



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## **SENATE**

RURAL AND REGIONAL AFFAIRS AND TRANSPORT  
LEGISLATION COMMITTEE

ESTIMATES

**(Additional Estimates)**

FRIDAY, 20 FEBRUARY 2004

CANBERRA

BY AUTHORITY OF THE SENATE



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**SENATE**  
**RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION**  
**COMMITTEE**  
**Friday, 20 February 2004**

**Members:** Senator Heffernan (*Chair*), Senator Buckland (*Deputy Chair*), Senators Cherry, Colbeck, Ferris and O'Brien

**Senators in attendance:** Senators Colbeck, Heffernan, Lundy and O'Brien

**Committee met at 9.00 a.m.**

**TRANSPORT AND REGIONAL SERVICES**

**CHAIR**—I declare open this public hearing of the Senate Rural and Regional Affairs and Transport Legislation Committee. Today the committee will continue its consideration of additional estimates for the Department of Transport and Regional Services. I propose to call on the estimates according to the format adopted in the printed program. I understand it is the committee's wish to continue with 5.1, Transport programs. Answers to questions on notice and additional information should be received by the committee no later than Friday 2 April 2004. The committee has authorised the recording and rebroadcasting of these proceedings in accordance with the rules of the order contained in the order of the Senate 23 August 1990.

When officers are called upon to answer a question for the first time it is requested they state their full name and the capacity in which they appear. Please speak clearly and directly into the microphones to assist the *Hansard* reporters recording the proceedings. Officers are reminded that the Senate has consistently decided, by way of continuing resolution, 'that there are no areas in connection with the expenditure of public funds where any person has the discretion to withhold details of explanations from the parliament or its committees unless the parliament has expressly provided otherwise'. Officers are also reminded that an officer of the department or Commonwealth or state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. Finally, witnesses are reminded that the evidence given to the committee is protected by parliamentary privilege. I also remind you that giving of false or misleading evidence to the committee may constitute a contempt of the Senate. Does anyone want to make an opening statement? If not, we will get into it.

**Senator O'BRIEN**—We had tables provided at the last estimates hearing which detailed, for example, RONIs by state, how much is committed each year and the total cost of the project. Can that table be brought up to date? In addition, can we be advised how much money has been spent to date in each year since the commencement of the project? In relation to black spots, is it possible to provide a table showing a state by state breakdown of the total funds in black spots programs over the forward estimates and, for each state, how much has been allocated each year to specific projects?

**Mr Doherty**—We can take that in a couple of parts. In relation to providing an update of the tables, we certainly can do that. In relation to the expenditure year by year, the table as it

stands has an aggregate expenditure figure for each project. Do I understand that you would like that teased out so it is not just an aggregate figure for expenditure so far but expenditure by financial year going back?

**Senator O'BRIEN**—Yes.

**Mr Doherty**—We can certainly provide that.

**Senator O'BRIEN**—And can you provide a list of programs due to terminate or be completed by the end of this financial year?

**Mr Doherty**—Certainly, Senator.

**Senator O'BRIEN**—On 22 January this year the minister, Mr Anderson, announced the extensions of the Roads to Recovery program for a further four years and the abolition of the Fuel Sales Grant Scheme. That announcement stated that the final details of the AusLink white paper, together with the first five year national land transport plan, will be released around the time of 2004-05 budget. Is that still the plan?

**Ms Briggs**—Yes, it is.

**Senator O'BRIEN**—So the final funding details for the first five years of the plan will be released at that time?

**Ms Briggs**—It is still the plan. It is always open to the government to announce something whenever it chooses. I am really in their hands.

**Senator Ian Campbell**—That is our intention. There are lots of variables. One of them is discussions with the states, for example, which have been generally constructive recently.

**Senator O'BRIEN**—The announcement states that \$800 million of the \$1.2 billion for the extension of the Roads to Recovery program can only be spent on roads and will be allocated by formula. Is this funding considered to be the non-strategic component of the Roads to Recovery program?

**Senator Ian Campbell**—The answer is yes.

**Senator O'BRIEN**—We understand this funding can be used for improvements to roads, footpaths and cycle paths and for lighting and other similar roadside amenities but not for machinery or staff training. Are they the options that were available under the current Roads to Recovery scheme?

**Ms Armitage**—The training is not part of the present Roads to Recovery.

**Senator O'BRIEN**—Can councils currently use the money on footpaths?

**Ms Armitage**—I understand so, yes.

**Senator O'BRIEN**—Can councils currently use their Road to Recovery money for roadside amenities and if so, what are these? Are you referring to truck stops or roadside picnic areas or the like?

**Ms Armitage**—Senator, I would have to take that one on notice in terms of its detail.

**Senator O'BRIEN**—The remaining \$400 million—

**Senator Ian Campbell**—Can I add there Chair, because I think it would be useful to the senator and to the committee, that the government's intention for the \$800 million part of the program is to pretty well see it follow the same formula and the same uses as the existing program. We are not intending to make any radical changes but I have asked the department to initiate discussions with local government, and I will be conducting them myself, on whether the guidelines can be refined and improved. Our intention is to keep it broadly the same. If anyone tries to read into—I do not know that you are trying to—the fact that we are saying you could only put it on roads and that would, therefore, stop footpath or roadside amenities, that is not our intention.

**Ms Armitage**—I have just been handed the act which says the definition of 'road' includes any of the following: the traffic sign, traffic control equipment, street lighting equipment, a ferry, a bridge or a tunnel and a path for use of persons riding bicycles. Therefore to your earlier question about truck stops and amenities, the answer is no, it cannot be used for it.

**Senator O'BRIEN**—The remaining \$400 million will be made available for infrastructure development to support emerging or expanding industries. Can you elaborate further on what that means?

**Ms Briggs**—In essence, what the government wants to do is partner with local government in an agenda that builds sustainable regions. What this component will do is focus on local land transport infrastructure projects which are of strategic importance, especially those that support expanding and emerging industries. There are various land transport infrastructure projects which are the responsibility of local government but often the investments are beyond the financial capacity of individual councils and result in impediments to the development of locally based industries. In our discussions on the AusLink green paper, it came out quite strongly that there was a need to look at some program that extended beyond local councils.

We do expect the funding under this component to be expended primarily on roads but it could, for example, also be spent on developing freight terminals. Examples include local roads which are, say, essential for the expansion of timber plantations, local access routes to regional ports and important local and regional tourist routes—those kinds of things.

**Senator O'BRIEN**—As a merits based system, as noted in the statement, what criteria will apply?

**Ms Briggs**—It is our intention to work with the Australian Local Government Association and various states as we work that one through, and to release those final arrangements in the context of the white paper.

**Senator O'BRIEN**—So it is work in progress.

**Ms Briggs**—Yes.

**Senator O'BRIEN**—What process will be involved in applying funding from this component of Roads to Recovery—that is, how will the approval process work?

**Ms Briggs**—As I said, that is a work in progress and will be given out publicly at a later date.

**Senator Ian Campbell**—It is something on which we would consult with local government. I think it is fair to say that we do not want to reinvent the wheel in terms of assessment processes. If, for example, there are effective state processes in place for making assessments of regional road projects, we would want to be cognisant of those processes.

**Ms Briggs**—One of the things we are also keen to see is evidence of collaborative planning and funding arrangements between relevant councils and, hopefully, with industry as well.

**Senator Ian Campbell**—An example would be the forestry industry, which I know Senator O'Brien has an interest in. There are a number of rapidly maturing plantations around Australia—

**Senator O'BRIEN**—Particularly in Western Australia.

**Senator Ian Campbell**—some in Western Australia and some very close to where we are sitting here, where there seems to be a failure, once again, of state infrastructure—state roads. Local governments are feeling increasing pressured there. One of the things that I would like to look at is the potential to do collaborative deals with, for example, the timber industry, the state government and the local government with the assistance of this strategic fund. That is the sort of thing we have very much in mind. We need to work on how we get that together.

The other one that is obvious to me as I move around the country is pressure on tourism infrastructure. There is a lot of growth around some of our coastal strips—again, pressure on areas which are local or state roads, which are falling behind, where there is more than one council involved. The Sunshine Coast is a very good example, where you have Noosa, Caloundra and Maroochy, which have formed a regional organisation of councils. They are the sorts of councils which could get together, put together a proposal for a road, try to leverage the state government into it, put some of their own money into it and potentially get some private money put into it to build the sort of project, which is not even on the horizon at the moment. They are two of the concepts that we are looking at, to try and colour out the picture for you.

**Senator O'BRIEN**—I assume that final approval for each project will sit with the appropriate minister?

**Ms Briggs**—Yes.

**Senator O'BRIEN**—Is this component a direct funding commitment to outer metro and regional councils only?

**Ms Briggs**—No, there has been no specification of that.

**Senator O'BRIEN**—As to the non-strategic component of the \$1.2 billion program, is there to be a change in the formula that will be used to distribute the funds?

**Senator Ian Campbell**—We have indicated that we intend the formula to stay roughly the same, but we are going to consult on it. I have actually asked the department very recently to commence that consultation.

**Ms Briggs**—In fact, that is scheduled for early next month.

**Senator O'BRIEN**—Can we expect that to be made public at budget time or before?

**Ms Briggs**—Yes, that is certainly what we are aiming to do in the context of the white paper.

**Senator Ian Campbell**—For Roads to Recovery we want local governments to know well in advance what the game plan is and what the rules are. If there is any change to the formula, there may be a requirement to change the legislation.

**Ms Armitage**—Yes, Senator.

**Senator Ian Campbell**—The parliament will have that before it. All would agree that the earlier we get that done and create certainty for the councils around Australia the better. We do not envisage significant change, but I have asked councils and local government organisations to look at how it works at the moment and find out if any things need improvement.

**Senator O'BRIEN**—Do you envisage introduction of the legislation in the budget week?

**Ms Briggs**—I do not think we are at the point of making a decision on that. We are considering legislation for the Auslink program all up. We need to work through whether we will have a single piece of legislation covering it or whether we will have a couple of pieces, and we are not there yet.

**Senator Ian Campbell**—I will talk to the Manager of Government Business about the process!

**Senator O'BRIEN**—Good.

**Senator Ian Campbell**—The legislation will certainly get priority on the list.

**Senator O'BRIEN**—Minister, you might have some influence with that.

**Senator Ian Campbell**—That is right.

**Senator O'BRIEN**—Are we looking at a consistent formula for the life of this component of the program?

**Senator Ian Campbell**—It will be legislated. The good thing about it is that the councils can effectively build it into their forward works programs for the life of the program. They could just about budget for it now, because I do not think anyone would want to stop that in the Senate. The announcement has given some assurances. Once the legislation is passed they will effectively be able to work that into their budgets for five years, from 1 July. Is that right?

**Ms Armitage**—Yes.

**Senator Ian Campbell**—So it is five years of certainty because we are adding four years onto the remaining one year of this program.

**Senator O'BRIEN**—You are counting this year?

**Senator Ian Campbell**—No, I am counting the next financial year. The program expires on 30 June 2005 and the new program will effectively commence on 1 July 2005. So they have really got five years of guaranteed funding, commencing 1 July this year.

**Senator O'BRIEN**—So the current funding splits are allocated through a formula based on population, road length and historical funding allocations?

**Senator Ian Campbell**—Yes, that is spot-on.

**Senator O'BRIEN**—Is that the funding model used to distribute financial assistance grants for road funding?

**Ms Briggs**—Yes, it is pretty much based on that.

**Senator Ian Campbell**—I think there are slight variations for South Australia and the Northern Territory.

**Ms Briggs**—But it is fundamentally drawn from that.

**Senator O'BRIEN**—The current FAGS formula was tweaked to give South Australia 20 per cent more than they would have received under the previous formula?

**Ms Briggs**—Yes. I cannot remember the exact portion, but certainly an adjustment was made. South Australia and the Northern Territory are looking for adjustments this time around as well, so we will hear from them in due course.

**Senator O'BRIEN**—I am sure you will. Is the formula in place at the moment available?

**Ms Briggs**—Yes, I am sure we could give that to you.

**Senator O'BRIEN**—So it is envisaged that the same formula will be used subject to those—

**Ms Briggs**—If I could come back on that, I have just been advised that, no, we cannot make that available to you. At the time the adjustments were made, they were made at a very senior level in the government to enable the issues with South Australia to be addressed, for example. We are again looking at that and how that might be managed.

**Senator Ian Campbell**—We will clearly provide as much information as we can in the lead-up to the legislation coming forward. My memory is that it may have been a COAG process, but we will check on that for you.

**Ms Briggs**—As the minister said, we will be as transparent as possible so that the basis of the allocations is clear to all senators.

**Senator O'BRIEN**—But you cannot supply us with the formula?

**Ms Briggs**—No, not for the last time around.

**Senator Ian Campbell**—What is on the public record, which we can make fully available, is the exact split of every dollar that has gone to every council, and a state-by-state breakdown. That is totally transparent.

**Senator O'BRIEN**—What is the secrecy about the formula itself?

**Senator Ian Campbell**—I do not think it is secrecy. You have the results. The Senate is being fully informed of every dollar that is being spent. It is broken down council by council, state by state and territory by territory, so there is no secret about it.

**Senator O'BRIEN**—That is why I am trying to understand why the formula cannot be supplied.

**Senator Ian Campbell**—I have said that we will try to provide as much information as we possibly can.

**Senator O'BRIEN**—Will the formula to be used for the distribution between the states for the new program beyond 2005 be able to be made available to the public?

**Ms Briggs**—We will certainly seek to do that.

**Senator O'BRIEN**—How will unincorporated lands be dealt with?

**Ms Briggs**—That is part of the considerations that we are going through at the moment and one of the issues you would expect to be raised by the Northern Territory.

**Senator Ian Campbell**—There are some quite important issues out there in the unincorporated lands in the Northern Territory, South Australia and northern Western Australia as to who you allocate the money to. As you probably know yourself from travelling around there, those areas are areas of very significant need in terms of local roads. One of the things we have to try and work out with the states, the local government associations and some of those communities is how we get the best value out of the Commonwealth money in those very remote areas where their organisational infrastructure is quite different to what you get closer to the city. That is one of the policy dilemmas that I want to work through and put a lot more energy into in trying to get right. I have met with a number of organisations within the last few weeks to discuss those very issues.

**Senator O'BRIEN**—The individual funding of councils is currently based on formulas used by state based grants commissions. Is there any plan to change that, and will the Commonwealth be looking to come up with a new formula?

**Ms Briggs**—It is certainly not our intention at the moment to change those arrangements in the context of Roads to Recovery.

**Senator O'BRIEN**—In relation to the condition placed on local councils that they are required to spend their share of rate revenue on roads, what process will be used to determine whether councils are actually pulling their weight and spending their own money?

**Ms Briggs**—For the strategic element?

**Senator O'BRIEN**—Yes.

**Ms Briggs**—That is part of what we are going to be working through. There is a similar issue with state governments, and that has been raised with us by various local government associations.

**Senator O'BRIEN**—Do you envisage there being a set formula, such as a percentage of council rates that needs to be spent on roads? Is that the approach of government to the discussions?

**Senator Ian Campbell**—That would not be attractive to me, because there are such varying needs across the spectrum of councils. Some councillors—if I have heard the question correctly—have said to me that their council struggles to spend the Roads to Recovery money. Some of the inner city councils struggle to spend the money because they have very good road infrastructure, whereas as you move out from the centre of the cities you find that some councils spend all the money they get out of FAGs, all of the money they get from Roads to Recovery and some of their own money and they still have unmet needs. They are some of the issues that we need to deal with. I think all senators from all sides of the political spectrum

would want to ensure that the resources that we do spend end up assisting motorists and people who use roads to the maximum extent. You do not want to be pouring money into areas where there is too much money already. You obviously want to try and maximise the money going to where the most need is, and you do that by using a fair system—and a fair formula is the challenge we will seek to resolve over the next few weeks.

**Ms Armitage**—Under the current system, the council's CEO is asked to sign off that they have expended the funds according to the act and that they have maintained expenditure on roads from their own sources at or above average over the years. That is one of the ways they are accountable for expenditure, ensuring they have maintained their own expenditure.

**Senator O'BRIEN**—What sanctions now apply to councils for not complying with that formula?

**Ms Armitage**—Most councils have submitted that they have expended that amount of money. In examining the reports, the department do go back to councils, and payment in the future is obviously withheld unless that has been signed off satisfactorily.

**Senator O'BRIEN**—So under this continuing program, if a council fails to comply in any particular year, then the tap will be turned off in terms of Roads to Recovery funding?

**Ms Armitage**—I do not think one can go so far as to say the tap will be turned off.

**Senator O'BRIEN**—How far can we go? That is what I am trying to find out. What is intended to apply if—

**Ms Briggs**—As I said, I think it is too early yet.

**Senator O'BRIEN**—But you have a program now which is working.

**Ms Briggs**—We have a program now, but we are moving to a new version of that program, and the government has undertaken to have consultations on that program. One of the issues that has been raised, not so much in relation to councils but in relation to state governments, has been an issue of the withdrawal of funds. It is something that we need to think through very carefully and establish the policy for the continuing program.

**Senator O'BRIEN**—So it is not yet established what will happen?

**Ms Briggs**—No, it is not.

**Senator O'BRIEN**—Is it to remain the case that the Australian government will play no part in selecting projects for funding under the Roads to Recovery program?

**Senator Ian Campbell**—In the \$200 million per annum section of it, it will be effectively the same. I said that there may be some finetuning, and that is the right thing. On the \$100 million per annum side of it, the government will play a role and, as I have said, there will be processes put in place which you and the rest of the Senate will have to agree to in the new legislation. We have made a decision, for reasons that I have indicated this morning, to divide it two-thirds to one-third between the existing program based funding and a new strategic based funding. Ultimately, I think the minister will have to sign off on the projects. I envisage there will be an application process. As I said, the process has not been determined. There will be an application process. There will be guidelines. As I have said, if there is an existing state main roads department or similar organisational structure that assesses the value and cost-

benefit ratios of regional projects, we would obviously want to pay cognisance to those. So there will be a process that is transparent, responsible and accountable, but for that \$400 million element—the strategic element, as it is beginning to be called—the decision will ultimately be made by the Commonwealth.

**Senator O'BRIEN**—Which non-government organisations are the government working with or intending to work with to ensure the new criteria are workable for councils?

**Senator Ian Campbell**—The primary ones are ALGA and the state local government associations. They are the key ones, along with individual councils. I will be meeting individual councils.

**Senator O'BRIEN**—Have those negotiations commenced or are they entirely prospective?

**Senator Ian Campbell**—I have commenced them myself and I have now charged the department with the responsibility of doing formal consultations to bring advice to the government on the process, so there are two tracks. There are my own personal consultations, which will help me prepare myself for the advice that the department brings to me in a few weeks time, I presume.

**Mr Doherty**—We have a meeting scheduled for next week, Minister.

**Senator O'BRIEN**—Have any concerns been raised so far about the workability of the new program?

**Ms Briggs**—Not that I am aware of. It has generally been welcomed.

**Senator Ian Campbell**—I do expect that some councils will say that they would rather have the whole lot and by the formula. I would not be surprised if some councils say that they might lose some. But when you are dealing with 1,000 or more councils across the country, you would not expect all of them to agree. But I have to say, moving around all different parts of the country—inner metropolitan, outer metropolitan, incredibly regional and remote—that the announcement and the break-up has, overwhelmingly, been very well received. But I would be very surprised if some councils did not think that life would be better if it all stayed the same. As you know, in government it is possible to make things stay the same all the time and not move things or change things, but we decided overwhelmingly, having spoken to a lot of councils about R2R as we moved to the new announcement and the new program, that this would be a good way to do it.

**Senator O'BRIEN**—So the government would envisage that the one-third—the strategic element—will apply selectively to councils, and that some will benefit and others will not?

**Senator Ian Campbell**—A number of inner metropolitan councils have genuinely come to me and said, 'Ian, we have trouble spending the money.' I think you could envisage in some inner suburban parts of Australian cities and towns, where the roads are already very good, that that is an honest response. It is very rare for an elected official to come to another level of government and say, 'You are giving us too much money.'

**Senator O'BRIEN**—I would have thought so, yes.

**Senator Ian Campbell**—It is; it is very rare, but it has actually happened to me, and I pinched myself.

**Senator O'BRIEN**—Name them.

**Senator Ian Campbell**—I will ask for their permission and I would be happy to. Maybe I should not do it leading up to local government elections!

**Mr Yuile**—Check if there are any in Tasmania, Senator.

**Senator O'BRIEN**—Especially if there are any Tasmanians.

**Senator Ian Campbell**—Unfortunately, I have not yet been to Tasmania. I am looking forward to getting down there again and discussing these issues. But that is an issue, and I think most of those councils will say that that is good. Most councillors who look at the slightly bigger picture and mix in their Local Government Association circles know very well, because they mix with councillors from outer metropolitan areas and regional and remote areas, that there is stress out there and they understand.

So there will be some metropolitan councils who will be happy to receive the two-thirds formula based funding and spend that efficiently and effectively and sign off on it, there will be others with regional council allegiances who will be very keen to make applications for the strategic element, and, as I have envisaged, there may be others who see themselves as missing out. It is obviously going to be harder to get all the money they are getting now, because they are going to have to put a bit more thought into getting access to the other \$100 million.

**Senator O'BRIEN**—Creativity will be the key—is that what you are saying?

**Senator Ian Campbell**—It is about meeting the criteria, building projects and making applications for projects that meet those fundamental criteria, which I think we would agree on in this room. There is stress out there for the sorts of projects I have described—where they go across council boundaries and where they can assist with industries such as timber or tourism or others. We are not confining it to that, but those are the sorts of projects. There is a need out there for that. That will be very well-received by some councils. As I have said, some of the metropolitan ones will be quite happy with it, while others will not like what we are doing because they would rather just have the money and keep it the way things are. I would be very surprised if there were not some councils that do not like what we are doing.

**Senator O'BRIEN**—Presumably in this area of discretion, the process of approval will be entirely transparent?

**Senator Ian Campbell**—Entirely, yes.

**Senator O'BRIEN**—Can we assume that things such as a cost-benefit analysis will be a requirement of any project?

**Senator Ian Campbell**—I think you can assume that, yes. That would be part of the process. I think I have already indicated that. I have said that, where states already have regional road assessment processes in place, we would want to be cognisant of those and cost-benefit ratios are a vital part of that.

**Senator O'BRIEN**—Notwithstanding that, will there be a distribution across the states according to a formula of the one-third?

**Ms Briggs**—That is still under consideration. No decisions have been taken on how that might work in its final form.

**Senator Ian Campbell**—I think the practical political reality—and I have been saying this to people around the place—is that you would not want to tamper with the break-up of the states and territories over the life of the program. That is the way national road funding tends to work. Sometimes states are a little bit behind in one year and catch up in the next year. I think you would want to have a little bit of flexibility within the four-year program. That is my view. You will not get away with tampering with it, because your state or my state may feel like they are missing out, and none of us would want that to happen. It would not be fair. We want to make it very fair and, as we have said, it will be transparent.

**Senator O'BRIEN**—What evaluation process will be used for this program?

**Senator Ian Campbell**—That is under consideration. I think we have gone into the detail of the sorts of things we have in mind. We will use cognisance of existing processes. There will be guidelines. There will be an assessment process which we will obviously build subject to and in light of the consultations that the department will commence next week.

**Senator O'BRIEN**—So you envisage that the department will be doing the evaluation?

**Senator Ian Campbell**—Yes, ultimately, based on input from the other sources that I have mentioned.

**Senator O'BRIEN**—What is the time frame for the completion of the F3 to Sydney Orbital Link Study?

**Mr Hogan**—At this stage it is envisaged that the study will be completed by the end of March and recommendations relating to the study will then go forward to ministers.

**Senator O'BRIEN**—Has a preferred route been determined?

**Mr Hogan**—I anticipate the outcome of that process will be that a defined route will be put forward for public consultation.

**Senator O'BRIEN**—A defined route has not been arrived at yet?

**Mr Hogan**—No.

**Senator O'BRIEN**—Will the project be tunnelled?

**Mr Hogan**—It is premature to speculate on that.

**Senator O'BRIEN**—Will it have a toll?

**Mr Hogan**—Again, it is premature to speculate on that.

**Senator O'BRIEN**—Who made the decision to have a flat toll on the Western Sydney Orbital?

**Mr Hogan**—That decision was made by the New South Wales government.

**Senator O'BRIEN**—So the federal government had no role in that decision?

**Mr Hogan**—We were advised, but we did not have any decision-making input into it.

**Senator O'BRIEN**—When was the original agreement signed between the Commonwealth and the New South Wales government on the upgrade of the Pacific Highway?

**Mr Hogan**—My advice is that it was in early 1996 and it was funded in the 1996 budget.

**Senator O'BRIEN**—Has any additional funding been allocated to the agreement by the Commonwealth since the agreement was struck?

**Mr Hogan**—No.

**Senator O'BRIEN**—What are the terms of the current program, particularly the remaining funding commitments of the Pacific Highway upgrade?

**Mr Hogan**—I think I will ask Mr Cory to come to the table. He has the detailed breakdown.

**Mr Cory**—Senator, could I ask you to repeat the question.

**Senator O'BRIEN**—I want to know what the current remaining funding commitments of the Pacific upgrade are.

**Mr Cory**—In financial terms or in terms of projects?

**Senator O'BRIEN**—I suppose the question is: what can you give us?

**Mr Cory**—The financial commitment is for two years from the end of this financial year, at a figure of approximately \$68 million per annum and, of course, the balance of the financial commitment this year. In terms of projects, the program is reaching the end of its life. Most of the projects have either been started or completed. I can run through these or perhaps I could offer to provide them on notice in a tabular form.

**Senator O'BRIEN**—It would be good if you could provide them in a tabular form on notice. Thank you.

**Senator Ian Campbell**—It is worth adding that there is also a \$120 million commitment on the Pacific for the Tugun Bypass; that is another significant commitment on an important stretch of the road. The other thing we should be proud of as a government working collaboratively with the New South Wales government is that, at the end of the two-year period that Mr Cory referred to, I believe the program will result in an increase of the dual carriageway of the Pacific rising from nine per cent at the commencement of the program to approximately 50 per cent at the conclusion of it.

**Mr Cory**—Around 50 per cent, yes.

**Senator Ian Campbell**—That is a great achievement and obviously we would like to see that continue.

**Ms Briggs**—Did your question extend to the Pacific Highway in Queensland as well?

**Senator O'BRIEN**—No. I take it the New South Wales program is due to expire at the end of the financial year after next?

**Mr Cory**—At the conclusion of the 2005-06 financial year.

**Senator O'BRIEN**—Have the department or the minister received any proposal to renew or extend the Pacific Highway upgrade program?

**Senator Ian Campbell**—I have had a meeting with Mr Scully as recently as almost exactly this time last week to discuss a future program, and I think Mr Anderson has probably had discussions. I indicated at the time of the launch of the Roads to Recovery program and a \$265 million boost for national roads that it is the vision of the national government to complete the dual carriageway construction of the Pacific and the Hume as quickly as is practically and financially possible. Having at least a dual carriageway from effectively Caloundra to Melbourne and beyond is fundamental infrastructure for Australia; that is our vision for that major substantial piece of road infrastructure. It does not ignore other crucial bits around the country, but clearly that is one of the most vital transport routes in our country and that is the vision of the federal government. We will be working constructively with the New South Wales government—and the Queensland government, might I say—to achieve that vision.

**Senator O'BRIEN**—How will the AusLink plan affect the Pacific Highway upgrade program?

**Senator Ian Campbell**—Those discussions that I have initiated form part of that. That is what we hope to announce around that schedule that your first question addressed in relation to the May announcement. We are hoping and expecting to announce the shape of the AusLink network and the funding for it in around about May this year. The answer to your question will be definitive at that time. It is worth noting—if you think about it practically and review the *Hansard* of this—that the AusLink program is planned to be a rolling five-year program. If you look practically at the Pacific Highway, it has taken 10 years to go from nine per cent dual carriageway to roughly 50 per cent.

Our estimates are that completing the Pacific will take somewhere between 10 and 15 years, depending on how much money the Australian and New South Wales governments can put into it. That really is what you are looking at. It is a massive, crucial project and we hope AusLink will be a part of the answer. But AusLink is a rolling five-year program and the Pacific is more like a 10- to 15-year program. That is the practical reality of it for anyone who focuses on the Pacific as an issue.

**Senator O'BRIEN**—The Commonwealth has committed \$100 million towards the Pakenham Bypass as a Road of National Importance project. I am advised that that is still \$21 million short of 50 per cent of the cost of the project. Is that right?

**Senator Ian Campbell**—The Commonwealth made that commitment at the time in response to a request from the Victorian government. We make firm cash commitments in relation to Road of National Importance projects. What happens with road projects—and with virtually all construction projects—is that, if you allow time to elapse, you will get inflation in the cost of the project. Road of National Importance projects are, fundamentally, state roads that the Commonwealth makes a commitment to because we believe they have some national importance. We generally make a substantial financial contribution, which can vary from 40 per cent to 50 per cent and various amounts. There are probably exceptions that will prove me wrong, but our policy is to make firm financial commitments to the roads, to put them on the

table and say: 'There is the Commonwealth's money. Go and build the project.' So, if there are delays caused by state processes, systems or prioritisations, the state has to wear those.

A typical game has gone on for the last 100 years between state and Commonwealth governments of both political persuasions of shifting blame backwards and forwards over these sorts of projects. However, the Commonwealth—in my short experience in the portfolio—has in most of these projects put the money on the table and said to the state, 'Go ahead and build it.' There is a political game being played over the Pakenham Bypass, but we have got the \$100 million there; it is waiting to be spent. It is a bit like the Scoresby project. We put \$465 million on the table to build that Road of National Importance. We did an agreement with the state government of Victoria, who then walked away from it. We have put \$120 million on the table to build the Tugun Bypass, and we have got two state Labor governments playing political games with that at the moment. The Commonwealth assesses the projects, determines that they are a Road of National Importance if they meet our criteria, and makes the funding commitment. I have been advised that it was \$445 million on the Scoresby project. I thought it was \$465 million and they have spent \$20 million. Regardless, it is nearly half a billion dollars on the Scoresby. So that is the process. Clearly, if the time elapses and the cost of the project goes up, you would expect a state Labor government of any political persuasion to then play games with that, and that is what the Victorian government is doing.

**Senator O'BRIEN**—So, with regard to my original question about the Pakenham Bypass—

**Senator Ian Campbell**—We committed \$100 million.

**Senator O'BRIEN**—And the government will not pay the remainder of what would make up a 50 per cent share. Is that what you are saying?

**Senator Ian Campbell**—We have put \$100 million on the table, and we want it built. We had an agreement that \$100 million was what it would take to build it and—

**Senator O'BRIEN**—That is the limit of the commitment? The Commonwealth will not pay any more?

**Senator Ian Campbell**—That is the limit of our commitment.

**Senator O'BRIEN**—So the Commonwealth will not pay 50 per cent; it will pay the dollar value—

**Senator Ian Campbell**—At the time the project came forward, the \$100 million probably was 50 per cent. I am happy to be contradicted by an officer, because I was not in the portfolio at the time.

**Mr Hogan**—That is correct.

**Senator Ian Campbell**—That is confirmed. So we offered them 50 per cent. We offered them the \$100 million they asked for. We said: 'Here is your \$100 million. It is in the budget. We're from the government; we're here to help you. The cheque's in the mail—and we'll still love you in the morning.' But they wanted more. State governments are like that; they always want more.

**Senator O'BRIEN**—So they want the balance of what is now 50 per cent. You are saying the 50 per cent that you are prepared to pay is the 50 per cent that was assessed when the negotiations took place?

**Senator Ian Campbell**—They came to us and asked for \$100 million, and we said, 'Yes, here is \$100 million.'

**Senator O'BRIEN**—So they did not ask for 50 per cent?

**Senator Ian Campbell**—They asked for \$100 million and we said, 'Here is \$100 million.' It is still there. We are ready to go. We are ready to write that cheque.

**Senator O'BRIEN**—So they did not ask for 50 per cent of the cost of the project?

**Senator Ian Campbell**—No. That is very clear in the correspondence and in the agreement. We make that absolutely clear in all of these things, because we are used to these games being played by state governments. I recently concluded a very constructive negotiation with the transport minister of Victoria in relation to the Bandiana link at Wodonga. We made it very clear that the Commonwealth will contribute \$5.8 million to that. The whole project will come to \$11.6 million, if my maths is correct.

**Ms Briggs**—Yes.

**Senator Ian Campbell**—We have said that we will contribute \$5.8 million, and if the project cost goes up the Victorian government will wear it. Mr Batchelor very appropriately signed on to that. Senator O'Brien, if one day you get into government—and I hope for your own sake that you do and I hope for my own sake that it is a long time coming—you will find that what happens with road projects is that the Commonwealth pays for them but the states run them. They let the tenders and they are responsible for the delivery of the project. It is quite prudent that the Commonwealth, which effectively has no control once the tender is let, lets the state departments have control of the tender process and the construction process. There is then an incentive for them to manage the program and to take financial responsibility for it. If we accept all the risk, there is not a lot of incentive for the state government to manage the process effectively. What we do is that we say, yes, we accept the road is nationally important and that we are going to make a contribution to it, and we commit to that. Then, subject to the government performing to the agreement, we pay them the money.

**CHAIR**—How much a cubic metre is the dirt worth?

**Senator Ian Campbell**—That is a good question. We can take that on notice.

**Ms Briggs**—It varies.

**Senator Ian Campbell**—That is outside that \$5.8 million; that is a further \$4 million, from memory. It is a lot of dirt, though. The chair is referring to an agreement between the Victorian government and the Commonwealth to shift some \$4 million worth of dirt out of Victoria and into New South Wales to provide fill for the New South Wales side of the \$410 million Albury-Wodonga road.

**Mr Hogan**—We can tell you the cost of the fill.

**Senator O'BRIEN**—I understood that an understanding had been given—

**Senator Ian Campbell**—The local Caterpillar dealer around Wodonga would be looking forward to selling a few bulldozers over the next few months, I suspect.

**Senator O'BRIEN**—Can I say, Minister, that the chair has just broken the commitment about your senators not taking up any of the time, so that we could finish on time, so—

**Senator Ian Campbell**—So it is his fault! And he has only got to drive home; you and I have to fly.

**Senator O'BRIEN**—What is the latest cost to complete the construction of the Shepparton bypass? The web site states that it would cost between \$347 million and \$362 million. Are these accurate figures, as of now?

**Mr Hogan**—We have not got past the planning stage on that project, and therefore we have not committed any dollars to the construction of it.

**Senator O'BRIEN**—What do the figures on the web site refer to?

**Mr Cory**—Those figures would be from the original planning studies that were undertaken by the Victorian government in order to gain state planning approvals for the project.

**Senator O'BRIEN**—How far along in the planning process is this project?

**Mr Hogan**—Evidently, we have done a route selection process, but at this stage movement to the planning stage is not necessarily on the timetable. The 2003 budget statements state that construction is more than a decade away.

**Senator O'BRIEN**—The web site says:

The Federal Department of Transport and Regional Services is studying the State Government report. Environment Australia is also assessing the report against environmental requirements. The proposed western route would affect the habitat of more than 30 animal species, while the cultural heritage of the Yorta Yorta people would be impinged in the west around Reedy Creek.

Do you know what the status of that study is?

**Mr Hogan**—We would have to take that on notice.

**Senator O'BRIEN**—I will be placing the rest of the questions on 5.1 on notice.

[9.56 a.m.]

**CHAIR**—We will move to 5.2, Regional programs.

**Senator O'BRIEN**—I refer to a number of questions on notice arising from the last estimates hearings, in November 2003, to which the answer was: 'This question was answered by the department in question on notice No. 2167.' The answer to question on notice No. 2167 has not yet been tabled in the Senate, although when 48 questions were finally responded to on Friday, 13 February there was an attachment A which appears to be part of the answer that would be provided for question on notice No. 2167, along with another sheet of paper headed 'Selected regional programs commitments'. Has the department provided an answer to question on notice No. 2167 to Minister Anderson's office or to Senator Campbell's office?

**Ms Riggs**—Yes, it has.

**Senator O'BRIEN**—When was that provided?

**Ms Riggs**—I understand that it went earlier this month.

**Senator O'BRIEN**—So that is how we should understand the answers where you say the question was answered by the department.

**Ms Riggs**—The reality is that the two processes were planned to produce a differently sequenced set of responses and, in the event, that has not happened.

**Senator O'BRIEN**—Could you elucidate further? You expected that the answer to question on notice No. 2167 would be tabled in the Senate—is that what you are saying?

**Ms Riggs**—Yes.

**Senator O'BRIEN**—Were you aware of this?

**Senator Ian Campbell**—Sorry?

**Senator O'BRIEN**—The question needed to go through you, as I understand it. Were you aware of this intent?

**Senator Ian Campbell**—I am told that it has not come to me yet. The intention was to try to get it answered before estimates came, for obvious reasons—so that we did not have to do this now. But, no, I am not; that is the answer to your question. I think it would normally come to me, because you would ask the question to me, representing the minister.

**Senator O'BRIEN**—Would you sign off the answer to the question on notice arising from the November 2003 estimates?

**Senator Ian Campbell**—I am advised that one was a question on notice, as I understand it, through the normal Senate process, and one was an estimates question. I think our preference would have been for both to have been here before this estimates hearing. The questions on notice in the parliament are delayed.

**Ms Riggs**—They are with ministers for consideration now.

**Senator O'BRIEN**—Who signed off the answer to the estimates question? Was it just the department, did Minister Anderson sign that off or did Minister Campbell sign that off?

**Ms Riggs**—It would be normal practice for Minister Anderson to have signed those off.

**Senator O'BRIEN**—The questions on notice relating to the Senate estimates?

**Ms Riggs**—Relating to regional programs, yes.

**Senator O'BRIEN**—When Minister Anderson signed off the answers to the estimates hearing questions on notice, was he aware that he had not yet released the answer to question No. 2167?

**Senator Ian Campbell**—I do not think a member of the department can second-guess what would happen inside the minister's office. They would tend, as a practical issue, to send a file into that office and then hope it came out the other end at some stage.

**Senator O'BRIEN**—I must say it smacks of being a bit of a smart alec answer to a question to say that the answer is the answer to the question on notice through the Senate but then not to sign the question on notice off.

**Senator Ian Campbell**—If you think there is some sort of sophistication in us doing that, it is probably misreading it. It is a process issue. I would think, as a matter of course—although this is only my second set of estimates in the new portfolio—that, if they are to do with Minister Anderson’s and Miss Kelly’s parts of the portfolio, they would both look at them or sign off on them. They would certainly be aware of them, because they are the responsible ministers. The answers would then come to me because I am the minister responsible to this committee and to the Senate. I think I would ultimately sign off on them before they were lodged. If that were not the expectation then it should be from now on. I think that is how it works, anyway.

**Senator O’BRIEN**—I accept that, if there is an answer to a question on notice through the Senate which answers an estimates process, you should not have to repeat the answer. But to recite that I should refer to an answer that I have not got is no answer at all.

**Senator Ian Campbell**—I totally accept that.

**Ms Briggs**—I have just received advice from Minister Anderson’s officers that question No. 2167 is still in their office and they are attending to it now. I apologise to the senator and the committee for that.

**Senator O’BRIEN**—I refer to the ‘Selected regional programs: commitments’ table as at September 2003, which I referred to earlier. Would it be difficult to update the table to the end of calendar year 2003?

**Ms Riggs**—We do not have a version of that table beyond September 2003, so I will take the updating on notice. It is not in fact the easiest table in the world to update, because of the notion of ‘commitment’ in a technical accounting sense, but we will certainly do it on the equivalent basis to that which you have.

**Senator O’BRIEN**—Thank you for that. Pages 79 and 87 of the annual report of 2002-03 refer to nine programs being combined in the new Regional Partnerships program. The table headed ‘Selected regional programs: commitments’ lists eight programs. What is the ninth program?

**Ms Riggs**—It would be the Newcastle adjustment package.

**Senator O’BRIEN**—Thank you for that. Is it possible to add that to the table?

**Ms Riggs**—Yes.

**Senator O’BRIEN**—Page 64 of the portfolio budget statements indicates that there is a budget of \$99.099 million for the Regional Partnerships program. How much has been expended under this program to date in this financial year?

**Ms Riggs**—I believe that it is \$24.2 million as at the end of December.

**Senator O’BRIEN**—Is that expended or committed?

**Ms Riggs**—That is expended.

**Senator O’BRIEN**—How much of the \$99.099 million has actually been committed for expenditure?

**Ms Riggs**—For expenditure in this year I believe that the commitment figure is of the order of \$60 million at this stage.

**Senator O'BRIEN**—I take it that is what you anticipate the expenditure will be?

**Ms Riggs**—No, I would anticipate expenditure will be somewhat higher than that. For example, we are currently assessing something in the order of 150 project proposals. They are continuing to come in at a rate of more than 50 a month. As it is only mid-February, I would expect that many of those would be assessed, potentially approved and have first payments made on them. So the actual expenditure for this year would be somewhat higher than that \$60 million.

**Senator O'BRIEN**—On Tuesday I asked some questions about IT infrastructure and I was advised to ask the questions of program managers, so I propose to ask questions now about the online application process for the Regional Partnerships program. Does the online application process have a name?

**Ms Riggs**—The name of the product that we are, over time, progressively installing to support regional partnerships is a commercial product that currently is known as ProgramTrax.

**Senator O'BRIEN**—When was it decided to purchase this software?

**Ms Riggs**—I can advise you that the contract with the vendor was entered into in December 2002. I can also advise you that the process that led to that contract being signed started in February 2002. The precise date of the actual decision is somewhere in the latter part of 2002, but I do not have that with me.

**Senator O'BRIEN**—Who made the decision to purchase this software?

**Ms Riggs**—I believe that, on Tuesday, Ms Briggs and Mr Banham already advised you that that was in essence a decision arrived at between the then head of our IT services area, the chief information officer, and the then head of the regional programs division.

**Senator O'BRIEN**—How much did the software cost?

**Ms Riggs**—Again, Mr Banham advised you on Tuesday that the contract had a value with a number of components in it. Some \$800,000 in total was the figure that he gave you—some \$600,000 for software customisation and some \$150,000 for licensing, with some components for things like contingencies or travel for staff of the Canadian based company to come to Australia. He also said that, since that time, we have entered into a small number of contract variations. That is also true. They have added some \$280,000 to the original contract value.

**Senator O'BRIEN**—So it is up to \$1.08 million?

**Ms Riggs**—Yes, \$1.1 million.

**Senator O'BRIEN**—Which other departmental grants programs use this software?

**Ms Riggs**—At the moment, it is being rolled out for the two regional programs—Sustainable Regions and Regional Partnerships. We would be considering it for other grants programs when we have what we are calling full end-to-end functionality in the software installed and operational for those two programs.

**Senator O'BRIEN**—End-to-end functionality—is there a plain English description of that?

**Ms Riggs**—There is no trick to it. The business of managing a grant starts when an applicant—

**Senator O'BRIEN**—It is from the beginning to the end—is that what it means?

**Ms Riggs**—It starts when an applicants makes the application and finishes when we acquit the funding agreement. At the moment, the elements of the software that we have installed allow for the making of the application and record it through to the point at which the minister or parliamentary secretary has decided to fund or not fund that application. We need to get installed all of those elements that allow us to manage things like the writing of the grant agreement, the monitoring of the funding agreements and the formal approval of that process. They are not in place yet. We expect them to be in place in June of this year.

**Senator O'BRIEN**—You talked about something like the managing of the project. I am not sure how the software—

**Ms Riggs**—The managing of the funding agreement.

**Senator O'BRIEN**—Is it flagging milestones and reminding tasks?

**Ms Riggs**—That is exactly right, and managing a workflow process for staff.

**Senator O'BRIEN**—Is it true that there have been a number of problems with the software program? I guess spending \$280,000 implies either 'problems' or 'needs to improve'.

**Ms Riggs**—The predominant reason for it was that at the stage of development we were at in April of last year with our forthcoming budget, which was confirmed by budget announcements—that is the confirmation of Regional Partnerships as an integrated program—we decided to go ahead and implement Regional Partnerships using ProgramTrax. It had not been provided for in the original budget. There had been some small allowance for one of the roads programs—the black spots program—to be done. We have since deferred that. Bringing a whole new program into the suite, which was a conscious decision on the department's part, has added to the costs. There is no question about that.

**Senator O'BRIEN**—Is there communication with area consultative committees about the operation of the software program and how it links with their role?

**Ms Riggs**—Yes. There have been since we decided to go down this path. As soon as we could we advised them about the way in which the system would operate and how the workflow would feed information to them and back to us. Their paid employees received training in the same sessions as our own departmental staff as we rolled out the training in June of last year. We have done some supplementary work both for our staff and for their staff.

**Senator O'BRIEN**—I take it from what you have been saying that you would not categorise the alterations to the programs as dealing with problems but rather as adding to its functionality.

**Ms Riggs**—When you put in a new system—again, as Mr Banham said, and I note that you and he had some agreement about it—there are always teething problems. There are

issues about ProgramTrax, and some of those will be dealt with as part of the roll-out of the next elements of functionality. We have had to address others sooner than that because there were, quite frankly, what we generically call ‘usability issues’. It is not a particularly user-friendly system at the front end—that is, the application. We have been continuing to work on those. Some of those have resulted in some part of that increased value of the contract. So there are two components of it: by far the largest component is the decision to use it for Regional Partnerships but some of the increases in costs since then have also been about fixing some of the issues. It is not a perfect system yet.

**Senator O’BRIEN**—Perfection is very hard to achieve, but what I am trying to discover is how much of the \$280,000 is down to problems and how much is down to additions to the functionality.

**Ms Riggs**—About \$55,000 of the \$278,000 was directly attributable to fixing what I call the usability issues or moving some way towards fixing the usability issues. I appreciate that the application form is not thought to be very user friendly by some of its users. Others do use it and do not appear to find the logic of its construct particularly problematic.

**Senator O’BRIEN**—What steps has the department taken to work with the supplier to fix the problem?

**Ms Riggs**—We have a number of other fixes in the usability area that will come onstream with our claims rollout in June. In addition to that, we are currently working both with that supplier and another supplier to develop a smart form as an alternative application form. It will be based in Microsoft Word. That will then allow us to have an upload routine written which will mean that for the Australian user there will be something that is much more familiar. It will look like a Word document but it will be clever. It will have restrictions and constraints in it and so on. Then behind the scenes the material they enter into that will simply be extracted and pulled up into the ProgramTrax database. That is one of the key issues that we are currently working on.

**Senator O’BRIEN**—Have significant departmental resources, as well as those of the contractor, been applied to fixing this problem?

**Ms Riggs**—We have a small team that is working both on the system as an operational system and also looking at developments for the future. They manage things such as: how we make sure that the provider is delivering on the requirements, how we specify our requirements and how we get on with them. In total, there are about six or seven people, some of whom are departmental employees and some of whom are on term based contracts, as consultants working with us on those arrangements. Is that too much or is it too little? I do not know. That is what it is taking at the moment. As I have said, they are operating the help desk arrangements, they are managing the system security aspects and they are allocating the incoming applications out to the regional offices. There is everything from very operational functions through to the specification of requirements, weekly meetings with the product development team in Ottawa and so on. It is a diverse array of functions.

**Senator O’BRIEN**—Did you say weekly meetings with the product development team in Ottawa?

**Ms Riggs**—Yes.

**Senator O'BRIEN**—Are the meetings in Ottawa?

**Ms Riggs**—No, the product development team is in Ottawa. They are part of the company. No, the meetings are carried out by telephone.

**Senator O'BRIEN**—Okay. That would be an interesting question to follow. Does the team report to you?

**Ms Riggs**—The team reports to me and the chief information officer.

**Senator O'BRIEN**—Have there been any meetings in Ottawa, or anywhere in Canada for that matter, that have been attended by staff?

**Ms Riggs**—I think Mr Banham advised you that two people had gone to Ottawa in the middle of last year. I was one of them and the other was the project manager, a consultant who has been working with us on this project since March or April of last year. That was in July 2003. We were there for four days of pretty intensive learning and discussion.

**Senator O'BRIEN**—So you know all about the system?

**Ms Riggs**—I do not think I would go that far, and I would not for a minute pretend to understand the technical bases and platforms on which the systems run. My interest in it is in how it services the business need.

**Senator O'BRIEN**—Could you advise the committee of the cost to the department, in terms of its own resources, of managing the problems with this system?

**Ms Riggs**—I do not think that would be easy. As I say, we have an integrated set of people who are managing the system as it is currently delivering—and that is not all problem—through to people who are developing future functionality and working with Infoterra about what will be rolled out in June and potentially even beyond. Short of getting them to do some time logs about which particular points they are doing at each time of the day I do not think I can separate the costs of what you are typifying as managing problems from those of managing both a production system and a system in further development.

**Senator O'BRIEN**—I understood you to say that the Ottawa visit was about managing problems—is that right?

**Ms Riggs**—The Ottawa visit was about securing a very firm understanding of the system and the system's future in terms of the intentions of the vendor, to be able to make a proper assessment about whether those continued to be in line with this department's interests and to make sure that we had a very firm platform for managing the relationship into the future, if that was how we chose to go—and that was how we chose to continue. It is very hard to manage a contract and a production and development environment when you are working with a vendor with whom you need to have some form of relationship. As you know well, management of contracts needs to have a relationship element. Disembodied voices on telephones might be useful for conveying facts but they are very poor at managing the relationship dimension of a contract. We do have some provision in the cost of the contract for us to pay their travel costs to come to us under certain circumstances, but that seems to us to be very much a one-way street. Sometimes it is going to be necessary for us to go to them, and that is what we did in July last year.

**Senator O'BRIEN**—So we are paying for them to come here and our people to go there as part of the costs of this program?

**Ms Riggs**—Under pretty tightly defined circumstances. We do not hop on planes weekly and certainly we do not encourage them to think that we are going to be paying for them to do that either.

**Senator O'BRIEN**—Not internationally, I am sure. Could you give us a breakdown of the cost of international travel and accommodation and associated costs incurred in relation to this contract?

**Ms Riggs**—I can tell you precisely what the trip in July of last year cost for me and the consultant who went too.

**Senator O'BRIEN**—I am not just looking for that.

**Ms Riggs**—I understand, but I need to be clear about what we can give you. We can also give you the costs that we have reimbursed to Infoterra for any of their staff who have come here at our expense under contract. They may well have had other reasons for travelling to Australia, and where they have not sought to charge those to this contract we will not know about them. So I could only take on notice giving you those costs that we have been charged.

**Senator O'BRIEN**—Do they bill by the hour when they are here?

**Ms Riggs**—No. The contract is written for certain costs for the delivery of certain items. They do not bill us by the hour for any element of this. The total cost of the trip by me and the consultant to Canada last year was \$19,624. The airfare component of that is \$17,899.

**Senator O'BRIEN**—Given the communication difficulty because of the distance involved and the problems of remoteness and communication you described in your answers a little while ago, how do we rationalise the decision to continue with this program—with what are obviously difficulties and cost factors in managing the program with such a remote provider?

**Ms Riggs**—At the time the decision was made to buy this product, it was the only equivalent product available in a commercial off-the-shelf way. It continues to be almost the only product of its kind that we can source, so swapping to another provider might not be, in any way, an answer to any of the issues. There have been some issues with communications but the people in Ottawa are very good to our staff and stay up late quite often to make sure that phone calls happen. But until we have end-to-end functionality and have worked through some of the issues about this system's operating on our hardware platforms with our software underpinnings, I cannot say that it is not an appropriate system or that it is any more costly than any other solution might have been. It is not possible to make those judgments.

**CHAIR**—It is morning tea time, folks.

**Senator Ian Campbell**—Can I just add one thing, Mr Chairman, because it is something I have had an interest in for a long time—since I was responsible for the government's online policy?

**CHAIR**—Can it wait until after morning tea?

**Senator Ian Campbell**—No, it will just fit nicely here because otherwise Hansard will chop it off.

**CHAIR**—I am sure they will not.

**Senator Ian Campbell**—It is absolutely important. This government really has been a leader in putting government services online, and I was proud to be one of those who wrote the policy. You are actually going into uncharted waters when you put in place these systems to deliver government services online over the Internet. You are building something that has not been built before and the Ottawa supplier is, I am told by the department, the only software developer or supplier to have built this particular program. It would be easy to say, 'Let's wait until someone in Australia builds a similar program, and get an Australian supplier.' The department has actually done the hard thing and they are driving ahead of the rest of the world to deliver these sorts of programs online. I commend them for it.

I am not just saying that for a political reason. It is not easy to do this. Senator O'Brien is from Tasmania. We have worked through the TIGERS program to develop world leading-edge programs that integrate state, local and federal programs over the Internet to provide better quality services in the regions. The collaboration between the Tasmanian government and the Australian government through that program again created world-leading examples. I think it is fair for the opposition to test it and say, 'Are we getting value for money?' That is entirely appropriate. On the upside, while it would be a lot easier for the department to say that it is too hard to do it online, the benefits of getting it right are huge for regional communities right around Australia. The government has rolled out the transaction centres, the online centres and a whole range of things so that people in regional communities can benefit from the Internet. Australia has been a leader at it and we want to keep pushing the envelope. If pushing the envelope means that from time to time we have trouble with a contract, then that is how it will be. I am convinced that the department is managing this well and I wish them well in getting the results that we are keen to get from the program.

**Proceedings suspended from 10.33 a.m. to 10.48 a.m.**

**CHAIR**—We are back into it. Senator O'Brien.

**Senator O'BRIEN**—Ms Briggs, on Tuesday you indicated that there is a departmental freeze on the expenditure on IT infrastructure. I was going to ask Ms Riggs if that decision is affecting decisions that you or others within this section might make to overcome the problems you have with this computer program.

**Ms Riggs**—'Freeze' is a very strong word. We took decisions about how much in funds we would allocate for this year and left it at that. But, since that time, we have in fact allocated a bit more money for training, as we indicated the other night, for the introduction of the new system. I just wanted to clarify that for the purposes of the record.

**Senator O'BRIEN**—So, subject to money for training, there is an extreme limitation on expenditure?

**Ms Briggs**—For this financial year.

**Ms Riggs**—No. The management of the department's IT funds in terms of expenditure on IT infrastructure has not had a significant impact on this project at all. Most of our expenditure is on software related solutions, not on the hardware that it sits on. To the extent that we have decided to invest most of our IT infrastructure money into the arrangements that

you asked some questions about on Tuesday, that has not had a significant impact on this project at all.

**Senator O'BRIEN**—Maybe I was wrong, but I thought IT infrastructure included software.

**Ms Riggs**—In the context in which we have used it, I think that is right, but this goes to the sort of common use software that you roll out on what we would call a desktop—that is, the PC that sits on everybody's desk. There has been no sense of there being a freeze on the work needed to give effect to the decision to purchase this product.

**Senator O'BRIEN**—How much over budget is this program in terms of the cost of software development, design and problem input?

**Ms Riggs**—I have already indicated to you that, in terms of the expansion of the contract to the total value of some \$278,000, some \$55,000 of that was directly attributable to what I would describe as problem elements of the software.

**Senator O'BRIEN**—Will this have an impact on the cost reduction program that the department is generally implementing?

**Ms Riggs**—This project is still within its strategic IT committee approved budget.

**Ms Briggs**—So the answer is no.

**Senator O'BRIEN**—Last August I asked question on notice 1688 concerning the department's guidance to ACCs on ethical behaviour. The answer said that the department provides a copy of the ACC handbook and governance manual to each ACC and that ACC executive officers attended a workshop in May 2003. Does every ACC board member get a copy of the handbook and governance manual or is just one distributed per ACC?

**Ms Riggs**—We distribute one per ACC, but they are in loose leaf binder form and they can also be made available electronically. I am aware that some ACCs make a quite deliberate policy of providing one to each and every member of their board, but I myself am not aware of the practice in each and every one of the 56 ACCs.

**Senator O'BRIEN**—The minister advised me that these documents have not been publicly released. Is there a reason for that?

**Ms Riggs**—We have since reconsidered that policy and both those documents are now available via the DOTARS Regional Partnerships web page. Sorry—I have made a mistake. They are available through the DOTARS ACC web site, not the Regional Partnerships web page, although the Regional Partnerships page will get you to the ACCs as well.

**Senator O'BRIEN**—So it is available? I can go onto the web site and get it?

**Ms Riggs**—Yes.

**Senator Ian Campbell**—It is at [www.dotars.gov.au](http://www.dotars.gov.au).

**Senator O'BRIEN**—I am sure we have that.

**Ms Riggs**—Actually, I think we can shorten it to [www.acc.gov.au](http://www.acc.gov.au).

**Senator O'BRIEN**—That will help.

**Senator Ian Campbell**—If you put in too many Cs, you get a picture of Graeme Samuel!

**Senator O'BRIEN**—We would not want to do that! Has that document been the subject of revision?

**Ms Riggs**—Since that document was first produced, it has probably been reviewed and revised a couple of times. We are currently undergoing another revision of the document.

**Senator O'BRIEN**—Has there been much of a turnover amongst ACC executive officers and board members since May last year?

**Ms Riggs**—I cannot answer about board members, because we do not necessarily keep a list of every board member in every ACC at any point in time. As to turnover of exec officers, I would think maybe there would have been half-a-dozen of them—perhaps as many as 10, but I do not think it is as big as that—in the 10-month period you are talking about.

**Senator O'BRIEN**—Those officers obviously did not attend the workshop in May. Has there been another workshop?

**Ms Riggs**—There have been some state based workshops and we do have a program that we ask our regional offices to manage for inducting any new executive officer. They usually come into the regional office and spend a day or two there. They take them through all those sorts of documents. And we have our next national executive officers conference scheduled for April of this year.

**Senator O'BRIEN**—That is an annual conference, is it?

**Ms Riggs**—We bring them together at least once a year.

**Senator O'BRIEN**—And it is only executive officers, not board members?

**Ms Riggs**—That is correct.

**Mr Yuile**—We have separate meetings with the chairs of the ACCs.

**Senator O'BRIEN**—Will that involve another governance workshop?

**Ms Riggs**—Perhaps Dr Dolman can give an indication of what we think the key elements of the April program will be this year.

**Dr Dolman**—Yes, we are consulting with the ACC executive officers at the moment to develop the agenda for that workshop in April. It is our intention to cover issues relating to governance as part of the workshop.

**Senator O'BRIEN**—According to part (7) of your answer to question on notice 1688, the minister may terminate the appointment of an ACC chair at any time for, among things, a perceived or actual conflict of interest. Part (4) of the answer says that a chair, member or employee of an ACC must disclose the existence of any direct or indirect interest in any matter being discussed by that ACC. However, neither the department nor the minister maintains a record of such declarations. How would the minister be able to take action in respect of a conflict of interest if neither he nor his department maintains any register of declarations?

**Ms Riggs**—Each ACC, under the terms of its articles of association or equivalent governance framework, has to keep such a declaration. Conflict of interest is a standing item,

at our request, on the ACC board agendas. And we have departmental staff who attend each ACC board meeting. So we would know if a conflict had been declared. We cannot know if a conflict is not declared.

**Senator O'BRIEN**—Unless disclosed by other sources.

**Ms Riggs**—In which case we would investigate it.

**Senator O'BRIEN**—Have there been cases where such conflicts have been investigated?

**Ms Riggs**—I can only answer that by saying that I am not aware of any. Dr Dolman reminds me that I am aware of only one in the 14-month period that I have been responsible for ACCs.

**Senator O'BRIEN**—Which one is that?

**Ms Riggs**—I think it would be inappropriate for me to tell you which ACC it was, because the matter is still under investigation. If it were proven not to be real, then it would have been quite inappropriate for me to have potentially named here an organisation where the potential conflict of interest as identified by someone else was proven not to be the case.

**Senator O'BRIEN**—I think you would be aware that in August last year I urged an investigation into a serious conflict of interest claim concerning the Chair of the South East New South Wales ACC, Mr Greg Malavey, and his relationship to a project recommended for funding by his ACC under Dairy RAP. In answer to question on notice 1689, the minister confirmed that Mr Malavey chaired the meeting at which the funding application for the South Coast packing operation was discussed and endorsed. In answer to question on notice 1690, the minister also confirmed that Mr Malavey formed a deputation to Eurobodalla Shire Council on behalf of the owner of the premises in which the packing operation was to operate. The same answer disclosed that the minister advised that Mr Malavey never made a declaration of interest in respect of his relationship with the packing operation project—the site of the operation was owned by a member of his family—nor in respect of his deputation to council on a crucial planning decision. Can you tell me how Mr Malavey's conduct was investigated by the department?

**Ms Riggs**—I think the answers that we proposed that the minister provide, and which have been provided, in fact paint a slightly different picture. For starters, I think it is important to note that our advice is that Mr Malavey did not lead a delegation to the council, although it is true that Mr Malavey attended a meeting of the Eurobodalla Shire Council. I think it is also true that the combination of the answers that you have been given notes that, at the time that the ACC which Mr Malavey chairs considered the application under Dairy RAP, Mr Malavey had no interest in the project—that any interest he or, indeed, a member of his family might have had in that project came about later, after the application had been approved, when the circumstances of the application had to change because the premises originally proposed by the proponent were not in fact able to be used. That is my understanding of the circumstances.

**Senator O'BRIEN**—Does that mean there has not been an investigation, or that is the outcome of the investigation?

**Ms Riggs**—That is the outcome of the investigation.

**Senator O'BRIEN**—Mr Malavey claims not to have had a conflict of interest. I see the answer says 'he has not declared a conflict of interest'. You are satisfied with that statement?

**Ms Riggs**—I am certainly satisfied that Mr Malavey did not declare a conflict of interest and that that was because no such conflict existed at the time.

**Senator O'BRIEN**—In respect of the packing operation, can you tell me what employment outcomes the project has now generated?

**Ms Key**—It is my understanding that the achievement of the final outcomes is still some time away. We are monitoring that.

**Senator O'BRIEN**—What do you mean by 'some time away'?

**Ms Key**—The project has not finalised yet.

**Senator O'BRIEN**—When is it due to finalise?

**Ms Key**—We are just checking that. Currently there is one full-time person employed and one part-time storeman position employed by South East Packaging as part of the project. We do not expect that the full employment outcomes will be reached until year 3 of the project, which is March 2005.

**Senator O'BRIEN**—There is one full-time employee and one part-time?

**Ms Key**—That is correct.

**Senator O'BRIEN**—What is the target employment figure for that project?

**Ms Key**—I do not have that with me, I am afraid, but I could take that on notice. I am sorry, can I correct that. We expect, from the application at the time, up to six new staff.

**Senator O'BRIEN**—I suppose you have achieved 'up to'?

**Ms Key**—We will keep our eye on it, Senator. We have some time to go—another year.

**Senator O'BRIEN**—Do you know if the part-time is 0.1 or 0.5?

**Ms Key**—I do not have that detail. I just have a note that it is a part-time storeman position.

**Senator O'BRIEN**—Thank you for that, and thanks for providing the table of approved Sustainable Regions Program projects, which appears to show that \$41.53 million of the \$93.5 million available for the program had not been committed. Does the department keep each of the eight pilot regions up to date with this national picture?

**Ms Key**—We bring our chairs and executive officers together in Canberra at least once a year and at that briefing we bring them up to date on the broad picture of expenditure and how each of the regions is travelling. We also have a new web site which enables them to go in and see at first hand what is happening in each of the regions.

**Senator O'BRIEN**—Have you provided advice to the Cradle Coast Authority that the north-west and western region of Tasmania has so far been allocated only three per cent of the funds allocated to date while its potential maximum share of the program funds is 20.7 per cent?

**Ms Riggs**—I do not believe that we have advised the Cradle Coast in those terms; no.

**Senator O'BRIEN**—When was the last annual meeting of chairs?

**Ms Riggs**—That meeting took place in the latter months of last year. Neither Ms Key nor I remember precisely when it was.

**Senator O'BRIEN**—Has the Playford-Salisbury Sustainable Region Advisory Committee been advised that the Playford-Salisbury region of South Australia has only been allocated 2.8 per cent of the funds to date and its potential is 20.9 per cent of the remaining available program funds?

**Ms Key**—At each of the regular meetings of each of the eight regions' committees, a departmental officer will attend. At those meetings we usually give an outline of how many projects they have put forward to the minister, what has been approved, the total value of those projects and the value of those projects against their allocation. We would not have expressed it in terms of two per cent or 20 per cent at any time, as far as I am aware. That is a regular standing report the department gives each committee.

**Senator O'BRIEN**—Can copies of the last report provided to each committee be provided to this committee?

**Ms Riggs**—It is not a report of that kind. It is not a written report and it is not a table; it is an oral briefing to the committee about where the program is up to in total and what their share of that is. It may well be expressed in different terms at different meetings.

**Senator O'BRIEN**—The 2002-03 spend of the Sustainable Regions Program was \$6.242 million. The budget for this financial year is \$26.377 million. That gives us a total of \$32.619 million. The table you provide indicates that as at December 2003 the contracted expenditure is \$29.89 million. I presume those numbers are accurate. How much do you expect to spend over the rest of the financial year?

**Ms Key**—Our allocation for 2003-04 is \$26.217 million. Currently we have funding approved by the minister of \$22.690 million. We are working with proponents as far as possible to achieve that \$26.2 million. Work is currently on track.

**Senator O'BRIEN**—When you look at the Sustainable Regions Program web site public information document you see that the time lines and the milestones section indicates that benchmarks and performance indicators for the program would be done by June 2002. What are the benchmark and performance indicators for this program?

**Ms Riggs**—At previous hearings, we have talked a bit about the evaluation strategy for this program. I thought that we might in fact have given you a copy of that, but if I am in error I apologise and I will certainly be happy to make that available. At the program level, the indicators and measures are set out in that strategy; but I do not have a copy of it with me.

**Senator O'BRIEN**—Okay. If you could point to where it has been supplied that would be very good. On the same matter, and if you have already supplied it I would appreciate a reference to it, the department was planning to undertake a mid-term evaluation of the program in March 2003.

**Ms Riggs**—There are three elements to that evaluation strategy. The plan was for a post implementation review, which we began in about March 2003; a mid-term assessment, which is scheduled to be done December of this year; and a final evaluation, to be carried out in

2005-06. The report of the post implementation review is literally being finalised now. It has been delayed by a number of things, perhaps most importantly by the fact that the people undertaking it felt it was necessary to get some further information from proponents and people in the communities where this program has been rolled out. That took a little while, and it need to be integrated in with some of the earlier and rather more easy to analyse statistically type answers as well as issues about the process with the program, understanding of the program and so on. So that is very close to finalisation now.

**Senator O'BRIEN**—Do you know if it is proposing any changes to the operation of the program?

**Ms Riggs**—Not in any substantial way, no.

**Senator O'BRIEN**—So there will be some changes?

**Ms Riggs**—To the extent that there might be changes that it proposes and that we might adopt, they would be about internal process management things. As I said, it was a post implementation review and it has largely focused on the process related issues with the program.

**Senator O'BRIEN**—As manager of the Regional Partnership Program, Ms Riggs, I assume you would have had very close involvement in the recent ANAO report No. 12 or the process of the National Audit Office gaining information about the administration of telecommunication grants, especially as they related to the Rural Transaction Centres Program. Are the issues raised in this audit report equally applicable to the Sustainable Regions Program?

**Ms Riggs**—No, I do not believe they are, by and large.

**Senator O'BRIEN**—Has the department translated the government's program objectives into operational objectives?

**Ms Riggs**—Do you mean for sustainable regions?

**Senator O'BRIEN**—Yes.

**Ms Riggs**—Yes, and that is exactly why I would like you to have a copy of the evaluation strategy, because that is the document that records that.

**Senator O'BRIEN**—Does that deal with the issues of whether a needs assessment was undertaken during the planning phase of the project?

**Ms Riggs**—The lack of a needs assessment is one of the matters that the ANAO raised in relation to the RTC Program. There not having been some form of assessment, I am not aware of any equivalent notion in regard to the Sustainable Regions Program. The Sustainable Regions Program flows directly from the government's 2001 'Stronger Regions, A Stronger Australia' policy statement. That, in essence, represents at the program level the needs assessment for the program.

**Senator O'BRIEN**—Did the department undertake a formal risk analysis during the planning phase of the Sustainable Regions Program?

**Ms Riggs**—I will see if Ms Key can talk about that. As you are aware, I was not here at that time. My advice is that the department did not conduct a formal risk assessment in relation to that program when it was being established.

**Senator O'BRIEN**—When was the evaluation strategy for the Sustainable Regions Program developed?

**Ms Riggs**—When I arrived in this position in late January of last year, it was already in quite robust draft form. So that work had been happening during 2002.

**Senator O'BRIEN**—When was it completed?

**Ms Riggs**—The strategy was rolled out in a discussion sense with sustainable regions committees from about March or April of last year.

**Senator O'BRIEN**—Is there a direct link between progress reports and project payments?

**Ms Riggs**—In relation to the grant agreements under sustainable regions, yes, there is a direct link between progress reports in relation to the achievement of milestones and grant payments.

**Senator O'BRIEN**—Are there any incentives for grant recipients to complete projects on time, or to account to the Commonwealth for financial outcomes performance?

**Ms Riggs**—I am not quite sure what you mean by 'incentive' in that context. We certainly do not give them a bonus for doing something in the time lines the grant agreement already sets out.

**Senator O'BRIEN**—Maybe I should have asked if there are any incentives or disincentives for a failure to complete projects on time.

**Ms Riggs**—No. It is probably fair to say there are no disincentives. There is certainly every encouragement given to proponents to stick to the time lines that, after all, they have been part of proposing in the first place and agreeing to in accepting the funding agreement.

**Senator O'BRIEN**—Can grant recipients receive their final payment prior to completion of the project?

**Ms Riggs**—That would not be common in a grant agreement, but I cannot answer for each and every one of these 100- to 200-odd projects which have been approved under that program. There may be some circumstances in which, having assessed the risks of the project and the nature of the project, the funding agreement has been written in such a way that there may not be that normal good practice notion of having at least a small part of the grant reserved until such time as the project is completed.

**Senator O'BRIEN**—Can you tell us, on notice, which projects fall into that category you have just described?

**Ms Riggs**—Yes.

**Senator O'BRIEN**—I am specifically asking for the incentives where grant recipients can receive their final payment prior to the completion of the project, for whatever reasons.

**Ms Riggs**—That is what I understood.

**Senator O'BRIEN**—The public information document on the Web indicates that the advisory committees have complete discretion on the payment schedule to apply to projects. I take it that that is correct. Has the department provided any advice to the advisory committee in relation to scheduling payments?

**Ms Riggs**—I find myself in a place where I do not like being: I do not want to hear that the public information document might say that. The reality is that the negotiation of payment schedules is done between the proponents and departmental staff. As I have already outlined to you, it would normally be the case that the payments would be scheduled in such a way that they are tied to milestones and final payments would not be available until the project were completed.

**Senator O'BRIEN**—Perhaps I misunderstood the phrase that appears on page 14 of that document, which states:

Variations to the schedule will be tailored to meet the needs of specific projects recommended by the advisory committee.

**Ms Riggs**—I think that is projects recommended by the advisory committee, not payment schedules recommended by the advisory committee.

**Senator O'BRIEN**—It continues:

These variations will include the agreed milestones, performance targets and reporting arrangements and payment schedule.

**Ms Riggs**—But the statement 'recommended by the advisory committee' ties to the project. The project has been recommended by the advisory committee. The base funding agreement and then any variations to it, which would go to milestones, payments schedules and so on, are in fact negotiated by departmental staff.

**Senator O'BRIEN**—So the advisory committee has no role to reschedule payments, for example?

**Ms Riggs**—No, the advisory committee has no role in that.

**Senator O'BRIEN**—Is there a functioning system of management that monitors the provision of progress reports?

**Ms Riggs**—Yes.

**Senator O'BRIEN**—Can you tell me what happens when progress reports are not provided by the due date?

**Ms Riggs**—Put simply, we chase them up.

**Senator O'BRIEN**—Is that an automatically generated process, or is there simply a reminder to staff that this is the project date and staff look for a report?

**Ms Riggs**—There is a schedule of these things. It is not automated at this stage so, yes, it is in fact reliant on one of the people in the team that manages the Sustainable Regions Program going on a weekly or fortnightly basis to the next element of the schedule and then checking whether each of those things that should have had a progress report in the past, say, fortnight have been received or not and, if they have not, initiating action to follow them up. Usually the first action is a telephone call, and we escalate those through a series of reminder letters

that get to some quite tough language when progress reports are very overdue, particularly in circumstances where we have not been able to talk to the proponent. There are a miniscule number of cases where you would get to that stage. Often the first letter produces a telephone call in response and a progress report very quickly. ProgramTrax will ultimately automate the work flow system for that, so that the officer responsible for any individual project on a given morning would arrive at work and there would be a flag there saying: 'This project should have submitted its progress report. You have not told me that it has arrived. Go and put in place the actions that flow from that.'

**Senator O'BRIEN**—That sounds like a reasonable system. You have had some projects that have required a number of reminders and, I took it from your answer, quite stern comments.

**Ms Riggs**—Across all regional programs, that is true. And, yes, there have been a small number of those in the Sustainable Regions Program.

**Senator O'BRIEN**—Can you advise me of how many? I accept that it is a bit indefinite.

**Ms Riggs**—My hesitancy is, I guess, because the question is: at what point have we reached what degree of escalation? Perhaps Ms Key and I could provide you with a response that sets out the not more than half-a-dozen cases where progress reports have been substantially delayed—by several months, perhaps—or those where there is a bit of repeat behaviour. As I say, I think that the list will be very short.

**Senator O'BRIEN**—Thank you for that offer. What lessons for the Sustainable Regions Program should be taken from the ANAO report on the RTC Program? Perhaps I should be a bit more specific with that question. The ANAO identified that the department did not establish the range of performance information and targets needed for evaluation purposes or the associated data collection processes that needed to be put in place for the RTC Program. Are you satisfied that those criticisms are not able to be attracted by the Sustainable Regions Program?

**Ms Riggs**—I am satisfied that the Sustainable Regions Program has in place a robust set of performance indicators and measures, and that ProgramTrax, when fully implemented, will give us greater capacity to say with confidence that we have in place appropriate data collection mechanisms that support them, as well.

**Mr Yuile**—I do not think we could give you an undertaking about what the ANAO might necessarily find in any investigation, irrespective of the effort and lengths to which Ms Riggs and the team have gone in establishing both Sustainable Regions and Regional Partnerships with the kind of clarity in objectives and, indeed, ongoing evaluative mechanisms that they have. We are doing that, but I could not guarantee to you that ANAO would necessarily find all those to be appropriate. That is a different question.

**Senator O'BRIEN**—I guess I am looking to see whether the lessons from the ANAO RTC Program report have been built into the Sustainable Regions Program performance.

**Mr Yuile**—I think what Ms Riggs has said is correct: the lessons from that review have certainly been taken into the rest of regional programs.

**Senator O'BRIEN**—So the performance indicators and targets are very clear for the Sustainable Regions Program?

**Ms Riggs**—Yes.

**Mr Yuile**—That is what the team has done.

**Senator O'BRIEN**—Are you able to tell us—perhaps on notice, if not now—the staff employed by each of the sustainable regions advisory committees?

**Ms Riggs**—Many of the sustainable regions advisory committees are not legal entities, so some of them have no staff. That does not mean they do not have access to a full-time executive officer—nearly all of them do, in fact, have access to a full-time executive officer—but the sustainable regions advisory committee is not the employing authority.

**Senator O'BRIEN**—I take it that some do employ and some do not.

**Ms Riggs**—Actually, I do not think that any of them do. I think most of them have an arrangement with a suitable other local body—an ACC or a local government council, for example. In the case of the Cradle Coast Authority, it has an administrative structure of its own, as you are aware, and the exec officer is part of that. There are different arrangements.

**Senator O'BRIEN**—Has there been occasion for the internal audit unit of the department to review any of the eight sustainable regions advisory committees' performance?

**Ms Riggs**—No, I do not believe that we have had internal audit review of sustainable regions advisory committees processes.

**Senator O'BRIEN**—Are any planned?

**Ms Riggs**—Not at this stage.

**Mr Yuile**—No, there are none on the program at this stage.

**Senator O'BRIEN**—So there is no reason, in the department's opinion, to assess whether there is a significant level of risk in any of the advisory committees' performances?

**Ms Riggs**—The Sustainable Regions Program is on the internal audit work program for later in this financial year. It will not focus particularly on the committees' processes but focus on the processes of the program in total.

**Senator O'BRIEN**—I understand that the ACCs are in the process of developing new strategic plans. Is that right?

**Ms Riggs**—Yes. This year, 2004, is a year for reviewing the ACCs' strategic regional plans.

**Senator O'BRIEN**—Are these proposed to be three-year plans?

**Ms Riggs**—They are.

**Senator O'BRIEN**—I take it they are intended to be continuations building on the existing plan.

**Ms Riggs**—I think that is the approach most ACCs will adopt.

**Senator O'BRIEN**—Do existing strategic plans identify performance indicators and targets? Is it a requirement that the strategic plans indicate a performance indicator and target?

**Ms Riggs**—No, it is not.

**Senator O'BRIEN**—Is there any guidance that the department provides to area consultative committees with regard to the preparation of their strategic plans, for example, for the issues that need to be covered?

**Ms Riggs**—Issues are locally based, but we do have a guidance document that describes the sorts of matters to be included in the plan. It gives them guidance about content, size and process. That was circulated.

**Senator O'BRIEN**—I take it that they are not required to deal with the indicators that should be used to measure their performance and effectiveness.

**Ms Riggs**—No, they are dealt with in their operational funding contract.

**Senator O'BRIEN**—Is that a standard clause?

**Ms Riggs**—We have talked a bit about performance indicators for ACCs on a previous occasion. We currently have trial performance indicators with the ACCs. They are currently providing data for those indicators for a six-month period that ended in December or January. We then have discussions with the ACCs about which indicators worked, which did not work and which ones best reflect performance. On that basis we will be implementing a structured process of performance reporting against performance indicators in the next operational funding contract.

**Senator O'BRIEN**—Will ACCs in that process, or in some other process, be required to evaluate the effectiveness of their performance over the life of the current strategic plan?

**Ms Riggs**—One of the areas of indicators we are testing at the moment goes to that set of issues about how effective ACCs are understanding their regions and properly reflecting their region's needs and futures in their strategic plans and so on. They are actually quite difficult concepts to capture other than anecdotally and subjectively. We are trying some indicators that go precisely to that issue.

**Senator O'BRIEN**—I think at the previous estimates hearing we were told that strategic plans are used by the department to determine an indicative level of regional partnership program funding for the region. Did I understand that correctly?

**Ms Riggs**—I hope you were not told that, Senator, because I do not think that in respect of the notional allocation of regional partnership funding for 2003-04 that was the case. It is true that one of the things we ask ACCs to comment on in relation to a regional partnership application is whether it is consistent with and supports the strategic regional plan.

**Senator O'BRIEN**—Has the process for assessing the intended funding for particular ACCs been completed for the coming round?

**Ms Riggs**—No, Senator.

**Senator O'BRIEN**—When would you expect to make a decision about the level of funding for each ACC—that is, how much they will get for the operation?

**Ms Riggs**—Our regional managers will be starting a dialogue with ACCs next month about their plans and intentions and their full likely budget for 2004-2005. In the year in which the strategic regional plans are reviewed in particular it is a bit hard to do it earlier because the

strategic regional plan is due with us in March and, clearly, for the issues about what they plan to do in the next financial year and so on they need to have that regional planning worked through before they can be talking about the issues to do with their budget for next year.

**Senator O'BRIEN**—So it will be a decision for the next financial year only?

**Ms Riggs**—There are requirements relating to the management of the government finances which mean that we cannot at this stage make commitments in respect of anything other than the forthcoming year, and we cannot make those commitments formally until there is an announced budget.

**Senator O'BRIEN**—Has the internal audit unit of the department undertaken any reviews of any of the ACCs?

**Ms Riggs**—Yes, it has.

**Senator O'BRIEN**—Which particular ACCs have been subject to such review?

**Ms Riggs**—In this current work period, the Northern Rivers ACC has. There is one other about to commence and that is for GROW, the Sydney Metropolitan ACC.

**Senator O'BRIEN**—When you say the 'current work period' is that their current financial year?

**Ms Riggs**—Yes, it is.

**Senator O'BRIEN**—Can you explain to me how the assessment is made as to the need for an internal audit of an ACC?

**Ms Riggs**—We would normally select for audit through the internal audit work program. It would be where we have had some concerns about issues to do with the ACC's management of the operational funding contract.

**Senator O'BRIEN**—I take it that would arise from some perusal of their plans and visits from regional officers?

**Ms Riggs**—Yes, regional officers are close to the ACCs; as I said, they attend their board meetings. They are the people who negotiate their annual budgets with them, receive their financial reports in relation to completed periods and usually have that sort of sense of whether life is okay or there is something that could benefit from being looked at. Public administration is not always a completely exact science.

**Senator O'BRIEN**—I think that is news to everyone in the room!

**Mr Yuile**—Perhaps that is all for the better.

**Senator O'BRIEN**—If it was an exact science we could get ProgramTrax to fit it in and we could just push a button and have a solution.

**Ms Riggs**—Indeed we could.

**Senator O'BRIEN**—Is there a process for handling the issue of industrial problems between ACCs and their staff, or is it simply a matter for them?

**Ms Riggs**—It is a matter for them. It is one of those areas that we have identified as having the need for us to perhaps develop some extra guidance or training or whatever for the

executive officers, who usually carry the responsibility for any other staff. That is a bit hard, because we do not have a single workplace relations system in this country and so doing that is going to be an issue for us. By and large, employment relationship issues are managed by the ACCs themselves. In at least one state the executive officers from a group of ACCs have got together and developed a handbook for themselves on managing that stuff and other matters and the ACCs have paid collectively to have a pro forma employment agreement drawn up, for example. We encourage that sort of joint work between ACCs.

**Senator O'BRIEN**—Is there a procedure if an ACC staff member approaches the department about a problem to do with their employment relationship?

**Ms Riggs**—When anyone approaches us about a governance or operational administrative matter in an ACC we normally seek to discuss that with the ACC. If the issues appear to be about the employees then we probably talk to the chair. If the issues were elsewhere we might make a different judgment; it would depend what the issue was. We think it is in our interest and in theirs to let them know that things are being said. More formally, we sometimes write to them and ask for an explanation of how they are handling a particular matter, particularly when it does come to the issues about the operational funding contract. I have to say that the cases where there looks as though there might be something there would potentially be one of the triggers for some form of internal audit work.

**Senator O'BRIEN**—Has the department provided advice to ACCs about best practice management practices such as dispute resolution mechanisms?

**Ms Riggs**—We have not at this stage. I said a few minutes ago that that is an area of employee relations that has been identified as one where perhaps we could do more to help them. I have also said that one of the issues for us there is that some of it is based in different law, and so there is a question about precisely how we frame what that sort of advice might be. One of the things that we are looking at is, in fact, that very issue of whether or not groups of ACCs might help themselves in picking best practice from some ACCs and sharing it around. Executive officers are very amenable to that notion. It is a question of getting some sort of process in place to help it happen.

**Senator O'BRIEN**—Has the department done any analysis of the number of projects approved for funding that are awarded to proponents who have a representative on the ACC?

**Ms Riggs**—No.

**Senator O'BRIEN**—Is it possible to determine that information easily for particular programs?

**Ms Riggs**—No, I do not think it would be.

**Senator O'BRIEN**—How would the department become aware if a proponent of a program had a representative on an ACC that was recommended for funding?

**Ms Riggs**—I guess the first and most simple answer to your question is that I might expect that that person would declare a conflict of interest at the start of the meeting and, since such conflicts are declared by ACC board members, I have every reason to believe that that works just fine in many circumstances. The second way in which we might become aware—or the ACC itself might become aware—of such a thing, is through the fact, as you will recall, that

ACCs are made up of local people. Many of them would know—perhaps not with absolute certainty, but they would have a real sense of—what some of the other interests of the people around the table are. I am not talking about dobbing, but I just think that stuff is often known, particularly in non-metropolitan Australia. I guess there are some really obvious ways that we might find out. If these people were named as directors of companies and so on when we were doing our diligence checks before entering into grant agreements, we might discover it that way.

**Senator O'BRIEN**—Is that the normal process when you do the due diligence—that you might look to see if there is a connection with the ACC board membership that has recommended it in the proponent?

**Ms Riggs**—The procedures for staff do not require them to do that check, but that check—about whether this company is a legitimate company, a common check that any Australian can do, in fact, and that produces a list of directors—is in fact done in our regional offices, so I think the connection might well, in some circumstances, make itself known, simply by virtue of that check.

**Senator O'BRIEN**—Let me ask it in this way: if a member of an ACC is employed by or is a consultant to a particular company or operation and that operation is the subject of an application which has been given approval by the ACC, you would expect that there would have been a declaration of conflict of interest?

**Ms Riggs**—Yes, I would.

**Senator O'BRIEN**—If that occurs and there has been no such declaration, what are the remedies?

**Ms Riggs**—I do not believe that there is a systematic process we can put in place to identify any such cases. Really, what I have outlined to you is a reality—that, in fact, if people are not of good faith or if people behave in certain circumstances in a way that does not represent good faith behaviour, it is very hard for anyone to identify that in any circumstances, and there are not any established procedures for doing that that I am aware of in any form of—

**Senator O'BRIEN**—I understand when you say that identification of that problem might be difficult but, where it has been identified, what are the remedies?

**Ms Riggs**—I am not quite sure what sort of remedy you might be anticipating. In those circumstances we would, for example, anticipate that we might either directly or through the chair of the ACC indicate to the individual concerned that their behaviour had been inappropriate. If by 'sanction' you mean to suggest that in some way that might render the funding of that project invalid then I think that the non-declaration of the conflict of interest, while inappropriate, would not necessarily render the funding of the project invalid. The issue is whether that non-declaration of conflict of interest was done in such a way that it had an undue influence over the board and that their recommendation that the project proceed, for example, was somehow unduly influenced by that. But the ACC's role in deciding to fund a project is of course not the only element in the process. There is a formal assessment of the project undertaken by departmental staff. That and the ACC's recommendation proceed to the decision maker on the one piece of paper, as it were, but as independent pieces of advice.

**Senator O'BRIEN**—But wouldn't the ACC's recommendation put the matter in the queue for assessment by the department perhaps ahead of others?

**Ms Riggs**—No.

**Senator O'BRIEN**—So projects that are not approved by the ACC are treated equally to projects that are?

**Ms Riggs**—There is no concept of approval by the ACC. The ACC is asked to answer certain questions in relation to every project that comes in from their region, whether they have been involved in it or not, and they are asked to give it a priority rating. But everything that is received by the department under this program is assessed under this program.

**Senator O'BRIEN**—What weighting does the rating of priority by the ACC have?

**Ms Riggs**—It does not have a formal weighting in this program. As I said, the department's assessment against the formal selection criteria goes to the minister within the one package of advice. But not related to the department's formal assessment also is the ACC's recommendation and the priority that they give to the project.

**Senator O'BRIEN**—I am not sure from that answer whether they have any significant role at all. On the one hand there is some significance to their rating; on the other hand it is entirely for the minister. I am trying to understand whether they are just window dressing the process or whether they play an important part.

**Ms Riggs**—You would have to ask the decision maker about how they look at the form and make a judgment between the weighting that they give their department's advice and the ACC's advice. I cannot answer that question for you. I believe that it is taken as a significant part of the decision making.

**Senator O'BRIEN**—That brings me back to the original point: if that weighting is somehow potentially corrupted by a conflict of interest, what remedies are available? I do not think you have said—

**Ms Riggs**—I am not sure what you seek to remedy.

**Senator O'BRIEN**—You have had a decision making process to approve funding of a project, which appears to have been somehow based on a priority rating by an ACC, and the ACC process has been possibly corrupted by a conflict of interest. Is there a remedy for that or not?

**Ms Riggs**—I am sorry, could you just repeat the last bit of the sentence—I was distracted.

**Senator O'BRIEN**—Is there a remedy where the conflict of interest has been identified in the process that the department has before it or is there no remedy?

**Ms Riggs**—I do not know what you seek to have remedied. There is no obvious connection between an individual having a conflict of interest and whether or not the ACC is, in its recommendation to the minister, unduly influenced by that undeclared conflict of interest. That is just not something that you can in any way substantiate or otherwise.

**Senator O'BRIEN**—Either the ACC's priority assessment is taken into account or it is not. If it is and the process of arriving at that has somehow been corrupted by a conflict of interest—

**Ms Riggs**—But it may not have been corrupted by any potential conflict of interest.

**Senator O'BRIEN**—That is an answer in the hypothetical, I guess. What I am asking is—

**Ms Riggs**—The whole conversation appears to me to be hypothetical.

**Senator O'BRIEN**—I suppose when we talk about process, that is what you do.

**Senator Ian Campbell**—The problem with this is that you go from the specific to the general and the hypothetical. The senator is trying to force Ms Riggs to say something in the hypothetical and therefore by inference condemn the specific. I do not think that is fair to the officer or the people involved.

**Senator O'BRIEN**—What I am asking is whether there is a remedy when that occurs or not. I think I am getting the answer that there is not a remedy. Is that a fair assessment of what you are saying?

**Senator Ian Campbell**—You would have to find a particular case where there was a demonstrated conflict of interest which you thought had perverted the process and then ask the question. But I think going down this hypothetical course is unfair to the individuals involved and unfair to the officers at the table.

**Senator O'BRIEN**—I don't know that we are talking about particular individuals. I am asking about what measures are in contemplation if that occurs—if someone blows the whistle and says, 'About that project you have just approved for funding, did you know that three members of the ACC are consultants to that company and you have just given them a grant for \$150,000 to build a lolly packing factory?'

**Senator Ian Campbell**—I would say, as the minister at the table, that the consequence would be that an investigation would ensue. Then you would look at the details of it.

**Senator O'BRIEN**—So an internal audit would necessarily ensue, would it?

**Ms Riggs**—With respect to other matters I think I have already said to you that often our first port of call is for our regional manager to have a conversation with the ACC—usually the chair of the ACC. I would anticipate that whether or not a potential conflict of interest had been identified—for the sake of this hypothetical, I will hypothesise further that the chair is in no way implicated in the potential conflict of interest—we might then have a conversation with the chair, based on his knowledge of how his committee usually operates and the way meetings usually happen and so on, as to whether there was any reason for him to suppose that that conflict gave rise to discussion about the project that would have been different had such personal interest in the project not existed. I think the first element to assess, once you have identified that there may be a conflict of interest, is whether that in any way did influence the outcome of the ACC's consideration. I cannot think of any way to suss that out other than to ask those who are in the room. Only if it influenced the way the ACC decided to frame its recommendation to the minister is there any case to think that the conflict has somehow marred the process.

**Mr Yuile**—I think that answers the question clearly. If we got such advice, or such information was brought to our attention, we would need to act on it. That is the first question you asked.

**Senator O'BRIEN**—That is right. I am trying to find out, given that I take it the ACC's recommendation is germane to the decision making process—

**Ms Riggs**—I think the guidelines for regional partnerships make it clear that the ACC's recommendation is germane to the decision making process.

**Senator O'BRIEN**—That is what I thought.

**Mr Yuile**—Absolutely.

**Senator O'BRIEN**—Perhaps you want to consider this question and come back with something concrete: is there a defined process, do individual regional officers handle these matters on a case-by-case basis or is there a process of referring the matter to head office and head office handling such matters on a particular process basis?

**Ms Riggs**—There is no defined process in terms of it being written down in dot points in a procedures manual for our staff. In the really small number of cases where such matters are raised, yes, the regional office will nearly always discuss them with either me or Dr Dolman. That is what we ask them to do when they come across something that is tricky. That is the sensible and reasonable process. Then we agree with them about the next steps that they will follow.

**Senator O'BRIEN**—Are for-profit proponents required to provide a business plan or a marketing plan with applications for funding under the Regional Partnerships program?

**Ms Riggs**—They are required to provide financial details, corporate governance documents and those sorts of things that let us test their sustainability as an organisation, and they are required to provide documents that are relevant to describing the nature of the project that they are seeking our support for. In some cases that might be a business plan, in other cases it might be a marketing plan and in some cases it might be something else because lots of companies do not use those sorts of words. So, yes, sometimes. The important issue is that we get documents that let us both examine the project, how it relates to the company, the company's future and their claims of what the outcomes will be and examine information that lets us assess the company's financial stability.

**Senator O'BRIEN**—Does that information need to go to the ACC for their consideration before a departmental process?

**Ms Riggs**—Yes. As part of their assessment of the application, the ACC would benefit from seeing anything that is germane to the notion of what the project is. Anything that goes to those detailed financials the department makes the assessment of, so they do not have to go to the ACC and we do not routinely supply them to the ACC.

**Senator O'BRIEN**—Would the responsibility for preparing that sort of documentation lie with the proponent? I am asking simply because I am wondering what role the ACC might have had in the preparation of such documentation.

**Ms Riggs**—Can we separate the two categories of documents. Clearly a company has to prepare its own financials: they are standard and they are required for their operation as a company. So the ACC has no business in relation to them. The ACC assists proponents to develop their projects. So the executive officer might, for example, indicate the sorts of planning documents that would assist in framing a particular project application. I think it

would be extremely unlikely for an ACC to assist a private sector company—or even a public sector community group—to actually formulate a plan. I think it is much more likely that they aid them by letting them know what sorts of things need to be in the application, by framing the application and by indicating the sorts of supporting documentation that will add to the department's capacity and the ACC's capacity to formally make an assessment of them. But I do not think they help them prepare those sorts of documents.

**Senator O'BRIEN**—I take it they are not funded to do so.

**Ms Riggs**—No, they are not.

**Senator O'BRIEN**—So what would the department's position be if you were made aware that staff were required to and were preparing business or marketing plans for a project proponent?

**Ms Riggs**—I am not quite sure about the 'required to' bit in your question. If they were, if they were doing that in the knowledge of their employer as represented by the chair of the ACC, and if that person thought that was a legitimate way for them to go about helping those community based groups or even private sector groups develop fully fleshed out applications then that might in fact be their best judgment about the most sensible way for that application to proceed.

**Senator O'BRIEN**—But they are not funded to do that.

**Ms Riggs**—Unless there are particular cases that you would want me to explore, I do not think I can continue to handle this question much either. They are funded to help applicants prepare applications and to put the package of supporting evidence around them.

**Senator O'BRIEN**—So the department would see no role for itself if it became aware that, even though the ACC was not funded to do that, that was what their staff were being asked by the committee to do for proponents?

**Ms Riggs**—Given that this is a hypothetical, all I can say is that, if there appeared to be something odd about what we were hearing, then yes we would probably talk to the chair of the committee and make sure that the chair shared the same understanding of our expectation of the role of ACCs. But there may be circumstances in which the sort of hypothetical you are describing might well in fact be the most sensible way to aid the furtherance of certain applications. Those are judgments for the people on the ground to make; they are not judgments for me to make sitting in Canberra.

**Senator O'BRIEN**—Thank you for that. Can you tell me what triggered the review of the GROW committee?

**Ms Riggs**—The first trigger for that was that for the last couple of years GROW have negotiated their annual budget in broad chunks with us and for at least the last two years, when they have actually come back and reported to us about that budget, they have had to seek a substantial variation to the budget, not in terms of the bottom line but in terms of those chunks, so they have wanted to move substantial proportions of money between categories in the agreed budget. Indeed, their accounts suggest that is in fact how they were spending their money. That suggested to us that there were issues to do with the way in which they report and record expenditure that may not be quite tickety-boo, so we thought we might have a look

at those. Theirs is also the largest operational funding contract and it is some years—if at all—since the department has done internal audit work on it, therefore it seems to me that it would be timely.

**Mr Yuile**—I would like to add one thing before we move off ACCs. I know some of the earlier conversation was hypothetical but it is important for us to say that the chairs and members of the area consultative committees that we deal with are, on the whole, incredibly dedicated to their relevant communities. I know that we do not live in a perfect world but I would have to say that the bulk of the operations and dealings that we have with ACC chairs has been very positive. They have made a very constructive contribution to the work of the program. I think it is important to bear that in mind.

**Senator O'BRIEN**—It seems that they will have additional responsibility. I believe your department is in discussion with the Department of Industry, Tourism and Resources on their role in the roll-out of funding for See Australia.

**Mr Yuile**—No, that is for their regional tourism program within the department in particular. But there is no doubt that the ACCs have a role in a range of areas of government so that we have the local expertise that can hopefully enhance decision-making processes and feed that local knowledge into decisions in the tourism area, typically in our sustainable regions but also amongst the 56 ACCs—and we will see this more clearly when we get their strategic plans. Regional tourism and the connectivity issues of tourism are very important for many of our regions, therefore we are endeavouring to make sure that we do make the right connections across government and programs.

**Senator O'BRIEN**—Mr Yuile, I think that demonstrates—does it not?—that, as ACCs have some significant influence in the expenditure of many millions of dollars of taxpayers' money, an understanding of probity and governance issues is important.

**Mr Yuile**—I think an understanding of probity and governance anywhere is important and I do not think we have suggested otherwise. As I think Ms Riggs said, clearly their views are germane to decisions that ultimately ministers have to make, and we have to continue to be vigilant about that. But I do not think we would want to tar people on these committees that somehow they are doing other than appropriately seeking to advance the interests of their communities and making a constructive contribution to decision making. If there are particular issues or particular instances of inappropriate behaviour, clearly we need to address those but I would not want to give a sense of those being pervasive.

**Senator O'BRIEN**—Neither should we be under the impression that the department responsible for the monitoring of ACCs does not have a plan to deal with those eventualities if they occur.

**Mr Yuile**—I think what Ms Riggs said was that we did not have set procedures set out by dot point. But where issues are drawn to our attention, either by members of the community or by regional offices, then clearly we respond. On the question of having set procedures for every particular instance, I think we have to allow some room for commonsense and a capacity to respond in the particular instance with which we are dealing.

**Senator O'BRIEN**—Sure, but the government appoints these committees.

**Ms Riggs**—No, the government appoints the chair of these committees.

**Senator O'BRIEN**—That is true, sorry. They are not an elected body.

**Mr Yuile**—No.

**Senator O'BRIEN**—So there is no recourse other than the role that the government plays in monitoring the performance and activities of the ACC. I guess that is what I am leading to.

**Mr Yuile**—Yes.

**Ms Riggs**—Yes.

**Senator O'BRIEN**—Answers to questions on notice No. 1929 and No. 1930 about rural transactions centres appeared on the Senate *Notice Paper* on 11 February. It was indicated that for the life of the program \$1,826,789 has been paid for business planning, \$15,912,589 has been paid for project assistance and \$7,912,832 has been paid to GRM International. What other areas of expenditure have there been in this program?

**Dr Dobes**—To date, there have been a number of other expenditures. One of those has been a payment for the Besley report that went to the department of communications and information technology.

**Senator O'BRIEN**—How much was that?

**Dr Dobes**—That was for \$9 million. That was expended prior to 30 June 2003. Apart from that, there have been payments to Australia Post—that is mainly in connection with the giroPost facility for licensed post offices. I think we discussed that last time.

**Senator O'BRIEN**—How much was that?

**Dr Dobes**—The amount there is \$3.4 million to date actually expended, and we have an estimate of another \$0.4 million to the end of this financial year. Centrelink is another one. My maths is not good enough to add up all of these figures, but it looks like there is close to \$2 million in estimated expenditure to the end of this financial year. We can give you these in more detail if you would like, but I am happy to run down the list.

**Senator O'BRIEN**—Thank you.

**Dr Dobes**—Support offices which have been recently appointed is another area of expenditure. That is basically it. I think you mentioned project assistance, business plans and GRM International.

**Senator O'BRIEN**—Yes. Is departmental administration of the program paid for from the program funds?

**Dr Dobes**—In a sense it is, but it is an amount which has been put aside separately. That issue came up in the audit of special accounts by the ANAO. It is a \$70 million total, and a bit of that has been allocated; \$8.343 million has been put aside for departmental expenditure for the life of the program.

**Senator O'BRIEN**—So when does that take us through to?

**Dr Dobes**—That takes us to 30 June 2005, which is the legislated end of that program.

**Senator O'BRIEN**—How much is set aside for departmental administration for the coming financial year?

**Dr Dobes**—I do not have that figure in front of me, but it is within that amount. Can we take that on notice?

**Senator O'BRIEN**—Sure.

**Dr Dobes**—We have not gone through the budget process yet.

**Senator O'BRIEN**—Can you let me know how much of that amount has been exhausted to date or whether that is just a notional figure.

**Dr Dobes**—I think we can easily provide those figures to you.

**Senator O'BRIEN**—The ANAO audit report entitled *The administration of telecommunications grants* was pretty scathing of the department's administration of this program. What has the department done to ensure that other regional grants programs administered by the department are not open to the same criticisms?

**Dr Dobes**—Are you referring to the RTC programs or to other programs?

**Senator O'BRIEN**—I am referring generally to other programs.

**Ms Riggs**—Fundamentally we now only have two programs—the Sustainable Regions program and Regional Partnerships—with some projects still to be assessed under the RTC program. Already this morning we have been through at some length whether or not the Sustainable Regions program can demonstrate that it has learnt the lessons of the RTC audit. I think it is fair to say that the Regional Partnerships program processes, risk assessments and fundamentals are built on not only experience with the RTC program and the Sustainable Regions program but also things like the ANAO better practice guide on contract management. We can sign off on all the sorts of issues raised in the RTC program in relation to Regional Partnerships.

**Senator O'BRIEN**—Does the TRAX system play a clear role in attending to those problems?

**Ms Riggs**—To the extent that the TRAX system is currently operational, yes, it does. I have had the internal auditors do some work on the fundamental, underpinning design for the TRAX system, and basically their report concludes that the specifications for the remainder of the system have the right controls in them to meet those sorts of issues. But, clearly, we will roll out further internal audit work on Regional Partnerships and the system underpinning it as time goes on.

**Senator O'BRIEN**—Almost every RTC that has been established offers Medicare Easyclaim access. On average, what annual financial return does an RTC get from Medicare for the provision of this service? Does the department know the answer to that?

**Mr Yuile**—We will just check.

**Dr Dobes**—I was aware that it was a smallish amount, but I am advised it is about \$275 a year.

**Senator O'BRIEN**—Many RTCs also provide a Centrelink access point. On average, what annual financial return does an RTC get from Centrelink for the provision of this service?

**Dr Dobes**—I am advised that it is up to about \$3,000, but it does depend on the type of service that is being provided. Centrelink, as you are aware, has different levels of service available.

**Senator O'BRIEN**—How, then, can an RTC become self-sustainable in places like Batlow, Delegate, Guyra and Glenthompson?

**Dr Dobes**—There are various ways that an RTC can become self-sustainable. It is a very good question because they all adopt different approaches to the problem. If they were to rely solely on government programs like Centrelink or Medicare and they paid their staff high wages, then obviously that would be pretty difficult to achieve unless there was a large population. So the factors we are looking at are population and number of users within that population and wages paid and whether volunteers are used. It is becoming increasingly obvious that, where a community supports an RTC and uses volunteers or a mix of volunteers and paid labour, that helps it become sustainable. That is a very important factor.

Then, of course, there is the opposite of expenditure, which is increased income. Some communities have been very inventive. In tourist areas in particular there are RTCs selling tourist knick-knacks and providing Internet services—that is a very seasonal sort of income. A good example of that is St Marys in Tasmania, where they provide Internet services to tourists on a seasonal basis. It really depends on the RTC. I have only been talking about pure RTCs, but there are RTCs which are combined with a business of some sort, like a post office, or they are in a newsagent. In those cases, a bit of a cross-subsidisation goes on. It is then a moot question of whether it is a stand-alone self-sustaining RTC. There are telecentres in Western Australia and CTCs in New South Wales and a combination of state government and RTC activity. Finally, you have RTCs that are part of a council. I have just been reminded about banks too. An RTC might rent out a part of its premises to a bank and receive income that way, and they might also receive income from transactions that go on. I know that is a very complicated and complex answer, but it is a combination of all those things plus community contributions and so on that can make it self-sustaining. I wish there were a simpler answer I could give you but there is not.

**Senator O'BRIEN**—No doubt it is a difficult task to determine the suitability of a community for an RTC in those circumstances. You have to take into account whether they have the community commitment—where incomes are going to be low—to provide volunteers, whether they have the opportunity and drive to establish the associated business operations to make them sustainable and whether competing businesses will suffer from that competition if they do.

**Dr Dobes**—I think the phrase 'not an exact science' was used earlier on here, and that applies particularly to this. Obviously, there are ways of trying to minimise the risk. One way is to try to assess in detail any applications that come in and look at past experiences and so on. But it is not an exact science and, you are right, it is quite difficult.

**Senator O'BRIEN**—Would you normally consider funding an RTC in a town less than 20 kilometres from another town with an RTC?

**Dr Dobes**—I do not think there is an exact rule in that regard. One of the key factors we would obviously look at is accessibility of services. It could be—and this is where the problem of having fixed rules comes in—that if it were a 20-kilometre rule then in some cases it might not be a good idea to fund that RTC because there is good public transport and everything else. But if there were no public transport or easy access you might consider something. I would not like to come forward and say there is an absolute rule in that regard. For short distances like 20 kilometres you would need to assess the needs very carefully.

**Senator O'BRIEN**—I understand that Delegate has an operating RTC and that Bendoc has been approved for funding to establish an RTC and that the towns are only 14 kilometres apart. Do you have any understanding of the reason for having two RTCs so close to one another?

**Dr Dobes**—I would have to go back and check on the exact details, but my understanding is that in the Delegate case—and this is just going from memory—yes, they might be geographically reasonably close but, in terms of travel time, because of state of the roads, they are not quite that close. But I really would have to double-check that for you. Would you like me to come back on that?

**Senator O'BRIEN**—Yes, please. Could you tell us the total level of grant for the Bendoc RTC and when that was approved?

**Dr Dobes**—Yes. I am assuming it has been approved; I cannot remember.

**Senator O'BRIEN**—So am I; that is the information I have. Can you also tell me the services it was going to provide to the community when it was first approved? Do you know if it is operational yet?

**Dr Dobes**—Yes, it is.

**Senator O'BRIEN**—Do you know what services are now being provided?

**Dr Dobes**—May we take that one on notice? There are about 104 RTCs operational now and it is hard to remember what services each one provides.

**Senator O'BRIEN**—Can you also tell us on notice when the RTC was approved, how much the initial grant was for paying staff in the first two years of operation, and whether there has been any change?

**Dr Dobes**—Yes, certainly.

**Mr Yuile**—For which RTC?

**Senator O'BRIEN**—Bendoc. Can you also tell us, if there has been any change, why that has changed?

**Dr Dobes**—Certainly. We will take all of that on notice.

**Senator O'BRIEN**—How would you evaluate whether the Bendoc RTC is achieving the outcomes planned at the time of its approval?

**Dr Dobes**—Speaking hypothetically here to some extent, outcomes are fairly clear with RTCs in the sense that money is asked for for certain items and it is approved on that basis. It may be a building, it may be equipment of some sort, and that is the outcome in that narrow

sense. Obviously the wider outcome, the broad policy outcome, is provision of services to the local community. Measuring satisfaction or the number of people using it is a bit harder to do, but it obviously can be done.

**Senator O'BRIEN**—There are some questions on this area that I will put on notice, but I propose now to move to 5.3.

**Ms Briggs**—Mr Acting Chair, while Senator O'Brien is here, could I follow up a couple of questions that were asked of us on Tuesday?

**ACTING CHAIR (Senator Colbeck)**—Certainly.

**Ms Briggs**—Senator Stephens and Senator O'Brien asked the department and AMSA about a reference on the department's web site concerning a policy review relating to search and rescue. The department's web site was reconstructed in September 2002 and it appears that some outdated material was loaded in error at that time. The material contained out-of-date information relating, I understand, to a review by AMSA and the Australian Defence Force in 1999 concerning civil and military search and rescue arrangements, and was reported in the AMSA annual report in 1999-2000. The department regrets the outdated material was included and has already set in train processes to review the components of the web site to ensure they are correct.

The second issue relates to consultancy services from Prentice Parbery Barilla. As you know, Prentice Parbery Barilla was approached by the department in April 2003 to assist us as we assessed the department's current and projected financial position, including forecast cash flow requirements and any shortfall. Several discussions between Prentice Parbery Barilla took place involving the head of corporate, the chief finance officer and other staff throughout April, May and June. Advice was received progressively through that period in the form of both written opinions and verbal advice.

As you know, the work undertaken by Prentice Parbery Barilla confirmed a significant cash shortfall during 2003-04 and beyond should the department not put in place a workable plan to address this shortfall. Payments for these services were expensed and authorised in June 2003 but actually were made in July 2003, representing one amount of \$9,358 for an initial review and one amount of \$3,910 for further work requested by the department. These payments were not included in the annual report for 2002-03 because, as with numerous other small contracts for various services across the department, they each fell below the required threshold of \$10,000.

**ACTING CHAIR**—Thank you.

[12.31 p.m.]

**ACTING CHAIR**—I now welcome officers for outcome 5.3, Territories and local government, to the table.

**Senator O'BRIEN**—The House of Representatives committee tabled its report *A nation charred* on 23 October last year. Minister, do you know when a response is likely to be forthcoming?

**Mr Doherty**—I think the response to that is likely to be after the report of the COAG bushfire inquiry is received. It is currently under way.

**Senator O'BRIEN**—Last November you told this committee that, with regard to Commonwealth funding for leasing firefighting aircraft, any further commitment to funding in future years would be contingent upon the outcome of the current inquiries. One of those is complete and that one says:

The Committee recommends that the Commonwealth should commit funding for aerial fire fighting beyond the 2003–04 season ...

Have any negotiations been conducted with states and territories regarding longer term leasing of aircraft?

**Mr Doherty**—At this stage there is funding in place for the current year—that is, the \$5.5 million. There is no funding into the future years, but there is an expectation that the government will be asked to consider funding for those future years.

**Senator Ian Campbell**—Part of the problem was that we had it on the COAG agenda when the Labor premiers spat the dummy and walked out. We are seeking to progress agreements between the heads of government outside that process and that is obviously quite crucial to it.

**Senator O'BRIEN**—Does that mean that, when Commonwealth ministers choose not to appear, they have spat the dummy?

**Senator Ian Campbell**—The Commonwealth ministers were there. In fact, the minister responsible for this part of the agenda—the Deputy Prime Minister—was excluded by the premiers. They would not let him come in.

**Senator O'BRIEN**—He did not have a role there, did he?

**Senator Ian Campbell**—We are hoping to put that behind us from the Commonwealth's perspective and get on with having better bushfire arrangements in place.

**Senator O'BRIEN**—Can the states bring whoever they like to COAG meetings?

**Senator Ian Campbell**—I do not know. We would just like them to stick around for long enough to discuss important issues and not do Bob Brown style media stunts instead.

**Senator O'BRIEN**—Or Peter Costello style media stunts? What work has the department done on costings or funding commitments for aerial firefighting beyond the 2003–04 season?

**Ms Briggs**—We are looking at that in the context of the forthcoming budget and we really could not go into that in any greater detail.

**Senator O'BRIEN**—Has that work been completed or is it ongoing?

**Senator Ian Campbell**—It is in the budget process.

**Ms Briggs**—It is ongoing as part of the budget deliberations.

**Senator O'BRIEN**—Is any formula used to determine the Commonwealth's contribution to bushfire relief appeals?

**Ms Briggs**—In the natural disaster relief arrangements?

**Senator O'BRIEN**—It could be that or in some other area. I am thinking about the payment to the Canberra bushfire relief appeal.

**Ms Briggs**—Those decisions are taken on an ad hoc basis generally by the Prime Minister or cabinet when a particular disaster occurs.

**Senator O'BRIEN**—On 21 January last year, the Prime Minister announced the government would provide \$500,000 to the Canberra bushfire relief appeal. Canberra lost 500 houses in the bushfires last year, and according to some reports the total cost was in the order of \$350 million. I note that in 2001 the New South Wales bushfires cost in the order of \$100 million, and yet the Commonwealth contributed \$1 million to the New South Wales bushfire appeal. I am sure that ACT people might think that looks a bit odd. You said that this is an ad hoc process, so there is no formula applied, I take it?

**Ms Briggs**—No. We have standard arrangements, by state and territory, as you know, for actual disaster relief reimbursement. In terms of contributions to appeals, they are made on an ad hoc basis by the government—it is a decision by the government—at the time.

**Senator O'BRIEN**—Is it a decision by the minister?

**Ms Briggs**—By the government. Notwithstanding that, of course, the contributions that we make for natural disaster relief arrangements, more generally, are quite substantial. I am reminded by Mr Doherty that other ad hoc relief was made available to the ACT forestry industry, which came to \$1 million.

**Senator Ian Campbell**—Yes. It was paid on 19 December. My understanding is that the arrangements and the cooperation between the federal and the ACT governments in response to the bushfires have been remarkably successful and focused on results. I have not picked up on any sort of political point scoring in the whole process. It has been a fantastic partnership, achieving great results.

**CHAIR**—My understanding is that, if the New South Wales government had got off its backside earlier and not waited for Commonwealth funds, we might have put some suppressant on it by air while it was still out in the scrub, and it would have stayed out there.

**Senator O'BRIEN**—I thought the inquiry process was being concluded. The chair obviously—

**CHAIR**—This is bush knowledge.

**Senator O'BRIEN**—The chair obviously knows more than others and can come to a conclusion earlier.

**CHAIR**—You can have as much bullshit as you like, but they are the facts.

**Senator O'BRIEN**—The committee should be pleased with that. The bushfire CRC finally kicked off on 9 December 2003. How is the department interacting with the CRC in the development of future bushfire management?

**Ms Williams**—The department is working with the Bushfire CRC particularly in relation to the recently agreed COAG natural disaster arrangements. That is a review that COAG has agreed to, and there are certain recommendations in that. The Bushfire CRC is working with us on certain recommendations on that.

**CHAIR**—We will have a short adjournment.

**Proceedings suspended from 12.40 p.m. to 12.44 p.m.**

**Senator O'BRIEN**—Last month the Prime Minister wrote to the Chief Minister of the ACT about ACT government moves to remove discriminatory provisions in territory laws. Did the territories division of this department provide advice to the minister before he wrote to the Chief Minister?

**Ms Riggs**—No, we did not.

**Senator O'BRIEN**—Has the Prime Minister provided to the department a copy of his letter to the Chief Minister?

**Ms Riggs**—We have a copy of a letter from the Prime Minister to the Chief Minister of November or December of last year. I am not aware that we yet have a copy of the letter that has been very recently reported in the media in Canberra.

**Senator O'BRIEN**—Can a copy of the letter that you have be provided to the committee?

**Ms Riggs**—I will have to take advice on that.

**Senator O'BRIEN**—To the knowledge of the department, is it common for the Prime Minister to write to the chief ministers of the ACT and the Northern Territory relating to Commonwealth concerns over territory laws?

**Ms Riggs**—Mr Wilson and I are looking at each other. Insofar as the responsibilities of this portfolio go, I do not think that we have seen an enormous number of such letters, no.

**Senator O'BRIEN**—What policy principles govern Commonwealth intervention in the affairs of the ACT and the Northern Territory?

**Ms Riggs**—I would prefer to take that question on notice, thank you.

**Senator O'BRIEN**—Is the department aware of Mr Hardgrave's threat to withdraw the authority of the ACT Chief Minister to preside over the citizenship ceremonies?

**Ms Riggs**—Not in our role as the department, no. As an individual, I happen to have heard a media report of it this morning.

**Senator O'BRIEN**—So there was no consultation with the territories division—

**Ms Riggs**—No, there was not.

**Senator O'BRIEN**—before that juvenile threat by Mr Hardgrave? Is there any protocol for consultation with the territories minister in relation to interchange between other portfolios and territories' authorities or the chief ministers of territories?

**Senator Ian Campbell**—That is an issue for the ministers in other portfolios. In my short time in the portfolio, I have found that most ministers, when they do have an interaction with a territory, do in fact engage me. I have a recollection, although I am not sure of it, that Mr Hardgrave has in fact raised this issue with me.

However, I noticed in the press in Canberra this week that when it comes to issues such as statues in Canberra, where we have detailed processes about the erection of statues and the placing of them within the national capital, the Commonwealth, through the NCA, widely consults on these things. I notice that the Chief Minister is not involved in any process. He decides that if he likes a bit of artwork, he will spend some ACT money on it and put it where he wants. I think that all governments should respect sound protocols and processes on these

issues in the national capital and not, as Mr Stanhope has done this week, play cheap, pathetic, juvenile politics with these things.

**Senator O'BRIEN**—I would have thought the cheap, pathetic juvenile politics were Mr Hardgrave's—

**Senator Ian Campbell**—You would think that because you are a Labor Party senator, but I do not think that.

**Senator O'BRIEN**—Isn't Mr Stanhope elected and the NCA is not?

**Senator Ian Campbell**—I try to ensure that, when it comes to the national capital, we get rid of the pathetic games that have been played by Mr Stanhope in the past and we start off on a new leaf. But I can see that, from his behaviour this week, he cannot help himself. I am not going to allow myself to go down to that level. I am going to keep these processes sound and sensible for the long-term future of the national capital, which all Australians should be proud of.

**Senator O'BRIEN**—I simply say that Mr Stanhope is elected, the NCA is not. Is there any time line on the development of the Christmas Island APSC at South Point? Do they hold the land plan for the space base use indefinitely, irrespective of progress?

**Mr Wilson**—The current situation with the APSC project is that they do not hold the land. The land has been returned to the Commonwealth and is being held by the Commonwealth whilst the APSC finalises its arrangements.

**Senator O'BRIEN**—Is there an agreement with the APSC regarding their tenure of that land?

**Mr Wilson**—There is a Commonwealth commitment to provide the land for the APSC to facilitate the launch facility.

**Senator O'BRIEN**—Can the committee have a copy of that agreement?

**Mr Wilson**—I would have to check.

**Senator O'BRIEN**—Is there a time line for the APSC to make progress on their project?

**Mr Wilson**—Yes, I believe that they have a deed of agreement with the department of industry with regard to their project. My recollection is that that agreement requires it to be completed by the end of 2005, but I would have to clarify the exact date.

**Senator Ian Campbell**—I think that is a matter for another estimates.

**Mr Wilson**—The detail is a matter for another estimates committee, but I can clarify the point.

**Senator O'BRIEN**—If APSC is unable to progress its project soon, will Christmas Island Phosphates be given an extension of time to mine areas ML100 and ML101? At present, they must have ML100 mined by 30 June 2005 and ML101 by 30 June 2006, which is forcing the company to mine these areas ahead of their initial planned time and stockpile the phosphate, which is adding to their costs.

**Mr Wilson**—The arrangement between APSC and PRL—or Christmas Island Phosphates—is a commercial arrangement between those two parties. The Commonwealth is

not a party to the agreement. Should APSC fail to proceed, I am unaware of what the conditions are in that arrangement with regard to the completion of those mining schedules.

**Senator O'BRIEN**—Who is responsible for the infrastructure work for APSC?

**Mr Wilson**—The works associated with APSC is the responsibility of this department.

**Senator O'BRIEN**—Is it correct that \$100 million has been provided for infrastructure work with APSC, including \$10 million for upgrading Linkwater Road?

**Mr Wilson**—The department has been provided with \$68.6 million for common use infrastructure works associated with APSC. Ten million dollars of that has been allocated towards the upgrade of Linkwater Road.

**Senator O'BRIEN**—Is it true that moneys not expended for the infrastructure work will be given towards a research centre?

**Mr Wilson**—No, that is not quite true. Moneys not expended under the agreement in relation to infrastructure may be provided to APSC as a taxable grant at the discretion of the minister for territories at the completion of all infrastructure works. As you would be aware, we have three projects: upgrading the airport, upgrading the port facilities and upgrading Linkwater Road. We have estimates of costs associated with those projects and we have done an initial allocation of costs across the three projects. We will not be in a position to know the final cost of all three projects until they are all completed. At that stage, it will be at the discretion of the minister, if there are savings, as to whether or not they are provided to APSC as a taxable cash grant.

**Senator O'BRIEN**—Could we have an update on progress in compensation claims being made by Christmas Island Phosphates for the government acquisition of the land at North West Point?

**Mr Wilson**—Yes. We had telephone discussions with Christmas Island Phosphates as recently as Tuesday of this week in regard to the compensation. You may be aware that the land was resumed from the company under the mining lease that they hold. There is a clause within that mining lease that establishes an arbitration process. We are attempting to reach a settlement outside of that arbitration process. Both parties are going through a technical analysis of the value of the phosphate concerned and are trying to reach common ground on that value.

**Senator O'BRIEN**—Is it correct that Christmas Island Phosphates have been paying the rehabilitation levy for the past two years but that that money has been payed into consolidated revenue? Has it flowed on to Parks to actually carry out the work?

**Mr Wilson**—It is not true that it has flowed on to consolidated revenue. About 18 months ago we changed the arrangements in regard to the receipt of the rehabilitation levy. The department of transport now holds those funds and has received those funds since that date. We hold them in trust and have been working through arrangements with Parks Australia to enable works to recommence utilising those funds. The department has recently signed an MOU with Parks Australia for funds to recommence being invested in rehabilitation of lands.

**Senator O'BRIEN**—So it has been passed on to Parks.

**Mr Wilson**—No, the money is held by the department in trust.

**Senator O'BRIEN**—When do they get to use it? How is it decided when they will use it?

**Mr Wilson**—There will be an arrangement whereby they will establish a program of works in terms of the rehabilitation of old mining sites that are within the national park, being the only land on Christmas Island that we can rehabilitate. It is not currently possible for us to rehabilitate land held under mining lease by Christmas Island Phosphates. Because it is not Commonwealth land, we do not control it and therefore cannot rehabilitate it. We cannot ensure that no future action in terms of mining occurs on it. So there would be a situation where we, along with Parks, will establish a program of works to be undertaken using that funding.

**Senator O'BRIEN**—Thanks for that. Was the IOTS service contract just rolled over to National Jet Systems recently or were other tenders received and seriously considered?

**Mr Wilson**—We undertook an open market process and called for bids. I believe we got five tenderers—NJS won on a best value for the Commonwealth process.

**Senator O'BRIEN**—What is the period of their contract?

**Mr Wilson**—I believe the period of their contract was a period of five years.

**Senator O'BRIEN**—Are there options for extension?

**Mr Wilson**—We have not finalised the contract as yet and I would have to take the detail on notice as to whether or not there will be an option within the contract.

**Senator O'BRIEN**—Can you tell us who the other tenderers were?

**Mr Wilson**—I am afraid I do not have that detail with me. I could probably give you three but I cannot give you all five. I will take that on notice.

**Senator O'BRIEN**—Did they offer links to South-East Asia?

**Mr Wilson**—All tenders indicated the capacity to fly into South-East Asia or an interest into South-East Asia. One tender, in particular, was focused around South-East Asia.

**Senator O'BRIEN**—Did the tender documents stipulate any particular conditions or restrictions such as size of aircraft that could be used?

**Mr Wilson**—No, I do not believe so.

**Senator O'BRIEN**—Did any of the tenderers propose a larger aircraft than the BAe146?

**Mr Wilson**—Yes.

**Ms Briggs**—Senator, I am getting a bit nervous as to how close this is getting to the bounds of propriety in terms of tender assessment arrangements. Could we take these questions on notice? I do not want to withhold information from the committee but I am just concerned that we have not yet signed the contract and it is not normal practice to discuss issues around different tenderers' tenders in these hearings before such things are done.

**Senator O'BRIEN**—Okay, I will put more questions on notice in that regard. What plans are there to resurface Cocos runway?

**Mr Wilson**—We currently are arranging for a heavy weight deflector test to be undertaken on Cocos runway to determine the substructure strength which will give us the information necessary to carry on further discussions that we have been having with the Department of Defence in regard to the most appropriate level of replacement of the runway. Hopefully, we will be in a position to sit down with the Department of Defence shortly after Easter to discuss the actual outcomes of that test.

**Senator O'BRIEN**—What about Christmas Island?

**Mr Wilson**—There are no plans to resurface Christmas Island in the foreseeable future.

**Senator O'BRIEN**—Is the possible runway extension at Christmas Island dependent on the space base getting up and running?

**Mr Wilson**—Yes.

**Senator O'BRIEN**—With regard to the Indian Ocean territory airports management contracts, has the airport management contract been let?

**Mr Wilson**—No, senator. We have received final bids from the three short-listed tenderers I believe last Friday, and we are currently going through a process of evaluating them with the hope of making a final decision sometime later this month or early next month.

**Senator O'BRIEN**—Are there conditions in the tender that require local employment components of any successful bid?

**Mr Wilson**—Conditions do not require local employment; they do encourage local employment.

**Senator O'BRIEN**—When is the process due to be completed? When will there be a determination of the successful tenderer?

**Mr Wilson**—Depending on the complexity of the analysis of the three tenders, I would hope to be in a position to make a decision, as I said, by the end of February or at the latest by the middle of March. Then we will sit down in contract negotiations with the successful tenderer. I would certainly hope to be in a position to sign the contract by no later than the end of this financial year, and that would be at the outside.

**Senator O'BRIEN**—I understand that, because of certain events around the tender process involving the Cocos Islands shire and Westralia Airports Corporation, Christmas Island shire wrote to Minister Campbell asking for an open inquiry into the tender process for airport management. Is that right?

**Mr Wilson**—That is correct.

**Senator O'BRIEN**—Does the department support that request?

**Mr Wilson**—From my point of view, the tender has been run in accordance with the processes that are undertaken in any normal tender process.

**Senator O'BRIEN**—Does the department have a contract procurement protocol?

**Mr Wilson**—A contract procurement protocol?

**Senator O'BRIEN**—Perhaps I will refine that question and put it on notice. Where will the decision be made on the letting of the contract: here, in Western Australia, in the minister's office or in the department?

**Mr Wilson**—The decision will be made by me in consultation with my first assistant secretary.

**Senator O'BRIEN**—So you sign off the decision, do you?

**Mr Wilson**—Yes.

**Senator O'BRIEN**—A new sports centre is being built several kilometres from town on Christmas Island and it will contain many facilities. How accessible is it for people, especially kids, on that island?

**Mr Wilson**—The sports facility is being built next to the cricket ground, which is on the plateau above the settlement. It is accessible by road. The cricket ground is currently used for a number of major sporting and cultural events. The school bus will enable the school to access the sports facility during the day. Families will be able to access the sports facility utilising private vehicles. This week the department is having discussions with the shire on island with regard to additional transport options, and they may also come into play at a later date.

**Senator Ian Campbell**—I held discussions with the various stakeholders, including the shire, on this issue when I came into the portfolio, because it was obviously one that was a little bit contentious. There are pluses and minuses of the location. One of the benefits of the location as it has been agreed is that it is next to the existing playing fields. Most of us would accept that there are some benefits to that. The second benefit—and I have been informed about this and I have visited the site—is that because it is elevated it is slightly cooler, which obviously in a fairly humid and sometimes oppressive climate is certainly more conducive to undertaking physical exercise and recreational activities. Because it is higher up the island, it is cooler. So there are a number of benefits. However, the shire has raised concerns about transportation and access on foot. I have satisfied myself that there was a diligent and thorough consultation on the various options and that this option is the best one.

**Senator O'BRIEN**—What are the average differences in ambient temperature?

**Senator Ian Campbell**—I will have to go over and check it out again!

**Ms Briggs**—I am not sure what the average difference is—

**Senator Ian Campbell**—It is the humidity that is the issue.

**Ms Briggs**—It is very noticeable.

**Senator O'BRIEN**—So the difference in humidity levels—

**Senator Ian Campbell**—I think you are right; it is actually temperature more than humidity, but you can notice it physically. If I took you there in a car you would notice it. Getting in a car down at sea level and getting out at the elevated level, it is very noticeable.

**Senator O'BRIEN**—Who is responsible for maintaining the sports centre?

**Mr Wilson**—Currently we are also discussing those issues with the shire.

**Senator O'BRIEN**—When do you expect those discussions will be concluded?

**Mr Wilson**—I would hope to conclude and reach an agreement with the shire sometime during this year, certainly before the sports facility is completed.

**Senator O'BRIEN**—If you do not, who will be responsible for maintaining the new sports centre?

**Mr Wilson**—If we do not reach an agreement then the Commonwealth will be.

**Senator O'BRIEN**—Can you give me an update on what is happening with the mobile phone service on Christmas Island? I understand that, as from December this year, Telstra will cease maintaining the towers.

**Mr Wilson**—That is an issue that is probably more properly handled by another estimates committee—by communications—because telecommunications is the responsibility of the minister for communications. I can tell you that Telstra are currently undertaking a review of the ongoing issue associated with mobile phones and the review is due to be completed by the end of February. They will then be holding discussions with the department of communications.

**Senator Ian Campbell**—Due to submissions I have had made to me by Gordon Thompson in particular and others on the island, I have raised the issue with Telstra to be updated on their consideration. I am informed by Telstra that the mobile coverage was, in fact, fortuitous because of the technology they used to provide the existing phone service. It was a side benefit of the technology they used. As a result of the move away from analog technology, which I know on the mainland was legislated for by the Keating government—they actually closed the system down and we had to come in and sort out the mess that that created—there is obviously a very high risk that that fortuitous mobile coverage will be removed.

There are a whole load of issues that flow from that, such as what would happen to the towers and so forth. For my part, I have already held discussions with Telstra to look at the options. I am holding more discussions with them next week and I am obviously working to see if there is some practical and financially feasible way of ensuring that a mobile service is maintained there, but I am not confident about that. There are all sorts of practical technological—not to mention financial—problems with that but I am going to be doing what I can to see if we can do that.

I will tell you why. Firstly, with the construction of the detention facility—what we call technically the IRPC—and potentially the space station, there is a huge benefit to having a mobile phone service for the people and contractors who are working on those projects. Secondly, I am very keen to get more tourism going on Christmas Island. I am particularly keen to get the casino reopened. From a tourism point of view, having a mobile phone service available is also highly desirable. I can see a lot of benefit in maintaining it, but I do not underrate the problems of doing so, both technologically and financially.

**CHAIR**—What do you reckon?

**Senator O'BRIEN**—What do I reckon? I reckon I will have a close look at that answer and there will probably be more questions in this area on notice.

**Senator Ian Campbell**—It is a problem we would like to fix.

**Senator O'BRIEN**—Regarding a matter I dealt with earlier: is it true to say that Mr Hardgrave's threat to withdraw the authority for the ACT Chief Minister to preside over citizenship ceremonies is because Mr Stanhope had the temerity to refer to Indigenous Australians and reconciliation during his Australia Day address?

**Senator Ian Campbell**—That is a very good question for you to ask the minister through the relevant estimates committee.

**Senator O'BRIEN**—I thought he consulted you.

**Senator Ian Campbell**—All I know about the Australia Day celebrations from our point of view is that the ACT government withdrew from the funding of it and we had to step in and boost our funding to make sure it went ahead.

**Senator O'BRIEN**—I thought you said Mr Hardgrave consulted you about his correspondence with Mr Stanhope.

**Senator Ian Campbell**—You just asked me why Mr Hardgrave did something. You are asking me to look inside the minister's head. That is an absurd question to ask in this committee.

**Senator O'BRIEN**—He did not tell you, I take it from your answer.

**Senator Ian Campbell**—No.

**Senator LUNDY**—Were you advised that he was—

**Senator Ian Campbell**—We have already answered this question, Chair. Senator Lundy has come in late. We have dealt with this issue.

**Senator O'BRIEN**—I would not cast aspersions about when people have come in. We are trying to manage the program in relation to an agreed request to finish the program—

**Senator Ian Campbell**—Sorry, we have answered that question; it is on the record.

**Senator O'BRIEN**—I did not interrupt you, so can I finish what I am saying?

**CHAIR**—Pull together.

**Senator Ian Campbell**—I have said, Chair, that ministers do advise the territories minister when they do things that impact on the territory. My recollection is that Mr Hardgrave has raised this with me.

**Senator O'BRIEN**—He did tell you the reason for the withdrawal of the authority?

**Senator Ian Campbell**—No, I did not say that; I said he consulted me.

**Senator O'BRIEN**—He told you he was doing it but he did not tell you why.

**Senator Ian Campbell**—I think we discussed it, is what I said. I do not know whether he wrote to me about it. I vaguely recollect a discussion. In amongst the things that I do during the week it did not register particularly highly. I will say this—I will put it on the record—that what I have found in this portfolio is that I have come in with a very positive, constructive attitude to dealing with the ACT government and I have had very constructive chats with the ACT senators, including Senator Lundy. I genuinely commend her for the approach she has taken to me as the new minister. I have sat down with Mr Stanhope in my office and said,

'Let's draw a line; let's start a good relationship,' and every day since then he wants to play these cheap, pathetic, juvenile games. If they want to do that, they are not going to get very far.

**Senator O'BRIEN**—I would have thought Mr Hardgrave was the cheap, pathetic juvenile here.

**Senator Ian Campbell**—Now we are sawing the sawdust, Chair.

**CHAIR**—I just wonder whether it will rain on Sunday.

**Senator Ian Campbell**—I hope so, for Australia's sake.

**CHAIR**—How are you going there, Senator O'Brien? Have you had enough?

**Senator Ian Campbell**—It rained on Australia Day in Canberra.

**Senator LUNDY**—It did—big time.

**Senator O'BRIEN**—I had had enough some time ago but I will keep going. I think we are ready to move on to the National Capital Authority.

**CHAIR**—God bless you. We are moving to 5.3.

[1.19 p.m.]

#### **National Capital Authority**

**CHAIR**—Thank you, ladies and gentlemen. If you want to give an opening statement, you may. If you do not, I will hand over to Senator Lundy.

**Senator LUNDY**—The first issue I would like to go to is the removal of the statue of the Prime Minister by artist Greg Taylor. When was the NCA notified that the statue—

**Senator Ian Campbell**—Straight to the big issues, Chair.

**Senator LUNDY**—The statue is actually called *Little Johnny Howard*.

**CHAIR**—I thought we were going to talk about the fan statue—that bloody thing.

**Senator LUNDY**—I can turn my attention to it, if that is a special request from you, Chair.

**CHAIR**—You can if you want to. I am happy to have a blue with you any day on that.

**Ms Pegrum**—Senator Lundy, we first found out about it in tandem. I first heard from my media adviser that she had heard about it in the media on the Sunday morning. In tandem, one of our maintenance people had also indicated that it had been seen by a contractor on the site.

**Senator LUNDY**—About what time was that?

**Ms Pegrum**—I think it was around 11 a.m. It was 10.40 to 11 in the morning.

**Senator LUNDY**—So you were not notified of its presence prior to that?

**Ms Pegrum**—I personally was told by our media liaison person within the authority that they had been asked the question on the Sunday. No, the artist had made no representation to the authority. I checked with all of the areas in the organisation where faxes could have been sent or contact could have been made, and no such contact had been made—which is in contrast to media reports about the matter.

**Senator LUNDY**—The report in the *Canberra Times* states:

His lawyers had contacted the National Capital Authority on Sunday, before the sculpture's removal, to provide its engineering specifications ...

Had you had any contact from the artist or the artist's representatives prior to that?

**Ms Pegrum**—There had been absolutely no contact made with me or with anyone in any other area. We have contacted the *Canberra Times* to advise that that was inaccurate and to note that we felt it was somewhat unprofessional, because no contact had been made by the *Canberra Times* with the agency to determine what the facts were.

**Senator Ian Campbell**—Chair, could Senator Lundy say whether she was contacted? Were you aware that it was going up?

**Senator LUNDY**—No.

**CHAIR**—I was not either.

**Senator Ian Campbell**—I was not.

**Senator LUNDY**—Would anyone else in the room like to declare whether or not they were contacted?

**Senator Ian Campbell**—I was just interested to know whether a member of the Joint Standing Committee on the National Capital and External Territories was aware of it. I am glad you were not.

**Senator LUNDY**—Absolutely not.

**Senator Ian Campbell**—I am sure you would have advised that there are proper processes to go through that are tortuous, fair and diligent. People who are involved in Bob Brownesque stunts, including the Chief Minister, obviously do not care about those sorts of things—where he sticks his prisons or where he sticks his statues.

**Senator LUNDY**—When you have finished editorialising, Minister, I will continue with my questions.

**Senator IAN CAMPBELL**—It is that time of the day. You go for it.

**Senator LUNDY**—Thank you.

**Ms Pegrum**—Senator Lundy, as a full answer to your question, the lawyers purporting to be representing the artist first contacted us on 9 February, and that was with regard to being able to reclaim the sculpture. That was by fax.

**Senator LUNDY**—What day was that?

**Ms Pegrum**—That was a Monday.

**CHAIR**—Was it melted down or in its original form?

**Senator Ian Campbell**—Will the artist be billed for the costs that the NCA have incurred?

**Ms Pegrum**—We are exploring the opportunity to recoup the cost.

**Senator Ian Campbell**—I sure hope they are. I sure hope we do.

**Senator LUNDY**—Did the NCA receive any request from either the Prime Minister's office or the Department of the Prime Minister and Cabinet to remove the statue?

**Ms Pegrum**—Absolutely not. I took action, as I would with any illegal structure that I was advised about. You will be aware of others that have been in that vicinity. I contacted our relevant officers. We went into the office and issued the fax as a request to the AFP that morning, on the Sunday.

**Senator LUNDY**—I will come to that.

**Ms Pegrum**—My particular concern was that we had a function that evening: a concert in Commonwealth Place, which is adjacent to the site. The previous weekend, we had some 800 people attending. I was concerned about safety. I had no way of knowing how the sculpture was secured to the site, and I made that point clear to the AFP.

**CHAIR**—What would have happened if someone had tripped over it or cut their head open on it?

**Senator Ian Campbell**—Mr Stanhope has tripped over it.

**CHAIR**—What is the insurance situation? Who is protected by what insurance?

**Ms Pegrum**—Significant liabilities could occur from that. Our responsibility as the land manager is a duty of care to the public, and it is a public place.

**Senator Ian Campbell**—Has this so-called artist ever been on a panel wanting to get a contract to do a sculpture—

**CHAIR**—Minister, it is really our job to ask the questions.

**Senator LUNDY**—In fact, I have a brief here, and I expect it to take me 45 minutes. I am two questions in, and 10 minutes have already gone by.

**CHAIR**—And we are knocking off at two o'clock, so get into it.

**Senator LUNDY**—It might be a little after, Chair.

**Senator Ian Campbell**—No, it will not be after two o'clock.

**Senator LUNDY**—It may well be, if—

**Senator Ian Campbell**—Mr Chair, hang on. This senator has come along at the last minute. We have had the officers here all morning. We are all doing the right thing. She wants to go straight to the big issues about a political stunt. Let us ask some real questions. There are a lot of other people who have to fly long distances.

**CHAIR**—With respect—

**Senator Ian Campbell**—Senator Colbeck has to fly to Tasmania; Senator Lundy has to drive five minutes to get home. She should have some respect for other people on this committee.

**CHAIR**—With respect—if I could call this committee to order—if this is the No. 1 issue in Senator Lundy's head—

**Senator Ian Campbell**—It is a joke.

**CHAIR**—It is, so let us proceed.

**Senator Ian Campbell**—Give her all the rope she wants.

**Senator LUNDY**—I would like to respond to some of the minister's comments. First of all, this is where this program is scheduled in the list that the committee determined. So, to cast aspersions that somehow it is a last-minute exercise—

**Senator Ian Campbell**—Ask a question.

**Senator LUNDY**—Don't interrupt me.

**CHAIR**—Order!

**Senator LUNDY**—To cast aspersions that this is somehow a last-minute exercise by virtue of the fact that this is where the NCA appears on the program—

**Senator Ian Campbell**—If the best you can do is come in here and ask questions—

**Senator LUNDY**—is incorrect and misleading, exposing you as being very uncomfortable about having to confront these questions.

**CHAIR**—Order!

**Senator Ian Campbell**—Mr Chair—

**CHAIR**—No, I am not going to hear from you.

**Senator Ian Campbell**—We have senior public servants here. This is a minor question and an absolute insult to the parliament and these people.

**CHAIR**—I invite you to understand the standing orders. I am chairing this meeting—not you and not anyone else—and I will adjourn it if you keep this up. Senator Lundy is scheduled to appear now; she has been waiting to appear now. I would like to think that we could proceed with goodwill. If we cannot, we will go home.

**Senator Ian Campbell**—If she wants to ask questions about political stunts, I will return them as a politician. There are lots of serious issues in front of the Australian Capital Territory and the NCA—and this ain't one of them.

**CHAIR**—Can I say, with respect, that I would like a bit of goodwill to return to this committee. It is for Senator Lundy to judge what the No. 1 issue is, and it is for the Australian people to reflect upon that.

**Senator Ian Campbell**—How I respond will be my judgment.

**Senator LUNDY**—When were you notified about this?

**Ms Pegrum**—I believe our officers rang the media adviser—

**Senator LUNDY**—Sorry, I was asking the minister that question.

**Ms Pegrum**—I apologise.

**Senator Ian Campbell**—I think Ms Pegrum was answering the question accurately.

**Senator LUNDY**—I would like you to.

**Senator Ian Campbell**—When was I first advised of it? I think it was actually Sunday afternoon in Perth.

**Senator LUNDY**—By whom?

**Senator Ian Campbell**—By my media adviser. I think it was my media adviser—or was it my territories adviser?

**Senator LUNDY**—What sort of action did you take?

**Senator Ian Campbell**—I think my response was, ‘Why would you waste my Sunday afternoon by telling me about that sort of rubbish?’

**Senator LUNDY**—Ms Pegrum, what were you saying?

**Ms Pegrum**—I was just going to reiterate what the minister had said. We certainly, as always, advised the minister’s office after I had made the decision to issue the request to the police.

**Senator Ian Campbell**—Can I say to the authority that it was very diligent of you to advise my office, because I guess you would expect that media calls might come to me, but really it is unnecessary to waste my officers’ time with this sort of matter in future. My staff have got better things to do on a Sunday afternoon. This committee has better things to do on a Friday afternoon.

**Senator LUNDY**—Can the NCA outline the procedure involved for so swiftly getting the AFP to remove the statue? I certainly understand the fact that they act as authorised agents on behalf of the NCA on these matters. Can you step me through what happened on the Sunday morning?

**Ms Pegrum**—As you would know, we have now had some experience with these processes, because of similar illegal structures associated with protests that were the subject of a parliamentary committee’s considerations and putting together, as part of a response to the committee recommendation which the government supported, guidelines for protests in the national capital that gave considerable attention to what one does about structures associated with protests. Just by way of an aside, my understanding is that this artist did see this somewhat as a protest statement. As part of understanding that relationship, we have sought legal advice on the application of the ACT Planning and Land Management Act and the Trespass on Commonwealth Lands Ordinance. Under the ACT Planning and Land Management Act we are responsible for works approvals in those areas and, depending on their nature or whether they are permanent, in the parliamentary zone. So too, and independently, are both houses of parliament. So with respect to a structure, for it to be there we would have needed to give it an approval.

With respect to removal, there are no provisions under the ACT Planning and Land Management Act for the authority or, indeed, any other party to remove an illegal structure. The power to do so is vested in the Trespass on Commonwealth Lands Ordinance. The police are the statutory agency under that ordinance who have the power to determine whether or not to remove a structure and to direct that removal.

**Senator LUNDY**—My understanding was that you have the power to determine whether or not it is illegal and have to advise the police specifically.

**Ms Pegrum**—Absolutely.

**Senator LUNDY**—You just said that they had the authority to determine what was illegal, and I thought you had that.

**Ms Pegrum**—We have the power and the responsibility, more importantly, to give works approval or otherwise to a structure.

**Senator LUNDY**—I appreciate that, but is it true that the AFP cannot act, unless they are acting on your advice, to remove something?

**Ms Pegrum**—No, that is not true. My understanding is that if the AFP noted that there was an illegal activity in a public place without us notifying, they could choose in the interests of public safety and other interests to remove such a structure or such activity. We have no role in terms of having to make a request to the police. But if we are aware of an illegal activity—in this instance, a structure—then we can request under the appropriate ordinance that the police remove it. They then make a determination as to whether and when they will do that and can give direction to contractors that the authority or another agency engages.

**Senator LUNDY**—Is that the process that happened on Sunday morning?

**Ms Pegrum**—It was. I sent a fax to the police, and I am happy to table that, which identified the structure was there and requested the removal and noted that I hoped they would consider it with urgency because of the event that evening.

**Senator LUNDY**—Was any damage incurred to the statue during its removal or subsequent storage?

**Ms Pegrum**—Not to my knowledge.

**Senator LUNDY**—I think there was a reference to that in the newspaper report. Are you saying that that is also incorrect?

**Ms Pegrum**—It is very difficult to know what state it was in when it was actually put in place, and without that it is very difficult to be sure whether any damage was done. But the contractors where there under the direction of the police, they handled it in a very appropriate manner and it was stored in an appropriate manner and returned to the artist at the request of his lawyers.

**Senator LUNDY**—The statue has been returned to the artist?

**Ms Pegrum**—Yes, it has.

**Senator LUNDY**—When did that occur?

**Ms Pegrum**—I believe it has been in Civic for some time since then.

**Senator LUNDY**—On what date was it returned?

**Ms Pegrum**—The 12th.

**Senator LUNDY**—Was it after it was returned that the claims of damage emerged?

**Ms Pegrum**—There have been no claims that I am aware of to the authority about damage to the statue. I know the newspaper article, but I have indicated the credence I have given that, given that we had no input to it.

**CHAIR**—Do you have an understanding of the insurance angle of all this? What if a kid comes along on a bike and stakes himself and he gets killed or something?

**Ms Pegrum**—It is a significant issue. You will note from our additional estimates that it is a significant issue for the authority generally. We have risk management plans for public place activities that we know about. But unless you can be sure a work like that has been installed appropriately—

**CHAIR**—Is the artist liable?

**Ms Pegrum**—I think lawyers may consider that almost anybody that had any role in it could be liable, but our concern was that we did not know about it being there and if it fell on someone there could have been potentially serious repercussions.

**CHAIR**—I wonder if the artist was wise enough to have taken out some sort of insurance.

**Ms Pegrum**—I cannot answer that.

**CHAIR**—This is all cuckoo land stuff.

**Senator Ian Campbell**—All we are doing is adding to the benefit of the—

**CHAIR**—This is a serious issue. If every second yobbo around the place wants to put—

**Senator Ian Campbell**—All Senator Lundy wants to do is extend the benefit of the stunt.

**CHAIR**—There is a legitimate legal angle to this if something goes wrong.

**Senator Ian Campbell**—Of course there is.

**CHAIR**—Senator Lundy, back to you.

**Senator COLBECK**—Can I just ask a couple of questions with respect to the costs?

**Senator LUNDY**—Only if we can extend the time of the committee, because I am doing my best to cooperate.

**Senator Ian Campbell**—I see. Government senators are not allowed to ask questions now. That is good.

**CHAIR**—Do you want to?

**Senator COLBECK**—I am just interested in whether there has been any estimate done of the cost of undertaking the action to remove the statue and repatriate it.

**Ms Pegrum**—The approximate cost that I have for the removal and the storage was \$850, and that excluded the considerable staff time on the Sunday obviously associated with this activity.

**CHAIR**—Who did you send the bill to?

**Ms Pegrum**—That is what we are exploring in terms of what action is possible, but I believe it may be up to the police to follow through on that.

**Mr Evans**—We have not worked through a fee to reimburse us for our costs. We are still making a determination on what it will be. The police have indicated verbally that they are not likely to pursue recompense from us for their time.

**Senator COLBECK**—You do not have a total cost for all the parties that were involved in the process?

**Mr Evans**—We do not have a total cost for the police time and our time.

**Senator Ian Campbell**—We will take it on notice.

**Ms Pegrum**—May I note that I have been handed a piece of paper which says that the artist did say that there were three very small areas where some of the patination had rubbed off.

**Senator Ian Campbell**—Oh dear, what a shame.

**CHAIR**—Could you provide to the committee for future reference an explanation of what the process is in such a case? If a person decides to put a statue there and 10,000 other people decide they are going to put one there, there has to be a process to deal with the costs of removal and insurance and the risk of people getting run over or the statue getting smashed by someone who gets angry and all the rest of it.

**Ms Pegrum**—Trying to unstitch that has been significant for us. As best we can, I can give you the advice that we have had to date on what processes might be available to us to pursue that.

**Senator LUNDY**—We could put a big fence around it all.

**Senator COLBECK**—Essentially what you are saying is that, if a statue of another political figure or a disparaging statue of another political figure had been put there, you would have gone through exactly the same process to clear the site and perhaps recover costs.

**Ms Pegrum**—Absolutely.

**Senator LUNDY**—I would like to move on to the issue of pay parking. Is it still NCA policy to pursue pay parking in the parliamentary zone?

**Ms Pegrum**—I think ‘policy’ is a wide term. The NCA’s strategy for pay parking in the parliamentary zone is still the one that we would be recommending to address the issues, if and when pay parking is introduced in Barton. But a determination on whether or not that is a policy of the government is a matter for the government’s response.

**Senator LUNDY**—Can you tell me whether or not it is government policy to implement pay parking in the parliamentary zone?

**Ms Pegrum**—It is not government policy. I am aware that there were comments made with respect to that this morning by one of my officers to the CPSU, and I have counselled the officer and asked him to correct the record.

**Senator LUNDY**—You are correct in the reference, because the information I have also is that in that conversation an NCA officer advised the CPSU that in fact it was not NCA policy but government policy.

**Ms Pegrum**—I am aware of it. I saw the email this morning and I responded by email very promptly. Clearly, it is the initiative and the strategy of the National Capital Authority to address this, but whether or not the government supports that or exercises an opinion on it is a matter for the government’s response to the pay parking inquiry.

**Senator LUNDY**—The government have not responded to that inquiry as yet, have they?

**Ms Pegrum**—No, not yet.

**Senator LUNDY**—Is there a time frame for that response?

**Senator Ian Campbell**—I think it is imminent. I think it has left my desk, so it is in the pipeline somewhere

**Senator LUNDY**—Apparently, as part of that conversation or that advice—and I am not sure if it was in the same email—the issue of NCA staff having been accosted or abused over the pay parking issue was raised. Have there been any incidents that have seen any of your staff abused or accosted, as has been conveyed?

**Ms Pegrum**—I am aware of incidents that have happened on more than one occasion with a particular member of staff in the car parking area. I have been told that other staff have also had comments made to them by other public servants about this issue. I was concerned about the cases I was aware of; they were unfortunate.

**Senator LUNDY**—Were those cases verbal comments about people's general unhappiness about the proposal? Can you elaborate a little, Mr Scott-Bohanna?

**Mr Scott-Bohanna**—The incidents were, from my understanding, aggressive and personal. That was the area of concern for us—that they were not about a corporate responsibility but about a personal responsibility. I do not know any more than that.

**Senator LUNDY**—What action have you been able to take to deal with this problem, Ms Pegrum?

**Ms Pegrum**—Basically, because it is very difficult to identify exactly who was involved, it would be up to the officer in our agency to decide to make a harassment or similar claim. That person has not chosen to do that and we certainly would not influence that, other than by helping them to understand as best as possible—and advising our staff about—the basis for the initiative and the strategy. It is not only in relation to pay parking that this happens; it happens from time to time, as you would be aware, where agencies are seen as the proponents of various strategies that might not be popular with everybody. I think it is unfortunate, and the most important thing is for our staff to understand that it is not appropriate under the code of conduct or APS values to do such things.

**Senator LUNDY**—That is right. It is both unfortunate and regrettable, and hopefully it will not happen again. Your supplementary submission to the inquiry on pay parking stated:

Recouping cost for employees is a matter for negotiation in Workplace Agreements for employees in the Zone.

Is that still the view of the National Capital Authority? That was obviously stated in the context of a situation where pay parking was going to be introduced.

**Ms Pegrum**—I think the fairer statement would be that negotiation in workplace agreements could be the basis for recouping cost—which I know is not exactly the same as the text that you are quoting from and that, indeed, the CPSU quoted from in their note to staff generally. Clearly, pay parking—whether it is in the parliamentary zone or anywhere else and whether it is associated with a building lease, parking under licence or parking structures—could be the subject of workplace agreement negotiations. But I certainly would not say that it should be or is intrinsic to such negotiations.

**Senator LUNDY**—The quote I have here says:

Recouping cost for employees is a matter for negotiation in Workplace Agreements for employees in the Zone.

Are you saying that is not an accurate quote of your submission?

**Ms Pegrum**—I am saying the more accurate one is, in fact, what I said at the inquiry. As you appreciate, that is a supplementary submission.

**Senator LUNDY**—My question is: were those words that I read out in the submission?

**Ms Pegrum**—I appreciate that, but the intention—

**Senator LUNDY**—So they were.

**Ms Pegrum**—of those words was certainly not to say it shall be a matter for negotiation, and I do not think they read that way.

**Senator LUNDY**—I am putting it to you because it has been a matter for interpretation, and that is how it has been interpreted. My next question relates to that.

**Ms Pegrum**—May I follow through? I am trying to give you the full story. In response to a similar question that was put to us at the actual hearing, I did make the point, which is recorded in *Hansard*, that it is also true that Commonwealth agencies could look at workplace agreements to offset some of the cost and negotiate around that.

**Senator LUNDY**—Can I ask you again: is the statement I read out contained in a written submission from the NCA or not?

**Ms Pegrum**—I believe that the interpretation that you are giving it—

**Senator LUNDY**—I just need a yes or no.

**Ms Pegrum**—I am sorry, but this is important. It is an interpretation.

**Senator LUNDY**—I accept your interpretation. Are those words in that submission or not?

**Ms Pegrum**—If the interpretation is that the words were intended, as they were, to mean 'it could be', then that is still correct.

**Senator LUNDY**—No. I am asking a question of fact; namely, whether the following words are a direct and accurate quote from your written submission or not:

Recouping cost for employees is a matter for negotiation in Workplace Agreements for employees in the Zone.

**Ms Pegrum**—It is a direct quote from the written submission. Yes, of course. I apologise.

**Senator LUNDY**—Thank you. You are entitled to make all the qualifications on that—as you already have. Given that the National Capital Authority is one of around 11 agencies located in the parliamentary zone, is it not an entirely legitimate question to ask whether or not the NCA is including a provision for pay parking in the workplace agreement that you are currently negotiating? If not, why not?

**Ms Pegrum**—I am happy to answer. No, we are not offering it to our employees as part of the negotiations.

**Senator LUNDY**—Why not, given the view you have expressed—albeit with its qualifications?

**Ms Pegrum**—Why not, from our agency's point of view? Because I cannot see any productivity associated with making that offer against the other provisions within the certified agreement. They are affordable and we can demonstrate productivity in order to provide them. Also, I do not consider it a responsibility of the employer to provide for the employee to get to work or to go home from work, unless there are extremely exceptional circumstances, and I do not think working in the middle of the capital is that. Last, there are equity issues associated with matters like not paying people for their bus fares and, in the same equity, not paying Commonwealth public servants necessarily for pay parking in the other town centres, including Civic.

**Senator LUNDY**—Do you think the NCA is open to the charge of hypocrisy, given that, on one hand, you have said that staff working for agencies located in the parliamentary zone either should pursue the issue of pay parking in their agreement or may pursue the issue of pay parking in their workplace agreement, but now refuse to negotiate on this point with your own staff?

**Ms Pegrum**—It is not a refusal to negotiate; it is saying no to that particular option that the staff ask for. No, I do not think it is hypocritical at all.

**Senator LUNDY**—I think that is refusing to negotiate—you are ruling it out. You are not allowing it to come onto the table.

**Ms Pegrum**—No, for all of the reasons I have cited. And no, I do not think it is any more hypocritical than when other benefits or otherwise of workplace employment differ between agencies.

**Senator LUNDY**—The issue of State Circle continues to proceed. My understanding is that the joint standing committee is seeking clarification about a number of matters, but I would like to take this opportunity to understand precisely what the current draft amendment 39, as proposed by the National Capital Authority, proposes.

**Ms Pegrum**—The current amendment proposes the residential uses designated area being retained; a plot ratio for redevelopment on those blocks fronting State Circle of up to 0.8; a plot ratio throughout the rest of the precinct of up to 0.4; a provision for redevelopment of a mandatory two storeys for those blocks fronting State Circle, with the capacity to go to three; and a maximum of two-storey development for the rest of the precinct. It also includes provisions for home based business that as closely as possible align to those in the territory controlled residential areas, and it includes provisions for public consultation that as closely as possible align to those in the territory—although you would appreciate, Senator Lundy, that we do not have third-party appeal or AAT appeal—and that consultation includes notification in the *Canberra Times* or a similar journal or newspaper and a public sign being placed on the property in question. I think they are the primary provisions.

**Senator LUNDY**—What about block consolidation?

**Ms Pegrum**—It allows for block amalgamation, as indeed you could do now, but this encourages it on those blocks fronting State Circle because of the kinds of provisions made. There are also setback provisions for those blocks that are special—on those fronting State Circle.

**Senator LUNDY**—Is that only for State Circle?

**Senator Ian Campbell**—It might be on Senator Lundy's mind—and I am very keen to get a good answer on this—but was there a change from the amendment that went to Senator Lundy's committee in relation to amalgamation?

**Ms Pegrum**—No, not in relation to amalgamation.

**Senator Ian Campbell**—I did not think so. Senator Lundy, I think you already mentioned that. You raised it with me in the chamber as well.

**Ms Pegrum**—The front setback is mandatory but allows some level of intrusion for 'articulation elements' as they are described—that could be a porch, a balcony or minor intrusions. The recommended rear setback is 18 metres if you go to a height of three storeys, but it allows a redevelopment to demonstrate excellence in urban design against other performance measures to appraise that. It would allow fewer than two storeys within that setback. The critical issues that would be considered, and it is evident in the amendment, are things like privacy from the rear adjoining blocks, sunlight penetration and retention of things like substantial trees, the drip-line and the like. Our view is that we will achieve the kind of urban design frontage that is appropriate to State Circle but protect the residential amenity of the rest of the precinct.

**Senator LUNDY**—I know we have a process in train for getting the formal response through the joint standing committee on the specific changes from the draft amendment that was considered during the inquiry, but perhaps the best use of my remaining time is to focus on the consultation processes that you have engaged in leading up to these changes, and on your proposed consultation plan from here on in. It will then be up to the committee and everyone else to determine—

**Senator Ian Campbell**—This morning I signed a letter to the chairman of the committee asking if your committee could set a date with the NCA to get briefed on that process. That might be helpful.

**Ms Pegrum**—It has been a very lengthy consultation process to get this amendment to this stage.

**Senator LUNDY**—I am sure that you also appreciate that I get regular feedback—from different perspectives—from the residents in that area. Many different views have been expressed. With five minutes to go, could you at least give us an outline, and understand that we will be pursuing it in a more comprehensive briefing with the joint standing committee at a later date.

**Ms Pegrum**—Pending the comprehensive briefing, I will give you a snapshot post the inquiry and the recommendations of the committee in its report. We reconsidered the provisions and of course the government response to those recommendations. We did additional design work, particularly in relation to the frontage on State Circle. We took particular note of the recommendations associated with achieving a high-quality urban design outcome but at the same time not having a level of prescription that almost mandated the physical form of the outcome.

**Senator LUNDY**—That dual-occupancy style?

**Ms Pegrum**—Exactly. We got to a position where we were fairly comfortable that the approach we were taking was appropriate. In particular, because of the capacity for a change to three-storey on those blocks fronting State Circle and the changes in setback and the drawing envelopes that we had added, it was our view that we should go back out to the residents and lessees of that area. We went out on 25 November. In the last two weeks we have had some calls from people who claim they did not get that notification. Those people have been spoken to and advised of the provisions by our officers; the two officers who provided the hand-delivered letterbox drop have signed statutory declarations to that effect. They are very certain that they dropped to each house, but, even so, we have provided additional briefings. We then reconsidered the outcomes of those comments as well.

So, if you like, the version that went out in November has changed in minor ways—and in quite significant ways, in terms of language—from the version the committee will see, which is now before the minister for his consideration. As best we could, we have tried to take into account the comments that were made at the committee meeting, the committee's report, the government's response to the recommendations and the last round of consultation. We went back as a courtesy to the new ACT Planning and Land Authority, because they had changed since our last advice, and they advised that they had no further comment to make and no objection.

**Mr Schultheis**—They noted that it would be retained as it was done in accordance with the recommendations, but they had always had no objection.

**Ms Pegrum**—That is the consultation post the inquiry.

**Senator LUNDY**—Could you take on notice providing the committee with all the associated bits of correspondence?

**Ms Pegrum**—We intend to.

**Senator LUNDY**—Finally, I want to briefly touch on the Australia Day event that the minister mentioned earlier. The minister made some comments about stepping in. How much additional funding was provided to the NCA to stage the Australia Day event?

**Ms Pegrum**—I was not party to the minister's comments—I was not in the anteroom then. Are you referring to the ACT?

**Senator LUNDY**—The event that was held on Sunday, not on Australia Day.

**Ms Pegrum**—The concert on 25 January, with the Australia Day awards?

**Senator LUNDY**—Yes.

**Ms Pegrum**—The authority made a decision to transfer the funding that it had previously used for the Christmas concert event towards a national Australia Day concert. I am just waiting for the figures of the total amount of that. Mr Baird could give those to you.

**Mr Baird**—The funding contributed by the authority to that event was a total of \$650,000. That was broken into two areas: \$500,000 cash to the partner, the National Australia Day Council, and \$150,000 in site management expenses for the delivery of the concert on the ground.

**Ms Pegrum**—That \$650,000 included GST.

**Senator LUNDY**—Can you point to the budget documents where that expenditure came from, or was it an additional budget allocation?

**Ms Pegrum**—No, it was not additional; it is part of output 2.

**Mr Baird**—We increased the initial commitment at the time when the ACT government withdrew their support.

**Ms Pegrum**—That is why I asked about which event. It was for the event on 26 January, the ACT community event, that we increased the commitment from \$20,000 in sponsorship that we were offering to a total of \$50,000.

**Senator LUNDY**—That is the additional \$30,000. You put in \$30,000 extra to what you normally contribute to that event?

**Ms Pegrum**—That is correct. I have just been advised that the figure did not include GST; it excluded GST.

**Senator LUNDY**—So it was \$650,000, excluding GST. That funding was sourced from savings you made over the Christmas—

**Ms Pegrum**—They were not savings; it was under output 2. Instead of putting on the concert with the national broadcast through Network 10, which we had secured the year before, we transferred it to the national Australia Day concert. Our reason for that was that we had demonstrated that we could reach a very broad Australian audience with the Network 10 partnership. We had had discussions previously with the National Australia Day Council—firstly about 18 months before—about finding an event that would be truly nationally significant and would appeal to the demographic of young Australians. We wanted to foster an awareness of the capital, and felt that it was a better placement. I had had the benefit at that time of experiencing Canada Day in Ottawa in 2001. We spoke again to the National Australia Day Council, who had run a concert in Melbourne the year before. We collectively felt that the capital was a wonderful place to hold the concert. The broadcaster was on deck, and we would have a very strong and positive mechanism to foster awareness of the capital.

**Senator LUNDY**—What was Network 10 paid for their involvement in the event, including the Australian Idol cast and all that sort of thing?

**Mr Baird**—The funding to Network 10 was delivered through an agreement between the National Australia Day Committee, Network 10 and Zigzag Productions, the production company. In our partnership with NADC we gave them the cash and they delivered the production side of it. Zigzag Productions were paid \$680,000 and Network 10 were paid in the order of \$15,000.

**Senator LUNDY**—The figure you gave me before was \$650,000, and so I take it that those amounts came from other contributions to the Australia Day Council.

**Ms Pegrum**—That is correct. Basically it is a partnership with the NADC, and it is the council rather than the committee. We have a memorandum of understanding with NADC; NADC has a contract with Network 10; and Network 10 and NADC have a contract with Zigzag, the producers. But our contribution is as we have described to you.

**CHAIR**—How many people turned up?

**Ms Pegrum**—The estimate was 24,000. From being there on the night, I believe that is very conservative. Perhaps more importantly from our point of view, the broadcast reach was 1.2 million?

**Mr Baird**—It was 1.5 million for the concert and around 900,000 for the awards, and so there was a total of 2.4 million viewers.

**Ms Pegrum**—It topped ratings, I believe, throughout all of the cities and metropolitan areas with the exception of Sydney, where it ran a close second. So we are very pleased with the result.

**Senator LUNDY**—Did you meet your target of raising \$1 million in sponsorship in order to fund the Australia Day event?

**Ms Pegrum**—I do not believe that we had a target of \$1 million, but we did not reach the sponsorship target that we did have.

**Senator LUNDY**—I have in my notes that you stated last year that you would raise \$1 million in sponsorship.

**Ms Pegrum**—I am not aware of that. I am happy to provide the reference in order to provide the answer but, no, we did not raise \$1 million in sponsorship.

**Senator LUNDY**—How much did you raise?

**Ms Pegrum**—Very little. I do not think we raised any in cash.

**Mr Baird**—No. There was some in-kind sponsorship, which totalled around \$15,000, that was value added by the advertising suppliers when we paid for our advertising.

**Senator LUNDY**—How much did the last year's Christmas tree cost?

**Ms Pegrum**—It was the cost of actually erecting and installing the tree on the site. It is usually about \$45,000?

**Mr Baird**—It was a little more with our engineering clearances. It took it to just on \$50,000, I think. It was in that order; I could not be exactly sure about that.

**Senator LUNDY**—What sort of tree was it?

**Ms Pegrum**—It is the same tree that we have put up for the last couple of years. It is the artificial tree that was purchased some years ago. It is packed—

**Senator LUNDY**—How much was it purchased for?

**Ms Pegrum**—I would have to provide those figures; I have them. We may have even provided them before, but I am happy to provide them again.

**Senator LUNDY**—I cannot remember off the top of my head. Could you take on notice to provide the costs associated with the Christmas tree and its erection and purchase?

**Ms Pegrum**—I am happy to do so.

**Senator Ian Campbell**—Do you want the depreciation schedule for the tree?

**Ms Pegrum**—We have that also.

**Senator LUNDY**—That would be helpful, because I figure that you are going to have to buy a new one soon.

**Ms Pegrum**—We are watching that very closely, but we will provide you with all of those figures.

**Senator LUNDY**—Thank you.

**Senator Ian Campbell**—We are going to have it with waving branches in the future.

**Senator LUNDY**—Was the Australia Day concert or the concert on the 25th within the NCA's anticipated budget?

**Ms Pegrum**—I think it was \$3,000 over the \$150,000 that we had estimated for the on-site costs.

**Senator LUNDY**—Have all the moneys owing to PM&C and the Office of the Status of Women been returned in relation to the notorious red fan? This is especially for the minister.

**Ms Pegrum**—I could never call it notorious. I believe the funding is still retained because of the new proposal for a commemorative work, and that funding will go towards that work.

**Senator Ian Campbell**—I think detailed answers are contained in comprehensive answers to questions on notice, which should have been with you this morning.

**Senator LUNDY**—I do have them, but I was not sure of that particular point.

**CHAIR**—Thank you very much for your time and attendance.

**Committee adjourned at 2.04 p.m.**