.au/downloads/MR070906_Ministerial_Office_for_Western_NSW.doc. We will talk about it after the break.

Senator ROBERT RAY—Just before we go to the break, when was this announced? I must have missed the announcement.

Ms Clarke—On the second electorate offices?

Senator ROBERT RAY—Yes.

Ms Clarke—It was not formally announced.

Senator ROBERT RAY—Oh, really?

Ms Clarke—Those who were affected by it were written to.

Senator ROBERT RAY—This is passing strange. You announce even the certificates, but for something that is going to cost a heap of money and disproportionately favours coalition seats we do not get an announcement, Parliamentary Secretary. Are you ashamed of this decision or something?

Senator Colbeck—No, not at all.

Senator ROBERT RAY—No announcement! What also haven't you announced?

CHAIR—Is that a rhetorical question, Senator?

Senator ROBERT RAY—I will move on. Has the government improved the entitlement for a staff member to travel with the committee chair on committee business?

Ms Mason—Yes.

Senator ROBERT RAY—Where was that announced? We just found out that the second electorate office and the extra staffer and all of that was never actually announced, unlike everything else there.

Ms Mason—I think Ms Clarke said that the people affected by the decision were advised of the decision.

Senator ROBERT RAY—There is a ministerial circular on certificates, for heaven's sake! This is going to cost well into the millions of dollars and there is no announcement.

Ms Mason—I think the difference, Senator, is that decisions that have a broad effect are announced broadly, but, where decisions affect a smaller class of people, those people tend to

be directly advised. Everybody has the potential to have their staff issued with certificates for attending training. Not everybody has the potential to have a second electorate office.

Senator ROBERT RAY—All right. Let's get back to the extra staff member—this staff travel right for committee chairs. Where was this announced?

Ms Clarke—Again, it has not been formally announced, but the Special Minister of State will write to the chairs of the Senate committees and let them know.

Senator ROBERT RAY—Just Senate committees?

Ms Clarke—Once new committee arrangements are organised here.

Senator ROBERT RAY—Surely it applies to chairs of all parliamentary committees?

Ms Clarke—Yes, I need to take that on notice. The idea is that the Special Minister of State writes to the chairs, but I will check out which chairs.

Senator ROBERT RAY—Again, it has become very disproportionate since the 'reforms' of the Senate committee system. That means an entitlement to government of about 30 chairs, and you are looking at two out of three of the others that are left—so far. It is quite disproportionate. I do not object to it per se, but it is now heavily favouring government members.

Dr Watt—Senator, we do have some material in relation to networked photocopiers.

Senator ROBERT RAY—I am just pursuing this first.

Dr Watt—Sorry; I thought you had finished.

Senator ROBERT RAY—No. Why isn't this extended to deputy chairs, just to make it a nice bipartisan, fair event?

Ms Clarke—It is a decision of government.

Senator FAULKNER—Aren't deputy chairs from the opposition or minor parties?

Senator ROBERT RAY—Not always. The deputy chairs of the Privileges Committee and the Scrutiny of Bills Committee deserve this privilege. You would agree with that, wouldn't you?

Senator FAULKNER—If you tell Senator Brandis who the deputy chairs are, he would be in a better position to judge.

Senator BRANDIS—I would not make ad hominem judgements, Senator Faulkner.

Ms Clarke—It was a decision of government.

Senator ROBERT RAY—Just a cruddy decision of government, on this occasion. We had better get the photocopier answer. Mr Staun?

Mr Staun—On the colour printers, the duplexing entitlement, there are 226 colour printers because there is an entitlement of one per office. We have added a duplexing unit to those copiers where that was available; 161 members and senators took that up. We negotiated with the supplier to lease new photocopiers at the same price as the old ones, so there was no increase. However, it did mean that a number of those colour printers had to be retired before the end of the lease and the payout cost for that was \$156,000.

Senator ROBERT RAY—Thank you for that.

Mr Staun—With regard to networking printers, I would ask if we could take that on notice. It is fairly complex.

Senator ROBERT RAY—That is fine.

CHAIR—We will break for afternoon tea.

Proceedings suspended from 3.43 pm to 4.02 pm

Senator ROBERT RAY—In relation to travel allowance paid to members of parliament, has any travel allowance had to be repaid on the basis that proper receipts for a commercial accommodation were not provided or a satisfactory explanation was not given?

Ms Hughes—As part of our regular audit of payments, we test whether accommodation receipts have been provided. We have had some cases where they have not, and I would have to take on notice the outcome of those. I think in most cases we have received either a stat dec or some evidence that they were available on request as required.

Senator ROBERT RAY—In other words, there is an alternative method if people have lost their receipts to put in a stat dec asserting they were at a commercial accommodation. In terms of the newspaper, periodical and publications allowance, is any audit ever done as to the nature of what you are able to order in? I assume things like *Inside Cricket* and *Best Bets* are not recommended reading on this allowance.

Mr Miles—I am not aware of any systematic audit. I am not aware of the amount of detail we get in all cases from newsagents in respect of those accounts, but I can check for you.

Senator ROBERT RAY—You require members of parliament to sign off the account and that details everything that has been ordered.

Mr Miles—That is correct.

Senator ROBERT RAY—I just wondered if there were any spot checks—it is usually best to stop misbehaviour early; I am not alleging there is any.

Mr Taylor—I have some information in relation to flagpoles that we obtained during the break. In terms of the flagpoles that have already been erected, nine have been completed and 25 are pending. In terms of an average cost—I have not got an average cost but I can give you a more specific cost.

Senator FAULKNER—Okay.

Mr Taylor—For a separate pole, the cost is \$4,940. That includes floodlighting and a fee for United, who are our property provider. The wall-mounted flag is \$4,040 and that also includes floodlighting and the fee for our property provider.

Senator FAULKNER—So let's get this clear: nine flagpoles have gone up already and there are 25 pending?

Mr Taylor—That is correct.

Senator FAULKNER—Which is a total of 34 parliamentarians out of 226. Yet this is from the same government that is requiring a similar sort of approach from schools. It is a pretty bad example, isn't it?

Ms Mason—I think I mentioned earlier that there will be some cases—I do not know how many cases, but some—where it is not practical to install a flagpole on the particular building occupied by a senator or member. In some cases a flagpole may already exist for that building. I do not think it is as simple as saying 226 and then looking at the number installed. There would be some—

Senator FAULKNER—It is still a pretty poor effort, isn't it? I would be the first to admit I am not going to put a flagpole at my own office. But given that nine members and senators have and 25 are pending out of 226—that is, 34 out of 226—that is pretty ordinary considering the demands that the Howard government puts on ordinary old schools.

Mr Taylor—Could I just add that it could be subject to landlord permission and also—

Senator FAULKNER—Of course.

Mr Taylor—local government permission and authority.

Senator FAULKNER—Of course. But how many have been knocked back because of that?

Mr Taylor—I do not know the answer to that.

Senator FAULKNER—In the absence of any further or better knowledge, it nevertheless is a pretty low proportion of members of parliament and senators who have taken up this opportunity. But, no doubt, by raising it at this Senate estimates committee and giving it a bit of publicity, all the coalition members and senators on this committee particularly—

Senator ROBERT RAY—What about me?

Senator FAULKNER—I doubt that you are going to do it.

Senator Fifield interjecting—

Senator FAULKNER—You are on the way up in the Liberal Party—let's be honest, Senator Fifield—and if Mr Costello becomes leader you will be minister.

Senator ROBERT RAY—Hold on! Senator Fifield got the Vietnamese flag properly restored, so he has a long history in flagpoles and flags.

CHAIR—I'm solid on flags.

Senator FAULKNER—You are solid on flags. I am glad you are solid on something. All we have to do is convince Mr Howard of that, and that seems to be very difficult. At least this has been done at Mr Howard's electorate office, hasn't it?

Mr Taylor—I do not know.

Senator FAULKNER—He would be setting an example—we know that.

Senator ROBERT RAY—You might take that on notice: whether the Prime Minister—

Senator FAULKNER—I would be absolutely certain—

Senator ROBERT RAY—is flying the flag.

Senator FAULKNER—And it would be done at Mr Nelson's electorate office. We could be absolutely certain of that, couldn't we? And there are all those other people who make these outlandish demands on everybody else but do not do it themselves.

Senator ROBERT RAY—I did flag this area of questioning in advance, if I could say that, but without the pole! In fact, I flagged a few, but we will just go to this one for now. Could I ask for the dates, in chronological order, and destinations of visits by the Hon. Ian Campbell, Minister for the Environment and Heritage, starting in November 2004 and up to the current day.

Ms Hughes—You asked for, I think, dates and destinations.

Senator ROBERT RAY—I am asking for dates and destinations. I am not a fast writer.

Ms Hughes—From 3 to 5 November 2004—

Senator ROBERT RAY—Yes, that is one.

Ms Hughes—New Zealand.

Senator ROBERT RAY—New Zealand—an excellent spot. I note we have a New Zealand MP sitting at the back of the room, so I acknowledge him.

CHAIR—Welcome.

Ms Hughes—From 10 to 19 December 2004, Argentina.

Senator ROBERT RAY—Yes, that is two.

Ms Hughes—From 13 to 18 March 2005, United Kingdom.

Senator ROBERT RAY—I see: United Kingdom.

Ms Hughes—From 17 to 24 April 2005, USA.

Senator ROBERT RAY—That is four.

Ms Hughes—From 29 May to 3 June 2005, Switzerland, France, Denmark, Ireland, UK and Sweden.

Senator ROBERT RAY—Right. That is No. 5.

Ms Hughes—From 7 to 8 June 2005, Solomon Islands, Kiribati and Tonga.

Senator ROBERT RAY—That is No. 6.

Senator FAULKNER—That is where Senator Campbell sat in the lagoon and made claims about whaling. I am glad he could sit in the lagoon. It will be all lagoon soon, with Senator Campbell's environmental policy.

Ms Hughes—From 18 to 24 June 2005, the Republic of Korea.

Senator ROBERT RAY—That is No. 7.

Ms Hughes—From 15 to 18 September 2005, Indonesia.

Senator ROBERT RAY—That is No. 8.

Ms Hughes—From 21 to 25 September 2005, Canada.

Senator ROBERT RAY—That is No. 9.

Ms Hughes—From 31 October to 3 November 2005, UK.

Senator ROBERT RAY—No.10.

Ms Hughes—From 6 to 12 December 2005, Canada.

Senator ROBERT RAY—Canada again? No. 11.

Ms Hughes—From 7 to 13 May 2006, USA.

Senator ROBERT RAY—No. 12.

Ms Hughes—From 30 May to 1 June 2006, Kiribati, Marshall Islands and Vanuatu.

Senator ROBERT RAY—That is the lucky 13th.

Ms Hughes—From 14 to 21 June 2006, St Kitts and Nevis.

Senator ROBERT RAY—That is 14.

Ms Hughes—From 13 to 16 September 2006, Switzerland.

Senator ROBERT RAY—That is 15.

Ms Hughes—From 16 to 20 October 2006, China.

Senator ROBERT RAY—He is not away at the moment?

Ms Hughes—Not that I am aware of.

Senator ROBERT RAY—So that is 16 in two years.

Senator FAULKNER—Ms Mason, I suppose that you can confirm that this travel has all been fully acquitted by Senator Campbell?

Ms Hughes—Perhaps I could answer that. The department has not sent the paperwork to Senator Campbell for all of the trips—for the more recent ones, I think.

Senator ROBERT RAY—How many are not acquitted?

Ms Hughes—I would have to ask that question. I do not have that information with me. The majority, certainly, are acquitted.

Senator ROBERT RAY—The majority of the 16 are acquitted?

Ms Hughes—Yes.

Senator FAULKNER—You would expect so for travel over two years. Can I ask, in relation to MAPS, when was the most recent client survey undertaken as to the level of satisfaction that clients have with MAPS?

Mr Miles—A survey was done of client satisfaction amongst MOP(S) Act staff in 2004-05—in that financial year, I believe.

Senator FAULKNER—How regularly are these done?

Mr Miles—I do not know that they are done in accordance with any program, but we certainly did not contemplate having one two years running.

Senator FAULKNER—What sort of survey is it? What type of survey was the last survey that was conducted?

Mr Miles—It was conducted by an external agency who provided an online questionnaire, I believe, to staff.

Senator FAULKNER—Are there any internal guidelines or a best practice guide as to the response time for MAPS to return calls from its clients—in this case, of course, members and senators?

Mr Miles—There are. We have some targets that we try to reach.

Senator FAULKNER—All right. Can you outline for me what those best practice targets might be?

Mr Miles—Sure. We attempt to respond to all communications from our clients within two working days, I think it is.

Senator FAULKNER—You think it is?

Mr Miles—I thought I had the data here, Senator. Our target is met on 95 per cent of occasions and, in fact, in the last financial year we responded 99 per cent of the time within one working day to requests that were made by telephone or email to our Canberra office.

Senator FAULKNER—So your target is 95 per cent within two working days and you are saying you achieved 99 per cent within one working day. Is that right?

Mr Miles—That is correct.

Senator FAULKNER—Okay.

Senator ROBERT RAY—You do not have a list of people you just tease by not returning phone calls?

Mr Miles—No.

Senator ROBERT RAY—Because they are the ones that ring me then and complain!

Mr Miles—Senator, we had close to 21,000 calls from our clients in the last financial year. That is just to our Canberra office—and they are recorded now in our call register. On top of that there are in excess of 4,000 calls out that those same people in my area make to the client group. So we have up around 25,000 contacts within a year.

Senator ROBERT RAY—Do you have a priority list of people—like members of this committee!—to respond to first?

Mr Miles—No. We deal with them as soon as we can, but with that sort of volume there are times when there are spikes that we will have difficulty answering a question immediately.

Senator FAULKNER—Do you keep a log of complaints or concerns about service—any disgruntlement from members and senators? Is there any logging of that that occurs?

Mr Miles—Through our call register, which records the time, the nature of the transaction with our client and the answer given, we also have a capacity to identify whether the nature of the call is a complaint. We get regular reports on those and our entitlement managers try to deal with those issues. If it appears to be one particular subject, one particular area, one particular client, our entitlement manager will try to deal with that.

Senator FAULKNER—So is it your responsibility, effectively, Mr Miles, to keep a bit of oversight of the complaints log? Is that what it is called?

Mr Miles—That is correct.

Senator FAULKNER—Is the correct terminology a complaints log?

Mr Miles—We do not have a complaints log; we simply have a number of reports that we draw from our call register. Some of them are clearly identified as complaints. Where that is the case, we will follow them up and see where the problem is.

Senator FAULKNER—Is there any pattern here in terms of a reduction in concerns or complaints or an improvement in terms of the timeliness in dealing with them? Senator Ray made the point earlier in these hearings that there are a lot more ministerial circulars going out, which I think does provide assistance and guidance—and I think that is a positive step forward. Has that had an impact, for example?

Mr Miles—It is hard to identify. There has been a slight increase in the average time taken to resolve issues, as opposed to the time taken to respond to issues. Apart from volume—because volumes certainly are ever increasing—we can only put that down to fairly complex employment arrangements, and they do take some time to work through.

Senator FAULKNER—You are saying that the number of queries or phone calls or contacts with the department is increasing. You make that point, don't you?

Mr Miles—That is right. The figures so far this year have indicated an increase.

Senator FAULKNER—Are you suggesting to the committee basically that the proportionality of concerns or complaints, if you like, is remaining pretty constant?

Mr Miles—Most of the complaints do go to the delays or perceived delays in providing responses to the questions. As I said, often the delay is simply caused by the complexity of the issue that is being raised. I guess the client group does not always understand that.

Ms Mason—Can I add to the evidence that Mr Miles has given so far. We basically have a two-tier key performance indicator for resolution of inquiries from clients. The first tier is that we attempt to respond to 95 per cent of inquiries within one day. Our actual performance on that is about 99 per cent. So we exceed that KPI. The second tier of the KPI is to actually resolve the query within two working days. There we have set a target of 90 per cent and we achieved 76 per cent. So there is a shortfall there between the target for resolution of inquiries and our actual performance.

However, I would also add that the average time to resolve inquiries is less than three days. That means that the percentage that remain unresolved after two tends not to drag on for a particularly long period of time. As Mr Miles said, we do receive some very complex queries that require us to interrogate data and think about the answer before we give it.

Senator FAULKNER—Is KPI some form of performance indicator, is it?

Ms Mason—Key performance indicator. Those are measures that are published in our annual reports.

Senator FAULKNER—Is it true that there are now in fact more administrative tasks being undertaken by staff in electorate offices than the department? There has been a bit of a transfer of workload, hasn't there?

Dr Watt—That is a double-barrelled question. We do not think there has been a transfer of workload in any significant fashion.

Ms Mason—No. Certainly the workload for the department has increased markedly over the period of some years that I have been General Manager of Ministerial and Parliamentary Services. It is possible that workloads in electorate offices have also increased, but I do not perceive a transfer of responsibility from one to the other.

Dr Watt—I suppose that, if you looked at it differently, it is true that in the last several years the complexity of the entitlement system has grown. I think that is true. I think that the variety of entitlements has also probably grown. That probably makes for more complex arrangements for everyone.

Senator FAULKNER—It certainly makes for more complex arrangements in electorate offices.

Senator ROBERT RAY—Was the department notified before or after TQ3Navigant was taken over by Carlson Wagonlit Travel? One of your key people in providing travel, especially in this building, is TQ3Navigant. But they were taken over by another firm. Were you informed in advance of or after the takeover?

Mr Taylor—I do not have the answer to that. We were certainly receiving information from TQ3Navigant, but I cannot answer that question from my recollection.

Senator ROBERT RAY—Is it at all relevant to the way we operate or is it just one company taking over another?

Mr Taylor—It is certainly relevant. We were interested in it from the perspective of ensuring that there was a continued and good supply of services. So, from that perspective, yes, we were certainly interested in that issue.

Senator ROBERT RAY—Subsequently to that, a request for tender went out and another company has now won the work. Is that correct?

Mr Taylor—That is correct.

Senator ROBERT RAY—Who won that work?

Mr Taylor—Ms Mason just corrects me to indicate that the tender itself went out before the transfer had occurred.

Senator ROBERT RAY—Obviously, the takeover person took over the bit that TQ3Navigant put in, I presume.

Mr Taylor—TQ3 lodged the tender, which was considered.

Senator ROBERT RAY—Were Carlson Wagonlit able to alter that bid on the basis that they were the new owners or not?

Mr Taylor—No.

Senator ROBERT RAY—You were about to tell me who has taken it over.

Mr Taylor—HRG Australia is the new travel services provider—sorry, it is not a takeover as such; it is an entirely new provider.

Senator ROBERT RAY—How is the transition period to be handled?

Mr Taylor—To be handled?

Senator ROBERT RAY—You have got to have a transition period from one firm to another.

Mr Taylor—We have got a plan and various people from both the old provider and the new provider will be involved in that process.

Senator ROBERT RAY—Have you had any indication whether some of the current staff will probably stay on and work for the new firm? Is it to be entirely new?

Mr Taylor—It is a matter for the new provider—

Senator ROBERT RAY—I understand who it is a matter for; I am just asking what your understanding is.

Mr Taylor—We understand that there may be some staff that are engaged by the new provider, but the detail of that is with the new provider, and between the new provider and staff.

Senator ROBERT RAY—When do the new provider fully take over?

Mr Taylor—The new provider will fully take over on 1 January 2007.

Ms Mason—It is timed to occur in a quiet period to assist with the transition process.

Senator ROBERT RAY—That is smart. How many senators and members have availed themselves of the opportunity to be provided with a new Telecard?

Mr Miles—We would have to find out.

Senator ROBERT RAY—We were notified that if we cared to go to a certain website we could apply for a new Telecard. How many have done so? If the figures are small, does it justify the continued provision of this facility?

Mr Miles—We should be able to get those figures fairly quickly.

Ms Mason—If I could return to the earlier question about client surveys, Mr Miles has talked about the survey of MAPS client satisfaction. There was also within MAPS a survey of Comcar client satisfaction which was conducted in November 2005 and the results were advised to clients in December 2005.

Senator ROBERT RAY—I want to go to a departmental circular—No.29, headed ‘Overseas travel: value for money and accountability issues’. It is put out I note—I understand the subtlety—by the department rather than the minister. Was this sent up to the minister for him to put out at one stage and he very smartly decided to leave you to do it? What motivated this particular circular?

Ms Mason—I think it is important to make sure that we get value for money in the expenditure of public money and it is useful to provide guidance to clients about how that might best be done.

Senator ROBERT RAY—In this, you admonish senators and MPs that they should ensure that there be ‘an efficient, effective and ethical use’ of public money when accessing overseas travel entitlements. Has that not been the case?

Ms Mason—I do not think we were suggesting that it was not the case.

Senator ROBERT RAY—I am wondering why we are being admonished to do so.

Dr Watt—I do not think that is a particularly unusual admonishing. Efficient and ethical et cetera use are standard words in the FMA Act—something we constantly remind all FMA agencies of.

Senator ROBERT RAY—If I were to describe this circular, Dr Watt, I would describe it as uppity. If there are reasons and failures I would expect to be reminded and admonished occasionally, but if there are not I would not expect it. You go on to advise senators and members they should be mindful of the public disclosure of these costs when booking travel. Of course we know that; talk about telling us the bleeding obvious. It would be pretty stupid if we did not know that.

Ms Mason—We have at times had clients surprised by the size of their travel costs and I think it is useful to provide advice on how those costs might be reduced.

Senator ROBERT RAY—Is there a problem? If there is a problem let us find out what the problem is so that we can address it. We are all profligate, are we?

Ms Mason—No, I do not think that I am suggesting that, Senator. I was simply saying that there have been clients who have been surprised by the size of their travel bill and we thought it prudent to send something out to, hopefully, help people to reduce those costs.

Senator ROBERT RAY—What about your issuing of travel warrants when people do access this. Some of the warrants have been arriving down at the travel thing just one, two or three days before travel. Why can't you do it in advance?

Ms Hughes—Are any of these in relation to delegation travel?

Senator ROBERT RAY—Delegation travel, yes.

Ms Hughes—We have to be advised of the official itinerary before we issue the travel warrant.

Senator ROBERT RAY—So where is the problem?

Ms Hughes—We act on advice from the PRO about what the official itinerary is and we will only issue a warrant once we have got that advice.

Senator ROBERT RAY—So when dealing with these sorts of issues it is like watching the French Tennis Open—we see about 40 shots go backwards and forwards between the PRO and your department. I never know where to lay the responsibility.

Ms Hughes—There should not be any delays with overseas study travel, Senator. There is no restriction—

Senator ROBERT RAY—No, it is delegation travel. Then you are supposed to send a letter out saying what your responsibilities are. Last time I travelled that had to go by safe hand to South Africa because it could not reach me in time. Why is that?

Ms Hughes—We have only got a notification of the official itinerary and the official composition of the delegation a day or two before departure and there is not time to prepare it and to calculate the allowances and to advise you of those in the letter.

Senator ROBERT RAY—You are saying that you are not being notified in time to be able to at least send the letter to an electorate office so people can know what the acquittal regime is et cetera. I did not get my letter that admonished me for giving false evidence until the Saturday, and I travelled on the Friday. I did not get the good news that I was to be admonished not to give knowingly false evidence.

Ms Mason—The circular 29 that you referred to was not intended to admonish clients. It was rather intended to provide what we had hoped was helpful guidance about how to reduce travel costs.

Senator ROBERT RAY—How do you? Apart from comfort food words, how do you actually do that?

Ms Mason—I think by booking ahead as far as possible. That can certainly help in reducing travel costs.

Senator ROBERT RAY—But you see, a lot of the time these travel agents do not want to book ahead. They take your booking six months in advance but they do not make it until two weeks out because they can save money that way.

Ms Mason—They can be requested to make a booking at an earlier time. But there is also a trade-off, as the circular points out, between a fully flexible fare that can accommodate changes to the itinerary and one that may be booked well in advance and attract a cheaper fare but does not provide the same degree of flexibility. These are decisions for travellers to make in relation to their own travel.

Senator ROBERT RAY—Dr Watt, what steps has the Department of Finance and Administration taken to make sure its travel is based on efficient, effective and ethical use of public money? What steps have you taken to reduce your travel costs?

Dr Watt—We do a couple of things. Firstly, we do insist that people get the best fare of the day, and that is part of all our travel consultations in advance. We also encourage, but do not require, people to travel economy whenever possible, so virtually all finance officers travelling Melbourne to Canberra and Canberra to Sydney will travel economy, for example. We do strongly encourage people to limit travel to necessities. For example, we have recently acquired a video conference facility which we now make a fair amount of use of. That cuts down interstate meetings—we do not have a lot. In relation to overseas travel, no-one travels overseas without me agreeing to it and I do not like to see lots of people travelling. I am one for staying home wherever possible.

Senator ROBERT RAY—Dr No, are you?

Dr Watt—No, I am not Dr No. You never should turn down a good investment case but you do have to jump through the hoops to make the case.

Senator SHERRY—Do they travel economy?

Dr Watt—It depends on the trip, the length of time they are away for and the circumstances. Most will travel business class because we tend to go the day before the meeting, arrive for the meeting, turn around and come home. If you expect people to get off a plane and perform, it is pretty hard to do it in economy.

Senator ROBERT RAY—Yes, very hard. While we are on the question of travel—I think I may have given a little advance notice of this—we have had problems of interpretation, have we not, because I think you are bound by legislation in terms of—

Senator Sherry interjecting—

Dr Watt—A good report, Senator.

Senator SHERRY—It is a pity it came so late, but we will get to that.

Senator ROBERT RAY—Dialogue over, is it?

Senator SHERRY—Just get the annual report.

Senator ROBERT RAY—Just got it? You can consider that in February as part of the estimates process. We will give you a bit of time to read it.

Senator FAULKNER—Let us hope that it is more complete than the Prime Minister and Cabinet annual report.

Dr Watt—I have my fingers crossed.

Senator SHERRY—At least you got that report, Senator Faulkner.

Senator ROBERT RAY—I did give a little forewarning of this because it is more a technical question: how many times has the department sought legal advice to resolve what you might call a difference of opinion between members and senators and the department as to the interpretation of entitlements?

Mr Taylor—We are only aware of one instance where legal advice has been sought after a difference of interpretation between senators or members and Ministerial and Parliamentary Services.

Ms Mason—In recent times.

Senator ROBERT RAY—That is what we are talking about. I thought there were two, but seeking advice and seeking legal advice is probably a different thing here. So that probably explains that.

Ms Mason—Within Ministerial and Parliamentary Services we have the legal and contracts branch that is headed by Mr Taylor. That branch, as with other parts of the group, is involved in assisting us in the preparation of advice and interpretation. Whether that goes to a formal written legal advice or not is a matter we do not normally need to go to. Mr Taylor is referring to formal legal advice.

Senator ROBERT RAY—I see. I take it the formal legal advice that was sought was in Hogg, Campbell, Ciobo and Calvert v the department; in other words, bush lawyers versus you.

Mr Taylor—In relation to a parliamentary delegation that visited the United States, and I understand some of those parliamentarians you have identified were part of that delegation.

Senator ROBERT RAY—We are not going to go into the grizzly detail. They had one interpretation; you had another interpretation; it went to legal advice. Was the department right or were they right?

Mr Taylor—They were right.

Senator ROBERT RAY—Right, bush lawyers. If there has been only one occasion there is no pattern here, so I do not think I will pursue it any further.

Ms Mason—We will seek legal advice where things are unclear and where we think there is a benefit in doing so.

Senator ROBERT RAY—So you should. No question of that. I did not know whether you had to do it on a whole range of issues and occasions or whether this was just an exceptional one.

Ms Mason—No, it is relatively rare.

Senator ROBERT RAY—You have made the decision to abolish the unnecessary requirement to minutely acquit all meal allowances where office holders, senators and members are travelling overseas; is that correct?

Ms Hughes—That is correct.

Senator ROBERT RAY—This must have been an extremely expensive and tedious task to go through every bill, even if it is a modified allowance.

Ms Hughes—Yes, it was. It was also inconsistent with the way the chamber department treated delegates who went on CPA and IPU delegations. They were not required to acquit the advances.

Senator ROBERT RAY—Has this freed up any departmental resources to apply to other tasks?

Ms Hughes—Not particularly, no.

Dr Watt—It must have helped a bit at the margin. But has it made a big difference? No. We are going through a process of looking at what might be considered some of the unnecessary detail in some of the acquittals we ask for members, senators and their staff. Some of it is simply outdated with the passage of time; some of it was probably always a waste of time. Acquittal is important. It is important that public money be well spent but, equally, some of it just does not seem to make a lot of sense.

Senator ROBERT RAY—It never did to me. Were people lagging in acquittals?

Ms Hughes—They were, and sometimes people were claiming additional expenses too. They were wanting to eat more expensive meals. By having this very consistent process—

Senator ROBERT RAY—In case this is misinterpreted, we are talking about acquittals of carefully calculated meal allowance. We are not talking about a lack of acquittal for transport and all these other things.

Ms Hughes—No, it is just for meal allowances.

Senator ROBERT RAY—I did not want anyone who was watching to misinterpret the degree of that. Thank you for that. I think that is progress. It gets rid of a lot of useless red tape. In terms of ministerial circular No. 31 of 3 October 2006, which really goes to that question of a member of a delegation who wishes to extend their travel at no cost to the Commonwealth: they can do so now on parliamentary or electorate business—but nothing

else, I take it? You cannot say, 'I want a break in the middle of this, or at the end of this.' Even if it is at no expense to the Commonwealth, you cannot vary your itinerary for this reason; is that correct?

Ms Hughes—My understanding is that if they have advised the minister and the minister has approved it, they can extend it at the end of the delegation travel or go earlier.

Senator ROBERT RAY—But what discretion does the minister have when it is put in the terms of the circular 'for parliamentary or electorate business'? This is not one that costs more in any way. That is why I asked the question. You might want to stop over in Singapore a few times and visit your children, for all I know.

Ms Hughes—It has to be for parliamentary or electorate business, as the regulations to the act say.

Senator ROBERT RAY—So there is no discretion.

Mr Taylor—No, senator.

Senator ROBERT RAY—This applies for delegation travel. Would the same circumstances apply for ministerial travel?

Ms Hughes—The Prime Minister approves all itineraries for ministers' travel.

Senator ROBERT RAY—Yes, that is the itinerary. Let me state a fact: as a minister I have taken leave overseas on one occasion. I do not recall whether that had to be approved by the Prime Minister or anyone else.

Ms Hughes—My understanding is it would have to be.

Senator ROBERT RAY—One question that has come up is travel insurance for people who are on a delegation. Is this correct, that apparently you do not take out individual travel insurance but you take out a contract at the start of each financial year? No-one knows?

Ms Hughes—No, I do not have details.

Dr Watt—We will take that on notice.

Senator ROBERT RAY—Can I give you an example: my colleague is overseas at the moment. If he goes sky diving, which I hope he does not, and he comes down near the Hudson River and lands in New Jersey he is not covered, but if he lands in Manhattan fortunately he is covered. I find that a bit anomalous that we are signed up to a contract that is so restrictive. Maybe you could take it on board and have a look at it, because then making a delegation member or whoever else—I assume a minister, too—take out separate travel insurance seems to me just a little awkward.

My last question on overseas travel: I think there is a requirement for members and senators accessing their study leave entitlement to place a report before the Special Minister of State within 60 days. That is right, is it not?

Ms Hughes—That is correct.

Senator ROBERT RAY—Are all members compliant with that?

Ms Hughes—No, Senator. But we now table those reports every six months. The last one or two reports contained an entry that said the reports had not been received at the time of tabling.

Senator ROBERT RAY—Yes, I read that. What would then be the situation? Is the only penalty that they cannot access their study leave again until they report?

Ms Hughes—I think so under the terms of the tribunal determination.

Senator ROBERT RAY—That is a Remuneration Tribunal requirement?

Ms Hughes—The Remuneration Tribunal requirement is that if you do not provide the report you then cannot access your entitlement again until you do.

Senator ROBERT RAY—It is not much disincentive if you are doing a lap of honour trip spending all the remaining amount, but I suppose public criticism for not putting the report in is the regulator there. I presume that is the case.

Senator Colbeck—Senator Ray, in relation to the question you asked on the insurance policy: I am advised that it is not an issue of the insurance policy; it is an issue of the members of parliament entitlements act.

Senator ROBERT RAY—So it is a legislative requirement.

Senator Colbeck—It is a legislative requirement that you are covered in the areas that your itinerary covers you for. So if you were going to New York and went skiing in California or somewhere else, you would be covered for the time that you were in the areas listed on your itinerary but not outside that. It is not an insurance policy issue; it relates to the entitlements act.

Senator ROBERT RAY—If it is a legislative matter, you have no flexibility, I would say.

Senator Colbeck—Unless we decide to look at the entitlements act, of course.

Senator ROBERT RAY—While you have raised that subject, Parliamentary Secretary, I am not going to raise this in a partisan way but it occurs to me a lot of the difficulty we are currently operating under is that this department has to act under the guidance of legislation, regulation, which is becoming more frequent but I commend it, Remuneration Tribunal decisions, ministerial directions and ministerial decisions—I think they are the five things, four of which at least are legally binding is my understanding. Is there any thought to review the interaction between these five areas? Maybe there can be a rationalisation which might make these interpretations a lot easier to make.

Senator Colbeck—It does not appear that there is at this point but, given you have raised it, it is something that can be considered.

Senator ROBERT RAY—If you look at the pattern of some of the answers today and at previous estimates.

Senator Colbeck—I think you make a fair comment.

Senator ROBERT RAY—Can I ask how many ministerial directions are currently extant, but I might put in this proviso: I would think ministerial directions apply in the general and apply in the individual. I know of one ministerial direction that applied to a staff member of

mine where the department was helpful, so I am not interested in one-off cases of ministerial directions for an individual. Do we know how many ministerial directions have been signed off and are still extant? They could go way back past Mick Young, for all I know. I know of one that goes back to Mick Young in the early 1980s. How many exist at the moment?

Ms Clarke—The one you referred to in terms of Mick Young was certainly done back then, but we do update those. We call them determinations, and I assume you mean determinations made under the MOP(S) Act.

Senator ROBERT RAY—Made and signed off by the minister.

Ms Clarke—Yes, that is the only way—

Senator ROBERT RAY—Which I assume cannot be in conflict with any of the legislative provisions, the Remuneration Tribunal or regulations—they have to be consistent with those three, I assume.

Ms Clarke—Determinations under the MOP(S) Act apply simply to the employment framework for MOPS staff. They do not have any relationship to the Remuneration Tribunal determinations. They are separate.

Senator ROBERT RAY—Are you saying ministerial directions apply only to the MOP(S) Act?

Ms Clarke—The ones I thought you were referring to were determinations made under the MOP(S) Act.

Senator ROBERT RAY—No.

Ms Clarke—There are determinations under the MOP(S) Act, but the minister can also make procedural rules and guidelines under Remuneration Tribunal determinations.

Senator ROBERT RAY—I am looking at how many occasions that apply in the generality there have been ministerial directions signed off. My difficulty is that I can go and look at the legislation, I can look at the Rem Tribunal, I can look at the regulations, I can look at the handbook—which we know has no legal standing after the Crossin case—and then there are these ministerial directions that I cannot yet look at and, therefore, cannot use as guidance, other than when they are translated into the handbook, probably in a different language, without reference to the fact that they were a ministerial direction.

Ms Clarke—It is my understanding that any guidelines or procedural rules that get decided under the Remuneration Tribunal determinations are published and appear as circulars on the internet. The ones that do not get published are the determinations made under the Members of Parliament (Staff) Act. There is then a category or class of decisions that a minister may make—for instance, about the second electorate office—which will be notified to those members concerned. They are directly informed then. Again I come back to the ones I think you are referring to, the determinations made under the MOP(S) Act that are not necessarily published.

Ms Mason—One of the initiatives proposed in the new collective agreement is to in fact publish those determinations that do not go to the privacy of an individual, but rather

determinations under the MOP(S) Act made by the minister which affect a class of person. That is something that has been proposed and, if agreed, will be done.

Senator ROBERT RAY—I would have thought they could have been also done separately from any certified agreement or agreement, because it may be of broader interest not just to staff but to members of parliament.

Ms Mason—As Ms Clarke said earlier, people are informed of determinations that affect them.

Senator ROBERT RAY—Is there a consolidated list of determinations that can be provided that do not go to the individual and only go to the generality?

Ms Clarke—In anticipation of your question, I have put together a list of extant determinations under the MOP(S) Act.

Senator ROBERT RAY—That would be very helpful. You say they are routinely reviewed and assessed, so they are not made in one year and sit there for 20 years without being looked at?

Ms Clarke—No, we look at them on a regular basis because a certified agreement comes to an end or we have a new parliament and they are looked at again, or if we get an issue that is consistently coming up through the call register, or through Mr Miles's people talking to senators and members and clients, then we will undertake to review them in those circumstances if they are not working.

Senator ROBERT RAY—Again I would like you to take on board that these are determinations made under the MOP(S) Act. I would like you to review at some stage whether there are other determinations made under other acts at all, excluding the Rem Tribunal—that will make your task easier—and, if there are, to give us a list of those on notice. I do not know if there are or not; it is not fully clear to me whether there are or not.

Ms Clarke—We certainly took a look at the question, having raised that earlier with us, and the only thing that came to mind were these determinations under the MOP(S) Act. Ministerial decisions that get made are published in some other form, such as in circulars or in advice to the people concerned.

Senator ROBERT RAY—Why don't we wait to see whether, out of the certified agreement negotiations and discussions, these become public documents and just take on board that, irrespective of that, I think senators are entitled to this and I might ask a question in February next year to further pursue it.

Ms Clarke—Yes.

Senator ROBERT RAY—Is that okay if we approach it that way?

Ms Mason—Yes.

Senator FAULKNER—You were going to check over the break for me about the grand announcement from Mr Cobb, who I think it is the Minister for Community Services pro tem, about his ministerial office for western New South Wales. Have we been able to establish what role, if any, DOFA has in the establishment of this ministerial office?

Mr Miles—We are certainly responsible for establishing the office. As I understand it, the announcement related to a ministerial office, an office in his capacity as a minister, and we would certainly be responsible for the establishment of that office.

Senator FAULKNER—Yes. The grand announcement was made on Thursday, 7 September 2006: ‘Ministerial office for Western NSW’—hold the front page! Where is it all up to?

Mr Miles—I do not have the details, Senator. I do not know how far advanced we are. I believe that he is occupying that office already, but I can check that for you.

Senator FAULKNER—Can you give me the address of the office?

Mr Miles—I can give you the address. The ministerial office is established at Suite 2, 153 Brisbane Street, Dubbo.

Senator FAULKNER—Can you tell me when the ministerial office was opened?

Mr Miles—No, I cannot.

Senator FAULKNER—Can you take that on notice for me, please.

Mr Miles—We will be able to tell you when it was available for occupation. We have no involvement of course in its opening.

Senator FAULKNER—When it was available for occupation and the size of the office. What establishment costs are DOFA responsible for here?

Mr Miles—For a ministerial office DOFA is basically responsible for a standard fit-out.

Senator FAULKNER—Can you take on notice the rent, if you do not have that available, and the cost of fit-out? I would appreciate a disaggregated fit-out cost. What other ongoing costs are you responsible for paying for this grand ministerial office in Dubbo?

Mr Miles—I run the risk of misinforming you if I try to go through all the costs that we meet as opposed to the home department—

Senator FAULKNER—Can you take on notice and supply to me, please, those costs for this office that are met by DOFA. Is that a simple way of asking the question, which means that we can make sure that we cover all bases? Are you able to tell me in relation to the minister’s ministerial staff how many have Dubbo as a home base?

Mr Miles—I do not have the information here, Senator.

Senator FAULKNER—Could you take that on notice, please. Could you also take on notice the salary classification or band classification of those staff? Are there any special guidelines that apply to the establishment of ministerial offices outside capital cities?

Mr Miles—No particular or special arrangements. The establishment of a ministerial office requires the approval of the Special Minister of State, but beyond that I am not aware of anything else.

Senator FAULKNER—How many ministerial offices currently are outside a state or territory capital city?

Mr Miles—We would have to take that on notice.

Senator FAULKNER—I would appreciate that information, if you could provide it for me. I would like you to double-check for me whether there are any specific guidelines or any guidance at all that relates to such an establishment outside a capital city. I suspect there is not any, but you can let me know if that is the case. I think that you have taken on notice for me a list of those other ministerial offices that are outside capital cities. This new office is co-located, isn't it, with a second electorate office for Mr Cobb?

Mr Miles—The address of his electorate office is next door, yes.

Senator FAULKNER—So is it fair to say it is co-located?

Mr Miles—I am not sure of the actual arrangements with regard to internal walls and those sorts of things.

Senator ROBERT RAY—There has been no hole knocked through the wall, a la the late Senator Vigor?

Mr Miles—I do not know.

Senator ROBERT RAY—Ms Hughes might remember that.

CHAIR—The late senator who?

Senator ROBERT RAY—David Vigor. He knocked a hole in the wall between his electorate office and his business.

Senator Colbeck—I suggest that is slightly different from a hole in the wall between an electorate office and a ministerial office.

Senator ROBERT RAY—Yes, it is. This one is far less serious.

Senator FAULKNER—Can you also take on notice the size of the electorate office at 3/153 Brisbane St, Dubbo?

Mr Miles—Yes.

Senator FAULKNER—Thanks for that. We will revisit Mr Cobb at a later stage, although I do not think he will be occupying a ministerial office for very long, judging by the fact that Mr Howard wants to chop his head off.

CHAIR—Thanks for that observation, Senator Faulkner.

Senator FAULKNER—It is my pleasure.

Senator ROBERT RAY—We are getting towards the end. I did flag that I would like to return to the ministerial staffing arrangements. I think I can follow it, but on the variation sheet we have minus eight next to Mr Truss with Mr Vaile in brackets underneath and we have plus nine for Mr Vaile with Mr Truss in brackets. Where did the principal adviser disappear from? Who does not have it?

Mr Miles—I do not understand the question.

Senator ROBERT RAY—I do not understand the chart, so I am asking the question. This is not easy.

Senator Colbeck—I had a bit of a look at this and I think that it is more of a matter of a portfolio swap than a ministerial swap, so Mr Vaile's staff have followed him as Deputy Prime Minister to the Trade portfolio. That would be why there is an increase of nine in the—

Senator ROBERT RAY—I follow that far. I am just wondering where the principal adviser now resides. Does it reside with Mr Vaile or with Mr Truss? I could not quite follow it from this.

Mr Miles—With Mr Vaile.

Senator ROBERT RAY—That is very good. Before lunch I gave you advanced warning of a calculation. Essentially we have the staffing figures for February and the staffing figures at the start of May. In a question taken on notice you gave us the staffing figures for 1 June, and we now have the staffing figures for 1 October. When the line was drawn under staffing figures for the basis of calculating opposition staff entitlements, what was that figure compared with today and what is the difference? In other words, what is the growth?

Mr Miles—The government staffing figure at 1 March 2006 was 439.2.

Senator ROBERT RAY—So in effect the growth has been 15.

Mr Miles—14.9.

Senator ROBERT RAY—14.9 has been the growth since then. Following that March figure, the opposition was awarded seven new staff members.

Mr Miles—That is correct.

Senator ROBERT RAY—And most of those were at the top-heavy range for once.

Senator Colbeck—At the request of the opposition leader, yes.

Senator ROBERT RAY—I am churlish on some occasions, but I was just about to acknowledge the fact that on this occasion the opposition were treated far more fairly than before, and we do appreciate the Prime Minister's decision to make it a little more top-heavy. I point out that when it comes to senior advisers the government has an eight to one majority—not the normal five to one staffing entitlement. But this does go some way to rectifying that and balancing it off. Having good staffing and a good opposition is essential for the health of the country. That is definitely the last elephant stamp I will be giving for the day.

Senator FAULKNER—Just a final question from me, a follow-up from questions I have asked at a series of estimates committees, and it goes to the issue of laptop computers to the government members secretariat, an issue that witnesses at least would be aware of. You may well be aware of it, Senator Colbeck, but I am not sure. Witnesses will recall that Mr Suur, the then first assistant secretary of the industry, education and infrastructure division, corrected some evidence, which I generously acknowledged, I thought, at the estimates hearing on 1 November 2005. This is related to the provision of laptops effectively to the GMS during the election campaign. There have been questions asked about this and taken on notice at a range of estimates rounds. I will deal with the GMS next estimates around and I am going to deal with them this round to be absolutely clear of what I think the situation is. Can you now confirm that the GMS staff had 11 original Finance laptop computers—and there were 11 staff—and 11 additional Finance computers during the period of the 2004 election campaign?

Mr Hutson—They received 11 temporary laptops during the period, and that was in addition to those that had been allocated previously.

Senator FAULKNER—There is also the issue of access, which was strenuously denied. But now we know as a result of an answer to question F33 that the GMS staff actually did access their Finance email accounts during the election period, so you can confirm that there was use of the Finance computers, not the additional laptops.

Mr Hutson—How they accessed the Finance email site at the time, as I understand, is not clear to us. There are a number of mechanisms they could have used, one of which, as you point out, was the Finance laptops. I might get Mr Staun to explain that in a bit more detail.

Senator FAULKNER—You do not know that? Your inquiries have not been able to establish that?

Mr Hutson—I think that is the advice that I had but I will get Mr Staun—

Senator FAULKNER—They must have been pretty inadequate inquiries if that is the case.

Dr Watt—I do not think that is correct. I think that it is an issue about the logs on our IT system more than an inadequate inquiry. We will, however, get Mr Staun to explain to you—I am sure that he is on his way in. I do not think the issue was ever strenuously denied. I think that it was more a question of our not being sure initially.

Senator FAULKNER—I have tried to be fair about this. Inaccurate information was presented to the committee. I have tried to be fair and I acknowledge the fact that Mr Suur corrected it at an early opportunity. You would acknowledge that, surely?

Dr Watt—We do. We gave you inaccurate information, which we have acknowledged, but I do not think that we ever did more than give you inaccurate information. We are not trying to hide it.

Senator FAULKNER—I have not accused you of trying to hide anything. Those words have not passed my lips at this stage, Dr Watt. I reserve my right to make such a justified claim, but only if it were justified.

Dr Watt—I am sure that it is not.

Senator FAULKNER—I am sure that I will not make it then. We are trying to establish whether the Finance computers were used during this election campaign period—in a nutshell. What I have been told is that people logged onto the Finance network—and I am just using my interpretation of what I have been told—and I think that is an accurate understanding, isn't it? So the follow-up question is: were the Finance laptops used?

Mr Staun—We can confirm that the Finance laptops—that is, not the additional laptops provided but the existing Finance laptops—did not access the network through remote access, that is, secure remote access from outside of Canberra. But we do know that they did access the Finance network, so perhaps they would have used the other computers or laptops during that period. To answer your question directly: both machines could have been used during that period.

Senator FAULKNER—But we are not sure?

Mr Staun—We are not sure.

Senator FAULKNER—To get to the nub of this, the point I have been trying to make for some time is that this obviously gives a massive advantage to staff in the GMS who just happen to be in a different political party to me working during the most highly charged period of the electoral cycle—namely, an election campaign and the lead-up to an election campaign. Dr Watt, this is really a question through the parliamentary secretary to you. Can you explain to me why in this circumstance—whatever the reason was to provide these additional 11 laptops—someone did not think it might have been a good idea to grab back the 11 they were supposed to be replacing instead of doubling the resources out there? In retrospect, it would have seemed like a good idea, wouldn't it?

Dr Watt—I cannot offer you an explanation about why someone did not ask for them to be returned. That was an oversight on our part. I acknowledge that and I can acknowledge that, should the circumstances occur again where we supply additional laptops quite reasonably for whatever reason, we would ask for the return of the existing equipment or anything else.

Senator FAULKNER—I appreciate you, Dr Watt, acknowledging that it is an oversight. I think it is a serious oversight that, as I say, hands a massive advantage to the opposition's political opponents during the most sensitive part of the electoral cycle. Are there any changes to guidance, regulations or your own procedures so that you can assure this committee absolutely that this will never happen again?

Mr Staun—The reason why this happened, I believe, was that in the past the responsibility for providing these laptops, the accountability, was split between Corporate and my own group. We have now established a clear written protocol between the two groups so that the entitlement is determined by Corporate Group and we manage the IT that comes out of that entitlement. So I do not believe that this issue will arise again.

Senator FAULKNER—You can guarantee me that the staff of the GMS will not be running around with a laptop computer—supplied and paid for by the taxpayers—under each arm? That is what I want to know.

Mr Staun—I can guarantee that the GMS will be provided with what their entitlement is, as provided by the department.

CHAIR—There being no other questions, I thank the officers of Ministerial and Parliamentary Services.

[5.13 pm]

CHAIR—We will now move to outcome 3. Welcome back, Senator Minchin. We will start with general questions.

Senator ROBERT RAY—My first and last general question is to thank you for your response about the telephone arrangements in the ministerial wing in which you outlined the reason why you were right and I was wrong. I acknowledge you were right. But there is another lesson in this, of course: your whole letter basically says practical reasoning is more important than ideology, so I thank you for that as well.

Senator Minchin—We are a very practical government.

Senator ROBERT RAY—That is it for me.

Senator SHERRY—I have a general issue on the annual report, Dr Watt. I noticed your wry smile as it was handed to me 45 minutes ago.

Dr Watt—My wry smile was because I was delighted to see you were receiving a good annual report—

Senator SHERRY—I was not particularly delighted to see it in the middle of the second day. It is the latest I can recall receiving the annual report in terms of these estimates. Is there any particular reason for that?

Dr Watt—Mr Hutson can give you the details. Basically we finished printing it on the weekend and we lodged with the Table Office yesterday. I understand there have to be 24 hours before it is tabled. That is why it is today. There is no magic in it, I am afraid.

Mr Hutson—I do not know that there is a lot I can add to that. It is due to be tabled by the end of October. We were running up against that deadline hard, which is why the printing and binding of the document was only finished on the weekend.

Senator SHERRY—In the little time I have had to read it, I want to deal with the general issue of staffing, which we have discussed regularly at every estimates. It will lead me on to a specific issue relating to Budget Group, and I notice that Mr Bowen is here.

Dr Watt—Mr Bowen is not far away.

Senator SHERRY—He might want to be far away after I raise a couple of issues with him, but we will get to that. It says on page 3 of the annual report under 'Finance's people':

The capability and commitment of Finance's people are the key to our ability to meet the government's expectations of us as a central agency. ... Strategies focus on career development, job satisfaction, attractive and flexible working conditions and promotion of healthy work life balance.

Then it says in the next paragraph:

Staff retention rate increased slightly this year in part due to our efforts to make Finance a better place to work.

There is no detail of the staff retention rate that I could find in the annual report.

Dr Watt—It is here.

Senator SHERRY—Could you show me the page?

Dr Watt—It is in one of the attachments. You keep talking and I will find it.

Senator SHERRY—I wanted to get to those figures first to see whether there is a breakdown by group.

Dr Watt—There is not. We give an overall retention rate. It is under the staffing overview section starting at page 142, if my memory serves me correctly.

Senator SHERRY—I have not reached page 142 in the 45 minutes I have had to read the annual report.

Dr Watt—It is a small document.

Senator SHERRY—I hope you do understand.

Dr Watt—It is table 35 on page 146.

Senator SHERRY—From 22 per cent it has declined slightly to 19 per cent. So there has been a slight improvement.

Dr Watt—There has been a slight improvement. We are disappointed it has not been greater. I said to you before that this is one of my disappointments as a CEO. We will keep working at it until we improve it.

Senator SHERRY—Does it surprise you it has not been a better improvement?

Dr Watt—Yes, frankly. Over the last couple of years we have thoroughly reviewed our personnel policies, our human resources policies; we have put in place more training; we have put in place a more formal time off in lieu system for the hours our people work; we have tried to take pressure off areas; and we have tried better communications—it is not as though we have been completely inactive. These are all things that we get from feedback in various forms that suggests this is where people want more out of us. We would have hoped it would have given us more than it has. Had we thought that at the end of it we would only have a three percentage point reduction in our turnover rate, we would have done more or endeavoured to do more.

Senator SHERRY—Has part of this process included outside assessment of internal operational issues?

Dr Watt—Yes, it has. Mr Bowen will be better able to tell you about that. It has primarily focussed on Budget Group but it has also picked up Financial Management Group because of the interface. It has focussed there because that is the largest area where we feel we have people under great pressure. That is not to say we do not have people in other groups under great pressure; frankly, virtually all of Budget Group finds itself under a fair bit of pressure year in, year out. In the other groups, it is all of the group for some of the time or some of the group for all of the time but it is not as constant and sustained as it seems to be in Budget Group across the board.

Senator SHERRY—What is the position in terms of the retention rate in Budget Group?

Dr Watt—I would ask Mr Bowen to comment on that.

Mr Bowen—We went through a period when we had an increasing separation rate in Budget Group—this is people who were leaving the department from Budget Group—which got to a figure in October 2005 of 34.5 per cent. Since that time our separation rate has progressively come down. As at the end of September, our separation rate of ongoing staff who have left Budget Group to go outside of the department has come down to 25 per cent.

Senator SHERRY—Are you aware of the involvement of any outside consultants examining this?

Mr Bowen—Yes. We took the initiative back in February or March of this year to commission a firm, HLB Mann Judd Consulting, to come in and have a look at our work practices in Budget Group. It seems a funny time of the year to do it because that is a very heavy period for us, but we deliberately brought them in so they could have a look at what we do during that budget preparation period. They stayed with us for quite some time, interviewed a lot of our staff and prepared a report with recommendations which we are now

in the broad adopting. We have set up a unit within Budget Group for a period of up to about two years, and then we will see if we still need that unit to be devoted full time to addressing the recommendations of the review.

We have been concerned about it. We have taken the initiative to bring these people in to have a hard look. Throughout the course of this process they have interviewed I think in excess of 130 people, including more than 100 people in Budget Group. There will be a continuing involvement of our staff, not just the small, dedicated team that we have set up but the rest of our staff, who are to be engaged in how we address these recommendations and improve the working arrangements within the group.

Senator SHERRY—You can take this on notice. Can you give me a breakdown by group of the retention rates over the last three years? It is not in the detail of the annual report.

Dr Watt—There is one point I would like to make in follow-up to what Mr Bowen said in relation to the work that was done by the consultants, and it is an important one. They did not just interview people in Finance or people in Canberra; they also interviewed with the state treasuries up and down the east coast. I think they did—

Mr Bowen—Two state treasuries and New Zealand.

Dr Watt—The point they have made to us is that what we are going through is the same thing that other budget areas have gone through in the last number of years. They are high-pressure, high-demand, large groups of people who are pretty mobile. During the budget they lead a dog's life, quite frankly. They learn a lot and become very valuable and then they go. This incidentally is not restricted just to people in Finance. There are people in departments who go through the same budget cycle from the other side. There are people in Treasury. The difference in Finance is that I have a lot of them and they are pretty small cells elsewhere. That is why we have had to do something about it. In a sense they said to us, 'You're struggling with a common problem.' Every problem is different, but there is a lot of commonality about it.

Senator SHERRY—I want to go to the problems. Whether they are common problems I am not sure, but we will get to that. I should know this, Mr Bowen: how long have you been in charge of the Budget Group?

Mr Bowen—Nearly five years.

Senator SHERRY—I thought it was a while. Are you aware of any intimidation within the Budget Group?

Mr Bowen—I am not aware of intimidation, no.

Senator SHERRY—You have been there five years. I have a copy of the report on the Budget Group.

Mr Bowen—Good, because we would have given you one had you asked.

Senator SHERRY—I notice that it says: 'Subcultures are evident at branch or team level. Characteristics of some subcultures include blame and intimidation and a lack of support for staff.'

Mr Bowen—I am aware that the report says that; I am not aware of where that specific reference points to. The reason for that of course is that staff responded to the consultants on a confidential basis and their conversations were confidential. The staff were not identified against their comments and neither were the people they were talking about. The conclusion, though, was drawn and you have it in front of you. I do not have the report with me today.

Senator SHERRY—You have read it, presumably.

Mr Bowen—Of course I have read it, and I was intimately involved with it. A point I would like to make is that you will see that that report is pretty warts and all.

Senator SHERRY—It certainly is!

Mr Bowen—It is.

Senator SHERRY—Very concerning warts, if I might say so.

Mr Bowen—There are very concerning aspects in the report. We took the decision that we would not keep the report secret or hide it. Yes, it is for internal purposes, and it says that on the front of the report, but you might also know—I do not know whether you have a copy of the letter that I and my executive team signed—

Senator SHERRY—You will be pleased to know that I do not have that.

Mr Bowen—You can have it; I do not mind at all.

Senator SHERRY—Thank you.

Mr Bowen—But the fact is that we circulated that report to all Budget Group staff and we are having meetings with all Budget Group staff about the issues. I am pleased to say that I have had some positive comments from Budget Group staff to say that, yes, we have problems but at least we have acknowledged them, we have not tried to hide them and we are trying to address them. That is the positive aspect of this.

Senator SHERRY—It is of concern that you have been in charge of the group for five years yet you say you were not aware of intimidation. No-one had drawn that to your attention doing this period?

Mr Bowen—No. I am not aware of specific instances of intimidation

Dr Watt—We have a policy on bullying and harassment, including an ethics line which people can ring to report these things confidentially. We have a network of officers who are able to deal with questions about harassment across the department. Mr Hutson can explain in more detail. We find that their services seem to have relatively little use. That is disappointing; there is clearly a disjunction between what is in the Budget Group report and what we have seen by way of people coming to us with problems. That is something we have to deal with.

Senator SHERRY—You are aware of the details of the report?

Dr Watt—I am aware of the details of the report.

Senator SHERRY—You have read it?

Dr Watt—I have read it more than once. In fact, it was Mr Bowen and I who decided to commission the report.

Mr Bowen—To commission it and to circulate it.

Senator SHERRY—What specific changes have been put in place? When was the report received?

Mr Bowen—It is within the last month or so that the report has been finalised. I am sorry, I just cannot see the date. To date, we have taken a number of initiatives, but there is a lot more to be done. I do not know how much of the report you have read but you will see that the consultants have said that you can do certain things quickly and other things will take time. We have recognised that with the establishment of this unit. We have appointed someone to head that up.

Senator SHERRY—What unit is this?

Mr Bowen—The Review Implementation Unit is a unit dedicated purely to this task. One of the problems is that we get so busy, day to day, that if we tried to implement these recommendations without creating a separate cell to do it we would run the risk of not doing it. So we have set up that cell, and that is currently being staffed up. We have headed it at division head level, which is a very senior level—the next level below me. The officer heading that up is sitting on our executive and we have set it up initially for a period of two years.

Senator SHERRY—Is the person heading it up from outside the Budget Group?

Mr Bowen—Yes, from outside the Budget Group.

Senator SHERRY—Where have they come from?

Mr Bowen—From within the department but outside of Budget Group. We called for expressions of interest in the position and filled it on that basis. There are something like 24 recommendations in the report. The recommendations go to a range of issues. One is improving and streamlining our systems and procedures. That takes a bit of time to do, but we have started to do that. Another is improving our guidance material and targeting some of our training a little better. We are doing that. There is a cultural issue that comes through in terms of how people treat other people within the group. That is something we are focusing on, but that takes time to get people to change their behaviours.

But we have already moved to devolve greater responsibility to the level that we call our director level. That was one of the criticisms in the report—staff at the director level did not feel they were given sufficient responsibility. As an example, across the department we have already devolved significant human resource delegations to branch managers. In Budget Group, we have changed our arrangements for validating agency estimates, and now something like 80 per cent of that is done at the director level rather than at a higher level. We have simplified the arrangements that go with that.

Another proposal in the report is that our agency advice divisions should have greater accounting support resources located within those divisions. We have already moved to do that, and we have established an accounting cell in each of those three divisions. We have moved people from a central unit into those divisions, people with specialised accounting skills. That will take some of the load off the people in those agency advice divisions. There are some other small things that we have done to better recognise people, such as changing

the title of directors from 'team leader' to 'director' across the department. There is a lot more to be done, and it is going to take time.

Senator SHERRY—Time will escape us today, but obviously I will revisit this in more detail at future estimates. Who is the officer who has been put into this process?

Mr Bowen—Trixie Makay.

Senator SHERRY—What section of the department is she from?

Mr Bowen—She is from the Financial Management Group. She does have prior experience in Budget Group, and she has been the officer responsible for the development and implementation of our new central budget management system. She is very well placed to take on this role.

Senator SHERRY—Given that some of the findings are serious, in your five years, can you recall anyone being disciplined or having counselling with respect to intimidating behaviour towards other staff?

Mr Bowen—Intimidating behaviour is a strong term.

Senator SHERRY—But that is the term used in the document.

Mr Bowen—Yes, it is, and in our own surveys we ask people about bullying. To my knowledge, there have been a couple of incidents of people being counselled about the way in which they interact with their staff. I cannot tell you the number, but there has been at least one code of conduct investigation, which in fact cleared the officer concerned. Over five years, there have been very limited instances that have come to my attention. I guess what you also have to understand—

Senator SHERRY—I would not expect all incidents to come to your attention.

Mr Bowen—If they were serious, I would expect them to. But as I said, I can only think of a couple of instances in that time and I have got a pretty good memory. One thing we need to bear in mind is that, when I took over Budget Group five years ago, on an apples for apples comparison, we had a little over 100 staff, and we now have something in the order of 230 or 240 staff. Our turnover rates are pretty high. There are a lot of new people coming in and a lot of old people leaving all of the time; it is not a static population.

Senator SHERRY—I understand that. I am well aware of the—was it Dr Boxall who appointed you? Was that in his era?

Mr Bowen—I should not say in his dying days—

Senator SHERRY—Reign of terror would be a better description, I think.

Mr Bowen—I think a month or so before he left I transferred across into that role. I transferred into that role in December; Dr Watt came in January of 2002.

Senator SHERRY—I was a little taken aback when I read some of the detail in the report because I did not think things could be quite as bad as Dr Boxall's reign of terror and the staff response that was reported to me during that era.

Mr Bowen—Benevolent and kind.

Senator SHERRY—Benevolent and kind! I do not know that some of the responses to Dr Boxall were benevolent and kind.

Mr Bowen—We are also concerned, and that is why we commissioned this report. We believe it is better to tackle these things head on, not to push them under the carpet. Maybe we should have done it earlier.

Senator SHERRY—That is exactly the point I was going to make. You have been there for five years.

Mr Bowen—That is right.

Senator SHERRY—You should have tackled this earlier.

Mr Bowen—Maybe. I do not have a word to say about that. But the fact is we have tackled it, and we are tackling it with some vigour.

Senator SHERRY—What led to that? There must have been some precipitating event. You had been there, presumably, for 4½ years.

Mr Bowen—One thing that led to this—and I think there are a number of things to our way of thinking—was the fact that, despite all of the initiatives that we have taken to try to make life better, to compensate people for the hours they work et cetera, we were still having a higher turnover and at one point a growing turnover.

Senator SHERRY—We discussed turnover.

Mr Bowen—Turnover rate is a symptom, it is not—

Senator SHERRY—It is not the cause?

Mr Bowen—No, it is a symptom, but it is a good indicator. We felt we had exhausted other avenues. We needed to bring some people in to have an independent look. When I look back over the past five budgets at the workload type statistics, I see that our numbers have more than doubled but our workload has also gone up enormously.

Senator SHERRY—I am not criticising the staffing levels vis-a-vis the workload. I have never done that because I do at least have some appreciation of what your demands are.

Dr Watt—There are two points that are important to make. One is that it is not as though Mr Bowen was inactive in changing Budget Group in the first three years, and I have to take a share of the responsibility for whether we moved quickly enough. A number of things happened—major staffing changes, the way we did our business, restructuring Budget Group and the implementation of a new system. It was not as though nothing was happening. The trigger for me was staff turnover rates. After the 2004-05 budget, people just walked through the door. What drove them through the door? You cannot say it was one thing. But we went from a budget, which was a pretty big pre-election budget, to being given a moment's notice of an election campaign.

As you know, under the charter we are required to bring out a pre-election economic and fiscal outlook within 10 days of the issuing of the writs. That meant that through June, July, August and September we were on constant readiness, which is something we do not do in a normal year. We have estimates updates every month and so forth. We then brought out the PEFO. We then had costings and, as you know, the costings have their own particular

challenges. The important point to remember is Finance get somewhere between 90 per cent and 95 per cent of the costings. They may not be all the exciting ones, but those are the majority of them. Then we went into the November budget round, where all the initial election promises were implemented in November 2004 and then a budget in 2004-05. Quite frankly, I think our people held up very well for that 12 months, but many of them learnt a lot in that 12 months and I think they also thought: 'I've had a pretty tough life in the last 12 months. It's time for me to go and do something else.'

Senator SHERRY—It is highly likely that we will face a similar set of circumstances next year?

Dr Watt—It is a risk to us. We are doing what we can to see that does not happen. Yes, it is a risk to us and we have to acknowledge that risk. Up until then we thought that perhaps we were starting to crack some of our problems. But when we saw the turnover rates in the middle of 2005 we realised we had not.

Senator SHERRY—We can revisit these issues at future estimates. Thanks for the information. Turning to a new area, I understand Finance maintain a discretionary grants register. Could you outline what exactly it is—or an officer who is able to?

Dr Watt—I am sure we can find someone who can outline what it is. We do maintain it, you are quite right. It is a register of all discretionary grant programs and grants made under those programs which is accessed by departments in the making of grants. John Ignatius from our Budget Group can help you.

Mr Ignatius—I am sorry, I did not hear the question.

Senator SHERRY—I was asking what the discretionary grants register was before I proceed further.

Mr Ignatius—It is a register of grants paid by all agencies that are classified as discretionary grants. Agencies submit information into it. We consolidate that information and report it to government.

Senator SHERRY—Could you—take this on notice—provide me with a list of the grants and amounts by portfolio entered into that register in the 2005-06 financial year. The processes and computer programs that are employed for the register: does it identify that there is no double-dipping, as I would describe it, on grants?

Mr Ignatius—That is one of the purposes of the grants register, so that agencies can see what is paid to agencies to try to cover that off so that there is not the same grant paid for the same purpose twice.

Dr Watt—Governments have always given discretionary grants, but in the past you did not know what was being given elsewhere to the same recipient, and now you do. That does not stop you giving the grant—

Senator SHERRY—No, I understand it does not stop you giving the grant but it aids in the identification of that grant.

Dr Watt—That is right.

Senator SHERRY—Is there an analysis by postcode of the location of the grant?

Mr Ignatius—I understand there is not, no. It is by agency and by grant program.

Senator SHERRY—That information would presumably be contained within the department itself. It is not in Finance.

Mr Ignatius—No, it is not in Finance. It may be contained in the information on the grant recipient but it is not something that we do any analysis of.

Senator SHERRY—So it does not include that in Finance.

Mr Ignatius—That is right.

Senator SHERRY—Are there forward estimates of grants? Are you able to analyse that?

Mr Ignatius—The agency estimates contain forward estimates of all the programs—

Senator SHERRY—I understand that.

Mr Ignatius—And no doubt the individual program managers within agencies would have that sort of information, but it is not information that Finance receives.

Senator SHERRY—So the discretionary grants register is a post record not a pre record.

Mr Ignatius—That is right. It is grants after they have been paid—it includes multi-year grants and single-year grants.

Dr Watt—After they have been made, might be a better way of putting it, because there are some grants where they extend over a number of years. If you give a grant that is paid over, say, three years, they would also be recorded in the system.

Mr Ignatius—Yes, that is correct.

Dr Watt—There are not that many of those, but there are some.

Senator SHERRY—So where it is to be paid in instalments, in effect, that would be recorded and the future instalments would be included as part of this analysis.

Mr Ignatius—That is right.

Dr Watt—Should be.

Senator SHERRY—I have some questions for Ms Campbell. Is she here?

Dr Watt—She is here.

Senator SHERRY—My questions relate to the Finance and Public Administration References Committee inquiry into transparency and accountability of Commonwealth public funding and expenditure, which I understand you gave some evidence to, Ms Campbell.

Ms Campbell—Yes.

Senator SHERRY—You said on 8 September:

The system has been designed to provide the reports that are provided now. It also catches data at a lower level than the current system—for example, it catches data at the program level as well.

That was in the evidence you provided to that hearing. That is correct, isn't it?

Ms Campbell—Yes.

Senator SHERRY—At what stage is the system functioning?

Ms Campbell—The central budget management system, which is known as the CBMS, has been being progressively installed since July last year. In July last year we installed the appropriation and cash management module. That provides agencies and us with a greater level of transparency on appropriations and cash management. That has been installed for over a year now. We are currently implementing for the first time the BEAM module, the budget estimates and actuals management module, which I think is what the material you are referring to includes.

Senator SHERRY—Yes.

Ms Campbell—That module is where agencies update their estimates for the forward estimates, and this new module allows us to capture data at the program level.

Senator SHERRY—Will the new system be fully functioning by the 2006-07 additional estimates process?

Ms Campbell—We are using that system for the current Mid-Year Economic and Fiscal Outlook and it will be used for the additional estimates process.

Senator SHERRY—So is now operational.

Ms Campbell—We are using it for this.

Senator SHERRY—Can you give me the approximate budgeted cost for the development of the system and also the actual cost?

Ms Campbell—The funding for the system was provided in the 2002-03 MYEFO measure. It was published at that time and it was \$23.2 million capital and an \$18 million expense. In the 2005-06 budget Finance handed back to the government \$4 million of capital funding to bring it back down to the \$19.2 million and \$0.8 million of associated depreciation, bringing it back to a \$17.2 million expense.

Senator SHERRY—So the developmental phase is concluded and everything that was to be spent has been spent.

Ms Campbell—No. We are finalising that. We are implementing the system now. We are identifying some adjustments to scope. We scoped out the project some years ago. Of course, when we implemented the program we discovered that how we wanted it to work was not quite how our processes were working, so there is further refinement going on at this stage.

Senator SHERRY—So there is further refinement and possible minor adjustment.

Ms Campbell—Minor adjustments are being undertaken at the moment.

Senator SHERRY—Can the current system produce forward estimates by program?

Ms Campbell—When we say ‘current system’, we mean the CBMS, which is where agencies have just completed their input for the first time. We will be able to do estimates by program. When we talk about programs, we are talking about quite major programs, and there are across the Australian government approximately 450 programs. So the definition of ‘program’ is important. They are quite significant elements. It is not every measure that is announced by the government.

Senator SHERRY—I understand that. The point I am getting to is that the detailed analysis by program that you now possess is a lot more detailed than it has been in the past.

Ms Campbell—In the past we were collecting information by program. In the last couple of years we commenced collecting this information. It was collected in a manner which allowed some elements to be grouped into an ‘other’ category. We believe with the new system we will be able to collect far more accurate program data.

Senator SHERRY—I do not expect your response today, but I will hand you a reconciliation of outcome appropriations to outcomes and programs. You may be able to comment now. Could it produce something in that format with that level of information?

Ms Campbell—Senator, could I take that on notice over the break and have a look at this? We will attempt to come back to you this evening on that.

Senator SHERRY—Sure. Given what I will describe as the strength and detail of the information you now have available program by program, has there been any consideration about including that level of detail, or a greater level of detail, in the estimates documents?

Ms Campbell—The Senate references committee has asked us a number of questions on that, and we note that there is significant interest in that program-level data. We will in due course be providing advice to the government on our capacity to do that.

Dr Watt—But it is a matter for government rather than for us.

Senator SHERRY—Yes. Before you get to the government and the minister, you have the capacity to deliver a greater level of detail?

Ms Campbell—We do.

Senator SHERRY—There has been no decision, and it is a decision of the government, as to whether greater detail will be provided?

Ms Campbell—We have not provided advice yet on that matter. This is the first time we are putting information into the system. We are checking that the information that is going in will be reliable.

Senator SHERRY—So in due course you will provide some advice to, presumably, Senator Minchin as finance minister about the greater level of publication of detail in estimates documents.

Ms Campbell—This is a matter we would of course discuss with the Treasury as well.

Senator SHERRY—Yes. Presumably, if this were to be done it would need to occur at least some reasonable time before the next budget.

Ms Campbell—The budget documents are quite complex documents. We publish a number of them, but agencies also publish their yellow books, which are the portfolio budget statements. We would provide advice to government that if there were any requirement to change that there would be quite a lead time, by the time that we provided guidance to agencies, to be able to publish that.

Senator SHERRY—What do you mean by ‘quite a lead time’?

Ms Campbell—We have a number of templates that agencies prepare their systems on to produce data in the budget process. So as well as modifying any systems, should the government require it, to do it within Finance, it would also require changes to the way that agencies publish their portfolio budget statements. This is a matter that has received significant consideration as part of the references committee.

Senator SHERRY—There is one very minor issue I want to raise before we break, on the scheme for compensation for detriment caused by defective administration, the CDDA scheme. I am not aware of it, to be honest, which is why I am asking this. Does Finance issue CDDA guidelines?

Dr Watt—We will get Mr Yarra, head of our Asset Management Group, to talk to you about that, Senator.

Senator SHERRY—I may not have concluded with Ms Campbell; I just wanted to clear this matter up before dinner. You issue guidelines, Mr Verney?

Dr Verney—The department issued a Finance circular recently—that is correct.

Senator SHERRY—Is it correct that the operation of the scheme is the responsibility of portfolio ministers?

Dr Verney—It is a permissive scheme. Yes, that is correct.

Senator SHERRY—So the port through which that compensation is applied for is the responsibility of the portfolio minister?

Dr Verney—That is correct.

Senator SHERRY—Should questions about applications of the scheme, including the guidelines in particular circumstances, be directed to the portfolio agencies?

Dr Verney—Yes, that is correct.

Senator SHERRY—Does Finance have an authorisation or is it a tracking mechanism?

Dr Verney—No. The decisions are taken by the relevant portfolios.

Senator SHERRY—They are taken by the portfolios.

Dr Verney—That is correct.

Senator SHERRY—Okay. That clears it up. Thanks.

Proceedings suspended from 6.00 pm to 7.15 pm

Senator SHERRY—Ms Campbell was to come back. Can we conclude that matter?

Ms Campbell—We have commenced collecting program data, but we are still waiting to see the quality of the data. It is somewhat variable. Once we are happy with the quality of the program data, we will then be in a position to advise the government on options for publishing it further. The system does allow the data to be collected at the program level and the program allocated to an outcome, so it is possible that some of those things in the sheet will be able to be collated in that manner.

Senator SHERRY—I have a couple of questions in respect of public sector financial superannuation advice. I have raised the issues on a number of occasions before. What was

the cost of the study completed into the costing on the application of same-sex couples to public sector superannuation funds?

Ms Campbell—I am not sure it is right to call it a study, as a study might indicate that it was a complete piece of work. What we have sought over time are costings of a number of options on some of those for introduction into the superannuation schemes.

Senator SHERRY—Yes, I am I aware of that. I am aware it has been completed.

Ms Campbell—Well, I would not be able to say it has been completed. It is an iterative process and we are developing a number of options and we continue to have options costed. The government still has this matter under consideration and it has not been finalised yet.

Senator SHERRY—You commissioned an actuarial report. That is correct, is it not?

Ms Campbell—We asked our actuaries to prepare some costings on some options, and we continue to do that.

Senator SHERRY—Hang on—your evidence does not accord with what I have heard to date. My understanding is that a set of costings was sought. Are you familiar with the discussion at previous estimates on this?

Ms Campbell—Yes, I am.

Senator SHERRY—A set of estimates costings was sought and received. I think it was outsourced. Can you recall the company?

Ms Campbell—It was an actuarial service, yes.

Senator SHERRY—Yes. What was the name of the actuarial service?

Ms Campbell—Mercers.

Senator SHERRY—That was provided to the department?

Ms Campbell—Yes. We have received costings on that matter.

Senator SHERRY—That is the costing I am asking for as a matter of fact.

Ms Campbell—That costing and variations on those costings are being used to develop policy options for the government to consider.

Senator SHERRY—I am not asking for the policy options. I am asking as a matter of fact for the figures given in that completed document that was given to you by the outsourced actuary.

Ms Campbell—Those costings go to the development of that policy, which the government still has under consideration.

Senator SHERRY—But, as a matter of fact, you have received costings from the outsourced actuarial firm. Correct?

Ms Campbell—On some of the options, and we continue to seek further costings.

Senator SHERRY—Yes, but I am not after the further costings that you have sought. I am after the data that you have received from that actuarial report—the factual numbers from that report that has been completed.

Dr Watt—I think we probably need to seek the minister's consideration of the matter.

Senator SHERRY—Why? This is a matter of fact that has been concluded.

Dr Watt—It has been concluded to the extent to which a report has been provided, but the issue is still very much not concluded as far as the government is concerned.

Senator SHERRY—I understand that. I am not interested in your advice to the minister. I am not going to ask about that and you know I am not going to that matter. What I am asking for as a matter of fact are the figures in the documents you have received from the outsourced actuary.

Dr Watt—Let me take it up with the minister. I think it is something he will have a view on.

Senator Minchin—My apologies, Senator Sherry. I was speaking to Senator Bernardi while you were having that discussion. This issue is one that is genuinely being considered within the government. Interdependency and transition to retirement and the other superannuation issues connected to the CSS and PSS are live issues. I think while they are live issues and before the government, it would not be appropriate or proper to release information that is a matter for government consideration that will go to the decisions that the government ultimately makes on this matter.

Senator SHERRY—But, Minister, we have an actuarial report that has been received. It was received at the end of last year, I think. It has been completed. I am not going to your considerations and advice from the department to you. I am just seeking the factual numbers that were identified in that report that was completed some six months ago. That is what I am going to. I am not going to what advice you are getting from the department and what your considerations are on this matter, just the factual numbers in that document.

Senator Minchin—My current position is that that should not be released because it is obviously material to the government's decision. The big issue for the government in considering these issues is the cost to government and, therefore, the taxpayers of change in this area. You would appreciate better than most that it is potentially very costly. Therefore, that information is material to the government's decision making process. I doubt that that would be assisted by those numbers being in the public arena prior to any decision. I am happy to reflect on it and consider your not unreasonable request but I do think, given the general position we adopt on matters that are live issues before the government with respect to the release of information, that it falls into that category. But I will reflect further on it.

Senator SHERRY—I hope you do, Minister, because I do not think it is unreasonable, given there is a concluded report paid for by taxpayers some months ago with matters of fact as established by those actuaries. I do not think that is unreasonable.

Senator Minchin—Except that whenever the government is considering significant issues prior to reaching decisions, it often commissions reports that produce facts that are material to the decision the government makes that you would not in the normal course of events release unless and until a decision had been made after considering those facts. So, prima facie, I have to decline your request, but I will give it further consideration.

Senator SHERRY—I do not agree with your view, but we will leave that matter there for the moment. Another issue is the status of the approximately 1,800 Telstra employees who are still currently members of the CSS. Were the legal issues around this considered by the finance department?

Ms Campbell—Yes.

Dr Watt—Yes.

Senator SHERRY—When was the issue first raised?

Dr Watt—I will get my colleague Mr Lewis to refresh my memory. He is coming from next door.

Mr Lewis—Your question, I believe, was in relation to when it was first raised.

Senator SHERRY—The issue is the status of the approximately 1,800 Telstra employees currently in the CSS. Was advice sought from either within the public sector superannuation advice section or externally with regard to this matter?

Ms Campbell—The advice was sought internally. The standard government policy has been that when an entity is not in majority Commonwealth ownership, the employees are not eligible to remain in Commonwealth superannuation schemes.

Senator SHERRY—Was any consideration given to the way in which, for example, Qantas employees were treated?

Ms Campbell—With the sale of Qantas, the employees were no longer able to remain in the Commonwealth Superannuation Scheme and their ongoing superannuation requirements were a matter for Qantas.

Mr Lewis—They have been in relation to all privatisations. Once the employee—

Senator SHERRY—Before we get to all privatisations, let's stick with Qantas for the moment. Was it not a part of the sale of Qantas that very similar provisions were included in the Qantas trust deed at that time that reflected their existing superannuation promise? That was determined, negotiated and discussed at the same time as the privatisation of Qantas.

Ms Campbell—It is my understanding that it was a decision by Qantas as to what superannuation arrangements they would make for the employees post the sale.

Senator SHERRY—That is not what I asked. Was that decision not taken at the same time and as part of the discussions and negotiations in the sale process?

Mr Lewis—We would need to check that.

Ms Campbell—I am not aware how.

Senator SHERRY—I suggest to you that it was. Did the department seek any external legal advice as to the treatment of those employees and the impact on their superannuation pension promise as a consequence of the sale?

Ms Campbell—We have sought advice from the Australian Government Solicitor and it is consistent with our position.

Senator SHERRY—Approximately when was that advice sought?

Ms Campbell—I do not have those details with me.

Senator SHERRY—Was it just in the last couple of weeks, since I have been raising the issue, or was it some time ago?

Ms Campbell—The issue of Telstra superannuation has been around for quite some time. We were consistently applying the same policy that had been applied with other privatisations.

Senator SHERRY—I know that is your line, but that is not what I asked. Did you seek external legal advice from anyone other than the Government Solicitor?

Ms Campbell—In respect of the specifics regarding the CSS members, not to my knowledge, no.

Mr Lewis—To add to that, Freehills is our adviser in relation to sale matters. I could not discount the possibility that Freehills may have looked at the issue throughout the course of the scoping study or beyond. I would be surprised if it did not.

Senator SHERRY—Yes. I would be surprised.

Mr Lewis—Given the comprehensiveness of the scoping study—it was a very comprehensive scoping study—I would be surprised.

Senator SHERRY—Was advice sought from the superannuation regulator, APRA, on this matter?

Ms Campbell—No.

Senator SHERRY—Why not?

Ms Campbell—The Superannuation Industry (Supervision) Act protects accumulated benefits of scheme members. There is no intention that those accumulated benefits are impacted on in any way by the sale.

Senator SHERRY—What do you mean by ‘accumulated’? Do you mean a defined benefit contribution and that a DB is not protected by APRA?

Ms Campbell—No. What I am trying to say is that the superannuation industry supervision legislation goes to those benefits that have already been accumulated. There is no intention with the sale for those benefits to in any way be eroded.

Senator SHERRY—I understand that, but you are claiming that the SIS Act does not protect the pension promise—that it only protects the pension promise to the date on which the employees are terminated from the fund. Is that what you are claiming the SIS Act permits?

Ms Campbell—That is my advice.

Senator SHERRY—That is your advice from the Government Solicitor?

Ms Campbell—I will need to confirm that, but I believe that is our advice from the Australian Government Solicitor. They have confirmed that there is no impact on accrued benefits which would bring the SIS legislation into operation.

Senator SHERRY—I accept there is no impact on accrued benefits to the date on which the employees are required—that is, forced—to terminate the scheme. I accept that is the case. There is an impact, though, on the pension promise made as a consequence of being a member of the CSS. The promise will not be met.

Ms Campbell—Our advice is that the SIS legislation is not brought into operation in this case.

Senator SHERRY—Why did you not approach APRA in respect to this? They are the regulator of defined benefit on DC schemes in this country. You did not seek their view on this matter?

Ms Campbell—This was ongoing government policy. We were—

Senator SHERRY—I accept that. This issue was raised—it may have been raised with the minister on other occasions—in the Senate in question time approximately one year ago. You did not determine it necessary to seek APRA's opinion on this matter?

Ms Campbell—No.

Senator SHERRY—And APRA's opinion has not been sought in the last couple of weeks?

Ms Campbell—Not to my knowledge, no.

Senator SHERRY—Are you aware that this matter is currently before APRA, as the regulator of superannuation funds in this country?

Ms Campbell—No. I am not aware of that.

Senator SHERRY—In the advice that was sought—put aside APRA's regulatory role in this matter for a moment in terms of DB and promises made being kept—was there any examination of the constitutional issues involved in seeking to terminate a promise of a defined benefit?

Ms Campbell—Yes. We did ask the Australian Government Solicitor about the constitutional issues.

Senator SHERRY—Can that legal advice be made available to me?

Ms Campbell—Can I take that on notice?

Dr Watt—We normally do not provide legal advice. We are happy to provide you with a sense of it, though.

Senator SHERRY—The terms of the agreement that the government entered into when it transferred the approximately \$1.7 billion or \$1.8 billion to Telstra—

Dr Watt—No. that was Post. Telstra was left \$3.5 billion.

Senator SHERRY—Sorry?

Dr Watt—The \$1.7 billion or \$1.8 billion was Post.

Senator SHERRY—This is the superannuation scheme?

Dr Watt—Yes. That was Australia Post's superannuation scheme.

Senator SHERRY—It was not Telstra?

Dr Watt—Telstra was done too. Telstra was over \$3 billion. It was \$3.1 billion.

Senator SHERRY—So, with the over \$3 billion figure, was that transfer made on the assumption that the existing members of the CSS would remain in that scheme at that time?

Ms Campbell—The assumption was that they would remain in the scheme until the sale of Telstra.

Senator SHERRY—But there was no sale date determined at the point in time of the transfer occurring.

Ms Campbell—No, but the assumption was that those members would not remain in the CSS scheme at the sale of Telstra.

Senator SHERRY—Therefore the quantum of money that was transferred took into account the approximate date of which those members—it could only be approximate; it could not be a precise date—ceased to be members of the CSS?

Ms Campbell—The calculations and the negotiations that went on during that period included a number of actuarial assumptions. I do not have those with me, unfortunately.

Dr Watt—Ms Campbell was not around when this was done. I was, but I cannot remember the exact details.

Senator SHERRY—There was an assumption that the members would cease the CSS on the sale of Telstra and it was taken into account on the transfer of that money?

Ms Campbell—Yes.

Senator SHERRY—Who carried out the actuarial calculations?

Dr Watt—Mercers, from memory.

Senator SHERRY—Was the Government Actuary involved in that at all?

Dr Watt—Not that I am aware of. That does not mean they were not involved or consulted, but the work was done primarily by Mercers.

Senator SHERRY—Was an actuarial report prepared by Mercers presented to the department on this matter?

Dr Watt—I do not know whether there was ever a formal report prepared, but they fed into material that was sent to cabinet. Regardless of whether there was actually a formal report with everything in it, they did a series—

Senator SHERRY—But there was a document of some sort.

Dr Watt—of calculations for us. That is the best way I can put it. There may have been something more formal. I cannot remember.

Senator SHERRY—If you could take it on notice to provide us with that document. I do not have any other questions on superannuation specifically. Whilst we are on government enterprises, ownership and divestment, what has been the approximate expenditure on the proposed Medibank Private sale, now deferred, to date?

Dr Watt—I will get Mr Yarra to answer that.

Senator Minchin—It has not been deferred. There was no date ever announced. We made a decision to float the company in 2008. It was not a deferral.

Senator SHERRY—With the Medibank Private sale, what has been the expenditure of moneys to date?

Mr Yarra—I will just find my notes. I will see what we have spent to date.

Senator SHERRY—Approximately.

Mr Yarra—Approximately. We have total costs as of the end of September of \$739,000. That comprises about \$353,000 for a business adviser, legal adviser costs of \$320,000 and a process adviser—a probity adviser; we call them a process adviser—of \$65,000.

Senator SHERRY—Given the announced likely sale date, is there any work being done on this matter at the present time?

Mr Yarra—There is. In effect, because we have a sale in 2008, we now have the ability to order a number of tasks in the preferred or optimal way. We can do work early to give us more certainty in the sale process and leave less work late in the piece, which often happens with a sale process.

Dr Watt—The government has indicated that its preference at this stage is for an IPO. The lead time on an IPO, because of the requirements under which we offer, is very substantial. While we do have a fair amount of time, we will need much of that. So there are things we can very usefully do now.

Senator SHERRY—So what will be the estimated expenditure on this project for the remainder of this financial year?

Mr Yarra—Perhaps I can give you an overall figure. We think the total cost of the sale will be in the order of \$6.6 million, comprising about \$4.3 million for a business adviser and we think about \$1.95 million for legals. We expect the process adviser to cost \$320,000.

Dr Watt—These are adviser costs.

Mr Yarra—Adviser costs, correct. That is not counting our internal costs for the department.

Senator SHERRY—Is the bulk of these adviser costs you have just mentioned likely to be spent over the remainder of this financial year?

Mr Yarra—No. I think that expenditure will be a bit lumpy, but most of it will be spent next financial year.

Senator SHERRY—Next financial year.

Mr Yarra—By the way, I should be clear. That is our immediate adviser costs. A float, of course, has all the commissions to come. We do not yet have funding for commissions.

Senator SHERRY—Advertising?

Mr Yarra—Advertising. All the logistics costs.

Senator SHERRY—That certainly will not occur in this current financial year?

Mr Yarra—Absolutely not.

Senator SHERRY—I take it, Minister, that the aborted Snowy Hydro sale is not a deferral.

Senator Minchin—It is a rather rough word. I would prefer to say—

Senator SHERRY—‘Deferral’. You used it.

Senator Minchin—Seeking to withdraw our shares from the sale.

Senator SHERRY—Right. A rough word. What has been the expenditure to date?

Mr Yarra—The way that we spend money on the Snowy Hydro sale is to pay New South Wales for their incurred costs, so we are reimbursing them based on our 13 per cent shareholding. Our expenditure to date is about \$618,000, but we have more to come.

Senator SHERRY—And what is the approximate ‘more to come’?

Mr Yarra—It is going to be 13 per cent of their total costs. It might be in the order of \$2.7 million.

Senator SHERRY—And that will occur in this financial year?

Mr Yarra—It really depends on New South Wales invoicing us in a timely way.

Senator SHERRY—Will the government release all its legal advice on the sale of Medibank Private?

Mr Yarra—It is not our practice to release legal advice because we always keep our powder dry in terms of legal privilege. We released one piece of legal advice by Blake Dawson Waldron I think on 4 September, from memory. But it is not our practice to release legal advice as a matter of course because that would then risk our loss of privilege down the track.

Senator SHERRY—Nevertheless, as you say unusually in this case, one piece of legal advice was released.

Mr Yarra—A stand-alone piece, correct.

Senator SHERRY—Are there other legal advices from other firms on this matter?

Mr Yarra—We have done a scoping study process. We have engaged Blake Dawson and Waldron in the sale process. We have received over the original scoping study and the updated scoping study advice on various matters. But to discuss in any detail the existence or otherwise of advice again runs the risk of loss of privilege, which we prefer not to do if we can avoid it.

Senator SHERRY—How much has been spent to date in respect of the sale of the Australian Submarine Corporation?

Mr Yarra—The state of play of the Submarine Corporation sale is that we are in the market at the moment for business and legal advisers. Those tenders will close shortly. Therefore, in a formal sale sense, we have not spent. Of course, we relate with the company and we are preparing for sale. But for the big ticket sale items, which involve us typically engaging advisers—the external costs—we have yet to select those advisers. Therefore, we have yet to spend that sort of money.

Senator SHERRY—What is the estimated expenditure in this area for the remainder of this financial year?

Mr Yarra—We think that we might spend \$600,000. We spent \$600,000 on the scoping study for the ASC, which gave us the basis upon which the government made a decision to sell the ASC. I do not see us spending very much money at all between now and 30 June. I think the work we have the advisers do will be mostly in the nature of preparation. It is a bit unclear to me at the moment how lumpy that work will be. But we know that in July 2008 the work will pick up and the spend will pick up.

Senator SHERRY—When you use the expression ‘not very much money’, that could be \$100,000 or \$5 million. It depends on your perspective. Can you be a bit more precise?

Mr Yarra—We have been appropriated—

Senator Minchin—We have not been appropriated.

Senator SHERRY—This is for this financial year.

Mr Yarra—With a typical submarine sale, it is hard to say.

Senator SHERRY—A corporation sale. Very well expressed. Go on.

Mr Yarra—It is hard to say. We are in the market for the advisers. They are the main costs in relation to that sale. We are in the market for them. We have our guesses, but I would not talk about that now because they are bidding for that work. I would not be publicising what we think the work is worth. So I am not comfortable talking about what we think we are going to spend on those advisers.

Senator SHERRY—You just referred earlier to a relatively small figure. That is why I asked you.

Dr Watt—It is relatively small.

Mr Yarra—That is the scoping study.

Senator Minchin—This is a trade sale in 2008. In the course of this financial year, really, our expenditure will be fairly minimal, I would have thought.

Senator SHERRY—So \$600,000 to date and minimal for the rest of the financial year?

Senator Minchin—Yes.

Senator SHERRY—I want to turn to some issues relating to the T3 float. I will just pass up a copy of a list of contracts that I believe relate to T3 contracts from the department’s website.

Dr Watt—Could we have a copy, Senator?

Senator SHERRY—Sorry?

Dr Watt—One between three does not go.

Senator SHERRY—It does if you sit in the middle.

Dr Watt—It does if you are long-sighted.

Senator SHERRY—I just want to confirm that they are in fact related to the T3 sale. We will get to that when you get a copy of the document. In addition to those contracts that have been identified, I understand there is, based on a press release from the minister dated 2 October, some additional expenditures identified of approximately \$20 million in respect of an advertising campaign. It is a bit hard until you have a copy of the document. They are off the department's contract lists for 2005-06. It seems to me obvious that they all relate to the Telstra sale process.

Mr Lewis—If you give me a moment, I am happy to run my eye down that list. It looks pretty right to me. On a quick look, that looks about right to me.

Senator SHERRY—I have touched on the \$20 million advertising campaign that the minister announced.

Mr Lewis—Correct.

Senator SHERRY—Have any other costs been identified to date?

Mr Lewis—As you would understand, these are our gazetted contracts. Therefore, they include the contract cap. It will not necessarily be what the expenditure will be. But in many cases, the expenditure will go close to the cap. It just depends on which contract you are talking about and ultimately how the offer proceeds. The advertising budget amounts to \$20 million, as you say.

Senator SHERRY—In addition to those contracts, what other costs are there at the present time?

Mr Lewis—The main other costs will be selling commissions.

Senator SHERRY—And what is the likely figure of the selling commission?

Mr Lewis—That is pretty hard to work out. I will tell you why. The commissions depend upon the way in which we ultimately satisfy the offer. It depends upon the size of the offer. It depends upon the split between institutions and retail. It depends upon the flow of retail. General applications come in through the application processing centre and collect zero commissions. The broker stamps it at 0.75 of one per cent and broker firms at 1.25 per cent. Obviously—

Senator SHERRY—So we could be looking at an average rate of one per cent.

Mr Lewis—Sorry, and institutional fees are different again at 0.44 per cent.

Senator SHERRY—So in terms of selling commission, there is the 0.44, the 0.75 and the 1.25?

Dr Watt—And the zero.

Mr Lewis—And zero. Don't forget the zero.

Senator SHERRY—And what is your evaluation of the likely proportion that will be zero?

Mr Lewis—I would just wait for the outcome of the offer.

Senator SHERRY—Any other costs associated with the sale that we so far have not discussed?

Mr Lewis—They are the main ones that occur to me. There may be a few others. But I think we have listed on our website as required all the contracts as they come through. I do not recall any significant contracts being signed recently. Most of our logistics suppliers and advisers are all in place now. We are well advanced through the course of the offer.

Senator SHERRY—Are there any contracts that have been signed recently in addition to the contracts on this list?

Mr Lewis—I will check that. If there were, they would not be substantial. I would be happy to take that on notice and report back to you.

Senator SHERRY—You say ‘would not be substantial’. You are not talking more than \$10 million or \$15 million?

Mr Lewis—Oh, definitely not, Senator. I would remember signing it.

Senator SHERRY—One of the contracts on this list relates to George Patterson Y&R Pty Limited.

Mr Lewis—George Patterson advertising agency, yes.

Senator SHERRY—I want to go to that briefly. Was any examination given to Mr Geoff Cousins’s relationship?

Mr Lewis—Not in the slightest.

Senator SHERRY—Why not?

Dr Watt—He was not there. He was not part of the pitch. He was not there.

Senator SHERRY—When I say ‘an examination of any relationship’, has he had any ongoing relationship or share ownership? Was that examined? Was there a business relationship?

Mr Lewis—That tender process was a tender process between a number of short-listed advertising agencies in terms of their capacity to deliver the required services. Geoff Cousins was completely irrelevant to that. I do not even recall that name arising in that context.

Senator SHERRY—Obviously not because you have not checked. But Mr Cousins was chair from 1984 to 1992 and CEO from 1984 to 1992. That is obviously a fair while ago. Did you check to see whether he had any ongoing relationship after 1992 with this particular firm? If not, why not?

Senator Minchin—I know it is convenient for the Labor Party—this came up last night—to try to draw some relationship. Indeed, Mr Cousins’s history with George Patterson and the fact that the account for the advertising is in the name of George Patterson has been remarked upon in the media, so there is nothing new. It is no great revelation. But it is a rather tenuous link and one I thought would be a waste of your time, Senator Sherry. As you just said, Mr Cousins served as an executive in this company in the 1980s and early 1990s. He ceased to be the CEO in the early 1990s and then worked for Optus. He then had an ongoing consultancy with the Prime Minister, which is well-known and was always published.

At the time the tenders were called for the advertising contract for Telstra, which was done according to the very strict probity conditions that we apply to such tenders, the company that

won that tender was in fact Young and Rubicam. Since then, that company merged with the previous George Patterson. That is why the account name now appears as George Patterson Y&R Pty Limited. There is absolutely no reason on earth nor any basis upon which any reasonable person could suggest that, in conducting the tender for the advertising for T3, any inquiry into Mr Geoff Cousins and whatever association he might have had with any of the tenderers would arise at all. Of course it is nice and convenient for cynics in our community to note that Mr Cousins, who is standing for the board of Telstra at the AGM, used to work for George Patterson and it is now the case that George Patterson Y&R are the advertising agents for the government's sale of its shares. But it means nothing and is of absolutely no consequence whatsoever. Certainly from a process point of view there is no basis on which anyone can say that inquiries of any kind should have been made that have not been made.

Senator SHERRY—I just want to establish as a matter of fact whether there was any examination of whether Mr Cousins has had a relationship with George Patterson Pty Limited since he ceased as CEO in 1992.

Senator Minchin—I would imagine not. I do not know on what basis one would do so.

Senator SHERRY—None at all. I just want to establish the facts.

Senator Minchin—But there is no basis on which one would think it reasonable to do so.

Senator SHERRY—I would have thought it is pretty obvious. There is the \$2 million contract. He was working in the Prime Minister's office as a consultant and he is now being appointed to the board.

Senator Minchin—But in his role as a consultant to the Prime Minister, he had absolutely nothing to do with the award of contracts for government advertising. He was in that role while the government awarded dozens and dozens of contracts for advertisers, many of which I suppose George Patterson may well have won.

Senator SHERRY—This is a firm in which he previously was CEO and chair. I am seeking to find out if a check was made of whether he has had any ongoing relationship, including up until the last couple of years or until now, with this firm in any way at all, including a shareholding.

Senator Minchin—I presume not. Nor would I see any reason why you would.

Senator SHERRY—But no check has been made?

Senator Minchin—Not that I am aware of.

Senator SHERRY—Okay. I will return to the \$20 million advertising campaign that was announced in the minister's press release. Can you give me the list of companies for whom the contracts have been placed as part of that \$20 million, please.

Mr Lewis—It is the advertising spend, so it is TV and press.

Senator SHERRY—That has obviously been placed.

Mr Lewis—Yes.

Senator SHERRY—Who are the companies and the approximate applications?

Mr Lewis—The government's placements—

Senator Minchin—Which outlets? Which media?

Mr Lewis—We would need to take that on notice.

Senator Minchin—We can get you that.

Mr Lewis—It is Universal McCann. They are the government's buyer of advertising. But we would need to work that out through McCann. When it appears in our contract gazettal, it will look like a \$20 million contract to McCann because McCann is the buyer.

Senator SHERRY—It will be advertising placement agency, market research and public relations?

Mr Lewis—Market research is separately done by DBM.

Senator SHERRY—That is already covered off.

Mr Lewis—That is on the list.

Senator Minchin—The only issue would be the break-up of the \$20 million and which media—so how much is TV and how much is radio and print advertising.

Senator SHERRY—And the budgeted cost of this campaign that is underway is \$20 million?

Mr Lewis—Correct. All up.

Senator SHERRY—All up.

Mr Lewis—We may not spend the lot, but it is the budget.

Senator SHERRY—When would you expect to get the bulk of that cost?

Mr Lewis—The retail offer closes on 9 November so, to answer your question, I would say the bulk will be done by then. Virtually all of it.

Dr Watt—There is no point in advertising institutions.

Senator SHERRY—Just give them a good commission. We touched earlier on commission levels. Just refresh my memory: what were the commission levels in T1 and T2?

Mr Lewis—From memory, the broker firm in T1 was higher than what I just said—1.25 per cent. In T2, it was significantly lower than that—at 0.5 per cent. The broker stamp was 0.5 per cent in T2 and it is 0.75 per cent in T3. The institutional fee has come back significantly. Again, from memory, I think it was about 0.8 per cent in T2 and I think it has come down to about 0.44 per cent. So they have moved with the market in each case. My answer is subject to checking. I can correct that on notice if I have missed out on any of those numbers.

Senator SHERRY—And, in comparison to the T2 sale, why was it determined that the commission levels generally would be higher?

Mr Lewis—As I say, the institutional fee is significantly lower. The retail broker firm number is higher. In T2, we set a low watermark probably globally at the time in 1999 for the broker firm. The fee that we are charging now is reflective of the market. We could certainly cite examples of a broker firm of that level or higher in recent times.

Senator SHERRY—In a privatisation of this type?

Mr Lewis—Large floats.

Dr Watt—Fees are set on the basis of advice from our independent advisers, Caliburn Partnership.

Senator SHERRY—Is Mr Murray here now ready to go?

Dr Watt—I would be very surprised if he were not.

Senator Minchin—We will check.

Dr Watt—Mr Chairman, we have had a bit of an irregular day today here. We now have the Future Fund officers. Are there any other questions for the departmental officers, or can I let them go home?

CHAIR—No. We are going to the Department of Human Services now.

Dr Watt—So apart from whoever I need for the Future Fund, I can let the rest go home?

CHAIR—Yes.

Dr Watt—Thank you very much.

CHAIR—Thank you, Dr Watt. We now call the Future Fund Management Agency.

[8.01 pm]

Future Fund Management Agency

CHAIR—Welcome, Mr Murray and Mr Barnes.

Mr Barnes—Thank you.

CHAIR—Thank you for joining us tonight. I know Senator Sherry has many questions, so I might just start off briefly and then hand over to Senator Sherry. Mr Murray, you are no doubt aware that the opposition say that Telstra is a bad investment yet they will require whatever Telstra shares are held by the Future Fund at the time they win office to be permanently held by the Future Fund. The opposition state that the Future Fund is not sufficiently independent yet they have that requirement for the Future Fund to keep those Telstra shares and a requirement for the earnings to be spent on things such as infrastructure projects. Ordinarily, I would not put the policies of an opposition to a government entity. But I think that those policies potentially are risk factors for the investments and for an organisation like the Future Fund. I put that on the record and assume you are aware from public commentaries that they are the views of the opposition.

Mr Murray—More or less, yes.

Senator SHERRY—Are you aware from any documents you have read, Mr Murray, or have you based it on the press?

Mr Murray—As best I can recollect, no. I have based it on what I have heard publicly.

CHAIR—Just to simplify things and to avoid Senator Sherry taking issue, I will put this as a hypothetical. If there were a proposal by a government to spend the annual earnings of the fund, say, on infrastructure projects, firstly, what would constitute the earnings of the fund? How would you define the different categories of earnings of the fund? Would there be a difficulty in allocating some of those earnings to a spending proposal?

Mr Murray—The best way to describe the earnings of the fund is in terms of the investment mandate because that has been built up around investment experience over a long time. Roughly, that says that the midpoint of earnings would be five per cent per annum plus inflation. The midpoint of the RBA's target is 2½ per cent. So you could assume for the purpose of broad planning that it would earn about 7½ per cent nominal on its assets over time, bearing in mind that the markets fluctuate around that.

I am not sure exactly what the alternative policy is, but it has been described to me as using half the earnings for some other purposes. If that is done, the real growth rate of the fund would be zero to negligible because, of that 7½ per cent, you have to deduct the investment costs. Whether that is a good thing or a bad thing depends upon the way you view the purpose of the fund.

I had to decide whether to be part of it or not on a part-time basis. My view was that I wanted to be part of it because I thought it was a good idea. The reason I thought that is that it is inconsistent to require the population at large to set aside a percentage of their income for superannuation to become more self-reliant and through accounting policies and other arrangements to require state governments to chip away to meet their liability and then not make any effort to meet the liability at the Commonwealth level. So by setting aside funds to meet that liability, we would enhance national savings and we would in fact, by enhancing national savings, reduce reliance on the rest of the world for capital. We would also, through the cycles in the Australian economy, smooth the weighted average cost of capital to the private sector for investment. They are positive things. So if some or all of the earnings are set aside for other purposes, it is not likely that the fund would reach the present value of that public sector superannuation liability. That would have to be weighed up against other outcomes in the economy.

Senator SHERRY—Mr Murray, you say it is not likely to reach. Doesn't that depend on the extent to which the fund earnings are spent on other purposes? For example, if half the fund earnings were spent, it would still reach the target sum but it would reach it at a later date, wouldn't it, because the accrual would be slower?

Mr Murray—I am not sure whether it would catch up or not. That depends upon the growth rate of the liability.

Senator SHERRY—But we know the liabilities will commence to decline. I cannot recall the precise date, but they would commence to decline, wouldn't they?

Mr Murray—That is possible. Some of them are still defined benefit, though.

Senator SHERRY—They must commence to decline—whatever the date is, I cannot remember off the top of my head—because the defined benefit funds that we are talking about, except for the military fund, are closed, aren't they—

Mr Murray—That is right.

Senator SHERRY—for new entrants?

Mr Murray—Yes.

CHAIR—Mr Murray, would it be fair to say that if at the time you were offered the job of chairman of the Future Fund the proposal had been that half of the earnings were spent on

something like infrastructure and that the effective returns were negligible to the fund, in that circumstance you would have declined the offer to be chair of the Future Fund?

Mr Murray—I think it comes back to the rationale for establishing the fund and what the brief was. The brief was to have it taking pressure off the budget by 2020, when the ageing of the population was more likely to put pressure on the budget. If that is the brief and having a chance of hitting the target by 2020 is what the Future Fund has been given to do, that is a worthwhile thing to have a go at.

CHAIR—Otherwise, it would have been basically a totally different beast in operation to the one that you were offered the chairmanship of, in effect?

Mr Murray—Different in some ways.

CHAIR—Different in some ways. Would there be a conflict or a tension under a situation where the government wanted to spend half of the earnings of the fund in terms of the investment strategy? The government may want shorter term investments to realise sooner. The fund may be wanting to investment in longer term assets. Could that lead to a potential tension or conflict?

Mr Murray—I think that there are issues for the people in the fund itself and then issues for public policy. The issues for the people in the fund are whether it has a worthwhile thing to do and has a chance of achieving it. Having those two things has the potential to attract and retain talented people to get the job done. It is an area of skilled employment. The other is if there is a belief that the investment decisions of the fund would be politicised, it is very difficult to get the structure of the portfolio correct in order that we can hit the target. That has to do with the funds that are placed in the Future Fund being the subject of independent decision making and a challenging employment area in which skilled people will want to work. The rest is a matter for public policy decision by the government.

CHAIR—But under this sort of a proposal, you would not only have difficulty in meeting the objectives of the fund as they currently are but you would also have difficulty in retaining the quality people that you have?

Mr Murray—If it were felt that there was a significant chopping and changing of the brief, it would make it more difficult for people in the fund to really believe in why they were there and why they come to work.

CHAIR—Sure.

Senator SHERRY—Have you recruited these people yet, Mr Murray? I know the CEO has apparently been recruited.

Mr Murray—We have recruited the CEO, who starts on 13 November. We are now in the process of setting up the recruitment of the next line of staff so that he will be in a position to influence that as soon as he starts.

Senator SHERRY—I think I saw an ad. My reason for asking this is: how would you know, given your previous comment, that it may affect their ongoing employment when you have not recruited them?

Mr Murray—From all of my experience employing a lot of people, including in this area of work.

Senator SHERRY—It is not based on any discussions with anyone who is currently employed, though?

Mr Murray—We went through some of this in talking to potential general managers before we appointed Paul Costello. In fact, there was a concern about the independence of the board, the politicisation of decisions and the efficient processes being available to these people to get their work done inside the Future Fund.

CHAIR—Just to finish on this point, I will read to you an address by Mr Beazley from 24 November 2005, where he said:

While existing assets of the Government's Future Fund would be retained in the Building Australia Fund, the income stream would be used for productive purposes, including infrastructure investment, rather than being set aside solely to offset the cost of bureaucrats' superannuation as the Government has proposed.

That is the Labor proposal, which clearly identifies the fact that the objective is different. It is not solely to offset the cost of bureaucrats' superannuation. Just before I hand over to Senator Sherry, in relation to the issue of the Future Fund being required to hold the Telstra shares that it had at the time a Labor government was elected to office, to what extent would that compromise the fund's objectives as they currently are?

Mr Murray—To the extent that there were a significant number of shares in the fund at the time, that would mean that those shares would either be in the fund and frozen or not in the fund at all; they would be taken out of the fund. If they were in the fund and frozen, that would distort the long-term asset allocation of the fund. Our agreement on the mandate as it relates to Telstra is to be in a position over time to sell the shares and, in doing so, optimise the long-term asset structure of the fund. If the shares were moved out of the fund, the proceeds would not be available to the fund in building up to meet that superannuation liability so it would fall short of meeting that liability. They are the two consequences of either freezing the shares in or taking them out.

CHAIR—I guess it would be difficult—there would be too many variables—to give an estimate as to what extent that might affect the earnings of the fund.

Mr Murray—That is an interesting question. It depends how Telstra is sailing at the time. If Telstra goes very well, the problem for us would be we should have sold them earlier. If it goes badly, it will be our fault. So managers are always in that position, but nobody knows exactly how it is going to travel.

Senator SHERRY—The decision to place those Telstra shares in the fund, whatever the final quantum will be, was a political decision of the government of the day, wasn't it?

Mr Murray—Yes.

Senator Minchin—Senator Sherry, it was a government decision.

Senator SHERRY—Yes.

Senator Minchin—It was a government decision.

Senator SHERRY—That is right. A political decision of the government of the day.

Senator Minchin—It was a government decision. You are characterising it in an unfair fashion to say it was a political one. We are the government and we made a government decision.

Senator SHERRY—I used exactly the same description as the chair.

Senator Minchin—You are seeking to attribute partisanship to it. There was nothing partisan about it.

Senator SHERRY—Yes, there was. It was your decision.

Senator Minchin—It was a government decision. The government, with a mandate to sell its remaining shares in Telstra, made a decision as to the allocation of its shares.

Senator SHERRY—Mr Murray, are you aware when the Future Fund was announced whether at that time it was known that Telstra shares were to be allocated to the Future Fund? Was that the case at the time of the announcement of the fund?

Mr Murray—It was always a possibility.

Senator SHERRY—I did not ask that.

Mr Murray—Well, if I could, it was a possibility. If you look at the Future Fund Act, it is clearly set up as a possibility. But at that time, to my knowledge, there had been no decision by the government to sell the shares.

Senator SHERRY—Hang on. If there was not a decision to sell the shares at that time, how could it be known that there was any possibility it would go into the Future Fund?

Senator Minchin—I would like to answer this.

Senator SHERRY—You might like to answer it, but I am responding with a question to the answer that Mr Murray has given.

Senator Minchin—As the minister responsible for the Future Fund and the minister responsible for T3, I do have certain knowledge of what occurred. I do not want Mr Murray, who is doing a job on behalf of the nation, to be dragged into some political bunfight over this. The fact is—

Senator SHERRY—What do you think Senator Fifield was doing earlier? Come off it.

CHAIR—Senator Minchin has the call.

Senator SHERRY—We did not see you intervening then.

Senator Minchin—That is a matter for Senator Fifield.

Senator SHERRY—It is also a matter for you. You are intervening now.

Senator Minchin—This is a policy that we went to the last election with.

Senator SHERRY—To put Telstra shares in it?

Senator Minchin—No. The Future Fund.

Senator SHERRY—Yes, I know that. But to put Telstra shares in there?

Senator Minchin—It was also our policy at the last election that the government desired to sell its remaining shares in Telstra.

Senator SHERRY—Yes. Was putting Telstra shares in the Future Fund a policy at the last election?

Senator Minchin—The government did not get the legislative authority to sell its remaining shares until about November last year. When we held discussions with Mr Murray and in the government's contemplation of the establishment and operation of the Future Fund, it was at all stages contemplated that it was possible that the government could transfer all or part of its shares in Telstra into the Future Fund. That has always been the case and has always been a matter that has been up-front, indeed in public statements, on the question of both the Future Fund and our future Telstra shareholdings and in discussions with Mr Murray and other members of the board.

It was always possible that indeed the whole of the Telstra shareholding could be transferred to the Future Fund or any part thereof. We have always been up-front about that possibility. Of course we did not make a final decision on what part, if any, of our Telstra shares would go to the Future Fund until we had received the proper advice from our banking syndicate and made a decision as a government as to whether to proceed with a T3 offer in this term and to what extent we would place shares in that T3 offer and what we would do with the remaining shares. We made that decision against the background of having always said that it was possible that all or part of our shares could go into the Future Fund.

Senator SHERRY—Mr Murray, as Senator Fifield followed this line of questioning, are you aware of the policy of the Queensland National Party in respect of the Future Fund?

Mr Murray—No, I am not.

Senator SHERRY—It is on their website. I am happy to give you the details of the website to examine. Their policy states:

The Nationals urge the Federal Government to change the legislation establishing the 'Future Fund' so that part of its proceeds can be made available to build necessary infrastructure at a commercial return.

That is not identical but quite similar to the Labor Party position, isn't it?

Senator Minchin—How do you feel about that? I would be worried if I were you, Senator Sherry, having the same policy as the Queensland National Party. It is rather amazing.

Senator SHERRY—It is broadly the same, isn't it, what I have just read out from the Queensland National Party?

Mr Murray—That is right.

CHAIR—Frighteningly so.

Senator SHERRY—'Frighteningly so', the Chair says. Thank you.

CHAIR—Frighteningly so.

Mr Murray—It sounds similar to me.

Senator SHERRY—On the transfer of the Telstra shares, it is true, isn't it, that when those Telstra shares are transferred into the Future Fund, the dividend stream that currently flows to budget revenue would cease?

Dr Watt—That is correct.

Senator SHERRY—That is my understanding. You all seem to be expressing agreement.

Mr Murray—On the budget treatment.

Senator Minchin—We have always said that our establishment of the Future Fund and our deliberate policy that it would retain all earnings, in contradiction to the Labor Party and apparently the organisation of the Queensland National Party, if Senator Sherry is correct, involves a fiscal tightening. We have been very upfront about that. But it is critical, as we have said, to ensuring the Future Fund meets the objective of ensuring it balances against the unfunded liability.

Senator SHERRY—Mr Costello has been appointed. Has the contract been signed?

Mr Murray—Yes, it has.

Senator SHERRY—What is his approximate salary?

Mr Murray—His remuneration arrangements are a base fixed remuneration of \$500,000 per annum, which includes all superannuation and benefits. He has a potential to earn a bonus of up to 60 per cent of that each year, although that bonus potential is limited in the early stages.

Senator SHERRY—That is performance in respect to what?

Mr Murray—A performance bonus.

Senator SHERRY—In respect to what?

Mr Murray—In his case, that would be the performance of the fund. Although the board has not sat down and determined the applicable key performance indicators for that bonus at this stage, it usually takes into account the performance of the fund over time—that is, the investment performance—and the efficiency of the fund and the agency and certain other factors, such as compliance, risk management and people management.

Senator SHERRY—And what is the term of the contract?

Mr Murray—It is for five years.

Senator SHERRY—So \$500,000 plus potentially up to 60 per cent?

Mr Murray—Let me clarify that it is not a fixed term contract, but you cannot have more than five years, as I understand it. It is not a fixed term contract.

Senator SHERRY—Right. Is there any minimum period? Surely there must be some period of notice.

Mr Murray—No. There is three months notice either way.

Senator SHERRY—Are there any other appointments at this stage besides Mr Costello?

Mr Murray—No. We only have a small number of people hired temporarily—that is, for up to one year—or who are on secondment through the department of finance. That is the same as it would have been when I saw you last.

Senator SHERRY—I reckon at these pay rates there will be a few more wanting secondment longer term.

Senator Minchin—Can I just interrupt there. Senator Sherry, aspersions on the remuneration for—

Senator SHERRY—No. It was not an aspersion on the remuneration. I reckon it is probably pretty close to the market rate, from my knowledge. I was simply making the observation that there would be quite a few more people who will be interested in being involved in the Future Fund, for pretty obvious reasons.

CHAIR—Senator Sherry might be offering his services.

Senator BERNARDI—I have one question with regard to remuneration. Five hundred thousand dollars plus up to 60 per cent performance bonus, whilst it appears attractive, is probably at the lower end of the scale, wouldn't you say, for managing a fund with some billions of dollars in management?

Mr Murray—In the board's work in appointing Paul Costello, we got an independent report on remuneration in the market. We consulted a number of other sources. The issue for us was that we think there will be a lot of interest in working in the Future Fund. The Future Fund is not a product manager, if you see what I mean, so the range of activities is not as large as a normal investment management business in the private sector. But on the other hand, we needed the remuneration for the general manager to be clearly sufficient so that in the market other professionals would see the remuneration in the Future Fund as being sufficiently attractive for them. We think that level strikes a reasonable balance.

Senator SHERRY—I am just trying to think of other public sector employees in a statutory organisation or directly employed. This would have to be the highest paid employee I can think of.

Senator Minchin—That is not an appropriate question for Mr Murray. But if I may say—

Senator SHERRY—Senator Minchin, you might be able to inform me if there is anyone else in the public sector—

Senator Minchin—I will be careful with what I say to the extent that these remuneration levels are public knowledge. I think you would understand that the CEO of Australia Post is paid considerably more than that. The CEO of Medibank Private is paid more than that. The CEO of the DMO is paid I think comparably.

Senator SHERRY—The Reserve Bank?

Senator Minchin—I am not sure. But it is certainly not the highest.

Senator SHERRY—Are the other figures a matter for the public record?

Senator Minchin—That is why I chose my words carefully. As to the exact remuneration levels, I think it is common knowledge that they are more than that. But whether the exact sums are common knowledge I am not sure. But I am happy to say on the record that those—

Senator SHERRY—I am not sure that \$500,000 plus a possible bonus of up to 60 per cent is not the highest.

Senator Minchin—Sure. It depends whether you assume all of that bonus is going to be paid. All I am happy to say is that is certainly not the highest level of remuneration.

Senator SHERRY—Would you take that on notice and give us a comparison?

Senator Minchin—Yes, sure.

Senator SHERRY—Thank you. On 28 September, the Treasurer announced the transfer of \$13.638 billion from the 2005-06 surplus to the Future Fund during 2006-07. That is to be transferred in two instalments. Ten billion dollars is to be transferred in January 2007 and the remainder is to be transferred in April 2007. Is that correct?

Mr Murray—That is my understanding.

Senator SHERRY—That release states that the amounts invested in the Future Fund are expected to earn a real rate of return at least 4.5 to 5.5 per cent over the long term. The government believes that the Future Fund will provide a better return on these surpluses than the current alternatives available to the government. Do you recollect words to that effect, if not the exact words, Mr Murray?

Mr Murray—I have not read it.

Senator SHERRY—Senator Minchin?

Senator Minchin—Sorry, you will have to repeat that.

Senator SHERRY—In the press release on the transfer of the money, the Treasurer indicates that amounts invested in the Future Fund are expected to earn a real rate of return of at least 4.5 to 5.5 per cent over the long term. Is that correct?

Senator Minchin—Yes. That is correct.

Senator SHERRY—The moneys are to be transferred on January 2007 and April 2007 in two instalments. What is the current earnings rate of the moneys prior to it being transferred? What would it be earning at the moment?

Mr Murray—Around the Reserve Bank official cash rate.

Senator SHERRY—Which is?

Mr Murray—Currently six per cent.

Senator SHERRY—When will the transfer of the Telstra T3 sale proceeds occur? Presumably those moneys will be paid to the Reserve Bank and then transferred to the Future Fund.

Dr Watt—I think they will be paid to the Reserve Bank. They will be paid to the Commonwealth banker. The bank will issue it and it will be passed on to the Reserve Bank. I do not think I have the details of exactly when the payment is being made. Ms Campbell might.

Ms Campbell—The first instalment receipts are due in early 2007.

Senator Minchin—So there is a payment up-front and then a residual in 18 months.

Senator SHERRY—That is to the Reserve Bank. What is the date of transfer to the Future Fund likely to be? I am obviously not after a precise date.

Senator Minchin—It would be almost immediately. We want to get it in the fund, not sit it in the Reserve Bank.

Dr Watt—It will not be long—let us put it that way.

Senator SHERRY—Mr Murray, given the transfers of moneys that are to occur, do you have anything indicative—and I use the word ‘indicative’ because I would not hold you to anything precise at this point in time—on when those moneys would be invested in the market?

Mr Murray—We had a discussion about this last time. I want to be careful not to give signals to the market about when we are moving money in the market. But I think I indicated to you last time that it could take up to a year to get all our arrangements in place. I am hoping that within the first half of next calendar year we will be able to start some form of transitional investment management and then work up to our normal long-term strategic asset allocation from mid-year on.

Senator SHERRY—So X amount will be held in the Future Fund, presumably in the Future Fund’s account with the Reserve Bank?

Mr Murray—Yes.

Senator SHERRY—So the money is technically being transferred at that time. Is it only a technical transfer, because presumably it is still in the Reserve Bank account?

Mr Murray—The transfer is from one of the other government accounts in the Reserve Bank to the Future Fund account in the Reserve Bank.

Senator SHERRY—Presumably at the same rate of interest that it is currently earning?

Mr Murray—It depends on whether we are more skilful in dealing with the Reserve Bank than the other government agencies or not.

Senator SHERRY—But we would certainly hope it is at least the same rate of interest?

Mr Murray—They have carded rates for term deposits with different agencies. I hope it is the same for us as the others.

Senator SHERRY—If it is not, it is lower?

Mr Murray—Well, it seems all right to me, but I do not know what the arrangements with the other agencies are.

Senator SHERRY—If it is lower, wouldn’t it make sense to just transfer the money from the Reserve Bank to you in much lower, lesser instalments and have a lot more of them over time?

Mr Murray—No. It is unlikely it would be lower. As I understand it, they have an even-handed treatment of the agencies. It is just that I do not know what the other arrangements are.

Dr Watt—The point is about the government wishing to pass the proceeds of the sale on once it is completed rather than hold them for any reason. I do not know what the Reserve

Bank carded series of rates looks like either, but the government has no intention of holding the funds. It will pass them to the Future Fund and hope for the best.

Senator SHERRY—So we are in a position, for maybe up to a calendar year, where some of the money, decreasing over time, is held in a different account in the Reserve Bank. It is still held in the Reserve Bank but in a differently named account.

Mr Murray—That is right.

Senator SHERRY—Will there be any publication of the figure that you invest, say, on a monthly basis that you draw out of the Reserve Bank account and place in the market? Will that be made publicly available?

Mr Murray—No. We would not do that because the market would have too much knowledge of our tactical investment position. But the investment mandate requires us to have regard to volatility in the market and not cause abnormal volatility in the way we enter the market. So that has been covered in the existing investment mandate.

Senator SHERRY—So that will only be knowledge held by the board and the internal staff?

Mr Murray—Yes. That is right.

Senator SHERRY—Will that be shared with government at all? Obviously the Reserve Bank would know because they would have the account.

Mr Murray—That need not be shared normally. We are required under the act to inform the responsible ministers of our policies and progress of the fund and the agency. The only circumstance I could envisage was if our participants in the market complained to the government about things we were doing and we may have to answer those complaints. Normally we would provide our investment performance with our annual report.

Senator SHERRY—Obviously this will be next year's annual report, about this time, I assume, given the cycle.

Mr Murray—A report for the year just ended is being prepared for six weeks' activity, which is all cash investment.

Senator SHERRY—In Budget Paper No. 1 at page 518, it envisages a reduction in non-taxation revenue and that all of the proceeds from the Telstra sale will have been transferred to the Future Fund account. As to the issue of the approximately \$8 billion—it may be more—going to the Future Fund in terms of the accounts, does that technically occur when the moneys are received by the Reserve Bank and then transferred into the Future Fund account?

Ms Campbell—When the first instalment receipts are received and then transferred, that transaction will impact on underlying cash in that it will leave the underlying cash figures and they will go into the Future Fund.

Senator SHERRY—Whatever date that is?

Ms Campbell—Whatever date that is.

Senator SHERRY—Early next year?

Ms Campbell—Yes.

Senator SHERRY—And when will the unsold shares be transferred? Around the same date?

Dr Watt—I am not sure if we have set an exact date. But, again, the intention is to transfer them fairly quickly. We do have a green shoe arrangement by which we have to hold shares for a period. They may or may not be all sold. We may or may not finish up with a zero position at the end of that green shoe. But, again, the intention is for the transfer to occur fairly quickly.

Senator SHERRY—But there must be an assumed date because you have got a reduction and a calculation for nontaxation revenue.

Dr Watt—What is in these budget documents, if memory serves me correctly, is that it has a sales structure and a sale timing which is rather outdated. If memory serves me correctly, these budget papers were put together on the basis of a sale at one point in time. That is not an instalment receipt structure. The simple assumption was probably—I would have to confirm this—no more detailed than a sale for transfer to the Future Fund at one single point in time. This was done long before we had the mechanics of sale set out so it was a very, very simple series of assumptions.

Senator SHERRY—So my assumption would be that when we get the updated forecasts, it will contain—

Dr Watt—The MYEFO will have assumptions in it which will allow for instalment receipts and a more accurate assumption about transfer proceeds which affects our interest percentage from the Reserve Bank—this is the budget sectors—and the transfer of the shares.

Senator Minchin—That would occur as soon as practical after the completion of T3. We will obviously announce that fact.

Dr Watt—I assume we will certainly announce not just when we are going to do it but when we have done it, given the significance of the transaction involved.

Senator SHERRY—When the two-year escrow period ends, what assumptions are there for the sell-down of the remaining shares to achieve a balanced portfolio allocation? The term ‘medium term’ was used.

Senator Minchin—I will just clarify that this is a matter for the fund entirely?

Senator SHERRY—Yes.

Senator Minchin—I think Mr Murray should answer that.

Mr Murray—There are no assumptions at this point, but the intent of the mandate as it has been discussed at this point is that the shares would be sold over the medium term and the board must take into account optimising the long-term structure of the fund. So the board would be trying to determine whether to sell shares sooner or later on the best judgement they can make about which would optimise the size of the fund in the longer term.

Senator SHERRY—You use the term ‘medium term’. What does that mean in banker’s language?

Mr Murray—A very long-term loan is 15 years, medium is up to seven. But medium is not prescribed. I think it is an important word because the fund is described as long term with a horizon of 2020. So clearly medium is well inside that.

Senator SHERRY—With the sale of Medibank Private and the Australian Submarine Corporation, are the proceeds to be transferred to the Future Fund?

Mr Murray—That is not an issue for the fund.

Senator SHERRY—No. I know.

Senator Minchin—Senator Sherry, as you know, when we announced the establishment of the fund, we indicated that the government's general intent would be that the source of the funds to go into it would be surpluses and proceeds of asset sales. But my recollection is that we specifically said discrete decisions would be made in relation to each asset sale as to the distribution of the proceeds. So the general intent is that the Future Fund would be the recipient of proceeds of asset sales, but we will make each decision discretely. So we have not made any decisions with regard to Medibank Private or ASC, which are the only other two asset sales that we are committed to.

Senator SHERRY—I return to you, Mr Murray. If and when the sale of Medibank Private and/or the Australian Submarine Corporation go ahead and if the sale proceeds were placed in the Future Fund, whatever that may be, if indeed it is anything, depending on whether the sale goes ahead, that would enable the fund to achieve its target balance at an earlier date, presumably? It must, because additional funds are being injected.

Mr Murray—At the margin, yes.

Senator SHERRY—We do not know whether it is at the margin yet. It depends on the sale proceeds, doesn't it?

Mr Murray—Marginal proceeds, because there are no firm commitments of funding of the Future Fund now. So at the margin there would be incremental proceeds which would close the gap earlier, yes.

Senator SHERRY—But obviously you are unable to judge yet (1) because we do not know what those sale proceeds will be and (2) they are not committed to the fund.

Mr Murray—Given the expected size of the fund by June 2007 and my understanding of those assets, which is not an expert one, the difference would not be significant.

Senator SHERRY—So what is the expected size of the fund by June 2007?

Mr Murray—If we take the \$18 billion plus the \$13.6 billion that is committed plus the total value of Telstra, whether it is in proceeds or shares and some earnings on the way through, it is likely to be over \$50 billion.

Senator SHERRY—You will be doing a yearly actuarial assessment on the progress towards the target goal?

Mr Murray—It is required to be done under the legislation. There is required to be a target asset declaration before funds can be injected.

Senator Minchin—Mr Murray is correct that it is not done by the Future Fund; it is done by the Department of Finance and Administration. An assessment has been made before the surplus that has just been foreshadowed as coming forward was put in. I believe that is published.

Ms Campbell—Yes. That has been published. We have a designated actuary who makes those assessments.

Senator SHERRY—What was the capital injection as at June 2007 to be based on that actuarial assessment?

Ms Campbell—The target asset level is the upper limit that you would need to match the accrued benefits at that time. That is \$87.2 billion.

Senator SHERRY—So by June 2007?

Ms Campbell—The target for 2006-07 is \$87.2 billion.

Senator SHERRY—At the moment it is likely to be \$50 billion plus \$18 billion?

Ms Campbell—No.

Senator Minchin—No. That figure is the actuarially determined unfunded superannuation liability. The point is that the fund is not to exceed the unfunded superannuation liability.

Senator SHERRY—What is the actuarially projected figure to be in the fund next year that would be required to meet the long-term objective that is stated?

Ms Campbell—The target asset level that would be needed to match the unfunded liability at 2006-07 is \$87.2 billion.

Senator SHERRY—Sorry. Maybe I am not making myself clear. What amount of money is needed to be in the fund in a year—X amount as the base, if you like, plus a little bit of earnings—to reach the figure that is required 20 years later?

Ms Campbell—We have not calculated that. The way it is set up is that the target asset level is the upper limit of what is required at that point in time to match the unfunded liability at that point.

Senator SHERRY—I understand that.

Senator Minchin—We are not doing this year by year.

Senator SHERRY—I know.

Senator Minchin—It is a 2020 target.

Senator SHERRY—But there must have been a calculation made. Let's say there is \$50 billion in the Future Fund this time next year, or \$30 billion—whatever that figure may be. What figure is needed, based on 5.5 per cent over the 20 years, to reach the final goal?

Ms Campbell—There were assumptions initially when the 2020 figure was established. The government takes a decision on an annual basis, being conscious of the target asset level and other objectives, on what will be transferred to the Future Fund.

Senator SHERRY—What is the base figure that is needed, on the assumed earnings rate that is needed to get to the balance, if you like, before payouts start to occur by 2020?

Senator Minchin—For what—2006-07?

Senator SHERRY—Yes. What is needed in the fund? Let's say there is \$30 billion plus the 5.5 per cent per annum assumed through to 2020, which is the target date, and then draw-downs occur.

Senator BERNARDI—Is it possible to actually calculate the exact requirements? Aren't the liabilities going to continue to grow over the next 15 years?

Senator Minchin—The target is \$140 billion by 2020 which we have actuarially determined to be the liability at that time. Subject to advice, we have not done a linear progression through for each of the 15 years intervening. What we do, though, is determine actuarially the liability because of the statutory requirement that the fund not exceed that liability in any single year as we approach that target of \$140 billion by 2020.

Senator BERNARDI—So, to put it in layman's terms, if you use the rule of 72 and say we have 14 years in order to get \$140 billion, if we had \$50 billion in there next year—

Dr Watt—You would be speculating.

Senator Minchin—I think David can comment too, but I imagine that the fund will have less in it than the actuarially determined level of the liability in the early years of the fund. That is inevitable. I think it is a given.

Senator SHERRY—What is the base figure next year that actuarially is required in the fund at the assumed earnings rate through to 2020 to get you to the \$140 billion?

Ms Campbell—You would have to assume how much is going into the fund every year that the government would be putting in as well as the assumed interest rates. What the government has decided is to take that decision every year, conscious of the target asset level and how much money they are going to put into the Future Fund.

Senator SHERRY—So whatever amount of money is in the fund next year, whatever that figure is—X—it may be too much or it may be too little?

Senator Minchin—No. It would certainly be less.

Mr Murray—Given what has been said, as of mid next year, the present value of the liability appears to be \$87 billion. So the best estimate of the fund is \$50 billion something. So it is still short, yes.

Senator Minchin—And that will influence future government decisions as to putting proceeds of asset sales and budget surpluses into the fund, to the extent there is that gap.

Senator SHERRY—Sure. The figure in the fund next year I accept has to be less than the liability next year. Otherwise, frankly, I do not think there would be any sense in having the Future Fund. It will be less. But let's assume it is \$50 billion. If it is \$50 billion plus the projected earnings rate of the fund accumulated over time through to 2020 to reach the balance figure, what is the base figure? It should be in the fund next year. It may or may not be. It may be too little or may be too much. What is the base figure?

Dr Watt—If I understand what I have been told tonight, I think the message is that we do not do that calculation.

Senator SHERRY—I just assume that would have to have been done by the actuaries because the actuaries would have had to have started with a base figure next year plus the assumed earnings rate in order to achieve the balance by 2020.

Ms Campbell—The designated actuary looks at the superannuation liability.

Senator SHERRY—I understand that, yes.

Ms Campbell—And that is used by the government each year to determine whether or not they have met the liability as it stands today. So a decision is taken on what capital is put into the Future Fund then.

Senator SHERRY—But we know that in the early years the amounts of money in the fund will not meet the actuarial debt for that year. It is projected to reach a balance by 2020. It seems to me there must have been a calculation made of what is required in the fund next year plus the assumed earnings rate of 5.5 per cent for the next 13 or 14 years to give you an outcome of \$140 billion.

Senator Minchin—That is the target that we need to reach if we are to stay on top of the liability.

Senator SHERRY—Yes. I understand that.

Senator Minchin—Whether we do or not will be a function of whether we keep generating surpluses, how much the fund can earn and whether we sell assets that we put in there. There are a whole lot of variables in there. But in making the annual decisions relating to the distribution of budget surpluses and asset sales, we need to know the actuarial size of the debt in order to guide the government's annual decisions. We also have against this the fact that the *Intergenerational report* says that, with no change in policy and assuming certain growth rates, the federal budget will go into chronic deficit in 2015. There are a whole lot of variables in there that will influence the government each year.

Senator BERNARDI—I understand Senator Sherry's point. If we plonked a bunch of money into the Future Fund next year and it earned 5.5 per cent, when would it become \$140 billion in 2020? The answer to that question is we need about \$70 billion in there.

Senator SHERRY—Next year?

Senator BERNARDI—If you never added further funds to it. This is the compound interest.

Senator Minchin—That may well be right, but we have not done that calculation.

Senator BERNARDI—But that is I think what Senator Sherry's question is.

Senator SHERRY—I am just asking whether the calculation has been done. I assumed it would be.

Senator Minchin—No.

Ms Campbell—It has not been done.

Senator SHERRY—So at this point in time next year the Future Fund effectively will be underfunded. In order to meet the projected target by 2020, it will be underfunded by about \$20 billion at that point in time?

Senator Minchin—Certainly the size of the fund, because they will not have made many investments by then, will not equal the actuarially determined size of the liability at that point.

Senator SHERRY—No. I am not asking you about that point; I am talking about what is needed in the fund, assuming a fund earnings rate through to 2020, to meet the \$140 billion—the base figure. It is not going to be enough.

Senator Minchin—That may well be true. That is the reason why the government is strongly of the view that the fund must retain all its earnings. That will influence the government's decision when it comes to the allocation of budget surpluses and asset sales on an annual basis.

Senator SHERRY—But on that basis, you would be contributing a substantial part of all future budget surpluses—X billions of dollars, whatever they are—into the Future Fund.

Senator Minchin—We will make that decision annually based on our best estimates of the needs of the fund, given that it is our policy that it retain all its earnings, which obviously makes it more likely that it will reach the \$140 billion than, with great respect, your policy of stripping out those earnings.

Senator SHERRY—But at this point in time we know there will not be sufficient moneys in the fund next year. X additional moneys will be required to be allocated in following years from presumably budget surplus or asset sales. That is going to be required?

Senator Minchin—That is right. That just goes to the point as to why it needs to retain all its earnings.

Senator SHERRY—It goes to the point of why it exists in the first place, but that is a debate we can have in another place.

Senator Minchin—Are you saying that because it is a difficult target to reach we should not even make an attempt? That is a ludicrous policy, Senator Sherry, and I am sure you would not really believe that.

Senator SHERRY—You have got closed off defined benefit points.

Senator Minchin—We know we have a \$140 billion liability.

Senator SHERRY—You have closed off defined benefit funds which decline unless they peak. They decline in terms of the payout. You have that.

Senator Minchin—You have a \$140 billion liability that will cost the budget \$7 billion annually in 2020. That is what we are seeking to relieve our future generations of.

Dr Watt—It might be worthwhile making a couple of points about the liability. One is the Defence scheme is still open, as you are aware. Those liabilities grow very rapidly. Secondly, even with the CSS and PSS, the PSS liabilities do continue to grow, even though the scheme is closed. The CSS does decline.

Senator SHERRY—It certainly has for Telstra employees.

Dr Watt—The CSS does decline. The other point to make is a lot depends upon what happens with the shape of those funds in terms of government policy. You raised the issue of interdependency and other issues. Depending on what decisions the government may or may

not take, they can add to the liabilities in the fund, and perhaps significantly. So it is a real moving target. I just want to make one further point. We talked a little about back of the envelope arithmetic and about what might or might not be there in one year. I just point out that any thoughts about this are highly speculative.

Senator SHERRY—But nevertheless it is public policy and the fund has been created so it is open for discussion and debate.

Dr Watt—Open for discussion and debate. But just remember the limitations of some of the numbers that are being tossed around.

Senator SHERRY—I understand. I think that is an important point in dealing with actuarial projections of such significant sums of money over time. It is a significant issue and question mark for any projections in this area. But at the moment we know that as of next year the Future Fund will not have the required funding by X billions of dollars. We just do not know what the figure is.

Dr Watt—We just do not know what the X is; you are right.

Senator SHERRY—We do not know what the X is.

Dr Watt—Beyond saying it is probably a very large number, leaving aside what a very large number is.

Senator SHERRY—And that very large number will come from, on current government policy, asset sales or budget surpluses. They are the only possible areas—

Senator Minchin—And earnings of the fund.

CHAIR—We only have about five minutes left and Senator Joyce has a question.

Senator SHERRY—I did read out Queensland National Party policy. You had better be aware that it has been debated.

Senator Minchin—Apparently you have got a unity ticket.

Senator JOYCE—I thought he was with you. With the Future Fund, the process had to come about. Was any process developed before the set-up of the Future Fund for how we were going to cover these contingent liabilities with regard to unfunded superannuation? If we had not set up a Future Fund, how would we have possibly ever covered it?

Mr Murray—I do not know what all the options considered were. But the funds have to be set aside in one way for to you meet the liability.

Senator JOYCE—Was there an alternative policy that was somewhere in the mix?

Mr Murray—That would not have been for me to consider. It is for the government.

Senator Minchin—The question is: what would we have done if we did not have the Future Fund?

Senator JOYCE—My question is: was there an alternative policy to the setting up of the Future Fund? From what I can gather, we had no alternative but to set up a Future Fund and the money had to come from somewhere so it had to come from the sale of assets. The question I am posing is whether there was an alternative policy of some description for another way to fund the superannuation liabilities.

Senator Minchin—The only thing that you could do, which is what was occurring, is have the proceeds of asset sales and surpluses simply sitting at the Reserve Bank. We only got to the point, of course, in this just completed financial year of having paid off entirely the net government debt. Because we are keeping a market in Commonwealth government securities, there was an issue of where we hold gross government assets. They can be held, as they have been in the past, simply on current account at the Reserve Bank or invested in a dedicated investment vehicle. That was really the choice open to the government. I think we made the sensible decision to put it into a dedicated investment vehicle.

Senator JOYCE—With the current timeframe and the returns on the fund, has there been a change in the envisaged time when the Future Fund will meet our superannuation liabilities?

Mr Murray—No. Not at this stage. It is early days. But the sort of asset levels we would have by next year were a possibility at the start. We are sort of where we expected. Naturally at this stage of the fund we are below the actuarial liability.

Senator BERNARDI—This is a question again, Mr Murray, in relation to the earnings of the fund and your stated benchmark of 5.5 per cent as a real rate of return. It is a very conservative figure given that the historical real return of the Australian share market is quite a bit higher than that.

Mr Murray—The target is between 4.5 per cent and 5.5 per cent real. Taking 100-year returns in markets around the world, that appears to be an appropriate target for a long-term investment.

Senator BERNARDI—Will the funds be invested solely in Australia?

Mr Murray—Not necessarily. We have to build our investment policies around the type of portfolio that would reach that rate of return with a risk expectation that is not overly aggressive and not overly defensive. Usually a portfolio of that size would have assets invested in fixed interest markets, other alternative markets to a lesser extent and equity markets both domestic and internationally.

Senator BERNARDI—Going back to the issue of growth before I hand over to Senator Joyce, there are going to be times when you are going to significantly outperform that 5.5 per cent benchmark, I would assume, just because of the nature of equity markets. So it may be that, at the end of a period of two or three years, that \$51 billion catches up to the liability equation in a very short space of time if we invest in the right markets. Is that a fair point?

Mr Murray—As we have been discussing, we are well behind it at the moment. But this can happen later. There are provisions for dealing with that if it occurs. It is an important consideration for the fund, the potential volatility in earnings and when funds could be required by the government under the model that has been established, because that changes the way we go about investing.

Senator BERNARDI—I guess my point is that if we achieve an eight per cent real rate of return, the \$50 billion would cover all the liabilities quite easily?

Mr Murray—Eight per cent real?

Senator BERNARDI—Yes.

Mr Murray—It would be fantastic if we did that for a significant period of time.

Senator BERNARDI—It would be.

Mr Murray—I would like that.

Senator BERNARDI—I based that on some research that I did on the Australian share market from a real rate of return over the last 50 years or so. I just point out that it is very hard, for the benefit of everyone here, to say simply you are going to get a 5.5 per cent rate of return every year because there could be years where we significantly outperform that. Thus, we may not be as underfunded.

Mr Murray—And years of underperformance.

Senator BERNARDI—And years of underperformance. Yes, I accept that as well.

Mr Murray—The best thing to do with a fund like this is to be able to take a long-term view and set the portfolio up in the proper structure.

Dr Watt—It is also worth pointing out that it is not Mr Murray's benchmark per se. It is the benchmark the government sets Mr Murray.

Senator BERNARDI—I understand that. That is why I believe that perhaps we have erred on the side of caution. But I defer to the experts in the field.

CHAIR—We are over time, so we will just hear from Senator Joyce and then Senator Sherry quickly for a final question.

Senator JOYCE—Does the Future Fund envisage the purchase of public capital or the construction or purchase of public capital assets if their return is deemed to be above the benchmark and, if close to the benchmark, that they would also incur a capital appreciation of that asset that would take them above the benchmark? For instance, like a Macquarie Bank type structure, would you envisage the purchase of a tollway or the construction of a tollway if you could show that you could get a return above your benchmark and the capital appreciation of the asset could also be returned to the Future Fund if it were sold down the track?

Mr Murray—I envisage that the Future Fund, as part of its strategic asset allocation, would have some infrastructure investments. We can only invest in financial assets, which means we could buy trust units in the market in infrastructure funds. We would determine whether it was appropriate or our managers would determine whether they are attractive assets based on the normal market considerations.

Senator JOYCE—If there were necessary infrastructure at a commercial return, you could be involved with it as a part of units in a trust.

Mr Murray—Yes. My understanding, for example, at the moment is that there are more funds available for investment in infrastructure than there are projects available in the market.

Senator Minchin—Senator Joyce, I should clarify that we as a government made a very deliberate decision that the fund should not be allowed to invest in physical infrastructure but certainly should be able to invest, in accordance with its broader mandate, in vehicles that invest in infrastructure, absolutely.

Senator SHERRY—Has there been any estimate of the likely fund management costs?

Mr Murray—We have started to look at that for the purpose of making estimates, but we have not gone into it in detail at this point because the investment staff are not there. Our asset consultant has not yet started but will be shortly. They vary considerably depending upon the mix of assets. They can be very high if you pay an absolute return fund a performance based fee. It can be anything between 30 and 50 basis points if you just take the normal range of management for equity and much less for fixed interest.

Senator SHERRY—Just given the size of the fund and the nature and structure of the fund, would it be fair to say that they are likely to be on the lower side by comparison to other resale wholesale management fees in other funds?

Mr Murray—It would be competitive at the sort of size we are talking about at mid next year. But it would not by any means be one of the biggest funds in the world.

Senator SHERRY—No. I am not suggesting that. I am talking about by Australian comparison.

Mr Murray—The largest manager in the market in Australia has some \$157 billion.

Senator SHERRY—Which is?

Mr Murray—Colonial First State. It is well known to me from my past. To give you an idea, that is the largest in the market.

Senator SHERRY—Will you be doing ongoing comparisons between your total funds management costs and other providers and investors in the Australian market?

Mr Murray—I think we should—in fact, we must—to demonstrate our efficiency in the management of the funds and to hold our investment staff accountable for their performance.

Senator SHERRY—Otherwise, you may as well hand it all over to Colonial First State if you cannot outperform them.

Mr Murray—Yes. They—

Senator SHERRY—Get rid of you and just bring in Colonial First State.

Mr Murray—Yes. You would still need somebody to manage the contract.

Senator SHERRY—Yes. We would get two for the price of one, wouldn't we, in your case?

Mr Murray—That would be a fairly concentrated approach but a fantastic outfit, though.

Senator SHERRY—We will see how it is going next year.

CHAIR—Thank you. That concludes the Future Fund Management Agency examination. Thank you, Mr Murray, Mr Barnes and Dr Watt.

Senator Minchin—In the interests of not being subsequently accused of misleading this committee in any way, I want to clarify the issue with relation to the T3 advertising account. Last night in the PM&C estimates Mr Williams, representing the government agency responsible for advertising, indicated that the account had been won by Young and Rubicam and then George Patterson had subsequently merged with Young and Rubicam. Based on what

Mr Williams had said, I took that to be gospel because I was not intimately involved in that mechanism. But I am advised this evening that in fact that the merger of George Patterson and Young and Rubicam occurred around September-October 2005 but the account was awarded, I think, in early 2006. For the record, that merger occurred prior to that, so the account was won by George Patterson Y&R.

CHAIR—Thank you for clarifying that. Thank you, Senator Minchin.

[9.13 pm]

Department of Human Services

CHAIR—I welcome representatives from the Department of Human Services and Centrelink. I welcome Senator Kemp.

Senator Kemp—It is always a pleasure to be here, Senator.

CHAIR—Ms Scott, that was a lovely profile the other weekend—

Ms Scott—Thank you very much.

CHAIR—in the *Good Weekend* magazine. We will start with general questions from Senator Moore.

Senator MOORE—I will start with a general question about questions on notice in terms of the numbers that were answered and the numbers that were submitted and answered on time and the interesting focus of the cost of each answer. I would like to know what the total cost of the questions that you supplied to us was and whether there are any outstanding.

Ms Scott—You asked a question about timeliness. We had 73 questions on notice. We have answered 72. We will clarify one because we feel that we answered one at the last estimates. At this point in time, of the 72 questions, we have responded to all of them. So at this stage, apart from this one issue of whether there was a question or not or whether we can clarify that, all have been answered. In terms of timeliness, 44 per cent were tabled by the deadline of 7 July but all have been now tabled bar this one.

Senator MOORE—Before 7 July, which was the agreed due date, was there any advice given to either the secretariat or to the people who asked the questions about 60 per cent that were not answered in time?

Ms Scott—I will just check. No, there was no advice to the secretariat.

Senator MOORE—I am going to get this out of the way straight away because we have had considerable discussion in previous estimates processes about concern regarding questions on notice. We absolutely take the point that we ask lots of questions and there will be some issue with getting them back on time across all the subsections of Human Services. What we had established, though, was, I thought, an agreement that if there were going to be a delay or an extra impost on the department, we would be advised so we would not be wasting the first five minutes of limited time yet again wondering why, in response to questions put on notice in good faith at the last Senate estimates, we were receiving answers as recently as yesterday. Is there a problem with letting us know around 7 July, or whatever the available date is this time? What is the date for returns this time?

CHAIR—It is 12 December.

Senator MOORE—Is there any problem around 12 December or otherwise in someone advising us if there is going to be a problem with a response?

Ms Scott—I am more than happy to consider what you are suggesting. We did answer another 10 per cent within four weeks of—

Senator MOORE—Which makes less than 60 per cent, Ms Scott.

Ms Scott—It is just that this is iterative, as I have explained every other time we have met. An answer cannot be submitted until it has completed the process, including all the clearance processes. So I apologise once again for the lateness of the answers, but I am pleased to say that all have been answered and all have been tabled. You suggest that we approach the committee and indicate whether some are not going to be on time. I am comfortable with that suggestion.

Senator MOORE—Can we agree on that, Ms Scott? I take the point you were not at the last estimates, but Mr Leeper was. We had this same discussion. It was not just in Human Services; it was in Centrelink. It was the portfolio responsibility. Can we actually get it on record that we agree to that process this time?

Ms Scott—The idea is that, by the time we get to the deadline, we indicate the ones we have answered. That would not be problematic. The second part of your question related to—

Senator WONG—We know which ones you have answered by the deadline. The issue is the ones that are going to be late.

Ms Scott—I guess every one we have not answered is going to be late.

Senator MOORE—We can agree on that.

Senator WONG—Yes. That is right. I think the bigger issue is to give the committee an indication of the timeline.

Ms Scott—I think that is where it is more problematic because it is an iterative process. I could not indicate more—

Senator WONG—Can we stop. What is iterative? Between whom? Within the department or between you and the minister's office?

Ms Scott—Between ourselves and the agencies. Between our agencies and the minister's office. So the process does not finish until an answer has been cleared.

Senator WONG—That is self-evident.

Ms Scott—That is right. The process is an iterative one where clarification is required from time to time. We can only do our best. Should I move on to the second part of the question, which was the cost of the answers provided? It would fill an arch file.

CHAIR—Sure.

Ms Scott—The estimated cost of the answers—

Senator MOORE—They averaged out at \$180. I just wanted to know whether you had kept that data.

Ms Scott—The arch file of answers we provided cost approximately \$14,000.

Senator MOORE—Thank you very much.

Ms Scott—Would you like the average?

Senator MOORE—Actually, we would like that if you can get that on record. You have that data?

Ms Scott—Yes, it is \$195.

Senator MOORE—That is what I thought.

Ms Scott—The total time taken to prepare the responses was 256 hours.

CHAIR—That is 256 for each?

Senator MOORE—For the total questions.

CHAIR—That is for the total?

Ms Scott—Yes. One question taken on notice took 21 hours to prepare an answer for, at a total cost of \$1,220.

Senator MOORE—Can you table that piece of paper? It would be useful.

Ms Scott—I will take it on notice. I have some additional information, which I am happy to go through, about House of Representatives questions and Senate questions on notice, but they are all the same sort of thing.

Senator MOORE—So, in terms of the future, can we actually have an agreement that, around the time, you will be able to advise the secretariat of the percentage—we will know the percentage that you have responded to—or some indication of the expectation of fulfilling the others?

Ms Scott—It is not within my remit to forecast when answers are going to be completed.

Senator MOORE—You cannot tell us what stage they are at?

Senator Kemp—I think it is very hard to do that.

Senator MOORE—We asked questions on notice last time because we had limited time. We put a number of questions on notice because we were trying to squash the time for very important agencies into a short period. The department took on notice a range of questions, which is fine and standard practice. Yet again this time we were receiving answers as recently as yesterday, which does not fulfil the requirements.

Senator Kemp—If you give us a short period of time, it is because the Labor Party decided that they would allocate this particular period of time to these agencies.

Senator MOORE—No, we lost a day.

Senator WONG—You removed the spill-over day. The government made a decision as to where it would place Human Services, which was within this committee, which is a really open one.

Senator Kemp—One of the privileges one has as a minister, Senator Wong, is that one can actually make a comment without being talked over. So let me just finish. The fact is that the allocation of time—I have seen it on my own committee—is decided by the Labor Party. The Labor Party makes a decision as to how much time they will spend. I sat in my office and

watched an hour of rambling debate on the Future Fund. You might have felt that that was absolutely and critically important. I thought it was pretty ordinary. But the Labor Party made the decision that they would spend an extra hour on the Future Fund rather than deal with this very important agency. The second point I would make is that, as a shadow minister, I used to sit where you are sitting. Labor ministers would decide what could go on notice and what could not go on notice. If they felt that too much was going on notice, they would say: 'I am sorry. Too much is going on notice.' That is how it used to operate in the old days.

Senator WONG—In the old days.

Senator Kemp—In the old days, Senator Wong, when your lot were in charge and were running this shop. This government is being—

Senator WONG—He is just lecturing. This is not even a response to a question.

Senator Kemp—I am responding to your questions.

Senator WONG—I have not asked you a question. I have not asked you a single question.

Senator Kemp—Would you kindly keep quiet while I am talking.

Senator WONG—This is actually estimates.

Senator Kemp—Would you kindly keep quiet while I am talking.

Senator WONG—This is estimates. We ask questions and they are answered.

CHAIR—Senator Kemp has the call.

Senator Kemp—I have the call. Could you kindly keep quiet. I am pointing out to you that this government has made big steps forward in responding to questions on notice. We do not get the questions. The officer at the table is entirely correct. Senator Wong groans. In the old days, Labor ministers would get the questions and decide what could go on notice. In fact, we have vastly improved the system. I can understand your frustration, but I am a minister and we decide in the end when our answers go in. It is not up to the officer at the table. Of course the officer cannot determine when the relevant minister will tick off an answer. As regrettable as that may be, they happen to be the facts of life. That is the point I am making.

CHAIR—Thank you for clarifying that, Senator Kemp.

Senator MOORE—I just want to clarify. We got 44 per cent of the answers on time this time. We have acknowledged that you will not be able to tell us what the stage is next time. I will not allocate any more time to it this afternoon. I just want to put on notice yet again that it is very difficult for us to continue our process if we do not get the answers.

Senator FIERRAVANTI-WELLS—Isn't it time for you to be getting on with it? You have just wasted an hour, Senator Wong and Senator Moore, when you could have been asking questions. Then you whinge because you do not have time.

CHAIR—Senator Moore has the call.

Senator MOORE—Thank you. Minister, the point has been made. We will check out at this time next time whether we can make 50 per cent. It would be useful. It would be very helpful.

Senator Kemp—We hear you. The minister will certainly listen carefully when you want answers. That is fine. I suggest that you look more carefully at the time in which this committee conducts its work. If you cannot convince your colleagues to spend more time on these very important agencies, it is not the responsibility of the government.

Senator WONG—Ms Scott, of the 56 per cent which were received late, when were those answers provided to the minister's office for approval? I presume you will want to take that on notice.

Senator Kemp—We can take it on notice. But when you get an answer is an entirely different matter. It is entirely up to the minister to determine what response he proposes to give. As a minister, I generally do not give a timeline on when things are received in an office and when things are cleared.

Senator WONG—I do not want to have an argument about process. I refer you to the Clerk's advice that questions about the timing of the provision of advice are well within the remit of these committees. They have traditionally been asked and answered. I am asking the officer to take the question on notice. I was going to move on.

Senator Kemp—You asked for a time line. I am one who respects the Clerk but I do not immediately, because the Clerk lays down some rule, stand to attention and salute. What I suggest to you—

Senator WONG—Are we going to have you lecturing us all night, Minister?

Senator Kemp—If you keep on wasting time with this committee.

Senator WONG—I am moving on to the next question.

Senator Kemp—Senator, you can make a quick point. If you choose to make it, the government will respond. I suggest you move on to your key issues, and we will deal with them.

CHAIR—Ms Scott, you are happy to take that on notice?

Senator WONG—Are you taking the question on notice, Ms Scott, or are you answering it now?

Senator Kemp—We hear what you say. I might exercise the probity that Labor ministers exercised. We will consider whether we will take that one on notice.

Senator WONG—I ask the secretariat to get some advice from the Clerk about that at a later stage.

Senator Kemp—That is fine. Please do.

Senator WONG—If the secretariat could do that, I would appreciate that. Ms Scott, could you perhaps explain. A number of overdue answers, I understand, simply say 'No answer will be provided.' Why does it take beyond the required number of months to tell us that an answer will not be provided?

Ms Scott—I reviewed the answers this afternoon. In a number of cases, they state that nothing further will be added to what was already provided in estimates hearings. If you wish to refer to a particular question and answer, that would assist me.

Senator WONG—There were a number provided. I am happy if the secretariat wants to advise me which ones they were. If nothing will be provided in addition to what was answered in the estimates hearing, why does it take a number of months to come to that conclusion?

Ms Scott—I do not think I can add anything further to the answer I have already provided.

Senator WONG—What was the answer?

Ms Scott—There are two parts to the answer. The first part is that the process is iterative. The second part of my answer is that some of the answers refer to the information provided in estimates.

Senator WONG—Yes. I am asking about those questions which were answered late and the answer said that nothing more would be provided than what was provided in the estimates hearing. Can you explain why such an answer would be provided after the due date?

Ms Scott—I have nothing further I can add to the answers I have already provided.

Senator WONG—You have not answered it, with respect, Ms Scott. I am asking whether you can give us an explanation why an answer would be provided late that essentially says, ‘We don’t actually want to answer anything further than what we’ve previously answered.’

CHAIR—Ms Scott, I guess regardless of the content of the answer, it is the same process that is gone through?

Ms Scott—Indeed.

Senator Kemp—I think it is clear that the minister has reflected on what is appropriate to respond to. That is a decision that the minister has made. It is possible that you do not agree with what the minister has done. But the minister is the minister and he provides the answer.

Senator WONG—So those answers are answers that the minister has indicated. Let me rephrase the question. I want to understand your answer. When the department says, ‘We’re not going to provide anything further than what was provided in the hearing’ and that answer is provided late, do I understand your answer, Minister, to mean that that is a result of Minister Hockey’s intervention?

Senator Kemp—No. It would have to depend on the particular question. You asked me to reflect what could be an explanation. I have surmised that this may be one possible reason. There may be other reasons.

Senator WONG—Minister, it would be appreciated, perhaps, if you could let us know what the other reasons were.

Senator Kemp—Let me ponder that. There may be a case—

Senator WONG—I am happy for you to ponder.

Senator Kemp—Senator, you have not had the experience of being a minister. One day you may have that experience.

Senator WONG—I just said it is fine if you could.

Senator Kemp—Maybe the department has gone to the minister and said, ‘This is going to take an enormous number of hours of research to actually produce a result and we are not even sure that the result can be produced.’ So that is another reason.

CHAIR—Thank you, Senator Kemp. Senator Wong.

Senator WONG—Thank you. I have some questions about JCAs. Mr Dolan, do you not have your colleague with you?

Mr Dolan—No.

Senator WONG—I have some questions about the referral of people in rural and remote areas for JCA assessments. Is the department aware of delays in referrals to JCAs for people who reside in rural and remote areas?

Mr Dolan—We set a timeliness standard for job capacity assessments in remote areas. Eighty per cent are required to be done within 15 days, and we are exceeding that timeliness standard.

Senator WONG—Are there particular regions where are you not exceeding that standard for particular contractors? You are giving me a whole-of-system answer, I presume, Mr Dolan—a whole-of-contract answer.

Mr Dolan—I do not have that detailed information with me. I have the national average as I presented it to you.

Senator WONG—Do you have them by contractor?

Mr Dolan—Any questions in relation to contractors I would prefer to take on notice because it is a relationship under a contract with the providers.

Senator WONG—I am not asking which ones. I am just asking whether there are any contracts in which the 80 per cent target is not being met.

Mr Dolan—Performances vary by contractor and by provider. The national average is over 80 per cent under 15 days. But performance does vary. I should note that we are talking about performance in the first four months of the job capacity assessment program. In order to judge the performance of providers, we would want to get a longer run of data before making an assessment of the relative performance of providers.

Senator WONG—Presumably to get the average, you are tracking everybody to date?

Mr Dolan—It is in the system, yes.

Senator WONG—So tell me what the lowest percentage is.

Mr Dolan—The lowest percentage I have is actually in excess of 80 per cent. It is 81.6 per cent in 15 days.

Senator WONG—Hang on. How can you have an average of 80 per cent when the lowest percentage is 81 per cent?

Mr Dolan—The average is actually 92.9 per cent in 15 days.

Senator WONG—So the average is 92 per cent. The 80 per cent is—

Ms Scott—The KPI.

Senator WONG—Yes, I understood that.

Mr Dolan—So it is the second KPI. If you like, the worst performing provider is still better than the KPI.

Senator WONG—And that was 81.6 per cent, was it?

Mr Dolan—It is 81.6 per cent within 15 days.

Senator WONG—Can you tell me what happens—

Mr Dolan—I apologise. I have to correct the record. I was reading off the total assessments. For remote assessments, the average is 91.7 per cent. That is correct. But the lowest performing provider is 78.3 per cent within 15 days. So it is very close to the KPI.

Senator WONG—I think you need to get a bigger font on your brief there, Mr Dolan.

Mr Dolan—I do, indeed. I have the spreadsheets compacted.

Senator WONG—What occurs in those locations where in order to get to the JCA someone has to take a flight? How is that cost met?

Mr Dolan—There is flexibility. Where getting to a JCA would be very complex for an individual, we can arrange telephone assessments. There is some flexibility where travel would be prohibitive to get to a particular location.

Senator WONG—Before I explore the travel-will-be-prohibitive issue, what is the longest period someone has had to wait?

Mr Dolan—I do not have that information.

Senator WONG—That must make up the base data on which you would calculate the percentages.

Mr Dolan—The data we capture is from the time the referral is made until the time the report is completed. That is the KPI. It is 15 days in remote areas and 10 days in non-remote areas.

Senator WONG—We have been talking at cross-purposes. I am talking about the period between which the person is first referred to the JCA and when they actually see the assessor.

Mr Dolan—The data is actually from the beginning to the end until the report is finalised. So they would have been to the assessor well before that time. I do not have a precise—

Senator WONG—What is the longest period, then?

Mr Dolan—It could be up to 15 working days, but it would be typically even shorter than that because they have to report.

Senator WONG—I do not want a hypothetical answer. To track your KPI, you are going to have to track the number of days to work out how many people are over and under. Correct?

Mr Dolan—I am sorry—when the referral is made?

Senator WONG—If you are assessing the number of people who are dealt with within the KPI period, you must therefore have some knowledge of how many are outside that period. Is that correct?

Mr Dolan—We do. We do have the percentage of all assessment reports done within the 15 days.

Senator WONG—Do you have a record as to the length of time post the 15 days that the other reports come in?

Mr Dolan—Yes, we do.

Senator WONG—Okay. That is what I am asking you about.

Mr Dolan—A very small number of reports do take longer than 15 days, yes.

Senator WONG—So what is the longest time?

Mr Dolan—Out of 2,300 remote assessments, only about less than 100 were done over 21 days. So a very small percentage.

Senator WONG—How many were over 15?

Mr Dolan—About 180.

Senator WONG—So the cumulative figure is 280 over 15?

Mr Dolan—It would be that 8.3 per cent were over 15 days.

Senator WONG—Can we just stick with the numbers for a minute because I do not understand the numbers you just gave me. You said about 100 were done in excess of 21 days.

Mr Dolan—Yes.

Senator WONG—And about 180 were in excess of 15 days?

Mr Dolan—No. There were 88 done between 16 and 20 days and 100 done over 20. So that gives you a total of 180.

Senator WONG—And were there any in excess of 21? That was the 100 figure?

Mr Dolan—Yes.

Senator WONG—What is the longest timeframe?

Mr Dolan—Well, 60 were done over 26 days.

Senator WONG—Sixty over 26 days. When do you stop measuring?

Mr Dolan—Twenty-six days plus. There are a number of reasons why they can be longer.

Senator WONG—From memory, when we were discussing this before, you said you can do a JCA over the phone. You can do a JCA over the phone, can't you?

Mr Dolan—The vast majority—91 per cent—of assessments are done face to face. A few are done over the phone.

Senator WONG—So two per cent?

Mr Dolan—About three per cent are done over the phone.

Senator WONG—So three per cent may not involve any face-to-face contact at all?

Mr Dolan—Ninety-two per cent are done face to face and 3.6 per cent are done over the telephone. That could be if the person is in hospital and it is just not feasible or possible for him to get to an assessor. Some four per cent are file assessments that have had a recent

assessment and we are just updating for more information, and so on. But the vast majority are face to face. The guidelines require face-to-face assessments where possible.

Senator WONG—Is there a 0.4 per cent something else there?

Mr Dolan—That might be video conferencing. We have other ways that providers can do assessments. But I do not have any detail on that.

Senator WONG—So that 0.4 might be ‘other’.

Mr Dolan—Yes.

Senator WONG—I will be up-front with you. We understand that, for example, in Ceduna there has been some concern raised about JCAs being conducted in relation to people who reside in Ceduna because the cost of the flight in fact exceeds the contractual fee for the JCA.

Mr Dolan—I would have to take that question on notice and follow up with the providers. No-one has raised that issue with me.

Senator WONG—Providers or individuals have not raised with the department a concern about not being able to get a JCA done because it would involve a plane fare?

Mr Dolan—I have had no complaints raised with me.

Senator WONG—Does anyone in the department have any knowledge of this?

Ms Scott—We have just checked. We do not have any understanding of what you are referring to. We have had very few complaints.

Senator WONG—So what are the measures you take to ensure timely referral? What are the sorts of drivers to ensure compliance with the KPI?

Mr Dolan—Similarly, it is in the contract. It is in our actual request for tender. We indicate in the contracts that providers will be measured on their performance. Meeting the timeliness standard is a key requirement. The incentive for the providers to abide by that is they are seeking business at the next round of contracts and the next request for tender. Good performance in the first two years would be something to put into future contracts.

Senator WONG—So what is the sanction or the penalty?

Mr Dolan—Under the contract we have a range of sanctions available, depending upon the severity of the case.

Senator WONG—Perhaps you could on notice provide us—

Mr Dolan—It can include, for example, no referrals. So we have been quite strict, but in the worst possible case, we can stop referring people to that provider if they do not abide.

Senator WONG—Have you done that yet with anyone?

Mr Dolan—No.

Senator WONG—I would appreciate it perhaps on notice, because I want to move on to a different topic, if you could indicate to us what sanctions are available under the contract in relation to nonperformance.

Ms Scott—We can withdraw the business that we are providing if they do not perform.

Senator WONG—By, say, no more referrals?

Ms Scott—Yes.

Senator WONG—Is there a dispute resolution mechanism within the contract around that?

Mr Dolan—There definitely is, Senator. There is a lot of attention paid to setting performance standards. The ultimate sanction is taking business away.

Senator WONG—I cannot remember. Did you provide me previously with a draft contract? You certainly gave me the tender.

Mr Dolan—The request for tender had a draft contract in it.

Senator WONG—Has there been any amendment to that?

Mr Dolan—Yes. There would have been amendments. But that would have been in the tender. There may have been some detailed modifications, but the substance should be there.

Senator WONG—Perhaps let's not hypothesise. I would appreciate it if you could give me the up-to-date version.

Mr Dolan—We can give you an updated version.

Senator WONG—That would be great. Thank you.

Mr Leeper—One of the tools we use with this—

Senator WONG—I was actually going to move on unless this is very important.

Mr Leeper—I will be very brief. One of the tools we are using to drive performance in this area is, in effect, we allocate market share to each of these providers, including the public sector providers. We are watching their performance against their expected market share. If they lag behind, we can take corrective action.

Senator WONG—I will turn now to the JCA guidelines. It is the case, isn't it, that there is an example in the guidelines of a temporary condition, which includes a person having breast cancer, having undergone a mastectomy and currently having chemotherapy? Are you familiar with that?

Mr Dolan—There is an example, yes.

Senator WONG—That is an example of a situation where a condition would not be regarded as being stabilised?

Mr Dolan—Yes. To illustrate—people can have a condition, but if it is expected to improve, it may not be considered permanent. That is an example of that.

Senator WONG—Was that the basis for the decision in relation to Matthew Pearce—that it was a temporary condition?

Mr Dolan—No. It was not. Matthew Pearce was assessed under better assessments, not under the JCA.

Senator WONG—Are you aware how many people have been refused the DSP, I presume, on the basis of their condition being temporary?

Mr Dolan—Questions around DSP rejection rates and acceptance rates are really managed by the Department of Employment and Workplace Relations.

Senator WONG—You manage the JCAs.

Mr Dolan—We manage the assessments.

Senator WONG—Which is the assessment by which people are then determined to go into one or either income support stream.

Mr Dolan—That is indeed correct. But the job capacity assessment does not lead to the determination of someone's DSP. That decision is made by Centrelink on the basis of the information provided in the JCA assessment.

Senator WONG—How many JCAs have resulted in a finding that someone has only a temporary condition? Do you track that?

Mr Dolan—I would have to take that question on notice. I do not have that information with me.

Senator WONG—Do you track condition type, such as musculoskeletal conditions?

Mr Dolan—I do not have that detailed information with me.

Senator WONG—I am not asking for it. I am asking what data you track. Do you keep some sort of dataset that says, 'We've got this many people who have been assessed as having a musculoskeletal condition, this many people who have a mental health issue, this many people who have some other condition?'

Mr Dolan—The data is held on the system in the provider reports. I do not have that information with me. I would need to take that on notice as to what information we could provide.

Senator WONG—I have heard what you said—that you do not have it with you. But in order to put it on notice, I need to understand how you track your data. So can you explain that to me. Do you track condition type?

Mr Dolan—Sorry?

Senator WONG—Do you track the type of condition?

Mr Dolan—Bear with me one minute. The information is in the system, but it is information with the Department of Employment and Workplace Relations. I suggest you ask them that question. The system is joint. Assessors feed into the income support decisions and feed into DEWR's information system.

Senator WONG—I can tell you what they will say. They will say, 'The JCA is Human Services, baby. You'll have to ask them.' So I do not want to ping-pong between them. It is a joint system, so you can provide the data. Correct?

Mr Dolan—It is a joint system. To repeat my response, that information would be best asked of the Department of Employment and Workplace Relations.

Senator WONG—Why is it best asked?

Mr Dolan—Because that information relates to the determination of people's income support decisions. Our system relates to the job capacity assessments.

Senator WONG—I am not asking that. I am not asking about the determination of which income support payment they are going on to. I am asking whether you track the conditions that are assessed as a result of the JCA.

Mr Dolan—We will take that on notice.

Senator WONG—Can you tell me at least what the system does track?

Mr Dolan—The system tracks, from our perspective, the referral of the person to the job capacity assessment. The assessment report is electronic. The assessment report is then fed into the electronic system and captured. The system then captures the person's income and the income support decision and the referral to the employment service.

Senator WONG—Does it capture the condition, the disability type?

Mr Dolan—To capture that data may require some interrogation of the database. I am just not sure exactly how things can be easily accessed. That data is recorded in the assessment reports. Those reports are built into the system. It is a question of how easily they can be extracted.

Senator WONG—I think the other question—the decision to not grant a carer payment—should be asked of Centrelink, shouldn't it, not DHS?

Mr Dolan—Yes. That is not a job capacity assessment issue.

Senator WONG—Is financial case management Centrelink too?

Ms Scott—Yes.

Senator WONG—You are going to get out of this very easily, Ms Scott. To follow up on the questions I asked last time about the pilot for the increased contact in the four Centrelink offices would be Centrelink, presumably. Do you have any involvement in that, Ms Scott?

Ms Scott—The job capacity assessment is not involved.

Senator WONG—Does the core department, as opposed to the agency, have any involvement in that?

Ms Scott—Only in our sort of interest in seeing how Centrelink is performing.

Senator WONG—I have finished with the JCA, thank you.

[9.52 pm]

Centrelink

CHAIR—I call Centrelink.

Senator WONG—Mr Whalan, have you tabled your annual report?

Mr Whalan—It is tabled today. The annual report is tabled today. It is due by close of business today.

Senator MOORE—I have not read it yet. Have you read it, Senator Wong?

Senator WONG—In your annual report there is a reference to a contract with a Peter Kennedy for the development of an ethics strategy, framework and integrity action plan. Did that go to tender, that particular contract?

Mr Whalan—No. It was a direct engagement.

Senator WONG—Who made that decision?

Mr Whalan—I made that decision.

Senator WONG—It is listed in the annual report as being a contract price of \$38,720. Do we have a copy of the annual report tabled today? Has this committee got a copy of it? I indicate that we tried to get a copy from the Table Office and were not able to. No-one on the committee has one. If one of your officers has a copy of the tabled annual report, we would most appreciate it.

Ms Scott—We are just getting copies.

Senator WONG—Thank you.

Mr Whalan—In order to be clear on the tabling, the tabling was in the House of Representatives today. It is in the Senate next week.

Senator WONG—That makes it very easy, doesn't it, Mr Whalan, for senators to scrutinise the annual report before the estimates hearing. Do we have a copy now?

Mr Whalan—I do not believe we do, but I will just confirm that.

CHAIR—The moment it is tabled in the House, it is a public document.

Senator WONG—It is not accessible.

Senator Kemp—This issue has come up at other estimates committees. It is, as the officer said, to be tabled by close of business today, the 30th. It is quite clear that this does not entirely fit in with the estimates timetable.

Senator WONG—Do you have a copy of the annual report here, Mr Whalan, for you?

Mr Whalan—I have the page.

Senator WONG—The appendices are at page 190.

Mr Whalan—I have the page.

Senator WONG—It says Peter Kennedy, \$38,720. Is that a correct contract price?

Mr Whalan—It is a part payment, I understand, for a part of the financial year.

Senator WONG—Doesn't table 41, of which this is an extract, refer not to the payments under a contract but the value of the contract price that was let in that financial year?

Mr Whalan—Yes, it does.

Senator WONG—Maybe it is a different contract. I am just trying to see if it is the same number. AusTender has a contract listed for—

Mr Whalan—162538?

Senator WONG—\$402,688.

Mr Whalan—Which is a separate and new contract to the one you are referring to.

Senator WONG—When was this one let?

Mr Whalan—The second one was let on 9 October 2006.

Senator WONG—Let's go back to the beginning. You say \$38,720 is a part payment under the first contract?

Mr Whalan—Yes. That is correct.

Senator WONG—What was the total value of the first contract?

Mr Whalan—In the order of \$75,000.

Senator WONG—Why wasn't that disclosed in the annual report?

Mr Whalan—There actually were two separate work orders. There were three all up. This is the first of two work orders within that \$75,000 figure. It is approximately \$75,000.

Senator WONG—Is the second work order identified in the annual report?

Mr Whalan—I do not believe so. I will need to confirm for you the date of the second work order.

Senator WONG—I understand what you were disclosing here, though, is not payment; it is the value of contracts let in that financial year. So either \$75,000 should have been disclosed or two lots of \$38,720 and then the remainder, which is \$32,000, should have been disclosed.

Mr Whalan—I will need to confirm that for you.

Senator WONG—Then you have another contract for exactly the same thing—the provision of ethics—

Mr Whalan—The same person but a different contract over a different period.

Senator WONG—of \$402,000. What is the time frame for that contract?

Mr Whalan—It is for two years.

Senator WONG—That is \$200,000 a year?

Mr Whalan—Correct.

Senator WONG—Is this the only person who is undertaking this work?

Mr Whalan—Yes, it is.

Senator WONG—It is a fairly large contract. You are talking \$480,000 on essentially the same issue, which is an ethics advisory service.

Mr Whalan—Yes. Over two and a half years or so.

Senator WONG—Which did not go to tender.

Mr Whalan—We deliberately sole sourced it. We basically wanted someone with deep expertise in the federal Public Service working with large agencies and knowledge of how they operate and the framework and legislation and details of the Public Service. Mr Kennedy has an absolutely eminent background in this area.

Senator WONG—You say it is to the SES. The \$400,000 one is the third contract?

Mr Whalan—It is the second contract and third work order.

Senator WONG—So the second contract. Can you just tell us exactly what that will do, what that encompasses?

Mr Whalan—It is a mixture of working on my behalf within the organisation in terms of developing and promulgating an ethical framework for how staff ought to operate when they are in doubt. He provides a consultancy service particularly to the SES and advice to the SES, who often find themselves in situations where they are unsure about the judgement they need to make in grey circumstances.

Senator WONG—I will put more questions on notice. Couldn't those sorts of skills have been identified through a tender process?

Mr Whalan—I do not believe so.

Senator WONG—With financial case management, I understand that Catholic Social Services, Anglicare and, to date, the Salvation Army have indicated that they do not wish to participate in this contract. Are there any non-government organisations left?

Mr Whalan—Just a moment. The answer is yes. I am just going to find you the details. Some 60 non-government organisations have been placed onto the financial case management register and are operating with us and available for us to refer individual cases to in respect of financial case management.

Senator WONG—Can you provide the list of those 60 on notice?

Mr Whalan—I will take that on notice.

Senator WONG—Thank you. I think we had a discussion on the last occasion that there would be areas where you do not have any or sufficient non-government organisations to provide FCM. Are you able to tell me in which areas Centrelink will have to continue to provide those services?

Mr Whalan—In terms of specific areas, I do not have that detail. The non-government organisations provide services in respect of some 40 per cent of their customer service centres that we operate in 300—

Senator WONG—The contracts are structured around Centrelink offices. Is that right? How does it work?

Mr Whalan—They do not need to be. But that is just one way of looking at the coverage. Forty per cent of our CSCs have access to a local non-government organisation that is offering the service.

Senator WONG—Of those 40 per cent, could they refer 100 per cent of any FCM caseload to them or only a proportion? That is what I am trying to get a sense of. So there is regional coverage?

Mr Whalan—They could refer 100 per cent, but of course we offer people a choice. I will give a hypothetical. If we were in a locality where there were three non-government providers operating, we would explain to people that there were a choice of those three.

Senator WONG—But it is a choice between the various contracted organisations and not Centrelink?

Mr Whalan—They can choose Centrelink as well.

Senator WONG—They can?

Mr Whalan—Yes.

Senator WONG—In any area?

Mr Whalan—Yes, they can.

Senator WONG—You offer that choice?

Mr Whalan—We do.

Senator WONG—So 60 per cent of your customer base cannot be serviced by a contracted organisation?

Mr Whalan—Sixty per cent of our CSCs do not have a non-government organisation providing a service in the area they service.

Senator WONG—And of the 40 per cent that do have a CSC, what is the capacity of the contracted organisations to meet the FCM caseload? Can they meet all of it in total, in aggregate?

Mr Whalan—I do not think we would be able to give a specific answer to that. Part of the reason for that is that the numbers are quite low. I do not think we have actually tested their capacity. The numbers of referrals are quite low.

Senator WONG—Sure. How many people is Centrelink in fact managing through financial case management?

Mr Whalan—I have some figures which are a few weeks old. At that time, of 120 customers who had been offered financial case management and 82 who had accepted, 61 were being managed by a Centrelink social worker and 21 were being managed by a non-government organisation.

Senator WONG—Given the fact that obviously that is a lot less than was envisaged, can you give me up-to-date figures as to the actual expenditure to date and estimated expenditure for this line item? I do not know if someone could perhaps refer me to it. Are we looking at the additional estimates or the PBS?

Mr Whalan—The year to date expenditure.

Senator WONG—I need to refer to what the actual was. What is the original estimate?

Mr Whalan—We are going to seek that for you. Whilst we find that figure, I might tell you about what the expenditure is in relation to the figure. I will see if someone wants to correct me here, but my memory is that the original estimate was some 4,000 cases per annum. The actual numbers are going to be much lower than that—much lower.

Senator WONG—Yes. I gathered that. So what was budgeted for this? I am trying to remember. Would this have appeared in the PBS? This was a subsequent measure, wasn't it?

Mr Whalan—I am going to page 174 of the budget measure, Budget Paper No. 2.

Senator WONG—I have only the PBS. But that information should be repeated in the PBS.

Mr Whalan—I am just confirming that the estimate was between 4,000 and 5,000 people per year.

Senator WONG—I take you to page 67 of the additional estimates statement. Does it appear there? Is this the modification to compliance regime? Perhaps it will expedite this if you get your accounting people to the table, Mr Whalan. I am trying to work out what the effect of the reduction in the anticipated number of people flowing through will have on your estimated expenditure for this line item.

Mr Whalan—Let me do a metric. We have had 120 people who have been through in the period effectively to the end of September. So 120 were offered and 82 have accepted the offer. We are really running at a very small percentage of the original estimate. The expenditure at that point—where we had 120 people being offered and 82 accepting—was in round figures \$35,000.

Senator WONG—What date was that?

Mr Whalan—28 September.

Senator WONG—Where is the appropriation for this in the PBS or the additional estimates? I would appreciate that figure so that we can track it against what was actually budgeted.

Ms Ritchie—I believe the measure is reported on page 81 of the PBS.

Senator WONG—Page 81 of the additional estimates or the PBS?

Ms Ritchie—The PBS.

Senator WONG—Were there any revisions to this estimate?

Ms Ritchie—I believe there are some revisions that are going through, perhaps, but I do not have that information here.

Ms Scott—The additional estimates have not been finalised.

Senator WONG—No. And, of course, this post-dated it—sorry.

Ms Ritchie—Yes, that is right. The performance budget estimates is the most recent document.

Senator WONG—So 4,156 is the total. Thank you very much. I appreciate that. Would the \$35,000 be against the departmental outputs? I am reading off page 81. What is the expenditure to date on departmental output for that line item? That is perhaps an easier way to look at it.

Mr Whalan—On departmental outputs? We will take that on notice.

Senator WONG—Presumably, the \$35,000 is part of that.

Mr Whalan—It is part of the administered expenditure.

Senator WONG—No. That is not right. This is not an administered expenditure, is it? Does it appear elsewhere?

Mr Whalan—The \$35,000 is in respect of expenses related to the individuals, such as accommodation, medication, petrol, and phone costs et cetera.

Senator WONG—Can we approach it this way: are you able to give me expenditure to date in relation to the Welfare to Work financial case management for income support recipients?

Mr Whalan—Not in terms of Centrelink's costs. There are two parts to it. There is the cost of the staff that we have who undertake the work and then there are the costs we pay in respect of expenses relating to the individuals to whom we are providing the financial case management.

Senator WONG—What, then, does the output relate to? Is it your costs or the provision of payment to the NGO or to the person?

Ms Ritchie—Sorry, could you repeat the question?

Senator WONG—From page 81 of the PBS, I am trying to get a sense of what has been expended to date. It is a departmental output. There is no administered item in that line item. What is the cost to date in relation to that?

Ms Ritchie—In relation to the departmental output, do you mean?

Senator WONG—Yes.

Mr Whalan—The estimated expenditure for the year to date until yesterday is \$85,149.

Senator WONG—You might want to confirm that on notice. You understand what I am looking at?

Mr Whalan—Yes, I will.

Senator WONG—Very quickly, I will ask about the contact model. Ms Hogg and I were having the discussion last time but I am happy to start with you, Mr Whalan.

Mr Whalan—We can start.

Senator WONG—Can you explain to me HS19. You gave the answer to HS19. You gave me the additional staff hours per fortnight which would be required to conduct the participation contact interviews in the new fortnightly contact model trials that you were doing. The answer was to a question to Ms Hogg.

Ms Scott—It is just a matter of finding it in the arch file.

Senator WONG—I will be asking questions about HS19 and HS18 so you might want to get both of them.

Ms Scott—Sorry, Senator, was the other one HS18?

Senator WONG—Yes. Can you tell me on what basis the additional staff hours were calculated? You might want to take it on notice.

Mr Whalan—I think we will.

Senator WONG—How do you get to that point? There is an assumption of three and a bit minutes. I think you and I had a long discussion about it last time.

Mr Whalan—I would make two points. One is that I think things have changed here since the answer to this question.

Senator WONG—But I still want to know about that.

Mr Whalan—We are happy to take it on notice.

Senator WONG—Can you give me national figures of the proportion of Newstart and Youth Allowance customers who are currently under fortnightly lodgement or fortnightly engagement?

Mr Whalan—We can, but we will also take it on notice.

Senator WONG—It is already in the public arena. There have been a number of comments made by your minister and others that about 60 per cent of people on the dole have to report fortnightly to Centrelink. Is that about right as a national figure?

Mr Whalan—The figure now would be just over 60 per cent. Our ambition in the offices where we are moving to put in this new model is to try and increase it to as close to 90 per cent as we can.

Senator WONG—Can you tell me the raw number? What does that jump of 30 per cent from 60 per cent mean? How many more people across the country? How many contacts? How many more contacts per fortnight?

Mr Whalan—We will take that on notice.

Senator WONG—Perhaps we could do it this way. How many more people will need to move to fortnightly contact to get to the 90 per cent? Is it still intended to be a three-minute interview or more?

Mr Whalan—3.5 minutes.

Senator WONG—How many additional staff hours per fortnight are estimated to be required in order to achieve that?

Mr Whalan—We will take that on notice.

Senator WONG—Where does the \$30 million come from? Is an additional appropriation intended or is it being moved from some other line item?

Mr Whalan—It is about an internal re-engineering of processes, which we are regularly doing. It is an internal reallocation.

Senator WONG—So there is no additional money for Centrelink to increase that 60 per cent to 90 per cent?

Mr Whalan—Correct. We have been working on identifying funds to be able to do the reallocation.

Senator WONG—So you have to reallocate from within your existing budget?

Mr Whalan—Correct.

Senator WONG—Where are you taking the money from?

Mr Whalan—Effectively, what we have been doing is looking at the processes that we run in each of the 240 or so offices across Australia. We have been finding some savings in the

way that we do those processes across the 240. As we find the savings, we have been reallocating them to do this more intensive process in a smaller number of offices. Essentially, it comes from across every office into, at the moment, 51 offices.

Senator WONG—Will you be recruiting any additional staff?

Mr Whalan—Yes, we will be. What happens at any point in time in Centrelink is that there are people leaving and people being recruited. In those locations we will be recruiting. Another way of saying that is that generally we will not be relocating staff. Generally, we will be recruiting in the new locations.

Senator WONG—How many additional staff are you projecting to recruit?

Mr Whalan—Broadly, three per office.

Senator WONG—Have I asked you what additional staff hours per fortnight the move to 90 per cent will bring?

Mr Whalan—Yes, you did.

Senator WONG—If you require 727 more hours at six sites—you have 40-plus sites—that is a lot more staff hours.

Mr Whalan—Yes. I just note that the circumstances have changed since that last question.

Senator WONG—How have they changed?

Mr Whalan—Only in the sense that we are always relooking at the process that we run and have continued to change it.

Senator WONG—Hang on. Does that mean you need the additional number of staff hours to meet this increase or not?

Mr Whalan—It turns out that we need about three staff per CSC. But if you ask me again in another month or in two months or in four months about whether we are still using exactly the same process in each CSC, the answer will be no.

Senator WONG—But basically this has been trumpeted as a complete revamp of the system, bringing up to 90 per cent of people into fortnightly contact. You are telling me the government is trying to do that without a single cent more being allocated to Centrelink.

Mr Whalan—We have been able to work on identifying sufficient resources within 49 to 51 offices. We have not identified sufficient resources beyond that.

Senator WONG—Are any redundancies going to arise from this reorganisation?

Mr Whalan—No.

Senator WONG—But no additional allocation of funds?

Mr Whalan—Additional staff will be recruited, but this is within our global budget.

Senator WONG—Finally, can you give me an indication, perhaps on notice, of who falls outside the 90 per cent? Who are the 10 per cent who will not be appropriate for fortnightly contact?

Mr Whalan—I will take that on notice.

Senator WONG—I will ask for another question to be taken on notice because we are out of time. It concerns the expanded employment entry payment on page 67 of the additional estimates data.

Mr Whalan—I expect that will be a DEWR question.

Senator WONG—It is in Centrelink.

Ms Ritchie—In additional estimates?

Senator WONG—It is on page 67. Is this to be taken off your budget and given to DEWR?

Mr Whalan—Can I confirm I am looking at the same document.

Senator WONG—It is the 2005-06 additional estimates statement. I am not sure it is picked up in detail in the subsequent PBS.

Mr Whalan—Can we take it on notice—unless it turns out to be an issue for DEWR rather than Centrelink? We will inform you if that is the case.

Senator WONG—It probably is. I am just trying to work out the movement between the agencies. Thank you.

Senator SIEWERT—I have a number of questions but, due to time, I will put quite a few of them on notice. First, I ask you to clarify how many people have been breached under the new process. I realise there was some information in the paper today, but I did not bring it with me. Could we start with those numbers, please.

Mr Whalan—As at 29 September, 1,921 job seekers had an eight-week non-payment period applied.

Senator SIEWERT—Is it possible to break down those figures into regions or states?

Mr Whalan—We can do it by what we call 'area'. We will take that on notice.

Senator SIEWERT—You do not have those available now?

Mr Whalan—No.

Senator SIEWERT—Is it possible to tell me how many Aboriginal and Torres Strait Islander people have been breached? Do you break down those figures?

Mr Whalan—We would be able to give you a global number. We will take that on notice. I do not know whether we would go beyond that.

Senator MOORE—Is it a systems issue or a privacy issue?

Mr Whalan—We are just not clear whether we can do it. We may be able to do it. It is a data issue. It is not about privacy.

Senator SIEWERT—Did you say it was data limited?

Mr Whalan—It may be.

Senator SIEWERT—I need to take a step back. There are 1,921. How does that correspond to the previous quarter?

Mr Whalan—It was a completely different regime in the previous period. In 2005-06, there were around 11,000 income support rate reductions per month.

Senator SIEWERT—Rate reductions?

Mr Whalan—Correct. Different regimes. Those rate reductions varied from 16 per cent reductions for six months through to the eight-week non-payment period. So it is apples and oranges, but there was a much higher volume.

Senator SIEWERT—Can you break it down into the eight-week non-payment period? Are you able to provide those figures and separate those figures?

Mr Whalan—I would like to be clear about what you would like.

Senator SIEWERT—The figure you gave me of 11,000 per month is all the rate reductions, isn't it?

Mr Whalan—I will take that on notice.

Senator SIEWERT—Can we now go back to the issue of Aboriginal and Torres Strait Islander people. If you can provide that data on global reductions, can you also provide, if possible, the number per area?

Mr Whalan—I will take that on notice.

Senator SIEWERT—Of the 1,921, did I understand you correctly that 120 had been offered case management?

Mr Whalan—Yes.

Senator SIEWERT—In view of the time, I would like to ask you some specific questions about people with disabilities. My understanding when Welfare to Work came in was that the new process was to apply to anybody applying for a disability support pension. In other words, the people already on the disability support pension would stay on the disability support pension and would not be shifted over to Newstart, other than those who were in the transition period. Is my understanding correct?

Mr Conn—That is not quite correct. There are actually three distinct groups of people on the disability support pension. The people to whom you refer are the people who were already on payment prior to the May 2005 budget. They stay on the normal review cycle. There is a group in what we call the transition period from the May budget through to 1 July this year. They are subject to a slightly different review cycle. For new applicants, post 1 July, the Welfare to Work arrangements come into place. We can provide you with information on that, if you wish.

Senator SIEWERT—What you have just outlined is how I understood it. You have just articulated it a bit better than I did. Those that were on the support pension before May 2005 are still being reviewed in the normal two-yearly cycle. Is that correct?

Mr Conn—In the normal review cycle, yes.

Senator SIEWERT—Do you have the figures for the number of people, who, in the last quarter have been reviewed, prior to May 2005, and do you know whether they have stayed on the pension or whether they have been moved on to Newstart?

Mr Conn—I would have to take that on notice, but I believe I could provide that to you.

Senator SIEWERT—Is it possible to get figures for the number of people who have applied since 1 July and, if so, how many of those people have been assessed to go on the DSP and how many people have been assessed to go on Newstart?

Mr Conn—I will also take that on notice.

Senator SIEWERT—I have been chasing DEWR about family carers and foster carers for a significant period and I will be chasing them again on Thursday. But I have not asked you these questions before. My understanding is that there was a letter—if you cannot answer this, tell me to go and ask DEWR—circulated to government members outlining the new provisions that affect grandparents as family carers-foster carers. Is that correct?

Mr Whalan—It is the responsibility of DEWR to have provided that information.

Senator SIEWERT—I will chase them. However, you may still be able to answer my next question. Grandparents who are to be picked up under the exemption provisions of Welfare to Work have to be registered as carers and have gone through the Family Court. Is that correct?

Mr Whalan—Once again, that is a policy matter which DEWR has responsibility for.

Senator SIEWERT—I will chase it up with them now and on Thursday. I have one final question that relates to that. How are carers notified and given information? How are people notified about their possible exemptions under the foster carer-family carer provisions by Centrelink?

Mr Whalan—Principally, it is automatically done at the time someone makes a claim. When people who are not on a payment make a claim, that advice is given.

Senator SIEWERT—Do you mean that, when they make a claim for Newstart, that advice is given, if they are carers? So when they come in, are they given a form automatically or do they have to ask for it?

Mr Whalan—When they provide their circumstances in terms of a new claim, they would be advised about any exemptions.

Senator SIEWERT—I go back to the 1,921 people who have been breached. Can you explain how you decide which of them—as we worked out, there are 120—should be offered case management.

Mr Whalan—The people who are offered financial case management are those who are considered to be vulnerable. Principally, it is those people who have dependent children. There are some other categories as well, but it is principally those who have dependent children or dependants, most of whom are children.

Senator SIEWERT—When you provide me with the list of the number of people in particular areas, can you also provide the breakdown of people and whether they have got dependent children?

Ms Drayton—We can get that information to you without any problems. I will expand on one thing. At the time somebody is being assessed for a non-payment period, their eligibility for financial case management is assessed at the same time. So no-one gets a non-payment period without having an assessment for financial case management at that point in time.

Senator SIEWERT—So you assessed 1,921 people and decided that 121 met—

Ms Drayton—Met the eligibility criteria.

Mr Whalan—We will take that previous question on notice.

Senator SIEWERT—Picking up on what Senator Wong was asking before and given that the 120 is significantly less than the 4,000, what are your projections now for the number you expect to be case-managing?

Mr Whalan—It is very hard to predict. I note that we are a quarter of the way through the year. We gave you some figures which are effectively a quarter of the way through the year. It is hard to predict whether or not the numbers will increase month by month. But they are the figures for three months through the year, or to 28 September.

Senator WONG—In answer to a question from me, you indicated that it was going to be significantly less than the 4,000.

Mr Whalan—I think there is no doubt about that.

Senator WONG—So Senator Siewert's question is, since you know it is going to be less, how many is it going to be?

Mr Whalan—I confirm that I think it is very clear it is going to be significantly less. We have given the figures in respect of the period up to 28 September. From there it is speculation.

Senator SIEWERT—I know you will have to take this on notice. Of the 82 who have accepted, could you also tell me, if it is possible, how many are Aboriginal and Torres Strait Islander people?

Mr Whalan—We will take that on notice.

Senator SIEWERT—In view of the time, I will put the rest of my questions on notice.

Senator Kemp—Thank you, Senator. That is very helpful.

Senator MOORE—We now want to move to the access card in these last 20 minutes.

Ms Scott—Does that mean that Centrelink officers will be able to retire now?

CHAIR—That is my understanding. They are free to go.

Ms Scott—Thank you very much.

Senator MOORE—Just before we start on the access card, what is the status of the Human Services annual report? When was that tabled?

Ms Scott—It was tabled today.

Senator MOORE—Was it tabled in the Senate as well as the House of Representatives? I just want to check because I do not have it.

Ms Scott—It is in the Senate Table Office.

Senator MOORE—So it was today?

Ms Scott—Today.

Senator MOORE—Fabulous.

Ms Scott—Within the deadline. Chair, obviously it is your call, but we were wondering whether you would be interested in hearing an opening statement about where the access card is up to. Is that of use or not?

CHAIR—In light of the time, it is your call. Would you like to make an opening statement?

Ms Scott—Yes.

Senator CAROL BROWN—That would be fine.

Ms Hartland—The project is on track. The Office of Access Card was established in May this year to implement the health and social services access card. We are well advanced in the definition phase of this four-year project. Professor Alan Fels was appointed by the Minister for Human Services on 24 May to head the Access Card Consumer and Privacy Task Force to ensure that consumer and privacy issues have been identified and addressed. Professor Fels selected two task force members who have particular experience and expertise in matters of privacy and consumer rights to assist him—Professor Chris Puplick and Mr John Wood.

The task force released a discussion paper in July this year. The task force received over 100 submissions on the discussion paper and met with more than 120 community and representative organisations, including privacy advocates and government agencies. The submissions and consultations informed the task force's first report to the minister. The task force is expected to release its first report shortly. This report will provide recommendations relevant to the architecture of the access card and its supporting systems. The Australian government will release a response to those recommendations. The Fels task force has played a vital role in listening to and considering the views of stakeholders. The government's response will address matters raised in the Fels report. The next paper to be undertaken by the consumer and privacy task force is anticipated to be released in the next couple of months and will discuss registration issues.

I turn to the work of the Office of Access Card. Detailed business requirements are well progressed and high-level architecture is close to being finalised. All relevant agencies within the Australian government have been engaged, including the Department of Foreign Affairs and Trade, the Department of Finance and Administration, the Department of Health and Ageing, the Attorney-General's Department, the Department of Immigration and Multicultural Affairs, the Department of Families, Community Services and Indigenous Affairs, the Department of Veterans' Affairs, the Department of Employment and Workplace Relations, the Department of Education, Science and Training and the Department of Prime Minister and Cabinet.

Key personnel are in place, including the lead adviser, Booz Allen Hamilton, which has international specialist work experience in undertaking similar projects in places such as Italy and Germany. Booz Allen Hamilton was appointed lead adviser on 19 July and commenced work on 1 August. KPMG were appointed the independent program monitoring and assurance consultant on 28 July following a competitive tendering process. They commenced work on 4 August. The law firm Minter Ellison has been appointed as legal adviser for the implementation of the access card. The Australian Government Solicitor has been retained as probity and process adviser for the project. The appointment of Marie Johnson as Chief

Technology Architect was announced by the minister on 21 September. Ms Johnson commenced her duties in the office on 17 October. We are very fortunate to have someone of Marie's calibre involved in the project and she brings her wealth of knowledge back to Australia. Prior to this appointment in the Office of Access Card, Ms Johnson was global head of Microsoft's Public Services and E-government division.

An initial schedule for the implementation of the card has been developed by the lead adviser for rollout in early 2008. The schedule is supplemented by an initial project plan developed by the lead adviser and it will be monitored by KPMG. Key security agencies, including ASIO, the Australian Federal Police and DSD, will provide independent input on all security aspects associated with the access card and its system. A range of issues have been examined by the Office of Access Card to enable the design of the access card system that balances convenience to the citizen, integrity, privacy concerns and the cost and complexity of implementation. The minister is going to be making a major statement on the implementation of the access card in the next couple of weeks. Thank you.

Senator CAROL BROWN—Do you have a date for the release of the task force report, which is going to be shortly?

Ms Hartland—As I suggest in those concluding remarks, I expect that the minister will be making an announcement very shortly.

Senator CAROL BROWN—I am not sure if I heard you correctly. You talked about a rollout in early 2008. I think we were looking at a January 2008 rollout. Is that still on target? Are we talking about January or are we talking about February or March?

Ms Hartland—I think we always said early 2008. The project is on track.

Senator MOORE—Is there a public program business plan? If it is on track, there must be a business plan.

Ms Hartland—We are working with the lead adviser, Booz Allen Hamilton. We are in what is called the definition phase. This first few months has been defining the project and doing that planning, as you indicate. There are project management plans in place. We are just reviewing them at the moment. In fact, this phase of the project comes to a conclusion today, so there are a whole lot of plans and things that we are currently looking at that the lead adviser has provided us.

Senator CAROL BROWN—So when the minister makes his announcement shortly, will that include the design and the operation of the access card?

Ms Hartland—Can you just explain what you mean by 'operation'?

Senator CAROL BROWN—How it will work.

Ms Hartland—In terms of what I was saying about the Fels taskforce, they are giving advice on the high-level architecture of the project. The next phase will be looking at the registration process. The final phase will be operation. A lot of those processes will be worked out further down the path.

Senator CAROL BROWN—So we are not expecting the final decisions on the design to be part of the minister's announcement?

Ms Hartland—I think it will be at a high level at this stage. There is still a lot of work to be done in terms of the number of operational areas in the card.

Senator CAROL BROWN—Has there been any decision on future uses? You have a future uses section in the access card office. Is that right?

Ms Scott—We have been looking at future uses. Of course, one of the risks with any large project is that future uses could go on indefinitely. We are trying to ensure that the scope of the project stays confined to what the government announced after the government's consideration. So all we are trying to do is ensure that we are not ruling out in the technology the capacity for further consumer benefits if consumers wish to utilise some other feature.

Senator CAROL BROWN—Are you able to give me any idea of what they are working on at the moment?

Ms Scott—Effectively, we have said we want to confine the scope of the card to the purposes and functions that the government has stipulated for it and to go no further than that at this time. It is quite a substantial project to have rollout occurring on the time frame that the government has set for us. We are not trying to think of further developments. We want to make sure that we do not end up investing taxpayers' money in technology that will be superseded quickly.

Senator CAROL BROWN—It is still going to have a biometric photo?

Ms Hartland—It is proposed to have a photograph, yes, on the face of the card.

Senator CAROL BROWN—It is a digital photo on the card itself. Is that right?

Ms Hartland—It is a high-resolution photo on the face of the card, yes.

Senator CAROL BROWN—But in the chip it will be a biometric?

Ms Hartland—Yes.

Senator CAROL BROWN—And on the card will be your name and signature?

Ms Hartland—It is proposed—this is publicly available on the website—that there would be on the face of the card a photograph and name. On the back of the card, there would be the signature and number.

Senator CAROL BROWN—And what will the chip have?

Ms Scott—The website document, which is called 'Access card at a glance', provides information about what is on the chip. Information such as address, date of birth, concession status and details of any children or other dependents will be stored on the card's chip and in a secure customer registration system. All of this has been subject to consultation as part of the Fels taskforce approach. So the government's consideration of that report will clearly have a bearing on how we go forward. I think it is important to keep that in mind.

Senator MOORE—The information that is on the website is still indicative rather than absolute?

Ms Scott—Yes.

Senator CAROL BROWN—That is why I asked the question. I thought I heard the minister say something different. Now I understand, it is okay.

Senator MOORE—In terms of the business plan, we had a long discussion last time about it being in the early formation stages. Thank you very much, Ms Hartland, for that. That kind of report would have been useful before we got to estimates so we had that degree of knowledge. It is not on the website, that degree of update you gave us. We want to get some idea about the resources that are currently being used within the access card unit. You gave us key personnel changes, for which we are very grateful. We did get the media coverage when those positions were filled. We would like to know exactly what resources are currently working on this project and whether that is the anticipated full resource allocation at this stage. I asked earlier about a business plan. Is the business plan public? You said this phase completed today. Is the next phase subject to ministerial announcement, or is that a business plan that is already built into your work arrangements for the next six to 12 months?

Ms Scott—We can give you staff numbers. We can also give you an indication of the structure of the Office of the Access Card. As we have recruited people and brought people on, we have reformulated the workload. We can do those two things. In relation to the next stage of work, clearly the government's response to the Fels report will have a bearing on the work. The project going forward clearly will go through a series of important phases. We will be going through at some stage fine detail on the registration process. We will have to go through a procurement process. We have spent hundreds of hours thinking about the business model. So it will have a bearing. But clearly there are large chunks of work that in a project like this will go on to ensure completion.

Senator MOORE—I will return to the question of resources. Are they all filled?

Ms Hartland—They are almost all filled. If they are not filled now, there are people who are coming into those positions between now and 4 December.

Senator MOORE—Why 4 December?

Ms Hartland—That is just in terms of recruitment.

Senator MOORE—There is no particular milestone of 4 December.

Ms Scott—No.

Senator MOORE—It is one body per box.

Ms Hartland—That is right. Although that is for the senior structure.

Senator MOORE—I was going to ask what is happening underneath that.

Ms Hartland—That is the senior structure. At the moment there are 38 staff in the office.

Senator MOORE—Anticipated?

Ms Hartland—I anticipate that that will peak at around 60. That is what we are budgeting for.

Senator MOORE—Is that between now and 2008?

Ms Hartland—That is certainly by the end of this financial year.

Senator MOORE—That is in line with the business plan.

Ms Hartland—Yes. That is correct.

Ms Scott—Would you like an indication of the number of people under each of those headings—is that what you are after?

Senator MOORE—Yes. I take it this is the structure of the units. This is not a body per box?

Ms Hartland—That is correct. That is right. It is the senior structure.

Senator MOORE—So under ‘requirement’ and ‘implementation’, it is branches. Can you just give that to us on notice with how many bodies.

Ms Hartland—Sure.

Senator MOORE—And in terms of what levels, in terms of your actual structure. That would be useful. We had considerable discussion at the last estimates about the privacy aspects. I do not know whether we knew Professor Fels was personally coming on or there was a unit being established to look at those issues. The process that has been reported in the media is the community consultation. I did not see it on the website. How many people were involved in it and where? I saw some of it. All of that is there?

Ms Scott—Yes.

Senator MOORE—Yes. There was media coverage I think today about the possible announcement of tenders in the near future. Could you give us some detail about what tender that is and where that fitted into the overall report you gave us at the start, where the magic word ‘tender’ was not mentioned.

Ms Scott—Just while Ms Hartland gathers her thoughts, the list of organisations goes to six pages.

Senator MOORE—My system has just crashed. But we have got it there. It is very transparent.

Ms Hartland—I have some handouts of the consultations that were undertaken and submissions from the taskforce.

Senator MOORE—It would be fabulous if we could have those. I am interested because there was a spurt of publicity around the announcement. Concerns were raised with the Privacy Commissioner and there were issues around the privacy aspects. But for all intents and purposes, unless you have been following it very closely with particular issues, it has gone off the first focus in the process. There was media coverage in some of the papers today about the expectation of an imminent tender being released. Could we get some information about that, subject of course to commercial-in-confidence. We can put this on notice.

CHAIR—We have five minutes.

Ms Hartland—Certainly once we finish this defining and planning phase of the project there will be a build-up to the procurement phase. This is about getting business requirements in place to be able to inform that procurement phase. I expect that the minister will be commenting in further detail on this in his statement shortly.

Senator MOORE—Did the media comment today reflect information from the department? You were not quoted, but I am just wondering whether the media comment today was informed media comment formally through a department announcement.

Ms Hartland—If you are talking about the article in the *Financial Review* today, most of that reflects a presentation I provided to a smart card summit last week.

Senator MOORE—It took them a week to publish it?

Ms Hartland—It was in the IT section of the paper.

Senator MOORE—Tuesday is often a day where you get lots of that. It was a formal presentation last week.

Ms Hartland—That is right.

Senator MOORE—The information is accurate?

Ms Hartland—That is right, yes.

Senator MOORE—We have a number of specific questions, as you could imagine. We will be requesting a formal briefing from the department or the unit down the track. We will put that in writing to the minister as well—

Ms Hartland—Thank you.

Senator MOORE—in terms of process, because it is such a significant project and the detail is great.

Senator CAROL BROWN—This is probably on the website. How were the consultations undertaken? Were they by invitation or public?

Ms Scott—Both.

Senator CAROL BROWN—Was there a note put out and people who wanted to provide input could?

Ms Hartland—There was information put, for example, on the website. A discussion paper was initially put out by the taskforce that highlighted a number of the issues as they saw them from a privacy and consumer perspective. That invited submissions and invited people to make contact.

Senator CAROL BROWN—I want to go back to a question that was asked back in May about the privacy impact assessment. Senator Stott Despoja asked whether there were any recommendations with the assessment. The response at that time was that there were no recommendations. I see now that the department has clarified that there were recommendations in the initial privacy impact assessment. I do not suppose we could have a look at those recommendations. Have those recommendations been taken up or have they been fed into Professor Fels's work? What has happened to those recommendations?

Ms Scott—We have clarified our answer to that. Your reference to that is correct. Professor Fels and the taskforce have effectively engaged with such a large array of people and have had so many consultations now that the government decided the original privacy impact statement had definitely been superseded.

Senator CAROL BROWN—Those recommendations that were put forward were not even fed into Professor Fels's work in the consumer and privacy work that he is doing?

Ms Scott—I am happy to take it on notice. It is a case where I would have to second-guess Professor Fels's thinking, and I do not think that would be a good idea.

CHAIR—Are you happy to conclude there, Senator Brown? If so, thank you. Thank you, Ms Scott, and thank you, staff from the Department of Human Services. Thank you, Senator Kemp. Thank you, Hansard. Thank you, secretariat. I declare the hearings closed.

Committee adjourned at 11.00 pm