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SENATE

FINANCE AND PUBLIC ADMINISTRATION LEGISLATION
COMMITTEE

ESTIMATES

(Budget Estimates)

THURSDAY, 27 MAY 2010

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BY AUTHORITY OF THE SENATE

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**SENATE FINANCE AND PUBLIC ADMINISTRATION
LEGISLATION COMMITTEE**

Thursday, 27 May 2010

Members: Senator Polley (*Chair*), Senators Cameron, Jacinta Collins, Kroger, Ryan and Siewert

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

Senators in attendance: Senators Abetz, Barnett, Brandis, Cameron, Collins, Cormann, Fieravanti-Wells, Fifield, Forshaw, Kroger, Mason, Moore, Parry, Polley, Ronaldson, Ryan, Siewert, Williams and Xenophon

Committee met at 10.03 am

FINANCE AND DEREGULATION PORTFOLIO

Consideration resumed from 26 May 2010

In Attendance

Senator Sherry, Assistant Treasurer

Department of Finance and Deregulation

Executive

Mr David Tune, Secretary

General

Ms Jan Mason, Deputy Secretary, Asset Management and Parliamentary Services

Mr Colin Plowman, First Assistant Secretary, Corporate Services

Mr David Yarra, Chief Audit Executive

Mr Michael Burton, First Assistant Secretary, Financial and e-Solutions Group

Mr Brett Quester, Assistant Secretary, Financial and e-Solutions Group

Outcome 1—Budget, FMG, Deregulation

Mr David Martine, Deputy Secretary, Budget Group

Mr David Nicol, First Assistant Secretary, Budget Policy and Coordination Division

Mr Peter Saunders, First Assistant Secretary, Strategic Policy Division and Government and Defence Division

Mr David Weiss, First Assistant Secretary, Industry, Education and Infrastructure Division

Mr David de Carvalho, Acting First Assistant Secretary, Social Welfare Division

Dr Stein Helgeby, Deputy Secretary, Financial Management Group

Mr Tim Youngberry, First Assistant Secretary, Financial Reporting and Cash Management Division

Mr Marc Mowbray-d' Arbela, Assistant Secretary, Legislative Review Branch
Mr Lembit Suur, First Assistant Secretary, Financial Framework Division
Mr George Sotiropoulos, Assistant Secretary, Superannuation Branch
Dr Tom Ioannou, Assistant Secretary, Financial Framework Policy Branch
Ms Susan Page, Deputy Secretary, Deregulation Policy Division
Mr Peter McCray, First Assistant Secretary, Deregulation Policy Division
Mr Jason McNamara, Executive Director, Office of Best Practice Regulation

Outcome 2—AMPS, FMG, AGIMO

Ms Jan Mason, Deputy Secretary, Asset Management and Parliamentary Services
Mr Rick Scott-Murphy, First Assistant Secretary, Property and Construction Division
Mr John Edge, First Assistant Secretary, Government Business, Special Claims and Land Policy
Ms Stacie Hall, Assistant Secretary, Government Businesses Advice Branch
Dr Stein Helgeby, First Assistant Secretary, Financial Management Group
Mr John Grant, First Assistant Secretary, Procurement Division
Ms Laurie Van Veen, Assistant Secretary, Communications Advice Branch
Mr John Sheridan, First Assistant Secretary, Agency Services Division
Mr Graham Fry, First Assistant Secretary, Policy and Planning Division

Outcome 3—AMPS, AGIMO, FeSG

Ms Jan Mason, Deputy Secretary, Asset Management and Parliamentary Services
Ms Kim Clarke, First Assistant Secretary, Ministerial and Parliamentary Services
Ms Suzanne Pitson, Assistant Secretary, Entitlements Policy
Mr Greg Miles, Assistant Secretary, Entitlements Management
Mrs Kim Baker, Acting Assistant Secretary, Client Services
Ms Yvette Sims, Acting Assistant Secretary, Accountability and Reporting
Ms Maree Faulkner, National Manager, COMCAR
Mr Stephen Taylor, Assistant Secretary, Legal Services
Mr John Sheridan, Acting Deputy Secretary, Agency Services Division
Mr Michael Burton, First Assistant Secretary, Financial and e-Solutions Group
Mr Brett Quester, Assistant Secretary, Financial and e-Solutions Group

Australian Electoral Commission

Mr Ed Killesteyn, Electoral Commissioner
Mr Paul Dacey, Deputy Electoral Commissioner
Ms Barbara Davis, First Assistant Commissioner
Mr Kevin Kitson, First Assistant Commissioner
Mr Paul Pirani, Chief Legal Officer

ComSuper

Mr Leo Bator, Chief Executive Officer
Ms Cindy Briscoe, Deputy Chief Executive Officer (Business Services)

Australian Reward Investment Alliance

Mr Lochiel Crafter, Chief Executive Officer
Mr Peter Carrigy-Ryan, Chief Operating Officer

Future Fund Management Agency

Mr Paul Costello, General Manager, Future Fund Management Agency

MediBank Private Ltd

Mr Michael Sammells, Chief Financial Officer, Finance and Corporate Services

Ms Lucinda Bilney, Policy and Regulatory Affairs Manager, Government and Public Affairs

CHAIR (Senator Polley)—Good morning. I declare open this meeting of the Senate Finance and Public Administration Legislation Committee. I welcome back the Special Minister of State, Senator Ludwig, Mr David Tune and officers of the Department of Finance and Deregulation. As agreed yesterday, we will start with program 2.1, procurement framework and matters relating to government advertising. We will then go on to outcome 3. Minister or Mr Tune, do you wish to make an opening statement?

Senator Ludwig—No, thanks.

Mr Tune—No, thanks.

Senator RONALDSON—I will go to the ICC before we get back into general questions about advertising. Mr Tune, who are the members of the ICC?

Mr Tune—The chair of the ICC is Dr Allan Hawke. The other team members are Ms Barbara Belcher and Ms Helen Williams.

Senator RONALDSON—How many departmental officials service the ICC through its secretariat and what are their APS levels?

Mr Grant—There are approximately 12 people who do that, and that is on an ASL—average staffing level—basis.

Senator RONALDSON—They are at varying APS levels, are they?

Mr Grant—Yes. In that ASL there are two people who arrange the meetings, prepare the papers and do things like that. The other members of the branch work with agencies and provide advice in relation to campaign advertising, and they are at a range of different levels.

Senator RONALDSON—So you are bringing people in from outside this branch, are you?

Mr Grant—No, they are people who work within the branch. They work with departments and agencies that are undertaking or proposing to undertake campaign advertising.

Senator RONALDSON—You will provide me with details about the respective levels of all these people within the division, will you?

Mr Grant—We can do that.

Senator RONALDSON—Thank you. How many of these officials are former members of the old government communications unit—the GCU—that you would be aware of?

Mr Grant—There were two people who transferred across when the responsibility for contract administration moved to the department. Sorry—four people moved across and two remained there, so they came directly from the GCU. Other members have had stints in the GCU, but they were not members of the GCU at the time the function for managing contracts for advertising went across.

Senator RONALDSON—So four came over and two are left, is that right?

Mr Grant—That is right.

Senator RONALDSON—When did the two leave?

Mr Grant—Within a couple of months of coming. They got promotions or other jobs.

Senator RONALDSON—When was the ICC set up?

Mr Grant—The ICC was set up on 31 March this year.

Senator RONALDSON—Can you take on notice, please, when those two officials left?

Mr Grant—It was back in early 2009.

Mr Tune—Just to explain: the Communications Advice Branch, which is the group of people we are talking about, was formed when responsibility for oversight of government advertising transferred from the Prime Minister's department to Finance following the last election. In the past there was a process that involved the Auditor-General, as you are aware, and those Communication Advice Branch people were working on campaigns through that period. Now they are working with the ICC.

Senator RONALDSON—Yes, but my questions relate specifically to the ICC. Did I not make that clear?

Mr Tune—Sorry, no. We were going back in time to when the function transferred to Finance.

Senator RONALDSON—Sorry. If it was my mistake, then I apologise. Please take on notice the levels of the APS officials within the ICC. How many of the officials that are servicing the ICC are former members of the old GCU?

Mr Tune—Just the two that Mr Grant was talking about.

Mr Grant—Two came across from the GCU when it was abolished.

Senator RONALDSON—Thank you. Where does the ICC meet?

Mr Grant—The ICC meets in Canberra, in the Department of Finance.

Senator RONALDSON—In the Department of Finance building?

Mr Grant—In the Department of Finance buildings, that is right.

Senator RONALDSON—Who is responsible for calling the meetings of the ICC?

Mr Grant—The ICC chair and members.

Senator RONALDSON—How is that communicated?

Mr Grant—They have a schedule of meetings which are basically fortnightly. They are prepared where requested and where the need is demonstrated to have ad hoc meetings.

Senator RONALDSON—So the chair calls the meetings at the instigation of the secretariat, or independently of that?

Mr Grant—The chair obviously works with the secretariat, but they do have a schedule of meeting dates which are about a fortnight apart. If there is a need for an ad hoc meeting, then we consult with the chair. If the chair wishes to do it, then an ad hoc meeting is held.

Senator RONALDSON—Is this a regular fortnightly meeting or is this an ad hoc arrangement?

Mr Grant—It is a regular fortnightly meeting in the schedule.

Senator RONALDSON—Right. And what day is that?

Mr Grant—Usually on a Thursday nowadays. It was on a Wednesday in the past.

Senator RONALDSON—In the arrangements for the remuneration of these members, is it a per diem amount?

Mr Grant—It is a per diem payment, yes.

Senator RONALDSON—How much is that per meeting?

Mr Grant—Usually we allow for two days because there are a lot of papers to read before each meeting and then there is the day meeting. Members work out the number of hours. We have different rates for different members, based on discussions with them on a per day basis.

Senator RONALDSON—So they are all getting two days, one for paperwork and one for the meeting itself.

Mr Grant—That is basically it, yes.

Senator RONALDSON—Okay. And you have struck individual arrangements with the different members?

Mr Grant—That is right. I can give you the value of the two-year contracts if you like.

Senator RONALDSON—If you could provide me with all those details. The chair is getting paid more?

Mr Grant—The chair gets paid more. The contract value for the chair is \$350,000 and for members—

Senator RONALDSON—For the two-year contract or per annum?

Mr Grant—That is for the two-year contract.

Senator RONALDSON—Yes.

Mr Grant—For the members it is \$260,000 and \$200,000. There are two different rates for the members as well. That was based on discussion with them, it is not something we imposed.

Senator RONALDSON—Just so that I am absolutely clear, there is a maximum of four days a month. Is that right?

Mr Grant—There are a scheduled four days a month. At times they do have ad hoc meetings in consultation with the secretariat and with departments or agencies who are running ad campaigns. So where there is need, there is provision to have an ad hoc meeting.

Senator RONALDSON—If there are extra meetings, is there an extension on the contract amount?

Mr Grant—No. We have a contract amount and we have some provision for additional meetings in that contract amount, but we will see how it goes.

Senator RONALDSON—How many additional meetings were allowed for in that additional amount?

Mr Grant—I cannot tell you exactly. I think we made about a 10 or 15 per cent provision.

Senator RONALDSON—Could you take that on notice please.

Mr Grant—I will take that on notice.

Senator RYAN—Did I hear you correctly when you said that it was \$350,000 for the chair?

Mr Grant—For two years for the chair, yes.

Senator RYAN—So at four days a month, by my very quick calculations—if I assume it is two days per fortnight, which is slightly more than four days a month—that would be about 104 days over two years. So he is getting paid just under \$3,400 a day?

Mr Grant—That is your calculation and that is pretty close.

Senator RYAN—\$3,400 per day?

Mr Tune—That does not take into account the ad hoc meetings, of course. There is provision in there for those.

Senator RYAN—No, but I have made it two a fortnight which is slightly more than four a month. Don't you find \$3,400 a day a touch exorbitant, Mr Grant?

Mr Grant—That is the rate that was agreed.

Senator RYAN—By?

Senator RONALDSON—That is another question. How many ad hoc meetings have there been since the establishment in March?

Mr Grant—By our calculations there have been three ad hoc meetings since then. I might also add that where meetings, for example, are for half a day, members actually only charge for half a day, not for the full day. So they are actually only working effectively on about an eight-hour day rate.

Senator BRANDIS—Presumably, this committee does not meet every fortnight of the year. Senator Ryan was being a bit generous, wasn't he? It would not be a 12-month a year per year enterprise, would it? It would be 10 or 11 months of the year presumably.

Mr Grant—We are early into this committee's activity, so obviously it would be affected by Christmas breaks, elections—

Senator BRANDIS—That is my point. At most it would be 11 months a year?

Mr Grant—That could well be it. We are still learning.

Senator RONALDSON—As Senator Ryan said, this is very significant remuneration, so we will wait with great interest to see how much work is actually done. On what basis was there a differential between the two non-chair members?

Mr Grant—We spoke to the members individually about their rates. They effectively discussed them with us. It was on a member by member basis.

Senator RONALDSON—What sorts of things were involved in those discussions? Was it experience? Were there other issues involved?

Mr Grant—We did not try to differentiate; it was the members themselves who differentiated.

Senator RONALDSON—Did you go to them and say, ‘Give us a range,’ or did you provide them with what you thought was the range?

Mr Grant—Having worked on the chair rate, we came up with what we thought was a reasonable members rate. One of the members actually said they would prefer to have just a little bit less.

Senator RONALDSON—One of the members suggested they would have a little less?

Mr Grant—That is right.

Senator RONALDSON—Did they give any reason for that?

Mr Grant—No.

Mr Tune—In general terms, as you know, these people are retired senior public servants and they generally do part-time consulting work for government or other clients. They have a rate that they charge based on what they think their market value is, and that is basically where we have got to.

Senator RONALDSON—I acknowledge that they are senior, but they are also getting paid very significant remuneration for what is part-time work. There would be a lot of people out there who would reckon \$130,000 for working four to five days a month is pretty healthy remuneration. We will now get onto what their job responsibilities are.

Senator JACINTA COLLINS—Before we move on, is striking differential rates common practice with boards?

Mr Tune—Yes, it can be. I do not know how common it is.

Senator RONALDSON—What is another example of it?

Mr Tune—I am not sure. I cannot think of one off the top of my head, but I will take it on notice. I am sure there would be others. Certainly chairs often get paid more than others.

Senator JACINTA COLLINS—That is not the question. Amongst members, how common is that practice?

Mr Tune—I do not know. I had better not speculate too far. We will check.

Senator RONALDSON—But you did just speculate.

Mr Tune—I will retract my speculation and check.

Senator RONALDSON—What is the quorum for the ICC?

Mr Grant—Two members.

Senator RONALDSON—If there is not a quorum available and an urgent decision is required, is there a capacity to bypass the ICC?

Mr Grant—The answer is no, unless an exemption is granted.

Senator RONALDSON—Who grants the exemption?

Mr Grant—The Cabinet Secretary can grant an exemption for very special reasons.

Senator RONALDSON—What are they?

Mr Grant—I will get my guidelines out and read them to you. I refer you to paragraph 5 of the guidelines:

The Cabinet Secretary can exempt a campaign from compliance with these Guidelines on the basis of a national emergency, extreme urgency or other compelling reason.

Senator RONALDSON—‘Other compelling reason’. So the minister himself will make the decision about what is or is not a compelling reason?

Mr Grant—I might add—

Senator RONALDSON—Just answer the question. The minister makes a determination about what is or is not a compelling reason?

Mr Grant—Yes.

Senator RONALDSON—So the minister could effectively make a decision for any reason at all that he thought was compelling?

Mr Grant—If it is a compelling reason, yes.

Senator RONALDSON—Such as the forthcoming announcement of an election. That would be something the minister could base it on, wouldn't it? If he thought that was compelling, he could base the decision on that.

Mr Grant—I might add that, where an exemption is granted, the minister formally records and reports the exemption to parliament.

Senator RONALDSON—When is that tabled?

Mr Grant—Historically it has been tabled as soon as the exemption has been granted, within a day or two.

Senator RONALDSON—In relation to the previous arrangements, I presume they are the same set of guidelines that the Auditor-General operated under.

Mr Grant—It is slightly different.

Senator RONALDSON—What is the difference?

Mr Grant—I refer you to paragraph 7 of the previous guidelines:

The Cabinet Secretary can exempt a campaign from compliance with these Guidelines on the basis of a national emergency, extreme urgency or other extraordinary reasons the Cabinet Secretary considers appropriate.

The same provisions applied in terms of informing—in that case, the Auditor-General rather than the ICC—and reporting to the Parliament.

Senator RONALDSON—But ‘any compelling reason’ was not in there, was it? There is very wide discretion given to the minister under these new guidelines that was certainly not there under the previous ones. There was no reference to ‘any compelling reason’ was there?

Mr Tune—No, but ‘extraordinary reasons’ was in there.

Senator RONALDSON—Quite frankly, there is a hell of a difference between extraordinary and compelling, is there not?

Mr Tune—I guess there is but—

Senator RONALDSON—Thank you.

Mr Tune—they are both quite broad.

Senator RONALDSON—On the admission of Mr Tune, these reasons have been watered down. Minister, we have press releases confirming the pre-election commitment in relation to the Auditor-General. We then have the Auditor-General removed from the process. We then have it moved across to a very highly paid group of people who meet out of Finance and the reasons for being able to bypass them have now been watered down to the extent that, if you think there is a compelling reason, you can bypass this committee.

Senator Ludwig—I disagree.

Senator RONALDSON—Which part do you disagree with?

Senator Ludwig—These were recommendations. What you have failed to recognise is that the guidelines were in place and we had a review that recommended changes. We did not adopt all of the changes. We kept the department of finance involved for the obvious reason that we want to ensure that the department continues to do the work it has been doing. Secondly, we kept the \$250,000 threshold. The report recommended a higher threshold. The report made a number of recommendations that we did accept. One of those went to changing the role of the Auditor-General to one of oversight. There is no removal of the Auditor-General. The Auditor-General will still be able to do—

Senator RONALDSON—That is simply not—

Senator Ludwig—Let me finish my answer. You have asked me a question and I am answering it.

CHAIR—I remind the committee members that the process is to ask your question and then allow the witness to respond.

Senator Ludwig—In addition, the Auditor-General will continue their valuable role. They can do at least one performance audit per year, but that does not preclude them from doing others. The guidelines were simplified to ensure that they were able to be applied by the secretaries of the various departments. In addition to that, one of the areas dealing with the exemptions was also a recommendation from the Hawke report. The reason given in the Hawke report is to provide more flexibility. We accepted the Hawke report's recommendations. One of the issues about independence, which we have already gone to, is that it is about ensuring that we do maintain the Independent Communications Committee as separate and distinct. I think you have heard that evidence this morning.

Senator RONALDSON—Minister, I will just read from a press release put out by you on 2 July:

In 2007, Kevin Rudd made an election promise that campaigns over \$250,000 would be scrutinised by the Auditor-General. This election commitment is now met.

Do you acknowledge that this election commitment is now broken because the Auditor-General does not scrutinise all campaigns over \$250,000? It is a quite simple question.

Senator Ludwig—The last time you asked me this question was—if I recall correctly—on Tuesday. I went through it in some detail then and I am happy to go through it again. I said that we continue to ensure that there is accountability and transparency. In fact, we continue to

use the amount of \$250,000 for campaigns over that amount because we think that is an important figure. The secretaries have to continue to adhere to the guidelines in all of the campaigns that can be run. More importantly, what you fail to grasp in the body of that question is that the guidelines are there. They ensure that campaigns are legitimately authorised, targeted and non-political. That is what they ensure—

Senator RONALDSON—That is not what the Auditor-General said.

Senator Ludwig—Unlike when you were in government and you could run party-political advertisements.

Senator RONALDSON—So you were opposed to the Keating government as well?

Senator Ludwig—The guidelines are still in place. What we have done is simplify them and ensure that they continue to be appropriate. The guidelines around non-political use are clearly still there. All of that continues. In fact, the Rudd government has made significant changes to the government advertising framework.

Senator RONALDSON—It certainly has.

Senator Ludwig—That is what our election commitment was about and that is what we have continued to do. We have also reduced the cost. I remind you that you welcomed the decision to put the Auditor-General back into the traditional role. Let me take you to that.

Senator RONALDSON—No, I can help you there. When you made the announcement we actually said that we did not think your proposals were the appropriate course of action and when you changed it we said that it took you a long time to realise that it was not the appropriate course of action. But that is not the issue. The issue is that you went into the election campaign. The Prime Minister was marching down the street under the banner of new openness and transparency, and the mass bands were behind him along with troupes of dancing girls. This was going to be a whole new era for openness and transparency but when the Auditor-General started doing his job properly you did not like it and you changed the rules and broke the election promise, did you not?

Senator Ludwig—I reject that. I have gone through it a number of times and I am happy to go through it again. The guidelines are still in place. They are a vast improvement. The Auditor-General himself, when you had the opportunity to talk to him in estimates, indicated that they were a significant improvement—that was the language that the Auditor-General used.

Senator RONALDSON—I am going to go to the Auditor-General's letter in a second and we will put that to them.

Senator Ludwig—It significantly improved the system—that is what the Auditor-General said. You did not pull him up. You agreed with it at the time and you continue to agree with it. It is heartening to see that you recognise that Labor has brought a vast improvement in openness, transparency and accountability into this area than from when you were in government.

Senator RONALDSON—And another broken election promise. That was a good segue, thank you. Mr Grant, under the previous guidelines for campaign advertising did the words 'informed consideration of issues' appear?

Mr Grant—No.

Senator RONALDSON—So the guidelines that the Auditor-General operated under were far stricter than the guidelines that are now in place. Is that correct? I have got no idea how long a bit of string is but I would assume that ‘inform consideration of issues’ probably gives this government about as great a carte blanche as could be given to do anything that it wants. Whose idea was it to extend the guidelines by introducing this very broad opportunity to advertise?

Mr Grant—They are different. I think that proposal was actually part of the independent report that was undertaken by Dr Hawke.

Senator RONALDSON—Dr Hawke did the independent report—is that right?

Mr Tune—That is correct.

Senator RONALDSON—And who is chair of the committee?

Mr Tune—Dr Hawke.

Senator RONALDSON—Oh! You are saying it was Dr Hawke’s idea to insert ‘informed consideration of issues’, is that right?

Mr Grant—I think that was part of his report’s recommendations.

Senator RONALDSON—Did the Auditor-General have any comments to make about that, Mr Grant?

Mr Grant—I was not part of that review at the time so I cannot answer that.

Senator RONALDSON—Minister, the Auditor-General made reference to that, I think, did he not?

Senator Ludwig—You might have to draw me to that reference.

Senator RONALDSON—What, are you unaware of what the Auditor-General said about this issue?

Senator Ludwig—I was asking you to draw me to that reference.

Senator RONALDSON—In the letter to you from the Auditor-General, in relation to Principal 1, did it say ‘appears to allow a broader scope in determining the suitable use of government advertising campaigns.’ Did not the Hawke report also include a comment that there was concern that the Auditor-General was interpreting the appropriate advertising campaigns too narrowly? Is that not what led Katherine Murphy in the *Age*, when she was talking about the ‘unkindest cut’, to say that, indeed, Mr Macphee was doing no more than his job and when it came to the crunch the government backed the word of Mr Hawke over the ‘pesky, nit-picking due diligence of the Auditor-General’? So, we have established the guidelines are not the same guidelines that the Auditor-General had, and there has been an inclusion of the words ‘inform consideration of issues’ and I think most people listening to this will assume that that provides a very, very significant extension of the guidelines.

Senator Ludwig—No. I think you had an inflection at the end of that—other than a statement, it was a question. Let me comment on the particular question that you have raised. On the matter of effectively cost-benefit analysis, the Hawke report noted—and you missed that point—that the former Special Minister of State and Cabinet Secretary, John Faulkner,

wrote to the Auditor-General on 10 March 2009 advising that the role of the cost-benefit analysis to ensure the effectiveness of advertising and information campaigns is maximised within the available campaign budget provided by government. The guidelines in fact now reflect that intent, requiring that advertising campaigns should be cost effective and justifiable in the budget allocated to the campaign. That is the position. It was a matter that this cost effectiveness measure was introduced to remove the complexity and deliver better information for assessment than had been the case with the cost-benefit analysis. It is our understanding from the Hawke report that Principle 1 has always included the ability to undertake campaigns which inform consideration of essential social issues.

For argument's sake, if you did not have that then issues of government tackling significant health issues and social issues to provide information could not be run. Imagine government not being able to run a child immunisation information campaign. Imagine, if you will, a situation where the HIV ads that were so successful—we all remember those grim reaper ads—could not be run because it would be outside the guidelines. They were clearly issues that were tackling both significant health and social issues of our time and they continue to raise those issues even today. Government has a responsibility to be able to inform the public about these matters.

Senator RONALDSON—What did the Auditor-General say about principle 4 of the new guidelines in relation to cost-benefit?

Mr Tune—Basically the—

Senator RONALDSON—No, ask the minister. Go on, Minister: you talk about the cost-benefit. What did the Auditor-General say both in his three-page letter to you and in his most recent report tabled in parliament? What did he say about the new cost-benefit provisions?

Senator Ludwig—I am sure you can read it, just as I can.

Senator RONALDSON—Can you read it out for me. You have it there as well.

Senator Ludwig—I do not need to read it out.

Senator RONALDSON—Yes, you do.

Senator Ludwig—If you want to read it out you are quite entitled to. But you can ask me a question about it.

Senator RONALDSON—I am asking you to read it out.

CHAIR—Senator Ronaldson and Minister, can I just explain how the process here works—yet again. Senator Ronaldson, you asked a question and the minister was responding. If you allow him to complete his answer then you can move on to another question. Minister, you have the call.

Senator Ludwig—Thank you. I am waiting for a question. Asking me to read something, quite frankly, is not a question.

Senator RONALDSON—That is a question. Do you want to talk about—

Senator Ludwig—It is certainly not. We can play children's—

Senator RONALDSON—I understand your—

CHAIR—Senator Ronaldson, the minister had the call, but I remind all committee members that this is a question and answer process, not one of making statements. Minister, did you have anything further to add?

Senator Ludwig—No, I did not want a statement.

CHAIR—Senator Ronaldson, do you have a question?

Senator RONALDSON—Thank you, Madam Chair. I am not too sure how asking the minister to read out the comments from the Auditor-General's letter to him in the report is a statement. Anyway, if the minister refuses—

CHAIR—It is not a question.

Senator RONALDSON—I think it is. Anyway, the minister refuses to do so in both the three-page letter to the minister and, indeed, in the tabled report in parliament—

Senator Ludwig—It is a public letter.

CHAIR—Minister, Senator Ronaldson is getting to a question.

Senator RONALDSON—It most certainly is.

CHAIR—Senator Ronaldson, do you have a question?

Senator RONALDSON—I have one in relation to principle 4, which no longer requires a cost-benefit analysis to support the proposed campaign. So much for openness and transparency and integrity! Mr Grant, I am just getting—

Senator Ludwig—No, I can respond to that. I take that as a question and I certainly can respond to it. Similar to the issue around informed consideration, the guideline continues to allow for—as successive governments have quite properly done—using advertising to tackle significant health and social issues. In terms of the cost-benefit analysis, as I have indicated, they continue to ensure that, as Senator Faulkner wrote to the Auditor-General, and to indicate what that section means—that the role of the cost-benefit analysis is to ensure that the effectiveness of advertising information campaigns is maximised within the available campaign budget provided by government. The guidelines now reflect that intent. Of course, if you are having—

Senator RONALDSON—I am glad you raised this question. Can you tell me—

Senator Ludwig—In fact, I answered your question, not raised it.

Senator RONALDSON—Do you think there is a difference between an HIV advertising campaign and an information campaign about health reform that does not have all the participants in it signed up? Indeed, we heard evidence yesterday that there was not a signed agreement between the states and the Commonwealth in relation to health reform. I am just wondering: is an advertising campaign in relation to HIV the same as an advertising campaign in relation to something that has not happened? If you think it is, that is fine, but could you just let me know.

Senator Ludwig—Including child immunisation ads; including Defence Force recruiting ads; including anti-smoking ads; including those which also go to measure up health ads which tackle social issues—all of those matters—

Senator RONALDSON—But you are just making your case worse.

Senator Ludwig—And course, these are all—

CHAIR—Yet again, Senator Ronaldson, I just remind you that if you ask a question you have to allow the witness to respond.

Senator Ludwig—In answering the cost-benefit analysis, they also now require that they be justified and undertaken in an efficient, effective and relevant manner. It explicitly requires cost effectiveness. You seem to have skipped over that. In addition, Principle 1 covers the matters that list that the basis upon which the advertising campaigns can be undertaken. It seems that you might need to read the guidelines yourself.

Senator RONALDSON—It may also be that you need to acknowledge that the Auditor-General operated under guidelines that were put in place and ticked off by your government which have now been removed by your government and replaced with substantially weakened guidelines. Mr Grant, just to confirm, we have gone from matters of ‘great urgency’ to just ‘any compelling reason’? That is right, isn’t it?

Mr Tune—No, that is not right. There was a range of reasons there, of which urgency was one, and the change is from ‘extraordinary’ reasons to ‘compelling’ reasons. They are different but I do not necessarily accept that they are a watering down, though.

Senator RONALDSON—Okay, fair enough. Does the minister have to contact the chair before invoking the ‘any compelling reason’ approach?

Mr Grant—The process is that the minister informs the chair when an exemption is granted.

Senator RONALDSON—So that is post the event?

Mr Grant—Yes.

Senator RONALDSON—So the minister, for any compelling reason according to him, can invoke the exemption and then pick the up the phone and tell the chairman after the event. That is the process? Thank you very much. As my colleague, Senator Ryan, said, the chair of the Independent Communications Committee—I repeat, the Independent Communications Committee—could be sitting at home watching television when he hears about a minister granting an exemption under the loose guise of ‘any compelling reason’. Is that a possible outcome?

Senator RYAN—Well, he could see the ads for the committee to be notified.

Mr Grant—I suppose the process is that—and it is based on experience—before the campaign has even been brought before the ICC a request for exemption might be made and is considered by the minister. The minister takes the decision and then informs the chair of the ICC and the parliament.

Senator RONALDSON—But Senator Ryan’s point was that the independent chair of the communications committee could be watching the ad without actually knowing anything about it, if they had not been informed.

Mr Tune—I doubt that.

Senator RONALDSON—Why not?

Mr Tune—Because they would have been informed ahead of that happening.

Senator RONALDSON—Why? How can you say that?

Mr Tune—In practice, I think that is the way it would happen.

Senator RONALDSON—And in practice, the opportunities for it not to happen?

Mr Tune—I guess so.

Senator RONALDSON—Yes, thank you.

Mr Tune—I am just saying that if it is a matter of due process we would ensure that that did not happen.

Senator RONALDSON—Has the ICC ever met at the direct request of the Minister for Finance and Deregulation, the SMOS, the Prime Minister or the minister responsible for the department undertaking the proposed campaign expenditure, as opposed to the secretariat or the chair?

Mr Grant—No.

Senator RONALDSON—The former GCU had a flowchart of a—

Senator Ludwig—You liked that one, didn't you—the GCU?

Senator RONALDSON—Isn't it funny how I never hear you talking about the arrangements under the Keating government, which were similar to those under the Howard government. I suppose at some stage during your retirement you will make that acknowledgement. The former GCU had a flowchart of a typical campaign that was tabled at a Senate committee inquiry into government advertising, on my understanding. Does the ICC have a similar chart?

Mr Tune—It does. It is on our website. I have a copy here if you want it.

Senator RONALDSON—That would be terrific. Who is responsible for the maintenance of the multi-use list?

Mr Tune—We are: the Department of Finance and Deregulation.

Senator RONALDSON—Does the ICC have any involvement in the preparation of short lists of advertising, research and PR agencies for communications campaigns?

Mr Grant—No.

Senator RONALDSON—Are the agencies required to pitch to the ICC?

Mr Grant—No.

Senator RONALDSON—Does the ICC have any role in the final selection of agencies?

Mr Grant—No.

Senator RONALDSON—If the ICC were to have concerns about the content of any campaign, how would that information be communicated to the agency?

Mr Grant—There are three key stages where the ICC meets with agencies. One is when they are doing their campaign strategy; the second is at the stage where the department, with its expert advertising advisers, has developed the first draft of the ads; and then, finally, when the ads are in final form. During those stages, the ICC does provide feedback on the

information it is provided with. The aim there is to assist agencies to understand what they need to do and whether they are moving towards a compliant advertising campaign.

Senator RONALDSON—Is this by way of briefing from the officials as opposed to any briefing from the agencies?

Mr Grant—The ICC meets with the departments that are responsible for the advertising campaign.

Senator RONALDSON—Yes, but they are not meeting at all with the agencies.

Mr Grant—Which agencies?

Senator RONALDSON—The advertising and other agencies.

Mr Grant—At times they have discussions with, for example, the researchers to better understand some of the information—I will just check that. No, the ICC has not done that yet, but it is certainly open for that to happen.

Senator RONALDSON—Under previous arrangements, under both the Keating and Howard governments, was there an opportunity for the members of those committees to question the ad agencies?

Mr Tune—I do not know if we have the corporate knowledge to answer that question. Our understanding is that advertising agencies did meet with the MCGC under the previous government.

Senator RONALDSON—There is no opportunity to meet with the agencies. If there are any concerns about the nature and extent of the campaign, they must rely only on the departmental officials or the secretariat. Is that right?

Mr Grant—That is not quite correct. The ICC does receive the research, it does look at the creative and it does have the ability, if it wishes, to follow up with the advertising experts contracted by the departments.

Senator RONALDSON—Which campaigns has the ICC looked at so far?

Mr Grant—I do not have a full list at present. I would have to get that.

Senator RONALDSON—Can you give me some examples?

Mr Grant—Defence Force recruitment, health reform and chemicals of dependence.

Senator RONALDSON—Have they ticked off on the health reform ads, have they?

Mr Grant—They have.

Senator RONALDSON—Do you keep minutes of these meetings?

Mr Grant—There are minutes, yes.

Senator Ludwig—There are also its decisions on the web.

Senator RONALDSON—Was there any discussion at the meeting about the fact that there was not agreement between the states and the Commonwealth on the health reform package?

Mr Grant—That certainly was discussed. In that context, those advertisements do not go to WA.

Senator RONALDSON—You're not serious! The committee met, concern was expressed, you decided not to run the ads in Western Australia and that is viewed as some independent assessment of this advertising campaign? I cannot believe this.

Mr Grant—The content was looked at and the nature of the ads was looked at.

Senator RONALDSON—So the independent committee was happy to sign off on a campaign where there is no agreement. Is this under the 'consideration of issue' banner?

Mr Grant—Perhaps I can take you through the process.

Senator RONALDSON—No. You just answer my questions. Was this under the watered down 'consideration of issue' guideline?

Mr Grant—The ICC looks at guidelines 1 to 4. It looks at proposed campaigns in that context. As I said, it liaises at at least three stages with departments undertaking campaign development.

CHAIR—I remind committee members and staff that the procedure is that any documentation or approaches to senators should be made through the secretariat's table. Staff and other people are not supposed to approach people during an estimates hearing.

Senator RONALDSON—I apologise for that.

CHAIR—I think it is important that we abide by the standing orders.

Senator RONALDSON—I agree entirely. My staff member was providing me with some very important information but should have gone through the normal process. I apologise to the committee. Minister, I notice chapter 11, paragraph 54, the Australian Labor Party 44th National Conference. When was the 44th national conference? I presume it was not decades ago. Was it in 2007?

Senator Ludwig—According to my recollection it was early that year.

Senator RONALDSON—Part of that platform, under 'Integrity and openness in government administration', says:

Labor will not support the use of government advertising for political purposes.

We know what the Auditor-General said about that. Do you remember this the part of the platform:

Labor will not support the use of government advertising for political purposes. Labor will introduce legislation to ensure:

- government advertising campaigns only occur after government policy has been legislated for by parliament ...

Do you remember that, Minister?

Senator Ludwig—I was there. I am not sure I remember everything that went on, but I am familiar with the area you are reading from.

Senator RONALDSON—Do you acknowledge that that is Labor Party platform from the 44th national conference?

Senator Ludwig—Without having seen the document, it sounds like it is. As your previous Prime Minister used to say, I would like to see the document before I accept your quote of it, but I am not disputing that it sounds very much like it.

Senator RONALDSON—I will table it.

Senator Ludwig—If there is a question that relates to it, I am happy to accept the question.

CHAIR—Senator Ronaldson, if you wish to table the document, can we see the document so the committee can consider whether we wish to have it tabled?

Senator Ludwig—Chair, I don't think it is in dispute. I am pretty sure it sounds right. I am happy to answer a question emanating from it.

CHAIR—Are you seeking to table that document, Senator Ronaldson?

Senator RONALDSON—The minister is now acknowledging that it is Labor Party policy, so I do not need to.

Senator Ludwig—I think I know where the question is going to come from and what it is likely to be. If he asks the question, I am happy to answer it. He has asked it already about three or four times and I have answered it three or four times.

CHAIR—I am sure Senator Ronaldson is aware of the standing orders about repetitiveness.

Senator RONALDSON—About what?

CHAIR—About repetitive questioning. I am sure you are aware of the standing orders.

Senator RONALDSON—Madam Chair, just so that I am clear about this: is it repetitive to refer back to broken election promises or is it repetitive to refer back to national conferences—

Senator Ludwig—There are no broken election promises, we continue to have—

Senator RONALDSON—I am having a discussion with the Chair.

Senator Ludwig—Sorry.

CHAIR—Sorry Minister. Senator Ronaldson, are you querying the standing orders?

Senator RONALDSON—Is it repetitive to refer to matters of concern raised by the Auditor-General? Is it repetitive to refer to the weakening of the guidelines that were opposed by the Labor party as part of a pre-election platform—

CHAIR—Senator Ronaldson.

Senator RONALDSON—on the Auditor-General which have been brought in?

CHAIR—You know quite well what I was referring to. Have you got a question?

Senator RONALDSON—Is it repetitive also to refer to the fact that this minister—

Senator JACINTA COLLINS—Point of order, Chair.

CHAIR—There is a point of order. Senator Collins has a call on a point of order.

Senator JACINTA COLLINS—The point of order is that this senator is simply not responding to you.

CHAIR—Thank you for your point of order. Can I remind committee members that we are bound by the standing orders as we are in the Senate chamber. I am sure, Senator Ronaldson, that, with your experience, you are well aware of the standing orders. I would appreciate

when I am speaking that people would pay me courtesy of allowing me to finish before trying to talk continually over the top of me. Senator Ronaldson, you have the call for a question.

Senator RONALDSON—Minister, just out of interest: when you were discussing the terms of reference for the Hawke inquiry with Mr Hawke, whose suggestion was it to put in there the adaptability of the guidelines—and this was what the review was to look at. Under terms of reference for this review item 4 says:

... the adaptability of the Guidelines and associated arrangements to emerging issues, including increasing Government initiatives to engage with the community through a range of platforms and encourage debate on important issues.

Whose idea was that?

Senator Ludwig—I can ask the department to go through that. I did not have that supposed conversation that you are referring to prior to the terms of reference.

Senator RONALDSON—It was by Allan Hawke, the *Independent Review of Government Advertising Arrangements*. It says:

The following Terms of Reference for this Review were agreed between the ... PM&C and Finance—

Senator Ludwig—If you let the department answer, you will find that there is an answer to your question.

Senator RONALDSON—Do not suggest that you were not involved in the discussion—

Senator Ludwig—No.

CHAIR—Senator Ronaldson and Minister, can I yet again remind the committee members that it is very unhelpful for *Hansard* and for me, in chairing these estimates, if we continue to allow people to speak over the top of one another. The process is a simple one: you put a question and you allow the witness to respond.

Mr Tune—The terms of reference were agreed, as the report actually says, between myself and the secretary of Prime Minister and Cabinet and then approved by Minister Ludwig. In relation to terms of reference 4, what we were trying to get at there was that there are changes going on in the way communications take place with the people in society, such as a greater use of the internet, blogs et cetera, and that perhaps they needed to be brought more explicitly into the net. We were asking Dr Hawke to examine that particular issue to get his views on what he thought was the appropriate way forward.

Senator RONALDSON—Thank you, Mr Tune.

CHAIR—Are you finished?

Senator RONALDSON—Cut me a little bit of slack please, Madam Chair. In this area of the review, the outcome is the extension of the guidelines to include the words ‘informed consideration of issues’ which, I think, we have all agreed were not under the Auditor-General’s guidelines. Is that correct?

Mr Tune—No, they were not. They were in effect being covered, but they were not in the guidelines, so we think we have clarified the guidelines to incorporate those sorts of things that had in fact been considered by the Auditor-General.

Senator RONALDSON—Was there any government involvement in the terms of reference?

Mr Tune—No. As I said, the cabinet secretary, Senator Ludwig, did approve them, but they were basically agreed between the secretary of PM&C and me.

Senator RONALDSON—Was there input from other departments?

Mr Tune—No.

Senator RONALDSON—None at all?

Mr Tune—No.

Senator RONALDSON—So none of the departments who Katharine Murphy of the *Age* described their view of the Auditor-General as being a ‘pesky nuisance’. Minister, it just looks to me—

Senator Ludwig—It may look like that, but this is the answer you are being given.

CHAIR—Minister! I remind you—

Senator RONALDSON—Well, I am asking you a question.

Senator Ludwig—Sorry, Chair. It was my fault, Chair.

CHAIR—Yes, it was, Minister. Senator Ronaldson has the call, so if we would allow him to complete his question.

Senator RONALDSON—I refer to point 4 of the Hawke report:

the adaptability of the Guidelines and associated arrangements to emerging issues, including increasing Government initiatives to engage with the community through a range of platforms and encourage debate on important issues.

In light of everything that has happened in relation to the removal of the Auditor-General and these broken election promises, when you look at the terms of reference and at the extension of the guidelines to include informed consideration of issues, the fix was absolutely in, enabling you to advertise prior to the election so far outside the guidelines that you had imposed by way of the Auditor-General. This was absolutely a complete and utter fix for pure partisan political purposes.

Senator Ludwig—I completely reject that. Despite your valiant attempts to muddy the waters, the evidence that you have heard has exposed you. You are wrong. You know it. There is nowhere for you to turn.

Senator RONALDSON—For me to turn?

Senator Ludwig—In fact, since coming to office, this government has made significant changes to the government advertising framework to increase transparency and accountability, unlike the position that you had adopted. When you were in government, the Ministerial Committee on Government Communications was not actually a committee of ministers; it was chaired by the Special Minister of State and comprised the Prime Minister’s principal private secretary, Tony Nutt, and a number of Liberal backbenchers. It was effectively a cabal of Liberals who would then go out and determine what campaign should be run, what they would do and how they would run it. There was no estoppel. They could run party political ads. They could continue to run partisan ads. We have put in place clear guidelines that

explicitly say that ads are not to have political content. We cannot undertake political advertising. That is what this government has done. It has ensured that there is a process in place. It seems to me that you have completely missed the point. In fact, I think you are harking back to your old system. You seem to prefer that. This government prefers this system, because it does provide certainty. The guidelines are put in place. We continue to ensure that advertising will not have political content. We continue to ensure that the public can be informed about particular social and health issues. We continue to ensure that the secretaries have clarity around these guidelines. We continue to ensure that they will be cost effective in meeting their budgets. There is also transparency. The ICC puts its decisions on the web. The ICC continues to ensure the independence—

Senator RONALDSON—You want to talk about repetition.

Senator Ludwig—You asked the question. You made the slurs that do not exist.

CHAIR—Senator Ronaldson, if you want to take a point of order, you could. Otherwise the minister has the call.

Senator Ludwig—And I will continue to remind you that we have continued to have the Auditor-General in the more traditional role position of allowing performance audits, because it is important to have that check. In fact, you agreed to that. It is one of the areas that you raised yourself as a matter and you agreed to it when we first announced it. If there is any backflipping going on, it is you in this room that is doing the backflip.

Senator RONALDSON—Ha! I think it was the same under the Keating government as well that one of the ministers chaired the unit. Just for clarity, from recollection—and you may be able to confirm this—I think that the minister who was chairing the committee under the Howard government actually appeared at Senate estimates and could be asked questions in relation to the determinations of the committee. I do not see the chairman of the so-called Independent Communications Committee sitting at the table taking similar questions.

Senator Ludwig—So you still hark back to the old days of being able to run party political ads. That is what you are effectively saying. I have not seen a policy from you in this area.

Senator RONALDSON—Now you are getting a bit narky. You are getting a little catty as the evidence unfolds.

Senator Ludwig—We have ensured that there is not political content. It seems to me—and we dealt with this on Tuesday—that the ICC can appear before Senate committees. We have got advice from the Clerk which clearly articulated that it would be inappropriate to appear at estimates.

Senator RONALDSON—Where is the chair of the committee? Am I missing something?

Senator Ludwig—Of course, you can ask—and you did ask—for me to appear on campaign advertising, with the secretary of the department, who deals with this, so you could ask questions in this area, which you are entitled to do so.

Senator RONALDSON—I do not see the chair of the committee.

Senator Ludwig—So I welcome questions in this area rather than political statements that you continue to make.

Senator RONALDSON—I am having a look around and I still cannot see the chair of the committee. How many members of the ICC have had direct experience in the areas of advertising, qualitative research, quantitative research or public relations and what is the nature of that experience, Mr Grant?

Mr Tune—In terms of expertise in communication matters or professional qualifications? Was that the question?

Senator RONALDSON—How many members of the ICC have had direct experience in the areas of advertising, qualitative research, quantitative research or public relations and what is the nature of that experience?

Mr Tune—I think all of them would have had some experience within their Public Service careers in dealing with communications campaigns. Beyond that, I am not too clear.

Senator RONALDSON—Have any of those members ever sat on the former MCGC or on the MCGIA?

Mr Tune—I do not know if they have ever appeared before it or sat on it.

Senator RONALDSON—No, no. I did not ask you if they appeared before it. Have they ever been members of it?

Mr Tune—I have no idea.

Senator RONALDSON—Have they ever served as officials in the old GCU or the OGIA?

Mr Tune—I do not know that either.

Senator RONALDSON—Have any of the members of the ICC ever had to appear in their capacity as APS officials before the MCGC or the MCGIA?

Mr Tune—I do not know.

Senator RONALDSON—We have been through the employment contract. Is there any reason why they are only two-year appointments? Aren't there standard five-year appointments for these sorts of committees, particularly for the chair?

Mr Tune—There is no fixed term around these things. We thought two years was appropriate. This was a new body being set up. It is appropriate to see how it goes, so two years gives us a point of review. That seemed appropriate in the circumstances.

Senator RONALDSON—So it wasn't two years so that their positions could be reviewed in a couple of years time, if the government are regrettably re-elected, to see how they have travelled in relation to their interpretation of the guidelines?

Mr Tune—No. I do not think that was in their minds.

Senator RONALDSON—I am sure that could not possibly be the reason for it. Who identified these positions and by whom were they appointed? Who identified the people who now have the jobs?

Mr Tune—The Hawke report actually did mention both Ms Williams and Ms Belcher as potential members and recommended in fact, or mentioned also, that Mr Ric Smith, deputy secretary in foreign affairs, a former Secretary of the Department of Defence, be the chair of the committee. In the event, Mr Smith was unavailable. I personally approached a couple of

other ex senior public servants to ascertain their availability. That was not possible and, in the end, Dr Hawke agreed to chair the committee as well.

Senator RONALDSON—By whom were they appointed? Was it the secretary—

Mr Tune—Yes.

Senator RONALDSON—or the PM?

Mr Tune—I appointed them.

Senator RONALDSON—I take it that that decision has not been endorsed by the Governor-General, as has been done in relation to the chair of the AEC and other similar committees.

Mr Tune—No. It is not the same sort of relationship. These are not government employees. Basically they are consultants or contractors.

Senator RONALDSON—I am not too sure whether Mr Killesteyn would view himself as a government employee. I can ask you that shortly.

Mr Tune—No. It is different, but he is a public servant.

Senator RONALDSON—What are the key performance indicators of other criteria that the committee will have to have met to be eligible for reappointment at the end of their two-year term?

Mr Tune—We have not got to that point yet. As you appreciate, the committee has been in existence for only two months. As to what we do at the end of two years, we have not worked through those processes yet.

Senator RONALDSON—What are your KPIs, the key performance indicators, for the committee?

Mr Tune—We would like to see them do an effective and independent job, basically.

Senator RONALDSON—Where is that written?

Mr Tune—It is in their terms of reference, basically—their roles and responsibilities.

Senator RONALDSON—That is the extent of the KPIs?

Mr Tune—Yes. The specific responsibilities are: overseeing the operation of the guidelines; providing advice to chief executives on compliance for proposed advertising campaigns with principles 1 to 4 of the guidelines; publicly providing assessments of campaigns' compliance with relevant aspects of the guidelines; reporting on campaigns subject to the guidelines, including any trends or emerging issues; and, lastly, considering and proposing revisions to the guidelines as necessary in light of experience. Those are basically the responsibilities and that is what the assessment will be made against.

Senator RONALDSON—If this committee is presented with a proposed advertising campaign and they believe that it is a waste of taxpayers' funds, that it does not meet criteria, can the committee itself refuse to endorse the campaign?

Mr Tune—Yes, definitely.

Senator RONALDSON—How is that done?

Mr Tune—They would sign a letter to the chief executive of the agency proposing the campaign saying that the ICC does not consider that this campaign complies with the guidelines.

Senator RONALDSON—At that stage, if that decision was made by the committee I presume that the minister under the auspices of any compelling reason could override the committee.

Mr Tune—Can the minister override the committee?

Senator RONALDSON—Under the basis of bypassing the committee for any compelling reason, I take it that the minister himself could then bypass the committee.

Mr Tune—Yes, that is correct. The committee is not used in that situation.

Senator RONALDSON—So the committee could make a decision and the minister could override that by bypassing the committee on the basis that the advertising campaign was required for any compelling reason. You referred before to the ICC members, and we have got our differential. Who was the committee member who was apparently embarrassed by the amount of the per diem?

Mr Tune—I would prefer not to go into that. It is a personal issue between us and the person involved. Basically it is a personal contract we have signed with these individuals and, in my view, it is preferable that we not go there.

Senator RONALDSON—Is this a public interest claim?

Mr Tune—It will be on AusTender and the person involved in the lower amount is Ms Belcher.

Senator RONALDSON—In your discussions with Ms Belcher, was it the size of the per diem that was causing Ms Belcher concern?

Mr Tune—I will ask Mr Grant to go through that.

Mr Grant—Ms Belcher simply indicated that she would prefer to accept a slightly lower flat rate. She did not give us the reason for it.

Senator RONALDSON—She just came to you and said, ‘I don’t want as much as you’re offering?’

Mr Grant—Yes.

Senator RONALDSON—Again, what was the differential—some \$20,000 or \$30,000?

Mr Tune—No, \$60,000 over the two years.

Senator RONALDSON—So \$30,000 a year?

Mr Tune—Yes.

Senator RONALDSON—Mr Grant, you are saying that Ms Belcher did not make any reference to the fact that she was embarrassed by the largesse?

Mr Grant—No, she just said she would prefer to accept a lower amount.

Senator RONALDSON—That was, presumably, after you had offered her the higher amount?

Mr Grant—That is right.

Senator RONALDSON—So you said, ‘Ms Belcher, the offer is \$260,000’—I think that was what the other member was getting?

Mr Grant—I think that is correct. Yes, that is correct.

Senator RONALDSON—She did not accept that. I will let others draw their conclusion. Can you just go through again the specific aspects of the communications campaigns that the ICC review—there were the three?

Mr Grant—Yes, there are three. They review at the time of the campaign strategy.

Senator RONALDSON—Sorry?

Mr Grant—When the campaign strategy has been developed, they look at the campaign strategy and talk to the agency.

Senator RONALDSON—Do they have involvement in the preparation of the strategy or are they presented with the strategy?

Mr Grant—No, part of the framework here is that it is the departments’ responsibilities; it is not the ICC or my branch’s responsibilities. The departments prepare it and they bring it to the ICC. The ICC will give them their views. The second stage then is the so-called preproduction, when they have actually done broad designs for the advertisements and they have undertaken some testing. The ICC looks at the advertisements and also looks at the testing results in terms of whether the messages are getting to the target audiences and things like that. In the last stage—

Senator RONALDSON—Can I just interrupt there. If they have no specific experience or expertise in relation to qualitative or quantitative research, how can they possibly make an appropriate assessment—and I presume this involves focus group reports—or a valued judgment about something as involved as qualitative and quantitative research?

Mr Grant—There are a few things here. The first is that those reports, I suppose, are written for the lay person insofar as they indicate what came out of those testing processes.

Senator RONALDSON—So they are not making an objective assessment of what the focus groups are saying; they are relying on what the departments interpret the focus—

Mr Grant—No, that is not correct. The second part that I was going to say is that my cabinet—sorry, my Communications Advice Branch actually—

Senator RONALDSON—I am going to ask you about the cabinet advice branch soon—but I suppose we could move straight to that.

Mr Grant—I don’t have one of those branches, Senator. My Communications Advice Branch do have experts in the advertising area and they provide advice on the reports; they analyse the data; they give advice to the ICC. So the ICC actually gets expert advice both from Finance and from the department undertaking the advertisement, and it also gets the reports. So it actually has a good degree of information at its hand.

Senator RONALDSON—But if there is a department appearing before the ICC they are hardly likely to interpret the focus group outcomes in a negative sense, are they? I mean they

have an appalling conflict of interest in relation to their assessment of the focus group testing of a proposed campaign.

Mr Grant—Which is why Communications Advice Branch also provides information.

Senator RONALDSON—So another department working with another department in relation to an advertising campaign of that particular department: how can that possibly be viewed as an independent assessment of this issue?

Mr Grant—Let me come back again. The Communications Advice Branch is located in the department of finance. It actually works closely with departments and agencies as they go through the development of campaigns. It analyses the research and other reports—campaign strategies and the like—and it advises the ICC.

Mr Tune—You have to remember too, Senator, that the role of the ICC is to ensure compliance with the guidelines. It is not there designing campaigns; it is saying, ‘Does this campaign comply with these guidelines?’ It is a slightly different role, I think.

Senator RONALDSON—That is a very interesting interjection, Mr Tune. Indeed, what they have been asked to do is to interpret a different set of guidelines—thank you for this intervention—to those that the Auditor-General operated under and a different set of guidelines that the present government went to the last election with and then implemented upon their election. Thank you very much. They are indeed, as you say, only interpreting government guidelines and therefore their independence is completely and utterly questionable. I gather that my colleague Senator Xenophon has some questions.

CHAIR—Thank you, Senator Ronaldson. Senator Xenophon has the call. We can come back to you later. Can I remind senators and witnesses to switch off their mobile phones or have them on silent, please.

Senator XENOPHON—Perhaps if I get some clarification from the minister first in terms of the guidelines. I think there was some debate about going from the words ‘extraordinary’ to ‘compelling’. Minister, in circumstances where those exceptions are acted upon, is there any independent scrutiny as to whether it was urgent or compelling, even after the event? In other words, does the ICC have a role or does the ANAO have a role in determining whether your discretionary use of exceptions to scrutiny is in some way subject to some reasonable benchmark or test by an independent body, whether it is the ICC or the ANAO?

Senator Ludwig—They are tabled in parliament, so the scrutiny there rests and it is open and accountable. It is there for you and obviously the public to see.

Senator XENOPHON—Would you agree that it would be preferable to have it scrutinised or to be the subject of a report by, for instance, the Auditor-General or the ICC in those cases where the exception is—

Senator Ludwig—The Auditor-General can still undertake a broad range of roles in any event. They can do a performance audit of any campaign that they choose. We have asked them to do at least one and so the Auditor-General continues to play a valuable role in this, as I have said a couple of times. The object of tabling them to make them open and transparent is to ensure that there is parliamentary scrutiny. This is a democracy and it is the highest place where they can be scrutinised.

Senator XENOPHON—Further to that, back in the lead-up to the 1998 election campaign, the then Auditor-General published a report that was critical of the Howard government's advertising campaign in respect of the GST and the Auditor-General—

Senator CAMERON—Report No. 24.

Senator XENOPHON—Thank you, Senator Cameron. I think the Labor Party in opposition welcomed that report for that level of scrutiny in the lead-up to an election campaign about the enormous amounts of money spent by the former government in terms of spruiking the GST. To what extent would you welcome a report in the lead-up to the election to be held later this year in terms of the scrutiny of recent government advertising campaigns?

Senator Ludwig—The Auditor-General is entitled to undertake performance audits in this area. We have asked them to do one per year. Clearly, we ensure that we continue to have a role in this area of oversight in the more traditional sense of the Auditor-General's role. It is not a matter of my view. It is the case that the Auditor-General can undertake big performance audits and I have no doubt that they will undertake performance audits of particular advertising campaigns as they see fit. They are independent—they report to parliament—and that is a good thing.

Senator XENOPHON—But just as the government in opposition welcomed the Auditor-General's report back in 1998 about the then Howard government's campaign for the GST, would you similarly welcome a report from the Auditor-General in relation to the government's advertising campaigns, particularly in relation to the health reform package?

Senator Ludwig—I would welcome any report from the Auditor-General as the Auditor-General is independent of government. They report to parliament. We all welcome their reports. They are insightful, they provide assistance to departments across the board, and they are a valuable read. Not everyone chooses to read them, but they do provide very good guidance.

Senator XENOPHON—When the details are published of the exceptions in the use of your discretion for an advertising campaign, what time frame is there for details of that to be published in terms of the cost of the campaign and the exceptions? I take it that you indicate whether it is a case of national emergency or it is a compelling reason.

Senator Ludwig—They are tabled in parliament, including the grounds.

Senator XENOPHON—Yes, but what time frame is it. Is it from the time of the campaign? Is it only done annually or is it on a more regular basis than that?

Senator Ludwig—As it is happening, I am advised.

Mr Tune—Within a few days of a decision being made, there would be tabling.

Senator Ludwig—The other part, I am advised, is that we do half-yearly reports every six months on expenditure. They are provided with detail, and this is to ensure that we have transparency. They are provided every six months on our major expenditure.

Senator XENOPHON—I appreciate that, but can I just clarify this: is there a requirement or convention that, from the time a decision is made—in terms of the use of your discretion whether it is for a 'compelling reason' or a national emergency—there is a set number of

sitting days or can it be published out of sitting? I am just trying to establish whether there is a standard for that in terms of publication.

Mr Grant—There is no set number of days. The exemption is usually given before the campaign has been well developed. That being the case, the experience has been that the cabinet secretary has taken the decision and within a few days of that—and as far as I can recall before any campaign has even started—in the past has advised the Auditor-General, in the future the chair of the ICC, and made a statement to parliament. That has been the experience.

Senator XENOPHON—I appreciate that; I am just trying to understand whether there is a standard as to what time frame is there from the time the decision is made. Is it within seven days, or 14 days?

Mr Tune—There is no specific time frame.

Senator XENOPHON—Do you think it would be desirable—and I appreciate what the minister said about transparency in the process—and wouldn't transparency be enhanced if we knew that there was a maximum period of time?

Senator Ludwig—I am happy to have a look at it.

Senator XENOPHON—If there is some flexibility—

Senator Ludwig—I understand the point you are making.

Senator XENOPHON—I would argue that having a time frame in relation to that would strengthen it and assist, I think, in confidence in the process.

Senator Ludwig—There is no set standard, but I am happy to have a look at it.

Senator CAMERON—Minister, I have just been looking at this Audit Report No. 24 that Senator Xenophon mentioned. That was a report into the administration of contracting arrangements in relation to government advertising, and it dealt, basically, with the spending of \$1.8 billion on government advertising between July 1995 and November 2007. There was an organisation set up who did most of the decision making under the Howard government; it was called the MCGC. Are you aware of the Ministerial Committee on Government Communications?

Senator Ludwig—I am broadly aware of it. I was not on it.

Senator CAMERON—I am sure you were not on it. I know Senator Abetz was on it and chaired it for some time. The report indicated that they made most of the decisions in relation to approvals. They had:

... considerable discretion as to the extent of its involvement in particular campaigns. At a minimum, the MCGC provided formal approvals and clearances at key points of campaign development and delivery. At times, the MCGC took decisions that completely reshaped campaign strategy and timing, extensively edited creative materials, and set requirements for the frequency of advertising.

The Rudd government have moved from this type of approach, haven't they?

Senator Ludwig—What we have done, of course—and I think the evidence today has highlighted that—

Senator RONALDSON—That may be questioned.

Senator Ludwig—is move to guidelines which ensure what types of advertisements can be run. For argument's sake, first of all, for anything over \$250,000 the secretaries have to utilise the guidelines. There is an Independent Communications Committee which is there to look at the advertisements to make sure that the principles are adhered to. In addition to that, as I said, anything over \$250,000 has to go through the guidelines. But most important—and I keep coming back to this one—is that the guidelines are clear that we cannot run, and nor should we, advertisements which contain political content, which is quite distinct from what happened before. What happened before was that the government could spend on partisan political ads, and they did. It also significantly improves the reporting and transparency. As I think we have gone to today, the government reports twice yearly to the parliament on campaigns. In addition to that, the ICC reports when they look at, for argument's sake, a health ad; they put it on the web. So it is about ensuring that there are both accountability mechanisms and transparency mechanisms in place. If you go to the transcripts from Tuesday from the Auditor-General, he recognises—and I will not quote exactly—that this Rudd government has made improvements in this area. It is well recognised.

Senator KROGER—Smoke and mirrors, smoke and mirrors—that is what it is about.

Senator CAMERON—Minister, are you aware that under the Howard government there were two reports on government advertising, one being the JCPAA report in September 2000 and the other being report 12, the 1998-99 ANAO report? Are you aware that the Howard government did not adopt any recommendations from these reports?

Senator Ludwig—I think I have a general recollection of them. I cannot say that I recollect the latter one in any great detail. I do know that the guidelines that are in place were not in place prior to the Rudd government's coming in to government and putting in place both transparency and accountability, significantly improving this area and ensuring that advertisements can be legitimately authorised and properly targeted and do not have political content in them. That is what this government has worked very hard to achieve—

Senator RONALDSON—He is keeping a straight face.

Senator Ludwig—which is significantly different from what was before.

Senator CAMERON—The ANAO, in its report number 24, said that the changes that the Rudd government were implementing were broadly consistent with the JCPAA September 2000 report and report number 12 of 1998-99. It took a change of government, really, to bring more accountability into government advertising. Is that correct?

Senator Ludwig—I am convinced of that. This was a matter to which the previous Cabinet Secretary brought a lot of energy to dealing with. We will continue to ensure that there is openness and transparency in this area.

Senator RONALDSON—You will lacerate your cheek, Joe.

Senator Ludwig—If you look at some of the comments that have been made in the past, we adopted many of the recommendations. So yes, that is right; we essentially adopted many of the recommendations from that report.

Senator CAMERON—Mr Tune, I am not sure how far back in the department your corporate memory goes, but ANAO report number 24, in a footnote on page 25—footnote No. 26—notes that the responsibility of the provision of advice and support to the MCGC was

transferred from the then Department of Finance and Administration to the Department of the Prime Minister and Cabinet on 21 October 1998. Have you any idea of why the responsibility was moved from Finance to the Department of the Prime Minister and Cabinet?

Mr Tune—No, I am sorry, I do not. That was well before my time in the Department of Finance. I have been there only eight months, so I do not have that length of corporate knowledge about roles and responsibilities going back six, eight, 10 years or so.

Senator RONALDSON—Just to put paid to this lie about what happened under the former government—I presume roughly the same set of guidelines applied under the Keating government—are you aware who ultimately had to sign off on any ads that were approved by the GCU?

Mr Tune—By the GCU? Do you mean the MCGC?

Senator RONALDSON—I mean the government communications unit.

Mr Tune—No, I do not.

Senator RONALDSON—It was actually the secretaries of the departments.

Mr Tune—That remains the case here; the secretaries sign off on the campaigns themselves.

Senator RONALDSON—So this notion of the Howard government and the Keating government just being able to sign off willy-nilly is, of course, completely and utterly untrue. Minister, I have just been asked to clarify: you did acknowledge that the 2007 platform was as under paragraph 54—the first dot, indicating that government advertising campaigns should occur only after a government policy has been legislated for by parliament and that Labor would introduce legislation to ensure that. You did acknowledge that that was the platform, did you not?

Senator Ludwig—I think you—

Senator RONALDSON—If not, can I seek leave to table this and ask the minister to confirm it, please, Madam Chair.

CHAIR—Does the committee wish to table the document? The committee agrees to table it. Could we have copies, please.

Senator RONALDSON—I do not have the guidelines in front of me for the ICC. Value for money is one of the criteria, I assume.

Senator Ludwig—Cost-effectiveness, yes.

Senator RONALDSON—I have a large number of questions, but I am mindful of the time, so if you could just cut me a bit of slack I will see if I can work out which—

CHAIR—I am sorry, Senator Ronaldson; I do not know what you mean. You have the call.

Senator RONALDSON—I am just saying that if you could cut me a bit of slack I will go through—

CHAIR—You have the call.

Senator RONALDSON—Thank you. I will go through and see whether some of these can be put as questions on notice and which ones I need to ask now. Mr Tune or Mr Grant, are finance department officials present at meetings of the ICC?

Mr Grant—Yes. Finance provides a secretariat to the ICC.

Senator RONALDSON—Is the Minister for Finance and Deregulation ever present, or are any MOPS employees ever present, at the meetings?

Mr Grant—Never.

Senator RONALDSON—Are the ministers or the MOPS or departmental officials of the proponent department present at the meetings?

Mr Grant—Never.

Senator RONALDSON—Is it the intention that the minutes be published online?

Mr Grant—No.

Senator RONALDSON—Why is that?

Mr Grant—The minutes really go to working papers associated with the development of campaigns.

Senator RONALDSON—Doesn't that make a bit of a mockery of Operation Sunlight if those minutes are not available for public scrutiny?

Mr Grant—Certainly the decisions are available, but the workings of the committee are not, and that is pretty normal practice.

Senator RONALDSON—Minister, you have the document. Have I quoted correctly from the National Platform and Constitution 2007, chapter 11—the 44th National Conference?

Senator Ludwig—Yes. I have the document.

Senator RONALDSON—Thank you. So you acknowledge that that is the platform?

Senator Ludwig—Yes.

Senator RONALDSON—In relation to a caretaker period, will the ICC operate over the caretaker period?

Mr Grant—I would not think so. Under caretaker period conventions, all campaign advertising is withdrawn. If there is a view that perhaps some campaign advertising should take place, the convention usually is that the Cabinet Secretary would propose some. He would contact his opposition counterpart and if there is agreement reached then there may be some advertising that continues. But in the first instance all advertising is pulled.

Senator RONALDSON—I just wanted to make sure that provision still remains. So there is the opportunity during that caretaker period for bipartisan advertisements to take place.

Mr Tune—My feeling would be that, if that situation did arise, you would probably be in a national emergency situation or something like that, where there was a need to advertise availability of assistance.

Senator RONALDSON—I would think so.

Mr Tune—And there would be an exemption in that case anyway. We would not use the ICC during the caretaker period.

Senator RONALDSON—With the handover arrangements between the ANAO and the ICC, how many meetings have taken place between the two?

Mr Grant—Two of the members met with the ANAO—I think the week after new arrangements were announced. I and my people—I have not always been there—obviously had an ongoing relationship with the ANAO and we met with them on a number of occasions to assist in the transition.

Senator RONALDSON—When you say a number of occasions, how many?

Mr Grant—For me—

Senator RONALDSON—I got the impression from the Auditor the other day that there were not a large number of meetings. I might have misheard what the Auditor said.

Mr Grant—We have had one formal meeting but we have had a number of telephone conversations.

Senator RONALDSON—Who were they with?

Mr Grant—The Deputy Auditor-General, Steve Chapman, the division head and the branch head responsible.

Senator RONALDSON—The way the Auditor put it was that a group of you went down there for a meeting and that has really been the extent of the changeover.

Mr Grant—Two members of the ICC have had one meeting. I am not aware of any others.

Senator RONALDSON—What formal meetings have there been between the department and the Auditor-General?

Mr Grant—As I said, we have had one formal meeting, but there have been a number of contacts on the phone dealing with matters as we do the transition.

Senator RONALDSON—I presume that the Auditor-General was not involved in the preparation of the new guidelines?

Mr Tune—The answer is no.

Senator RONALDSON—Given the lack of experience of these community members in relation to advertising, qualitative and quantitative research, public relations et cetera and given that the staff of the Auditor-General certainly have expertise in that area, do you envisage having ongoing interaction with the ANAO?

Mr Tune—It is an open-ended arrangement. The Auditor-General has kindly made himself available, as needed, to assist the committee. The committee can take advantage of that whenever it wishes. We think it is an ongoing arrangement.

Senator RONALDSON—It has been an ongoing arrangement since 31 March. That is two months now and there has been one meeting with officials and one meeting with the committee members. I hardly call that a significant level of engagement. You have virtually decided to go it alone, haven't you?

Mr Tune—Not necessarily. It is for the committee to decide whether or not it wishes to consult further with the Auditor-General. There may be occasions when that is the most sensible thing to do.

Senator RONALDSON—Finance has not sought any more formal meetings with the Auditor-General.

Mr Tune—We have had one plus the phone calls that Mr Grant referred to. I dare say there will be further phone calls to clarify things and obtain information.

Senator RONALDSON—What was the nature and extent of the phone calls?

Mr Grant—It was partly to touch base in setting up the formal meeting. It was also to talk about their processes. The Auditor-General's office provided us with a letter with some of their processes attached. That assisted us with the basis of the formal meeting that we had.

Senator RONALDSON—If upon publication of a campaign the ANAO viewed it and considered it to be outside the guidelines, what capacity would the ANAO have to transmit the information to the proponent department and force them to act on that? Would they be compelled to suspend or withdraw the campaign?

Mr Grant—No. The ANAO has never had the capacity to do that.

Senator RONALDSON—You say the ANAO has not got that capacity?

Mr Grant—No, and did not have under the previous arrangement either. It is the chief executive of the organisation that is proposing the campaign who signs off. They have the ultimate accountability.

Senator RONALDSON—But the Auditor-General had ultimate authority, surely, in relation to any campaign over \$250,000?

Mr Tune—No, they had the authority to provide a report on compliance with those guidelines. Whether they were actually complied with was an issue. The chief executive of the organisation, under the Financial Management and Accountability Act, has the accountability for signing off.

Senator RONALDSON—But they had proactive involvement in these campaigns, didn't they?

Mr Tune—Of course they did, as does the ICC, so in that respect I do not think there has been much of a change.

Senator RONALDSON—I think there has been a very substantial change, because under the previous guidelines only a matter of enormous significance would enable the direct intervention of the minister, but now that has been watered down to the extent that it comes under the banner of any compelling reason, to be determined by the minister himself. Given the time, I think I will put the balance of these questions on the ICC on notice.

CHAIR—Are we still dealing with 2.1, procurement framework?

Senator RONALDSON—Yes. Minister, we did have some significant discussion about this the other day, but I do—

Senator Ludwig—What was that?

Senator RONALDSON—I do want to take you, please, to the comments of the Auditor-General. I just want confirmation from you that the Auditor-General made the following comments in his letter to you and, indeed, in his latest report in relation to the new guidelines into which he had no input at all. He said some areas were less specific, namely:

... Principle 1, which provides a broader scope in determining the suitable uses of government advertising campaigns, Principle 3, which provides less guidance in interpreting whether campaign materials promote party political interests, and Principle 4, which no longer requires a cost-benefit analysis ...

The last paragraph of his letter says:

I am concerned that we will not see the same level of rigour and discipline applied to the sensitive area of government administration going forward under the revised arrangements.

Are they indeed the comments made to you by the Auditor-General?

Senator Ludwig—The letter of 29 March 2010, which is available on the web, and clearly you have it as well—was it tabled here?

Mr Tune—Today?

Senator Ludwig—Yes, so it has been tabled?

Mr Tune—I am not sure it has been today.

Senator RONALDSON—I just want your confirmation that they were indeed the Auditor-General's comments.

Senator Ludwig—The letter is there to be read.

Senator RONALDSON—Do you confirm that that is what he said or not, or do you need to table it again and then I can go through it?

Senator Ludwig—I can confirm the issues that you have raised are in the letter of 29 March 2010, and you have also got the response to the Auditor-General's letter from the secretary of the department, Mr Tune, on 31 March.

Senator RONALDSON—Yes, I have got that.

Senator Ludwig—If can quote from that response:

The new Guidelines aim to address areas of ambiguity, without diluting the need for campaigns to be: relevant to government responsibilities, factual, accessible, objective, efficient, effective and not directed at promoting party political interests. There is no 'softening in the application of requirements on agencies'; rather, the new governance framework aims to allocate responsibilities to those best placed to manage them, while retaining a significant independent review mechanism through the establishment of the Independent Communications Committee.

Senator RONALDSON—But that is not a statement of fact; that is a statement of opinion, isn't it? Mr Tune, that is an opinion, isn't it?

Mr Tune—That is my view.

Senator RONALDSON—And that is diametrically opposed to the Auditor-General's view, isn't it?

Mr Tune—Which was also a view. That was one view expressed; I was expressing a different view, which I believe.

Senator RONALDSON—I acknowledge that the Auditor-General's comment was a view and that yours is a view.

Mr Tune—That is right.

Senator RONALDSON—You will acknowledge, of course, that the Auditor-General is indeed, in the context of this debate, a completely independent umpire and arbiter in relation to this matter. Minister, I want to take you to these guidelines and I do not want a 15-minute discussion about history or how bad anything was; I just want a straight answer. You went to the election with the guidelines that the Auditor-General operated under. They were guidelines that the Australian Labor Party had been talking about for years. They were guidelines that the Prime Minister confirmed when in opposition—confirmed by various national conferences, in my understanding. They were guidelines re-endorsed by you in a press release in relation to this matter, with quotes from the minister for finance and Senator Faulkner. Can you tell the committee why you decided to change the guidelines and why you decided to change those guidelines that had rusted onto Labor Party policy and election commitments without discussing the changes with the very person to whom you had for many years—your party and then you personally as SMOS—entrusted these guidelines. You refused to brief the Auditor-General on or discuss the change of guidelines. Can you explain to the committee why you took that extraordinary course.

Senator Ludwig—I think I went through this before but I am happy to go through it again. If you recall, in July 2008, the government introduced the new campaign advertising framework, including the guidelines on cabinet advertising. The government agreed to review the guidelines before July 2010, and that review was completed in March 2010 by Dr Allan Hawke. The review found that the current arrangements drew into question the independence of the Auditor-General and potentially created conflicts of interest. Following consideration of the Hawke report, the government implemented its recommendations. The key recommendations included that the guidelines be 'simplified and clarified' to assist interpretation and application by agencies conducting campaigns and that the Auditor-General's role in reviewing proposed campaigns before their launch be replaced by an independent communications committee. The Auditor-General would still continue to play an oversight role. They would be asked to do at least one performance audit of campaigns per year. But—and I think we heard the evidence from the Auditor-General—it was certainly up to them whether or not they wanted to do more than that and undertake any other role that the Auditor-General traditionally has.

Going to some of the issues you went to, with regard to reviewing advertising campaigns, we have since coming to office significantly improved transparency and accountability in this area. We report twice yearly to parliament on campaign advertising expenditure. We also committed to continue to report that expenditure which is above \$250,000. And of course the government have continued to ensure that the framework works to ensure that advertisements are legitimately authorised, they are properly targeted and they are non partisan or non political—they do not contain political content. That is what we have continued to do. Those guidelines were reviewed and we adopted those recommendations.

One of the issues that you centre on, of course, is the Auditor-General's role. I think it was by evidence on Tuesday that the Auditor-General indicated that a committee such as we have

now, which is the Independent Communications Committee, would be one such mechanism that the government used to review. Your own member on the parliamentary Joint Committee of Public Accounts and Audit, Mr Petro Georgiou, also raised concerns that the process had the potential to compromise the Auditor-General's independence and capacity to be an appropriate auditor. He said:

The effect of the Auditor-General or his staff being involved in the ongoing process of monitoring what happens is to make him a de facto decision maker. The roles are blurred.

At that same inquiry, the shadow minister at that time, Bronwyn Bishop, said:

I have to say that I feel very uncomfortable with the Auditor-General being placed in what I think is an unethical position.

Taking all of that on board, having listened to both the independent reviewer, Dr Allan Hawke, and the Liberal members of the JCPAA, the new guidelines have been brought forward. It is important that the Auditor-General on Tuesday did also recognise that there has been a significant improvement in this area. You skate over that, but the Auditor-General's evidence was clear about that.

Senator RONALDSON—Minister, you have had years and years to consider whether these guidelines are appropriate. These are not guidelines that were put in place at short notice with a review clause within six months. Your party had years to consider these. You made a deliberate decision in relation to giving the Auditor-General these dual roles. You thought about it and promised to do something about it before the election. You did it after the election and you have now changed the rules without discussing the new guidelines with the very person who you charged to implement your pre-election commitments and your platform going over many years. I ask you again: why did you not discuss the revised guidelines with the Auditor-General prior to implementing them?

Senator Ludwig—What I indicated on Tuesday and what I will continue to indicate to you—perhaps you did not hear it—

Senator RONALDSON—How about you just answer the question? Why did you not consult with the Auditor-General before you changed these guidelines?

CHAIR—I remind you again, Senator Ronaldson—

Senator Ludwig—What I said was that—

CHAIR—Minister!

Senator Ludwig—Sorry.

CHAIR—I have reminded the committee members countless times this morning that questions are put and then we should wait for the witness to have the opportunity to respond. Senator Ronaldson, it would be most helpful if you could do that. Minister, I remind you of the same. Minister, you had the call.

Senator Ludwig—The independent reviewer, Dr Hawke, did consult with the Auditor-General in relation to the review which was conducted post the introduction of the guidelines, which I indicated earlier.

Senator RONALDSON—I gather my colleague Senator Kroger has a couple of questions, so I will defer to her and then come back.

Senator KROGER—I would just like to turn to the register of advertising agencies. I understand that it is called the Communications Multi-Use List. Is that right?

Mr Tune—That is correct.

Senator KROGER—I refer to an article—which I am happy to table, Madam Chair—that was in the *Australian* dated 24 May.

CHAIR—Before you go on, I have to ask: is it the wish of the committee to have the document tabled? As there are no objections, that is fine, thank you, Senator Kroger.

Senator KROGER—While we are waiting for that document, I will ask: how are those agencies determined that make it to that list? What is the process?

Mr Grant—To be on the multiuse list, you have to meet a number of criteria—financial viability. You need to demonstrate some expertise and send in references. Effectively, it is an open list. Any company may seek to be a member. They undertake a range of things including their financial viability. They send in references. We have someone who checks those references. If they pass the check test and they have nominated the areas that they are expert in then they are placed on the multiuse list. Once a year we ask companies to reaffirm their viability and other things like that.

Senator KROGER—When was the list that currently exists first established?

Ms Van Veen—The multiuse list was established on 31 March 2009.

Senator KROGER—Do you charge a fee for inclusion on that list?

Mr Grant—No.

Senator KROGER—I refer to the copy of the *Australian*, which I see that you have before you. That article clearly expresses issues in relation to that list. I will read it. It says:

A REGISTER of advertising agencies at the centre of the Rudd government's overhaul of its advertising processes is out of date, unwieldy and being ignored by the commonwealth's own departments.

It then goes on to say that there are many companies which are tendering for major advertising projects which are not included on that list. Can you verify whether that is the case or not?

Mr Grant—This article is actually incorrect in many ways. The multiuse list is for campaigns over \$250,000 undertaken by FMA Act—Financial Management and Accountability Act—agencies. I am aware of only one instance since this multiuse list came into place where an advertising agency that was not on the list was asked to tender, and that was actually in a transition period when that agency had not updated its information and the department was not aware that that was the case. Our view, as you would expect, is that for campaign advertising above \$250,000 for FMA Act agencies we have an exceptionally high compliance rate.

Senator KROGER—What is the rationale then? Obviously there was considered to be a need; therefore a requirement was put in place to have some overarching oversight of the advertising agencies that were being used for campaigns over \$250,000. Why does the same need not apply for those under \$250,000?

Mr Grant—I suppose the guidelines relate to advertising over \$250,000. That is when you start to have significant advertising. What the CMUL, the Communications Multi-Use List, does is to some degree to provide some prequalification about the expertise and capabilities of the businesses. They have to have a look at their specialist category. The different categories are advertising, research, public relations, Indigenous and non-English-speaking background. It assists the departments and agencies undertaking or proposing to undertake relatively large campaign advertising to be able to go to a group of companies or suppliers that actually have to some degree some prequalification about their expertise.

Senator KROGER—From that I am to presume that the checking of that expertise is not critical for campaigns under \$250,000?

Mr Grant—I would not say that, but this is an attempt to streamline procurement processes, reduce the cost and, to some degree also provide businesses with the opportunity to put forward their capabilities so that departments and agencies can move forward.

Senator KROGER—I guess it just brings into question again why we have this abstract \$250,000 benchmark—a level that has been set so that everything that falls under it does not have the same scrutiny that applies to those campaigns that exceed \$250,000.

Mr Grant—I cannot answer that in terms of the threshold of \$250,000. I think that was in the ANAO and JCPAA reports back in the late 1990s and early 2000s.

Mr Tune—I guess to some extent it comes down to issues of efficiency: the larger the amount at stake the more scrutiny and the more processes and the more coordination you would need. You are trading the two things off, and \$250,000—it is obviously a judgment—was seen as a level below which the degree of scrutiny was probably regarded as a lower standard, I suppose. Having said that, I do not think there is anything that stops campaigns under \$250,000 using the multi-use list.

Mr Grant—That is right.

Mr Tune—If agencies want to use it they certainly can do so.

Mr Grant—Before this was established, a group of panel arrangements were being established by different departments and agencies. It becomes very expensive to keep applying for panels and putting forward by business their capabilities, their financial position and things like that. This is a red tape reduction process, because they can do it once and across all FMA Act agencies the multi-use list is available.

Senator KROGER—I refer to the comments by Daniel Leesong, who is the chief executive of the communications council advertising body, that were made in the same article. He said that it was a fair comment to say most government work continued to be concentrated among a handful of agencies despite the more than 200 companies on the list. He also refers to the inclusion of insolvent agencies on the list. Do you believe that to be the case?

Mr Grant—Again, they are really disappointing comments. A couple of things: I am not sure that they mention an agency here. There is one agency that is in administration. We have been in contact with that agency to ascertain its position. As you know, when you are in administration you are still trading. We would rather be reasonable and undertake due diligence before we took any action.

The second thing—and the annual report on campaign advertising indicates this—is that departments and agencies go out to not just one but a group of suppliers across each of these areas. This provides the ability for innovative and sometimes cheaper businesses to supply to the Commonwealth. That is part of why we set it up—to give the opportunity for Australian SMEs to have a better chance of supplying to the Commonwealth. So I think it is disappointing that Mr Leesong would have made these comments about there being too many and that the work was only going to a handful. You would expect that the bigger agencies would generally deal with larger campaigns.

Senator KROGER—Going back to my original question: who in the department does the due diligence on this campaign material?

Mr Grant—The communications advice branch in my division does the due diligence. They go and check the claims and the referees. We get a company director or secretary of the company to sign off on a range of other things, like financial viability. The due diligence then comes to: can they deliver the services they say they can? There have been some that have not passed the test. We undertake that thoroughly.

Senator KROGER—Thank you.

Senator RONALDSON—In a second, Minister, I am going to read a quote from Senator Faulkner. But, first, on a point of clarification: the government's health reforms have not been enacted into law through legislation yet, have they?

Senator Ludwig—No.

Senator RONALDSON—Back in 1998, in his capacity as Leader of the Opposition in the Senate and shadow minister for public administration, government services and territories, Senator Faulkner said:

... in running such a campaign prior to any legislation being approved by parliament is a disgraceful use of taxpayers' money ...

Reflecting on Senator Faulkner's comments, on what basis do you justify spending some \$30 million of taxpayers' funds on an alleged reform that has not been signed up to by the states—there is no formal agreement. How can that possibly be justified in light of Senator Faulkner's comments?

Senator Ludwig—Firstly, of course, there is a COAG agreement in place that underpins the health and hospital reform. It is also one of the most significant health and hospital reforms in this country since Medicare itself. On top of that, in terms of the guidelines—which I think are directed to the question you asked—the principle has always had more basis than just legislation. So they continue in this principle under the new guidelines to continue that position so there is no change in the guidelines from then to now. In addition, this is a matter which tackles significant health and social issues, and which goes to governments informing the public about issues such as I averted to earlier: child immunisation, antismoking, binge drinking and the HIV campaign. I think everyone remembers the 'grim reaper' campaign. These are about changing social norms, social behaviours; it is about governments acting in this area where there is no legislative basis. There are no enacted pieces of legislation but you would expect governments of all persuasions to inform the public about these issues. There is also the other part, which goes to rights and responsibilities. It is

about ensuring the public are aware of those. There are other areas where the government can inform and should inform the public about these matters. And we do so.

Senator RONALDSON—Just so we are absolutely sure: the health reform is a proposal, not an outcome, isn't it?

Senator Ludwig—It has been agreed to by all states and territories except WA.

Senator RONALDSON—For those who might not have been listening earlier on, this advertising campaign was justified by the so-called independent committee on the basis that it went everywhere in Australia, except Western Australia because they had not signed up. I am sure—no reflection on you, Mr Grant—that that outcome from the ICC is being greeted with a great deal of mirth and as a clear indication of how independent this committee is.

CHAIR—Is there a question in there, Senator Ronaldson?

Senator RONALDSON—I can go through a lot of quotes from the Prime Minister, such as 'Taxpayer advertising has been a cancer on democracy'.

Senator BRANDIS—I think if the Prime Minister began acting honestly that itself would be hypocrisy given his track record.

CHAIR—Thank you very much for your contribution, Senator Brandis, but Senator Ronaldson has the call.

Senator RONALDSON—Minister, I just wanted to double—

Senator FORSHAW—Point of order, Chair. I would have taken a point of order with respect to the use of the word 'hypocrite', which is unparliamentary, but I did not want to interrupt.

CHAIR—There is no point of order.

Senator FORSHAW—I am sorry but the word 'hypocrite'—

CHAIR—There is a point of order before us but you did not seek a point of order at the time so I will just remind all members of the committee to conduct themselves in a parliamentary manner.

Senator RONALDSON—Minister, I just want to confirm that the recently released budget provided in excess of over \$100 million in extra amounts for government advertising and part of that announcement included the following matters, which were only designed to advance the Rudd government's partisan agenda: \$30 million on a climate change ad campaign, despite the government having abandoned its ETS. Is that correct?

Senator Ludwig—In portfolio budget paper No. 2—I think, on page 119—there is \$30 million provided over two years:

... for a national campaign to educate the community on climate change, including on climate change science.

These are all there in the budget paper for you to—

Senator RONALDSON—And there is no legislated outcome there, is there?

Senator Ludwig—We would have had legislation had you agreed and not done a backflip and spilled your leader. It would have been a momentous occasion if we had got legislation in this area but unfortunately we did not.

Senator RONALDSON—There is \$38.5 million to advertise the outcomes of the Henry tax review even though Treasurer Swan has only adopted a handful of its 138 recommendations. Is that correct?

Senator Ludwig—In portfolio budget paper No. 2, on page 297, \$38.5 million is provided:

... over two years to inform the community of the Australian Government's tax reform agenda.

That is correct.

Senator RONALDSON—And we have already discussed the \$29.5 million in relation to the healthcare reform package, despite the rejection of the Western Australian government.

Senator Ludwig—I can remind you that—

CHAIR—Was there a question there, Senator Ronaldson? The minister was attempting to respond. Have you finished your question? I will remind the minister yet again to wait until the question has been completed.

Senator Ludwig—Sorry. I am happy to go to the various portfolio budget statements but I do remind you that those areas are the responsibility of the relevant minister and should really be directed at those portfolios during estimates if you have got questions around their expenditure. In this portfolio we look after the guidelines.

Senator RONALDSON—But, Minister, you have responsibility—that is why we are meeting today. That is why we have changed the processes—

Senator Ludwig—And I have been cooperating.

Senator RONALDSON—because you have got responsibility for government advertising.

Senator Ludwig—And I have been cooperating very well.

Senator RONALDSON—I am only asking questions in relation to that. There is \$16 million on an advertising campaign for the National Broadband Network.

Senator Ludwig—The National Broadband Network, which is in the portfolio budget paper No. 2, page 118, has \$15.9 million provided over two years for a national information campaign focused on raising public awareness of the value of a superfast broadband, which will be delivered to Australian households, businesses and organisations through the rollout of the National Broadband Network.

Senator RONALDSON—Now just so that I am clear, this is the same NBN which has been described in one study as not a viable commercial proposition in the real-world sense. Is that the one and the same?

Senator Ludwig—You have asked a question in relation to what has been specified for campaigns listed in budget paper No. 2. If there are questions which go to portfolio responsibilities, they should be directed to that. But the title is the National Broadband Network.

Senator RONALDSON—So there is \$126 million of extra campaign advertising. On 8 August in a speech to the National Press Club the then shadow minister, now Minister Tanner, declared:

The bloated government advertising programs and politicians electioneering entitlements are simply cynical raids on the Treasury coffers to ensure political survival.

Minister, in the light of everything that has been said over the last three days, isn't this latest round of government advertising, with the removal of the Auditor-General from the process, just a cynical raid on the Treasury coffers to ensure the political survival of the Rudd Labor government?

Senator Ludwig—There are two things that I think you are missing in the quite loaded question full of hyperbole. In terms of what this government is committed to, first of all the previous government in their last year spent \$254 million on political ads, while this government has spent, in 2008, \$86 million and in 2009 it spent \$115 million. We also ensure that the public are provided with a half-yearly report on what we have spent in this area to ensure that transparency, openness and accountability are there. When your government was in place it did not make half-yearly reports about its expenditure—

Senator Brandis interjecting—

CHAIR—Senator Brandis, are you seeking the call?

Senator Ludwig—You will be able to read the half-yearly report which will indicate that as well.

Senator BRANDIS—Can you give us an estimate? It is 27 May—you will be able to estimate the first half-year, surely.

Senator Ludwig—Once the money is provided for the campaign it is a question of whether it has been spent, therefore it is a matter that we do a half-yearly report on. That will be available. There was one done in March, there was one done in September, and they will continue to be provided on what the expenditure is.

Senator BRANDIS—The officers must be in a position, surely, to tell us approximately what will be spent in the first calendar month of this year, given that we are now at 27 May. Certainly they should be in a position to tell us what has been spent to date in the first half of 2010.

Senator Ludwig—I will see what the officers have to provide that information to you.

Mr Tune—We do not think that we are in a position to provide a forecast of what we think the first half-year will be.

Senator BRANDIS—Just give us the expenditure to 27 May 2010, would you?

Mr Tune—I have got something to 19 May.

Senator BRANDIS—Good.

Mr Tune—\$53.7 million.

Senator BRANDIS—Was that \$53.7 million?

Mr Tune—Since 1 July last year.

Senator RONALDSON—Minister, if you look under the budget ‘Stronger, fairer, simpler tax reform development and implementation’—the Henry review; apparently there have been two or three recommendations out of 100-plus—the amount allocated for expenditure in the 2009-10 year, of which there is little left, is \$8.4 million. In 2010-11, that ratchets up to \$43.4 million in the election year. And, remarkably, in 2011-12 it drops down to 11.4 and then 6.3 in 2012-13. Minister, if time allowed me, I could go through a whole range of these. This is just a cheap, cynical exercise. Indeed, I will just finish on this note: ‘National Health and Hospitals Network-Building the Foundations for Reform-information and awareness’. They actually got it printed: not a reflection on legislated outcomes, but ‘information awareness’. For the remainder of this year there is \$9.9 million; in 2010-11, \$18.3 million; and, remarkably, in 2011-12 it drops back to \$1.1 million. Minister, these amounts are all frontloaded and they are about ensuring the re-election of a government that, quite frankly, does not deserve re-election and the honour of the election.

Senator Ludwig—There are two issues. Firstly, expenditure by various portfolio departments—you can certainly direct your questions there. Secondly, in relation to government advertising to date, I think the figures do speak for themselves. The last year you were in government you spent \$254 million. In 2008 we spent approximately \$86 million, in 2009 we spent approximately \$115 million and from July last year to February this year—I think we just heard the figure—we spent \$53.7 million. It is significantly less than when you were in government and the expenditure that you used to try to save your political hide at the time. But it is about ensuring that we do continue to have transparent, open and accountable information in this area.

CHAIR—As I understand it, there are no further questions for this program.

Senator RONALDSON—Can I thank Mr Tune and Mr Grant for their assistance.

CHAIR—I was in the process of doing that, Senator Ronaldson. Thank you very much for attending. After the break we are coming back to outcome 3, ministerial and parliamentary services.

Proceedings suspended from 12.32 pm to 1.30 pm

CHAIR—Welcome back. We are now moving into outcome 3: support for parliamentarians, others with entitlements and organisations as approved by government through the delivery of entitlements and targeted assistance. Senator Ronaldson has some questions.

Senator RONALDSON—Thank you. Ms Mason, I just have the standard kick-off questions in relation to the staff establishments et cetera. I will go through it formally. Can you please provide the usual estimates documentation that is asked for by oppositions—namely, a ministerial staff establishment, including officers, classifications and the number of people with personal classifications. Has there been any change to the ministerial staff establishment since the last time we met? Of the people with personal classifications, how many were higher and how many were lower than their substantive classification? How many government and opposition staff were paid above their nominal salary bands? Can you please provide the number of vacancies in personal staff positions in ministerial offices as of today? How many part II of the MOP(S) Act—ministerial consultants—are employed in ministerial offices and the offices of parliamentary secretaries?

Ms Mason—We have the standard documents available for you and we can run through the answers to the questions that you have asked.

Ms Clark—We can table the documents. The answers are in those attachments, with the exception of one of the questions, which was ‘How many personal staff with salaries above the range?’. The answer to that is not in those tables, but I can tell you that as at 1 May there were two government staff employed with salaries above the range.

Senator RONALDSON—Which offices are they employed in?

Ms Clark—I will have to take that on notice. I do not have the detail.

Senator RONALDSON—Thank you. Minister, in the *Adelaide Advertiser* on Thursday, 15 April, an article by Steve Lewis and Alison Rehn Steve Lewis, writing out of Canberra, alluded to the enormous staff turnover in ministers’ offices, and indeed the Prime Minister’s office in particular. I seek leave to table that for the minister’s benefit.

CHAIR—Can we have a look at the documents so that the committee can decide.

Senator RONALDSON—Yes, Chair. Here they are.

CHAIR—The committee agrees to the tabling of the documents. Thank you, Senator Ronaldson.

Senator RONALDSON—Minister, I will not go through all of the details in this piece, but I will quote from it:

The Prime Minister has now lost 28 staff with Government insiders describing his office as resembling an airport “transit lounge”.

I understand that the ministerial staff turnover, according to this report, far exceeds both the APS and electorate staff turnover rates. Are you able to confirm or deny that?

Senator Ludwig—I can say that, absent your colour to the question, I think it is true that being in politics is tough on staff. Quite frankly, if you look at the employment type, it can be very temporary in nature because it will depend on the longevity of the government and a whole range of other factors. They do work quite long hours in comparison to other similar positions. In my view those in the Public Service are probably not as well remunerated when compared with particularly the private sector. But with that, all in all, if you look at the turnover in the PMO staff, for the last three months it has been about two per cent. I think that has been quite good; it has been coming down. How you retain staff is one of those challenges, but on the whole I think what you have outlined is far from correct. If you are going to use the comparison of a busy airline terminal, maybe I could use this one for you—

Senator RONALDSON—For me personally?

Senator Ludwig—No, for the shadow ministry: it seems more like a busy train station on a Sydney morning at commuter time. Of the 68 ongoing shadow ministry staff employed at 31 March 2008, only 20 were still employed at 31 March 2010. That is a turnover rate of 74 per cent, so certainly it has been tough for the opposition during the same period.

Senator RONALDSON—The difference with us is that we have actually achieved things over the last 2½ years. You have had high staff turnover with little or nothing achieved.

CHAIR—Senator Ronaldson, you have the call. Do you have a question rather than a statement?

Senator RONALDSON—Yes. Ms Mason, are you sometimes requested to provide retiring MPs or senators details of their entitlements?

Ms Mason—As a matter of course, if we know that a senator or member is retiring or if staff are leaving MOP(S) Act employment, we tend to provide them with information about their entitlements, yes.

Senator RONALDSON—Do you proactively write to retiring MPs when you become aware they may be retiring or do you wait until they contact you?

Ms Clarke—At this stage we have recently circulated some questions and answers generally to the audience who are retiring politicians and let them know. We do write personally to retirees once we know that they are going to retire when it is closer to the election.

Senator RONALDSON—So there is some proactive involvement in that?

Ms Clarke—Yes, absolutely.

Senator RONALDSON—Do you make an assessment of whether somebody is likely to be re-elected or do you rely on other information?

Ms Mason—We tend to keep an eye on media reports about the results of preselections so that we can do our planning for the workload that is required within the department. We do not anticipate the outcome, but if we receive information about what is likely to happen then we do take note of that.

Senator RONALDSON—Does the department personally make an assessment about whether someone is likely to be re-elected?

Ms Mason—No.

Senator RONALDSON—You do not see that as your role?

Ms Mason—No.

Senator RONALDSON—So even if you suspect electoral disaster for someone you do not pre-empt it by giving them some electoral advice?

Ms Mason—No. We do exercise caution in relation to electorate office accommodation in the period in the lead-up to an election because the length of leases tends to be a three-year commitment. In that sense, we would keep an eye on trying to minimise the financial exposure for the Commonwealth in an election year.

Senator RONALDSON—Minister, if someone is heading for electoral disaster and has not announced their retirement, clearly the department does not play any role in that, but, as SMOS, if you think someone—

Senator Ludwig—I was hoping you that you might be able to give me a list of who you think!

Senator RONALDSON—Later on. If you think one of your colleagues is heading for an electoral disaster, do you as SMOS contact them and say, ‘Have you thought about your future?’ or ‘This is what you’re entitled to get’?

Senator Ludwig—That is not my role.

Senator RONALDSON—You do not play a partial role in that?

Senator Ludwig—It is not my role. What I do is ensure, as the department have mentioned, that people heading towards this election who are retiring are provided with up-to-date and factual information that will assist them. In addition to that, the issue around accommodation, because it is about expenditure of public moneys, is one that I deal with, in conjunction with the department

Senator RONALDSON—If you do not think that is appropriate—

Senator Ludwig—Those issues are not something I should or would turn my mind to.

Senator RONALDSON—If you are not prepared to do that as SMOS it is unlikely that anybody should be playing that role. On that basis, do you believe it is appropriate for one of your senior cabinet colleagues to pre-empt the outcome of the election in a marginal seat?

Senator Ludwig—You might have to put that in some context. If someone thinks they should make a statement in a tough political game about what their view of their opponent is, far be it from me to intervene in that. They are entitled to take their own counsel and have their own view.

Senator RONALDSON—I presume that Darren Cheeseman has not spoken to you about his chances of re-election, has he?

Senator Ludwig—I am happy to deal with questions in relation to estimates. I am not sure this falls within the general terms of estimates issues.

Senator RONALDSON—It is in relation to entitlements. It is just that I am extremely disturbed, if that is the right word, about some remarkable information I have been provided that one of your cabinet colleagues has indeed pre-empted the outcome of the election in Corangamite. I seek leave to table a letter in relation to that from Minister Burke to the member for Corangamite.

CHAIR—The committee agrees to table the document.

Senator RONALDSON—I am very grateful to the committee for allowing me to do so. Minister, this letter from Minister Burke is addressed to ‘Ms Sarah Henderson MP, the member for Corangamite, PO Box 20, Belmont, Victoria.’ It is dated 20 May this year. It is indeed a very friendly letter from the minister—

Senator Ludwig—Firstly, I have not seen the letter as yet. Secondly, I am not sure there is a question that you have posed yet.

Senator RONALDSON—There is. I am just about to—

Senator Ludwig—I am sure you will get there.

Senator RONALDSON—I am now moving to that. This it is addressed to ‘Ms Sarah Henderson MP, the member for Corangamite.’ Just for the public record, Ms Henderson is the Liberal Party candidate for Corangamite. In his letter to Ms Henderson, the minister—in a

remarkable salutation to someone I do not think he has yet met but obviously assumes he is going to—has crossed out ‘Dear Ms Henderson’ and personally written in ‘Sarah’.

Senator KROGER—He obviously knows she is going to win.

Senator RONALDSON—So the letter reads:

Ms Sarah Henderson MP

Member for Corangamite

... ..

Dear Ms Henderson

Slash; salutation—

Dear Sarah

Thank you for your letter of 26 March 2010 about Exceptional Circumstances (EC) and seasonal conditions in the Golden Plains Shire in south-west Victoria.

I understand that Ms Henderson had written regarding some matters of concern to her constituents. Clearly, Minister, for a senior cabinet minister to pre-empt an election outcome and to write such a personal letter and address it to the candidate as the member of parliament—

Senator Ludwig—With all due respect, is there an actual question?

Senator RONALDSON—is something that I would have thought was deserving of your admonishment.

Senator Ludwig—Is there a question in this?

Senator RONALDSON—Would you undertake, please, to counsel—

Senator Ludwig—Have you got a question that is relevant to this committee in relation to this issue?

Senator RONALDSON—Would you undertake, please, to counsel in the strongest possible terms cabinet Minister Burke—

Senator Ludwig—There is no question in that.

Senator RONALDSON—for pre-empting—

CHAIR—Senator Ronaldson! Minister!

Senator Ludwig—There isn't a question in that. There is a request to undertake action, not a question.

CHAIR—Is there a question that relates to these estimates, Senator Ronaldson?

Senator RONALDSON—I am asking whether—in defence, I have to say, of poor Mr Cheeseman who has just been summarily bumped by—

CHAIR—Is there a question, Senator Ronaldson?

Senator RONALDSON—He is the current member for Corangamite of course. He is gone according to Minister Burke. It is all over, Rover for Darren. Are you going to counsel your cabinet colleague for this appalling action or not?

Senator CAMERON—Are you reflecting on us poor backbenchers, are you?

Senator LUDWIG—I will take it on notice and have a look at it. What I think the important thing is that you—

CHAIR—Senator Brandis! Senator Cameron! Can I just remind committee members, yet again, that finally there was a question put by Senator Ronaldson. The minister had the call to respond. It would be appreciated by Hansard and me if we were able to hear the minister. Minister, you have the call.

Senator Ludwig—Thank you. As I indicated, I will take it on notice and see what I make of it. I think all in all you have had your bit of fun with it.

Senator RONALDSON—Can I just continue a bit further? I gather—I do not think Mr Cheeseman found it terribly funny; you are right. I think Ms Clarke or Ms Mason's comments that there were two—

Senator RONALDSON—the extra positions. I think one of those was in Minister Burke's office, is that correct?

Senator RONALDSON—It is a question to Ms Clarke, I think. One of the two government positions—I asked you which offices they were in? Is one of them in Minister Burke's office?

Ms Clarke—That is correct. If you refer to the document we handed out called 'Establishment Variances Government', there is an additional adviser in the office of the Minister for Agriculture, Fisheries and Forestry.

Senator RONALDSON—I am sure that new person will be very anxious to check the correspondence. There might be something else available. Minister, can I ask you which MPs make up the supervisory panel of the CCSTU?

Senator Ludwig—It is demolished.

Senator RONALDSON—The CCSTU?

Senator Ludwig—No, you asked a different question to that; you asked for the advisory panel.

Senator RONALDSON—Are there any MPs involved in the CCSTU?

Senator Ludwig—No.

Senator RONALDSON—Not even you?

Senator Ludwig—My staff. I think that is a different question.

Senator RONALDSON—It used to be, I think, Minister Ray, and Arch Bevis and Senator Lundy at one stage. Is that right? It is not a trick question; I am just asking. So there is no longer a supervisory—

Senator Ludwig—No, I took it under a different direction.

Senator RONALDSON—What are the numbers in the CCSTU?

Senator Ludwig—Five staff.

Senator RONALDSON—Has there been an increase in the CCSTU staffing levels recently?

Senator Ludwig—No.

Senator RONALDSON—The CCSTU has not got an extra person in the lead-up to the election?

Senator Ludwig—It has not changed recently. There have been five for some time, but I will take it on notice. There was a vacancy which was filled to bring it up to five. I will take it on notice to check, but it is around five.

Senator RONALDSON—Can I just briefly take you back to the ministerial staffing situation. I understand that 50 out of the 337 ministerial personal staff are in the Prime Minister's office. Mr Tune, in the last decade has there been a higher percentage of ministerial personal staff in the PM's office that you are aware of?

Mr Tune—I do not know.

Senator RONALDSON—Can you take that on notice?

Mr Tune—We can have a look, certainly.

Senator RONALDSON—Minister, I have just got the establishment variances document in front of me. On page 2, there is the Caucus Committee Support Training Unit, which has got a plus of one assistant adviser.

Senator Ludwig—It was a vacancy and it has been filled. But, as I said, I will check that. My recollection as at May 2010 is that the CCSTU staff had five. This is an addition of one position from those employed from 17 August 2009 to 22 April 2010. The additional position was allocated to the CCSTU from the unallocated position pool in April 2010. All five positions are here.

Senator RONALDSON—In Senate estimates in this committee on 21 October, Senator Faulkner indicated that this unit does not—and I am quoting this in full—unlike the GMS:

... monitor the media ... campaign for the Labor Party or conduct Labor Party fundraisers ...

and those sorts of things, nor does it engage in opposition research. I have got to indicate to you that the GMS did not actually do that either, but I thought that I needed to put that full quote in. Is it still the situation that the CCSTU does not campaign for the Labor Party?

Senator Ludwig—That is right.

Senator RONALDSON—Can I refer you to the *CCSTU Bulletin* dated 30 April. On page 2 there is a message from the office of Julia Gillard:

Dear Caucus and Staff

On the share drive is a petition we suggest Caucus should circulate in their electorates that calls on the Opposition to 'Save Our Schools' and guarantee BER funding if they win the election. The aim is to have these tabled in Parliament when it next sits.

To be able to be tabled in Parliament, a principal petitioner must include their name and address on the first page of the petition. Under these rules, MPs are not permitted to be the principal petitioner or even sign a petition.

Minister, I view that as being a clear example of campaigning for the Labor Party. Do you have an explanation for that?

Senator Ludwig—Petitions are parliamentary business. I thought you would have known that.

Senator RONALDSON—So?

Senator Ludwig—Petitions are tabled in both the House and the Senate. Are you suggesting that—

Senator RONALDSON—With the greatest respect, that is not a good try—

Senator Ludwig—It is a very accurate response.

CHAIR—Senator Ronaldson, once again, you have asked a question of the witness and the minister was in the process of responding. Could you allow him to finish before you go on with a further question. The Minister has the call.

Senator Ludwig—Thank you, Chair. As you would expect, caucus is entitled to collect petitions and table them.

Senator RONALDSON—How can you say that a request from Minister Gillard suggesting caucus should circulate in their electorates petitions that call on the opposition to save our schools and guarantee BER funding cannot be interpreted, in Senator Faulkner's words, as campaigning for the Labor Party? That absolutely beggars belief and I seek leave to table this abuse of the government's own position by the CCSTU.

CHAIR—The committee will have a look at the document and I will ask the committee if they wish to have it tabled. The committee is happy to have the document tabled. Senator Brandis.

Senator BRANDIS—Minister, it seems to me that what you are saying is that, because petitions are parliamentary business, soliciting petitions is also parliamentary business, not campaigning, irrespective of the content of the petitions. Is that what you are really trying to tell the parliament?

Senator Ludwig—What I am indicating is that petitions are part of the parliamentary process and that the CCSTU is there to support the caucus—

Senator Brandis interjecting—

CHAIR—Senator Brandis, I would just remind you of the process. You have put a question to the minister and he is in the process of responding. You will then have an opportunity to put a further question. The minister has the call.

Senator Ludwig—Petitions are part of the parliamentary process and they are tabled in both houses of the parliament.

Senator BRANDIS—On what possible basis in logic do you say that because, as you rightly say, petitions are parliamentary business, soliciting petitions, irrespective of their content, is also parliamentary business?

Senator Ludwig—It is on the same basis that, when petitions are sent to you, or to me, irrespective of their content, if we are asked to tabled them in parliament, we do. Don't we? Are you saying that you don't? You are shaking your head. I take it that you understand—

Senator BRANDIS—You are saying that the because petitions are parliamentary—

CHAIR—Senator Brandis, you have asked your question and the minister is responding. You will then have the right to put another question. Minister, have you finished responding?

Senator Ludwig—No, I haven't. These are all parliamentarians and they are entitled to have petitions and table them.

Senator BRANDIS—It follows from what you are saying that the there is no aspect of election campaigning, which might include the solicitation of a petition, that is out of bounds. According to your formulation of this principle, by your own language, what you have done is demonstrate that the principle is meaningless.

Senator Ludwig—I reject that. Petitions are part of the parliamentary process—

Senator BRANDIS—So is voting!

Senator Ludwig—Petitions are tabled in both the Senate and the House of Representatives, and they served a useful process in the parliamentary process. Frankly, what you are saying is absurd and you should recognise it as such.

Senator BRANDIS—What you are saying makes about as much sense as saying voting is part of the parliamentary process and therefore election campaigning is part of the parliamentary process. The whole purpose of the principle you have declared is to draw a distinction between the parliamentary process and the electoral, or party-political, campaigning process. Yet, by your own answer, you are saying that your government's position is that they are one and the same thing.

Senator Ludwig—I have indicated in my answer that petitions are part of the parliamentary process. I am sorry that you do not agree. I think the position that you are putting is quite absurd.

Senator RONALDSON—I will quote again:

... we suggest Caucus should circulate in their electorates [a petition] that calls on the Opposition to 'Save Our Schools' and guarantee BER funding ...

On 21 October 2008, at this committee, Senator Faulkner stated:

... I can say categorically the Caucus Committee Support and Training Unit does not monitor the media, it does not in any way, shape or form campaign for the Labor Party ...

How can you honestly argue, with any intellectual rigour at all, that the words from the Deputy Prime Minister calling on caucus and staff to circulate a position that calls on the opposition to 'save our schools and guarantee BER funding' does not come under Senator Faulkner's definition of this group's activities?

Senator Ludwig—Unlike you, I think petitions do play a valuable role and they are not campaigning. In fact, petitioning is one of the most ancient rights that exist and, frankly, I do not think you should be interfering with it in the way that you are. It is not surprising that you cavil with it. I wish you would guarantee funding to schools.

Senator RONALDSON—That is a very silly response to a serious question. I seek leave to table another part of the *CCSTU Bulletin* as well.

CHAIR—The committee agrees to the tabling of the document.

Senator RONALDSON—It states:

... I can say categorically the Caucus Committee Support and Training Unit does not monitor the media, it does not in any way, shape or form campaign for the Labor Party or conduct Labor Party fundraisers, and again, unlike the GMS, it does not conduct opposition research.

On the same day, Senator Faulkner also said:

This unit does not, unlike the GMS, monitor the media, campaign for the Labor Party or conduct Labor Party fundraisers ...

I would like to draw your attention to the 'Diary Notes'. There are two items there. One of them alerts people to a function on 10 May at the Jewel of India—'the Manuka-Curtin Curry Night with Mark Dreyfus'.

Senator BRANDIS—That is part of the parliament process!

Senator RONALDSON—Yes, that's right. The cost of that function is \$40. I would also like to draw your attention to the next item—

Senator Ludwig—I would obviously need to see it. I am sure it is getting here.

Senator RONALDSON—Hang on, I might have another one I can give you.

Senator Ludwig—Having not seen it, I do not see why they cannot use it to advertise a social event. Or are you saying that you are completely devoid of social events or that you do not like having them? Maybe you do not like one another enough to have a social event.

Senator Cameron interjecting—

Senator Ludwig—That is true, Senator Cameron. Maybe that is the problem. They find it difficult to stand in the same room, let alone socialise.

Senator RONALDSON—Enjoy the mirth until you read the item. Indulge yourselves briefly.

CHAIR—Senator Ronaldson, have you got a question, now that the minister has the document before him?

Senator RONALDSON—I am not going to mention a particular senator's name, but this was a function at the Lotus Room at the Southern Cross yacht club, certainly a working-class venue—not. It mentions a group of panellists, and payment is \$60 or \$55, which is to be paid to a Ms Martin, with an address at aph.gov.au. Minister, as you know, I am very circumspect about names, but are you aware that that particular person is an adviser to the senator that I referred to before? On that basis, how can you possibly indicate that both of them are not Labor Party fundraisers and how can you possibly indicate that your own rules and the rules of—

Senator FORSHAW—How can you assert that it is?

Senator RONALDSON—Can I finish. The rules of Senator Faulkner for the operations of this unit have clearly been broken.

Senator FORSHAW—If that was a fundraiser you would want to charge a lot more than \$50 for dinner. What are you on about?

Senator RONALDSON—When was the last time you attracted more than about \$25, Michael?

Senator Jacinta Collins interjecting—

Senator Forshaw interjecting—

CHAIR—Senators, can I just remind you that we have a full program for today. These interjections are not helpful. Senator Ronaldson, you had a question. You have the call.

Senator Ludwig—There are two issues. I will take it on notice because I do not know Meg Martin; at least, I cannot recall her. Secondly, the CCSTU does not contribute in any way to the function. It is a billboard notice. I am not sure I see a problem with having a diary note which indicates what functions are around.

Senator RONALDSON—If you look at the words of Senator Faulkner, this is clearly a unit that is being used for partisan political purposes, with the circulation at the behest—

Senator Ludwig—No, they are not collecting.

Senator JACINTA COLLINS—No.

Senator RONALDSON—of the Deputy Prime Minister. This unit is apparently not in any way, shape or form campaigning for the Labor Party or conducting Labor Party fundraisers! Clearly the two gigs at the Jewel of India and the Lotus room were fundraisers—

Senator JACINTA COLLINS—I do not think so.

Senator FORSHAW—You would know!

Senator RONALDSON—and outside the domain of the—

Senator Ludwig—I reject that. You are clearly wrong. These are diary notes. We should read them for what they are.

Senator JACINTA COLLINS—There is no indication on it that they are fundraisers.

Senator Ludwig—You are completely wrong on this.

Senator RONALDSON—What—are you suggesting that no money was raised?

CHAIR—The minister has the call.

Senator Ludwig—Thank you. The CCSTU does not in any way contribute or solicit on behalf of the ALP. There is a diary note. People can put bulletins on it about what events might be around. Maybe in the Liberal Party you do not know about it. Maybe you do not have social events at all.

Senator FORSHAW—They do. They have lots of them with different restaurants because they hate each other. I know because I have seen them.

Senator CAMERON—There are not many social events when Kirribilli House is not available to them.

CHAIR—Senator Ronaldson has the call.

Senator JACINTA COLLINS—There are accommodation notices on it, too. Are they fundraisers?

CHAIR—Senators, come to order!

Senator CAMERON—They had social events at Kirribilli House—at more than \$65!

CHAIR—Senators, come to order! Senator Cameron, Senator Ronaldson has the call.

Senator FORSHAW—I wish they would spell Forshaw correctly.

Senator RONALDSON—Chair, the concentration span of those on your left is small, but can we please continue with this questioning.

CHAIR—Senator Ronaldson, I do not need any commentary. Could you just put your question.

Senator RONALDSON—Minister, will you take on notice, please, whether indeed these two functions were cost-recovery only or whether they were fundraisers.

Senator Ludwig—I indicated that it looks like a diary note to me in relation to those—

Senator RONALDSON—Will you take it on notice?

Senator Ludwig—I will see what I can do.

Senator RONALDSON—No—will you take it on notice?

Senator Ludwig—It looks to me that I do not need to in the sense that it is a diary note which lists three functions. They seem straightforward to me.

Senator RONALDSON—If they are fundraisers—

Senator Ludwig—I indicated earlier in relation to Ms Martin—which you raised—that I do not see any role that the CCSTU has played. If the question is to the CCSTU, I am happy to take it on notice and answer it. I think I have in that they do not play any role; it is a diary note. As to finding out about these matters, I think they fall quite well outside the estimates process, quite frankly. I do not agree with the import of your question. I am not sure I can take it on notice because you are asking for something which is outside this role and outside the CCSTU's role, quite frankly.

Senator KROGER—The very fact that there is a differential in the waged and unwaged costs for both those functions—at the Jewel of India and the Lotus Room—suggests it cannot be on a cost recovery basis, because—

Senator FORSHAW—What a lot of rubbish! One could be subsidising the other.

Senator KROGER—Because there is a clear differential.

Senator Cameron interjecting—

Senator FORSHAW—Fair dinkum!

CHAIR—Senators, I call you to order. Senator Kroger had the call. I would appreciate it if she could put her question so that we can all hear it.

Senator KROGER—Minister, we would like you to take on notice: which rate is the cost-recovery rate?

Senator Ludwig—Again, these are not my functions, so they cannot be directed to me. They are diary notes as they deal with accommodation. You are not suggesting that I should find out about that for you, if you are short of accommodation. There is also accommodation—

Senator BRANDIS—Do not change the subject, Senator Ludwig. You do not dispute, by the way—

CHAIR—Minister and senators, can I just remind you all again: a question has been put to the witness. The minister was responding to the question.

Senator BRANDIS—No, he was not. On a point of order, Madam Chair. He was not responding to the question. He was asked whether there were differential prices advertised for these two Labor Party functions. It showed that they could not be supported on a cost-recovery basis, and he addressed the question by talking about something completely different on the document—that is, accommodation notices. You cannot possibly, honestly, treat that as relevant, Madam Chair.

Senator Ludwig—You did not hear what I said in its entirety, did you?

Senator FORSHAW—On the point of order, my recollection was that the request was for the minister to take it on notice. The minister was responding, as part of his answer, as to why he did not believe that he could or should take it on notice, because they were questions which do not relate to these estimates or his portfolio.

CHAIR—On the point of order, my understanding from what I heard is that the minister was in the process of answering the question. He had made the point that he did not believe it was appropriate for these estimates, and he was responding. If we were to allow the minister to complete his answer, you might be able to follow up with a further question, Senator Brandis or Senator Ronaldson. Minister, you have the call.

Senator Ludwig—Thank you. Given that they are diary notes and they are matters that fall outside my responsibility—but if you are interested in going, I am sure you can contact them and see if there is still space, if they are still current. It looks like they have finalised by now. But, in any event—

Senator BRANDIS—Do not toy with me.

Senator Ludwig—In any event, they are diary notes. They deal with a range of issues stretching from, as I have indicated, the National Press Club right through to issues such as the House of Representatives Alcove, chronic illness, to accommodation. If there are questions about those matters then you might direct them to the relevant person who entered the diary note to respond, but I am not responsible for them and nor can I answer on their behalf. That is clear.

Senator BRANDIS—Whether it is a fundraising function or not, Minister, and even if one were to assume it is not, you cannot dispute, can you, that at least the second of these—the curry night: ‘Curtin sub-branch in Canberra is organising another of their famous curry nights and all ALP members are invited to attend’—is private ALP business. This is an advertisement for a Canberra sub-branch of the ALP for a function.

Senator Ludwig—These are diary notes. They are clearly that and they also encompass a whole range of other issues. I think you could see that for yourself, quite frankly, Senator Brandis. Again, as I have indicated, they stretch across a range of issues which include accommodation. It is not unsurprising—

Senator BRANDIS—That is not the issue you are being asked about.

Senator Ludwig—Let me finish, Senator Brandis. It is not unsurprising that you would have a stretch of issues that arise in diary dates. I cannot see a problem with a social billboard. I am sorry that you find it so affronting.

Senator BRANDIS—This is ALP business.

Senator Ludwig—Perhaps the Liberal Party do not have a social billboard. Maybe they are devoid of socialising since your new leader.

Senator RONALDSON—On that basis I take it that if, in my next newsletter, I had a diary note that I was standing at this election and would appreciate people's support then that would be allowed.

Ms Mason—If you wish to seek clearance of printed material the department can assist in reviewing the draft material for you.

Senator RONALDSON—We have just got some new criteria, which is diary notes, and I am wondering whether you—

Senator BRANDIS—Diary notes advertising party functions, Senator Ronaldson.

Senator RONALDSON—Yes, just asking people for support generally. If it gets to that stage I will make that request, Ms Mason. That does it for me. Thank you, Madam Chair.

Senator CAMERON—Ms Mason, I want to raise some issues on entitlements. Severance travel entitlements—I assume you are the person to deal with that.

Ms Mason—I will get somebody who can assist you.

Senator CAMERON—There was an article on 8 May in the *Cairns Post* that indicated that Mr Warren Entsch, a former parliamentarian, had used his severance travel entitlement to undertake travel related to his candidacy for the seat of Leichhardt at the next federal election. In response to a suggestion from the journalist that this may not be an appropriate use of the entitlement, Mr Entsch is reported as saying that his travel was benefiting the community. He is directly quoted as saying:

... and if part of that community benefit is bringing attention to what that useless bastard—
he is talking about the member for Leichhardt, Mr Jim Turnour—
has not been doing, I make no apologies for that.

Mr Entsch said he used the trip to Weipa to catch up with friends and people he had worked with. In an article on 12 May Mr Entsch is quoted as saying he had used his severance entitlement for 'an economy fare to Weipa'. I do not know that there are other than economy fares to Weipa but I might be wrong on that. The last time I went to Weipa it was all economy. He continued:

... to campaign and to fly within Queensland and interstate for community work and LNP meetings.

So he says that he is flying within Queensland and interstate using the severance entitlement for community work and LNP meetings.

CHAIR—Senator Cameron, Senator Ronaldson wants to raise a point of order.

Senator RONALDSON—Chair, if this matter has been referred to the department or the minister for investigation then I put to you that for it to be pursued at this stage is a totally inappropriate course of action—

Senator CAMERON—I am asking for some clarification.

Senator RONALDSON—because part of the process of it being referred will be the opportunity for the person who is alleged to have done A, B, C, or D to be able to respond to that. They are not able to do so at today's hearings, and if the matter has been referred then I respectfully suggest that we should await the outcome of the investigation by the department and/or the minister before this matter is pursued further.

CHAIR—On your point of order, Senator Ronaldson, I am sure that the officers at the table will be able to respond appropriately. Senator Cameron, please continue.

Senator CAMERON—It goes on to quote Mr Entsch as saying, 'I am entitled to a number of trips as long as I am taking them for commercial purposes.' I understand that there was some \$20,000 worth of trips in 2008-09.

Senator RONALDSON—Chair, on a point of order: if Senator Cameron is quoting from a document can he please table that?

Senator CAMERON—It is not a document; I do not have that. I can get them for you.

Senator BRANDIS—It is a document. I can see it in your hand—it is a document.

CHAIR—Senator Cameron, do you wish to table the document?

Senator CAMERON—No, it is extracts from the *Cairns Post* and the *Brisbane Courier-Mail*, which are all on the public record.

CHAIR—Please continue.

Senator BRANDIS—Madam Chair, on a point of order: it is quite improper for a senator quoting from a document, when asked to table it, to refuse to do so and go on reading from the document without enabling the committee to satisfy themselves that what is being put to the witness is in fact an accurate quotation from the document.

Senator FORSHAW—Chair, on the point of order: coming from Senator Brandis, who I have always respected for his knowledge of the standing orders, that is just the most outrageous rubbish.

Senator BRANDIS—I am not relying on a standing order.

Senator FORSHAW—There is no requirement on Senator Cameron to table any document. You can ask for them, but he has declined to do so. That happens every day of the week in parliament. I understand that the senator will be seeking clarification about this article. He is about ask the question. Let us hear what the department have to say.

Senator BRANDIS—Chair, before we do that, can I speak to the point of order, in response to what Senator Forshaw has said?

CHAIR—You want to speak further?

Senator FORSHAW—You people quote from newspapers all the time and never table them, so don't give me that rubbish!

CHAIR—Senator Brandis, you have raised your point of order.

Senator BRANDIS—I want to respond to what Senator Forshaw said.

Senator FORSHAW—Quite often there are quotations from newspapers that are never tabled.

CHAIR—Can I just finish, Senator Forshaw. Senator Brandis raised a point of order. Senator Forshaw spoke on the point of order. You want to speak further on that, Senator Brandis?

Senator BRANDIS—I am not relying on a standing order. I am relying on a principle that has been observed in these committees for years, and that is that if a person claims to be reading from a document, it is, as a matter of good order and fairness to the witness and other members of the committee, appropriate for other members of the committee and the witness to satisfy themselves as to the veracity of what is being put to the witness.

Senator Ludwig—It would be remiss of me not to say that Senator Brandis is right about this. It is one of the matters that I do raise in committees. In fairness to witnesses, if you are going to quote from a document it should be provided to the witness so that they can see it in context. I am sure all committee members around this table would have heard me say that many times during these estimates and previously and in other estimates. I know it is an unfortunate rule sometimes, but it does mean that you do have to adhere to it.

Senator RONALDSON—Chair, can I thank the minister for that. Some two estimates ago the minister made a request that when people—and probably more particularly me—quote from a document, that document is made available. Members would have seen me over the last three days with masses of these blue folders which have all the information that I was quoting from, either to be given to the minister or to be tabled at the request of the committee.

Senator Ludwig—There is a difference, of course, in the sense that if you do not want to table it you do not have to table it but if you are going to quote from it then you have to be fair to the witness. Just so we are clear about that.

Senator RONALDSON—And, if requested, to provide a copy.

CHAIR—Senator Cameron, on the point of order.

Senator CAMERON—I am prepared to table the quotes, the reason I did not want to table the quotes is that there is another matter there which is about police investigating fraud claims and the LNP. I am not raising those issues, but the fraud claims and the LNP will have to be part of the record, I am afraid. So that just cuts across—

Senator FORSHAW—Chair, on the point of Order: before Senator Cameron tables it, the question I had—

CHAIR—Senator Forshaw, on the point of order.

Senator FORSHAW—Is he tabling the actual copy of the newspaper article, or is he going to table the document which reflects what was in the newspaper article?

Senator CAMERON—It is only extracts.

Senator FORSHAW—That is the issue.

Senator RONALDSON—It should not be allowed. If it was the senator's own notes about what had been in the ad, then that would not be allowed.

Senator JACINTA COLLINS—That is what he was reading from originally.

Senator RONALDSON—On that basis then, he cannot.

Senator BRANDIS—He actually represented that he was reading from an extract from the *Cairns Post*.

Senator FORSHAW—Yes, but it is the way in which that extract—

Senator BRANDIS—If it turns out that the document he is reading from is not an extract from the *Cairns Post*—

Senator RONALDSON—It is totally inappropriate.

Senator BRANDIS—but a private document which contains what is said to be a quotation from the *Cairns Post*, then what Senator Cameron has done has misled the committee, perhaps innocently, but that is what he has done.

Senator FORSHAW—There is a difference between the two, as you know.

CHAIR—On the point of order, over the last 3½ days the principle has been that, if people quote from a document—in particular, newspaper articles, of which there have been a lot—it has been accepted by the committee and tabled. It is the principle that we abide by. Senator Cameron has offered to table the document, and the committee will now consider it.

Senator FORSHAW—If he wants to table it, I have got no objection.

CHAIR—If he wants to table the document, there is no objection to that.

Senator FORSHAW—My point of order related to the form in which I understood the document was in—that is, it was not a photocopy, if you like, of the newspaper article but rather his notes or quotations in another document from the newspaper.

Senator JACINTA COLLINS—Which I clearly understood.

Senator FORSHAW—That is why I took the point of order. That is a different position from what has been discussed.

Senator RONALDSON—Madam Chair, on the point of order: under no circumstances would I or I assume my colleagues agree to this document being tabled. It is handwritten notes, it is not—

CHAIR—No, it is not handwritten notes.

Senator RONALDSON—It is a document prepared from newspaper clippings. If Senator Cameron has the newspaper clippings that he is quoting from then—

Senator JACINTA COLLINS—It is the clips attached to what he was referring to.

Senator FORSHAW—They may be in an online form but not in a published form.

Senator CAMERON—I am sure the LNP fraud made you change your mind. That is okay.

CHAIR—Senators, I appreciate your enthusiasm, but I am trying to listen to Senator Ronaldson's point of order.

Senator RONALDSON—If these are anything other than newspaper clippings from which the senator is quoting then, in my view, in line with the principle established at the request of the minister himself and adhered to religiously, I have got to say, by me and others, then under no circumstances should there be any further discussion about this matter. If Senator Cameron wants to go and get the newspaper clippings or the newspaper quotes and bring them back then I am quite happy for that to occur, but I am not prepared to accept the way it has been put at the moment, and I think that is only fair.

Senator BRANDIS—I think I could resolve this impasse, if I may.

CHAIR—Senator Brandis, if I can just inform the committee of the documents that Senator Cameron has handed me. They are media clips from 8 May *Cairns Post*, 12 May *Courier Mail*, 20 May *Cairns Post* and 21 May *Cairns Post*—

Senator RONALDSON—Is that a photocopy of the press—

CHAIR—It looks to me like they are clips that have been taken off the internet.

Senator FORSHAW—They are not the actual thing.

Senator RONALDSON—If they are not the actual thing—

Senator FORSHAW—I have not seen them yet.

Senator BRANDIS—I can sort this out, Madam Chair, if you will hear me for a moment.

CHAIR—Yes, Senator Brandis.

Senator BRANDIS—It was me who called for the documents on the basis that they were as I understood Senator Cameron to have described them. If they bear a different character then I will withdraw the call. If Senator Cameron is quoting from an original or a photocopy of an original press article then that ought to be tabled and put to the witness for the reasons that the minister has agreed. If what Senator Cameron is quoting from is private type notes which purport to include extracts from an original newspaper article then that is not as it was described. On the footing that it appears, from what you have told us, it is the latter I will withdraw the call.

CHAIR—Senator Brandis has withdrawn his call because to me they are extracts from the internet, not that I am an expert.

Senator BRANDIS—May I say to you, Madam Chair, that if Senator Cameron or indeed other senators propose to put material to a witness then in fairness to the witness they ought to put the original document to the witness, not something they say at third-hand is an original document that they in fact do not have.

Senator CAMERON—My questions will be on matters of principle. They do not have to stand or fall on the newspaper articles. I am not sure if that is an issue. I also say that I would never try and mislead anyone.

CHAIR—It is my understanding, Senator Brandis, you have withdrawn your request to have them tabled on the basis of what you have outlined.

Senator BRANDIS—On the basis of what you have described to us this document consists of I withdraw the call.

CHAIR—Yes, and the committee members have now sighted them. Senator Cameron.

Senator CAMERON—Thank you. Ms Mason, is it usual for the travel entitlements of members and senators to be available for electioneering purposes?

Ms Mason—I think Ms Clarke can outline to you the entitlement for severance travel.

Ms Clarke—The entitlement to severance travel is actually specified in Remuneration Tribunal Determination 2006/18. I will quote what it says:

8.1 A senator or member, not qualifying for a Life Gold Pass on retirement, shall, from the date of retirement from the Parliament, be eligible to travel at government expense for non-commercial purposes within Australia but excluding the external Territories on scheduled commercial/commuter air services, mainline rail services or by motor coach or other vehicles operating as regular carriers.

Then it goes on to specify for how long you have this entitlement. So the only the purpose that is specified here is ‘for non-commercial purposes’.

Senator CAMERON—In relation to severance travel entitlement of former members and senators, can you give some examples of what would constitute commercial purposes?

Ms Clarke—We would rely on the Members of Parliament (Life Gold Pass) Act 2002 assessment of what a commercial purpose is. It specifies what commercial purposes means—it gives us a definition. I will read that. Travel must not be for commercial purposes, which means:

... a purpose relating to the derivation of financial gain or reward, whether as a board member, an office-holder, an employee, a self-employed person or otherwise.

That is the definition we use.

Senator CAMERON—Does ‘otherwise’ include seeking an office in parliament?

Ms Clarke—I will call on my colleague from Legal Services, Mr Taylor, to comment.

Mr Taylor—It is not specific. It just lists a range of persons or positions—‘board member, office-holder, an employee, a self-employed person or otherwise’—so it does not specifically include or exclude anyone.

Senator CAMERON—Is that a legal term—‘does not include or exclude’? What does that mean?

Mr Taylor—Perhaps you could ask the question again for me, Senator?

Senator CAMERON—What does ‘not include or exclude’ mean in terms of the question I am asking—whether you can use your severance entitlements to seek election to the parliament? Are you saying yes, you can?

Ms Mason—I think what Mr Taylor is saying is that it is not specifically addressed in the definition.

Senator CAMERON—The word ‘specifically’ does not then give me an idea of whether it is in or out. Specificity is not the issue. Eligibility is the issue for me. Can you now go to the issue of eligibility to use that severance entitlement to gain a parliamentary position?

Senator RONALDSON—The witness has said that it is silent in relation to that issue. I do not know how many times you can ask the same question, but you will get the same response.

Senator RYAN—Is it correct to say that you are saying—

CHAIR—Senator Ryan, have you got a follow-up question?

Senator RYAN—I do. You are saying that there is no exclusion in using that—that the only exclusion applies to the terms you read out earlier, which are commercial purposes. Is that correct?

Mr Taylor—That is correct.

Senator RYAN—That is the exclusion. So, if you are not crossing the line into that exclusion, you are not breaking a rule, from your point of view?

Mr Taylor—That is the only exclusion that applies—that it be used for a commercial purpose.

Senator RYAN—So in your view the exclusion has not been triggered or breached and that is the limit of your concern—as long as it is not used by breaching that principle of being excluded for commercial purposes?

Mr Taylor—I think it is difficult to give an answer to a scenario that is not complete.

Senator BRANDIS—Mr Taylor, you are not—

CHAIR—Senator Brandis, do you have a follow-up question?

Senator BRANDIS—Yes, I do. Mr Taylor, you are not saying to the committee, are you, that what has been described to you falls within the definition of ‘commercial purpose’?

Mr Taylor—I am saying there is not enough information to actually make a conclusion one way or the other.

Senator BRANDIS—You are not advising the committee, Mr Taylor, are you, that election campaigning by a political candidate falls within the definition of ‘commercial purpose’?

Mr Taylor—I am certainly not saying that.

CHAIR—Senator Cameron.

Senator CAMERON—Is it the case that electioneering is outside incumbent members’ and senators’ travel entitlements?

Senator RYAN—You might have a few upset colleagues if you get the wrong answer to this one, Senator Cameron!

Ms Clarke—There is advice that goes out come the election period, and some advice has recently been issued in terms of general questions and answers, which says that basically you can campaign for your own re-election. That is entirely within our convention. That is permissible.

Senator CAMERON—So you would not in any way, shape or form consider a retired member or a defeated member campaigning for their own re-election, would you? That is a different issue, isn’t it?

Ms Clarke—It certainly is. We are talking about—

Senator RONALDSON—Chair, on a point of order—

CHAIR—Senator Ronaldson.

Senator RONALDSON—With the greatest respect for Senator Cameron, Senator Cameron cannot jump between what sitting members or senators can do with their entitlements and what holders of a gold pass can do. They are two entirely different matters and they are not interchangeable, particularly not for the purposes of this discussion. I think that Mr Taylor's response to Senator Brandis was the final word in relation to this matter.

Senator BRANDIS—If I may speak to the point of order—

CHAIR—Senator Brandis, on the point of order.

Senator BRANDIS—I think that is right. Mr Taylor was unambiguous in his answer to my question. When I asked him, 'You are not saying, are you, that a political campaign for election to parliament is a commercial purpose', and he said, 'No, I am definitely not saying that.' Now, that is the end of the matter, because it is accepted—

Senator CAMERON—That is not very clear.

Senator BRANDIS—and this is uncontroversial, that commercial purposes are the only exception. So we know that commercial purposes are the only exception and we know that election campaigning by a parliamentary candidate is not a commercial purpose. That is the end of the matter.

Senator CAMERON—I do not accept that, I am afraid.

Senator BRANDIS—Well, that is the evidence.

Senator CAMERON—It does not matter whether you tell me that is the end of it. It does not matter.

Senator BRANDIS—That is the evidence, Senator Cameron. You cannot pretend the evidence is not the evidence.

CHAIR—The question was put earlier by Senator Brandis and the response was made. Senator Cameron now has the call and I am sure he will bear that in mind with his questioning.

Senator CAMERON—So a member who retires or is defeated and has access to, say, 20 flights per annum and then nominates within the period where those entitlements are available can use public money on 20 occasions to campaign for election to parliament. Is that what you are saying?

Mr Taylor—It is not, Senator. I am only saying that it cannot be for a commercial purpose.

Senator CAMERON—But that leaves the great unanswered question: can you then use 20 flights during an election campaign, using public funding, to run your campaign?

Senator RONALDSON—I have a point of order. Mr Taylor has already made it quite clear that seeking election does not fit in within the term 'commercial purposes'. As Senator Brandis indicated, given that that is the only exclusion, the question has been answered. Senator Cameron can ask that 105 times, but the answer is still the same.

CHAIR—Thank you for the point of order. Senator Cameron was seeking clarification.

Senator CAMERON—Regardless of the opinion of Senator Brandis, I still think it is a grey area. I am not sure you have answered these questions effectively or clearly, so I would

ask you to take on notice whether a candidate for political office can use their severance entitlement to campaign for that political office. I would like to get your considered position.

Senator RYAN—I have a point of order. The senator is asking the department to answer a question about which they may have no information or about which they may be required to judge the behaviour of someone without being aware of their behaviour. The fact that someone may have taken a flight—

Senator CAMERON—It is a question of principle.

Senator RYAN—I thought you were asking for examples, Senator Cameron.

CHAIR—Senator Cameron, Senator Ryan raised a point of order and has the call. It would be helpful if I could hear him.

Senator RYAN—I am finished.

CHAIR—On the point of order: Senator Forshaw.

Senator FORSHAW—I have been coming to estimates for 16-odd years now. I cannot recall a question or an issue like this having been raised before. I cannot think of a retired member or defeated member who had access to the gold pass entitlement or severance and then sought to run for office again. It seems to me to be a new circumstance. I think, in that context, Senator Cameron's question to seek clarification of whether or not the rules relating to these gold pass flight entitlements and other entitlements or severance entitlements would prohibit such travel. I think it is a very important question and one which we should try to get an answer on.

CHAIR—On the point of order, I interpreted the question as one that had been put to the department to take on notice. I believe that the department will either be able to answer us and give us a clear definition or respond accordingly to the committee. Senator Cameron, do you have any further questions?

Senator CAMERON—You may want to take this on notice again. If a public servant resigns or takes a redundancy package, is there normally some contractual arrangement that they cannot receive all of the entitlements of a redundancy if they come back within a certain period of time? I know as a union official that has been the case with ordinary workers—that you cannot double dip. I am just interested in why a retired parliamentarian can double dip and ordinary workers normally do not have that opportunity.

Ms Mason—In relation to public servants, they are normally not re-engaged in the period that is covered by the payment that they receive when they terminate from the Public Service.

Senator CAMERON—Is that so they cannot double dip?

Ms Mason—It is for redundancies.

Senator CAMERON—So a parliamentarian can double dip but a public servant cannot?

Ms Mason—I think we would refer back to the rules that cover severance travel. And the rules are that if it is not for commercial purposes then it is—

Senator CAMERON—We are now getting a bit circular. It is unclear and you have not given an answer to my satisfaction. I am simply asking for a more considered response.

Ms Mason—I think we have taken it on notice.

Senator CAMERON—I am happy with that.

CHAIR—Senator Ronaldson. No, he has gone.

Senator JACINTA COLLINS—While we wait for him, I have some questions in a similar area. Can you confirm that an investigation of Michael Johnson for a breach of entitlements is underway?

Mr Taylor—We do not usually comment on what matters may or may not be under consideration in relation to any allegations of misuse of entitlements or anything similar.

Senator JACINTA COLLINS—So you cannot comment on whether an investigation is underway?

Mr Taylor—It has been a longstanding practice not to comment on that.

Senator JACINTA COLLINS—Is using your parliamentary entitlements for travel for commercial purposes a breach of the rules?

Ms Clarke—I do not have the documents in front of me, but travel is normally for parliamentary or electorate business. Those terms are undefined. It is normally specified in the Remuneration Tribunal's determinations and in the Parliamentary Entitlements Act. It is usually confined to parliamentary and electorate purposes.

Senator JACINTA COLLINS—Which does not include commercial purposes?

Ms Clarke—That is correct.

Senator JACINTA COLLINS—So the answer is: it is against the rules to use your parliamentary travel entitlement for commercial purposes?

Ms Clarke—Normally, we would, firstly, look at what is within the rules and then determine whether it is outside. So if there are no commercial purposes then that is correct.

Senator JACINTA COLLINS—The rest of those questions relate to the review that you cannot talk about at the moment.

Senator BRANDIS—‘Cannot comment on whether or not there is a review,’ I think was the answer.

Senator JACINTA COLLINS—If you want more precise language, Senator Brandis, I am happy to accept that.

Senator BRANDIS—You used the definite article, Senator Collins, implying there was a review. The answer was that the officers would not comment on whether or not there was.

CHAIR—Senator Ronaldson.

Senator RONALDSON—Can I turn to the recent staff certified agreement. If I am verballing Mr Tune, I know that he will jump to his own defence very quickly. From recollection, we did have some discussions late last night about frequent flyer points and discussions with airlines et cetera. If I am correct I think you indicated that the agreement was finalised fairly recently. The discussions had been ongoing for some time. Is that correct?

Mr Tune—That is correct. I will get Ms Mason to take you through the chronology.

Ms Mason—Certainly.

Senator RONALDSON—I may save some time; in the light of the questions I want to ask, the chronology would be useful but I do not know whether it will potentially add much. It was more just a generality of these discussions. So if you feel the need to jump in during my questions to clarify something, feel free to do so. My understanding is that, under the previous staff certified agreement, MOPS could use frequent flyer points to upgrade their economy seats to business class if the flight duration was more than three hours. Is that right?

Ms Pitson—Under the certified collective agreements, that is correct.

Senator RONALDSON—And, indeed, under the new staff enterprise agreement, which has recently been signed off, my understanding is that the situation is the same?

Ms Pitson—Yes.

Senator RONALDSON—In the light of this new arrangement with respect to the frequent flyer points I accept that staff can use those points for upgrade, but certainly there will be no further points given to MOPS as a result of the agreement with the airlines?

Ms Mason—That is correct. From 1 July onwards there will be no frequent flyer points accruing for travel that is paid for under the contract that has recently been negotiated.

Senator RONALDSON—Effectively, that aspect of the staff certified agreement that has been agreed to—and part of that agreement was that MOPS could use these points to upgrade—was no longer available to staff from 1 July?

Ms Mason—That is not correct. There are three circumstances in which MOP(S) Act employees can use their frequent flyer points and they are set out in the agreement. They can use them—

Senator RONALDSON—From 1 July they will not have any points?

Ms Mason—In many cases they will. MOP(S) Act employees in many cases have been accruing frequent flyer points for a long period.

Senator RONALDSON—From 1 July MOPS will not have new frequent flyer points?

Ms Mason—From 1 July MOP(S) Act employees will no longer accrue frequent flyer points for travel at—

Senator RONALDSON—Therefore—

CHAIR—Senator Ronaldson, can we just allow Ms Mason to respond before we go any further? Ms Mason, you have the call.

Ms Mason—Thank you, Chair. In many cases MOP(S) Act employees will be holding, even at 1 July and beyond, substantial frequent flyer points—balances which they are, under the enterprise agreement, able to use in the three circumstances permitted by the agreement.

Senator JACINTA COLLINS—What are those three?

Ms Mason—The three circumstances are to pay for additional work related flights, to pay for airline lounge membership or renewal or to upgrade tickets to business class for work related travel for flights with an expected flight time of more than three hours duration.

Senator JACINTA COLLINS—I am confused about one of those points. Can the additional work related flights be used to extend an office budget?

Ms Mason—Yes.

Senator JACINTA COLLINS—When did that change come in?

Ms Mason—It has not changed for quite some time. It has been in place since—

Ms Pitson—Similar clauses have been included in previous collective and certified agreements, which have been in place since about 1999.

Senator RONALDSON—Ms Mason, if a MOPS had taken advantage of the use of these points to access any of those three scenarios from 1 July, if they have no points left as at today's date and they will not accumulate any further points between now and the end of June or not access enough points to have any effective impact they will not be able to access the arrangements under the agreement to use frequent flyer points to upgrade or access these other things?

Ms Mason—The enterprise agreement does not provide an entitlement to accrue frequent flyer points. It sets out the circumstances in which they may be used if they are held. If for whatever reason a staff member has no frequent flyer points, either because they have not travelled or because they have used them, then obviously it is not applicable.

Senator RONALDSON—Or because the entitlement has been removed?

Ms Mason—It is not an entitlement. It never has been an entitlement.

Mr Tune—There is no entitlement in the agreement.

Senator RONALDSON—I am hoping that some on my left may jump into this pretty quickly. Our staff have signed up to an agreement. Part of that agreement, confirmed by Ms Pitson, is that frequent flyer points could be used for upgrades and for other purposes. This change represents a very material reduction in work conditions, particularly for those staff from Western Australia, the Northern Territory and Far North Queensland. Members and senators staff on these very long flights have had access to another standard of airfare. These staff have been using those points to enable them to get an equivalent or certainly an upgraded position for the enormous amount of travel that they undertake.

This seems to me, quite frankly, to be a very significant diminution of arrangements. Indeed, the agreement probably does not now meet the 'better off overall' test, because these staff cannot access this. I ask you: was the negotiating team, on behalf of the department, aware that this was going to occur and that that particular part of the agreement would not be accessible from 1 July for MOPS for any further frequent flyer points? If so, did they communicate that to the negotiating team for the staff, including the union? If not, why not?

Ms Mason—You have asked a number of questions. Was the negotiating team aware that this was going to happen? No.

Senator RONALDSON—If the negotiating team had been aware of this, do you believe that they would have altered the agreement accordingly?

Ms Mason—I cannot speculate on that. I suspect not. Given that the accrual of frequent flyer points has never been an entitlement for either senators, members or staff, I think that it would not have been addressed in the negotiations. The agreement, rather, talks about the circumstances in which any points actually held can be used, and that is still there and still

available for those staff that carry and continue to hold substantial frequent flyer points balances.

Senator RONALDSON—I think there will be a lot of staff shaking their heads at the moment with that answer, quite frankly, because that is not a realistic assessment of the situation. This has been an agreement for a long period of time, and it has re-formed this agreement. To say that they can use points that have been accumulated is certainly not within the spirit of this agreement that our staff signed up to.

Mr Tune—The fact remains that that is the case: the agreement does not cover the accrual of points. People may have a misunderstanding about that, but the fact is that that is the situation. So they are two unrelated issues.

Senator RYAN—The negotiating team was not aware of this, but obviously there were people in the department that were aware of both tracks of discussions—one about travel. You, Ms Mason or Mr Tune, might have been aware of both separate negotiations being underway: travel and the collective agreement.

Mr Tune—I was aware that the two things were happening. I was not aware of the detail around frequent flyers, I must admit.

Senator RYAN—Did anyone take advice on whether something like this, which represents a potential material change, represented good-faith bargaining?

Mr Tune—I do not think it does. I will take advice.

Senator RYAN—I understand that you do not think it does. What I am wondering about is this: under the current industrial relations regime, there is a requirement for good-faith bargaining.

Mr Tune—There is indeed.

Senator RYAN—I am not an industrial lawyer, but it is a very broad term. It is relatively new to the Australian industrial legal framework. Did the department consider whether or not there might be a claim, even though it was not in the last industrial agreement? People who were negotiating might not think it was in good faith.

Ms Mason—The negotiating team was not aware that this was going to happen.

Senator RYAN—No, but the department was.

CHAIR—Senator, could you allow Ms Mason to finish. Then you can follow on.

Ms Mason—The point is at which point in time it occurred. Certainly there have been negotiations with the airlines underway, and the travel contract was being prepared and negotiated, but the inclusion of parliamentary travellers under that arrangement was a decision taken very recently—in fact, during the period when the enterprise agreement was being voted upon. So it was not known anywhere in the department.

Senator RYAN—My point here is that, again, from my limited knowledge of industrial law in Australia, it would probably not mean that one arm of the department would be distinguished from another arm of the department when it came to negotiating purposes or industrial considerations.

Ms Mason—What I am saying to you is that nobody in the department knew that this was going to occur for parliamentary travellers.

Senator RYAN—I understand that. What I am putting to you, however, is this: that there were some people in the department, which is the employing agency undertaking these negotiations, who knew that at some point it would be under consideration by the department or by the minister.

Mr Tune—I am happy to get a view on this. I think I understand where you are coming from. I am not an industrial lawyer either and I take your point about what is happening. We will take it on notice and see whether we can provide some advice.

Senator RYAN—My question relates only to staff members, not members of parliament. I am not making any claim with respect to members of parliament.

Senator RONALDSON—I do not think members' and senators' entitlements has been mentioned once in the last hour. We are talking about staff; there has been no discussion about members and senators at all.

Ms Mason, my understanding is that under the Better Off Overall Test—BOOT—which comes under the government's new IR laws, it only takes one worker to be worse off for the agreement to fall. Is that correct? Is my understanding of the law correct or not?

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

Senator RONALDSON—Minister, as the minister responsible for the staff agreement, were you aware of the moves to end frequent flyer points?

Senator Ludwig—I will check the record, but it was very close to the time the announcement was made that I became aware of it.

Senator RONALDSON—Mr Tune, these discussions had been going on for a lengthy period of time. Are you suggesting that the frequent-flyer-point aspect of this was—

Senator FORSHAW—Are you talking about the discussions with the airlines?

Senator RONALDSON—Yes.

Senator FORSHAW—Because there were negotiations for the agreement as well.

Ms Mason—I think we need to be clear. The discussions with the airlines that have been going on for quite some time were in respect of travel undertaken by public servants in government departments. The thought of including parliamentary travellers under that arrangement and the decision in respect of that was taken only very recently.

Senator JACINTA COLLINS—Ms Mason, what do you mean by parliamentary travellers?

Ms Mason—Senators, members and staff, MOPS Act employees.

Senator JACINTA COLLINS—Under which arrangement?

Ms Mason—Under the travel services arrangement that was negotiated with the airlines. The RFT that was issued had an option for the Commonwealth to include parliamentary travellers and that was publicly known, but the decision to actually include them under that

arrangement was taken only very recently. It was taken after the point at which the negotiations had concluded and the enterprise agreement was being voted upon by staff.

Senator RONALDSON—So you do acknowledge, in that comment, that there has been a material change to the workers' terms and conditions as a result of that?

Mr Tune—We are not denying that. What we are saying is we do not think it is related to terms under the staffing enterprise agreement.

Senator RONALDSON—I very much beg to differ. Now we have an acknowledgement that this decision has effectively made a material change to that agreement, surely there is some obligation for someone to discuss that with the staff?

Mr Tune—I have undertaken to Senator Ryan that I will take this issue on notice and we will come back with a considered view for you.

Senator RONALDSON—Has there been any discussion with the union or other staff representatives in relation to this matter?

Ms Mason—No.

Senator RONALDSON—Thank you.

Senator JACINTA COLLINS—I will follow up a couple of issues on this topic and then I have a different matter related to frequent flyer issues to explore with you. Can you give me an indication of how much the staff provisions in the agreement were utilised?

Ms Clarke—Do you mean the upgrade?

Senator JACINTA COLLINS—Not just the upgrade but also the other—I think one of those provisions—the additional travel—is of more benefit to the member or senator than to the staff member.

Ms Clarke—We can give you an indication on one of those, but on others we may not have the information. I can say in relation to the upgrades for flights of longer than three hours duration that over the last four years that provision has been used 10 times and the last occasion on which it was used was in 2007.

Senator JACINTA COLLINS—So 10 times by how many people?

Ms Mason—On 10 occasions. I don't know by how many people.

Senator JACINTA COLLINS—Could you take that on notice?

Ms Mason—Yes.

Senator JACINTA COLLINS—I am just trying to ascertain the facts.

Ms Clarke—On the issue of using your frequent flyer points to purchase airline lounge memberships, we would not know simply because that is an individual arrangement made between the employee and the airline. Having said that, we do know that—

Senator JACINTA COLLINS—Sorry, an employee, unlike in our circumstances, does not need to declare that they have done that to the department?

Ms Clarke—No. That is right. They could make that arrangement. But we do know that frequent travellers get status points outside of the frequent flyer points. So if you are a frequent traveller you will still get credit points and status points, and you can still use

those—depending on what class of traveller you are—to get airline lounge memberships. So you could theoretically purchase them using your frequent flyer points—or because you have platinum or gold or whatever status—and the airlines will give them to you. It is a little more complicated.

Senator JACINTA COLLINS—Are these status points going to continue into the new arrangement?

Ms Clarke—That is correct. The status points do not change.

Senator JACINTA COLLINS—I was hoping we had seen an end of the frequent flyer saga but I suspect we have not. That leads me to my next series of questions. Did the recent report you sent us indicate the department was going to continue to account for points at 1 July this year?

Ms Clarke—What we are planning to do for the amount that has been accrued up until 1 July is to account for use of those going forward in the tabling documents.

Senator JACINTA COLLINS—How long do you forecast that is likely to need to continue?

Ms Clarke—Sorry, Senator, I really do not know.

Senator JACINTA COLLINS—Do you have an estimate for what type of cost might be involved in continuing to account for those points?

Ms Clarke—No, I do not. We have calculated the accrual of those and it is quite a simple matter then to account for the advice senators and members give us in terms of how many have been used. So it is not a terribly complicated process.

Senator JACINTA COLLINS—You have accounted for the accrual. You will continue to account for the use until nil accounts occur.

Ms Clarke—Presumably, yes.

Senator JACINTA COLLINS—But on current usage arrangements that could still be a very long time?

Ms Clarke—Indeed, it could.

Senator JACINTA COLLINS—Has the department given any thought to just simply writing off that old process?

Ms Clarke—Not at this stage.

Senator JACINTA COLLINS—You would be aware that there have been calls from charities to have access to those points?

Ms Clarke—I was not aware of it, but the points go to the individual, so that is really not something we would—

Senator JACINTA COLLINS—I think I have seen two relatively recent reports from the Muscular Dystrophy Association saying they cannot see why parliamentarians cannot simply donate these things to charity. I recall the last time these issues were considered. If my recollection is correct, the last time we tried to negotiate away points was under the former government. Is that right?

Ms Clarke—Yes.

Ms Mason—Certainly that is the case. There were attempts made in late 2002 and 2003 to negotiate a trade-off of removal of frequent flyer points in return for cheaper fares. At that time those efforts were not successful. I think we were in a different environment and we were negotiating one out—that is, the department of finance was trying to negotiate this arrangement with the airlines. One of the reasons that we have succeeded more recently is that the Commonwealth has combined its buying power and managed to use some leverage with the airlines.

Senator JACINTA COLLINS—I would actually like to commend you for the success on this occasion. But those previous occasions had involved staff points as well, hadn't they?

Ms Mason—Yes.

Senator JACINTA COLLINS—So, when Senator Ronaldson was in government, the government of the day was seeking to negotiate away staff points as well.

Ms Mason—In about 2002-03 and we were unsuccessful.

Senator JACINTA COLLINS—So on this occasion I would like to commend you on your success. The remaining issue I have though is questions about how efficiently we are dealing with the remnants from the old system. I will give you my example. The department has started accounting for how many points they believe members and senators have accrued since mid-2009. Is that correct?

Ms Clarke—Yes, that is correct.

Senator JACINTA COLLINS—How many times have we reported that now? Is it just the once; is it six-monthly?

Ms Mason—I think that is correct. I think there will be another one due on or about 24 June 2010.

Senator JACINTA COLLINS—So that will be the second six month—

Ms Mason—The second of them; I think that is right.

Senator JACINTA COLLINS—So we are talking about the department accounting for really only 12 months of accrual of points as I understand it.

Ms Clarke—That is correct.

Senator JACINTA COLLINS—In my case, for instance, I have some 80,000 points as of my last management report. I have used 20,000 for parliamentary travel purposes. That leaves me with a remainder of 60,000. As a member or senator I have an option of continuing to remind my staff to please make sure they look for rare opportunities sometimes to sensibly use them or, as I suggested before, picking up some of the public calls which have said, 'Please just allow them to donate this to charity.' So my suggestion back to you is: in terms of the remnant points, look at whether we can just simply write them off, allow members and senators to donate them to charity and be done with senseless administration.

Mr Tune—We will certainly look at that, but I suspect the issue at the heart of it may be that the points are between yourself and the airline. It would be the airline that would need to agree for that to happen. We will look into it and get back to you.

Senator JACINTA COLLINS—I will give you one scenario that I have thought through: even if the airlines, unlike the banks, do not actually have charities as direct nominees, potentially a way around that is for me to use those points to purchase a computer which I then donate to a particular charity and provide the validation of that back to the department and then be done with the points.

Mr Tune—So that is within the permitted use by the airline of your points.

Senator JACINTA COLLINS—Yes.

Mr Tune—Okay, we will look at that one.

Senator JACINTA COLLINS—As I said, I am very impressed that you succeeded in eliminating these points that have been such a matter of public controversy for so long and I would like to avoid the department wasting money on fruitless accounting for the remnants of the old system.

Ms Mason—I should acknowledge it is the procurement division of the department that succeeded in those negotiations, so it is our colleagues that are being commended.

Senator JACINTA COLLINS—Points to them then.

Senator FORSHAW—Could you just put on the record here what the corresponding benefits were for the government—and the taxpayer I suppose ultimately?

Mr Tune—The overall financial gain from applying the new arrangements that are taking place from 1 July 2010 is \$160 million over four years—that is how much we think we have saved.

Senator FORSHAW—I am not sure it is understood how that is actually calculated. What does it represent?

Mr Tune—It is about \$120 million on public service travel and about \$30 million for—

Senator FORSHAW—Where are the savings?

Mr Tune—The savings are in reductions in fares, so the fares that are being charged by the airlines for domestic travel—and it varies route by route, day and type of fare—are quite substantially reduced from what was being paid on average across the APS and for MPs prior to the changes.

Senator FORSHAW—So the airlines have now agreed to charge a reduced fare, which is what they did not agree to when this was raised by Senator Abetz, I think.

Mr Tune—You might be able to occasionally get the fare for an individual journey or something like that or an individual department may have been able to finally get a good deal. This provides a good deal for everybody; everybody gets the good deal.

Senator RONALDSON—Senator Forshaw, you were probably in another committee while we discussed this—

CHAIR—Senator Collins has a follow-up question.

Senator FORSHAW—That message did not get out from what I saw in the public reporting of it. There was a figure of \$140 million, which we all assumed was reduced travel costs.

Mr Tune—No. It assumes no change in travel at all.

Senator FORSHAW—It had to come from there, presumably; it is the only thing that you could relate it to. There are issues that flow from that, but airlines discount fares all the time anyway these days.

Senator Ludwig—The key objective was about delivering overall savings to the Australian government, which was for most if not all agencies through prices no higher than they currently pay. The five objectives in relation to travel tender processes were about reducing the cost of supply to agencies. These have clearly been met in the discounts offered by the airlines and the consequent reduction in the cost of travel for agencies. It continues to meet the business need of agencies. There will be no interruption to the business needs of agencies as a result of the new arrangements and they will contribute to a competitive and viable industry.

It is about ensuring that the tender process, which resulted in greater competition within the industry for government in air travel, was based on maintaining a viable industry. It results in fair, equitable and transparent processes. The process of booking air travel through the TMC supports the government's policies for undertaking air travel, namely the lowest practical fare policy for domestic travel and the best fare of the day policy for international travel. It meets this objective. The tender process itself, if I can add, was both a fair and transparent process. These are significant savings for government and they were done for all of the reasons I have just outlined.

Senator JACINTA COLLINS—To follow up what were talking about earlier where I do not think I got an answer to one of the questions about how these points had been used by staff, are you able to tell me the number of cases that they have been used to add to the amount of travel?

Ms Clarke—You mean the electorate staff travel budget?

Senator JACINTA COLLINS—Yes.

Ms Mason—I do not think we have that information because it is not reported to us if they have used points to take additional flights, as far as I am aware. I should also correct something I said earlier. I mentioned the last occasion on which somebody had upgraded to business class for a flight of longer than three hours duration was in 2007. I have been given more recent advice that is not correct. It was actually done last year.

Senator JACINTA COLLINS—Was it done once last year?

Ms Mason—It was done three times.

Senator JACINTA COLLINS—Is your 10 times accurate or not?

Ms Mason—I have not got an update on that but I will check and if I find the information is not correct I will certainly provide correct information to the committee.

Senator JACINTA COLLINS—It takes us back to your original point, which was frequent flyer points are not an entitlement. I agree with you on that in relation to our parliamentary travel. But how that relates to the EBA is going to be an interesting point since people inserted those types of provisions into the EBA. That happened under the former government too, didn't it?

Ms Mason—I would say again, the provisions in the enterprise agreement and its forerunners, the collective agreements, were not to accrue frequent flyer points; it was how they might be used if they did accrue. The fact is from 1 July they will no longer accrue but there will still be some sitting there that can be used in accordance with the agreement.

Senator FORSHAW—You clearly understand it is not an entitlement that is given by the employer but, correspondingly, there is a provision which relates to the use of them. It is in the agreement.

Ms Mason—It is still there and it can still be used.

Senator FORSHAW—I understand that.

Ms Mason—I also say, again, that the decision to include parliamentary travel under the new contract arrangements was taken very recently and it was taken after the point at which the enterprise agreement was being notified.

Senator FORSHAW—I understand all of that.

Senator Ludwig—I am advised by Minister Burke's office that in relation to the letter from Mr Burke, which was referred to by Senator Ronaldson, the letter was sent by Mr Burke's office in error on the understanding that Miss Henderson was a state member.

Senator RONALDSON—So Minister Burke's office is not aware that Corangamite is a federal seat?

Senator JACINTA COLLINS—We will have to see what the original letter looked like too. Are you able to table the original letter, Senator Ronaldson?

CHAIR—Senators, can I just seek some clarification. Are there any further questions in relation to frequent-flier issues? If not, Senator Ryan has the call to talk about travel and then we have some questions in another area.

Senator RYAN—This is a technical question I have been asked to chase up on behalf of a couple of people because there have been different answers. Virgin has different levels of economy travel. What is the eligibility for staff who have an economy class travel entitlement to travel on Virgin? Are they allowed to travel in any class of economy on Virgin—because they only have economy seats; they just have different classes?

Ms Clarke—We will take it on notice.

Mr Tune—Yes, I think we will.

Senator RYAN—I would appreciate that, because there have been varied answers—

Mr Tune—They have economy and premium economy, I understand.

Senator RYAN—Yes, I think they are soon to get squishy economy or some other economy as well, so they are heading for the path of having three economy classes—

Mr Tune—I see.

Senator RYAN—so I would appreciate advice on that.

CHAIR—Can I take the opportunity to ask some questions in relation to IT. Earlier in the week we had Senate Services before us talking about IT, and I recall raising this issue or it being raised over a number of estimates now. The issue is the coordination of IT services

between what members and senators have available to them within Parliament House so that there is some uniformity and coming together—as I understood; I might be using the wrong terminology—of our electorate offices' computer systems and the parliamentary computer systems. Can you give me an overview of what your brief was, where you are in the process and why—as we had reported to us earlier in the week—there has been little if any progress.

Mr Tune—I will ask Mr Burton and Mr Quester to respond.

Mr Burton—Until recently, my group was responsible for managing electorate office IT. I think Mr Kenny, from DPS, alluded to this in his evidence before the committee earlier in the week. There has been a change in management that is very recent, so I have agreed to cover the questions in the meantime. I do also have an interest in the issue going forward.

We agreed initially to review the possibility of transferring our electorate office IT services, which Mr Quester ran within the department until recently, and trying to come up with a solution. I would say that, in terms of getting to where we are, I would probably be less pessimistic than Mr Kenny was. The process has taken far longer than we would have wished. There have been some reasons for that. The issues have been legislative. They are around the role that the Special Minister of State has for electorate office IT and the fact that departmental IT within this building is a departmental appropriation that the two Presiding Officers are responsible for. Entitlements in electorate offices are funded from a special appropriation which has certain ways that it is administered, and it is very entitlement based because it has no set spending limit. IT within APH is a departmental appropriation. We have prepared a briefing paper that will shortly go to the Special Minister of State on how these issues will be addressed. We think we have found some solutions.

Finance is keen to make this transfer work. From our point of view, it is not effective for senators and members to have to refer to multiple help desks and sources of expertise in order to get IT issues solved. This is something I cannot give you a definite time line for at this stage, but it is something that we would very much like to get addressed so that there is a single help desk, a seamless delivery of services and an alignment of entitlements in electorate offices with respect to the internal availability of particular IT services, programs and other pieces of software. We have to sort out the appropriation and funding issues and how those will be managed across the two agencies. We are putting some proposals to the Special Minister of State soon that should resolve those issues, but that process is not complete yet.

CHAIR—Can you tell committee when the process commenced?

Mr Quester—The Special Minister of State agreed on 19 October 2008 to form the initial working group between the Department of Finance and Deregulation and the Department of Parliamentary Services. This was in response to a request from the two presiding officers.

CHAIR—That was in 2008. We are almost at the end of May 2010. How much progress have we made? Is it right to assume from the evidence we heard early in the week that it is not likely to be concluded before the election is due for this parliamentary term?

Mr Burton—There are steps that we are taking, but we did not want to undertake the actual transfer before the election, to go through a lot of change during what will be a very busy period. Rather, we will leave the current services in place. They are what senators and

members and their electorate office staff are used to using. Obviously it would have been preferable to undertake the transfer some months ago, but, given where we are now, it was thought preferable to leave such a transfer until after the election because it would be too disruptive to do it during an electoral process.

CHAIR—At the moment members and senators are entitled to certain computer programs in their electorate office, but we are not entitled to have those in our parliamentary offices. That means, for instance, that when you have staff working on particular documents, they cannot do it while they are in Canberra. Is it part of the rationalisation to give us uniformity?

Mr Burton—Absolutely, yes.

CHAIR—Is there anything further on the subject of the computer systems and access to faster broadband? I understand that was being rolled out around the country. Can you give us an update on that?

Mr Burton—I would have to take that on notice, but I will—

Mr Quester—I think you are referring to the connections to the electorate offices around the country?

CHAIR—Yes, I am. My apologies if I did not use the correct terminology. I know it is a computer. That is the beginning and end.

Mr Quester—You are correct. We undertook a program to upgrade the network that all the electorate offices are on. They have moved to the Optus Evolve network. I can report that, as of today, there are only four offices left to go in our upgrade. We expect those last four offices to be completed by the end of next week, as per the schedule. That has increased the dedicated data speed to every electorate office to two megabits. That is up from 512 kilobits 2½ years ago and a megabit about a year and a half ago, as per the entitlement.

CHAIR—Am I correct in believing that the cabinets, for want of a better word—the hubs that we have in our offices—are also being upgraded and becoming larger?

Mr Quester—I could not comment on the actual size of the equipment. The equipment was replaced because we have now attached a different communications network to the electorate offices, so there was an upgrade to what was affected—the router and the switches in those cabinets.

CHAIR—That is it.

Mr Quester—They have been upgraded as part of this process, with the technicians coming in and putting the new equipment in. As for size, I could not comment here, sorry.

CHAIR—I think they are getting larger. Is that rollout almost complete as well? Is it only the same four offices?

Mr Quester—That is right, yes.

Senator RYAN—I have some questions I was asked to raise about BlackBerrys. GPS is deactivated on these BlackBerrys, isn't it?

Mr Quester—It should not be. There is a setting within the BlackBerry itself whereby you can select whether to stay solely on a 3G network or, if that 3G network is not available, to drop back to the GPRS.

Senator RYAN—Sorry, I meant GPS, not GPRS.

Mr Quester—Sorry. You are correct, yes. GPS is not activated.

Senator RYAN—Why is GPS deactivated?

Mr Quester—It is part of the security requirements published by the Defence Signals Directorate. It is about the ability for the device to be tracked. It is a security requirement for a government-issued device not to have that functionality.

Senator RYAN—Are you bound by DSD—

Mr Quester—We are bound by the *Information Security Manual*, yes.

Senator RYAN—And that is set by DSD?

Mr Quester—The Defence Signals Directorate—yes, that is correct.

Senator RYAN—Has that ever been reviewed? It means the website Google Maps is unusable on these phones.

Mr Quester—That is correct.

Senator RYAN—Has there been any discussion with DSD about reviewing that?

Mr Quester—There have been requests around certain technologies, which were put to the Special Minister of State, and the Special Minister of State agreed to continue to abide by the *Information Security Manual* for the settings required on government-issued BlackBerrys.

Senator RYAN—The other thing that is deactivated on this is the ability to download other applications. What is the reason for that?

Mr Quester—Again, that is to protect the integrity of the device itself. The ability to download applications can open the device up to vulnerabilities.

Senator RYAN—Has any consideration been given to having a list of approved applications? There are certain applications that I know a lot of members would actually use. One of them that was put to me—I do not do it myself—is Twitter. Twitter applications are increasingly used by members. I have not Tweeted myself; I am not quite so on top of these things.

Senator Ludwig—You are not on the PM's follow list?

Senator RONALDSON—I am!

Senator RYAN—I always thought you were a—no! Has consideration been given to looking at certain authorised applications that might be commonly used by MPs—an unofficial standard operating environment for BlackBerrys? Their functionality is quite dramatically limited—I did not realise it was DSD—by those provisions, particularly with Google Maps, which is a not uncommon or unhelpful website.

Mr Quester—I would not say that DSD are limiting the functionality of the device. They are providing us the security requirements to make sure that the devices can transmit data up to X-in-confidence. The best way forward for requesting additional applications, such as

applications that may interact with Twitter, the best way forward would be to put that request through the Presiding Officers Information Technology Advisory Group. Finance attends that group, along with DPS. We can then look at those applications on the advice of that group to see whether we can progress those things—if there is a business requirement for those sorts of things.

Senator JACINTA COLLINS—On Senator Ryan’s point, is there no reason that we could not do what we do with our laptops, for instance: for approved or authorised applications, simply get administration rights for a limited period to download them?

Mr Quester—I am unable to answer that. I know what you are talking about for laptops, where you get the OOTA rights for administrative access. I do not know whether that is actually possible on a BlackBerry. I would have to take that on notice.

CHAIR—There was also a query that I understand the department was looking at, but I am not aware of whether it has been resolved. There was an undertaking to look at whether or not the time out in relation to the passwords could be extended on the BlackBerrys. At the moment it is a very short period of time; you have to continually put a password in. I understand the security, and I understand that that is why there is no other option available to us other than a BlackBerry. There was an undertaking that that would be looked at. Can you give us an update on that issue?

Mr Quester—Unfortunately I cannot, I am sorry.

CHAIR—Can you take it on notice?

Mr Quester—I can take it on notice.

Senator JACINTA COLLINS—I think on the last occasion I asked a related question, which was: has consideration been given to a more usable password arrangement? I think the answer I got back on that occasion was: ‘No. Bad luck.’

Mr Tune—I think the answer was that there are two options. You can go the 12-digit thing, or you can use a mix of numbers and uppercase letters and so forth and go—eight I think?

Mr Burton—Seven.

Senator JACINTA COLLINS—We cannot get shorter than seven?

Mr Tune—No. I use 12 myself, but I find it frustrating as well.

Senator JACINTA COLLINS—Is this a DSD requirement?

Mr Quester—Yes. It is part of security.

CHAIR—That is also part of the timing out?

Mr Quester—That is correct.

Senator RYAN—Electorate offices are provided with a single mobile phone, that comes out of the budget, for the use of the office or a staff member of the office. As the price of these devices falls—they are now significantly cheaper than they were a year ago let alone five years ago—is consideration being given to upgrading that electorate office device to allow a staff member to have, effectively, a PDA rather than an office phone?

Mr Burton—We have to approach this in this way: it is a change in entitlement. If we got a request Ministerial and Parliamentary Services would make a recommendation to the Special Minister of State about whether that entitlement should be changed, noting the cost that would be reflected. So there is a process to go through for us to do that.

Senator RYAN—You would be familiar with this. Would that be a significant cost? If the electorate office mobile phone were upgraded to an electorate office BlackBerry, would that be a significant cost?

Mr Burton—BlackBerries are \$900 each, one like you have there. A cell phone is probably somewhere around \$100.

Senator RYAN—I have seen some commercially advertised plans which are a bit cheaper.

Mr Quester—Additional to that, the BlackBerry obviously comes with a monthly data charge so putting that across 226 BlackBerries per month is quite an expense.

Senator RYAN—There is no consideration being given to that at the moment?

Mr Burton—Not at this stage, no.

Senator JACINTA COLLINS—What is the nature of the data plan we all operate within?

Mr Quester—We will have to take that on notice. The contract is held with the department. I will not have it here, I am sorry.

Senator JACINTA COLLINS—We do not get reports about our data usage or the cost of its usage or anything of that nature. I am very conscious of my family's private data arrangements, but we as members and senators have no notion of what our plans are and whether we are operating appropriately within them.

Mr Burton—We will take that on notice.

Senator JACINTA COLLINS—Thank you.

Senator RYAN—Last year there was some discussion around the contract the department lets with respect to the ISDN service that comes to our electorate office.

Mr Burton—Wireless broadband?

Senator RYAN—No, this is the IT pipe that comes into our electorate office. I know there was an upgrade from 512 kilobits to roughly a megabit undertaken over the last 12 months.

Mr Burton—We have recently upgraded all but four offices—this was a question we answered earlier—to two dedicated two-megabit pipes.

Senator RYAN—Two megabits is set now for the foreseeable future?

Mr Burton—Yes.

Senator RYAN—That is consistent around the country?

Mr Burton—Yes. There are only four offices to go. They will be converted some time in the next two weeks.

Senator RYAN—I understand wireless broadband was also being reviewed with respect to a contract that bound Finance and therefore MaPS to Optus. That has been a topic of discussion on numerous occasions. Has that been concluded?

Mr Burton—It has not. At the moment we still have a contract with Optus. Our ability to renew that will be coming up shortly as part of the coordinated procurement process currently being undertaken by AGIMO. We will be reviewing it at this stage.

Senator RYAN—There are obviously very different requirements for, shall we say, Canberra-based access as opposed to regional Australia-based access, particularly around wireless—and this is effectively the Optus versus Telstra issue. Is consideration being given to the needs of members and staff who have a need for access in areas where, quite frankly, Optus is not up to it. That includes, I might add, the CBD. It has been noted on a number of occasions that at committee hearings of the Senate you might have senators, members and staff not being able to obtain access but, because the committees here are done differently—they have Telstra dongles—they can access the Internet. Is specific consideration being given to that, because it is an issue there has been some concern about.

Mr Burton—Certainly, we will look at that and we will be trying to maximise the service while still getting value for money, but that work has not been undertaken yet. It is certainly one of the issues, having discussed this a number of times with this particular committee, that we will consider when we look at how we renew that contract.

Senator RYAN—Who makes the final decision on that contract—like whether it goes to Optus or Telstra?

Mr Quester—We would make a recommendation to the Special Minister of State. Once we understand the outcomes of the coordinated procurement and the options that that will give us—whether that be a flexible approach on offering services from any carrier or whether we have to define it down to one carrier because of the way that the tenders have come through—we will make a recommendation to the special minister for an extension of either multiple contracts or a contract.

Senator RYAN—And you, Minister, I take it, are aware of the concerns that travelling members and staff have had with respect to the utility of the Optus wireless facility?

Senator Ludwig—I think it is fair to say that it has been raised on a number of occasions with me.

Senator RYAN—That is all I have. Thank you, Chair.

CHAIR—I think that is probably all there is for BlackBerrys this time, which is very short. Are there further questions on MaPS? I have some questions in relation to management reports. Could the officers give us an update on the signing off on management reports. From the estimates hearings I have attended since I have been in place, there have always been a number of outstanding management reports. We have had discussions on the role of senators and members and, for those who do certify the reports, there does not seem to be any penalty if they choose not to. Can you give us an update, please.

Ms Mason—Ms Sims can certainly give you the regular update.

Ms Sims—Yes. In relation to certifications for 2008-09 and also 2009-10, there have been updates to the information that I read out last time. There has been an increase in certifications. If you like I can read through it month by month.

CHAIR—If you could just give us a general overview of whether or not there has been an increase in the—

Senator JACINTA COLLINS—The last month.

CHAIR—Yes, the last month.

Ms Sims—There has been an increase, and in relation to March 2010 we were at 50 per cent. But what usually happens is that it takes us six months for us to get the maximum number of certifications in. So if you look back to, say, October 2009, we were up around 90 per cent; and before that it has generally been around 90 per cent.

CHAIR—In relation to the travel reports, which are tabled, I believe, on a six-monthly basis, can you outline to me whether there have been any changes to the requirements for those reports.

Ms Sims—There has been an increase in what is contained in the tabling document, and that was part of the government's reforms to parliamentary entitlements. The things that have been included that were not previously included in that are: office facilities costs, which include things like payments made against property operating costs, telecommunications costs and fit-out costs for offices; office administrative costs such as office consumables and services, printing and communications, and publications; and, in relation to travel, family travel costs.

CHAIR—When you say 'family travel', can you clarify for me whether the individuals are named in the document that is presented to parliament.

Ms Sims—No. Preliminary reports have been provided to senators and members. Names have been included in the preliminary reports to assist officers in looking at the detail and whether or not the detail is correct but it certainly will not be part of the tabling document.

Senator MOORE—Has there been a 100 per cent return of the tabling documents?

Ms Sims—Not yet but the deadline has not passed.

Senator MOORE—Last year?

Ms Sims—I would have to take that on notice.

Senator MOORE—Also for the 90 per cent of people who are returning the management report, can I get some indication over the last two years whether it is the same senators and members who are the 10 per cent who are not returning?

Ms Sims—I will take that on notice.

Senator JACINTA COLLINS—Can you give us a reminder on the accuracy issue? I think I asked this on the last occasion. I think my last monthly management report was 100 per cent accurate. I was very impressed. How are we going on the accuracy measure?

Ms Clarke—We were actually looking at the accuracy of the data with our internal auditors to make sure that the processes enable it to be as accurate as possible. Clearly there are going to be instances where in one period the flight is booked and then it is not taken. Those things do not come through until the next tabling period. We have got those inaccuracies but they are part of the processes that take time. I think the feedback at the moment is that generally we are hitting the mark more and more often.

CHAIR—I take it that that correction time can be an average of nine months? Would that be the average to correct that?

Ms Clarke—I cannot get you an average. It depends upon how long it takes to get any of the information, invoices or travel cancellations through, and often that is in the hands of the suppliers and not us. So it is difficult to know.

CHAIR—But in my experience it can take up to nine months to correct.

Ms Mason—I think you are probably right. On occasions it can take a lengthy period of time. Nine months does sound to me like a very long period of time for an average and we will check that out but as Ms Clarke said, we are in the hands of the airlines in many instances as to when those refunds or corrections actually come through. We cannot record them until we know about them.

Senator JACINTA COLLINS—I understand corrections that are waiting for information to come in through the system. I suppose my earlier comments about accuracy were more around when you have been notified that something was not accurate and how long it takes for that to then be reflected in the next month's report, which in part informs some members' and senators' frustration with the amount of their own staff time that goes into reconciling these reports.

The other issue I have with the management reports in part relates to my earlier question about even our Blackberry arrangements. If we are now reporting the detail of our office costs there is surely the need for us to be more aware of the operating frameworks that we are actually working in if we are to be publicly accountable for the costs that pertain to them. As the basic example, if we do not know what our data plan is we cannot be expected to operate efficiently within whatever that plan is. Can I suggest that, not just with the Blackberry issue but with a range of other office administration issues, we look at how well informed we as members and senators are of the parameters in which we are operating?

Ms Mason—I think you make a fair point and I think wherever we can we should be pushing out more information about the entitlements and the arrangements that surround them, including information about data plans for Blackberrys.

CHAIR—Considering the changes in the budget measures, is there any consideration of any software being made available so that we can actually manage our budgets to ensure that we meet our entitlements? There is often a differential with the management report and what we know we have spent. To ensure that there is no overspending is there any consideration being given to giving us software to keep track so we can manage our budgets?

Mr Tune—We use Excel.

Ms Clarke—You can use Excel. Senators and members do get a software allowance that they could use to purchase that. Otherwise, in looking through what is available in, for instance, Mind Your Own Business you can get a package for something like \$200 which you can purchase with your electorate allowance.

CHAIR—Will there be training available for those packages? I understand that if it is not provided by the department there is no training for staff.

Ms Clarke—That is correct. Certainly staff would use the online training that is provided with the package. No, the department would not provide it.

Senator MOORE—Is special approval required to actually buy that software and have it loaded into our equipment? It is not something we have done. Normally anything you do with departmental IT, there are provisions about what you can and cannot put onto a computer, how you do it and all those things.

Ms Clarke—Yes, that is correct. You would still have to check with the help desk but I think, when it was examined, one senator or member asked the question about whether you could use it. Again, referring it to the help desk is the safest thing to do, I think.

Senator MOORE—It would have to be for anything you are playing around with.

CHAIR—Likewise if you purchase a program, there is no support from the IT people for that. What I was asking was whether the department is giving any consideration to providing appropriate software?

Ms Clarke—Not at this time.

Senator JACINTA COLLINS—I think that relates to my earlier question, which is that you consider the new framework we are within now. If we are to be publicly accountable for detailed reporting of our costs that not only should we be informed of the parameters we are operating in in those areas but also I think Senator Polley's point is quite right: the department should be considering what software we need to support us to responsibly manage those costs.

CHAIR—And training for staff.

Senator JACINTA COLLINS—Could you please take that on notice?

CHAIR—And the amount of time it takes to keep track of and checking of your management reports. Thank you very much for appearing before us. That includes MAPS for this estimates.

Proceedings suspended from 3.51 pm to 4.06 pm

Australian Electoral Commission

CHAIR—I welcome representatives of the Australian Electoral Commission. Are there any opening statements?

Mr Killesteyn—There is no opening statement from me.

Senator BARNETT—I thank the AEC, and Mr Paul Pirani in particular, for being here. I have a letter from the AEC dated 21 May 2010 in response to a letter from me on 14 April 2010. It relates to an allegation of a breach of section 326 of the Commonwealth Electoral Act 1918. It relates to the decision by Mr Kevin Harkins not to nominate as a candidate on behalf of the ALP for division of Franklin for the 2007 general election. I am happy to table that letter as well as a copy of the *7.30 Report* transcript. That was part of the evidence regarding the letter. I table both documents.

CHAIR—Is it the wish of the committee to have these tabled? There being no objection, it is so ordered. We will get copies of those to the witnesses and the minister.

Senator BARNETT—Thank you very much. Mr Pirani, thank you again for your letter of 21 May. I want to walk through some key parts of that letter with you. The second last paragraph of that letter states:

The current material available to the AEC does not provide sufficient evidence that there was a promise or offer of any property or benefit to Mr Harkins in 2007 that was made with the intention of influencing or affecting his candidature as an endorsed ALP candidate for the Division of Franklin.

You explain the reason for that in the second paragraph very comprehensively, for which I thank you. In particular you note:

The AEC has no power to obtain information in matters involving serious criminal offences. The AEC has no power to interview witnesses or to obtain statements from third parties. The AEC has no power to obtain search warrants or to otherwise compel the production of information and documents.

At the end of page 1 you say:

The DPP advice received by the AEC—

which you sought—

does not support the taking of any further action on this matter, particularly given the limited scope of the available evidence.

Firstly, do you have a copy of the DPP advice with you? Are we able to have a copy, if at all possible? I understand if it is not possible.

Mr Pirani—No, I did not bring a copy of the legal advice with me. I have extracted some of the material from that advice that was obtained. Can I just take that on notice. I would like to contact the author of that advice in the DPP before agreeing whether it should be tabled. At this stage we would regard it as covered by legal professional privilege. However, I do note that I have extracted a lot of the material that is in the letter to you from that advice.

Senator BARNETT—Sure. thanks very much. And you can concur with the outline of the evidence I have read into the *Hansard* and before you today?

Mr Pirani—That is correct.

Senator BARNETT—You have said in the fourth paragraph of that letter:

... the scope of the offence in section 326 of the Electoral Act and the “prima facie” evidence contained in the *7.30 Report* transcript and the previous media reports.

I have the transcript from *The 7.30 Report* before me and I have tabled that, as you have just heard. In it there is a quote from Mr Harkins where he says

Once again a number of senior Labor Party people were involved in that meeting and some leaders from the union movement.

He is referring to the meeting with the senior Labor Party people, which he referred to as an agreement. He went on:

And at that meeting, which was with the full understanding of the then Opposition leader Kevin Rudd, there was commitments given about what might happen for me in the future if I agreed to stand aside.

... In a nutshell, it was that if I decided to run for a federal position in the future, that there would be no blockers or veto or interference in the preselection process.

Conor Duffy, the interviewer, said:

Are you 100 per cent certain that Kevin Rudd was aware of these negotiations and had in effect signed off on the agreement?

Kevin Harkins said:

Absolutely, 100 per cent, Kevin Rudd was involved in the negotiations, knew it was happening and then after the conclusion of it people checked with him again to make sure he was happy with those commitments and he was agreeable.

Earlier on in that interview report, which was headed, 'Outspoken Tasmanian union boss Kevin Harkins has vented his anger about being rejected for Senate pre-selection, accusing the Prime Minister of breaking a promise', he refers to the fact that David Epstein, who was then Chief of Staff to Mr Rudd, was at that meeting. He refers to senior Labor Party members and there is a reference to senior union representatives also at that meeting. You do not have a copy of the minutes of that meeting, do you?

Mr Pirani—No.

Senator BARNETT—If you did have, that might provide further evidence upon which you could then determine whether you could successfully refer this to the Australian Federal Police.

Mr Pirani—The minutes of the meeting may be relevant. I acknowledge that. The difficulty that we had is further down the page in the transcript. It is the letter from Kevin Harkins to Kevin Rudd of 23 March and the quote in relation to that letter. Part of the issue that we have is that, if such a promise was made and was understood by all the parties and persons who were present to have been made, the actual contents of that letter are inconsistent with the understanding of Mr Harkins himself that such a promise of a benefit or property was made in terms of section 326.

Senator BARNETT—Do you have a copy of that letter?

Mr Pirani—No, but it is cited in the transcript.

Senator BARNETT—You do not have a copy?

Mr Pirani—No, I do not.

Senator BARNETT—So you do not have the full copy of that letter in your possession, so therefore you cannot make a full and comprehensive assessment of that decision. This is simply based on advice on *The 7.30 Report*? Is that what you are referring to?

Mr Pirani—I am quoting from the same transcript of *The 7.30 Report* that was referred by you to me to examine. That transcript was what was included in my request for advice to the Director of Public Prosecutions.

Senator BARNETT—Are you aware of the statement reported in the *Mercury* on 15 April 2010 where Mr Harkins said, 'The negotiated position was a commitment that if I was to run—

CHAIR—Excuse me, Senator Barnett; are you going to table that?

Senator BARNETT—I am more than happy to.

CHAIR—Can we have a look at it so the committee can consider whether or not we wish to have it tabled? I think it is by principle when people are quoting from media—

Senator BARNETT—All right. Let's get a copy of that and I will come back to that quote.

CHAIR—Thank you. Is it the wish of the committee to have the document tabled? It is so ordered.

Senator BARNETT—Thanks so much, Chair. I do appreciate that. Mr Pirani, in the third paragraph of your letter you also confirm that Mr Harkins had previously refused an interview with the Australian Federal Police at and around the time of the end of 2007 and early 2008.

Mr Pirani—That was the advice that I received in writing from the AFP at that time, yes.

Senator BARNETT—And obviously Mr Harkins's disposition appears different today than it was at and around the end of 2007 and early 2008 in terms of making his views known on *The 7.30 Report* and in media reports more recently.

Senator CAMERON—Chair, I raise a point of order. Mr Pirani cannot give us his opinion about what someone else is thinking. It just is not proper.

CHAIR—On the point of order, I am sure that the officers at the table will be able to respond appropriately on whether or not they can answer that question.

Senator BARNETT—Mr Pirani, are you able to provide a response to that?

Mr Pirani—I have no information before me that would enable me to say that there has been any change in relation to Mr Harkins's desires to be interviewed by the AFP. The reason I cannot say whether there has been any change is that I have not been instructing the AFP or seeking the assistance of the AFP to interview him.

Senator BARNETT—Fair enough. That is entirely understandable and I appreciate that feedback. Therefore, I draw your attention to this quote from the Hobart *Mercury* of 15 April, where in the last paragraph Mr Harkins is quoted as saying:

'The negotiated position was a commitment that if I was to run for a federal position in the future, whether in the House of Representatives or Senate, that I would be able to go through the local preselection process without interference from outside.'

So he is making his view very clear with respect to his position. Correct?

Mr Pirani—No. The position that was in the material that was forwarded to me, which I forwarded on to DPP, was the position that was in *The 7.30 Report* transcript and that position included the extract from the letter dated 23 March 2010, which referred to the earlier letter of 18 August 2009—neither of which I have—which appeared to indicate a contrary position.

Senator BARNETT—Very good. So you have been advised of two letters which you do not have and you were not able to advise or consider that evidence in your decision?

Mr Pirani—That is correct.

Senator BARNETT—Did you consider this article from the *Mercury* of 15 April 2010?

Mr Pirani—I cannot recall actually seeing this article, but it certainly was not in the material that I forwarded to the DPP.

Senator BARNETT—No, and I put it to you that there is a good deal of evidence that perhaps was not in your possession that you referred to the AFP, because under the law, the AEC act, you are not entitled to investigate, you are not entitled to obtain information, you

have no power to obtain search warrants and so on—so you could only refer to the AFP matters within your possession at the time.

Mr Pirani—We can only refer to either the AFP or the DPP matters in our possession—you are correct.

Senator BARNETT—Obviously you had my letter of 15 April to Mr Molnar, who is the acting Tasmanian division Australian Electoral Commission state manager.

Mr Pirani—Yes, and I also had your previous letter of 2007 and the various media reports that were previously referred to the AEC at that time. The whole of the material that had previously been in our possession that had been previously referred to the AFP was also included in the material that I sent to the Commonwealth Director of Public Prosecutions.

Senator BARNETT—Very good. I know that *The 7.30 Report* refers to the fact that those present in the alleged meeting that Mr Harkins referred to included senior ALP figures, including ministers in the current government, and he also referred to senior union officials. Were you aware that at the time, 2006 and 2007, the current Labor Party federal member for Franklin, Ms Julie Collins, was state secretary of the Tasmanian Labor Party?

Mr Pirani—No.

Senator BARNETT—So there is no reason why, if further evidence could be obtained with respect to the scope of the breach before us—because one of the key issues in your letter is that you are concerned about the scope—

Senator CAMERON—Chair, I raise a point of order. I do not know of any breach that is before us. There might be an allegation of a breach but there is no breach before us.

Senator BARNETT—I take your point. Thank you.

CHAIR—Senator Barnett, please be mindful of the terminology.

Senator BARNETT—Absolutely.

Senator CAMERON—George Brandis taught me that one.

Senator BARNETT—That is well noted. It is an allegation at the moment.

CHAIR—It is very good to know we help each other out. Senator Barnett, you have the call.

Senator BARNETT—Mr Pirani, you raise the issue of the scope of section 326(2)—that is well noted in your letter—and whether a candidate is actually considered a candidate under the legislation. There is a three-month period before the election where there is an acceptance that, under the act, they are considered a candidate; but there is some debate, some discussion, as to whether the candidate is considered and deemed a candidate prior to that time, pursuant to the act. Is that correct?

Mr Pirani—That is correct.

Senator BARNETT—So we know that this alleged meeting was held in and around the early part of August 2007, according to—

Senator Ludwig—You were advised.

Senator BARNETT—I appreciate that. We were advised—

Senator Ludwig—Unless you were there.

Senator BARNETT—I was not there. According to the evidence—

Senator CAMERON—Chair, I raise a point of order.

CHAIR—Senator Barnett and Minister Ludwig, there is a point of order before the chair.

Senator CAMERON—Senator Barnett cannot argue, ‘We know that there was an alleged meeting.’ There is no proof before us of this meeting, and it seems to me that he is grasping at straws. He should be accurate when he is putting positions to witnesses.

Senator BARNETT—Let me rephrase the question.

CHAIR—I will take that point of order. I remind all senators to be mindful of how they are phrasing their questions. Senator Barnett you have the call.

Senator BARNETT—Thank you.

Senator CAMERON—I am watching you.

Senator BARNETT—According to *The 7.30 Report* transcript, the alleged meeting was held in or around early August 2007? Is that correct?

Mr Pirani—The comment reported by Mr Conor Duffy, on the first page of that transcript, says:

In the face of a strong anti-union campaign from the Coalition, senior Labor figures met in Melbourne in early August 2007 to discuss his candidacy.

That was in the material that I forwarded to the DPP.

Senator BARNETT—So we accept that there is an issue with respect to the scope of the act. You made those points in your letter back to me, and I accept that. That is not conclusive at this time, and I accept that. Do you accept that, if further evidence and further advice could be obtained in support of the allegations made, they could then—

Senator CAMERON—Chair, I raise a point of order. Mr Pirani is not in a position to answer a hypothetical. You may as well ask him if there is—

Senator RONALDSON—You have been asking them all day.

Senator BARNETT—It is not hypothetical.

Senator CAMERON—You know these things?

Senator RONALDSON—It has been a day of—

Senator JACINTA COLLINS—We let Senator Ronaldson get away with them all the time.

CHAIR—Senators, on the point of order, I have been very consistent with members of the committee in asking them not to put hypothetical questions to any witness, because it will not be fruitful. I do not expect that witnesses will choose to respond to a hypothetical. Senator Barnett, you have only just come in to this hearing this afternoon, but it has been an ongoing issue during these estimates, with quite a few senators raising hypothetical questions. So I remind all members of the committee, once again, to be mindful of the language they use in putting questions and propositions to witnesses. Senator Barnett, you have the call.

Senator BARNETT—I certainly do not accept that question as hypothetical but I do appreciate your comments, Chair. Mr Pirani, I ask you that, if further evidence were obtained in support of the allegation, that evidence together with the allegation be forwarded to the Australian Federal Police for their consideration.

Mr Pirani—At this time, if further material were provided to me that supported the allegations and addressed the inconsistency of the apparent material in *The 7.30 Report* then I would certainly have to give consideration to forwarding that to the AFP to see whether they could assist in an investigation.

Senator BARNETT—Thank you, Mr Pirani. My final question is: is there any reason why one could not forward such information direct to the AFP for their investigation?

Mr Pirani—You are talking about yourself or a member of the public?

Senator BARNETT—Correct.

Mr Pirani—There is no reason that I am aware of. I do know that the AFP become concerned when they get referrals directly to them, but that is a matter for you to deal with with the AFP.

Senator BARNETT—Sure. Can I just alert you to the fact that it is a matter that I am seriously considering and following through.

CHAIR—Is there a question, Senator Barnett?

Senator BARNETT—No, that is the end of my questioning with regard to this matter, and I appreciate the advice and feedback from Mr Pirani.

Senator Ludwig—I hope you look at the seat of Ryan too with as much vigour as you have dedicated here. It would be interesting.

CHAIR—Senator Cameron?

Senator CAMERON—No, I am fine, thanks. There is nothing of any substance there, Minister.

CHAIR—Are there any further questions on the AEC?

Senator RONALDSON—I have lots of questions on the AEC.

CHAIR—Senator Ronaldson, do you want the call?

Senator RONALDSON—Senator Ryan can go.

Senator RYAN—In previous estimates, Mr Killesteyn, we have covered the issue of AEC management and funding of union annual elections. The AEC has an appropriation to fund the entire cost of union elections, doesn't it?

Mr Killesteyn—That is correct.

Senator RYAN—That appropriation also covers, I think, registered industrial organisations—is that the term? It also covers a small number of employer associations, does it not? Or is it only unions?

Mr Pirani—I can perhaps answer that. The AEC previously conducted industrial elections under the Conciliation and Arbitration Act, and that funding was put into our running cost base. We continued to conduct similar sorts of elections under schedule 1, I think it was, of

the Workplace Relations Act, and that has now been replaced with the Fair Work (Registered Organisations) Act 2009. They are for office bearers in relation to organisations that are registered under that act by Fair Work Australia. So, to the extent that it is an industrial election, which is a generic term, and it deals with an election of office bearers under the Fair Work (Registered Organisations) Act 2009, we have funding in our running cost base to deal with those matters.

Senator RYAN—Can you take on notice to provide a list of all the organisations for which the AEC runs annual elections, if necessary including state as well as national branches of trade unions and other associations—the registered groups under Fair Work.

Mr Pirani—Yes. We also do two other categories of elections. There are the ones where we charge a fee for service. They are done in accordance with the power under section 7A of the Commonwealth Electoral Act. And then we also have the protected action ballots, which are done under the Fair Work Act 2009, where we get reimbursement from our colleagues in DEEWR for the funding for the costs of running those elections. So there are three distinct categories of elections that we undertake in what is generally known as the industrial sphere.

Senator RYAN—Referring to the annual elections, is it possible for you to provide a breakdown of costs for each of those annual elections? You can take that on notice.

Mr Pirani—We will take it on notice.

Mr Killesteyn—We can provide an estimate.

Senator RYAN—An estimate for each of those?

Mr Killesteyn—Yes.

Mr Dacey—That would not be a list of every organisation that we can conduct elections for; it would be every organisation that we have conducted elections for.

Senator RYAN—Yes, that is exactly what I was after, thank you. For protected action ballots you get funded from DEEWR. What percentage of the cost of a protected action ballot does the public funding element cover?

Mr Pirani—We have dealt with this issue previously.

Senator RYAN—I have a couple of other questions.

Mr Pirani—It is 100 per cent.

Senator RYAN—It is 100 per cent. I realise there had been a change under the Fair Work thing. I just could not remember off the top of my head. I understand that the cost of protected action ballots has increased. Can you outline what you have budgeted for the cost of protected action ballots.

Senator Cameron interjecting—

Senator Jacinta Collins interjecting—

Senator RYAN—Could you ignore Statler in the corner, please, because Waldorf has left. Please outline to me if you can the cost of protected action ballots in the current financial year and what you expect in the coming financial year if you have estimates going forward.

Mr Dacey—What I can tell you now is that the revenue that the AEC has received for conducting protected action ballots between 1 July 2009 and 30 April 2010 was \$944,667.

Senator RYAN—Do you have a budget going forward where you plan what you expect to receive revenue wise for conducting those ballots in the out years?

Mr Dacey—We run them within our normal allocation, but the additional revenue we get from DEEWR covers the additional costs associated with running those protected action ballots.

Senator RYAN—So the \$944,000 between 1 July last year and 30 April this year does not represent the total cost of running protected action ballots? That only represents the additional cost that you bear.

Mr Killesteyn—That is the actual cost incurred for running those particular ballots.

Senator RYAN—Sorry, I misunderstood.

Mr Dacey—Because we use the same people to run the annual industrial elections as well. So that is the actual costing that we get reimbursed for.

Senator RYAN—And that includes the staff time?

Mr Dacey—That is correct.

Senator RYAN—I misunderstood your answer—thank you for that.

Mr Killesteyn—It is a cost recovery model.

Senator RYAN—Do you have a reporting system whereby, when you are conducting annual elections, you issue a report on those? Is it literally just a returning officer's signature on a bit of paper listing numbers of votes? Do you have a report where you talk about the manner in which the election was conducted, events that arose during the election?

Mr Pirani—There is an obligation, and I have forgotten what section it is under the Fair Work (Registered Organisations) Act—I think it is section 195, but it is somewhere in that order—for us to send a report to the General Manager of Fair Work Australia in relation to a number of matters in the conduct of those elections. They can include matters like if there has been any issue with the interpretation of the rules of the organisation under which we conduct the election or if there have been any issues in relation to problems with the ballot. Normally with those the returning officer returns information to the organisation under whose rules we conduct the ballot, but there is provision there for a report that goes to the General Manager of Fair Work Australia. It is a statutory report and a statutory requirement.

Senator RYAN—Can you take on notice and provide copies to the committee of the reports you have issued in the current financial year?

Mr Killesteyn—For each election, or do you want the standard template?

Senator RYAN—I would like the report for each election, if I could.

Mr Killesteyn—We are potentially talking about hundreds.

Senator RYAN—I would be interested. Occasionally some events in these elections reach public consciousness.

Mr Killesteyn—Sure.

Senator RYAN—I am assuming that you could simply email them to the committee secretariat.

Mr Pirani—I will need to go back and we will take this on notice. The issue is that we do not automatically issue reports for all the elections that are done under the registered organisations act, as opposed to what we have to do for the PABs, the protected action ballots, where we have to report on those specifically. So we are talking about slightly different things. There may not be a report for each and every election. They are not necessarily annual; they are for office bearers, so it depends when the union's cycle or the organisation's cycle is for the election of office bearers. We are one of the organisations; we are not the only organisation under the act that is able to conduct those elections.

Senator RYAN—I appreciate that. You are quite right. I know some of them have multiple year terms. I would be interested if you could provide me with all the reports about protection action ballots in this financial year and, where you have conducted annual or organisational elections, those reports as well.

Mr Dacey—We will take that on notice.

Mr Killesteyn—There is a fair amount of work here. There is potentially 565.

Senator RYAN—Couldn't you just—

Mr Killesteyn—It is not a matter of 'couldn't we just'. We have to go out and collect all of that information—

Senator RYAN—I am only asking for the reports you have already filed with Fair Work Australia. I am not asking for any additional reports to be collated, just copies of the reports you have already sent to someone else.

Mr Killesteyn—It is still potentially—

Mr Dacey—In relation to protected action ballots, there is a requirement after every election for us to lodge a report, and there have been 565 of those ballots since 2005-06.

Senator JACINTA COLLINS—Might it be easier to ask the Industrial Registrar for that?

Mr Pirani—Sorry, Senator, are we talking about the PABs? We are not talking about the ones under the Fair Work Act, are we? We are only talking about the ones where we have actually lodged a report under the statutory provisions of the Fair Work (Registered Organisations) Act 2009. So if we can ignore—

Senator RYAN—I understand there are two sorts of reports you do. There are the protected action ballot reports, which you are required to do and lodge.

Mr Pirani—That is correct.

Senator RYAN—Then, when you conduct organisational elections, you occasionally prepare a report.

Mr Pirani—That is correct.

Senator RYAN—What I was after was just the copies of the relevant reports from the current financial year that you have already prepared. I am not asking for the preparation of any additional reports, which I would imagine, given there have been 500 in the last five years—

Mr Dacey—Sorry, Senator—I misled you and others. There have been 565 protected action ballots so far this financial year.

Senator RYAN—I would imagine it is not difficult to send us a big email or a CD.

Mr Killesteyn—We will take it on notice and I will have a look at the amount of work that is involved in collecting that. If it is within the resources that I have, bearing in mind that we are also preparing for an election, then we will provide that information.

Senator RYAN—Sure.

Senator JACINTA COLLINS—Can I suggest in that context, you talk to the Industrial Registrar about how easy it is for them to produce it at their end.

Mr Killesteyn—Yes. They may have a database of these things.

Senator RYAN—I just want to make it clear: I am not asking for any additional reports to be put together at all.

Mr Pirani—I understand that.

Senator RYAN—In Victoria I understand the Australian Electoral Commission will be conducting a ballot of the 16,000 members of the Electrical Trades Union regarding its affiliation of disaffiliation from the Australian Labor Party.

Mr Killesteyn—That is correct.

Senator RYAN—Under what terms are you running that election? Is it a fee for service or is it publicly funded?

Mr Killesteyn—That is a fee-for-service election.

Senator RYAN—I am not sure if you would have the details of the costs yet, but could you provide on notice what the cost of that ballot is?

Senator JACINTA COLLINS—Is that commercial-in-confidence?

Mr Killesteyn—I will take that on notice.

Senator RYAN—Senator Collins raises an issue. Is this a commercial-in-confidence issue—the fee for service?

Mr Pirani—We are not the only organisation that is in the market that conducts these types of elections, so again we will take it on notice and we will have a look.

Senator RYAN—Sure. I also understand that you conducted an election for the Australian Licensed Aircraft Engineers Association where you declared one of the candidates, whose name I will not use, ineligible to be a candidate for the position he was running for.

Mr Killesteyn—That is correct.

Senator RYAN—This candidate, I understand, was considering legal action.

Mr Killesteyn—That is correct. The candidate has lodged an application in the Federal Court for inquiry into the matter and the decision of the AEC.

Senator RYAN—Was this a fee-for-service ballot?

Mr Pirani—No, it was an election conducted under the Fair Work (Registered Organisations) Act 2009.

Senator RYAN—They are the ones you get funding from DEEWR for?

Mr Pirani—No, they are ones that were in our running cost base.

Senator RYAN—This is what we discussed earlier as an annual or non-annual organisational election?

Mr Pirani—That is correct.

Senator RYAN—I appreciate that we had discussions before about it being difficult to break down the cost of each of these elections, given they come out of your running base. Is that still the case?

Mr Killesteyn—We can make estimates based on the number of ballots that are counted. We can make estimates on the questions that are asked. I am happy to provide an estimate.

Senator RYAN—Who pays for the legal case if it ends up before a court? Presumably, the AEC will have costs. You would be a respondent to the action, I would imagine.

Mr Killesteyn—That is correct. It will come out of our running costs.

Senator RYAN—At subsequent estimates I might ask about the cost of this particular case. Do you have an estimate—

Senator Ludwig—I look forward to you asking about it at next estimates.

Senator RYAN—I might ask from the other side of the table, Senator Ludwig. I could very well maintain my interest in these matters.

Senator Ludwig—I have not indicated otherwise.

Senator RYAN—Have you budgeted for a cost for this in your forward planning?

Mr Killesteyn—It is extremely difficult to budget precisely for every legal matter that might emerge. That is not under our control. But we do have a budget for legal matters and, at the moment, our budget is being managed quite well.

Senator RYAN—Well done in that case, Mr Killesteyn.

Mr Killesteyn—Thank you, Senator.

Senator JACINTA COLLINS—Do you factor that risk into your fee-for-service business?

Mr Killesteyn—No, we do not—it is cost recovery—but perhaps we should as a commercial organisation.

Senator JACINTA COLLINS—If you are involved in a fee-for-service business which is then going to lead you into court, you should be factoring that cost risk into your pricing.

Mr Killesteyn—Thank you, Senator.

Senator RYAN—I just want to clarify that the question I was asking you to take on notice included the cost of each of those organisational ballots that you conduct.

Senator CAMERON—I have some questions on that point.

Senator RYAN—I am sure you do, Senator Cameron, but I will finish mine first.

CHAIR—Senator Ryan has the call.

Senator RYAN—Are you also able to provide on notice a list of the organisations for whom you conduct these elections, annual or organisational, which come out of your running costs and a cost base for each of those?

Mr Killesteyn—Yes, we can take that on notice.

Senator RYAN—That is all I have on this issue but I have some questions on other issues for the AEC.

CHAIR—Senator Cameron, your question is a follow-up to Senator Ryan's question?

Senator CAMERON—Yes. Mr Killesteyn, have the ETU entered into a fee-for-service arrangement with you under a commercial contract?

Mr Killesteyn—That is my understanding.

Senator CAMERON—Did you advise the ETU, or would you advise registered organisations, that, if they enter a commercial contract with your organisation, the details of that commercial contract may be subject to scrutiny in the Senate?

Mr Killesteyn—I would have to take on notice as to what discussions were held between the Victorian office, which is managing this particular election, and the ETU.

Senator CAMERON—If you determine to provide information on the ETU contract, would you then provide notification to all other organisations who seek fee-for-services with you in the future that you may have to divulge details of the commercial contract?

Mr Killesteyn—Again, I would have to take that on notice and look at the particular information that we provide to all organisations who approach the AEC. I will advise you on that.

Senator CAMERON—Would requiring details of fee-for-service commercial contracts to be made available here put you at a competitive disadvantage with other organisations?

Mr Killesteyn—You would have to ask the organisations that are seeking our services whether that particular issue would cause them to give second thought to the AEC. There are probably some organisations where they would suggest that that would be an issue for them. Bear in mind, a lot of our fee-for-service elections are relatively minor and small and the issues are not of great moment.

Senator JACINTA COLLINS—But some of them are quite large.

Mr Killesteyn—Indeed, they are.

Senator CAMERON—And some of them may be small but they could be of great moment.

Mr Killesteyn—That is right.

Senator CAMERON—Not knowing the trade union movement!

Mr Killesteyn—The AEC is already under some competitive disadvantage. We are required for cost recovery reasons to pursue all of our costs. Our costs are generally larger than some of other smaller institutions that are offering these services. We do not have the sort of technology that is often available to other organisations which can bring the cost down. What we offer as a brand, if you like, is the integrity of the AEC.

Senator CAMERON—Do you believe your integrity would be intact if you had to divulge details of commercial contracts?

Mr Killesteyn—No, I do not think so, because our integrity, our brand, is in relation to the conduct of the election. If people go into a contract with us on that basis but they also know the potential for further publicity of the information, then they have made that decision.

Senator CAMERON—But you cannot tell me today whether organisations who enter into commercial contracts have been advised—

Mr Killesteyn—No, I cannot. I will check that.

Senator CAMERON—Okay.

CHAIR—Any further questions on that topic? Senator Ryan.

Senator RYAN—Mr Killesteyn, I understand that the AEC will be sending out text messages targeting people not on the roll to encourage them to enrol to vote. Is that right?

Mr Killesteyn—We have already commenced that. The situation is that our normal, continuous roll update process is to send out reminders to individuals where we have information that they are not enrolled at the address that we have on our electoral roll.

Senator RYAN—Where do you get that information about mobile phone numbers from?

Mr Killesteyn—It is supplied by other agencies. In this particular case, with the trial that we are currently conducting, information comes from Centrelink.

Senator RYAN—In terms of continuous roll update procedures, are you accessing the new electoral roll in New South Wales, following their adoption—

Mr Killesteyn—No.

Senator RYAN—You are not?

Mr Killesteyn—No. Bear in mind that the new electoral roll for New South Wales—I think you are referring to the Smart Roll?

Senator RYAN—Yes.

Mr Killesteyn—That has not yet commenced. The legislation has not yet been proclaimed, and the New South Wales Electoral Commission has not yet started collecting new enrolments on the basis of that legislation.

Senator RYAN—I appreciate you cannot use the information to update the roll—

Mr Killesteyn—That is correct.

Senator RYAN—but I understand it is expected that will take place some time before the next New South Wales election?

Mr Killesteyn—That is really for the New South Wales Electoral Commissioner. We are working with the New South Wales Electoral Commission; they are developing their procedures at the moment. Certainly, it is my understanding that that is their intention.

Senator RYAN—You will have access, presumably, to the New South Wales electoral roll. Would you be planning to use the data on that roll, which is now a separate state roll, to send

out text messages or other communications to people on that roll whose data does not match the Australian Electoral Commission's roll?

Mr Killesteyn—We have not made that decision yet. We already use a range of other databases, such as Centrelink and Australia Post databases and so forth. The New South Wales roll will be another database. We will have to make an assessment as to whether that information provides us with the sort of integrity that we believe we need to be able to use it for follow-up activity. But I would be silly if I did not look at it seriously.

Senator RYAN—Sure. And we do not know yet when Smart Roll, as they call it, is going to come into effect in New South Wales, do we?

Mr Killesteyn—As I said, that is something that is not within my gift, and my understanding of the intention is that it will commence sometime before the March 2011 election.

Senator RYAN—Sure. Thank you. That is all I have, Chair.

CHAIR—Before I go to Senator Ronaldson, I have a question. Do you anticipate that, at the next election, the polling booths will use computers to cross people off the electoral roll rather than using the hard copies, which was my experience in the recent state election in Tasmania?

Mr Killesteyn—Senator, if only—if only. The legislation, the Commonwealth Electoral Act, provides me with absolutely no authority to have electronic certified lists or to conduct electronic mark-offs. I have no discretion at all. All certified lists have to be produced on paper and they have to be marked off in pencil. I would love it if the legislation was changed.

CHAIR—Have you been briefed on or do you have any knowledge of the success or otherwise of the way the election was conducted in Tasmania?

Mr Killesteyn—Indeed. Perhaps, for the information of the committee, it is worth knowing that the election in Tasmania was actually conducted by the Australian Electoral Commission staff on contract to the Tasmanian Electoral Commission. The Tasmanian Electoral Commission do have all of their certified lists on computers; they are distributed to all of the polling stations that are run by my staff. The system works very well. I have seen it also work in Queensland, in particular aspects, particularly those polling stations which are quite busy, such as town halls, and electronic certified lists do work quite well.

Indeed, I should note as well that the Joint Standing Committee on Electoral Matters has made a unanimous recommendation that the act be changed to allow electronic certified lists. The government has indicated its intention to introduce legislation at some stage to bring that about.

CHAIR—That would protect the integrity of the voting stations because obviously, if it is electronic, you would know whether anyone was attempting to vote at another polling booth on the same day. Is that a possibility?

Mr Killesteyn—That requires a bit more technology. I think this is quite feasible. It is probably more an issue of cost rather than technology. That would require some sort of automatic updating of a central database as people's names are being marked off the roll and

that information being communicated again automatically to all of the computers via wireless technology. It is not a technology issue—it is quite feasible; it is more a matter of cost.

CHAIR—So to the best of your knowledge that then was not part of the technology used in the state election in Tasmania?

Mr Killesteyn—No, it is not. The Tasmanian computers are all standalone computers. They are not linked in any way.

Senator RONALDSON—In relation to the matter that Senator Ryan was talking about, I think we agreed in the last Senate estimates, didn't we, that effectively there is no penalty for failing to enrol and in living memory there has not been a prosecution for failing to enrol? Is that a reasonable overview of where we got to?

Mr Killesteyn—I think we discussed the difficulties of enforcing enrolment. The difficulties associated with bringing a matter before the court and the fact that any matter that is brought before the court could be defeated quite easily by simply completing an enrolment form on the steps of the courthouse, yes.

Senator RONALDSON—So we have a situation where there could be one million Australians missing. That seems to be the figure that is bandied around. I do not know whether it is correct or not, but I suppose it is by definition impossible to define. Minister, have we got to the stage where the carrot approach simply has not worked and it is time to actually put a bit of stick into this by having some appropriate penalties for failing to enrol?

Senator Ludwig—If I understand you correctly, you want to prosecute 1.4 million people for failing to enrol.

Senator RONALDSON—No, that is a totally unreasonable interpretation.

Senator Ludwig—Sorry, that is what it sounded like.

Senator RONALDSON—I said, and I will repeat it if you like—

CHAIR—Senator Ronaldson, could you repeat your question because I had trouble hearing it the first time because of people on my left chatting.

Senator RONALDSON—What I said, Minister, was that the carrot approach has not worked. Is it time to put a bit of stick into this by increasing the penalties for failing to enrol so there is a legitimate threat which does not involve, as Mr Killesteyn quite rightly said and I was going to refer to, being able to get around any prosecution by filling in the form as you walk into the courthouse?

Senator Ludwig—I understand what you said. I am happy to take advice from Mr Killesteyn—

Senator RONALDSON—Will you accept that—

Senator Ludwig—Let me finish. You have asked me a question.

CHAIR—Senator Ronaldson, you did ask the question. The minister was proceeding to answer. Let him conclude his answer and then you can do a follow-up.

Senator RONALDSON—I just want to clarify that the minister is not repeating the initial interpretation of my question.

CHAIR—Senator Ronaldson, you put the question.

Senator Ludwig—You might have to wait to see.

CHAIR—Minister, you have the call to respond to the question.

Senator Ludwig—I was not going to say it again. I will take advice from Mr Killesteyn about how we can encourage people to enrol. One way you are familiar with—and this is in parliament at the moment—is restoring the close of rolls period. That would ensure that when an election is called and writs are issued people can avail themselves of the opportunity of enrolling because they know it is going to happen. They also might be seized of it at that point. They can also update their address.

I understand that the AEC does have a range of activities in place to encourage enrolment. It is an issue we do take seriously. It is time to look at a range of measures to encourage people to engage with online updates as well as remove some of what we would call ‘unjustified barriers’ of entry.

I agree with you in the respect that I have outlined, but I do not agree that necessarily the approach you have suggested would be one that would work. I will take advice from Mr Killesteyn if he thinks it is something he is looking for and would work.

Senator RONALDSON—I am interested that you view the closure of the rolls bill as something relevant to the question I asked you. We could also call it the ‘let’s risk the integrity of the roll bill’, Minister, but we will see what happens with that.

Senator Ludwig—I take it that was a statement.

Senator RONALDSON—Yes.

Senator Ludwig—But seriously, there are areas where we can do better, and close of rolls, which allows people to enrol and change their address, is an important issue. We might disagree on that policy issue, but it is about making sure that we can do all we can to get people on the roll. Mr Killesteyn, please outline some of these actions that you are undertaking and looking at, because it is an important issue and we do have to address it.

Mr Killesteyn—The first point I would note is that you mentioned the \$1.4 million estimate, Senator Ronaldson. That is an estimate based on information that we have on of the number of people who are on the roll in comparison to estimates based on Australian Bureau of Statistics data that are updated quarterly. So I think it is a reasonable estimate. It is certainly not a wild estimate.

Senator RONALDSON—I was not reflecting on it.

Mr Killesteyn—No, but I think it is important to understand that it is a significant number of people. The second point I would note is that the roll is actually growing. If you compare the number of electors on the roll from today to the number of electors on the roll for the 2007 election, there are now some 223,000 more electors on the roll than there were on 24 November 2007. That is good news, and it reflects a lot of the hard work that the AEC is doing and the range of activities that the minister alluded to. The issue is that the eligible population of people who should be on a roll is also growing, and it is growing at a faster rate than are the people who are getting on the roll. That is the challenge that we have, and it is clearly the trend that has been there for some time now. In fact, when you look at the

evidence, it is quite clear that the disparity between those who are on the roll and those who should be on a roll has been increasing since about the mid-1990s. So the range of activities we conduct is really about, primarily, our continuous roll update program.

To give you a sense of the dimension of that, from the beginning of this year until the middle of this year we will have issued well over three million letters to individuals about whom we have information that indicates they are not on the roll or not on the roll at the address we have. That is the primary activity, and it is an activity that is relatively inexpensive—I think the standard cost of a COU letter is about three or four dollars—but it is an area where which we see needs supplementation, so we do a range of other things. Senator Ryan mentioned the SMS, and that is another way to try to use technology. We have partnerships with other agencies. We have introduced the smart form so you can complete an update of your enrolment details online; the only thing you cannot do is complete the enrolment because the act still requires that a piece of paper with a signature come to the agency before we can legally and formally affect the enrolment. Those activities will continue, and they will increase in size and dimension as we get closer to the election. Indeed, as we get close to the election we will commence with our advertising, which will also generate significant enrolments.

Senator RONALDSON—You see, my point was that we all acknowledge how ridiculous the situation is, we acknowledge that you are spending money to try and get people on the roll and yet we have no actual deterrent against people not doing so. As a nation we would not tolerate one million people driving around without a car licence, and, quite frankly, I would have thought the right to drive is probably of lesser significance than the right to vote. I appreciate that is a comment, but there is no deterrent at the moment that actually reduces the input required of the commission to get people to vote.

Mr Killesteyn—One thing I might mention—and my apologies for perhaps deflecting you from your line of questioning and thinking—is that the Commonwealth Electoral Act is quite unique in that it is one of the few pieces of legislation, in fact I cannot recall any other similar piece of legislation that I have ever had to administer, where the issue that we are talking about, which is enrolment, is both an entitlement for an Australian citizen and an obligation. It has a duality to it. You cannot talk about tax legislation as being an entitlement to pay tax and nor could you talk about Social Security legislation as being an obligation to take unemployment benefits. But what we have here with enrolment is both an entitlement and an obligation. Under that basis, as an administrator I have to both pursue strategies which encourage people to get on the roll and use their entitlement, because that is part of the issue—it is a service that I have to provide—and at the same time use whatever tools I have at my disposal to enforce that enrolment.

Enforcement is not as bleak as you say. We are now starting to pursue a different style of enforcement where some of the letters that we start to send out will be much more strongly worded than perhaps they have been in the past, in effect to remind people of their obligations. We are now looking at some experiments that have been trialled in Victoria which we think are quite useful, where letters that go out to individuals are actually being sent out on the letterhead of the Victorian Director of Public Prosecutions. It is quite clear that even that is showing some dramatically different responses from individuals than simply letters from the AEC. So I think there are things that we can do which are along the lines of enforcement.

CHAIR—I would just like to acknowledge that Senator Faulkner has come to the table, replacing Senator Ludwig. Welcome back.

Senator Faulkner—It is lovely to be here, Chair.

Senator RONALDSON—Mr Pirani, as one of my colleagues said, you are always down at the end of the table on your own. It is the fact that you are a lawyer, I think, but as politicians we know what the feeling is like.

Mr Pirani—I think it is also because I like spreading out.

Senator RONALDSON—Yes, so do I. Can I take you to our discussion last estimates about the member for Dobell, Mr Thomson, and the matters surrounding him. Has the AEC finalised its consideration?

Mr Pirani—No. The matter has been referred, though, to the Director of Public Prosecutions for advice. That was done in early May. A whole range of material was sent there as well. However, I also note the media report in today's *Age*, at page 8, by Mark Davis, which indicates that our colleagues at Fair Work Australia have apparently recently made the decision to go from an inquiry to an informal investigation.

Senator RONALDSON—To a formal investigation?

Mr Pirani—That is what it says in the media report, which is all I am relying upon, in today's *Age*.

Senator RONALDSON—I am sure that matter will be pursued next week at other estimates hearings. So the brief has been submitted to the—

Mr Pirani—I would not call it a brief because it does not have the formal witness statements and matters like that. What it does have is a whole range of documentation and we have asked the DPP for advice in relation to the material that we have.

Senator RONALDSON—During the last estimates you also stated that determining who in the Health Services Union had the reporting obligation was 'going to be a major issue in relation to the late returns that have been lodged'. Is that correct?

Mr Pirani—That is what I said at the last estimates hearing.

Senator RONALDSON—Have you determined who it was in the HSU who had the reporting obligation to the AEC?

Mr Pirani—That has been included in the request to the DPP. Included with that were the statement in the House by the member for Dobell and a media release.

Senator RONALDSON—Are you aware—I am just trying to assist in this regard—that the deadline for lodgement of the 2006-07 political expenditure return was 17 November 2007?

Mr Pirani—That is correct.

Senator RONALDSON—Are you also aware that according to documentation supplied by the Health Services Union to the Industrial Registry, and I quote, 'Craig Thompson resigned the office of National Secretary on 14 December 2007', which was a month after the final lodgement date time?

Mr Pirani—That declaration from Ms Kathy Jackson was downloaded from the Fair Work Australia site and was included in the request for advice.

Senator RONALDSON—Similarly, are you aware that the registered rules of the Health Services Union lodged with Fair Work Australia state that the National Secretary is responsible for receiving and banking all monies?

Mr Pirani—Yes.

Senator RONALDSON—Responsible for the books, records, properties and money of the union?

Mr Pirani—Yes, I am aware of that.

Senator RONALDSON—And is required to control and conduct the business of the union.

Mr Pirani—Yes, I am aware of that, Senator.

Senator RONALDSON—So that has all been included in the brief to the DPP?

Mr Pirani—In the request for advice to the DPP. That is correct, Senator.

Senator RONALDSON—Thank you.

Senator CAMERON—Have you experienced in the past any employer organisations failing to lodge their accounts in the appropriate time?

Mr Pirani—Sorry, employer—

Senator CAMERON—Have any employer organisations that are registered under the act failed to lodge their accounts?

Mr Pirani—To the extent that they were donors or third parties I would have to take it on notice. Certainly I am aware of the recent media reports relating to a company that did not lodge one within a particular time because they had a change of personnel, but I am not specifically aware of an employer organisation, as opposed to a union, in relation to this. Again, part of the reason for that is that the returns we are talking about in this case potentially involve a union as an associated entity to the Labor Party and its associated entity returns as well as a candidate return. Those are the two issues.

Senator CAMERON—Thanks.

Senator RONALDSON—I turn now to Contract Notice View CN269950 in the sum of \$60,000 for government campaign advertising with the supplier being BMF Advertising. The contract period was 15 March to 31 March 2010. Can you detail for the committee, please, precisely the nature and extent of that advertising campaign?

Mr Killesteyn—Sorry, Senator, we will have to take that on notice. We have, by way of general explanation, a number of contracts with advertisers that are helping us with media strategies, if I can put it that way. This is about design of advertising approaches, either in relation to advertising for an issue around enrolment—looking at what we can do to encourage enrolment—or indeed other strategies in relation to election matters.

Senator RONALDSON—Sure. Are there any plans for the amalgamation of divisional offices over the next 12 months?

Mr Killesteyn—My apologies, Senator, could you repeat that?

Senator RONALDSON—Mr Dacey, did you want to add something?

Mr Dacey—No, Senator.

Senator RONALDSON—Are there any plans for the amalgamation of divisional offices over the next 12 months? If there are, which offices?

Mr Killesteyn—I have no plans for amalgamation of divisional offices over the next 12 months.

Senator RONALDSON—Where are we up to with plans to assist Australian defence personnel overseas to ensure that they are enabled and encouraged to vote at the next election?

Mr Killesteyn—Those discussions have been continuing with the Department of Defence. The arrangements that we have in place will see the placement of assistant returning officers who are defence personnel, and they will conduct the ballot on behalf of the AEC in those overseas sites.

Senator RONALDSON—Are you prepared to guarantee that the participation rate for the overseas defence vote will be higher at this election than at the last one?

Mr Killesteyn—I wish I could guarantee participation rates of the target that we set, but that is, I guess, where you rely on the motivation of the individual elector.

Senator RONALDSON—Is it your anticipation it will be higher?

Senator Faulkner—Senator, we certainly hope it would always improve. I know the question was not directed to me, but obviously, like you, I would always encourage maximum participation in the electoral processes, be it with our ADF personnel or, of course, more broadly amongst enrolled electors. Yes, I certainly share that imperative with you. I know the question was not directed to me but that is a bit of a filler during that interregnum we had there.

Senator RONALDSON—I know you were just busting to get in there!

Mr Killesteyn—We will do our best to facilitate the ballot, Senator. I cannot give you any more guarantees than that.

Senator RONALDSON—Can I please turn to the South Australian election. Are you aware, Mr Killesteyn, of a number of newspaper articles headlined: ‘Labor accused of dirty tricks’, the *Sydney Morning Herald*, 23 March 2010; ‘Tricky tactics fail character test: dodgy how-to-vote cards will hurt Labor’s reputation’, the *Australian*, 23 March this year; ‘Labor’ preference for dirty tricks sparks campaign reform call’, the *Australian Financial review*, 23 March this year; ‘Make no mistake, it’s a shameless con’, David Nason in the *Australian* on 22 March 2010; and ‘Dirty tricks poll worker uncovered’, *Adelaide Advertiser* 26 March 2010? I am happy to settle those.

Mr Killesteyn—No, I think we are all aware of those particular issues.

Senator RONALDSON—For the sake of brevity, can I summarise the gist of these stories as follows: ALP activists impersonated Family First representatives at polling booths by wearing T-shirts emblazoned with the logo ‘Put your family first’; these same ALP activists

distributed how-to-vote cards that put Family First as first choice but misdirected second round preferences to the ALP; these deceptive how-to-vote cards were authorised by Michael Brown, the secretary of the South Australian branch of the ALP; and Mr Brown defended this cheap political confidence trick claiming ‘We’ve’—the Labor Party have—acted in accordance with the Electoral Act’, which is a quote from the *Adelaide Advertiser* on 25 March; one of the ALP poll workers caught on camera masquerading as a Family First representative was one Nino Lalic, whose day job was that of a ministerial staffer with the Bligh government in Queensland; and, finally, Senator Fielding rightly described this Labor subterfuge and as a vote to ‘steal votes’ from Family First, as reported in *Canberra Times* on 25 March. I realise that the South Australian election is beyond your formal bailiwick, but did you consult or were you consulted by the Electoral Commission in South Australia about this rort and what did those consultations entail?

Mr Killesteyn—No. That was a matter for the South Australian electoral commissioner. There is no jurisdiction that I have, as you have already said, and there is no reason, I would have thought, for the South Australian Electoral Commission to consult the Australian Electoral Commission about this matter.

Senator RONALDSON—Do you recall the speech you gave on 8 December last year entitled Building Public Trust in the Public Sector?

Mr Killesteyn—Indeed.

Senator RONALDSON—And do you recall quoting from the Honourable Kim Beazley’s second reading speech for the Commonwealth Electoral Legislation Act 1983 that its purpose was to:

... ensure that we have an electoral process which is modern and free from any allegations or even possibilities of corruption or political pressures.

Mr Killesteyn—Indeed.

Senator RONALDSON—As the nation’s pre-eminent public servant on electoral matters, do you think that the deceptive tactics employed by the South Australian branch of the Australian Labor Party at the last election were conducive to public perceptions of corruption-free electoral process?

Mr Killesteyn—I think it is worth noting that—and this is public information; it is in the minister’s statement in the Senate on 13 May—that the government did seek advice from the AEC about the scope of the existing offences contained in the Commonwealth Electoral Act and whether the incidents that occurred in South Australia would have been covered by the scope of the Commonwealth Electoral Act. Our advice to the minister, as reported in the Senate, is that it is our view that it is more likely than not that the two relevant sections—that is, sections 329 and 351 of the Commonwealth Electoral Act—would operate to make the publication of similar material in a federal election campaign unlawful. That remains our advice. In response to that, as was also indicated by the minister, the AEC was asked to develop some legislative proposals that would remove any doubt at all, if there was doubt, about the publication of such how-to-vote cards. That proposed legislation was also tabled in the Senate on 13 May 2010.

Senator RONALDSON—When did the government seek advice in relation to this matter?

Mr Killesteyn—I do not have the precise date but I would guess it was some time before 13 May. I do not know whether Mr Pirani can help.

Mr Pirani—Certainly before 1 April, because I prepared a brief on that.

Senator RONALDSON—Are you aware that 1(c) of that Senate reference reads:

... whether comparable activity would be considered to be legal under the Commonwealth Electoral Act 1918, including the implications flowing from the decisions in *Bray v Walsh* (1976), *Evans v Crichton-Browne* (1981), *Webster v Deahm* (1993) and *Re Carroll v Electoral Commission of Queensland* (1998);

Mr Killesteyn—Yes, I have the reference in front of me.

Senator RONALDSON—Are you aware that the Australian Labor Party voted against this reference when it was put to the Senate?

Mr Killesteyn—That is not a matter for my commentary.

Senator RONALDSON—And yet you say they approached you about seeking identical information prior to that—is that correct?

Mr Killesteyn—I am simply reporting what was tabled in the Senate. I am not adding to information that is already there.

Senator RONALDSON—The nature and extent of this how-to-vote card bore a striking resemblance to the material that was involved in, I think, the *Webster* and *Deahm* case?

Mr Killesteyn—I am not familiar with that. Mr Pirani may have some familiarity.

Mr Pirani—Senator, my recollection of *Webster* and *Deahm* is that Justice Gaudron, when she first looked at the material, said she even doubted it was a how-to-vote card. So there was an issue about what the actual material was. But, Senator, you are correct—there is some analogy, because the material in *Webster* and *Deahm* was similar in that, as under state law, it contained the name of the party who authorised the material, which also occurred in South Australia in this case. It had the name of the state secretary of the Australian Labor Party, and that was down the bottom, as the authorisation. So, to that extent, the material was similar.

Senator RONALDSON—Yes, very. I will return to that. I had hoped to ask Minister Ludwig this question, so I will need to rephrase it slightly, Minister Faulkner. I put it to you that, in a speech to the AEC colloquium in September last year that both Senator Ludwig and I spoke at, the minister said, and I quote from the speech:

... but we are indeed fortunate in Australia that the underpinnings of our system of representative democracy are sound, and that our democratic processes are deeply entrenched in a national sense of fairness and an egalitarian culture.

Are you happy to accept the bona fides of that quote? Are you prepared to take it at face value that that was the minister's quote?

Senator Faulkner—Sure; if you say so I am sure you are right.

Senator RONALDSON—Thank you. Do you recall that the 2007 Australian Labor Party platform declared that 'democracy depends on robust electoral laws that prevent hidden power and influence from distorting the vote.' Does that ring a bell?

Senator Faulkner—I would need to check—but I am sure that is an acute quote. If you like I will take it on notice for Senator Ludwig to double check for you. If you say what you say it is, I have no reason to disbelieve you.

Senator RONALDSON—On the basis of that particular part of your platform, do you believe the actions of your Labor colleagues in South Australia are consistent with those principles enunciated by federal Labor?

Senator Faulkner—I do not know whether I am in a position necessarily to judge that because I have not looked at this issue closely. In another life when I was Special Minister of State I suspect I would have done so. I would need to familiarise myself with all the circumstances. It might come as a surprise to you that I have not done so. I have heard what you said you have heard, and what the Electoral Commissioner has said in relation to the status of how-to-votes at the Commonwealth level. If you are asking me for some off-the-cuff analysis of it beyond the evidence I have heard, I am not in a strong position to do so. I have not focused on the issue at all. It would be better if I asked Senator Ludwig to have a look at it. If you ask me whether I have a strong view—and I have expressed this in the past—about the importance of the integrity of our electoral system, I do. I believe that is absolutely fundamental. I have been committed to that the whole time I have been in parliament. If you ask me about the general principle, I am happy to comment—voters should not be misled or deceived in the casting of a vote, which is the general thrust of what I understand you are driving at here. If that is the broad point about integrity that you are making then, yes, I accept that principle; I always have. On the specific detail of what you raise with me, I am not in a strong position to be able to give you a detailed response. I simply have not looked at the issue.

Senator RONALDSON—Are you unaware of the circumstances surrounding the South Australian election?

Senator Faulkner—Largely unaware. I have read one or two newspaper clippings and that has been the limit of my involvement or engagement in it. It might come as a surprise to you but I am pretty busy on other issues and I have not focused on it.

Senator RONALDSON—I am sure it will not come as any surprise to you that I had an expectation that the minister would be at the table. I am sure there is a very good reason for Minister Ludwig's absence.

Senator Faulkner—I am very happy to explain that to you and I am sure he will be back soon.

Senator RONALDSON—I am not reflecting on it, but it is difficult for me to pursue this question.

Senator Faulkner—Let me explain to you the reason I have come here. As this Senate estimates committee is in session there is a cabinet meeting. Senator Ludwig, as you would appreciate, is the Cabinet Secretary and there is a matter he needs to attend to. I do not think he will be long. I understand that it is unexpected that I would be here. I am probably as shocked as you that I am here, but I do not think he will be very long and I am sure he will be able to assist you. I am happy to provide responses if and where I can. I am certainly happy to ask the officials at the table to provide all responses wherever they can assist you and if there

is something I cannot assist you with I would be happy to take it on notice. I do not think Senator Ludwig is going to be absent from the committee for very long.

Senator RONALDSON—On that basis, Madam Chair, I will wait but clearly I want the opportunity to put questions on notice to the minister at the table if Senator Ludwig has not returned by the time we get to the end of questions to the AEC.

Senator Faulkner—To assist you, I am very happy to facilitate that and, if Senator Ludwig is unable to return to the table in short order, I will let him know that that has happened.

CHAIR—Minister, thank you for that explanation. Senator Ronaldson has referred to you a number of times during these estimates so it is good to have you back before us.

Senator Faulkner—I hope it was positive.

CHAIR—Not necessarily.

Senator RONALDSON—That is not true. I invoked the comments of Senator Faulkner on a number of occasions to pursue with some vigour my views.

CHAIR—Senator Ronaldson, if you wish to take a break from your questioning, Senator Cameron has some follow-up questions.

Senator Faulkner—To assist Senator Ronaldson I might ask someone to let me know how long Senator Ludwig is likely to be detained.

CHAIR—Do you want to continue, Senator Ronaldson, or can the call go to Senator Cameron?

Senator RONALDSON—I actually cannot continue because these questions are specifically for Senator Ludwig. One of the people photographed at this deception is from Queensland and works for a Labor minister from Queensland so obviously I want to put those questions to the minister.

CHAIR—Senator Ronaldson, you can take a break and we will go to Senator Cameron and then we will come back to you.

Senator CAMERON—Mr Pirani, you got me interested when you said a company had failed to lodge. I have had a quick trawl around and I have found that British American Tobacco company have failed to lodge consistently over the last few years their political donations.

Mr Pirani—No, the information that I have is that they were late in relation to one of their particular donor returns. My staff were aware of the tardiness and we had sent several letters to the company in relation to their donor returns. We picked that up because the political party to which they gave the donation had reported it in their annual returns and we subsequently did receive the late return from that company.

Senator CAMERON—I should rephrase that—it was not a failure to return but a late lodgement. That is what the HSU are being accused of here. Did British American Tobacco have two failures to lodge on time in 2005 and 2006?

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

Senator CAMERON—What about in 2007-08 when they donated \$128,860 to the coalition? Were they late in their lodgement in 2007-08 with that \$128,860 donation?

Mr Pirani—Again, I would need to take that on notice. These are on our website and the actual dates when they lodged them are a matter of public record, but I will take that on notice.

Senator CAMERON—What about in 2008-09 when a further donation of \$140,000 from British American Tobacco company went to the Liberal Party? Was that again a late lodgement?

Mr Pirani—That is the late return that was mentioned in the media and which I had a briefing on. I am specifically aware of that return being lodged late but I am not aware of the previous ones. But again, I will take that on notice.

Senator CAMERON—What did the AEC do about the late lodgements of \$140,000 in 2008-09 and \$128,000 in 2007-08? What did you do about that?

Mr Pirani—In the one that I am aware of we had written to the company several times and what further action, if any, we will take is a matter that we are discussing.

Senator CAMERON—Did Senator Ronaldson notify the AEC of this failure on behalf of their donors?

Mr Pirani—As I said, the way we picked up the failure was because of the annual return of the political party that received the donation. That is how it was picked up.

Senator CAMERON—But there was no consistency from Senator Ronaldson in relation to late donations—this has not been brought to your attention by the Liberal Party.

Mr Pirani—The way it got brought to our attention in relation to the Health Services Union was in fact the media reports. The investigation commenced when those media reports mentioned that a particular return that we had previously understood to have included moneys from the national office of the Health Services Union did not in fact include those moneys.

Senator CAMERON—So no investigation of British American Tobacco who, as I read it, had consistently late returns or of another late return of \$140,000 to the Liberal Party in 2008-09? Did you conduct an investigation as to why this company cannot comply with the act on a consistent basis when there is \$140,000 of tobacco money going to the Liberal Party?

Mr Pirani—As I said, I am aware of the last one that was lodged late and we are considering our position in relation to that. At this stage I have to take the previous ones on notice. Also, the late lodgement is a matter of public record, so there is nothing really for us to investigate. The offence under the act, under section 315(1), is the failure to lodge within time and that is a strict liability offence. We are still considering our position in relation to the one late lodged return of which I am presently aware.

Senator ABETZ—I have got a very quick one. In my local paper there was an article headed 'Stars face fines as voter slouches'. We had footy star, Buddy Franklin, amongst others named. Did the Australian Electoral Commission put this out into ether and the media?

Mr Killesteyn—No, absolutely not.

Senator CAMERON—Can this document being looked at be tabled?

CHAIR—There is a point of order. Senator Abetz, the general practice is that when people are quoting from a document, particularly from newspaper articles—and it has been constant throughout these estimates—they then seek to have those documents tabled.

Senator ABETZ—I do not, unless the commissioner needs it. But I think the commissioner is aware of it and has already indicated that the commission did not put out this information.

CHAIR—The committee is not aware of it so would you be able to table the document for us?

Senator ABETZ—This is interesting: senators require senators to table documents. I thought it was usually the senator seeking to table a document rather than a committee trying to force—

CHAIR—Sorry, we are not trying to force anything. What we are doing is standard practice that has been raised by the opposition continuously through these estimates.

Senator CAMERON—Point of order—

Senator ABETZ—I will even leave it behind for you. It just seemed—

CHAIR—Senator Abetz, could we sight the document so that we can formally do it?

Senator ABETZ—Sight it. There. Good.

Senator CAMERON—We had a master class from Senator Brandis on this and you have just said it was all wrong.

CHAIR—Just a moment, Senator Abetz, before you continue.

Senator CAMERON—Senator Brandis' master class is wrong. Is that right?

Senator ABETZ—No, it is only if the witness needs it. The witness does not need the document. The witness knows what I am talking about.

CHAIR—Senator Abetz, if you would not mind just waiting please until we formalise this. Is this 'Stars face fines as voters ...'—is that it?

Senator ABETZ—Very good, very good.

CHAIR—Senator Abetz, your sarcasm is not necessary. This has been an issue through these estimates for the last four days. Does the committee wish to table this document? It is so ordered.

Senator ABETZ—I did not hear anybody wishing it to be tabled.

CHAIR—Senator Abetz, you have the call.

Senator ABETZ—Commissioner, you are aware of the story and you did not put those names out into the public arena.

Mr Killesteyn—Categorically not. I was as concerned as you are when I read the material in the media. I inquired as to whether any of my officers put that in the public stream. The answer is categorically no. I can only speculate on how that happened but it certainly did not come from the Australian Electoral Commission or its staff.

Senator ABETZ—I fully accept that. I suppose what concerned me was that at the end of the article there was a website for the AEC which made me think perchance that the AEC had been involved in it. The fact that you have not reassures me. Thank you very much.

Mr Killesteyn—We have been undertaking media briefings about getting ready for the election. Clearly we have made some point to the media about the fact that there is a significant number of people not on the roll. I think that has been interpreted by the media in a number of ways.

Senator ABETZ—Mr Garrett might be able to head that campaign for you. He had about a decade off the roll, I recall. Thank you for that reassurance.

CHAIR—Senator Abetz, any further questions? If not, can I have for *Hansard* just acknowledge Minister Ludwig has returned.

Senator RONALDSON—So, Minister, you have made an urgent submission to cabinet and we are going to do something about these penalties for failing to enrol, is that your outcome?

Senator Ludwig—I can confirm that I have been to cabinet.

Senator RONALDSON—We got through some questions here with the consent of your colleague until we got to—we are talking about the South Australian election, Minister.

Senator Ludwig—Are we? How did it go?

Senator JACINTA COLLINS—We think Senator Ronaldson would look better in a T-shirt.

CHAIR—Senator Ronaldson has the call.

Senator Ludwig—I make light. I should apologise, Chair. I should not make light.

Senator RONALDSON—I will so. I am looking a lot better in a T-shirt than I was three weeks ago. A lot better.

CHAIR—I think, Senator Ronaldson, we will reserve our judgment.

Senator Ludwig—I do not know whether I can contain myself on that one.

CHAIR—That is a re-payment for your slight against all Tasmanians a little earlier.

Senator RONALDSON—My family are from Tasmania, Madam Chair. I am a very loyal Tasmanian. Minister, we are referring to the incident surrounding the Family First brochure in South Australia and I had quoted you from your colloquium speech in 2009, which was acknowledged as being accurate. Then I quoted from the 2007 Australian Labor Party platform, which was viewed to be accurate, and I suppose in fairness I should just read out your portion of the speech again:

... we are indeed fortunate in Australia that the underpinnings of our system of representative democracy are sound, and that our democratic processes are deeply entrenched in a national sense of fairness and an egalitarian culture.

In light of the events surrounding the behaviour of the South Australian Labor Party in relation to the Family First brochure, do you think their behaviour and the behaviour of the state secretary is consistent with both the 2007 platform and your speech to the colloquium?

Senator Ludwig—I am not sure that what I think personally is relevant, but these are the facts of the matter. The issue was obviously seized by me. The AEC can correct me where I am wrong about this. The AEC gave me advice that similar activities would more likely than not already be in breach of the Commonwealth act. I was concerned about what would happen if a similar circumstance with any political party were to arise in the federal election, given that it is likely to occur some time into the future but not that far away. The government decided to take action—a belt-and-braces approach is perhaps the best way of putting it—to ensure that these actions would more likely than not be firmer rather than more likely than not be a breach of the Electoral Act. I would hope, quite frankly, that the opposition and others would support the amendment that I then tabled. You had referred the matter to JSCEM, for all the reasons that you and the Greens—and I think minor party and Independent senators; I am not sure—

Senator RONALDSON—And Senator Xenophon and Senator Fielding.

Senator Ludwig—Yes, thank you.

Senator RONALDSON—Yes, all of us.

Senator Ludwig—I was not sure. It is your right to be able to do that. I am more concerned about doing something a little bit earlier, and that is why I foreshadowed that in fact I had been working on an amendment to address this issue. You have chosen, as I can understand it, not to agree to that process and alternatively to refer it to JSCEM. I would have preferred for it to be in place before this election, just to put it beyond a doubt, but that may not now be open to me.

Senator RONALDSON—What was the context of those discussions about the amendment?

Senator Ludwig—The context of the discussions? You might have to explain a little bit more.

Senator RONALDSON—You said it has been knocked back.

Senator Ludwig—Unless you agree? I am happy for you to agree.

Senator RONALDSON—When was this proposal—

Senator Ludwig—You have referred the matter off to JSCEM.

Senator RONALDSON—But when did you discuss this with the opposition?

Senator Ludwig—It was a matter, and I am speaking to the matter that was raised, when you put the matter to the committee. I said—and I am speaking to this motion:

In doing so I recognise that the three signatures to the motion mean that we would not have a majority in the chamber. We would then waste time by going through a procedural motion which the government would lose. The government does not support the reference of these matters ...As such, this inquiry should be undertaken by the South Australian parliament. If not rejected, this would indicate ...

I went on to say:

The AEC advised that these alleged activities would more likely than not be in breach of the act. However, in order to remove all doubt and to ensure that electors are made aware of on whose behalf how-to-vote cards are distributed, I requested the AEC to prepare possible amendments to the act. These amendments, which I table now, improve the authorisation requirements under the act so that it is made

clear at the top of the how-to-vote cards whether or not the card is being distributed on behalf of a political party or candidate. I will be seeking support for the amendments when further electoral legislation is debated in June

Senator RONALDSON—Minister, would you please withdraw the allegation that this was put to the opposition and was rejected as an appropriate amendment? Will you please withdraw that?

Senator Ludwig—If there is still hope, then I will.

Senator RONALDSON—I want you to withdraw.

Senator Ludwig—I am happy to withdraw it if you are telling me now that there is an opportunity of reaching agreement in relation to this.

Senator RONALDSON—Will you withdraw the allegation that this was put to the opposition and we rejected it? That was a bald-faced lie.

CHAIR—Order, Senator Ronaldson! I have explained the proceedings and the process for estimates hearings a number of times. A question was put to the minister. Senator Ronaldson, whether you like the response or not, it would be helpful if you would allow—

Senator RONALDSON—I am not going to tolerate the minister misleading this committee or making allegations that are not true.

CHAIR—If you would allow me to finish—

Senator RONALDSON—If that is the way this committee is going, I will go and do something else.

CHAIR—If you would allow me to finish, Senator, you put a question to the minister, he was in the process of responding. If you would allow him to respond, then you will have the opportunity to put another question. The minister had the call.

Senator Ludwig—I am happy to withdraw—

Senator RONALDSON—Thank you.

Senator Ludwig—but when you answered in the Senate you said:

We will look at any amendment that the Special Minister of State wants to bring forward to the Commonwealth Electoral Act. From what he has said to me, I do not think this addresses in any way the matter that was the concern of Senator Xenophon, Senator Fielding and me and which led to this reference. Unless my colleagues tell me otherwise in light of these amendments, in my view we should continue to pursue this matter through the Joint Standing Committee on Electoral Matters.

So you can understand why I would have taken the view that you do not support the amendment. It seems clear to me from the transcript that was the import of what you are suggesting. But if you are now saying that there is an opportunity, I am keen—

Senator RONALDSON—I am not saying any more than I said earlier.

CHAIR—Order! Do I have to repeat yet again: the minister is in the process of answering and you will get your opportunity when he completes his answer. Minister, you have the call.

Senator Ludwig—I think I had completed, thank you, Chair.

Senator RONALDSON—Minister, while you were away Mr Killesteyn told us that the government had asked for some advice in relation to the legality or otherwise under the

federal legislation. Can you confirm that paragraph 1(c) of the Senate reference, voted for by the Greens, the coalition, Family First and Senator Xenophon, said:

(c) whether comparable activity would be considered to be legal under the Commonwealth Electoral Act ... , including the implications flowing from the decisions in *Bray v Walsh* ... , *Evans v Crichton-Browne* ... , *Webster v Deahm* ... , and *Re Carol v Electoral Commission of Queensland* ...

Senator Ludwig—I am sure you know what it is, it is in the reference you signed, which is 1(c).

Senator RONALDSON—That is the very advice that you asked the commissioner, isn't it?

Senator Ludwig—Not exactly in those words. Can I say that their response was 'more likely than not' it would be illegal. Our amendment would make sure, and that is why the reference would be unnecessary. But you proceeded with that in any event, notwithstanding me speaking against your motion, but certainly not against the principle of trying to address this issue to put it beyond doubt.

Senator RONALDSON—So you have asked for an opinion, and the committee has been asked also to do it, but you voted against that reference—is that right?

Senator Ludwig—I have explained why. We do not have to go over that again. It is there on the transcript. Let me be clear about this. My aim was to ensure two things: firstly, that on the advice from the AEC I was comforted because it was more likely than not that it would be illegal, but, secondly, to ask the AEC to put beyond doubt what amendments would be necessary. I then sought to progress that. Unfortunately, you brought the reference on a lot earlier than I had expected, which left me very little room; nor, can I say, did you consult me about the reference, and I might have been able to raise these issues with you at that time. Nonetheless, we are now in this position, and if there is a change in heart from the opposition or the minor parties or Senator Xenophon or Senator Fielding in relation to this amendment, then I am very happy to talk to them about it.

Senator RONALDSON—You have just repeated the same thing. I am not going to dignify that verbally by responding. The amendments in the JSCEM are certainly not mutually exclusive.

Minister, are you acquainted with Nino Lalic from Queensland?

Senator Ludwig—Who?

Senator RONALDSON—Nino Lalic. The gentleman who was photographed with a Family First T-shirt on.

Senator Ludwig—The name from the article rings a bell. I think I can remember the photo. I am aware of him.

Senator RONALDSON—He works for a Labor MP in South Australia. Is that right?

Senator Ludwig—I am aware of him, yes.

Senator RONALDSON—Are you aware that Mr Lalic appears on Mr Swan's website?

Senator Ludwig—I am not sure I have a clear recollection of that. I will go away and check. I do not think so.

Senator RONALDSON—Are you aware that the Adelaide *Advertiser* reported that Mr Lalic initially denied wearing a ‘Put your family first’ T-shirt until he was confronted with a photo showing him thus garbed?

Senator Ludwig—I do recall some general media articles that I read; but, ultimately, I think you should pursue that with the South Australian Electoral Commission.

Senator RONALDSON—How do you think that Mr Lalic’s blatant attempt to lie his way out of embarrassment compares with the principle of integrity that Labor 2007 platform proclaimed as a core Labor value?

Senator Ludwig—I reject everything that you have just implied in that statement. It is an odd position for the opposition to adopt. What I have indicated in relation to that matter is that, as soon as I became aware of it—there were reports in the South Australian media—I acted on it. In fact, I have canvassed just recently what I have done about it. This government acts with the highest integrity in these areas, and I was concerned whether or not this matter might arise as an issue—

Senator RONALDSON—Minister, do you believe it is appropriate for Labor apparatchiks from out of state to masquerade as Family First booth workers and hand out deceptive how-to-vote cards to unsuspecting voters?

Senator Ludwig—What I have said is that the issue, as it affects the Commonwealth, the AEC and the conduct of federal elections is a matter for my concern, and I have acted on that very properly.

Senator RONALDSON—I am asking you to compare the behaviour of the South Australian division—

Senator Ludwig—You can ask me a question; I do not know whether you can ask me to do a comparison for you.

Senator RONALDSON—Is the South Australian division bound by the decisions and words of the Australian Labor Party platform?

Senator Ludwig—You can ask me a question relevant to the appropriations and to estimates. I think you are now straying into political commentary.

Senator RONALDSON—Are they or not?

Senator Ludwig—I have indicated again—

Senator RONALDSON—I assume they are.

Senator Ludwig—Firstly, I have addressed the issue in the appropriate way as Special Minister of State. Secondly, if you have got questions which go to party matters, you know quite well that I cannot answer on behalf of the national executive or the party, and you could direct your questions to them if you so chose.

Senator RONALDSON—Do you consider the actions of Mr Michael Brown, who is Secretary of the South Australian Labor Party and orchestrated and authorised this exercise in electoral deception, to be ethical and honourable?

Senator Ludwig—What I have continued to say—and I will say it again just for your benefit, it appears—is that once this matter came to my attention I sought advice from the

AEC in relation to it. The AEC gave me advice and I acted upon that advice. I acted upon it to ensure that it would not be a matter that would arise in a federal election this year or whenever it is called. However, it does seem that you have also been apprised of the matter and that it has been referred to JSCEM. I do hope that you will reconsider your position and support the amendment that I circulated in advance at that time—

Senator RONALDSON—Why do you keep on doing this?

Senator Ludwig—It would be, as I said—

Senator RONALDSON—You are just

Senator Ludwig—The advice—

CHAIR—Senator Ronaldson!

Senator Ludwig—The advice that I got—

Senator RONALDSON—That is the worst stunt I think the committee has—

CHAIR—Can I just remind you, Senator Ronaldson—

Senator Ludwig—The advice—

CHAIR—Minister, could you just wait.

Senator RONALDSON—We get an apology, it is withdrawn, and then we get a repetition of it. That is it. If the minister believes that is appropriate behaviour, that is entirely up to him.

CHAIR—Senator Ronaldson, you have asked your question. I cannot direct the minister on how to respond and he is trying to respond, so if you can wait until he responds then you will have the opportunity to put another question.

Senator RONALDSON—I am not going to put—

CHAIR—Minister, you have the call.

Senator Ludwig—Thank you. The advice I have got is that it would be illegal under the Commonwealth legislation, but to put the issue beyond doubt—

Senator RONALDSON—He is showing his true colours, quite frankly, this afternoon—showing his true colours.

Senator Ludwig—we are also seeking to make sure by taking what I have called a belt and braces approach to this matter. The questions you are raising are not for the Commonwealth and not for the AEC; they are matters that you could direct to the South Australian Electoral Commission.

Senator RONALDSON—I just switched off when the minister tried to mislead the committee again, so—

CHAIR—Do you have a question?

Senator Ludwig—I object to that. I am not misleading the committee.

Senator RONALDSON—Do you object to it? Twice you have done it, yet you object to it.

Senator JACINTA COLLINS—On a point of order, Chair: I would ask you—

CHAIR—Order! There is a point of order before the chair.

Senator JACINTA COLLINS—I would ask you to ask Senator Ronaldson to withdraw that unparliamentary remark.

Senator RONALDSON—No, I will not. Do something about it if you want to.

CHAIR—I beg your pardon?

Senator RONALDSON—I said to Senator Collins: ‘Do something about it if you want to.’

CHAIR—I do think—

Senator JACINTA COLLINS—It is not a matter of me doing something about it.

CHAIR—I know it is getting late in the week and it has been a long week for estimates, but I would remind all senators and members of this committee to act in a parliamentary manner. I do not think those sorts of comments are helpful to the estimates process.

Senator RONALDSON—Mr Killesteyn, we have had time to reflect on these how-to-vote cards in light of Webster v Deahm. The material handed out certainly does appear to be similar in nature to that distributed in the Webster v Deahm case, doesn’t it?

Mr Killesteyn—That is what I said.

Senator RONALDSON—Minister, are you aware whether Mr Brown distributed that information in that form—these bogus Family First cards—to fit within the Webster v Deahm ruling?

Senator Ludwig—No, I do not have any personal knowledge. I had media reports at the time which I acted upon. But let us be clear about this. This is an Electoral Commission SA matter. If you have questions about their conduct or what the South Australian electoral commission did about that, it is a matter for their jurisdiction. I feel constrained from commenting on matters which are outside the jurisdiction of the Commonwealth and outside my role as Special Minister of State. They are certainly matters that you could ask the Australian Electoral Commissioner about, if you so desire. You could ask him whether the actions that you have seized upon would be unlawful under the Commonwealth statute.

Senator RONALDSON—Minister, I am just following up a line of questioning pursued earlier by Senator Ryan. In previous portfolio budget statements, PBSs, the individual programs within the various outputs were all disaggregated, weren’t they?

Mr Killesteyn—Yes, that is correct. Sorry, I should not pre-empt the question, but there has been some rationalisation of outcome statements. What has happened with ours is that our three programs—education, the electoral roll and elections—have all been aggregated into one outcome, but within that one outcome it is still split between the three areas.

Senator RONALDSON—In the previous PBS we could see the specific expenditure on industrial elections, couldn’t we?

Mr Killesteyn—I will take that on notice. I am not that familiar with that part of the—

Senator RONALDSON—But you acknowledge that, in the latest PBS, there is no such disaggregation?

Mr Killesteyn—It has been put into a different format so that all three of the primary programs are aggregated under the one outcome. So the same information is there, but it has simply been put under one outcome rather than three outcomes.

CHAIR—That is it. Thank you very much, officers, for appearing before us. We look forward to seeing you at the next estimates. We will now have the Human Services portfolio come forward with outcome one.

Proceedings suspended from 6.00 pm to 6.05 pm

HUMAN SERVICES PORTFOLIO**In Attendance**

Senator Joe Ludwig, Cabinet Secretary and Special Minister of State

Department of Human Services**Core Department—Outcome 1, Output 1**

Mr Finn Pratt, Secretary, Department of Human Services
Mr Jeff Popple, Deputy Secretary, Delivery Policy and Compliance
Ms Kerri Hartland, Deputy Secretary, Service Delivery Reform Implementation
Mr John Wadeson, Deputy Secretary, ICT Infrastructure
Ms Robyn Bicket, Chief Counsel, Legal Services Division
Mr Paul Hupalo, Acting First Assistant Secretary, Social Policy Delivery and Planning Division
Ms Di White, Acting First Assistant Secretary, Strategic Support Division
Ms Jennifer Gale, Chief Financial Officer, Finance and Budget Strategy Division
Mr David Trabinger, First Assistant Secretary, Service Delivery Reform Strategy and Planning Division
Ms Melissa McClusky, First Assistant Secretary, Service Delivery Reform Coordination Division
Mr Patrick Hadley, First Assistant Secretary, ICT Integration and Consolidation Division
Mr Tuan Dao, First Assistant Secretary, ICT Infrastructure and Services Division
Mr Mitchell Levy, Assistant Secretary, ICT Transition and Implementation Branch

Child Support Agency—Outcome 1, Output 2

Ms Philippa Godwin, Deputy Secretary, Child Support Program
Mrs Jennifer Cooke, First Assistant Secretary, Program Management Division
Mr Bill Lodge, Acting Chief Operating Officer, Operations Division
Mr David Mole, Acting First Assistant Secretary, Business Strategy and Projects Division
CRS Australia – Outcome 1, Output 3
Ms Margaret Carmody, General Manager, CRS Australia

Centrelink—Outcome 1, Output 1.1

Ms Carolyn Hogg, Chief Executive Officer, Centrelink
Ms Barbara Bennett, Deputy Chief Executive Officer, Corporate Support
Mr Grant Tidswell, Deputy Chief Executive Officer, Business Development
Ms Sheryl Lewin, Acting Deputy Chief Executive Officer, Customer Service
Mr Trevor Burgess, Chief Financial Officer, CFO and Property Division
Ms Karel Havlat, National Manager, Budget and Management Accounting
Ms Jenny Barbour, Portfolio Manager, Portfolio External Communication Branch
Mr Tony Gargan, Acting General Manager, Forecasting, Information and Performance Division
Mr Brendan Jacomb, Acting General Manager, Corporate Operations Division
Mr Graham Moloney, Acting General Manager, Network Operations Division
Ms Jenny Teece, Acting General Manager, Network Performance Division
Ms Jenny Thomson, Portfolio Manager, Portfolio Emergency Management Branch
Ms Roxanne Ramsey, General Manager, Indigenous and Remote Servicing Division
Ms Catherine Rule, Acting General Manager, Strategy and Relationships Division

Ms Moya Drayton, General Manager, Education, Employment and Support Programs Division

Mr Paul Cowan, General Manager, Seniors, Families and Carers Division

Mr Mark Withnell, General Manager, Business Integrity Division

Ms Vicki Beath, Acting General Manager, Education, Employment and Support Programs Division

Medicare Australia—Outcome 1, Output 1.1

Ms Lynelle Briggs, Chief Executive Officer, Medicare Australia

Ms Malisa Golightly, Deputy Chief Executive Officer, Health

Mr Gary Dunn, Deputy Chief Executive Officer, People and Operations

Ms Carolyn McNally, General Manager, Business Division

Ms Sheila Bird, General Manager, Health eBusiness Division

Mr Colin Bridge, General Manager, Customer Service Design and Compliance Division

Mr Doug Fawns, Branch Manager, Medicare and VAP Programs Branch

Mr Geoff Mutton, Acting General Manager, Network Operations Division

Mr Troy Czabania, Branch Manager, Health Support Programs Branch

Ms Lynne O'Brien, General Manager, CFO Medicare Australia and Portfolio ICT Division

Ms Sue Chapman, General Manager, People Services Division

Ms Michelle Cornish, Acting General Manager, People Capability Division

Mr Mark Jackson, General Manager, Business Framework Division

Ms Pam Spurr, Branch Manager, ICT Business Services Branch

Mr David Hancock, Manager, Aged Care Programs Branch

Australian Hearing

Mr Steven Grundy, Managing Director, Australian Hearing

Ms Gina Mavrias, Executive Manager, Operations

Ms Margaret Dewberry, Executive Manager, Indigenous and Multicultural Services

CHAIR—I welcome Mr Finn Pratt and officers of the Department of Human Services. Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. Officers and senators are familiar with the rules of the Senate governing estimates hearings. If you need assistance, the secretariat has copies of the rules. I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised. The committee has set Friday 9 July 2010 as the date by which answers to questions on notice must be returned. Welcome Mr Pratt, do you have an opening statement?

Mr Pratt—No, thank you.

Senator FIFIELD—Good evening, Mr Pratt. I know what a joy it is to be the last department to appear on a Thursday of an estimates week.

Mr Pratt—We are looking forward to helping you.

Senator FIFIELD—We might start with an easy question. Could you tell us the total number of staff that the Department of Human Services have at the moment?

Mr Pratt—I will kick off and then some colleagues will come to the table to take us through some of the detail. The Department of Human Services proper, including the Child

Support Program and the Commonwealth Rehabilitation Service, currently has a head count of 6,718.

Senator FIFIELD—How many of those are SES band staff?

Mr Pratt—SES would be around 50 or 60. It is in that order. I will just see if we have that specific detail. I am advised that it is 46.

Senator FIFIELD—Just by way of comparison, do you have the same figures for DHS in 2007—the number of staff and number of SES?

Mr Pratt—I will just check if someone has that handy. Staffing numbers have been reasonably stable through that time. There have been some ups and downs. We will take that on notice.

Senator FIFIELD—But that would not be hard to get, I am sure.

Mr Pratt—No, that should be quite straightforward to get. I would qualify my response there by indicating that at different times the department has grown substantially as parts of it have been added to—for example, when the Child Support Agency and the Department of Human Services joined.

Senator FIFIELD—Yours is a growing empire.

Mr Pratt—Certainly the portfolio is large.

Senator FIFIELD—Since the last estimates, how many DHS staff have resigned or retired?

Mr Pratt—I will defer to my colleagues here.

Ms Cornish—Senator, are you asking about the Department of Human Services?

Senator FIFIELD—Yes.

Ms Cornish—The number of employees that were separated by a redundancy in the 2010 financial year to 31 March is one person.

Senator FIFIELD—Through redundancy?

Ms Cornish—Voluntary redundancy.

Senator FIFIELD—What about retirements and resignations?

Mr Dunn—I do not think we have the data to that level of specificity. We can take that one on notice.

Senator FIFIELD—Could you also take on notice whether those who have left have been replaced.

Mr Dunn—Yes.

Senator FIFIELD—Would you have the total expenditure on DHS staff travel in 2008-09?

Mr Jacomb—For DHS staff travel—sorry, Senator, what period are you after?

Senator FIFIELD—2008-09.

Mr Jacomb—\$2.35 million for DHS.

Senator FIFIELD—You sound like you have got it for the other portfolio agencies.

Mr Jacomb—I have.

Senator FIFIELD—Could I have those figures while you are here.

Mr Jacomb—For 2008-09 Centrelink staff travel was \$14.4 million and student travel was \$15.4 million.

Senator FIFIELD—Student travel?

Mr Jacomb—That is for Abstudy. We organise them.

Senator FIFIELD—Student travel is a separate figure?

Mr Jacomb—Yes, it is a separate figure. You did ask for staff. The staff figure was \$14.4 million for 2008-09; for Medicare—and I apologise for my voice—was \$2,137,782 for 2008-09; and for DHS—which I provided previously—was \$2.35 million.

Senator FIFIELD—Thank you for that. I will move to the issue of co-location of agency offices.

Senator CAMERON—I have questions on staffing levels but I am happy to wait until you have finished, but it is on that point.

CHAIR—If it is on staffing, go for it, Senator Cameron, and then we will go back to Senator Fifeild.

Senator CAMERON—Mr Pratt, you indicated that your total number was 6,817.

Mr Pratt—6,718.

Senator CAMERON—How many retirements do you have each year? Is there a figure?

Mr Pratt—We were trying to answer that question for Senator Fifeild a few minutes ago. We do not have that detail with us, but it is not particularly high. From memory, our turnover each year is probably in the order of 10 to 12 per cent.

Senator CAMERON—Ten to 12 per cent.

Mr Pratt—Somewhere in that order.

Senator CAMERON—You aware that the coalition has indicated that there will be a two-year staff freeze on public service positions.

Mr Pratt—Yes.

Senator CAMERON—I do not think Centrelink is included in that. Is that your understanding?

Mr Pratt—My understanding of the opposition policy on this is that the staff freeze would apply to non front-line staff. So front-line staff in Centrelink and presumably Medicare would not be subject to that. That is my assessment of what the statements say.

Senator CAMERON—How do you define ‘front-line staff’?

Mr Pratt—I certainly would not like to speculate about opposition policy.

Senator CAMERON—I am asking you how you define front-line staff.

Mr Pratt—I define front-line staff as those people who deal directly with our customers either through our offices or through our phone centres.

Senator CAMERON—Have you any idea what percentage that would account for out of the 6,718 staff?

Mr Pratt—Yes. Across the various agencies in the human services portfolio it varies from about 60 to 70 per cent of our staff who are front-line staff.

Senator CAMERON—What sort of percentage would that account for out of these 6,718 staff?

Mr Pratt—Across the various agencies in the Human Services portfolio about 60 per cent to 70 per cent of our staff are front-line staff.

Senator CAMERON—There are still about 1,800 or 1,900 non-front-line staff, roughly?

Mr Pratt—In the Department of Human Services, roughly, it would be in that order.

Senator CAMERON—Yes, roughly—that is my quick mathematics. Don't hold me to that. If you have 10 per cent to 12 per cent turnover, you would have about 180 a year turnover?

Mr Pratt—Correct, although, the rates of turnover probably vary between front-line staff and Canberra based staff. There is probably a higher turnover for Canberra based staff than there are those in labour markets right around Australia.

Senator CAMERON—What would a freeze of 150 staff in your non-front-line staff mean? How would you manage that situation to ensure skills are available to carry out your obligations?

Mr Pratt—We would have to identify priority work and resource that work and stop doing things which are of a lesser priority.

Senator CAMERON—If you did that, would that put more pressure on your backroom staff, for want of a better term?

Mr Pratt—It would reduce, clearly, the capacity of the backroom staff to support the front-line staff.

Senator CAMERON—I was going to come to that. What do you do when you get to a position where your front-line staff cannot carry out their work? As I understand it, you are a cohesive team. Front-line staff cannot work without backroom staff, and backroom staff cannot work without front-line staff; you actually need that integrated approach, don't you?

Mr Pratt—Backroom staff are pointless if you don't have front-line staff, and certainly their work is extremely important in ensuring that the front-line staff can do their jobs. But as to where the cut-off is, that is very hard to say. It would vary from function to function and agency to agency.

Senator CAMERON—So a freeze would make it more difficult for you to carry out as effective an operation as you have now?

Mr Pratt—If we reduced the number of supporting staff—people and the back office, we would do less supporting of people on the front-line. If that were government policy, that is what we would have to implement.

Senator CAMERON—And that would have implications for people who are using the services that you provide?

Mr Pratt—Potentially, but I am getting into the area of hypotheticals here.

Senator KROGER—Oh no, not that hypothetical!

CHAIR—Thank you, Senator Kroger, I think we have explored the hypothetical situation countless times during the last 3½ days—with most senators. Please be mindful of the language you are using.

Senator CAMERON—What would be the potential for not employing young graduates, if there were a freeze? Would that be a real potential?

Mr Pratt—If there were a complete freeze on recruitment of back-office people then we would not employ graduates as back-office people.

Senator CAMERON—Okay. Thank You.

Senator FIFIELD—It already sounds as if you are working on your input for the red book and the blue book—that is encouraging.

Mr Pratt—I am neither confirming nor denying that, Senator! I have no idea when the election will be.

Senator FIFIELD—Indeed. It is never too early to start, though, I guess. Mr Pratt, just before I go to co-located agencies, what is the department's total budget appropriation for 2010-11.

Mr Pratt—I would refer to page 19 of our portfolio budget statement. Our estimated revenue for 2010-11 is \$733,954,000.

Senator FIFIELD—It is no small sum. Would you be able to provide the same figure for 2006-07?

Mr Pratt—Yes, but I would have to take that on notice—unless some of our financial people have that? We will take that on notice.

Senator FIFIELD—Thank you for that. I will just go to co-located agencies and Minister Bowen's announcement that Centrelink, Medicare, CSA and CRS offices would be combined in many cases. What was the target for this year for the number of co-locations you wanted to effect?

Mr Pratt—Minister Bowen announced late last year that we would look to have at least 20 offices co-located during this calendar year.

Senator FIFIELD—Where are we up to?

Mr Pratt—Minister Bowen has recently announced that we plan to co-locate 21 offices by September.

Senator FIFIELD—How many have been completed?

Mr Pratt—A number are in train.

Mr Bridge—Those 21 are commencing as we speak. We have already co-located a number of offices previously, but those 21 are in addition to those, and they will be rolled out over the course of the next few months.

Senator FIFIELD—And those previous co-locations predated the minister's announcement?

Mr Bridge—Correct.

Senator FIFIELD—So all those 21 will be coming online at about the same time?

Mr Bridge—It will be staggered from late July through to the end of September.

Senator FIFIELD—What is the target for 2011 for co-location?

Mr Pratt—At this stage 21, but the minister also announced—

Senator FIFIELD—That is for 2010?

Mr Pratt—That is for 2010. For the end of 2011, the minister announced that there would be an additional 20 completed. We hope to exceed that.

Senator FIFIELD—What have the costs been to date for co-location work?

Mr Bridge—I cannot give you a total figure in relation to the costs. Each of these offices is very different in its layout and design. In fact, we are using these 21 locations at the moment to work through getting a more common model for how we would go about this co-location program, and we will be able to get a definitive idea of the total cost as we go forward.

Senator FIFIELD—Would you be able to take on notice the provision of a breakdown of the costs to date as far as you are able to?

Mr Bridge—Yes, we can take that on notice.

Senator FIFIELD—Thank you for that.

Mr Bridge—I anticipate that our response will be a little bit preliminary at this stage. We will need to go through the process substantially to give more definitive data.

Senator FIFIELD—Thank you for that. Mr Pratt, it pops into my mind—prompted by Senator Cameron's questions earlier about front-line staff—that you have been known to get around the front counters with your name badge on, haven't you?

Mr Pratt—That is correct.

Senator FIFIELD—It can be a bit of a false dichotomy. You are all actively engaged.

Mr Pratt—Indeed. For your information, Senator, I have a service delivery background from many years back.

Senator Ludwig—You are not suggesting that with the freeze you would want the CEO to front the counter?

Senator FIFIELD—I am just thinking aloud. This is not meant as pejorative, Mr Pratt, but we could refer to you as a back office person. There does seem to be a fair bit of latent capability in the back office to do front office work. It just popped into my head.

Mr Pratt—I will take that as a compliment.

Senator FIFIELD—Absolutely. Thank you. With the co-location exercise, has there been the need to prematurely terminate any leases to allow for the co-locations?

Mr Pratt—No. You may recall that at the last estimates we talked about this issue. While not ruling it out as a possibility down the track, we do not think that will be necessary and we certainly have not done that to date.

Senator FIFIELD—You did indicate that you thought it would be unlikely.

Mr Pratt—Yes.

Senator FIFIELD—Is there currently any leased office space which is sitting vacant as a result of co-location?

Mr Pratt—Not as a result of our co-locations to date, and we are not really anticipating that that would occur.

Senator FIFIELD—Is there any leased office space which is sitting vacant not as a result of co-location but for other reasons?

Mr Pratt—Inevitably across the portfolio there would be spots where we would have some vacancies either temporarily, as staff are moving about, or pending refurbishment or pending the move of new functions—that sort of thing. That would be an ongoing aspect of our accommodation and property.

Senator FIFIELD—At the last estimates you indicated that the department had been discussing staffing impacts resulting from co-location with the CPSU. I think there was a working group that was established.

Mr Pratt—That is correct.

Senator FIFIELD—What is the name of the working group?

Mr Pratt—I do not think we—

Senator FIFIELD—You no doubt have dozens of working groups on all sorts of things.

Mr Pratt—We will try to find out exactly what the name of it is. I am sure it is something along the lines of ‘the joint human services CPSU working group on accommodation’ or something catchy like that!

Senator FIFIELD—I am sure the title accurately reflects the level of enjoyment had by all on it. What is the membership of the working group? Again, this might be a self-evident thing—it involves members of the union and members of Human Services—but could you provide—

Mr Pratt—I can provide that as part of the answer.

Mr Bridge—Dealing with co-location there would be representatives from different parts of the total portfolio—Centrelink, Medicare et cetera—and CPSU.

Mr Pratt—Ms Cornish has come to the table and may be able to enlighten us on the name.

Ms Cornish—We have established a workplace relations framework in relation to service delivery reform with the CPSU, and there is a quarterly forum that meets with the CEOs and the secretary of the department. That is called the DHS CPSU service delivery reform executive forum.

Senator FIFIELD—Is it more exciting than we thought!

Ms Cornish—We also have another tier of engagement with the CPSU on the implementation of service delivery reform. That is with deputy CEOs such as Colin Bridge. That is the DHS CPSU joint working party on service delivery reforms.

Senator FIFIELD—If you could provide on notice the membership of each of those two.

Mr Pratt—In fact, we may be able to provide that now.

Ms Cornish—On the executive forum, we have: the Secretary of the Department of Human Services, Finn Pratt; the CEO of Medicare Australia, Lynelle Briggs; the CEO of Centrelink, Carolyn Hogg; Nadine Flood, who is the National Secretary of the CPSU; and Lisa Newman, who is the deputy national president of the CPSU.

On the joint working party on service delivery reform we have Sue Chapman, who is the general manager of people services, and some of her officers, along with the relevant deputies who are working on different elements of service delivery reform. Again, at that forum, there is Lisa Newman from the CPSU, Emma Groube, who is one of the lead organisers, and the three section council secretaries: Kerry Edsall, Jill Hillard and Emma White.

Senator FIFIELD—Are there minutes kept of the meetings of these two bodies?

Mr Pratt—Certainly not for the quarterly get-together. That is a very high-level strategic discussion. As for the working groups, I am not sure. I will take that on notice.

Senator FIFIELD—Could you also take on notice whether those minutes can be provided.

Mr Pratt—Yes.

Senator FIFIELD—I will move to advertising campaigns. In 2008-09, how much did the department spend on advertising or awareness campaigns? I realise that it might not be a straightforward answer depending on how you define 'awareness'.

Mr Pratt—I can give you a general indication—not much at all. I will just see if we have anything more specific than that. We have not had any campaigns in the Department of Human Services this financial year.

CHAIR—We will now break for dinner.

Proceedings suspended from 6.29 pm to 7.47 pm

CHAIR—I would like to welcome everyone back after the dinner break.

Senator FIFIELD—Mr Pratt, you were about to tell me how much money the department had not spent on advertising, I think.

Mr Pratt—I am hoping that by now we have some people here who can tell us that it is virtually nothing.

Ms Barbour—For the last financial year we had no communication campaigns.

Senator FIFIELD—It sounds like you are hiding your light under a bushel, doesn't it! So that means there were no information campaigns of any sort and no awareness raising campaigns of any sort—just the usual communication.

Ms Barbour—Just business as usual.

Senator FIFIELD—Okay. Does the department spend money on hospitality—functions for stakeholders or anyone else?

Mr Pratt—Only to a very small degree. I believe we answered a question on notice about this after the previous estimates or recently. I seem to recall that our expenditure on hospitality was in the order of a couple of thousand dollars.

Senator FIFIELD—If you could just take on notice if there is any update on that then that would be good.

Mr Pratt—We will take it on notice to update that.

Senator FIFIELD—Thank you. I have some questions for the Child Support Agency. Can they be asked at this point as well?

Mr Pratt—Yes.

Senator FIFIELD—When you provided figures before—

CHAIR—Sorry, could you just repeat that question to me.

Senator FIFIELD—I was just asking whether it is appropriate to ask questions of the Child Support Agency at this point.

CHAIR—We are actually doing outcome 1, which is general questions. Then we will be going through each program.

Senator FIFIELD—I have no more general questions for the department.

Senator RYAN—I have one general question.

CHAIR—If we can deal with the general questions first and then we will go through the programs.

Senator RYAN—Mr Pratt, earlier in the week the Parliamentary Librarian outlined to us that Centrelink was no longer providing data to the Parliamentary Library.

Senator JACINTA COLLINS—I am not sure that is quite what occurred.

Senator RYAN—Well, it was no longer providing data in the same way that it previously had to the Parliamentary Library.

Senator JACINTA COLLINS—That is a bit more accurate.

Senator RYAN—There were problems with getting data from Centrelink for the Parliamentary Library. I will ask this of Centrelink later, but before you leave I wanted to ask you: has any directive come via the Department of Human Services or from the minister, to your knowledge, with respect to the provision of data from Centrelink to the Parliamentary Library?

Mr Pratt—There are two things to say here. Firstly, it is my pleasure to announce that I will be here for the duration this evening and, secondly, and we will certainly cover this off when Centrelink comes to the table, there has been no direction from either the minister or from the Department of Human Services to Centrelink along those lines.

CHAIR—There are no further general questions, so we will now go to program 1.1, the Central Department and Child Support Program.

Senator FIFIELD—Mr Pratt, when your officers provided figures before for the number of staff in the Department of Human Services, did that include the Child Support Agency?

Mr Pratt—Yes, it did.

Senator FIFIELD—And it also included CRS?

Mr Pratt—That is correct.

Senator FIFIELD—Could that figure, which was provided for the department as a whole, also be broken down for the CSA and the CRS?

Mr Pratt—Yes, I am sure we can do that.

Senator FIFIELD—We will do CSA and we will do CRS later.

Mr Pratt—The figure I gave was 6,718 staff, of whom 2,065 are CRS. The vast majority of the remaining 4,653 are CSP and—

Ms Godwin—We have 3,788—ASL—people who work in the child support program.

Senator FIFIELD—How many SES—

Mr Pratt—They are a subset of that 46 I gave you before.

Senator FIFIELD—Of the 46, what is—

Ms Godwin—I do not have the figure with me and I would be guessing, but it is around 20.

Senator FIFIELD—How many staff were employed by the CSA in 2007?

Ms Godwin—I do not have that figure with me.

Senator FIFIELD—Please take that on notice—and how many were SES band staff. I asked before how many people separated from the Department of Human Services. There was one redundancy and a smaller number, which we do not have, who left in other circumstances. Would those figures be inclusive of the CSA?

Mr Pratt—That is correct.

Senator FIFIELD—Could you also take on notice the breakdown of numbers from the CSA, whether any of those who separated from the CSA were replaced and the travel expenditure for CSA staff in 2008-09?

Mr Pratt—We will take that on notice.

Senator FIFIELD—How many offices does the CSA operate from at the moment?

Ms Godwin—We have 14 so-called core child support locations. As well as that we have 27 regional service centres, which are small customer-facing services that are all co-located with Centrelink services.

Senator FIFIELD—How many of the 14 are earmarked for co-location?

Mr Pratt—That is unknown at this stage. At this stage we are focusing on co-location of Centrelink and Medicare Australia offices, but over the course of the next few years we are hoping that all of our portfolio offices will provide the range of services that are available through their portfolio. At this stage we cannot tell you how we will do that.

Senator FIFIELD—So of those 14 sites, some may be co-located and some may stay where they are but expand the range of—

Mr Pratt—That is possible. It is quite possible that they will continue to provide the services they do now on an ongoing basis. They may provide some other services. They may incorporate people from other parts of the portfolio. All of those things are potentially on the table.

Senator FIFIELD—In total how many child support payers are there at the moment, and can you break it down by men and woman?

Ms Godwin—I can. The total number of paying parents is 766,327 as at the end of April.

Senator FIFIELD—That is a big number.

Ms Godwin—Yes. There are 654,530 male-paying parents, 100,920 female-paying parents and there are 10,877 parents whose gender is not specified in the system because they have provided just their name to us.

Senator FIFIELD—That is interesting. So there is a provision to specify gender but people do not necessarily tick the box?

Ms Godwin—To clarify, those cases include ones going back, if they are in arrears, to the beginning of the scheme. There have been a variety of changes made throughout the scheme's life; some of them would just be older records.

Senator FIFIELD—How many child support payees—men and women—are there?

Ms Godwin—We probably have that number, but in general terms it is roughly the same. It is about 750,000 receiving parents.

Senator JACINTA COLLINS—Can you give us the break-up by gender, from when you began collecting this data more reliably?

Ms Godwin—That is the break-up; that is the total case load.

Senator JACINTA COLLINS—What is the distribution of new entrants since the time you could more reliably identify gender?

Ms Godwin—I would have to take that on notice.

Senator FIFIELD—How many children is the Child Support Agency paying for?

Ms Godwin—Around 1.2 million children are related to the number of cases we have.

Senator FIFIELD—How much child support, in total, was paid in 2008-09?

Ms Godwin—Total receipts in 2008-09 were \$949 billion.

Senator FIFIELD—Sorry?

Ms Godwin—\$949 billion. I beg your pardon—\$949 million.

Senator FIFIELD—We all took a breath.

Ms Godwin—I know this is a matter of some importance.

Senator FIFIELD—How many payers are in default on their obligations? I know some of these cases would go way back.

Ms Godwin—The total number of paying parents in any amount of arrears is 240,779.

Senator FIFIELD—How is that broken up into recent arrears and those which go back to the year dot?

Ms Godwin—I do not have a complete age breakdown but I can tell you that almost 62,000 of those paying parents with arrears are ended cases. Ended with arrears cases are cases that might have ended this year but the case has ended.

Senator FIFIELD—What are ended cases?

Ms Godwin—Ended cases are our old cases.

Senator FIFIELD—What does ended mean?

Ms Godwin—It means the child has turned 18.

Senator FIFIELD—Do you effectively write those off?

Ms Godwin—No.

Senator FIFIELD—Do you ever write them off?

Ms Godwin—No. That is why each time I have said this I have said it includes ‘ended with arrears’ because regardless of when the case ended that case with the arrears remains what we call active until we can resolve—if we can resolve—the outstanding arrears. Of course there are some of those cases that have been outstanding for many years. I could give you an age breakdown but I just do not have one with me.

Senator FIFIELD—If you could provide that, that would be good. Thank you.

Senator KROGER—With the so called bad debtors, I presume some of them extend beyond the decade that they are in arrears for, if not more than that. To what extent are resources applied to try and retrieve that money for the custodial parent? At some stage are the resources reassessed and you give up trying to get blood out of a stone?

Ms Godwin—We continually reassess the case load to make sure we are applying our effort where it is best applied and where we are most likely to get a collection. If we have persistently tried to collect the arrears and been unsuccessful over a number of attempts and over a period of time, we will mark some cases for non-pursuit. But we continually review the cases that are listed as non-pursuit to see whether we should reactivate them if, for example, new collection opportunities have arisen or we get new information that might suggest that we should now start to pursue the case again. But it is true that if we have persistently tried and not been successful then we will mark a case for non-pursuit. As I say, we review that regularly.

Senator KROGER—What is the volume of net debt outstanding? You said there are just under 250,000 parents in arrears; what is the value of that amount?

Ms Godwin—The total outstanding debt as at the end of April is \$1.151 billion.

Senator KROGER—Thank you.

Senator FIFIELD—I guess the CSA doesn’t ever technically write off debts or liabilities; they just become cold cases.

Ms Godwin—There is a variety of things we do. From time to time the receiving parent will agree to discharge the debt, particularly once the case has ended. There are times when

we will write off the debt—for example, if the paying parent has died and there is no other collection opportunity available.

Senator FIFIELD—You do not pursue estates?

Ms Godwin—We do, but once the estate is settled and there is no further collection opportunity we would finalise that case. But generally speaking, if we think that there is any likelihood of any collection opportunity, we will continue to pursue it even though the case has ended.

Senator FIFIELD—In 2008-09 what value of liability would have been written off for one reason or another?

Ms Godwin—I do not have that figure with me. I could get it.

Senator FIFIELD—If you could—thank you.

Ms Godwin—Yes. It would be small.

Senator FIFIELD—And also, just out of interest, for 2008-09 what was the value of liability represented by those cases that you deemed not worth while to pursue?

Ms Godwin—Do you mean the ones that we have marked at that point for non-pursuit?

Senator FIFIELD—The cold cases, yes.

Ms Godwin—Yes.

Senator FIFIELD—Thank you. Does the CSA make referrals to family relationship centres at all?

Ms Godwin—Yes, we do. I might ask Ms Cooke to talk about that.

Mrs Cooke—Yes, we do. We make referrals for counselling; we make referrals particularly at the point of registration where we are encouraging people to perhaps go to a family relationship centre and see if they can come to an arrangement as far as contact with their children is concerned. We work quite closely with them. We also refer to the Family Relationship Advice Line, which is a telephone service that is also a referral point for people for a whole range of services.

Senator FIFIELD—Do you keep records of the number and nature of referrals you do?

Mrs Cooke—We do.

Senator FIFIELD—Could they be provided?

Mrs Cooke—Sure.

Senator FIFIELD—Going back to compliance and enforcement, how many staff are specifically and directly employed for the purposes of compliance?

Ms Godwin—I think we provided that information in a question on notice, but I have an update here in one of the charts. The total number employed in noncompliance when we answered the question on notice I think was 487 and it is now 500.

Senator FIFIELD—How many enforcement actions or prosecutions would the CSA have pursued in 2008-09?

Ms Godwin—This year to date we have taken litigation action against 313 customers and we have collected \$8.52 million in outstanding payments.

Senator FIFIELD—There have been 313 recourses to court.

Ms Godwin—Yes.

Senator FIFIELD—Out of those 313, how many were successful?

Ms Godwin—That number includes cases where, as a result of us indicating that we were going to take the person to court, they have entered into a payment arrangement.

Senator FIFIELD—We will count that as a success.

Ms Godwin—Indeed. I want to see if I have the table that shows that. As well as that, at the time that we arrive at the court some customers enter into an arrangement, so we do not actually go into the court. Then, of course, there are some that actually go through the court process.

Senator FIFIELD—So on court days your staff have payment facilities available for that eventuality?

Ms Godwin—Or they could agree on a payment arrangement at that time, and we would then not pursue the court action.

Senator KROGER—Footpath mediation, I think it is called.

Ms Godwin—Sorry, I thought we had this here, but we do not. So I will need to take the breakdown on notice, if that is okay with you.

Senator FIFIELD—You do not have hand-held EFTPOS devices available at court proceedings?

Ms Godwin—We do not have hand-held EFTPOS devices, no.

Senator MOORE—It might be a good idea.

Senator FIFIELD—So you will get that information?

Ms Godwin—Yes, we can get that.

Senator FIFIELD—Thank you. Of the parents who are not meeting their obligations, how many are overseas, that fact being the complication?

Ms Godwin—We break the debt down into what we call domestic and international. For the component of the debt which is related to international cases—and I will give a little bit of explanation in a moment—the total is \$293.5 million. That is the total associated with international cases. International cases include cases where either the paying or receiving parent is overseas. The amount of debt where the payer is in Australia and we are collecting but transmitting them funds overseas is \$126.8 million. Where payers are overseas and we are relying on other countries to collect Australian obligations on our behalf, the figure is \$125.7 million. The balancing item in that is a group of cases that are a combination of domestic and international, so some part of the case is overseas and some part is in Australia. So that figure will not add up to the total that I have just given you, but it gives you a bit of a flavour. Where the payer is overseas and therefore the debt collection is undertaken by someone other than us, the figure is \$125.7 million.

Senator FIFIELD—I forgot to ask this before. What was the cost of those 313-odd prosecutions?

Ms Godwin—I do not have the figure with me. The actual cost of litigation I would have to take on notice.

Senator FIFIELD—If you could. Does the CSA seek to recoup any of those costs from the party that they have taken to court?

Ms Godwin—If the court orders costs in our favour, yes, we would seek to collect that.

Senator FIFIELD—When getting those figures, could you also obtain the cost of any external legal advice or counsel retained?

Ms Godwin—Sure.

Senator FIFIELD—When the CSA receives a complaint or an allegation, a tip-off about someone or a particular situation, how is that handled? What is the process?

Mr Lodge—When we receive any tip-off, whether it is through the fraud tip-off line, mail or a phone call, we investigate that fully. We have access, as you know, to taxation records and other records that we would check against and check the validity of that investigation. We would interview both parents to test that. If it is found that we require further information, we can do that through requesting records from banks or other financial institutions or employers.

Senator FIFIELD—Who exercises discretion as to whether something is worth following up or not?

Mr Lodge—Ms Godwin spoke earlier about our 500 staff in compliance. It would depend where in compliance that particular piece of work sat at the time. If it was a person that was suspected of fraud, it might end up in the Special Investigation Unit, and those people would pursue that inquiry.

Senator FIFIELD—I guess it is largely through professional experience that staff determine if something is worth examining, worth pursuing, or not.

Mr Lodge—That would be right. They also have access to experienced team leaders in each of their sections who offer them guidance. If we needed to seek legal advice, we would do that also.

Senator FIFIELD—What about—and I guess this might represent a large number of these sorts of tip-offs—a situation where a complaint is lodged that a payer is deliberately minimising their income to reduce their obligations? Would that be a large number of the sorts of complaints received?

Mr Lodge—I think that we would have to have a look at what the allegation was about income minimisation. Some people legitimately have deductions for taxation purposes that we may include back in the assessment of their child support. That is not a fraudulent activity; it is just a different assessment that we have to the ATO.

Senator FIFIELD—Do you have a breakdown of the nature of complaints or tip-offs that you receive? Can you break those down into categories?

Mr Lodge—I do not have them with me, but we could look at getting that information for you.

Senator FIFIELD—If you could. I would be interested in what percentage of the complaints are pursued and what percentage of the complaints made actually result in some form of enforcement action.

Mr Lodge—We will get that information to you if we have it.

Senator FIFIELD—Thank you. I would be interested in whether it is only one per cent of complaints that are made that result in any sort of enforcement action being required—or whatever it is.

Senator KROGER—With the Special Investigation Unit, is there ever determined to be a need for physical surveillance, optical surveillance?

Mr Lodge—In a very small number of cases, we will use optical surveillance. I believe we have provided some figures on this in the past. So far in the optical surveillance area we have completed 35 cases. There are 38 cases in total. Three are still being referred and the optical surveillance has yet to take place on those cases.

Senator KROGER—Do you contract out the services of people to conduct optical surveillance or is that conducted in house by the Special Investigation Unit?

Mr Lodge—No, they are contracted out through a panel of optical surveillance people through the Centrelink contract.

Senator KROGER—So they are detectives and detective agencies—is that what you are saying?

Mr Lodge—I would have to take that on notice and see exactly who makes up that panel.

Senator KROGER—I am just trying to get my head around the process. If the Special Investigation Unit believes that there is reason to further investigate and it requires optical surveillance, who makes that judgment call?

Mr Lodge—The decision to make optical surveillance is done in the compliance area through the Special Investigation Unit. As to the actual delegate who signs the authority, I would have to check on whether it is the national manager for compliance or one of the directors in that area.

Ms Godwin—But I would add that it is taken at a senior level. We only conduct optical surveillance in a very small number of cases where other quite extensive investigations have not necessarily proven to be successful but we think optical surveillance may add to the information which is available to us. That decision, as you can imagine, because it is a small number and it is something we only do when we think it is a serious case, is taken at a senior level. As Mr Lodge says, we can take on notice who the exact delegate is, but it is taken at a senior level.

Senator KROGER—Thirty five or 38—whatever the number is—out of 247,000 odd parents in arrears is not a high proportion, I would suggest.

Ms Godwin—No, it is not at all, and it is because we would only take that sort of serious action if the case itself is serious. Could I add one thing about the number of paying parents in arrears. That does cover a spectrum, including about 12 per cent of those cases where the arrears is less than one month's liability. There are a whole bunch of people at one end who may have missed one payment and then we have a whole bunch of people way at the other

end, where they have significant underpayments that are well established. Obviously you would be more likely to be using optical surveillance at that much more serious end of the spectrum.

Senator KROGER—They might be suffering short-term income stress or a change of circumstances.

Ms Godwin—If people are generally good payers but intermittently have difficulties, that would be something that we would normally deal with through what we call administrative noncompliance. We have early intervention teams who would be talking to them in those circumstances. That is not the sort of case where you would expect to be undertaking an intensive investigation or optical surveillance.

Senator FIFIELD—How many appeals were lodged in 2008-09 against CSA determinations?

Ms Godwin—Do you mean appeals at the Social Security Appeals Tribunal?

Senator FIFIELD—Yes. There is no level of appeal below that.

Ms Godwin—There are a series of administrative processes.

Senator FIFIELD—You could appeal within the CSA, so perhaps you could break it up both ways—those who asked the CSA to review and those who took the next step.

Ms Godwin—I will start at the top and we can go back to the objections. To explain the process, if people have a concern about a decision, they can lodge an objection with us. From memory, I think we deal with about 22,000 objections a year. If they are still not satisfied with the outcome of that objections process they can appeal to the SSAT. So far in 2009-10 there have been 1,484 valid appeals to the SSAT. For the same period in 2008-09 there were 1,654 valid appeals to the SSAT, so there has been a slight reduction in that 10-month period. The total amount for 2008-09 was 2,491 valid appeals.

Senator FIFIELD—Valid appeals. How many appeals were there in total?

Ms Godwin—I do not know if the SSAT has not accepted any appeals, but those are the total numbers of appeals that have gone to the SSAT.

Senator FIFIELD—Sorry, I thought you said ‘valid appeals’.

Ms Godwin—They are called valid because in certain circumstances the SSAT would say they do not have jurisdiction, and I do not know what that number would be.

Senator FIFIELD—Are they appeals that are illegitimately or inappropriately lodged?

Ms Godwin—Yes.

Senator FIFIELD—What is the total number of SSAT appeals and the number of those that were successful?

Ms Godwin—Of the SSAT appeals, some 60 per cent have some component of the decision set aside. The appeal is allowed by the SSAT in part or in full. A significant proportion of the cases that are allowed, however, are allowed on the basis of new information. In other words, it was information not available to the Child Support Agency when it made its decision. We do some analysis of those figures and if you wanted further information we could probably provide it.

Senator FIFIELD—What about the 22,000 internally reviewed cases? How many of those had the decision changed in some way?

Ms Godwin—The report I have here does not have the figures. There are approximately 22,000 objections, and approximately one-third of them are upheld; in other words, the objection is found to be in favour of the customer. I can give you those precise figures on notice.

Senator FIFIELD—How many staff does the CSA directly engage in handling appeals, whether it be through the tribunal or through the organisation itself?

Ms Godwin—I will have to take that on notice. We have a group of people who manage the actual objections. If the case is going to the SSAT, obviously the SSAT processes those. The bulk of our staff would be in the objections area.

Senator FIFIELD—Earlier I asked a question about hospitality spending on DHS. Mr Pratt, you said it might be just a couple of grand. CSA would be lucky if they spent \$50.

Mr Pratt—I expect it would be the other way around—the child support program is the largest part of the department. In the year we are talking about, I think most of that several thousand dollars was in relation to payment delivery reform functions undertaken by the central department. I do not think the child support program does a great deal of hospitality.

Ms Godwin—It would not be much. We have stakeholder meetings from time to time, and we would probably provide some small amount of catering at those meetings.

Senator FIFIELD—It is not an activity area that would readily lend itself to hospitality, I wouldn't have thought.

Ms Godwin—We like to give people a cup of tea when they come to a meeting.

Senator FIFIELD—That is just good manners. Senator Ryan's question earlier about Centrelink and the Parliamentary Library prompts me to ask about the data that is held by the CSA. Have there been any directives from the minister's office that such information should not be provided to the Parliamentary Library unless the client or the library provides permission for their name to be given and the purposes for which that information will be used? It is not something that was raised by the Parliamentary Library in the earlier estimates but given that it is the same portfolio, I just thought I should put the question.

Mr Pratt—To my knowledge there has never been any direction of that sort given to the department or the Child Support Agency. I am not aware of any information even requested from the Parliamentary Library in recent times. Someone may correct me, but I do not believe it is an issue.

Senator FIFIELD—So to your knowledge the Child Support Agency has not changed the way it provides the information that might be requested by the Parliamentary Library?

Mr Pratt—No. Chair, may I excuse the Child Support Agency?

CHAIR—Yes.

Mr Pratt—I have the question on notice relating to hospitality that we have been discussing. The cost total from 1 June 2009 to 28 February 2010 is \$4,339.50, of which

\$1,500 related to that discussion paper I mentioned and \$2,839.50 related to NAIDOC Day celebrations undertaken by the child support offices around the country.

Senator FIFIELD—Thank you for that.

Mr Pratt—I have another update. Before, I quoted 46 SES officers for the department; those figures did not include my fine colleagues from CRS Australia. There are another three of them. So there are 49.

[8.32 pm]

CRS Australia

Senator FIFIELD—We know you have three SES-band staff. What is the total number of CRS staff?

Ms Carmody—We have 2,065 staff. That translates to 1654 in full-time equivalents.

Senator FIFIELD—You might need to take this on notice but could you also provide the number of staff you had in 2007 and how many of those were SES-band staff?

Ms Carmody—In 2007 we had 2,088 staff with a full-time equivalent staff of 1,668. We had three SES staff.

Senator FIFIELD—And any SES staff who have separated from the organisation since the last estimates? Would you have that at hand?

Ms Carmody—No, I would have to take that on notice.

Senator FIFIELD—Also, if staff have been replaced who have separated from the organisation?

Ms Carmody—Are you talking about redundancies?

Senator FIFIELD—Whether they were redundancies or whether they have resigned.

Ms Carmody—Our staffing level has remained fairly constant. The majority of staff will have been replaced, given that we need to provide services to the community.

Mr Pratt—Turnover in CRS Australia for this financial year is eight per cent year to date, so it is a little bit under the departmental average. Typically, those people would be replaced.

Senator CAMERON—Ms Carmody, as you are aware, there have been questions about how departments would handle a freeze on new employment. Given you have an eight per cent turnover and you indicated that it is very important that staff are replaced, what are the implications of a staff freeze for two years?

Ms Carmody—I think we are a little different to the traditional Public Service areas in that our revenues are earned by providing services to the community. So we are paid for commencing job seekers and getting them into work and paid for assessments. The number of staff we have is the number of staff we actually need to deliver those services. If there were a freeze, we would have to knock back the work we do for other jurisdictions or for private companies.

Senator CAMERON—How would your core responsibilities be affected by a freeze?

Ms Carmody—At the moment our core costs equate to about 13 per cent of our turnover, which is already quite lean in terms of benchmarks. If we were not able to recruit people that

we lost through turnover into that part of the organisation, there would be certain impacts around our ability to continue to provide services.

Senator CAMERON—What do you mean by ‘certain impacts’? What do you think they would be?

Ms Carmody—It depends on where it would occur. The large majority of our staff are on the frontline. It would impact on the processing of payroll, accounts processing and those types of functions.

Senator FIFIELD—Could you advise what your expenditure on staff travel was for 2008-09?

Ms Carmody—On airlines?

Senator FIFIELD—Or trains.

Mr Pratt—We typically will collect information around travel by airlines. If we were to attempt to include other forms of travel, particularly for agencies like CRS Australia and Centrelink, it would be very difficult.

Senator FIFIELD—Airlines is fine. I am not looking for trams, taxis and buses.

Ms Carmody—In the last financial year it was just under \$800,000—it was \$797,000—including GST.

Senator FIFIELD—Do you have the figure for 2006-07 as well?

Ms Carmody—Yes. It was \$1.32 million.

Senator FIFIELD—Mr Pratt indicated before that Human Services did not have any expenditure in 2008-09 on advertising. Did that cover all of the portfolio agencies or was that just for the core?

Mr Pratt—That is for the core and the Child Support Agency.

Senator FIFIELD—Sorry, excluding Medicare and Centrelink?

Mr Pratt—Yes, that is right. And that would have excluded CRS Australia as well.

Senator FIFIELD—Yes, because you are a bit special.

Ms Carmody—We like to think so.

Senator FIFIELD—I say that in the nicest possible way.

Ms Carmody—We have very low advertising expenditure. I would have to get the exact figure for you. It is primarily advertorial type work where we are trying to encourage employers at the local level to identify jobs for people with a disability. We will give a good news story and pay for the ad in the local rags. That is quite effective in encouraging employers to come forward with job vacancies for our job seekers.

Senator FIFIELD—If you could obtain information for 2008-09 and for 2006-07.

Ms Carmody—Yes.

Senator FIFIELD—We heard about the Child Support Agency’s good manners before. I am wondering what the CRS hospitality expenditure was for 2008-09.

Ms Carmody—I would have to take that on notice.

Senator FIFIELD—If you could, thank you. And also for 2006-07.

Senator JACINTA COLLINS—I only have one question for CRS. Since you are looking at these various other things since 2006-07 or 2008-09, I would be interested in your client numbers over that period.

Ms Carmody—It is a little difficult to add them all together, because they are apples and oranges a little bit. In terms of new programs, year to date we have provided around 21,000—just under 21,000—new programs. At the beginning of the financial year we had 29,446 job seekers on our books, people we were already working with. So that is a year to date total of 50,345.

Senator JACINTA COLLINS—How does that compare with the previous years?

Ms Carmody—The number of both new and existing job seekers in 2006-07 was 48,208. In 2007-08, it was 56,230. The difference between 2007-08 and the current year is that we provided the full market; whereas, since 2007, we have provided a proportion of the market.

Senator JACINTA COLLINS—What proportion is that?

Ms Carmody—Up until 1 March this year, the proportion we provided was 70 per cent of the market for vocational rehabilitation. We now provide 55 per cent of the market for what is now called ‘disability management services’. In addition to those numbers, we have other individuals we do assessments for or provide workers compensation services for. But I do not have those numbers with me.

Senator JACINTA COLLINS—But, if year to date you have done 50,345—

Ms Carmody—We have that many job seekers who we have worked with in the current year.

Senator JACINTA COLLINS—And that is 55 per cent of the market? So that is a significant increase in service delivery in this area.

Ms Carmody—Yes. You cannot draw 55 per cent out of that; 55 per cent only relates from 1 March 2010. So the bulk of those commencements and all of our job seekers that were open on 1 July related to our previous market share.

Senator JACINTA COLLINS—But, even if you go back to the earlier market share, which was 70 per cent, that year-to-date figure still seems to represent a significant increase in service delivery in this area.

Ms Carmody—Yes. I think it has been about 30 per cent. But I think it would probably be more appropriate if you directed that question to DEEWR.

[8.44 pm]

Centrelink

CHAIR—As there are no further questions on, we will move on to Centrelink. Welcome Ms Hogg, chief executive officer and other officers.

Senator RYAN—Ms Hogg, we had discussions with the Parliamentary Librarian in this room on Monday about provision of data from Centrelink to the Parliament Library. Do you have anything, before I ask specific questions, to enlighten us about that? Are you aware of the discussion that took place?

Ms Hogg—I am aware of the discussions.

Senator RYAN—Do you have anything to add to that discussion? I will give you the opportunity to clear the air before I start to ask questions.

Senator HOGG—Centrelink received a request from the Parliamentary Library for information concerning family tax benefit. We work under a protocol with the policy departments—FaHCSIA, DEEWR et cetera—as a custodian of the data that they collect or that we collect on their behalf. That protocol says that Centrelink needs to seek permission for the release of data, any of that data.

Senator RYAN—From whom?

Ms Hogg—From the policy department, so if it is FTB data Centrelink needs to seek agreement of the policy department to release that data.

Senator RYAN—Who is the policy department in that instance?

Ms Hogg—FaHCSIA—Families, Housing, Community Services and Indigenous Affairs. When we received the request, under the protocol from 2006, we then approached FaHCSIA to seek permission to release the data, but the FaHCSIA decision maker denied that request. But I do understand now that a senior FaHCSIA officer has reviewed that decision and the data was, I understand, being released to the Parliamentary Library this morning.

Senator RYAN—Who was the FaHCSIA decision maker in that instance?

Ms Hogg—Do you need the exact name of the person?

Mr Pratt—You are talking about the original—

Senator RYAN—The original denial of your feeding through of the request from the Parliamentary Library, because this will probably be pursued. We have got FaHCSIA at estimates next week, so I do not want to have a situation where they do not know who to ask.

Mr Pratt—I understand—and Ms Hogg may correct me if I am wrong in this—that it would have been director level or SES band 1 level staff.

Ms Hogg—Yes, that is correct. It is more like a director level.

Senator RYAN—Director level is SES band?

Mr Pratt—It is an Executive Level 2 officer.

Senator RYAN—What part of the department would they be in? This will help potentially when it heads up to FaHCSIA so they can have some answers for us next week. There are a few EL2s, I would imagine, in FaHCSIA.

Mr Pratt—Indeed, I suspect FaHCSIA will actually be fairly conscious of your interest in this, Senator.

Ms Hogg—They have a special data management area, so it would be a decision maker in that group.

Senator JACINTA COLLINS—Was a reason attached to that?

Ms Hogg—Yes, our understanding was that—and certainly under the protocol—we are required to provide FaHCSIA with information about who is requesting the information and

for what purpose the information is to be used. Our understanding is that, because we could not provide that information, the FaHCSIA decision was to decline the request.

Senator RYAN—Ms Hogg, is this the only time that you have received a request from the Parliamentary Library for information from Centrelink?

Ms Hogg—In recent times, yes. We have checked back over the last couple of years, and we have not had any requests.

Senator RYAN—Over the last couple of years?

Ms Hogg—Yes. I should say we had two at the same time as this one; one of them was withdrawn.

Senator RYAN—One of them was withdrawn?

Ms Hogg—Yes.

Senator RYAN—Was that request also from the Parliamentary Library?

Ms Hogg—Yes.

Senator JACINTA COLLINS—The request was withdrawn?

Ms Hogg—Yes.

Senator RYAN—With the examples a couple of years ago, are you aware of the details of those?

Ms Hogg—I do not have those with me. We looked back on our records to see if we had anything in recent times from the Library and, no, we could not remember or find anything in the last couple of years.

Senator RYAN—You report through to Minister Bowen, don't you, the Minister for Human Services?

Ms Hogg—Yes, Senator.

Senator RYAN—How would Minister Bowen's office have become aware of this issue if the request from the Parliamentary Library came from them to you and you to FaHCSIA? Was he made aware of this request by anyone in Centrelink?

Ms Hogg—The Centrelink officer replied to the Parliamentary Library to say that there was a charge involved in retrieving the information. From my understanding, the Parliamentary Library contacted Mr Bowen's office to complain about that. That is how Mr Bowen's office became involved in the whole issue. The Centrelink departmental liaison officer in Mr Bowen's office then checked with Centrelink about the appropriateness of making that charge—which was actually incorrect—and relayed that information back to the library. That is how the contact was made with the minister's office.

Senator RYAN—I appreciate that—that is very helpful. So the minister's office contacted the person in Centrelink and mentioned that the charge is not relevant for this particular—

Ms Hogg—They asked us to look at it because the library had queried why they were being charged for the information. In fact, the decision to request payment from the library was incorrect and that information was relayed back—

Senator RYAN—I am assuming that was just a mistake and it was corrected.

Ms Hogg—Yes, it was a mistake.

Senator JACINTA COLLINS—Does it relate to the new budget arrangements about the library undertaking policy work?

Ms Hogg—No.

Senator RYAN—Could you take it on notice to get the dates of those contacts—the original request from the Parliamentary Library; the request from Centrelink to FaCHSIA; and the answer from FaCHSIA, which was a conditional yes, which you could not assist with because the Parliamentary Library would not provide you with it. Did you or Centrelink at any time have contact from the minister's office? I appreciate that you did not initiate that. Sorry, I would like the date of the contact from the minister's office about the charging issue.

Ms Hogg—We can take that on notice.

Senator RYAN—Can you provide me with the dates of those contacts?

Ms Hogg—Yes.

Senator CAMERON—Ms Hogg, when was the protocol introduced?

Ms Hogg—In 2006.

Senator CAMERON—Was that a departmental protocol, or was it brought about by political discussions with the government as well?

Ms Hogg—I was not involved in developing it but my understanding is that it is a clear protocol between agencies about access to information.

Senator CAMERON—So it is an agency protocol. Do you have a copy of the protocol?

Ms Hogg—Yes, I do.

Senator CAMERON—Could you please table that.

CHAIR—Is it the wish of the committee that the document be tabled? There being no objection it is so ordered.

Senator CAMERON—I want to come back to the protocol. There have been lots of discussions about the protocol but I do not think anyone has actually read it—certainly no-one on our side. Did the minister's office at any time direct Centrelink or FaCHSIA not to release the data requested by the library?

Ms Hogg—No.

Senator CAMERON—You said that the original judgment that the data request did not comply with protocol was made by that level 2 director and that, since then, that direction has been countermanded.

Ms Hogg—I was informed by FaCHSIA that a senior officer had reviewed the decision to release the information to the library and the library has this morning agreed to release it.

Senator JACINTA COLLINS—Who sought that review?

Ms Hogg—I did. I had a letter from the Parliamentary Librarian—because obviously we had sought information—asking me who had sought the information and for what purpose it was to be used. Basically Ms Missingham told me in the letter that such disclosure would be

contrary to the legislative requirements set down in the Parliamentary Service Act and therefore she would not be able to comply with that request. Subsequently I have passed the content of that information to FaHCSIA when asking, on her behalf, after she wrote to me, whether they understood what the Parliamentary Library could and could not do and therefore whether they would reconsider their decision.

Senator JACINTA COLLINS—This aspect of the protocol has not been tested since 2006?

Ms Hogg—Not that I am aware of, no.

Mr Pratt—Certainty not with the Parliamentary Library.

Senator RYAN—As well as that, could you table the letters? We have some correspondence from the Parliamentary Librarian.

Senator JACINTA COLLINS—I think we already had that on Monday.

Senator RYAN—Ms Hogg indicated that there were written exchanges between Centrelink and FaHCSIA.

Ms Hogg—I certainly have not written to FaHCSIA.

Senator RYAN—It could have just been casual language. I am not trying to impute anything, but I got the impression that discussions between Centrelink and FaHCSIA when you were seeking permission for this could have been done in writing.

Ms Hogg—Yes, they were done by email.

Senator RYAN—Can we get copies of that correspondence, please?

Ms Hogg—Yes.

Senator CAMERON—Ms Hogg, have there been any changes to the protocol since 2006?

Ms Hogg—No.

Senator CAMERON—So it is the original protocol.

Ms Hogg—Yes.

Senator CAMERON—While we are waiting for it—I do not want to hold things up too long—is it realistic for you to walk us through how the protocol works?

Ms Hogg—By walking through, do you mean talking to you about certain parts of it which led to this?

Senator CAMERON—How it works, yes. How does it work?

Senator JACINTA COLLINS—Why don't we wait until we have it in front of us? In the meantime, what is the broader context of the protocol? As you are probably aware, my background is in opposition, seeking information across a broad range of areas in Human Services and FaHCSIA. The protocol, I presume, relates to more than library requests—to shadow ministers, backbench members, separately to requests coming through the library.

Ms Hogg—Yes, all requests for information.

Senator JACINTA COLLINS—Can you give us a sense of how many of those requests have been managed and in what fashion over time?

Ms Bennett—I do not have the numbers, but the protocol also covers the exchange of information, so there might be requests from the local government, council or, as you mentioned, the Parliamentary Library. It could be another organisation such as a research organisation or non-government association. The types of organisations are set out in section 1.53 of the protocol. The intention of the protocol, which is part of the answer, is to ensure that this social security information, which is information about individuals, is distributed appropriately, in the right format and in the right manner. How many requests from the library—

Senator JACINTA COLLINS—I must admit most of my requests were through estimates, and I found the department extraordinarily cooperative.

Ms Bennett—As Ms Hogg said, we have received from the Parliamentary Library only two in what we estimate is the last 18 months—we did not go back any further than that—and one of them was withdrawn.

Senator JACINTA COLLINS—Do you know why that one was withdrawn?

Ms Bennett—We assume that they no longer required the information. That is the only assumption we can make.

Senator CAMERON—Would the Parliamentary Library have been aware of the detail of the protocol?

Ms Bennett—When they seek the information they complete a template, a proforma, and that is emailed. To operationalise the protocol there is a proforma that requesters for the data complete and that explains in a more functional way their obligations in requesting that information.

Ms Hogg—Senator, you asked me about how to navigate that document.

Senator CAMERON—I have nearly changed my mind!

Ms Hogg—I have been through it myself, obviously, as a result of this issue, and I can give you certain paragraphs that are really relevant to this.

Senator CAMERON—Yes, the key drivers and so on.

Ms Hogg—Yes. Paragraph 1.5.2—

Senator CAMERON—What page is that on?

Ms Hogg—Page 9. It says:

All custodians are responsible for providing mutual assurance for that appropriate governance, management and use of social security information ...

We are a custodian. We are a physical custodian and the policy departments are what are referred to in there as 'business custodians'. We have a mutual responsibility, if you like, for the use of that social security information. And the legal requirement for the use of that information is that it must add to the outcomes for clients who are affected by that legislation. I think you will find that wording in there.

Section 1.5.4 says:

... each party to this Protocol has separately documented processes for addressing requests from these requesters. Such processes must be used in conjunction with this Protocol.

By that we mean the pro forma that requesters are asked to fill out on behalf of the policy departments.

Senator CAMERON—Just on that, when the pro forma is sent out to, say, the Parliamentary Library, do they have a copy of this or do they just have the pro forma?

Ms Hogg—Just the pro forma.

Senator CAMERON—The Parliamentary Library may not understand why they are filling that—

Senator JACINTA COLLINS—The email suggests that.

Ms Hogg—It is just that they get the pro forma asking them who wants the information and for what purpose, which is on that pro forma.

Senator CAMERON—So the officer in the library may not have even known if a protocol was in place.

Ms Hogg—I presume he would not.

Senator JACINTA COLLINS—Aside from that, the protocol obviously does not accommodate requests from the library on behalf of members of parliament if it is saying that on the pro forma.

Senator CAMERON—Yes. Thanks.

Ms Hogg—The part of the protocol which is particularly relevant is part 2, Operational procedures, on page 14, at 2.1.1. You can see the categories of information are broken down, and specifically in category 2 it says:

Requests that require authorisation for release from relevant business custodians, including Parliamentary Library.

It is specified in there that we must ask the business custodian for permission to release this data to the Parliamentary Library, so it is certainly not in a category where Centrelink can of itself make a decision about releasing this information because of the requester. It is quite specific.

Senator JACINTA COLLINS—By that you are saying that it is not Centrelink dealing with the request but the policy department?

Ms Hogg—Yes.

Senator JACINTA COLLINS—Whereabouts is the pro forma?

Ms Hogg—I can table a copy of the pro forma, if you would like.

Senator JACINTA COLLINS—I would just like to see what it says about who is seeking the information and for what purpose. It is not necessarily problematic if the library were aware, for instance, that the answer should be 'Parliamentary Library, for the purpose of providing information to members of parliament'. That would presumably meet the pro forma but not in the way that the librarian perhaps understood.

Ms Hogg—I am not really able to form a judgment about what would be appropriate for the department, as opposed to the right answers to those questions. It is not Centrelink's

responsibility to make a decision about that. It is up to the department in terms of whether they think they have got enough information on that request.

Senator JACINTA COLLINS—It seems as if it is more than just the department. It is broader than just a singular department issue. It is about how workable these protocols are to account for the needs of members of parliament seeking information through the Parliamentary Library. That is more than just one single custodian, if it is liable to misinterpretation.

Senator FIFIELD—I was just going to make the same point. The library could hold a pro forma right—the person requesting it is, or the organisation requesting it, Betty Boo in the Parliamentary Library.

Senator JACINTA COLLINS—Could we have the pro forma too, please.

Senator CAMERON—Does this protocol cover a request, say, from a shadow minister's office or an opposition MP's office? If that is done directly through Centrelink and not through the Parliamentary Library, how is that handled?

Ms Hogg—If the request comes directly to Centrelink—again, because we are only the custodians of the data—we would go to the policy department and request from them permission to release the data. That is actually a category 3 in the protocol.

Senator JACINTA COLLINS—But in most cases the shadow minister would go directly to the policy department.

Ms Hogg—Yes. That is the other way of doing it.

Senator CAMERON—It says category 3 covers requests and information from ministers and their offices. Are shadow ministers defined as ministers here?

Ms Hogg—Yes.

Senator CAMERON—Thanks for that.

Senator FIFIELD—I will quickly rattle off some of the questions I have been asking as to other components of the portfolio. How many staff does Centrelink have at the moment?

Ms Hogg—Is that current staff for this year?

Senator FIFIELD—Yes.

Mr Dunn—The total headcount of Centrelink staff up until 31 March this year was 27,012.

Senator FIFIELD—And how many SES band staff?

Mr Dunn—In the SES for that same period there were 85 substantive SES positions.

Senator FIFIELD—Are you able to provide a comparison for 2007?

Mr Dunn—I do not have those figures with me, but we can do that.

Senator FIFIELD—Yes, if you could, thank you. Are you able to advise how many Centrelink staff have left the organisation since the last estimates?

Mr Dunn—We do not have the exact figures. But, as mentioned earlier, our actual staff turnover rate for this financial year is around the 10 per cent mark.

Senator FIFIELD—And they have pretty much all been replaced?

Mr Dunn—Pretty much, I would say. It does balance out across the course of this particular year.

Senator FIFIELD—What about expenditure on staff travel in 2008-09?

Mr Pratt—I believe Mr Jacomb gave that information before when he provided the DHS data.

Senator FIFIELD—So that covered Centrelink as well, did it?

Mr Pratt—He listed the different agencies. There is that caveat that I made before about air travel.

Senator FIFIELD—Yes. Sorry, you are quite right. It is 14.4.

Mr Pratt—That is right.

Senator FIFIELD—Sorry, my apologies. In terms of advertising, is it the same answer for Centrelink as for DHS? Is the figure zero for 2008-09?

Mr Burgess—For 2009-10 it is zero.

Senator FIFIELD—And, I think, for 2008-09 as well.

Ms Barbour—For this financial year it is zero.

Mr Burgess—In the previous financial year I think we had the same-sex campaign.

Senator FIFIELD—And what was the cost of that campaign?

Ms Barbour—For the same-sex discrimination campaign the cost of advertising was \$1,399,163.

Senator FIFIELD—And that was the only advertising expenditure?

Mr Pratt—The only campaign related advertising. There would be advertising associated with recruitment and things like that.

Senator FIFIELD—Does Centrelink have any money that it has spent on hospitality in 2008-09?

Mr Burgess—Yes. For 2008-09 we spent approximately \$1.08 million on sustenance.

Senator FIFIELD—Is that tea and biscuits?

Mr Burgess—That would be tea and biscuits. That would be sustenance provided in the main in emergency responses that we have had over the years—for example, our bushfire recovery response and flood responses with providing sustenance to staff as part of the recovery.

Senator FIFIELD—Are you able to provide a breakdown of the elements of that?

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

Senator FIFIELD—Yes, if you could. As a comparison, if you could also do the same for 2006-07.

Mr Burgess—Yes.

Senator JACINTA COLLINS—Where does the term 'sustenance' come from?

Mr Burgess—It would be a combination of hospitality, which we provide. For example, we provide hospitality, as mentioned earlier, at stakeholder meetings throughout the year. We also have it at our areas across Australia—for example, 15 or so areas where there are meetings with stakeholders at the area level. That would be the provision of sandwiches, tea and coffee and, for example, where we are participating in an emergency response in a recovery centre. It could actually be part of providing a barbecue for customers and for affected people.

Senator JACINTA COLLINS—So you can break up those various aspects of it?

Mr Burgess—Yes.

Senator FIFIELD—‘Sustenance’ sounds like it is for wellbeing rather than enjoyment.

Ms Hogg—Can I say that in some of those recovery centres it is about wellbeing.

Senator FIFIELD—Yes. I am not being entirely facetious. I do note the distinction in Mr Burgess’s phraseology from that of other agencies who do not have that sort of direct interface with people in time of hardship. Let us move to the solar panel pensioners clawback issue. What was it specifically that triggered the credits—for pensioners who were returning electricity to the grid—to be treated as income?

Mr Cowan—There has been a recent change in the policy and in the treatment of that. Prior to 14 May for pensioners who may have been given either a credit or a cash return both were treated as income for the purposes of the means test.

Senator FIFIELD—Or if you received a reduction.

Mr Cowan—Or a reduction, yes. There was a change of policy on 14 May which now means that the treatment is different. Those credits or reductions are not regarded as income but any cash that may come from an electricity generating provider that goes to a pensioner is regarded as income.

Senator FIFIELD—You said that is a new policy dated from 14 May. How is a new policy actually given effect to? Is it by determination or regulation? What is the mechanism?

Mr Cowan—It was a ministerial decision by Minister Macklin, as announced on 14 May.

Senator FIFIELD—So what is the actual mechanism that gives effect to the change? Is it deemed a ministerial determination?

Mr Cowan—I might have to refer you to FaHCSIA for a determination on that. Clearly, it did not require a legislative change. They may be able to give you more detail.

Senator FIFIELD—So they would have been responsible for the mechanism required?

Mr Cowan—For the decision to be taken and the advice to us, yes.

Senator FIFIELD—How does the advice come to you? It must come in a particular form where you are satisfied that this is not just a thought that someone has had, not just a policy—this is something which has some form of legal effect. What is that device that comes to Centrelink that causes you to act differently?

Mr Cowan—That will vary. Sometimes a change to legislation is required. We would wait until legislation is amended to enact it. This one came by way of advice from FaHCSIA and an announcement by the minister. We then promulgate it throughout the organisation.

Senator FIFIELD—I am still unclear as to—

Mr Pratt—Are you asking if it is a letter from FaHCSIA to Centrelink or an email?

Senator FIFIELD—Is it a letter? Is it, 'Here is a copy of the minister's press release—go forth with it'?

Mr Cowan—There would have been discussions between ourselves and FaHCSIA prior to the decision being taken as to how it would be conveyed to us, and the status of the decision.

Senator FIFIELD—I am none the clearer.

Mr Tidswell—If we were to tell you how we got the instruction on the specific occasion, would that help?

Senator FIFIELD—That would help.

Mr Cowan—As is often the case, we were advised by FaHCSIA that there was some consideration being given to a change of policy. We were then notified that the minister had made a decision and then there was a public announcement by the minister. In this case that was sufficient to act upon.

Senator FIFIELD—Help me here. Ministers can decide and wish for all sorts of things in life, but departments do not automatically say: 'The minister wishes it; therefore, it shall happen.' They are often full of very good reasons why they cannot or should not or there is not the right bit of paper or the right form. I am just wanting to understand what the actual mechanism is.

Senator Ludwig—It just demonstrates the responsiveness of Centrelink.

Senator JACINTA COLLINS—What—you will do anything?

Mr Cowan—No, we won't—

Senator FIFIELD—I want to know what the actual mechanism is.

Mr Cowan—As I said, it will depend on the decision. As I said before, some things require legislative change.

Senator FIFIELD—Yes, but if the minister decided, putting discrimination law aside, that a certain payment should only go to people with blue eyes, not brown eyes, would Centrelink say: 'We have received something from FaHCSIA; therefore, we will'?

Mr Cowan—I think we basically require legal cover to do what we do.

Senator FIFIELD—What is that legal cover?

Mr Cowan—In this particular case, I am afraid I cannot give you that specific answer. I would have to take that on notice.

Senator FIFIELD—I am perplexed.

Mr Pratt—In my experience it can be a range of things. It can be simply that there is a letter from one minister to another minister which is passed on from the minister's office. Sometimes it can be that there have been multiple discussions between officers of the two departments and then that is followed up with an exchange of emails or letters which say, 'Here, attached, is the minister's announcement,' or sometimes it could in fact be a cabinet decision or something like that.

Senator FIFIELD—Sure. But, again, cabinet can decide whatever they want but there has to be some law, some regulation, some power that someone is acting under. Is it section whatever of the such-and-such act which gives the minister the power to determine XYZ? What is it?

Mr Pratt—It will be either a direct legislative requirement for the agency or it will be a direction from the minister.

Senator FIFIELD—Sure, but in this particular case this is something which had not been being done which then, from 14 May, was being done. What is the mechanism?

Mr Pratt—I expect it was a policy decision by government which was enacted following a ministerial direction—I think that is the case. I might ask one of our lawyers to tell us the actual power that exists for such a decision to be taken.

Senator FIFIELD—You would want to know. Centrelink would want to be satisfied that it was not acting contrary to the law in some way.

Mr Pratt—Absolutely.

Mr Cowan—We most definitely do.

Senator FIFIELD—If you do not know then who does?

Mr Cowan—We did assure ourselves there was cover for this. This just required an update of the policy guide, which is FaHCSIA's document. They updated that guide and therefore we enacted the change policy.

CHAIR—It might be an appropriate time to take a break. We were due to have a five-minute break at 9.15 pm.

Senator RYAN—I would like an answer to the issue we raised before—it could be a quick yes or no answer.

Mr Pratt—We in the room do not know what the authority was on this occasion. We will take it on notice and come back to you. If we can answer you after the break, we will do so.

Senator FIFIELD—It would be helpful to know that Centrelink know the basis upon which they are doing something. I am sure someone knows, but—

Mr Pratt—I am certain someone knows.

Proceedings suspended from 9.20 pm to 9.28 pm

CHAIR—The committee will resume. Mr Pratt?

Mr Pratt—Madam Chair, we are hopeful that we have an answer for the senator.

Mr Jacomb—As you know, Senator, Centrelink provides service delivery for and on behalf of FaHCSIA which is done through a framework, such as the Business Partnership Agreement. Through that framework we are given direction as to how we are to apply the law; how we are to interpret the legislation. Through that process we have been given a direction, through FaHCSIA and the minister, reflecting the government's decision that that is not to be treated as income. That is the basis.

Senator FIFIELD—So FaHCSIA has to be satisfied and, if FaHCSIA is satisfied, FaHCSIA then directs Centrelink what to do.

Mr Jacomb—Yes. It is a matter you could also take up with FaHCSIA.

Senator FIFIELD—So the answer partly is that it is really a question to direct to FaHCSIA because Centrelink do what FaHCSIA says it is appropriate and legal to do.

Mr Jacomb—Correct.

Senator FIFIELD—The new policy came into effect on 14 May this year, so before 14 May in no circumstances was Centrelink treating that return of electricity to the grid or credits gained from that as income. That has only just started.

Mr Cowan—Yes.

Senator FIFIELD—Has Centrelink received any complaints about that change?

Mr Cowan—Not that I am aware of. It has only been two weeks.

Senator FIFIELD—But it was flagged before 14 May, wasn't it?

Mr Cowan—I am not aware of any complaints about the new policy.

Senator FIFIELD—But it was flagged before 14 May? I recall reading in the newspapers some discussion about it.

Mr Cowan—That is really a matter for FaHCSIA. That issue may have been raised previously, but that is their consideration.

Senator FIFIELD—So Centrelink has been providing consistent advice across Australia on this issue before 14 May, advising people that it should not be counted as income, and consistent advice after 14 May that it should and would be counted as income?

Mr Cowan—Yes.

Senator FIFIELD—There was no confusion in any Centrelink offices on this issue?

Mr Cowan—What happens when there is any policy change is that we circulate it through the organisation by the various methods we use—our reference material, our website material, any public facing material that is relevant—and we do that as soon as we possibly can after the change of policy. We also have immediate updates we can put out through our face-to-face network and the call centres. So we promulgate that information as soon as we can and, as best we can, we ensure that it is being acknowledged and adhered to through the organisation.

Senator FIFIELD—What about the solar panel rebate that the government had—was that deemed to be income?

Mr Cowan—For installation—the rebate for installing hardware?

Senator FIFIELD—Yes.

Mr Cowan—No, that is not regarded as income.

Senator FIFIELD—Because? You have not received a ministerial determination that it should be?

Mr Cowan—No, that has remained the same; that is the policy that has been in place

Senator JACINTA COLLINS—It is a rebate against the cost of installing.

Senator FIFIELD—But, from what I have heard today, if the government made a policy determination that it should be considered as income, then Centrelink would. I will talk to FaHCSIA about that.

Mr Pratt, you would obviously be aware of Minister Bowen and Senator Arbib's press release of today headed 'Government strengthening job seeker engagement'.

Mr Pratt—Yes.

Senator FIFIELD—That proudly proclaims that the Minister for Human Services, Chris Bowen, and Minister Arbib 'today announced the government is strengthening arrangements for job seekers to give them the best chance of securing employment', and they go on to say:

"Centrelink will conduct regular intensive participation interviews with these vulnerable job seekers in order to promote greater engagement with job search activities, better compliance and more reliable reporting ...

When I read that release it struck me as like 'everything old is new again'. Didn't there used to be more of an intensive face-to-face interview with clients of this sort?

Mr Pratt—No. The two things which Centrelink is going to do from July are quite different from past activity.

Senator FIFIELD—Could you explain?

Mr Pratt—Certainly. Let me start at the beginning. In the jobseeker reporting world there are two requirements of job seekers. One is that they are to report frequently about anything which affects their income or their circumstances which might then result in changes to the payments they get under Newstart allowance et cetera. The second thing is that they have to report on how they are going in looking for work.

The arrangements which Centrelink will implement from 1 July strengthen these two areas. As was announced late last year by the government, the first part of those responsibilities—the reporting on income and changes of circumstances—no longer needs to be done by people coming in and providing a form to Centrelink. People are able to report that information by ringing a call centre and providing the information to rather sophisticated voice recognition software or they can do it on the internet. So there is a real efficiency there both for the customers and for Centrelink.

The second part of that is that Centrelink will, for selected customers—jobseekers who are most vulnerable, potentially, to longer term unemployment, or 'dropping through the cracks'—have intensive participation contact interviews on a regular basis. These interviews will focus very much on the individual's job search efforts. People will be asked to detail what they have been doing in looking for work. They will be asked to give evidence of that. Centrelink will drill into that information. They will have sufficient time to do things like call employers to validate that job search. These interviews are far more intensive than any that Centrelink have been able to do in the past; these two areas are quite new.

Senator FIFIELD—They are more intensive than interviews that Centrelink has been able to do in the past?

Mr Pratt—That is correct.

Senator FIFIELD—Centrelink did do these sorts of interviews in the past?

Mr Pratt—No. For many decades Centrelink and its predecessors have undertaken very quick discussions with jobseekers when they come in to lodge their fortnightly form. I have done thousands of these interviews myself.

Senator FIFIELD—They bring in their job diary?

Mr Pratt—That is right; it is that sort of thing. The interviews take a relatively short period of time. Typically there is a queue of people waiting to hand over their form. The officer will have a look at the form and ask some questions, such as, ‘Has your income changed?’ and ‘Have you looked for work?’ It might take a minute in total, on average.

These interviews are going to be far more extensive. They will focus on the labour market participation side of things, because most of the reporting on changes in income and circumstances can be done through the interactive voice recognition software and through a website.

Senator FIFIELD—Those interviews which you referred to—the one-minute interviews, of which you have done many—have consistently been done? They have not been discontinued at any point?

Mr Pratt—Certainly over the past three decades that I am aware of they have been done. They have not changed much at all during that time.

Senator FIFIELD—But over a number of years there has been the situation that, if you fail to attend those interviews, your payments will be withheld?

Mr Pratt—You have to trigger a future payment by putting a form in.

Senator FIFIELD—You do that by fronting up, by having a chat of the sort that you used to have?

Mr Pratt—That is right—except that when it is busy the form is often just handed over.

Senator FIFIELD—So what is different about these interviews? You say they are more intensive. Does that mean it is a five-minute chat rather than a one-minute chat?

Mr Pratt—That is correct, Senator. It is about five times the period, on average.

Senator SIEWERT—What time do you allocate for each interview?

Mr Pratt—On average, five minutes.

Senator SIEWERT—Five minutes per interview to drill down to those issues?

Mr Pratt—That is right.

Ms Hogg—I might add that given that we have moved the declaration part, which is now a large part of the contact, away from that five minutes, the declaration part is taking place separately. So each fortnight—and there will be many more people having to do this than currently do—a customer will be required to say what efforts they have made, whether they had any earnings and whether anything has changed before they talk to Centrelink in that five minutes. So there will be two parts to the process. It is five minutes plus. When we see the customer, we can talk about employment issues.

Senator SIEWERT—How many people are we talking about? How many are going to be classed as vulnerable?

Ms Beath—Different people, according to their risk, will have different times in which they will come in. For example, job ready people who are in their first 13 weeks of unemployment will have to come in and have one of those interviews every fortnight. Some other groups, such as young people at risk, might have to come in every four weeks to have that interview, usually because they are doing some other form of training at the same time. Then we will have other groups at six and 12 weeks. So we are going to look at those people who need that little bit extra. They will get the two or four weeks. Some people will have a six- or 12-week contact.

Senator SIEWERT—How many in each of those categories?

Ms Beath—I have some very general figures. We are still working on some of those figures. For example, there are close to 70,000 people who might have that two-weekly contact. And this is for the personal contact interview—

Senator SIEWERT—They are the job ready ones?

Ms Beath—in the job ready group. And there are around 163,000 who will have four-weekly contact.

Senator SIEWERT—As you know, a lot of those people who are vulnerable already have much more support—specific support—through the job service network. How is this going to be different from the job service network? And how does the employment pathway planning fit into this scheme?

Ms Beath—Our staff can see the employment pathway plan that the job service provider might have already put on the system for that customer. So they can have a look at some of the activities and make sure that they are reinforcing what might be going on for the job service provider. We may also have some other programs that we may be able to refer people to. We refer a lot of people to language and literacy programs. It will be a way of spending a bit more time to help reinforce these issues.

Senator SIEWERT—If the service providers were doing their jobs properly, wouldn't they have already identified and referred those people to the programs you just listed? If not, why are you doubling up that program? It seems to me the Commonwealth is investing a lot of money into that program and now you are doubling up on that.

Ms Beath—I think the sort of contact we are having will be an additional assistance to the job seeker.

Senator SIEWERT—You did not answer my question.

Mr Pratt—Senator, let me have a go. The Centrelink interviews are complementary to what Job Services Australia employment service providers will do or disability employment service providers might do. The focus is on monitoring their job search efforts, talking with them about how they are going with Job Search, discovering on a regular basis whether there are changes in their circumstances personally which might affect things like their JSCI rating and, potentially, providing additional support. The employment service providers of course are focused on overcoming the job seeker's barriers to employment and actually providing direct training and so forth.

Senator SIEWERT—With all due respect, that was what I was just told: that will be done during the interviews is exactly what the job network providers should be doing.

Mr Pratt—Perhaps I have not been very clear. What I am trying to indicate is that Centrelink will focus very much on examining efforts and gathering intelligence. Certainly those sorts of things would be provided by the employment service provider, but the employment service provider has a much greater focus on trying to overcome barriers and provide training and that sort of direct assistance with job help. Centrelink does not do that.

Senator SIEWERT—Sorry, I do not understand the last part. You said that you are looking at overcoming barriers and so does some of the media. But I thought that that was what the employment providers were supposed to be doing.

Mr Pratt—That is what I just said. I was trying to draw the distinction. The employment service provider is responsible for overcoming barriers and for providing intensive assistance. Centrelink is responsible for monitoring job search effort and gathering intelligence.

Senator SIEWERT—That is part of the employment plan and it is part of their participation requirements.

Mr Pratt—They are complementary.

Senator SIEWERT—So the employment service provider does not monitor—

Mr Pratt—I certainly hope they are.

Senator SIEWERT—I understood they were being paid to do that as part of the process.

Mr Pratt—That is right.

Senator SIEWERT—So Centrelink is now going to be doing that as well?

Ms Hogg—Senator, there are certain categories of people. For instance, one category is long-term unemployed. That is five years unemployed, therefore we need to put more help in there, with those people.

Senator SIEWERT—But the people that you are actually going to be doing the intensive stuff with are the job-ready people.

Ms Hogg—No, no—and the long-term unemployed, the five years plus.

Senator SIEWERT—What I was just told is that it is the job-ready people who would be having the fortnightly interviews.

Ms Hogg—They are fortnightly, yes.

Senator SIEWERT—So what about the long-term unemployed?

Mr Pratt—Senator, I understand where we are getting slightly at cross-purposes. In terms of the fortnightly interviews, those are focused on people in their first 13 weeks of unemployment. These are people who do not receive very substantial services or assistance from the employment service provider. If an employment service provider is actively assisting a very disadvantaged job seeker—for example, under stream 4 of the Job Services program—the Centrelink interviews will be far less frequent. They will be 12 weekly. So there is no overlap of that sort, if that is what you are worried about.

Senator SIEWERT—Have you got a table that articulates this?

Mr Pratt—Yes.

Senator SIEWERT—Can you table that, please—not take it on notice but table it so I have got it now and I do not have to wait.

Mr Pratt—We will try and get it to you as quickly as we can. I do not know that we have a table that is in suitable form for tabling.

Senator SIEWERT—I am not trying to smart, but it is just that we are not going to get the answers to these questions back for a long period of time, probably not until after the election. I would like to know this now.

CHAIR—10 July is the date for when questions on notice have to be back—

Senator SIEWERT—And I have had enough experience around this place now to know that we will not get it by 10 July. I stand corrected: it is 9 July. With all due respect—

Senator JACINTA COLLINS—But it is not uncommon for them to undertake to provide—

Senator RYAN—You are a bit quicker than the department of climate change, Senator Siewert!

Mr Pratt—We will take this up with the minister and see if we can provide it to you far quicker than that.

Senator SIEWERT—That would be appreciated.

Senator FIFIELD—To be fair to the department and Centrelink, the departments and agencies usually meet the deadline; it is that they have not been signed off in the ministers' offices.

Senator SIEWERT—Yes. I am not having a shot at the department. I am talking about the overall process.

Senator JACINTA COLLINS—Just before either of you move on from this point, can I clarify a point raised earlier, Mr Pratt. Does the phone or internet provision of information deal solely with reports in relation to income or changed circumstances, or does it also deal with the activity requirements?

Ms Hogg—We do ask questions about what efforts have been made for that fortnight, yes.

Senator JACINTA COLLINS—So if you are a person who is not at risk then that may be the extent of your need to continue to meet the agency's requirements; is that right?

Ms Hogg—Yes.

Senator JACINTA COLLINS—So in one sense you are refocusing resources on people who need more assistance.

Ms Hogg—That is right.

Senator JACINTA COLLINS—Thank you.

CHAIR—Senator Siewert, have you finished?

Senator SIEWERT—No. Is that okay, Senator Fifield?

Senator FIFIELD—I was just going to finish that particular line of questioning, but if you—

Senator SIEWERT—I was going to go off into how much time it is going to take and all those sorts of things in terms of staffing.

Senator FIFIELD—Yes, I think Senator Kroger also wants to follow up on something.

CHAIR—Can we finish off on this?

Senator SIEWERT—On who is actually going to be involved line of questioning, you mean? I still want to talk about this new process but I want to explore a few other areas.

CHAIR—Senator Siewert, if you can you continue.

Senator SIEWERT—Could we go through the additional resources this is going to take, including the number of extra staff this process is going to require and the training those people are going to have.

Mr Pratt—Let me start at a general level. It is estimated this will cost Centrelink around \$11 million per year. I am not sure I have a figure on how many staff will be involved in providing this. I will have to take that on notice.

Ms Beath—We do not have the figure for the number of staff involved here, but we can provide it on notice.

Senator SIEWERT—How do we know it is going to cost \$11 million if we do not know how many staff are going to be involved?

Mr Pratt—We have done estimates around that, but we do not have the data here, that is all.

Senator KROGER—Can you take that on notice?

Mr Pratt—Certainly.

Senator SIEWERT—What is the process? Let us go with the every two weeks. How long is the waiting time going to be? Have you factored those processes in?

Ms Hogg—We are going to change the front of office process considerably. Because we are moving the vast majority of people onto electronic means of reporting, they can either do that in the office with new self-service capability or they can do it from home. We can now move to an appointment process for these interviews so that the queuing process that we have managed for a long time now should by and large be a lot less than it has been. We will not have people in an ad hoc manner walking into a Centrelink office at any point in the day and forming a queue waiting to be seen to lodge their form. They can do that completely in their own time now and they will come to an appointment to have this interview.

Senator SIEWERT—Every five minutes?

Ms Hogg—We will schedule them obviously.

Senator SIEWERT—Twelve an hour.

Ms Hogg—The issue is that it will not be all day. There is enough, and that is not too many, in these cohorts to have that sort congestion in the office.

Senator SIEWERT—The totals are: 70,000 in two weeks and 162,000 every four weeks. How many after that? The six weekly ones?

Ms Beath—Around 179,000 for six weeks.

Senator SIEWERT—Is that the total, then—two, four and six weeks?

Ms Beath—Then there is around another 370,000 at the 12-weekly stage.

Senator SIEWERT—In terms of the extra staff resources that are going to be required, what is the level of training you are going to be requiring those additional staff to have? Are they going to be trained?

Ms Hogg—We are going to use staff that are currently performing interviews with customers in the offices. Obviously we will need to make sure that they have a standard way of addressing these interviews, per se. But, by and large, apart from telling them what the outcome of the interview is and what they need to do, they will have the skills already.

Senator SIEWERT—We know that a lot of the most vulnerable people are stream 4. They are vulnerable and they have additional very significant barriers. I suggest those people need quite a significant amount of training. To achieve the proposed outcomes of this project you would need specific training in supporting and working with people, particularly in those vulnerable streams.

Ms Hogg—We do, as you probably know, a lot of familiarisation with our staff about particular issues. We have particular learning and development exercises on people with mental health problems, et cetera. I take your point, Senator, that we do need to make sure that every body who is going to be involved in this process has up-to-date skills. But by and large my view would be that that process is in place.

Senator SIEWERT—Do you have an evaluation process in place for this new approach?

Ms Hogg—Not yet, but we certainly will.

Senator SIEWERT—Will it be in place by the time you start the process?

Ms Hogg—Yes.

Senator SIEWERT—Who will be developing that evaluation process?

Ms Hogg—The program line together with the Department of Education, Employment and Workplace Relations. It is their outcomes that we are obviously doing this for.

Senator SIEWERT—Will the evaluation process have external peer review?

Mr Pratt—That is something which I suggest you direct to DEEWR when you talk to them. They will be ultimately responsible for finalising the evaluatory approach used.

Senator SIEWERT—DEEWR will be responsible for that process?

Mr Pratt—Yes, that is right.

Senator SIEWERT—Okay, thank you. In terms of the interaction between this process and income quarantining, do you have a process in place for that?

Ms Hogg—Do you mean income management?

Senator SIEWERT—Income management. I call it income quarantining, but I mean income management. How is it foreseen that this will be rolled out in the NT in association with the existing income management process?

Ms Hogg—I could start with that, if you like. Basically, customers in the Northern Territory would be managed in the same way that they are now in terms of access to our offices and access to other means of communicating with us. That will not change. If they are not physically able to attend interviews and those sorts of things we will do mobile visiting to their communities in the same way.

Senator SIEWERT—Every two weeks?

Ms Hogg—Probably not for remote locations, no, so that will be an issue. The vulnerability of the remoteness will be an issue, so we will accommodate that in terms of the frequency that we need to see people.

Senator SIEWERT—How? What will happen if they cannot come in to an interview every two weeks, for example?

Ms Beath—We would set the reporting frequency for those people according to their conditions and according to their situation. As you know, we know the location of our customers, so we would know that they are on a remote community that perhaps has a visiting service once every four weeks. We would have to take that into account when we set the reporting frequency for the customers in those communities.

Senator SIEWERT—So the circumstances of each individual will be examined to determine whether it is two, four, six or 12 weeks?

Ms Beath—Yes.

Ms Hogg—Yes, in fact I should mention that that is a whole feature of the transition: we will look at every customer in terms of whether we think this decision about where they should sit in this process is correct.

Senator SIEWERT—This starts on 1 July?

Ms Hogg—Yes.

Senator SIEWERT—So between now and 1 July you are going to do that assessment?

Ms Hogg—Yes.

Senator SIEWERT—How is it done—by computer? Is it done by individually examining each person's case?

Ms Beath—We will be looking at ones which can be done automatically, but there will also be some where we will have to do an individual assessment, as you pointed out. It probably starts from 1 July because obviously we would need to contact particularly some of the people in remote areas and it might take us a little bit longer to make sure that we have their reporting frequency set at the right one.

Senator SIEWERT—Sorry, I may have misunderstood what you were saying then. In terms of it starting, do you mean starting the review process or the actual interview process? I was assuming, when you said 1 July, that the interview process starts as of 1 July. I may have misunderstood what you just said.

Mr Pratt—That is correct, but, for people who might be in areas where they are more difficult to contact, we might start earlier to make appointments for them, which might be after 1 July.

Senator SIEWERT—Okay. So you will start contacting people beforehand. That leads me to my next question: how do people get told about this process?

Ms Beath—There might be a variety of ways, including by letter. It could be by letter as part of that, or it may also be personal contact, because it really will depend on the circumstances of the individual.

Senator SIEWERT—Is there a process envisaged whereby you will be getting back to the employment service provider so that there is a two-way flow of information?

Ms Beath—Our systems do talk, so information put on our system can be seen by the employment service provider. If something came up that would require us to give some more advice—sometimes, for example, we might discover a vulnerability that had not been recognised by a provider—we would put that onto our system so they would get that information.

Senator SIEWERT—Can you remind me? The employment service providers spend more than five minutes with their—

Ms Beath—They do, Senator.

Senator SIEWERT—On a regular basis?

Ms Beath—For most of their customers, except perhaps for people in the first 13 weeks of their payment.

Senator SIEWERT—The first 13 weeks, yes, but for the others? I am not trying to be smart here, but if these people are doing their jobs properly I would have thought that they would be able to identify barriers and the other issues we have just been talking about. It takes a lot more than five minutes to discover them. I will go back to my original question, which is: if there is a problem, why aren't you working with the employment service providers to do that? This is \$11 million, and I am really interested in the costs on this. It is \$11 million that is provided, that this is costing—and I must admit that, given what you are talking about, it seems pretty cheap. That cost seems on the low side. Why are you not tightening up with the employment service providers if you find there is a hole?

Mr Pratt—Senator, you are venturing into the territory of policy as opposed to service delivery, but—

Senator SIEWERT—I am sure the chair will ping me any minute.

Mr Pratt—But I would like to point out that, when you look at what is being provided here from 1 July in comparison to what is being provided now, we are complementing and supplementing the work of the employment service providers in Centrelink. We are not trying to duplicate what they do. They do things far more intensively in terms of overcoming barriers and preparing people for employment. Centrelink's role is about monitoring Jobsearch efforts and the like. That is done superficially currently. For these at-risk and vulnerable job seekers, we are proposing to increase the level of service which is provided. Government has taken a decision to strengthen the system.

Senator SIEWERT—Five minutes for each person. How much are you then putting aside for each of the staff members to follow up on the work that is done with each of the people that they see? If these people are trying to help and complement what the service providers are providing, how are they going to do it after they have done the five minutes worth of interview? Is that factored into your decision making?

Mr Pratt—Of course, it will vary depending on each individual's circumstances. We are costing it on an average of five minutes. Clearly if a job seeker has some special requirements or something new turns up, the officer will be able to spend more time with them. They will be able to refer them on to more expert staff within Centrelink or, potentially, as Ms Beath pointed out earlier, they can refer them to other specialists in other organisations, including potentially alerting their employment service provider.

Senator SIEWERT—The job ready group of 70,000 are the ones who have been unemployed for less than 13 weeks?

Ms Beath—Yes, Senator.

Senator SIEWERT—What is the average time now that a newly unemployed person remains on Newstart? How soon is it until the newly unemployed are getting a job?

Mr Pratt—That is a question you should ask of DEEWR.

Senator SIEWERT—So you do not have any figures about how quickly people are coming in and going off Centrelink—

Mr Pratt—Not to hand, but I am sure we have plenty of data on how long people receive income support for and that sort of stuff. We would have to take that on notice. The question you asked is something which DEEWR focuses on.

Senator SIEWERT—I will talk to DEEWR about it next week. Thank you.

Senator KROGER—I will leave that matter, because Senator Siewert has covered it fairly extensively. What would be your estimate of wrongful claims?

Ms Hogg—Could you explain what you mean by 'wrongful'?

Senator KROGER—Wrongful in terms of claims that are made fraudulently, in whichever area.

Ms Hogg—Centrelink?

Senator KROGER—Yes.

Ms Hogg—We can probably tell you the amount of fraud that we detect, which is probably slightly different to your question, rather than trying to estimate how much fraud there is in the system.

Senator KROGER—Yes, I understand.

Mr Withnell—So far this year we have completed 16,320 investigations for potentially fraudulent activity.

Senator KROGER—What initiated those investigations?

Mr Withnell—There can be a range of factors. It can be a tip-off from the public. It can be as part of a data-matching activity we do with other agencies. They are probably the two

principal ones. There are also some particular data streams we get from some of the law enforcement and intelligence agencies.

Senator KROGER—And, of those investigations, is there a particular group of people amongst whom that is happening—for instance, in the disability support area, or claims for Newstart or Youth Allowance? Is there a commonality there?

Mr Withnell—It is actually quite diverse. It can be across all the payment types, and it can be for a range of things from non-declaration of income to employment, living arrangements, relationships, assets—it is quite a diverse group.

Senator KROGER—In how many of those investigations did you conclude that there were wrongful claims being made and were able to seek restitution of monies that had already been paid?

Mr Withnell—Of those that are completed—it is a bit hard to be precise—some of them may end up as administrative resolutions; some may end up as criminal resolutions, in terms of prosecution; and a very small amount within that may end up as a rate to continue because the investigation is not proved. I do not have a percentage—

Senator KROGER—Rather than take your time and the committee's time now, could I put on notice a request for some advice as to how many of those that were concluded and were considered to be wrongful claims—administrative, and in how many restitution was sought and if any of that has been forthcoming. One further thing: I noted—and I am happy to table this, Madam Chair, if those at the table so wish—an article. It was an article that was forwarded to me. I just need to refer to it because I do not have a copy, I am sorry.

CHAIR—Perhaps if the committee could have a look at it—

Senator KROGER—Absolutely.

CHAIR—and consider it, we could get a copy and then you could continue on.

Senator KROGER—It is in relation to concern expressed in relation to Muslim men in particular who are maintaining or alleged to be maintaining a number of wives and are therefore improperly claiming through multiple claims. I was seeking your advice on that as to (1) whether it is a problem; and (2) if it is a problem, what the extent is; and (3) what you have been able to do about that.

CHAIR—Can I just intervene to say that the committee has accepted and ordered the tabling of that document; they are just getting it copied for you.

Senator KROGER—Thanks, Chair. Mr Withnell, please go on.

Mr Withnell—We have not found many cases. There is very small incidence of that that we have come across. I am talking probably less than 20, or less than 10 perhaps—I do not have the exact figures with me. But in the investigations we have done it is a very, very small number.

Senator KROGER—I guess what I am looking for is an assurance that we actually are ensuring that multiple claims cannot be falsely made and multiple claims are actually being pursued.

Senator CAMERON—Is this only for Muslims, or is this for everybody? It is only Muslims who have made these false claims—is that right?

Senator KROGER—No, I have actually been—

Senator CAMERON—Oh, give us a break!

CHAIR—Senators, can I just remind you—

Senator CAMERON—You people are pathetic!

CHAIR—Senator Cameron! Senators, can I just remind you—it is getting late in the evening and I do appreciate that everyone is tired—that we have limited time left.

Senator KROGER—Senator Cameron, if you had actually been listening over the last 10 minutes you would have heard I have been asking about fraud.

Senator CAMERON—I didn't ask to wake up halfway through your question!

Senator KROGER—Well it's good that you're awake now!

CHAIR—Senator Kroger, would you like to continue with your question?

Senator KROGER—Mr Withnell, if you can get back to us on that as well that would be great.

Senator RYAN—There has been some media coverage about potential discussions between Centrelink and Australia Post. Have there been any discussions between Centrelink and Australia Post about Australia Post being utilised for delivery of Centrelink services?

Ms Hogg—No.

Senator RYAN—No discussions underway at all?

Ms Hogg—No discussion.

Senator RYAN—Tender No. RFTS10/0050—you might be familiar with it—

Senator FIFIELD—It's one of the favourites.

Senator RYAN—It may well be when I read it out. It is a \$600,000 to \$900,000 contract for a national media analysis solution. What is the scope of that media analysis that is being paid for?

Ms Barbour—I do not have that information with me. I wonder if we could take it on notice?

Senator RYAN—Okay. Could you take on notice the scope of the analysis and, if possible, the brief you provided the media service for that—I am not sure if it is just a clippings service or an analysis service as well—and whether or not the analysis is made available to the minister's office.

Ms Barbour—Yes, we will take that on notice.

Senator SIEWERT—I want to go to income management and the amount of money that has been set aside in the budget. Could we clarify what some of that funding is for. Could you tell me how much money has been allocated in the budget for income management for the new process—if the legislation goes through? I am trying not to go into the specific issues around the NTER, because we will deal with that on Friday.

Mr Tidswell—We will get that from our CFO colleague to make sure we get the exact figure for you.

Mr Burgess—I will get one of my colleagues to get the actual amount but it is approximately \$88 million per year.

Senator SIEWERT—And you have been allocated funding for three years?

Mr Burgess—Three years I think.

Senator SIEWERT—Could you tell me what you intend funding under that \$88 million.

Mr Tidswell—The money there is to fund the build of an IT system, it is to fund the training of staff and it is to fund the extra visiting services and interviews we will have to conduct across the Northern Territory.

Senator SIEWERT—How many additional staff do you anticipate putting on for that?

Mr Tidswell—I will have to consult my colleague Roxanne Ramsey.

Ms Ramsey—I am sorry, Senator. Up the back I could not hear your question.

Senator SIEWERT—How many additional staff are you going to be putting on for running this extension of the program?

Ms Ramsey—There are no additional staff, as such, being put on, because currently there is income management being delivered within the Northern Territory. The effort will change because, depending on the legislation going through, it is no longer just in the remote or designated communities but is generally for designated groups of people across the Northern Territory.

So what we are currently doing is looking at how we need to shift the effort to extend income management into other parts of the Territory, for example across Darwin. So the community service centres that currently are there in terms of normal Centrelink services are being trained and staff there are being developed to be able to deliver income management, although currently they are familiar with it anyway because of it being there.

Senator SIEWERT—So of the \$88 million how much is for IT, how much for training staff? Can we break down the budget?

Ms Ramsey—I can break it down, but I do not have had with me. I am happy to take that on notice.

Senator SIEWERT—That would be appreciated. In terms of the three-year process, the announcement has been made that it is going to run for an extra two years and then trialled for the Northern Territory. That is correct, isn't it? The new process is supposed to be run for two years in the Northern Territory and then there will be an evaluation process.

Ms Ramsey—The legislation is still before the House; it has not been passed. But, yes, there is a plan that has been announced by the minister, as I understand it, that, depending on the evaluation, there is potential for it to be extended.

Senator SIEWERT—This may be my fault in terms of asking for the \$88 million per year. Could we just clarify how many years the \$88 million per year has been allocated for?

Mr Tidswell—My understanding is that it is over three years, but we will check.

Mr Burgess—I have to stand corrected. The actual cost for 2010-11 is \$82.8 million. For 2011-12 the cost is \$76 million, for 2012-13 \$69.7 million. It does go out to a fourth year, 2013-14, \$70.2 million.

Senator SIEWERT—And that is specifically for income management for the Northern Territory.

Mr Burgess—For the Northern Territory.

Senator SIEWERT—If you could provide on notice the breakdown of the actual costs, IT, training; what else is on the list? I am not looking for the figures now, because I appreciate what you have just told me.

Ms Ramsey—It is remote visiting teams, it covers some additional money into agent fees. There is a range of things that it covers: travel, accommodation.

Senator SIEWERT—My last question. Is there money factored in for evaluation?

Mr Tidswell—That is a matter for FaHCSIA.

Senator SIEWERT—I will be following up with FaHCSIA on that one.

Senator ABETZ—In relation to vetting claims or looking into potential fraud et cetera, there seems to be a huge impost put onto small business. One example that I have been provided is that this business has received not less than 10 requests for three months of information on employees who have Centrelink dealings. It was 10 requests for 73 people. This is especially the case in small country towns where a lot of the workers are part-time and also partial Centrelink recipients. Why can't Centrelink ask the Centrelink recipient or Centrelink client for their pay slips and then the bank statements and then verify to see that the pay slips match with the bank statement of the Centrelink client, as opposed to requiring the small-business person—usually it is of a night, after hours, that they have to do this—to go through the books and trawl through three months of work, photocopy it or whatever, and send it in. Especially in small country towns where there is a lot of mixing and matching of Centrelink recipients and part-time workers, this would help.

Mr Withnell—It is hard to be specific about the forms or requests that went out.

Senator ABETZ—This is a general request from Centrelink. If I could be cheeky, given the shortness of time, I put it to you for your consideration that you ought to get some of this impost off small business and get your own verification in a way that does not put that impost on them.

Mr Pratt—We will have a look at that. I think some of that does actually happen, but we are certainly interested in reducing the load on people where we can.

Senator ABETZ—If small businesses were advised that they are only being asked as result of Centrelink having tried to confirm it all with the Centrelink client then I think they might be more responsive and willing. They might be the first port of call because they are most convenient and the easiest target. I will move on to the Freight Equalisation Scheme. Are the mechanisms now in place for electronic lodgement?

Mr Tidswell—I know you are well briefed on this matter. You received some answers to questions last evening.

Senator ABETZ—You were watching the rural and regional committee hearing.

Mr Tidswell—So we assume that you are pretty well versed in this topic. As we told you last estimates, we do accept the online claim. We are looking to get the documentation that supports that claim sent to us electronically as well. So we are in the process of putting in place a trial to test that.

Senator ABETZ—Good. That is what I meant: having the supporting documentation accepted electronically.

Mr Tidswell—Like you, we are keen to make this as efficient and productive as possible. Claims continue to increase, so we are keen to continue our good work. We are on top of the backlog and we want to maintain that improvement.

Senator ABETZ—Are there mechanisms in place to ensure that we do not get another backlog?

Mr Tidswell—We are in conversations with the department. We continually have these conversations about our funding envelope for the next financial year and our work processes so that we can put in place the best solution, the most streamlined solution, to deal with what is an extraordinary increase in the workload.

Senator ABETZ—All I seek to do is to impress upon you that these payments are very important for the cash flow of a lot of small businesses. I will leave that with you. I wish you well in your endeavours in that regard.

Senator CAMERON—Mr Pratt, who is your polygamy expert?

Mr Pratt—I will just look around and see!

Senator CAMERON—First of all, Chair, with regard to this document that has been tabled, I notice it has been addressed to Ms Anna Burke MP and not Senator Kroger. I also note that there is no reference to where this article came from. I am not sure what newspaper it is from. Is there any clarification on that?

CHAIR—I did make the comment when it was handed to me that it did not have any identification of the paper. I also commented that the print is very small.

Senator KROGER—I can give clarification. It was in the *Herald Sun*.

CHAIR—Thank you very much.

Senator CAMERON—That says a lot. Ms Beath, is it only Muslims who are in polygamous relationships, that you are aware of?

Ms Beath—The policy that we have on dealing with polygamous relationships does not mention a religion; it just talks about multiple relationships.

Senator CAMERON—But is it only Muslims, as is indicated here, or are there Anglo-Saxon couples in polygamous relationships?

Senator FIFIELD—You watch *Big Love*, do you, Senator?

Senator CAMERON—I was around in the sixties.

Senator FIERRAVANTI-WELLS—I would not be boasting about that.

Senator CAMERON—I have read about what happened.

CHAIR—Senators, can I just remind you that people are very precious about the limited time that we have left. Interjections are not helpful to the proceedings.

Senator CAMERON—I should not trivialise this. I am sorry. It is a serious issue.

CHAIR—It is a serious matter. Senator Cameron, do you have a further question?

Senator CAMERON—Yes, I have. This *Herald Sun* report is headlined ‘You pay for extra wives’. Is that accurate in terms of Centrelink? Does Centrelink pay for extra wives?

Ms Beath—There is a FaHCSIA policy which tells us how to treat people in multiple relationships. It depends on the circumstances of the relationship, but in effect, if that were the case, the partners would all get, if you like, half married rate, so the lower rate.

Senator CAMERON—So basically people can make a choice to live in whatever arrangement they want to live in but you would treat them as being at the lower rate. So they would be paid less, as if they single. Is that correct?

Ms Beath—Correct.

Senator CAMERON—So maybe the Commonwealth is saving money in that arrangement.

Ms Beath—I think the policy is from the Department of Families, Housing, Community Services and Indigenous Affairs. I think it is probably good to direct those questions to them.

Senator CAMERON—Is it? Okay. This report says:

A 2008 report by the women’s group found Centrelink payments had encouraged polygamy in a small section of the Islamic community.

Are you aware of that report?

Ms Beath—No, I am not.

Senator CAMERON—Thanks.

CHAIR—Senator Fifield.

Senator CAMERON—I am just glad they were not trade unionists as well! We would be in real trouble with this mob!

CHAIR—Senator Cameron, interjection is not helpful.

Senator FIFIELD—I am not going to continue with the *Big Love* theme here. I just have a very quick question on the future of the rural service officers. Are they under threat?

Mr Tidswell—As a result of some budget decisions that have been made, we are in the process of reviewing for next financial year the role and function of our rural service officers across Australia. We have not resolved how we are going to work through that. We are in the process of considering next year’s allocations, workload and activity.

Senator FIFIELD—How many positions are there at the moment?

Mr Tidswell—I do not quite have that.

Ms Beath—There are around 60 rural service officers.

Senator FIFIELD—So they and their role are under review and the future is not guaranteed for them. That would be fair to say.

Mr Tidswell—That is correct.

Senator FIFIELD—Thank you. Can you provide a list of the rural service officer positions by location—the number?

Mr Tidswell—We will take that on notice.

Senator FIFIELD—Thank you. So there have not been any that have been removed?

Mr Tidswell—Not at this stage as far as I know.

Senator FIFIELD—When you say ‘looking at it for the coming financial year’, you are talking about the 2010-11 financial year?

Mr Tidswell—That is correct.

Senator FIFIELD—Were you saying that there are some that will definitely be scrapped or that you were just reviewing?

Mr Tidswell—I did not use those words, but we are reviewing the allocation across the country in regard to that.

Senator FIFIELD—So there is a question mark over them. Thank you.

CHAIR—As I understand it, that concludes Centrelink.

[10.28 pm]

Medicare Australia

CHAIR—Welcome, Ms Briggs. It has been a long wait for you, but I am sure it will be worthwhile. I welcome other officers here tonight. Do you have an opening statement, Ms Briggs?

Ms Briggs—No, I do not have an opening statement.

Senator FIERRAVANTI-WELLS—Medicare Australia, according to the budget papers, will be receiving new funding for the implementation of the hospital plan. Because you are a fee-for-service organisation, I assume you do your estimation of costings depending on the service that you are going to deliver. So presumably you go through a process of assessment of the number of transactions that you are going to undertake?

Ms Briggs—Yes.

Senator FIERRAVANTI-WELLS—And so with this—I notice that on pages 82 to 83 of the Human Services Portfolio paper there is a series of new or existing programs that you will now inherit, and you will go through this process. What are the assumptions that underlie those costings that you have put in there?

Ms Briggs—If I may, I will refer you to Mr Doug Fawns, who is the Acting Head of our Health Programs Division and who is intricately involved in those costings.

Mr Fawns—As with all costings, our agency undertakes robust processes in terms of determining what the assumptions are that we are required to undertake to deliver the policy outcomes.

Senator FIERRAVANTI-WELLS—Do you determine the assumptions?

Mr Fawns—No, we take the policy assumptions and then look at what the implications are for our agency in delivering those policy objectives.

Senator FIERRAVANTI-WELLS—So that is what you have done with the new plans for the hospital network?

Mr Fawns—Yes, that is correct.

Senator FIERRAVANTI-WELLS—When were those assumptions undertaken?

Mr Fawns—Very recently.

Senator FIERRAVANTI-WELLS—As in what date?

Mr Fawns—As in just leading up to the federal budget.

Senator FIERRAVANTI-WELLS—Give me a month. When were you tasked to undertake this?

Mr Fawns—Over a period of time within, I would suggest, the last six months.

Senator FIERRAVANTI-WELLS—When were you first given instructions in relation to this? You must know a precise date. This is a major activity that you are going to be undertaking.

Ms Briggs—If I can perhaps follow up—

Senator FIERRAVANTI-WELLS—You must have had first—

CHAIR—Senator Fierravanti-Wells, you have asked your question. Can you allow the witnesses to attempt to answer.

Ms Briggs—More often than not in the development of policy proposals there is an iterative process that departments go through. They can ask for any number of things to be costed, which can be a broad range of initiatives. Over time they progressively tighten up those approaches. This happens with things like the Fifth Community Pharmacy Agreement and, similarly, the health and hospitals reform package. That is why it is difficult for Mr Fawns to give a precise definition of when that first request might have come in.

Senator FIERRAVANTI-WELLS—I would ask you to go back, have a look and take it on notice. I would like to know when you were first asked in relation to all those matters listed at pages 82 to 83. Please provide me with the date when you were first asked and the assumptions that underlie the costings that you have come up with. You have obviously got a system where, when you have a new program, you go through these procedures et cetera. So you have obviously had a lot of experience with this through PBS and MBS and established procedures?

Ms Briggs—Yes.

Senator FIERRAVANTI-WELLS—In some areas, it is undertaken as best practice. You have just told us that in relation to the hospitals program it could be up to six months. Can you tell us the procedures that preceded the work that you undertook in relation to the Home Insulation Program? Did that receive the same degree of scrutiny that perhaps the hospitals and other projects received?

Ms Briggs—I am not in a position to advise you on that. I was not in fact in this position at the time of that decision-making, but I will refer to my Chief Finance Officer, who might be able to help.

Ms O'Brien—The procedures are similar for when we design and cost any new piece of work that we are asked to perform. What typically happens is that we are approached by the policy agency, who would give us some policy outcomes they are looking to deliver. They might talk to us about the types of delivery mechanisms they would like and we would talk about the assumptions: the types of customers, the number of transactions et cetera. We would then work to design what that solution might look like. It might involve the development of an information technology system; it might involve us talking about how much time our staff out in the network might require to undertake particular transactions. We design what this service model will look like and then we go through a process to cost how much it will be to build and implement that service model. A similar approach was adopted for work on the insulation program.

Senator FIERRAVANTI-WELLS—When did that first start?

Ms Briggs—We will get you a date for that on notice, as I promised for the other initiatives.

Senator FIERRAVANTI-WELLS—Could you also give me the assumptions underlying the costings that you first provided to, I assume, the department of the environment or whatever iteration they were. That is where the request came from for the costings for the program?

Ms Briggs—Yes.

Senator FIERRAVANTI-WELLS—Okay. Not Prime Minister and Cabinet?

Ms Briggs—Not to my knowledge.

Senator FIERRAVANTI-WELLS—Have you had any involvement with Prime Minister and Cabinet in relation to this?

Ms Briggs—I have not personally, no.

Senator FIERRAVANTI-WELLS—Can you take on notice the involvement of Prime Minister and Cabinet or any other department in relation to assumptions pertaining to this project.

Ms Briggs—Yes.

Senator FIERRAVANTI-WELLS—The reason I am very interested in this is that in the introduction to chapter 5, 'Information Technology', of your annual report you say that:

... new services were delivered for the Australian Defence Force Family Healthcare program and the Homeowner Insulation Program and Low Emission Assistance Plan for Renters ...

Over the page, on page 124, you refer to:

- the rapid development of an online registration and web claiming components for the Home Insulation project in partnership with the Department of Environment Water Heritage and the Arts to enable payments to commence from 1 July 2009.

Is 'rapid development' a quaint term for something that was very rushed and hurried? That is why I would like to understand the time component, Ms Briggs, because you have gone to

great lengths to tell me about the time that you have taken for other aspects. What does 'rapid development' mean in your annual report?

Ms Briggs—I am more than happy to come back to you with the time we had to prepare that costing, Senator, as part of my response to you. But you are correct: when the government put together the package in response to the global financial crisis there was a great degree of urgency associated with trying to keep people employed within the economy. So one of the reasons that Medicare Australia was in fact asked to perform this work was that we had a capability to pay installers electronically and quickly.

Senator FIERRAVANTI-WELLS—That is fine about the payment, because the annual report is explicit about online registration and web claiming components. I am interested in some further detail about the procedures that you went through for the online registration component of it. You talk about it being a rapid development; what does rapid mean? What procedures were put in place? Can you tell me a bit more about that.

Ms Briggs—Senator, I was serious. I was not in this position at the time that this matter was developed.

Senator FIERRAVANTI-WELLS—Can somebody tell me? I would have thought this had had sufficient publicity for there to be somebody in your area who could assist.

Ms Briggs—Let me see if there is someone who can help.

Mr Jackson—I was involved as part of the group inside Medicare that looked at the development of the home insulation project. As the CEO just mentioned, Medicare was asked to do this in part because of its capability to put a registration process in place very quickly using some technology that we had already developed.

Senator FIERRAVANTI-WELLS—What were the components of the registration? Obviously it included who the payments would go to and where the payments would be made, but what detail did you ask for as part of the online registration?

Mr Jackson—The online registration process identified who was registering to do the installation process and information about where the payments were to go. Information such as ABNs, names and telephone numbers was gathered. I do not have a comprehensive list with me, but it was all the normal process that you go through to establish the identity of the person making the claim.

Senator FIERRAVANTI-WELLS—It is the same concept as the various processes you already have that set out the procedures for doctors—the PBS and the MBS—and that takes four to six weeks or however long it takes. That is my question. Did you do this in one week, two weeks? How long did it take?

Mr Jackson—The development of the registration process?

Senator FIERRAVANTI-WELLS—Yes. It talks about rapid development of the online registration—the web claiming components. How long did it take to put this together?

Mr Jackson—It was a matter of some months. It did not happen overnight. I cannot tell you the exact time, but it was some months.

Senator FIERRAVANTI-WELLS—You did it all online? There was no face to face? I could just come along and register online and be a shonky operator. What checks and balances did you undertake?

Ms Golightly—The checks and balances and qualifications for online registration are decided by the department of the environment as the relevant policy agency. We were asked to build a system to record that. It is about understanding the role that Medicare Australia played and the role the policy department played.

Senator FIERRAVANTI-WELLS—Your instructions for the parameters of the registration came from the department of environment?

Ms Golightly—That is correct.

Senator FIERRAVANTI-WELLS—So they said, ‘We need A, B, C, D, E, F, G information about a particular organisation or installer’ and you build a system for registration that meet that requirement?

Ms Golightly—That is correct.

Senator FIERRAVANTI-WELLS—In view of your experience and expertise in the past in relation to other areas, did you offer any expertise in relation to the suggestions that were put to you, about the adequacy of what the department may have been saying to you?

CHAIR—There are a number of questions there. Could we allow the witness to respond before we go on. There just seems to be a lot of rapid questioning.

Ms Golightly—Thank you, chair. Senator, we are not experts in the insulation industry so it was not our place say what needed to be registered or not. We did, I understand, provide advice about what an online system should look like, but that was about the process of registering, not about qualifications or experience.

Senator FIERRAVANTI-WELLS—I am not asking in that sense. As the organisation has effectively done this for other procedures, did you offer your expertise in relation to the parameters that the department was requesting? Did you simply respond to and provide what Environment wanted or did you lend your expertise from a practical or IT perspective?

Ms Golightly—Certainly from the IT perspective and what an online system might look like—what sorts of bank details and that sort of thing we would need to have. Mr Jackson will correct me if I am wrong, but it was things like being able to uniquely identify ABNs and that sort of thing. Yes, we provided that.

Senator FIERRAVANTI-WELLS—The detail obviously drilled down to where the payments were to be made. What about other details such as where the work was to be undertaken? Was this a one-page form, a two-page form? What form did it take?

Mr Jackson—Those sorts of details were not part of the registration process, because obviously the installations could take place anywhere over a period of time. This was about the firm that was registering to undertake the installation of the insulation over time. So the information that we gathered was to do with the identification of who that might be and where payments might be made.

Senator FIERRAVANTI-WELLS—At page 81 of the human services portfolio budget statement, can you take me through the figures under the heading ‘Third party payments from

and on behalf of other agencies'. I assume that the amounts set out there are for the Department of the Environment, Water, Heritage and the Arts and the Department of Climate Change and Energy Efficiency. Can you tell me what the figures \$98 million, \$582 million and \$1.3 billion are for? Are they part of this insulation program?

Ms O'Brien—They are the program payments that were made under the scheme as opposed to the installers.

Senator FIERRAVANTI-WELLS—For that period it was over \$2 billion, for which you received—do I understand correctly, Mr Jackson, from reading that—\$9.8 million for that service. Is that correct?

Mr Jackson—Yes, I think that is right.

Senator FIERRAVANTI-WELLS—Given the amounts that we are talking about, did that entail extra staff?

Mr Jackson—Yes, we did recruit some extra staff or deploy some staff to that work.

Senator FIERRAVANTI-WELLS—At page 85 of that document, under 'Program 1.3: delivery of other benefits and services departmental', is the line 'Revenues from independent sources'? Could you explain to me why you go from \$80 million in 2009 to \$33 million in 2010?

Ms O'Brien—Those numbers tend to increase during the course of the year as new work comes into the agency. The most notable difference between the \$80 million in 2009-10 and the current estimate for the 2010-11 financial year is that in the 2009-10 financial year we had significant contract revenue with the National eHealth Transition Authority for the development of the Unique Health Identifier. We do not have contract revenue agreed yet for any of that work this year.

Senator FIERRAVANTI-WELLS—So, in other words, that \$50 million or so is purely identifier work?

Ms O'Brien—I think \$34 million of that relates to the health identifier work.

Senator FIERRAVANTI-WELLS—What about the rest?

Ms O'Brien—Another part is the work that was done last year for Environment that you spoke about. There is another \$9 million there that has not come in yet, and the rest is made up of just little bits and pieces of work—

Senator FIERRAVANTI-WELLS—Could you give me a breakdown of that, if you do not mind. In other words, if the moneys have come through and been paid out by Medicare, does it come within your purview to recover those moneys? Is Medicare involved in the recovery of any moneys from installers? There was talk about that.

Ms Golightly—I will check this, Senator, but I am pretty sure that that is a matter for the department of environment. In fact, I am virtually positive it is, unless someone corrects me.

Senator FIERRAVANTI-WELLS—Under the special accounts, I noticed a paragraph about trust moneys. If you were the recovery agent, I wondered whether there might have been some trust money there on behalf of—

Ms Golightly—No.

Senator FIERRAVANTI-WELLS—There is not. You just simply pay it out and it is up to Environment to recover whatever moneys that it undertakes.

Ms Golightly—Yes.

Senator FIERRAVANTI-WELLS—Having gone through the experience with pink batts, we now move to the hospital system. I guess to some extent we have learnt from those processes. In relation to some of the work that you are now going to undertake with the national hospital system, are there any similarities there that you will have learnt from experience?

Ms Briggs—We try and learn constantly from experience. I could point out in this context that health has been our mainstream business for a good while. There are tried and true practices and, more often than not, we are building on existing programs which we are quite familiar with.

Senator FIERRAVANTI-WELLS—You have obviously been given new work as part of hospitals. A lot of aged-care payments go through Medicare as well. Does that mean that you will do the one-stop shop as well?

Ms Briggs—It is not my anticipation that we will, no.

Senator FIERRAVANTI-WELLS—You are not? Mr Fawns, can you shed some light on that? You are not going to be doing that?

Mr Fawns—No, that is not the current indication that we have got from the Department of Health and Ageing. They are still considering how they will implement and undertake that, and I would suggest that would be a question to ask the Department of Health and Ageing.

Senator FIERRAVANTI-WELLS—You have not been approached at all in relation to it?

Mr Fawns—No.

Senator FIERRAVANTI-WELLS—That is interesting. Perhaps some other department has similar expertise. Perhaps this might even be run through Health and Ageing or the Prime Minister's department.

CHAIR—Do you have another question, Senator?

Senator FIERRAVANTI-WELLS—I do have some more questions. I refer to pages 47 and 48 of your annual report. You talk about an expansion of aged-care forms—an extra 14 added during the year. Could you tell me, just out of interest, how many aged-care web forms you do have on your system?

Mr Hancock—We have been working with the aged-care sector for the last couple of years to put in place a number of online claiming web forms. For the residential side we have in place web forms that allow us to do admissions, departure events, claiming events and other extra services that are required. So we have put in place electronic transmissions that work with aged-care services to be able to finalise a claim.

Senator FIERRAVANTI-WELLS—In the interests of time, I will put some more questions about that on notice. I notice that you have information lines for people to ring in about the immunisation services incentive payments and program.

Ms Golightly—Yes.

Senator FIERRAVANTI-WELLS—I thought that program had been abolished, but you have still got an information line in relation to it.

Mr Czabania—As far as I am aware, the information line has not been abolished for the childhood immunisation register.

Senator FIERRAVANTI-WELLS—But I notice budget papers for 2008-09 say the practice incentive program, removal of general practice immunisation service incentive payment, was abolished, so perhaps you might like to just check. If the program is abolished I am interested to see that the information line is still there and I wonder whether a fee is still being paid in relation to that. Please take that on notice.

Ms Golightly—I think there may be a difference between an incentive program for immunisation and the immunisation program. We will take it on notice.

Senator FIERRAVANTI-WELLS—Where in your program do you look at Medicare fraud and fraud in relation to Medicare cards? Is that something that you deal with?

Ms Golightly—Yes, we have our compliance area that looks at things like that.

Senator FIERRAVANTI-WELLS—Where is that listed?

Ms Golightly—It is not a program; it is in admin services.

Senator FIERRAVANTI-WELLS—You have said you investigate evidence of fraudulent use. How many cases have been investigated? Can you give me some statistics on that?

Mr Bridge—We do around 3½ thousand audit cases per annum. In that there would be about 130 fraud investigations. Fraud is really focused on the criminal element of fraud.

Senator FIERRAVANTI-WELLS—What about instances of non-Australian citizens fraudulently using Medicare cards? Are you aware of that? Does that come within any of the matters that you have investigated?

Mr Bridge—Our investigations go to claims against the Medicare programs. If those cards have been used for fraud in other arenas, they would be outside our ambit.

Senator FIERRAVANTI-WELLS—Let me give you an instance. I notice that you do some work for Immigration as well, so perhaps this might form part of that. This is an instance where women of a particular overseas background are coming to Australia to give birth—

Senator CAMERON—They aren't refugees, are they? No wonder Malcolm Fraser gave you the flick.

Senator FIERRAVANTI-WELLS—Senator Cameron, I know it is five to 11.

CHAIR—Senator Cameron, order! Senator Fierravanti-Wells has the call.

Senator FIERRAVANTI-WELLS—These are instances where women are temporarily in Australia giving birth to children. The reason I ask is that I have one example at a hospital; a particular practitioner has provided this information. When they checked the system, they found that a particular woman with the same address and the same Medicare details had given birth five weeks before another woman. Do you understand the scenario? I do not want to go into the details. A woman gives birth, and then five weeks later another woman comes in and gives birth using the same Medicare details. Is that the sort of thing that—

Mr Bridge—If that went to a Medicare claim or a pharmaceutical benefits claim, we would be very interested in investigating that matter.

Senator FIERRAVANTI-WELLS—Can you take on notice the instances where you have had claims in relation to using the same Medicare details.

Mr Bridge—I will take it on notice.

Senator FIERRAVANTI-WELLS—Thank you. Could you tell me the expected cost of fraudulent use of Medicare cards by non-citizens. Is that something that—

Mr Bridge—It is not something that I can put a figure on.

Senator FIERRAVANTI-WELLS—Could you take that on notice.

Senator Ludwig—Just to be clear, what is the officer taking on notice.

Senator FIERRAVANTI-WELLS—I have asked for information in relation to non-Australian citizens. Are there instances of fraudulent use of Medicare cards that the officer is aware of? If some do exist, could he provide me with some statistics and some details in relation to that. If so, what is the cost of fraudulent use of Medicare cards, if an issue does exist—if it is one or two or three or 10? What is the cost of that? I have tried to use an example that does not—

Senator Ludwig—I was making sure the officer understood what he was taking on notice.

Senator CAMERON—Could you give us some costings for fraud involving Australian citizens as well.

Mr Bridge—I can give you information in relation to the actual cases that we may have had in those areas; that is all. We obviously would not have any information beyond that.

Senator FIERRAVANTI-WELLS—My initial question was: does Medicare investigate evidence of fraudulent use of Medicare cards? How many cases have been investigated? What are the grounds for that misuse? That was the beginning of my questioning, and then I went on to ask specific questions about non-Australian citizens.

CHAIR—We are running out of time, Senator Fierravanti-Wells, so rather than repeat the question—

Senator CAMERON—She dog-whistles on big-time.

CHAIR—Senator Cameron, it is getting very late in the evening and you are holding up proceedings.

Senator FIERRAVANTI-WELLS—In terms of the health identifiers, what sort of work are you doing? Given that the legislation has not yet passed the Senate, what is the nature of the work that you are doing at the moment?

Ms Bird—We are completing work on behalf of the NEHTA, the National E-Health Transition Authority, to build computer systems and to design processes and operational activities so that, should the legislation be passed to give effect to the healthcare identifier, Medicare Australia would be in a position to deliver that service.

Senator FIERRAVANTI-WELLS—Could you take on notice how much work Medicare Australia has done since the concept of e-health was first introduced, going back to the

previous government as well. Could you take on notice the amount that has been expended on this project to date.

Ms Bird—Certainly.

Senator FIERRAVANTI-WELLS—Thank you. I have one last question. We canvassed this in the identifiers. What is the issue in relation to staff that have left over the last financial year in relation to breach-of-privacy issues?

Ms Briggs—I do not understand the question.

Senator FIERRAVANTI-WELLS—Over the last financial year, how many staff have either left or in any way been disciplined? Have there been breaches, or alleged breaches, of privacy matters in relation to inappropriate access to Medicare information?

Ms Briggs—If you can bear with me, I will just find the results for the last year. Up to the end of December—so over the first six months of the financial year—50 people have been subject to breaching arrangements.

Senator FIERRAVANTI-WELLS—What ultimately happened? Are any of those people still with the department? Can you give me the breakdown of—

Ms Briggs—Can I take that on notice.

Senator FIERRAVANTI-WELLS—Yes, please. Please give me a breakdown of what has happened with the 50. Thank you.

Ms Briggs—Sure.

CHAIR—Before we conclude this evening, I remind committee members that questions on notice must be received by the secretariat by the close of business on Monday, 31 May. That is for questions that committee members want to place on notice. I take the opportunity to thank Hansard for recording these proceedings. I thank the secretariat and those acting on behalf of the secretary. I thank Mr Pratt, Ms Briggs, the minister and officers. Travel home safely, and we will see you next estimates.

Committee adjourned at 11.02 pm